



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

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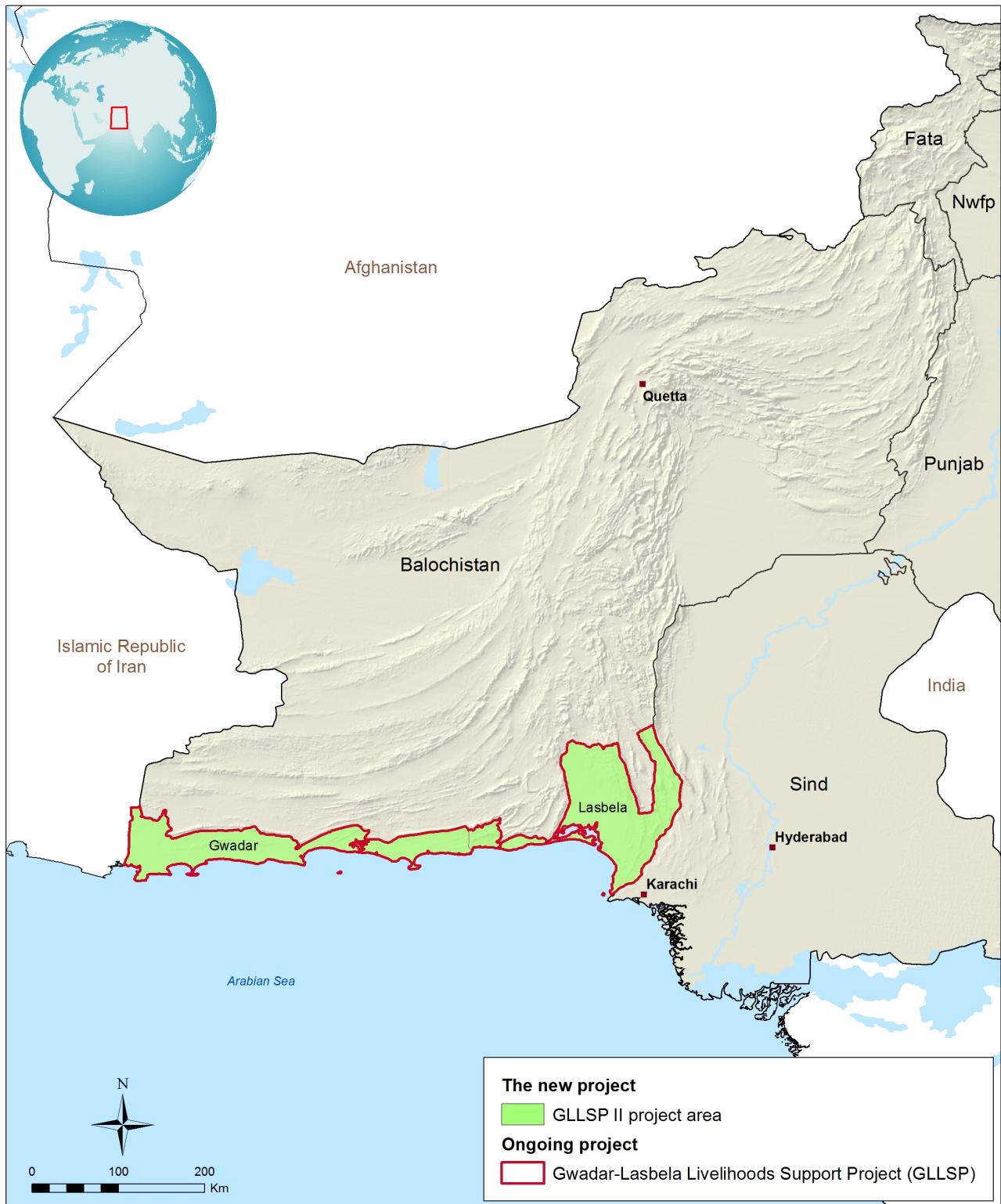
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Map of the Project Area



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

Map compiled by IFAD | 22-07-2019

Abbreviations and Acronyms

ADB	Asian Development Bank
ADP	Annual Development Programme
BISP	Benazir Income Support Programme
BPPRA	Balochistan Public Procurement Regulatory Authority
BRACE	Balochistan Rural Development & Community Empowerment Project
BRI	Belt and Road Initiative of the Peoples Republic of China
BRSP	Balochistan Rural Support Programme
CDD	Community Driven Development
CO	Community Organization
CPEC	China Pakistan Economic Corridor
CPI	Community Physical Infrastructure
EAD	Economic Affairs Division
ECNEC	Executive Committee of the National Economic Council
EU	European Union
FAO	Food and Agriculture Organization of United Nations
GLLSP	Gwadar-Lasbela Livelihoods Support Project
GoB	Government of Balochistan
IFAD	International Fund for Agricultural Development
KM	Knowledge Management
km	Kilometer
LSO	Local Support Organization
MDGs	Millennium Development Goals
MTR	Mid-Term Review
NGO	Non-Government Organization
NSER	National Socio-Economic Registry
NPGP	National Poverty Graduation Programme
NRSP	National Rural Support Programme
PC-1	Planning Commission Proforma 1 (Governments own design report)
PCC	Project Coordination Committee
PCR	Programme Completion Report
P&D	Planning & Development Department
PIM	Programme Implementation Manual
PMIFL	Prime Minister's Interest Free Loan (Scheme)
PMU	Project Management Unit
PPAF	Pakistan Poverty Alleviation Fund
PRA	Participatory Rural Appraisals
PME	Planning, Monitoring and Evaluation System
PoU	Prevalence of Under Nourishment
PSC	BISP Poverty Scorecard
PSLM	Pakistan Social and Living Standards Measurement
RBA	Rome based UN Agencies (FAO, IFAD and WFP)
RO	Reverse Osmosis
RSP	Rural Support Programme
SDGs	Sustainable Development Goals
SECAP	Social, Environment and Climate Assessments in Project
SMP	Social Mobilization Partner
ToT	Training of Trainers
VDP	Village Development Plan
VO	Village Organisation
UC	Union Council
UCDP	Union Council Development Plan
UNDP	United Nations Development Programme
WFP	World Food Programme

In line with IFAD11 mainstreaming commitments, the project has been validated as:

Gender transformational Youth sensitive Nutrition sensitive Climate finance

IFAD Adaptation Finance	\$9,935,000
IFAD Mitigation Finance	N/A
Total IFAD Climate-focused Finance	\$9,935,000

Executive Summary

Pakistan is a lower-middle income country with its services sector (61.2%) being the largest contributor to the economy, followed by agriculture (18.5%) and industry (20.3%)^[1]. The country's economic growth made a slow and steady recovery during 2014 to 2019, having achieved around 3.29 per cent growth against a target of 6.2 per cent during 2018-19^[2]. With a total population of 207.8 million, the country is the 6th most populous in the world with around 60 percent of population living in rural areas and having its workforce largely (38.5%) employed in agriculture. Pakistan continues to face significant human development challenges (ranked 150th out of 189 countries^[3]). Around 32 percent of young people are literate and another six percent having any technical skills. Women in rural areas of Pakistan are disadvantaged with respect to disparities in access to resources, and services.

Pakistan's Vision 2025 commits the attainment of SDGs A national poverty graduation programme "Ehsaas" has recently (July 2019) been launched. In the context of the province of Balochistan a Gender Equality Policy and Action Plan was developed with implementation being at its early stage. A coastal areas development policy has also been recently issued. The federal government as well as the province are currently implementing or in the process of formulating different policies including for the agriculture, livestock and fisheries sectors.

Balochistan is geographically the largest province of Pakistan (covering 44% of land mass) but with the smallest population (6%). The province is 80 percent rural with a poverty rate as high as 75 percent. More than 40 percent of the population is in the age groups below 25 years. Among other constraints, the province is also prone to recurring climate- change induced events including droughts interspersed with flash floods.

The proposed project (GLLSP II) is a second phase of the IFAD Funded Gwadar-Lasbela Livelihood Support Project (completed in 2019). The GLLSP II will consolidate the results already achieved and will geographically cover the same two districts i.e. Gwadar & Lasbela. The target districts have high levels of poverty. The area is predominantly rural where households (around 133,000 in total) depend mainly on agriculture, livestock and fisheries resources exploited in an unsustainable manner. Women are socially and economically disadvantaged and the present status of nutrition and food security is alarming. Investments in the development of youth skills remain low. There is considerable potential for development of fisheries, livestock and agriculture as well as youth empowerment with the right combination of infrastructure, human development and value chain investments.

GLLSP has implemented activities covering 90 per cent of the villages in Gwadar and Lasbela districts having established a network of over 3,500 community organizations (COs). The project developed very successful models for community driven development but the coverage of the beneficiary needs was constrained by resource limitations, limited institutionalization of community development, gaps in poverty graduation. However, the available community network offers a foundation for full coverage of the gaps with appropriate adjustments based on lessons learnt and approaches evolving in the country. Fisheries, institutionalization of community development planning, poverty graduation and climate change resilience will be the key focus of GLLSP II. Key lessons necessitate: appropriate time and resource commitment, a dynamic and holistic poverty graduation approach covering all poor households, a structured and financed approach to mainstreaming priorities and a better-articulated 4Ps based fisheries development with support in infrastructure, policies, capacities and linkages.

The GLLSP II Development Objective is "to sustainably increase the incomes and enhance the livelihoods of the rural poor fisherfolk's and agricultural households in the project area". It will benefit around 100,000 hhs and cover the overall 400 villages of the two districts during a six-year implementation period. There will be a particular focus on women and youth. Necessary socio-economic infrastructure will be financed both for agricultural and fishing communities including community infrastructure, roads to markets, jetties and landing sites. All project interventions are aligned with IFAD Strategic Framework (date) and IFAD 11 corporate priorities.

The project consists of three complementary components. Component 1 - Community Development aims at enabling rural communities to sustainably improve their incomes and livelihoods. This component consists of three complementary sub-components; (i) social mobilization sub-component will engage the target beneficiary households and result in 45 Union council development plans (UCDPs). These plans will reflect the identified needs and priorities covering both public and private/ household interventions; (ii) the poverty graduation sub-component will focus on provision of productive assets to ultra-poor, technical and enterprise training for poor, women empowerment and youth employment promotion; and, (iii) the social and economic infrastructure sub-component will address the priorities identified through UCDPs(800 CPIs/2 per village) and 80 kms of farm to market roads. The component also has specific interventions to augment climate smart agriculture and household nutrition improvements through the collaboration with FAO and WFP.

Component 2 - Fisheries Value Chain Development aims at improving small fishing communities incomes (50,000 fisher-folks). The sub-component – fisheries value chain package - 4Ps business framework will be established at 30 landing sites (11 till MTR) involving professionally run fishing households' cooperatives, private sector led factories, middle-men and banks and Department of Fisheries. The overall aim is to improve the quality of the fish catch reaching the factories, reduce wastage, expand marketing avenues and sustainably manage fish resource. The banking sector will be engaged for fisherfolk's financial inclusion. The sub-component 2 – infrastructure will support construction of 3 jetties and allied infrastructure at prioritized sites. Linked to this are the fish

market access roads of 80 km to be constructed to link landing sites and jetties with factories and trunk roads. The third sub-component will support Fisheries Department's capacity building and institutional strengthening.

Component 3 - Project Management and Policy Support will finance the establishment of a Project Management Unit at Quetta, with two project implementation units (one each at Gwadar and Lasbela) and will also provide TA support to the provincial government in five domains of project relevance including youth development, nutrition and food security, climate change action planning, Fisheries Policy and law on fisheries cooperatives, updating and institutionalization of CDD approach and exposure to best practices (through South-South and Triangular Cooperation).

GLLSP II's theory of change aims to address the development challenge of sustainably improving incomes and reducing poverty among the smallholder farmers and fishermen. It takes a sustained and holistic pathway of poverty graduation in areas of entrenched poverty with an integrated and responsive package of community level and household level interventions, and a more flexible and nuanced approach for coastal fishing communities and agricultural hinterland smallholder farmers through an integrated impact pathway.

GLLSP II will accrue quantitative and qualitative benefits for nearly 100,000 households of which at least 50 per cent will be poor (0-40) and over 50 per cent will be women members. A total of 50,000 ultra-poor and poor households will benefit from poverty graduation interventions to move to the next level of economic well-being. These include 8,500 of ultra-poor, 6,000 youth, 10,000 women and 30,000 agricultural households. Of the total persons benefited, about 35 per cent will be from common households. CPIs will benefit around 76,000 hhs directly while a total of 160 km farm and fish market access roads will benefit on average 16,000 households per km. In addition 50,000 small fisherfolk will benefit from fisheries infrastructure and value chain interventions.

At project completion, expected outcomes are: no 0-11 (ultra-poor) household in the project area and 60 per cent of 12-40 households have been graduated to the next band of economic well-being; all priority community infrastructure needs, particularly water security, have been addressed and all main fisheries and agriculture production areas have been linked by roads to main CPEC/national highway network; 50,000 registered fisherfolk reduce wastage by at least 30 per cent and improve their incomes by up to 30 per cent.

Total project costs are estimated at US\$ 72.801 million to be invested over six years of project implementation period. IFAD contribution will be a loan of US\$ 60.155 million on blend terms from the IFAD11 allocation. An IFAD Grant amounting to US\$ 3 million will be provided for technical assistance and capacity building. Balochistan Government and beneficiary contribution make up the remaining amount of US\$8.654 and US\$0,992 million respectively.

The financial analysis of the GLLSP II investment over a period of 20 years indicates a positive net present value of US\$45.9 million while the internal rate of return is noted to be 22.64% which is well above the discount rate and is thus viable. The economic internal rate of return shows viability of the proposed project investment being 27.86% while NPV has been found to be US\$18.63.

The GLLSP II inherent risk is rated as "Medium". The key risk include an erratic macro-economic situation, fiduciary risk and security situation in Baluchistan. The main operational risks include weak management capacity, procurement inefficiencies and potential start-up delay. Mitigation measures have been built in management structure and processes included in the design. The project is categorized as "B" in terms of environment and social category while in terms of climate, it is determined as a "high" risk project.

The Economic Affairs Division, Government of Pakistan will be the coordinating agency at Federal level while the Planning and Development Department, Government of Balochistan will be the executing agency. A Provincial Project Steering Committee (PSC), chaired by Additional Chief Secretary, will be the oversight and governance mechanism. A Project Management Unit, headed by a Project Director, will be responsible for planning, coordination, financial management, procurement and M&E function of the project activities accountable to the PSC. The existing Project Management Unit of GLLSP I will be transitioned after an assessment to take charge of GLLSP II. The social mobilization partner(s), to be competitively selected, will implement the community development component while construction of roads will be implemented by the Construction and Works Department (C&W). The implementing partner(s) will notify a designated focal person/Activity Manager at Departmental and District levels. The Project Implementation Manual (PIM) will be notified at the start of the project to articulate in detail projects planning, coordination, financial management and reporting requirements covering PSC, PMU and all implementing partners.

The current project approach and design contains innovative features to increase the participatory, evidence based and holistic approach to socio-economic development of poor rural Union Councils. GLLSP II will also propose to demonstrate viability of an institutionalized system for the transfer of development funding to community/village organizations. The project design attempts as well to develop a 4-P value chain for fisheries sector that engages the fisherfolk, the government and the private sector. Finally, GLLSP II will pilot some innovative technology-based approaches for improving rural smallholder farmers and fisherfolk access to formal finance and markets through e-financing and e-commerce.

The PMU of GLLSP I will continue until 30 September 2020 and will contribute to the project readiness for GLLSP II. Preparatory activities under the current project include a Labour Market Survey, a Youth Census, procurement of latest BISP data, preparation of project PC-I, Business Plans for 8 existing fisherfolk cooperatives and prefeasibility of three Jetty Sites.

During the Project implementation, it will benefit from two IFAD supervisions – a full supervision and an implementation support mission each year. Mid-Term Review: A project Mid-Term Review will be conducted at the end of third year to take stock of progress, learn from experience and carry-out any required mid-way course corrections for enhanced performance and impact. *Project Completion:* a Project Completion Report will be prepared towards the end of Project Year 6. The report will be essentially a self-assessment/evaluation by the project on its progress, impacts and results as compared to project objectives and interventions.

1. Context

A. National context and rationale for IFAD involvement

a. National Context

1. Pakistan is a lower-middle income country with a per capita income of US\$ 1,64^[1] and an estimated GDP of USD 314.588 billion^[2]. The services sector (61.2 per cent) is the largest contributor to the economy, followed by agriculture (18.5 per cent) and industry (20.3 per cent). The Country's economic growth made a slow and steady recovery from 2014 to 2018 reaching a growth of 5.3 per cent in 2018, but has since then decelerated and is estimated to be around 3.29 per cent during 2018-19. The country has been facing serious challenges of a weakening economy, adverse balance of trade, inflationary pressures, internal and external conflicts undermining economic growth.
- 2.
3. With a total population of 207.8 million^[3], the country is the 6th most populous in the world with around 60 per cent of the population living in rural areas and having its workforce largely (44 per cent) employed in agriculture. Pakistan continues to face significant human development challenges (ranked 150th out of 189 countries^[4]) with most of the human development indicators (health, education, and gender) below the regional average for South Asia. Only around 32 per cent of young people are literate and another 6 per cent have some technical skills^[5]. A 2008 nationwide poverty survey, updated in 2017, established a national well-being registry, to target the most vulnerable, ranking households on a scale from 0 to 100. Per the registry definitions, the corresponding IFAD target groups are within the band scale of 0 to 40 or around 100 million people. Women in rural areas of Pakistan are considerably disadvantaged with respect to disparities in access to resources, services and rights.
4. **Balochistan specific context.** Balochistan is geographically the largest province of Pakistan (46 per cent of land area of the country), representing the smallest population (12.3 million or 6 per cent of the national total) and a meager share in the national economy (3.5 per cent). The province's 80 per cent population and 90 per cent of the poor live in rural areas. The province is further characterized by poor road connectivity (0.15 km/sq. km, less than half of the national average). While 52 per cent households are classified as poor, rural poverty is as high as 75 per cent. About 40 per cent of the population is in the age groups below 25 years, warranting concerted efforts to increase the employability of youth. Recurring droughts (the latest being a decade long), earthquakes in 2008 and 2011 and flash floods in 2010 and 2012 caused major damage to the infrastructure, economic resources and disrupted the livelihoods. Only 61 per cent population of the province has access to an improved source of drinking water while 32 per cent has access to sanitation facilities.
5. The proposed target districts i.e. Gwadar and Lasbela cover 70 per cent of Pakistan's 1100 km long coastline and have a high concentration of poverty. Compared to the national average of the 38.8 per cent, Gwadar and Lasbela have 48 per cent and 58 per cent of the population respectively in the category of multi-dimensionally poor. There are limited opportunities for agriculture as only 8 per cent households in Gwadar own cultivable land while only 10 per cent area of Lasbela is irrigated. Nevertheless, fisheries, small-scale agriculture and livestock remains the major sources of livelihoods for majority of the households in Gwadar and Lasbela. Table 1 depicts the demographics of the two districts including the number of poor (0-34 households):

6. **Table 1: Project Area Populations and Poor Households**

District	Area (sq.km)	Union councils	Population	Households	0-34 PSC Households*
Gwadar	15,216	17	263,514	39,922	14,434
Lasbela	12,574	28	574,292	93,165	30,890
Total	27,790	45	837,806	133,087	45,324

7. *As per previous PSC survey in 2008. New survey likely to result in increased numbers
8. Women constitute 47 per cent of the Balochistan population and are socially and economically disadvantaged. The average woman, in a poor household, spends 4-5 hours every day collecting water for the family. The status of nutrition is alarming with nearly half (47 per cent) of the children under 5 years of age in project districts found as stunted and the rate of wasting being at 19 per cent. In terms of vulnerability, 55 per cent of the population in Gwadar and 70 per cent in Lasbela is facing food security emergency^[6] and has been categorized as districts in crises with regards to food security (phase 4)^[7]. High illiteracy, lack of skills among youth, underdeveloped natural resources (including fisheries, agriculture and livestock), limited off-farm income opportunities and lack of any sizeable industry have resulted in a large cohort of unemployed youth.
9. The proposed target districts have significant potential for development of fisheries, livestock and agriculture and for developing a cadre of skilled youth to take on job opportunities represented by CPEC, Hub industrial area, Hub Marble City, within the districts, as well as in other major cities outside the province, especially in the city of Karachi which is now well-connected through the coastal highway. However, long distances, poorly developed communication systems that connect rural areas of the districts to coastal highway and sub-optimally performing value chains, all lead to limited production, wastages, low value-added produce,

high transaction and transportation costs and they all together severely undermine the income generation and negatively impact the quality of life of the population.

10. Relevant National Strategies and Policies:

11. Pakistan's poverty reduction strategy is guided by the Pakistan Vision 2025 which aims to halve the poverty by 2025 and attain upper middle-income status for the country. This is premised on economic growth, a knowledge economy, social justice and protection and universal access to quality social services. Vision 2025 also articulates the government's commitment to attain SDG goals in terms of poverty reduction, education, gender equality, women health, mother and child health, and environmental sustainability. The 18th amendment to the Pakistan constitution in 2008 resulted in a major decentralization of fiscal functions and socio-economic services to the provinces along with the corresponding resources. Almost all key sectors related to IFAD's mandate fall under provincial responsibility. Policy-related federal and provincial coherence remains work in progress, while the decentralization from provinces to districts and local levels has yet to be institutionalized. The policy and regulatory framework related to fisheries in particular is relevant to the project area and a key priority for the government alongside decentralized and participatory rural development.
12. **Rural and agricultural sector.** Upon devolution, agriculture, food, fisheries and livestock became provincial domains. The newly created Ministry of National Food Security and Research issued a National Food Security Policy in 2014 which aims to achieve an average growth rate of 4 per cent for the agriculture sector (as compared to a historic 3 per cent over the last 20 years). However, the approach to rural development is fragmented and managed by many different line departments, hitherto applying the top-down approach, with no institutionalized mechanism to holistically cover rural development at the district, union council and village levels, evidencing the need for greater community mobilization and adoption of participatory approaches.
13. **Social Protection and Poverty Graduation:** BISP remains the largest national social safety net programme providing unconditional cash transfer of US\$ 01 billion annually to around 5.4 million eligible families (up to poverty score of 16.7). Today, the Government's poverty graduation strategy calls for partnerships with rural support programmes and NGOs, to help poor households graduate out of poverty. A new Ministry for Social Protection and Poverty Alleviation has been created to spearhead poverty alleviation efforts. The Ministry has launched a national poverty graduation programme "Ehsaas" which includes the IFAD-funded National Poverty Graduation Programme as a core component, offering an opportunity to leverage its poverty graduation and credit interventions in GLLSP-II's. Today, a number of poverty graduation models, approaches and programmes have been tested and lessons learned have emerged, allowing for pursuit and scaling up of best practices and complementary interventions. The GLLSP II will comprehensively address poverty and rural development priorities in the two targeted districts applying poverty graduation holistically.
14. **Gender and Youth:** The Government of Balochistan established the Women Development Department in 2009 to implement the National Plan of Action for Women and various provisions of the Convention on the Elimination of all forms of Discrimination against Women (CEDAW). The government also approved a 'Gender Equality Policy' in May 2013 to enhance women's social, political, legal and economic status.^[8] This was followed by a Strategic Action Plan 2016–2020 which is being reviewed with the support from UNWOMEN to be aligned with the SDGs. Providing **youth** with skills has been declared a national priority and a national skills development programme for youth from low income and poor families, and an interest-free loan scheme "Kamyab Jawan" have been launched to help unemployed youth start their own businesses.
15. **Coastal Area Development Policy:** The Government of Balochistan has issued a policy for the development of the coastal areas and the sustainable management and development of fisheries. The Coastal Area development plan complements the infrastructure developments taking place under the CPEC/BRI project. Five new jetties are being developed for fish landing among the eight officially notified landing sites. A new Act to promote Fisherfolk's Cooperatives is also being finalized.
16. **Climate change.** There is a growing recognition of the challenges and importance of environmental considerations. The project area is prone to climate change effects including erratic rains, droughts, raising temperature, rising sea levels, sedimentation of the landing sites and environmental degradation. As a result, the farming systems and fisheries have been impacted by lower productivity, crop failures, declining livestock and decrease in fish catch warranting on one hand a climate resilient agriculture and livestock, and on the other a sustainable fisheries management. There is need for both policy reform and enforcement of existing regulations at provincial and sub-provincial levels with regards to sustainable fisheries management, protecting biodiversity and adaptable rural development with effective mitigation efforts to manage the impact of environmental degradation and climate change.
17. **Key Actors and Institutional Arrangements:**
18. **Government:** At the Federal level, the Economic Affairs Division (EAD) is the main-coordinating agency for all foreign-funded loan and grant programmes. The policy for sourcing foreign loan and grant funding is approved by the Cabinet. At provincial level, the Planning & Development Department, headed by the Additional Chief Secretary, is the lead provincial agency responsible for annual development planning, monitoring and donor and inter-agency coordination, including the implementation of the multi-sector donor-funded projects.
19. **RSPs and NGOs:** Currently, under the umbrella of the Rural Support Programme Network (RSPN), one national and five provincial Rural Support Programmes (RSPs) and affiliated NGOs are covering 145 of the total 148 districts of the country. These RSPs and affiliates cover 4,255 Union Councils through 425,588 community organizations with a membership of 7.5 million households and a population of 48.9 million. These RSPs are completely autonomous and apolitical and have successfully augmented the capacities of the government departments in transparent targeting, social mobilization, needs identification, and delivery. **NRSP** is currently the largest RSP having country-wide operations covering 7 districts in Balochistan, including the two project districts. NRSP has been the social mobilization partner in GLLSP I having organized around 3,500 COs in 380 villages.
20. **Micro-Finance:** The Micro-finance sector has experienced exponential growth since 2006 when IFAD partnered with PPAF

through the Microfinance Innovation and Outreach Programme (MIOP 2016-11). The sector now has 42 microfinance banks, non-banking microfinance institutions and RSPs as microfinance providers, with 6.9 million active borrowers as of the first quarter of 2019. However, there is still much unmet demand due to low penetration (34 per cent), especially in remoter and challenging areas like Balochistan, where the MFI penetration is just 2 per cent. The fisheries sector and the youth in general receives the less than due attention in term of access to affordable formal finance. Lending to the youth currently stands at less than 1 per cent of the total portfolio.^[9]

21. **Private sector:** The Private sector in Balochistan is under-developed especially rural economic activities. However, the industrial estates in Lasbela District and the approximately 200 private sector fish processors and exporters can play an important role in job creation, especially for male and female youth, and to provide improved incomes to the farmers and fishermen if meaningfully engaged in win-win partnerships. The local expertise and capacity for marine infrastructure design and construction have markedly improved over the last few years due to the execution of some large projects under CPEC/BRI. Other off-takers would include micro and small rural enterprises dealing in agriculture and livestock products produced in the target districts and off-farm enterprises taking advantage of the improved infrastructure and capacities.

22.

23.

b. Special aspects relating to IFAD's corporate mainstreaming priorities

24. **Gender and social inclusion:** According to the Global Gender Gap Index 2019, Pakistan stood 151st out of 153 countries ranked^[1]. This is reflective of substantial disparities that Pakistani women suffer on account of economic, political, education, and health factors. Growing religious extremism, patriarchal social structures, poverty, economic disparities and poor public sector social services all combined put women at disadvantage. Women in rural Pakistan general and in Balochistan in particular, have been described as being the most socially excluded^[2] and are the most deprived in terms of access to basic social services and livelihood opportunities. National female labour participation rate at 25 per cent is much lower compared to countries at a similar level of development.
25. **Youth:** Pakistan is demographically a young country with nearly 44 per cent of its population being 19 years of age or younger, while almost 52 per cent of the population is between age 20 and 64. Among the 54 Commonwealth countries, Pakistan currently ranks 22nd against the Commonwealth Youth Development Index (YDI), with a score of 0.63 (Commonwealth, 2013)^[3]. Pakistan also has one of the lowest youth employment rates and a fairly high (65.3 per cent) dependency ratio. The Youth Labour Force participation rate for Balochistan (44.44 per cent) has been historically lower compared to other provinces^[4]. Almost 60 per cent of the youth in Balochistan cannot read and write. Divided further, only 18 per cent female and 56 percent male population of ages 15 and older can read and write with understanding^[5].
26. **Nutrition:** According to the Government's Vision 2025, 60 per cent of the country's population is facing food insecurity, and nearly 50 per cent of women and children under five years of age are malnourished. Pakistan ranks 76 out of 107 on the Global Food Security Index^[6]. The situation of food insecurity and malnutrition is even worse in Balochistan as Prevalence of Undernourishment (PoU) is 40 per cent. Lasbela has the highest prevalence of underweight women of reproductive age (38 per cent) and Gwadar the second highest (32 per cent).
27. **Climate Change:** Pakistan is highly vulnerable to climate change as its economy is heavily reliant on climate-sensitive irrigated and rain-fed agriculture as well as on subsidiary livestock and forestry sectors. In Pakistan, the annual mean temperature has shown rising trends since the beginning of the 20th century. Climate change has a pronounced impact on the environment and livelihoods in Balochistan. Rising surface temperatures have resulted in erratic rainfall patterns along with long periods of drought which have severely impacted the availability of drinking and irrigation water, maintenance of underground aquifer and production of rain-fed crops. Monsoon patterns have also become very unpredictable affecting the small fishermen's access to sea for a number of months.

c. Rationale for IFAD involvement

28. The Gwadar and Lasbela districts suffer from very high multi-dimensional poverty despite a tremendous potential for agriculture, livestock and fisheries and skills development of the youth and women. The development challenge is to sustainably improve incomes and reduce poverty among the smallholder farmers and fisherfolk, with a gender, youth and climate sensitive approach where IFAD can leverage specific in-country and global experience.
29. The IFAD-funded GLLSP I (2013-19), with the support of the NRSP and line departments, has physically covered 90 per cent of the villages in Gwadar and Lasbela districts through a network of over 3,500 community organizations. The project developed and implemented need-based and community driven development including poverty graduation, rural infrastructure and women and youth development; however, resource limitations hampered a holistic coverage. The GLLSP I achievements offer a foundation for complete coverage of all Union Councils and poor households, and increase of the resources and value chains for enhanced impact and visibility. The inroads made through social mobilization, and existing social capital, augurs well for a quick and effective implementation of the GLLSP II.
30. The GLLSP, during its initial phase, had gaps with respect to a more holistic coverage of the targets districts, limited degree of coherence among the poverty graduation interventions and lacked a systematic engagement with government on the institutionalization of participatory rural development. Moreover, a number of challenges hampered the full scale implementation of the fisheries component notably the limited capacity available in-country with regard to designing and construction of jetties and had only few interventions with fishermen. Going forward to have more sustained and comprehensive poverty graduation, it

is important to expand coverage of the GLLSP II to all ultra-poor and poor households in the poverty band of 0-40 with an appropriate mix of an integrated support package. A more nuanced approach to women empowerment and training of youth for the job market and employment has been included in GLLSP II as against a training and skills development activity only. Lessons learned from the experience gained during Phase I, together with enhanced capacities for design, emergence of technologies and capacity for construction of support infrastructure now available, the due potential of fisheries sub-sector can be exploited for enhanced incomes of poor small fishing households in a sustainable manner.

31. Through investments in high priority rural infrastructure such as drinking water, sanitation and rain-water-harvesting etc. under GLLSP I, huge dividends in the shape of improved health and nutrition, financial savings, reduced drudgery for women and climate change resilience has been achieved. However, the scale of the challenge has been quite high with major needs still to be addressed through GLLSP II.
32. At the country level, the experiences of the National Poverty Graduation Programme (NPGP) a pillar of the national flagship "Ehsaas" initiative and the South Punjab Poverty Alleviation Project (SPPAP) will be leveraged in GLLSP II both in terms of strategy and operationalization as well as building synergies especially with NPGP. The of mainstreaming priorities in the area (nutrition, food security and climate change) will be realized through close collaboration between RBAs (FAO and WFP as per their comparative advantage).

B. Lessons learned

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

	Lesson	Design Response
1.	Longer term time and resource commitment, together with strategy and approach adjustments on the basis of lessons learnt, is needed to make a serious dent in rural poverty.	Successful development models piloted under GLLSP I, and lessons learnt on fisheries value chain, are leveraged in GLLSP II design with enhanced financial commitment.
2.	Most COs often represent only around half of the households from an area and membership remains static and most poor households are often not members of Cos/VOs.	All Cos/VOs would be revamped to ensure membership of 80 per cent hhs in a given location and compulsory membership of all poor households (0-40).
3.	Poverty Graduation ought to be a dynamic process covering all poverty bands, and not just 0-11.	Distinct project interventions for all poverty bands, and linkage to non-project sources to help the poor move towards PSC 40 and above.
4.	A well-defined strategy backed by properly resourced interventions needed to address mainstreaming priorities including women, youth, nutrition and climate change.	Mainstreaming priorities to be embedded in community development processes, backed by adequately funded interventions in collaboration with specialized partners including SMP, WFP and FAO.

5.	CO centered CPIs often do not reflect the overall village level needs and priorities reducing impact and causing O&M challenges.	CPI needs will be prioritized from a whole village lens and with higher allocation per CPI for enhanced impact and elaboration of an efficient O&M mechanism at the design stage.
6.	Rural Roads: Rural roads connecting fish landing sites and agriculture production areas with main highways is a high impact investment.	Phase-II would invest in critical rural road links to connect beneficiaries with CPEC and national highway system for efficient market access and social services.
7.	Fisheries Infrastructure: Capacity and process issues in design and implementation of Jetties and support infrastructure led to slow progress.	Enhanced capacity in design and implementation over the last few years in country and under CPEC to be proactively sourced combined with capacity building and technical assistance provisioned for Fisheries department under the project. Feasibility of the sites to be completed under GLLSP I.
8.	Project Management: Weak strategic oversight, capacity gaps in financial management and non-provision of counterpart fund on a timely basis had been experienced under GLLSP-1. PMU capacity and location in Gwadar has not conductive for effective coordination.	Clear description of PSC responsibilities in FA and effective follow-up during supervisions will be ensured and PMU structure to provide all the necessary capacities, software, hardware and to be located in Quetta.
9.	Project Start-up delays due to delays in PC-I formulation and approval.	Early preparation of PC-I with IFAD technical support and retainment of the Project Director for the bridging period.
10.	Monitoring and Evaluation – inadequate capacity within PMU for effective monitoring, evaluation, impact assessments and reporting.	Strengthened and resourced M&E wing to be provided in GLLSP II.

2. Project Description

C. Project objectives, geographic area of intervention and target groups

- 34. **Project Goal** is to develop a sustainable model of decentralized and integrated rural development that is poverty, gender, youth, nutrition and climate change sensitive.
- 35. **Project Development Objective** is to sustainably increase the incomes and enhance the livelihoods of the rural poor fisherfolk families and agricultural households in the project area.

36. **Project Coverage and Duration:** Project will cover the two districts i.e. Gwadar and Lasbela in Balochistan directly benefitting around 100,000 households out of total 133,087 households and will be implemented over a period of six-year (2020-2025).
37. **Project Area:** The Project will cover all 400 villages in 45 Union Councils in Gwadar and Lasbela districts. The extent and depth of poverty is quite uniform throughout all Union Councils. Fisheries and allied services are the main means of livelihood for the coastal communities and would be the major focus of project interventions. The large majority of fisherfolk operate small boats (<18 feet and 22 – 25 feet) suitable for day trips. The fisheries value chain is currently poorly developed, fragmented, lack the necessary infrastructure, facilities (at boat and the supply chain), underserved and is poorly organized. The supply chain is characterized by seasonal access of small fisherfolk to the sea, high wastage (up to 50 per cent), and middlemen exploiting fisherfolk (owing to the high levels of indebtedness and paying lower than market prices). The other important sources of livelihoods are irrigated and rain-fed agriculture, livestock and daily wage labour. Only 8 per cent households in Gwadar have any productive land while in the case of Lasbela only 10 per cent of the area is irrigated. Livestock rearing is widely practiced but suffers from low production, absence of veterinary services, non-existence of artificial insemination, poor feeding and faulty husbandry practices. Agriculture value chains are poorly organized. In terms of living conditions, the shared constraint among all Union Councils in the target district is under-developed drinking water and irrigation infrastructure, sanitation, power-supply, rain-water harvesting structures, farm to market roads, which coupled with lack of value addition, poor market linkages and lack of access to finance and extension services undermine the potential of the available resources. Climate change induced variable weather patterns and long periods of droughts interspersed with flash floods have made small-holder agriculture, livestock and fisheries risky ventures warranting interventions that help the communities fulfill their due potential.
38. **Target Groups:** The primary target groups for the project are the ultra-poor and poor (0-40) rural households of the two districts (Gwadar and Lasbela) of the Balochistan province. Around 100,000 poor households (PSC 0-40) among farming, non-farming and fishing communities would benefit from a range of interventions that helps them graduate to levels of enhanced economic well-being. Women and male and female youth would be particularly targeted and around 10,000 women and 6,000 youth would be provided with remunerative skills, training for enterprise development, access to micro-finance, in addition to 8,500 households that would directly receive productive assets. The recipient of the assets would also benefit from nutrition interventions. Each of the 400 villages would benefit from at least two community infrastructure investments that would improve the socio-economic conditions of the inhabitants – benefiting about 76,000 persons. Small-scale fisherfolk at eight notified landing sites and 32 other landing sites would be organized into cooperatives to become an active partner in the development of the fisheries value chain and in the operation of landing sites infrastructure – benefiting 50,000 fishermen. The Private sector will be engaged and facilitated to enter into win-win partnerships - 4Ps with fisherfolk and agriculture/livestock producers (about 40 in total). The capacity of partner departments will be built in terms of policy, regulations and delivery.
39. **IFAD alignment:** The Project is aligned with IFAD's Strategic Framework 2016-25 and its three Strategic Objectives i.e. (i) increase poor rural people's productive capacities; (ii) increase poor rural people's benefits from market participation, and; (ii) strengthen environmental sustainability and climate resilience of poor rural people's economic activities. It also responds to the IFAD11 corporate priorities that include, gender, youth, climate, nutrition and partnership building. The project objectives and interventions are also in line with the Strategic Objectives and Results Framework of the Pakistan COSOP (2016- 2021) and contribute to the attainment of its quantified targets, including (i) promoting the economic transformation of poor rural households; (ii) policy and institutional strengthening for community-led development; and, (iii) building resilience for sustainable nutrition and food security.

D. Components/outcomes and activities

40. **Approach:** GLLSP II will build upon the development interventions and lessons learnt under GLLSP I for enhanced impact. While the target area and the overall scope of the project remain the same, the phase II differs in respect of its approach. Firstly, GLLSP II, will have a more holistic poverty graduation approach covering all 0-40 hhs, by introducing poverty graduation as a continuous process of support, to help target households sustainably escape poverty through productive assets, youth employment, women empowerment and building resilient agriculture and livestock farming. Secondly, COs/VOs will be revamped and amalgamated to have larger foot-print and assured participation of all 0-40 households as members. A more structured and adequately financed approach will be pursued with GoB for union council development planning that mainstream priorities in gender, youth engagement, nutrition/food security and climate change alongside conventional community needs. The women's active participation in development decision-making will be ensured in this process. CPIs will be prioritized from a holistic village and Union Council development lens with larger investments and impact. Thirdly, a comprehensive three-pronged fisheries value chain development will be pursued combining; value chain development package – 4Ps (fisherfolk capacity building and private sector engagement), infrastructure upgrading and policy and. The capacity of the Fisheries Department with regards to policy, management and infrastructure construction will be enhanced through technical assistance and incremental staffing. Technical Assistance will be strategically leveraged through grant funding to build partnerships with FAO and WFP for high-impact interventions in policy and nutrition and climate change resilience. Complementarities will be sought with Government's own investments in jetties and fisheries development^[1], as well as with those implemented by other donors and UN agencies.
41. **Components:** The project will consist of three components i.e. **community development**; **fisheries value chain development** and **project management**. The project will use community development as an entry point and focus on livelihoods options which including agriculture, livestock and fisheries, the latter being a major source of livelihood for majority of the household in the target districts and identified by GOB as a major priority. The community development will develop the foundation for rural development and livelihood improvement to be promoted through interventions related to farm, fisheries and off-farm activities. Following is the brief description of the components:
42. **Component 1: Community Development (US\$ 29.037 million):** The objective of the component is to enable the rural poor men, women and youth to improve their livelihoods. GLLSP I covered around 90 per cent of the villages but household and rural infrastructure delivery fell short in fulfilling the demands, due to resource limitations. The majority of villages still suffer from critical deficits including water, road connectivity and income generating opportunities. GLLSP II, through comprehensive Union Council

Development Plans, and the leveraging of existing social capital^[2] and capacities built under GLLSP I, will deliver a comprehensive package of public and private goods in all 400 villages. Except for large infrastructure, all other community and household level interventions will be identified, prioritized and implemented through COs/VOs. The main-streaming priorities including gender, youth, nutrition, food security and climate change resilience would be largely addressed through this component as part of social mobilization strategy and specific interventions. The component will be implemented by the social mobilization partner in collaboration with the PMU, relevant line departments, FAO and WFP. A detailed community interaction strategy, developed as part of the PIM, shall guide the implementation of activities.

43. The component consists of three sub-components:

44. **1.1 Social Mobilization and Community Empowerment sub component:**

45. The objective of this sub component is to prepare and facilitate the transition of the institutionalization of the CDD approach in the ongoing decentralization context in Balochistan. The approach will result in consolidating and evolving the GLLSP I approach as follow:

- *Union Council Development Plans:* A bottom-up development planning and need identification process will be extended to the project area. CO level plans will feed into VO Plans that would be further consolidated into Union Council Development Plans with a five-year perspective. Each plan will clearly identify project and non-project interventions pertaining to public and private domains. Training will be imparted to village resource persons, SMP staff and government staff in UCDP formulation. Standard formats will be developed by SMP for the plan. GLLSP II related interventions will be submitted by the SMP to the PMU for approval and release of funds as per phasing indicated in the plan. Plans for all 45 Union councils will be completed during the project year 1.
- *Capacity Building at 3-Tiers:* Existing COs/VOs will be restructured and strengthened to ensure full membership of all poor households. In principle, one larger CO will be promoted in each village for a more holistic understanding of village development needs and priorities. SMP staff will be provided orientation training on organizational structures and need identification and development plan formulation processes. Activists workshops and exposure visits will also be arranged.
- *Social Mobilization Partner:* A social mobilization partner will be selected through competitive process. SMP will be paid on output basis an agreed percentage of investment costs as per the norm under GLLSP I.

46. **1.2 Economic Graduation of the ultra-poor, Women & Youth sub component** The subcomponent will support ultra-poor and poor households, women and youth and increase their incomes through the provision of productive assets, skills, job market preparation and facilitation of linkage to other sources of finance including NPGP. The selection of target beneficiaries will be through the BISP Poverty Score Card.

47. **a) Productive Assets for Ultra-poor:** The Poverty Graduation approach initiated under GLLSP I will be scaled-up. The interventions will cover all remaining 0-11 PSC hhs (around 8,500), who will be provided training and suitable productive assets to help graduate to the next level of economic well-being. About, 70 per cent of productive assets^[3] will be provided to women. Selection of asset will be on the basis of household capacity for management and location and income potential avoiding crowding-in areas with limited market potential. These households will also receive nutrition and health packages developed with the assistance from WFP.

1. **Women Empowerment:** Women empowerment will be pursued both through community organizational processes and specific targeted interventions. At least 50 per cent membership for women in COs/VOs and at least 30 per cent women presence in CO/VO/LSO management positions will be ensured. Women development priorities will be ascertained separate from those of men. At least 30 per cent technical training opportunities will be offered to women. Specific short vocational courses will be offered to young girls and women in traditional embroidery and crafts, fish processing, and fishing net weaving and repair. Women Resource Centers: 45 centers, at least one per Union Council, will be established in very poor villages that have no public building or suitable private dwelling for women's joint activities. These centers will serve as meeting place, education centers, and joint enterprise activities for income generation. On average, about 250 women will be linked to each resource center where these 10,000 women will benefit from additional income generation interventions and capacity enhancement interventions. This will include kitchen gardening, food preservation, traditional crafts, nutrition, enterprise development, numeracy and preferred vocational skills. A start-up kit will be provided to each woman who successfully complete an enterprise or vocational training. As part of its assigned mandate, SMP will facilitate access for women to microfinance in cases where women members of resource centers wish to start an individual or group-enterprise. Women with inclination and means (land, water) for kitchen gardening will be supplied with a basic package of inputs. These women groups will also be engaged in afforestation around homesteads and on communal areas around water facilities. Feasibility for one pilot Women Vegetable Processing Enterprise will be analyzed in one location in Lasbela District and, and if deemed positive, one such enterprise will be implemented prior to MTR. The number would be increased if the outcomes argue for the same. Technical assistance will be provided to GoB for development of an action plan to implement Gender Policy.

2. **Youth Job Market Readiness:** A job-market survey and a youth census will be completed prior to project start-up under GLLSP I. Two sets of trainings for youth will be available – one for youth with required educational qualifications and one for those without. The first group will essentially be prepared for regular employment through training at accredited training institutions, internship opportunities at project supported value chains and infrastructure and job placement support. The second group will be trained at suitable institutions and/or work places to get skills for employment or start their own micro-enterprises. Around 2,000 (actual based on final results of Youth Census) male and female youth from agriculture communities will benefit from this activity. Financial inclusion of poor women and youth through a formalized arrangement for access to interest free loans under the IFAD-funded NPGP as well as Government's other Interest Free and subsidized Loans schemes (Ehsas, Kamyab Naujawan etc.)^[4] will also be facilitated for the implementation of which PPAF has agreed to extend coverage to these two districts. A formal MOU between NPGP and GLLSP-II will be signed to operationalize the arrangement (Operational guidelines are also explained in Para 14 of PIM). The Project will provide technical assistance to GoB for the development of a comprehensive youth policy and action plan.

3. **Collaboration with FAO and WFP on Nutrition and climate Change Resilience** Technical Assistance support will be

provided by FAO and WFP, through IFAD Grant funding and own sources, for improved nutrition at household level and on-farm climate change resilience respectively. WFP will focus on women and children nutrition and develop necessary training modules for TOT and beneficiaries, nutrition packages and nutrition monitoring systems. FAO will provide technical assistance for ToT, curricula development and training for small-holder farmers climate resilience. **Climate Change Resilient Farming and livestock Husbandry:** On-farm support will be provided to equip the small holder farmers with knowledge, skills, crop choices and practices to better cope with climate change induced challenges, 30,000 farmers will be trained also with in-situ demonstrations. **Food Security and Nutrition:** the Project will support household level interventions for the ultra-poor and poor (8,500 households) in improving food security and nutrition with the assistance of WFP. In addition, WFP will provide technical assistance to the GoB in formulation of a food security and nutrition action plan for the province.

48. **1.3 Social and Economic Infrastructures sub-component**
49. **Community Physical Infrastructure.** Community and UC Plans prepared under GLLSP I show an immediate need of around 800 priority community infrastructure schemes covering around 76,000 households. GLLSP II will provide funding to address these needs in all 45 UCs/400 villages ensuring that at least two priority needs of each village are addressed. Existing CO/VO plans will be updated to ensure that the project responds to the current situation. Women's priorities will be discussed and identified in separate meetings. In case male and female priorities should not match each other, preference will be given to the priorities indicated by the women. Based on the GLLSP I experience, the existing UCDP's prepared by NRSP in 2016, and mission observations, over 70 per cent of investments are likely to be for water provision for drinking, agriculture and fisheries, followed by sanitation and solar power for households. Other investments are likely to be household solar power, RO plants, street pavement and sanitation, fisheries related small infrastructure, check dams and flood protection structures. The project will ensure that climate change resilience is made a central factor in CPI prioritization and selection. No targets are being specified for various types of schemes to allow demand-driven identification under the union council development planning.
50. **Rural Farm to Market Roads.** The main agriculture production areas will be connected to the national trunk road network and the new road network which is being developed through CPEC/BRI through 80 km black top roads. Priority links will be identified through the Union Council Development Plans, as per selection criteria, and the lengths may vary from 02 km to 10 km. Climate change resilience will be built in the design of roads and support structures. Road side tree plantations will be integrated as part of the road design process.
51. **Implementation Arrangements:** All activities under this component, except rural roads, will be implemented by the social mobilization partner through a strategy and human resource availability specified in the contract between PMU and SMP and PIM. Rural Roads, identified on the basis of selection criteria specified in the PIM, and identified through Union Council Development Plans, will be implemented by C&W Department on standard farm to market road specifications. Household nutrition and on-farm climate resilience interventions will be implemented in collaboration with WFP and FAO by SMP staff as per the terms of collaboration agreed with the two agencies.
52. **Component 2: Fisheries Value Chain Development (US\$ 39.778 million):** This component includes three sub-components: (2.1) Establishing Fisheries 4Ps; (2.2) Economic Infrastructure for Fishery Development; and (2.3) Capacity building and institutional strengthening. The Project's primary target group is small fisherfolk (undertaking day trips in boats of less than 18 feet and 25 feet). A total of 50,000 fisheries households will be directly reached through this component. 2,300 poor young women and men will be also supported to become entrepreneurs/staff responding to demand for products or services generated by the 4Ps. This component will cover the overall 700 km of coast in Gwadar and Lasbela districts and all 40 current fishing landing sites.
53. The objective of this subcomponent is to increase the income of the fisherfolk as well as the competitiveness of the Balochistan fishery value chain by (i) increasing significantly the quality of the existing fish catch arriving at the factory door (price +5-10per cent), (ii) reducing drastically the quantity of fish lost between the catch site and the factory door (+15per cent in quantity sold), (iii) responding better to the international quality norms for export and consequently enlarge the access to market (+5per cent price); and, (iv) sustainable management of marine fisheries resources. Women from fisherfolk families will be engaged through Women Resource Centers to be provided with income generating skills, including fish and fish products processing, fish grading and packaging, fishnet-making etc.
54. The approach to the fisheries sector will be holistic applying 4Ps model of value chain development to innovatively address the priorities at all levels including micro, meso and macro. The component will be operationalized through a comprehensive value chain package aimed at developing capacity of fisheries cooperatives, fishermen, consolidators and improving market links to the processing industry, meeting the needs in terms of infrastructure, finance and creating the enabling environment. The PMU will provide support through specialized staff and in conjunction with TA consistently to consistently build capacities of the cooperatives to take the role forward successfully in the post-project scenario.
55. **Sub-component 2.1 - Establishing Fisheries 4Ps:** the programme will support the establishment of market-driven 4Ps between Organized Fisherfolk (1 cooperative per landing site/40 cooperatives established or revamped by the end of the project), existing fishery processing factories (200 factories are currently operating within these 40 sites), Middlemen (as a market agent in a first phase), banks (to initiate a first relation between fishermen and the formal banking system through only deposit, saving account and mobile transfer) and the GoB through the GLLSP II project.
56. The project will operate in 2 phases: From start to the MTR, GLLSP II will focus on 11 landing sites (3 sites with jetty construction plus 8 additional sites with and without jetties) to consolidate / adapt the 4P model to the site-specific requirements of the Gwadar and Lasbela coastal area. After evaluation and at MTR, the upscaling of the approach to the other 19 landing sites (with the necessary adjustment if needed) will be initiated.
57. Today, based on the official data from the Ministry of Fishery, a 20 feet boat (daily trip) catches, on average, 1.5 mt of fish per year during a season which lasts from 6 to 8 months. After deducting expenses, the income is equally shared among the captain and crew/labourers. The average income generated by each fisherfolk (4 to 5 fishers on one-boat) is consequently estimated at

the equivalent of USD 1 per day with considerable variations (rich catch one day and no catch on other). Middlemen are the link between the fisherfolk and buyer/factory and pre-finance the necessary working capital (fuel, nets), investment capital (boats, engines) as well as their social and consumption needs during off-season (health, food, festivals). This considerably weakens the fishers' bargaining power and access to competitive markets.

58. To improve fisherfolk's bargaining power, they will be organized into legally recognized Cooperatives that will be managed by 3 professional staff recruited competitively with PMU assistance. Cooperatives will enter into collective sale contracts with factories and other buyers on behalf of their members. The Cooperative will receive the catch of members, clean, grade and weigh the different species of fish, generate a coupon to the fisherfolk with detail of quantity and will ensure prompt transport to the factory (electric vehicle, like tricycle/motor-rickshaw, with cold box). The factory will assess quality, grade, and weight in presence of a Cooperative representative and then, proceed with the payment – 90 per cent to the fishermen bank account, based on the pre-agreed price with the cooperative and 10 per cent to the cooperative as commission.
59. The cooperative will be assisted by GLLSP II with some start-up funds for the working capital and capital investments (funds allocated to eight cooperatives by GLLSP I will be taken into account). The amount of support for each cooperative will be determined on the basis of a market study and business plan developed by GLLSP I before the project start up. The Cooperative may provide to their members an advance for fuel, nets or other needs that they can pay back within a maximum period of one month. These services will build Cooperative capacity and credibility and allow the fisherfolk to progressively become financially less dependent on the middlemen. Alongside the cooperatives, the project will work with informal groups of fisherfolk, partnerships, platforms and associations.
60. The cooperative will also finance poor youth of the community that want to become new fisherfolk, a set (boat, engine, nets) for a maximum total amount of USD 5,000 that will be paid-back within 3 years to the cooperative, allowing for two cycles during project life benefitting 4,000 youth. This will also allow these youth to access regular income and avoid indebtedness. A certain amount will be dedicated for that per cooperative and will allow 4,000 youth to access new income (5 youth for 1 boat). The cooperative will also assist all members to upgrade their boats so as to (i) have ice compartments to maintain fish quality up to entry door of the factory, (ii) pre-grade the catch at the boat and (iii) respect the international hygiene standards. GLLSP II will allocate a lump sum of USD 100 per boat to the cooperatives, based on the list of boat provided (10,000 boats to be upgraded). The cooperative will pre-finance this amount to the fisherfolk that they will pay back within 4 months. The amount recuperated will feed the working capital of the cooperative. The cooperative will benefit from and manage a small sorting/grading platform at the landing site, allowing to clean, grade, weigh and transport the fish to the factory or large refrigerated carriers.
61. The fish factory will provide ice for the fisherfolk on an agreed price with the cooperative and will deduct directly the amount before payment. A transparent detailed invoice will be provided by the factory to the cooperative every week. By adhering to this 4Ps, the factory will have better assurance to have regular supply of fish, both in quality and quantity, which will increase the factory's profitability and competitiveness.
62. Alongside the cooperatives, one or several banks with ongoing functional branches in Gwadar and Lasbela will be engaged to be part of the 4Ps model to enable fisherfolk's access to a bank account (deposit and saving). The option of the mobile banking facilities, e-commerce and e-money transfer will also be explored as well as leveraging the ongoing credit guarantee scheme of the State Bank of Pakistan (SBP). After the MTR, when the bank will have a client history with the fisherfolk, access the formal financial services at scale will be explored through a more robust engagement with the SBP and key participating financial institutions. GLLSP II will also develop financial literacy modules for the fisherfolk which should allow them to better manage their money during the periods of surplus.
63. In the first phase, the middlemen will be part of the 4 Ps as a market agent of the cooperative. By this, the middleman will be able to access and service more fisherfolk which would compensate for any loss due to the reduction in money lending business. After the MTR, the evaluation of the 4P approach will make recommendations on the way forward and the type of relation to be maintained with the middlemen.
64. The Department of Fisheries will benefit from capacity building support from GLLSP II in the shape of equipment for Inspectors and Quality Testing Lab, training and TA support for review and updating of the current fisheries policy and regulations in order to ensure that the current marine resources of the Baluchistan coastal area are exploited in a sustainable manner.
65. **Sub-component 2.2, Economic Infrastructure for Fishery Value Chain Development:** the project will finance enabling infrastructure development for the Baluchistan Value chain Development through:
66. **Construction of Jetties and Allied Infrastructure.** Of the 8 notified landing sites on the coast, jetties and allied infrastructure are being constructed at 5 sites (2 by the GDA and 3 by the BCDA). The GoB has consequently requested GLLSP II to assist on the remaining 3 priority sites which are currently under technical feasibility study by GLLSP I, to be completed by December 2019. Once the feasibility study becomes available, the PMU will initiate the procurement process for detailed design and construction. The construction will be done in two phases: (i) first the jetties and break-water will be constructed, to be finalized by the end of year two of GLLSP II. As soon as work on jetties starts, the allied infrastructure will be designed /customized per site, based on the need of the fishermen, and construction initiated.
67. **Fish Market Access Roads:** The Project will support the development of 80 km (<10 km per road) black topped road links from the landing sites to the nearest factory and/or trunk roads to facilitate safe and time-efficient transport of the catch. Today, the fish are mainly carried on donkey carts, exposing fish to direct sunlight and other contaminating elements for one to two hours before reaching the factory. Provision of proper roads will encourage motorized efficient transportation, adding to quality, reducing wastage and allowing better returns for fisherfolks. Roads will be identified as part of Cooperative Business and Development plan and constructed by C&W on provincial farm to market standards and climate proofed.
68. **Cooperative Landing Site Platforms:** These platforms will be supported at landing sites with no jetty to ensure efficient cleaning, grading, weighing and transportation to the factory. The Project will initially support 8 such platforms at sites that have

the maximum catch and number of beneficiary fishermen/boats. This platform will have small solar powered RO plants for water (to keep fish quality), a roof covering a concrete apron, a store (for the cooperative equipment), a garage and an office. A concrete path from boat landing site on the beach to the platform will be part of the package. The design will be done by GLLSP I and will be available by March 2020.

69. **Capacity building and institutional strengthening.** The Department of Fisheries will be provided with support to formulate a comprehensive sustainable Fisheries Management Policy for the province and to develop and approve a new Fisheries Cooperative Law covering all landing sites in Gwadar and Lasbela. The Department of Fisheries will also be supported to spearhead capacity building through its technical institute, undertake monitoring of the aquaculture resources, develop mechanisms for dredging through PPP arrangements and to establish hatcheries in the coastal areas to serve the purpose of conservation through restocking.
70. **Hatcheries and Innovative Aquaculture.** The project will support the establishment of 8 hatcheries along the coastline to run on a commercially viable pattern. In addition, private sector will be assessed to start net culture. A total of 80 net culture sites will be supported during the project implementation. Both hatcheries and net culture will be closely integrated with the value chain package involving cooperatives and progressive fishermen.
71. **Implementation:** Implementation of the component will be directly managed by the PMU through a team of three professionals including a Business/Banking specialist, a Fish Marketing specialist and an Institutional expert, with Fisheries Department related aspects assigned to an Activity Manager and field team notified by the Department. The PMU Team will operate out of PIUs based in Gwadar or Lasbela. The team will be supported by 4 field specialist animators (accountant profile) that will monitor and follow the 11 cooperatives in the first phase (3 cooperatives per agent). 7 additional agents will be recruited after MTR. Each agent will have a motorbike and a tablet as well a lump sum operational amount per month for internet/phone and POL. All procurement will be handled by the procurement unit of the PMU. The Team in charge of this component will be responsible for all the M&E aspects of the component. Each cooperative will provide monthly operational and financial reporting to the PMU. Every quarter, a meeting with the Department of Fisheries will be organized in Quetta to report on the progress and difficulties of this component.
72. **Component 3: Project Management and Policy Support (US\$ 3.987 million):**
73. **Project Management Unit:** The Project Management Unit will be established in Quetta and will be responsible to plan, implement, manage and coordinate all project activities. Two PIUs will be set up, one in Lasbela and one in Gwadar, which will house the field technical staff for district level implementation, coordination and monitoring. Each PIU will be headed by a competitively selected Deputy Project Director from the provincial management services. The key staff of the GLLSP I PMU, whose positions are in the new GLLSP II organigram and whose profiles correspond to the requested qualifications, will be transferred into the PMU for GLLSP II after an assessment, to retain the institutional memory and to leverage the capacities already built. GLLSP II will finance the necessary requirements for vehicles, equipment, operational expenses and salaries of staff. Details of staff, their TOR and PMU/PIU inputs are in the PIM.
74. **Policy Support and Advocacy:** Part of the IFAD grant will be utilized to support the provincial government on policy aspects related to project's key components and mainstreaming priorities. In coordination with concerned government departments and agencies, the project will engage technical expertise to assist the provincial government with regards to:
 - Youth Development Policy and Action Plan: In order to help the GoB address the current challenges of the poor youth in the province, the project will provide 6 person-months of national technical assistance to formulate a Youth Development Policy and action plan for the province. Resources will also be provided for district and province level consultative workshops to develop consensus on principles and activities.
 - Nutrition and Food Security Policy and Action Plan: Building on existing studies carried out on the current nutrition and food security situation in the province, GLLSP II will engage 6 person-months of national technical assistance in collaboration with WFP and FAO to assist the GoB in the development of a comprehensive nutrition and food security policy and action plan.
 - Climate Resilience and Mitigation for Agriculture Action Plan: Based on the National Policy for Climate Change mitigation and resilience, the GoB will be assisted to develop a provincial action plan. 4 person-months of national technical assistance will be provided with possible additional support from WFP and FAO.
 - Fisheries Policy Updating and Sustainable Management Plan for Marine Fisheries: 8 person months of TA will be provided to the Fisheries Department for updated of its existing fisheries policy to respond to the current needs and challenges. And based on that, a comprehensive management plan for sustainable exploitation of marine resource will be developed. It will also include the development of a system for resource availability data, catch data etc. for management decision-making. In addition, 2 person months of TA will be provided for the finalization of the new Fisheries Cooperatives Act.
 - Institutionalization of CDD Approach for Rural Development: 9-person months of TA (legal expert, finance expert and institutional development expert) will be provided to the P&D, Finance and Local Government Departments to develop rules, regulations, budget allocation processes, flow of funds and accounting mechanisms etc. to put in place a comprehensive mechanism to facilitate, on the basis of the New Local Government Act, the commitment of 30 per cent of the annual development funds to rural councils and village organizations.
75. Provincial Knowledge Sharing and Consultation Platforms: Annual provincial knowledge sharing and consultation platforms will be organized with key stakeholders and opinion makers on progress, issues and prospects with regards to projects areas of interventions as a feeding channel for provincial policy and resource allocation decisions.

E. Theory of Change

76. The GLLSP II's theory of change is informed by the GLLSP I's successful interventions in poverty reduction and rural development as well as lessons learnt, in particular regarding fisheries infrastructure and value chain development. The development challenge is to sustainably improve incomes and reduce poverty among the smallholder farmers and fisherfolk, with

a gender, youth and climate sensitive approach, in the project area. At project completion, the project outcomes aimed at are: zero 0-11 (ultra-poor) households in the project area and 60 per cent of 12-40 households graduate to the next band of economic well-being; all priority community infrastructure needs, particularly water security, are addressed and all main fisheries and agriculture production areas are linked by roads to the main CPEC/national highway network; the registered fisherfolk reduce their waste by 30 per cent and improve their incomes by 50 per cent through better capacities, a well-functioning value chain and support landing site infrastructure; and rural Union councils and villages have guaranteed access to government's annual development funding for sustained development.

77. GLLSP I's lessons that inform the theory of change include: The areas of entrenched poverty need sustained longer-term engagement, by providing an integrated and responsive package of community level and household level interventions, to lift such areas out of poverty. A project area consisting of two distinct groups of beneficiaries with different livelihood sources needs a more flexible and nuanced approach and interventions – coastal fishing communities and agricultural hinterland smallholder farmers – to develop multiple pathways for the achievement of the project outcomes of enhanced incomes and reduced poverty. Specialized expertise needs to be engaged to develop local capacities along with distinct investments for mainstreaming priorities. The GLLSP II design accordingly:

- Restructures the existing social capital (COs/VOs) in target villages to become inclusive organizations covering all 0-40 households with special focus on women and youth;
- Introduces a dynamic poverty graduation approach that covers all 0-40 PSC households and links them to other available poverty graduation interventions apart from project support;
- Approaches community infrastructure needs from a holistic village and Union council perspective with a larger resource envelope to address at least two priority needs in every village;
- Mainstreams food security, nutrition, women and youth empowerment and climate resilience;
- Promotes a holistic start-to-end value chain development -based on 4Ps approach for improved incomes of fisherfolks and assists 30,000 smallholder farmers and livestock owners to have improved access to irrigation and drinking water and improved production/incomes through adoption of climate resilient practices;
- Provides critical road links to isolated rural fishermen and agricultural communities;
- Addresses climate change challenges through an integrated and mutually reinforcing set of interventions;
- Provides a comprehensive package of awareness, knowledge and inputs for nutrition, especially of women and children from poor households, backed up by water and sanitation CPIs;
- Assists the government in the institutionalization of decentralized rural development[1].

78. Assumptions for Theory of Change: Communities in almost all target Union councils have been organized into COs, VOs and LSOs by NRSP and the project will not be required to start the process afresh except for ensuring that all poor target households are duly represented in these organizations. Full development potential of these organizations has not been realized so far due to a patchy and mostly project driven provision of development resources. Poverty Graduation will be adopted as a continuous process helping all 0-40 households to move beyond 40 on the Poverty Score Card. A different set of flexible interventions would be available for Ultra-poor (0-11), very poor (12-18), poor (19-24), vulnerable (25-34) and transitory poor (35-40) respectively. Public Goods in the shape of CPIs will be prioritized for each community with full representation of women and youth. Adequate resources are provided for the attainment of objectives of mainstreaming priorities including climate resilience and nutrition. Road linkages will be determined through a transparent selection-criteria. Fishermen organization into cooperatives would provide effective forums for capacity building, support infrastructure management and collective bargaining. Engagement of social mobilization partners will ensure close supervision and handholding for the community and household level activities.

F. Alignment, ownership and partnerships

79. *Government of Balochistan Priorities:* The Government of Balochistan gives a high priority to the socio-economic development of the two coastal districts to enable the people to actively engage with and benefit from major investments planned under CPEC/RBI. Another priority is the development of fisheries due to its huge potential for the provincial economy and the coastal communities. The Planning & Development Department's current approach is to assign clear/focused sectors and regions to donor agencies and pursue full development coverage of such assigned areas for visible impact.
80. *SDGs:* GLLSP II objective and interventions are fully aligned with at least seven SDGs including Poverty (SDG 1), Zero Hunger (SDG 2), Gender Equality (SDG 5), Clean Water and Sanitation (SDG 6), Affordable and Clean Energy (SDG 7), Reduced Inequalities (SDG 10) and Climate Action (SDG 13).
81. *Government of Pakistan Vision 2025:* GLLSP II will also directly contribute to the achievement of the targets under the Government of Pakistan Vision 2025, including: Pillar I, Goals 4 and 6 (Improved sanitation and reduced disease burden); Pillar II, Goal 9 (Reduce Poverty by half); Pillar IV, Goals 14, 15 and 16 (affordable energy, increase water storage and reduced food insecurity), and; Pillar VII, Goal 24 (increased road density).
82. *Poverty Graduation Priority of the Government:* The Government has identified poverty graduation as a priority. The project is aligned with the Government's Poverty Graduation Programme "EHSAS" and also complements the National Poverty Graduation Programme and the Prime Minister's Loan Programme for Youth "Kamyab Naujawan". The envisaged collaboration between GLLSP-II and NPGP as well as other Ministry of Social Protection interventions will create opportunities for sharing successful approaches and models for poverty graduation and women and youth empowerment for scaling-up.
83. *IFAD's Strategic Framework:* The project is aligned with IFAD's Strategic Framework (2016-25) and corporate priorities. It responds to the strategic vision of inclusive and sustainable rural transformation to eliminate extreme poverty by focusing on the poorest communities and ultra-poor households with a holistic set of interventions to help them graduate out of poverty.
84. *CPEC/BRI:* The project will enable the beneficiary communities, particularly male and female youth, to better integrate with and take benefit of the infrastructure and economic opportunities being created by the CPEC/BRI related infrastructure. Improved

production and market links will enable communities to enhance their incomes by meeting the increasing demand in upcoming CPEC industrial estates and residential colonies; providing the youth with skills will enable them to find employment in CPEC infrastructure and economic projects.

85. *FAO and WFP Partnership:* The existing presence and programmes of FAO and WFP in Balochistan covering agriculture value chain development, climate change resilience and nutrition/food security offer opportunities for partnerships between Rome Based Agencies in these vital areas. GLLSP II will make specific financial provisions under the IFAD Grant Component to engage FAO for on-farm climate resilience and fisheries value chain development and WFP to assist fostering household nutrition and food security. FAO has ongoing and pipeline Technical Cooperation Project's with Government of Balochistan and Ministry of National Food Security and Research. Partnership with FAO will offer opportunities for policy level engagement and dialogue on sustainable management of fisheries as well as food security and climate resilient agriculture.

G. Costs, benefits and financing

a. Project costs

86. Total project costs are estimated to be US\$ 72.801 million to be invested over six years of project implementation period. The IFAD contribution will be a loan of US\$ 60.155 million on blend terms from the IFAD11 allocation, and an IFAD Grant amounting to US\$ 3 million. The Balochistan Government and beneficiary contribution amount to US\$8.654 and 0.992 million respectively.

87. **Table 1: Programme Cost by component (and sub-components) and financier:**

88. (Thousands of United States dollars)

	IFAD Loan Amount	GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount
A. Community Development					
Capacity Building for Participatory Development	373	13	-	-	387
Youth Employment	2 653	-	-	-	2 653
Asset Transfer	6 350	-	-	-	6 350
Women Empowerment	824	0	-	62	887
Farm to Market Roads	5 769	973	-	-	6 742
Community Physical Infrastructure	6 461	0	-	715	7 176
Collaborative Interventions	-	0	2 490	-	2 490
Social Mobilization Support	1 999	353	-	-	2 351
Subtotal	24 429	1 340	2 490	778	29 037
B. Fisheries Development					
Jetties and Allied Infrastructure	7 682	1 369	-	75	9 126
Fisheries Value Chain Development	18 706	3 319	-	100	22 125
Fish Market Access Roads	5 591	970	-	-	6 561
Capacity Building - Department of Fisheries	110	951	440	-	1 502
Hatcheries and Innovative Aquaculture	408	17	-	40	464
Subtotal	32 497	6 626	440	214	39 778
C. Project Management					
Project Management	3 178	445	70	-	3 694
Institutional Development Support	50	243	-	-	293
Subtotal	3 228	689	70	-	3 987
Total PROJECT COSTS	60 155	8 654	3 000	992	72 801

89. **Table 2: Programme/project costs by expenditure category and financier:**

90. (Thousands of United States dollars)

	(US\$ '000)				
	IFAD Loan Amount	GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount
I. Investment Costs					
A. Civil Works/ Community Infrastructures	25 210	3 261	-	790	29 261
B. Vehicles	231	148	-	-	379
C. Computer and Equipment	109	783	-	-	893
D. Technical Assistance, Trainings and Studies	3 957	313	2 784	101	7 155
E. Grants and Subsidies	26 002	3 243	216	101	29 562
Total Investment Costs	55 509	7 748	3 000	992	67 249
II. Recurrent Costs					
A. Salaries and Allowances	1 700	81	-	-	1 781
B. Operating Costs	2 946	825	-	-	3 771
Total Recurrent Costs	4 646	906	-	-	5 552
Total PROJECT COSTS	60 155	8 654	3 000	992	72 801

91. **Table 3: Programme/project costs by component and year**

92. (Thousands of United States dollars)

	Totals Including Contingencies (US\$ '000)						
	2020	2021	2022	2023	2024	2025	Total
A. Community Development							
Capacity Building for Participatory Development	164	82	90	42	9	-	387
Youth Employment	348	886	966	452	-	-	2 653
Asset Transfer	1 354	2 582	2 414	-	-	-	6 350
Women Empowerment	126	318	245	198	-	-	887
Farm to Market Roads	1 688	3 364	1 691	-	-	-	6 742
Community Physical Infrastructure	752	2 733	2 654	1 036	2	-	7 176
Collaborative Interventions	417	476	489	427	450	231	2 490
Social Mobilization Support	335	790	830	394	1	-	2 351
Subtotal	5 183	11 231	9 379	2 549	463	231	29 037
B. Fisheries Development							
Jetties and Allied Infrastructure	123	3 070	5 721	72	70	70	9 126
Fisheries Value Chain Development	2 097	3 811	2 155	4 103	8 095	1 864	22 125
Fish Market Access Roads	1 691	3 242	1 628	-	-	-	6 561
Capacity Building - Department of Fisheries	1 211	290	-	-	-	-	1 502
Hatcheries and Innovative Aquaculture	-	101	110	121	132	-	464
Subtotal	5 122	10 515	9 614	4 296	8 297	1 934	39 778
C. Project Management							
Project Management	1 009	513	534	535	550	553	3 694
Institutional Development Support	40	43	46	50	54	60	293
Subtotal	1 049	555	580	585	604	614	3 987
Total PROJECT COSTS	11 354	22 301	19 574	7 430	9 363	2 779	72 801

b. Project financing/co-financing strategy and plan

93. The project will be financed through an IFAD loan of US 60.155 million (83 per cent), on blend terms from IFAD11 for which the availability of resources is confirmed. In addition, an IFAD grant of US\$ 3 million (4 per cent) will be provided for all technical assistance support for policy and regulatory aspects as well as for nutrition, climate resilience and institutionalization of CDD approach. The Government of Balochistan will contribute US\$ 8.654 million (12 per cent) as counterpart financing on account of tax and counterpart financing for community development and project management. Beneficiaries will contribute US\$ 0.992 million (1 per cent) in matching cash, in-kind materials, land and labour under the CPIs and the fisheries value chain development.

c. Disbursement

94. The project will have segregated, but integrated, systems of funds flow, budgeting and accounting to ensure a clear, verifiable audit trail. This will be ensured by establishing a Designated Account each for the (i) IFAD Loan; and (ii) IFAD Grant and a dedicated account for the government's counterpart funds. The beneficiaries' contribution would be recorded and reported by the Social Mobilization Partner (SMP) as per the contract agreement between the PMU and the SMP. The PMU will maintain updated information on the use of all sources of funds—including the beneficiaries' contributions in its accounting system.

95. Main categories will be as follows:
96. (1) Investment Expenditure Accounts; (i) Civil Works/Community Infrastructure; (ii) Vehicles; (iii) Computer and Equipment; (iv) Technical Assistance, Training and Studies; and (v) Grants and Subsidies.
97. (2) Recurrent Expenditure Accounts; (i) Salaries and Allowances; (ii) Operating Cost.
98. Total project cost is estimated at USD 72.6 million which includes approximately USD 67.3 million (93%) investment expenditure and USD 5.3 million (7%) recurrent expenditure. The project duration is 6 years. IFAD loan and grant will be USD 60 million and USD 3 million (respectively) while government contribution is estimated to be USD 8.6 million and beneficiary contribution to be 0.99 million.

d. Summary of benefits and economic analysis

99. The Project is designed to contribute to the achievements of the SDG and the Vision 2025, more specifically the targets regarding poverty reduction, food security, and nutrition. The components are designed in such a manner that rural communities have improved road access, water security, both for irrigation and domestic purposes, and improved livelihoods. The project also addresses the gaps in the priority sector of fisheries in the districts of Gwadar and Lasbela with the aim to improve income of small fisherfolk through improved infrastructure, enhanced capacities, access to market and financial services and enhanced governance.
100. GLLSP II will accrue quantitative and qualitative benefits to households in the target areas under its various sub-components. The physical outputs and outcomes of the project are briefly summarized below:
- Almost 100,000 households will be organized and benefitting of which at least 50 per cent will be poor (0-40) and over 50 per cent will be women members. At least 30 per cent of the management positions will be allocated to women.
 - Union Council Development Plans: 45 Union Council Development Plans, duly costed/budgeted, will be prepared to identify the priority infrastructure, social and economic needs of the communities and villages within the UC. Parallel to that, profiling and livelihoods development plans for the ultra-poor and poor households will be prepared to guide and deliver productive assets and other poverty graduation interventions.
 - Poverty Graduation. A total of 50,000 ultra-poor and poor households will benefit from poverty graduation interventions to move to the next level of economic well-being. These include 8,500 of ultra-poor eligible for a productive asset (at least 60 per cent of productive assets will be given to women), and nutrition support, support to 6,000 youth in agriculture and fisheries communities for remunerative employment, 10,000 women to be provided with capacity, skills and starter kits for improved incomes and nutrition, 30,000 households to be trained in climate resilient agriculture and livestock and 50,000 fisherfolk assisted in improving incomes through participation in 4-P value chains. Of the total persons benefitting, about 35 per cent will be from common households.
 - Community Physical Infrastructure. This sub-component will benefit around 76,000 hhs directly through investments in water (drinking and irrigation), solar energy, women enterprise centers, sanitation, flood protection, green/afforestation schemes, inter-village roads/street pavements etc.
 - Market access roads. A total of 80 km of rural roads will benefit 200 villages/16,000 households ensuring them reduced transportation.
 - Fisheries value chain development. Three fish jetties and allied infrastructure, a value chain package covering ultimately all the land sites in Gwadar and Lasbela as well as improved enabling environment will positively impact the income of 50,000 small fisherfolks directly and all the fisheries related businesses and services indirectly. 80 km of link roads for jetties and production platforms will benefit 50,000 fisherfolk households in accessing market for better prices, reducing waste and improving incomes.
101. The financial analysis of the GLLSP II investment over a period of 20 years indicates a positive net present value of US\$40.60 million while the internal rate of return is noted to be 20.94 per cent, which is well above the discount rate of 11.17 per cent (Average discount rate between 1992 - 2019 (Source: tradingeconomies.com/State Bank of Pakistan). The economic internal rate of return shows viability of the proposed project investment being 29.05 per cent while NPV has been found to be US\$73.74.

e. Exit Strategy and Sustainability

102. **Exit Strategy:** Several elements have been built in the programmes design and approach to lead to an organized exit (See Annex 10 for details). The first key element is using the existing structures and arrangements as far as possible and not creating any new project specific structures except where necessary e.g. the PMU. All community development interventions use existing social capital in the target villages in the shape of COs/VOs/LSOs which have been in existence for over 20 years and have a mentor RSP that will continue to operate and support these institutions. The project would assist the provincial government to establish an institutionalized mechanism and supportive laws and rules for the New Local Government Act which calls for regular annual transfer of development funds to villages and Union councils.
103. Fisheries Value Chain interventions are underpinned by the fisherfolk being organized into business cooperatives that have contractual relationships with the private sector and a collaborative relationship with the Fisheries Department for the operation of jetties and support infrastructure.
104. **Key factors of programme sustainability.** Key factors that promise a high probability of sustainability for the programme interventions are:
- *Sustainability of Three Tier CO/VO/LSO Structure:* CO/VO/LSO existed even before GLLSP I in the project area and would remain there after the conclusion of GLLSP II, as their support organization, NRSP, will continue to operate and deliver

- various interventions.
- **Poverty Graduation:** The project will introduce a more dynamic poverty graduation approach that covers all 0-40 households and links them with the Government's National Poverty Graduation Initiative (Ehsas) and other pro-poor programmes.
 - **Community Led, Owned and Maintained Infrastructure:** All infrastructure will be selected and implemented on the basis of consensus-driven community priorities and the communities will commit to ensure the O&M after completion.
 - **Fisheries Value Chain and Infrastructure:** a 4-P approach to fish marketing, under-pinned by buyer-supplier contracts, enhanced fisherfolk capacities, strong cooperatives and government-cooperative co-managed landing site facilities offer strong promise for sustained operation of the value chain and support facilities
 - **Rural Roads:** The component will be implemented through the Communication & Works Department. As per Government regulations, maintenance of all roads executed by C&W also becomes the responsibility of the same through annual maintenance budgets.

3. Risks

H. Project risks and mitigation measures

105. **Inherent Risks:** GLLSP II faces certain inherent risks that can be categorized as "Medium":

106. **Macro-Economic Stability:** Pakistan is going through a difficult macro-economic situation over the last year or so due to adverse balance of trade and current account deficit leading to a bail-out package of US\$ 7.2 billion from IMF. Existing projections point to continuing economic challenges in the medium term. The Government has initiated various steps to control government expenditure and widen the tax net for improved revenues. Relevant to the project are also the weak coordination between federal and provincial institutions especially in the area of policy coherence and integrated development of regulatory framework – notably marine fisheries policy. The collaboration with FAO will address this through its ongoing assistance to the federal government for developing marine fisheries regulatory framework.

107. **Country Fiduciary Risk:** The country's inherent fiduciary risk rating continues to be Medium. Pakistan is the 117 least corrupt nation out of 175 countries, according to the 2018 Corruption Perceptions Index reported by Transparency International. Pakistan's score against the World Bank's Transparency, Accountability, and Corruption Index for the public sector has been 3 out of 6 since 2015. The World Bank's Public Expenditure and Financial Accountability (PEFA) report of 2017 for Baluchistan identified several performance gaps in the PFM system. A World Bank funded PEFA Project is currently being implemented to help provinces address these challenges.

108. **Security Situation in Balochistan:** Balochistan has experienced security related challenges over the last few years that result in restricted movement of international staff for supervision and implementation support. This risk however can be addressed as there is sufficient qualified national expertise available to supervise the project in any such eventuality.

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

Risks	Risk Level	Mitigation Measures
Management Capacity Issues and High Staff Turnover: The province has staff capacity issues in effective project management and project's often experience high staff turnover affecting project performance	Medium	Engagement of a capable RSP for most of project interventions at community level would largely compensate for any staff capacity issues on government side. In the Financing Agreement, staff selection and any future transfers would be made contingent upon IFAD concurrence
Financial Management Capacity is weak and competent personnel difficult to find in project area	Medium	Moving the PMU to Quetta would grant access to more competent personnel and the procurement of a proper accounting software like Tompro would greatly increase the quality of financial management
Procurements have faced the issue of efficiency, timeliness and conflict of interest	Medium	Provision will be made in the PMU budget to hire competent and dedicated Procurement Staff
Start-up Delays: Past IFAD projects have experienced considerable start-up delays	Medium	Technical Assistance would be engaged by IFAD to assist in the quick formulation of the PC-I parallel to the finalization of Project Design. It has been agreed to maintain the GLLSP PMU till approval of new project so as to take responsibility for the PC-I, staff recruitment etc.

Hijacking of Project Benefits/Corruption	Low	Project design contains specific targeting criteria for the Union Councils and villages, based on credible BISP Poverty Data. Households level interventions (individual goods) and community level interventions (Public Goods) will also be subject to selection criteria ensuring benefits for the poorest.
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FM risk category	Initial risk rating	Proposed FM risk mitigating measures	Residual risk rating
A. Inherent Risks			
<i>Entity and Project design</i> i. Weak targeting—and inappropriate criteria for the use of IFAD TA Grant could leave institutional gaps intact, increasing fiduciary/ delivery risk ii. Late completion of the feasibility studies would increase risk that the construction of jetties would not complete within project lifetime.	M	<p><u>Existing mitigations</u></p> <p>i. TA Grant component has been included to address institutional and capacity constraints—especially within the fisheries sector. Suitable criteria and process for use of TA Grant needs to be established to ensure effective use of this funding as per the PDR.</p> <p>ii. Procurement actions to engage the National Institute of Oceanography (a public sector organization) for pre-/feasibility study and selection of SMP need to start without waiting for the Financing Agreement to be signed</p>	L
B. Project Control Risks			
<i>1. Organization & Staffing</i> i. Delay in the appointment of the core staff would decelerate implementation in the start-up phase. ii. Weak FM team increases the risk of project financial management not being effective, thereby increasing fiduciary risks for IFAD's funds.	H	<p><u>Existing mitigations</u></p> <p>i. Core staff of the PMU—Project Director, Finance Manager need to be engaged within eight (8) weeks of the date of signing of the Financing Agreement;</p> <p>ii. A stronger finance team led by a full time Finance Manager and supported by two Budget and Finance Officer in PMU and one Budget and Finance Officer each in SPMU.</p>	M
<i>2. Budgeting</i> i. Project execution virtually comes to a halt if AWPB is not approved on time; ii. Lack of provisioning of counterpart funds for the project in government's budget—for example, can make taxes not being paid to the tax authorities—increasing risks for the government and IFAD.	M	<p><u>Existing mitigations:</u></p> <p>i. Early approval of the AWPB & Procurement Plan by the PSC (by 31 March each year);</p> <p>ii. Work out the share of the counterpart funds for AWP/B each year and ensure its inclusion in the provincial government's budget;</p>	L

<p>3. Funds Flow & Disbursements</p> <p>i. Delayed opening of the Designated Accounts would disrupt the project start-up, contributing to low disbursement, and other effects;</p> <p>ii. Lack of availability of counterpart funds for the project can prevent the project from carrying out transactions involving this source of fund—thereby delaying implementation or causing complication as stated earlier.</p>	M	<p><u>Existing mitigations:</u></p> <ul style="list-style-type: none"> - Designated Account for the project will be opened within eight (8) weeks of the date of signing of the Financing Agreement; - The P&DD will be required to ensure the release of the counterpart funds as per the requirement of approved AWP/B—starting from the first quarter of a financial year. 	L
<p>4. Internal Control</p> <p>i. Internal controls may not be consistently understood and complied with if they are not formally approved and notified;</p> <p>ii. In the absence of suitable criteria and due diligence process, the risk of funds not being used effectively and for its intended purpose.</p> <p>iii. Weak controls over Implementing Partners (SMP, Cooperatives etc.) increase risk of money being syphoned off without the PMU detecting it.</p>	M	<p><u>Existing mitigations:</u></p> <ul style="list-style-type: none"> i. Financial management procedures as part of the PIM need to be approved by the PSC and shared with IFAD within eight (8) weeks of the date of the signing of Financing Agreement; ii. Suitable criteria—and due diligence mechanism for the provisioning of financial services (cooperative model/digital finances) will be established; iii. Specific internal control checks have been recommended for Social Mobilization Partner (SMP, Cooperatives) should be applied rigorously and documented for IFAD's missions. 	L
<p>5. Accounting Systems, Policies & Procedures</p> <p>i. The risk that the project would not be able to manage IFAD's funds and comply with IFAD's reporting requirement effectively;</p> <p>ii. Financial management policies and procedures may not be consistently complied with if they are formally approved and notified;</p> <p>iii. The accounting system not reflecting the full cost of project interventions & project financial statements/reports are not complete.</p>	M	<p><u>Existing mitigations:</u></p> <ul style="list-style-type: none"> i. An appropriate Accounting Software i.e. TOMPRO needs to be procured, installed and the finance team trained in its use; ii. Financial Management Manual needs to be finalized and the finance team exposed to related IFAD's requirements; iii. Accounting system needs to record and report on government's counterpart funds and beneficiaries' contribution. 	L
<p>6. Reporting & Monitoring.</p> <p>i. The risk that the project is unable to detect, prevent, and rectify significant deviations between planned and actual performance under any project component;</p> <p>ii. The risk that the project—especially work under the fisheries component, does not off-track once again as it did under the GLLSP-I</p>	M	<p><u>Existing mitigations:</u></p> <ul style="list-style-type: none"> i. Interim Financial Reports—on agreed format, need to be submitted to IFAD on quarterly basis; ii. Monthly monitoring meetings with stakeholders need to be held during the first year to overcome teething problems and put the project on track 	L

<p>7. <u>Internal Audit</u></p> <p>i. Weak follow-up increases the risk that critical agreed actions are not implemented, and related improvements in implementation not realized;</p> <p>ii. Without internal auditing within project financial management, the risk of internal controls, risk management, and governance arrangements constantly being reviewed and improved goes up alarmingly.</p>	H	<p><u>Existing mitigations:</u></p> <p>i. A monthly report on compliance status of the decisions taken in official meetings is prepared and discussed with PD;</p> <p>ii. A position of Manager Internal Audit is provided;</p> <p>iii. A firm for the internal audit of the project—focusing largely on the working of Implementing Partners (SMP, Cooperatives, Community Managed Financial Services etc.) would be engaged by end of July 2020.</p>	M
<p>8. <u>External Auditing</u></p> <p>i. Lack of proper engagement with the external auditor increase the risk that either the audit would not be completed on time or the audit report would not be of high quality;</p> <p>ii. In the absence of established timeline for settling audit observations, the risk of significant audit recommendations not being implemented/settled increases significantly.</p>	M	<p><u>Existing mitigations:</u></p> <p>i. PMU needs to engage with Director General Audit (Baluchistan), through P&DD for timely completion of audit;</p> <p>ii. Audit observations should be settled within six (6) months after the Audit Report has been shared with the P&DD to avoid backlog.</p>	L
OVERALL FM RISK	M		

I. Environment and Social category

110. The project districts have a varying topography consisting of a long coastal belt, extensive arid plains, small irrigated oasis, some rain-fed agriculture and low to medium height hills. Population density is very small and rural settlements are scattered. The area is interspersed with a number of hill torrents and rivers with seasonal flows and prone to flashfloods in the event of rains. The population is mostly of Baloch ethnicity. Over 80 per cent fishermen operate in own small boats or work as labour on larger boats. The large majority of farmers are small-holders, mostly dependent on rains, and supplement their incomes through livestock rearing.

111. Household level interventions for poverty graduation are aimed at building capacity and skills of the small households to generate more incomes for themselves through small ruminants, small enterprises, skill development for remunerative jobs or services. Community infrastructure will be mostly in the form of water resource development, access roads/tracks, sanitation, solar-power, flood protection etc. Interventions with fisherfolk follow a value chain approach and are aimed at improving the quality of their catch and minimizing wastage which would have positive impact on the quantity of catch harvested, as reduced wastage and better pricing will eliminate the need for excess catch. No displacement of population or forced acquisition of productive land is foreseen for project activities. All roads will be built on state-land and in case of any small portions belonging to a community, the land will be procured under the Land Acquisition Act after payment of fair compensation. Approval of all road alignments and design would be subject to an environmental screening process to ensure that the construction does not have adverse social or environmental impact. Based on this, the environment and social category of this project is "B".

J. Climate Risk classification

112. The climate of the project area is generally arid with low annual rainfall and water availability for household consumption, livestock and crops is generally at a premium. Large swaths of area along the coast received no rains during 2013-2018. The area is also prone to flashfloods when it rains. The coastal areas are also susceptible to cyclones and strong winds, particularly during monsoon season. Current projections by the Pakistan Meteorological Department show high possibility of rising surface temperature in project area over the next thirty years and an erratic rain pattern with serious implications for water availability for crops, livestock and household consumption. Long periods of drought interspersed with heavy rains and flashfloods are anticipated. Project approach and interventions are aimed at improving the communities' resilience for climate change. Community level activities and investments cover improved understanding of climate change risks, adopting appropriate cropping and livestock husbandry practices, improving water security for domestic and crop-use, improving infrastructure specifications and designs for better climate resilience and construction of flood protection works etc. All these interventions are designed to contribute to improved climate resilience. None of project interventions is of type and scale that would adversely contribute to climate risks. Based on above analysis, the project is classified as "high" risk project.

