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Investing in rural people

President's report

Proposed loan and grant

Islamic Republic of Pakistan

Gwadar-Lasbela Livelihoods Support
Project II

Project ID: 2000002331

Note to Executive Board representatives

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For: Approval

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- I. Negotiated financing agreement (to be tabled at the session)
- II. Logical framework

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Abbreviations and acronyms

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

Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.
 Map compiled by IFAD | 02-10-2019

Financing summary

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

Recommendation for approval

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

I. Context

A. National context and rationale for IFAD engagement

National context

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

Special aspects related to IFAD's corporate mainstreaming priorities

5. In line with the mainstreaming commitments of the Eleventh Replenishment of IFAD's Resources (IFAD11), the proposed project has been classified as:

☒ Nutrition-sensitive;

☒ Youth-sensitive.

Rationale for IFAD engagement

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

resources, non-institutionalization of community development and gaps in poverty graduation. The available community network offers a foundation for full coverage and addressing gaps with appropriate adjustments, based on lessons learned and, more importantly, evolving approaches to poverty graduation. Fisheries value chain development, institutionalization of community development, poverty graduation (with a focus on youth and women) and climate change resilience are some of the key features of GLLSP-II.

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

B. Lessons learned

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

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

II. Description

A. Objectives, geographical area of intervention and target groups

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

skills, training for enterprise development and access to financing. Around 50,000 small-scale fishers will be organized into cooperatives, boosting their income through sustainable fishing. The private sector will be engaged to enter into win-win public-private-producer partnerships (4Ps) with fishers and crop/livestock producers. The capacity of partner departments in terms of policy, regulations and delivery will be strengthened.

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

B. Components, outcomes and activities

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

approach and exposure to best practices (through South-South and Triangular Cooperation).

C. Theory of change

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

D. Alignment, ownership and partnerships

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

E. Costs, benefits and financing

Costs

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

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

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

Table 2

Project costs by expenditure category and financier

(Thousands of United States dollars)

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

Table 3

Project costs by component and year

(Thousands of United States dollars)

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

Financing and cofinancing strategy and plan

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

Disbursement

26. Once disbursement conditions are met, IFAD will release an advance payment equivalent to six months of eligible expenditures according to the first annual workplan and budget (AWP/B). Subsequent disbursements will be requested by the

PMU through the submission of withdrawal applications, supported by expenditure statements. The Government of Balochistan will reflect the counterpart funding obligations in its annual development budget.

Summary of benefits and economic analysis

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

Exit strategy and sustainability

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

III. Risks

A. Risks and mitigation measures

31. Inherent risks. GLLSP-II faces certain inherent risks that categorize the project as “moderate”. The country’s inherent fiduciary risk rating continues to be “moderate”. Pakistan ranks 117th out of 180 countries, according to the 2018 Corruption Perceptions Index. Balochistan has experienced security issues over the past few years.
32. Operational risks. The table below lists the operational risks and the mitigation measures that can be adopted to address them:

Table 4
Risks and mitigation measures

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

B. Environment and social category

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

C. Climate risk classification

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

D. Debt sustainability

35. By the end of the second quarter of 2019, Pakistan’s external debt had increased to US\$106.3 billion, up from US\$105.8 billion at the end of the first quarter. The

increase in external debt is the Government's short-term solution to meeting its international debt obligations and is a sign that the Government is unable to find sufficient non-debt inflows. In May 2019, Pakistan accepted a US\$6 billion bailout from the International Monetary Fund to support its weak economy and increased debt.

IV. Implementation

A. Organizational framework

Project management and coordination

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

Financial management, procurement and governance

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

43. Procurement. Project procurement will conform to the Balochistan Public Procurement Regulatory Authority Act, insofar as they are consistent with IFAD'S Project Procurement Guidelines and the financing agreement. GLLSP-II will have a dedicated procurement wing that reports to the project director. The first project procurement plan will be for a period of 18 months and be included in the project implementation manual and the first AWP/B.
- B. Planning, monitoring and evaluation, learning, knowledge management and communications**
44. A baseline survey will be conducted by a third party to benchmark key results and outcome indicators.
 45. The AWP/B will be the main instrument for project planning and implementation and will follow the project's logical framework format with clearly defined monitoring indicators.
 46. Quarterly and annual planning and progress reviews. The PMU will conduct regular quarterly and annual planning and progress reviews to take stock of existing progress and plan for the next quarter's and next year's work. The project steering committee will meet twice a year to review progress and approve the plan.
 47. Monitoring and evaluation. Project results will be measured at output, outcome and results levels against indicators provided in the project's logical framework. An M&E plan will serve as the basis for annual M&E activities. Insofar as possible, all indicators will be disaggregated by gender.
 48. Apart from the regular internal M&E of project interventions, quality and impacts, GLLSP-II will conduct periodic impact assessment studies for key interventions with internal resources and external assistance, if need be.
 49. A PMU M&E staff member will be responsible for developing a project knowledge management and communication strategy within the first six months of project implementation. The knowledge management strategy will adhere to IFAD's newly released Knowledge Management Strategy (EB 2019/126/R.2/Rev.1). The project will create provincial knowledge-sharing platforms through annual events. The IFAD Country Office will facilitate close lesson-learning and sharing of experiences between GLLSP-II and other IFAD-funded projects in the country.