4. Implementation

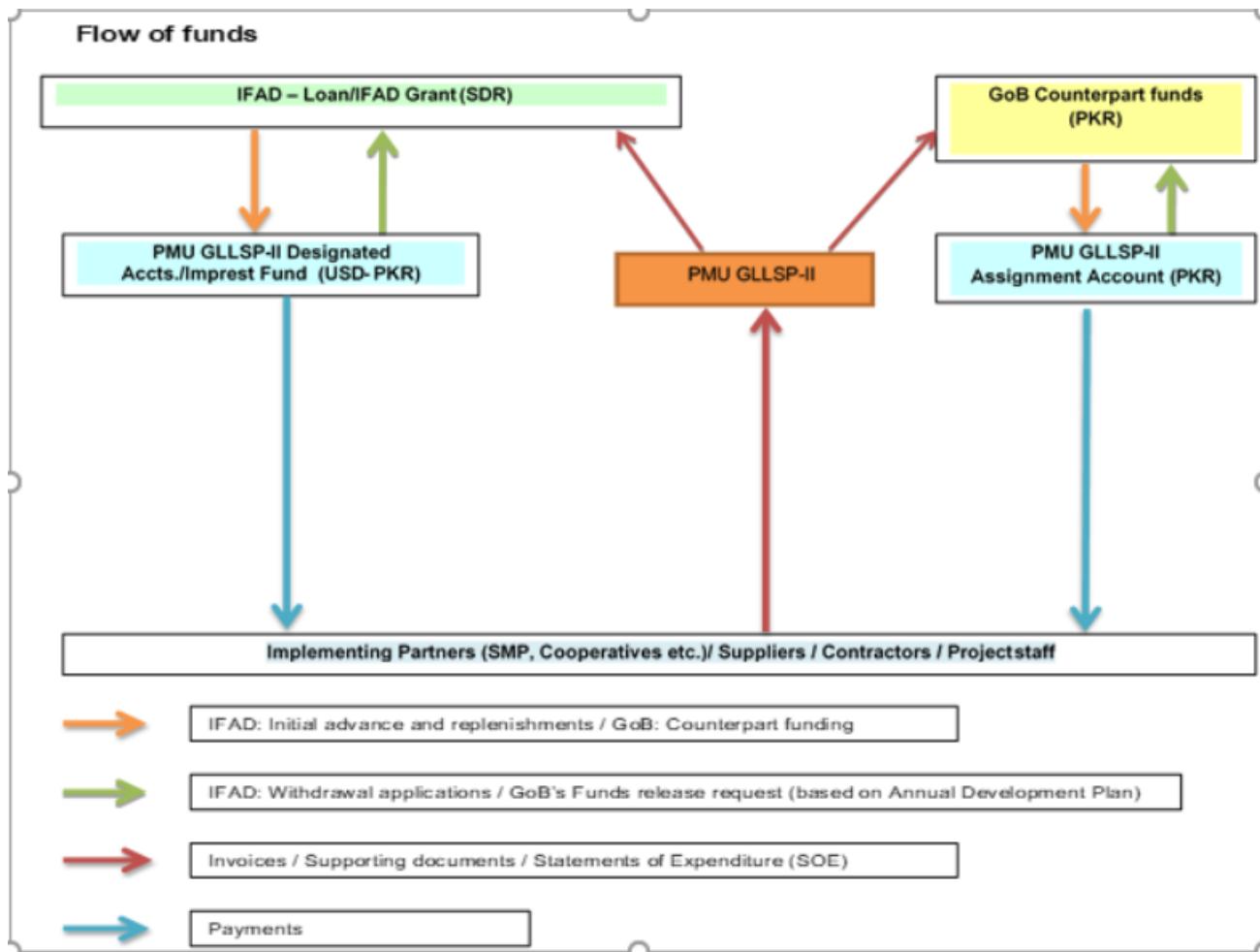
K. Organizational Framework

a. Project management and coordination

113. GLLSP II will follow the same implementation modality as Phase-I with slight differences to further strengthen the planning, coordination and implementation aspects. The Economic Affairs Division, Government of Pakistan will be the coordinating agency for this project at Federal level. A Provincial Project Steering Committee, chaired by the Additional Chief Secretary and housed in the Planning & Development Department, and with representation of key departments and social mobilization partners, will be responsible for handling the project's policy aspects, recruitments, inter-agency coordination, minor-budgetary reallocations and cost revisions and approval of annual work plans/budgets. The Planning & Development Department of the Government of Balochistan will be the lead implementing agency/administrative department for the project.
114. A Project Management Unit, headed by a Project Director, will be responsible for planning, coordination, financial management, procurement and M&E of the project activities. The existing Project Management Unit of GLLSP I will be transitioned to take charge of GLLSP II and ensure a quick start and will be shifted to Quetta at an appropriate time during start-up. Two satellite Project Implementation Units will be established at Gwadar and Lasbela to plan, coordinate and monitor project activities in their respective districts.
115. The Project Director will preferably be a civil servant of appropriate seniority, selected through a competitive process and in consultation with IFAD. Once selected, the Project Director will serve for at least three years and any replacement will be subject to IFAD concurrence. A Project Coordination Committee (PCC), consisting of the PD, key PMU staff, Social mobilization Partner and government implementing agencies involved in project will be notified to meet every month to review project progress and approve the monthly plans of activities. The PCC will also formulate projects quarterly and annual plans and assign responsibilities.
116. Each implementing partner will designate a focal person/Activity Manager at Departmental and District level to be responsible for all project related activities. This includes Fisheries Department, C&W Department, Social Mobilization partner, FAO and WFP.
117. A District Development Coordination Committee will be notified by P&D Department for each of the two participating districts to (i) ensure required administrative support for the implementation of project activities; (ii) Review Union Council Development Plans and recommend to GLLSP II (for project related interventions) and provincial Government for non-project sectors. Detailed TOR and guidelines will be issued by P&D for this purpose.
118. Project Implementation Manual (PIM): A PIM is being developed and will be notified at the start of the project to articulate in detail projects planning, coordination, financial management and reporting requirements covering PSC, PMU and all implementing partners.

b. Financial Management, Procurement and Governance

119. **Arrangements for Financial Management:** The PMU will have a Finance Wing staffed with properly qualified and experienced staff and headed by a full time Finance Manager. The Finance Wing will have one Budget and Finance Officer in each of the two satellite SPMUs but disbursements will be managed centrally from the PMU. The Finance Wing will prepare its AWP/B as per IFAD's guidelines/procedures while following the country's PFM cycle.
120. **Accounting:** A full set of accounts will be maintained by PMU as per IFAD requirements and internationally recognized accounting standards and qualified staff for this purpose will be positioned in PMU. The accounting system will (i) ensure the proper disbursements from the IFAD proceeds for efficient and economical implementation of the project; (ii) allow performance evaluation of the project and comparison of actual implemented budget versus estimated, and reasons for the discrepancy, and (iii) allow internal controls for ensuring protection of project funded assets. The PMU will use a suitable accounting software for this purpose.
121. **Reporting:** The project will submit detailed financial statements for each financial year within four (4) months of the end of each financial year (by the end of October). In addition, the project will submit Interim Financial Report indicating progress against components/categories vis-à-vis AWP/B and issues that may require IFAD's intervention to keep project on track.
122. **Internal Audit:** The project will have a Manager Internal Audit to lead internal audit activity which would be outsourced to focus more specifically on the activities of the Social Mobilization Partner(s). In addition, the IA Manager will ensure compliance with the recommendations of the supervision missions, external audit, and other direction issued by the government etc.
123. **Audit.** Audit of Project Accounts will be carried out within three months of close of financial year by Auditor General of Pakistan through its provincial Director General Audit (Quetta) Report of each Audit will be conveyed to P&D Department and IFAD within six months of the close of financial year.
124. Learning from the GLLSP I experience, a strengthened Finance Wing will be established at the PMU, headed by a Finance Manager who will be responsible for the management of project budgets and finances.
125. **Flow of Funds.** IFAD Loan, IFAD Grant and Counterpart Funds will have a separate, but integrated, systems of funds flow, budgeting and accounting to ensure a clear, verifiable audit trail. The beneficiaries' contributions would be accounted and reported by the Social Mobilization Partner for each activity. The flowchart depicts how these funds—except for the beneficiaries' contribution, would flow through the project and accounted for separately for proper traceability and reporting.



126. IFAD will disburse funds against Withdrawal Applications of the PMU, through the State Bank of Pakistan channelled to the project Designated Accounts using the imprest fund methodology. For this purpose, the PMU will open Designated Accounts—one for the IFAD Loan and the other for the IFAD Grant in the National Bank of Pakistan. An initial advance (Imprest Fund) to cover approximately six months of planned project expenditures would be released to the Designated Accounts.
127. A separate Imprest Account will be opened for the management of the Government Counterpart Funding and will be governed by government instructions on the operation of such accounts. The PMU would estimate the requirement of Counterpart Funding during AWPB exercise and request allocation for the Counterpart Funding in the budget. (Detailed flow of fund procedures from IFAD to Project and to implementing partners and service providers can be seen in the PIM).
128. **Work Plans and Budgets.** Based on the Project Design Report and the Government's Project PC-I, the PMU will prepare the AWPBs which will be the main instrument for financial management, expenditure control, reporting and fund releases. AWPB will be participatory involving the SMP, Fisheries Department, C&W Department, P&D, target communities etc. and it will be shared with IFAD for No Objection by the end of March for the financial year starting in June of the same year. IFAD's funds will not be used for the activities not included in the approved AWPB.
129. **Financial accounting.** A full set of accounts will be maintained by the PMU as per IFAD requirements and internationally recognized accounting standards and qualified staff for this purpose will be positioned in PMU. The accounts will be maintained in line with the General Financial Rules, suitably adjusted to reflect the multi-sector participatory nature of the project. The accounts will be reconciled with the National Bank on closure of each month.
130. **A suitable accounting software** will be procured and installed upfront with capability to manage separate activity accounts to monitor the progress of implementation, identify the works, goods and services financed from the loan and disclose their use under the GLLSP II. The accounting system will (i) ensure the proper disbursements from the IFAD proceeds for efficient and economical implementation of the project; (ii) allow performance evaluation of the project and comparison of actual implemented budget versus estimated, and reasons for the discrepancy, and (iii) allow internal controls for ensuring protection of project funded assets.
131. **Reporting.** The project will submit detailed financial statements for each financial year within four (4) months of the end of each financial year (by the end of October). In addition, the project will submit Interim Financial Reports indicating progress against components/categories and issues that may require IFAD's intervention to keep the project on track. A reporting template has been proposed in the Working Paper (Fiduciary Risk Assessment) for this purpose.
132. **Internal Audit.** For internal audit, the PMU shall engage the services of an auditing firm which would supplement the work of the external audit. The PMU shall seek No Objection from IFAD for the TORs, subsequent to which the auditing firm will be

appointed within two months. The auditing firm will be required to submit quarterly reports on the activities of the SMP which would be shared with IFAD as part of the project's QFRs.

133. **Audit.** Audit of Project Accounts will be carried out within three months of close of the financial year by Auditor General of Pakistan through its provincial Director General Audit (Quetta). The Report of each Audit will be conveyed to the P&D Department and IFAD within six months after the end of the financial year. The PMU will prepare the TORs for the external audit by the Auditor-General's Office to ensure that IFAD's requirements are clearly documented and understood. The PMU will coordinate and follow up with the Departmental Accounts Committee to resolve the observations in the IFAD management letters each year.
134. **Procurement:** Project procurements will be carried out in accordance with the Balochistan Public Procurement Regulatory Authority (BPPRA) Rules, to the extent of their consistency with IFAD'S Procurement Guidelines and the Financing Agreement. An assessment of procurement functions under GLLSP I revealed serious inadequacies including limited procurement and contract management capacity. GLLSP II will have a dedicated Procurement Wing headed by a Procurement Specialist (PS), reporting to the Project Director. The PS will be responsible for undertaking all procurement activities within the defined thresholds, except community implemented activities, and shall prepare procurement documents for the purpose. All common items like vehicles and equipment will be bulked together and procured by the PMU. All procurements shall have to be consistent with the Annual Procurement Plan and approved AWPB provisions. The first project Procurement Plan shall be for a period of 18 months and shall be part of the PIM and the first AWPB^[1].

L. Planning, M&E, Learning, KM and Communication

a. Planning, M&E, Learning, Knowledge Management and Communication

135. At the start of the project, a survey will be undertaken with the help of the social mobilization partner to establish a baseline for key results and outcome indicators covering incomes, production, food security, labour market, skills, women and youth empowerment, nutrition status and climate change resilience.
136. The Annual Work Plan and Budget, approved by PSC and IFAD, will be the main instrument for project planning and implementation. The AWPB, based on the PDR's and PC-I's indicative phasing and budget allocations, will be finalized during the last quarter of each financial year and approved by PSC and IFAD by 31 March.
137. The AWPB formulation process will involve two distinct streams: a) Stream one is related to the community-based interventions like rural roads, large Fisheries infrastructure and Fishermen's Cooperatives that will be planned by the PMU in consultation with concerned line departments and focal persons; b) Stream two will cover all community-based interventions including fishermen capacity and value chain related interventions. This process will be the culmination of a bottom-up participatory planning process, starting from the CO/VO, consolidated into a Union Council Development Plan by the LSO. UC Plans will be submitted to the District Development Coordination Committee for review and endorsement, where they will be technically appraised and consolidated and afterwards forwarded to the PMU. The PMU will finalize the AWPB in close coordination with all partners including the social mobilization partner and line agencies in the course of a comprehensive annual planning and progress review workshop.
138. The AWPB will follow the programme logical framework format with clearly spelled out monitoring indicators that are aligned to IFAD's Corporate indicators, COSOP indicators and project log frame indicators. The PDR phasing, targets and estimated costs for CPIs will be treated as indicative and actual targets will be determined every year on the basis of ground realities and needs for logical sequencing of various interventions.
139. *Quarterly and Annual Planning & Progress Reviews.* The PMU will convene regular quarterly and annual planning and progress reviews involving all stakeholders to take stock of existing progress and constraints and plan for the next quarter and next year work. The Project Steering Committee will meet twice a year for progress review and the plan approval purpose. The mid-year review will be conducted in December to assess the programme progress against the AWPB.
140. M&E: Project results will be measured at output, outcome and results levels and will be measured against indicators provided in project logical framework. The system will be guided by IFAD's Corporate Results indicators and COSOP indicators. An M&E plan will be formulated at the start of the project, as part of the PIM, which would provide the basis for annual M&E plans and activities contained therein. Standardized formats will be developed and issued by the PMU for monthly, quarterly and annual progress reports and measurement of outcomes and results.
141. The overall responsibility for the M&E activities will lie with the PMU/PIUs in collaboration with implementing partners. The Planning, Monitoring and Evaluation System (PME) will be finalized and made operational within the first six months of project start-up. The PME will be part of an overall Information, knowledge management and communication system that will provide timely and accurate information on implementation progress and feedback for management decision making. All indicators will be disaggregated by gender to the extent possible.
142. The Project PME system will consist of simple planning formats with a limited number of key monitoring indicators that can be easily monitored and reported at all implementation levels to ensure time and cost efficiency. The design will be aligned with the Government/P&D monitoring and reporting structures for foreign funded projects to minimize the duplication of effort. The baseline information will provide the basis for all measurements of project outcomes and impacts.
143. **Impact Assessments and Studies.** Apart from regular internal monitoring and evaluation of programme interventions, quality and impacts, GLLSP II will carry out periodic impact assessment studies for key interventions with internal resources and external assistance, if need be.

144. Learning, knowledge management & Communication: A PMU Knowledge Management Specialist will be responsible for developing a Project KM and Communication Strategy within the first six months of project implementation. The KM strategy will adhere to IFAD's newly released Knowledge Management Strategy (EB May 2019). The KM system will enable the Programme to generate, capture, share and disseminate relevant information and knowledge to various stakeholders in a timely manner. The Programme website will be completed within the first year of implementation and used as a knowledge sharing tool, and will also be linked to IFAD Asia website. The Project will create provincial knowledge sharing platforms through annual events as a policy and strategy input for government and development agencies.

145. The IFAD Country Office will facilitate close lesson learning and exchange of experience between GLLSP II and other IFAD funded projects in the country, in particular SPPAP, ETI-GB and NPGP that have strong poverty graduation approaches and relevant experience in community centered development in partnership with social mobilization partners. In addition, IFAD under the COSOP will facilitate experience sharing/exposure to best practices related to institutionalization of CDD, poverty graduation and 4Ps models through South-South and Triangular Cooperation.

b. Innovation and scaling up

146. GLLSP II itself is a scaling up of some of the innovative and successful rural development and poverty graduation models developed under GLLSP I. Based on those lessons, the current project approach and design contains additional innovative features with high potential for scaling-up. It addresses the current challenge of lack of a participatory, evidence based and holistic approach to socio-economic development of rural poor Union Councils. It proposes to demonstrate the viability of an institutionalized system for the transfer of development funding to community/village organizations through participatory Union council Development plans under the oversight of the district administration. The project design also intends to develop a 4-P value chain for the fisheries sector that engages the fishermen, the government and the private sector into win-win partnerships that would address the current sub-optimal performance of the sector as well as the poor returns for the small fishermen.

147. The project pilots innovative technology-based approaches for improving rural smallholder farmers' and fisherfolk's access to distant markets for their inputs and outputs and for improved returns and savings through reduced reliance on middle-men and retailers. The project shall also pilot e-financing and e-banking to enable the smallholder farmers and rural poor to easily access micro-finance and utilize banking facilities.

148. The project also intends to challenge the established model of CO formation, whereby a certain number of households, in a given area, considered suitable can be grouped into a new CO which would eventually become a close institution for the benefit of the original members. The project will restructure these COs to ensure that not only they represent at least 80 per cent of the households but that all 0-40 PSC households are made members, even if it calls for relaxing the membership qualifications.

149. The project combines household, community and area-based interventions into a mutually reinforcing and integrated whole that combines to uplift entire communities in terms of incomes, socio-economic development, economic integration and food security.

M. Project Target Group Engagement and Feedback, and Grievance Redress

a. Project Target Group Engagement and Feedback.

150. n/a

b. Grievance redress.

151. n/a

N. Implementation plans

a. Supervision, Mid-term Review and Completion plans.

152. The Government of Balochistan intends to maintain the existing PMU of GLLSP I till 31 March 2020 and necessary budgetary provisions have been secured for that. The PMU of GLLSP will be a focal facilitator and financier for a number of preparatory activities for GLLSP II. A Labour Market Survey and a Youth Census will be carried out during the last quarter of 2019 that shall help the project develop/implement women and youth related technical, vocational training and job placement activities. The latest PSC Poverty Data will be obtained from the BISP for the project use as soon as it will be ready in December 2019. Prefeasibility of three Jetty Sites will be completed during this phase with the help of the National Institute of Oceanography (a state institution); the related required funding has been made available in the GLLSP I budget. This should give a head start to Jetty Construction activities. The work with already established eight fishermen cooperatives on Business Plan Development and institutional strengthening will continue and the revolving seed funds allocated for these cooperatives will be made available for use during Phase-II.

153. As mentioned before, The Government of Balochistan has agreed to transfer the existing GLLSP I PMU to the GLLSP II PMU upon the closure of the previous project in March 2020. This shall preserve the institutional memory of phase I and also bring in core staff well familiar with the IFAD procedures and project management requirements. The PMU will start the advertisement process for additional staff and service providers before the actual start of the project so as to complete the preliminary activities well in time.

154. To efficiently ensure early start up, in parallel to the approval process of the Project Design Report in IFAD, IFAD will assist the government in the formulation of the PC-I and its timely submission to the Planning Commission/ECNEC.
155. The Project Steering Committee for the new project will be notified as soon as the PDR goes through IFAD's internal approval process so as to provide the project required leadership and decision-making for preparatory and start-up activities.
156. The opening of Project Accounts often involves considerable delays. Therefore, the process has to start well in time and needs to be actively followed up.
157. Another problem area for initial project functioning is the delayed and/or inadequate availability of government counterpart funds. This time, the Government of Balochistan has already allocated counterpart funds in the next budget in anticipation of the GLLSP II becoming operational early next year.

Footnotes

Executive Summary

[1] Federal Bureau of Statistics, Government of Pakistan – Table 7 - Sectoral Shares in GDP (at constant baic price) - http://www.pbs.gov.pk/sites/default/files//tables/Table-7_0.pdf

[2] Economic Survey of Pakistan. 2018-19. Chapter 1: Overview of the Economy - http://finance.gov.pk/survey/chapters_19/Overview%20of%20the%20Economy.pdf

[3] UNDP Human Development Index. 2017

A. National context and rationale for IFAD involvement

a. National Context

[1] Economic Indicators 2018, Pakistan Finance Division

[2]<https://data.worldbank.org/country/pakistan>

[3] 6th Population Census, Population Census Organization, Government of Pakistan. 2017.

[4] UNDP Human Development Index. 2017.

[5] UNDP, Pakistan. Update on Security and Political Situation in Pakistan (Feb 2015)

[6] *Multi-dimensional Poverty Index (MPI) as a proxy for vulnerability to food security derived from Pakistan's Social and Living Standard Measurement Surveys.*

[7] *IPC Acute Food Insecurity Analysis, January – November 2019, Balochistan, Pakistan.*

[8] Development Update Pakistan – Balochistan: Challenges & Opportunities, UNDP, December 2018

[9] Pakistan Microfinance Connect: <http://www.microfinanceconnect.info/assets/articles/f06cb03452cffb78df8aaaa26f02a02a.pdf>

b. Special aspects relating to IFAD's corporate mainstreaming priorities

[1] Pakistan Economic Survey 2013-14

[2] Ibid

[3] Pakistan Population Council. Youth in Pakistan – Priorities, Realities and Policy Responses. 2016

[4] ILO, 2017, Based on Pakistan Labour Force Survey, 2015/16.

[5] **Being young in Balochistan, Dailymail by Hammal Baloch, 25 May 2018.**

[6] WFP, Pakistan

2. Project Description

D. Components/outcomes and activities

[1] See Annex 10, Appendix 3 for detail of ongoing rural development projects in Balochistan

[2] consisting of 3,545 COs (1,831 female and 270 mixed), 547 VOs and 37 LSOs with a membership of 53,363 households (around 50per cent of total households)

[3] In the past most households received assets in the form of livestock, rural shop, means of transport, small machines, small boats, fish net etc.

[4] 'Ehsas" is a national poverty graduation programme consisting of 9 interventions one of which is interest free loans of PKR 50,000. 'Kamyab Naujawan' is a subsidized loan programme for the youth whereby they can borrow up to PKR 0.5 million at 6 per cent interest.

E. Theory of Change

[1] The new Government of Balochistan Local Government Act reserves 30per cent of annual development resources for the village development.

G. Costs, benefits and financing

d. Summary of benefits and economic analysis

[1] Average discount rate between 1992 - 2019 (Source: tradingeconomies.com/State Bank of Pakistan)

K. Organizational Framework

b. Financial Management, Procurement and Governance

[1] See PIM on Financial Management and Procurement for IFAD Procurement Guidelines



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 1: Logframe

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Gwadar-Lasbela Livelihoods Support Project II

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							Baseline survey, surveys	annual, Mid-Tern, completion	PMU, SMP, IFAD	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
	Females		78 000	110 000							
	Males		52 000	100 000							
	Young		65 000	105 000							
	Not Young		65 000	105 000							
	Indigenous people										
	Non-Indigenous people										
	Total number of persons receiving services		130 000	210 000							
	1.a Corresponding number of households reached							Baseline survey, surveys	annual, Mid-Tern, completion	PMU, SMP, IFAD	
	Women-headed households										
	Non-women-headed households										
	Households		40 000	100 500				Baseline survey, surveys	annual, Mid-Tern, completion	PMU, NRSP, IFAD	
	1.b Estimated corresponding total number of households members										

Results Hierarchy	Indicators							Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility		
	Household members		191 400	641 000								
Project Goal A sustainable model of decentralized and integrated rural development that is poverty, gender, youth, nutrition and climate change sensitive	No. of organized villages with access to annual government development funding for their development plans							completion survey	end of project	PMU	All ultra-poor and poor households are members of COs Security situations remains stable	
	organized villages		50	90								
Development Objective Increase in a sustainable manner the incomes and enhance the livelihoods of rural poor fisherfolk and agriculture households in the project area	No. of small holder farmer and fishermen hhs reporting improved incomes and food security							M&E surveys, NRSP records, progress reports	annual, ad hoc assessment	PMU, NRSP, IFAD	Updated BISP data on poverty available for targeting. Targeting guidelines available, NRSP staff trained and transparent targeting process implemented Political and economic stability and security	
	households		30 000	75 000								
	Women reporting improved quality of their diets							M&E surveys, NRSP records, progress reports	annual, ad hoc assessment	PMU, NRSP, IFAD		
	Women reporting improved quality of their diets											
	Percentage		30	60								
Outcome 1. Improved capacity of ultra-poor and poor hhs and small holder farmers and fishermen to increase incomes and improve livelihoods	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices							outcome survey	annual	PMU	communities are willing to participate in project activities	
	Households		50	70								
Output 1.1 Holistic UC Development Plans prepared	UC Development Plans developed							progress reports	quarterly and annual	PMU, NRSP	Capable Social Mobilization services providers available and engaged upfront	
	development plans		45	45								
Output 1.2 Training and productive assets provided to ultra-poor households (0-11)	Rural Households provided with productive assets							NRSP reports, invoices from providers, PMU reports	quarterly and annual	PMU, NRSP	Careful assessment of each household's potential and endowments	
	rural hh		8 500	8 500								

Results Hierarchy	Indicators							Source	Means of Verification	Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %				
Output 1.3 Skills and enterprise training and start-up packages provided to poor households (12-34) for climate smart agriculture	1.1.4 Persons trained in production practices and/or technologies							NRSP reports, invoices from providers, PMU reports	quarterly and annual	PMU, NRSP Careful assessment of each household's potential and endowments	
	Not young people trained in crop										
	Total persons trained in crop		20 000	30 000							
Output 1.4 Women empowerment facilitated through awareness /training on nutrition, climate change, food security and entrepreneurship development	1.1.3 Rural producers accessing production inputs and/or technological packages							NRSP reports, invoices from providers, PMU reports	quarterly and annual	PMU, NRSP Project strategy for gender, youth, climate and nutrition prepared No social and cultural barriers that prevent poor women from participating in COs	
	Females		8 000	10 000							
	Males										
	Young		20 000	30 000							
Outcome 2. Improved socio-economic infrastructure	1.1.8 Households provided with targeted support to improve their nutrition							NRSP reports, invoices from providers, PMU reports	quarterly and annual	PMU, NRSP Baseline established	
	Females		8 500	8 500							
	Households										
	2.1.2 Persons trained in income-generating activities or business management							NRSP reports, invoices from providers, PMU reports	quarterly and annual		
	Females		5 000	10 000							
	2.2.6 Households reporting improved physical access to markets, processing and storage facilities							Assessments, PMU, NRSP reports	quarterly, annual		
	Households reporting improved physical access to markets		42 300	72 800							

Results Hierarchy	Indicators							Source	Means of Verification	Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %			
Output 2.1 Community prioritized infrastructure	Drinking water/irrigation/sanitation and innovative schemes constructed							contract registers, UC Development Plans	quarterly, annual	NRSP, PMU Transparent selection/prioritization criteria established
	total schemes		400	800						
	irrigation schemes									
	sanitation schemes									
	drinking water schemes									
Output 2.2 Priority roads from farm or landing sites to markets identified and constructed	2.1.5 Roads constructed, rehabilitated or upgraded							contract registers, UC Development Plans	quarterly, annual	NRSP, PMU Transparent selection/prioritization criteria established
	Length of roads		80	160						
Outcome 3. Small fisherfolk benefit from upgraded and inclusive value chain leading to reduced waste and improved incomes	1.2.4 Households reporting an increase in production							Ad hoc, mid-term and PCR assessments	annual, completion	PMU, NRSP No significant reduction in fish catch from disease or fish stocks in the project districts;
	Households		30	70						
	2.2.3 Rural producers' organizations engaged in formal partnerships/agreements or contracts with public or private entities							Ad hoc, mid-term and PCR assessments	annual, completion	PMU, NRSP Implementation as per planned schedule; Communities actively participate in entire cycle
	Number of POs									
	Percentage of POs		11	40						
Output 3.1 Jetties and allied infrastructure constructed/rehabilitated/upgraded	number of infrastructure sites upgraded							contract registers, assessments	quarterly and annual	PMU/Fisheries Department Fisheries Department is responsive with efficient staff
	fish landing platforms		8	30						
	sites jetties and allied infrastructure		3	3						

Results Hierarchy	Indicators							Source	Means of Verification	Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %			
Output 3.2 Fisherfolk Organized in Cooperatives, 4-P based value chains developed and youth facilitated to develop fisheries income streams	1.1.4 Persons trained in production practices and/or technologies							M&E reports, NIRSP reports	quarterly, annually	PMU, NRSP No socio-cultural barriers for the participation of poorest and marginalized households
	Men trained in fishery		20 000	50 000						
	Women trained in fishery									
	Young people trained in fishery									
Output 3.3 Access to finance and market	1.1.5 Persons in rural areas accessing financial services							M&E reports, NIRSP reports	yearly	PMU beneficiaries willing to use financial services
	Men in rural areas accessing financial services - credit									
	Women in rural areas accessing financial services - credit									
	Young people in rural areas accessing financial services - credit									

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
	Not young people in rural areas accessing financial services - credit										
	Total persons accessing financial services - credit		1 000	20 000							
Outcome 4. Policy reform/dialogue, communication and knowledge sharing	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment							PMU reports	yearly	PMU	dedicated KM team is in place
	Number			5							
	Knowledge and communication products							PMU reports, mass media	yearly	PMU	
	products		6	15							



Investing in rural people

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Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 2: Theory of change

Document Date: 19/02/2021

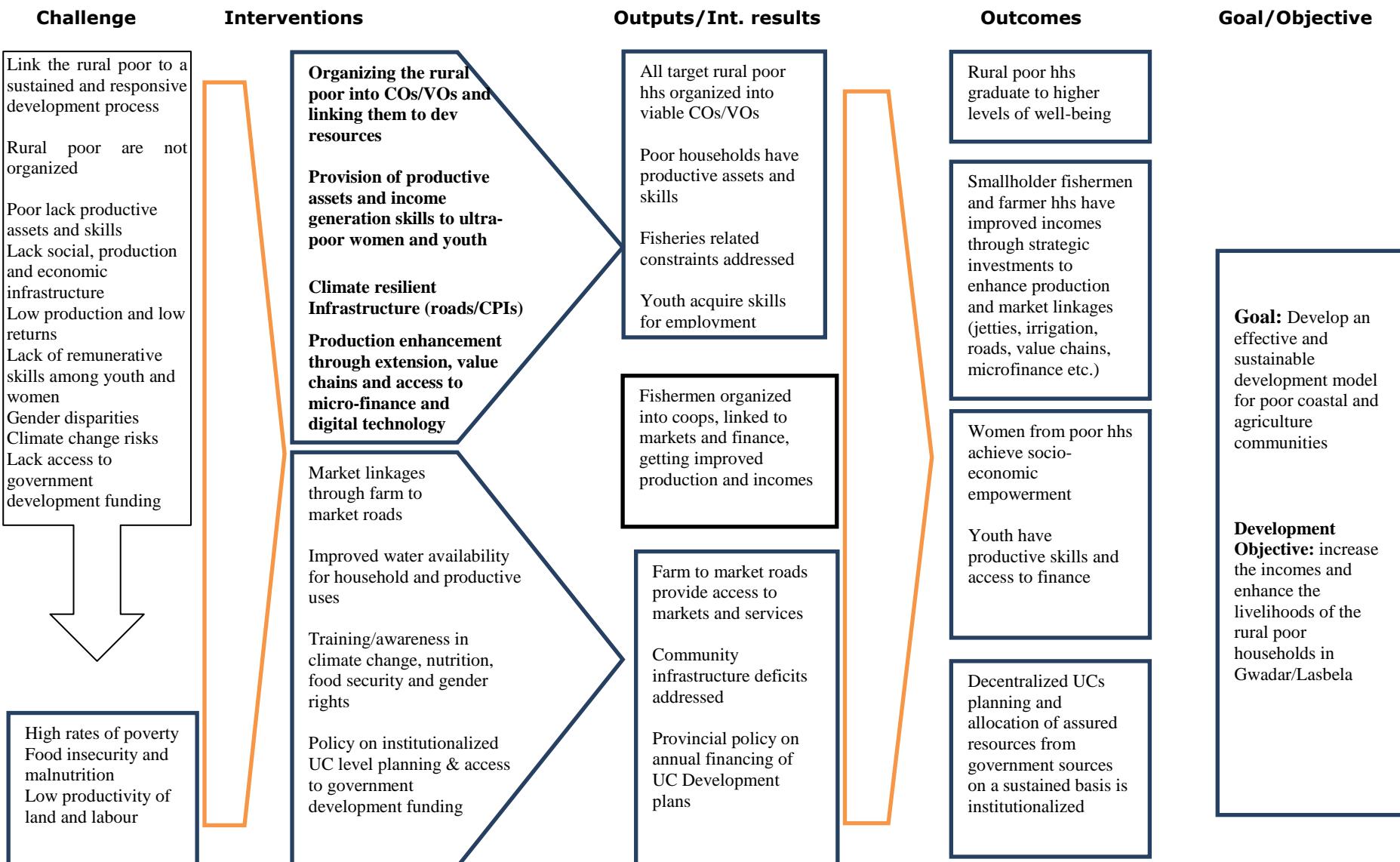
Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Annex 2. Theory of Change





Investing in rural people

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Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 3: Project cost and financing: Detailed costs tables

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

A. Costs, benefits and financing

a. Project costs

Total project costs are estimated to be US\$ 72.801 million to be invested over six years of project implementation. The IFAD contribution will be a loan of US\$ 60.155 million on blend terms from the IFAD11 allocation, and an IFAD Grant amounting to US\$ 3 million. The Balochistan Government and beneficiary contribution amount to US\$8.654 and US\$0.992 million respectively.

Table 1: Programme/project costs by component (and sub-components) and financier
(Thousands of United States dollars)

	IFAD Loan Amount	GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount
A. Community Development					
Capacity Building for Participatory Development	373	13	-	-	387
Youth Employment	2 653	-	-	-	2 653
Asset Transfer	6 350	-	-	-	6 350
Women Empowerment	824	0	-	62	887
Farm to Market Roads	5 769	973	-	-	6 742
Community Physical Infrastructure	6 461	0	-	715	7 176
Collaborative Interventions	-	0	2 490	-	2 490
Social Mobilization Support	1 999	353	-	-	2 351
Subtotal	24 429	1 340	2 490	778	29 037
B. Fisheries Development					
Jetties and Allied Infrastructure	7 682	1 369	-	75	9 126
Fisheries Value Chain Development	18 706	3 319	-	100	22 125
Fish Market Access Roads	5 591	970	-	-	6 561
Capacity Building - Department of Fisheries	110	951	440	-	1 502
Hatcheries and Innovative Aquaculture	408	17	-	40	464
Subtotal	32 497	6 626	440	214	39 778
C. Project Management					
Project Management	3 178	445	70	-	3 694
Institutional Development Support	50	243	-	-	293
Subtotal	3 228	689	70	-	3 987
Total PROJECT COSTS	60 155	8 654	3 000	992	72 801

Table 2: Programme/project costs by expenditure category and financier
(Thousands of United States dollars)

	(US\$ '000)				
	IFAD Loan Amount	GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount
I. Investment Costs					
A. Civil Works/ Community Infrastructures	25 210	3 261	-	790	29 261
B. Vehicles	231	148	-	-	379
C. Computer and Equipment	109	783	-	-	893
D. Technical Assistance, Trainings and Studies	3 957	313	2 784	101	7 155
E. Grants and Subsidies	26 002	3 243	216	101	29 562
Total Investment Costs	55 509	7 748	3 000	992	67 249
II. Recurrent Costs					
A. Salaries and Allowances	1 700	81	-	-	1 781
B. Operating Costs	2 946	825	-	-	3 771
Total Recurrent Costs	4 646	906	-	-	5 552
Total PROJECT COSTS	60 155	8 654	3 000	992	72 801

Table 3: Programme/project costs by component and year
 (Thousands of United States dollars)

	Totals Including Contingencies (US\$ '000)						Total
	2020	2021	2022	2023	2024	2025	
A. Community Development							
Capacity Building for Participatory Development	164	82	90	42	9	-	387
Youth Employment	348	886	966	452	-	-	2 653
Asset Transfer	1 354	2 582	2 414	-	-	-	6 350
Women Empowerment	126	318	245	198	-	-	887
Farm to Market Roads	1 688	3 364	1 691	-	-	-	6 742
Community Physical Infrastructure	752	2 733	2 654	1 036	2	-	7 176
Collaborative Interventions	417	476	489	427	450	231	2 490
Social Mobilization Support	335	790	830	394	1	-	2 351
Subtotal	5 183	11 231	9 379	2 549	463	231	29 037
B. Fisheries Development							
Jetties and Allied Infrastructure	123	3 070	5 721	72	70	70	9 126
Fisheries Value Chain Development	2 097	3 811	2 155	4 103	8 095	1 864	22 125
Fish Market Access Roads	1 691	3 242	1 628	-	-	-	6 561
Capacity Building - Department of Fisheries	1 211	290	-	-	-	-	1 502
Hatcheries and Innovative Aquaculture	-	101	110	121	132	-	464
Subtotal	5 122	10 515	9 614	4 296	8 297	1 934	39 778
C. Project Management							
Project Management	1 009	513	534	535	550	553	3 694
Institutional Development Support	40	43	46	50	54	60	293
Subtotal	1 049	555	580	585	604	614	3 987
Total PROJECT COSTS	11 354	22 301	19 574	7 430	9 363	2 779	72 801

The Project will be financed through an IFAD loan of US 60.155 million (83 per cent), on blend terms from IFAD11 for which the availability of resources is confirmed. In addition, an IFAD grant of US\$ 3 million (4 per cent) would be provided for all technical assistance support for policy and regulatory aspects as well as for nutrition, climate resilience and institutionalization of CDD approach. The Government of Balochistan will contribute US\$ 8.654 million (12 per cent) as counterpart financing to meet the tax obligations and some counterpart financing for community development and project management. Beneficiaries will contribute US\$ 0.992 million (1 per cent) in matching cash, in-kind materials, land and labour under the CPIs and the fisheries value chain development.

Additional tables:

Islamic Republic of Pakistan
 Gwadar Lasbela Livelihoods Support Project - Phase II

Expenditure Accounts by Financiers

I. Investment Costs

- A. Civil Works/ Community Infrastructures
- B. Vehicles
- C. Computer and Equipment
- D. Technical Assistance, Trainings and Studies
- E. Grants and Subsidies

Total Investment Costs

II. Recurrent Costs

- A. Salaries and Allowances
- B. Operating Costs

Total Recurrent Costs

Total PROJECT COSTS

										(PKR '000)	(US\$ '000)									
IFAD Loan Amount	GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount	IFAD Loan		GoB Amount	IFAD Grant Amount	Beneficiary Contribution Amount	Total Amount										
					Amount	Amount														
4 203 085	542 490	-	132 852	4 878 427	25 210	3 261	-	-	790	29 261										
36 985	23 636	-	-	60 621	231	148	-	-	-	379										
17 458	125 563	-	-	143 022	109	783	-	-	-	893										
666 034	52 552	472 369	17 705	1 208 659	3 957	313	2 784	101	101	7 155										
4 458 512	562 831	35 875	17 124	5 074 343	26 002	3 243	216	101	101	29 562										
9 382 074	1 307 072	508 245	167 681	11 365 072	55 509	7 748	3 000	992	992	67 249										
Total Investment Costs																				
II. Recurrent Costs																				
A. Salaries and Allowances	291 648	13 896	-	-	305 544	1 700	81	-	-	1 781										
B. Operating Costs	498 492	140 600	-	-	639 091	2 946	825	-	-	3 771										
Total Recurrent Costs	790 140	154 496	-	-	944 635	4 646	906	-	-	5 552										
Total PROJECT COSTS	10 172 214	1 461 568	508 245	167 681	12 309 708	60 155	8 654	3 000	992	72 801										

Islamic Republic of Pakistan
 Gwadar Lasbela Livelihoods Support Project - Phase II
Expenditure Accounts by Components - Totals Including Contingencies
 (PKR Million)

	Community Development							
	Capacity Building for Participatory Development	Youth Employmnet	Asset Transfer	Women Empowerment	Farm to Market Roads	Community Physical Infrastructure	Collaborative Interventions	Social Mobilization Supprt
I. Investment Costs								
A. Civil Works/ Community Infrastructures	-	-	-	-	1 082.5	1 204.0	-	-
B. Vehicles	-	-	-	-	-	-	-	-
C. Computer and Equipment	-	-	-	-	-	-	-	-
D. Technical Assistance, Trainings and Studies	64.0	381.7	20.6	19.8	30.0	-	389.8	-
E. Grants and Subsidies	-	63.6	1 032.4	129.1	-	-	35.9	-
Total Investment Costs	64.0	445.3	1 053.0	148.9	1 112.5	1 204.0	425.7	-
II. Recurrent Costs								
A. Salaries and Allowances	-	-	-	-	-	-	-	-
B. Operating Costs	-	-	-	-	-	-	-	394.4
Total Recurrent Costs	-	-	-	-	-	-	-	394.4
Total PROJECT COSTS	64.0	445.3	1 053.0	148.9	1 112.5	1 204.0	425.7	394.4
Taxes	2.2	-	-	0.1	160.5	-	-	59.2
Foreign Exchange	-	-	-	-	-	-	168.2	-

Islamic Republic of Pakistan
 Gwadar Lasbela Livelihoods Support Project - Phase II
Expenditure Accounts by Components - Totals Including Contingencies
 (PKR Million)

	Fisheries Development						
	Jetties and Allied Infrastructure	Fisheries Value Chain Development	Fish Market Access Roads	Building Department of Fisheries	Hatcheries and Innovative Aquaculture	Project Management	Institutional Development Support
I. Investment Costs							
A. Civil Works/ Community Infrastructures	1 536.6	-	1 055.3	-	-	-	-
B. Vehicles	-	-	-	13.8	-	46.8	-
C. Computer and Equipment	-	-	-	132.0	-	11.0	-
D. Technical Assistance, Trainings and Studies	-	108.2	27.0	95.9	-	71.6	-
E. Grants and Subsidies	-	3 733.1	-	-	80.3	-	-
Total Investment Costs	1 536.6	3 841.3	1 082.3	241.7	80.3	129.4	-
II. Recurrent Costs							
A. Salaries and Allowances	-	-	-	-	-	305.5	-
B. Operating Costs	-	-	-	-	-	194.0	50.6
Total Recurrent Costs	-	-	-	-	-	499.6	50.6
Total PROJECT COSTS	1 536.6	3 841.3	1 082.3	241.7	80.3	629.0	50.6
Taxes	230.5	576.2	160.0	37.1	2.9	65.2	7.6
Foreign Exchange	-	-	-	12.2	-	63.3	3.9
							1 301.4
							247.6

Islamic Republic of Pakistan
 Gwadar Lasbela Livelihoods Support Project - Phase II
Financing of Investment/Recurrent Costs and Financial Charges by Year

	Financing (US\$ '000)						
	2020	2021	2022	2023	2024	2025	Total
I. Investment Costs							
IFAD Loan	7 836	17 925	15 757	5 272	7 077	1 642	55 509
GoB	1 817	2 089	1 669	637	1 238	297	7 748
IFAD Grant	748	654	489	427	450	231	3 000
Beneficiary Contribution	107	324	310	157	51	43	992
Total Investment Costs	10 507	20 993	18 225	6 494	8 816	2 213	67 249
II. Recurrent Costs							
IFAD Loan	715	1 105	1 136	783	448	458	4 646
GoB	131	203	213	153	99	107	906
IFAD Grant	-	-	-	-	-	-	-
Beneficiary Contribution	-	-	-	-	-	-	-
Total Recurrent Costs	846	1 308	1 349	936	547	566	5 552
III. Financial Charges							
IFAD Loan	-	-	-	-	-	-	-
GoB	-	-	-	-	-	-	-
IFAD Grant	-	-	-	-	-	-	-
Beneficiary Contribution	-	-	-	-	-	-	-
Total Financial Charges	-	-	-	-	-	-	-
Total Financing of Costs	11 354	22 301	19 574	7 430	9 363	2 779	72 801



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 4: Economic and Financial Analysis

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

ISLAMIC REPUBLIC OF PAKISTAN

**GWADAR-LASBELLA LIVELIHOOD SUPPORT PROJECT – PHASE II
GLLSPPII**

PROJECT DESIGN REPORT

ANNEX – 04: FINANCIAL AND EOCNOMIC ANALYSIS

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I. INTRODUCTION

1. This annex (financial and economic analysis) was prepared at the project formulation stage of the Gwadar-Lasbela Livelihood Support Project – Phase II (GLLSP-II) to be co-financed by the Government of the Balochistan and the International Fund for Agriculture Development (IFAD). The project will target 400 villages falling administratively under 45 Union Councils with the two districts of Gwadar and Lasbela of the Balochistan province of Pakistan. The GLLSP-II Development Objective is “to sustainably increase the incomes and enhance the livelihoods of the rural poor fishermen’s and agricultural households in the project area”. It will benefit around 100,000 HHs through intervention spanning six years of project implementation (2020-2025). Women and youth will be particularly targeted. Necessary socio-economic infrastructure will be financed both for agricultural and fishermen communities including community infrastructure, roads to markets, jetties and landing sites. All project interventions are aligned with IFAD Strategic Framework and IFAD 11 corporate priorities.

2. The project consists of three complementary components. Component 1, Community Development (US\$ 29.037 million) is aimed at enabling rural poor men and women to sustainably improve their incomes and livelihoods. This component consists of interventions that facilitated the development of participatory planning more specifically the facilitation of the development of union council level development plans; poverty graduation through provision of productive assets, skills and entrepreneurship promotion primarily focused on women and youth from extremely poor and poor households; rural infrastructure development and collaborative interventions in the area of climate resilience and improving nutritional status of the ultra-poor. The second component which is fisheries value chain development (US\$ 39.092 million), is aimed at improving small fishermen’s incomes (46,000 fishermen). The focus under this component is to improving the value chain operations and interrelationship through 4-P business framework to be established at 30 out of the total 40 landing sites along the 700 km coastline of the province. The second major intervention is the design and construction of 3 jetties and allied infrastructure prioritized by the government linked to which is the construction fish to market roads of about 80 km to be constructed to link landing sites and jetties with factories and trunk roads. The component will also undertake capacity building of the Fisheries Department’s through several institutional strengthening activities.

3. The third component - Project Management and Policy Support (US\$ 4.5 million) will necessarily support the implementation of the two programme components and will create the enabling condition for the smooth, effective and efficient implementation of the project. The cost of project management is allocating to the sub-component on a pro-rata basis for the purpose of economic and financial analysis.

4. The financial modelling covers a period of 20 years for the intervention. The economic analysis looked at the viability of the investments and recurrent costs of the proposed project in comparison to the incremental economic benefits pertaining to each sub-component. The economic values of project cost and corresponding benefits have been used in the economic analysis. The analysis takes into account benefits such as increased households’ income, decreased expenditures/cost saving and reduction in wastages. A reduction in expenditures will have more disposable income thus contributing to better livelihoods as well as asset building capacity of poor households. The analysis is based on first-hand information collected during field visit to the project sites, discussion with stakeholders including staff of GLLSP-I and secondary sources where applicable.

Standard conversion factor (SCF)¹, conversion factors for outputs and inputs and labour were worked out for the 2014/15 – 2018/19.

5. Different financial and economic models were prepared in the context of the project sub-components. The income and expenditure models are at the household level while farming and fisheries model have been worked out keeping in view the prevailing practices.

II. THE PROJECT, ITS BENEFITS AND BENEFICIARIES

6. The overall goal of the GLLSP-II is "A sustainable model of decentralized and integrated rural development that is poverty, gender, youth, nutrition and climate change sensitive. The GLLSP-II covers 2 districts. The target districts have been experiencing high-poverty incidence, unsustainable natural resource exploitation and high rates of unemployment and low well-being status. The project intervention will enable poor household especially women and youth to improve livelihoods and move up on the poverty ladder.

A. Project Beneficiaries

7. The Project beneficiaries includes households from 400 villages (45 union councils) of the targeted districts. The beneficiary selection within community development component will be guided by the poverty score card. Under this component the targeted households benefiting from provision of assets will specifically fall under the category of ultra-poor (PSC 0 – 11) while those receiving other support will fall in the category of poor (PSC 12 – 40). This category of beneficiary household plus the entire community will also benefit from physical infrastructure schemes. Summary of the target beneficiaries of GLLSP-II is given Table 1.

Table 1: Household Beneficiaries of the GLLSP-II

Components	Beneficiaries Per Intervention	Year-1	Year-2	Year-3	Year-4	Year-5	Year-6	Total HHs	Affective
Community Development									
Assets Transfer	1	2 000	3 500	3 000				8 500	
Adjusted (adoption rate)		1 400	2 450	2 100	-	-			5 950
Youth Employment	1	300	700	700	300			2 000	
Adjusted (adoption rate)		240	560	560	240				1 600
Women Empowerment	1	1 400	3 000	4 000	1 600			10 000	
Adjusted (adoption rate)		910	1 950	2 600	1 040	-	-		6 500
Food Security and Climate Resilient Farming System	1	6 000	6 000	6 000	6 000	6 000		30 000	
Adjusted (adoption rate)		4 800	4 800	4 800	4 800	4 800			24 000
Nutrition Support	1	2 000	3 500	3 000				8 500	
Adjusted (adoption rate)		1 600	2 800	2 400					6 800
Fisheries Value Chain Development									
Investment in Fisheries Value Chain/a	1	1 500	3 000	3 000	12 000	15 500	15 000	50 000	
Adjusted (adoption rate)		1 050	2 100	2 100	8 400	10 850	10 500		35 000
Physical Infrastructure									
CPIs	95	1 900	14 250	28 500	31 350			76 000	
Adjusted (adoption rate)		1 520	11 400	22 800	25 080				60 800
Access/Linkage Road	200	4 000	8 000	4 000				16 000	
Adjusted (adoption rate)		3 600	7 200	3 600	-				14 400
Total Persons Benefited /b							-	201 000	155 050

8. The total outreach will be 201,000 person benefiting from the project assistance which translate into a total 100 500 households (50% of beneficiaries coming from common households). The total number of household members reached is anticipated to be 641,000.

¹ The calculation of the Standard Conversion Factor (SCF) and conversion factors for output and inputs are given in Annex I, II and III.

B. Project Benefits

9. Project is designed to contribute to attainment of SDG and Vision 2025 more specifically the targets in terms of poverty reduction, food security, and nutrition. The components are designed in such a manner that rural communities have improved road access, water security both for irrigation and domestic purposes and improved livelihoods. The project also addresses the gaps in the priority sector of fisheries in the districts of Gwadar and Lasbella with the aim to improve income of small fishermen through improved infrastructure, enhanced capacities, access to market and financial services and enhanced governance.

10. Households in Gwadar and Lasbella districts are predominantly dependent on marine fisheries and marginal agriculture and livestock production. Almost all household in rural areas have one or two family member(s) engaged in fishing or related business. Women are involved in agriculture, livestock, handicraft, services and also offer support role in fisheries sub-sector (including net making and repairing and could be potentially involved in fish processing).

11. GLLSP-II will accrue quantitative and qualitative benefits to households in the target areas under its various sub-components. The physical outputs and outcomes of the project are briefly summarized below:

- a. Almost 100,000 households will be organized of which at least 45 per cent will be poor (0-34) and over 50% will be women members. At least 30% of the management positions will be allocated to women.
- b. Union Council Development Plans: 45 Union Council Development Plans, duly costed/budgeted, will be prepared to identify the priority infrastructure, social and economic needs of the communities and villages within the UC. Parallel to that profiling and livelihoods development plans for the poor households (estimated to be 8,500) will be prepared to guide and deliver poverty graduation interventions.
- c. Poverty Graduation. A total of 43,500 ultra-poor and poor households will benefit from poverty graduation interventions to move to next level of economic well-being. These include 8,500 of ultra-poor eligible for a productive asset and nutrition support, 4,300 youth in agriculture and fisheries communities to be skilled, 10000 women to be capacitated for improved incomes and nutrition and 30,000 households to be trained in climate resilient agriculture and livestock. Of the total person benefited, about 50% will be from common households. At least 60 per cent of productive assets will be given to women.
- d. Community Physical Infrastructure. This sub-component will benefit around 76,000 hhs directly through investments in water (drinking and irrigation), solar energy, women enterprise centers, sanitation, flood protection, green/afforestation schemes, inter-village roads/street pavements etc.
- e. Rural farm to market roads. A total of 160 km of rural roads will benefit 16,000 households per km with benefits accruing in terms of reduced transportation cost, reduced wastages and improved access to market and social services.
- f. Fisheries value chain development. Three fish jetties and allied infrastructure, a value chain package covering ultimately all the land sites in Gwadar and Lasbella as well as improved enabling environment will positively impact the income of 50,000 small fishermen directly and all the fisheries related businesses and services indirectly. A tailored value chain package will support the formation of cooperatives and will promote sustainable fishery resource management.

12. The increase in income has been estimated ranging between 33% in the case of fishermen and 44% in the case of youth employment generation. Owing to improved

physical infrastructure in rural areas the cost associated with transportation, O&M and reduction in losses, health etc. is estimated to be 50% reduced from the current level.

III. FINANCIAL ANALYSIS

A. Methodology and Approach

13. In view of the diversity of the nature of different interventions, the incremental financial benefits of each sub-component were worked out separately and aggregated at the project level. The phasing of the benefits and distribution of different categories of the beneficiaries is given in Table 1. In order to calculate the incremental benefits, the "Without Project (WOP)" scenario (which is income stream during the base year) is compared with the "With Project (WP)" scenario (the income streams during the project year-1 and afterwards).

B. The Financial Benefits

14. Within each component there are a number of sub-components which generate benefits, briefly summarized hereunder.

1. Community Development

15. **Asset Transfer:** Diverse packages will be provided under the project including farm, non-farm and off-farm related assets as determined in the household investment plans. The actual packages may vary, however for the analysis, the financial models for few indicated types of assets have been worked out as with and without project scenarios. The accruing benefits is income generated from the productive use of the asset and at the same time will be enriching the asset base of the households. The cost and benefit have been worked out through partial activity budgets. It is estimated that the income of the recipient household will enhance by 124% as a result of receiving the productive asset.

16. **Youth Employment:** The project intends to provide soft skills as an asset to youth to enter the job market or pursue self-employment. The total target for this intervention is to be mainly trained in the first three years of the project. The financial model for this is worked out as engaged in non-farm business activity as wage/salary earner or self-employment undertaken. It is estimated that with new skills acquired, the income will enhance by 58% from the current level by engaging in more remunerative jobs or earning higher level of wages – skilled as opposed to semi-skilled persons.

17. **Physical Infrastructure (CPI and Roads):** The project has planned investment in drinking water supply, improved sanitation, and road access. The benefits include reduced costs, expenditure, time and produce saving have been taking into account resulting from improved infrastructure condition in the project area. The benefit of the infrastructure are however embedded into the economic activities and shall provide the necessary impetus to communities and individual to participate in project intervention and gain meaningful benefits.

18. **Women Empowerment:** This initiative will result into increased household income through economic activities where women skill and capacity will be improved. The increase in income expected from women activities is 37%.

19. **Agriculture and Livestock Productivity Enhancement:** The other sources of income for households in the project area are limited to marginal agriculture and livestock rearing. Farming is limited to few crops which is possible with very limited availability of water. Livestock is also practiced on a small scale wherever possible. Farming practices are traditional and a low input, low output model. With climate resilient practices, efficient water use and water conservation practices additional cropping would be realised by beneficiaries. The same would apply to livestock where improved practices would help improve livestock husbandry and management resulting in improved productivity.

Resulting from the intervention in increased climate resilience of the farming in the project areas, about 37% increase in income levels is expected.

20. Fisheries Value Chain Development: From the perspective of fisheries component the primary focus is on the fishermen (operating through small boats of <25 feet) which usually go for a day trip of fishing. The incremental benefits accruing as a result of the project include decreased losses due to improved infrastructure and good handling practices, increased prices (premium) owing to better quality, access to sea for additional days due to functioning jetties and improved access to market. The resultant increase income is estimated to be up to 33% for the small fishermen.

21. The fisheries value chain contribute 0.39% to the national Gross Domestic Product (GDP) and 2.10% in agriculture value added. The sector employs around 390,000 people directly and 900,000 and 1,800,000 people in total, including the indirect employment². Marine fishing production grew by 1.95% and inland fishing production grew by 8.71% over the last four years (marine fishing happen at Baluchistan and Sindh coastal areas only). There are a total of 150,000 registered boats³ in Balochistan: It is estimated that there are a total of 150,000 unregistered boats in addition along the more than 700 km coastline. These include both small and larger boats. Eight authorized landing sites in Balochistan account for 89% of its total catch: The total in Balochistan is 153,154 metric tonnes per year out of which is 136,756 or 89% is at eight authorized landing sites out of a total of 38 commercial fish groups along the coast line of Balochistan. There are an estimated 64,226 fisherfolks in the province of which more than 80% operate through small boats. The small boat catch on average is 5-10 kg of lobster and 10 kg of shrimp. After October (particularly in Kund Malir) the smaller boats catch 80-100 kg of crabs on a daily basis while the larger boats catch 200-250 kg of Indian Mackerel or other fish during each trip. The prices of the different types of catch are determined by the intermediary who purchase the catch from the fisherfolks. The average prices of the different types of catch are: lobster: PKR 1,500 per kg, shrimp: PKR 800 per kg, crab: PKR 80 per kg and Indian Mackerel: PKR 80-150 per kg. The catch is priced on weight and is not determined based on quality of the catch. The intermediary who is usually also the fisherfolks' creditor retains 40 - 50% of the catch. The remaining 50-60% of the catch is equally distributed between the captain and fisherfolks on the boat. It is estimated that on average the small boat fisherfolks lose 50% of their catch due to poor handling and storage inside the boat and transport of the catch on donkey carts or other unsuitable means of transport to the factory gate. The catch which is not acceptable to the factories is sold as fishmeal. For the fisherfolks (small) it is important that the current level of losses are reduced, a better bargaining position is facilitated and a focus is shifted in favor of managing the quality of the fish catch to increase the income levels. Currently the fishfolks (small) Rs. 164,000 per year as net income which can be increased to Rs. 219,000.

C. The Financial Cost

22. The total project costs is USD72.801 million for GLLSP-II. The base cost is estimated at USD65.686 million.

D. Key Assumptions for Financial Analysis

23. Following are the key assumptions used in the financial analysis of the Project;

24. **Financial Income:** The financial income are based on the average budget of the activities performed where project support will be extended which has been prepared

² Revitalizing Pakistan's Fisheries: Options for Sustainable Development. 2018. International Bank for Reconstruction and Development / The World Bank

³ Shared by fisheries department of Government of Balochistan

taking into account the market prices and the current productivity levels. The income for the trained/skilled youth is worked out on the model of a self-employed skilled worker and an employed skilled person. In the context of the without project, situation the current daily wage for an unskilled person is taken as the average rate prevailing in the project area.

- **Effective Rates:** The average effective rate vary among different activities as given below:

Components	Assets	Youth Employment	CPI	Agriculture/Livestock	Women Empowerment	Rural Roads	Fisheries
Success Rates	70%	80%	80%	65%	65%	90%	70%

- **Opportunity Cost of Capital:** The opportunity cost of capital used in the financial analysis is 11.17%⁴.

E. Financial Analysis

25. The financial analysis of GLLSP-II shows viability of the proposed project as evident from its overall Financial Internal Rate of Return (FIRR) of 20.96%. The Net Present Value (NPV) of the proposed project over 20 years' period has been noted to be USD40.60 million. The FIRR and the NPV based on financial prices of the project is given in Table 2.

⁴ Interest Rate in Pakistan averaged 11.55 percent from 1992 until 2019 (Source: www.tradingeconomies.com/ State Bank of Pakistan

Table 2: Financial Analysis of the GLLSP-II

Project Years	Community Development				Fisheries Value Chain Development	Total Project Benefit (in million USD)	
	Assets	Youth Employment	Women Empowerment	Climate Resilient Agriculture/Livestock	Value Chain Development		
F I N A N C I A L A N A L Y S I S	PY1	(1.57)	(0.5)	(0.2)	(0.5)	(7.9)	(10.64)
	PY2	(3.02)	(1.1)	(0.4)	(0.5)	(15.6)	(20.69)
	PY3	(1.83)	(1.0)	(0.2)	(0.4)	(12.8)	(16.18)
	PY4	1.61	(0.2)	(0.1)	(0.1)	(3.3)	(2.02)
	PY5	1.61	0.5	0.2	0.1	(1.1)	1.30
	PY6	1.61	0.5	0.2	0.3	13.9	16.46
	PY7	1.61	0.5	0.2	0.6	16.3	19.24
	PY8	1.61	0.5	0.2	0.6	16.3	19.24
	PY9	1.61	0.5	0.2	0.6	16.3	19.24
	PY10	1.61	0.5	0.2	0.6	16.3	19.24
	PY11	1.61	0.5	0.2	0.6	16.3	19.24
	PY12	1.61	0.5	0.2	0.6	16.3	19.24
	PY13	1.61	0.5	0.2	0.6	16.3	19.24
	PY14	1.61	0.5	0.2	0.6	16.3	19.24
	PY15	1.61	0.5	0.2	0.6	16.3	19.24
	PY16	1.61	0.5	0.2	0.6	16.3	19.24
	PY17	1.61	0.5	0.2	0.6	16.3	19.24
	PY18	1.61	0.5	0.2	0.6	16.3	19.24
	PY19	1.61	0.5	0.2	0.6	16.3	19.24
	PY20	1.61	0.5	0.2	0.6	16.3	19.24
NPV (USD)		3.58	0.12	0.35	1.10	35.450	40.599
FIRR (@11.17%)		19.95%	11.90%	16.64%	19.68%	26.38%	20.96%

IV. ECONOMIC ANALYSIS

A. Methodology and Approach

26. The economic analysis of the proposed project was worked out taking into account the economic cost of the proposed project and the resultant economic benefits to the target beneficiary households. The economic cost were worked out by converting the financial value using the standard conversion factor whereas economic value of benefits have been worked out using conversion factors of outputs and inputs. The standard conversion factor used in the economic analysis was derived to be 0.847 while the conversion factors for output and inputs were noted to be 1.20 and 0.95 respectively.

27. The economic analyses carried out for the GLLSP-II takes into account the total economic investment and economic recurrent cost of the project during the project period i.e. between 2020 and 2025. Price contingencies and taxes are excluded from the economic analysis. For the capital items, no residual values have been considered in the economic analysis. Since most of the investment are in infrastructure and assets coupled with capacity building, the economic recurring cost is assumed to be up to 7% of the total project cost.

B. The Economic Benefits

28. The economic benefits are of similar nature as that of financial but adjusted in its economic values. The economic benefit are worked out over the period of 20 years. The aggregation is carried out for all the project components taking into account the incremental economic benefits. The recurring cost is assumed to be 7% of the total project cost spread over the project duration of 6 years (for both GLLSP-II) and thereafter. The recurring costs are assumed to be on account of repair and maintenance, replacement and recurring costs which is likely to continue to support the beneficiaries as well as the services to be utilized. These are essential for the continuation of the benefits of the programme.

C. The Economic Cost

29. The total economic cost of the project is estimated at USD51.613 million.

D. Key Assumptions for Economic Analysis

30. Following are the key assumption used in the economic analysis.

31. The economic value have been worked out by converting the financial value using a conversion factor of 1.1 for the assets, livestock and agriculture, drinking water and sanitation schemes, renewable energy, and fisheries. For all the other activities the conversion factor of 0.95 has been used. The shadow discount rate used for the economic analysis is 11.17%.

32. It is pertinent to include in the economic analysis the community contribution to the different activities which is in kind at times but also the opportunity cost which is estimated to be around 7% of the project cost. Such a cost will accrue in terms of communities continuing to participate in community meeting, undertaking operation and maintenance and in some cases undertaking savings with no interest accruing on it.

E. Economic Analysis

33. The overall economic internal rate of return (EIRR) of the project is estimated at 29.05%. The economic net present value (NPV) of the project net benefit stream, discounted at 11.17%, was noted to be USD73.74 million. The summary EIRR and NPV is given in table 3 below.

Table 3: Economic Analysis of the GLLSP-II

Detail	Project Years	NET INCREMENTAL BENEFITS					TOTAL INCREMENT AL BENEFITS	NET INCREMENTAL COSTS		Cash Flow (million USD)
		Asset	YE	Agri/ Livestock	Women Empowerment	Fisheries		Economic recurrent Costs (million USD)	Total Incremental Costs	
Economic Outcomes Analysis Sector Specific Details	PY1	- 0.75	- 0.17	- 0.23	- 0.16	- 5.71	- 7.02	5.097	5.097	(12.1)
	PY2	- 0.36	- 0.13	- 0.07	- 0.34	- 10.53	- 11.28	5.097	5.097	(16.4)
	PY3	1.67	0.56	0.47	- 0.13	- 6.73	- 4.16	5.097	5.097	(9.3)
	PY4	4.15	1.38	0.89	0.03	2.75	9.19	5.097	5.097	4.1
	PY5	4.15	1.82	1.38	0.27	12.00	19.62	5.097	5.097	14.5
	PY6	4.15	1.82	1.52	0.27	15.30	23.07	5.097	5.097	18.0
	PY7	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY8	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY9	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY10	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY11	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY12	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY13	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY14	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY15	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY16	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY17	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY18	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY19	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5
	PY20	4.15	1.82	1.76	0.27	16.58	24.57	5.097	5.097	19.5

NPV @11.17%	73.74
EIRR @11.17%	29.05%

V. SENSITIVITY ANALYSIS

34. The project appraisal identifies three major risks (i) macro-economic and security; (ii) fiduciary, and (iii) climate change risks. These risks may cause underperformance with regards to achievement of full scale benefits, delay in realization of benefits and reduced effectiveness. The assumed scenario returns acceptable values of both NPV and EIRR and thus the proposed investment is feasible under the adverse scenarios. Summary of the Sensitivity Analysis is given in the following table.

Table 4: Financial Analysis of the GLLSP-II

Scenarios	$\Delta\%$	Link with the risk matrix	IRR	NPV (USD M)
Normal Scenario	Normal	No Adverse Risks	29.05%	73.74
Project benefits	-10%	Poor Security Situation affecting project benefits adversely	27.42%	51.61
Project benefits	-20%		25.48%	41.40
Project costs	10%	Weak financial capacity result in cost overrun and delayed implementation	27.58%	57.80
Project costs	20%		26.17%	53.77
Time lag in benefits (Year)	1		25.26%	48.93
Time lag in benefits (Year)	2		21.87%	37.32
Success Rates	-10%	Climate risk affecting success rate of the activities	22.75%	15.53
Success Rates	-20%		23.08%	12.50

VI. CONCLUSION

35. Summary of the financial and economic analysis is reproduced in the following table;

Table 5: Financial Analysis of the GLLSP-II

Detail	Internal Rate of Return (IRR)	Net Present Value in Million USD
Financial	20.96%	40.60
Economic	29.05%	73.74

36. The project investment is feasible on account of financial and economic benefits envisaged and remains viable under different risks anticipated (as evident from the sensitivity analysis). Based on the financial and economic analysis, the proposed project is recommended for consideration.

Appendix I: Standard Conversion Factor

Estimates of the Standard Conversion Factor for Economic Analysis

Year	2014/15	2015/16	2016/17	2017/18	2018/19	(Rupees million)
						Average
Total Imports (CIF) (I)	4 644 152	4 658 749	5 539 720	6 694 897	7 885 941	5 884 692
Total Exports (FOB) (E)	2 397 513	2 166 846	2 138 186	2 555 043	3 229 420	2 497 402
Taxes on Imports (Itax)	306 220	406 180	496 772	608 324	724 977	508 495
Sales tax on Imports(Ist)	553 028	683 518	637 068	769 913	906 883	710 082
Subsidies on Imports (Isup)						
Taxes on Exports (Etax)	5 754	5 200	5 132	6 132	7 751	5 994
Subsidies on Exports (Esub)						
SCF	0.892	0.863	0.872	0.871	0.873	0.874

NOTES:

- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 10.10 Imports excluded reimports
- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 10.1 Exports excluded re-exports
- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 8.1 Custom Revenue Receipts, Total import duty
- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 2.4 Expenditure on gross national income
- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 8.1: Iqra surcharges, Export duty and 0.25% Export Development Charges
- Federal Bureau of Statistics, Monthly Statistical Bulletin, Table 6.1: Iqra surcharges, Refunds and Rebates
- Federal Bureau of Statistics, External Trade Statistics, Table 14.4 Exports by Economic category
- Federal Bureau of Statistics, External Trade Statistics, Table 14.5 Imports by Economic category
- Federal Board of Revenue, Year Book 2011-12, Table 10: Collection of Sales Tax
- Federal Board of Revenue, Year Book 2013-14, Table 10: Collection of Sales Tax
- Federal Board of Revenue, Year Book 2015-16, Table 8: Collection of Sales Tax
- Federal Board of Revenue, Year Book 2011-12, Table 12: Details of Collection of Customs Duties
- Federal Board of Revenue, Year Book 2015-16, Table 11: Details of Collection of Customs Duties
- Federal Board of Revenue, Year Book 2015-16, Table 3: A Comparison of Collection 2015-16 Vis-a-Vis Target FY 2015-16
- Federal Board of Revenue, Year Book 2013-14, Table 10: Details of Collection of Customs Duties
- Federal Board of Revenue, Year Book 2011-12, Table 13: Month-wise Collection of FED
- Federal Board of Revenue, Year Book 2012-13, Table 10: FED Collection of Major Revenue Spinners
- Federal Board of Revenue, Year Book 2014-15, Table 11: FED Collection from Major Commodities FY: 14-15 and FY: 13-14
- FBR data on tax collection:
- FBS Table 14.01 Value of foreign trade

Appendix II: Standard Conversion Factor for Outputs

Parity Price Basis (1)	Wheat	Milk	Vegetables
	(I)	(E)	(E)
Projected Price in Current Dollars \$/mt (2)	247	417	429
Factor	1	1	1
Quality Adjustment Factor	1	1	1
World Market Equivalent \$/mt	247	417	429
Transport and Insurance	20	45	10
cif, Karachi	267	462	439
Exchange Rate Rs/US\$	105	105	105
cif, Karachi (Rs/t)	28 053	48 502	46 050
Clearance & Port charges	1 200	1 200	1 500
Storage and handling	3 000	2 000	1 500
Value at Karachi market	32 253	45 302	43 050
Transport to/from Project Area	9 000	12 000	12 000
Processed Value	41 253	57 302	55 050
Processing Ratio %	1	0	1
Processing/Packaging Cost	1 031	1 000	3 000
Wholesale Value	43 126	56 302	51 500
Local agents' commission/margins	4 000	1 000	3 000
Value at farmgate (Ton)	47 126	55 302	48 500
Economic Value at farmgate (Rs/1000 Litres/Kg)	47 126	331 812	48 500
Local farmgate price (Rs/1000Liters/Kg)	40 000	60 000	40 000
Financial Price per Kg/Liters	40	60	40
Economic Price per Kg	47	55	48
Ratio of border to local farmgate price	1.2	0.9	1.2
(1) Parity : [I] Import, [E] Export			
(2) World Bank Commodity Prices (for 2016)			1.10

Appendix III: Standard Conversion Factors

Parity Price Basis (1)	Urea (I)	DAP (I)	SSP (I)
Projected Price in Current Dollars \$/mt (2)	212	368	309
Factor	1	1	1
Quality Adjustment Factor	1	1	1
World Market Equivalent \$/mt	212	368	309
Transport and Insurance	43	58	55
cif, Karachi	214	370	311
Exchange Rate Rs/US\$	105	105	105
	22	38	32
cif, Karachi (Rs/t)	477	803	675
	1	1	1
Port charges	000	000	000
	1	1	1
Storage and handling	500	500	500
	24	41	35
Value at Karachi market	977	303	175
	8	8	8
Transport to Project Area	000	000	000
	32	49	43
Value at Project area	977	303	175
	32	49	43
Wholesale Value	977	303	175
Local agents' commission/margins	660	986	864
	33	50	44
Value at farm gate	637	289	039
Economic Value at farm gate (Rs/50kg Bag)	1	2	2
	682	514	202
	1	2	3
Local farm gate price (Rs/50kg Bag)	700	000	600
Ratio of border to local farm gate price	0.99	1.26	0.61
Financial Price per Kg	34	40	72
Economic Price per Kg	34	50	44
	SCF - Fertilizer 0.95		

(1) Parity : [I] Import [E] Export

(2) World Bank Commodity Prices for
2016



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Annex 5: Social Environment and Climate Assessment (SECAP) Review Note

Social, Environmental and Climate Assessment Procedures (SECAP)

The Gawadar-Lasbela Livelihoods Support Project Phase II (GLLSP-II) is a category "B" project (see screening checklist at Appendix-1), whereas environmental and social management plan (ESMP) is provided at Appendix-2.

1. Major landscape characteristics and issues (social, health, environmental and climate change)

1. The screening exercise of the project has been conducted based on the available literature review and field visits. The justification for the preliminary environmental/social category and climate risk classification is articulated and substantiated with appropriate analysis. The present Social, Environment and Climate Assessment Procedures (SECAP) Review has been prepared using the latest IFAD guidelines. The review aims to highlight, in view to be taken into consideration, issues on Natural Resources Management (NRM) and gender, potential social and environmental impacts and risks so as to improve NRM and mitigate environmental concerns, monitoring aspects and justification of the project environmental and social as well as climate risk categories assigned.

1.1 Sociocultural context

2. The project area consists of two coastal districts of Balochistan i.e. Gwadar and Lasbela. The area is varied in terms of topography and means of production and livelihoods. There is a 685 km long coastal belt along Gwadar and Lasbela districts where the coastal communities' main means of livelihoods is fisheries and agriculture/livestock husbandry.
3. **Demographics:** Balochistan is the least populated province of the country with just 6 percent people inhabiting it. According to the latest Census, the population of the province is a little over 12 million and it is growing at the rate of 3.37% per annum¹. Mean household size for Gwadar and Lasbela is 7.1 and 9.7 people respectively, as per the 1998 Census.²
4. **Economic Opportunities:** In addition to almost two third of the country's coastline, the province is endowed with abundant natural resources. It is the largest supplier of grapes (98%), apricot (93%) and apples (81%) of the country's produce. Balochistan accounts for approx. 8% of country's GDP. Services, agriculture and industry account for 44%, 29% and 26% of the provincial GDP respectively. Industrial base of the province is small and Lasbela is the only industrial city in the province. In Lasbela, there are 11 steel/metal factories, 9 wheel/engineering units, 8 oil/chemical units, 6 plastic factories, 5 textile units, 5 pharmaceuticals and 4 agricultural auto/auto units.
5. The proposed project will build on GLLSP-I and reinforce, consolidate and expand, its successful interventions in districts of Gwadar and Lasbela. Evidence suggest that most of the GLLSP-I interventions have had positive effect on quality of lives of involved communities. Both Gwadar and Lasbela have 'Low HDI' ranking and are categorized as 'high poverty zone' and 'extremely high poverty zone' respectively.
6. **Land tenure situation:** The land, except the coastline, belongs to local land owners with heads of tribe or Sardars owning most of it. However, the coastline is controlled and owned by the Provincial Government and is managed by the Board of Revenue.

¹ Interim results of Census 2017 published by Pakistan Bureau of Statistics, Government of Pakistan (<http://www.pbs.gov.pk/content/population-census>)

² 'Population of Pakistan, An Analysis of NSER 2010–11', UNICEF,

7. **Health and Nutrition:** A recent survey³ of fourteen drought effected districts of Balochistan found out that 48% of the rural population was facing 'crisis' or 'emergency' situation in terms of food insecurity. The situation in District Gwadar warrants urgent attention as approximately 55% of the rural population is faced with 'crisis' situation while another 5% were facing 'famine'. The report predicted worsening of the situation in near future due to the continued unmitigated drought.
8. **Gender.** The latest Census results show that women account for 47% of the population of Balochistan. The gender ratio in the province is 110.63. The traditional tribal culture and value system of Balochistan puts women at a subservient position. Entrenched patriarchal systems combined with low education rates, especially among women, as well as exclusion from mainstream decision-making institutions has greatly disadvantaged women. Women are generally excluded from economic sphere and decision making. Women voter registration, as well as voting in last general elections, was significantly lower than males.
9. **Access to essential services:** Access to essential services is the most important determinant for quality of life and social well-being. The level of provision of essential services like education, health, water supply and sanitation, etc. is severely underdeveloped throughout the province. According to ASER Survey, less than 30% children of 3–5 years attend pre-school in Gwadar and Lasbela. 69% of children (6–16 years) in Lasbela are enrolled in school. This ratio is even worse for Gwadar where only 51% children are enrolled in schools. Access to health facilities, safe drinking water and sanitation is far lower as compared to other provinces.

1.2. Natural resources and their management

10. Balochistan is the western most province of the country and is the largest province in terms of area, with 46.3 percent of land mass, and shares border with Iran and Afghanistan. It has almost two third of coastal area of the country. Balochistan hosts a large number of natural resources though poorly managed.
11. **Minerals.** Over US\$1 trillion worth of natural resources have been discovered in Balochistan including, Gold, Copper, Black pearl, Oil, Valuable Stones, Coal, Chromite and Natural Gas. Balochistan possesses great unexplored potential of metallic and non-metallic minerals. Lasbela is rich in minerals availability. Main minerals are coal, chromite, Marble and quartzite. Gwadar has no proven mineral resources but boasts world largest natural deep sea port and rich fishing grounds.
12. **Biodiversity.** Balochistan is also rich in bio-diversity, and possess a significant number of diversified species. Balochistan provides traditional route to migratory birds. Green Turtles are also found near the coastline of Jewani.
13. **Forest.** Balochistan covers 43 per cent land mass of Pakistan but it has only 0.2 per cent forest cover of total forestry of the country. The project area, Gwadar and Lasbella has arid climate conditions. Gwadar has nearly no forest cover, while Lasbella has limited plantation and forest.

1.3 Climate Change

14. Climate change impact assessment for Gwadar and Lasbella show following trends and potential impacts:
 - Precipitation increase together with rise in temperature is projected in the HKH region during the 21st century. This may result in more floods and sediment transport to the sea, resulting in sea level rise.

³ 'IPC Acute Food Insecurity Analysis' for Balochistan, June 2019

- Gwadar and Lasbela may experience decline in precipitation during 2011-2040 and 2071-2100 (ranging between 5% to 33%), whereas rise in precipitation during 2041-2070 under both RCP 4.5 and 8.5.
- Both maximum and minimum temperature rise is expected in near, mid and far future (ranging between 0.1°C to about 6°C) under both RCP 4.5 and 8.5.
- Rise in temperature and decline in precipitation are likely to worsen drought conditions in the project area.
- Water scarcity, rise in soil degradation, sea-water level and temperature rise, increase in sediment transport, groundwater depletion, water quality deterioration and rise in agriculture water demand are expected in the near to far future.

1.4. Key Issues

15. Key issues are Governance, Security situation, Economy, Non-availability of sustainable funding, Social Inclusion, Development Lag, and Infrastructure Development without considering Climate Change.

2. Potential project's impacts and risks

- 2.1. Key potential adverse social and environmental impacts of the project include:
16. The project may induce temporary adverse impacts during implementation stage (during construction phase of infrastructure). However, detailed Environmental and Social Management Plan (ESMP) and its implementation will minimize the adverse impacts. Few of the potential impacts are:
- The sub-projects implementation may result in adverse impacts on public health of surrounding communities and workers through air, water and soil pollution, noise or direct contact with hazardous material.
 - Soil erosion, changes in soil texture and soil displacement are expected soil related impacts, particularly in irrigation systems development, ponds and water storage tanks construction.
 - Ecosystem and biodiversity degradation through construction activities and ill-managed fishing.
 - Establishment of temporary workforce during construction period, while permanent workforce after infrastructure development and capacity building through trainings.

2.2. Climate change and adaptation

17. Climate change impact assessment is detailed in Working Paper (and section 2.1 above). Summarize adverse effects are:
- Anticipated rise in temperature and decline in precipitation are likely to worsen the drought conditions in the project area.
 - Water scarcity, rise in soil degradation, sea-water level and temperature rise, rise in heat-waves, increase in storms and cyclones, increase in sediment transport, groundwater depletion, water quality deterioration and rise in agriculture water demand are expected in the near to far future.

18. Main adaptation/mitigation measures are provided in Table 1.

Table 1: Climate change impacts together with adaptation and mitigation measures.

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
Jetties and allied infrastructure	✓ Sea Level Rise ✓ Seawater temperature rise	✓ Inclusion of climate change assessment together with	✓ Up to 5% of the infrastructure cost

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
	<ul style="list-style-type: none"> ✓ Rise in sediment transport ✓ Expected rise in high-winds and cyclones ✓ Rise in floods and tides ✓ GHG emissions from boats' engines ✓ Variation in fish species and quantum ✓ Construction of cold storages (insolation needs) ✓ Adverse effect on eco-system ✓ Seawater intrusion to rivers and aquifers 	<ul style="list-style-type: none"> ✓ hydrological modelling during infrastructure design. ✓ Use of well-maintained boats (guidelines and monitoring framework to be developed by fishery department) ✓ Climate resilient design of Jetties and allied infrastructure considering changes in sea-level rise, high-winds, potential cyclones, and changes in tides ✓ Dredging estimates may consider changes in sediment transport ✓ Demarcation of low, medium and high tide levels to protect fishermen from hazards ✓ Awareness raising of the fishermen and line departments (through trainings and seminars) on climate change and its impacts on sea-level rise, storms etc ✓ Adequate clear heights and insulation need to be considered in cold storages and cold chain ✓ Construction and curing of concrete need adequate care and consideration due to expected rise in temperature ✓ Sheds and first aid should be made available at sites for laborers (to protect them from heat-waves and hot weather) 	
Rural Roads	<ul style="list-style-type: none"> ✓ Embankment erosion ✓ Floods due to extreme precipitation events ✓ Scouring at bridge Piers ✓ Expansion Joints damages ✓ Road deterioration due to use of inadequate asphalt grade ✓ Low visibility during dust-storms 	<ul style="list-style-type: none"> ✓ Inclusion of climate change assessment during infrastructure design. ✓ Adequate compaction of road embankments ✓ Provision of adequate drainage arrangement ✓ Estimation of future scour considering climate change scenarios ✓ Design and provision appropriate expansion joints considering future rise in temperature ✓ Selection of recommended grades of asphalt considering future rise in temperature ✓ Applying adequate road marking and design of lights together with safety arrangements ✓ Estimation of adequate budget for O&M due to potential increase in dust storms ✓ Road side plantation together with design of small ponds to cater for water needs of the plants/trees 	<p>✓ 3 – 5% of the roads allocated cost estimates</p> <p>(Ponds will store rainwater for plants growth, while nano-clay technology and such other technologies will be used in areas where soils are sandy)</p>

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
		<ul style="list-style-type: none"> ✓ Awareness raising (through trainings and seminars) on climate change 	
Water Ponds	<ul style="list-style-type: none"> ✓ Availability of water resources and their precise estimates ✓ Excessive evaporation from stored water ✓ Embankments erosion 	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development during their design ✓ Covering surface of stored water by floating balls (this may reduce evaporation by about 30%) ✓ Adequate liquid limits assessment of the construction material and compaction design ✓ Plantation on the embankments and in the vicinity 	✓ Up to 5% of the proposed infrastructure
Irrigation Channels	<ul style="list-style-type: none"> ✓ Rise in cropwater requirement ✓ Rise in sediment transport ✓ Increase in scouring at aqueducts etc ✓ Rise in evaporation losses 	<ul style="list-style-type: none"> ✓ Design of irrigation channels to accommodate future enhanced irrigation requirements and sediment load (based on climate change scenarios) ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of concrete slab or pipe systems for irrigation systems to reduce losses ✓ Plantation along irrigation systems/watercourses ✓ Adaptation of latest water efficient and climate change resilient practices, particularly in irrigation/agriculture field ✓ Awareness raising 	✓ Up to 5% of the tentative cost estimates
Check dams	✓ Water scarcity/floods	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development ✓ Provision of adequate height and apron arrangement ✓ Awareness raising ✓ Tree plantation in the vicinity 	✓ 1-2% of the tentative cost estimate
Drinking water supply systems	<ul style="list-style-type: none"> ✓ Water availability/scarcity ✓ Groundwater depletion 	<ul style="list-style-type: none"> ✓ Detailed assessment to map the existing facilities and gaps in water supply schemes and identification of new water resources schemes ✓ Additional drilling (10-20 ft) will be needed and carried out in areas, where precipitation is likely to decline, whereas in areas where precipitation is predicted to increase may need flood protection (such as raising of well side levels by 1-2 ft above natural ground level) and water quality assurance through enhancing RO plants capacity. ✓ Comprehensive hydro-climate assessment to provide details about critical and potential 	✓ 3-5% of the tentative cost estimate

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
		<ul style="list-style-type: none"> locations for infrastructure development ✓ Plantation near to the well and or water Tanks ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Rain water harvesting and its awareness among communities should be improved to harness the depleting water table 	
Flood Protection Schemes	<ul style="list-style-type: none"> ✓ Variation in floods ✓ Variation in sediment size and load 	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development ✓ Climate resilient flood protection works, 	✓ Up to 5% of the tentative cost estimate
RO Plants	<ul style="list-style-type: none"> ✓ Access to clean drinking water ✓ Significant ground water depletion ✓ Inadequate water supply lines and storage capacities ✓ Availability of funds for more surface reservoirs construction 	<ul style="list-style-type: none"> ✓ Detailed assessment to map the existing facilities and gaps in water supply schemes and identification of new water resources schemes ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Drinking water quality should be monitored ✓ Rusted and old water supply lines should be replaced ✓ Identification of ground water recharges potential sites and measures together with recharge wells. ✓ Rain water harvesting implementation and knowledge among communities should be improved to harness the depleting water table 	✓ 2-3% of the tentative cost estimate

3. Environmental and social category

19. The screening checklists (Annexure-1) for environmental and social and climate risks is attached herewith the Social, Environmental and Climate Assessment Procedures (SECAP) review note. Based on the checklists the GLLSP-II Project is categorized as class B per social and environmental categories. A comprehensive ESMP has been developed and proposed for the current project.

4. Climate risk category

20. Climate of the project area is generally arid with low annual rainfall and water availability for household consumption, livestock and crops is generally at a premium. Large swaths of area along the coast received no rains during 2013-2018. However, the area is also prone to flash-floods when it rains. The coastal areas are also susceptible to cyclones and strong winds, particularly during monsoon season. Project approach and interventions are aimed at improving the communities' resilience to climate change through intervention related to adaptation and mitigation measures. Community level activities and investments cover improved understanding of climate change risks, adopting appropriate cropping and livestock husbandry practices, improving water security and efficient use for domestic and crop-use, construction of flood protection works etc. will all contribute to improved climate resilience. Based on the checklist for climate change risks

show high risks (see Annex-1 for details), therefore detailed hydro-climate assessment and potential adaptation and mitigation measures are inevitable.

5. Recommended features of project design and implementation

- 5.1. Environment and social mitigation measures
21. Detailed ESMP and mitigations measures have been proposed, and provided in Annex-2.
- 5.2 Climate change adaptation and mitigation
22. Climate Change Adaptation and Mitigation measures are provided in section 2.2 above.
- 5.3 Multi-benefit approaches
23. GLLSP-II will build upon successful development interventions under the first phase.
- 5.4. Incentives for good practices
24. Trainings may be provided as incentive for good practices. This will enable beneficiaries to get optimum benefits from the available natural resources.
- 5.5. Participatory processes
25. The project follows a participatory development approach. It offers an opportunity for community engagement in understanding the environment and climate change challenges and participate in project supported mitigation and resilience interventions.

6. Analysis of alternatives

26. Best available practices, available technologies, policies, strategies and action plans have been studied for alternate analysis to optimize the benefits and to reduce the adverse effects and same have been adopted for project interventions.

7. Institutional analysis

- 7.1. Institutional framework
27. **Climate Change Ministry and EPA:** Pakistan's per capita emissions is one of the lowest in the world. However, Pakistan remained in the top 10 countries that have been significantly vulnerable to extreme climate events during the last two and half decades. Pakistan received back to back climate change related disasters; such as floods in 2010, 2011 and 2012, which led to establishment of the Climate Change Ministry in April 2012. The Ministry is Cabinet-level, headed by the federal minister.
28. The Ministry has three attached organizations:
 - i) Pakistan Environmental Protection Agency (Pak EPA)
 - ii) Zoological Survey Department, and
 - iii) Global Change Impact Studies Center (GCISC)
29. The environment wing of the ministry is responsible for the Multilateral Environmental Agreements (MEAs) including the United Nation Framework Convention on Climate Change (UNFCCC) and Kyoto Protocol. The Ministry of Climate Change prepared Framework for implementation of Climate Change Policy (2013), which provides priority based adaptation and mitigation measures in Pakistan to cope with adverse impacts of climate change and to control and reduce Green House Gases (GHG) emissions during 2014-2030.
30. At present, Balochistan has no Provincial Climate Change Policy, Strategy and Action Plan. EPA Balochistan is currently working on the same, however, there is no dedicated Climate Change Cell/Wing in the Department. The EPA is headed by Director General (DG). There

are two Directors (Director Enforcement and Director Legal/Technical), who are assigned with various climate change related tasks in addition to their already well-defined job descriptions and responsibilities. There is an urgent need to develop a dedicated Climate Change Cell/Wing with well-defined roles and responsibilities. Asian Development Bank (ADB) is likely to provide assistance in development of climate change policy for Balochistan, under an ongoing project: "Balochistan Water Resources Development Sector Project".

31. In the absence of provincial climate change policy, strategies and action plan, national and international climate change policies, strategies and action plans have been consulted (such as UNFCCC, National Climate Change Policy, Kyoto Protocols, Pakistan's agreed INDCs, National Water Policy, Framework for Implementation of Climate Change, and Climate Change Financing Framework) for proposing the climate change adaptation and mitigation measures under GLLSP-II.

7.2. Capacity building

32. Community and other stakeholder capacity-building needs, supported by effective information, education and communication activities have been identified. Details about various needs and compliance with national and international standards are considered and will be ensured in the financing agreements and during design stage of the infrastructure.

7.3. Additional funding

33. The proposed project and its adaptation and mitigations measures will be enhanced by the results of the ongoing 10 Billion Tree Tsunami, Green Pakistan, Clean Green Pakistan, Mangroves initiative expansion and other multilateral or bilateral environmental and climate financing sources (i.e. Global Environment Facility, Least Developed Countries Fund and Special Climate Change Fund funding, Green Climate Fund, Adaptation for Smallholder Agriculture Programme). Government will be encouraged to synergize existing initiatives and leverage additional funds through annual development programme. Project funded provincial dialogue platforms will be used for this purpose.

8. Budgetary resources and schedule

34. Number of interventions have been identified as part of project components and interventions to promote climate resilience and mitigation. Extensive training and demonstrations for small holder farmers will be carried out for climate resilient farming and adoption of climate smart agriculture. The activities will be spear-headed by FAO through an IFAD Grant to develop TOT, extension staff and farmer training modules and curricula and demonstrations. All project financed infrastructure will be subject to environment and climate screening and all structures will be designed on specifications that take into account climate change effects. Technical Assistance will be provided to the provincial government for development of a climate change action plan under National Climate Change Policy.

9. Stakeholder consultations

35. Various provincial and district levels organizations have been consulted together with community from the project area (Lasbella District). These organizations include, Fisheries department, Irrigation/Water Resources department, C&W, Ministry of Climate Change, Balochistan EPA, and Forest Department.

S.No	Designation	Department	Meeting Date
1	ACS	Planning and Development Department, Balochistan	9 July 2019 and 12 July 2019

2	Secretary	Fishery Department, Balochistan	9 July 2019, and 12 July 2019
3	Deputy Secretary	C&W Department, Balochistan	9 July 2019
4	Director	Balochistan Environmental Protection Agency	11 July 2019
5	Chief Conservator Forest	Balochistan Forest Department	11 July 2019
6	Director General	Water Resources Department , Balochistan	11 July 2019
7	Secretary	C&W Department , Balochistan	12 July 2019
8	Senior Research Scientist	Global Change Impact Studies Center (GCISC), Ministry of Climate Change	19 July 2019

Annex 5/Appendix 1. SECAP - Environment, Social and Climate Risk Screening

IFAD classifies all projects into one of three environmental and social categories (A, B or C) and one of three climate risk classifications (high, moderate and low). Determination of the category and classification also depend on the national requirements and the existing national capacity to promote and implement environmental and social mitigation measures.

A positive response to any question between 1 and 22 (see questions below) categorizes the project as A. Similarly, a positive response to question 23 to 38 categorizes the project as B. In case all answers are negative, the project will be categorized as C.

The checklists for environmental and social and climate risks is attached herewith the Social, Environmental and Climate Assessment Procedures (SECAP) review note.

Project title:	Gwadar-Lasbela Livelihoods Support Project – II		
IFAD project no.:		Version of checklist:	01
Country:	Pakistan	Date of this version:	06 August 2019
Checklist prepared by (name, title and institution)	Dr. Asif Khan (Environment and Climate Change Expert)		

Guiding questions for environment and social screening		Yes/no	Comments/explanation
Category A – the following may have significant and often irreversible or not readily remedied adverse environmental and/or social implications.			
Project location			
1. Would the project develop any wetlands? (Guidance statement 1)	No	The project does not include any development of wetlands.	
2. Would the project cause significant adverse impacts to habitats and/or ecosystems and their services (e.g. conversion of more than 50 hectares of natural forest, loss of habitat, erosion/other form of land degradation, fragmentation and hydrological changes)? (Guidance statements 1, 2 and 5)	No	The project neither include any conversion of more than 50 ha natural forest nor causes any adverse impacts on habitats and/or ecosystems and their services.	
3. Does the proposed project target area include ecologically sensitive areas, ⁴ areas of global/national significance for biodiversity conservation, and/or biodiversity-rich areas and habitats depended on by endangered species? (Guidance statement 1)	No	The project does not produce any adverse impacts on the environment. To reduce and culminate minor adverse environmental impacts will be addressed adopting adequate mitigation measures.	
4. Is the project location subjected to major destruction as a result of geophysical hazards (tsunamis, landslides, earthquakes, volcanic eruptions)?	No		
Natural resources			
5. Would the project lead to unsustainable natural resource management practices (fisheries, forestry, livestock) and/or result in exceeding carrying capacity. For example, is the development happening in areas where little up-	No	The project will encourage sustainable dishing and stop over-exploitation by providing trainings to fishermen and line department.	

⁴ "Sensitive areas" include: protected areas (national parks, wildlife/nature reserves, biosphere reserves) and their buffer zones; areas of global significance for biodiversity conservation; habitats depended on by endangered species; natural forests; wetlands; coastal ecosystems, including coral reefs and mangrove swamps; small island ecosystems; areas most vulnerable to climate change and variability; lands highly susceptible to landslides, erosion and other forms of land degradation, areas that include physical cultural resources (of historical, religious, archaeological or other cultural significance), and areas with high social vulnerability.

to-date information exists on sustainable yield/carrying capacity? (Guidance statements 4, 5 and 6)		
6. Would the project develop large-scale ⁵ aquaculture or mariculture projects, or where their development involves significant alteration of ecologically sensitive areas?	No	
7. Would the project result in significant use of agrochemicals which may lead to life-threatening illness and long-term public health and safety concerns? (Guidance statement 14)	No	The project may increase irrigation activities, which may increase use increased agro-chemicals. However, awareness will be spread in the farmers to handle and use adequate agrochemicals and environment friendly techniques, all to avoid adverse impacts of the project.
8. Does the project rely on water-based (groundwater and/or surface water) development where there is reason to believe that significant depletion and/or reduced flow has occurred from the effects of climate change or from overutilization? (Guidance statement 7)	No	
9. Does the project pose a risk of introducing potentially invasive species or genetically modified organisms which might alter genetic traits of indigenous species or have an adverse effect on local biodiversity? (Guidance statement 1)	No	
10. Does the project make use of wastewater (e.g. industrial, mining, sewage effluent)? (Guidance statement 7)	No	
Infrastructure development		
11. Does the project include the construction/rehabilitation/upgrade of dam(s) and/or reservoir(s) meeting at least one of the following criteria? - more than 15 meter high wall; - more than 500 meter long crest; - more than 3 million m ³ reservoir capacity; or - incoming flood of more than 2,000 m ³ /s (Guidance statement 8)	No	
12. Does the project involve large-scale irrigation schemes rehabilitation and/or development (more than 100 hectares per scheme)? ⁶ (Guidance statement 7)	No	
13. Does the project include construction/rehabilitation/upgrade of roads that entail a total area being cleared above 10 km long, or any farmer with more than 10 per cent of his or her private land taken? (Guidance statement 10). Will the works entail temporary and/or permanent resident workers?	No	The project does not include clearing of more than 10 km road stretches. The existing roads will be black-topped.
14. Does the project include drainage or correction of natural waterbodies (e.g. river training)? (Guidance statement 7)	No	

⁵ The size threshold to trigger an Environmental and Social Impact Assessment (ESIA) may vary based on the country context and fragility of specific locations. Some countries have regulations on minimum size (usually ranging from a unit area of 10 to 50 hectares) and these will be adopted where they exist. However, where there are no standards, it is proposed to use 25 hectares as an aquaculture unit size to trigger an ESIA.

⁶ The size threshold to trigger an Environmental and Social Impact Assessment (ESIA) may vary based on the country context and fragility of specific locations. Some countries have regulations determining size of irrigation development requiring a full ESIA and these will be adopted where they exist. However, where there are no standards, it is proposed to use 100 hectares as an irrigation development unit size to trigger an ESIA.

15. Does the project involve significant extraction/diversion/containment of surface water, leaving the river flow below 20 per cent environmental flow plus downstream user requirements? (Guidance statement 7)	No	
Social		
16. Would the project result in economic displacement ⁷ or physical resettlement of more than 20 people, or impacting more than 10 per cent of an individual household's assets? (Guidance statement 13)	No	
17. Would the project result in conversion and/or loss of physical cultural resources? (Guidance statement 9)	No	
18. Would the project generate significant social adverse risk/impacts to local communities (including disadvantaged and vulnerable groups, indigenous people, persons vulnerable to GBV and sexual exploitation and abuse and people with disabilities) or other project-affected parties? (Guidance statement 13)	No	
Other		
19. Does the project include the manufacture and transportation of hazardous and toxic materials which may affect the environment? (Guidance statement 2)	No	
20. Does the project include the construction of a large or medium-scale industrial plant?	No	
21. Does the project include the development of large-scale production forestry? (Guidance statement 5)	No	
Rural finance		
22. Does the project support any of the above (Question 1 to Question 21) through the provision of a line of credit to financial service providers? (Guidance statement 12)	No	
Category B – the following may have some adverse environmental and/or social implications which can be readily remedied.		
Location		
23. Does the project involve agricultural intensification and/or expansion of cropping area in non-sensitive areas that may have adverse impacts on habitats, ecosystems and/or livelihoods? (Guidance statements 1, 2 and 12)	Yes	The project may increase irrigation activities, agriculture areas, and intensification of agriculture. These will bring positive impacts on habitat, ecosystem and/or livelihood, such as production of more food for livestock. However, due to overstressing aquifer may result in stress on groundwater resources. This will be controlled by spreading awareness and through adaptation of efficient water-use methods.
Natural resource management		
24. Do the project activities include rangeland and livestock development? (Guidance statement 6)	Yes	The project include livestock development.

⁷ Economic displacement implies the loss of land, assets, access to assets, income sources, or means of livelihoods (guidance statement 13).

25. Does the project involve fisheries where there is information on stocks, fishing effort and sustainable yield? Is there any risk of overfishing, habitat damage and knowledge of fishing zones and seasons? (Guidance statement 4)	Yes	The project includes construction of Jetties and allied infrastructure, which may affect fish stocks, change fishing effort, and may result in changes in fish yield. Construction of Jetties generate opportunities for the current available fishermen as well as new/additional fishermen, which may cause overfishing. Project provides for assistance to Fisheries Departments for policy on sustainable management of fish and its enforcement
26. Would the project activities include aquaculture and/or agriculture in newly introduced or intensively practiced areas? Do project activities include conversion of wetlands and clearing of coastal vegetation, change in hydrology or introduction of exotic species? (Guidance statement 4)	No	Wetlands and coastal vegetative land conversion is not part of the current project.
27. Do the project activities include natural resource-based value chain development? (Guidance statements 1, 6 and 12)	Yes	The project aims to develop/improve fisheries value chain.
28. Do the project activities include watershed management or rehabilitation?	No	
29. Does the project include large-scale soil and water conservation measures? (Guidance statements 1 and 5)	No	The project will include small-scale water storage ponds.
Infrastructure		
30. Does the project include small-scale irrigation and drainage, and small and medium dam subprojects (capacity > 3 million m ³)? (Guidance statements 7 and 8)	No	The project does not include irrigation and drainage, and small and medium dams with potential reservoirs capacity > 3 million m ³ .
31. Does the project include small and microenterprise development subprojects? (Guidance statements 12 and 13)	Yes	The project include enterprises for fisheries.
32. Does the project include the development of agro-processing facilities? (Guidance statements 2, 6 and 12)	No	
33. Would the construction or operation of the project cause an increase in traffic on rural roads? (Guidance statement 10)	Yes	The project may raise traffic to rural areas. The project includes construction of about 160 km rural roads, which will provide ease in accessibility and livelihood development.
Social		
34. Would any of the project activities have minor adverse impacts on physical cultural resources? (Guidance statement 9)	No	The project design does not envisage any adverse impacts on physical cultural resources in the project area.
35. Would the project result in physical resettlement of 20 people or less, or impacting less than 10 per cent of an individual household's assets (Guidance statement 13)?	No	
36. Would the project result in short-term public health and safety concerns? (Guidance statement 14)	No	
37. Would the project require a migrant workforce or seasonal workers (for construction, planting and/or harvesting)? (Guidance statement 13)	Yes	The project will require seasonal workers, particularly during construction of Jetties and allied structures.
Rural finance		
38. Does the project support any of the above (Question 23 to Question 37) through the provision of a line of credit to financial service providers? (Guidance statement 12)	No	

Guiding questions for climate risk screening

	Yes	No	Additional explanation of "yes" response*
1. Is the project area subject to extreme climatic events, such as flooding, drought, tropical storms or heat waves?	Yes		The available literature review show that the project area experienced extreme floods, droughts, and storms. Such events are likely to increase in future.
2. Do climate scenarios for the project area foresee changes in temperature, rainfall or extreme weather that will adversely affect the project impact, sustainability or cost over its lifetime?	Yes		Based on RCP 4.5 and 8.5 temperature is likely to increase during 2020-2100. Precipitation is likely to decrease during near future and far future, whereas increase during mid-future (2041-2070) based on both RCP 4.5 and 8.5.
3. Would the project make investments in low-lying coastal areas/zones exposed to tropical storms?	Yes		The project includes construction of Jetties and allied structures.
4. Would the project make investments in glacial areas and mountains zones?		No	
5. Would the project promote agricultural activity in marginal and/or highly degraded areas that have increased sensitivity to climatic events (such as on hillsides, deforested slopes or floodplains)?		No	
6. Is the project located in areas where rural development projects have experienced significant weather-related losses and damages in the past?	Yes		The project will cover the entire Gwadar and Lasbella districts, which had experienced both floods and droughts.
7. Would the project develop/install infrastructure in areas with a track record of extreme weather events?	Yes		The project will cover the entire Gwadar and Lasbella districts, which had experienced both floods and droughts. Coastal areas experienced high tides as well as sand storms.
8. Is the project target group entirely dependent on natural resources (such as seasonal crops, rainfed agricultural plots, migratory fish stocks) that have been affected by in the last decade by climate trends or specific climatic events?		No	
9. Would climate variability likely affect agricultural productivity (crops/livestock/fisheries), access to markets and/or the associated incidence of pests and diseases for the project target groups?	Yes		Future temperature rise and precipitation decline are likely to deplete water availability and raise crop-water requirement, and may result in reduction in agriculture productivity. Future rise in temperature may increase heat-waves, and will adversely affect crops health. Various diseases and use of pesticides may also rise due to changing climate.
10. Would weather-related risks or climatic extremes likely adversely impact upon key stages of identified value chains in the project (from production to markets)?	Yes		Climate extreme events, such as floods, droughts, storms and heat-waves will have adverse impacts

			on the entire value chains in the project.
11. Is the project investing in climate-sensitive livelihoods that are diversified?	Yes		The project is investing in climate-sensitive livelihoods, such as agricultural production and fishery.
12. Is the project investing in infrastructure that is exposed to infrequent extreme weather events?	Yes		The project will cover the entire Gwadar and Lasbella districts, which had experienced both floods and droughts. Coastal areas experienced high tides as well as sand storms.
13. Is the project investing in institutional development and capacity-building for rural institutions (such as farmer groups, cooperatives) in climatically heterogeneous areas?	Yes		Institutional and Farmers capacity building is considered in the project design. The project will provide trainings to farmers, fishermen and representatives from line-departments, although the study area may not be climatically heterogeneous.
14. Does the project have the potential to become more resilient through the adoption of green technologies at a reasonable cost?	Yes		The project considers adequate adaptation and mitigation measures, which will produce climate resilient infrastructure development. However, additional green technologies may further improve the resilience.
15. Does the project intervention have opportunities to strengthen indigenous climate risk management capabilities?	Yes		Organized groups of farmers and fishermen, engagement of a capable social mobilization partner and sourcing of TA expertise offer opportunities to strengthen climate risk management
16. Does the project have opportunities to integrate climate resilience aspects through policy dialogue to improve agricultural sector strategies and policies?	Yes		Project offers opportunities to engage at policy level to improve agriculture sector strategies and policies.
17. Does the project have potential to integrate climate resilience measures without extensive additional costs (e.g. improved building codes, capacity-building, or including climate risk issues in policy processes)?	Yes		Adequate climate resilience measures are proposed, and will not require extensive additional costs.
18. Based on the information available would the project benefit from a more thorough accounting of GHG emission ?		No	

Annex 5/Appendix 2 Environment and Social Management Plan

1.1 Main Project Interventions

1. GLLSP-II envisages interventions in fisheries and agriculture value chains, small-scale socio-economic infrastructure at village level (water supply schemes – RO plants, water storage tanks, water bores/pumping schemes, solar power for households, sanitation schemes/ street pavements etc.), rural roads and fisheries infrastructure development (3 jetties, support infrastructure and fish landing platforms).

1.2 Likely Adverse Impacts of GLLSP-II Interventions and mitigation measures:

2. The likely adverse impacts of project interventions on environment and climate change, along with mitigation measures, can be summarized as:
 - a. Hydrology and water resources: The aquifer may be put under stress if uncontrolled water pumping is resorted to. Improper designing of water storage tanks may result in subsidence and uncontrolled seepage. Improved availability for water for drinking and irrigation may lead to wasteful practices. Following mitigation measures would be adopted:
 - Hydrological study of aquifer prior to any ground water pumping schemes with a view to sustainably manage aquifer levels
 - Proper siting and design specifications for water storage tanks and protection measures against flash-floods
 - Community education on efficient use of water and conservation and introduction of user fees
 - Agrochemicals safe handling and use together with environment friendly techniques will be encouraged through trainings
 - b. Construction Waste Materials: Project sponsored construction interventions would result in generation of considerable waste materials and residues. Proper waste disposal arrangements will be agreed with communities for community executed infrastructure while safe waste disposal measures will be made part of construction contracts with the contractors and enforced.
 - c. Construction of Jetties and Allied structures: The project implementation may involve slight adverse impacts on waste disposal and ecosystem. Adequate waste disposal will be ensured by the contractor under close supervision of the consultants and line-department. Appropriate sewerage and drainage system will be developed by the contractor during construction. Use of well-maintained vehicles and equipment will be ensured by the contractor, consultants and client. Adequate scheduling and planning will be carried out to avoid adverse impacts on fisheries, eco-system (particularly green turtles) and migratory birds.
 - d. Construction of roads: The project implementation will include disposal of excavated waste material, noise and air pollution. The contractor will ensure adequate disposal of excavated materials, use of well-maintained vehicles and equipment under close supervision by the consultants, PMU staff and line-department.
- 1.3 Land Rights: Under GLLSP 2, no land acquisition is planned. Jetties and Allied Infrastructures as well as roads will be built on land to be made available by GoB.
- 1.4 Labour Rights: Project infrastructure interventions and value chain activities will involve engagement of local and outside labour by contractors. Project will ensure that labour laws with regard to compensation, gender equality, wages, work place safety etc. are fully respected on all project sponsored schemes. Gender and Vulnerability Considerations: Although gender and vulnerability are priority considerations in project approach and interventions, however there may be possibility of undue burden on them especially in terms of provision of some labour and materials for community executed schemes. The project will ensure that women and vulnerable groups are exempted from any such contributions and paid a fair wage for their work.

2 Environmental and Social Management Plan

2.1 Subproject Screening

3. Screening for environmental and social impacts using the Rapid Assessment Checklist (Attachment A) will be introduced for all subprojects before implementation. The screening process will include: assessing impacts; examining alternatives to minimize the negative impacts; enhancing positive impacts; and compensating for adverse impacts. If the Rapid Assessment Checklist indicates that the possible negative impacts from implementation of the subproject would be minimal and that the positive impacts would certainly outweigh them, no further action with respect to environmental and social safeguards will not be required upon approval of the Checklist results by PMU. If the negative impacts are more than minimal or irreversible according to the Checklist, an Environmental Impact Assessment must be conducted and an Environmental and Social Management Plan (ESMP) developed, whose suggested methodology and structure is shown in Annex G, to mitigate the negative impacts.

Attachment A: Rapid Assessment Checklist

4. "Additional Information" field must be completed when negative impact is identified or expected. For the purpose of allowing examination from various angles, some impacts are addressed more than once through different questions.

Section A: Project Siting

Screening Questions	Answer to Questions			Additional Information <ul style="list-style-type: none">• Project/subproject stage for addressing the impact• Responsibility for addressing the impact• Budget implications• Other
	Yes	No	Not Applicable	
Of the project/subproject area covered by rapid assessment, what is/are:	The approximate size?			
	The GPS co-ordinates?			
	The main physical delimitation (e.g., river, lake, altitude, slope, rainfall)?			
	The estimated number of population (male, female, aged over 70, aged under 15)?			
	The dominant environmental feature (e.g., rainforest, dry forest, savannah, barren land, agricultural land, pasture, other)?			
	The likelihood of recurrent natural disasters (e.g., drought, flood, wild fire, strong wind)?			
	The level of capacity to absorb waste?			
	The level of economic resilience?			
Is the project/subproject area in or close to:	Densely populated areas?			
	Cultural heritage sites?			
	Protected areas?			
	Wetlands?			
	Mangroves?			

	Estuarine?				
	Buffer zones of protected area?				
	Special areas for protecting biodiversity?				
	Other				
Will the project/subproject require support facilities?					
When is the rapid assessment conducted?					

Section B: Environmental Impacts

	Screening Questions	Answer to Questions			Additional Information
		Yes	No	Not Applicable	
Will the project/subproject cause:	Ecological disturbances or loss of ecological functions due to infrastructure construction?				
	Environmental degradation from any of interventions?				
	Environmental degradation from construction activities and equipment?				
	Accidental release of hazardous chemicals?				
	Increase in generation of solid waste?				
	Occupational health hazards due to exposure to dust, hazardous material, noise, etc.				
	Public health risks from solid, liquid, gaseous waste discharges?				
	Changes in water flows?				
	Eventual degradation of surface water bodies?				
	Eventual degradation of groundwater bodies?				
	Soil contamination?				
	Soil erosion?				
	Siltation?				
	Decrease in soil fertility?				
	Air pollution?				

Section C: Social Impacts

Screening Questions		Answer to Questions			Additional Information
		Yes	No	Not Applicable	
Does the project/ subproject:	Operate where property rights on resources (e.g., land tenure) are legally recognized?				
	Cause changes to land tenure, land use, access to or use of resources?				
	Require land acquisition? - How will the cost be shared between the project and the landowner?				
	Obtain private land with community funding and through willing-buyer-willing-seller arrangement?				
	Involve dislocation or involuntary resettlement of inhabitants?				
	Cause modification in technology and land uses, which affect current socioeconomic activities?				
	Increase unemployment?				
	Cause influx of laborers from other areas?				
	Create a possibility of uncontrolled in-migration of people and overloading of infrastructure from improved transportation system?				
	Have disproportionate impacts on the vulnerable groups (e.g., the poor, women, children, indigenous peoples, disabled)?				
	Involve or be complicit in alteration, damage or removal of cultural heritage?				

Section D: Other Considerations

Screening Questions		Answer to Questions			Additional Information
		Yes	No	Not Applicable	
					<ul style="list-style-type: none"> • Project stage for addressing the impact • Responsibility for addressing the impact • Budget implications • Other

Does the national regulation in country/countries affected by the project/subproject require EIA or ESIA for the activities under the project?				
Does local capacity exist for fulfilment of EIA and ESIA requirements in country/countries affected by the project?				
Does the project address issues that have also been addressed by other projects or approaches?				
Does the project/subproject generate cumulative or long-term impacts?				
Is it possible to isolate the impacts from the project/subproject for monitoring?				

5. Attachment B: Suggested Methodology and Structure of Environmental and Social Management Plans

An Environmental and Social Management Plan (ESMP) will be prepared for each subproject where initial screening demands preparation of such a plan.

Suggested Structure

A suggested structure of ESMF is as follows:

1. Executive Summary

A summary of the contents and key findings written in a way that is easily understood by the general public. It should be concise, about 3 to 5 pages.

2. Background

Subproject specific background information will be included in this section.

3. Subproject Overview

This section will provide an overview of the subproject and its relation to the project to which the subproject belongs.

4. Objectives

The section will list the objectives of the Environmental and Social Management Plan specific to the subproject, based on its detailed information provided by the appropriate Project Managementpopulation Unit. The project and subproject details should include their precise nature and scope, site location, activities to be undertaken, and timing and scheduling.

5. Scope of Work

This section should list and describe all national, provincial legislations and regulations as well as World Bank policies that give rise to the Environmental and Social Management Plan. The scope should take into account the nature and the magnitude of the potential impacts in addition to the project location and size.

6. Screening of Environmental and Social Impacts

This section will contain the assessment results of anticipated impacts of the project activities on the environment and the people, including the list of key concerns and potential impacts of the subproject on the environment and the people. The assessment will be the base for deciding whether any auxiliary plan would be required:

Baseline information

This section will describe proposed sites and their immediate surroundings with texts, maps, photographs as well as key environmental and social aspects of the sites and surroundings, such as demography, ethnicity, socio economic activities, occupation and livelihoods, land form and land use, land ownership, water resources, settlements, critical habitat or protected areas, formal and informal groups, methods of communication and transport, cultural heritage sites or graveyards, sensitive receptor such as schools, hospitals and access routes. The section will also include baseline data necessary to monitor all key environmental and social impacts identified through screening.

7. Environmental and Social Impacts

This section will outline both positive and negative impacts, including cumulative ones, of the subproject by each type of intervention, assess the severity of these impacts and the range of measures required to avoid (mitigate, in case avoiding is not possible) the negative impacts and enhance positive ones.

8. Stakeholder Consultations and Information Disclosure

This section will describe the objective, process, and outcome of the stakeholder consultations---with community members, relevant local and provincial officials, and NGOs with experience in the area---that are carried out during the ESMP preparation. The emphasis will be on the concerns and suggestions regarding the subproject and its potential impacts.

This section will also list all project and subproject information shared with the stakeholders during the preparation of the plan and arrangements for disclosing subproject information.

Mitigation and Monitoring Plan

The section will describe all impacts (including cumulative ones), mitigation measures for each impact, indicators for each impact, the parties responsible for implementing each mitigation measure, and the parties responsible for monitoring each indicator. A single indicator may be monitored in different ways by multiple stakeholders to allow maximum participation of various stakeholders, and subsequently enhanced ownership and implementation of the project.

9. Capacity Assessment and Training

This section will detail capacity assessment among the relevant officials and other stakeholders on implementing environmental and social management plan. It will also include a plan to enhance the capacity of the stakeholders while implementing the subproject and the ESMP.

10. Cost Estimates and Sources of Funds

The section will indicate cost estimates and sources of funds for institution development activities, training programs for implementation teams and local institutions, technical assistance to authorities, costs for preparation of ESMP and other safeguard documents, and their implementation.

2. Impact Assessment and Mitigation Measures

2.1 Potential Impacts and Mitigation Measures

2.1.1 Soils

Soil Erosion: Soil get eroded due to climate extreme events, floods and droughts, and intense precipitation. In addition, steep slopes are subject to soil erosion, which becomes more likely if an irrigation system allows water to escape from the watercourses. System designs which do not take the contours of the slope into account are conducive of such outcomes. Unlined watercourses could also cause soil erosion and siltation downstream if not compacted properly.

Construction of ponds and water storage tanks is envisaged to support high efficiency irrigation systems; their improper construction or siting may cause soil erosion or subsidence. Soil erosion will be caused if the increased availability in water prompts the farmers to clear the forests and convert them into farmlands. Soil compaction and other damages to soil structure may occur from use of heavy machinery for pond embankments and laser land levelling.

Soil Characteristics: The residual-colluvial soil found on the mountain slopes of Balochistan is unsuited for agriculture, because of its lack of depth and insufficient organic content. The effects of irrigation on soil organic matter are unclear. Irrigation may also raise soil pH and make the loess plains more alkaline than it is at present.

Soil fertility may be lost, depending on the agricultural practices which the project recommends; excessive use of agrochemicals, tilling, and inadequate crop rotation would result in decrease in soil organic matter, reduction in aggregate stability, damage to soil structure, and reduction in mineralization.

Increased application of irrigation water may result in exacerbated waterlogging and salinization, especially under climate change which makes flooding more likely. Agriculture in the alluvial plains is the major economic power horse of the province, but such soil is prone to waterlogging.

Soil Pollution: If various waste generated and hazardous material, including fuel, used by the watercourse rehabilitation crew is not treated properly, it will result in soil contamination. Vehicles and equipment that are not properly maintained will leak fuel and other toxic substances. Excess use of agrochemicals will also lead to soil pollution and destruction of soil fertility.

Soil Displacement: If excavation of soil becomes necessary for watercourse rehabilitation, the excavated material---if inappropriately disposed--could block drainage and interfere with agricultural activities, traffic and wildlife.

Mitigation Measures

- Irrigation systems must use design (location, dimension, material, layout, consideration of contours of the slopes, etc.) to adapt to climate change and enforce flood and drainage control functions.

- Earthen watercourses must be well compacted in a timely manner to avoid soil erosion and resultant siltation. Vegetation from such watercourses should also be removed as little as possible.
- Conversion of forests into farmlands must be avoided. If forest clearing is inevitable, compensatory plantation needs to be carried out in appropriate watershed areas; at least three times the number of trees cut must be planted.
- Ponds and water storage tanks should be designed and located so as to avoid soil erosion and subsidence.
- Agricultural practices to be promoted should enhance soil fertility, which means climate resilience and sustainability. Examples include: terrace farming on steep terrains; integrated pest management; intercropping; and mulching.
- Soil testing must be conducted before selection of subproject sites to avoid exacerbation of waterlogging and salinity.
- Waste and hazardous material from watercourse rehabilitation, including fuel, must be handled, stored and treated so as not to cause environmental pollution.
- Movements and use of vehicles and heavy equipment should be minimized.
- Vehicles and equipment must be properly maintained.
- Excavated material needs to be disposed of in pre-identified locations so as not to block waterways, drains, watercourses, and local traffic routes or interfere with agricultural activities, including pastoralism, and wildlife.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.2 Hydrology and Water Resources

Water Availability at Canals: The project activities partly rely on the performance of the existing dams or dams under construction. The project will rehabilitate the existing watercourses, and if the effectiveness of the rehabilitation depends on the adequate storage and operation of the existing dams, the safeguard policies would be triggered. At the time of writing, the relevant details to determine the applicability of the policy are unavailable. Climate change has already increased the number and intensity of extreme events, affecting how and when rains arrive. Irrigation systems must be equipped with flood control and drainage functions if they are to function properly in the near future.

Water Availability On Farm: With the rehabilitation of the watercourses, less water will escape from the irrigation system and more canal water will be available to the farmer for irrigation at the on-farm level.

Farmers will have greater control over the amount of water that crops receive, but whether less canal water will be demanded overall is unclear, since seepage may have contributed to soil moisture to the benefit of some crops. Installation of ponds and water storage tanks may create seepage if construction, design and siting are inadequate. They will tap stream water and reduce downstream flows.

Water demanded by the rehabilitation workers for drinking and civil work as well as water cut-off during rehabilitation are likely to negatively affect the availability of irrigation water and general water availability in downstream ecosystems and communities. Improved water availability may prompt less efficient water use, increase in cultivation of crops, in particular, high water consumption crops, such as sugarcane and rice. This is also likely to lead to reduced water availability downstream.

Agricultural practices promoted by the project reduce evapotranspiration on farm and improves soil moisture retention, the water passed on by upstream users to downstream users will increase. Increase in agricultural land by clearing forests will decrease water availability, and so would cultivation of fallow lands at a shorter than optimal interval.

Groundwater: The sources of groundwater recharge are: seepage from the irrigation systems, including ponds and tanks; application of irrigation water; rainfall; and supply to and demand from other waterbodies connected to the aquifer. While it is clear that the seepage or water absorption pattern will be altered by climate change, watercourse rehabilitation, different irrigation and agricultural practices, it is not clear whether there will be more or less recharge. Climate change implies less recharge overall, watercourse rehabilitation points to less upstream and more downstream, and irrigation and agricultural practices can influence recharge in both ways. It also depends on the degree of waterlogging.

Climate change is likely to decrease the surface water supply in the short run and long run, with very little possibility of recovery, if any. It is well possible that the farmers adopt less efficient ways of water use or crops with higher water requirements upon rehabilitation of watercourses. If so, they may turn to groundwater, whose aquifers have been recharged more slowly due to climate change, and quickly deplete it when the climate change reduces the amount of canal water available. Such scenario is more likely in the south, where water shortage is more chronic.

Water Pollution: If various waste generated and hazardous material, including fuel, used by the watercourse rehabilitation crew is not treated properly, it will result in water pollution. Vehicles and equipment that are not properly maintained will leak fuel and other toxic substances. Excess use of agrochemicals will also lead to water pollution.

Mitigation Measures

- Irrigation systems must use design (location, dimension, material, layout, consideration of contours of the slopes, etc.) to adapt to climate change and enforce flood, drought and drainage control functions.
- Hydrology, including both surface water and groundwater, should be studied before project design and monitored. Groundwater studies carried out by various organizations in the country should be consulted.
- Groundwater exploitation should be discouraged through ensuring surface water availability in order to avoid groundwater depletion.
- Awareness must be raised among the stakeholders on hydrological cycle, including roles of forests and effects of fallow period as well as climate change, especially in the south.

- Forest clearing must be avoided; if not, the beneficiaries of the activity that caused the felling of trees must plant appropriate indigenous tree species to recover the ecosystem functions lost as much as possible.
- Waste and hazardous material from watercourse rehabilitation must be treated so as not to cause environmental pollution.
- All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals.
- All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards, residential areas, schools and religious sites.
- Use of hazardous chemical substances should be avoided as much as possible by adopting integrated pest management, nature-based solutions, renewable energy, etc.
- Awareness of farmers and consumers needs to be raised on the existing contamination of water by fecal matter and highly poisonous pesticides.
- Irrigation and agricultural practices that reduce evapotranspiration of crops, including choice of crops, will be promoted.
- A water management plan that includes water for local residents, rehabilitation work, workers and local ecosystem will be established by the community, rehabilitation work contractors and the Project Management Unit with advice from the environmental specialist for the project.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.3 Air and Noise

If machinery and vehicles for watercourse rehabilitation and water saving technologies are not properly installed, maintained or used, they could leak gasoline and other hazardous substances in addition to creating more than minimal dust and vibration.

Extensive or inappropriate transportation, storage and use of agrochemicals, gasoline and other hazardous chemicals will cause air pollution; many toxic substances are volatile and can become airborne.

Mitigation Measures

- Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel.
- The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear---masks, safety googles, earmuffs, hazmat suits, etc.---and trained on proper use of the gear.
- All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals.
- All machinery and vehicles must be operated with designated fuel.
- Sustainably harvested renewable energy must be used as much as possible.
- All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards, residential areas, schools and religious sites.
- Use of hazardous chemical substances should be avoided as much as possible by adopting integrated pest management, nature-based solutions, renewable energy, etc.
- Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control.
- Rehabilitation work and other activities that involve operation of machinery and equipment must be conducted away from residential areas, schools, religious sites and habitats of vulnerable wildlife, if they cause noise, vibration or dust that interfere seriously with life and livelihoods of the community members.
- Rehabilitation work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their noise, vibration or dust interfere seriously with life and livelihoods of the community members or wildlife.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.4 Climate

The project may affect local climate through rise in evapotranspiration losses, in particular, rainfall in downwind areas. If improvement in water availability encourages switch to rice from other crops could increase emission of greenhouse gases: methane and nitrous oxide. Increase in agricultural production may entail more burning of agricultural waste in the fields. Use of fossil fuels and synthetic nitrogen fertilizers as well as clearing of forests or decrease in well-maintained rangelands will result in emission of greenhouse gases and exacerbation of climate change. Vehicles and machinery, ill maintained or operated with inappropriate fuel, will emit more greenhouse gases.

Mitigation Measures

- Irrigation systems must use design (location, dimension, material, layout, consideration of contours of the slopes, etc.) to adapt to climate change and enforce flood and drainage control functions.
- Machinery, equipment and vehicles must be well maintained and powered by designated fuel.
- Sustainably harvested renewable energy and organic fertilizer must be used as much as possible.
- Practices that benefit the material cycle of agroecosystems, instead of burning in open air, should be promoted for disposal of agricultural waste.
- A water regime for rice cultivation that produces the least greenhouse gases should be considered.
- Agroforestry should be adopted for controlling local water cycle and microclimate.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.5 Waste

Civil works themselves and camps for the laborers hired for civil works will generate liquid and solid wastes, and their inadequate disposal would contaminate air, water and soil. Agricultural practices that involve chemicals may result in chemical waste, which leads to pollution. People, flora, including crops, and fauna will be negatively affected by such pollution.

Installation of on-farm irrigation system for water saving will also generate wastes: odd ends of equipment parts (plastic tubing, pieces of metal pipes, and pipe fittings); and leftover material from mounting (cement, sand and bricks).

Mitigation Measures

- Integrated pest management plan should be adhered to.
- Agricultural practice that do not involve hazardous chemicals must be promoted.
- Waste management plan that covers waste generated by the community members and the workers at the camp as well as leftover from equipment installation will be established by the community, rehabilitation work contractors and the Project Management Unit with advice from the environmental specialist for the project.
- Awareness raising and training on hazardous substances should be conducted for stakeholders.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.6 Vehicle Traffic

Movement of vehicles and machinery at and around the rehabilitation sites could negatively affect traffic, pedestrians and wild animals by making their established routes hazardous. It could also adversely affect the air and noise quality as well as soil, hydrology and climate, especially if not maintained well or operated improperly.

Mitigation Measures

- Mitigation measures for soils, hydrology and water, air, noise, climate must be adopted.
- All machinery and vehicles in use must be well maintained and in good working condition.
- All machinery and vehicles must be operated with designated fuel.
- Designated routes for vehicles and equipment---which do not involve forest clearing, rangelands reduction, or disturbance to wild animal movements---will be established by the community,

rehabilitation work contractors and the Project Management Unit with advice from the environmental specialist for the project.

- Appropriate sign boards will be placed along the routes.
- Rehabilitation work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

2.1.7 Ecosystems and Biodiversity

Changes in soils, hydrology and water resources described above---by rehabilitation of watercourses, and adoption of water saving technologies and agricultural practices---would affect ecosystems and biodiversity, including migratory birds. So would the negative effects on air quality, noise and vibration, and climate.

More direct effects on ecosystems and biodiversity are likely to be caused by expansion of agricultural lands through conversion of forests and rangelands and disposal of excavated material.

Wetlands are found in the mountains as well as in the plains and serve as important habitats for birds, including migratory birds, and fish. Drainage of wetlands will not only put in danger these animals, but also the water regulating function that wetlands provide, preventing floods and ensuring sufficient water in the wells during the dry season: an ecosystem service whose importance can only increase under climate change.

Protected areas do not need to be no-go zones for human beings. Considering the population pressure, it should be used to support human needs and it can be through sustainable agroforestry, etc.

Agrobiodiversity is a subset of biodiversity; the richer it is, the better off humans are. However, agrobiodiversity has been in decline since the introduction and adoption of conventional modern agriculture. Promotion of horticulture with emphasis on mainstream cash-crops may exacerbate the situation, while adoption of indigenous crops will boost resilience of agroecosystems.

Mitigation Measures

- Rehabilitation work will be carried out so as not to disturb migratory birds.
- Mitigation measures for soils, hydrology and water resources, air, noise, climate, waste and vehicle traffic must be adopted.
- Conversion of forests, meadows and rangelands must be avoided; if a forest needs to be sacrificed, the beneficiaries of the activity that caused the felling of trees must plant appropriate indigenous tree species to recover the ecosystem functions lost as much as possible.
- Wetlands should not be drained or converted into agricultural lands, and its water regulation functions should be enhanced through agroforestry in watershed areas, etc.
- Human activities should be allowed in protected areas, but only in ways that enhance flora and fauna diversity.
- Excavated material needs to be disposed of in pre-identified locations so as not to block waterways, drains, watercourses, and local traffic routes or interfere with agricultural activities, including pastoralism, and wildlife.
- Crop diversification should not focus only on proven cash crops, but also include indigenous crops, which will enhance climate resilience of the agroecosystems.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.8 Land Tenancy

Land is a fundamental input required for crop agriculture, livestock raising and other types of livelihoods. Not only livelihoods, but entire lifestyle, are the results of adaption to the ecosystem and landscape of particular land, and it is usually impossible to find a comparable environment elsewhere; land acquisition should be avoided as much as possible.

Mitigation Measures

- Project activities should be planned according to a participatory approach, involving tenants in addition to landowners. If land must be acquired by the project, it should be an outcome of Free, Prior and Informed Consent by the local population, including tenants, either indigenous or non-indigenous.

- A Resettlement Policy Framework for the project should be strictly followed to ensure there is no involuntary land acquisition or loss of livelihood, especially for tenants. Tenants should not be evicted against their will as a result of a landowner's donation or sale of land to the project.
- Resettlement Plan Framework and Indigenous Peoples Plan Framework must be followed if the plans are deemed necessary, according to the criteria put forth in the frameworks.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.9 Poverty and Labor Force

No activity should widen the wealth gaps, and as the high poverty rates are recorded in almost all districts of the province and high unemployment rates have become the norm for the youth, greater attention must be paid to them. The project needs to make livelihoods in the rural areas, based on crop agriculture and livestock, attractive to the youth, and the vulnerable groups besides the youth---women, elderly, handicapped and the poorest of the poor---will need specific programs or activities tailored to each group. We also need to know: how natural resources are used by various stakeholders; how value chains function; and who are the actors in the chains

Increased availability of irrigation water could encourage farmers to grow more of water-intensive crops, such as sugarcane. Considering the water scarcity that climate change would incur, such crop choices are unsustainable and must be discouraged. Cash crops to be introduced may also call for application of synthetic agrochemicals, which is an unsustainable practice, as weeds and pests develop resistance. More generally, use of synthetic chemicals, including fertilizers, are ultimately harmful to the ecosystems and human beings. For sustainability, we need solutions that bring benefits to people as well as to ecosystems and their biodiversity, which will reinforce resilience of the ecosystems and agro-systems built on them.

Thorough market analysis should be conducted so as not to "grow and sell" (cultivating crops without understanding how the agriculture products are sold in the market), but to "grow to sell" (providing products based on the market demand). Cultivation of high-value cash crops does not necessarily mean higher income for farmers if they lack good understanding of markets and negotiation skills.

Promotion of cash crops may also come at the expense of rangelands and forests, leading to conflicts and impoverishment of the region as a whole. Non-timber forest products must be considered together with crops for commercialization of high-value commodities.

Agrobiodiversity is only increasing in importance under climate change, which is accompanied by unpredictable and extreme weather. Local varieties are more resistant to extreme weathers and local diseases compared to non-local varieties even under climate change; they must be protected for its suitability to and role in the local ecosystems as well as for diversity.

Without a full analysis of rural financial sector, including examination of all possible instruments for investment, and strong socioeconomic justification, matching grants may exacerbate external aid dependency and hinder development of local finance sector. If the recipient selection is not planned and implemented properly, it may increase the poverty gap.

Effectiveness of activities to increase value addition and crop diversification will depend on how much access farmers and other value-chain actors have to market information and how well they can make use of it. The consultations with the officials and farmers did not reveal that there is sufficient entrepreneurial skills or clear roadmap to strengthen such skills.

If economic prospects in the rural areas become good enough, urbanization of the rural areas could be mitigated by reducing loss of agricultural lands and rangelands to residential and commercial structures. Expansion of urban areas could also be attenuated by retaining young people who would otherwise go to the cities. Migrant workers could also be enticed to come back to the province from abroad bringing with them valuable skills obtained. Remittance may decrease, but human capital of the province will be elevated and could lead to further socioeconomic prosperity.

Mitigation Measures

- Livelihood opportunities should be created for the youth, especially those that make rural living a viable and attractive one.
- Programmes or activities that specifically target the vulnerable groups should be planned and implemented.
- Activities must be planned according to the principles of integrated natural resources management as well as climate change adaptation and mitigation.
- Farmers must be trained on climate change (including its mitigation and adaptation to it), ecosystem-based agriculture, and nature based solutions (including Integrated pest management).
- A comprehensive livelihood and value-chain analysis, dealing with both environmental and socioeconomic aspects, must be conducted with the participation of the community prior to and during activity formulation.
- Farmers must be trained on functionality of markets and negotiation skills, for example based on SHEP (Smallholder Horticulture Empowerment and Promotion) approach. If illiteracy is prevalent, reading and basic arithmetic must be taught.
- All people whose properties and livelihoods would be negatively affected must be properly compensated; a grievance redress mechanism should be established with the participation of the locals.
- Non-timber forest products should be exploited for income generation and as incentives to maintain forests.
- A full analysis of rural financial sector, including examination of all possible instruments for investment, should be conducted. The financing mechanism with the strongest socioeconomic justification should be adopted.
- Recipient selection for financial aid should be planned and implemented so as to diminish the poverty gap.
- Entrepreneurial skills of farmers and other actors in the relevant value chains must be strengthened so that the increase in production is effectively sold in the market to generate income for the farmers.
- The provincial government should support the re-integration of migrant workers upon return to make use of their knowledge and skills gained abroad.
- Resettlement Plan Framework and Indigenous Peoples Plan Framework must be followed if the plans are deemed necessary, according to the criteria put forth in the frameworks.

- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

7.1.10 Social Protection

While social protection measures exist in the province in the form of social insurance and social assistance, the great majority of the population, especially in the rural areas, have no access to the programs.

Hiring of local and external workers, contractors and service providers for the project activities---construction/rehabilitation of irrigation schemes, operation and maintenance of facilities for reduction of harvest loss, and so on---must be done so as to minimize the wealth gaps. Without clear criteria and communication, local people might perceive it as unjust and detrimental to their immediate interest. If the locals feel socially and economically unprotected, it may lead to conflicts and disruptions, including violence.

Contractors, sub-contractors, and other personnel engaged for the civil work will be relieved of their duties upon completion of the project activity. They must be prepared for loss of income from the project.

Mitigation Measures

- Formulation of any project activity should be based on the use of the Gender and Social Protection Checklist (Annex Y) and Free, Prior and Informed Consent of all vulnerable groups.
- Hiring must be conducted in consultation with the local population in a transparent and accountable manner.
- Hiring conditions must be in compliance with pertinent labor legislation and ratified international conventions.
- Workers, contractors and service providers must be well informed of the duration of the work and the finite nature of their contracts under the project.
- Whenever local people/organizations can carry out project activities they should be given preference over external people/organization.
- External organizations should be hired only after the local communities acknowledge that they have inadequate capabilities.
- Work opportunities must benefit the people directly affected by the project; local authorities must be adequately involved to better manage the influx of external workforce.
- Local training programs on project activities must be first provided to the affected locals.
- A grievance redress mechanism should be established to resolve disputes or conflicts related to employment and service provision with the consultation of the local population.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE

and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.11 Culture and Language

The project details are still to be determined, and *a priori* the activities planned under the project would not have direct adverse impacts on the sites of cultural, religious or historic importance, such as family and community cemeteries and other sacred places.

If it is found during any stage of project development that the project could harm graves, cemeteries, cultural sites of any kind, including ancient heritage, relics or anything that might be or believed to be of archeological or historical importance, such findings should be immediately reported to the Project Management Units and measures must be taken to protect the resources.

Mitigation measures

- To identify and protect sites of cultural and religious significance, stakeholder consultation should be conducted especially with the Directorate of Archeology and Museums and the Department of Auqaf, Hajj, and Religious and Minority Affairs.
- Relevant legislations, conventions and World Bank Operational Policies and guidelines (see Section 2.6) must be respected, in particular: Antiquity Act 1975; Khyber Pakhtunkhwa Antiquities Act 2016; National Culture Policy 2018; Culture Policy Khyber Pakhtunkhwa 2018; OP 4.10 on Indigenous Peoples; OP 4.11 on Cultural Property; World Bank Policy on Access to Information; International Covenant on Economic, Social and Cultural Rights, International Covenant on Civil and Political Rights; Convention on the Rights of the Child; International Labour Organization Convention No. 107; United Nations Declaration on the Rights of Indigenous Peoples; Convention on the Elimination of all Forms of Discrimination against Women; and Convention for Safeguarding the Intangible Cultural Heritage.

1.1.12 Religion and Belief System

The project does not include activities that deal directly with religion and belief systems. The influx of laborers and outsiders may pose real and perceived threats, such as violation of the communities' sociocultural rules and forced conversion to another religion. The proposed changes in crop agriculture may well affect their livelihood which is intertwined with their culture, religions and belief system.

Mitigation measures

- Before the start of any intervention, the religions and belief systems of the locals must be studied in depth so that they can be accommodated in activity formulation.
- Free, Prior, Informed Consent (FPIC) for project activities must be obtained.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework

Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.13 Women and Other Vulnerable Groups

The vulnerable population is usually insufficiently considered in many interventions; the wealth and social gaps are widened as a result. Women and other vulnerable people lag behind men in literacy, education and access to other resources and opportunities. Since vulnerable people tend to be overburdened just to make a living, any additional work under the project should be balanced by reduction in their other responsibilities.

Mitigation Measures

- Formulation of any project activity should be based on the use of the Gender and Social Protection Checklist (Annex Z) and Free, Prior and Informed Consent of all vulnerable groups.
- High infant and maternal mortality rates and violence against women need to be taken into account when formulating subprojects.
- A sociologist or an anthropologist must be engaged to identify vulnerable groups in target districts and their role and contribution in local livelihoods.
- Project activities must ensure that gaps in access to resources and opportunities, capacities and wealth between the vulnerable groups and the rest of the community are reduced through project implementation; the low literacy rate among women, in particular, needs to be addressed.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.14 Health

The project may impact public health of surrounding communities and workers through air, water and soil pollution, noise or direct contact with hazardous material. The operation of supply facilities of fuel and other chemicals may release hazardous or flammable material due to accidental damages to storage containers and delivery structures. Work induced incidents—landslides and collapse of tall structures such as cranes—could lead to damages.

Safety issues may arise if community's access to work sites is not controlled; people may be injured by rehabilitation related machinery or may fall in open trenches (roads, water supply and other works).

Placement of workers' camps next to communities' living areas may also result in noise, inconvenience and conflict. The workers from outside the community may bring diseases. Influx of people and machinery could create a large concentration of people in a confined area and can result in a high number of casualties if there is an emergency of any sort (fire, earthquake, etc.)

Changes in the crops to cultivate should not lead to decrease in food or nutritional insecurity, which may happen if farmers decide to concentrate on high-value cash crops and use the cash earned to purchase food. Farmers may opt for foodstuff of lower nutritional value, but associated with higher social status. Purchasing produce from far flung places is never equivalent to consuming locally produced goods in terms of nutritional values and sustainability. Increase in pesticides will also have negative effects on the farmers as producers and consumers.

The number of medical facilities remains inadequate in the rural areas, and traditional use of medicinal plants can fill the unmet needs to a certain extent. The project activities should not increase the already high infant and maternal mortality rates and violence against women.

Health concerns should not limit itself to physical aspects and include mental health, which hinges on cultural aspects of crop agriculture and livestock management in addition to culture itself and religions and belief systems. Free, Prior and Informed Consent (FPIC) is not only important in terms of self-determination and ownership of the project activities, but also for minimizing the negative mental and psychological impacts of the project.

Mitigation Measures

- The local people must be informed of the danger of the activity and safety measures available to them.
- Worker's camps must be located at an adequate distance from local residential areas.
- Proper signage, adequate and safe pedestrian walkways and alternate routes for use by the public must be provided.
- Appropriate speed limits for motored vehicles must be set.
- Fire Safety Plan and Emergency Evacuation Plan (which include identification of fire/emergency exits, placement of fire extinguishers, first aid kits, evacuation plans) must be established.
- Workers, including drivers, must be trained on work safety, machinery operation and public health before the commencement of work.
- Workers must be provided with personal protection equipment, such as helmets, gloves, dust masks, boots and earmuffs.
- Adequate water-supply and sanitation facilities must be provided to the workers.
- In case of traffic diversions, proper sign boards should be provided sufficiently ahead of the work site.
- Workers and local people must be trained on transmissible diseases and reproduction.
- Farmers need to be sensitized on food and nutritional security and importance of good health for income generation.
- High infant and maternal mortality rates and violence against women need to be taken into account when formulating subprojects.
- Traditional use of medicinal plant should be encouraged by facilitating their collection and cultivation.

- Culture, religion and belief systems must be well researched and taken into account in project formulation.
- Free, Prior, Informed Consent (FPIC) for project activities must be obtained.
- Indigenous Peoples Plan Framework and Integrated Pest Management Plan Framework must be followed if the plans are deemed necessary, according to the criteria put forth in the frameworks.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.15 Water Supply and Sanitation

Modifications in hydrology brought about by works on water resources systems may dry up the springs and wells used for drinking water. If disturbances are caused to watersheds, it may well lead to decrease in water supply. To avoid such outcomes, it is indispensable that a comprehensive study on the relevant river basin and impacts of climate change is conducted so that project activities are formulated based on its findings.

Increase in resource competition, especially drinking water, is inevitable when workers from outside communities are engaged in the project. Improper design of temporary toilets, sewage treatment and disposal systems could lead to surface, sub-surface and groundwater contamination.

The rehabilitation work itself requires resources from the project area or located near water sources of the communities—preparation of sand, cement mortar, curing of walls before and after plastering require a large amount of water that would reduce the availability of water in the intervention area. The work may also result in contamination from civil-work waste.

Mitigation Measures

- A comprehensive study on the relevant river basin, watersheds and impacts of climate change is conducted so that project activities are formulated based on its findings.
- Plan on water use and disposal must be established and submitted to the Project Management Units as well as Irrigation, On-Farm Water Management, Agriculture, Forestry, Environment and Wildlife Departments/Directorate.
- The Project Management Units and Departments should examine the effects of planned water use and disposal on the hydrology, ecosystems and community and suggest ways to minimize water withdrawal and pollution to the level that would not compromise water supply and sanitation of the local communities.
- Free, Prior and Informed Consent must be obtained from the local communities.

- Water meters should be installed at project sites to monitor water consumption and reported regularly to the Project Management Units.
- Construction staff must be trained on water conservation practices to avoid excessive loss and pollution.
- Water required for construction should be obtained in a way so that water availability and supply to the local communities remain unaffected;
- Latrines for the workers must be constructed at least 50 meters away from hand pumps, tube wells and other water sources.
- Latrine design should include sustainable waste disposal mechanism: composting toilets with sawdust or dry toilets with ash or lime mixed dry with soil.
- Rel Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.16 Crop Agriculture as Livelihood

If the farmers interpret the improved availability of irrigation water as a new permanent condition and plant crops with high water requirements, it would most likely lead to a direr situation in a few years than without the irrigation system improvements, because of climate change and population increase. Such outcomes are more likely in districts where rainfall is scarcer and groundwater is more important. If such outcomes culminate in construction of a new mega dam, the demand-driven cycle to augment supply will recommence with larger negative consequences for the livelihood and the environment.

Promotion of crops and agricultural methods must take into account salinization (which affects about one-third of cultivatable lands) and climate change, which brings extreme weather events and exacerbates waterlogging. We also need to realize the potential capacity of irrigation systems to act as flood and drainage control systems; climate resilient agricultural methods are ineffective if the fields are washed away or flooded, and the flood water needs to be harnessed in view of reduced water availability under climate change.

Climate change has already introduced new pests and increased the number of familiar pests, prompting the farmers to use more pesticides. Without integrated pest management, which should include appropriate agricultural practices, the negative impacts of agrichemicals on the environment, human health and livelihoods are likely to intensify.

Mitigation Measures

- Awareness of farmers must be raised on climate change, hydrology---connection between rain, snow, surface water and groundwater---and water availability in the long run.
- Awareness of farmers must be raised on synthetic agrochemicals, the environment, human health and livelihoods.

- Irrigation system must incorporate flood and drainage control functions.
- Floodwater needs to be harnessed to compensate for overall water shortage.
- Climate resilient water resources management and climate resilient agriculture must be promoted, including integrated pest management and taking into account the agricultural problems that already exist, such as salinization and waterlogging.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.17 Livestock Management as Livelihood

Promotion of crop agriculture and increased use of synthetic agrochemicals will have negative effects on the livestock and rangelands, which are already under pressure from population increase, climate change and urbanization.

Many, if not all, of the negative impacts of agriculture can be eliminated by implementing an integrated management approach to agriculture, combining crop cultivation and livestock raising, so that circular flow of resources is realized and necessity to external inputs, especially of synthetic kind, is greatly reduced.

Mitigation Measures

- Good quality rangelands must be maintained and expanded.
- Integrated management of crops and livestock must be sought.
- Awareness of farmers must be raised on synthetic agrochemicals, the environment, human health, animal health and livelihoods.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International

Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.18 Forestry as Livelihood

If the promotion of agricultural practices by the project condones opening up forests to increase agricultural lands and increased use of synthetic agrochemicals, the project will in the long run inflict negative ecological impacts on the communities. Increase in the number of outsiders for business in the target districts may allow illegal loggers to operate more easily.

Mitigation Measures

- An energy plan must be established and submitted to the Project Management Units as well as Forestry, Environment and Wildlife Department for approval from ecological points of view.
- Importance of forests in terms of ecology and climate change must be well understood by farmers.
- Farmers' capacity to organize must be strengthened so that illegal loggers, especially from outside the communities, are discouraged to enter the forests.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.1.19 Other Livelihoods

If the project attracts workers who migrated out of the rural areas back to agriculture, they may contribute to increase in marketing and value chain information. If the influx is such that population growth is considerably more than the natural increase, the government will need to provide public infrastructure to accommodate them. The increase in population should not come at the expense of forests and rangelands which are already suffering from decrease.

Mitigation Measures

- The Khyber Pakhtunkhwa government should devise a policy so that existing farmers would socially and physically integrate the returning residents.
- New agricultural lands or residences should not be allowed in the forests or rangelands.
- Resettlement Plan Framework and Indigenous Peoples Plan Framework must be followed if the plans are deemed necessary, according to the criteria put forth in the frameworks.
- Relevant legislations, conventions and IFAD guidelines must be respected, in particular: Pakistan Environmental Protection Act 1997; Pakistan Environmental Protection Agency

Review of IEE and EIA Regulations 2000; Balochistan Environment Protection Act 2012; National Climate Change Policy 2012; Climate Change Act 2017; Forest Act 1927; Nagoya Convention on Biological Diversity; Convention on Wetlands of International Importance; United Nations Framework Convention on Climate Change, Kyoto Protocol and Paris Agreement; United Nations Convention to Combat Desertification; Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal; Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides; Stockholm Convention on Persistent Organic Pollutants; Montreal Protocol on Substances that Deplete the Ozone Layer; International Convention for the Safety of Life at Sea, International Convention for the Prevention of Pollution from Ships, and International Maritime Dangerous Goods Code.

1.2 Cumulative Impacts

Even when the negative environmental or social impacts of individual subprojects may be insignificant, cumulative impacts of a cluster of small subprojects may be quite significant. Many impacts also depend not only on the details of activity implementation, including duration and frequency, but also on post-project measures, such as changes that the beneficiaries would apply to the interventions. Cumulative impacts will be examined together with the impacts of subprojects.

3 Environmental and Social Management Plan

2.2 Subproject Screening

Screening for environmental and social impacts using the Rapid Assessment Checklist (Annex F) is required for all subprojects before implementation. The screening process will include: assessing impacts; examining alternatives to minimize the negative impacts; enhancing positive impacts; and compensating for adverse impacts.

If the Rapid Assessment Checklist indicates that the possible negative impacts from implementation of the subproject would be minimal and that the positive impacts would certainly outweigh them, no further action with respect to environmental and social safeguards will not be required upon approval of the Checklist results by IFAD.

If the negative impacts are more than minimal or irreversible according to the Checklist, an Environmental Impact Assessment must be conducted and an Environmental and Social Management Plan (ESMP), whose suggested methodology and structure is shown in Annex G, established to mitigate the negative impacts.

Annex F: Rapid Assessment Checklist

“Additional Information” field must be completed when negative impact is identified or expected. For the purpose of allowing examination from various angles, some impacts are addressed more than once through different questions.

Section A: Project Siting

Screening Questions	Answer to Questions			Additional Information • Project/subproject stage for addressing the impact • Responsibility for addressing the impact • Budget implications • Other
	Yes	No	Not Applicable	
Of the project/subproject area covered by rapid assessment, what is/are:	The approximate size?			
	The GPS co-ordinates?			
	The main physical delimitation (e.g., river, lake, altitude, slope, rainfall)?			
	The estimated number of population (male, female, aged over 70, aged under 15)?			
	The dominant environmental feature (e.g., rainforest, dry forest, savannah, barren land, agricultural land, pasture, other)?			
	The likelihood of recurrent natural disasters (e.g., drought, flood, wild fire, strong wind)?			
	The governance structure for communities?			
	The governance structure for access to natural resources?			
	The prevalence of self-sufficiency in resources?			
	The level of saleable skills among the participants?			
	The level of cultural homogeneity?			
	The level of social solidarity?			
	The level of capacity to absorb waste?			
	The level of economic resilience?			
Is the project/subproject area in or close to:	Densely populated areas?			
	Cultural heritage sites?			
	Protected areas?			
	Wetlands?			
	Mangroves?			
	Estuarine?			
	Buffer zones of protected area?			
	Special areas for protecting biodiversity?			
In the project/subproject area, what kind of fuel is used for:	Cooking?			
	Heating?			
	Tea/coffee making?			
	Income generation?			
	Industry?			

	Other	
In the project/subproject area, what kind of material is used for:	Household structures?	
	Other shelters?	
	Roofing materials?	
	Compound fences?	
	Other	
Will the project/subproject require support facilities?		
When is the rapid assessment conducted?		

Natural Resources and Habitats	Presence and Condition <ul style="list-style-type: none"> - <i>Location</i> - <i>Quality</i> - <i>Quantity</i> - <i>Condition</i> 	Primary Users <ul style="list-style-type: none"> - <i>Groups</i> - <i>Gender</i> - <i>Number of members</i> 	Information Source	Strength of Local Rules on Resource Use <i>(High, Medium, Low)</i>	Current Threat Level <i>(High, Medium, Low)</i>	Cultural Importance <i>(High, Medium, Low)</i>	Economic Value <i>(High, Medium, Low)</i>
Dominant Tree Species							
Shrub Species							
Grass Species							
Mammal Species							
Birds Species							
Fish Species							

Reptile Species								
Amphibian Species								
Arthropod Species								
Surface Water Resources								
Groundwater Resources								
Other Water Resources								
Soil								
Legally/Gazetted Protected Areas								

Ecologically Sensitive Areas							
Culturally Important Sites							
Other							

Section B: Environmental Impacts

Screening Questions		Answer to Questions			Additional Information
		Yes	No	Not Applicable	
Will the project/ subproject cause:	Ecological disturbances or loss of ecological functions due to infrastructure construction?				
	Impairment of ecological functions?				
	Environmental degradation from intensification of agricultural land use?				
	Environmental degradation from transformation to monoculture practices?				
	Environmental degradation from application of agrochemicals?				
	Environmental degradation from transport, storage, use or disposal of material for facilities construction?				
	Environmental degradation from transport, storage, use or disposal of hazardous chemicals?				
	Environmental degradation from construction activities and equipment?				
	Accidental release of hazardous chemicals?				
	Increase in generation of solid waste?				
	Occupational health hazards due to exposure to dust, hazardous material, noise, vibration, and other substance and disturbances from engagement in process operations?				
	Disruption in transit patterns (people and animals), aggravation of noise, or increase in pedestrian hazards?				
	Disease transmission from inadequate waste disposal or treatment?				
	Public health risks from solid, liquid, gaseous waste discharges?				
	Public health risks from noise?				

	Public health risks from agrochemicals?				
	Changes in water flows?				
	Eventual degradation of surface water bodies?				
	Eventual degradation of groundwater bodies?				
	Soil contamination?				
	Soil erosion?				
	Siltation?				
	Decrease in soil fertility?				
	Air pollution?				
	Foul smell?				
	Vibration?				
	Decrease in biodiversity?				
	Disruption to wildlife?				

Section C: Social Impacts

	Screening Questions	Answer to Questions			Additional Information
		Yes	No	Not Applicable	
Does the project/subproject:	Operate where property rights on resources (e.g., land tenure) are legally recognized?				
	Cause changes to land tenure, land use, access to or use of resources?				
	Require land acquisition? <ul style="list-style-type: none"> - How will the cost be shared between the project and the landowner? 				
	<ul style="list-style-type: none"> - Will complete documentation for land procurement or donation be maintained? 	-	-	-	
	Obtain private land with community funding and through willing-buyer-willing-seller arrangement?				
	<ul style="list-style-type: none"> - Will complete documentation for land procurement be maintained? 	-	-	-	
	Obtain land through private voluntary donations?				
	<ul style="list-style-type: none"> - Will the donation decrease the means of livelihood of the donor 	-	-	-	

	by more than 10 percent?			
-	Will complete documentation for land donation be maintained?	-	-	-
	Involve dislocation or involuntary resettlement of inhabitants?			
	Cause modification in technology and land uses, which affect current socioeconomic activities?			
	Increase unemployment?			
	Cause influx of laborers from other areas?			
	Create a possibility of uncontrolled in-migration of people and overloading of infrastructure from improved transportation system?			
	Contain measure to avoid forced or child labor?			
	Contain measure to ensure safe and healthy working environment for workers unemployed for the project?			
	Compromise recreational opportunities?			
	Have disproportionate impacts on the vulnerable groups (e.g., the poor, women, children, indigenous peoples, disabled)?			
	Have mechanisms to integrate action plans developed or to be developed for special groups and issues that require attention?			
	Include measures to integrate stakeholders' information, suggestions and needs?			
	Include measures to prevent and avoid corruption?			
	Impair indigenous peoples' livelihoods or belief systems?			
	Involve or be complicit in alteration, damage or removal of cultural heritage?			
	Respect internationally proclaimed human rights, including dignity, cultural determination and property?			
	Affect the state of project country's institutional context?			

Section D: Other Considerations

Screening Questions	Answer to Questions			Additional Information
	Yes	No	Not Applicable	
Does the national regulation in country/countries affected by the project/subproject require EIA or ESIA for the activities under the project?				<ul style="list-style-type: none"> • Project stage for addressing the impact • Responsibility for addressing the impact • Budget implications • Other
Does local capacity exist for fulfilment of EIA and ESIA requirements in country/countries affected by the project?				
Does the project address issues that have also been addressed by other projects or approaches?				
Does the project/subproject generate cumulative or long-term impacts?				
Is it possible to isolate the impacts from the project/subproject for monitoring?				

Annex G: Suggested Methodology and Structure of Environmental and Social Management Plans
An Environmental and Social Management Plan (ESMP) specific to each subproject will be prepared using the standard methodology, as briefly described below.

Suggested Methodology

1. Scoping
 - Study the subproject details and prepare a comprehensive list of potential issues and concerns.
2. Site survey and data collection
 - Record the key environmental and social aspects of the intervention area.
 - Identify any environmental or social hotspots or key concerns
 - Conduct consultations with the stakeholders: community members, relevant local and provincial officials, and NGOs with experience in the area.
3. Screening
 - Create with the stakeholders--- community members, relevant local and provincial officials, and NGOs with experience in the area---a list of key concerns and potential impacts of the subproject on environment and the people.
4. Impact Assessment
 - Assess the significance of each potential impact, using checklists and other tools identified in Section 8 of this document.
 - Identify appropriate mitigation measures.
 - Assess cumulative impacts of a cluster of subprojects.
5. Environmental and Social Management Plan Formulation
 - Document the process and outcome of the above steps.
 - Obtain the required approval of the Plan by the World Bank.

Suggested Structure

A suggested structure of ESMF is as follows:

11. Executive Summary

A summary of the contents and key findings written in a way that is easily understood by the general public. It should be concise, about 3 to 5 pages.

12. Background

Subproject specific background information will be included in this section.

13. Subproject Overview

This section will provide an overview of the subproject and its relation to the project to which the subproject belongs.

14. Objectives

The section will list the objectives of the Environmental and Social Management Plan specific to the subproject, based on its detailed information provided by the appropriate Project Managementpopulation Unit. The project and subproject details should include their precise nature and scope, site location, activities to be undertaken, and timing and scheduling.

15. Scope of Work

This section should list and describe all national, provincial legislations and regulations as well as World Bank policies that give rise to the Environmental and Social Management Plan. The scope should take into account the nature and the magnitude of the potential impacts in addition to the project location and size.

16. Screening of Environmental and Social Impacts

This section will contain the assessment results of anticipated impacts of the project activities on the environment and the people, including the list of key concerns and potential impacts of the subproject on the environment and the people. The assessment will be the base for deciding whether any auxiliary plan would be required: Land Acquisition and Resettlement Plan (LARP); Resettlement Action Plan (RAP); Indigenous Peoples Plan; or Integrated Pest Management Plan.

17. Baseline information

This section will describe proposed sites and their immediate surroundings with texts, maps, photographs as well as key environmental and social aspects of the sites and surroundings, such as demography, ethnicity, socio economic activities, occupation and livelihoods, land form and land use, land ownership, water resources, settlements, critical habitat or protected areas, formal and informal groups, methods of communication and transport, cultural heritage sites or graveyards, sensitive receptor such as schools, hospitals and access routes. The section will also include baseline data necessary to monitor all key environmental and social impacts identified through screening.

18. Environmental and Social Impacts

This section will outline both positive and negative impacts, including cumulative ones, of the subproject by each type of intervention, assess the severity of these impacts and the range of measures required to avoid (mitigate, in case avoiding is not possible) the negative impacts and enhance positive ones.

19. Stakeholder Consultations and Information Disclosure

This section will describe the objective, process, and outcome of the stakeholder consultations---with community members, relevant local and provincial officials, and NGOs with experience in the area---that are carried out during the ESMP preparation. The emphasis will be on the concerns and suggestions regarding the subproject and its potential impacts.

This section will also list all project and subproject information shared with the stakeholders during the preparation of the plan and arrangements for disclosing subproject information in order to comply with the World Bank's Policy on information disclosure.

20. Mitigation and Monitoring Plan

The section will describe all impacts (including cumulative ones), mitigation measures for each impact, indicators for each impact, the parties responsible for implementing each mitigation measure, and the parties responsible for monitoring each indicator. A single indicator may be monitored in different ways by multiple stakeholders to allow maximum participation of various stakeholders, and subsequently enhanced ownership and implementation of the project.

It should also indicate the methodology for monitoring, including reporting tools and requirements, as well as a feedback mechanism, such as impact thresholds that trigger stronger measures for mitigation or reformulation of the subproject, and addition of indicators. The monitoring and reporting procedures will be such that they ensure early detection of conditions that necessitate particular mitigation measures.

An implementation schedule must be included, which specifies the timing, frequency, duration and location of mitigation, monitoring and reporting, and is linked to the overall subproject schedule.

21. Capacity Assessment and Training

This section will detail capacity assessment among the relevant officials and other stakeholders on implementing environmental and social management plan. It will also include a plan to enhance the capacity of the stakeholders while implementing the subproject and the ESMP.

22. Cost Estimates and Sources of Funds

The section will indicate cost estimates and sources of funds for institution development activities, training programs for implementation teams and local institutions, technical assistance to authorities, costs for preparation of ESMP and other safeguard documents, and their implementation.

Annex H: Scheme Siting Checklist

No.	Issues	Yes	No	Uncertain	Mitigation Measures	Remarks
1	Does the subproject require land acquisition?					
2	Will the subproject negatively impact livelihoods? Describe the negative impacts in the Remarks column.					
3	Is the subproject located on land with contested ownership?					
4	Is the subproject located in an area with security problems?					
5	Is the subproject located on land reclaimed from floods (the ownership may be contested)?					
6	Is the subproject located in an area with designated natural reserves?					
7	Is the subproject located in an area with unique natural features?					
8	Is the subproject located in an area with endangered or conservation-worthy ecosystems, fauna or flora?					
9	Is the subproject located in an area falling within 500 meters of national forests, protected areas, wilderness areas, wetlands, biodiversity, critical habitats, or sites of historical or cultural importance?					
10	Is the subproject located in an area which would create a barrier for the movement of conservation-worthy wildlife or livestock?					
11	Is the subproject located close to groundwater sources, surface waterbodies, watercourses or wetlands?					
12	Is the subproject located in an area with designated cultural properties such as archaeological, historical and/or religious sites?					

13	Is the subproject in an area with religious monuments, structures or cemeteries?					
14	Is the project located in an area from where people have been displaced?					
15	Is the project located in an area where internally displaced persons are temporarily settled?					
16	Is the project in a politically sensitive area?					
17	Is the subproject in a polluted or contaminated area?					
18	Is the subproject located in an area of high visual and landscape quality?					
19	Is the subproject located in an area susceptible to landslides or erosion?					
20	Is the subproject located in an area of seismic faults?					
21	Is the subproject located in a densely populated area?					
22	Is the subproject located on prime agricultural land?					
23	Is the subproject located in an area of tourist importance?					
24	Is the subproject located near a waste dump?					
25	Does the subproject have access to potable water?					
26	Is the subproject located far (1 -2 km) from accessible roads?					
27	Is the subproject located in an area with a wastewater network?					
28	Is the subproject located in an area covered by urban planning of the city?					
29	Is the subproject located outside the land use plan?					

Completed by:

Name: _____

Title: _____

Signature: _____

Date: _____

Reviewed by:

Name: _____

Title: _____

Signature: _____

Date: _____

Annex I: Gender and Social Protection Checklist

Section A: Project/Subproject Profile

Project/Subproject
Title:

--	--

Implementing Agency:

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Processing Stage:

--

Valley/Village _____ UC _____ Tehsil _____

District _____ Province _____ Pakistan

Categorization Status: New project/subproject Revision of project/subproject Other

Section B: Identification of Impacts in Project/Subproject Area

Key Concerns	Not Known	Yes	No	Remarks or identified problems, if any
				Gender
Does the project/subproject take gender issues explicitly into account?				If negative, exclude from financing.
Does the background/context analysis of the project/subproject examine: <ul style="list-style-type: none"> The difference in the situations of women and men; and, The impacts of the project/subproject on different social groups. 				If negative, exclude from financing.
Are women/gender-focused groups, associations or organizations consulted for the project/subproject?				
Does the project/subproject ensure that both women and men can participate in project activities – from planning, implementation to monitoring and evaluation?				
Are outcomes, outputs and activities designed to meet the different needs and priorities of women and men?				If negative, exclude from financing.
Does the results framework include gender responsive indicators, targets and baselines?				If negative, exclude from financing.
Will the project/subproject collect and use age and sex disaggregated data and qualitative information to analyze and monitor gender issues?				
Does the project/subproject include gender sensitization activities for male and female stakeholders?				

Does the project/subproject management has an adaptive mechanism to address gender issues as they emerge?			
Have adequate financial resources been allocated to the proposed gender activities?			
Has a gender expert been recruited for the project/subproject?			
Will all project management members and technicians be sensitized on gender?			
Is the project/subproject personnel balanced in terms of gender?			
Will the monitoring and evaluation of the project/subproject cover gender issues and monitor behavioral changes towards gender equality?			
Will any project/subproject activity demand women's time without reducing the time required for their household responsibilities?			
Will there be any impact on women that may hinder their mobility and safekeeping?			If negative, exclude from financing.
Will there be impacts on women's opportunities to earn cash income?			If negative, exclude from financing.
Does the project/subproject lessen constraints on women's access to various resources?			If negative, exclude from financing.
Does the project/subproject provide opportunities for women to build their capacities to access information and to make decisions?			
Social Protection			
How many workers (male/female) will be employed under the project/subproject?			
Will the enterprise chosen by the project/subproject hire workers (male/female) from the local community?			
If workers from outside are indispensable, how many will move to live in the community?			
If workers from outside are indispensable, will the community members be involved in deciding: <ul style="list-style-type: none"> • where they would live; • where they would be allowed to set their feet; • where they would obtain the resources needed for their everyday life (water, fuel, food); • how they would dispose of their waste; and, • how they communicate with the community members. 			If negative, exclude from financing.
Will the enterprise chosen by the project/subproject ensure that its contractor			

agree, monitor, and comply with the national and provincial labor policy and laws?				
Will the enterprise chosen by the project/subproject and its contractor establish a reliable two-way communication channel with the community members?				If negative, exclude from financing.
Does the enterprise chosen by the project/subproject and its contractor have a policy on women's rights and gender equality?				

Section D: Anticipated Project Impacts on Women and Social Protection

Project Activity and Output	Anticipated Positive Impact	Anticipated Negative Impact
1		If negative, exclude from financing.
2.		If negative, exclude from financing.
3.		If negative, exclude from financing.
4.		If negative, exclude from financing.
5.		If negative, exclude from financing.
6.		If negative, exclude from financing.

Section D: Decision on Categorization and Required Actions (Please Tick)

After reviewing the answer above, the three Project Management Units agree that the project:

- Should be categorized as a project/subproject with high negative impacts; it should not be financed as is.
- Should be categorized as a project/subproject with moderate negative impacts; a gender analysis, a gender action plan and a community participation plan are required.

- Should be categorized as a project/subproject with little or no negative impact; specific actions that empower women and other vulnerable groups and a community participation plan, are required.

Project Team Comments:

Proposed by Project Management Unit of the relevant Component:

Reviewed by Project Consultant

Project Director for the Component

Date: _____

Social Safeguard Specialist, IFAD

Date: _____

Reviewed by Project Management Unit of another Component:

Project Director for the Component

Date: _____

Reviewed by Project Management Unit of the other Component:

Project Director for the Component

Date: _____

Annex J: Safeguards Procedures for Inclusion in the Technical Specifications of Contracts

A. General

1. The Contractor and his staff/employees shall adhere to the mitigation measures set down and take all other measures required by the Engineer to prevent harm, and to minimize the impact of his operations on the environment.
2. The Contractor shall not be permitted to unnecessarily strip clear the right of way. The Contractor shall only clear the minimum width for construction and diversion roads should not be constructed alongside the existing road.
3. Remedial measures which cannot be effectively carried out during construction should be carried out on completion of each section of the road (earthworks, pavement and drainage) and before issuance of the Handling Over Certificate:
 - (a) these sections should be landscaped and any necessary remedial works should be undertaken without delay, including grassing and reforestation;
 - (b) canal sections, water courses and fields should be cleared of excavated material and debris, and drains and culverts checked for clear flow paths; and
 - (c) borrow pits should be dressed as fish ponds, or drained and made safe, as agreed with the land owner.
4. The Contractor shall limit construction works to between 6 am and 7 pm if it is to be carried out in or near residential areas.
5. The Contractor shall avoid the use of heavy or noisy equipment in specified areas at night, or in sensitive areas such as near a hospital.
6. To prevent dust pollution during dry periods, the Contractor shall carry out regular water sprinkling of earth and gravel haul roads and shall cover material haulage trucks with tarpaulins to prevent spillage.
7. The Contractor may arrange adequate sources of water, particularly in reaches of canal rehabilitation during canal closure.
8. The Contractor should not block any route, particularly farm-to-market routes when farmers use them for their livelihoods.
9. The Contractor should prepare a work plan to avoid disturbance to migratory birds and other wildlife.

B. Transport

1. The Contractor shall use selected routes to the project site, as agreed with the Engineer, and appropriately sized vehicles suitable to the class of road, and shall restrict loads to prevent damage to roads and bridges used for transportation purposes. The Contractor shall be held responsible for any damage caused to the roads and bridges due to the transportation of excessive loads, and shall be required to repair such damage to the approval of the Engineer.
2. The Contractor shall not use any vehicles, either on or off road with grossly excessive, exhaust or noise emissions. In any built up areas, noise mufflers shall be installed and maintained in good condition on all motorized equipment under the control of the Contractor.
3. Adequate traffic control measures shall be maintained by the Contractor throughout the duration of the Contract and such measures shall be subject to prior approval of the Engineer.

4. The Contractor shall use adequate traffic and work in progress signs to avoid any accident and mishap.
5. The Contractor shall ensure use of adequate and recommended fuel, as per National Environmental Quality Standards.

C. Workforce

1. The Contractor shall recruit optimal local workforce, particularly unskilled labors, and shall provide appropriate trainings.
2. The Contractor shall install and maintain a temporary septic tank system for any residential labor camp and without causing pollution of nearby canal system, watercourses and agricultural land.
3. The Contractor shall establish a method and system for storing and disposing of all solid and liquid wastes generated by the labor camp or base camp. The Contractor shall also provide separate containers for segregated waste collection and subsequent disposal.
4. The Contractor shall not allow the use of fuel wood for cooking or heating in any labor camp or base camp and provide alternate facilities which use other fuels.
5. The Contractor shall ensure that site offices, depots, concrete batching plants and workshops are located in appropriate areas as approved by the Engineer and not within 500 meters of existing residential settlements and not within 1,000 meters for concrete batching plants.
6. The Contractor shall ensure that site offices, depots and particularly storage areas for diesel fuel and concrete batching plants are not located within 500 meters of canal systems and watercourses, and are operated in a way that no pollutants enter canals or watercourses, either overland or through groundwater seepage, especially during periods of rain. This will require lubricants to be recycled and a ditch to be constructed around the area with an approved settling pond or oil trap at the outlet.
7. The contractor shall not use fuel wood as a means of heating during the processing or preparation of any materials forming part of the works.

D. Quarries and Borrow Pits

1. Operations in a new borrow area, on land, in a river, or in an existing area, shall be subject to prior approval of the Engineer, and the operation shall cease if so instructed by the Engineer. Borrow pits shall be prohibited where they might interfere with the natural or designed drainage patterns. River locations shall be prohibited if they might undermine or damage the river banks, or carry too much fine material downstream.
2. The Contractor shall ensure that all borrow pits used are left in a trim and tidy condition with stable side slopes, and are drained ensuring that no stagnant water bodies are created which could breed mosquitoes.
3. Rock or gravel taken from a river shall be far enough removed to limit the depth of material removed to one-tenth of the width of the river at any one location, and not to disrupt the river flow, or damage or undermine the river banks.
4. The location of crushing plants shall be subject to the approval of the Engineer, and not be close to environmentally sensitive areas or to existing residential settlements, and shall be operated with approved fitted dust and noise control devices.

E. Earthworks

1. Earthworks shall be properly controlled, especially during the rainy season.
2. The Contractor shall maintain stable cut and fill slopes at all times and cause the least possible disturbance to areas outside the prescribed limits of the work.
3. The Contractor shall complete cut and fill operations to final cross-sections at any one location as soon as possible and preferably in one continuous operation to avoid partially completed earthworks, particularly during the rainy season.
4. In order to protect any cut or fill slopes from erosion, cut-off drains and toe drains shall be provided at the top and bottom of slopes and be planted with grass or other plant cover. Cut-off drains should be provided above high cuts to minimize water runoff and slope erosion.
5. Any excavated cut or unsuitable material shall be disposed of in designated disposal areas as agreed by the Engineer. If the material is deemed rich in nutrients, farmers may apply it on the fields with proper instructions.
6. Tips should not be located where they can cause future slides, interfere with agricultural land or any other properties, or cause soil from the dump to be washed into any canal and watercourse. Drains may need to be dug within and around the tips, as directed by the Engineer.

F. Disposal of Construction and Vehicle Waste

1. Debris generated due to the dismantling of the existing structures shall be suitably reused, to the extent feasible, in the proposed construction (e.g., as fill material for embankments). The disposal of remaining debris shall be carried out only at sites identified and approved by the Engineer. The contractor should ensure that these sites (a) are not located within designated forest areas; (b) do not impact natural drainage courses; and (c) do not impact endangered/rare flora or fauna. Under no circumstances shall the contractor dispose of any material in environmentally sensitive areas.
2. In the event any debris or silt from the sites is deposited on adjacent land, the Contractor shall immediately remove such, debris or silt and restore the affected area to its original state to the satisfaction of the Engineer.
3. Bentonite slurry or similar debris generated from pile driving or other construction activities shall be properly disposed of to avoid overflow into the surface water bodies or form mud puddles in the area.
4. All arrangements for transportation during construction, including provision, maintenance, dismantling and clearing debris, will be considered incidental to the work and should be planned and implemented by the contractor as approved and directed by the Engineer.
5. Operations, maintenance and refueling of vehicle, machinery and equipment shall be carried out to avoid spillage of fuels and lubricants. An "oil interceptor" will be provided for wash down and refueling areas. Fuel storage shall be located in adequate and approved areas.
6. All spills and collected petroleum products shall be disposed of in accordance with standard environmental procedures/guidelines. Fuel storage and refilling areas shall be located at least 300 m from all cross drainage structures and important water bodies or as directed by the Engineer.

G.HIV/AIDS and Education

1. The Contractor shall ensure that detection screening of sexually transmitted diseases, especially with regard to HIV/AIDS, amongst laborers is actually carried out and will submit a certificate of compliance.
2. The Contractor shall arrange awareness campaigns against HIV/AID and other contagious diseases.



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 6: First Annual Work Plan and Budget (AWPB)

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Results #	Activity #	Objectives/Expected Results	Indicators		Timetable for implementation				Responsible Unit/Staff	Implementation targets								Budget (PKR 000)																							
			Project Indicators	RIMS Indicators	Q 1	Q 2	Q 3	Q 4		Unit	Appraisal (Total)	Revised (Total)	Planned (Annual)	Unit Cost (PKR)	Achieved (Cumulative)	% Achieved (Annual)	%	Appraisal (Total)	Revised (Total)	Planned (Annual)	Budget Category	Financiers			Spent (Cumulative)	% Spent (Annual)	%														
		(A)	(B)	(C)	(D)				(E)	(F)	(G)	(G.a)	(H)	(H.a)	(I)	(J)	(K)	(L)	(M)	(M.a)	(N)	(O)	(P)			(Q)	(R)	(S)	(T)												
		Project Goal is to develop a sustainable model of decentralized and integrated rural development that is poverty, gender, youth, nutrition and climate change sensitive.																																							
		C1: Community Development																																							
		Outcome 1: Improved capacities of ultra-poor and poor men and women to move out of poverty	Percentage of persons/households reporting adoption of new/improved inputs, technologies or practices						PMU		70%	-	70%																												
		Output 1.1: Capacity Building for Community Development																																							
		Preparation of UC development plan	Number of UC Development Plans Developed						SMSP	Plan	45	-	45	318 570						14 336		14 336		85%	15%	-															
		Training of VO/CO Managers							SMSP	Persons	2000		2000	3 716.65						7 433		7 433																			
		Training of village resource persons	Training of village resource persons						SMSP	Persons	130	-	130	15 929						2 071		2 071		85%	15%																
		Adult Literacy and Numeracy training	Adult Literacy and Numeracy training						SMSP	Persons	250	-	250	2 123.80						531		531		85%	15%																
		Training of Public Sector Staff for UCDP	Training of Public Sector Staff for UCDP						SMSP	Persons	50	-	50	26 548						1 327		1 327		85%	15%																
		Activist Workshops	Activist Workshops						SMSP	Workshop	50	-	50	10 619						531		531		85%	15%																
		Output 1.2: Poverty Graduation		Number of rural HHs provided with productive assets					SMSP													-																			
		Training of Asset Recipients	Training of Asset Recipients						SMSP	Persons	2000	-	2000	2 124						4 248		4 248		85%	15%																
		Provision of assets to ultra poor households							SMSP	HH	2000		2000	106 190						212 380		212 380		85%	15%																
		Women Empowerment: Women Resource Centres	Establishment of Women Resource Centers						SMSP	No.	5	-	5	1 592 850						7 964		7 964		85%	15%																
		Organize skills and enterprise training and start-up packages provided to poor households (12-34)	No. of rural producers accessing production inputs and/or technological packages						SMSP	Persons	400	-	400	2 655						1 062		1 062		100%	%	-															
		Organize training for Women empowerment on nutrition, climate change, food security and entrepreneurship development facilitated	no of persons/HH provided with targeted support to improve their nutrition																																						
		Capacity Building - Provision of Toolkits	Number of persons trained in income-generating activities or business management						SMSP	Women	400	-	400	2 655						1 062		1 062		100%	0%	-															
		Aforestation Campaign with Women							SMSP	Plants	4000		4000	530.95						2 124		2 124		100%	0%	-															
		Kitchen Gardening - Nutrition support							SMSP	Households	1000		1000	2 123.80						2 124		2 124		100%	0%	-															
		Feasibility study for women enterprise facility/processing unit							PMU	Enterprise	1	-	1	530 950.00						531		531		100%	0%	-															
		Establishment of Women Enterprise facility/processing units							SMSP	Enterprise	1	-	1	5 309 500.00						5 310		5 310		75%	15%	10%															
		Facilitate sessions for skilled youth, fishermen and smallholder farmers provided with access to finance	No of persons (youth) in rural areas accessing financial services						SMSP	Persons														100%	0%	-															
		Skills training at accredited institutions							SMSP	Persons	300		300	159 285.00						47 786		47 786		85%	15%																
		Start up package for skilled youth							SMSP	Persons	150		150	53 095.00						7 964		7 964		85%	15%																
		Climate resilient farming systems							FAO	Persons	3000	-	3000	5 155						15 464		15 464		85%	15%																
		Climate resilient livestock systems							FAO	Persons	3000	-	3000	5 155						15 464		15 464		85%	15%																
		Food Security/Nutrition Initiatives - Household Level							WFP		1	-	1	28 351 125						28 351		28 351		85%	15%																
		Nutritional package for ultra-poor/recipients of assets							SMSP		2000	-	2000	3 690						7 380		7 380		85%	15%																
		Output 1.3: Community Productive infrastructure and rural farm to market roads																																							
		Community prioritized infrastructure	# of drinking water/irrigation/sanitation and innovative schemes						PMU	Schemes	80	-	80	1 500 000						120 000		120 000		90%	10%	10%															
		Plantation linked to CPIs							Plants		500		500	500						250		250		100%																	
		Priority farm to market roads identified and constructed	# of Km of roads constructed, rehabilitated or upgraded						PMU	Km	20	-	20	13 000 000						260 000		260 000		85%	15%																
		Design survey for roads							SMSP	No.	5000	-	5000	1 500						7 500		7 500		85%	15%																
		Plantation on roadside							SMSP	Plants	500	-	500	5 000						2 500		2 500		85%	15%																
		Social Mobilization Partner Selection							PMU		1		1	53 577 103						53 577		53 577		85%	15%																
		Total Component Cost																	829 269	-	829 269	-	704 348	124 390	531																

Annex 1 - Detailed AWPB Table
Fisheries Development

Results #	Activity #	Objectives/Expected Results	Indicators		Timetable for implementation				Responsible Unit/ Staff	Implementation targets							Budget (PKR 000)																																				
			Project Indicators	RIMS Indicators	Q 1	Q 2	Q 3	Q 4		Unit	Appraisal (Total)	Revised (Total)	Planned (Annual)	Unit Cost (PKR)	Achieved (Cumulative)	%	Achieved (Annual)	%	Appraisal (Total)	Revised (Total)	Planned (Annual)	Budget Category	Financiers			Spent (Cumulative)	% (Annual)	Spent (Annual)	%																								
(A)		(B)	(C)	(D)				(E)	(F)	(G)	(G.a)	(H)	(H.a)	(I)	(J)	(K)	(L)	(M)	(M.a)	(N)	(O)	(P)			(Q)	(R)	(S)	(T)																									
		Project Goal: The overall goal of the project is to sustainably reduce poverty in the poorest region of Balochistan. GLLSP-II specific development objective is to address the socio-economic development lag of poorest Union Councils and poor households in Gwadar and Lasbela districts																																																			
	C2	Component 2: Fisheries Development																																																			
		Outcome 2: Smallholder farmers and fishermen benefit from upgraded and inclusive value chain								FD/PMU																																											
		Output 2.1. Jetties and allied infrastructure constructed/ rehabilitated/ upgraded (Design Consulting Services - Jetties and Allied Infrastructure)							FD/PMU																																												
		Design Consulting Services - Jetties and Allied Infrastructure							FD/PMU	Sites	1	-	1	7 000					7 000		7 000		85%	15%																													
		TA for Jetties Management-PPP Model							FD/PMU	P/Month	36	-	36	350					12 600		12 600		75%	15%	10%																												
		Output 2.2: Fishermen Organized in Cooperatives, 4-P based value chains developed and youth facilitated to develop fisheries income streams							FD/PMU																																												
		Output 2.3: Fish Market Acess Roads							FD/PMU																																												
		Road Design Consultancy							FD/PMU		20	0	20	398					7 964		7 964		85%	15%																													
		Upgrading of Rural Roads							FD/PMU		20	0	20	13 000					260 000		260 000		85%	15%																													
		Plantation on Roadsides							FD/PMU		5000	0	5000	1					2 655		2 655		100%																														
		Output 2.4: Capacity Building of Value Chain Actors							FD/PMU																																												
		Value Chain Package (3 Sites)-4Ps model for market access							FD/PMU	Lumpsum	3		3	47 786					143 357		143 357		75%	15%																													
		Value Chain Package (8 Sites)-4Ps model for market access							FD/PMU	Sites	8		8	23 362					186 894		186 894		75%	15%																													
		Value Chain Package (19 Sites)-4Ps model for market access							FD/PMU	Sites	19		19																																								
		Strengthening Fisheries Cooperatives:TA Support for strategic and business planning for cooperatives							FD/PMU	P/Month	8																																										
		Training of Landing Sites Managers/Trainers							FD/PMU	p/days	15																																										
		TA Support for Strategic and Business Planning for the Management Support to Cooperatives							FD/PMU	Cooperative	8		8	372					2 973		2 973		85%	15%																													
		Management Support to Cooperatives /g									12		12	191					2 294		2 294																																
		Outcome 4: Policy reform/dialogue, Communication and Knowledge Sharing																																																			
		Output 2.4. Strengthening Department of Fisheries																																																			
		TA Policy Reform Support							FD/PMU	Lumpsum	1	0	1	18 052					18 052		18 052		85%	15%																													
		TA for Fisheries Cooperative Law							FD/PMU	Lumpsum	1	0	1	19 114					19 114		19 114		85%	15%																													
		TA for Inspection Manual							FD/PMU	Months	6	0	6	2 400					14 400		14 400		85%	15%																													
		TA for Stock Assessment and Management Plans							FD/PMU	Months	3	0	3	1 200					3 600		3 600		85%	15%																													
		Equipment for Fisheries Inspectors							FD/PMU	Kit	30	0	30	319					9 557		9 557		85%	15%																													
		Fisheries Control Center							FD/PMU	No	5	0	5	1 274					6 371		6 371		85%	15%																													
		Training of Fish Inspectors							FD/PMU	Months	3	0	3	1 416					4 248		4 248		85%	15%																													
		Training in Sustainable Management							FD/PMU	Months	5	0	5	106					531		531		85%	15%																													
		Output 2.5.1. Support to Training Center Sub Bandar																																																			
		TA for design of post harvest curricula							FD/PMU	Months	3		3	372					1 115		1 115		85%	15%																													
		TA for SoPs for Laboratory							FD/PMU	Months	1		1	319					319		319		85%	15%																													
		Output 2.5.2. Innovative Aquaculture																																																			
		Hatcheries for Stocking												Lumpsum																																							
		Commercial Net Culture												Lumpsum																																							
		Output 2.5.3. Strengthening Fisheries Department																	123 181		123 181		100%																														
		Total Cost Component 2:																	826 225		-	826 225		-	579 110	247 114.73	1 260																										

Annex 1 - Detailed AWPB Table 2013-14

Project Management Unit

Results #	Activity #	Objectives/Expected Results	Indicators		Timetable for implementation				Responsible Unit/Staff	Implementation targets								Budget (PKR 000)											
			Project Indicators	RIMS Indicators	Q1	Q2	Q3	Q4		Unit	Appraisal (Total)	Revised (Total)	Planned (Annual)	Unit Cost (PKR)	(Cumulative)	%	ed (Annual)	%	Appraisal (Total)	Revised (Total)	Planned (Annual)	Budget Category	Financiers		(Cumulative)	Spent (Annual)	%	Spent (Annual)	%
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(G.a)	(H)	(H.a)	(I)	(J)	(K)	(L)	(M)	(M.a)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)				
		Project Goal: The overall goal of the project is to sustainably reduce poverty in the poorest region of Balochistan. GLLSP-II specific development objective is to address the socio-economic development lag of poorest Union Councils and poor households in Gwadar and Lasbella districts																											
		C3 Component 3: Project Management (a PMU and 2 PIUs)																											
A	1 Investment Cost.								PMU	No.	3	0	3	6 500 000					-	19 500	-	19 500		85%	15%				
	Vehicles								PMU	No.	2	0	2	90 000					180	-	180		85%	15%					
	Motorcycles								PMU	No.	1		1	4 282 000					4 282	0	4 282		85%	15%					
	2 Computer /Laptop IT Equipment, Furniture for PMU								PMU	No.	30	0	30	13 333					400	0	400		85%	15%					
	3. Knowledge Management and Communication								PMU	No.	36	0	36	33 333					1 200	0	1 200		85%	15%					
	Staff Trainings								PMU	No.	3	0	3	133 333					400	0	400		85%	15%					
	District Workshops								PMU	No.	1		1	0					0		0								
	4 Evaluation/Studies								PMU	No.	1		1	3 350 000					0		0								
	Case Studies								PMU	No.	1		1	3 350 000					3 350	0	3 350		85%	15%					
	5 Software								PMU	Lumsu									3 000	0	3 000		85%	15%					
	MIS and M&E Portal								PMU	Lumsu	1	0	1	3 000 000					5 000	0	5 000		85%	15%					
	Accounting Software								PMU	Lumsu	1	0	1	5 000 000					3 000	0	3 000		85%	15%					
	6 TA for CDD Institutionalization								PMU	P/Month	6	0	6	500 000					750	0	750		85%	15%					
	Consultative Workshops								PMU	No.	3	0	3	250 000					0		0								
B	Project Implementation Unit - Lasbella								PIU	No.	2	0	2	6 500 000					13 000	0	13 000		85%	15%					
	Vehicles for PIU								PIU	No.	2	0	2	90 000					180	0	180		85%	15%					
	Motorcycles								PMU	No.	1		1	3 350 000					3 350	0	3 350		85%	15%					
	Computer /Laptop IT Equipment, Furniture and Equipments for Lasbella District Office								PIU	No.	2		2	6 500 000					13 000	0	13 000		85%	15%					
c	Project Implementation Unit - Gwadar								PIU	No.	2		2	6 500 000					180	0	180		85%	15%					
	Vehicles for PIU								PIU	No.	2		2	90 000					3 350	0	3 350		85%	15%					
	Motorcycles								PMU	No.	1		1	3 350 000					0		0								
	Computer /Laptop IT Equipment, Furniture and Equipments for Gwadar District Office								PIU	No.	1		1	3 350 000					0		0								
II.	Recurrent Costs																												
A.	Project Management Unit																												
a.	Professional Staff at PMU Level									Months	7		7	18 504 000					18 504	0	18 504		85%	15%					
b.	Support Staff at PMU Level								PMU	Months	6		6	3 900 000					3 900		3 900		85%	15%					
2.	Operating Cost - PMU								PMU	Month	1		1	12 476 127					12 476		12 476		85%	15%					
a.	Professional Staff for Gwadar District Office								PIU	Months	5		5	8 640 000					8 640		8 640		85%	15%					
b.	Support Staff for Gwadar District Office								PIU	Month	6		6	2 100 000					2 100		2 100		85%	15%					
2.	Operating Cost - PIU Gwadar								PIU	Month	12		12	6 086 000					6 086		6 086		85%	15%					
a.	Professional Staff for Lasbella District Office								PIU	Persons	5		5	8 640 000					8 640		8 640		85%	15%					
b.	Support Staff for Lasbella District Office								PIU	Month	6		6	2 100 000					2 100		2 100		85%	15%					
2.	Operating Cost - PIU Lasbella								PIU	Month	12		12	6 086 000					6 086		6 086		85%	15%					
D.	Planning and Development Department																	2 151 420		2 151		85%	15%						
F.	Strengthening Fisheries Department								PMU	LS	12		12	6 327 705					6 328	0	6 328							100%	
	GRAND TOTAL																	147 783	0	147 783		141 456	6 328						

Note: The Vehicles and Equipments against which the Planned Column is given nil/zero, have already been purchased by the Govt: of Balochistan through Bridge Financing.