Innovation and scaling up

50. The current project design contains innovative features to improve the participatory, holistic approach to the socio-economic development of poor rural union councils. GLLSP-II will also demonstrate the viability of an institutionalized system for the transfer of development funding to COs/VOs. The project design also attempts to develop a 4Ps value chain for the fisheries sector that engages fishers, the Government and the private sector. Finally, GLLSP-II will pilot some innovative technology-based approaches for improving rural smallholder farmers' and fishers' access to finance and markets through e-financing and e-commerce.
- C. Implementation plans**
- Implementation readiness and start-up plans**
51. The Government of Balochistan will retain the existing GLLSP-I PMU until 31 March 2020 for the completion of a number of preparatory activities (youth survey, jetty feasibility, business plan development for existing cooperatives, project steering committee data procurement, etc.) and facilitation of a quick GLLSP-II start-up. The GLLSP-I PMU will then be transferred to the GLLSP-II, subject to evaluation.
 52. The PC-I will be prepared alongside the approval process for the project design report at IFAD to ensure timely Government approval at provincial and federal levels. Delays in the opening of project accounts will be addressed by launching the process as soon as the financing agreement is signed.

Supervision, midterm review and completion plans

53. IFAD Supervision. The project will benefit from two annual IFAD missions – a full supervision mission and an implementation support mission to follow up on the supervision agreements and recommended actions.
54. A midterm review will be conducted at the end of year 3 to take stock of progress, learn from experience and make any necessary corrections to improve performance and impact.
55. Project completion. The project completion report will be prepared toward the end of project year 6. The resources required for this exercise have been budgeted in the project design report.

V. Legal instruments and authority

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

VI. Recommendation

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

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

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

Gilbert F. Hounbo
President

Negotiated financing agreement

(To be tabled at the session)

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project				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 - Number		78000	110000				
	Males - Number		52000	100000				
	Young - Number		65000	105000				
	Not Young - Number		65000	105000				
	Total number of		130000	210000				
	1.a Corresponding number of households reached				Baseline survey, surveys	annual, Mid-Tern, completion	PMU, SMP, IFAD	
	Households - Number		40000	100500				
	1.b Estimated corresponding total number of households members				Baseline survey, surveys	annual, Mid-Tern, completion	PMU, NRSP, IFAD	
Household members - Number of people		191400	641000					
Project Goal A sustainable model of decentralized and integrated	No. of organized villages with access to annual government development				completion survey	end of project	PMU	All ultra-poor and poor households are members of COs
	organized villages - Percentage (%)		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				M&E surveys, NRSP records,	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
	households - Number		30000	75000				
	1.2.8 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 - Number							
	Percentage - Percentage (%)		30	60				
Outcome 1. Improved capacity of ultra-poor and poor hhs and small	1.2.2 Households reporting adoption of new/improved inputs, technologies				outcome survey	annual	PMU	communities are willing to participate in project activities
	Households - Percentage (%)		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
development plans - Number		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	quarterly and annual	PMU, NRSP	Careful assessment of each household's potential and endowments
	rural hh - Number		8500	8500				
	1.1.4 Persons trained in production practices and/or technologies							
	Total persons trained in crop - Number of people		20000	30000				
Output 1.3 Skills and enterprise training and start-up packages provided to poor households	1.1.3 Rural producers accessing production inputs and/or technological				NRSP reports, invoices from providers, PMU reports	quarterly and annual	PMU, NRSP	Careful assessment of each household's potential and endowments
	Females - Number		8000	10000				
	Males - Number							
	Young - Number		20000	30000				
Output 1.4 Women empowerment facilitated through awareness /training on nutrition, climate change, food security and	1.1.8 Households provided with targeted support to improve their nutrition				NRSP reports, invoices from providers, PMU	quarterly and annual	PMU, NRSP	Project strategy for gender, youth, climate and nutrition prepared No social and cultural barriers that prevent
	Households - Number							
	Females - Number		8500	8500	NRSP reports, invoices from	quarterly and annual	PMU, NRSP	
	2.1.2 Persons trained in income-generating activities or business							
	Females - Number		5000	10000				

Outcome 2. Improved socio-economic infrastructure	2.2.6 Households reporting improved physical access to markets,				Assessments, PMU, NRSP reports	quarterly, annual	PMU, NRSP	Baseline established
	Households reporting improved physical access to markets - Percentage (%)		42300	72800				
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 - Number		400	800				
	irrigation schemes - Number							
Output 2.2 Priority roads from farm or landing sites to markets	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 - Length (km)		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 - Percentage (%)		30	70				Implementation as per planned schedule;
	2.2.3 Rural producers' organizations engaged in formal				Ad hoc, mid-term and PCR assessments	annual, completion	PMU, NRSP	Communities actively participate in entire
	Number of POs - Number							
	Percentage of POs - Percentage (%)		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 - Number		8	30				
	sites jetties and allied infrastructure - Number		3	3				
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 - Number		20000	50000				
	Women trained in fishery - Number							
	Young people trained in fishery - Number							
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
	Total persons accessing financial services - credit - Number of people		1000	20000				
Outcome 4. Policy reform/dialogue, communication and knowledge sharing	Policy 3 Existing/new laws, regulations, policies or strategies proposed to				PMU reports	yearly	PMU	dedicated KM team is in place
	Number - Number			5				
	Knowledge and communication products				PMU reports, mass media	yearly	PMU	
	products - Number		6	15				