PART II - Summary AWPB Table

Project Number: I-837-PK

Project Title: Gwadar Lasbella Livelihoods Support Project

Fiscal Year: 2013-14

Results #	Objectives/Expected Results	Indicators		Implementation targets							Budget (Rs. 000)						
		Project Indicator	RIMS indicator	Approved (total)	Revised (total)	Planned (annual)	Achieved (cumulative)*	%	Achieved (annual)*	%	Initial (total)	Revised (total)	Planned (annual)	Spent (cumulative)*	%	Spent (annual)*	%
	Project Goal: To contribute to the reduction of poverty in Gwadar and Lasbela, by enhancing the access of the poor rural men and women to productive assets, skills, services and technologies for productivity enhancement																
C1	Component 1: Community Development																
SC	Sub-Component 1.1: Investment Cost																
	Output 1.1: Capacity Building for Community Development	Training conducted									26 229	26 229	26 229				
	Output 1.2: Poverty Graduation	Asset and training conducted									359 213	359 213	359 213				
	Output 1.3: Community Productive infrastructure and rural farm to market roads	CPIs and roads constructed									390 250	390 250	390 250				
	Sub-total										775 692	775 692	775 692				
SC	Sub-Component 1.2: Recurring Costs																
SC1.2	Social Mobilisation Partner Selection	SMP									53 577	53 577	53 577				
	Sub-total										53 577	53 577	53 577				
	Total Component 1										829 269	829 269	829 269				
C2	Component 2 - Fisheries Development																
SC 2.1	Sub-Component 2.1: Investment Costs																
	Output 2.1. Jetties and allied infrastructure constructed/ rehabilitated/ upgraded (Design Consulting Services - Jetties and Allied Infrastructure)	Jetties and Allied Infrastructure constructed									19 600	19 600	19 600				
	Output 2.3: Fish Market Access Roads	Roads built									270 619	270 619	270 619				
	Output 2.4: Capacity Building of Value Chain Actors	4Ps developed									335 518	335 518	335 518				
	Output 2.4. Strengthening Department of Fisheries	Capacity built									200 488	200 488	200 488				
	Sub-total										826 225	826 225	826 225				
C3	Sub-Component 2.2: Recurring Costs																
	Sub-total										826 225	826 225	826 225				
C3	Component 4: Project Management																
SC 4.1	Investment Costs																
	Vehicles and Equipments	Vehicles & equipment purchased									57 022	57 022	57 022				
	Trainings	Trainings imparted									13 750	13 750	13 750				
	Strengthening Fisheries Department	Line departments supported									6 328	6 328	6 328				
	Sub-total										77 100	77 100	77 100				
	Recurring Costs																
	A. Project Management Unit	PMU made functional									37 032	37 032	37 032				
	Project Implementation Unit (Gwadar and Lasbell)	SPMUs made functional									33 652	33 652	33 652				
	Sub-total										70 684	70 684	70 684				
	Total Component 4										147 783	147 783	147 783				
	Grand Total										1 803 277	1 803 277	1 803 277				

	Amount - Rs. 000
I. Investment Costs	
A. Civil Works/ Community Infrastructures	665 005
B. Vehicles	59 845
C. Computer and Equipment	136 286
D. Technical Assistance, Trainings and Studies	236 056
E. Grants and Subsidies	575 497
Total Investment Costs	1 672 688
II. Recurrent Costs	
A. Salaries and Allowances	43 884
B. Operating Costs	86 704
Total Recurrent Costs	130 588
	1 803 277



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Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 7: Procurement Plan for first 18 months

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Annex 7: Procurement Plan for first 18 months

Country: PAKISTAN

Project Name: GWADAR-LASBELA LIVELIHOODS SUPPORT PROJECT (GLLSP-II)

18 MONTHS PROCUREMENT PLAN FOR GOODS & NON-CONSULTING SERVICES (2020-21)

Loan #

BASIC DATA									
S/N	Description	Lot No(s)	Issue # of Invitation for Bids	Unit	Quantity	Estimated Total Amount in PKR	Estimated Total Amount in US\$* @	Procurement Method	Pre- or Post-review
Component 1 - Community Development									
1	Provision of Assets	-	Goods/CPP/2020/	Set/Unit	3750	421,218,500	2,632,616	Community Participation and Procurement **	Post-review
2	Capacity Building Toolkit	-	Goods/NS/2020/	Set/Unit	900	2,553,500	15,959	NS	Post-review
3	Capacity Building - Provision of Toolkits	-	Goods/NS/2020/	Set/Unit	900	2,553,500	15,959	NS	Post-review
4	Afforestation Campaigns with Women	-	Goods/NCB/2020/	Set/Unit	9000	5,107,000	31,919	NCB	Pre-review
5	Kitchen Gardening-Nutrition Support	-	Goods/NCB/2020/	Set/Unit	2000	4,510,500	28,191	NCB	Pre-review
6	Establishment of Women Enterprise Facility/Processing Unit	-	Goods/NCB/2020/	Set/Unit	1000	5,310,000	33,188	NCB	Pre-review

7	Plantation on Roadsides	-	Goods/CPP/2020/	Set/Unit	25000	712,500	4,453	Community Procurement Procedures	Post-review
8	Plantation Linked to CPIs	-	Goods/CPP/2020/	Set/Unit	1425	487,500	3,047	Community Procurement Procedures	Post-review
9	Nutrition Support to Asset Recipient	-	Goods/NCB/2020/	Set/Unit	3750	14,637,000	91,481	NCB	Pre-review
Sub-Total									
457,090,000 2,856,813									
Component 2 - Fisheries Development									
10	Procurement of Vehicles	1	Goods/NCB/2020/	Unit	2	13,805,000	86,281	NCB	Pre-review
11	Procurement of Draggers	1	Goods/NCB/2020/	Unit	2	106,190,000	663,688	NCB	Pre-review
12	Office Equipment	1	Goods/NCB/2020/	Set/Unit	Various	3,186,000	19,913	NCB	Pre-review
13	Plantation on Roadsides	-	Goods/CPP/2020/	No	10000	5,638,500	35,241	Community Procurement Procedures	Post-review
14	Equipment for Fisheries Inspectors	-	Goods/NCB/2020/	Kits	30	9,557,000	59,731	NCB	Pre-review
15	Commercial Net Culture	various	Goods/NS/2020/	Kits	Various	2,386,500	14,916	NS	Pre-review

16	Hatcheries for Stocking	various	Goods/NS/2020/	Kits	Various	1,193,400	7,459	NS	Pre-review
15	Value Chain Package (11 Sits) 4Ps Model for market Access	-	Goods/NCB/2020/	Unit	Various	128,105,067	800,657	NCB	Pre-review
Sub-Total									270,061,467 1,687,884
Component 3 - Project Management									
16	Procurement of 4x4 Vehicles	1	Goods/NCB/2020/	Unit	7	45,500,000	284,375	NCB	Pre-review
17	Procurement of Motorcycles	1	Goods/NCB/2020/	Unit	14	1,260,000	7,875	NCB	Pre-review
18	Procurement of Furniture & Fixture (PMU & 2PIUs)	1	Goods/NCB/2020/	Unit	various	3,000,000	18,750	NCB	Pre-review
19	Procurement of Computer/Laptop & IT related equipment (PMU, 2PIUs)	1	Goods/NCB/2020/	Set	various	3,300,000	20,625	NCB	Pre-review
20	Procurement of Office equipment (ACs & Gen. Refreg. etc.) (1PMU & 2PIUs)	1	Goods/NCB/2020/	Set	various	4,682,000	29,263	NCB	Pre-review
21	Procurement of Accounting Software (Tompro)	1	Goods/SSS/2020/	Each	1	5,000,000	31,250	SSS	Pre-review

22	Development of Project MIS & M&E Portal	1	Goods/NS/2020/	Unit	1	3,000,000	18,750	NS	Post-review
Sub-Total 65,742,000 410,888									
Grand Total 792,893,467 4,955,584									

Country: PAKISTAN

Project Name: GWADAR-LASBELA LIVELIHOODS SUPPORT PROJECT (GLLSP-II)
18 MONTHS PROCUREMENT PLAN FOR WORKS (2020-21)

Loan #

Basic Data										
S/N	Description	Lot Number	Issue # of invitation for bids	Lumpsum or bill of quantities	Procurement Method	Estimated Amount in PKR	Estimated Amount in USD *	Pre or post qualifications	Pre or post review	
							@160			
Component 1 - Community Development										
1	Design & Construction of 20KM Roads	60	Works/NCB/2020	BoQs	NCB	520,000,000	3,250,000	Pre	Pre-review	
2	Community Physical Infrastructures 80 units**	380	Works/CPP/2020	BoQs	Community Participation and Procurement	345,000,000	2,156,250	Post	Post	

Sub-Total						865,000,000	5,406,250		
Component 2 - Fisheries Development									
3	Design & Construction of 20KM Roads	20	Works/NCB/2020	BoQs	NCB	260,000,000	1,625,000	Pre	Pre-review
4	Civil Works - Construction of Jetty Infrastructure (Onshore)	1	Works/NCB/2020	BoQs	NCB	240,000,000	1,500,000	Pre	Pre-review
5	Hatcheries for Stocking	Various	Works/NCB/2020	BoQs	NCB	4,773,600	29,835	Pre	Pre-review
6	Value Chain Package (11 Sits) 4Ps Model for market Access	Various	Works/NCB/2020	BoQs	NCB	320,262,669	2,001,642	Pre	Pre-review
Sub-Total						825,036,269	5,156,477		
Grand Total									
						1,690,036,269	10,562,727		

Country: PAKISTAN
Project Name: GWADAR-LASBELA LIVELIHOODS SUPPORT PROJECT (GLLSP-II)
18 MONTHS PROCUREMENT PLAN FOR SERVICES (2020-21)

Loan #

S/N	Description	Issue # of Invitation for Bids	Selection Method	Lump-sum or Time-based	Estimated Total Amount in PKR	Estimated Total Amount in US\$* @ \$160	Pre- or Post-review
Component 1 - Community Development							
1	Social Mobilization Service Provider**	GLLSP-II/2020/Service/	QBS	Lump-sum	118,790,120	742,438	Prior-review
2	Road Design Consultancy Firms	GLLSP-II/2020/Service/	QCBS	Lump-sum	15,000,000	93,750	Prior-review
3	Union Council Development Planning	GLLSP-II/2020/Service/	QCBS	Lump-sum	14,336,000	89,600	Prior-review
3	Feasibility Study for Women Enterprise Facility Processing Unit	GLLSP-II/2020/Service/	ICS	Lump-sum	531,000	3,319	Prior-review
4	Accredited Training for Youth Employment	GLLSP-II/2020/Service/	QBS	Lump-sum	47,786,000	298,663	Prior-review
5	Start-up package for Youth Employment	GLLSP-II/2020/Service/	QCBS	Lump-sum	7,964,000	49,775	Prior-review

Sub-Total					204,407,120	1,277,545	-
Component 2 - Fisheries Development							
6	Design Consulting Services - Jetties & Allied Infrastructure	GLLSP-II/2020/Service/	QCBS	Lump-sum	14,000,000	87,500	Prior-review
7	TA for Jetties Management - PPP Model	GLLSP-II/2020/Service/	QCBS	Lump-sum	18,900,000	118,125	Prior-review
8	TA Support for Strategic and Business Planning for Cooperatives	GLLSP-II/2020/Service/	CQS	Lump-sum	2,973,000	18,581	Prior-review
9	Road Design Consultancy Firms	GLLSP-II/2020/Service/	QCBS	Lump-sum	12,439,000	77,744	Prior-review
10	TA Policy Reform Support	GLLSP-II/2020/Service/	QCBS	Lump-sum	28,195,500	176,222	Prior-review
11	TA for Fisheries Cooperative Law	GLLSP-II/2020/Service/	QCBS	Lump-sum	29,854,500	186,591	Prior-review
12	TA for Inspection Manual	GLLSP-II/2020/Service/	QCBS	Lump-sum	14,400,000	90,000	Prior-review
13	TA for Stock Assessment and Management Plans	GLLSP-II/2020/Service/	CQS	Lump-sum	3,600,000	22,500	Prior-review
14	Fisheries Control Center	GLLSP-II/2020/Service/	QCBS	Lump-sum	9,951,000	62,194	Prior-review

15	Training of Fish Inspectors	GLLSP-II/2020/Service/	CQS	Lump-sum	6,634,500	41,466	Prior-review
16	Training in Sustainable Management	GLLSP-II/2020/Service/	ICS	Lump-sum	531,000	3,319	Prior-review
17	TA for Design of Post Harvest Curricula	GLLSP-II/2020/Service/	ICS	Lump-sum	1,741,500	10,884	Prior-review
18	TA for SoPs for Laboratory	GLLSP-II/2020/Service/	ICS	Lump-sum	319,000	1,994	Prior-review
19	Value Chain Package (3 Sits) 4Ps Model for market Access	GLLSP-II/2020/Service/	ICS	Lump-sum	192,157,601	1,200,985	Prior-review
Sub-Total					335,696,601	2,098,104	-
Component 3 - Project Management							
20	Baseline Survey	GLLSP-II/2020/Service/	QCBS	Lump-sum	3,000,000	18,750	Prior-review
Sub-Total					3,000,000	18,750	-
543,103,721 3,394,398							

- * **USD Conversion Rate is 1 USD = PKR 160**
- ** **Community Participation and Procurement (CPP)**
- *** **SMSP - Social Mobilization Service Provider (NGO)**

Summary of Procurement Plan for First 18 months (2020-21)

Categories	PKR	USD
Goods	792,893,467	4,955,584
Works	1,690,036,269	10,562,727
Services	543,103,721	3,394,398
Grand Total	3,026,033,457	18,912,709

Categories	Comp1	Comp2	Comp3
Goods	457,090,000	270,061,467	65,742,000
Works	865,000,000	825,036,269	
Services	204,407,120	335,696,601	3,000,000
Total	1,526,497,120	1,430,794,337	68,742,000
Grand Total	3,026,033,457		



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Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 8: Project Implementation Manual (PIM)

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Project Implementation Manual

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A. INTRODUCTION

1. **Purpose of the PIM.** Purpose of the PIM is to provide a comprehensive guideline for the project implementers of GLLSP-II at all levels for effective and efficient management and implementation of the project.
2. **Instructions for Users.** The users of this PIM must recognize that participatory development project has a bottom up flexible approach whereby they have to constantly adjust the approach and interventions to the evolving implementation environment and knowledge gained. This PIM provides an initial guideline based on project design that would require updating and revision as the project progresses. However, such updating and revisions would stay within the parameters set by the financing agreement with IFAD and overall project objectives and target groups.
3. **Structures of the Manual.** This manual has six (6) sections that provide handy guidance on applying the concepts covered in the manual.
 - Section: 1 An Overview of the Project
 - Section: 2 Institutional and Implementation Arrangement/Role of PMU
 - Section: 3 Planning, M&E, SM, SO, VO
 - Section: 4 Human Resource Management
 - Section: 5 Financial Management
 - Section: 6 Procurement Management

B. SECTION: I: AN OVERVIEW OF THE PROJECT

1. PROJECT DESCRIPTION
4. **Project Goal** is to develop a sustainable model of decentralized and integrated rural development that is poverty, gender, youth, nutrition and climate change sensitive.
5. **Project Development Objective** is to sustainably increase the incomes and enhance the livelihoods of the rural poor fishermen's and agricultural households in the project area.
6. **Project Coverage and Duration:** Project will cover the two districts i.e. Gwadar and Lasbela Districts in Balochistan directly benefitting around 100,000 households out of total 133,087 households and will be implemented over a period of six-year (2020-2025). Project will cover all 400 villages in 45 Union Councils in Gwadar and Lasbela districts.
7. **Target Groups:** The primary target groups for the project are the ultra-poor and poor (0-34) rural households of the two districts (Gwadar and Lasbela) of Balochistan province. Around 100,000 poor households (PSC 0-34) among farming, non-farming and fishing communities would benefit from a range of interventions that helps them graduate to enhanced levels of economic well-being. Women and male and female youth will be particularly targeted and around 12,000 women and 4,300 youth will be provided remunerative skills and enterprise development besides 8,500 household directly receiving a productive asset. The recipient of the asset will also benefit from nutrition interventions. Each of 400 villages will benefit from at least 2 community infrastructure investments improving the socio-economic conditions of the inhabitants – benefiting about 72,000 persons. Small fishermen at eight notified landing sites and 32 other landing sites will be organized into cooperatives to be an active partner in development of fisheries value chain and operation of landing sites infrastructure – benefiting 50,000 fishermen.
8. **Components/outcomes and activities:** The project consists of the following components:

9. **Component 1: Community Development (US\$ 29.037 million):** The objective of the component is to enable the rural poor men, women and youth poor to improve their livelihoods. GLLSP-II, through comprehensive Union Council Development Plans, and leveraging existing social capital¹ and capacities built under GLLSP-I, will deliver a comprehensive package of public and private goods in all 400 villages. Except for large infrastructure, all other community and household level interventions will be identified, prioritized and implemented through COs/VOs. The component will be implemented by the social mobilization partner in collaboration with PMU, relevant line departments, FAO and WFP. A detailed community interaction strategy, developed as part of PIM, shall guide the implementation of activities. The component consists of three sub-components:
10. **Social Mobilization and Community Empowerment sub component:** Will prepare and facilitate the transition of the institutionalization of the CDD approach with the ongoing Balochistan decentralization context.
11. **Union Council Development Plans:** A bottom-up development planning and need identification process will be extended to the project area. CO level plans will be feed into VO Plans that would be further consolidated into Union Council Development Plans with a five-year perspective. Standard formats will be developed by SMP for the plan. Plans for all 45 Union councils will be completed during the project year 1.
12. **Capacity Building at 3-Tiers:** Existing COs/VOs will be restructured and strengthened to ensure full membership of all poor households. In principle, one larger COs will be promoted in each village for a more holistic understanding of village development needs and priorities.
13. **Social Mobilization Partner:** A social mobilization partner will be selected through competitive process. SMP will be paid on output basis an agreed percentage of investment cost as per the norm under GLLSP-I.
14. **1.2 Economic Graduation of the ultra-poor, Women & Youth sub component:** The subcomponent will support ultra-poor and poor households, women and youth increase their incomes. Selection of target beneficiaries will be through BISP Poverty Score Card. **Productive Assets for Ultra-poor:** The interventions will cover all remaining 0-11 PSC hhs (around 8,500), who will be provided training and suitable productive assets to graduate to next level of economic well-being. 70 per cent of productive assets will be provided to women. **Women Empowerment:** Women empowerment will be pursued both through community organizational processes and specific targeted interventions. At least 50 percent membership for women in COs/VOs will be ensured. **Women Resource Centers:** 45 centers, at least one per Union Council, will be established in very poor villages that have no public building or suitable private dwelling for women's joint activities. **Youth Job Market Readiness:** Two sets of trainings for youth will be focused – one for youth with required educational qualifications and one for those without. **Collaboration with FAO and WFP on Nutrition and climate Change Resilience:** Technical Assistance support will be provided by FAO and WFP, through IFAD Grant funding and own sources, for improved nutrition at household level and on-farm climate change resilience respectively.
15. **1.3 Social and Economic Infrastructures sub-component: Community Physical Infrastructure.** Community and UC Plans prepared under GLLSP-I show an immediate need of around 800 priority community infrastructure schemes. **Rural Farm to Market Roads.** Main agriculture production areas will be connected with national trunk road network and new road network being developed through CPEC/BRI through 80 km black top roads.

¹ consisting of 3,545 COs (1,831 female and 270 mixed), 547 VOs and 37 LSOs with a membership of 53,363 households (around 50% of total households)

16. **Component 2: Fisheries Value Chain Development (US\$ 39.862 million):** This component includes three sub-components: (2.1) Establishing 4Ps; (2.2) Economic Infrastructure for Fishery Development; and (2.3) Capacity building and institutional strengthening. A total of 50,000 households will be directly reached through this component. 2,300 poor young women and men will be also supported to become entrepreneurs/staff responding to demand for products or services generated by the 4Ps. This component will cover the overall 700 km of coast in Gwadar and Lasbela districts and all 40 current fishing landing sites.
17. **Sub-component 1.1 - Establishing 4Ps:** the programme will support the establishment of market-driven 4Ps between Organized Fishermen (1 cooperative per landing site/40 cooperatives established or revamped by the end of the project), existing fishery processing factories (200 factories are currently operating within these 40 sites), Middlemen (as a market agent in a first phase), banks (to initiate a first relation between fishermen and the formal banking system through only deposit, saving account and mobile transfer) and the GoB through GLLSP-II project.
18. **Sub-component 2.2, Economic Infrastructure for Value Chain Fishery Development:** the project will finance enabling infrastructure development for the Baluchistan Value chain Development through: **Construction** of Jetties and Allied Infrastructure on the 3 priority sites; Fish Market Access Roads: development of 80 km of black top road links from landing site to nearest factory and/or trunk roads to facilitate safe and time-efficient transport of the catch; and, Cooperative Landing Site Platforms: These platforms will be supported at 8 landing sites with no jetty to ensure efficient cleaning, grading, weighing and transportation to the factory.
19. **2.3. Capacity building and institutional strengthening.** The department of fisheries will be provided support to formulate a comprehensive sustainable fisheries management policy for the province and develop and approve a new fisheries cooperative law covering all the landing sites in Gwadar and Lasbela. **Hatcheries and Innovative Aquaculture.** The project will support the establishment of 8 hatcheries along the coastline to run on a commercially viable pattern. In addition, private sector will be assessed to start net culture. A total of 80 net culture practices will be supported during the project implementation.
20. **Component 3: Project Management and Policy Support (US\$ 3.739 million): Project Management Unit:** The project Management Unit will be established in Quetta and will be responsible to implement, manage and coordinate all daily project activities. Two sub offices will be set up, one in Lasbela, one in Gwardar.
21. **Policy Support and Advocacy:** Part of IFAD grant will be utilized to support the provincial government on policy aspects related to project key components and mainstreaming priorities.

C. SECTION II: INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS:

2. PROJECT STEERING COMMITTEE (PSC)
 22. Given the multi sectoral nature of the project, it will be placed in the P&DD, GoB which will be main lead implementing agency for GLLSP-II. The policy level guidance, coordination and oversight will be provided by a Project Steering Committee (PSC). The PSC will grant approval of AWPBs, PPs, conduct regular progress reviews and take corrective actions where warranted. PSC will have following composition and will be formally notified prior to start of the project:
 - i. Additional Chief Secretary (ACS) Development (Chairman)
 - ii. Secretary Planning and Development Department (Member)

iii.	Secretary Implementation Department	(Member)
iv.	Secretary Finance Department	(Member)
v.	Secretary Fisheries Department	(Member)
vi.	Secretary C&W Department	(Member)
vii.	Secretary Agriculture and Livestock Department	(Member)
viii.	Chief of Section (AID) (Member)	
ix.	Project Director (GLLSP-II)	(Secretary)

23. **ToRs: Project Steering Committee (PSC):** PSC will convene every year (more often if necessary) on the basis of agenda prepared by PMU. The specific responsibilities of the PSC include:

- a. Provide overall guidance and oversight in order GLLSP-II reach its development objective in line with the financing agreement.
- b. Approval of Annual Work Plans and Budgets and Procurement Plan.
- c. Make all pertinent policy decision relevant to the project and in line with financing agreement.
- d. Approve the PIM as a guideline for project implementation.
- e. Ensuring timely provision of counterpart funds, in line with Project needs as defined in the annual work plans and budgets approved by the PSC.

24. **Project Management Unit:** A fully autonomous PMU for GLLSP-II will be established and will be responsible for all aspects including operations, finance, procurement, human resource, M&E related to the implantation of the project, based in Quetta. The PMU will be administratively linked to P&D Department but accountable for its work and performance to Project Steering Committee (PSC). Following are the major responsibilities of PMU;

- i. Project planning, implementation, monitoring and coordination with the participation of all implementing partners and stakeholders
- ii. Preparation of the consolidated AWPB and the associated procurement plan (PP); once the AWPB and PP is approved by PSC and cleared by IFAD, the PMU will ensure its efficient implementation.
- iii. Quarterly and monthly plans for project implementation
- iv. Carry out financial, accounting, procurement and administrative management, including for activities carried out by service providers and public agencies.
- v. Procurements and contract management including bulking of all common equipment vehicles etc. for procurement in an efficient manner
- vi. Development of comprehensive M&E Plan and conduct of monitoring and evaluation activities including impact assessments.
- vii. Preparation of detailed quarterly and annual physical and financial progress reports for submission to Government and IFAD as per prescribed timelines
- viii. PMU staff and partner implementing agencies staff capacity building training in project approach, processes and outputs and outcomes
- ix. Promotion and development of team building among all partners and ensuring discipline within PMU and among implementing partners
- x. Establishing systems for transparent operations, prevention of corruption and achieving value for money through efficiencies and competitiveness
- xi. Preparation of the Project's communication strategy and dissemination of information about the project rationale, concept and detailed content to the stakeholders and all interested parties.
- xii. Establishment and maintenance of linkages with government departments and agencies, donors, private sector partner organizations, social mobilization partners, and the community organizations.
- xiii. Operation of the management information/reporting systems and the results monitoring framework, and regular reporting to the development partners.

25. **PMU Structure and Staffing Positions:** PMU will be headed by a Project Director, selected from Provincial Management Service or Pakistan Administrative Service based on seniority, qualifications and relevant experience. Two Sub-PMUs will be established in Gwadar and Lasbela to provide field level coordination and monitoring.
26. The PMU will be established in Quetta and two sub offices will be set up, one in Lasbela, one in Gwadar, which will host the small complement of management and technical staff. GLLSP-I PMU will be transitioned into GLLSP-II PMU with retention of all those staff that meet the qualification requirements of new PMU. GLLSP-II will finance the necessary requirements for vehicles, equipment, operational expenses and salaries of staff. PMU will have following staff:

1. Project Director	1
2. M&E Specialist	1
3. Manager Finance & Accounts	1
4. Procurement Specialist	1
5. Manager Internal Audit	1
6. Admin Finance Assistant	1
7. Project Allowance – Division Accounts Officer	1
8. MIS/Communication Officer	1

Support Staff

1. Drivers	2
2. Security Guards	2
3. Naib Qasid/Office Boy/Cleaner	2

b. Following are professional positions at PIU Gwadar:

1. District/Component Coordinator – Fisheries Specialist	1
2. Admin & Finance Assistant	1
3. Infrastructure Specialist	1
4. Business Support Facilitator	5

Support Staff

1. Office Boy	1
2. Driver	2
3. Security Guard	2
4. Cleaner	1

c. Following are the professional positions at PIU Lasbela.

1. District/Component Coordinator–Community Development	1
2. Admin & Finance Assistant	1
3. Infrastructure Specialist	1
4. Business Support Facilitator	5

Support Staff

5. Office Boy	1
6. Driver	2
7. Security Guard	2
8. Cleaner	1

27. **Terms of References (ToRs)** of Key PMU Staff are given in the following paragraphs.
28. **PROJECT DIRECTOR (PD):** The PD will be responsible for the overall planning, coordination and management of the project activities. These include the provision of strategic guidance for project implementation and team building. PD will also be

principle accounting officer for the project and also act as Secretary to the Project Steering Committee (PSC). His responsibilities include:

- i. Timely establishment of PMU including undertaking recruitment, account opening and procurement of goods, works and services.
- ii. Establishment of sound management system within the project for planning, coordination, reporting, financial management, M&E and trouble-shooting in the line with IFAD financial agreement and programme documents.
- iii. Lead the preparation of the annual work plan and budget (AWPB) and associated procurement plan and ensure its timely submission to relevant forums for approvals.
- iv. Ensure effective targeting of the poor and vulnerable in target villages and effective attainment of results under all mainstreaming priorities;
- v. Ensure the effective and efficient utilization of project funds and other resources according to the AWPB and procurement plan through supervision and monitoring;
- vi. Ensure all required reports are produced and submitted to the appropriate levels on a timely basis;
- vii. Develop an effective media management and communication strategy for the project and efficient dissemination of all project purpose and activates within and outside project area;
- viii. Ensure the timely dissemination of project experience and results to relevant stakeholders within the learning community;
- ix. Ensure effective linkages, liaison and networking with other implementation partners and service providers either working in the project area or potentially concern with project activities and with other relevant interventions.
- x. Establish effective working relationship with all implementing partners and promote team building; and
- xi. Perform any other duty relevant to the project as may be assigned by the PSC.

29. Minimum Qualifications.

- i. A BS-19 officer or equivalent from Pakistan Administrative Service/Provincial Service, or private/corporate sector with reasonable experience of implementing foreign/loan funded programmes/projects - to be selected on competitive basis
- ii. Preferably a Master's degree in Agriculture, Economics, public administration, Business Studies, or other relevant field;
- iii. At least 10 years' experience at mid-senior management level;
- iv. Demonstrated experience and ability to liaise with a wide range and levels of organizations Government, Donors, private sector, NGOs, and community institutions.
- v. Strong communications skills (oral, written, presentation)

30. **TOR: MONITORING & EVALUATION SPECIALIST AND KNOWLEDGE MANAGEMENT MANAGER (MKM):** Directly reports to the PD and works very closely with other units in PMU, implementation partners and designs and implements a robust project M&E system and an integrated project Learning and Communication System. The system will link five functions: reports on output and outcome, taking into account IFAD's reporting requirements and regular update of the log frame with regards to achievements, M&E, learning and adaptation for continuous improvement of performance; internal (PMU) and external (stakeholders) communication; innovation and experimentation; and information management.

31. Duties and Responsibilities (M&E):

- a) Developing a simple progress reporting system for the monitoring of project activities and preparing regular reports on implementation progress, performance and impact of operations, in line with IFAD reporting requirements.

- b) Establishment of GIS mapping of each site and a Project Baseline Survey.
- c) Set up terms of reference for periodic impact assessment of key project interventions
- d) Organization of training on M&E for members of the PMU, implementing partners and providing technical backstopping to implementing agencies for preparing the AWPBs and progress reports.
- e) Develop associated Management Information System for managing data and information for overall monitoring, and for the collection and analysis of data on project achievements and impact, based on a set of gender disaggregated indicators in line with the project logical framework and stakeholders' information needs.
- f) Coordinating monitoring of the AWPB implementation and preparation of consolidated quarterly and annual progress reports.
- g) Ensuring that all participating institutions keep records on their activities and feed this information into the project learning system.

32. Knowledge Management

- a) Develop and implement processes and guidelines for systematic capture of knowledge, good practices and innovation, and the sharing and use of same;
- b) Provide assistance/guidance in implementing the Project Learning System;
- c) Coordinate surveys and case studies to assess achievements and outcomes of KEP activities;
- d) Develop a multi-stakeholder communication strategy along the seasonal performance of the programme including a portal for web-based feedback of beneficiaries, private sector partners and county administrations
- e) Coordinate the dissemination of the findings from the impact assessment studies.

33. Qualifications. M&E Specialist position will be open to both Public and private sector candidates and will be filled on competitive basis.

- i. Master's degree in Agricultural Economics, Rural Development, Communications or other relevant field.
- ii. At least 5 years relevant work experience, in M&E, knowledge management and communication.
- iii. Demonstrated professional experience in Developing and implementing comprehensive M&E and communication and visibility plans, developing websites, writing reports, articles and or pamphlets depicting project interventions and results.
- iv. Proficiency in the use of databases, modern information and communication technology (ICT) in development, and other computer applications.
- v. Demonstrated skills in quantitative and qualitative analysis and data management;
- vi. Demonstrated experience in designing and implementing successful communication and knowledge management strategies.
- vii. Strong computer and communications skills (oral, written, presentation).

34. TOR: PROCUREMENT SPECIALIST: The Procurement Specialist will report to Project Director, GLLSP-II and will also support and oversee procurement across all components and sub-components. He will be responsible for the procurement of goods, works and services and ensure compliance with BPPRA/PPRA Rules and Regulations and ensure due diligence to comply with IFAD Procurement Handbook and Guidelines.

35. Duties and Responsibilities: The Procurement Specialist will perform the following tasks:

- a) Work closely with Government Line Departments (P&DD, C&W and Fisheries Department) to develop quarterly/annually procurement plans (based on

- quarterly distribution plans and annual work plan) to ensure timely availability of the products for project activities
- b) Preparation of Project's Annual Procurement Plans, as part of Project's AWPB, for approval of Project Steering Committee and IFAD NOL.
 - c) Ensure that goods, works and services financed have been procured in accordance with the loan agreement and the IFAD Procurement guidelines;
 - d) Installation of appropriate procurement systems and procedures for effective planning and monitoring of procurements under the project;
 - e) Conducts entire cycle of a procurement including procurement packaging, project's general procurement notices (GPN), maintenance of the Register of Expression of Interest, analysis of bids, preparation of purchase orders etc.
 - f) Ensuring the timely inventory coding and safe keeping of the goods purchased.
 - g) When the prior review of the bidding or proposal document is required, submits the document through the Project Director to IFAD for its review and 'No Objection'.
 - h) Ensure that all the due tendering processes are adhered to: sufficient publications, strict adherence to deadlines, transparency in communications, publication of bid results, etc.;
 - i) Train staff to prepare and update the Annual Procurement Plan (including procurement method, types/kinds, quantity, value, delivery requirements, sources, etc.);
 - j) Assist SMP in establishing a robust system for community led procurements and supervise its effective implementation.
 - k) Ensure acceptable record keeping in procurement;
 - l) Prepare bi-annually progress reports with implementation of the procurement plan, and regularly inform the PM of problems and make proposals to overcome bottlenecks;

36. Required Qualifications

- a. The candidate should have a Master's degree (in Supply Chain Management, Accounting, Finance or Business Administration Law, Procurement, Economics,)
- b. Minimum 10 years' work experience related to the above duties and responsibilities and at least 10 years in a comparable donor-funded project environment;
- c. Seasoned knowledge of all major facets of IFAD/WB/ADB operations and procurement policies.

37. **TOR: Infrastructure Specialist:** The Infrastructure Specialist (IS) will oversee the implementation of physical infrastructure (Jetties, Road, CPIs and Bridges and Allied Infrastructure etc.) on behalf of the PMU and ensure quality and efficiencies. He will assist the PD in review and approval of all infrastructure proposals, designs and cost estimates and will monitor on site progress and quality.

38. Duties and Responsibilities:

- i. Be responsible for review of infrastructure design, detailed cost estimates presented by consulting engineers or GLLSP-II engineers (in-house design) and to accord technical sanction.
- ii. Contribute to the preparation of the AWPB, Procurement Plan, and progress reports and consolidation with the help of M&E and Finance team.
- iii. Establish specification, cost and quality bench marks for community infrastructure.
- iv. Draft TORs for design and supervision consultancy services for major infrastructure.
- v. Evaluation and finalization of consultancy contracts/agreements.
- vi. Ensure environment screening and environment and social management plans where applicable
- vii. Guide Field Engineers in preparation and finalization of IPCs.

- viii. Prepare on a timely basis monthly, quarterly and annual progress report highlighting work plan, progress, key issues, achievements and corrective action taken.
- ix. Prepare and ensure visit schedule (weekly, monthly and quarterly) for ongoing schemes for monitoring and technical backstopping of field engineers as well as SMTs.
- x. Liaison with line Departments like P&DD, C&W, Fisheries Department, PHED and other Govt. Departments with respect to project infrastructure activities and ensure timely actions for completed schemes handover to concerned agencies and communities for O&M.

D. SECTION: III PLANNING, MONITORING AND EVALUATION SYSTEM

39. **Planning:** Based on Project PDR and PC-I, and indicative phasing contained therein, Annual Work Plans and Budgets will be the main instrument for project implementation. PMU will be responsible for leading the AWPB formulation process in a participatory, bottom-up manner. The AWPB process will be completed by 31 March each year and go approved from Project steering Committee and IFAD by 30 April. For ease of planning and monitoring during the year, the AWPB will be organized around four quarters of the year with targets and budgets reflected for each quarter.
40. **Planning Process/AWP/Budgets:** Development of AWPBs will be a participatory and consultative exercise involving PMU, implementing agencies, SMP, technical advisors and community forums. It will have two streams of contributory processes. One stream will relate to community organizations and Fishermen's Cooperatives which will be guided and coordinated by SMP. The plans generated from the CO/VO level will be consolidated into Union Council Development Plan, endorsed by District Development Coordination Committee and then consolidated by SMP and submitted to PMU. Same will apply to Fishermen's Cooperatives to the extent that Cooperative Business Plans will be submitted to PMU through Fisheries Department. Second stream will be for major infrastructure including jetties and rural roads. Jetties will follow the standard process of feasibility, detailed design and construction and will be led by the concerned experts in PMU. Roads will be identified in consultation with the communities and DDCC on the basis of project selection criteria. Once identified, the PMU infrastructure specialist will coordinate with C&W Department for design, cost estimation and tendering through department's established processes.
41. **Quarterly Plans and Reviews:** PMU will organize quarterly progress review and planning meetings, on the basis of quarterly progress reports furnished by all implementing partners. The meeting will be held before the end of a quarter to review progress, identify issues and shortfalls, agree on solutions and plan for the next quarter. All notified Activity Managers of the departments, key SMP staff and PMU technical staff will participate. At the end of meeting, a quarterly work plan containing next quarter targets and financial allocations will be formally issued by PMU.
42. **Annual Progress Review and Planning Session:** PMU will organize annual planning and review meetings in March every year to review progress during on-going year and formulate plan for the next financial year.
43. **PSC Meetings:** PSC will meet once a year. The meetings will be based on agenda prepared by PMU and containing issues and proposals on which PSC decisions are sought. Minutes will be prepared and issued following each meeting.
44. **Monitoring and Evaluation:** The scope of Monitoring and Evaluation in GLLSP-II will be timely collection of reliable data and information for measuring performance and progress related to physical progress against project development objective, outcomes and outputs. It would also help to provide timely information for management decision-making. M&E would also be used as a learning tool to provide timely and quality information for critical reflection on project strategies and operations to support decision-making.
45. The project log-frame and IFAD Corporate Core indicators will guide the design of the GLLSP-II M&E System along with the performance indicators included in log-frame. Standardized reporting formats will be developed and issued by PMU M&E Wing along with any required training to concerned staff. The M&E system will be multi-layered that includes:
 - Implementation monitoring by the Implementing Partner,
 - Output monitoring by the M&E staff at PMU

- Process and outcome monitoring by M&E Specialist and P&DD
46. An annual M&E plan, as part of project's overall AWPB, will be prepared by M&E wing of PMU, with inputs from all implementing partner on targets, formats, processes and reporting responsibilities and then each agency, including PMU, will derive their individual plans to meet the requirements of annual M&E Plan.
47. The implementation monitoring will be done by the implementing partner themselves and it should form the basis for their regular progress reporting to the PMU. The management and monitoring teams of IP will be responsible for implementation of day to day project activities, performance of their staff, and delivery of inputs and achievement of project outputs/outcomes as per agreed standards. The output monitoring will be carried out by PMU staff and joint activity/output monitoring missions to independently asses the physical and financial progress. The activity and output monitoring by PMU will focus on spot-checking, verification of output data reported by IP, identification of risks factors and propose mitigation measures, status of utilization of funds by IP against the disbursements, ensure compliance to the financing agreement, efficiency of funds flow mechanism, evaluation of internal control system etc. During joint activity and output monitoring visits, the monitoring team will randomly interview the target beneficiaries; oversee the input delivery process and review procurement, disbursement, training record, beneficiaries' acknowledgements record and project database maintained by the IP.
48. The process and outcome monitoring shall be carried out by PMU M&E Specialist to ensure independence and objectivity of the outcome and process monitoring. The key activities related to process and outcome monitoring include; process and outcome monitoring visits to the IP, management of annual PSC surveys for poverty graduation tracking by IP, annual outcome surveys in line with IFAD's requirements including third party validation of PSC survey conducted by IP, mid-term and end-term project evaluations and value chain studies.
49. The monitoring of project interventions at IP level shall be carried out with the support of latest monitoring technologies such as use of mobile data collection through smart phones/tablets having customized mobile data collection application linked with GLLSP-II MIS database which would provide real-time information access to PMU and IPs' management. In addition, the IPs' will have direct access to GLLSP-II central MIS customized to PMU monitoring and reporting needs to provide timely monitoring and progress data that would help PMU to efficiently track the physical and financial progress and develop follow-up, progress validation and monitoring plans accordingly.
50. **Participatory Monitoring and Evaluation (PME):** Target beneficiaries, CRPs, CIGs and community institutions will be actively involved in monitoring and evaluation of project activities through regular project monitoring and review meetings, field visits, surveys/FGDs, spot checking. A systematic plan to ensuring active involvement of community institutions and beneficiaries shall be developed in line with the overall M&E plan of GLLSP-II. Furthermore, annual project review consultation and lessons learn workshops at provincial level will be held to engage community institutions, POs and other stakeholders in project progress review and monitoring process.
51. **Poverty Graduation Tracking - Methodology and Process;** As part of process and outcome monitoring, GLLSP-II would systematically track poverty graduation of the target beneficiaries through PSC baseline data compiled by BISP, annual PSC surveys by POs, sample validation of POs' PSC by third party as well as revalidation PSC done by POs on biannual basis and through third-party mid-term and end of project evaluations managed by PMU. The GLLSP-II will use PSC baseline data of BISP to identify the target beneficiaries eligible for different types of interventions as per PSC bands defined in GLLSP's poverty graduation approach. BISP PSC data

will be used as baseline. The project will in turn share list of GLLSP-II beneficiaries (selected from BISP PSC registry) with BISP who have successfully graduated out of poverty so that BISP can graduate those from its registry. The PMU would explore avenues of collaboration with Impact Atlas to build synergies between its own tech-based monitoring and reporting systems with that of Impact Atlas to enhance effectiveness and efficiency in poverty graduation tracking for GLLSP-II.

52. Community institutions such as Village Organizations (VOs) and Local Support Organizations (LSOs) would also be actively involved in annual PSC updating survey by the IP. The findings of the annual surveys would be shared with VOs/LSOs for validation as well as for incorporating those in profiling sections of Village Council Development Plans (VDPs) and Union Council Development Plans (UCDPs) and wherever need updating the VDP/UCDP line with the findings. The avenues of sharing of findings with local government departments would also be explored by the IP that would help the local governments for pro-poor development planning and targeted interventions for the ultra-poor and the poor in their respective areas.
53. M&E Wing: PMU M&E Wing will consist of following staff (tentative):
 - M&E Specialist
 - MIS and KM Officer
 - Communication Officer
 - M&E/MIS & KM Assistant
54. The team will be supervised by the M&E Specialist and will manage the surveys, studies and evaluations conducted through external consulting such as baseline survey, mid-term and end of project evaluations, thematic studies. The team will work closely with all sector specialists to provide timely input to the PMU team regarding project progress updates and outcomes. The team will coordinate in customization of GLLSP-II MIS reporting requirements and will provide orientation and technical backstopping to the IP for smooth, timely and maximum optimization of MIS for progress data entry and reporting. M&E Specialist along with the team will also oversee development/customization of mobile application and provide time-to-time technical backstopping in efficient and effective management of the mobile application for real-time monitoring by IP and PMU staff through smart phones and tablets.
55. **Management Information System (MIS):** GLLSP-II will develop a customized MIS system in the first year of the project to meet data collection and reporting needs of the project in line with its log-frame. The dashboard for data entry and reporting will encompass information on physical and financial progress, impact evaluation analysis and reports, IFAD's first and second level core indicator tracking, poverty graduation tracking of target beneficiaries in line with the poverty scorecard and other baseline data. This will be automated computer-based project to generate, monthly, quarterly and annual progress reports on financial and physical progress including progress related to outcome indicators and outputs.
56. **Reporting and Communication:** Timely reporting and communication is important to take timely corrective actions and to learn from implementation experience to further improve project management effectiveness and efficiency. Monthly, quarterly and annual reports including reports from studies would be produced by the project.
57. **Mid-Term Review (MTR):** GLLSP-II and IFAD would undertake a mid-term review in the last quarter of third year of the project lifecycle to review the project achievements and implementation constraints. In particular, it would review the following: (i) achievement and improvements in the production systems, improvement in food security, and increase in income; (ii) the performance of private sector partnerships; (iii) performance of CRPs, CIGs, and other community

institutions, (iv) financial and procurement management; (v) and human resources management. A mutually agreed action plan will be prepared based on the MTR findings. IFAD may appoint, in consultation with GLLSP-II, an external agency to evaluate the impact of the project, if necessary.

58. **Project Completion Review:** As the project reaches completion, the PMU would prepare a draft Project Completion Report (PCR). IFAD and the Government will then carry out a joint validation of PCR based on the information in the Project Completion Report and other data.
59. **Knowledge Management.** A comprehensive knowledge management strategy for the project in line with the newly released IFAD Knowledge Management Strategy (2019) will be developed in the first year of the project. The strategy will focus on the processes that will be involved in building a robust KM system in the project. The KM system will enable the project to generate, capture, share and disseminate relevant information and knowledge to various stakeholders in a timely manner. The project updates will be disseminated at broader level through using web-sources including social media such as Facebook used as a knowledge sharing tool, and also linked to IFAD Asia website. The team will extensively document and share knowledge generated in the project. The QRM forums will be used as potential KS venues for capturing lessons learned and best practices leading to development of related knowledge products.
60. **Donor and Development Coordination:** Other pre-start up **activities** will include creating a coordination platform that allows GLLSP-II to develop effective coordination and experience sharing mechanisms with other IFAD, donor and government funded projects that are working on similar themes in the identified areas. This will help to reduce any duplication of project activities as well as support reinforcement of mutual goals and objectives. Specifically, IFAD will support GLLSP-II to create a platform with BISP to develop a data clearing house that allows BISP data to be utilized for the purpose of the project and provides information to BISP as to its beneficiaries that are accessing the GLLSP-II (specifically for the asset transfer component). PMU will also be enhancing its MIS to develop robust data tracking system for individual and household beneficiaries of the project.
61. **Social Mobilization Partner (SMP):** PMU GLLSP-II will select a social mobilization partner (SMP) through a competitive process for the implementation of Project's Component 1.
62. **SMP Terms of Reference:** SMP's main responsibilities will be:
 - a. Carry out a baseline survey as TOR developed for the purpose to establish benchmarks on status of poverty, incomes, food security, nutrition, gender etc. for future regular impact assessment
 - b. Organize, strengthen, restructure, consolidate existing three tier structure of COs/VOs/LSOs in the 400 target districts of 45 Union Councils in line with project requirement of larger and more representative COs/VOs representing at least 80% of the village households and having all 0-34 PSC households as members.
 - c. Procure latest BISP Poverty Data for the purpose of identification and targeting of project target ultra-poor and poor households.
 - d. Train and deploy staff for the preparation of CO/VO development plans and priority infrastructure needs and consolidate into Union Council Development plans for submission to District Development Coordination Committee and PMU for approval.
 - e. Develop standardised formats for CO/VO and Union Council Plans and provide necessary training to field staff, line department staff and village activists.
 - f. Prepare household profiles of all 0-34 hhs, household income generation plan, identify suitable productive assets matching household potential, select suitable youth from 0-34 households for technical and vocational training and subsequent mentoring for job placement or self enterprise development.

- g. Establish women resource centers, mobilize women for membership and delivery all women empowerment interventions including enterprise development.
 - h. Assist WFP and FAO in delivery of their nutrition and climate change resilience interventions.
 - i. Execute 800 CPIs in 400 villages in an efficient manner through community led implementation and develop and implement effective post completion O&M systems.
 - j. Provide support in establishment and promotion of Fishermen's Cooperatives.
 - k. Build synergies and linkages with on-going national and provincial pro-poor programmes like EHSAS and Kamyab Naujawan and facilitate CO members access to such programmes.
 - l. Furnish monthly, quarterly and annual progress reports as per formats agreed with PMU.
 - m. Render quarterly and annual accounts on project fund utilization as well as annual audit reports.
- 63. SMP Qualifications:** To be eligible for selection, the SMP must meet following qualifications:
- a. Previous experience and presence in the project area and existing social capital
 - b. Registration under appropriate laws of the country.
 - c. Previous three-year corporate audit reports
 - d. Availability of appropriate number of management and technical staff at HQ and in the field.
 - e. Experience in implementing gender and youth sensitive participatory rural development programmes
 - f. Previous experience of working with the government and donor agencies.
- 64. The Social Mobilisation Approach and Purpose:** At the heart of the social mobilization approach, lies the belief that every individual, be they poor or rich, man or woman, has the capability and potential to carry out activities for their own benefit and for that of their own families. The Social Mobilization approach to development enables communities to identify, prioritize, plan and think about their developmental needs jointly. Mobilized communities enter into a partnership with the SMP under which they are provided social guidance, financial and technical assistance. In addition to this, the SMP help build their capacities and skills in order to help them start functioning as independent organizations and fostering development linkages with government, donors and private sectors agencies. Once people are organized into properly functioning institutions of their own, they find the platform to harness their potentials, address their problems and fulfil their needs. When such institutions of the people are fostered at the neighborhood, village and union council levels, they become a vehicle through which all kinds of development initiatives can be effectively implemented.
- 65.** The GLLSP-II project will continue to work with existing three-tiered social mobilization structures supported under GLLSP-I, which includes:
- i. Community Organizations (COs) at neighborhood or muhalla level
 - ii. Federating COs into Village Organizations (VOs) at village level
 - iii. Federating VOs into Local Support Organisations (LSOs) at Union Council (UC) level
- 66. Process and Structure Adjustments in Social Mobilization under GLLSP II:** The prevailing approach and community organization structures in project area will be adjusted to meet certain specific approaches and requirements of the project. These adjustments and their rationale can be summarized as following:
- n. The existing norm of a 25-20 member CO in a Mohalla or settlement of a village, representing 30/40% of the total households will be reviewed and larger COs, representing 80% of the households in a settlement or preferably

- an entire natural village will be promoted. Towards this end, existing COs will be amalgamated and restructured.
- o. Membership of all 0-34 households in the village/settlement would be compulsory unless there are compelling extenuating circumstances for certain households to remain absent.
- p. CPIs will be considered from a whole village perspective and not from individual CO perspective to ensure larger impact and foot-print.
- q. CPI priorities will be identified in separate sessions of men and women and women priorities will take precedence.
- r. Youth will be actively engaged in CO formation and membership.

67. Process

- i. All project staff to be trained on social mobilization approach and GLLSP-II implementation processes;
- ii. Poverty Scorecard (PSC) for each UC obtained before CO formation/restructuring process.
- iii. CO formation/restructuring process will be initiated through project introduction dialogues at the village/cluster level. The NRSP's Social Mobilization Team (SMT) will ensure presence of stakeholders in the introductory meetings (stakeholders include poor households represented by men and women, disabled persons, minorities (where possible), Govt. officials, elected councilors / representatives, etc.);
- iv. These COs will then be registered in the GLLSP-II Management Information System (MIS);
- v. A VO will be formed on average 03-06 COs (in case of larger settlements) with some variation within the districts/UCs. In exceptional cases where the population is very low, a VO can be formed for more than one Revenue Village.
- vi. After the formation of VOs, NRSP will submit the list of VOs to District Development Coordination Committee for notification by the government recognizing it as legitimate recipient of development funds;
- vii. Community Resource Persons (CRPs) will be identified and engaged by the SMTs. The CRP will be responsible to facilitate/organize the households (HHs) in their respective villages and Union Councils (UCs).
- viii. LSO will be formed after organization of minimum 60% HHs in the UC; and
- ix. RSP will submit the list of LSOs to the relevant government authorities for notification.

- 68. Specific Procedures of Social Mobilization: Project Planning/Inception Workshop/Orientation Training Workshop (OTW):** All professional staff will be given orientation training on Social Mobilization through training workshops. The orientation training workshops duration will be three days and will be conducted at Quetta for all GLLSP-II district staff. The orientation training will be important to ensure an equal level of understanding amongst all PMU staff regarding project objectives, implementation strategy, work plans, role/responsibilities of each cadre of staff and how project interventions are integrated with each other.
69. They will also be briefed about IFAD Rules/Regulations, visibility and communication guidelines, etc. This will help ensure smooth implementation. Gender sensitization and importance of women and men in the development process will be mainstreamed in all training sessions. The orientation training will be a combination of interactive lectures, group work, presentation of group work by the trainees and practicing the development plans and budget.
70. Orientation Training of NRSP Key Project Staff and Project Relevant GoB Officials on Project Implementation Manual (PIM)/Community Awareness Tool (CAT): PMU will organize an orientation training, in Quetta, on use of the PIM and CAT. The purpose of this training is to enhance participants' understanding on the importance of the

standardized social mobilization approach and effective use of PIM and CAT through various mock exercises for standardization in project implementation and reporting. The training will also focus on enhancing the technical knowledge of the participants about management of GLLSP-II interventions like Technical and Vocational and Education Trainings (TVET), Women Empowerment Interventions, climate change and nutrition interventions, Community Physical Infrastructure (CPI), and Fisheries related interventions. Gender sensitization will be an important part of the training to learn about the significance of working with women and men community members. Relevant government officials from provincial departments i.e. Planning & Development Department, Balochistan Rural Development Academy, Local Government & Rural Development Department, Women Development Department and Social Welfare Department will also be invited to this training to orient them about the approaches and methodologies that the NRSP's will apply in the GLLSP-II.

71. **Village Development Plan (VDP):** Each VO should develop VDP for its village. A VDP is a plan which includes development initiatives at the village level, as decided by the VO and its member COs in their Micro Investment Plans (MIPs). It consists of activities (large and small, cash and cash-less) which the VO aims to achieve. Social mobilization outreach, youth development activities, adult literacy & numeracy skills, inclusion of the poor, women, disabled, transgender, ethnic/religious minorities, gender mainstreaming and women's practical and strategic needs should remain common themes in the VDP.
72. **Community Physical Infrastructure:** During the process of community mobilization and organization of COs/VOs, the communities will be informed by the social mobilization teams about the menu of small-scale community managed physical infrastructure schemes to be supported under the project, and the possible options to address some of their priority needs for social and economic infrastructure, and the terms and conditions for the implementation of such schemes. The Social Organizers will ensure that the schemes are identified through a participatory approach, the schemes represent genuine needs of the community, benefiting maximum number of people including poor and marginalized. Men's and women's priorities will be identified and discussed in separate sessions and women's choices will be given precedence. Community contribution and O&M responsibilities will be explained and agreed up front. A CO/Vo resolution signed by all members will be required for initiation of feasibility and cost estimates. Once feasibility is completed, a written agreement between CO/VO and SMP on mutual responsibilities will be required for initiation of work. The community institutions will also remain actively involved during the implementation and take full responsibility for operation and maintenance of the completed projects.

E. SECTION: IV HUMAN RESOURCE MANAGEMENT

73. **Scope:** This section lays out the rules and procedures governing staff recruitment and management under GLLSP-II.
74. **Types of Employment Contracts:** The GLLSP-II will develop standard employment contract for each category of personnel so as to ensure that all personnel are recruited on identical terms and that employment conditions are adequate to meet the requirements of the project. The project will hire the below categories of personnel:
 - Project personnel who are core members of the PMU team; this includes: professional, operations and support staff.
 - Temporary professionals and support staff hired locally to replace an absent staff, to cater for a temporary increase in workload, or to fill a vacant post temporarily.
 - Individual consultants hired nationally or internationally to carry out a specific short-term assignment.

- Internship contract offered to university graduates or entry level job seekers for initially 3 months extendable for 3-6 months with stipend. Unpaid internship also offered to students coming from an academic setting who serve as intern for 6-8 weeks as part of their degree Programme.
75. The recruitment of individual consultants is subject to the procedures and prior review of IFAD as spelled out in the financing agreement and the Letter to the Borrower. At the start of the project, P&DD GoB will assess the suitability with the GLLSP-II organogram for the existing staff of the GLLSP and will predesignated those meeting the qualification requirements and general suitability. Once the senior personnel recruited, the PMU will take charge of staff recruitment and contract administration. The recruitment of senior staff within the project will be carried out with technical assistance (as needed) and oversight of IFAD.
76. **Terms of Employment:** As per the government rules in terms of remuneration, leave and social security provisions and on similar patterns as being handled in GLLSP.

F. SECTION V: FINANCIAL MANAGEMENT (more details in Appendix)

1. COUNTRY AND PROJECT FIDUCIARY RISKS

78. **Objective:** This section defines an appropriate financial management system so as to adequately address the inherent country and project level fiduciary risks, based on the experience gained during implementation of GLLSP-I.
79. **Country Risk:** The country's inherent fiduciary risk rating continues to be *Medium*. Pakistan is the 117 least corrupt nation out of 175 countries, according to the 2018 Corruption Perceptions Index reported by Transparency International. Corruption Rank in Pakistan averaged 109.04 from 1995 until 2018, reaching an all-time high of 144 in 2005 and a record low of 39 in 1995². Pakistan's Open Budget Index (OBI)—which gauges transparency in public sector governance, has only marginally improved from 43 in 2015 to 44 in 2018 on a scale of 0-100³. Pakistan's score against the World Bank's Transparency, Accountability, and Corruption Index for the public sector has been 3 out of 6 since 2015. This indicator measures the extent to which the executive can be held accountable for its use of funds and for the results of its actions by the electorate and by the legislature and judiciary, and the extent to which public employees within the executive are required to account for administrative decisions, use of resources, and results obtained⁴.
80. The World Bank's Public Expenditure and Financial Accountability (PEFA) report of 2017 for Baluchistan acknowledges the government's efforts to improve financial management, reporting, external audit, and procurement. However, several performance gaps persist in the PFM system such as (i) variations between budget and actual expenditure; (ii) absence of linkages between policy and the budget; (iii) development projects being included in budget without proper costing, appraisal, and approval and opacity in public disclosure of fiscal information; (iv) concerns about financial data integrity, and non-coverage autonomous corporations in financial reporting; (v) absence of transparent and rules-based fiscal transfers to the local government and a sound debt management practice; (vi) use of both manual and IT-based accounting systems while no focus on service delivery; (vi) increase in the instances of non-compliance with applicable compliance requirements; (vii) lack of Internal audit function; and (viii) inability to increase provincial revenue through sales tax which has been devolved to the provinces⁵. The World Bank's PEFA Assessment for Pakistan (2017 & 2019) have flagged similar issues and emphasized the need for remedial actions.
81. The federal government is committed to improving PFM environment in Pakistan and is taking necessary steps in this direction. A six- pillar PFM Reform Strategy (2018-2027) has been approved by the federal government in consultation with the provinces. The strategy built on the work completed under Project to Improve Financial Reporting and Auditing (PIFRA) which included improved budgeting, accounting, financial reporting, and auditing in line with international best practices. The strategy aims at incremental improvements to ensure that systems deliver to their full potential in an accountable and transparent manner. The PFM Reform Strategy is further supported by the National Procurement Strategy and Training Plan (2017-2021). The World Bank is implementing a Program for Results (PfR) project (USD 400 million) to deepen the PRM reforms achieved under PIFRA. In addition to addressing the gaps in PFM system highlighted above, the PfR program envisages introducing e-procurement system and an IT based audit

² For details, please see the report at <https://www.transparency.org/country/PAK>

³ For details, please see the report at <https://www.internationalbudget.org/open-budget-survey/open-budget-index-rankings/>

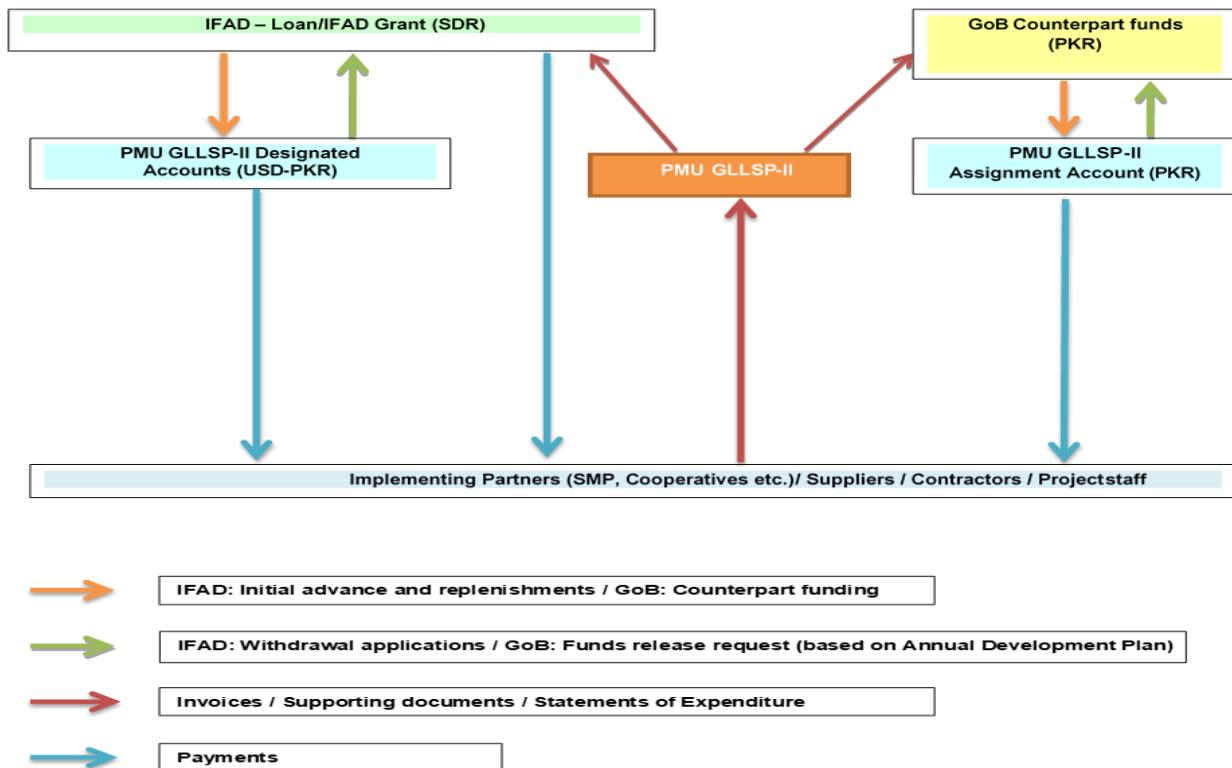
⁴ For details, please see the website <https://data.worldbank.org/indicator/IQ.CPA.TRAN.XQ?locations=PK>

⁵ For details, please see the report at <https://pefa.org/sites/default/files/PK-Balochistan-Nov18-PFMPR-SN-Public%20with%20PEFA%20Check.pdf>

management information system. Once implemented, the changes would improve the quality of PFM system in Pakistan.

82. **Project Fiduciary Risk:** The project fiduciary risk is rated as *Medium*. This is explained by consistent delays in the approval of AWPB, lack of provisioning of the counterpart funding in budget and the timely release of sufficient funds, sub-optimal accounting software, non-compliance with previous missions' recommendations, weak follow-up with external auditor on resolving audit issues, weak internal controls—especially the ones applicable to the SMP (NRSP in case of the GLLSP-I), absence of internal audit function, and weak monitoring. These risks can be mitigated by retaining the existing PMU—along with the staff, hiring of the full time Finance Manager, ensuring early approval of the AWPB and the Procurement Plan (by 31 March), using the existing designated project account for the IFAD Loan, using internal auditing firm to check compliance with applicable compliance requirements, stronger follow-up with the Auditor-General of Pakistan for external audit, sufficient allocation and timely release of government counterpart funds etc.
83. **Flow of Funds:** GLLSP-II will be dealing with four sources of funds including an IFAD Loan, an IFAD Grant, Government counterpart Funds and Community Contribution in CPIs. Project will maintain separate accounts in National Bank of Pakistan Quetta for each sources of funds. IFAD Loan, IFAD Grant and Counterpart Funds will have segregated, but integrated, systems of funds flow, budgeting and accounting to ensure a clear, verifiable audit trail. The beneficiaries' contributions would be recorded and reported by the SMP(s) though the PMU will keep updated information on this source of funding in its accounting system. The flowchart depicts how these funds—other than the beneficiaries' contribution, would flow through the project and accounted for separately for proper traceability and reporting.

Flow of funds



84. IFAD will disburse funds to the project Designated Accounts using the imprest fund methodology which is an established practice of IFAD projects in Pakistan. For this purpose, the PMU will open Designated Accounts—one for the IFAD Loan and the other for IFAD Grant in USD in the National Bank of Pakistan, Quetta—if the existing GLLSP-I's account can be used for this purpose. Parallel assignment account in PKR will be opened in the same branch of the bank which will be used as expenditure account for the funds received from IFAD. Project funding from IFAD will be channeled through the State Bank of Pakistan to these accounts against Withdrawal Applications (WA) submitted by the PMU. An initial advance (Imprest Fund) to cover approximately six months of planned project expenditures would be released to the Designated Accounts through Withdrawal Applications. This Imprest Fund for these accounts will be periodically replenished by IFAD upon the requests of PMU duly supported by required documentation. The ceiling of authorized allocation for these accounts can be increased subsequently if the project determines that the ceiling is not enough to meet project expenditure and makes a case to this effect with requisite documentation i.e. approved AWPB, cash disbursement forecast etc. The nature of this imprest account will ensure allocation and retention of funds in USD, though all payments will be made in Pak rupees.
85. A separate Imprest Account will be opened for the management of the Government Counterpart Funding and will be governed by government instructions on the operation of such accounts. The PMU would estimate the requirement of Counterpart Funding during AWPB exercise and engage with the provincial government to get sufficient allocation for the Counterpart Funding in the budget and timely releases of such funding for the project. The provincial Finance Department will establish necessary procedures to ensure that funds received in the State Bank are channeled to the project account in the province without any delay.
86. For Community Mobilization Component, the PMU will engage a Social Mobilization Partner (SMP) which will open a dedicated account to manage the GLLSP-II funds. PMU would provide advances to SMP equal to cover six month estimated expenditure on investment and operational aspects, based on the approved AWP/B. To access the next advance, the SMP will furnish detailed expenditure statement and supporting documents to PMU. After adjusting any savings/surpluses against the previous advance, the PMU would issue advance for the next six months. Effective and transparent use of these funds on priority target groups will be of utmost importance. An output-based contract will govern the payments to the SMP which will be a mutually agreeable percentage of the investment costs of the component. The PMU Finance Wing would conduct periodic/random check of the SMP account and the reports thereof would be a requisite for payment to the SMP. The PMU would also check the SMP's bank account to ensure that funds from other sources than IFAD's are not mixed up in the SMP's dedicated account for the GLLSP-II.
87. **First disbursement conditions.** The following will be designated as precedent to withdrawal/initial disbursement of funds to the GLLSP-II (i) the first AWP&B and procurement plan shall have been approved; (ii) The Designated Accounts shall have been duly opened; (iii) A full time PD, and Finance Manager have received IFAD's No Objection; (iv) the Programme Implementation Manual, including the Finance and Administration Manual, shall have been duly approved; the process for engaging Social Mobilization Partner (SMP) is at an advanced stage.
88. **Disbursement period and withdrawal applications.** IFAD financing will be disbursed over a period that will be specified in the Financing Agreement. All withdrawals from the IFAD loan proceeds will be made on the basis of withdrawal

applications submitted by the PMU, in accordance with the AWPB, following the procedures detailed in the LTB.

89. **Work Plans and Budgets.** Based on the Project Design Report and the Government's Project PC-I, the PMU will prepare AWPB which will be the main instrument for financial management, expenditure control, reporting and fund releases. AWPB will be participatory involving the SMP, Fisheries Department, C&W Department, P&D, target communities etc. and it will be shared with IFAD for No Objection by the end of March for the financial year starting in June of the same year. IFAD's fund will not be used for the activities not included in the approved AWPB.
90. The AWPB will clearly identify IFAD and Government's share of eligible expenditure. In case of the Counterpart Funds, annual budget will be approved through Annual Development Programme (ADP), and funds will be released against the approved ADP in compliance with pertinent government rules and regulations. The PMU shall actively engage with P&DD to ensure that the project's counterpart funding requirement against AWPB has been properly worked out and included in the ADP and that the allocated funds are released to the project account in the first quarter of a financial year. The PMU, SPMU, the SMP and concerned line departments will be provided equipment and vehicles as per the approved Financing Agreement.
91. **Financial management responsibilities.** The PMU will be responsible for the financial management of the project and for coordinating with all implementing partners for this purpose. The PMU will maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect operations, resources and expenditures related to the Project until the financing closing date and retain such accounts and records for at least ten (10) years thereafter. A full time Finance Manager—along with support staff in PMU and SPMUs as per the agreed organizational arrangements would be responsible for financial management of the project.
92. **Financial accounting.** A full set of accounts will be maintained by PMU as per IFAD requirements and internationally recognized accounting standards and qualified staff for this purpose will be positioned in PMU. The accounts will be maintained in line General Financial Rules, suitably adjusted to reflect the multi-sector participatory nature of the project. The accounts will be reconciled with the National Bank on closure of each month. PMU will provide initial support to the SMP to ensure that accounting for the funds transferred to the SMP are maintained in a manner and format that assists in quick rendering at the end of each quarter and meets the needs for accuracy and transparency.
93. The accounting software will be set up in a manner that enables separate activity accounts to monitor the progress of implementation, identify the works, goods and services financed from the loan and disclose their use under the GLLSP-II. The accounting system will (i) ensure the proper disbursements from the IFAD proceeds for efficient and economical implementation of the project; (ii) allow performance evaluation of the project and comparison of actual implemented budget versus estimated, and reasons for the discrepancy, and (iii) allow internal controls for ensuring protection of project funded assets.
94. Under the GLLSP-I, the project used Quick books Accounting Software to record all receipts and payments. The software helps PMU in meeting its basic financial management and reporting needs. However, the software does not fully comply with IFAD financial reporting requirements. For example, it does not generate commitments report or a report on receivables in the form of replenishment applications in transit/refunds due etc. which facilitate informed decision making. The accounting system is also not recording beneficiaries' contribution in the accounting system. It is proposed that the project engage with the service provider of Quick Books to assess if the existing software can be improved to respond to

fully comply with IFAD's financial reporting requirements. If this is not practicable, the GLLSP-II should consider switching over to a new accounting software (TOMPRO)—which has been tested and improved under the Economic Transformation Initiative of Gilgit Baltistan (ETI-GB)

95. The finance team at PMU/SPMU levels will be trained in double entry accounting and the use of the selected accounting software. The team should be able to generate mandatory and other analytic reports to support project implementation. In addition, the finance team need to be proficient in the use of MS Outlook. It may be useful for the finance team to complete IFAD's FM e-learning course. The contract to be established with the selected software provider will ensure continuous support and maintenance.
96. **Reporting.** The project will submit detailed financial statements for each financial year within four (4) months of the end of each financial year (by the end of October). In addition, the project will submit Interim Financial Report indicating progress against components/categories and issues that may require IFAD's intervention to keep project on track. The interim reports will also include bank reconciliation duly signed by the project and supported with authenticated bank statements or countersigned by the concerned bank(s). A reporting template will be advised by IFAD.
97. The SMP will also be required to submit Quarterly Progress Report (QPR) along with bank statement duly signed by the SMP's bank and the SMP's authorized official. The QPR will compare technical and financial progress against the approved WP and highlight specific actions that need to be taken to keep project on track. PMU shall use the QPR as the basis for its random/periodic inspections.
98. **Internal Controls.** The provincial Finance Department, Planning and Development Department, and the Accountant General Baluchistan have established internal controls and annual external audits by the Auditor-General of Pakistan ensure that the quality of these controls is assessed and reported on periodically. However, the GLLSP-II will require stronger internal controls to ensure proper financial management as explained in the Working Paper (Fiduciary Risk Assessment). Details of these controls will be outlined in the FM Section of the PIM. The manual will be approved by the P&D, Finance Department and IFAD, prior to project start-up.
99. **Internal Audit.** For internal audit, the PMU shall engage the services of an auditing firm which would supplement the work of the external audit. The internal audit will have larger focus on the activities of the SMP. The PMU shall seek No Objection from IFAD for the TORs, subsequent to which the auditing firm will be appointed within two months. The auditing firm will be required to submit quarterly reports on the activities of the SMP which would be shared with IFAD as part of the project's QFRs. A position of Manager Internal Audit is being proposed for the PMU to coordinate for the engagement and working of the internal audit firm.
100. **Audit.** Audit of Project Accounts will be carried out within three months of close of financial year by Auditor General of Pakistan through its provincial Director General Audit (Quetta) Report of each Audit will be conveyed to P&D Department and IFAD within six months of the close of financial year. The PMU will prepare the TORs for the external audit by the Auditor-General's Office to ensure that IFAD's requirements are clearly documented and understood. Further, the project will submit its annual financial statements to the AGP no later than two months after the end of the financial year to ensure timeliness. The external audit will examine (i) consolidated financial statements (ii) Designated Account operations, (iii) Statement of expenditures. The Audit Report would respond to the TORs shared with the provincial Director General Audit (Quetta) for the external audit before the start of this activity. If the circumstances so warrant, IFAD may require the project

to arrange for an external independent audit in addition to annual audit by Auditor General of Pakistan.

101. **Audit** of the SMP's Accounts—related to the activities funded by the GLLSP, will be carried out by a Chartered Accountant Firm selected with the concurrence of PMU. Accounts of the SMP will be audited within three months of the close of financial year and audit report furnished to PMU within six months of closure of annual accounts.

G. SECTION: VI PROCUREMENT

1. INTRODUCTION TO PROCUREMENT MANAGEMENT

102. This module describes the rules and procedures applicable to the procurement of goods, works and services for Gwadar Lasbela Livelihood Support Project (GLLSP-II). Procurement financed from IFAD funds shall only be carried out during the Project implementation period, i.e. from project effectiveness to project completion. The applicable procurement modalities are defined in the Letter to the Borrower and the procedures manual. The procurement process, from planning to final payment, is conducted by the PMU as per the guidelines of the Balochistan Public Procurement Regulatory Authority (BPPRA)⁶/PPRA and IFAD⁷.
103. **PROCUREMENT PRINCIPLES:** The PMU must comply with the following principles:
104. **ETHICS:** The guiding principles of ethical behavior are impartiality, independence and integrity. No person or entity shall use his/her/ its authority, position or office for personal gain, which will be defined as soliciting, accepting or otherwise benefiting from anything of material value, in any form, either in person or indirectly through close relatives or associates, as a result of procurement financed by IFAD.
105. The Project Management Unit (PMU) staff have a duty to:
- Maintain the highest standards of honesty and integrity in all relationships;
 - Develop the highest possible standards of professional competence;
 - Maximize the use of IFAD funds and other resources for which they are responsible for the purposes for which these funds and resources were provided to the Project;
 - Comply with both the letter and the spirit of the Financing Agreement, the laws and regulations of Government of Pakistan/Balochistan, accepted professional ethics and contractual obligations;
 - Declare any personal interest that may affect, or might reasonably be deemed by others to affect, impartiality in any matter relevant to their duties (conflict of interest). In a situation of this nature, the official concerned will not participate in any way in the procurement process, to avoid mis-procurement; and
 - Respect the confidentiality of information gained in the course of duty and not uses such information for personal gain or for the unfair benefit of any bidder, supplier or contractor. Information given in the course of their duties shall be true, fair and not designed to mislead.
106. **ACCOUNTABILITY:** PMU is accountable to IFAD for all actions and decisions in relation to Project-funded procurement. This includes, but is not limited to, ensuring that:
- The funds are used solely for the purpose for which they were provided; and
 - Procurement is undertaken in accordance with this Module.

⁶ <http://www.bppra.gob.pk/uploads/publication/afa23b33e1d60816869ffa74a9dba8b0.pdf>

⁷ https://www.ifad.org/documents/38711624/39421018/proc_handbook_e.pdf/2febc53a-4244-4447-a788-d06a632fd3b5

107. COMPETITION: Full, fair and legitimate competition among eligible suppliers and contractors is the foundation on which project-funded procurement activities will be based. The most common method of seeking competition is through a competitive bidding process, and, in this regard, GLLSP-II specifies that all goods, works and services will be obtained through an agreed procurement process involving at least three separate suppliers or contractors whose business is directly related to the procurement being undertaken.

- a. The project will therefore promote genuine competition at every opportunity and will provide evidence of:
- b. fair and genuine competition in the compilation of shortlists and in the solicitation of bids; and
- c. the effectiveness of competition during the bidding process
- d. Single sourcing and direct contracting do not provide the elements of competition required by IFAD. Only in exceptional circumstances will these approaches be considered and approved in procurement plans agreed with IFAD.
- e. Notwithstanding the above, PMU recognizes that it is neither practical nor efficient to advertise internationally for low-value contracts for goods, works or services, and the degree to which the principle of competition is required for each procurement activity will be outlined in the procurement method approved by IFAD within the approved procurement plan for each year.

108. FAIRNESS: PMU expectation is that Project-funded procurement will be open to as many eligible bidders as is practicable in order to meet the requirements of competition. GLLSP-II will ensure that all prospective bidders are:

- a. Managed with a consistent approach and application of laws, regulations and requirements in respect of the procurement process;
- b. Offered a level playing field on which to genuinely compete offered a level playing field on which to genuinely compete; and
- c. Treated in a fair, impartial and unbiased way, so that principles of impartiality and equal opportunity can be demonstrated in all procurement activities.
- d. In striving for fairness in its procurement operations, the Project will:
- e. Not tolerate exclusion of, discrimination, bias or prejudice against, or favoritism or inequality towards any potential supplier or contractor, either directly or indirectly through manipulation of any part of the procurement process, including, but not limited to, the preparation of technical specifications, evaluation criteria or bidding requirements; where any such activity is suspected or proven, PMU reserves the right to take any preventative, corrective or punitive action it considers appropriate;
- f. Seek to address, any impositions that may deter or impinge on the attainment of fairness within the procurement process.

109. TRANSPARENCY: Because a lack of transparency can be perceived as an attempt to withhold information, which in turn may make the fairness and integrity of the procurement process suspect, the Project will ensure the highest degree of transparency and openness within the procurement processes it undertakes. Transparency within procurement relates to disclosing, in the public domain, information for parties involved, interested in or affected by the process, including but not limited to information on:

- a. the availability of potential and existing procurement opportunities;
- b. where to access relevant data;
- c. the processes by which the procurement is being undertaken;
- d. the mechanisms by which contracts will be awarded;
- e. contract award data; and
- f. appeal procedures
- g. Modes of communication/publication of such information will vary depending on the nature of the data but will generally be through existing means of public

information (e.g. government websites, public notice boards or media) or in the procurement documentation relevant to an individual procurement activity (e.g. bid notices and bidding documents). The Project will act openly, predictably and in accordance with the information provided.

110. **EFFICIENCY, EFFECTIVENESS AND ECONOMY:** GLLSP-II will demonstrate efficiency and economy in undertaking Project-related procurement, to avoid undue implementation delays and to achieve value for money. Procurement will be well organized, carried out correctly with regard to quantity, quality and timeliness, and at the optimum price, in accordance with the appropriate guidelines, principles and regulations. Processes will be proportionate to the procurement activity, so that the overall cost of conducting the procurement process is minimized and tailored to the size of the budget for the activity being undertaken, while upholding the guiding principles. Efficiencies may be obtained through a combination of methods. For example, a strategic approach can be taken to planning, combining and conducting procurement activities so as to minimize loss of time and resources.
111. **VALUE FOR MONEY:** Underpinning all of the above is the need to obtain value for money for all Project procurement activities through the optimum combination of several factors, including:
 - a. applying sound, internationally recognized procurement principles;
 - b. ensuring that the goods, works or services procured meet the requirements for the task and are not over specified;
 - c. ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and
 - d. ensuring that the provider/supplier of the goods, works or services is qualified, legally entitled and competent to execute the contract.
 - e. Best value does not necessarily mean the lowest initial price option, but rather represents the best return on investment, taking into consideration: the unique and specific circumstances of each procurement activity; the balance of time, cost and quality required; and the successful overall outcome of the contract in meeting its original objectives.
112. **GOOD GOVERNANCE AND ACCOUNTABILITY POLICIES:** IFAD Procurement Guidelines and Anti-Corruption Policy, will be adapted to this Project through the Financing Agreement, require zero tolerance to corrupt and fraudulent practices. Therefore, the procurement process also requires a strict adherence to BPPRA/PPRA and IFAD Guidelines and Policy.
113. **IFAD MONITORING AND REVIEW:** To ensure that the procurement processes are carried out in conformity with BPPRA/PPRA and IFAD Procurement Guidelines and with the agreed procurement plan, IFAD will review arrangements for procurement of goods, works and services proposed by the PMU including:
 - a. Contract packaging;
 - b. Applicable procedures and procurement methods;
 - c. Bidding documentation;
 - d. Composition of bid evaluation committees;
 - e. Bid evaluations and award recommendations; and
 - f. Draft contracts and contract amendments
114. The extent to which these review procedures will be applied to the Project is contained in the letter to the Borrower/Recipient.
115. **LEGAL FRAMEWORK:** The procurement of goods, works and services by GLLSP-II follows BPPRA Rules and Regulations as well as the modalities set out in the Letter to the Borrower and this PIM and specified each year in the procurement plans for each individual procurement. The below table summarizes the procurement modalities and prior review thresholds applicable to the project.

116. The procurement methods allowed for GLLSP-II are the following:

GOODS & WORKS	SERVICES (FIRMS AND INDIVIDUALS)
International Competitive Bidding (ICB)	Quality and Cost Based Selection (QCBS)
National Competitive Bidding (NCB)	Selection based on Consultants' Qualification (CQQ)
International Shopping (IS)	Fixed Budget Selection (FBS)
National Shopping (NS)	Least Cost Selection (LCS)
Direct Contracting or Direct Procurement	Community Service Organization selection (SMT)
Procurement with community participation	Single-source selection (SSS)
Procurement from UN/ GoP Agencies	Selection of individual consultants (ICS)

117. **Types of goods, works and services:** It is anticipated that the following goods, works and services will be procured for GLLSP-II:

Goods – Vehicles, motorcycles, office and IT equipment, software, furniture, generators, supplies, etc.

Works – Irrigation infrastructure, Land Development and Farm to Market roads.

Services - Audits, Studies and Surveys, Consultancies (from specialized consulting firms or individuals), Seminars and Workshops, Technical Assistance, Training and other services.

118. **Distribution of roles:** Except for certain small value, the PMU is responsible for carrying out the Project's procurement process. As a procuring entity for GLLSP-II, the PMU has established a procurement unit in charge of, inter alia, procurement planning, handling of the bidding process, conducting bid openings and evaluations of bids, and procurement/contract monitoring.

119. The different steps in the procurement process at PMU level are allocated as follows:

120. Table 1: Responsibility of task with different steps in the procurement process at PMU level

Tasks	Responsible staff/unit
Procurement planning	Procurement Specialist
Preparation of advertisements	Procurement Specialist
Review of advertisements	Manager Finance & Administration
Approval of advertisements	Project Director
Preparation of bidding documents	Procurement Specialist
Review of bidding documents	Manager Finance & Administration / relevant sector specialist
Approval of bidding documents	Project Director IFAD (No Objection)
Bid opening	PMU bid opening committee
Bid opening minutes and attendance sheet	Procurement Specialist
Rejection, cancellation, extension of bids	Project Director IFAD (No Objection)

Bid evaluation	PMU bid evaluation committee
Preparation of evaluation report	Procurement Specialist (as secretary of the evaluation committee)
Approval of evaluation report	Project Director IFAD (No Objection)
Contracts award (based on approved evaluation report)	Project Director
Signature of contracts	Project Director
Contract monitoring	Procurement Specialist / Relevant Specialist
Procurement monitoring	Procurement Specialist
Task	Responsible staff/unit
Procurement planning	Procurement Specialist
Preparation of advertisements	Procurement Specialist
Review of advertisements	Manager Finance & Administration
Approval of advertisements	Project Director
Preparation of bidding documents	Procurement Specialist
Review of bidding documents	Director Finance & Administration
Approval of bidding documents	Project Director IFAD (No Objection)
Bid opening	PMU bid opening committee
Bid opening minutes and attendance sheet	Procurement Specialist
Rejection, cancellation, extension of bids	Project Director IFAD (No Objection)
Bid evaluation	PMU bid evaluation committee
Preparation of evaluation report	Procurement Specialist (as secretary of the evaluation committee)
Approval of evaluation report	Project Director IFAD (No Objection)
Contracts award (based on approved evaluation report)	Project Director
Signature of contracts	Project Director
Contract monitoring	Procurement Specialist
Procurement monitoring	Procurement Specialist

121. The PMU is allowed to conduct procurement for goods, works and non-consulting services when the value is below USD 1,000. The Procurement/Administrative Assistant will prepare the requests for quotations, under the supervision of the Procurement Specialist. A small evaluation committee is set up to evaluate quotations received from bidders. The PS prepares the evaluation reports (as secretary of the evaluation committee), which are approved by the PD, who delegates his/her powers to the purchase committee for the award and signature of the purchase orders (purchase order attached in Annex 4 (Procurement)). With regard to implementing partners, PMU representation will be at all stages of procurement, from planning, advertisement, short-listing to Purchase Order/Award of the Contract. In addition to ensuring adherence to applicable procurement rules, the Procurement Specialist and Project Director are responsible for reporting procurement activities and submitting related data to IFAD and the P&DD Government of Balochistan.
122. **IFAD** plays an important role in the support, monitoring and control of the Project's procurement. IFAD's No Objection must consequently be obtained at certain stages of the procurement process, on the basis of prior review thresholds

specified in the LTB. In the case of a query or rejection of a No Objection/approval request by IFAD or by the Project Director, the procurement unit is required to (i) suspend the procurement process, (ii) address the issue raised (by answering the query or correcting the faulty documents), (iii) re-submit the request and obtain the No Objection/approval and (iv) resume the procurement process. The above Table1 is summarizes the responsibilities of each of the parties involved in the procurement of goods, works and services for GLLSP-II.

2. PROCUREMENT MONITORING SYSTEM

123. The PMU uses a database system developed on Excel to monitor GLLSP's-II procurement actions and status on a continuous basis for each individual procurement case. This Procurement Tracking System (PTS), which includes the procurement plan, also records the following data (in addition to planned amounts):
- a. Requisition date and number (sequential number generated automatically to identify each procurement case)⁸and name of requesting staff
 - b. Component, sub-component AWPB activity, expense category, district and financier
 - c. Full description of goods, works or services and estimated cost
 - d. Shortlists (names and country of suppliers)
 - e. Date of issuance and number of bidding documents (ITB, RFP, RFQ, etc.) or date of IFAD's No Objection in the case of a waiver of competitive bidding
 - f. Date of evaluation and name of selected supplier
 - g. Date of IFAD's No Objection for contract award
 - h. PO or contract amount, date and number (and subsequent amendments, if any)
 - i. Amount of advance paid, if any
 - j. Date of delivery and Receiving and Inspection Report date and number
 - k. Invoice amount, number and receipt date
 - l. Payment date(s).
 - m. Any relevant comments may also be included in a special column.
124. This system also allows procurement data to be sorted by project component/sub-component, by expense category, by contract number or date, by country of origin of the selected suppliers, by financier, by district, etc. Reports and statistics can then be issued according to any of those criteria and for any period requested. The Procurement Specialist is required to input each procurement action into the PTS on a real time basis. The information inserted into the database enables to generate monitoring reports for the PMU, P&DD GoB, and IFAD as needed.

3. PROCUREMENT CYCLE

125. Procurement includes the planning, purchasing, delivery and final hand-over of goods, works and services. The procurement cycle includes the following ten steps:
- a. Procurement planning;
 - b. Requisitioning
 - c. Identification of suppliers by advertising and short-listing (where applicable)
 - d. Competition process (via ITB, RFP, RFQ, Quotation etc., or waiver of competition in exceptional circumstances)
 - e. Selection of supplier (following an evaluation process)
 - f. Award of contract (including the issuance of the purchase order or contract)
 - g. Contract administration
 - h. Delivery of goods, works or services
 - i. Reporting.

⁸ The format of the requisition number is YY/XXX where YY represents the current year and XXX is a sequential number.

126. The procurement cycle is described in detail in the following sections. Throughout this cycle, the Procurement Specialist and Project Director are responsible for ensuring that the rules and procedures of the GoB and IFAD (where applicable) are fully complied with, in conformity with the Project basic documents and the BPPRA Rules.
127. **Procurement planning:** Procurement planning is the first stage of the procurement process. Each year during the second half of April, the Procurement Specialist prepares a detailed procurement plan using the AWPB as the source document. The procurement plan⁹ (shown in Annex 5 (Procurement)) is a detailed list of anticipated purchases of goods, works and services. It is prepared for a 12-month period (aligned to the AWPB) and updated on a 'real-time' basis; it is revised with each AWPB revision. The procurement plan is presented by procurement category (goods, works and services) and by component, and indicates thresholds for procurement methods and IFAD Prior Review. For each individual procurement item, the PP shows separate planned vs. actual dates lines and contains the following information:
- a) Project component and AWPB activity code
 - b) Expense category
 - c) Procurement case number (from the PTS)
 - d) Nature of procurement, description and quantity of goods/works/services
 - e) Procurement method and IFAD review requirement
 - f) Pre-qualification or post-qualification requirement (for goods, works or non-consulting services)
 - g) Estimated cost, including transport and insurance, if applicable
 - h) Planned dates for the entire procurement process, i.e. expression of interest or pre-qualification (if applicable), bidding document preparation, publication, bid opening, bid evaluation, post-qualification (if applicable), contract signature, including IFAD No Objection (for each step where applicable)
 - i) Planned completion or delivery date.
128. Once it is completed, the procurement plan is submitted to the Finance and the PD by the end of April each year for review. While reviewing the procurement plan, the Finance and PD must ensure that (i) the information contained in the plan adequately reflect the AWPB, (ii) the cost estimates are reasonable, (iii) funds are available to conduct the procurement actions and (iv) the anticipated procurement methods are in conformity with the provisions of the national rules and the Letter to the Borrower. The Procurement Specialist makes corrections to the procurement plan as requested by the Finance Unit and PD. Once the plan is validated, the Procurement Specialist makes a proposal for grouping goods, works and services to be procured into sizeable bid packages so as to permit the optimal use of competitive bidding. The finalized procurement plan is an integral part of the AWPB. It is therefore submitted to the PSC for approval with the AWPB, by Mid-May. After approval by the PSC, the procurement plan and the proposal for grouping are forwarded to IFAD for review and possible No Objection by last week of May. Observations from IFAD are discussed among the Project Director, team and the Procurement Specialist will integrate in the plan. In the absence of a reply from within 30 days of sending it, the procurement plan is deemed approved by IFAD. It is then shared with the relevant PMU/Components Specialist staff.
129. Every time a step is completed in the procurement process, the Procurement Specialist updates the procurement plan by inserting in the corresponding column, the actual date on which the step was completed. The PP is updated every time there is a revision of the AWPB (usually at half-year); the PP is then reviewed by

⁹ https://www.ifad.org/documents/38711624/39421018/proc_handbook_e.pdf/2febc53a-4244-4447-a788-d06a632fd3b5

the team and PD and re-submitted together with the AWPB – to the approval of the PSC, as well as to IFAD for No Objection.

130. **Purchase requisition:** The purchase requisition is the document that initiates the procurement action. It is prepared by the requesting staff using the model shown in (Annex 3 (Procurement)), and contains the following information:

- a. AWPB activity code
 - b. Description of goods, works or services requested
 - c. Cost estimate (including transport¹⁰, insurance and incidental costs)
 - d. Date of required delivery
 - e. Justification for waiver of competitive bidding, if applicable.
 - f. Technical specifications/TOR must be attached to the requisition.
131. The requisition is signed by the requesting staff and forwarded to the Manager Finance and Administration (MFA) who indicates the expense category and account numbers and verifies that:
- a. The procurement request is included in the procurement plan; if not, s/he asks the requesting staff for justification and notes it on the requisition.
 - b. Funds are available under the component/AWPB activity and expense category; s/he prints out a budget statement and attaches it to the requisition.
 - c. The MFA consults with the Procurement Specialist as needed to ensure that the requisition is complete and the information adequate.
132. After verification by the MFA, the requisition goes to the Project Director who ensures that:
- a. Proposed items are in accordance with the approved procurement plan; if not, s/he ensures that the justification provided by the requesting staff is acceptable¹¹.
 - b. Estimated cost is reasonable and within the budget for the current year.
 - c. Proposed goods, works or services are technically appropriate.
 - d. Potential bidders have been identified.
 - e. Information on the form complies with procurement rules, policies and procedures adopted for the Project.
 - f. If funds are not available, the Project Director decides whether to postpone the procurement or to reallocate the budget and informs the requesting staff and MFA accordingly. Once approved the requisition the requester shall submit it to procurement unit. The Procurement Specialist determines the appropriate method for the procurement of goods, works or services on the basis of threshold and input in PTS.

133. Upon receiving an approved purchase requisition, the Procurement Specialist must:

- a. Input the information on the requisition into the PTS
- b. Note the system-generated sequential number on the requisition, and
- c. Create a procurement file.

134. The Procurement Specialist then updates the procurement plan by entering the file number. All documents related to a particular procurement case are kept in the same file. In order to facilitate filing and search, the same number, preceded by the appropriate prefix (e.g. ITB, RFP, RFQ, PO, etc.) will be used to identify the competition document and corresponding contract.

135. **Technical Specifications and Terms of Reference (ToR):** The technical specifications (for goods and works) or terms of reference (for services) attached to

¹⁰ For purposes of estimating the cost on the requisition, airfreight is assumed to represent 30% and ocean freight 15% of the cost of goods.

¹¹ If the purchase is authorized, the Procurement Specialist will amend the procurement plan as part of the next update

the purchase requisition (Sample attached in Annex 3 (Procurement)) are normally prepared by the requesting staff (under supervision by the component head) and checked by the Procurement Specialist for quality and suitability. However, assistance from specialized technical experts may be needed to develop complex specifications (including specific packaging/shipping requirements) or terms of reference.

136. **Technical Specifications:** Specifications are based on relevant technical characteristics and/or performance requirements. The specifications must clearly and fully describe the goods or works required, as accurately as possible and in generic terms. The use of brand names, catalogue numbers or similar classifications that could favor a particular supplier must be avoided. Where there is no choice but to use a brand name or catalog number of a particular manufacturer in order to clarify an otherwise incomplete specification, then it shall be complemented with the words "or equivalent". The specifications must be drafted to allow the evaluation of offers for goods or works which have similar characteristics and which provide performance at least substantially equivalent to those specified.
137. There are three types of specifications, which may be combined:
 - a. **Functional specifications** define the function or duty to be performed and focus on what the product is to do. Less emphasis is given to materials or dimensions.
 - b. **Performance specifications** define the performance and results required of the product.
 - c. In order to assure quality of the goods/works, relevant product standards (international or national) and environmental standards (energy star ratings, recyclable materials, etc.) should be included. Where certain standard specifications are referred to, a statement should follow that other international or national standards that promise to confer equal or better quality will also be acceptable.
 - d. **Design requirements specifications:** the exact dimensions, materials or characteristics must be provided. It should be noted that this type of approach might exclude certain suppliers (and hence, lessen competition) because of differences in engineering
 - e. practices. Dimensions should always be quoted using the metric system.
138. Standards and technical specifications quoted in bidding documents should promote the broadest possible competition, while assuring the critical performance or other requirements for the goods or works under procurement. As much as possible, the requesting staff should try to specify internationally accepted standards such as those issued by the International Standards Organization (ISO) with which the equipment or materials or workmanship shall comply. Where such international standards are unavailable or are inappropriate, national standards specified by Pakistan Standards Quality and Control Authority may be specified. In all cases, the bidding or proposal documents shall state that equipment, material or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted.
139. **Terms of References (ToRs):** ToRs are normally used for the services contracts. They detail the objective, scope and nature of the assignment, and form an integral part of the contract. The following information must be included in the ToRs:
 - a. The background of the Project, including objectives and main components/activities;
 - b. A description of the required services. The activities to be performed or services to be rendered must be described in detail: for example, modalities of a survey (defining area, data needed, means to be employed); organization of a training course (defining target group, curriculum outline, training materials, course duration);

- c. A comprehensive list of the tasks and standards to comply with;
- d. Coordination arrangements (including the list of documents and/or services to be provided by the PMU or the end-user in order to facilitate the execution of the assignment);
- e. Modalities for monitoring and control of progress by the PMU;
- f. A detailed work schedule, i.e. duration of activities/services from inception to completion, indicating any factors influencing that timeframe, such as seasonal
- g. considerations, schedule for initial submission, review/approval time, etc.;
- h. A clear definition of expected outputs/results and the final products to be submitted (e.g. survey completed, maps drawn, research undertaken, data collected/elaborated, workshop conducted), and
- i. Reporting requirements (for example, specification of format and content for interim and final reports, periodicity and deadlines, number of copies, recipients, etc.).

140. **Identification and shortlisting of suppliers:** The identification and shortlisting of suppliers for the GLLSP-II procurement is normally carried out by means of a competitive process, in compliance with the national procurement rules. This competitive process may be more or less open depending on the provisions of the BPPRA Rules and the IFAD LTB. The table below summarizes the procurement modalities and the IFAD review requirements for the various categories of procurement and related thresholds:

Threshold for Procurement of Goods, Works and Services

Thresholds for Procurement and Review Methods Expenditure Category	Contract Value Threshold (US\$)	Procurement / Selection Method	Contracts Subject to Prior Review/ Post Review
Works	$\geq 3,500,000$	ICB	Prior Review
	$\geq 20,000 < 5,000,000$	NCB	Prior Review
	< 20,000	National Shopping	(Post review)
	All values	Direct Contracting	Prior Review
Goods	$\geq 500,000$	ICB	Prior Review
	$\geq 20,000 < 200,000$	NCB	Prior Review
	$\geq 1,000 < 20,000$	National Shopping	(Post review)
	All values	Direct Contracting	Prior Review
Consulting Services – Firms	$\geq 200,000$	QCBS/QBS (International)	Prior Review
	$\geq 20,000 < 100,000$	(QCBS/QBS/ FBS/LCS)	Prior Review
	< 20,000	CQS	Post Review
	All values	SSS	
Consulting Services - Individuals (ICS)	$\geq 100,000$	IC- International	Prior Review
	< 100,000	IC –National	Prior Review
	All values	ICS – SSS	Prior Review

141. Where:

ICB.	International Competitive Bidding	NCB.	National Competitive Bidding
QCBS.	Quality and Cost Based Selection	CQS.	Selection Based on Consultants' Qualification
FBS.	Fixed Budget Selection	LCS.	Least Cost Selection
SSS.	Single Source Selection	QBS	Quality Based Selection
ICS.	Individual Consultant Selection	DC.	Direct Contracting

142. **Open Competitive Bidding – ICB or NCB (Goods & Works):** As indicated in the table above, open competitive bidding may be done at the national or international level, depending on the value of the procurement. International bidding is appropriate for high value or complex procurements and where the goods, works or services by their nature or scope, are more likely to be of interest to international suppliers. National competitive bidding is the procedure normally used for public procurement in Pakistan; it is most appropriate for goods or works of smaller value, which are not likely to attract adequate foreign competition. In both cases, the selection of the supplier is carried out on the basis of an invitation to bid, using national standard bidding documents. Procurement of goods and works on open competitive bidding is subject to validation from the Project Director. IFAD

prior review is required for goods and works valued at USD 20,000 or more. Both ICB and NCB procurement is conducted exclusively by the PMU.

143. **Pre-qualification:** For high value and/or complex procurement of goods, works or non-consulting services, the PMU may decide at planning stage to go through a pre-qualification process in
 - a. order to identify potential bidders that have the required capacity, resources and experience for the contract. This procedure, which limits the actual bidding process to a limited number of qualified suppliers/contractors, is particularly useful when:
 - b. Bidders may be discouraged by the high cost of preparing bids and would be more willing to invest resources in bid preparation knowing that they are competing against a limited number of bidders,
 - c. Evaluating a high number of bids would be very costly and time-consuming for the PMU and/or
 - d. Contractor's qualifications are key for the satisfactory performance of the contract.
144. The Procurement Specialist prepares the pre-qualification documents using the national template issued by the BPPRA, including a short description of the Project, a description of the goods, works or non-consulting services, the pre-qualification criteria and the details for submission of applications (name/address, deadline, submission modality, and information/documentation required to verify the applicant's eligibility or qualifications). The Procurement Specialist then drafts the pre-qualification invitation, which is published in the BPPRA and GLLSP-II websites, and in at least 2 daily newspapers (Urdu and in English) based on the required BPPRA thresholds. Sufficient copies of the pre-qualification documents must be ready for sale at the PMU (by the Procurement Specialist) on the first day of publication of the notice. The price charged must only reflect the actual cost of production of the pre-qualification documents. The Procurement Specialist records in a dedicated register, the name and address of all applicants who purchase a pre-qualification document.
145. On the submission deadline, the Evaluation Committee augmented with the relevant technical expert or consultant, meets to evaluate the applications received against the criteria defined in the pre-qualification document and to attribute a score to each application. The evaluation report prepared by the Procurement Specialist (as secretary of the committee) identifies the applicants that are qualified, and those that are not qualified, and states the reasons. The pre-qualification report is signed by all committee members, approved by the PD and sent to IFAD for No Objection along with the bidding documents.
146. **Invitation to Bid:** The Procurement Specialist prepares the ITB using the national standard bidding documents. The ITB package must contain the following elements:
 - a. ITB letter and Instructions to bidders (clearly outlining the required validity of bids as well as the criteria for bid evaluation and selection of the lowest evaluated bid);
 - b. Information on the deadline and location for bid submission, and public bid opening;
 - c. Bid submission sheet, including sample formats for bid security, if applicable;
 - d. Model contract or PO, including general and special terms and conditions;
 - e. Detailed list of goods or description of works (including norms, standards and/or methods to comply with);
 - f. Technical specifications, list of goods, bill of quantities and/or drawings (provided by the requesting staff);
 - g. Place and time of delivery or completion schedule; insurance requirements;
 - h. Description of penalties or bonuses;

- i. Anticorruption compliance statement and/or permission for IFAD to inspect bidders' accounts/records relating to the bid submission and contract performance, and to have them audited by IFAD-appointed auditors;
 - j. Guidance on complaint filing procedures;
 - k. Financial provisions (payment modalities, advances, bank guarantees, etc.).
147. The Procurement Specialist drafts the bid advertisement, which contains the following:
- a. The bid number;
 - b. A brief presentation of the Project and the funding source (refer to IFAD Procurement Guidelines for the appropriate text to use);
 - c. A description of goods/works to be procured, and name of the contracting authority;
 - d. The preference given to goods/works manufactured in Pakistan or in developing countries, as well as the eligibility criteria for this preference;
 - e. The method and criteria to be used for the evaluation and comparison of bids;
 - f. The place, contact name and modalities for retrieving the ITB package;
 - g. The name of the person to contact for queries;
 - h. The place and deadline for submission (date and time);
 - i. The place, date and time for the bid opening.
148. The ITB and advertisement are reviewed by the project technical team for validation, and approved/signed by the PD. When required, IFAD's No Objection on the bidding documents must also be obtained prior to publishing the advertisement (the Procurement Specialist must enter the date of the IFAD No Objection in the PTS). The Administration Assistant (under supervision of the Procurement Specialist) is responsible for organizing and monitoring the advertising process. PS is in charge of the distribution of ITB packages to prospective bidders. Sufficient copies of the bidding documents must be ready for sale at the PMU by the first day of publication of the ITB. The price charged must only reflect the actual cost of production of the bidding documents. Prospective bidders are allowed to briefly inspect the bidding documents prior to purchasing them. For each ITB package purchased, the Procurement Specialist (i) delivers a receipt to the bidder, (ii) records the name and address of the bidder in a register, (iii) obtains the bidder's signature on the declaration of ethical conduct and (iv) obtains written acknowledgement from the bidder that samples have been inspected (if the bid is subject to conformity with samples).
149. The Administration Assistant acts as petty cash custodian for the cash received from the sale of bids. The cash is kept in a petty cash box and locked in a safe. It is used to pay for expenses related to the preparation of bids, the bid opening ceremony and the bid evaluation meetings. The Administration Assistant keeps a petty cash register to account for these monies, under the supervision of the MFA. There are no major procedural differences between International Competitive Bidding and National Competitive Bidding apart from the language, advertising media used and length of publication. International bids must be advertised (in English) in international newspapers, specialized websites¹² and through local representatives of member countries whose firms may potentially be interested. In addition, a longer time must be allowed before bid closing to reflect the slower communications involved. National bids, on the other hand, are advertised in the BPPRA and GLLSP-II websites or bulletin boards, and in at least 2 daily newspapers (one in Urdu and one in English) according to BPPRA rules and thresholds.

¹² United Nations Development Business (UNDB) online, or Development Gateway Foundation (market). IFAD's assistance may be sought for the publication of Specific Procurement Notices in these websites.

150. National shopping (goods USD >1,000 to ≤ 20,000; works ≤ USD 20,000):

When using the national shopping procedure, the competition is limited only to pre-identified suppliers who are known to be qualified to furnish the goods, works or services required. This is the preferred procurement method for readily available off-the-shelf goods, standard specification commodities, simple civil works of small value and standard, low value non-consulting services. National shopping may be carried out at PMU level for small value contracts (under USD 1,000), as agreed by the Procurement Specialist and authorized by the PD, and under the supervision of the Procurement Specialist.

151. Identification of suppliers and shortlisting: In order to facilitate the procurement process when national shopping is used, the Procurement Specialist develops and maintains a roster of suppliers sorted by industry and area of expertise (i.e. types of goods, works and services proposed). This database is maintained and updated by the Procurement Specialist with assistance from the Administration Assistant; it must contain the following data for each potential supplier:

- a. Name of company¹³
- b. Details of supplier (address, telephone, fax, email, website, etc. - the country should be input in a separate field for reporting purposes)
- c. Industry or area of expertise
- d. References (other projects or GLLSP-II partners which have contracted the supplier in the past)
- e. Remarks (e.g. evaluation of supplier's performance).
- f. Many sources are available to the GLLSP-II in order to identify potential suppliers, including:
 - g. IFAD headquarters and the IFAD Asia network
 - h. The GoP, GoB and affiliated institutions
 - i. Other donor-funded projects in Pakistan, development partners and other GLLSP-II partners, embassies of IFAD member countries in Pakistan
 - j. Specialized procurement websites (e.g. UN Development Business, Development
 - k. Gateway Foundation, Development Ex, Compass, etc.) and search engines
 - l. Professional organizations or associations
 - m. Business seminars, visitors, trade representations
 - n. Trade publications, professional journals, catalogues, and other commercial media
 - o. Local telephone directories.

152. A background check should be conducted on all entities that have never worked for IFAD previously. When launching a restricted bid under national shopping, the Procurement Specialist, in collaboration with the technical staff, is responsible for identifying a good mix of qualified candidates with the appropriate expertise from the above sources, and preparing an official shortlist.

153. The shortlist is prepared on the basis of set criteria such as the technical and financial capability of the supplier, capacity to supply the goods/complete the works/provide the services in the required timeframe, past performance, etc. The shortlist should contain 3 to 4 suppliers for very small value contracts or individual consultants, and 5 to 7 suppliers for larger value contracts. The shortlist is reviewed by the technical team as well as MFA and approved by the Project Director. Requests for quotations are prepared and issued to different vendors on their request/demand and award framework contract with the lowest evaluate vendor for the whole year through this process. Frame work agreement shall be generally adopted in the following cases:

¹³ A separate roster is maintained by the FM for individual consultants

- a. Goods that can be procured off-the-shelf, or are of common use with standard specification;
- b. Non – Consulting services that are of a simple and non-complex nature and may be required from time to time.
- c. Small value contractor for works under emergency operations.
- d. Selection of vendors for the whole year for purchase of expendable items such as stationery, printer toner, office utilities, repair of vehicles, vehicles lubricants, fuel for vehicles, vehicles services etc.
- e. The Administrative Assistant shall check availability of required goods form stores under any existing frame work agreement;
- f. The Procurement Specialist and Administrative Assistant shall contact the existing vendor with whom arrangements are made under the frame work agreement;
- g. The Administrative Assistant shall convey the requirements to procurement unit through approved purchase requisition form.
- h. The Procurement Specialist shall convey the requirements through formal purchase order to the vendor.
- i. The Procurement Specialist will place the order detailing the nature and amount of procurement(s) made, date of placing order and contact details of vendor (conditions are already agreed with the vendor/supplier under the frame work contracting mechanism for each delivery of goods and services being made).

154. Request for Quotation¹⁴: The RFQ selection procedure consists of comparing price quotations obtained from at least 3 shortlisted suppliers. The RFQ is prepared by the Procurement Specialist and should contain the description and quantity of the goods, specifications of works, or description of services, and the desired delivery/completion place and date. It is reviewed by the MFA and signed by the Project Director. After the RFQ is approved, a personalized invitation to submit a quotation is addressed directly to each shortlisted firm; a written receipt of acknowledgement is obtained from each firm.

155. Restricted bidding (non-consulting services): Limited international or national bidding procedures are used for non-consulting services above USD 100,000. The procedure is similar to the open competitive bidding described above, except that invitations to bid are directly addressed to pre-identified bidders instead of being advertised. This is also an appropriate method of procurement (i) for goods and works of a very small value, (ii) in emergency situations, (iii) when the number of potential suppliers is very limited, or (iv) when an open competitive bid has failed to result in an award of contract.

4. CONSULTING SERVICES

156. Expression of Interests (EOIs): Whether from consulting firms or individual consultants, 'intellectual' consulting services may warrant the need for an expression of interest (EOI), which is the equivalent of the pre-qualification process for consulting services, and presents the same advantages. The EOI is similar to the pre-qualification procedure described above. The main difference in the content of the EOI notice is the indication of whether the EOI is for consulting firms or individuals. The evaluation process is the same, and once the Evaluation Committee members sign the evaluation report, it is approved by the PD and sent to IFAD for No Objection along with the request for proposals document.

157. Request for Proposal (RFP): RFPs are issued for the procurement of consulting services valued (see threshold). The RFP is prepared by the Procurement Specialist and consists of four documents:

- a. Letter of invitation (brief description of Project, funding source, summary of services required, specific conditions or criteria, currency of submission, name of contact person for queries, date/time/address for submission of proposals)

¹⁴ RFQs and RFPs are numbered using the format described in below Sections.

- b. Information to consultants (evaluation criteria and modalities, level of key staff inputs or total budget, clause of preference for developing countries firms, proposal validity period, and any other relevant information or instruction)
 - c. TOR provided by the requesting staff
 - d. Model contract.
158. The RFP is validated by the technical team and approved by the PD. The prior review of IFAD is required for services valued (see above threshold table), as well as for all services procured through sole source selection, regardless of the value. After the RFP is approved, a personalized invitation to submit a proposal is issued directly to each shortlisted firm; a written receipt of acknowledgement is obtained from each firm.
159. **Individual consultants:** Individual consultants are selected on the basis of a comparison of CVs from at least three shortlisted individuals. IFAD's prior review is required irrespective of value. The following criteria are taken into account for the selection:
- a. Technical capacity of consultant
 - b. Academic qualifications and professional experience of consultant
 - c. Knowledge of the region/country
 - d. Proficiency in local languages or other criteria deemed relevant with regard to the ToR. Based on a review of CVs by the selection committee (including the MFA, the M&E and the requesting staff/section head), the Procurement Specialist establishes a selection report and submits it to the PD for contract award (after IFAD No Objection as required).
160. **Special procurement:** Due to the nature of Project activities and the specificities of the local context in Pakistan, special procedures shall be applied for the procurement of certain items, as specified in the Project design report.

5. COMMUNITY PROCUREMENT:

161. The procurement at community level will be done as per the following procedures.
162. **Objectives:** These guidelines are developed for Community Organizations (COs) to carry-out project funded procurement of livelihood assets, livestock, construction material for physical infrastructure schemes, hiring of skilled and un-skilled labor etc. The main objective of these guidelines is to provide first-hand guidance to community enable them to carry out procurements effectively with acceptable cost and quality and in a timely manner. It will further, enable them to strengthen their local available options/practices and enable local market to boost their economy by creating business opportunity at grass-root level. It would help underlining the importance of record keeping and enable community institutions to maintain record at community level.
163. **Overview of beneficiary selection:** All households living in a hamlet/village are eligible to become members of the CO. While public goods financed by project will benefit the entire community, the private goods, including productive assets and technical vocational training, enterprise support etc. will be provided only to eligible ultra-poor and poor households as per project specified selection criteria. Targeting of ultra-poor and poor households will be guided by BISP Poverty Scorecard. A per-validation at ultra-poor and poor households will be done in open community meetings to address any errors of inclusion and exclusion in BISP Poverty Scorecard. Selection of productive assets for the ultra-poor will be informed by household's potential, local market demand and a Household livelihood plan formulated with assistance of social mobilization partner.
164. **Transparency in Procurement:** Transparency and quality of the goods & services is the most important element of the community procurement which is to be ensured by the respective community. To achieve this, the record of each step right

from initiation of the procurement process till the delivery of goods to the beneficiaries should be maintained so that it may be made public as and when required.

165. **Types of Goods and Services Covered by Community Led Procurement:** Community will be involved in two types of procurements; those involving delivery of productive assets at household level and community infrastructure.
166. **Formation of Purchase Committee for Household Assets:** To carry out the development activities in transparent and systematic way, Procurement Committee's at CO level will be established. The procurement of household assets, committee should consist of at least 04 members including two from CO office bearers, one from beneficiary households and one member from social mobilization partner(s). In case of livestock, the SMP will involve a livestock technician from the organization or livestock department to carry out health screening of the animals prior to finalization of purchase.
167. **Formation of Purchase Committee for CPIs:** For procurement of goods, materials and services for the approved CPIs at CO/VO level, the CO/VO will elect a purchase committee in general session of the CO/VO and convey this selection to LSO and SMP in the form of a resolution. SMP will train and guide the committee in performance of their functions including accounting for purchases, stock maintenance, labor payments, work measurement, cash management etc. SMP SO and/or engineer will supervise the committee's work on regular basis and check their accounts at least once every month. The Committee will present their progress and accounts to CO/VO monthly meeting. Scheme cost will be paid by SMP to CO/VO in instalments with an initial advance and subsequent payments being made on rendering of account of previous advance and request for next instalment duly endorsed by CO through a resolution and supporting invoices. On completion of a CPI, SMP will certify the completion and render full account and copies of invoices to the PMU. For CPIs of similar and technical nature that cover multiple COs/VOs e.g. Solar systems for lighting, RO plants etc., SMP will carry out bulk purchase through competitive bidding overseen by a committee consisting of SMP Engineer, PMU Procurement Specialist and two representatives from beneficiary LSOs.
168. **Procurement Plan:** The procurement plan is the vital part of the procurement process which encompasses the detail of the items to be procured and the timing of different activities to be carried out. The (Local Support Organization) LSO shall receive the resolution from VOs of the respective Union Councils and based on the resolutions, prepare a consolidated assets procurement plan. The committee of the CI shall initiate the process according to that plan. The plan shall include the description of items, detail specification and the quantity to be procured. An estimate of the goods is a must to ascertain the budget availability for the activity. The committee shall also plan; when the activities will be performed. Further, the LSO will send the plan of assets' procurement to Implementing Partner (IP) after attestation from members of community organizations. After analysis, IP will send this plan to GLLSP-II Procurement Specialist for information. Once the procurement will be completed, the partner organization will report to GLLSP-II on prescribed format.
169. **Procurement Process:** Procurement of goods and services is a very sensitive matter. Information about price and quality of goods is gathered from different sources to ensure the value for money and right use of funds. Following are the stages pertaining to the procurement process in which quality and transparency is also deliberated upon in addition to the cost.
170. **Solicitation of Quotations:** The procurement committee shall conduct a market survey and collect at least three quotations in written form. The date, contact number, rate, specification and terms & conditions must be clearly written on the

quotes on supplier's letterhead. In case of illiterate supplier, the committee would help him/her prepare the quote and get thumb impression on it. If goods are not available locally, the nearest market will be approached to obtain the quotations. In remote areas where three quotations are not an option and only one shop/vendor is not available, one quotation is acceptable provided the price is reasonable and quality is acceptable. Committee should record the reason for single quotation.

171. **Evaluation of the Quotations:** Once the quotes are solicited, the committee shall prepare comparative statement signed by all the members and evaluate them in order to select the lowest evaluated bid. During evaluation, the rate, quality, warranty and after-sales services shall be considered and choose the bidder which offers the best value of money.
172. **Award of Contract/Purchase Order:** The committee shall issue Purchase Order to the successful bidder. Purchase order must contain signatures of purchase committee. It must contain terms and conditions clearly indicating that violation shall result into cancellation of the purchase order.
173. **Receipt & Inspection of Goods, Works and Services:** It is necessary to prepare receiving receipt of all purchased items that must contain receiving date, number of goods, and signature of recipients and hand over to beneficiaries or CIs. The committee shall inspect the goods according to the specifications given in purchase order. Damaged goods or the goods not meeting the specifications must not be accepted and asked for immediate replacement at suppliers' cost.
174. Tagging: The Committee fixes a unique tag on each asset procured and each scheme completed for proper identification.
175. **Recordkeeping:** Following points must be considered during record keeping
 - a. LSO shall develop a standard record keeping format for COs/VOs and training the implementation Committees in proper maintaining of the record. The secretary or manager of the CO/VO or a member of the procurement committee will be responsible for record keeping.
 - b. All the members, representatives of POs and other stakeholders must have access to the record
 - c. Recording should be accurate and understandable
 - d. Record must be entered soon after the activity takes place
 - e. Printed payment receipt is mandatory to be obtained at the time of procurement, however, if not available, the stamp of the vendor would serve the purpose
 - f. If both receipt and stamp are unavailable, the name, address and contact number of the shopkeeper must be written on plain paper.
 - g. Mistake should not be removed
 - h. In case of wrong entry, mark (X) or encircle the amount (so that the wrong entry remains visible) and put signature beside it.
176. **Procurement of Livestock:** If the livestock to be procured is in bulk, it may be procured from the nearest livestock market which is usually established on weekly basis. Such markets provide an opportunity to choose the best animals at cheaper price; however, transportation from the market to the community's destination incurs cost. Therefore, if the animals are available within the community, it is recommended to give preference to procure locally. To verify the prices, there are common interest groups available in communities or the local livestock vendor. Beneficiary persons presence in selection and health screening of animals by a professional technician would be must prior to finalization of purchase.
177. **Vendor Mela (Fair):** Vendor Mela (Fair) is organized when there is little information available for goods and services to be procured, Different vendors from

local and nearby markets are invited to come up with their suggestions/proposals. The Community Institution chooses the best vendor in terms of quality, rate, and after-sale services. Another benefit of this exercise is that the community can have a data-base of vendors in their "Contact Directory" which could help them in future procurements.

178. **Procurement of material & equipment for Small Physical Infrastructure Schemes (CPIs):** Procurement of construction material like sand, crush, bricks, iron and any equipment can be done by adopting three or a single quote (as the case may be) method. Due to technical nature of the procurement and monitoring of construction work, an engineer either from the community or from the IP should be a part of the procurement committee. The community organization along with procurement committee is responsible for vigilance of each step of procurement process as well as verification of construction activities.

6. GENERAL PROCUREMENT

179. **SOLE SOURCE:** Certain specialized goods, equipment or services may need to be procured from pre-identified organizations such as public sector extension, research and infrastructure agencies. The use of direct contracting is subject to approval by the Evaluation Committee and the PD, and No Objection by IFAD regardless of the amount of the contract. Regardless of the selection basis used, the Procurement Specialist must enter (i) the names and countries of origin of all shortlisted suppliers and (ii) the number and date of issuance of competition documents (ITB, RFQ, RFP, etc.) into the PTS.

180. **Enquiries from bidders:** In order to maintain the integrity and transparency of the process, potential bidders may only clarify or seek additional information related to the relevant bidding or proposal documents in writing and not by telephone or in person. In the same way, the Procurement Specialist, after consultation with the requesting staff is necessary, shall only provide clarification in writing and to all invitees (unless the clarification is clearly only applicable to the invitee who asked the question). The clarification shall be written in such a way as to maintain the anonymity of bidders and without mentioning the name of the firm that asked the question(s).

181. **Bid extension and cancellation:** Based on a recommendation from the procurement, the PD may propose an extension of the closing date for submission of bids for any practical or justifiable reason, such as: modification to the bidding documents after issue; need for additional research/effort by bidders to submit a responsive bid; request for a time extension by two or more bidders; and unforeseen administrative issues requiring a postponement of the proposed bid opening. Proposals for extension of the bid deadline shall be referred immediately to the Evaluation Committee and the IFAD Country Director (through the PD) for a decision. If the extension is granted, the extension shall be notified to all prospective bidders at the same time and in writing. Notification of the extension must be copied to the procurement file and the new dates entered into the PTS.

182. A bidding process may be cancelled at any time before the deadline for receipt of bids subject to the proposal of the Procurement Specialist, and the approval of the PD and IFAD. Justifications for cancellation are:

- a. The procurement need has ceased to exist or changed significantly;
- b. Insufficient funding is available for the procurement;
- c. There is a significant change in the required technical details, bidding or contracted conditions, such that the recommencement of proceedings is necessary;
- d. There is evidence of collusion among bidders; or
- e. Cancellation is deemed to be in the interest of national security.

183. The Procurement Specialist will in such a case notify prospective bidders, refund fees paid for the purchase of bidding documents, return any submitted bids unopened and notify all other involved parties of the cancellation. The cancellation must be documented in the procurement file and recorded in the PTS.
184. **Waiver of competitive bidding:** Beside the special procurement cases described above, there are certain circumstances in which competition may not be possible or practical. These are exceptional cases where direct contracting for goods/works or single-source selection for consultants presents a clear advantage over competition. These exceptional cases are listed in the BPPRA and in IFAD's Procurement Handbook. Should the PMU be required to use this procurement modality, a request for waiver of competitive bidding would need to be addressed to the Project Director and to IFAD, regardless of the contract value¹⁵. The request for waiver must include the following information:
- a. Description of goods, works or services
 - b. Full justification for waiver request
 - c. Detail of costs and demonstration of reasonableness of costs
 - d. Demonstration of the competitiveness of the retained proposal or quotation
 - e. Past experience with the retained supplier.
 - f. The procurement process will only be pursued if IFAD's No Objection is secured.
185. **Blacklisting of suppliers and contractors:** As indicated in the BPPRA, any supplier or contractor that consistently fails to provide satisfactory performances or is found to be indulging in corrupt or fraudulent practices shall be permanently or temporarily barred from participating in GLLSP-II procurement proceedings. The supplier or contractor to be blacklisted is given the opportunity of being heard before such barring action is publicized and communicated to the BPPRA and to IFAD.
186. **Selection of suppliers: Bid opening and evaluation committees:** The GLLSP-II PS will be in charge of organizing bid opening procedures and evaluation committee meetings. The PMU bid opening committee is composed of 5 members: The Project Director (as Chairperson), the MFA, the relevant component heads, IA and the Procurement Specialist who serves as the Secretary. The PS is therefore responsible for maintaining the attendance sheets and preparing the minutes of the bid opening meetings. Due to the nature of the procurement handled at regional level, there is normally no bid opening at PMU.
187. The PMU evaluation committee consists of five members, as shown in the table below:

Rol	Title
Chairperson	Project Director
Permanent Member	Manager Finance & Administration
Rotating Member 1	Heads of relevant component/M&E Specialist
Rotating Member 2	Infrastructure Specialist
Rotating Member 3	Representative of relevant end-user entity
Secretary	Procurement Specialist

188. In addition to the above, the Committee may co-opt non-members (such as consultants or advisors with special expertise) to its meetings, on an as-needed

¹⁵ Except for petty purchases not exceeding PKR 50,000 (or USD 500 equivalent), for which direct cash purchase is allowed without a waiver

basis, particularly in the case of complex procurement. The Procurement Specialist is not a member but serves as Secretary to the Committee; as such, s/he is responsible for guiding the evaluation process, ensuring that applicable rules and procedures are correctly followed, and drafting the evaluation reports.

189. For low value procurement at PMU level, the evaluation committee is reduced to three members, including the PD/DPD, the MFA and the requesting staff or component head. The Procurement Specialist serves as the Secretary for the committee, and is responsible for drafting the bid evaluation reports.
190. **Submission, receipt and opening of bids:** The time allowed for the submission of bids varies according to the size and complexity of the contract. Starting on the date of publication of the ITB, a minimum of 6 weeks is generally allowed for ICB, while at least 4 weeks are allowed for NCB. Bidders may send their offers or proposals in a sealed envelope by mail or hand delivery to the GLLSP-II. The Procurement Specialist (or the Administrative Assistant at the PMU) receives the bids, stamps the envelopes with the day's date and registers them in a special dedicated logbook. The representatives of the bidders submitting a bid are requested to sign the logbook. All bids are kept in a tender box located in a locked cabinet until the bid opening date. The offers or proposals received after the submission deadline are returned unopened to the bidders.
191. The bids¹⁶ are opened in public, preferably on the day of the submission deadline, in the presence of members of the bid opening committee and representatives of the bidders. The chairperson of the committee is responsible for opening each bid and reading aloud the following information¹⁷:
 - a. Sequential number attributed to the bid
 - b. Name / country of origin of the bidder
 - c. Currency, unit price and amount of the bid, and discounts offered, if any
 - d. Amount of bid security, if any¹⁸.
192. This information is recorded in the bid logbook by the Procurement Specialist and signed by the chairperson of the committee. Bids that are obviously not responsive (e.g. no or inadequate bid security) are rejected at this stage. The representatives of bidders are requested to sign the attendance sheet and are then invited to leave, and no further communication may take place between the bidders and the GLLSP-II bid opening committee or evaluation committee until the contract award is announced. The Procurement Specialist is responsible for preparing minutes of the bid opening meeting, which are signed by the chairperson and members of the committee.
193. In the case of RFQs, quotations may be sent directly to the PS by mail or hand delivered. Even though no public opening of the quotations submitted is required, all quotations must be opened on a predetermined date and time to avoid the opportunity for any invitee to become aware of the prices quoted by other invitees.
194. **Cancellation of bids after bid opening:** ITBs, RFQs and RFPs may be cancelled after the bid opening date by recommendation of the Procurement Specialist, following validation of the evaluation committee and PD approval, and subject to IFAD's No Objection, in the following instances:

¹⁶ In the case of two-envelope bidding where separate technical and financial bids are submitted, only the technical bid will be opened for evaluation at the initial bid opening. The financial bids are retained unopened pending a second public opening of those bids achieving more than the minimum technical score.

¹⁷ The head of the committee may request the assistance of the Procurement Specialist or decide to delegate this task to another member of the committee or to the Procurement Specialist.

¹⁸ All bid securities are given to the Procurement Specialist for review, registration and safekeeping.

- a. Only one (or no) bid was presented or after rejection of all other bids only one (or no) bid remains for consideration;
- b. The bids were presented with unacceptable reservations and conditions; or
- c. The evaluation committee confirms that the lowest priced bid is higher than the budgetary provision.

In such a case, the procurement unit will:

- a. Obtain approval of the evaluation committee and the PD for cancellation of the ITB/RFQ/RFP;
- b. Notify all bidders that the ITB/RFQ/RFP process has been cancelled and return any bid securities;
- c. Depending on the causes, decide whether the procurement is to be cancelled or resumed, and by what method.
- d. If the procurement is to be resumed, resubmit all documents to the requesting staff for preparation of revised specifications/TOR, or prepare new bidding documents appropriate to the new procurement method proposed.

195. Extension of bid validity: If, due to unforeseen circumstances, the contract award cannot be completed within the duration of bid validity specified in the bidding documents, the Procurement Specialist may request a bid validity extension from the responsive bidders, upon instruction from the PD. The additional time required to complete the evaluation, obtain the necessary approvals and award the contract is estimated by the Procurement Specialist and a new bid validity date is determined accordingly. Bidders who refuse this request may withdraw from the bid without incurring any penalty. However, bidders who agree are required to extend their bid securities to the new validity date. The quoted price and other conditions of their bids must remain unchanged.

196. Evaluation of bids: Bidders' offers and proposals are evaluated based on the criteria and procedures specified in the bidding documents and in conformity with national procurement rules and IFAD guidelines. The first step in the evaluation process consists of ensuring that (i) the bids received meet the eligibility requirements of the national procurement laws and IFAD requirements, (ii) the bids do not contain any material computation error, are properly signed and are in conformity with the bidding documents, and (iii) the required bid securities are attached. Material deviations from, or reservations to the terms, conditions and specifications in the bidding documents, are causes for rejecting a bid or proposal.

197. Evaluation of offers: Offers from responsive bids are evaluated exclusively on the basis of the criteria spelled out in the ITB. Under the single envelope bidding system, the evaluation committee conducts the technical evaluation followed immediately by the financial evaluation, in one stage. The evaluation criteria are assigned weights in order obtain an adequate score. Besides the quoted price (for which the preference margin must be taken into account, if specified in the ITB), the following criteria may be considered in the evaluation:

- a. Conformity of goods/works to specifications and/or drawings
- b. Product quality, i.e. conformity to national/international standards
- c. Manufacturer's or distributor's authorization where applicable
- d. Delivery or completion time
- e. Compliance with GLLSP-II-II general terms and conditions
- f. Local after-sales service
- g. Spare parts availability
- h. Technical and financial capacity of the supplier.

198. The evaluation committee tabulates all bids on a summary sheet. Only bids meeting or exceeding the specifications of the ITB shall be considered as acceptable. The lowest evaluated responsive bid is normally recommended for contract award.

199. **Evaluation of proposals:** The RFP method normally calls for using the two-envelope bidding system, i.e. seeking both a technical and financial proposals in two separate envelopes. The evaluation process is therefore, split into two separate stages. The weighting to be given to each proposal must first be determined. Usually, the technical proposal is given 70%-80% of the overall score, and the financial proposal 30%-20%. The more complex the assignment and the more significant the end product, the less comparable the proposals and the less influence price should have on the selection; thus, the points allotted to the financial proposal would be lower. On the contrary, for tasks of a more straightforward nature, price can play a significant part in the selection process, provided that the other criteria are also met.
200. To achieve best value for money and to avoid any bias, it is preferable to develop a detailed list of pre-defined evaluation criteria. Points are assigned to each selection criterion, including the price. The evaluation committee must follow the process and criteria indicated in the RFP. Proposals are to be opened accordingly (first technical, then financial proposals). The bidders should be considered qualified and responsive if they score at least 60-70% marks (or as stated in the RFP) on the technical component. The bidders who do not meet this minimum score must be rejected as being non-responsive and their financial proposals are not to be opened. Approval on the technical evaluation is sought from the PD prior to proceeding with the financial evaluation. The financial proposal of only those bidders who meet the qualifying threshold during technical evaluation should be opened and examined. The proposal should provide the detailed cost estimate such as daily fee rate, number of workdays and travel cost estimates. The evaluation committee prepares a sheet summarizing the results of the evaluation for both the technical and the financial proposals.
201. In the case of procurement using the QCBS method, recommendation for award of contract is normally made to the bidder whose technical proposal and financial proposal, when taken together, achieve the highest overall score. In the case of the fixed budget selection method, the consulting firm that scored the highest technical points within the limits of the budget is selected. In the case of the least cost selection method, the firm with the lowest financial proposal is selected, provided that it has attained the minimum technical score.
202. **Post-qualification of bids:** Prior to finalizing the evaluation report, the evaluation committee should conduct a post-qualification¹⁹ of the lowest evaluated responsive bidder in order to determine whether it has the resources, experience and qualifications to perform the contract in a satisfactory manner. Using the criteria specified in the bidding documents, this review should include an assessment of the bidder's financial and physical resources available to undertake the contract (including his current workload), based on the evidence requested in the bidding documents and submitted by the bidders. If the lowest evaluated responsive bidder fails post-qualification, his bid should be rejected²⁰, and the next ranked bidder should then be subject to post-qualification examination. If successful, this bidder should receive the award based on the PD's approval and IFAD's No Objection (if required). If not, the process continues with the other bidders. The results of the post-qualification exercise must be included in the evaluation report, as well as the reasons for disqualifying any bidder.
203. **Evaluation report:** The summary evaluation sheets are used as the basis for the PS to prepare a bid or proposal evaluation report describing the evaluation process

¹⁹ If pre-qualification was conducted, the lowest evaluated responsive bid should be recommended for the award of contract, unless the bidder's qualifications have since materially deteriorated, or if the bidder has since received additional work that reduces the available capacity.

²⁰ The rejection of a bid for reasons of qualification requires substantial justification, which should be clearly documented in the evaluation report.

and justifying the recommendation for award of contract. All members of the evaluation committee must sign the evaluation summary sheet and the recommendation of award. They are attached to the bid evaluation report and, together with the minutes of the bid opening, are forwarded to the PD for approval. They are then transmitted to IFAD for No Objection.

204. **Evaluation of quotations:** In the case of quotations received through an RFQ, the evaluation is based on the following factors:

- a. Conformity to specifications/TOR
- b. Product quality, i.e. conformity to national/international product standards
- c. Promised delivery time
- d. Compliance with GLLSP-II-II general terms and conditions
- e. In-country after-sales maintenance facilities
- f. Landed price.

205. A three-member evaluation committee as described above carries out the evaluation. The Procurement Specialist prepares a sheet summarizing all examined quotations. The quotation that is compliant with the requirements of the RFQ and offers the lowest price is recommended for award of contract or purchase order. No post-qualification is conducted due to the low value and lack of complexity of the contract. The recommendation for award is indicated at the bottom of the summary sheet, which is signed by all members of the evaluation committee. The award decision is made by the Project Director (who may delegate his authority to the Deputy PD at PMU).

206. **Award and signature of contracts:** The approval authority for contract awards is the PD. When reviewing the evaluation report submitted by the evaluation committee, the PD ensures that (i) there are no inaccuracies in the report, (ii) the evaluation was conducted in accordance with applicable rules, procedures, and provisions of the bid documents, and (ii) the award recommendation is consistent with the evaluation. Before giving approval, the PD also ensures that any written complaints made by bidders concerning the procurement process have been reviewed and responded to²¹. The PD may issue a full or a qualified approval to the award of contract or the action recommended by the evaluation committee. In case of a qualified approval, the evaluation committee has 3 working days to make corrections to the report or provide clear explanations before final issue.

207. Once approved, the PD addresses a request for No Objection to IFAD, attaching the bid opening minutes, the evaluation report and summary sheet of bids/proposals, and the award recommendation. Only once IFAD's unconditional No Objection is received should the contract award procedure be commenced. The Procurement Specialist can then enter the evaluation date, name of selected supplier and date of IFAD's No Objection in the PTS, and update the procurement plan accordingly.

208. Once IFAD's No Objection is obtained, the Procurement Specialist informs the unsuccessful bidders in writing and sends a notice of award to the winning bidder who is invited to come to the PMU to confirm the terms and conditions of the contract prior to the document being drafted. Award notices are published on the B PPRA websites or bulletin boards as soon as the evaluation process has been completed and the contract has been awarded.

209. **Complaints from bidders:** Aggrieved bidders are allowed a maximum of 15 days after announcement of the bid evaluation report to file a complaint. In order to investigate the complaint(s), the GLLSP-II constitutes a special committee (different from the evaluation committee and comprising an odd number of

²¹If the complaint reveals a serious breach of procedures or ethics, or if directed by the independent Procurement Review Panel, the Committee shall reject the evaluation report and call for re-bidding.

persons) that has 15 days to make a decision. Any unsatisfied bidder may then lodge an appeal in the relevant court of jurisdiction.

210. **Preparation of contract or purchase order:** The Procurement Specialist drafts the contracts based on the standard model and the conditions and modalities contained in the bidding documents and the offers/proposals. The contracts are numbered using the unique procurement case identification number preceded by the prefix GC (goods contract), WC (works contract), SC (services contract), or PO (purchase order). The drafted contract is submitted to the DPD, MFA/IA/M&E Specialist or Component Managers for review and validation. It is then reviewed with the supplier/contractor and the performance security, if any, is collected by the MFA before the contract is submitted to the PD for review. Once his/her remarks are taken into account, the final version is printed in two originals, which are signed by the PD and by the supplier/contractor.
211. As soon as the contract is effective, bid securities are returned to all bidders. Two copies of the contract must be sent to IFAD before the first withdrawal application relating to the contract. A copy of the contract is also sent to the P&DD GoB. The Procurement Specialist updates the contract register shown in Annex 1 (Procurement) following instructions in the Letter to the Borrower. This register is sent to IFAD at the end of each month. The contract (or PO) amount, date and number are entered into the PTS. The procurement plan is also updated accordingly.

7. TYPES OF CONTRACTS

212. **Goods:** For goods valued at more than USD1,000 (procured through an ITB), a standard contract for the supply of goods shall be issued. The contract must indicate:
 - a. The nature, quantity and unit cost of the goods
 - b. The technical specifications and required norms or standards
 - c. The general conditions of the contract
 - d. The special conditions of the contract (e.g. Guarantee and coverage period, insurance, etc.)
 - e. Special instructions relating to packing and freight
 - f. Special instructions relating to delivery and invoicing
 - g. Advance payments, if any
 - h. Payment terms.
213. **Works:** For works valued at more than USD 20,000 (procured through an ITB), a works standard contract shall be issued. The contract must include:
 - a. A detailed description of the works, the cost of the works (the drawings, norms, technical specifications and supplier's detailed estimate must be included as annexes)
 - b. The valuation of beneficiaries' contributions in the cost of the works, and in each statement of acceptance of work to be invoiced
 - c. The general conditions for the execution of the contract
 - d. The special conditions of the contract (e.g. guarantee and coverage period, surety deduction, insurance, etc.)
 - e. Schedule of works and corresponding delivery dates
 - f. Advance payments, if any
 - g. Payment terms (completion certificate from independent firm, signature of statements of acceptance of work, etc.)
 - h. Payment schedule.
214. **Services:** For services provided by consulting firms (procured through an RFP), a services contract (for lump sum services or time-based payments) shall be issued (see BPPRA/PPRA website for sample of framework contracts). The contract must include:

- a. A description of the nature and scope of the services (the TOR must be annexed to the contract)
- b. A reference to the technical proposal of the supplier
- c. A description of resources to be made available by the supplier (human, material, etc.)
- d. The general conditions of execution of the contract
- e. The list of expected outputs (e.g. intermediary and final report) and delivery dates
- f. The cost of services and reimbursable expenses (with a reference to the proposal submitted by the supplier)
- g. The procurement modalities for any assets and equipment needed in the performance of the contract
- h. A clause on the ownership of data produced, copyrights and assets acquired during the execution of the contract
- i. Payment terms (expense claims, supporting documents, financial reports, etc.)
- j. Payment schedule (deliverables, amounts and dates of invoicing).

8. FRAMEWORK CONTRACTS

- a. Framework (or “call-off”) contracts can provide an efficient, cost effective and flexible means to procure goods, works or services that are required continuously or repeatedly over a set period of time (see BPPRA/PPRA website for sample of framework contracts).
- b. Framework contracts are particularly useful for small scale works that are readily available from the local supply market. Although there are no set rules for the use of framework Contracts, it is generally considered that if there is a high level of cumulative annual expenditure, or if there are more than 10-15 separate procurement processes initiated in a year, for a grouping of similar activities then a framework contract should be considered.
- c. The objective of framework contracts is to minimize the cost and effort wasted in preparation of multiple similar small procurement processes by agreeing fixed prices with a supplier for a set period of time. The aggregation of requirements will result in greater price competition among providers to win the right to supply all requirements for the subject of the framework contract.
- d. Routine refurbishment, repair and/or maintenance of offices and grounds are examples of the types of works that may be efficiently purchased under a framework contract.

215. **Advances:** Except where normal commercial practice or the interests of the Project so requires, no contract or purchase order shall be signed which requires an advance payment or payments on account of goods or performance of works and contracted services. Wherever an advance payment is agreed to, the Procurement Specialist records the reasons thereto in a note to the procurement file and enters the amount of the advance in the PTS. The Finance Unit also records the advance in the contract monitoring form. Except the Irrigation, CPIs Schemes, where the Project Director may approve the payment of advances up to 25% of total contract amount without any bank guarantee or collateral. In case of a contractor 20% advance can be permissible. Regardless of the amount of the advance, suppliers are required to provide a bank guarantee²² in a form acceptable to the GLLSP-II and IFAD. The bank guarantee shall be valid for the duration of the contract or until the advance has been fully recovered. Any waiver to this rule requires prior authorization from IFAD. To recover the advance payment, the progress payments

²² The bank guarantee requirement does not apply to government institutions contracted by the GLLSP-II through MOUs as suppliers or implementing partners.

and the final payment shall be subject to a percentage deduction equal to the percentage that advance represents over the total price of the contract.

216. **Contract amendments:** Contract amendments are usually required in two situations:

- a. Certain aspects of the contract need to be changed at the request of the contractor (for example, a no-cost extension of the length of the contract) or
- b. The original contract is executed as planned and it is decided that further related works or services should be rendered by the same entity.
- c. When the amendment results in (i) a material modification of the initial contract, (ii) a relinquishment of the terms and conditions of the initial contract, (iii) an extension of the contract duration or (iv) any other modification resulting in a 10% (or more) increase in the initial contract amount, then the PD must inform the P&DD GoB. S/He must subsequently prepare a letter to be addressed by the P&DD GoB and IFAD for No Objection. This letter must detail all the modifications to the contract, and provide full justification for the amendment(s).

217. IFAD's decision is communicated to the P&DD GoB in writing. In case of rejection, IFAD must explain the reasons why the amendment is considered contrary to the provisions of the financing agreement. In case of acceptance, the Procurement Specialist prepares the contract amendment, including all the clauses modifying or replacing the initial contract, and the new or amended ToR. The DPD/MFA/IA reviews/validates the contract amendment, which is then signed by the PD and the supplier/contractor. Copies are sent to IFAD and P&DD GoB. Contract amendments are recorded in the contract register, the PTS and the individual contract monitoring form.

218. **Small value contracts:** Small value contracts are defined as contracts for goods and works and non-consulting services under USD 1,000 that are procured through RFQ. After signature by the evaluation committee, the quotation summary sheet containing the recommendation for award is transmitted to the Project Director along with the quotations received, for review and award of the contract. In these cases, the contract award is approved by the Project Director. The related files are kept at the disposal of IFAD and P&DD GoB for post review purposes.

219. Purchase orders are used for the acquisition of small value goods and for non-consulting services (e.g. maintenance and repairs, publications, advertisements, etc.). The Procurement Specialist prepares the purchase orders from the information contained in the supplier's quotation or estimate (see PO model in Annex 4(Procurement)). The POs are signed by the PD and the MFA, as well as the supplier. At PMU level (for the procurement of goods, works and non-consulting services valued at less than USD 5,000), the purchase orders are signed by the RC (who receives a delegation of authority from the PD), the FAM and the supplier

220. For small value works, a simplified version of the works contract described above is used. Similarly, a simplified version of the services contract shall be used for small value consulting services by a firm. In the case of individual consultants, a specific contract (see BPPRA/PPRA website for sample of framework contracts²³). These contracts are also signed by the Project Director. The PO or contract amount, date and number are entered into the PTS, and the procurement plan is also updated accordingly.

9. CONTRACT ADMINISTRATION:

²³ <http://www.bppra.gob.pk/uploads/publication/afa23b33e1d60816869ffa74a9dba8b0.pdf>

221. At each stage of the procurement process (purchase requisition, pre-qualification, preparation of bidding documents, advertisement, bid opening, bid evaluation, post- qualification, contract signature and final delivery), the Procurement Specialist updates the procurement plan, indicating the date of the event immediately after the step is completed. All relevant information pertaining to procurement cases is also entered into the PTS database during the process. The requesting staff must remain informed of ongoing activities relating to the contract, as s/he is responsible for the monitoring of the contract implementation and for the evaluation of the supplier's performance. In collaboration with the Procurement Specialist, s/he must ensure that:

- a. Deliverables or milestones are completed by the supplier in a satisfactory manner, and as scheduled in the contract, and
- b. GLLSP-II complies with its obligations as specified in the contract in a timely manner (e.g.
- c. assistance with import licenses, approval of drawings and reports, provision of storage/working facilities, letters of invitation for visas, etc.).
- d. S/he must inform the Procurement Specialist and the MFA of any modifications in the execution of the contract, or any issues relating to the supplier's performance, so as to allow for timely
- e. action, such as the preparation of contract amendments or prevention/handling of claims or disputes in a timely manner.

222. This information is also used by the Procurement Specialist to provide the MFA with an update on the execution of major contracts in the quarterly progress reports. In the case of claims or disputes, the PD must immediately refer to the P&DD GoB who will in turn inform IFAD so that necessary actions may be taken. The Procurement Specialist enters information relating to contract amendments, claims or disputes into the PTS as well. As soon as a contract is signed by GLLSP-II, the MFA enters the relevant data into the TOMPRO accounting software, and the system automatically creates an individual contract monitoring form based on the IFAD 'C11' model in Annex 2 (Procurement). The CMF contains the basic information on the contract (name/address of supplier, procurement file number, contract date/number/amount, AWPB activity code, brief description, bank guarantees) and details the payment schedule, including the milestones for each payment. Every time an invoice is received and a payment is made, the DFA enters the related information into TOMPRO, which automatically updates the CMF. The CMF is also updated whenever there is an amendment to the contract. At the end of each month, the Procurement Specialist checks the contract register against the CMF to ensure that all contracts are registered, and a CMF exists for each contract.

223. **Delivery of goods, works and services: Delivery of goods:** Goods are normally delivered to the PMU office in Quetta, or the SPMUs in the concerned districts (Gwadar/Lasbela). The Procurement Specialist and the Administrative Assistant are responsible for receiving the goods; the presence of the requesting staff may be required for large value contracts. In the case of imported goods, the contract may specify that a pre-shipment inspection of the goods must be conducted by an international third-party agent. All shipping documents are sent by the supplier to the PMU and forwarded to the Procurement Specialist for tax and duty exemption formalities. Once obtained from the Ministry of Finance, the duty-free concession is forwarded to the supplier who is responsible for clearing shipments through customs upon arrival at the port/airport. The Procurement Specialist or Administrative Assistant must be present when goods are released from customs. All external abnormalities to the shipment (e.g. dents, holes, cracks) or missing boxes/crates must be noted by the Procurement Specialist or Administrative Assistant in the clearance receipt or bill of lading/airway bill, for reporting to the supplier and to the insurance company.

224. Upon receipt of goods procured by way of a goods contract, the Procurement Specialist, Administrative Assistant and requesting staff conduct a detailed inspection of the goods before acceptance. They immediately fill out a receiving & inspection report, indicating the contract number and whether all goods ordered were received and in what condition. In case of a problem (damaged or missing goods), the Procurement Specialist or Administrative Assistant notes the details on the RIR. S/he gives a copy of the RIR to the MFA for the accounting files, and uses the original to file the claim against the freight carrier, the insurance company and/or the supplier under the supervision of the MFA. The Procurement Specialist files the original RIR in the procurement file and inputs the date and number of the RIR in the PTS.
225. For small value goods procured by way of a purchase order, the Procurement Specialist or Administrative Assistant checks the goods received against the PO directly on the delivery slip, which serves as the RIR. Depending on the remarks or reservations noted on the delivery slip, the supplier's invoice is either partially paid or not paid at all until the object of contention is resolved.
226. **Delivery of works:** The delivery of works is usually completed in several tranches. The technical officer (requesting staff) of the PMU or SPMU, the Procurement Specialist and the representative of the end-user/beneficiaries all verify the work and sign the statements of work issued by the contractor. For large contracts, the supervising engineer (normally from a contracted engineering bureau) in charge of the monitoring and supervision of the works also issues certificates of completion to certify the amount of works completed.
227. The provisional and final takeover (i.e. receipt) of works is carried out by an ad hoc Inspection and Acceptance committee. In the case of small value works (less than USD 20,000), the committee is made up of the Procurement Specialist, the requesting staff, a representative from the PMU (if applicable) and a representative of the beneficiaries. For large value works (USD 20,000 or more), the committee includes, in addition to the above-cited members, a representative of the relevant line agency and the supervising engineer. In both cases, a takeover report detailing any delay or fault in the execution of the works is signed by all members of the Inspection and Acceptance committee. A copy of the report is given to the Procurement Specialist for updating of the PTS and for the procurement files. As the works progress and partial payments are issued, the MFA enters the data into the TOMPRO accounting software, which automatically updates the CMF. Upon completion of the works contract, a copy of the final acceptance certificate is given to the Procurement Specialist for updating of the PTS.
228. **Delivery of services:** The delivery of consulting services is materialized by the production of reports, studies or surveys, as indicated in the contract. The report is addressed at first to the requesting staff/component head who after review may send comments or request additional information from the consultant. After validation by the component head, the final report is sent to the Project Director for final review and approval. The acceptance of the report is materialized by the signature of the Project Director on the final version of the report. A copy of the final report is given to (i) the Procurement Specialist for updating of the PTS and (ii) to the Finance Manager to update the CMF.
229. **Payment and reporting:** The procedures for verification and certification of invoices as well as payment by the Finance Unit are detailed in FM sections. The Manager Finance and Administration gives a copy of the invoices to the Procurement Specialist who enters the invoice date, number and amount into the PTS. Once the payment is made, the contract monitoring form is automatically updated in the accounting software.
230. Reporting on procurement actions is achieved through the following documents:

- a. The procurement plan;
 - b. The PTS reports;
 - c. The contract register
231. Once it is approved, the procurement plan is updated on a 'real-time' basis: The Procurement Specialist enters the actual date every time one of the actions in the procurement steps detailed in the PP is completed. At the end of the process, when the contract is signed, the Procurement Specialist enters in the PP the date and amount of the contract, as well as the name of the contractor. S/he also enters the details of the contract in the contract register, which is sent to IFAD at the end of each month. The PP also contains a separate sheet (linked to the detailed procurement plan sheets) that shows PP execution, i.e. actual vs. plan by component and by type of procurement (goods, works and services). Throughout the procurement process, the Procurement Specialist updates the Procurement Tracking System. The information entered in this database allows the Project to obtain detailed statistics and reports on the various stages of procurement activities, including processing delays, execution by component, sub-component or expense category, suppliers by country of origin, comparisons by month/quarter/year, trends, etc.
232. Promptly after the end of each month, the Procurement Specialist prepares a short section on the status of execution of the procurement plan. The section contains the summary of PP execution by component and by type of procurement, as well as an analysis of significant variances between actual and planned amounts, and explanations of delays in procurement execution.

Appendix

Financial Management Manual

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Abbreviations and acronyms

AWP/B	Annual Work Plan/ Budget
ADP	Annual Development Programme
COs	Community Organizations
COSO	The Committee of Sponsoring Organizations of the Treadway Commission
CPIs	Community Physical Infrastructure
C&W	Construction and Works Department
DAC	Departmental Accounts Committee
CMFS	Community Managed Financial Services
GLLSP-II	Gwadar Lasbella Livelihood Support Project (Phase-II)
GoB	Government of Baluchistan
GoP	Government of Pakistan
IFAD	International Fund for Agriculture Development
LSO	Local Support Organization
M&E	Monitoring and Evaluation
MTR	Mid Term Review

NRSP	National Rural Support Programme
O&M	Operation and Maintenance
P&DD	Planning and Development Department
PEFA	Public Expenditure and Financial Accountability
P4R	Programme for Results
PMU	Project Management Unit
SOE	Statement of Expenditure
SPMU	Satellite Project Management Unit
TOR	Terms of Reference
WA	Withdrawal Application

I. PURPOSE OF THE MANUAL

This manual has been developed to assist the project management—especially the project's financial management team in understanding the basic fiduciary requirements while implementing an IFAD-funded project. The draft draws on IFAD's guidelines and references have been made where appropriate so the users can expand on their knowledge by consulting primary sources of information. A sound understanding of such requirements is critical to ensuring (a) proper control, accountability and reliability over funds and financial information; and (b) compatibility of PMU's processes with IFAD and GoB policies and requirements.

Information on Reference material:

This document should be read together with the:

- ✓ Project financing agreement entered into between the Borrower and IFAD;
- ✓ Letter to the Borrower;
- ✓ IFAD General Conditions for Agricultural Development Financing;
- ✓ IFAD Loan Disbursement Handbook; (links given in this manual)
- ✓ IFAD Handbook on Financial Reporting and Auditing of IFAD-funded projects (links given in this manual)

Updates and changes to financial management arrangements

GLLSP II is an IFAD-funded Project, therefore, in line with IFAD's efforts to capacitate and support projects, this section was developed during the project design process. It is envisaged that ongoing improvements and updates to financial management arrangements be updated in this section of the PIM under supervision of the Financial Manager and subject to IFAD no objection.

Updates and changes to financial management arrangements

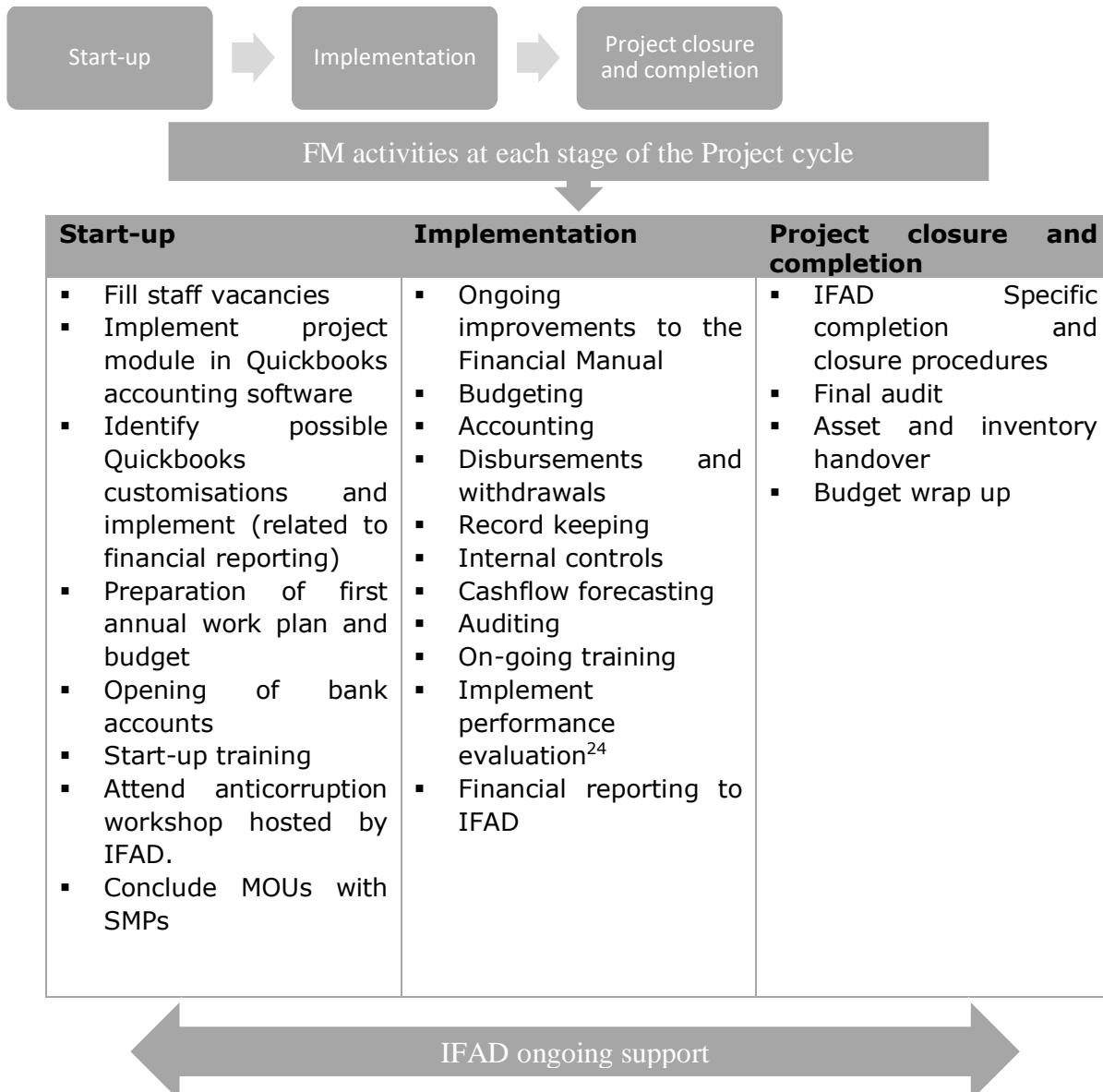
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II. PROJECT SUMMARY

Project Name	Gwadar Lasbela Livelihoods Support Project II
Financiers, Contributors, Facilities	IFAD Loan \$ 60 million IFAD Grant \$ 3 million Government Contribution \$ 8.6 million Beneficiary Contribution \$ 0.99 million
Project Effective Date	To be inserted later
Implementation Period	To be inserted later
Project Completion Date	To be inserted later
Project Closure Date	To be inserted later
Project Area	To be inserted later

III. PROJECT CYCLE AND FINANCIAL AMANGEMENT ACTIVITIES

The Financial Management of GLLSP II will have final responsibility for the execution of the financial management activities at each stage of the Project cycle as outlined below:



NB: GLLSP II Financial Manager will have the final responsibility to prepare consolidated financial reports for submission to IFAD. Refer to [XII.](#) for more detail.

IV. PRE-IMPLEMENTATION ACTIVITIES

During the start-up of the Project it is recommended that Project staff undertake the following activities. These activities are recommended to ensure that Project staff are well informed and knowledgeable with regards to the financial management aspects of the Project once implementation commences:

Activity	Overview
<i>Financial management staff appointment</i>	<ul style="list-style-type: none"> • Fill vacancies within PMU and SMPUs to ensure that all agencies are capacitated to manage the Project. Refer to (VIII)for the proposed organogram.

²⁴ Develop (in consultation with the Project Coordinator) a performance evaluation process for FM staff within 1 year of project commencement and document process in the PIM. This process should identify skills gaps and assist with identifying appropriate training interventions.

<i>Accounting software</i>	<ul style="list-style-type: none"> ▪ PMU to ensure that new staff are trained in the use of accounting software; ▪ The software to use/incorporate correct chart of accounts (categories and components) in line with the detail in Schedule 2 of the Financing agreement with IFAD. ▪ Upload the Cost Table (Schedule 2 of the Financing Agreement) to the accounting software for the purposes of budgeting / monitoring. ▪ PMU examine if Quickbooks can meet the project/IFAD's requirements fully. In case it is determined that QB does not meet the requirements, the switch over to TOMPRO is suggested. Cost of TOMPRO is tentatively included in the proposal
<i>Open bank accounts</i>	<ul style="list-style-type: none"> ▪ The Financial Manager, with the assistance from the provincial Finance Department will be responsible for the opening of the Project bank accounts. (Refer to Fund of Flows section – Designated Account for details).
<i>Preparation of first annual work plan and budget</i>	<ul style="list-style-type: none"> ▪ The Financial Manager will be responsible for the compilation of the first Annual Work plan and Budget, as directed by the Project Director, subject to IFAD no-objection. This budget will be a consolidation of the budgets obtained from SPMUs, following the process as outlined in <u>Annual Work Plan and Budgeting section</u>.
<i>Staff training and capacity building</i>	<ul style="list-style-type: none"> ▪ Newly appointed financial Management staff will be required to complete the IFAD FM e-learning and submit completion certificates to IFAD within 1 month of date of appointment. Refer to the Useful links below for the training link. ▪ Existing financial management staff will be required to complete IFAD FM e-learning within 1 month of project start-up (if not yet completed) and submit the completion certificate to IFAD. ▪ All staff are required to study the project related documents at project start-up. <p><u>**Other training at project start-up:</u></p> <ul style="list-style-type: none"> ○ PMU Financial management training workshop for SPMUs. <i>This training to be presented by the PMU Financial Manager. Training to focus on PMU requirements (monthly reporting, document retention ect.) and cover practical issues / lessons learnt.</i>

V. PRINCIPLES OF FINANCIAL MANAGEMENT

IFAD requires the recipient of IFAD's funds to make arrangements to ensure that the proceeds of any financing are used only for the purposes for which the financing was provided, with due attention to considerations of economy, efficiency and social equity. This responsibility is generally described as a "fiduciary obligation" with respect to the investment funds approved for financing provided by IFAD.

The primary responsibility for fiduciary obligation rests with the borrower/recipient (B/R) to maintain financial management (FM) arrangements that assist in meeting fiduciary obligations and that provide reasonable assurance to stakeholders that funds have been used as intended. IFAD's role is to support the B/R's

capacity to meet this responsibility and to provide general oversight on the design and functioning of FM arrangements during project implementation. Financial management refers to the organization, budgeting, accounting, internal control, funds flow, financial reporting and internal and auditing arrangements by which B/Rs receive funds, spend them and record their use.

The country's inherent risk rating has been "Medium" and—accordingly the project would be using country PFM system for implementation. Several actions have been proposed in this part of the manual to keep fiduciary risks to acceptable level. PMU would implement specific actions to mitigate risks posed by identified weaknesses during implementation.

IFAD will monitor FM performance of GLLSP-II at regular intervals and provide implementation support as needed. IFAD assesses disbursement risk initially on the basis of overall project FM capacity and risks determined in the project design phase. This assessment informs appropriate project disbursement arrangements.

During project implementation, IFAD Supervision/Implementation Missions would examine the extent to which the project is identifying and managing fiduciary risks. IFAD will process disbursements after considering these FM risks, in addition to the specific characteristics of withdrawal applications (WAs), and will determine the timing, frequency and scope of ex-post checks to be performed on the applications.

In the light of disbursement experience, and where appropriate, IFAD also updates FM risk ratings and modifies disbursement arrangements for the remainder of the project period. IFAD will take remedial measures in case it is not satisfied with the way the project funds are being managed.

VI. IFAD'S POLICY ON PREVENTING FRAUD AND CORRUPTION

IFAD recognizes that the prevention and mitigation of fraud and corruption in its activities and operations are core components of its development mandate and fiduciary duties. It does not tolerate the diversion or waste of its resources²⁵.

A. Prohibited practices

The following practices are considered to be prohibited practices when engaged in connection with an IFAD-financed and/or IFAD-managed operation or activity:

- (a) A "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value in order to improperly influence the actions of another party;
- (b) A "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation;
- (c) A "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party;
- (d) A "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party in order to improperly influence the actions of that or another party;

²⁵ IFAD's Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations is available at file:///C:/Users/Lenovo/Desktop/BRS%20New%20Project%20IFAD/Financial%20Management%20Section%20PIM%20GLLSP/fraudpolicy_eb86_e.pdf

(e) An “obstructive practice” is: (i) deliberately destroying, falsifying, altering or concealing evidence that may be material to an investigation by the Fund or making false statements to investigators in order to materially impede an investigation by the Fund; (ii) threatening, harassing or intimidating any party in order to prevent that party from disclosing its knowledge of matters relevant to an investigation by the Fund or from pursuing such an investigation; and/or (iii) the commission of any act intended to materially impede the exercise of the Fund’s contractual rights of audit, inspection and access to information.

B. General principles

The Fund has no tolerance towards prohibited practices in its activities and operations. All individuals and entities involved in implementing the GLLSP-II must take appropriate action to prevent, mitigate and combat prohibited practices as stipulated below.

IFAD protects Individuals and entities that help to prevent or report, in good faith, allegations of prohibited practices are protected against retaliation and to protect individuals and entities that are the subject of unfair or malicious allegations.

C. Responsibilities of the Provincial Government/Project

The provincial government/project will take appropriate action to prevent, mitigate and combat prohibited practices. In particular, they will:

- (a) Adopt appropriate fiduciary and administrative practices and institutional arrangements in order to ensure that the proceeds of any IFAD financing or financing managed by the Fund are used only for the purposes for which they were provided;
- (b) when taking action to enter into contractual relationship with a third party, conduct appropriate due diligence to ensure that the selected bidder or potential contractor is not publicly debarred by any of the IFIs and it otherwise is eligible.
- (c) Take appropriate action to inform third parties and beneficiaries of the prohibited practices and how to comply with IFAD’s Anti-corruption Policy;
- (d) Include provisions in procurement documents and contracts with third parties to facilitate the implementation of IFAD’s Anti-Corruption Policy:

The policy encourages the government to have in place, in accordance with their laws and regulations, effective whistle-blower protection measures and confidential reporting channels in order to appropriately receive and address allegations of fraud and corruption relating to IFAD-financed projects.

D. Reporting

GLLSP II can contact the IFAD Officer of Audit and Oversight to report events. Relevant information is provided in the box.

How to contact the IFAD Office of Audit and Oversight

All communications are treated with the utmost CONFIDENTIALITY.

By phone: +39 06 54592888

By fax: +39 06 54597888

By e-mail: anticorruption@ifad.org

Through the online complaint form:

www.ifad.org/governance/anticorruption/how.htm

In person or by mail to:

IFAD Office of Audit and Oversight, Investigation Section

Via Paolo di Dono, 44

00142 Rome, Italy

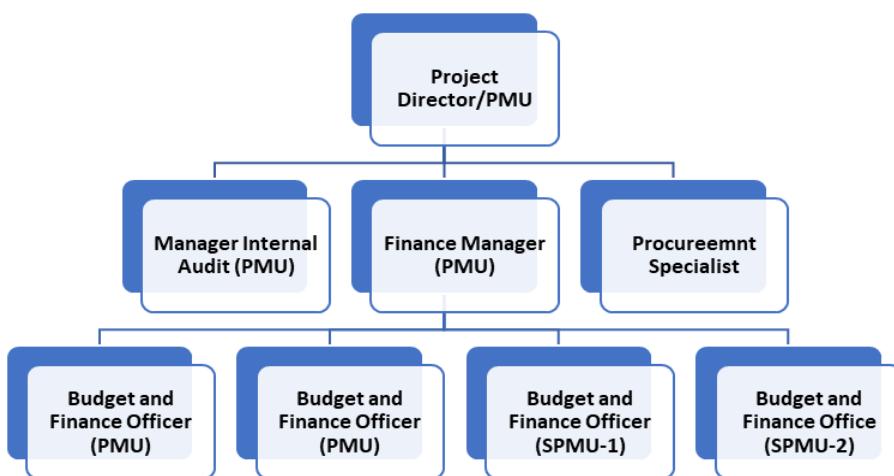
(Mark all mail “Personal and confidential”)

In case it is determined—after due process, that an individual or an entity is involved in any of the prohibited acts stipulated above, the project would take a prompt remedial action. Detailed guidance is available in the IFAD’s Policy on Preventing Fraud and Corruption.

VII. FM ORGANIZATIONAL STRUCTURE, ROLES AND RESPONSIBILITIES

A. FM Organizational Structure

The FM team is headed by a full time Finance Manager who reports to Project Director directly. The FM is supported by two Budget and Finance (B&F) Officers in PMU and one B&F Officer each in SPMUs. The flowchart exhibits the organizational arrangement for the FM section.



The B&F Officers in SPMUs would be reporting to Finance Manager directly though they would be supporting the Deputy Project Directors who will head the SPMUs. The responsibilities of Manager Internal Audit, Finance Manager and B&F Officers are summarized below:

B. Role of Manager Internal Audit

Manager Internal Audit will work as chief compliance officer who will keep track of how actions established for compliance by supervision missions, external audit, and project director are being implemented. Broadly, the incumbent would be responsible for:

- Adequacy and effectiveness of financial, operational, and management controls against relevant risks;
- Compliance with applicable laws, rules, and regulations;
- Economy, efficiency and effectiveness in managing operations (VFM);
- Safeguarding of organizational assets
- Suitability, accuracy, reliability, integrity of financial and other relevant information
- Integrity of the process to establish adequate protection against errors, frauds, and losses of all kinds
- Mitigating other fiduciary risks—especially ones arising from public procurement and corrupt practices
- Supporting improvement in governance process at PSC's level with a view to improve public image of the government

Details are provided on this role in a separate section later in this manual.

C. Role of Finance Manager

This position is responsible for establishing and managing the accounting and internal controls systems, reviewing and clearing documents and transactions, controlling the posting of transactions and the accuracy of the books, monitoring the budgets and treasury, Project funds and donor contributions, overseeing the closing of accounts, and preparing financial reports, year-end financial statements and annual audits.

- Liquidity Management/ Following up with AGPR, SBP and NBP
- Bigger Picture Management and minimal personal activity in day to day operations.
- Withdrawal Application Review and Submission
- Financial Statements Review and Submission
- Financial Reporting Review from Accounting
- Regular AWP&B & PP Monitoring
- Solicit response on delays and underspending
- Focal Person for all Finance Department queries from Project Side

D. Role of Budget and Finance Officer (2 in PMU & one in each SPMU)

- Post activity & Pre payment Review of documents
- Cash Forecasting Liquidity Planning
- Organization wide Financial Reporting
- Advances Monitoring, Civil Works, IPs, Line Departments
- Loan Covenants Monitoring
- Regular AWP&B and PP Execution monitoring and generate reports for management.
- Organization wide contract Management and compliance with contracts by IPs, vendors and suppliers for payment purposes.
- Payroll Validation
- Fixed Assets register updating and Inspection
- Journal Entry Payment Voucher Process

- Bank Reconciliation
- Monthly Withdrawal Application
- Budget Vs Actual Monitoring
- Regional Financial Record Review
- Budget Planning and Controlling
- Disbursement Reports Monitoring
- Journal Entries Review of PMU/SPMUS
- Processing of Advances and all Payments
- SPMUs record review encompassing Line Department review including directorates.
- Payroll Entry Processing
- Journal Entry Payable Voucher Processing
- Tax Withholding on each payment
- Fixed Asset Tracking Management
- First Post Activity and Pre Payment Review of documents for processing.
- Verifying Correct Journal Entry, Payment Voucher Process
- Review Records of all Line departments within the District
- Processing of Advances and all Payments
- Cash Forecast/ replenishment Requests
- Fixed Assets Physical Inspection with the Assets list provided by PMU
- Review all the travel plans
- Verify vehicles log books & compare with the fuel consumption reports
- Monthly review of all the SMTs financial records with in the district
- Check and securitize invoices and payment requisitions for accuracy
- Cheques process and record all payments
- To prepare Bank Payment Vouchers and Journal Vouchers.
- Data entry into accounting software
- Assistance in the preparation of budget and provision of information for audit
- Handling cash and petty expenses
- Support to administrative and logistical services
- Maintenance of vehicle log books and maintain mileage statement and issue fuel coupons.
- Maintenance of filing system ensuring safekeeping of confidential material
- Custodian for management of office stationery supplies including maintenance of stock list of stationery and supplies and maintain log book.
- To keep check & control of all the process of procurement and supply of daily office necessities.
- To maintain daily cash book & cash flow management.
- To maintain and update regional stock register

The Finance Manager will distribute work between the B&F Officers so as to get the most out of these officials for the project.

E. Role of Procurement Specialist

The position is responsible for supporting PMU in procurement and contract management. Specific responsibilities are listed below:

- Preparation of Project's Annual Procurement Plans, as part of Project's AWP/B, for approval of Project Steering Committee and IFAD NOL.

- Ensure that goods, works and services financed have been procured in accordance with the loan agreement and the IFAD Procurement guidelines;
- Installation of appropriate procurement systems and procedures for effective planning and monitoring of procurements under the project;
- Prepares and advertises the project's general procurement notices (GPN) and SPNs and maintain the Register of Expression of Interests.
- Prepares all procurement planning documents, including procurement packaging, selection methods, the project procurement plan.
- Reviewing and analyzing bids, expressions of interests and proposals.
- Preparing comparative canvass sheets, preparing the contracts and purchase orders.
- Ensuring the timely inventory coding and safe keeping of the goods purchased and its dispositions as and when required.
- Work closely with Government Line Departments (P&DD, C&W and Fisheries Department) to develop quarterly/annually procurement plans (based on quarterly distribution plans and annual work plan) to ensure timely availability of the products for project activities
- Track and evaluate vendor performance and improvements related to pricing, contractual terms, and/or scope of services.
- Supervise the procurement products including materials, promotional items, goods, etc.
- Review all contracts (for product and/or service procurements) to ensure quality standards are met, prior to submitting for review and approval.
- Outsourcing (supplies and services), both from local and international markets.
- Work with suppliers/agencies in the selection of the most qualified and cost-effective vendors
- When the prior review of the bidding or proposal document is required, submits the document through the Project Director to IFAD for its review and 'No Objection'.
- Ensure that all the due tendering processes are adhered to: sufficient publications, strict adherence to deadlines, transparency in communications, publication of bid results, etc.;
- Reviews and passes all bid securities to the Financial Officer for secure storage, recording amounts and validities and ensures that validities do not expire prior to notification of award and requests extensions as and when required. All bid securities must clearly show the date the security expires rather than state a specified number of days after bid submission.
- Ensures that the performance securities provided by Suppliers and Contractors are valid and in the correct amount and updated and amended, when necessary.
- Certify that all the conditions for the release of the performance security and retention monies have been met and recommend for their release to the Suppliers/Contractors, as applicable.
- Train staff to prepare and update the Annual Procurement Plan (including procurement method, types/kinds, quantity, value, delivery requirements, sources, etc.);
- Assist SMP in establishing a robust system for community led procurements and supervise its effective implementation.
- Handling project procurement related complaints, including logging and recording, notifying the IFAD, and preparing response to the complaints,

- including in the preparation of qualitative justifications for settlement of disputes with consultants and suppliers;
- Ensure acceptable record keeping in procurement with at least a complete procurement file for each procurement from start to contract finalization. Maintain all procurement records in a form appropriate for regular auditing and spot checks by supervision missions;
- Prepare bi-annually progress reports with implementation of the procurement plan, and regularly inform the PM of problems and make proposals to overcome bottlenecks; and
- Any other task assigned by the PD

Detailed guidelines on public procurement and contract management under the GLLSP-II are provided in a separate Procurement Manual.

VIII.ANUAL WORK PLAN & BUDGETING

Annual Work planning and budgeting is a key project activity since it allows the project to plan and manage its financial resources to support the implementation of its activities. It is important for the PMU in general and the finance team in particular to understand the country PFM system—inasmuch as it affects AWP/B of the GLLSP. Accordingly, a brief review of Pakistan's PFM system with its link to IFAD is provided before getting into AWP/B process for the GLLSP-II.

A. Pakistan's PFM system and its link with the GLLSP II

THE PLANNING COMMISSION, GOVERNMENT OF PAKISTAN IS RESPONSIBLE FOR ESTABLISHING CRITERIA AND GUIDELINES---INCLUDING TEMPLATES FOR FORMULATING DEVELOPMENT PROJECTS FOR FEDERAL AND PROVINCIAL GOVERNMENTS²⁶. AS PER CURRENT ARRANGEMENTS, IF THE COST OF A PROVINCIAL DEVELOPMENT PROJECT EXCEEDS PKR 10 BILLION, THE P&DD OF A PROVINCE WILL HAVE TO SEEK THE APPROVAL OF THE EXECUTIVE COMMITTEE OF THE ECONOMIC COUNCIL (ECNEC) FOR THAT PROJECT. ECNEC IS THE HIGHEST FORUM TO REVIEW AND APPROVE DEVELOPMENT PROJECTS IN PAKISTAN. A WELL-DEFINED PROCESS IS IN PLACE FOR THIS PURPOSE.

- i. The Provincial Development Working Party (PDWP)—which is the clearing house of development project would review and recommend the project for consideration of the federal government;
- ii. The Central Development Working Party (CDWP)—housed in the Planning Commission, Islamabad, conducts financial and economic analysis of the projects and—the projects it finds well-designed, are recommended to ECNEC for review and approval;
- iii. ECNEC is the final approving authority for any provincial projects costing beyond 10 billion and all projects with foreign component.

THE PROVINCIAL GOVERNMENT MUST PREPARE PC-1 FOR THE GLLSP-II AS ITS ESTIMATED COST IS HIGHER THAN PRK 10 BILLION. THE PROVINCIAL P&DD IS TO PREPARE THE PC-1 IN COMPLIANCE WITH APPLICABLE REQUIREMENTS AND TO ENGAGE WITH RELEVANT GOVERNMENT AGENCIES TO OBTAIN APPROVAL OF THE PC-1 FROM THE PWDP, THE CWDP, AND ECNEC. ANY PC-I DOCUMENT THAT IS SUBMITTED WITH MISSING ELEMENTS IS NOT ACCEPTED BY PWDP/CWDP/ECNEC. TO AVOID DELAYS IN THE PROCESSING OF THE PC-1, THE P&DD SHOULD START PREPARING THE PC-1 BASED ON THE PDR. THIS IS CRITICAL SINCE ANY

²⁶ Details about how to formulate project proposal are provided in the Manual for Development Project, Planning Commission available at <https://www.pc.gov.pk/uploads/downloads/perform/Manual-for-development-projects.pdf>

SIGNIFICANT DEVIATION(S) FROM THE PROJECT DESIGN MAY REQUIRE CHANGING THE PC-1 FORM WHICH, IN TURN, COULD MEAN GOING THROUGH A LONG BUREAUCRATIC TIER OF APPROVAL.

B. Project design changes during project life

IFAD's projects are subject to performance reviews periodically. These reviews in identifying what is working and what is not and taking remedial measure to enhance the implementation effectiveness of the project vis-à-vis the intended outcomes of the project. While minor adjustments are carried out subsequent to each supervision mission, the Mid Term Review (MTR)---carried out when a project is almost half way through implementation, is the time to revisit the whole design and make significant adjustments in the design—if such a response is warranted by implementation experience.

IFAD considers reallocations of funds between difference categories of expenditure to make the most of available resources. The purpose of these reallocations is to divert resources toward the activities that are contributing more effectively toward the intended project outcomes. The categories of expenditure where the project performance is not acceptable, it does not make sense to keep funds idle.

The current planning guidelines—applicable to the GLLSP-II requires that in cases where the overall actual project cost does not go beyond 15% of the approved project cost, no revision in the PC-1 is required.

C. AWP/Budget process

The budgeting process can be broken down in four steps:

- Preparation of the annual work plan
- Preparation of the annual budget
- Budget monitoring
- Budget revisions.

The annual work plan describes in detail all the activities that must be carried out by the Project during the year based on management priorities; it includes a chronogram for each activity, the verifiable indicator(s) and the staff/entities responsible for implementation. The annual budget, which is derived from the work plan, aims at providing detailed cost estimates for the implementation of project activities as well as the operation of the PMU and SPMUs. These two parts of the Project planning process (the work plan and the budget) are brought together in a unique document called the annual work plan and budget (AWPB).

The AWPB is an essential management tool that serves to establish priorities for Project implementation, set out activities in a timeline, and forecast the resources (both financial and human) needed to achieve the set objectives. It is also required for the mobilization of funding by the various Project financiers. Finally, it represents the main tool for Project management, IFAD and the GoB to control costs and assess Project performance. The preparation of the AWPB is a participatory exercise involving the beneficiaries, the representatives of the decentralized local government (at district levels) and the implementing partner /service providers, under the direction of the PMU. The Project Steering Committee and IFAD are responsible for the review and approval of the AWPB.

The AWPB covers the period from July to June each year, in line with the Project fiscal year. It integrates both IFAD and GoB planning processes.

D. Preparation of the Annual Work Plan

The annual work plan sets the Project objectives for the coming year, details activities to be conducted, specifies deliverables and outputs (along with key M&E indicators), as well as resources needed and implementation delays, and identifies institutional responsibilities. During the life of the Project, and particularly during the first year, the Project design report and PC-1 serve as a framework for the preparation of the AWPB.

Preliminary meeting. The preparation of the annual work plan starts with a preliminary meeting within the PMU, to which the SPMUs and implementing partners are invited. The purpose of the meeting is to:

- ✓ Set the objectives of the Project for the coming year, for each district and overall
- ✓ Establish priorities, taking into account the results obtained to date and the recommendations of supervision missions
- ✓ Assess the achievements of the current AWPB so as to (i) take any necessary corrective measures and (ii) determine the activities that will not be completed in the current year and will need to be carried over to the year Y+1
- ✓ Agree on the different steps and set the schedule for the preparation of the AWPB.

Identification of needs. Planning meetings with implementing partners, SPMUs at district levels. This exercise is coordinated by the SPMUs technical staff to ensure that the planning at district level are in line with the Project objectives and priorities set during the AWPB preliminary meeting with regard to the management of the Project, the FM is in charge of identifying PMU/SPMU staff members' needs relating to financial management and administration, while the M&E Specialist is responsible for defining Project needs in terms of internal monitoring.

District work plans. The SPMU M&E Officers under the supervision of M&E Specialist consolidate the district level plan in close coordination with GLLSP-II finance section and other implementing partners to ensure that the district level plan is in line with the overall Project objectives and the targets sets out in the preliminary meeting.

An AWPB workshop is then organized at district level, with the participation of technical staff from and SPMUs and other IPs, in order to review the district work plan in detail. Other donor-funded projects in the area may be invited to participate so as to harmonize interventions and avoid duplication. During the workshop, the participants are invited to formulate observations on the draft district work plan, particularly regarding priority activities. The observations made during the workshop are taken into account by the SPMU M&E Officers to finalize the work plan, under the guidance of the M&E Specialist from PMU.

PMU Work Plan. At PMU level, each component head is responsible for drawing out a detailed list of activities to be conducted during the year (including activities to be carried over from the previous year). In addition to the technical activities to be implemented at PMU level, this also includes the M&E and KM and the finance & administration activities. This process is coordinated by the M&E Specialist to avoid duplication and to ensure overall coherence. Once the PMU work plan is drafted, the Project Director organizes a planning meeting at the PMU to discuss and finalize the document.

Consolidated work plan. The M&E Specialist is in charge of preparing a GLLSP-II consolidated work plan based on district work plan and the PMU work plan. Once the

Project Director validates the finalized document, the FM and M&E Specialist work together on the codification of each work plan activity, using the accounting system's codification structure for AWPB activities. The next step is the preparation of the budget.

E. Preparation of the Annual Budget

Based on the finalized work plan, the IPs, SPMUs and PMU technical staff are requested to estimate the cost of the various activities to be conducted. The cost estimates must take into account all cost elements related to the activities, including mission's costs, consultant's fees, workshops, training, procurement, etc. The FM and Procurement Specialist may be consulted if necessary to assist in the costing of certain items. The sources, assumptions and calculation bases used for determining each cost estimate must be clearly documented in the budget.

The PMU operating budget is prepared by the FM and FM which includes:

- Salaries, social security contributions, allowances, per diem and other personnel charges
- Staff training costs
- Procurement of goods, works and services for the PMU and SPMU offices
- Office running costs (utilities, telephone, maintenance and repairs, supplies, fuel, vehicle costs, etc.)
- Other expenses (meetings, consultants' fees, audit fees, etc.).

The detailed cost estimates prepared by the technical staff for each Project component are forwarded to the FM who reviews them to ensure that:

- ✓ The costs estimate for each activity are reasonable;
- ✓ The budget by activity, sub-component and component is coherent as compared to the annual cost estimates defined in the COSTAB and the GoB Public Sector Development Plan; and
- ✓ Funds will be available in each expense category.

The FM then compiles the detailed budget data by component/sub-component, and determines the funding source for each activity based on the allocation in the COSTAB. Funding sources for GLLSP-II activities include the IFAD loan, the GoB counterpart contribution, and the beneficiaries' contribution. For the GoB counterpart, the budget must clearly distinguish between the funding related to duty & tax exemptions and in-kind contributions and the funding from GoB cash contributions.

The FM can then present the detailed budget worksheet by component/sub- component and by activity, with an indication of the funding source and the expense category for each activity. The budget worksheet includes separate sheets showing for each activity, the budget assumptions, the sources and the calculation bases for the unit costs. This is essential in order to (i) facilitate budget monitoring and budget-actual variance analysis and (ii) prepare the budget in the following year(s).

The budget includes the following categories, in line with the eligible expense categories as detailed in the financing agreement:

- Civil works
- Vehicles & Motorcycles
- Equipment and materials
- Grants to Beneficiaries
- Revolving Funds
- Training and Studies

- Salaries & allowances
- Operating Costs.

The budgets by component only include those expense categories relating to the activities to be conducted. It is essential for the FM to ensure that funds are available in each expense category to accommodate the cost estimates.

A budget conference is held at the PMU to discuss any necessary modifications to the budgets by component and by expense category, and to conduct budget arbitration between activities and/or components. The budget is finalized and consolidated by the FM on the basis of the decisions made during this conference.

The final step is the consolidation and formatting of the AWPB by the FM and the M&E Specialist. The main document covers the following:

- Physical progress made by the Project in the previous year (including quantitative data) and activities to be carried over to the coming year
- Financial progress in the previous year, including cost overruns and savings
- Procurement performance
- Constraints and problems from the previous year, and recommendations to resolve them
- Lessons learned and rationale for the activities proposed
- Main activities proposed for the current year, by component/sub-component
- Consolidated budget.

The main document is complemented with annexes including;

- Detailed work plans and budgets by component/sub-component with an indication of the district;
- The procurement plan --A schedule showing, by expense category, the financing allocation (per the financing agreement), the cumulative disbursements to date, the current AWPB projections and the remaining balance. This schedule serves to demonstrate that sufficient funds are available in each expense category to cover for the budget projections.
- The same schedule as above, by component and sub-component (the initial allocation is obtained from the PDR and COSTAB rather than the financing agreement); and.
- The staff development plan.

After validation by the Project Director, the AWPB is forwarded to the head of the PSC who convenes a steering committee meeting for the review and approval of the document. The Project Director, DPD and the PMU technical staff attend the meeting to answer questions from the PSC members. The AWPB is modified and finalized taking into account the observations from the PSC. The finalized version of the AWPB and Procurement Plan must be sent to the PSC and to IFAD for no objection. In the absence of comments from IFAD within 30 days after receipt, the AWPB shall be deemed approved. The approval of AWPB by PSC shall be deemed as the final approval for the GoB counterpart contribution.

A template for the AWPB is provided as Annexure-I to this Manual. It will be customized to reflect all components, activities and relation financial information.

F. Budget Monitoring

The AWPB serves as the reference document for the PMU to assess the Project physical and financial implementation progress. As soon as the AWPB is approved, the Deputy Finance Manager inputs the annual budget into the accounting system.. The budget is entered by account, component, sub-component, AWPB activity, financier, expense category and district. After it is input and verified by the FM, the Finance Manager prints out the budget and distributes copies to the Project Director, the technical staff and the M&E section.

The finance section is responsible for monitoring the budget by comparing it with actual expenditures. Project expenses recorded in the general accounts are simultaneously recorded against the budget. Thanks to this unique data entry system, all Project expenses are automatically recorded in the "actual expense" column of the budget. The accounting system can generate budget-monitoring statements showing the status of the budget by component/sub-component, by activity, by expense category, by district and/or by financier for any period requested. These statements show the budgeted amount, the cumulative expenditures to date, the available balance and the percentage execution. The FM prints a budget-monitoring statement at the end of each month preferably or quarterly, or whenever necessary and distributes to the Project Director, M&E, component heads and DPD.

During the first week of each quarter, the Project Director organizes a budget review meeting during which the FM, M&E Specialist, Procurement Specialist and DPDs analyze the budget-monitoring statement of the previous quarter. This exercise may also be carried out monthly if deemed necessary by GLLSP-II team the objective is to determine whether funds are being utilized as planned, and to take corrective actions if necessary. Any significant variance between the budget and actual expenses is investigated and discussed during the meeting. The FM then prepares a budget progress report explaining all variances and formulating recommendations, which may include the need for budget reallocation or revision. The quarterly budget-monitoring statement is attached to the report. This budget report serves as the source document for the AWPB execution section of the quarterly financial report prepared by the FM.

A template has been provided to assess technical and financial progress of the project against the approved AWP/B at Annexure-II.

G. Budget Revision

The Project Director or Project team may decide to reallocate funds from one budget line or activity to another as long as the impact is less than 15% of the initial budget amount for that budget line. In this case s/he sends a memo instructing the FM to proceed with the reallocation. When the impact is more than 15%, a request a meeting will be held with relevant staff members and submit it for PSC approval. This exercise may be carried out at PMU with the revision requested submitted by relevant department, then a meeting will be held PD, FM and requesting department head. These will then be forwarded to finance section to update the system accordingly. If the changes are substantial and affecting the overall budget more than 10% shall be forwarded to the PSC's head for his approval and subsequently will be forwarded to IFAD for NOC.

In addition, depending on the Project performance during the first half of the year (or due to unforeseen circumstances), it may become necessary to conduct a full revision of the budget for the rest of the year. The decision to carry out a budget revision is made by the Project Director and materialized in a memo sent to all concerned parties. The IPs, SPMUs and technical PMU staff are requested to prepare a revised work plan and budget taking into account achievements/disbursements to date and detailing the

activities that can be implemented before the end of the fiscal year. The consolidation, approval and recording process for the AWPB revision is the same as described above.

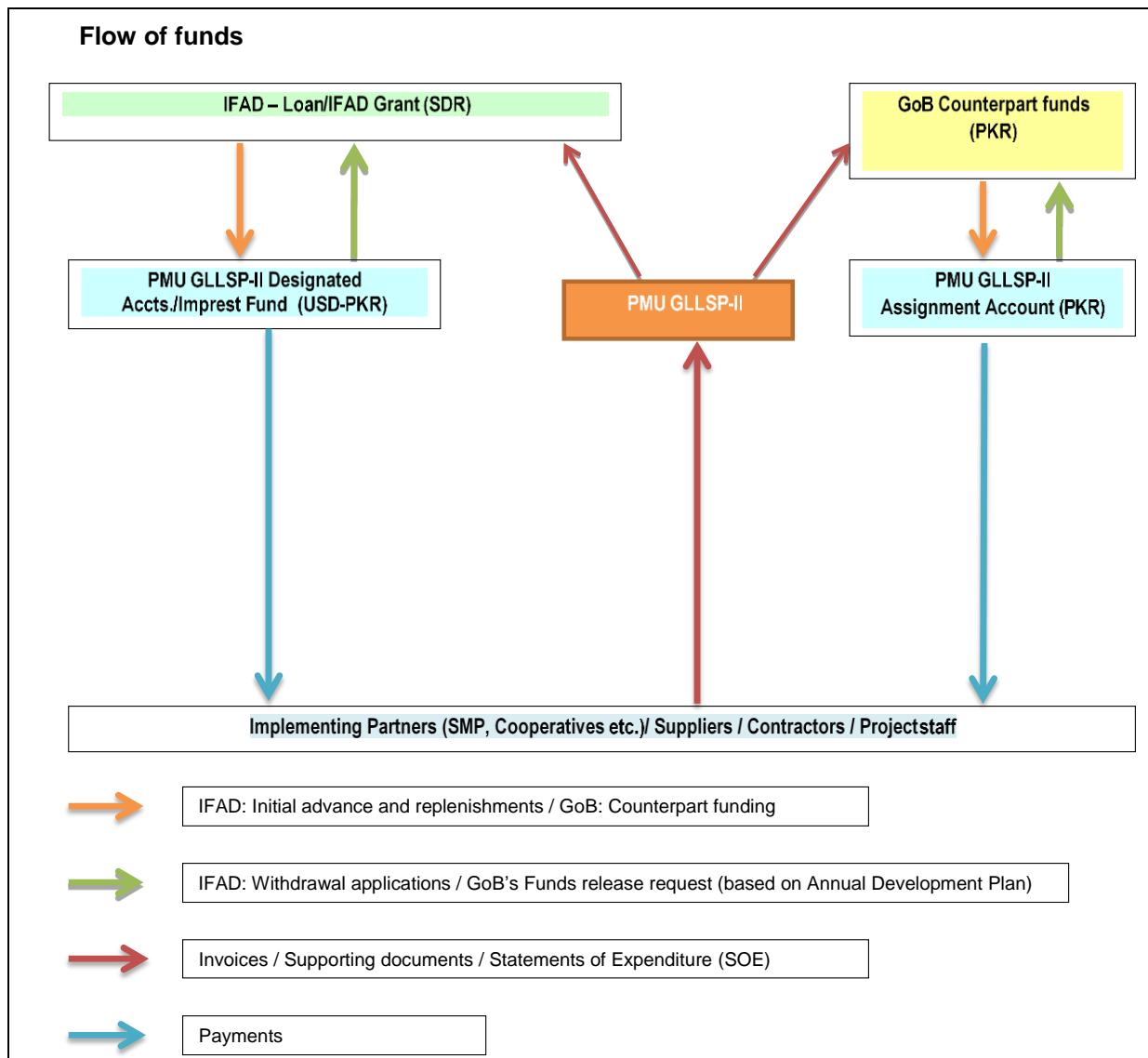
IX. FLOW OF FUNDS

A. Financiers of the GLLSP-II and Flow Chart

The funding of GLLSP-II comes from three sources (i) the IFAD Loan; (ii) IFAD TA Grant; and (iii) the Counterpart Contribution from GoB and (iv) Beneficiaries' Contributions. The project would access IFAD funds through the Imprest Fund methodology. For this purpose, the PMU would open Designated Accounts—one each for the IFAD Loan and IFAD TA Grant and request IFAD to release initial advance to these accounts. The PMU would spend funds and replenish these accounts to keep enough funds in the Imprest Funds to meet its expenditure requirements.

The BoG's counterpart funds would be allocated through normal government budgetary process. The provincial government's annual budget cycle starts usually in November/December when provincial Finance Department (FD) issues a Budget Call Circular (BCC). The BCC includes forms to be used for recurrent and development budget and detailed guidance on how to fill these forms. The PMU is required to work out the requirement of the counterpart funds and ensure its inclusion in the budget. The PMU shall open a Designated Account to receive the releases of counterpart funds quarterly and must follow-up on this issue with the FD consistently.

Details on Designated Accounts, Imprest Fund Procedures, and Recovery of Initial Advances given to the PMU are provided later in this section. The flowchart depicts how IFAD funds and Counterpart funds would flow through the project.



The community would contribute toward the cost of the project at the time a CPI starts and when it is handed over for O&M to the community. The SMP is responsible for maintaining account of this funding source and sharing report thereon which shall be kept updated in the GLLSP-II accounting system.

B. Evidence of authority to sign Withdrawal Applications

IFAD requires the B/R's representative, as designated in the financing agreement, to furnish satisfactory evidence of the authority and authenticated specimen signatures of the individuals who will sign WAs on behalf of the borrower. This evidence must reach the Fund before the first WA is presented by the borrower and should be the original (photocopies, facsimiles or other means of transmission are not acceptable). Each WA should be signed by such duly authorized individuals, and the Fund must be notified of any change in the signatories authorized to withdraw funds from the loan/grant account. For this purpose, the B/R shall provide the names and specimen signatures of the newly appointed signatories and include the date when such change is to take effect. The original of such changed documentary evidence is to be provided to the Fund. The PMU shall use the following format for correspondence with IFAD on this issue.

EVIDENCE OF AUTHORITY TO SIGN WITHDRAWAL APPLICATIONS

(Sample letter – to be submitted on letterhead) [to include full street address, city, country]

International Fund for Agricultural Development (IFAD)
Paolo di Dono, 44
00142 Rome, Italy

Date: _____ Via

Attention: Finance Administration Services
Accounting and Controller's Division

Subject: **IFAD Loan/Grant/Financing No.:**
Project Name:

Dear Sirs/Madams:

I refer to the Financing Agreement between IFAD and [Name of Borrower/Recipient], dated []. In accordance with the provisions of Section 4.04(b) of IFAD's General Conditions for Agricultural Development Financing dated 29 April 2009 as may be amended from time to time, I hereby designate the following person (or persons) whose authenticated specimen signature(s) appear(s) below as authorized, on behalf of the Borrower/Recipient, to sign Applications for Withdrawal under the above-referenced IFAD Loan/Grant/Financing. This notification enters into effect as of [date -----]:

(Optional) The following is the official email address which will be used by the Borrower/Recipient to submit Applications for Withdrawal and other official communications to IFAD:
_____. Any communication not originating from this address should be disregarded.

(Name(s) and Title(s))
(Name(s) and Title(s))
(Name(s) and Title(s))

Specimen signature
Specimen signature
Specimen signature

(Indicate if the authorization to sign is jointly with another person(s)).

Signed by:

Title of the Borrower/Recipient's
Designated Representative
(as provided in the Financing Agreement)

C. Designated Account

The flow of funds for the Project starts with the opening of the project Designated Account (DA), denominated in US Dollars, in the national central bank, in accordance with the Funds requirements identified in the Financing Agreement and the Letter to the Borrower. The FM is responsible for opening and managing the Designated Account including receiving on a monthly basis the DA Statement of Account from the bank and reconciling it against PMU's records. Disbursements from the DA should be recorded in the PMU's account records as of the date they are made, that is when the checks are issued.

These funds can only be used for expenditures relating to the execution of the Project. The PMU cannot make financial commitments or authorize disbursements over and above the funding made available to the Project. In the case of insufficient funds to conduct certain IFAD-financed Project activities, a request for reallocation of loan funds may be presented to IFAD through the EAD. The IFAD contribution comprises an IFAD loan of **SDR (to be inserted later)**. The loan funds are made available to the Project in several installments and using the impress account modality²⁷.

²⁷ Details on different disbursement methods are available in the IFAD Financial and Administration Manual available at <https://www.ifad.org/en/document-detail/asset/39637251>

D. Imprest Fund

The imprest fund procedure is a disbursement procedure where IFAD makes an advance disbursement from the Loan Account for deposit to an Imprest Fund Account to be used exclusively for the IFAD's share of eligible expenditures. The main objective of this procedure is to help the borrower reduce cash flow difficulties in financing project expenditures, thereby facilitating project implementation. Other objectives are providing the borrower with more control over payments and reducing the number of withdrawal applications (WAs), particularly for payments for small expenditures and related costs.

- PMU opens a Designated Account denominated in the USD to receive funds as Imprest. A parallel account in PKR is also made operational to pay against project liabilities;
- An initial deposit (or authorized allocation) amounting to the estimated expenditure for first six months of implementation will be drawn as an advance for the start-up phase once the project becomes effective at the request of EAD. The ceiling of the initial advance may be increased if it is not enough to meet project disbursement.
- Periodic replenishments of the designated account corresponding to the reimbursement of eligible expenditures incurred by the Project throughout its implementation period.
- The initial deposit would be recovered by deducting a portion of the replenishment amount requested in each withdrawal application submitted to IFAD towards the end of the implementation period.
- Direct payments by IFAD of expenditures incurred by the Project (above USD 100,000), based on a direct payment request issued by the PMU.

The periodic replenishments will be made upon request from the PMU (in the form of withdrawal applications), based on which IFAD withdraws funds from the loan account. The minimum withdrawal amount is normally set at 30% of the initial advance amount. In order to avoid cash flow problems, the PMU is required to submit at least one withdrawal application (WA) to IFAD every quarter. When preparing the WAs, the PMU shall follow the instructions contained in IFAD's Letter to the Borrower and Loan Disbursement Handbook (which also contains model documents and forms to use) and the procedures described below.

E. Recovery of Initial Advance

To avoid an excessive outstanding advance at the financing closing date, recovery of the advance is required ideally to begin six months before the Project Completion Date (PCD) where advances are large, and at the latest three months before the PCD where special circumstances may warrant this. Recovery of the advance may begin either: (i) six months before completion date; or (ii) when the undisbursed balance of the financing (including outstanding special commitments) is equal to twice the amount of the advance. In cases where the imprest account is applicable, the Fund will effect a

gradual recovery of the advance – normally by applying part of the amount documented in each replenishment application to reduce the outstanding advance. This offers the most effective means of ensuring that some funds remain available to finance eligible expenditures to be incurred using the imprest account.

A template to guide the finance team in recovering the initial advance is shown in the box on next page. Detailed guidance is provided in the IFAD Handbook on Disbursement.

Sample Recovery Plan-Designated Account

	IFAD Loan No.:			IFAD Loan Amount (SDR)			20 000 000.00	
	Project Completion Date:	31-Dec-12		Loan Closing Date:		30-Jun-13		
Reportin g Period	WA No.	Date	US \$	EUR	SDR	Unjustified balance USD SD R		
Authorized Allocation	1	18/01/2006	\$ 000.250	€ -	172 648.51	0.00 (77 351.49)		
				€ -	172 648.51			
				0.00	#VALUE!			
			Exchange Rate:					
Justification:								
Ref No	WA No.	Date	Estimated WA value (SP)	Estimated WA value (USD)	Proposed Recovery %	Recovery Amount (USD)	Commulative Recovery Amount (USD)	Commulative Unjustified balance (USD)
1	40	21-Feb-12		111 832.56	45%	50 324.65	50 324.65	(50 324.65)
2	41	3-Mar-12		72 685.11	35%	25 439.79	75 764.44	(75 764.44)
3	42	5-May-12		74 685.11	35%	26 139.79	101 904.23	(101 904.23)
4	43	7-Jul-12		70 885.11	42%	29 771.75	131 675.98	(131 675.98)
5	44	5-Sep-12		64 885.11	40%	25 954.04	157 630.02	(157 630.02)
6	45	31-Dec-12		82 627.66	80%	66 102.13	223 732.15	(223 732.15)
7	46	10-Jun-13		26 065.11	100%	26 267.85	250 000.00	(250 000.00)
				TOTAL	503 665.77 USD	250 000.00 USD		
In accordance with IFAD procedures, any amount unjustified at the time of loan closing date will be promptly refunded to IFAD.								
Prepared by: _____						15-Oct-11 Date		
Confirmed by: _____						_____ Date		

F. Direct Payment Procedures

The direct payment procedure is a disbursement procedure where IFAD, at the borrower's request, pays a designated beneficiary (e.g., supplier, contractor, or consultant) directly.

A signed withdrawal application (WA) must be submitted to IFAD together with a summary sheet and the required supporting documents. The PMU shall use the standardized form for estimating its funding needs and prepare a WA for direct payments where necessary. To prove the requested disbursement is for eligible project expenditures incurred, the PMU has to provide following supporting documents with every withdrawal application that it submits to IFAD:

Payment for	Payment type	Required supporting documents
Goods	One time or Instalment payment	Supplier's invoice, or purchase order (indicating date, amount, and bank account details)
Services	Advance Payment	Consultant's or service provider's invoice (indicating amount of advance payment and bank account details)
	Progress Payment	Consultant's or service provider's invoice (indicating date, amount, and bank account details)
Civil Works	Advance Payment	Contractor's invoice (indicating date, amount, and bank account details)
	Progress Payment	Contractor's invoice and interim payment certificate a or summary of work progress (indicating period covered, amount, and bank account details)
	Release of Retention Money	Contractor's invoice (indicating date, amount, and bank account details) and unconditional bank guarantee

G. Statement of Expenditure (SOE) Procedure

For any expenditure item costing less than (to be inserted later based on FA) the PMU can use this procedure for replenishment of its imprest fund. The statement of expenditures (SOE) procedure is a simplified procedure requiring no submission of supporting documentation of expenditures. The procedure derives its name from the SOE form which is submitted with the WA. The SOE replaces the usual supporting documents and the summary sheet. The SOE form provides data on contracts and disbursements of individual payments (up to any applicable SOE ceiling).

While using this method, PMU certifies that (a) expenditures have been incurred and paid for proper execution of project activities under the terms and conditions of the loan agreement; (b) all documentation authenticating these expenditures has been retained and will be made available for examination by PMU upon request; and (c) for projects with an SOE ceiling, payments have not been split to enable them to pass through such ceiling.

The PMU shall use a standardized form (Summary/Statement of Expenditure Sheet) for preparing claims for withdrawal of funds for the project.

H. Preparation of Withdrawal Applications

The WA is a standard IFAD package comprising several forms and documents, which are all described in detail in the LTB and IFAD Loan Disbursement Handbook:

- Form 100 – the application for withdrawal, which indicates the amount of replenishment requested in the WA currency and the payment instructions. It

contains the signatures of the authorized representatives, i.e. the GLLSP-II PD and the FM.

- Summary sheet – the recap schedule showing the amounts claimed (in local currency and in the WA currency) by expense category under Forms 101 and 102
- Form 101 sheets – used for expenditure exceeding the SOE threshold or for the Direct Payment procedure (see below). Copies of supporting documents must be attached to the Form 101 sheets and sent to IFAD. In order to facilitate processing by IFAD, the item numbers on the summary sheets are cross-referenced to the supporting documents. In addition, the IFAD no objection date is included in the “Remarks” column, if applicable.
- Form 102 sheets – used to detail all expenditure claimed under the SOE procedure (all expenditure under USD 50,000), for which no supporting documentation is sent to IFAD. The relevant supporting documents must be retained instead by the PMU for periodic inspection by representatives of IFAD during supervision missions, and by the auditors as part of the annual audits. It should be noted that the SOE threshold applies to the value of the contract rather than the amount of the payment. Form 102 sheets must be separated by expense category, and certified by the FM and the Project Director as authorized signatories.
- Form 104 – the designated account reconciliation, which serves to reconstitute the IFAD advances from bank balances, WAs in process and unclaimed disbursements. Any difference between the outstanding IFAD advance and the total accounted for must be justified and cleared as soon as possible.
- Form 105 – the WA checklist must be completed to make sure that the WA was properly completed in accordance with IFAD instructions.

In addition, the PMU is required to submit with each WA, an updated contract register and contract-monitoring forms (for all contracts with more than one payment).

The production of the WAs should preferably be automated in Accounting Software. At least at the end of each quarter (following month-end verification procedures detailed in Section 1.4), the Deputy Finance Manager launches the preparation of a WA, which necessitates three steps:

- i. Preliminary verifications: The check stubs and bank transfers for the month are checked against the bank journal to ensure that all disbursements have been recorded in the Accounting Software and are supported by proper documentation. The bank journal is reviewed in detail to ensure that the description of the transactions posted in the system are sufficiently clear and complete. Finally, the Deputy Finance Manager ensures that bank reconciliations have been completed for all accounts.
- ii. Accounting system processing: The accounting system is set up so as to exclude advances from the amounts claimed for reimbursement in the WA. The FM selects the financing under which the WA is prepared, the period covered by the WA, and

enters the SOE threshold (USD 50,000) and the month-end exchange rate. The system then shows all 'claimable' disbursements since the previous WA issued.

- iii. WA printing: Once the processing is complete, the WA number and period are automatically generated by the system, and the WA forms 100, 101, 102, and 104, as well as the summary sheet, can then be printed.

The FM makes copies of all supporting documents backing up the WA and cross-references them to the summary sheets. Copies of the bank statements for the corresponding months are also attached to the WA. After having checked the WA to ensure that the references, amounts, and other details are correct, the FM fills out the PMU checklist to ensure that all steps have been properly followed. The FM also verifies the WA, signs the relevant forms and completes both the PMU and the WA checklists. S/he then forwards the entire package to the PD for review and approval. The WA checklist (form 105) is verified by the PD as s/he performs a final check on the WA prior to signing it. Before sending the WA to IFAD, the FM scans and makes a copy of the entire signed WA package for PMU records. Withdrawal applications are sent to IFAD along with all supporting documents through the online WA submission portal and it is duly verified by FM & PD.

IFAD financing proceeds may also be obtained through direct payments. This procedure is used for eligible Project expenditures to be paid directly by IFAD to suppliers, contractors, consultants, or third parties as authorized by the Borrower. The direct payment procedure may be used to request the payment of one or several invoices (totaling more than USD 100,000), but to the same supplier/contractor. The Direct Payment package includes Forms 100 and 101 described above.

Once the payment is processed, IFAD sends a payment advice to the EAD (with a copy to the PMU), including the value date of the payment, the amount and currency of the payment, the SDR equivalent of the WA and the categories charged. The FM uses this information to fill out the monitoring schedule for WA and IFAD reimbursements. This schedule allows the FM to monitor the payment delays, and the differences between the amounts of the WA submitted and the amounts paid by IFAD, if any. In addition, at the end of each month, the FM requests the status of funds by category from IFAD and reconciles it with the PMU accounts. Any difference must be investigated and explained as soon as possible.

Annexure-III indicates the checks that the finance team is required to apply while preparing withdrawal applications. Annexure-IV shows the steps involved in the reconciliation of the Designated Accounts

Introduction to IFAD's Loan Disbursement Handbook

The effectiveness of the finance team to manage project funds depends on its understanding of the Imprest Fund procedures and the ability to use withdrawal application formats and proper documentation to draw on IFAD's funds. The finance team will prepare withdrawal applications frequently, carry out monthly reconciliation of the designated accounts with the NBP, and prepare disbursement reports etc. The finance team should consult IFAD Handbook for Disbursement—in addition to what is explained in this manual to ensure that it complies with IFAD's relevant instruction in its work.

This Loan Disbursement Handbook is intended to familiarize both borrowers and recipients with the procedures for withdrawing proceeds of loans/grants/financing provided by and through the International Fund for Agricultural Development, when financing is to be administered and the project supervised by the Fund.

The Loan Disbursement Handbook is available at <https://www.ifad.org/en/document-detail/asset/39635782>

I. Counterpart Funds

The GoB contribution is in the form of cash contributions and tax exemptions. Once the AWPB is approved by the PSC, and the counterpart contribution is recorded in the PSDP, the GoB makes these contributions available as follows (for those expenditures earmarked in the approved AWPB as being financed from government funds):

- Cash contribution: at the beginning of each quarter, the FM prepares a funds request letter for 25% of the annual amount earmarked in the approved AWPB and PSDP. The letter is signed by the PD and sent to the ACS, P&DD. When the funds requested are released, the PMU receives a confirmation letter from the Accountant General Balochistan Office, which is responsible for maintaining the GLLSP-II assignment account in which counterpart funds are held.
- Tax & duty exemption: the GoB contribution takes the form of a tax exemption certificate that the PMU obtains from the Federal Board of Revenue for all expenditures that normally bear taxes or duties.
- The PMU then makes the related payments without tax, and the amount of the tax is recorded in the accounting system as both an expense and a contribution from GoB.

J. Beneficiaries' Contributions

The beneficiaries' contribution is in the form of cash contribution. The beneficiaries contribute at two points:

- i. At the time a CPI is approved and work starts (x% of the estimated cost); and
- ii. At the time the CPI is complete (x% of the total cost for the O&M of the scheme)

The PMU is required to maintain updated information on the beneficiaries' contribution to the project in its accounting system. This is critical to ensuring that all relevant project investment is properly accounted for and reported in the project financial statements.

To ensure the authenticity of the beneficiaries' contribution—reported by the Social Mobilizer Partner, the PMU will carry out periodic review of the primary data sources being used by the Social Mobilizer Partner for this purpose.

X. DISBURSEMENT PROCESS

The GLLSP-II incurs two types of expenses: administrative expenses (relating to the operation of the PMU and SPMUs) and project expenses (relating to the implementation of Project activities). Administrative expenses are normally initiated by the Project Director, the FM, the Deputy Finance Manager, the SPMU F&A Officers, the

M&E, the SPMU M&E Officers. Project expenses may be initiated by IPs and any technical staff.

The eligible expense categories for the Project are in accordance with the financing agreement. For certain categories, expenses may be administrative or programmatic in nature. The financing agreement specifies the total amount allocated for each of the categories, and the percentage of the expenses that is financed by IFAD.

In order to facilitate the management of Project resources and corresponding actions, annual expenditure plans are prepared from the AWPB for the 3 main classes of expenditure incurred by the GLLSP-II:

- The procurement plan, prepared by the Procurement Specialist, details the goods, works and services to be acquired for the Project in the following 12 months; it includes quantities, estimated costs and the anticipated acquisition date;
- The intervention plan, prepared by the PMU technical staff in coordination with the IPs which includes all project interventions to be implemented during the following 12 months;
- The annual personnel plan prepared by the Admin & HR at PMU and SPMUs, shows the core posts, temporary personnel and individual consultants to be engaged in the coming year. For each post or assignment, the anticipated dates and duration, the type of contract and the estimated cost are specified.

Each of these plans identifies the component and AWPB activity corresponding to the expenditure forecasted. Once they are approved by the Project Director, these plans are distributed to the finance and administrative team for implementation.

Expenditure Request and Authorization

All Project expenditures are initiated by a request prepared/signed by the requesting staff and indicating the nature of the expenditure and other relevant information, the amount, AWPB activity, and the transaction coding. Expenditure requests may take the form of a purchase requisition (for the procurement of goods, works or services), an activity request (for the organization of workshops, training or demos sessions, meetings, or other activities directly implemented by Project staff), a request for temporary assistance (for the engagement of temporary personnel or individual consultants), the monthly payroll statement (for the salaries of Project staff) or a travel authorization (for official missions).

Requests are first sent to the FM who verifies that (i) the expenditure is included in the appropriate annual plan and the AWPB and (ii) funds are available, before forwarding it to the Project Director for approval. The request is only approved by the Project Director if the relevance of the expenditure and the availability of funds have been established. Project funds cannot be committed unless the request has been signed by the FM and approved by the Project Director. Once the request is approved, the expenditure process is launched via a procurement action, an advance, a recruitment action or a travel authorization.

At the SPMU level, the requests (usually from the SPMU technical staff) are sent to the Finance Officers who sends it to the PMU Finance section for signature of FM and

approval of Project Director. No expenditure may be approved if it exceeds the amount budgeted, unless there is prior written approval from the Project Director.

Payment Request

Payment requests may take different forms, depending on the type of expenditure: it can be an invoice or progress payment request (for the procurement of goods, works or services), a fee payment request (for temporary personnel or individual consultant's services), an advance request (for workshops or meetings), or a travel expense claim (for official travel).

For invoices (or progress payment requests), suppliers/contractors are requested to attach a copy of the contract or purchase order and the delivery slip or statement of acceptance of work (or certificate of completion of work) when submitting an invoice for payment. After receiving invoices by the relevant section, invoices are sent to the Finance Manager who:

- Verifies the mathematical accuracy of the invoice
- Ensures that the "pack" is complete (invoice, purchase requisition, contract or purchase order, delivery slip/statement of acceptance of works/certificate of completion, etc.) and checks that the information is the same on all the supporting documents.
- In the case of progress payment request for infrastructure, verifies that the contractor's request matches the approved measurement book maintained by the Project.
- Ensures that the invoice was not previously paid (by checking in the Accounting Software and the contract monitoring form)
- Updates the contract monitoring form.

For fee payment requests, consultants are requested to attach their report. The payment request is logged in by the FM (or Finance Officers at the SPMUs) and sent to Finance Manager who:

- Verifies the mathematical accuracy of the request
- Prepares the payment pack (payment request, request for temporary assistance, contract, copy of report if applicable) and checks that the information is the same on all the documents
- Ensures acceptance of the report by GLLSP-II, if applicable
- Ensures that the fee payment request was not previously paid (by checking in Accounting Software).

For advance requests, the Deputy Finance Manager verifies that:

- The cash advance request is duly approved by the FM and the Project Director, and
- All supporting documents are attached (approved TOR, activity request and budget).

For the travel claims, the Deputy Finance Manager verifies:

- The approval of the FM and the Project Director.
- The completeness of supporting documents justifying the expenses claimed (including the travel authorization with proof of travel).
- The accuracy of computation of mission costs by the traveler (compared to the travel authorization).

The above verifications are materialized on the transaction voucher used for inputting the payment in the accounting system. In case of an error or omission on any of the payment documents, the Finance Manager returns the document to the supplier, consultant or Project staff member for them to be corrected and re-issued. Once the verification procedures are satisfactory, the Finance Manager sends the payment request (invoice or fee payment request) to the originator of the expenditure (i.e. the requesting staff) for certification. The originator of the expenditure must sign the invoice or payment request to certify the goods have been delivered, works completed or services rendered in accordance with the contract or purchase order. Invoices must be marked "goods delivered" or "services rendered" followed by the date, to indicate that they have been certified for payment. All invoices or payment requests must also bear the Project Director's signature (for payment approval) before payment can be processed.

XI. ACCOUNTING PROCEDURES

A. Accounting Rules and Principles

The accounting method used for the GLLSP-II is the cash basis of accounting; financial statements therefore only reflect cash receipts and cash disbursements. Consequently, fixed assets are expensed at the time of purchase. Financial commitments at the end of the year are shown as footnotes to the financial statements. The GLLSP-II uses double-entry accounting, in accordance with generally accepted international accounting principles.

Generally accepted accounting principles are the foundation upon which the GLLSP-II's financial information system is built and which (i) determine the methods of evaluation and recording of financial transactions and (ii) guarantee the quality of the financial statements. The main principles are:

- Consistency in accounting principles and methods used from one year to the next
- Going concern (up to the Project completion date)
- Matching revenues and expenses within the same fiscal year
- Historical cost basis for recording financial transactions
- Non-offsetting of assets and liabilities or revenues and expenses
- Conservatism, regularity and fairness of accounts and financial statements
- Materiality (full disclosure of material information/data and omission of immaterial information/data in the financial statements).

The Project does not generate revenues; instead it receives subsidies from donors in order to finance its activities. Due to the nature of these activities, the Project must follow the principle of balance between expenses and subsidies. In order for the net result at the end of each fiscal year to be nil, a balance must be stricken between:

- Investment subsidies and expenditures (i.e. acquisition of capital assets), and
- Operating subsidies and expenditures (i.e. expenditures relating to Project activities).

Project accounts are maintained in Pakistan rupee (PKR); however, in order to facilitate financial monitoring on the part of IFAD, financial reports are also presented in USD or SDR. The Project fiscal year goes from July 1st to June 30th.

B. Financial Information System

The Project uses an Accounting Software for recording transactions in the financial, analytical and budgetary accounts, as well as for the production of various financial and accounting reports (accounting journals, trial balance, general ledger, etc.). The Project is required to use an accounting software that can help it comply with the reporting requirements of IFAD while also meeting its financial management needs. At minimum, the accounting software needs to have following functionalities:

- General chart of accounts (for actual and budget transactions)
- Analytical/cost accounting codes
- Currencies used for Project's financial reporting (PKR, US dollars and SDR)
- Journals (purchase, bank, direct payment, subsidiary ledgers, etc.)
- Suppliers
- Other third parties (banks, government, etc.)
- Balance sheet, income statement and statement of sources and uses of funds.

The software is used to input transactions in the accounts, to process transactions, to view movements, transactions coding and balances on the screen, to make inquiries, and to consult accounts and journals. The system also allows for reporting and printing journals, ledgers and trial balances using different criteria.

C. Recording of Transactions

GLLSP-II's financial transactions are recorded in the accounts using the Accounting software. The recording of transactions is completed in four steps:

1. Preparation of a transaction voucher
2. Input of the transaction in the appropriate subsidiary ledger
3. Back-up of accounting records
4. Filing of accounting records.

D. Transaction Voucher (or bill form)

The Deputy Finance Manager at PMU/Admin & Finance Officers at SPMUs prepares the transaction voucher. The voucher must be backed up by a supporting document approved by the authorized officer. The supporting document can be an invoice, a progress payment request for works, fee payment request, advance request, travel expense claim, payroll statement, check or bank transfer, bank debit or credit advice, or an adjusting entry sheet.

The transaction voucher serves two purposes:

- It materializes the preliminary verifications carried out by the Deputy Finance Manager on the supporting documents;
- It serves as the support for inputting transactions into the accounting system.

The voucher number is obtained from the input screen, as entries are being input into the system. The numbering sequence used for the vouchers is therefore the same as the one generated automatically by the Accounting Software.

The following information is indicated on the voucher:

- Journal
- Nature, date, description and amount of the transaction in PKR
- Name of recipient (supplier, consultant, etc.)
- Reference of the supporting document
- Amount of income tax and VAT
- IFAD and GoB share
- Exchange rate
- Coding for general accounts, analytical accounts, budgetary accounts and PC-1 code. The coding of transactions for general accounts, analytical accounts, budgetary accounts and PC-1 code are based on the Accounting Software's charts of accounts. The AWPB activity, the district, the source of funding and the expense category are also indicated on the voucher.

At PMU level, once the voucher is filled out, it is signed by the Deputy Finance Manager, and verified and signed by the FM. In the case of a payment, the Project Director also approves the voucher.

E. Input of Transactions

Transactions are input into Accounting Software using a "transaction entry" window. The journal entry number generated automatically by the system is noted on the voucher. Using the information on the voucher, the transaction type and date, source document code and reference, currency, account numbers and transaction amount are entered into the system by the FM/F&AOs for each transaction.

At the PMU, the Deputy Finance Manager or the Admin & Finance Officer inputs transactions on a daily basis for the vouchers that have been checked by the FM and approved by the Project Director. Transactions entered into the system are directly posted into the Project's general ledger.

F. Backup of Accounting Records

Once they have posted, transactions can only be modified or deleted by inputting a correcting or adjusting entry in the system. At the end of each day, all the data input into the system is backed up automatically to the server. In addition, FM/F&AOs are responsible to backs up the accounting data on an external device at the end of each week; this weekly backup on external device is kept by the FM/PD. These backups allow for restoring of posted transactions in case of power failure, errors on the data or any other problem.

G. Filing of Accounting Records

The Deputy Finance Manager is responsible for printing the journals and other accounting reports, and for filing all accounting records. The original accounting records are filed as a package composed of the voucher and the corresponding supporting documents. They are filed in chronological order by transaction type (one or more separate file(s) for each month). The accounting records are grouped on a monthly basis with a separate binder for each of the following transaction journals:

- Purchases

- Payroll
- Subsidies
- Bank – Designated Account
- Bank – Project Account
- Direct payment (if any)
- Correcting/adjusting entries.

Reports may be printed as and when needed by the Finance Unit staff. Two complete sets of accounting reports are printed as part of the monthly and annual closing of accounts, after all transactions have been posted, verifications carried out and adjustments recorded (one for the FM and one for the files). These printouts are stamped with a stamp marked "Final" to indicate that this is the last version.

H. Monthly and Annual Closing of Accounts

GLLSP-II accounts are verified at the end of each month and closed at the end of the fiscal year. The objective of the accounts verification and closing procedures is to provide the users of financial information with an accurate and reliable accounting and financial situation, as well as to meet the Project's legal obligations. Because the monthly financial and accounting reports are for internal use only, the monthly verification exercise is more limited in scope than the annual closing of accounts.

I. Monthly Verification of Accounts

Project accounts are closed at the end of each month in order to provide the Finance Unit and Project Management with:

- A complete and accurate cash and disbursements situation, for proper monitoring;
- Accurate and up-to-date accounting and financial data for the preparation of the monthly financial report, the quarterly IFRs and the withdrawal applications.

Monthly verification procedures are carried out by the FM and the FM during the first 10 days of the following month and include:

- Review and validation of financial reporting packages
- Posting of outstanding transactions
- Checking of accounting records against journals and payment documents (check stubs, bank transfers) to verify the completeness of transaction entry and the accuracy of transaction coding (for general, analytical and budgetary accounts)
- Reconciliation of the IFAD status of funds statement with the Project accounts (for cumulative disbursements to date by expense category)
- Bank reconciliations
- Designated Account reconciliation
- Reconciliation of the financial commitments schedule (generated from Accounting Software) with the individual contract monitoring forms and the contract register.
- Physical inventory of supplies.

J. Annual Closing of Accounts

The main objective of the annual closing of accounts is the preparation of the year-end financial statements, in accordance with the financing agreement and national regulations. Annual closing procedures start at the beginning of June each year and must be completed prior to the end of August of the following fiscal year, so that year-end financial statements may be presented to the PSC and IFAD at the latest on 31st August.

The FM prepares an annual closing schedule and communicates it to all Project staff by 30th of June. This schedule lists the different steps of the closing process and indicates deadlines and responsible staff. It contains:

- Deadlines for carrying out certain tasks (processing of travel authorizations and travel expense claims, processing of purchase requisitions and requests for temporary assistance, payment of suppliers, etc.)
- Instructions for the year-end inventories (fixed assets and supplies)
- Instructions for the closing of accounts
- List of documents to obtain or prepare for the annual closing
- List of documents to prepare for the external auditors
- Deadlines for the production of reports, statements and other accounting and financial information.

The annual closing procedures are carried out by the PMU Finance Unit (FM and A&FOs), with assistance from the MAHR as needed, and include:

- Collection and review of financial reporting packages
- Posting of outstanding transactions
- Checking of accounting records against journals and payment documents for the month of June
- Analysis and justification of balances for each general and auxiliary account (this procedure is preceded by the printing of ledgers and balances)
- Determination of estimates for accrual and deferral transactions (for inclusion in the footnotes to the financial statements)
- Input of correcting and adjusting entries
- Reconciliation of the IFAD status of funds statement with the Project accounts (for cumulative disbursements to date) by expense category
- Bank reconciliation
- Designated Accounts reconciliation
- Reconciliation of the financial commitments schedule (generated from Accounting Software) with the contract monitoring forms and the contract register.
- Physical inventory of fixed assets
- Physical inventory of supplies.

XII. Records Management

- 1- Maintenance of separate accounts and records

In terms of IFAD's General Conditions for Agricultural Finance:

"The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date..."

In order to comply with the above requirement, PMU and other implementing agencies are required to maintain accounts. Such accounts and records may include:

Type	Example
<i>Electronic information</i>	<ul style="list-style-type: none"> • Data and information maintained within the Quickbooks accounting software • Other documents and files maintained electronically, either on desktops, laptops or removable storage devices
<i>Correspondence</i>	<ul style="list-style-type: none"> • Emails • Hard copy correspondence (letters)
<i>Documents received from external sources</i>	<ul style="list-style-type: none"> • Bank statements • Supplier documentation
<i>Internally generated information</i>	<ul style="list-style-type: none"> • Employee files • Withdrawal applications • Forms

All documents and information are the property of GLLSP II and may not be removed.

2- Filing and storage of the financial records

PMU and other implementing agencies are responsible for filing records. To fulfil this responsibility:

- Project parties should maintain files in a chronological order, assigning appropriate codes/sequential numbers;
- Project parties should perform filing activities on a regular basis to prevent the accumulation of papers and to ensure that the financial records are always maintained in an up-to-date manner.
- Project parties should allocate an appropriate storage area for the financial records in paper format and maintain them in locked cabinets, safe from water and fire, to which access is controlled and limited.
- Project parties should also classify the financial records as "Confidential", or "General".

3- Off-site archiving of financial records

The respective Financial Managers should ensure that the financial records are archived at an off-site location on a regularly basis. Once a year, the Financial Managers should make sure that the completed or inactive files are archived in a manner that will allow for easy retrieval of the files in case they are required at some future date.

4- Electronic back-up procedures

Back-up of electronic information is an important function to be undertaken under instruction from the Financial Manager. It is required that:

- Daily: Electronic information at each Project office is backed up on the local server
- Weekly: Electronic information is saved on an external storage device and kept in a locked cabinet

Project staff access to backup files are subject to authorisation by the Project director or Financial Manager. The access of external persons is prohibited except for the auditors and IFAD staff.

5- Retention period

Project parties are required to retain accounts and records for at least ten (10) years after Financial Close. The Financial Manager should ensure that all documents and records (electronic and paper) are handed over to GoP at financial closure to ensure that records can be maintained for the 10-year period.

XIII. Fixed Asset Management

Fixed asset management is an important process that seeks to track fixed assets for the purposes of financial accounting and to ensure preventive maintenance, and theft deterrence. Adequate Fixed asset maintenance also increases the sustainability of the Project. There are three elements in fixed asset management that require the attention of the Financial Managers:

- Purchase of equipment
- Setting up and maintaining an asset register including verification
- Setting up a plan for disposal and/or handover of the asset once the Project is completed
 - 1- Purchase of Equipment
The Accountants should follow the following process for each fixed asset purchased:
 - Assign a unique, sequential asset number (excluding minor items such as stationary).
 - Tag each item with its unique asset number.
 - Record the item of equipment in fixed asset register
 - 2- Fixed asset register
The accountants must maintain a fixed asset register in the asset management module of the accounting software. The asset register should record the following information for each individual piece of equipment:
 - Asset description
 - Asset number
 - Individual responsible for asset
 - Implementing agency responsible for purchase
 - Source of funding of asset (IFAD, government etc),
 - Location of the asset
 - Date of purchase
 - Cost of purchase and invoice number
 - Remarks regarding the condition of the asset

The Finance Controller shall ensure that the consolidated fixed asset register is maintained and updated regularly.

Assets purchased for beneficiary use should be included in the fixed asset register if the assets remain under the ownership of the Project (therefore beneficiaries to return to Project at Project closure).

3- Asset Verification Review

Under the management of the Financial Manager, GLLSP II must conduct an annual asset verification process whereby the following checks are performed:

- Verify that all fixed assets are still held in the location recorded on the register;
- Confirm the completeness and accuracy of the information recorded on the fixed asset register;
- Check that equipment and vehicles are still in a reasonable state of repair and that remarks regarding the condition of the assets are correct as recorded in the fixed asset register;

The verification review must be performed by different staff from those who use the equipment, to ensure adequate segregation of duty. Discrepancies between the verification exercise and the fixed asset register should be investigated. Where assets are missing or seriously damaged, they should be removed from the asset register. The removal should be formally documented and approved by Financial Manager and Project Director. Moreover, the Financial Manager will undertake random verification of fixed assets during field visit.

4- Vehicle Maintenance and Fuel

Drivers are required to maintain waybills/itinerary lists and vehicle history records.

No cash shall be advanced to drivers for the purposes of refueling.

- Each vehicle to have dedicated fuel card which indicate the vehicle registration number.
- Each fuel card to have a set daily / monthly limit based on average consumption.
- Changes to the monthly limit is subject to approval by the Financial Manager (which will be approved base on approved trips).
- The waybill shall indicate the reading of odometer at the beginning and end of the period, i.e. the mileage of the car, as well as fuel consumption. This process shall be checked by an accountant based on GPS system ("Teltonika FM 4200) in the data server of "Realcom" LLC, which is set in each vehicle of PMU. Using the device, one can track the route, stop time, kilometers traveled, etc. The data shall be entered into Quickbooks which distributes fuel by projects, depending on whether one or the other trip was made on any project. (Manual recording / monitoring at PMU is acceptable given limited number of vehicles)
- Fuel stations shall provide a monthly summary report on fueling and invoice which the accountant shall compare to the fuel invoices attached to the waybill. Differences to be followed up/resolved.
- Provision of fuel and lubricants shall be strictly limited per each vehicle per month in accordance with the order signed by the Management.

Vehicle insurance

The Financial Manager should ensure that all Project vehicles are comprehensively covered and that all drivers are noted on the insurance policy. Under no circumstance may uninsured drivers drive the vehicles. The insurance policies should be renewed annually or as stipulated in the policy. The safety of cars is the responsibility of the drivers assigned to the vehicles. Consequently, they must ensure that the vehicles are parked in a secure area when not in use or outside working hours.

Maintenance

The drivers are required to monitor the maintenance of their assigned vehicles. The drivers must notify the xxxx of maintenance needs so that the cars can be serviced on a timely basis. The xxx is required to request the car maintenance, subject to approval by the Project Director.

The assigned cars must always be taken to the selected garage for repairs and maintenance.

XIV. INTERNAL CONTROLS

A. General

It is recommended that the Financial Managers of PMU and SPMUs consider the guidance outlined in [Guidelines for internal controls for Public Sector Entities \(INTOSAI GOV 9100\)](#)(refer to XXII useful links) when developing/improving the system of internal control (*also see COSO Integrated Framework – Internal Control*).

In terms of the Guidelines for Internal Control Standards for the Public Sector (INTOSAI GOV 9199):

What are internal Controls: INTSAI GOV 9100

Internal control is an integral process that is affected by an entity's management and personnel and is designed to address risks and to provide reasonable assurance that in pursuit of the entity's mission, the following general objectives are being achieved:

- ✓ executing orderly, ethical, economical, efficient and effective operations;
- ✓ fulfilling accountability obligations;

In general terms, Internal controls are policies and procedures that are established to ensure that an organization realizes the purposes for which it has been established. The PMU has been established to achieve clearly defined outputs—and eventually to contribute to poverty alleviation in the target districts. Accordingly, the PMU requires internal controls to ensure (a) effectiveness and efficiency of operations; (b) reliability in financial reporting; (c) compliance with applicable laws and regulations; (d) safeguarding of physical assets; and (e) PMU's reputation as driver of poverty alleviation agenda in the province.

The provincial Finance Department, Planning and Development Department, and the Accountant General Baluchistan have established internal controls and the annual external audits by the DGA (Quetta) review and report on the effectiveness of these

controls. The project, however, needs to ensure that a robust internal control system is working. Key features of the internal control system are summarized below:

- Segregation of duties;
- Authorization;
- Reconciliation and checks
- Restricted access; and
- Monitoring and Review

B. Segregation of duties

An important element in any control system is the separation of those duties which would, if combined, enable one individual to record and process a complete transaction. It is the Finance Manager's responsibility to ensure that the following duties are segregated under the project: preparation, authorization, execution, custody, recording and the operation of systems

C. Authorization

Authorization controls require the certification that a transaction or event is acceptable for further processing. Several types of authorization are in effect at the project, mainly in the procurement cycle, payment cycle, bank and cash management cycle including reconciliation. The Financial Controller should ensure that the authorizations of PIU staff ensure efficient implementation while keeping the risk as low as possible. The authorization of project staff should be in line with their respective job descriptions.

D. Verification

Transactions and significant events are verified before and after processing, e.g. when goods are delivered, the number of goods supplied is verified with the number of goods ordered. Afterwards, the number of goods invoiced is verified with the number of goods received.

E. Reconciliation and checks

Reconciliations between independent, corresponding sources of data are a key control for identifying errors and discrepancies in balances. The Financial Controller should perform the following reconciliations each month:

- Bank reconciliation
- Reconciliation between system and special account receipts and payments statement
- Any reconciliation or balancing amount should be promptly cleared. Unusual or long outstanding reconciling items must be brought to the attention of the financial officer. The financial officer will review and sign all reconciliations as evidence of his review.

In addition, physical checks should be performed on assets held and on petty cash—if maintained.

F. Reviews of operating performance

Operating performance is reviewed against a set of standards on a regular basis, assessing effectiveness and efficiency. If performance reviews determine that actual accomplishments do not meet established objectives or standards, the processes and activities established to achieve the objectives should be reviewed to determine if improvements are needed.

G. Restricted access

All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the form of back up procedures. All work should be regularly backed up and copy records stored securely off site.

H. Monitoring and review

As detailed in financial reporting section later, periodic financial reports must be prepared and submitted to the fund. For the purposes of internal control, the same information should be prepared and monitored by the project Director on a monthly/quarterly basis. The reports should be prepared on a timely basis and should normally be available for distribution two weeks after the end of the reporting period to which they relate. The periodic reports should be reviewed by the finance officer and the project director as a minimum. Where necessary, corrective action should be taken to ensure the authorized budget and procurement plan is not exceeded

I. Supervision

Competent supervision helps to ensure that internal control objectives are achieved. This includes assigning, reviewing, and approving an employee's work.

J. COSO Internal Control Framework

IFAD requires that R/B to follow COSO Internal Control Framework in designing internal controls for the project. The COSO Framework has five internal control components which should guide the design of internal control for the GLLSP-II²⁸. These components—along with performance benchmarks for the project are briefly explained below:

Internal Control Components	Performance Benchmarks
Control Environment	Individuals involved in project are of high integrity and suitably qualified for their respective jobs. Project leadership—within the line departments and PMU believe in delivering results. The PMU has an organizational structure suited to the effective implementation of the project—with authority and responsibility clearly delineated. HR policies are set out and followed in decision making.
Risk Assessment	PMU has a system of identifying, preventing, and rectifying problems. The leadership is driven by the project outcomes and taking corrective action promptly as soon as first signs of trouble in implementation show up. The PD keeps heads of line departments engaged for sustained buy-in for the project.
Control Activities	The project has established policies and procedures in the form of Project Implementation Manual (PIM). PIM responds to all material risks that can negatively affect project. The staff involved in project implementation is aware of the established policies and procedures and a system of compliance assessment vis-à-vis these policies and standards is in place. Accounting system is secure with appropriate back-up plans which are operational.
Information and	PMU periodically reviews implementation status, prepares reports and

²⁸ For details, please visit the website <https://info.knowledgeleader.com/bid/161685/what-are-the-five-components-of-the-coso-framework>

Communication	share relevant information (i.e. risks) with line departments, PSC, and other stakeholders. The Provincial Steering Committee (PSC) holds meetings regularly, reviews critical issues, and makes decisions to mitigate emerging risks. P&D, line departments, SMP and other stakeholders are alert to risks and talking to the PMU for risk mitigation. PMU is responsive to the queries/risks flagged by line departments.
Monitoring	PMU has developed reporting template for continuous monitoring risks to the project and taking prompt remedial measures. Monitoring reports are shared with key stakeholders for their input/action.

K. Strengthening controls vis-à-vis SMPs and other non-government partners

Under the GLLSP-I, the performance-based contract with the NRSP proved effective in accelerating project implementation and disbursement rate. However, several internal control weaknesses are noted in the contract with the NRSP. For example, the contract (including addenda) did not include provisions for the NRSP to (a) submit supporting documents with invoices; (ii) comply with tax obligations and report thereon; and (iii) report on beneficiaries' contributions. The government contribution to the project remains much lower than that estimated at design is because most procurement/expenditure has been incurred through NRSP and Community Organizations. This has potential to create reputational risk for IFAD as one of the implementing partners may not be complying with the applicable laws in implementation. Considering that the Social Mobilization Component under the GLLSP-II is three times as large as it was under the GLLSP-I, explicit provisions would be included in contractual agreement with SMPs to mitigate these risks.

L. Information and technology related controls

Information and technology controls can be both general and related to applications. The major categories of general controls are (1) entity-wide security program planning and management, (2) access controls, (3) controls on the development, maintenance and change of the application software, (4) system software controls, (5) segregation of duties, and (6) service continuity. Application controls are the structure, policies, and procedures that apply to separate, individual application systems, and are directly related to individual computerized applications. These controls are generally designed to prevent, detect, and correct errors and irregularities as information flows through information systems.

M. Checklist for Social Mobilization Partner

- Visit Regional Offices of the SMP to ensure that they are fully staffed and operational. Further, check that the Regional Offices are maintaining proper record of activities that are being implemented by the SMP;
- Conduct periodic reconciliations with the SMP's bank managing Community Managed Financial Services to ensure that all funds disbursed to the SMP are duly accounted for, and reported by the SMP;
- Checks that requests for funds is duly supported by the Quarterly Work Plan which is also updated periodically;

- Review the existing reporting templates with the SMP and improve them to ensure effective technical and financial reporting against the work assigned to the SMP. Review the SMP's reports thoroughly to be sure that the SMP is fully complying with the reporting requirements;
- Check that the SMP is sharing soft copies of the requisite documents along with claims for payment;
- Require quarterly certificate from the SMP confirming that—where applicable, taxes are being deducted from the payments they are making to different beneficiaries and duly paid off to the relevant tax authorities;

Community Development

- i. Copy of the Needs Assessment Report
- ii. Community Resolution for the constitution of a Purchase Committee
- iii. Copy of Agreement between the SMP (s) and the Community Organization establishing the responsibilities of each party
- iv. Copies of quotations for procurement
- v. List of beneficiaries—including CNIC number and home address;
- vi. Community Resolution for transferring the assets to the beneficiaries as per the list of beneficiaries
- vii. Record of receipt of assets by the beneficiaries

Technical/Vocational Training/Exposure Visits

- i. Copy of the Training Plan(s)
- ii. Selection criteria and list of individuals selected
- iii. Training Schedule—for each training selected for the target beneficiaries
- iv. A copy of training material (hard or soft) for record
- v. Copies of certificates awarded to the trainees
- vi. A training report for each major training—3-4 pages with annexes i.e. list of participants (CNIC, address, title and duration of training, certificate of completion for accredited courses issued by the training institute, pictures etc.

Fisheries Development/Community Managed Financial Services

- i. Criteria used for identifying beneficiaries LSOs
- ii. List of eligible Local Support Organizations (LSOs) and how they have been organized
- iii. Copy of the Community Resolution showing specific needs/interventions that the LSOs want resolved
- iv. Copy of the formal agreement between the SMP and the LSOs
- v. In case where micro-financing tool(Community Managed Financial Services) is to be used, criteria used for this purpose i.e. age group, social status, amount of each loan, recovery time etc.
- vi. Record of funds going to the LSOs' and subsequently disburse to end-beneficiaries.
- vii. Record of recovery of funds back to the LSO's bank account

- viii. In case of training of fishermen, the documents/record mentioned above (Technical/Vocational Training/Exposure Visit) should be kept by the SMP

Community Physical Infrastructure (CPI)

- i. Copy of Village Development Plan (VDP)
- ii. Copy of approval of the CPIs—through Community Resolution
- iii. Copy of the Community Resolution—asking for the release of funds (for each tranche, a resolution is required)
- iv. Copy of bank statement showing the utilization of previous tranches

The GLLSP-II will have arrangement for internal audit to strengthen internal controls within the project. A position of Manager Internal Audit has been included in the PMU for this purpose.

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The Financial Manual incorporates practical guidance on recommended control activities in the sections that follow which can be considered by the Financial Managers of PMU and SPMUs when developing/improving internal controls. **New/improved controls should be documented in detail in the Financial Manual Controls should be considered at all implementing agencies**

XV. FINANCIAL REPORTING

IFAD requires borrower/recipient to maintain accounting records that are adequate to reflect the operations, resources and expenditures related to the project up to the Financing/grant Closing Date. In addition, the borrower/recipient is required to deliver detailed financial reports on its operations, in accordance with standards and procedures that are acceptable to IFAD. Project accounting records and financial statements must be prepared in accordance with IPSAS-Cash Basis Accounting. This information should be specified in the notes to the audited financial statements²⁹.

A. Annual Project Financial Statements

IFAD requires the project to deliver unaudited project-specific financial statements annually, within four months of financial year-end, covering the duration of the implementation period. The Financial statements must contain all material and relevant information required to provide IFAD and other stakeholders with a full understanding of the project's activities and financial position. The reporting period will be a period of twelve months—starting from 1 July to 30 June coinciding with Pakistan's financial year. The content of the project's financial statements is prescribed under the applicable accounting standards used as the basis of preparation. IFAD also requires certain additional specific disclosures. A summary of the required content for project financial statements is given below:

- i. Comparison of budget and actual amounts;

²⁹ Details are available in the IFAD's Handbook for Financial Reporting and Auditing available at <https://www.ifad.org/documents/38711624/39421009/IFAD+Handbook+for+Financial+Reporting+and+Auditing+of+IFAD-Financed+Projects/133b165d-15c7-4f79-8217-aef95b79dd67>

- ii. Notes (a summary of significant accounting policies and other explanatory notes);
- iii. Statement of cash receipts and payments;
- iv. Fixed asset schedule;
- v. Withdrawal application statement;
- vi. Sources and uses of funds statement; and
- vii. Designated Account statement and reconciliation.

The PMU will ensure that IFAD-specific disclosures referred to above are easily and clearly traceable. The PMU will disclose the contribution of the Government's Counterpart Funds and the Beneficiaries Contribution (both in cash and in-kind) in the financial statements. The quantification of the contribution should be consistent with the policy agreed with IFAD and readily available for verification by external review i.e. IFAD, External Audit etc.

To provide guidance to the GLLSP finance team, sample financial statements that may be customized further for meaningful and effective financial reporting to IFAD have been attached as Annexure-V to this manual.

B. Interim Financial Reports

It is important for any project to monitor its financial performance continuously. IFAD emphasizes the need for such monitoring. The PMU needs to analyse significant variations between planned and actual spend, take remedial actions—where required and submit interim financial reports to IFAD. This practice needs to be established. Several IFAD's supervision missions recommended this action and require that Interim Financial Reports (IFRs) may be used to operationalize this practice. However, this remains to be done. To facilitate this, a reporting template is proposed for interim financial reporting at Annexure-VI.

The requirement of the GLLSP-II submitting IFRs to IFAD need to be complied with. The project may discuss the format and narrative part of the report with IFAD.

C. Analytical Reviews

The PMU, while finalizing financial statements, must carry out an analytical review to ensure that financial statements present a fair view of the financial health of the project. The external audit will also review these statements from this perspective. Analytical reviews will minimize the risk of errors and irregularities being reported in financial statements.

- Is the financial information consistent with the available record?
- Is any expenditure unusual or ineligible? Does the PMU have any solid justification to explain such differences away? Has such justification been properly examined, agreed on with the relevant stakeholders, and fully documented for internal/external scrutiny?
- Are there trends or comparisons that should be clarified? Is expenditure pattern broadly aligned with the activities envisaged in the AWPB?
- Are reported expenditures within budget and consistent with the cost estimates?

- Are there significant computational errors and/or inconsistencies in the information presented
- Are there any indications of fraud and corruption noted in the review?

The PMU shall prepare monthly and quarterly financial reports to identify possible cost savings, detect possible misuse of project funds, and ensure that operating remains within agreed budget. The report is for internal consumption. The report will indicate expenditure incurred against budget during the month and the cumulative expenditure recorded till the end of the preceding month. Further, the expenditure by categories and by sources of funds shall be documented in the report. The report will also indicate balance of imprest funds and preparedness for next WA.

These reports should be linked with the AWPB to ascertain whether the activities are on track, if they are not, what needs to be done to make mid-course correction

XVI. INTERNAL AUDIT

A. Responsibilities

The GLLSP-II will have arrangement for the internal audit activity. A position of Manager Internal Audit has been included in the PMU to provide for internal oversight of governance, risk management and internal controls within the PMU and other entities that will be involved in GLLSP-II. Usually, the scope of internal audit covers the following aspects of an organization:

- ✓ Adequacy and effectiveness of financial, operational, and management controls against relevant risks;
- ✓ Compliance with applicable laws, rules, and regulations;
- ✓ Economy, efficiency and effectiveness in managing operations (VFM);
- ✓ Safeguarding of organizational assets
- ✓ Suitability, accuracy, reliability, integrity of financial and other relevant information
- ✓ Integrity of the process to establish adequate protection against errors, frauds, and losses of all kinds
- ✓ Mitigating other fiduciary risks—especially ones arising from public procurement and corrupt practices
- ✓ Supporting improvement in governance process at PSC's level with a view to improve public image of the government

Manager Internal Audit would be responsible for (i) drafting TORs of the internal auditing firm; (ii) coordinate with the SMP during planning, executing and reporting on the auditing firm; (iii) following up on internal audit findings/recommendations. As such, the role is one of broad coordination of internal audit activity to be outsourced to an internal auditing firm.

Aside from leading the process of engaging and managing internal auditing firm—primarily for SMPs, Manager Internal Audit would also coordinate with the provincial Director General Audit (Quetta) for statutory external audits and follow-up on audit findings for a prompt settlement of audit observations. Manager Internal Audit would

also ensure that the recommendations of the IFAD's Supervision Mission are fully complied with by the project.

The PMU will obtain three quotation for hiring the services of an internal auditing firm and a reputable organization will be engaged for the job. The firm would be engaged primarily to carry out audit of the SMPs.

XVII. EXTERNAL AUDIT

A. General considerations

The PMU is required to have the GLLSP-II accounts audited regularly in accordance with standards and procedures that are acceptable to IFAD. An audit is required to confirm whether the financial statements provide a true and fair view in all material respects of the financial activities undertaken. IFAD promotes the use of internationally accepted auditing standards and requires that all projects submit audit reports prepared in accordance with one of the following standards:

- i. International Standards of Supreme Audit Institutions (known as the ISSAIs);
- ii. International Standards on Auditing (ISA)
- iii. National/Regional Standards—if deemed appropriate by IFAD

Key Source Document for External Auditing

The IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects is available online for public use and dissemination. It is primarily intended as a guide for IFAD borrowers and recipients and other external stakeholders on operational aspects and requirements related to financial reporting and auditing of IFAD-funded projects. Tailored guidance is provided for investment projects and for grants, both those subject to the Policy for Grant Financing and those financed by supplementary funds. The finance team should use the guidelines in external auditing matters.

<https://www.ifad.org/documents/38711624/39421009/IFAD+Handbook+for+Financial+Reporting+and+Auditing+of+IFAD-Financed+Projects/133b165d-15c7-4f79-8217-aef95b79dd67>

For the GLLSP-II, the Office of the Auditor-General of Pakistan (OAGP) will carry out the external audit of the project. Under the Constitution of Pakistan, the Office of the OAGP has the mandate to carry out external audit of government operations and it decides on the nature and extent of such audits. The OAGP conducts different types of audits including compliance, financial, and performance audits of government entities at national and provincial level.

The PMU has to engage with the Director General Audit-Baluchistan(DGA)—based in Quetta to timely start and complete the project audit so that the audited financial statements can be submitted to IFAD within six (6) months of the end of preceding financial year. The external audits are, in general, carried out for following purposes:

- Provide an independent assurance of accountability;
- Give credibility to the financial statements and other management reports;
- Identify weaknesses in internal controls and financial systems;
- Verify compliance with financing agreement provisions relating to financial matters; and

- Make recommendations for improvement.

The PMU is responsible for preparing the audit (financial statements, accounting reports and other necessary documents), providing adequate office space and other facilities, and assisting the auditors in the course of their mission. In addition to the preparation of year-end financial statements and other reports, getting ready for the annual external audit entails the following:

- Printing of all year-end accounting ledgers and reports
- Verifying that all vouchers and supporting documents exist
- Verifying that all accounting ledgers, accounting records and supporting documents are properly filed
- Preparing a complete file for the auditors (including financial statements and reports, accounting ledgers, individual account justifications, reconciliations, etc.).
- Ensuring that the IPs have prepared for the audit (including separate financial reports and statements detailing the utilization of GLLSP-II funds)
- Organizing all site visits, meetings and work sessions at the request of the auditors.

Sample project financial statements have been provided as Annexure-VII which may be refined for meaningful financial reporting as per the requirements of IFAD.

B. Types of audit opinion

The auditors are required to issue a report including the audited financial statements and expressing their opinion on the Project financial statements covering (i) the Project's compliance with national and IFAD rules and guidelines in the area of procurement and disbursement, and (ii) the project's compliance with financing agreement covenants. The external audit will examine SOEs, particularly the adequacy of the procedure used for preparing the SOEs, the eligibility of SOE expenditures, and the extent to which IFAD can rely on this disbursement method. Further, the external audit will examine the designated account statements and reconciliations, indicating whether the funds received and disbursements made are fairly presented in the statements.

While certifying project financial statements of a project, the OAGP can express either one of the following opinions:

- **An unqualified opinion** indicates the auditor's satisfaction in all material respects with the preparation of the financial statements, and with their consistency, adequacy, and compliance with regulations, statutory requirements and any additional requirements stated in the request for audit sent to the DGA (Quetta) by the PMU;
- **A qualified opinion** reflects that the auditor has some reservations on specific areas and concludes that an unqualified opinion cannot be issued, but deems that the effect of any disagreement, uncertainty or limitation of scope of the audit does not require an adverse opinion or a disclaimer of opinion. The PMU should urge the auditor to clearly state the financial effect of the qualification in the report.
- **An adverse opinion** is issued when the effect of the disagreement is so pervasive and material to the reliability of the financial statements that the

auditor concludes that a qualification of the report will be insufficient to disclose the misleading or incomplete nature of the financial statements.

- **A disclaimer of opinion** is issued when the possible effect of an uncertainty or of a limitation on the scope of the auditor is so significant that the auditor is unable to express an opinion on the financial statements.

C. Key requirements in Management Letter

The auditors are also required to issue a management letter addressing the adequacy of the accounting and internal controls systems and more specifically:

- Commenting on the financial and accounting records, systems, procedures and controls that were examined during the course of the audit;
- Identifying specific deficiencies and areas of weakness in systems and internal controls;
- Bringing to the Borrower's and IFAD's attention any other matters that they consider significant and
- Providing recommendations to improve the accounting and internal controls systems. If deemed necessary, the management letter may also provide:
- Comments on the economy, efficiency and effectiveness in the use of Project resources;
- Comments on the achievement of planned Project results and communicating matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the Project;
- Comments on the extent of compliance or non-compliance with the legal and financial obligations and commitments of the Project.

The management letter must also show evidence of the auditors' follow-up of recommendations issued during the previous year's audits.

The auditors' reports are discussed with the PMU management before being presented to the P&DD Balochistan. This provides the FM and Project Director with an opportunity to respond to the findings and recommendations of the auditors relating to the internal controls system. The FM and Project Director are responsible for implementing the auditors' recommendations, the monitoring of which is recorded in an audit log.

The final audit reports must be communicated to IFAD at the latest 6 months after the end of the fiscal year, i.e. before December 31st of the following year. The financing agreement and the General Conditions attached thereto specify IFAD's remedies in case of non-submission of the audit reports within the required timeframe, which may include the suspension of the Borrower right to request withdrawals from the loan/grant accounts.

IFAD's Financial Management Services Division conducts a detailed review of the audit report in order to assess the quality/reliability of the audited financial statements and audit reports, as well as the performance of the auditors. Within 60 days of receiving the audit report, IFAD informs the GoP of the results of this review. In the case of problems/irregularities arising from IFAD's review or from the audit report (e.g. qualified or adverse opinion, or disclaimer of opinion), IFAD communicates to the GoP an action plan detailing the remedial actions to be implemented, as well as the corresponding deadlines. The GoP is required to keep IFAD informed as to the progress of implementation of the action plan.

D. PMU and Audit Quality

The PMU should engage with the DGA (Quetta) at an early stage to get its specific requirements included in the scope of external audit. The PMU may prepare TORs for this purpose and engage with the DGA (Quetta) to secure an agreement on the TORs. This would increase the effectiveness of external audit.

It needs to be appreciated that the DGA (Quetta) prepares an annual audit plan and at times some projects are not included in the audit plan because it has limited financial and HR capacity. The PMU's engagement with the DGA (Quetta) will ensure that (a) the audit of the project is included in the annual audit plan of the DGA (Quetta); (b) the external audits are completed within the timelines stipulated in project agreement and (c) audit report is of high quality and acceptable IFAD.

E. Audit Follow-up

Follow-up on audit recommendations usually assesses the adequacy, effectiveness and timeliness of actions taken by the project and those charged with governance on observations and recommendations given in audit reports. Audit reports generally include actions that seek to correct, prevent or improve the working of the auditee. Further, such actions indicate agreed timeframe for implementation. A weak follow-up is likely to render external audit ineffective because the systemic improvements emphasized in audit reports would not be implemented. This is the reason IFAD gives importance to these follow-ups.

IFAD requires the project to maintain an Audit Log on the following template:

AUDIT LOG (TEMPLATE)					
Sr. No	Audit Observation	Total Amount of observation	Status	Total Amount not settled / outstanding	Remarks
Insert #	Reproduce Audit Observation from the External Audit Report	Indicate the value held under audit observation	What is the viewpoint of the project? What is the decision of the Departmental Accounts Committee (DAC) on the audit observation? Has it fully or partly settled the observation? In some cases, only a fraction of the amount held under audit observation is settled whereas the material fraction remains unsettled. In some cases, the observation may not have any amount attached but the nature of observation would be serious enough to warrant a DAC decision?	What is the amount settled/unsettled etc.	Is the action taken by the DAC/PMU appropriate in the circumstance and no further action is required? Or what else should happen?

The PMU is required to be alert to the follow-up actions. This will require it to engage with the DGA (Quetta) and provincial P&DD to hold frequently DAC meetings. Rigorous

follow-up is likely to improve internal control environment and contribute to the project delivering results.

XVIII.COMPLETION AND FINANCING

The GLLSP-II completion date is set at 30 September 2022 and the closing date six months later, on 31 March 2023. One year before completion date, the Project must start reducing its activities, and concentrating on the setup and/or capacity building of the entities that will take charge of Project activities after completion. On completion date, all activities under IFAD funding must be completed. Only expenditures relating to goods delivered, works completed, and services rendered on or before 30 September 2022 are eligible for reimbursement by IFAD. The FM and Procurement Specialist must therefore carefully and periodically review the procurement plan during the last implementation year, so that contracts that cannot be executed on time are cancelled as soon as possible.

On completion date, Project staff contracts must be terminated, except for key staff who are needed during the winding up period (i.e. the six months from Project completion to the closing of the financing). The key staff generally include the Project Director, the FM, the M&E Specialist, the MAHR and the required support or outsourced staff (for example, one driver, one office helper and one guard).

The only expenditures authorized during the completion period are key staff salaries, operating costs, and expenses related to the preparation of the completion report and the final audit. In addition, during this 6-month period, the disbursements related to contracts fully executed prior to the completion date are authorized, provided they are eligible. The FM is responsible for preparing the related withdrawal applications, and must ensure that all eligible expenditures are claimed before closing date.

During the last Project implementation year, the FM prepares an initial advance recovery plan and submits it to IFAD for no objection. The recovery of the initial advance by IFAD is triggered by one of the following two criteria, whichever comes earlier:

- The undisbursed balance in the loan account is twice the amount of the initial advance, or
- Six months before completion date (i.e. **31 March 2022**).

The recovery plan indicates, for each withdrawal application submitted until closing, the percentage that must be retained by IFAD to recover the initial advance, and the percentage that must be reimbursed to the Project in order to replenish the designated account. As the closing date approaches, certain WAs may need to be fully allocated to the recovery of the initial advance, therefore drawing no reimbursement to the designated account.

In the event that the initial advance is not fully recovered at closing date, the GoP must reimburse the unjustified balance of the advance to IFAD. Moreover, at closing date, IFAD cancels the undisbursed balance of the loan. IFAD closes the loan account once the following conditions are met:

- i. Full recovery of the initial advances (or reimbursement of any unjustified amount);
- ii. Confirmation by the PMU of the final WA sent to IFAD (after verification that all eligible expenditures have been claimed); and
- iii. Submission of the completion report and the final audit report.

At closing date, the PMU is required to conduct a final inventory of Project assets, including the detailed description, acquisition date and value, book value, and asset location. This inventory report is submitted to the P&DD Balochistan, when the assets are transferred to the GoB. Finally, all Project files and documents must be scanned / saved and properly archived in order to comply with the legal covenant to retain them for a period of 10 years after closing.

XIX. IFAD's Financial Management Support

A. Overview of IFAD support

IFAD's Financial Management Division (FMD) will remain involved with GLLSP II from Project inception (starting at Project design) to Financial Closure to ensure that GLLSP II fiduciary requirements are met. The FMD periodically supervision missions for this purpose with the aim to:

- Assess the progress of project implementation;
- Identify/anticipate problems or constraints in implementation; and
- Propose solutions or corrective measures for improvement.

FMD's Finance Officer will establish ongoing contact with the Project, by liaising with the Financial Manager of PMU and will be available to provide remote support on financial management matters. In addition, FMD will visit GLLSP II during missions to the Project (represented by either the Finance Officer or an appointed consultant). Mission types include supervision missions, mid-term reviews and implementation support missions. During missions, FMD will assess and monitor the adequacy of GLLSP II financial management arrangements such as accounting, budgeting, internal controls, flow of funds, financial reporting and the auditing practices.

If financial management arrangements of GLLSP II are deemed acceptable, IFAD will rely on them to provide assurance that the financing proceeds are being used for the intended purposes. In the case that IFAD identifies weaknesses in the financial arrangements, it will require GLLPS II to take the appropriate measures to mitigate those risks.

The key findings and recommendations of missions will be captured in the Aid Memoire which is a document which is shared with the P&DD and includes an overview of issues identified and proposed actions to be undertaken by the project/IFAD to address issues identified.

B. Roles and responsibilities related to IFAD support

GLLSP II will be required to participate in IFAD missions as follow:

Stage	Project roles and responsibilities
<i>Before IFAD missions</i>	<ul style="list-style-type: none"> • Prepare Appendix 1 and submit to the FO/Consultant in electronic format (Excel Workbook, including formulae) <u>before</u> commencement of the mission – the FO/Consultant will specify the date range to be covered within Appendix 1. • Each project party (PMU, SPMUs and other implementing agencies) to complete the Financial Management Assessment Questionnaire (FMAQ) and submit to the FO/Consultant in electronic format (FO to provide most recent template).

Stage	Project roles and responsibilities
<i>During IFAD missions</i>	<ul style="list-style-type: none"> • Prepare all other information as requested by FO/Consultant before commencement of the mission.
<i>After IFAD missions</i>	<ul style="list-style-type: none"> • Provide the FO/Consultant with all information which was requested before the mission. • Arrange meeting with the auditors (internal and external) and any other selected party requested by the mission. • Ensure that all FM staff are available to assist the FO/Consultant in performing their duties which may include: <ul style="list-style-type: none"> ◦ Review of financial reports, reconciliations ◦ Physical verification of fixed assets and inventory ◦ Meeting with the auditor ◦ Reviewing and completing the FMAQ • Discuss identified FM weaknesses and risks and assist the FO/Consultant with developing appropriate actions for inclusion in the aide memoire.
<i>Ongoing</i>	<ul style="list-style-type: none"> • Respond to any wrap-queries from the FO/Consultant • Commence with implementing all actions which are included in the Aide Memoire • Update the Action Tracker (see illustration in 21.11) with all actions raised during the missions.

The PMU is required to do proper preparation for the mission to make this more meaningful since the mission lasts for around two weeks. The PMU should prepare financial tables and compliance status vis-à-vis agreed loan covenants. IFAD has also prescribed templates for this purpose which are attached as Annexure VII and Annexure VIII to this manual.

Annexure I-Annual Work Plan/Budget Format

Results #; AAE5AA:U	Activity #	Objectives/Expected Results	Indicators		Timetable for implementation				Responsible Unit/ Staff	Implementation targets																
			Project Indicators	RIMS Indicators	Q 1	Q 2	Q 3	Q 4		Unit	Apprais al (Total)	Revised (Total)	Planned (Annual)	Original Unit Cost (PKR)	Revised Unit Cost (PKR)	Achieved (Cumulative)	%	Achieved (Annual)	%	Financiers			Spent (Cumulativ e)	%	Spent (Annual)	%
AWPB (GLLSP-II)																										
Project Goal: To contribute to the reduction of poverty in Gwadar and Lasbela, by enhancing the access of the poor rural men and women to productive assets, skills, services and technologies for productivity enhancement.																										
Purpose: For each component, a distinct objective as per the PDR should be mentioned before giving details on it.																										
1	Community Mobilization																									
	1.1 (Sub=Component 1)																									
	1.2 (Sub-Component 2)																									
	1.3 (Sub-Component 3) etc.																									
2	Fisheries																									
	2.1 (Sub-Component 1)																									
	2.2 (Sub=Component 2)																									
	2.3(Sub-Component 3)																									
3	C&W Works																									
	3.1 (Sub-Component 1)																									
	3.2 (Sub=Component 2)																									
	3.3 (Sub-Component 3)																									
4	Project Management & Policy Support																									
	4.1 (Sub-Component 1)																									
	4.2 (Sub=Component 2)																									
	4.3 (Sub-Component 3)																									
Total																										

The AWP/B will provide details of activities under each sub-component along with requisite information for monitoring.

Annexure-II Measuring Progress against the AWP/B

Component/Outcome <i>Sub-component or Output</i>	Indicator	Unit	Period: [Insert date: dd-m-yy] to [Insert date: dd-m-yy]			Cumulative Actual	Appraisal Target	%					
			AWP&B	Actual	%								
Component 1 / Outcome													
<i>Sub-component / Output</i>													
<i>Sub-component / Output</i>													
Component 2 / Outcome													
Component 3 / Outcome													
Component 4 / Outcome													

Annexure-III Checklist for reviewing withdrawal applications

FORM 100 - APPLICATION FOR WITHDRAWAL	Yes or No
1. Sequential numbering of withdrawal application	
2. Withdrawal application amount tallies with sequentially numbered summary sheets	
3. Categories/subcategories charged according to schedule 2 of financing agreement	
4. Percentage of financing applicable for each category or subcategory	
5. Availability of funds in categories and the overall financing amount	
6. Currency of payment	
7. Completeness and accuracy of banking instructions	
8. Complete name and address of correspondent bank	
9. WA is signed by Authorized Representative	
10. Expenditure summary sheet by category attached	
STATEMENT OF EXPENDITURE	
1. Eligibility of expenditures claimed	
(a) Within SOE financial ceiling	
(b) Expenditures under specific category [-----] eligibility	
2. Form 102 supported by signed Form 101 (for items over the financial ceiling)	
DESIGNATED ACCOUNT – REPLENISHMENT REQUESTS	
1. Amount within ceiling figure agreed as a reasonable limit [-- US\$ or --]; or per AWP/B period	
2. Amount at least equal to 30 per cent of the advance or 3 months of expenditure;	
3. Amount agreed sufficient to cover a specific reporting period (revolving fund option)	
4. Exchange rate used	
5. Completeness of designated account banking and account details	
6. Enclosed designated account reconciliation and bank statements	
SUPPORTING DOCUMENTATION (attached when/if required)	
1. Copy of contract	
2. Copy of invoice, certified by Project Director	
3. Copy of bank guarantee and performance guarantee (for advance payment)	
4. Copy of delivery receipt	
5. Copy of evidence of payment	
6. Completed Form 101	
7. Completed Form 102 (A or B) including reference to AWPB, name of the supplier, invoice contract number, total contract value, date of payment, list of supporting documentation, and payment reference (bank/ cash)	
PROCUREMENT	
1. Copy of 'no objection(s)' provided by IFAD (attached)	
2. Copy of Contract Payment Monitoring Form(s) -duly Signed (attached)	
3. Copy of Register of contracts with reference to the procurement plan- duly signed (attached)	

COMPLIANCE WITH CONDITION(S) FOR DISBURSEMENT	
1. In accordance with terms in section E of the Financing Agreement	
2. In accordance with terms in the Letter to the Borrower/Recipient	

EXPENDITURE INCURRED/COMMITTED BEFORE PROJECT COMPLETION DATE	
1. Expenditure verified as eligible: (a) contract signed before project completion date (b) goods delivered before project completion date (c) services completed and/or rendered before project completion date	

Notes:

Supporting Documentation

(i) For all cases described in (ii) through (vi) below:

- ✓ The signed contract or confirmed purchase order – showing the specified amount that is due to be paid;
- ✓ The bank guarantee for advance payment, as specified in the contract documents;
- ✓ The bank guarantee for performance, as specified in the contract documents;
- ✓ Copies of communications sent by the IFAD country programme manager to the lead project agency providing the ‘no objection’ (whether post or prior) to the contract award; and
- ✓ Evidence of payment.

(ii) For payment of goods, in addition to (i):

- ✓ Supplier’s invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices;
- ✓ Bills of lading or similar documents; and
- ✓ As appropriate, the certificate of delivery (to include condition of goods on delivery).

(iii) For payment of consultants’ services and other services, in addition to (i):

- ✓ The supplier’s or consultant’s claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and
- ✓ As appropriate, a certificate of delivery of satisfactory services. If the consultant provided training it should be specified how many workshops/people trained together with a list of participants. If the Consultant developed a manual or a study this study should be attached or indicated in the certificate, etc.

(iv) For progress and retention payments of civil works, in addition to (i):

- ✓ The claim of the contractor, including a financial progress report, stating the work performed and the amount due;
- ✓ A certificate – signed by the project consultants or owner’s representative, if any, or by the borrower’s chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and
- ✓ A copy of the contract payment monitoring form.

(v) For payment of credit lines/grants etc.. in addition to (i):

- ✓ Duly certified financial reports;
- ✓ Copies of the sub-agreements with the MFIs;
- ✓ Approved minutes of the technical committee (if applicable); and/or
- ✓ Payment requests from the MFI and evidence of payment.

(vi) For payment of Trips, fuel, stationary and other expenses in addition to (i):

- ✓ Supplier invoices;
- ✓ Evidence of payment;
- ✓ Back to office report;

- ✓ Travel authorization; and/or
- ✓ Expense reports by the traveller (including invoices).

[Annexure-IV Designated Account Reconciliation \(Imprest Fund\)](#)

Designated Account Reconciliation Statement (imprest account)			
Designated Account No:			
Bank Name:			
1. Total Advanced by IFAD	<u>USD</u>		
2. Less total amount recovered by IFAD	<u>USD</u>		
3. Equals present outstanding amount advanced to the designated account (line 1 less line 2)	<u>USD</u>		
<hr/>			
4. Balance of designated account per attached bank statements as of (Date: day/month/year)	<u>USD</u>		
5. Plus balance of the project account(s) (listed separately)	<u>USD</u>		
Plus balance of sub accounts (listed separately)	<u>USD</u>		
Plus balance of Cash in Hand	<u>USD</u>		
<hr/>			
Total of Bank Balances (designated A/C, PA, SUB accounts& cash in hand balance) (line 4+line 5)	<u>USD</u>		
<hr/>			
6. Plus total amount claimed in this WA no.	<u>USD</u>		
<hr/>			
7. Plus total amount withdrawn from the designated/PA/Grant account and not yet claimed for replenishment) or WAs pending submission	<u>USD</u>		
<hr/>			
8. Plus amounts claimed in previous applications but not yet created at the date of bank statement and/or claimed after date of bank statement	<u>USD</u>		
<hr/>			
Application No.	Date	USD	Amount
		\$	
		\$	
		\$	
<hr/>			
9. Minus Interest earned (to be completed. If zero, please enter zero)	<u>USD</u>		
<hr/>			
10. Total Advance accounted for (line 5 through line 9)	<u>USD</u>		
<hr/>			
11. Explanation of any difference between the totals appearing in Lines 3 and 10	<u>USD</u>		
<hr/>			
e.g.	Non eligible amount to be refunded to the designated account		
e.g.	calculation errors in application of percentage financing counterpart financial resources to be		

**STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES)
FOR THE YEAR ENDED June 30, 201X**

	<u>Ref.</u> <u>Note</u>	20XX	20XX	Cumulative
Receipts from IFAD				
Initial Deposit				XXX
Replenishments to SA		XXX	XXX	XXX
IFAD Direct Payments		XXX	XXX	XXX
Government Funds	5	XXX	XXX	XXX
Other Donors	6	XXX	XXX	XXX
Other Receipts	7			
TOTAL FINANCING	8	XXX	XXX	XXX
PROJECT EXPENDITURES: (BY CATEGORY OF EXPENDITURES)				
IFAD Financed				
Vehicles, Motorcycles and Equipment	9	XXX	XXX	XXX
Technical Assistance, Trainings, workshops and Studies		XXX	XXX	XXX
Support for Adaptive Research		XXX	XXX	XXX
Support for Knowledge Management and Communication		XXX	XXX	XXX
Support for Improved Agricultural Extension		XXX	XXX	XXX
Support for Access to Key Agricultural Inputs		XXX	XXX	XXX
Salaries and Allowances		XXX	XXX	XXX
Incremental Operating Costs		XXX	XXX	XXX
		XXX	XXX	XXX

SAMPLE
STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES)
FOR THE YEAR ENDED June 30, 201X

	<u>Ref.</u> <u>Note</u>	<u>20XX</u>	<u>20XX</u>	<u>Cumulative</u>
Government Funds				
Vehicles, Motorcycles and Equipment	#	XXX	XXX	XXX
Technical Assistance, Trainings, workshops and Studies		XXX	XXX	XXX
Support for Adaptive Research		XXX	XXX	XXX
Support for Knowledge Management and Communication		XXX	XXX	XXX
Support for Improved Agricultural Extension		XXX	XXX	XXX
Support for Access to Key Agricultural Inputs		XXX	XXX	XXX
Salaries and Allowances		XXX	XXX	XXX
<hr/>				
TOTAL PROJECT EXPENDITURES				
BALANCE C/F	4	XXX	XXX	XXX

SAMPLE
**STATEMENT OF RECEIPTS AND PAYMENTS (BY
COMPONENT) FOR THE YEAR ENDED JUNE 30, 201X**

Notes	201X	201X-1	Cumulative to date
	MWK	MWK	MWK
Balance B/F	4	XXX	XXX
FINANCING			
IFAD Credit			
Initial Deposit			XXX
Replenishments to SA	5	XXX	XXX
IFAD Direct Payments	6	XXX	XXX
Government Funds	7	XXX	XXX
Other Donors	8		
Other Receipts			
TOTAL FINANCING		XXX	XXX
 PROJECT EXPENDITURES: (BY COMPONENT)			
IFAD			
Adaptive Research and Knowledge Management			
Adaptive Research	XXX	XXX	XXX
Knowledge Management and Communication	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
Farmer Adoption of GAPs			
Awareness Raising and Sensitisation	XXX	XXX	XXX
Access to Key Agricultural Inputs	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
Programme Management and Coordination			
	XXX	XXX	XXX
	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
Government Funds			
Adaptive Research and Knowledge Management			
Adaptive Research	XXX	XXX	XXX
Knowledge Management and Communication	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
Farmer Adoption of GAPs			
Awareness Raising and Sensitisation	XXX	XXX	XXX
Access to Key Agricultural Inputs	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
Programme Management and Coordination			
	XXX	XXX	XXX
	XXX	XXX	XXX
<hr/>	XXX	XXX	XXX
TOTAL PROJECT EXPENDITURES		XXX	XXX
BALANCE C/F	4	XXX	XXX

SAMPLE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 201X

	Notes	201X Budget	201X Actual	Variance
		MWK	MWK	MWK
FINANCING				
IFAD Credit				
Replenishments to SA		XXX	XXX	XXX
IFAD Direct Payments		XXX	XXX	XXX
Government Funds		XXX	XXX	XXX
TOTAL FINANCING		XXX	XXX	XXX
PROJECT EXPENDITURES: (BY CATEGORY OF EXPENDITURES)				
Cat	IFAD Financed			
1	Vehicles, Motorcycles and Equipment	XXX	XXX	XXX
2	Technical Assistance, Trainings, workshops and Studies	XXX	XXX	XXX
3A	Support for Adaptive Research	XXX	XXX	XXX
3B	Support for Knowledge Management and Communication	XXX	XXX	XXX
4A	Support for Improved Agricultural Extension	XXX	XXX	XXX
4B	Support for Access to Key Agricultural Inputs	XXX	XXX	XXX
5	Salaries and Allowances	XXX	XXX	XXX
6	Incremental Operating Costs	XXX	XXX	XXX
		XXX	XXX	XXX

SAMPLE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR THE YEAR ENDED JUNE 30, 201X

	201X Budget	201X Actual	Variance
--	----------------	----------------	----------

	Notes	MWK	MWK	MWK
Government Funds				
Vehicles, Motorcycles and Equipment	1	XXX	XXX	XXX
Technical Assistance, Trainings, workshops and Studies	2	XXX	XXX	XXX
Support for Adaptive Research	3A	XXX	XXX	XXX
Support for Knowledge Management and Communication	3B	XXX	XXX	XXX
Support for Improved Agricultural Extension	4A	XXX	XXX	XXX
Support for Access to Key Agricultural Inputs	4B	XXX	XXX	XXX
Salaries and Allowances	5	XXX	XXX	XXX
Incremental Operating Costs	6	XXX	XXX	XXX
TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
Surplus/Deficit for the period		XXX	XXX	XXX

The excess/deficit of actual expenditures over the Budget of 10% was due to....

SAMPLE

STATEMENT OF DESIGNATED ACCOUNT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 201X

Account No: _____
Bank: _____
Address: _____

USD	MWK
-----	-----

Opening Balance	Notes	XXX	XXX
Add:			
IFAD Replenishments:			
Date	WA No	XXX	
Date	WA No	<u>XXX</u>	
		XXX	
Bank Interests		XXX	XXX
Total		XXX	XXX
Deduct:			
Transfers to Operating Accounts:			
Date		XXX	
Date		<u>XXX</u>	
		XXX	
Bank Charges		XXX	XXX
Exchange Rate Difference			XXX
Closing Balance as at 30/06/201X (as per Bank Statement)		XXX	XXX

SAMPLE
STATEMENT OF DESIGNATED ACCOUNT RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 201X

Account No: _____
 Bank: _____
 Address: _____

	USD	MWK
	XXXX	XXXX
	XXXX	XXXX
	XXXX	XXXX

	Notes	USD	MWK
1 Initial Deposit		XXXX	XXXX
2 Less amount(s) recovered:		XXXX	XXXX
3 Outstanding Amount advanced		XXXX	XXXX
 Represented by: 			
4 Special Account Balance as at 30/6/201X		XXXX	XXXX
 5 Plus amounts claimed but not yet credited as at 30/6/201X: WA XXX Date WA XXX Date XXX			
		XXXX	XXXX
 Plus amounts withdrawn not yet claimed, composed of: Was Prepared not yet submitted: WA XXX WA XXX XXX			
		XXXX	XXXX
 WAs not yet prepared: XXX			
6 Total amount withdrawn not yet claimed		XXXX	XXXX
 7 Less Interest earned and/or plus Bank charges (if included in the Special Account)			
		XXXX	XXXX
8 Total Designated Account Advance as at 30/6/201X		XXXX	XXXX
 Difference between Line 3 and line 8 XXXX XXXX			

Notes:

- a Explain any difference between lines 3 and line 8
- b Indicate if amount in line 6 is eligible for financing by IFAD and provide reasons for not claiming

**SOEs-WITHDRAWAL APPLICATION STATEMENT
FOR THE YEAR ENDED JUNE 30, 201X
By Category of Expenditure**

Note	Category Description	Category Description	Total	In USD (Equivalent)	Rejected from IFAD	Net Reimbursed
Category No.	1	2				
Withdrawal Application #	Xxx Xxx Xxx	Xxx Xxx Xxx		Xxx	xxx	xxxx
Total						
W/A Pending Submission						
Withdrawal Application #	XXX XXX XXx	Xxx Xxx Xxx		xxxx	xxx	xxxx
Total	xxx	xxxxx		xxx	xxx	xxx

Note: Withdrawal Applications are submitted for reimbursement to IFAD using the historical exchange rate of the transfers to the Operating Account. Expenditures partially or totally rejected by IFAD (if any) should be detailed here. This statement should be reconciled with the Statement of Receipts and Payments

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 201X

FINANCIAL REPORTING UNDER INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

In accordance with International Public Sector Accounting Standards (IPSAS), notes to the financial statements of an entity should:

- Present any information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events, and
- Provide additional information **which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity's cash receipts, cash payments, cash balances and other statements as statement of financial position**

SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

A Basis of Preparation: The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting

B Cash Basis of Accounting: The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

C. Foreign Currency Transactions: Foreign currency translation for the income and expenditure account items are converted using the actual historic exchange rate at the conversion from designated to local account. Where part of the expenditures has to be met from the proceeds of subsequent draw-downs from designated to local account, this is done on First in First out (FIFO) basis. All local expenditures paid from the local accounts/currency are translated back to the USD at the actual rate used for the transfer from designated to local account. Cash balances held in foreign currency are reported using the closing rate. Gains/Losses on foreign currency transactions/balances are dealt within the Statement of Designated Account Activities

BUDGET

The budget is developed on the same accounting basis (cash basis), same classification and for the same period as the financial statements. Material variances (above XXX) have been explained as notes to the financial statements

DIRECT PAYMENTS

These payments were made directly by IFAD from the Loan/Grant account to the specified supplier/service provider in accordance with the terms and conditions of the financing Agreement

Note: Include here details of direct payments, WA, Date, currency and amount received, amount in local currency

CASH/FUND BALANCES Reconciliation

Cash Accounts
Advances

	201X	201X-1
MWXXXX	XXX	XXX
	XXX	XXX
	XXX	XXX

Analyses of aging of advances to be included detailing and providing reasons for long outstanding advances

CASH DETAILS

200X	200X-1
MWK	MWK

A/c No _____ Project Operating/
Holding Account
A/c No _____ IFAD Designated
Account (as per SA Statement)
Petty cash

XXX	XXX

GOVERNMENT COUNTERPART FUNDS

Details here. Cumulative contributions, yearly contributions (compared to budget). For information only Include details of tax treatment and counterpart contributions as tax exemption.

BENEFICIARIES CONTRIBUTION

Details here. Cumulative contributions, yearly contributions (compared to budget).

OTHER DONOR FUNDS

200X	200X-1
MWK	MWK

List of Donors

XXX	XXX

Add details of cumulative and expected contributions

OTHER RECEIPTS

200X	200X-1
MWK	MWK

YEARLY PROCUREMENTS

Include here a list of the yearly procurements including methods

ALLOCATION AND USE OF THE FUNDS OF THE LOAN/GRANTS

Category	Allocated		Disbursed		Available Balance	
	SDR	USD	SDR	USD	SDR	USD
1 Category Vehicles, Motorcycles and Equipment	XXX	XXXX	XXXX	XXXX	XXXX	XXXX
2 Technical Assistance, Trainings, workshops and Studies	XXX	XXXX	XXXX	XXXX	XXXX	XXXX
3A Support for Adaptive Research	XXX	XXXX	XXXX	XXXX	XXXX	XXXX
3B Support for Knowledge Management and Communication	XXX	XXXX	XXXX	XXXX	XXXX	XXXX
4A Support for Improved Agricultural Extension	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
4B Support for Access to Key Agricultural Inputs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
5 Salaries and Allowances	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
2 Incremental Operating Costs	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX
	XXXX	XXXX	XXXX	XXXX	XXXX	XXXX

RECONCILIATION OF FUNDS DISBURSED BY IFAD AND FUNDS RECEIVED BY THE PROGRAMME

Annexure VI- Interim Reporting Format

Expenditure	Actual	Planned/Budgeted (AWPB)	Variance	Commitment
-------------	--------	-------------------------	----------	------------

											\$ Entered (not payed) To - Date
		Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	
Component											
1-	Component 1										
	Sub Component 1.1										
	Sub Component 1.2										
	Sub Component 1.3										
2-	Component 2										
3-	Component 3										
4-	Component 4										
Total											
Expenditure category											
	Category 1: Works										
	Category 2: Goods										
	Category 3: Services										
Total											

***Internal Audit Firm
Terms of Reference***

Organization	:	ABC
Post Title	:	Internal Auditor- Firm
Duty Station:	:	XYX
Duration	:	12 months (At least 10-12 Working days per quarter)
Starting Date	:	1 st July 2020
Languages required	:	Urdu & English

Background

The Government of Pakistan and the International Fund for Agricultural Development (IFAD) have signed a Financing Agreement for the execution of ABCXYZ XYZ (. ABC a Six (6) year development program of Government of Baluchistan co-funded by IFAD. ABC has a total cost of Rs 00000 billion to boost regional economic activity through agricultural value chain development. The program aims at improving income, reducing poverty and malnutrition in Gwadar and Lasbella Districts Baluchistan.

Reporting System:

The objective of hiring and internal audit firm add values to operations and activities carried out by the ABCXYZ XYZ (ABC-GB) by independently review its all activities, operation, process and systems with regards to risk control aspects and bringing a systematic and disciplined approach to the effectiveness of risk of risk management and control processes.

The successful firm will possess a thorough knowledge of internal auditing procedures, accounting procedures and have sound judgment on risk identification and management.

The firm will produce a quarterly internal audit report presented to the Board of Directors of EOF.

Internal Audit firm shall monitor the appropriate follow-up on audit findings and recommendations. All significant findings will remain in an open issues file until cleared.

Independence:

The internal audit firm reports to the Programme Steering Committee (PSC) Bo, who appoints and terminates the firm upon recommendation of Donors. The firm will work under the overall supervision of PSC.

All internal audit activities shall remain free of influence by any element in the organization, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in performing the function.

Internal Audit shall have no direct operational responsibility or authority over any of the activities it reviews. Accordingly, it shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be considered management or staff's responsibility.

Authority and confidentiality:

Authority is granted for full and unrestricted access to all ABCGB records, physical properties, and staff relevant to any area under review. All employees are requested to assist the internal audit in fulfilling its function.

Documents and information obtained by the internal auditor will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

Duties and Responsibilities³⁰:

Within the framework, as described above, the internal audit firm will carry out the following tasks:

- Conduct a post-audit procedure, with respect to their functions and activities within ABCGB. Make recommendations on possible improvements of the procedures to enhance ABC-GB's control mechanisms, financial performance and produce quality reports for senior management and PSC, to enhance decision making, on quarterly basis.

³⁰ The TORs would be reviewed and customized by the Manager Internal Audit in consultation with the Project Director.

- Audit all contracts signed between ABC-GB with service providers, suppliers, and contractors to verify that (i) compliance with terms and conditions of grant / loan agreements and procurement regulations and donor's guidelines; and (ii) the contract is in line with best practice with respect to compliance with terms of reference, request for proposal, tender documents etc.
- Develop professional and constructive working relationships with key managers and be able to challenge when necessary.
- Lead development of specific innovative ways of working and new ideas for reviewing risk and control issues.
- Assess risk and control related policies and procedures, provide input to updates in existing procedural documents with respect to controls as necessary
- Apply internal audit procedures to audit the financial statements, accounting records and other financial and non-financial registries applying accepted internal audit standards.
- Check and report on compliance with the financing agreement covenants. This includes vouching SOE replenishments, and that loan proceeds are not used to finance ineligible expenses.
- Undertake special assignments and investigations and in particular undertake more complex and high level audit investigations as and when necessary under the overall guidance of PSC
- Reviewing the means of safeguarding assets and, as appropriate, verifying their existence.
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned including verify the adherence of ABC AWPBs, procurement plan, policies, plans, procedures, laws, and fund regulations that are influential on Fund works as well as donors accounting procedures.
- Asses the efficiency, effectiveness and economy of the usage of resources and reports of any deviations in case they are existed.
- Reviewing the adequacy, implementation and operation of donor's transparency and accountability policies and of other anti-corruption, fraud and related misuse policies and procedures.

1. Audit Planning:

- Internal Audit firm shall regularly submit to the PSC up to date summary of the audit work schedule.
- The audit work schedule is developed based on a prioritization of the audit universe using a risk-based methodology. Any significant deviation from the formally approved work schedule shall be communicated to the PSC through periodic activity reports.

Qualifications

- The firm must be registered with Institute of Chartered Accountants of Pakistan (ICAP).
- The firm must be on Quality Control Rating (QCR) list of ICAP
- The firm must not be blacklisted or debarred by any government department.
- The firm must have an aggregate experience of not less than ten years in providing internal audit services in public/private sector.
- The firm must have undertaken 5 internal audit service assignments in the last five years.
- The firm must have undertaken at least one internal/external audit engagement of a project funded by IFAD, United Nations or the World Bank or ADB in the last 5 years.
- The firm shall govern themselves by adherence to The Institute of Internal Auditors' Code of Ethics. The Institute's International Standards for the Professional Practice of Internal Auditing shall be adhered to by the firm.

Competencies

- a) Proven experience of risk management frameworks and approaches.
- b) Experience of operational auditing & risk based approach to review.
- c) Excellent negotiating and high level influencing skills and the ability to challenge at a senior level when necessary.

- d) Ability to work in challenging environments.
- e) Ability to work and deliver to tight deadlines.
- f) Logical and systematic in analytical thinking.
- g) Facilitation and presentational skills.

Payment terms and conditions

- a) The payment will be made quarterly upon the delivery of satisfactory quarterly report.

Application Process

- a) Interested qualified firms are encouraged to apply for the above mentioned consultancy by sending the detailed CV along with the cover letter clearly mentioning (i) the position in the email/letter subject line, AND (ii) the expected daily consulting fee for the year to the following email address:
- b) The deadline for the application is xx.xx.2019, day.

Annexure-VIII Financial Tables for the Supervision Missions

These financial tables are required for the supervision mission and they are placed as Appendix 2 to the Supervision Mission Report. IFAD has prescribed the format for these tables which is given hereunder for the guidance of the finance team.

Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan			
IFAD grant			
Co-financier			
Government			
Total			

Table 2B: Financial performance by financier by component (USD '000)

Component	IFAD loan	IFAD grant	Co-financier	Government	Domestic 1	Total						
	Apprai sal	Actu al										
.....
.....
.....
.....
.....

Table 2C: IFAD loan disbursements (SDR, as at [Insert date: dd-m-yy])

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I							
II							
III							
IV							
V							
	Initial deposit						
	Total						

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

Annexure-VIII Format for measuring compliance with legal covenants

Supervision missions assess the extent to which a project has complied with applicable compliance requirements contained in the Financing Agreement, Letter to Borrower etc.

The following table is part of the Supervision Mission Report as Appendix 3.

Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account (in ...); GO? to make an initial deposit equivalent to USD ??????			
Section 4.02	GO? to replenish Project Account quarterly in advance			
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3			
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.			
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.			
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.			
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments			
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.			
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures			



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 9: Integrated Project Risk Matrix (IPRM)

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Moderate	Moderate
Political Commitment	Moderate	Moderate
Governance	Moderate	Moderate
Macroeconomic	Moderate	Moderate
Fragility and Security	Substantial	Moderate
Sector Strategies and Policies	Moderate	Low
Policy alignment	Moderate	Low
Policy Development and Implementation	Low	Low
Environment and Climate Context	Substantial	Moderate
Project vulnerability to environmental conditions	Moderate	Moderate
Project vulnerability to climate change impacts	Substantial	Moderate
Project Scope	Moderate	Low
Project Relevance	Moderate	Low
Technical Soundness	Low	Low
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
Monitoring and Evaluation Arrangements	Moderate	Low
Project financial Management	Substantial	Moderate
Project organization and Staffing	High	Moderate
Project budgeting	Substantial	Moderate
Project funds Flow/Disbursement Arrangements	Substantial	Moderate
Project internal Controls	High	Moderate
Project accounting and financial reporting	Substantial	Low
Project external Audit	Substantial	Low
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Low
Accountability and Transparency	Substantial	Moderate
Capability in Public Procurement	Moderate	Moderate
Public Procurement Processes	Moderate	Moderate
Environment, Social and Climate Impact	Low	Low
Biodiversity Conservation	Moderate	Moderate
Resource Efficiency and Pollution Prevention	Low	Low
Cultural Heritage		No risk envisaged
Indigenous People		No risk envisaged

Risk Category / Subcategory	Inherent risk	Residual risk
<i>Labour and Working Conditions</i>	<i>Low</i>	<i>Low</i>
<i>Community Health and Safety</i>	<i>Moderate</i>	<i>Low</i>
<i>Physical and Economic Resettlement</i>		<i>No risk envisaged</i>
<i>Greenhouse Gas Emissions</i>	<i>Low</i>	<i>Low</i>
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>		<i>No risk envisaged</i>
Stakeholders	Low	Low
<i>Stakeholder Engagement/Coordination</i>	<i>Low</i>	<i>Low</i>
<i>Stakeholder Grievances</i>	<i>Low</i>	<i>Low</i>
Overall	Moderate	Low

Country Context	Moderate	Moderate
Political Commitment	Moderate	Moderate
Risk: Political commitment may be affected by: (i) macro-economic challenges; (ii) a strong opposition; (iii) slow down in decision making due to anti-corruption proceedings; and (iv) geo-political environment owing to the strategic importance of the coastal areas has posed numerous challenges to the Federal and Balochistan Governments	Moderate	Moderate
Mitigations: (i) Project design is entirely aligned to existing Government's priorities, policies and strategies; and, (ii) project provides TA for policy reforms in fisheries sector and institutionalisation of the community driven approach.		
Governance	Moderate	Moderate
Risk: The main risk pertains to shortage of counterpart funding and likely misuse of funds, namely, (i) the gap between revenues and expenditures usually lead to expenditure cuts and allocations for development projects; insufficient authority given to internal financial control and audit units within line departments and project; (ii) inadequate capacity, could affect effectiveness in financial management, control of expenditures, and accountability, posing the risk of misuse of funds; and (iii) delay owing to the need for NOC from Naval Forces for construction of Jettiers and allied infrastructure.	Moderate	Moderate
Mitigations: Project have made provisions for; (i) financial management and audit, including assistance for capacity building of PMU; (ii) project will use of accounting software; and (iii) regular audit (both internal and external) being mandatory. The project will have a timely engagement with authorities for obtaining No Objection alongside the feasibility studies.		
Macroeconomic	Moderate	Moderate

Risk: The country continues to have large current account deficit, adverse balance of payments, revenue collection shortfalls, continued devaluation of national currency and rising inflation. In addition growth rate is predicted to decline or stagnate.	Moderate	Moderate
Mitigations: During the implementation IFAD and executing agency to; (i) ensure continued relevance of project to needs of beneficiaries and government's priorities; (ii) project management to undertake timely projections to determined counterpart funds by PMU, and, (iii) regular monitoring of disbursements.		
Fragility and Security	Substantial	Moderate
Risk: Major risks which could potentially affect pace of project implementation include; (i) province-wide unstable law and order situation; (ii) frequent tens situation at borders (with Iran and Afghanistan) which indirectly impact local economy; (iii) restricted movement of international expert in the project area owing to UNDSS requirements; and, (iv) local tribal system potentially disrupting project activities.	Substantial	Moderate
Mitigations: The current government is committed and applying multi-pronged strategy to improve law and order and the geopolitical environment has improved along the border with Afghanistan and Iran; and, security agencies have beefed up operation in the project areas. At the project level the pertinent risks will be mitigated through; (i) continued community- consultations throughout project implementation; (ii) poverty graduation, community mobilization and fisheries development - promoting local job opportunities and income generation activities; and, (iii) use of qualified national specialists for TA and supervision/support missions.		
Sector Strategies and Policies	Moderate	Low
Policy alignment	Moderate	Low
Risk: Main risk pertains to policy framework with strong government role, that diverts resources from private sector and community development.	Moderate	Low
Mitigations: The project has provision for policy alignment and through FAO collaboration will seek alignment with National Policy Framework for fisheries.		
Policy Development and Implementation	Low	Low
Risk: Limited capacities in place with regards to policy reforms and policy implementation lead to delayed benefits to communities.	Low	Low

Mitigations: Project will provide technical assistance for policy reforms as well as support institutional strengthening for policy reforms implementation for fisheries sector and community-led rural development.		
Environment and Climate Context	Substantial	Moderate
Project vulnerability to environmental conditions	Moderate	Moderate
Risk: Baluchistan's coastal areas faces erosion, sea water intrusion and are prone to dust storms.	Moderate	Moderate
Mitigations: Project's direct support will improve environment by; (i) adaptation of all infrastructure designs to make them environmentally friendly; (ii) ensure flood and drainage control functions in roads and CPIs.		
Project vulnerability to climate change impacts	Substantial	Moderate
Risk: Communities in the target districts are vulnerable to recurrent occurrence of variety of natural and climate-induced adversities – features such as soil erosion, recurring flash floods and droughts; earthquakes, risking temperature, heavy torrents and frequent dust-storms.	Substantial	Moderate
Mitigations: The project direct support include undertaking; (i) climate change risk assessment together with hydrological modelling during all infrastructure design; (ii) adaptation of structures and materials; (iii) adequate measure to ensure O&M; (iv) extensive training and demonstrations for small holder farmers in climate smart agriculture, as well as for fishermen and line departments; and, (v) mandatory plantation around all infrastructure projects..		
Project Scope	Moderate	Low
Project Relevance	Moderate	Low
Risk: Due to high prevalence of poverty in the two districts and diverse needs of communities, the project may not fulfil all the needs adequately.	Moderate	Low
Mitigations: The project will promote union council development planning and 4Ps to leverage resources for greater impact.		
Technical Soundness	Low	Low
Risk: Absence of legal framework for farmers' organisations to support 4Ps in fisheries and lack of capacity may hamper the full and timely realisation of benefits.	Low	Low

Mitigations: The project design is informed by lessons learned such as: holistically address priorities, remain simple in terms of number, type and range of activities as well as implementation arrangements. Community participation and knowledge of challenges and opportunities gained during Phase 1 will be utilized.		
Institutional Capacity for Implementation and Sustainability	Moderate	Low
Implementation Arrangements	Moderate	Low
Risk: Relevant institutions to the Project face several institutional capacity issues. In addition, there is limited design and implementation capacity for jetties and support infrastructure which may hamper timely achievement of targets.	Moderate	Low
Mitigations: The risk is addressed through the establishment of a capacitated PMU, the provision of back-up technical assistance, the partnership with FAO and WFP, the capacity building of staff and the engagement of capable SMP. A comprehensive technical assistance package has been designed to build department capacity and assist in programme implementation through a professional team based in PMU with all key procurement done at the PMU level.		
Monitoring and Evaluation Arrangements	Moderate	Low
Risk: The project may experience limited access to field data and restricted field work during missions as well as delayed implementation due to security risks.	Moderate	Low
Mitigations: Use of improved processes and technology-based solution for M&E, such as geo-tagging systems, etc.		
Project financial Management	Substantial	Moderate
Project organization and Staffing	High	Moderate
Risk: 1- Delay in the appointment of the core staff would decelerate implementation in the start-up phase—resulting in low disbursement etc. 2- Weak FM team increases the risk of project financial management not being effective, thereby increasing fiduciary risks for IFAD's funds.	High	Moderate
Mitigations: - Core staff of the PMU—Project Director, Finance Manager need to be engaged within eight (8) weeks of the date of signing of the Financing Agreement; - A stronger finance team led by a full time Finance Manager and supported by two Budget and Finance Officer in PMU and one Budget and Finance Officer each in SPMU.		
Project budgeting	Substantial	Moderate

Risk: <ul style="list-style-type: none"> - Project execution virtually comes to a halt if AWP/B is not approved on time; - Lack of provisioning of counterpart funds for the project in government's budget—for example, can make taxes not being paid to the tax authorities—increasing reputational risks for the government and IFAD. 	Substantial	Moderate
Mitigations: <ul style="list-style-type: none"> - Early approval of the AWPPB; Procurement Plan by the PSC (by 31 March each year); - Work out the share of the counterpart funds for AWP/B each year and ensure its inclusion in the provincial government's budget. 		
Project funds Flow/Disbursement Arrangements	Substantial	Moderate
Risk: <ul style="list-style-type: none"> - Delayed opening of the Designated Accounts would disrupt the project start-up, contributing to low disbursement, and other negative spill-over effects; - Lack of availability of counterpart funds for the project can prevent the project from carrying out transactions involving this source of fund —thereby delaying implementation or causing complication as stated earlier. 	Substantial	Moderate
Mitigations: <ul style="list-style-type: none"> - Designated Account for the project will be opened within eight (8) weeks of the date of signing of the Financing Agreement; - The PDD will be required to ensure the release of the counterpart funds as per the requirement of approved AWP/B—starting from the first quarter of a financial year. 		
Project internal Controls	High	Moderate
Risk: <ul style="list-style-type: none"> - Internal controls may not be consistently understood and complied with if they are formally approved and notified; - In the absence of suitable criteria and due diligence process, the risk of funds not being used effectively for innovative ideas like financial services for the cooperatives/digital finances goes up. - Weak controls over Implementing Partners (SMP, Cooperatives etc.) increase risk of money being syphoned off without the PMU detecting it. - For Internal Audit; Weak follow-up increases the risk that critical agreed actions are not implemented, and related improvements in implementation not realized. -Without internal auditing within project financial management, the risk of internal controls, risk management, and governance arrangements constantly being reviewed and improved goes up alarmingly." 	High	Moderate

<p>Mitigations:</p> <ul style="list-style-type: none"> - Financial management procedures as part of the PIM need to be approved by the PSC and shared with IFAD within eight (8) weeks of the date of the signing of Financing Agreement; - Suitable criteria—and due diligence mechanism for the provisioning of financial services (cooperative model/digital finances) will be established; - Specific internal control checks have been recommended for Social Mobilization Partner (SMP, Cooperatives) should be applied rigorously and documented for IFAD's missions. <p>For internal Audit;</p> <ul style="list-style-type: none"> - A monthly report on compliance status of the decisions taken in official meetings is prepared and discussed with PD; - A position of Manager Internal Audit is provided; - A firm for the internal audit of the project—focusing largely on the working of Implementing Partners (SMP, Cooperatives, Community Managed Financial Services etc.) would be engaged by the end of July 2020. 		
Project accounting and financial reporting	Substantial	Low
<p>Risk:</p> <ul style="list-style-type: none"> - The risk that the project would not be able to manage IFAD's funds and comply with IFAD's reporting requirement effectively; - Financial management policies and procedures may not be consistently complied with if they are formally approved and notified; - The accounting system not reflecting the full cost of project interventions & project financial statements/reports are not complete. - The risk that the project is unable to detect, prevent, and rectify significant deviations between planned and actual performance under any project component; - The risk that the project—especially work under the fisheries component, does not off-track once again as it did under the GLLSP-I 	Substantial	Low
<p>Mitigations:</p> <ul style="list-style-type: none"> - An appropriate Accounting Software i.e. TOMPRO needs to be procured, installed and the finance team trained in its use; - Financial Management Manual needs to be finalized and the finance team exposed to related IFAD's requirements; - Accounting system needs to record and report on government's counterpart funds and beneficiaries' contribution." - Interim Financial Reports—on agreed format, need to be submitted to IFAD on quarterly basis; - Monthly monitoring meetings with stakeholders need to be held during the first year to overcome teething problems and put the project on track. 		
Project external Audit	Substantial	Low
<p>Risk:</p> <ul style="list-style-type: none"> - Lack of proper engagement with the external auditor increase the risk that either the audit would not be completed on time or the audit report would not be of high quality; - In the absence of established timeline for settling audit observations, the risk of significant audit recommendations not being implemented/settled increases significantly." 	Substantial	Low

Mitigations: - PMU needs to engage with Director General Audit (Baluchistan), through PDD for timely completion of audit; - Audit observations should be settled within six (6) months after the Audit Report has been shared with the PDD to avoid backlog.		
Project Procurement	Moderate	Moderate
Legal and Regulatory Framework	Moderate	Low
Risk: The risk that the Borrower's regulatory and institutional capacity and practices (including compliance with the laws) are inadequate to conduct the procurement in a manner that optimizes value for money with integrity.	Moderate	Low
Mitigations: 1). Ensure Public Procurement Rules 2014 on December 15, 2014 are applied and followed consistent with IFAD Procurement Guidelines 2). Project to disclose procurement information through GPN, SPN's and contract award on project website. 3). Provide report on complains received, under-investigation and resolved with BPPRA support		
Accountability and Transparency	Substantial	Moderate
Risk: The risk that accountability, transparency and oversight arrangements (including the handling of complaints regarding, for example, SH/SEA and fraud and corruption) are inadequate to safeguard the integrity of project procurement and contract execution, leading to the unintended use of funds, misprocurement, SH/SEA, and/or execution of project procurements outside of the required time, cost and quality requirements.	Substantial	Moderate
Mitigations: 1). Communicate and provide information on fraud and anti-corruption focal point for GOB 2). Establish post and prior review requirements in LTB based risk 3). Supervision mission to identify risk flag and report on risk flags 4). Use IFAD standard bid documents which includes provisions for prohibitive practises and safeguards		
Capability in Public Procurement	Moderate	Moderate
Risk: The risk that the implementing agency does not have sound processes, procedures, systems and personnel in place for the administration, supervision and management of contracts resulting in adverse impacts to the development outcomes of the project. Additional risk include delays and cost over-runs in procurement	Moderate	Moderate

Mitigations: Major causes have been the absence of adequate procurement capacity within the projects, remoteness of the province which discourages applicants/suppliers from other provinces, and limited availability of local suppliers of goods and services. The risk is addressed through the provision of dedicated procurement staff in the PMU, the adoption of community procurement processes for all community related infrastructure, packaging of larger infrastructure to attract better capacity contractors and the development of the first 18-month procurement plan during the design process.		
Public Procurement Processes	Moderate	Moderate
Risk: The risk that procurement processes and market structures (methods, planning, bidding, contract award and contract management) are inefficient and/or anti-competitive, resulting in the misuse of project funds or sub-optimal implementation of the project and achievement of its objectives.	Moderate	Moderate
Mitigations: 1). Assessed during 1st supervision mission.		
Environment, Social and Climate Impact	Low	Low
Biodiversity Conservation	Moderate	Moderate
Risk: There is a risk that project activities (especially construction of Jetties) may; (i) disturb migratory birds and Green Turtles in the coastline of Jewani; (ii) affect fish stocks due to change in increased fishing effort, resulting in changes in fish yield; (iii) generate opportunities for the current available fishermen as well as new/additional fishermen, which may cause overfishing.	Moderate	Moderate
Mitigations: While regulation regarding mandatory break during annual fishing breeding seasons and conservation of biodiversity, the project will take measures such as; (i) during construction of jetties in terms of adequate scheduling and planning carried out to avoid adverse impacts on fisheries, eco-system (particularly green turtles) and migratory birds; (ii) overfishing addressed by investing in the government's policy, strategy and management capacity for sustainable management of fisheries resources; (iii) establishing fish hatcheries to enable restocking; (iv) fisher folk cooperatives to manage landing sites; and (iv) reducing the high post-harvest losses, improving the quality of the catch for better prices resulting in higher incomes thus less need for excessive fishing.		
Resource Efficiency and Pollution Prevention	Low	Low
Risk: The project implementation may involve slight adverse impacts on waste disposal and ecosystem.	Low	Low

Mitigations: Adequate waste disposal will be ensured by the contractor under close supervision of the consultants and line department. Appropriate sewerage and drainage system will be developed by the contractor during construction. Use of well-maintained vehicles and equipment will be ensured by the contractor, consultants and clients.		
Cultural Heritage Project activity is neutral in this respect.		No risk envisaged
Indigenous People The project will have positive economic impact on indigenous fisherfolks of the coastal areas (Gwadar and Lasbela)		No risk envisaged
Labour and Working Conditions	Low	Low
Risk: The project will require seasonal workers, particularly during construction of Jetties and allied structures. Seasonal workers may be more easily subject to unclear employment status and less favourable treatment compared to permanent employees. In addition, seasonal workers are often migrant workers who are particularly at risk from health issues (i.e. contracting and spreading communicable diseases, overcrowding in accommodation facilities, inadequate personal protective equipment, etc.)	Low	Low
Mitigations: Project will ensure; (i) hiring conducted in a transparent and accountable manner; (ii) work place environment are monitored and ensure to be in compliance with pertinent labor legislation and ratified international conventions; (iii) workers, contractors and service providers well informed of the duration of the work and the finite nature of their contracts under the project; and, (iv) whenever local people/organizations can carry out project activities they will be given preference over external people/organization.		
Community Health and Safety	Moderate	Low
Risk: The project may affect public health of surrounding communities and workers through air, water and soil pollution, noise or direct contact with hazardous material. The operation of supply facilities of fuel and other chemicals may release hazardous or flammable material due to accidental damages to storage containers and delivery structures.	Moderate	Low
Mitigations: Project work orders/contract will include general condition that refer to; (i) a condition that worker's camps be located at an adequate distance from local residential areas; and, (ii) workers, including drivers, should be trained on work safety, machinery operation and public health before the commencement of work and will be provided with personal protection equipment, such as helmets, gloves, dust masks, boots and earmuffs		

Physical and Economic Resettlement		No risk envisaged
No involuntary resettlement will occur as a result of project activities.		
Greenhouse Gas Emissions	Low	Low
Risk: Increased number of livestock and agricultural activities may increase as a result of project support which pose a low inherent risk.	Low	Low
Mitigations: The project through support of FAO will develop resilience of beneficiaries and will provide support in adopting climate smart technologies and practices.		
Vulnerability of target populations and ecosystems to climate variability and hazards		No risk envisaged
Project activity will instead reduce vulnerabilities to climate variability and hazards.		
Stakeholders	Low	Low
Stakeholder Engagement/Coordination	Low	Low
Risk: Several different stakeholders engaged in project may increase complexity to the project implementation approach and create distrust between Project and other key stakeholders.	Low	Low
Mitigations: Stakeholder risks have been addressed through: intensive dialogue and consultation with provincial government; required Department staff's consensus on the approach, targeting and interventions; transparent criteria-based selection of project interventions and beneficiaries; and the equitable division of resources between the two districts. A bottom-up community driven needs assessment and delivery, with beneficiaries in control, promises local ownership and mitigates the possibilities of conflict.		
Stakeholder Grievances	Low	Low
Risk: Although it is the same implementing agency as for Phase 1 (GLLS), the implementing agency may not be fully conversant with updated IFAD's rules, procedures, and requirements.	Low	Low
Mitigations: The implementing agency and the PMU will be oriented with updated guidelines, rules, and procedures. The stakeholders' grievances registration and redress mechanism will be established and kept functional.		



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 10: Exit Strategy

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Annex 10: Exit Strategy

1. Several elements have been built within the programmes design and approach to lead to an organized exit. The first key element is using the existing structures and arrangements as far as possible and not creating any new project specific structures except where necessary e.g. the PMU. All community development interventions under Component 1 use existing social capital in the target villages in the form of COs/VOs/LSOs which have been in existence for over 20 years and have a mentor RSP that will continue to operate and support these institutions beyond the project life. These community organizations have well developed systems and processes for the management of the revolving credit funds and operation and maintenance of community physical infrastructure. The capacity of the Local Support Organizations would be further strengthened during the programme period, for them to become effective articulators of community needs at Union Council and District level, be effective implementation partners for project and non-project interventions as well as a grassroots oversight mechanism. In order to secure assured access to development resources for COs/Vos in the future, the project would assist the provincial government to establish an institutionalized mechanism and supportive laws and rules for the New Local Government Act which calls for the transfer of development funds to the villages and Union councils. As per the new Act, 30 per cent of the annual development budget will be transferred to village institutions.
2. The household level interventions for productive assets, vocational and technical training, women enterprises, nutrition interventions will derive their sustainability from (i) concurrent training and capacity building of the beneficiaries; (ii) longer term handholding from the social mobilization partner that would stay in the project area beyond project implementation; and, (iii) a dynamic poverty graduation approach that links the beneficiaries to other sources of pro-poor support framework ('EHSAS', Prime Minister's Programme for interest free loans for the Youth, free TVET trainings by NAVTEC and BTEVTA, CPEC supported interventions etc.) so as to help them continue on the path of development to reach PSC 40 and beyond. The promotion of enterprises for youth and women would be based on detailed local job market analysis to identify the skills, services and commodities in demand and youth and women will be linked to these opportunities as per their individual potential and per demand in their vicinity. Close handholding support by SMP staff during the initial six months of enterprise operation would be ensured to address any unforeseen risks.
3. The exit strategy and sustainability for Fisheries Development, relies on the establishment and the promotion of a sound market-based approach between sellers and buyers on one hand and the service providers (finance providers) on the other during project life; a set-up which should afterwards become self-sustained by covering the fish production as well as the support infrastructure. This is underpinned by the fishermen being organized into business cooperatives that have contractual relationships with the private sector (buyers and service providers) and a collaborative relationship with the Fisheries Department for the sustainable and financially self-reliant operation of jetties and support infrastructure.

4. The promotion and development of Fishermen Cooperatives at all landing sites, starting with the three landing sites financed by the project, would be a key element in the sustainability of the fisheries value chain beyond project life. These cooperatives will gradually assume all those roles that are currently played by middle-men and processors including that of providing finance, access to market, sorting and storage (including the ice), and these cooperatives would become a collective bargaining agent for their fishermen members to enable them to produce better and earn more. These cooperatives will receive strong technical support for the development of their business plans, to set up strong and accountable management structures and be effective providers of services to the members.

5. The capacity building of the Fisheries, Agriculture and Cooperative Department would allow for the enforcement of laws and regulations for the sustainable management of fisheries resource, would reduce wastage, improve the catch quality and pricing, and would ensure the fishermen's access to sustainable fish resources. The Department would be enabled to regularly gather and publish statistics on fisheries that would allow the private sector to plan their investments and further develop their support services in the region. The statistics would also allow the Fisheries Department of the Government of Balochistan to establish limits for each of the different varieties of fish to ensure the sustainability of the available fish stock. Additionally, the establishment of contract farming and -fishing would allow for the private sector companies to engage more and more with the producer cooperatives in Balochistan, which has niche market products most suited to contract farming.

6. Community Physical Infrastructure (CPIs) are small village level schemes consisting of water supply systems (water pumping and overhead tanks, Solar powered RO plants, water storage tanks, sanitation, household solar energy systems, flood protection works, inter-village roads etc.). CPI prioritization, implementation and post completion maintenance is guided by a very well developed process that has been implemented for over three decades now and works quite satisfactorily. The CPI agreement with the communities also includes an agreement on the post completion operation and maintenance modality and community nominated person(s) undergo required training during scheme implementation. A system of user-fees is developed and agreed upfront for schemes requiring regular expenditure for maintenance. Following completion, the SMP staff regularly monitors the operation of O&M system to ensure that terms of related agreements are followed by the beneficiary community and the scheme is being properly run and maintained. Ad-hoc assessments and supervision missions have all observed satisfactory O&M arrangements for schemes completed under GLLSP-I. The continuation of the same principles and processes would ensure longer term CPI sustainability under GLLSP-II as well.

7. Rural roads component would be implemented by the mandated department of the Government of Balochistan i.e. Communications and Works Department. Post-completion O&M of all schemes undertaken by C&W becomes the Department's responsibility. The department gets annual budget for provincial roads maintenance. Management and maintenance of roads funded by GLLSP-II will be the responsibility of C&W.

8. GLLSP-II will make a number of investments for the capacity building of the various entities and implementing partners. The capacity building will be for the formulation of policies and for technical assistance at implementation level

(institutionalization of provincial funding for community driven rural development, fisheries management policy, fishermen's cooperatives policy, co-management of fisheries landing sites and support infrastructure etc.). Other investments will be for vehicles and equipment for some implementing partners and PMUs. The policies and regulations developed with TA support will be operationalized by the concerned government departments. The equipment and vehicles provided to the implementing partners will be formally transferred to them after project completion, as per the established policy for foreign funded projects, and would be operated/maintained through regular departmental budgets. The equipment and vehicles provided to the PMU would remain the property of the P&D Department and reallocated to another project or office as per need at that time.



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex 11: Mainstreaming themes – Eligibility criteria checklist

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Mainstreaming themes – Eligibility criteria checklist

	<input checked="" type="checkbox"/> Gender transformational	<input checked="" type="checkbox"/> Youth sensitive	<input checked="" type="checkbox"/> Nutrition sensitive	<input checked="" type="checkbox"/> Climate finance
Situation analysis	<input checked="" type="checkbox"/> National gender policies, strategies and actors <input checked="" type="checkbox"/> Gender roles and exclusion/discrimination <input checked="" type="checkbox"/> Key livelihood problems and opportunities, by gender	<input checked="" type="checkbox"/> National youth policies, strategies and actors <input checked="" type="checkbox"/> Main youth groups <input checked="" type="checkbox"/> Challenges and opportunities by youth group	<input checked="" type="checkbox"/> National nutrition policies, strategies and actors <input checked="" type="checkbox"/> Key nutrition problems and underlying causes, by group <input checked="" type="checkbox"/> Nutritionally vulnerable beneficiaries, by group	
Theory of change	<input checked="" type="checkbox"/> Gender policy objectives (empowerment, voice, workload) <input checked="" type="checkbox"/> Gender transformative pathways <input checked="" type="checkbox"/> Policy engagement on GEWE	<input checked="" type="checkbox"/> Pathways to youth socioeconomic empowerment <input checked="" type="checkbox"/> Youth employment included in project objectives/activities	<input checked="" type="checkbox"/> Nutrition pathways <input checked="" type="checkbox"/> Causal linkage between problems, outcomes and impacts	
Logframe indicators	<input checked="" type="checkbox"/> Outreach disaggregated by sex <input checked="" type="checkbox"/> Women are > 40% of outreach beneficiaries <ul style="list-style-type: none"> • IFAD empowerment index (IE.2.1) 	<input checked="" type="checkbox"/> Outreach disaggregated by sex and youth	<input checked="" type="checkbox"/> Outreach disaggregated by sex and youth, and IPs (if appropriate) <ul style="list-style-type: none"> • Output level CIs <ul style="list-style-type: none"> ◦ CI 1.1.8 Mandatory • Outcome level CIs (at least one of below) <ul style="list-style-type: none"> ◦ CI 1.2.8 ◦ CI 1.2.9 	
Human and financial resources	<input checked="" type="checkbox"/> Staff with gender TORs <input checked="" type="checkbox"/> Funds for gender activities <input checked="" type="checkbox"/> Funds for IFAD empowerment index in M&E budget	<input checked="" type="checkbox"/> Staff with youth TORs <input checked="" type="checkbox"/> Funds for youth activities	<input checked="" type="checkbox"/> Staff or partner with nutrition TORs <input checked="" type="checkbox"/> Funds for nutrition activities	IFAD Adaptation Finance \$9,935,000 IFAD Mitigation Finance N/A Total IFAD Climate-focused Finance \$9,935,000

ECG Remarks	Gender N/A Nutrition N/A Youth N/A <input type="checkbox"/> No social inclusion themes
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Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex: Gllsp II Climate Change Working Paper

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department



Investing in rural people

Pakistan

**Gwadar-Lasbela Livelihoods Support Project- Phase-II
(GLLSP-II)**

Detailed Design Report

Climate Change Working Paper

Currency equivalents

Currency Unit	=	
US\$1.0	=	

Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

Abbreviations and acronyms

CO	Community Organization
CPI	Community Physical Infrastructure
IFAD	International Fund for Agriculture Development
LSO	Local Support Organization
M&E	Monitoring & Evaluation
MIPs	Micro Investment Plans
NRSP	National Rural Support Program
O&M	Operation and Maintenance
PMU	Project Management Unit
TOPs	Terms of Partnership
UCs	Union Councils
UCDP	Union Council Development Plan
VO	Village Organization
VDP	Village Development Plan

1. INTRODUCTION

1. This Working Paper (WP) titled as, “Climate Change” is prepared as a background document for Project Design Report (PDR) of “Gwadar Lasbella Livelihoods Support Project – Phase-II (GLLSP-II)” proposed to be implemented in two coastal districts of Balochistan – Gwadar and Lasbella. The WP provides details about the potential climate change impacts on the proposed infrastructure in the coastal districts, concomitant with details about adaptation and mitigation measures. The proposed Infrastructure (based on design mission, meetings with stakeholders, beneficiaries, and sites visits) under GLLSP-II include: (i) Jetties and allied infrastructure; (ii) Rural Roads; and (iii) Community Physical Infrastructure (CPI).

2. Climate change is likely to pose adverse effects on the proposed infrastructure. Therefore, climate change assessment has been carried out to assess potential adverse effects and suggest adaptation and mitigation measure for climate resilient infrastructure development. Climate change impact assessments are carried out for a number of reasons, such as for addressing capabilities to meet changes in river flow patterns, often leading to flooding or drought, and also for predicting the possible changes in agriculture practices (Fowler et al. 2007).¹ As drought remained pronounced in the project area during the last 7-8 years, therefore water conservation measures are proposed under the GLSSP-II CPIs. In addition, infrastructure development is likely to be affected by climate change impacts, such as floods, heat-waves and sea level rise, therefore adaptation and mitigation measures are proposed for climate resilient infrastructure design and implementation.

2. CLIMATE CHANGE IMPACT ASSESSMENT

3. Warming climate and climatic pattern change is expected to significantly influence water availability (floods and droughts) in the Gilgit Baltistan in the North to Balochistan-Sindh in the South of Pakistan. Climate change and climatic pattern changes bring adverse implications in shape of precipitation and temperature increase/decrease, rise in soil erosion and degradation, slopes instability, increase in sediment transport, rise in intense and frequent floods and droughts, groundwater depletion, decline in energy production and rise in consumption, rise in heatwaves, rise in agricultural water demand, quality of water degradation, increase in wind-speeds and cyclones, increase in water logging and salinity, adverse impacts on ecosystem and human health. Changes in climate are likely to bring more intense and frequent floods and droughts, high winds, and heatwaves in the whole country, including Balochistan.

4. The Asian mean surface temperature increase during 1990-2100 is also expected to remain higher than the global mean surface temperature increase (IPCC 2013; Immerzeel et al., 2013)^{2,3}. There is significant variability among various climate model output results. However, for the Coupled Model Inter-comparison Project (CMIP) 5, under the RCP 4.5 scenario, the expected regional temperature is expected to rise by about 2°C (relative to 1961-1990) in the whole HKH during 2021-2050, together with an annual precipitation change of -8 to 12% during the same period.

5. On a longer-term basis (to 2100) the warming climate may further enhance temperature in the region (Immerzeel et al., 2013, Lutz et al., 2014)^{4,5}. According to Ridley et al. (2013)⁶ and Wiltshire

¹ Fowler HJ, Blenkinsop S, Tebaldi C. 2007. *Linking climate change modeling to impacts studies: recent advances in downscaling techniques for hydrological modeling*. International Journal of Climatology 27: 1547–1578, DOI: 10.1002/joc.1556.

² Immerzeel, W. W., F. Pellicciotti & M. F. P. Bierkens, 2013. Rising river flows throughout the twenty-first century in two Himalayan glacierized watersheds. *Nature Geosci* 6(9):742-745
doi:10.1038/ngeo1896.<http://www.nature.com/ngeo/journal/v6/n9/abs/ngeo1896.html#supplementary-information>.

³ IPCC, 2013. Summary for Policymakers. In: Climate Change 2013: The Physical Science Basis. Contribution of Working Group I to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Stocker, T.F., D. Qin, G.-K. Plattner, M. Tignor, S.K. Allen, J. Boschung, A. Nauels, Y. Xia, V. Bex and P.M. Midgley]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

⁴ Immerzeel, W. W., F. Pellicciotti & M. F. P. Bierkens, 2013. Rising river flows throughout the twenty-first century in two Himalayan glacierized watersheds. *Nature Geosci* 6(9):742-745
doi:10.1038/ngeo1896.<http://www.nature.com/ngeo/journal/v6/n9/abs/ngeo1896.html#supplementary-information>.

⁵ Lutz, A. F., W. W. Immerzeel, A. B. Shrestha & M. F. P. Bierkens, 2014a. Consistent increase in High Asia's runoff due to increasing glacier melt and precipitation. *Nature Clim Change* advance online publication doi:10.1038/nclimate2237.
<http://www.nature.com/nclimate/journal/vaop/ncurrent/abs/nclimate2237.html#supplementary-information>

⁶ Ridley, J., A. Wiltshire & C. Mathison, 2013. More frequent occurrence of westerly disturbances in Karakoram up to 2100. *Science of The Total Environment* 468–469, Supplement(0):S31-S35 doi:<http://dx.doi.org/10.1016/j.scitotenv.2013.03.074>.

(2013)⁷ it is thought that western disturbances will bring more and more frequent precipitation in winter to the Karakoram mountain range, which may maintain a positive glacier mass balance and may not result flash floods. It is further argued that precipitation will also increase in the Hindu Kush-Himalayas, but in the form of rainfall, which will further enhance glacier melt and flash floods in the Indus Basin, and resulting sea level rise. The estimated rise in sea level is 1.1mm during the last century⁸.

6. Potential climate change impacts are shown in the problem tree provided in **Figure 1**. However, all the potential impacts may not be scope of the work for the proposed infrastructure. Therefore, detailed climate change impact assessment has been carried out for the Balochistan region, while results of the project area are described in detail.

Problem Tree for Climate Change

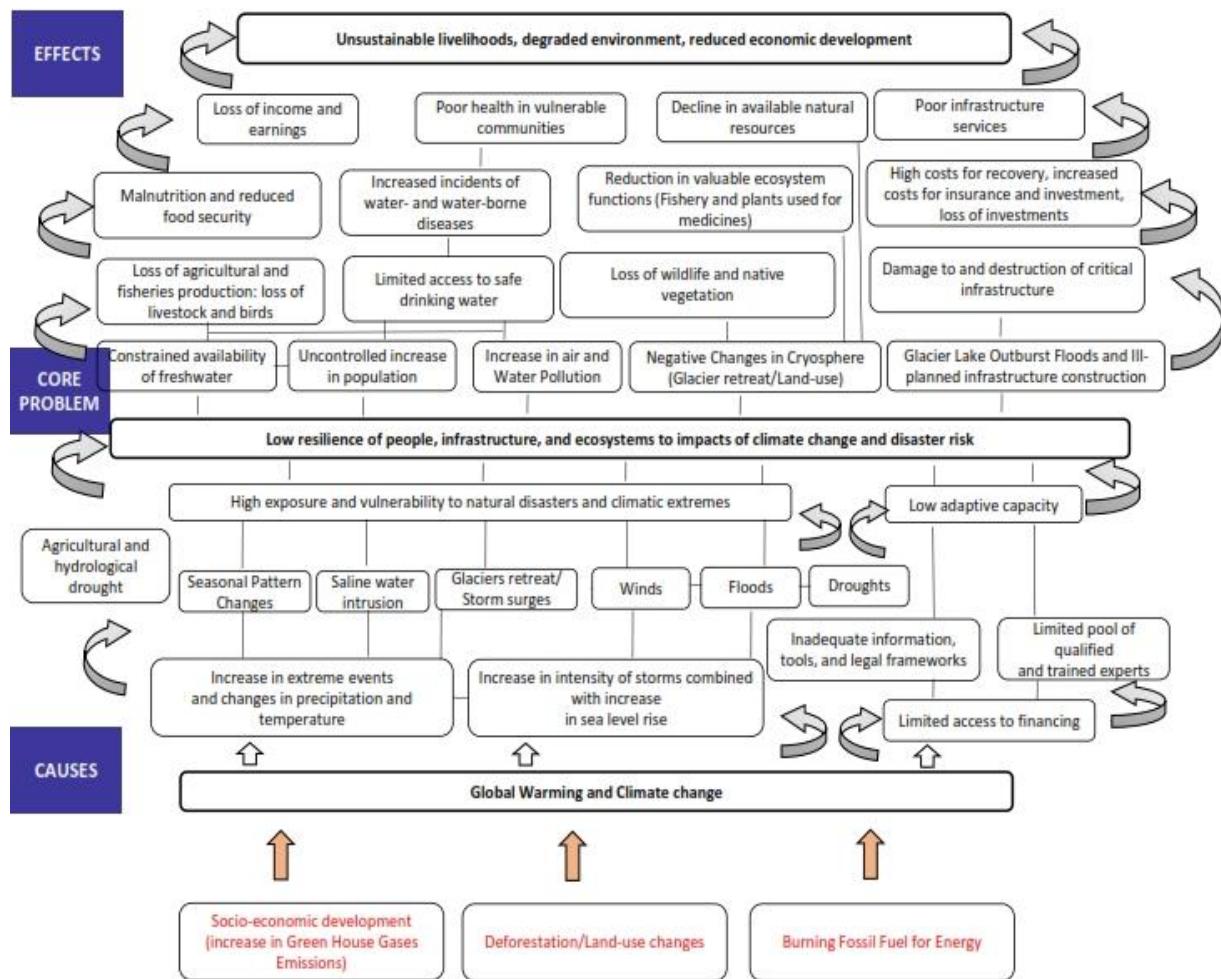


Figure 1: Problem Tree of Climate Change Potential Impacts in Pakistan and Balochistan

3. Climate Change Projections

3.1. Modelling Facility

7. The High-Performance Computing (HPC) facility at Pakistan Meteorological Department (PMD) is being used to promote the advancement of scientific research on weather, climate and hydrology in Pakistan. The central component of this facility is a large cluster of high-speed compute nodes, along

⁷ Wiltshire, A. J., 2013. Climate change implications for the glaciers of the Hindu-Kush, Karakoram and Himalayan region. The Cryosphere Discuss 7(4):3717-3748 doi:10.5194/tcd-7-3717-2013.

⁸ ADB, 2017. Climate Change Profile of Pakistan

with multi-terabyte storage. The facility has been in use for climate modelling activities and particularly for generating downscaled future climate projections for Pakistan in the wake of climate change.

8. Downscaling is a method for obtaining high-resolution climate or climate change information from relatively coarse-resolution Global Climate Models (GCMs). Typically, GCMs have a resolution of 150-300 km by 150-300 km. Many impacts models require information at scales of 50 km or less, so some method is needed to estimate the smaller-scale information.

9. Dynamical downscaling uses a limited-area, high-resolution model (a regional climate model, or RCM) driven by boundary conditions from a GCM to derive smaller-scale information. RCMs generally have a domain area of 106 km² to 107 km² and a resolution of 20 to 60 km. Statistical downscaling first derives statistical relationships between observed small-scale (often station level) variables and larger (GCM) scale variables, using either analogue methods (circulation typing), regression analysis, or neural network methods. Future values of the large-scale variables obtained from GCM projections of future climate are then used to derive the statistical relationships and so estimate the smaller-scale details of future climate.

3.2. Future Projections for Pakistan by dynamical downscaling of general circulations models

10. Numerical modelling unit initially developed high resolution climate change scenarios of Temperature and Precipitation using dynamical downscaling. The numerical experiments were carried out using the ICTP Regional Climate Model version 4 (RegCM4) and Providing Regional Climates for Impact Studies (PRECIS) version 1.9.2 of Hadley Centre at horizontal resolutions of 25km and 50km under A1B emission scenario. The climate simulations defining the 30-year climatology between 1970 and 2000 for baseline and for future projections from 2001 to 2100 were performed using RegCM4 and PRECIS with lateral boundary conditions derived from one GCM—of MPI-ECHAM5⁹ as part of Intergovernmental Panel on Climate Change (IPCC) Forth Assessment Report (AR4) simulations.

3.3. Future Projections for Pakistan by statistical downscaling of general circulation models

11. Downscaled future climate fields of Temperature and Precipitation for Pakistan were generated using GCMs outputs from CMIP5¹⁰. The process involved selection of four CMIP5 models and acquisition of baseline (1975-2005) and future (2010-2100) data of selected GCMs for 2 RCPs (4.5 and 8.5)¹¹.

12. Representative Concentration Pathways (RCPs) scenarios are new addition to the Global Climate Model projections from the Coupled Model Inter comparison Project Phase 5 (CMIP5). The CMIP5 provides a multi-model context for assessing the mechanisms responsible for model differences in poorly understood feedbacks associated with the carbon cycle and with clouds. It also examines climate “predictability” and explores the ability of models to predict climate on decadal time scales, and, more generally, determines why similarly forced models produce a range of responses.

13. The RCPs are based on certain scenarios from four modelling teams/models working on integrated assessment modelling, climate modelling, and impacts assessment. RCP4.5 and RCP8.5, both medium and high-end emission scenario were used to investigate the impact of subsequent radioactive forcing on climate of the region. RCP4.5 is a stabilization scenario in which total radioactive forcing is stabilized shortly after 2100, without overshooting the long-run radioactive forcing target level¹². While on the high end i.e., RCP8.5, the 8.5 Wm⁻² case, carbon dioxide levels rise above a massive 1,300 parts per million by the end of century and are still rising fast.

⁹ Roeckner E, Bauml G, Bonaventura L, Brokopf R, Esch M, Giorgetta M, Hagemann S, Kirchner I, Kornblueh L, Manzini E, Rhodin A, Schlese U, Schulzweida U, Tompkins A (2003) The atmospheric general circulation model ECHAM5. Part I: model description, vol 349. Max Planck Institute for Meteorology Report, p 127

¹⁰ Taylor, K. E., R. J. Stouffer, and G. A. Meehl, 2012. An overview of CMIP5 and the experiment design. Bull. Am. Meteorol. Soc., 93, 485–498.

¹¹ Moss RH, Edmonds JA, Hibbard KA, Manning MR, Rose SK, van Vuuren DP, Carter TR, Emori S, Kainuma M, Kram T et al (2010) The next generation of scenarios for climate change research and assessment. Nature 463:747–756.

¹² Burhan A, Waheed I, Syed AAB, Rasul G, Shreshta AB, et al. (2015) Generation of High-Resolution Gridded Climate Fields for the Upper Indus River Basin by Downscaling Cmp5 Outputs. J Earth Sci Clim Change 6: 254. doi:10.4172/2157-7617.1000254

14. The choice of two scenarios among a set of four RCPs has been made in a fashion to find the impacts on regional climate in both cases i.e., extreme climate change scenario and relatively intermediate pathway.

3.4. Selection of Models and Scenarios for Balochistan

15. For the purpose of projecting robust climate change extremes and its potential impacts with a high confidence in results, this study used the latest available data at national level for impacts assessment of climate change threats. This data is the most up-to-date in terms of compatibility with various international studies because it is produced by downscaling GCM of CMIP5 family under the latest assumption of GHG emissions in Representative Concentration Pathways (RCPs). All CMIP5 Model output in the archive is available for “non-commercial research and educational purposes” subject to terms and conditions.

16. Archived data is hosted by PCMDI – “Program for Climate Model Diagnosis and Inter-comparison” and available online through ESGF gateways. To address the uncertainties posed by use of different models, as a first step data of total 21 GCMs was obtained. In the next step model selection was made by gauging skill of these GCMs to emulate observed Pakistan climatology both for temperature and precipitation.

17. The skill of these GCMs is assessed by three statistical parameters as undertaken by Taylor et al. (2001)¹³. These three statistical parameters are correlation, relative magnitudes of the time series (Standard Deviation–SD) and the normalized error of the models (Root Mean Square Error -RMSE). Hence the criteria to select the GCMs was: correlation is greater than 0.8; the ratio of the GCM SD to the observed SD should be close to 1, and minimum RMSE.

18. A total of 4 models with the best performance statistics with the observations are shown in Table 1. However, these models have coarse resolution, and may not be suitable at sub-basin level, particularly for small sub-basins.

Table 1: Four best available GCMs for Pakistan

Model	Resolution	Institution	Reference
CCSM4	1.25 x 0.942408377	National Center for Atmospheric Research	Gent et al., 2011
GFDL-ESM2M	2.5 x 2.011	National Oceanic and Atmospheric Administration/Geophysical Fluid Dynamics Laboratory	Dunne et al., 2012
HadGEM2-ES	1.875x1.25	Met Office Hadley Centre	Collins et al., 2011
CanESM2	2.8125x 2.8125	Canadian Centre for Climate Modelling and Analysis	Chylek et al., 2011

3.5. Downscaling methodology, data and uncertainties

19. In addition to GCM data, Regional Climate Models (RCMs) may provide more detailed insights of the climate change. Therefore, three RCMs data have also been analysed. These RCMs are: i) Commonwealth Scientific and Industrial Research Organization (CSIRO) Conformal Cubic Atmospheric Model (CCAM), ii) Swedish Meteorological and Hydrological Institute (SMHI) Rossby Centre regional Atmospheric model (RCA4), and iii) Remo. All these RCMs' data is available in public domain. CCAM and RCA4 data have been acquired from Coordinated Regional Climate Downscaling Experiment (CORDEX). All the above three RCMs provide data at about 50km grid and daily data ranges between 1951/1970 to 2100.

20. Similar to the above mentioned criteria for GCMs assessment, the selection of RCMs' has been made by three statistical parameters as undertaken by Taylor et al. (2001). These three statistical parameters are correlation, relative magnitudes of the time series (Standard Deviation–SD) and the

¹³ Taylor, K. E., 2001. Summarizing multiple aspects of model performance in a single diagram. JOURNAL OF GEOPHYSICAL RESEARCH, Volume 106, pp. 7183-7192.

normalized error of the models (Root Mean Square Error -RMSE). Hence the criterion to select the RCMs was:

- correlation is greater than 0.8;
- the ratio of the RCM SD to the observed SD should be close to 1, and minimum RMSE.

21. Based on the above criteria CCAM RCM data using RCP 4.5 and 8.5 scenarios have been selected for the current study. In addition, individual and ensemble results of all the available Coordex RCMs are provided for both Gwadar and Lasbela Districts.

3.6. Highlighting uncertainties of climate scenarios

22. All climate change projections even those obtained from a new generation of more complex models running scenarios for the IPCC AR5 are subject to certain degree of uncertainty. In fact, a key feature of uncertainty in climate change projections is the degree of precision in the timing, severity and frequency of future weather and climate particularly the extreme events that are difficult to achieve. Where possible these uncertainties have been quantified, but still the numerical as well as qualitative results in this report should be regarded as broad suggestions and used with caution. In addition, general climate models' uncertainties briefly described below.

23. There are four principal sources of this uncertainty in Projections:

- a) **The Modelling uncertainty** arises from our incomplete understanding of the climate system, and the climate models also failed to perfectly represent the real system. Use of different global climate models includes the structural uncertainty.
- b) **Natural climate variability** Climate varies naturally due to internal dynamical and physical processes in the climate system and this can potentially modify some of its characteristics.
- c) **Emissions uncertainty:** This arises from uncertainty in the future man-made emissions of greenhouse gases and aerosols.
- d) **Contributions to uncertainty from downscaling.** The downscaling process accounts for the inclusion of local effects of features such as coastline and mountains in the downscaling process also enhance the uncertainty in climate projections, but it is generally modest.

4. CLIMATE CHANGE PROJECTIONS IN BALOCHISTAN AND THE PROJECT AREA

4.1. Precipitation variation (RCP 4.5)

24. Precipitation variation has been assessed during 2011-2040, 2041-2070, and 2071-2100 compared to 1970-2005 period under both RCP4.5 and RCP 8.5. Precipitation variation during 2011-2040 is -17% to 30% under RCP 4.5 (see Figure 2). Maximum decline is in the southern part of the province. The expected precipitation decline in Gwadar-Lasbela districts ranges between 5% to 17%.

25. During 2041-2070 decline may become more severe. Precipitation variation is expected to vary between -33% to 14% (see Figure 3). Maximum decline is expected in the Gwadar district (14% to 33%). Precipitation decline in Lasbela district is expected to be between 5% and 15%.

26. Far future (2071-2100) variation is similar to near future (2011-2040) projections. Variation is expected between -9.9% to 35% (see Figure 4). Far future projections also show maximum decline in Gwadar district (upto 10%), whereas precipitation rise in Lasbela may range between 21% and 5%.

27. Thus, the project area may face water scarcity and drought conditions in the near, mid and far future.

4.2. Precipitation variation (RCP 8.5)

28. Precipitation variation during 2011-2040 is -18% to 30% under RCP 4.5 (see Figure 5). Precipitation decline in the project area may range between 5% and 18%.

29. During 2041-2070 decline may become less severe. Precipitation variation is expected to vary between -6.4% to 48% (see Figure 6). Precipitation variation in the project area may range between -5% and 30%, whereas decline in precipitation is expected in Gwadar and rise in precipitation could occur in Lasbela district.

30. Variation is far future (2071-2100) is expected between -35% to 23% (see Figure 7). Far future projections show precipitation decline in the project area, and may range between 10% and 35%.

31. Thus, the project area may face severe water scarce conditions in near and far future, whereas floods in the mid-future.

4.3. Temperature variation

Maximum Temperature variation (2011-2040)

32. Maximum and minimum temperature variation during 2011-2040, 2041-2070, and 2071-2100 have been assessed compared to reference period (1970-2005) under both RCP 4.5 and RCP 8.5. Maximum temperature shows rise throughout the study area (see Figure 8). Under RCP 4.5, rise in maximum temperature is expected between 0.76°C and 1.11°C in the project area.

33. Interestingly RCP 8.5 shows slightly lower rise compared to RCP 4.5 during 2011-2040. Least rise (0°C and 0.1°C) is expected in Gwader and Lasbela Districts compared to rest of Balochistan (see Figure 9).

Maximum Temperature variation (2041-2070)

34. Maximum temperature shows rise (1.5°C and 2°C) throughout the study area during 2041-2070 under RCP 4.5 (see Figure 10). RCP 8.5 shows higher rise compared to RCP 4.5 during 2041-2070, although both show rise in maximum temperature throughout the study area (see Figure 11). Least rise (2°C and 2.5°C) is expected in Gwader and Lasbela District, compared to rest of Balochistan.

Maximum Temperature variation (2071-2100)

35. Maximum temperature shows rise (1.5°C and 2.8°C) throughout the study area during 2071-2100 under RCP 4.5 (see Figure 12). The project area may experience a rise between 1.5°C and 2°C. RCP 8.5 shows higher rise compared to RCP 4.5 during 2071-2100. A rise between 4.1°C and 4.5°C is expected in Gwader and Lasbela District (see Figure 13).

Minimum Temperature variation (2011-2040)

36. Minimum temperature variation during 2011-2040, 2041-2070, and 2071-2100 have been assessed compared to reference period (1970-2005) under both RCP 4.5 and RCP 8.5. Minimum temperature shows rise throughout the study area (see Figure 14). Minimum temperature rise varies between 1.05°C and 1.24°C in the project area.

37. RCP 8.5 shows higher rise compared to RCP 4.5 during 2011-2040, although both show rise in minimum temperature throughout the study area. Minimum temperature may rise between 1.25°C and 1.4°C in the study area during near future (see Figure 15).

Minimum Temperature variation (2041-2070)

38. Minimum temperature shows rise (1.5°C and 2.4°C) throughout Balochistan during 2041-2070 under RCP 4.5 (see Figure 16). Gwadar and Lasbela district may experience a rise between 1.7°C and 2°C under the same RCP and period.

39. RCP 8.5 shows higher rise compared to RCP 4.5 during 2041-2070, although both show rise in maximum temperature throughout the study area. Based on RCP 8.5, Gwadar and Lasbela are expected to experience a rise between 2.35°C and 3°C in mid-future period (see Figure 17).

Minimum Temperature variation (2071-2100)

40. Minimum temperature shows rise (1.95°C and 2.6°C) throughout Balochistan during 2071-2100 under RCP 4.5 (see Figure 18). Rise (1.5°C and 1.7°C) is expected in the in the study area under the same RCP and period. In the study area RCP 8.5 shows higher rise (4.35°C and 5°C) compared to RCP 4.5 during 2071-2100 (see Figure 19).

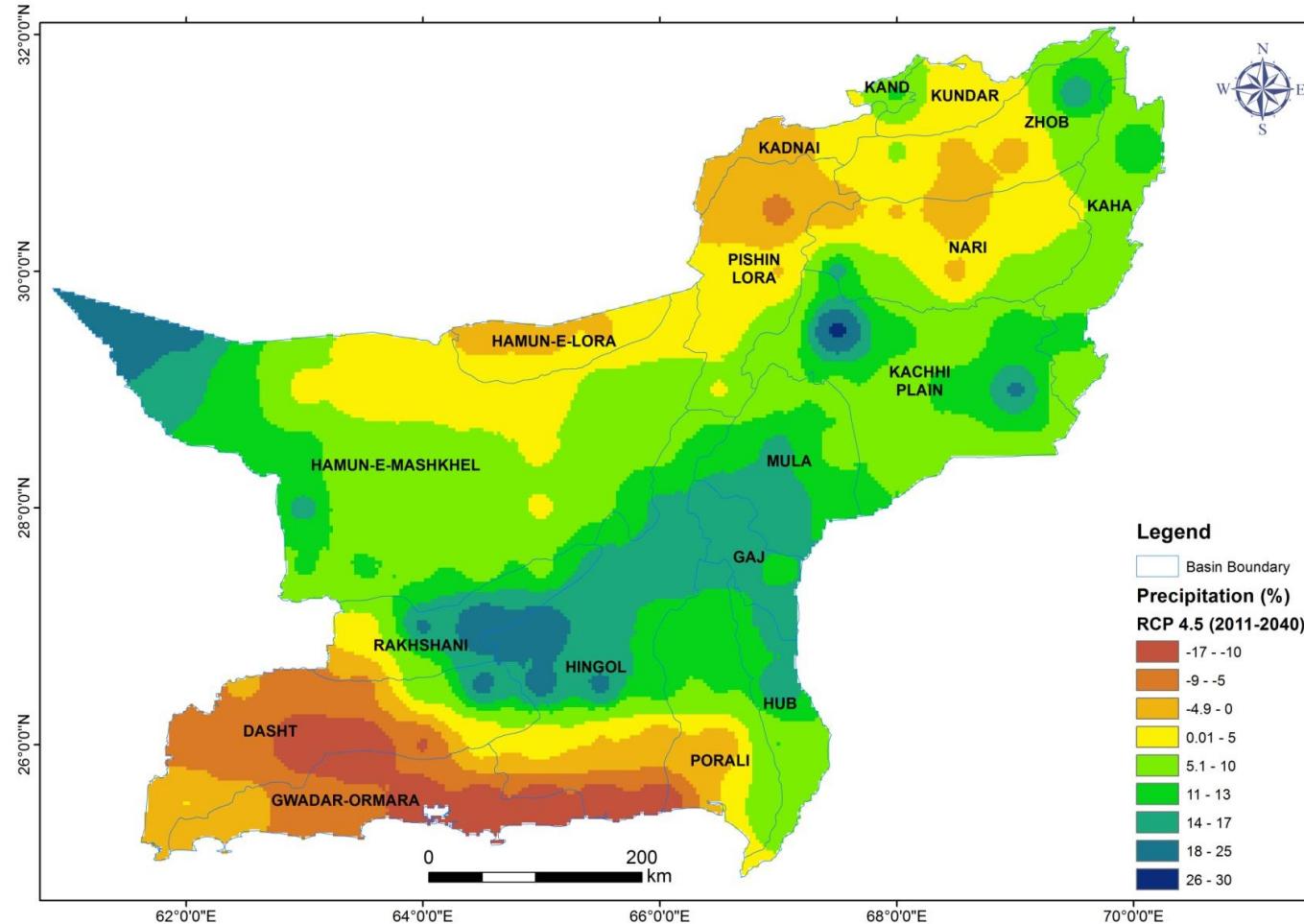


Figure 2 : Annual precipitation variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 4.5 scenario.

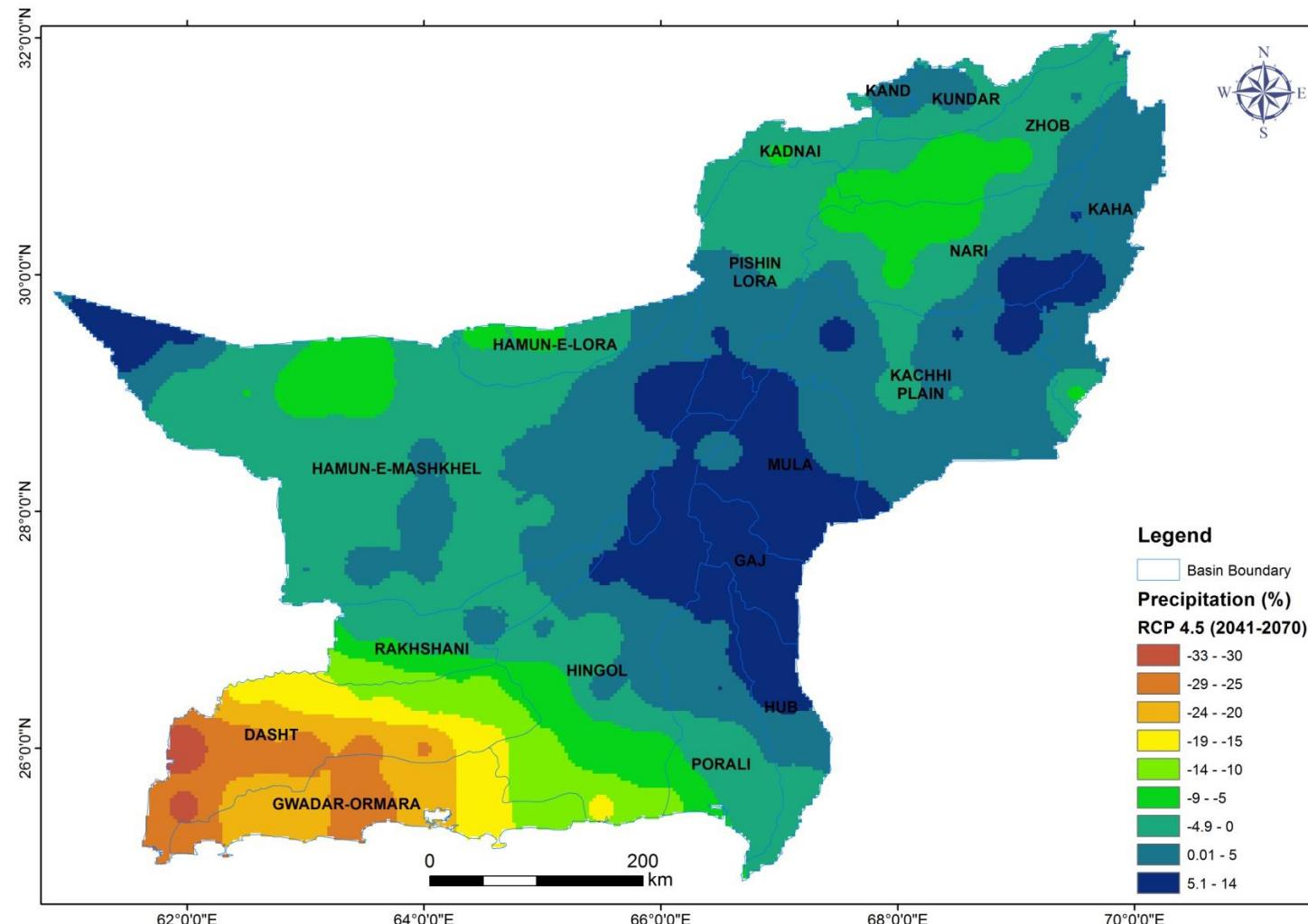


Figure 3: Annual precipitation variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 4.5 scenario.

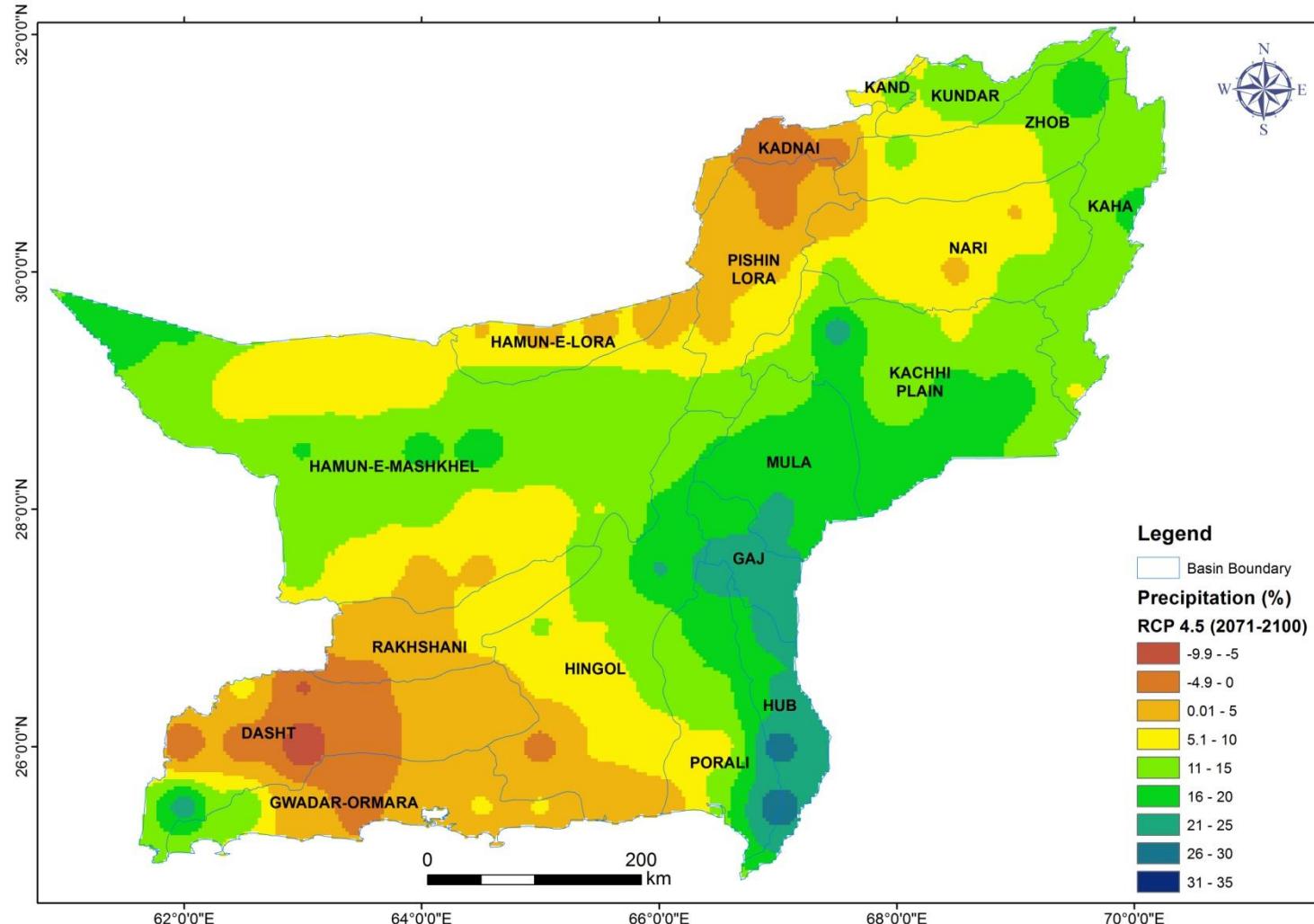


Figure 4: Annual precipitation variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 4.5 scenario.

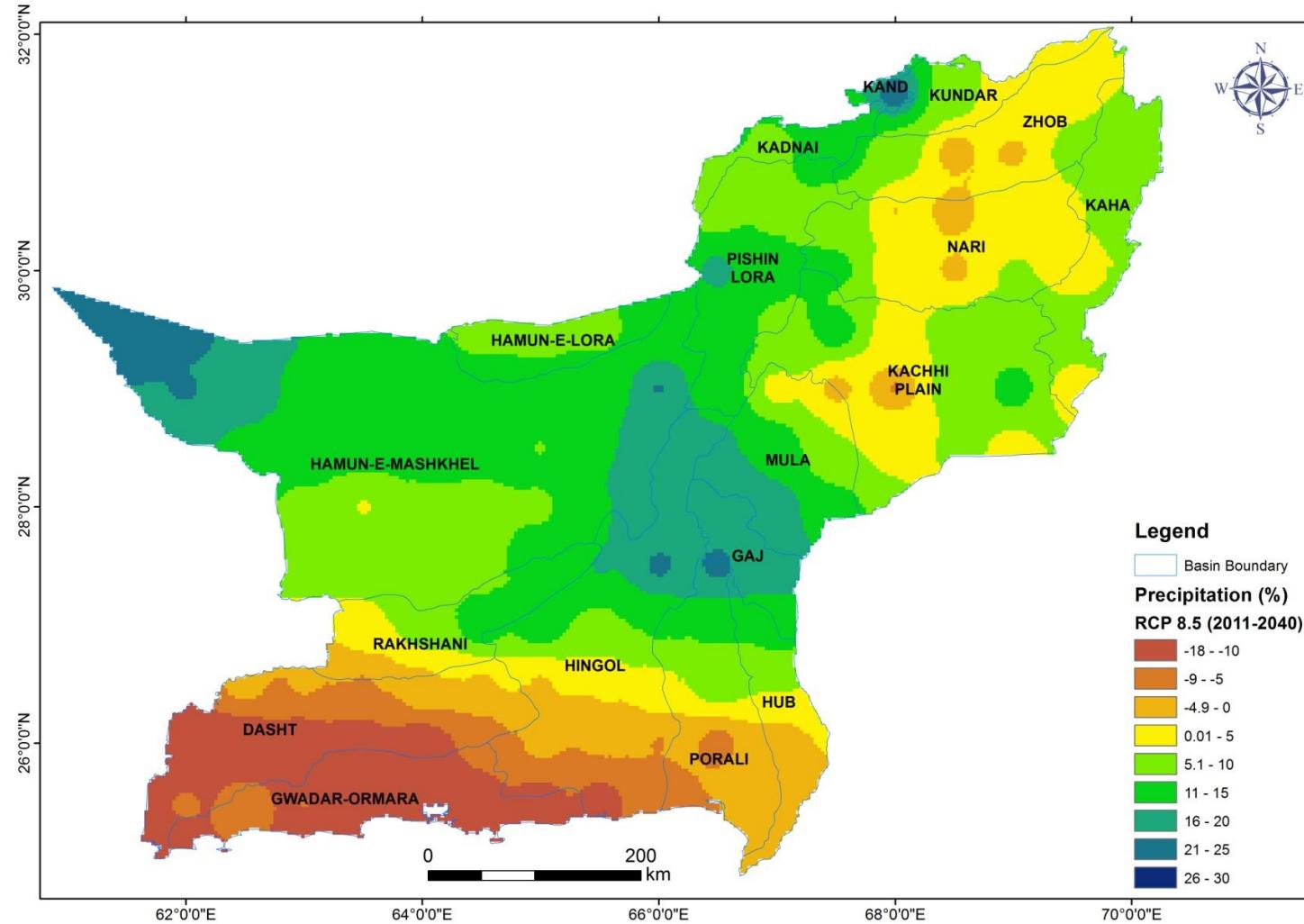


Figure 5: Annual precipitation variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 8.5 scenario.

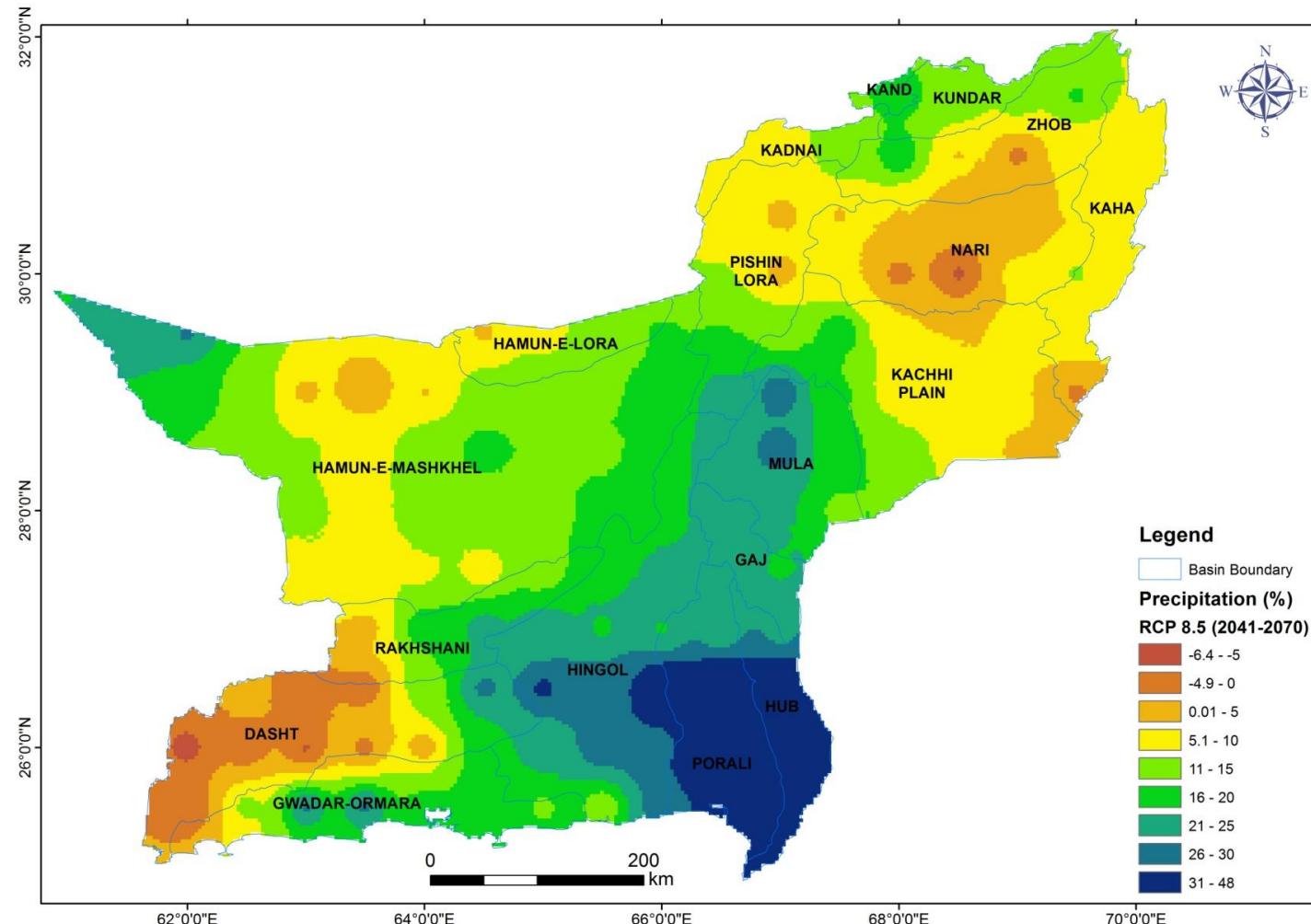


Figure 6: Annual precipitation variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 8.5 scenario.

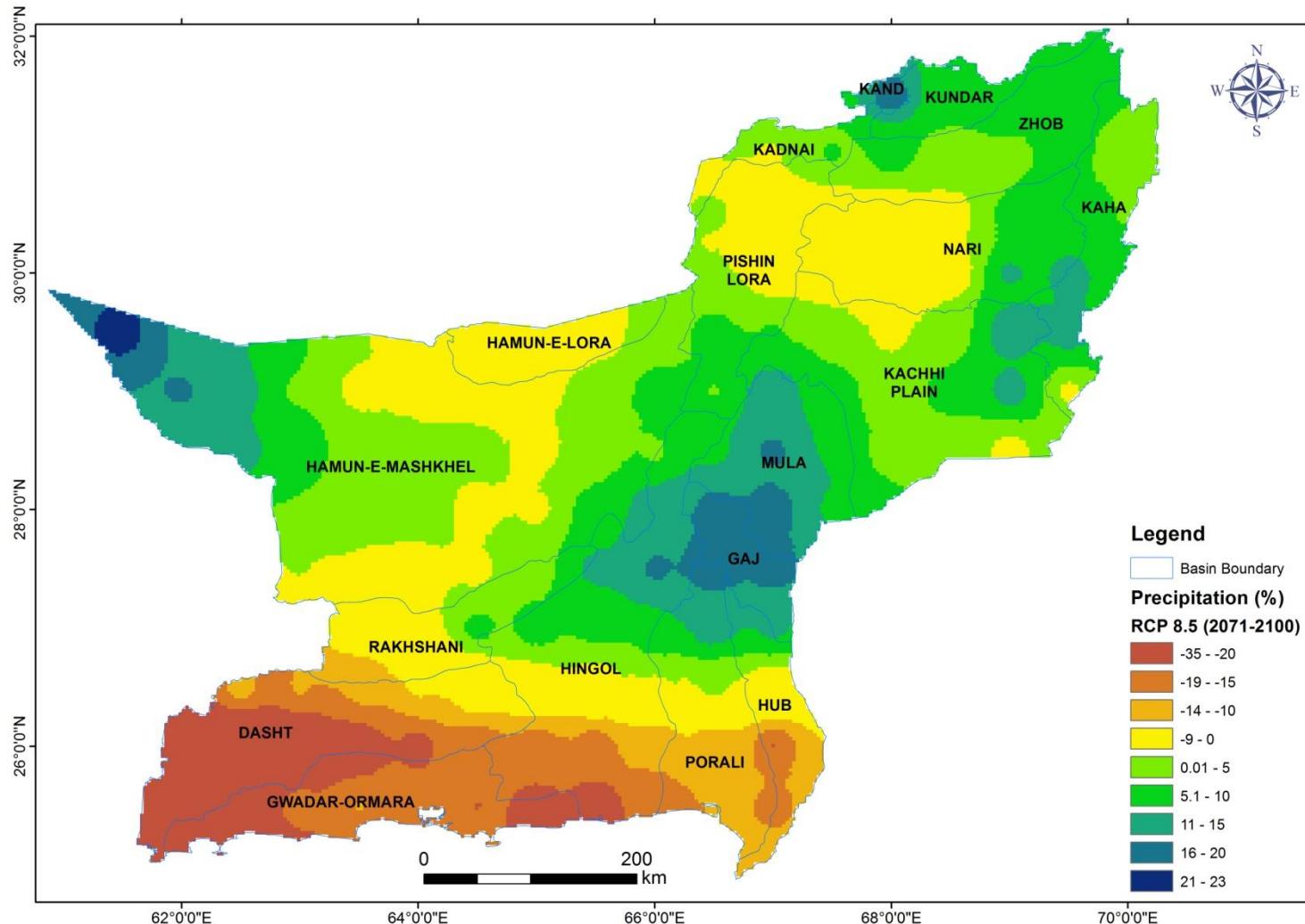


Figure 7: Annual precipitation variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 8.5 scenario.

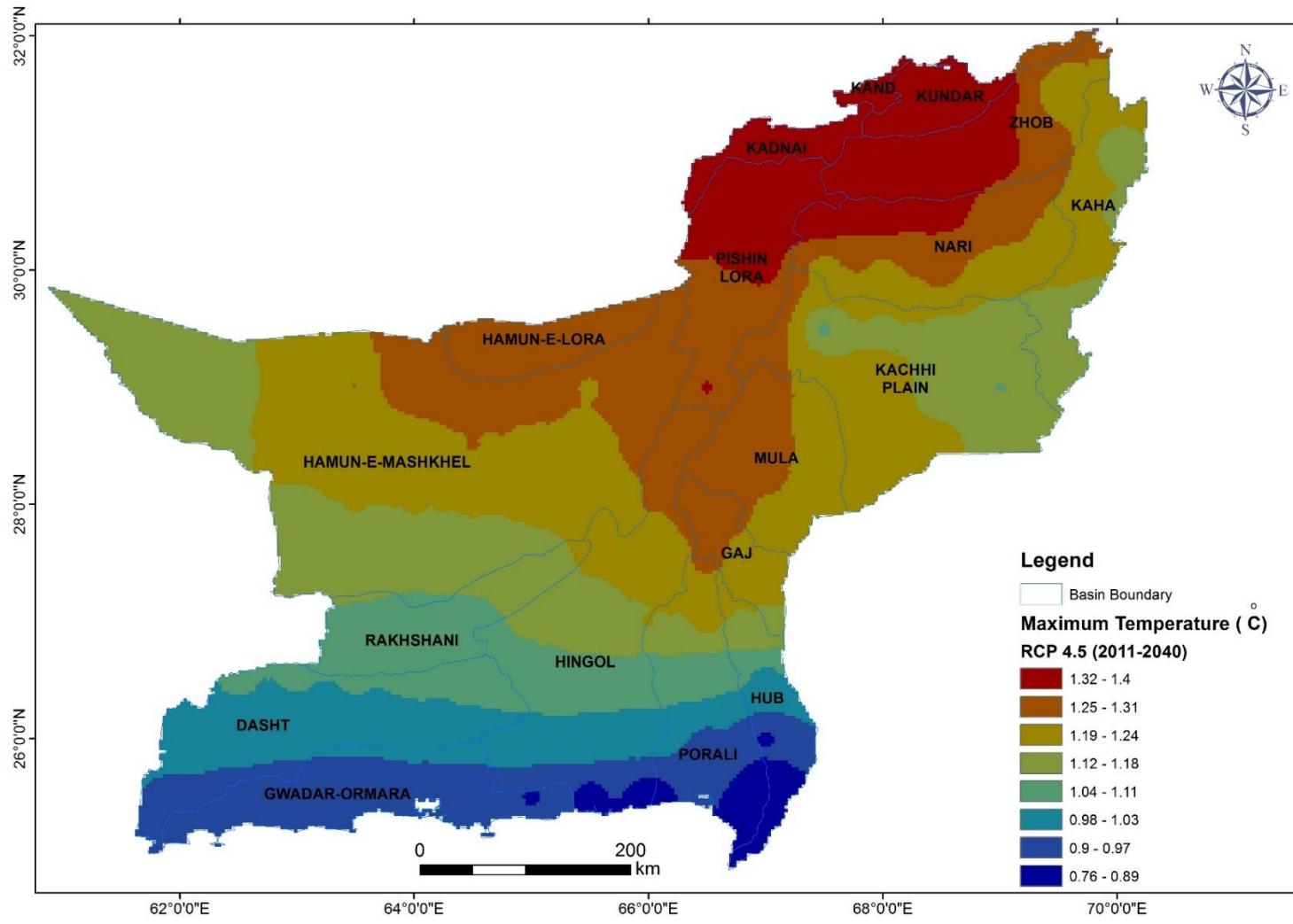


Figure 8 : Annual average Maximum Temperature variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 4.5.

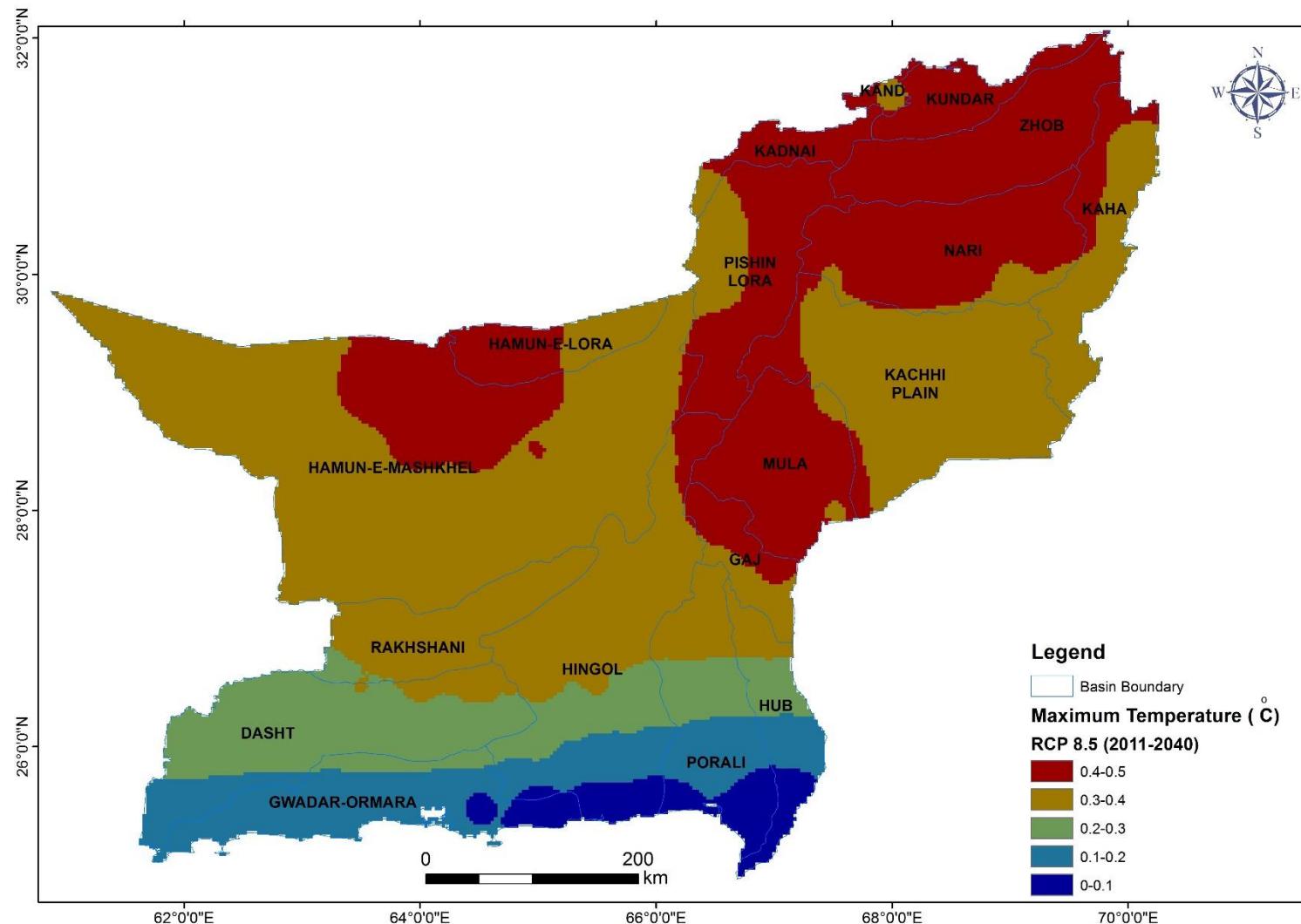


Figure 9 : Annual average Maximum Temperature variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 8.5.

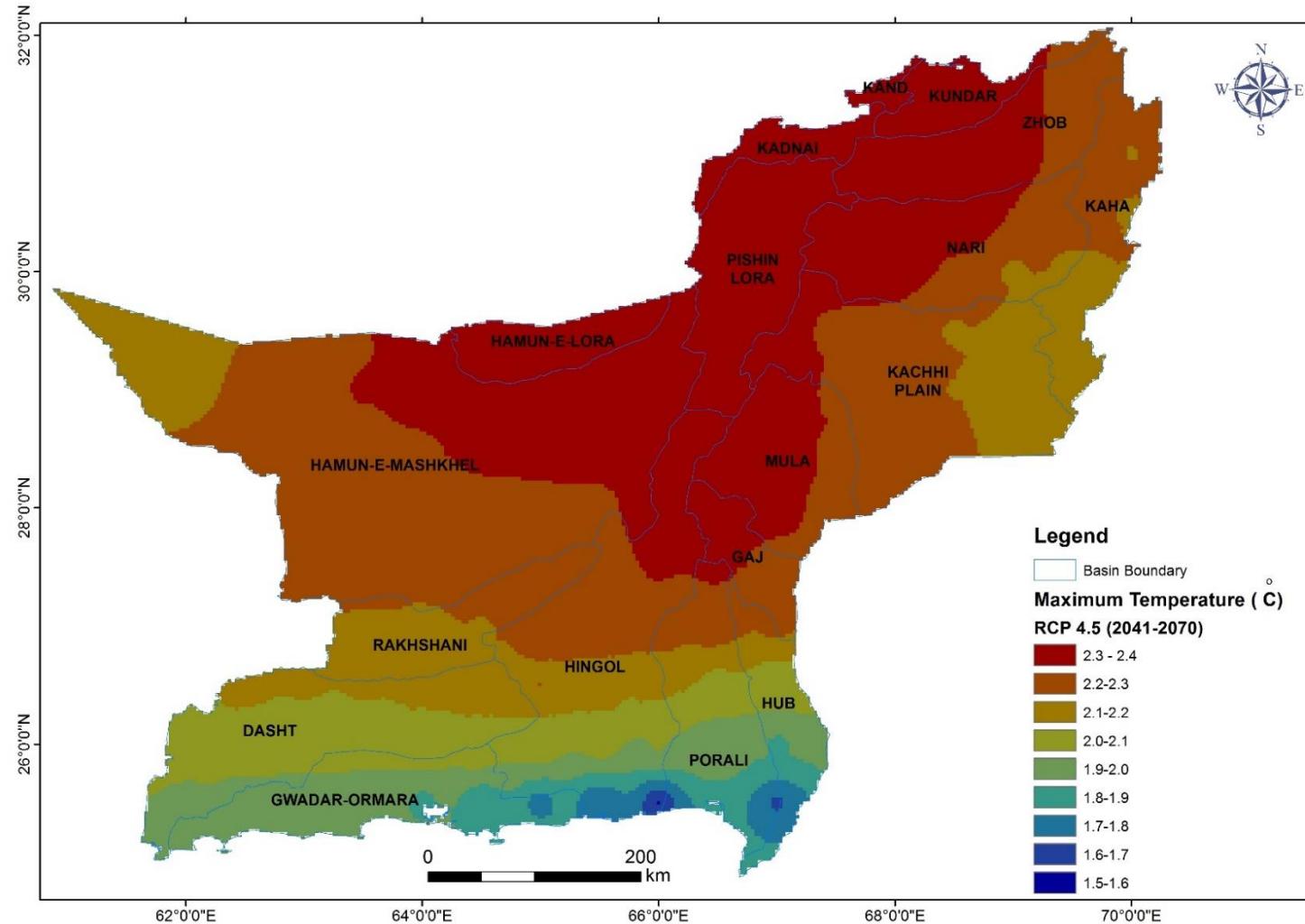


Figure 10 : Annual average Maximum Temperature variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 4.5.

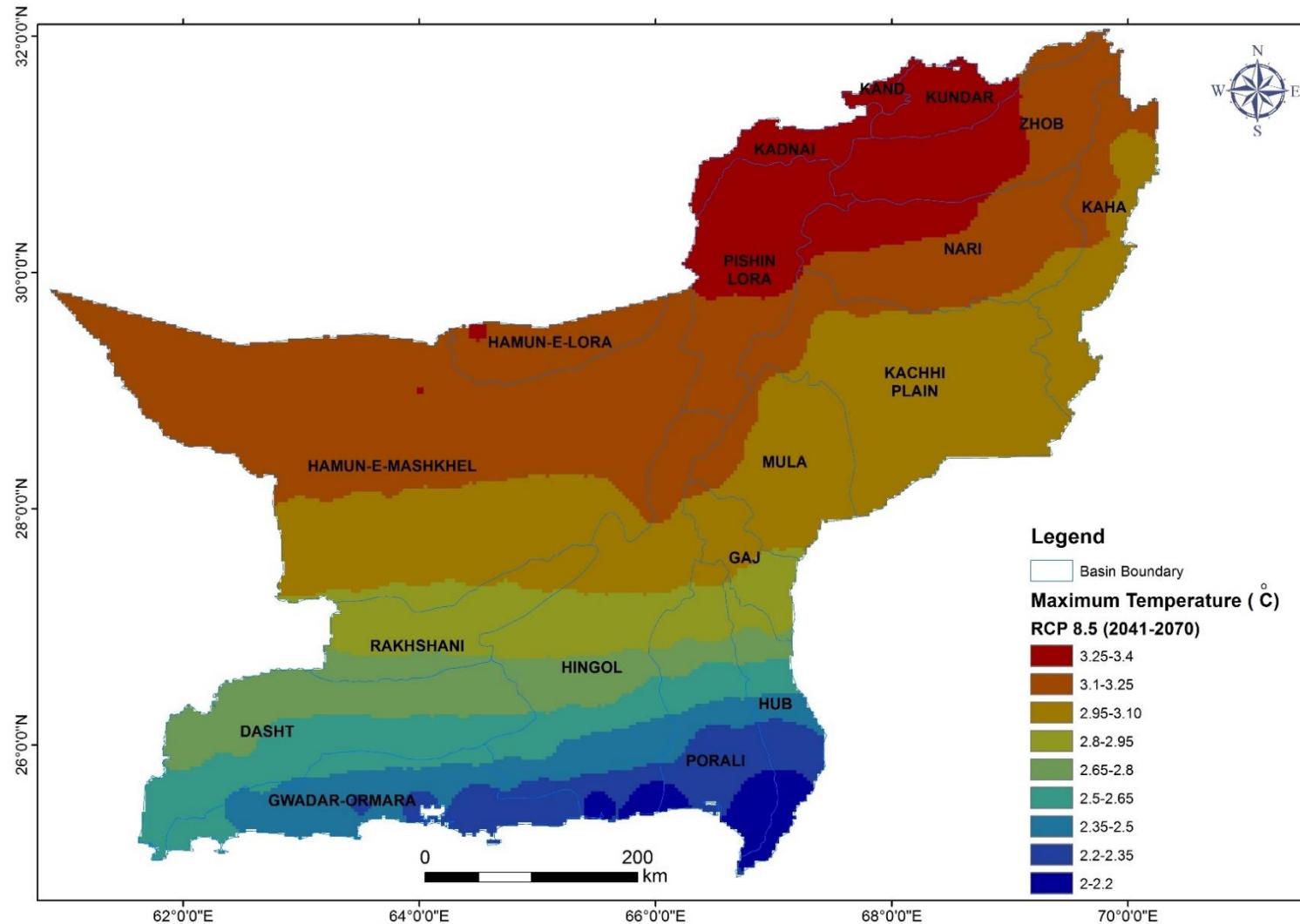


Figure 11 : Annual average Maximum Temperature variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 8.5.

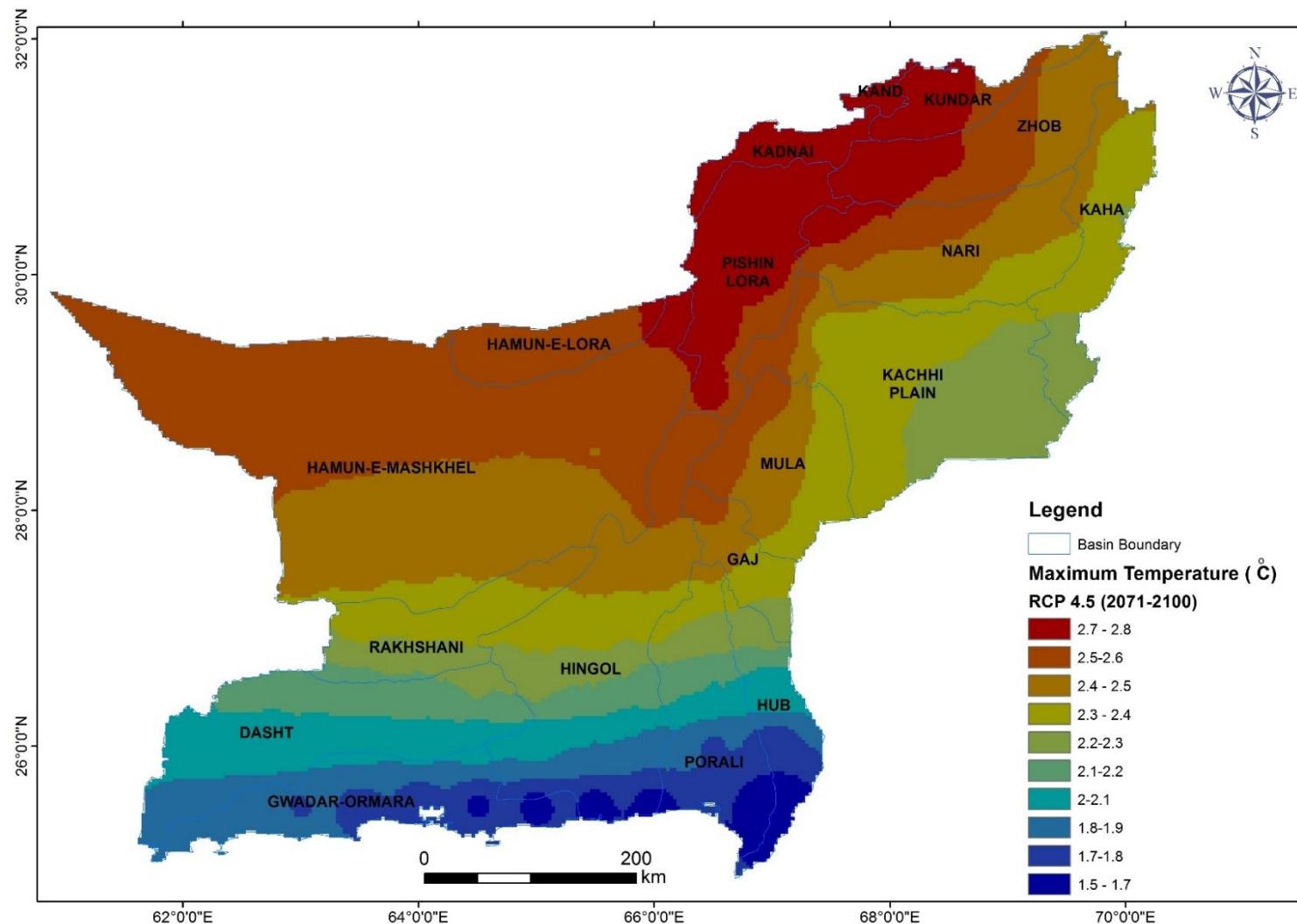


Figure 12: Annual average Maximum Temperature variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 4.5.

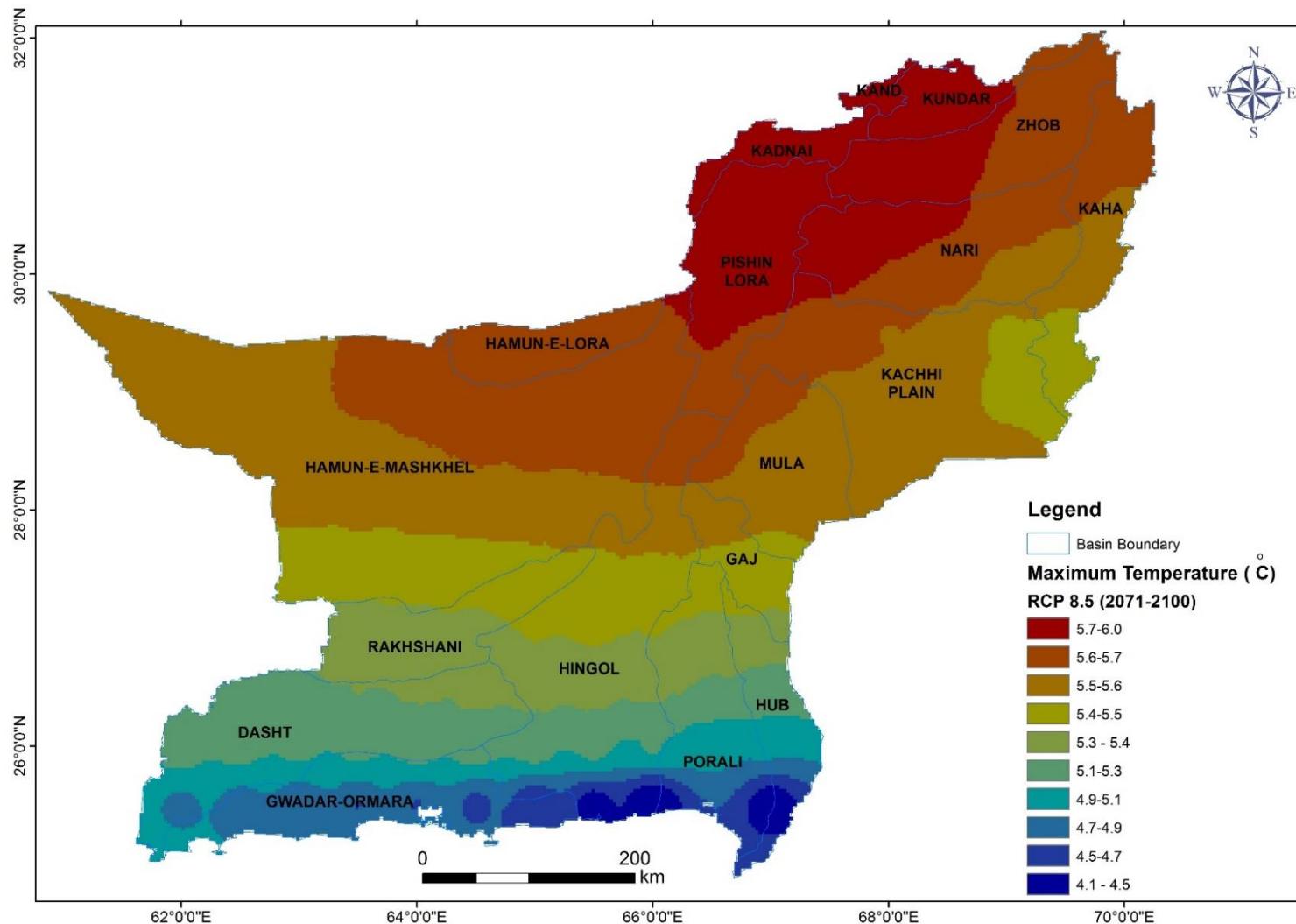


Figure 13 : Annual average Maximum Temperature variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 8.5.

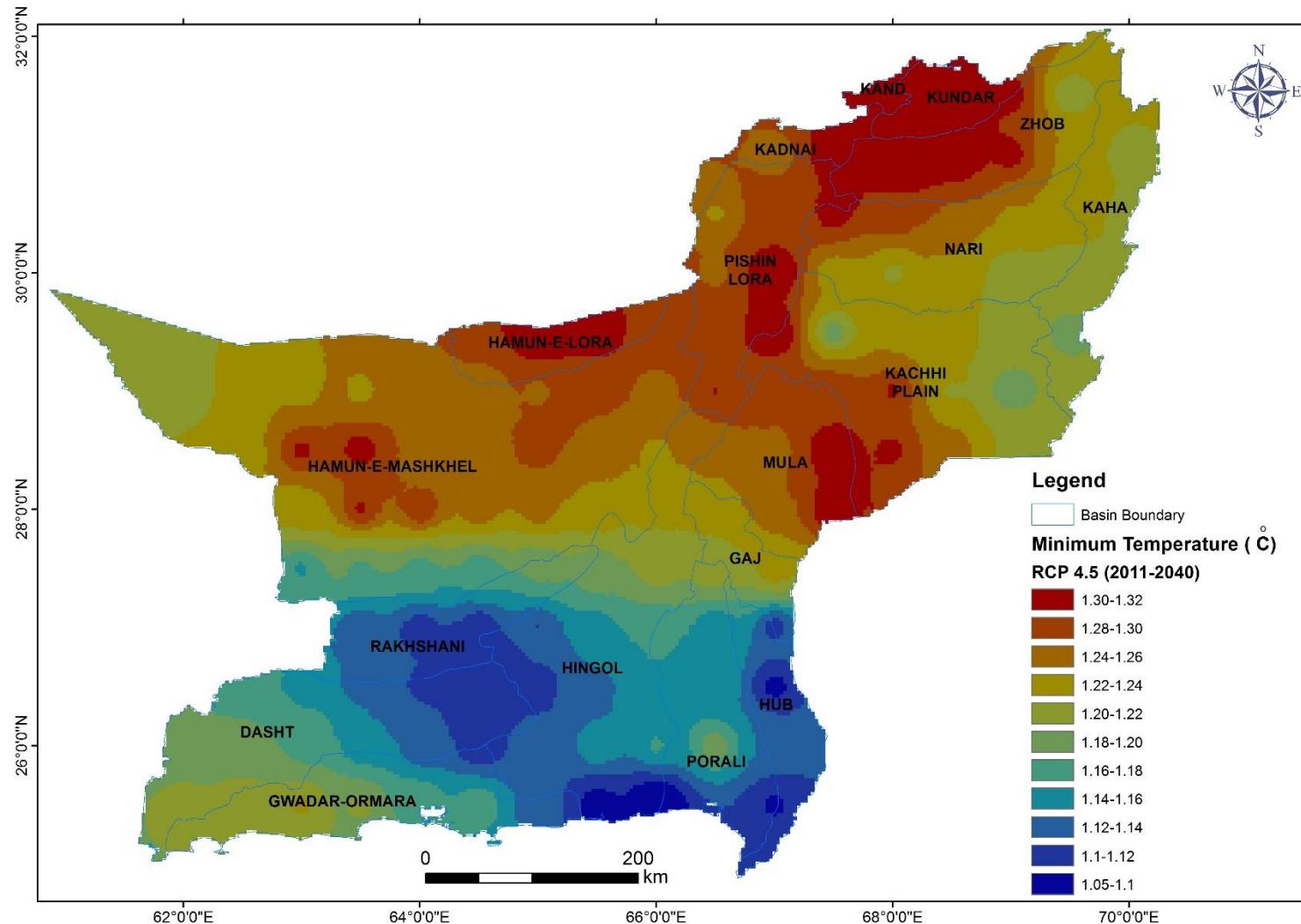


Figure 14: Annual average Minimum Temperature variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 4.5.

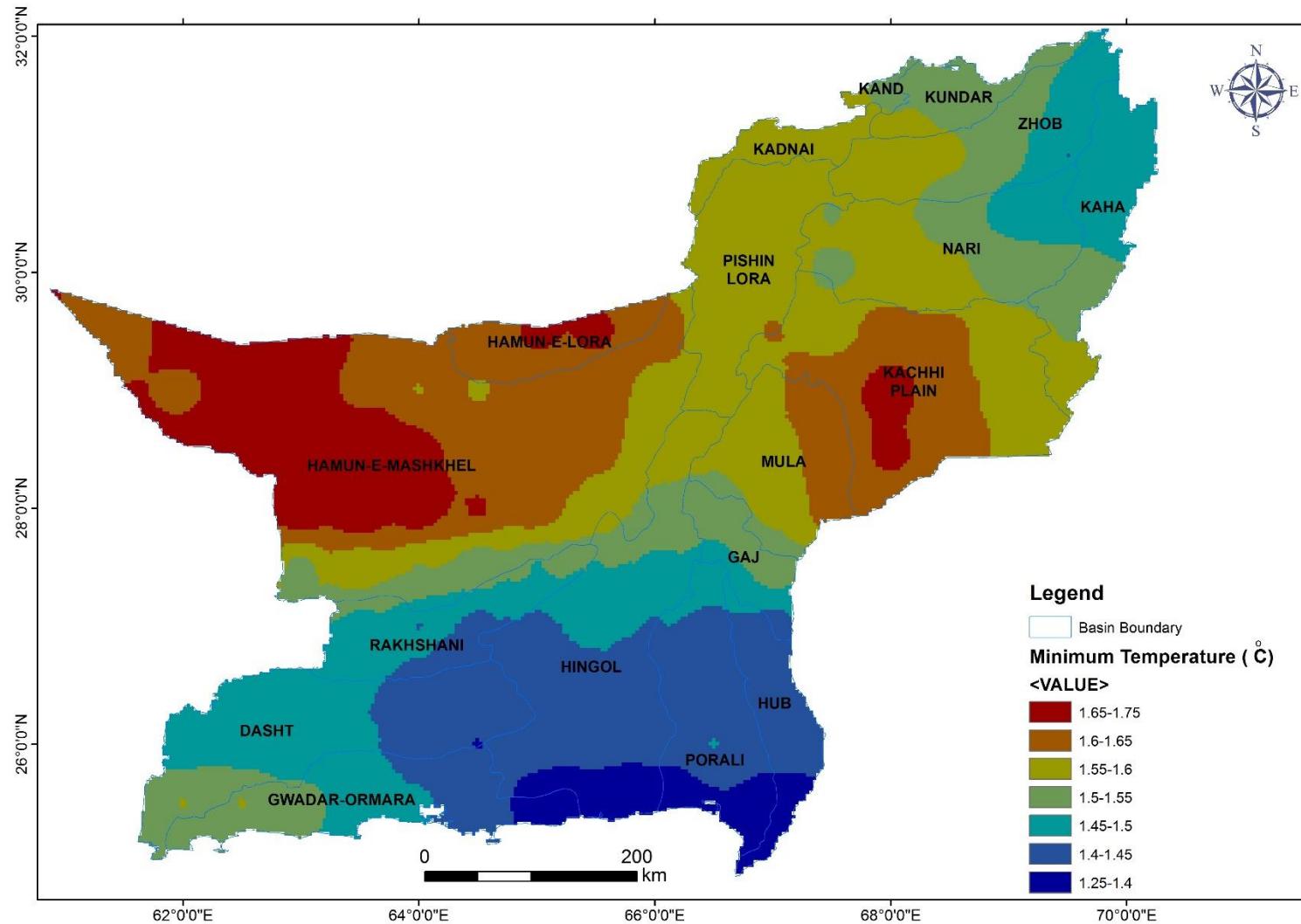


Figure 15: Annual average Minimum Temperature variation in Balochistan during 2011-2040 compared to 1970-2005 under RCP 8.5.

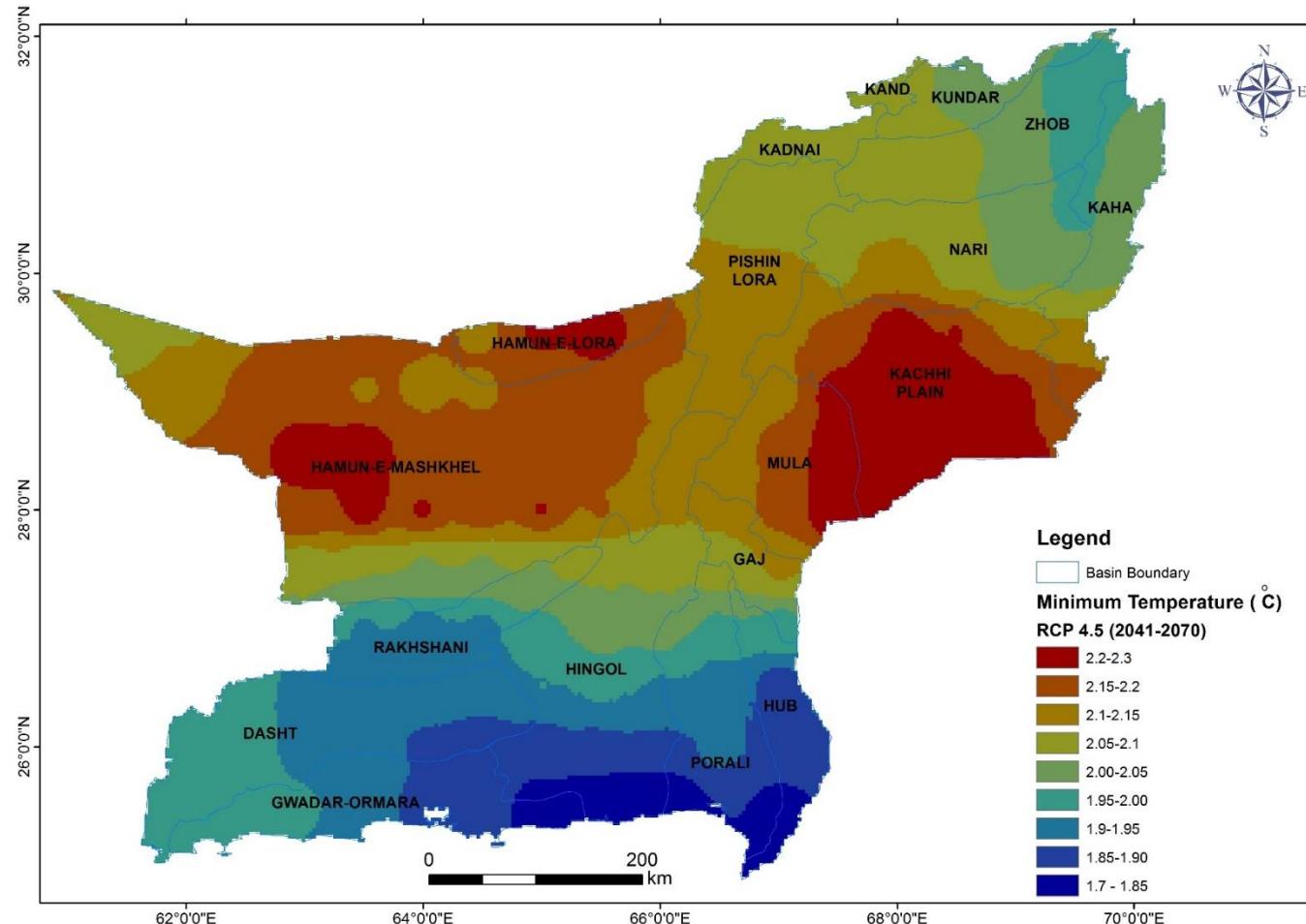


Figure 16: Annual average Minimum Temperature variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 4.5.

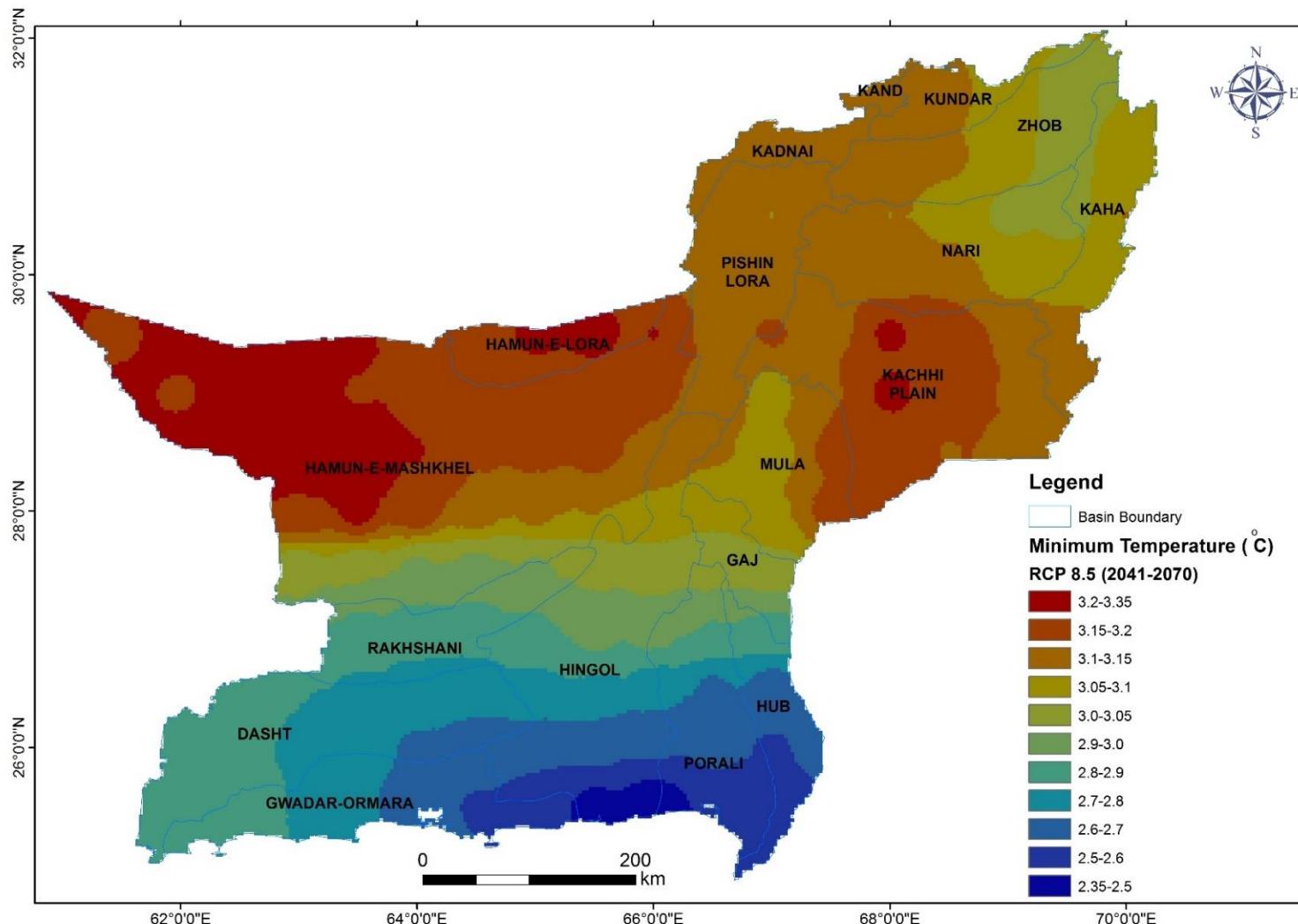


Figure 17: Annual average Minimum Temperature variation in Balochistan during 2041-2070 compared to 1970-2005 under RCP 8.5.

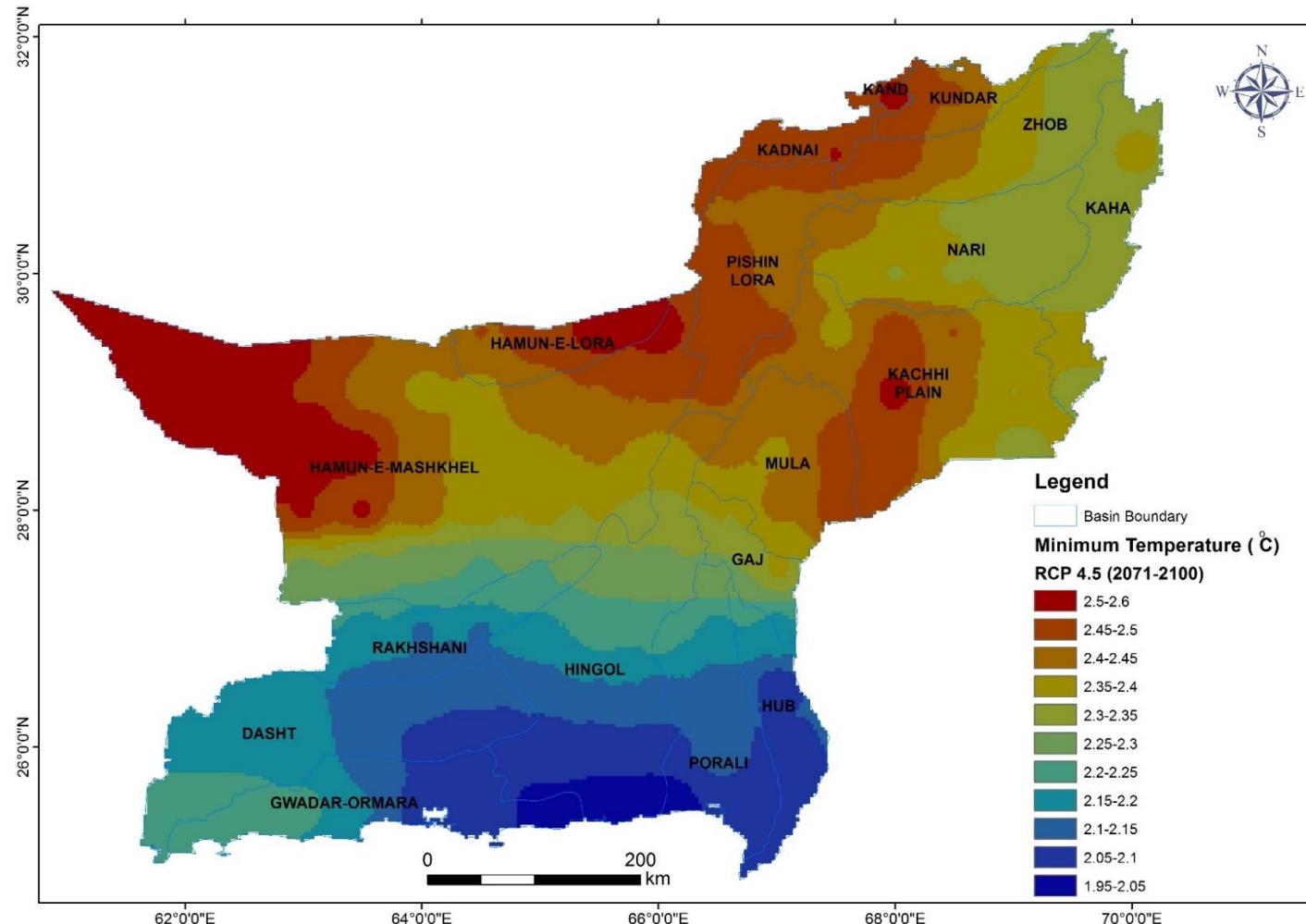


Figure 18: Annual average Minimum Temperature variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 4.5.

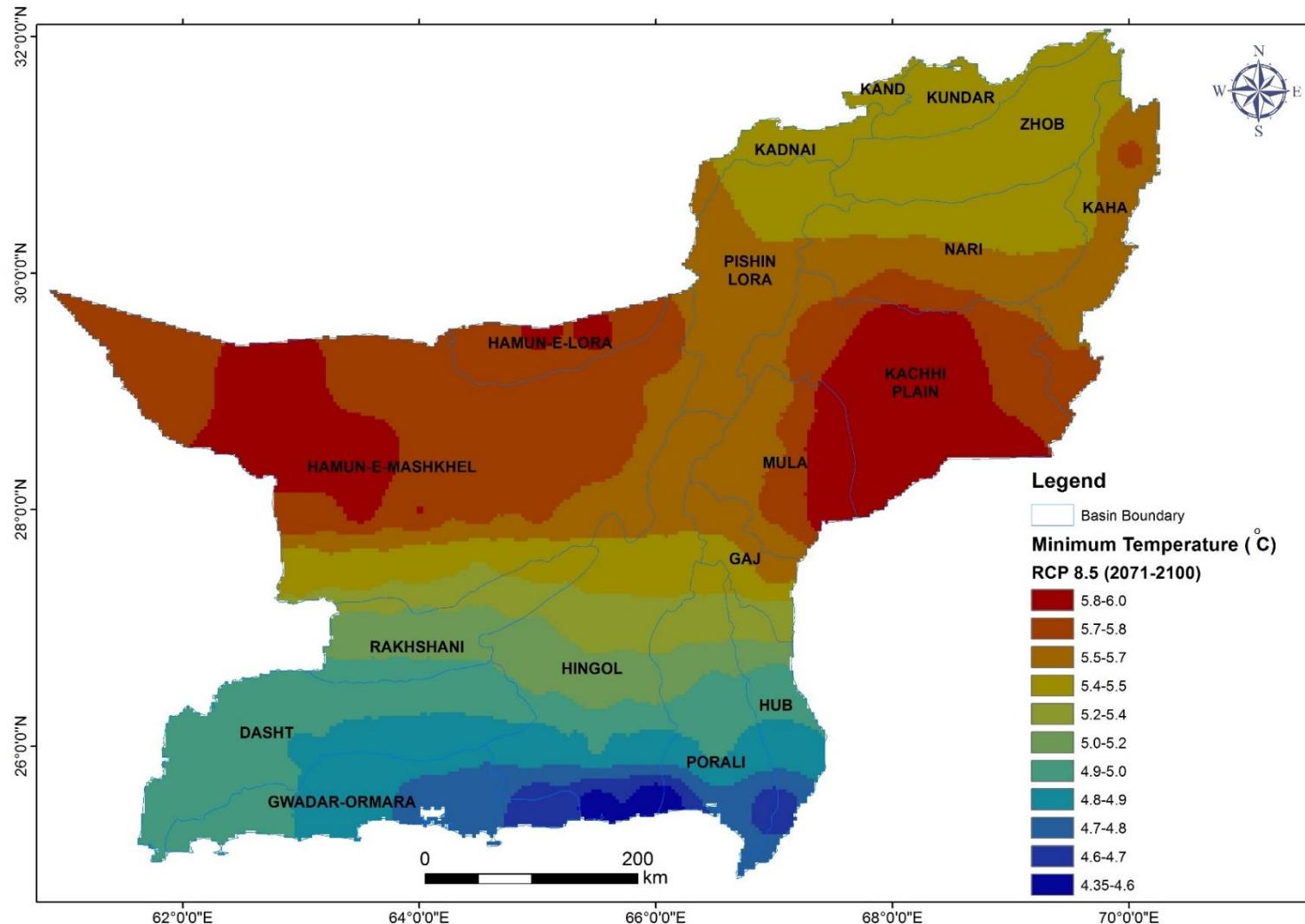


Figure 19: Annual average Minimum Temperature variation in Balochistan during 2071-2100 compared to 1970-2005 under RCP 8.5.

4.4 Climate Change Multi-Model Impact Assessment

41. In addition to the above RCM assessment, 17 models from Coordenex data have also been analysed and assessed for Gwadar and Lasbella Districts. Multi-models provide consistent increase in temperature for both districts under RCP 4.5 and 8.5. The average annual temperature rise is expected to be about 1.5°C during 2050s and 2.2°C (under RCP 4.5) by the end of century at Gwadar district (**see Figure 20**). RCP 8.5 shows 2.5°C during 2050s and 4.2°C rise in annual average temperature by the end of century at Gwadar district (**see Figure 20**).

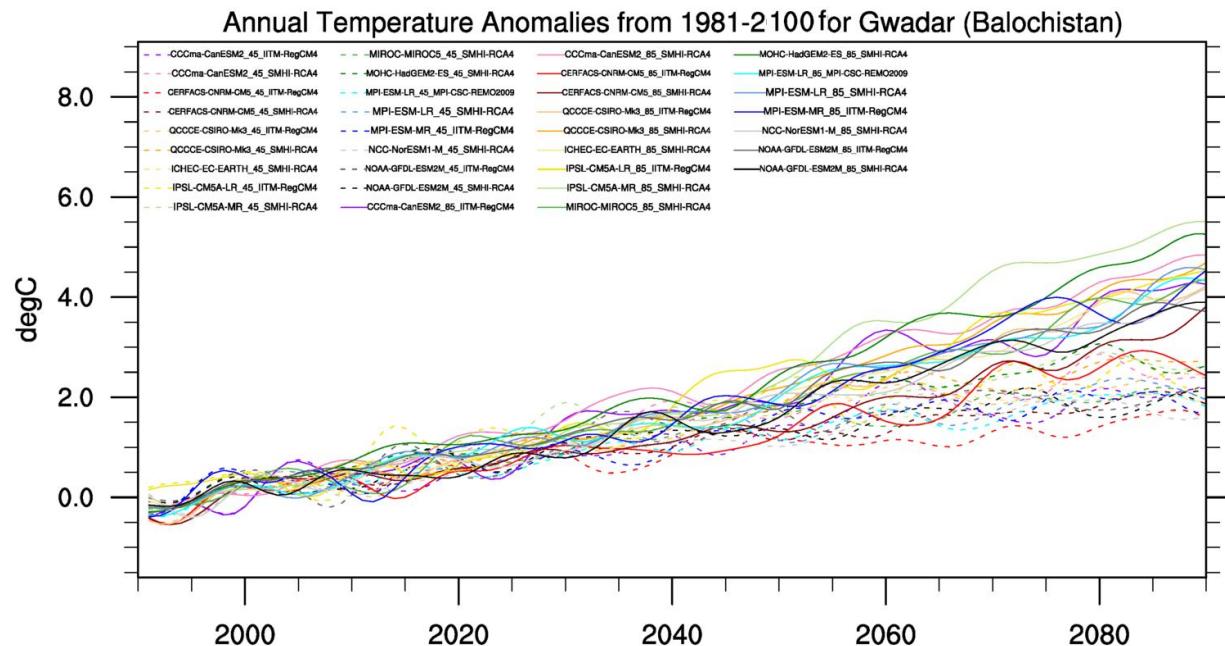


Figure 20: Annual average Temperature variation in Gwadar during 1981-2100 under RCP 4.5 and RCP 8.5.

42. Lasbella District also portrays similar temperature rise during the 21st century. The average annual temperature rise is expected to be about 2.0°C during 2050s and 2.25°C (under RCP 4.5) by the end of century at Lasbella district (**see Figure 21**). RCP 8.5 shows about 3.0°C during 2050s and 4.5°C rise in annual average temperature by the end of century at Lasbella district (**see Figure 21**).

43. Precipitation variation is random for both districts and scenarios (**see Figure 22 and 23**). Few of the models show rise, whereas few models show decline in precipitation. The potential trends are not statistically significant. Thus, the expected changes in precipitation is likely to be erratic. Climate resilient infrastructure development may need to consider the variation envelop instead.

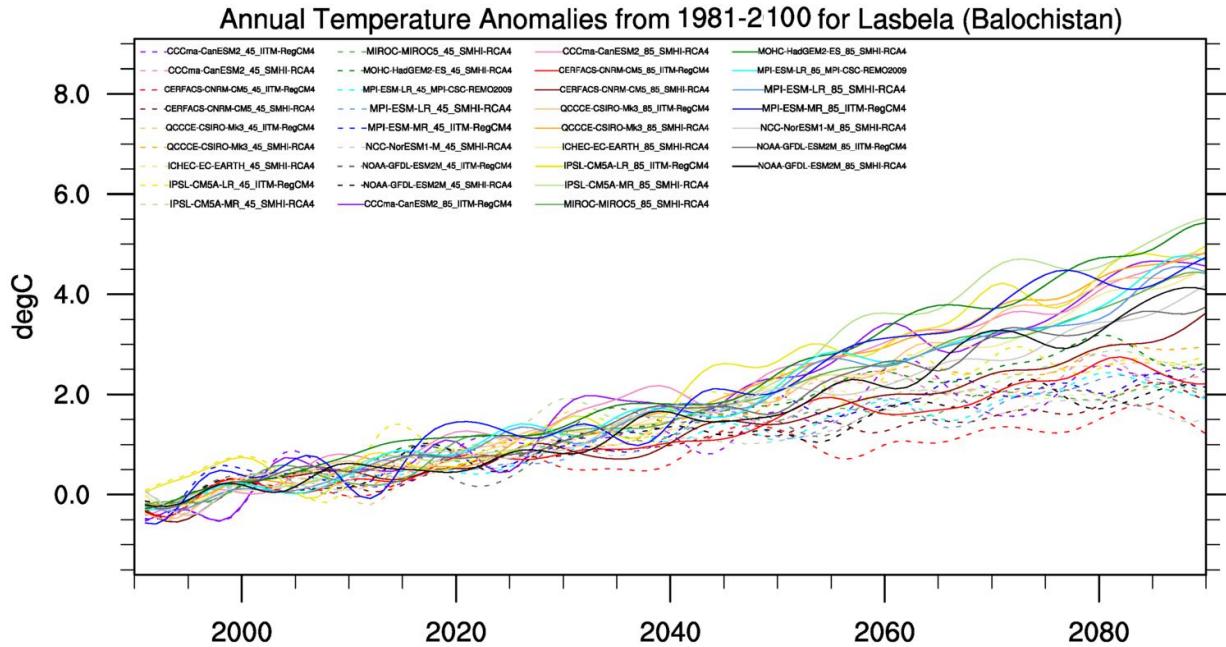


Figure 21: Annual average Temperature variation in Lasbela during 1981-2100 under RCP 4.5 and RCP 8.5.

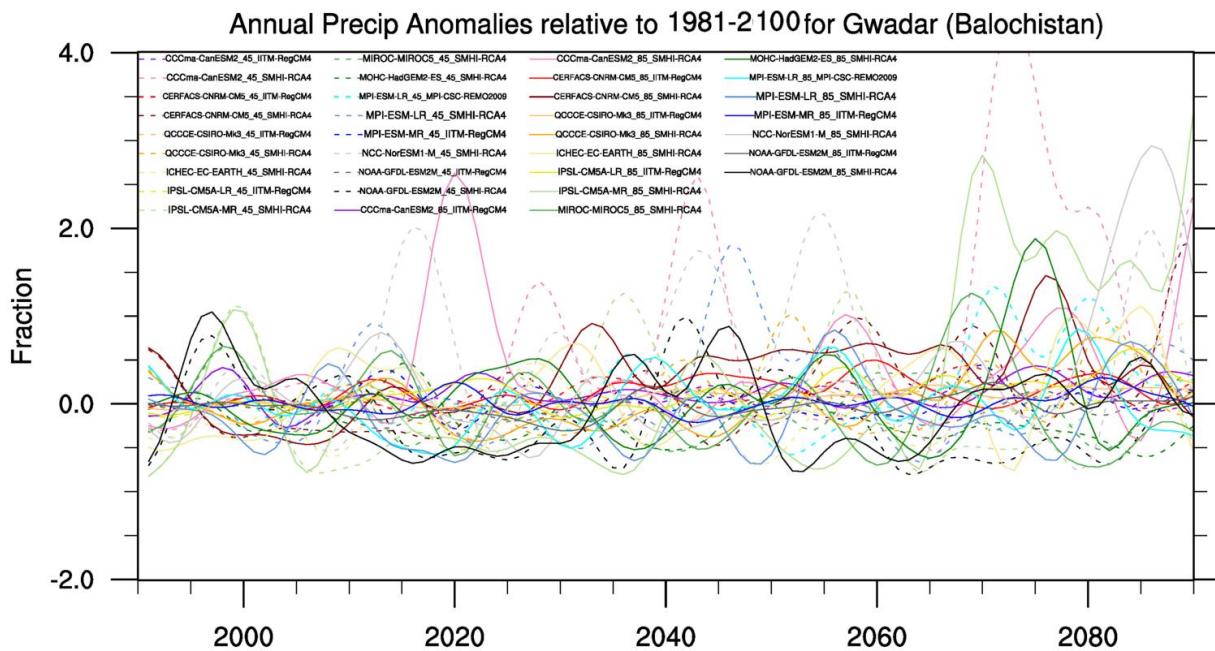


Figure 22: Annual Precipitation variation in Gwadar during 1981-2100 under RCP 4.5 and RCP 8.5.

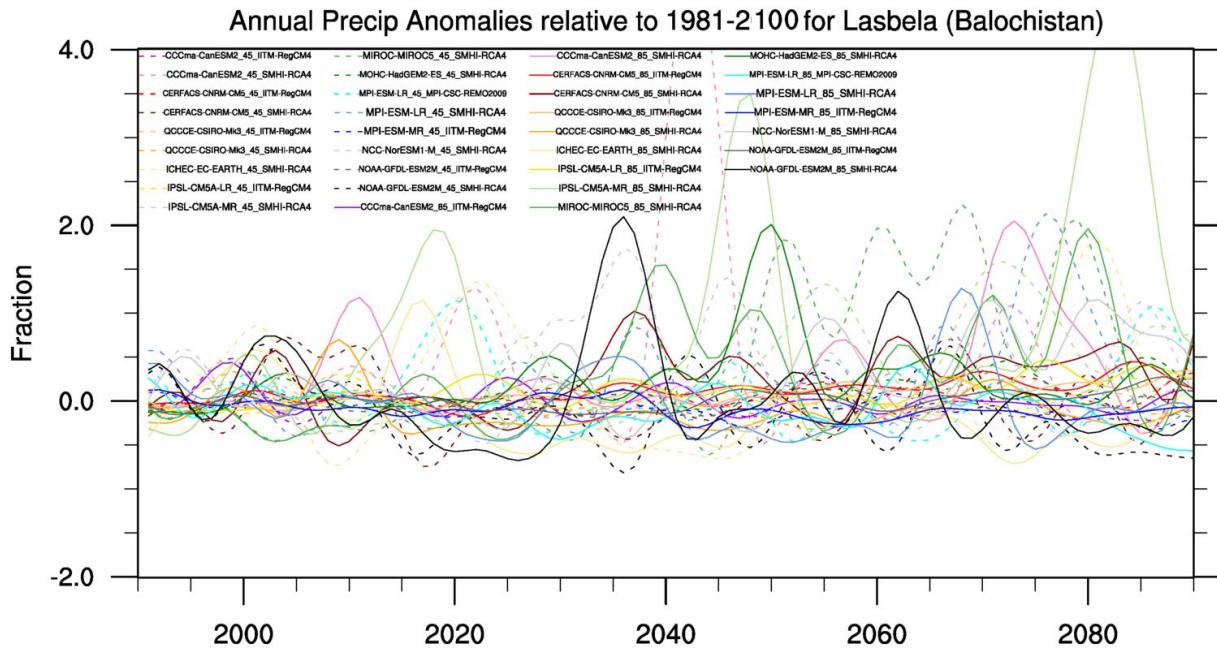


Figure 23: Annual Precipitation variation in Lasbela during 1981-2100 under RCP 4.5 and RCP 8.5.

4.5 Climate Change Extreme Indices Assessment

44. In general, Climate Extreme Indices are driven from maximum temperature, minimum temperature, and precipitation, and can be categorized into four types: (i) percentile based indices, (ii) absolute Indices, (iii) threshold indices, (iv) duration indices. A total of 18 core climate indices are recommended as shown in Table 2, where nine indices are related to the temperature while the remaining nine are related to the precipitation.

Table Error! No text of specified style in document.: Core Climate Indices

	INDEX	INDEX LONG NAME	INDEX DETAIL	UNITS
1	FD	Number of frost days	Annual count of days when TN (daily minimum temperature) < 0°C	Days
2	SU	Number of summer days	Annual count of days when TX (daily maximum temperature) > 25°C	Days
3	TN10p	Cool nights	Percentage of days when TN < 10th percentile	Days
4	TX10p	Cool days	Percentage of days when TX < 10th percentile	Days
5	TN90p	Warm nights	Percentage of days when TN > 90th percentile	Days
6	TX90p	Warm days	Percentage of days when TX > 90th percentile	Days
7	WSDI	Warm spell duration indicator	Annual count of days with at least six consecutive days when TX > 90th percentile	Days
8	CSDI	Cold spell duration indicator	Annual count of days with at least six consecutive days when TN < 10th percentile	Days
9	DTR	Diurnal temperature range	Monthly mean difference between TX and TN	°C
10	SDII	Simple precipitation intensity index	Annual total precipitation divided by the number of wet days (defined as PRCP>=1.0mm) in the year	mm/ day
11	R10	Number of heavy precipitation days	Annual count of days when PRCP>=10mm	Days
12	R20	Number of very heavy precipitation days	Annual count of days when PRCP>=20mm	Days
13	R25	Number of very heavy precipitation days	Annual count of days when PRCP>=25mm	Days
14	CDD	Consecutive dry days	Maximum number of consecutive days with RR<1mm	Days

	INDEX	INDEX LONG NAME	INDEX DETAIL	UNITS
15	CWD	Consecutive wet days	Maximum number of consecutive days with RR>=1mm	Days
16	R95p	Very wet days	Annual total PRCP when RR>95th percentile	mm
17	R99p	Extremely wet days	Annual total PRCP when RR>99th percentile	mm
18	PRCPT OT	Annual total wet-day precipitation	Annual total PRCP in wet days (RR>=1mm)	mm

45. Many researchers have assessed climate extreme indices for the historic as well as for the future projected periods. Few of the extreme indices have been found to be statistically insignificant for the historic and future projected periods. The most pronounced extreme indices were noticed for temperature, such as heat-waves, warm nights and warm days increase, during historic and future projected periods. Tank et al. (2006)¹⁴ noticed increase in warm nights and decrease in cold nights in Balochistan during 1961-2000. Zahid and Rasul (2011)¹⁵ noticed increase in high-temperature and heat-waves over balochistan during 1965-2009. Ali et al. (2019)¹⁶ noticed rise in temperature, heat-waves, warm days and nights together with increase in extreme precipitation events during the 21st century, although precipitation extreme events are not statistically significant. Thus, both floods and droughts events are expected to rise in near and far future.

4.6 Climate change impact assessment (summary)

46. Multi-model RCMs show consistent rise in temperature in average annual temperature for both Lasbella and Gwadar Districts. Precipitation show erratic trends. The projected results during 21st century show decline and rise by different models under both RCPs. In addition to multi-models, single bias-corrected RCM and available literature results are summarised as following:

- Precipitation increase together with rise in temperature is projected in the HKH region during the 21st century. This may result in more floods and sediment transport to the sea, resulting in sea level rise.
- Gwadar and Lasbela may experience decline in precipitation during 2011-2040 and 2071-2100 (ranging between 5% to 33%), whereas rise in precipitation during 2041-2070 under both RCP 4.5 and 8.5.
- Both maximum and minimum temperature rise is expected in near, mid and far future (ranging between 0.1°C to about 6°C) under both RCP 4.5 and 8.5.
- Sea-level rise has been reported as 1.1mm per year during the last century, and expected to continue similar rise during the 21st century.
- High temperature, heat-waves and extreme precipitation events have been reported during the last four to five decades, and expected to continue in the 21st century.
- Droughts and floods have been reported during the last few decades, while rise in temperature and decline/rise in precipitation are likely to result in adverse droughts and floods in the project area.
- Water scarcity, rise in soil degradation, sea-water temperature rise, increase in sediment transport, groundwater depletion, water quality deterioration and rise in agriculture water demand are expected in the near to far future.
- The current study is based on results of CMIP-5 data, therefore it is also recommended to carryout comprehensive hydro-climate modelling based on the latest CMIP-6 data as well as fine resolution/downscaled data, all to ensure climate resilient infrastructure development.

5. Climate Potential Impacts, Adaptation and mitigation measures

47. As part of this study, climate change impact assessment was carried out keeping in view the associated risks and potential adaptation measures. Considering the hydro-climate results for the project area during 2011-2100, climate change is likely to trigger increased variability temperature in precipitation resulting in changes in water requirement and water availability. The key recommendation is to assess the impacts of climate change for various parameters, such as heat-waves, river floods,

¹⁴ Tank et al.2006. Changes in daily temperature and precipitation extremes in central and south Asia. JOURNAL OF GEOPHYSICAL RESEARCH, VOL. 111, D16105, doi:10.1029/2005JD006316

¹⁵ Zahid and Rasul., 2011. FREQUENCY OF EXTREME TEMPERATURE & PRECIPITATION EVENTS IN PAKISTAN 1965-2009. Science International. 23(4),313-319

¹⁶ Ali et al., 2019. Assessment of climate extremes in future projections downscaling by multiple statistical downscaling methods over Pakistan. Atmospheric Research 222. 114–133

droughts, soil erosion, agricultural water requirements, crops selection, and water quality, using state of the art models, robust methods and latest/best GCMs and RCMs data (based on CMIP-6); hence, hydro-climate modelling is recommended for future climate resilient design studies.

48. Effective climate change adaptation cannot be undertaken without careful consideration of the crosscutting nature of risks and synergies between adaptation activities. The impact of climate change on precipitation and flows, together with the rise in temperature, could adversely affect agriculture, human health, ecosystem, soil erosion, energy consumption, water use, infrastructure and agriculture. The major threats are summarized below:

- i. Rise in temperature may result in rapid melting of snowfall. Rainfall, together with an expedition in snow-melt, may increase river flows and flash floods;
- ii. Rise in early snow-melt may result in changes in river flow patterns and peak flow occurrence, and may affect water availability of perennial streams;
- iii. Rise in the snow and glacier-melt may increase sediment transport in river flows;
- iv. Rise in temperature may result in a decline in snowfall and an increase in rainfall, which may result in rainfall-runoff increase;
- v. Increase in temperature may result in a rise in water losses, particularly evapotranspiration;
- vi. Increase in evapotranspiration losses could rise stress on crop water demand;
- vii. Increase in temperature may result in changes in selection of crops and cropping patterns;
- viii. Variability in precipitation may result in changes in selection of crops and cropping patterns;
- ix. Floods may adversely affect flood protection works;
- x. Floods are likely to affect roads drainage and sewerage;
- xi. Floods may affect bridge pier scour;
- xii. Heat-waves are likely affect human, crops and livestock health;
- xiii. Changes related to climate change may affect crops' health;
- xiv. Changes in climate may adversely affect irrigation practices and working environment in the fields;
- xv. Rise in temperature is likely to affect human health and ecosystem;
- xvi. Rise in temperature will increase energy consumption;
- xvii. Rise in temperature will increase water consumption and groundwater depletion;
- xviii. Rise in temperature will increase risks of viral diseases;
- xix. Rise in temperature will have adverse impacts on bridge expansion joints, selection of different types of asphalt;
- xx. Expected change in climate is likely to affect eco-system and erosion/land-degradation;
- xxi. Sea-level rise and cyclones are likely to adversely affect coastal degradation and infrastructure together with eco-system;
- xxii. Sea-water temperature rise is likely to affect eco-system;
- xxiii. The prevailing climate change is favorable for various types of weed growth, particularly Parthenium.

49. Keeping in view the above risks, the climate change assessment component provides guidelines to adapt and mitigate adverse effects of climate change as follows:

- i. Implementation of National Climate Change Policy (2013) followed by Climate Change Act (2017)
- ii. Implementation of Water Policy: Pakistan approved Water Policy in April 2018. Besides, Punjab has a provincial water policy. The government's approval and implementation of the draft Punjab Water Policy (April 2017) aiming at providing clear policy directions on the sustained management and development of water for all sub-sectors through equitable water allocations, management and development, including adaptation to climate change, and adoption of integrated water resources management.
- iii. Implementation of Agriculture Policies: Pakistan agriculture policies, which provide guidelines related to an increase in agriculture production as well as the use of different cropping patterns in various parts of the country and province. Also, selection and use of climate resilient crops/agriculture and cropping patterns together with water-efficient irrigation systems are need of the time.
- iv. Use of future projected datasets in hydrological modelling as well as considering latest CMIP scenarios data together with socio-economic scenarios;
- v. Revision of infrastructure designs (such as bridge piers, buildings plinth levels, buildings HVAC, roads) based on climate change assessment and climate change inclusive hydrological modeling;

- vi. Adequate health facilities provision;
- vii. Adequate water availability and cooling facilities;
- viii. Encouraging urban and rural forestation;
- ix. Adequate control and measures against viral diseases;
- x. Adaptation of best agriculture practices and use of climate resilient crops;
- xi. Use of least water-intensive crops and water efficient irrigation systems such as sprinkler and drip irrigation, particularly where rice and sugar cane is grown,
- xii. Adaptation of best water management practice, such as lining of watercourses and land leveling together with demand-based supplies using soil moisture sensors;
- xiii. Covering of water pond surface with insolated material, such as floating balls.
- xiv. Launching of farmers' awareness schemes to educate them about climate change risks, efficient irrigation systems, use of best available seeds variety, changes in cropping patterns;
- xv. Growing of more trees to control temperature and to reduce water losses together with adverse climate change impacts;
- xvi. Changes in cropping patterns to increase food production and to cope up with the rise in food demand and water losses;
- xvii. Parthenium and other such types of weeds should be treated through biological treatment and Integrated Pest Management (IPM),
- xviii. Replacement of diesel pumps with ram-pumps, which are more climate-friendly;
- xix. Use of sink-in fields, wherever floods threats exist;
- xx. Improvement of groundwater recharge and discouraging groundwater abstractions;
- xxi. Public awareness schemes, and capacity building of line departments' staff to educate people about climate change risks and adaptation measures;
- xxii. Well managed operation and maintenance to avoid water losses;
- xxiii. Installation of flow and climate stations to monitor climate change impacts and frame adaptation strategies.

50. In addition to the above adaptation and mitigation measures, sub-project specific adaptation and mitigation measures are provided in Table 3.

Table 3: Climate change impacts together with adaptation and mitigation measures.

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
Jetties and allied infrastructure	<ul style="list-style-type: none"> ✓ Sea Level Rise ✓ Seawater temperature rise ✓ Rise in sediment transport ✓ Expected rise in high-winds and cyclones ✓ Rise in floods and tides ✓ GHG emissions from boats' engines ✓ Variation in fish species and quantum ✓ Construction of cold storages (insolation needs) ✓ Adverse effect on ecosystem ✓ Seawater intrusion to rivers and aquifers 	<ul style="list-style-type: none"> ✓ Inclusion of climate change assessment together with hydrological modelling during infrastructure design. ✓ Use of well-maintained boats (guidelines and monitoring framework to be developed by fishery department) ✓ Climate resilient design of Jetties and allied infrastructure considering changes in sea-level rise, high-winds, potential cyclones, and changes in tides ✓ Dredging estimates may consider changes in sediment transport ✓ Demarcation of low, medium and high tide levels to protect fishermen from hazards ✓ Awareness raising of the fishermen and line departments (through trainings and seminars) on climate change and its impacts on sea-level rise, storms etc ✓ Adequate clear heights and insolation need to be considered in cold storages and cold chain ✓ Construction and curing of concrete need adequate care and consideration due to expected rise in temperature ✓ Sheds and first aid should be made available at sites for labours (to 	USD1.2 million budgeted for climate smart agriculture, livestock and policy/TA support for sustainable fisheries management and USD200,000 for dredging services to be strengthened in the project areas through PPP model or through cooperatives.

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
		protect them from heat-waves and hot weather)	
Rural Roads	<ul style="list-style-type: none"> ✓ Embankment erosion ✓ Floods due to extreme precipitation events ✓ Scouring at bridge Piers ✓ Expansion Joints damages ✓ Road deterioration due to use of inadequate asphalt grade ✓ Low visibility during dust-storms 	<ul style="list-style-type: none"> ✓ Inclusion of climate change assessment during infrastructure design. ✓ Adequate compaction of road embankments ✓ Provision of adequate drainage arrangement ✓ Estimation of future scour considering climate change scenarios ✓ Design and provision appropriate expansion joints considering future rise in temperature ✓ Selection of recommended grades of asphalt considering future rise in temperature ✓ Applying adequate road marking and design of lights together with safety arrangements ✓ Estimation of adequate budget for O&M due to potential increase in dust storms ✓ Road side plantation together with design of small ponds to cater for water needs of the plants/trees ✓ Awareness raising (through trainings and seminars) on climate change 	USD 400,000 to be invested on plantation on road side (Ponds will store rainwater for plants growth, while nano-clay technology and such other technologies will be used in areas where soils are sandy)
Water Ponds	<ul style="list-style-type: none"> ✓ Availability of water resources and their precise estimates ✓ Excessive evaporation from stored water ✓ Embankments erosion 	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development during their design ✓ Covering surface of stored water by floating balls (this may reduce evaporation by about 30%) ✓ Adequate liquid limits assessment of the construction material and compaction design ✓ Plantation on the embankments and in the vicinity 	USD25,000 budgeted for plantation linked to CPIs
Irrigation Channels	<ul style="list-style-type: none"> ✓ Rise in cropwater requirement ✓ Rise in sediment transport ✓ Increase in scouring at aqueducts etc ✓ Rise in evaporation losses 	<ul style="list-style-type: none"> ✓ Design of irrigation channels to accommodate future enhanced irrigation requirements and sediment load (based on climate change scenarios) ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of concrete slab or pipe systems for irrigation systems to reduce losses ✓ Plantation along irrigation systems/watercourses ✓ Adaptation of latest water efficient and climate change resilient practices, particularly in irrigation/agriculture field ✓ Awareness raising 	
Check dams	✓ Water scarcity/floods	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development ✓ Provision of adequate height and apron arrangement ✓ Awareness raising ✓ Tree plantation in the vicinity 	1-2% of the tentative cost estimate
Drinking water supply systems	<ul style="list-style-type: none"> ✓ Water availability/scarcity ✓ Groundwater depletion 	✓ Detailed assessment to map the existing facilities and gaps in water	3-5% of the tentative cost estimate

Main themes	Main challenges under Future Climate Change Scenarios	Adaptation/Mitigation Measures at the design stage	Tentative Cost Estimate
		<ul style="list-style-type: none"> ✓ supply schemes and identification of new water resources schemes ✓ Additional drilling (10-20 ft) will be needed and carried out in areas, where precipitation is likely to decline, whereas in areas where precipitation is predicted to increase may need flood protection (such as raising of well side levels by 1-2 ft above natural ground level) and water quality assurance through enhancing RO plants capacity. ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development ✓ Plantation near to the well and or water Tanks ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Rain water harvesting and its awareness among communities should be improved to harness the depleting water table 	
Flood Protection Schemes	<ul style="list-style-type: none"> ✓ Variation in floods ✓ Variation in sediment size and load 	<ul style="list-style-type: none"> ✓ Comprehensive hydro-climate assessment to provide details about critical and potential locations for infrastructure development ✓ Climate resilient flood protection works, 	Up to 5% of the tentative cost estimate
RO Plants	<ul style="list-style-type: none"> ✓ Access to clean drinking water ✓ Significant ground water depletion ✓ Inadequate water supply lines and storage capacities ✓ Availability of funds for more surface reservoirs construction 	<ul style="list-style-type: none"> ✓ Detailed assessment to map the existing facilities and gaps in water supply schemes and identification of new water resources schemes ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Drinking water quality should be monitored ✓ Rusted and old water supply lines should be replaced ✓ Identification of ground water recharges potential sites and measures together with recharge wells. ✓ Rain water harvesting implementation and knowledge among communities should be improved to harness the depleting water table 	2-3% of the tentative cost estimate

6. Lessons Learnt from GLLSP-I

- Based on the lesson learned from its first phase, GLLSP-II considers climate change as one of the main critical parameter in the assessment of the sub-project appraisal, design and implementation.
- GLLSP-I involved community for plantation in water related CPIs. In the current project (GLLSP-II) plantation is considered in most of the CPIs together with specific allocation of funds having been ensured.



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex: Esmp Table 1

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Table 1. Social, Environmental and Climate Risk Factors and Mitigating Measures

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
Community Development (such as participatory planning, poverty graduation, climate resilient farming, nutrition initiatives) And Fish value chain development	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Mechanism for community participatory planning is not institutionalized/ defined ✓ Low awareness of the community about the designed trainings/facilities ✓ Limited scope for gender based community development ✓ Lack of mechanisms for participative planning (particularly involvement of women) ✓ Overlap of community organization with local government system ✓ Inadequate livestock husbandry services may adversely affect livelihood ✓ Inadequate agriculture extension services may adversely affect livelihood ✓ No accessibility of fishermen to fishery cooperatives <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate solid waste disposal ✓ Inadequate sewerage and drainage system ✓ Expected rise in high-winds and cyclones/extreme events ✓ Rise in floods and tides ✓ Rise in temperature and heat-waves ✓ Inappropriate livestock husbandry practices may lead to livestock diseases, decreased productivity and mortality ✓ Inappropriate farming practices may lead to crops failure, yield reduction, increased agro-chemical use, water over-consumption and water stress ✓ Availability of inadequate cold storages, cold chain facility lead to increased solid waste 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Well-defined community development mechanism will be ensured ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Community organizations will ensure coordination with local government department ✓ Access to various community development facilities will be made clear to the community through consultations, meetings and seminars ✓ Adequate training/s on climate resilient livestock husbandry ✓ Adequate training/s on climate resilient farming ✓ Technical and business support will be provided to cooperatives including business plan development <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising about environment and climate resilience ✓ Appropriate sign boards to be placed along the routes and venues ✓ Activities those involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Selection of well-equipped training centres, particularly with adequate sewerage and drainage system ✓ Adequate disposal of solid waste material to be ensured ✓ Afforestation and other plantation, such as kitchen gardening ✓ Community development will be carried out at places, where extreme events risks are low-medium or adequate arrangements are carried out ✓ Selected Training centres are to be well-equipped with adequate cooling facilities and first aid (to protect trainees from heat-waves and hot weather) ✓ Capacity building on climate resilient livestock husbandry ✓ Capacity building on climate resilient farming ✓ Promotion of adequate cold storages lead to reduce solid waste ✓ Provision of adequate solid waste management facilities

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
Establishment and Operation of PMU and PIUs	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Community access to PMU/PIUs is not available or limited ✓ Unavailability of Community complaint mechanism at PMU/PIUs ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Noise pollution (particularly due to operation of generators) ✓ Air pollution ✓ Offices establishment may adversely affect plants and shrubs ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ GHG emissions from vehicles ✓ Inadequate solid waste disposal ✓ Inadequate sewerage and drainage system ✓ Expected rise in high-winds and cyclones/extreme events ✓ Rise in floods due to expected increase in extreme events ✓ Rise in temperature and heat-waves ✓ Water stress and groundwater depletion 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Well-defined community access to PMU/PIUs will be ensured, through consultations, advertisements, meetings and seminars together with web-based access ✓ Participatory planning and design to be considered a pre-requisite (particularly participation of women will be ensured) ✓ Adequate complaint registration/mechanism/redress to be operationalized <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Well-maintained generators will be used in the project ✓ Offices establishment (and operation) will be ensured to have no adverse environmental effects ✓ Activities those involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife ✓ All vehicles in use must be well maintained and in good working condition. ✓ All vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Adequate disposal of solid waste material will be ensured ✓ Adequate sewerage and drainage will be ensured ✓ PMU/PIUs will be established and operated at places, where extreme events risks are low-medium or adequate arrangements are carried out ✓ PMU/PIUs will be equipped with adequate cooling facilities and first aid (to protect trainees from heat-waves and hot weather) ✓ Rainwater harvesting will be encouraged at PMU/PIUs ✓ Groundwater exploitation will be discouraged ✓ Installation of climate and environment friendly air conditioners
Jetties and allied infrastructure	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development may affect livelihood of the people during construction period ✓ Responsibilities for Operation and Maintenance are Weakly (or not) defined ✓ Mechanism for fishermen access to various finances and facilities is not defined ✓ Low awareness of fishermen to the designed facilities ✓ Lack of mechanisms for participative planning (particularly involvement of women) 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate project construction planning and scheduling will ensure no adverse impacts people livelihood ✓ Access to alternate routes are to be ensured during construction period ✓ Participatory planning and design to be ensured (particularly participation of women to be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings ✓ Access to various facilities and finances will be made clear to fishermen through consultations, meetings and seminars ✓ Mechanism for fishermen to access finances will be well-designed, clearly defined and communicated

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	<p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate waste disposal during construction ✓ Inadequate sewerage and drainage system ✓ Inadequate waste/excavated material disposal ✓ Adverse impacts on migratory birds movement ✓ Adverse effects on eco-system and biodiversity (such as over-catch of fish eggs and new-born after construction of the infrastructure) ✓ Inadequate chemicals disposal ✓ Sea Level Rise due to changing climate ✓ Seawater temperature rise ✓ Rise in sediment transport ✓ Expected rise in high-winds and cyclones ✓ Rise in floods and tides ✓ GHG emissions from boats' engines as well as construction vehicles ✓ Variation in fish species and quantum ✓ Construction of cold storages (insolation needs) ✓ Seawater intrusion to rivers and aquifers ✓ Rise in temperature and heat-waves 	<p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate planning of labour camps, sewerage and drainage system will be ensured ✓ Adequate disposal of waste/excavated material will be ensured ✓ Fisheries law enforcement will be ensured (by the fisheries department) to avoid adverse impacts on newly-born fish and fish eggs ✓ Fishing will be allowed in pre-defined locations, water depth, and season using adequate/permisable mesh/net size ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Inclusion of climate change assessment together with hydrological modelling during infrastructure design. ✓ Use of well-maintained boats (guidelines and monitoring framework to be developed by fishery department) ✓ Climate resilient design of Jetties and allied infrastructure considering changes in sea-level rise, high-winds, potential cyclones, and changes in tides ✓ Dredging estimates may consider changes in sediment transport ✓ Demarcation of low, medium and high tide levels to protect fishermen from hazards ✓ Awareness raising of the fishermen and line departments (through trainings and seminars) on

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
		<p>climate change and its impacts on sea-level rise, storms etc</p> <ul style="list-style-type: none"> ✓ Adequate clear heights and insolation need to be considered in cold storages and cold chain ✓ Construction and curing of concrete need adequate care and consideration due to expected rise in temperature ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather)
Rural Roads (Farm to market roads and Fish market roads)	<p>Social:</p> <ul style="list-style-type: none"> ✓ Infrastructure development can affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p>Environmental and Climate:</p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate waste disposal during construction ✓ Inadequate sewerage and drainage system ✓ Adverse impacts on migratory birds movement ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Embankment erosion ✓ Floods due to extreme precipitation events ✓ Scouring at bridge Piers ✓ Expansion Joints damages ✓ Road deterioration due to use of inadequate asphalt grade ✓ Low visibility during dust-storms ✓ Rise in temperature and heat-waves ✓ Inadequate disposal of excavated/waste materials ✓ Inadequate labour camps ✓ Inadequate sewerage and drainage from labour camps ✓ Inadequate handling and disposal of chemicals ✓ Rise in temperature and heat-waves 	<p>Social:</p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p>Environmental and Climate:</p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate planning of labour camps, sewerage and drainage system will be ensured ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
		<ul style="list-style-type: none"> ✓ Construction and curing of concrete need adequate care and consideration due to expected rise in temperature ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Construction will be ensured to avoid adverse impacts on eco-system and bio-diversity ✓ Inclusion of climate change assessment during infrastructure design. ✓ Adequate compaction of road embankments ✓ Provision of adequate drainage arrangement ✓ Estimation of future scour considering climate change scenarios ✓ Design and provision appropriate expansion joints considering future rise in temperature ✓ Selection of recommended grades of asphalt considering future rise in temperature ✓ Applying adequate road marking and design of lights together with safety arrangements ✓ Estimation of adequate budget for O&M due to potential increase in dust storms ✓ Road side plantation together with design of small ponds to cater for water needs of the plants/trees ✓ Awareness raising (through trainings and seminars) on climate change
Water Ponds	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development can affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate waste disposal during construction ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Embankment erosion ✓ Floods due to extreme precipitation events ✓ Rise in temperature and heat-waves ✓ Inadequate disposal of excavated/waste materials ✓ Inadequate handling and disposal of chemicals ✓ Decline in water availability ✓ Excessive evaporation from stored water ✓ Rise in temperature and heat-waves 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety goggles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition.

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
		<ul style="list-style-type: none"> ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Awareness raising (through trainings and seminars) on climate change ✓ Covering surface of stored water by floating balls (this may reduce evaporation by about 30%) ✓ Adequate liquid limits assessment of the construction material and compaction design ✓ Plantation on the embankments and in the vicinity
Irrigation Systems/ Channels	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development can affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate waste disposal during construction ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Embankment erosion ✓ Floods due to extreme precipitation events ✓ Rise in temperature and heat-waves ✓ Inadequate disposal of excavated/waste materials ✓ Inadequate handling and disposal of chemicals ✓ Excessive use of agro-chemicals ✓ Rise in cropwater requirement ✓ Rise in sediment transport ✓ Increase in scouring at aqueducts etc ✓ Rise in evaporation losses ✓ Rise in temperature and heat-waves 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety goggles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel.

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		<ul style="list-style-type: none"> ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Awareness raising (through trainings and seminars) on climate change ✓ Design of irrigation channels to accommodate future enhanced irrigation requirements and sediment load (based on climate change scenarios) ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of concrete slab or pipe systems for irrigation systems to reduce losses ✓ Plantation along irrigation systems/watercourses ✓ Adaptation of latest water efficient and climate change resilient practices, particularly in irrigation/agriculture field ✓ Adoption of Integrated Pest Management while discouraging excessive use of agro-chemicals
Check dams	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development may affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate waste disposal during construction ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Erosion may increase ✓ Floods are likely to increase due to extreme precipitation events ✓ Rise in temperature and heat-waves ✓ Inadequate disposal of excavated/waste materials 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container

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		<p>with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control.</p> <ul style="list-style-type: none"> ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Awareness raising (through trainings and seminars) on climate change ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of adequate height and apron arrangement ✓ Tree plantation in the vicinity
Drinking water supply systems	<p>Social:</p> <ul style="list-style-type: none"> ✓ Infrastructure development may affect livelihood of the people (due to groundwater depletion in the vicinity) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p>Environmental and Climate:</p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate disposal of excavated/waste materials ✓ Inadequate labour camps ✓ Inadequate sewerage and drainage from labour camps ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Floods are likely to increase due to extreme precipitation events ✓ Rise in temperature and heat-waves ✓ Water availability/scarcity ✓ Groundwater depletion 	<p>Social:</p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p>Environmental and Climate:</p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc. and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control.

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		<ul style="list-style-type: none"> ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Awareness raising (through trainings and seminars) on climate change ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of adequate height and apron arrangement ✓ Tree plantation in the vicinity ✓ Detailed assessment to map the existing facilities and gaps in water supply schemes and identification of new water resources schemes ✓ Additional drilling (10-20 ft) will be needed and carried out in areas, where precipitation is likely to decline, whereas in areas where precipitation is predicted to increase may need flood protection (such as raising of well side levels by 1-2 ft above natural ground level) and water quality assurance through enhancing RO plants capacity. ✓ Plantation near to the well and or water Tanks ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Rain water harvesting and its awareness among communities should be improved to harness the depleting water table
Flood Protection Schemes	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development may affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate disposal of excavated/waste materials ✓ Inadequate labour camps ✓ Inadequate sewerage and drainage from labour camps 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	<ul style="list-style-type: none"> ✓ Adverse effects on eco-system and biodiversity ✓ Inadequate chemicals disposal ✓ GHG emissions from construction vehicles/machinery ✓ Floods are likely to increase due to extreme precipitation events ✓ Rise in temperature and heat-waves ✓ Rise in floods due to extreme events ✓ Variation in sediment size and load 	<ul style="list-style-type: none"> ✓ appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc.and trained on proper use of the gear. ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Construction work and other activities that involve operation of vehicles, machinery and equipment must not be conducted during the hours when their movements interfere seriously with life and livelihoods of the community members or wildlife. ✓ Adequate disposal of waste/excavated material will be ensured ✓ Construction planning and scheduling will ensure to avoid disturbance to migratory birds, eco-system and bio-diversity ✓ Sheds and first aid should be made available at sites for labours (to protect them from heat-waves and hot weather) ✓ Awareness raising (through trainings and seminars) on climate change ✓ Design consideration related to increase in floods and subsequent scouring ✓ Provision of adequate height and apron arrangement (Climate resilient flood protection works)
RO Plants	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Infrastructure development may affect livelihood of the people (during construction) ✓ Responsibilities for Operation and Maintenance are not clearly defined ✓ Lack of mechanisms for participative planning (particularly involvement of women) <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Air pollution may raise ✓ Noise pollution may raise ✓ Vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate disposal of waste materials ✓ Inadequate handling and disposal of chemicals ✓ Significant ground water depletion 	<p><u>Social:</u></p> <ul style="list-style-type: none"> ✓ Adequate construction planning and scheduling will ensure no adverse impacts on people livelihoods ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings <p><u>Environmental and Climate:</u></p> <ul style="list-style-type: none"> ✓ Awareness raising and training on hazardous substances should be conducted for stakeholders. ✓ Training on maintenance, operation and storage of chemicals, machinery and vehicles is necessary for the operating personnel. ✓ The personnel involved in civil works and machinery installation and use need to be trained on occupational hazards and equipped with appropriate protection gear-masks, safety googles, earmuffs, hazmat suits, etc.and trained on proper use of the gear.

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
		<ul style="list-style-type: none"> ✓ All machinery and vehicles in use must be well maintained and in good working condition. If stored without use for a prolonged period, they must be regularly checked for possible leak of chemicals. ✓ All hazardous chemicals, including fuel, must be properly stowed and away from water source, locations subject to natural or man-made hazards ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles in use must be well maintained and in good working condition. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the routes ✓ Adequate disposal of waste material will be ensured ✓ Boreholes to be discouraged in groundwater stressed areas. ✓ Drinking water quality should be monitored ✓ Rusted and old water supply lines should be replaced ✓ Identification of ground water recharges potential sites and measures together with recharge wells. ✓ Rain water harvesting implementation and knowledge among communities should be improved to harness the depleting water table



Investing in rural people

Pakistan

Gwadar-Lasbela Livelihoods Support Project II

Project Design Report

Annex: Esmp Matrix 2

Document Date: 19/02/2021

Project No. 2000002331

Report No. 5687-PK

Loan ID 2000003417

Asia and the Pacific Division
Programme Management Department

Attachment 2: Environmental and Social Management Plan (ESMP)

Key Requirements	Actions	Indicator	Responsibility	Time Frame	Cost/ Budget Source
Environment					
Project (and sub-projects) environmental requirements and responsibilities need to be clearly defined.	Preparation of environmental guidelines for sub-projects.	Environmental guidelines including screening, approvals, mitigation measures and well defined responsibilities.	Design consultants in coordination with PMU/PIUs, and concerned line departments (EPA), if required	2019-2025	Embedded/ GLLSP-II
Detailed plans and designs for sub-projects developed. Plans to be endorsed by communities and approved by the project management/social mobilization partners.	Design consultant to prepare detailed plans and designs for sub-projects. Plans to include details of infrastructure development together with financing details including O&M responsibilities. Plans to include detailed social, environmental and climate change assessments. Plans including O&M responsibilities and exit strategies developed in a participatory manner	Detailed Plans and Designs for sub-Projects. Community and stakeholders Endorsement/consultation undertaken of plans Approval of plans by PIU and Concerned line department (EPA), if required.	Design consultants in coordination with PMU/PIUs , and concerned line departments, if required	2019 and project implementation period (2020-2025).	Embedded/ GLLSP-II

	Plans to be approved by the project team and relevant line departments.				
Environmental mitigation actions, such as soil erosion control, solid waste management, water, air and noise quality, eco-system, agro-chemicals, and other hazardous chemicals	<p>Guidelines prepared for reducing environmental, impacts for various sub-projects of GLLSP-II.</p> <p>Training and awareness of stakeholders groups</p> <p>Investment in environmental mitigation measures including safe disposal of waste, chemicals reduction, adoption of IPM, rainwater harvesting and plastic substitution etc.</p>	<p>Guidelines prepared</p> <p>Increased awareness and capacity of stakeholders groups</p> <p>Sub-project cost includes investment in environmental Mitigation Measures</p>	<p>Consultants</p> <p>PMU/PIUs ,</p> <p>and concerned line department (EPA), if required</p>	2019 and project implementation period (2020-2025).	Embedded/ GLLSP-II
Implementation of the Environmental and Social Management Plan (ESMP)	<p>Implementation responsibilities to be defined, allocated and costed.</p> <p>Bid Documents and ToRs for the various components need to incorporate the ESMP requirements</p>	Bid documents include requirements for the environment safety and mitigation measures.	Contractors and implementation departments/SMP	2019 and project implementation period (2020-2025).	Embedded/ GLLSP-II
Climate Change					
Indepth analysis of Climate change impacts assessment, and adaptation/mitigation measures need to be understood.	<p>Preparation of indepth/detailed climate change analysis and adaptation/mitigation guidelines for projects.</p> <p>Training for the community and government officials to understand climate change impacts together with adaptation and</p>	<p>Indepth/Detailed Climate Change Analysis and Adaptation Guidelines</p> <p>Climate change adaptation initiatives are being implemented.</p>	<p>PMU/PIUs and specialized climate change consultants.</p> <p>Consultants and PMU/PIUs</p>	<p>2019</p> <p>2020-2025</p>	Embedded/ GLLSP-II

	mitigation measures (awareness granted). Responsibilities and financing for climate change adaptation/mitigation is agreed.				
Climate resilient infrastructure design (such as protection from floods and heatwaves)	Preparation of guidance notes for project design standards including reference to existing standards of the concerned departments (such as FAO, Fisheries, SMP, and C&W department).	Project design standards agreed and incorporate climate change requirements.	Consultants in coordination with PMU/PIUs	2019-2025	About \$ 0.48 million is allocated for plantation activities and embedded cost/ GLLSP-II
Potential Climate Change Risks are reduced.	Participative and sustainable climate change adaptation/mitigation program is implemented..	Monitoring of climate adaptation/mitigation programs and climate damage.	PMU/PIUs	2020-2025	About \$ 0.48 million is allocated for plantation activities and embedded cost/ GLLSP-II
Social					
A well-defined and strong social mobilization process to facilitate the delivery of programme activities in an inclusive and effective manner	Detailed technical proposal of the social mobilisation partner elaborate mobilization strategy Implementation of the social mobilisation /poverty graduation strategy	Approved social mobilisation plan/strategy/poverty graduation strategy	Consultants in coordination with PMU/PIUs	2019-2020 2020-2025	\$5.0 million/ GLLSP-II
Stakeholders participatory planning, design and	Detailed information and engagement with stakeholders including	Guidelines for stakeholder engagement in design of sub projects.	PMU/PIUs, Consultants and Community	2019	\$0.39 million/ GLLSP-II

implementation of the sub-projects	farmers, disadvantaged groups, women and youth Final plan and design to be endorsed by representative stakeholders.	Documentation of stakeholder engagement and endorsement.	Stakeholders	2020-2025	
Gender equitable approaches are developed for improving income, food, nutrition and asset transfer.	Gender equitability is adhered in selection/targetting criteria. Training and implementation of the Community Led Empowerment	Gender equitability plan prepared.	PMU/PIUs, Consultants	2019 2020-2025	\$4.7 million/ GLLSP-II
Monitoring					
Effective consultation and public disclosure of social, environmental and climate change documentation	Requirements to be defined in compliance to EPA and IFAD requirements.	Public consultation/disclosure effectively documented.	PMU/PIUs, and Consultants	2019-2025	Embedded/ GLLSP-II
Overall monitoring and evaluation needs to be coordinated and effective to meet project evaluation requirements.	Monitoring and evaluation requirements would be defined; including physical and financial progress and reporting	Approved plan for monitoring and evaluation include social, environmental and climate change mitigation indicators. Monitoring and evaluation reports.	PMU/PIUs, and Consultants	2019 2020-2025	Embedded/ GLLSP-II
Routine monitoring of social, environmental and climate change risks activities especially progress of ESMP.	Quarterly and annual reports.	ESMP Reports as required	PMU/PIUs, and Consultants	2020 to 2025	Embedded/ GLLSP-II