



Investing in rural people

Pakistan

Southern Punjab Poverty Alleviation Project

Supervision Report

Main report and appendices

Mission Dates: 15 - 30 March 2019

Document Date: 13/05/2019

Project No. 1100001514

Report No. 5037-PK

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

AWPB	Annual Work Plan& Budget
BISP	Benazir Income Support programme
COs	Community Organizations
CPI	Community Productive Infrastructure
DMUs	District Management Units
FFS	Farmers Field School
FVA	Female Veterinary Assistants
GoP	Government of Pakistan
GoPb	Government of the Punjab
HHs	Households
IFAD	International Fund for Agricultural Development
IRM	Institute of Rural Management
LAMP	Livestock Access to Market Project
LSOs	Local Support Organizations
M&ES	Monitoring & Evaluation System
MIS	Management Information System
NARC	National Agriculture Research Institute
NRSP	National Rural Support Programme
PC-I	Planning Commission Proforma 1
PSC	Project Steering Committee
P&D	Planning & Development
PBAS	Performance Based Allocation System
PD	Project Director
PDR	Project Design Report
PMU	Project Management Unit,
PSC	Poverty Score Card
RIMS	Results & Impact Management System
SPPAP	Southern Punjab Poverty Alleviation Project
TEVTA	Technical Education and Vocational Training Authority
TOR's	Terms of Reference
UCs	Union Councils
UVAS	University of Veterinary and Animal Sciences
VOs	Village Organizations
WA	Withdrawal Application

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Not at risk
Country:	Pakistan	Environmental and Social Category:	B
Project Name:	Southern Punjab Poverty Alleviation Project	Climate Risk Classification:	not available yet
Project Id:	1100001514	Executing Institution:	Punjab Planning and Development Department
Project Type:	Rural Development	Implementing Institutions:	not available yet
CPM:	Hubert Boirard		
Project Director:	not available yet		
Project Area:	Districts of Bahawalpur, Bahawalnagar, Muzaffargarh, Rajanpur, Rahim Yar Khan and Dera Ghazi Khan (DG Khan)		

Approval Date	15/12/2010	Last audit receipt	21/01/2019
Signing Date	30/09/2011	Date of Last SIS Mission	30/03/2019
Entry into Force Date	30/09/2011	Number of SIS Missions	13
Available for Disbursement Date	30/09/2011	Number of extensions	3
First Disbursement Date	20/09/2013	Effectiveness lag	9 months
MTR Date	07/01/2015		
Original Completion Date	30/09/2016		
Current Completion Date	30/09/2022		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$36,500,000
	IFAD	\$10,000,000
	Asia and the Pacific Division	\$2,900,000
	IFAD	\$30,169,000
	IFAD	\$25,000,000
Domestic Financing breakdown	Beneficiaries	\$3,321,000
	Beneficiaries	\$5,400,000
	National Government	\$5,630,000
	National Government	\$76,200,000
Co-financing breakdown,		
Project total financing		\$195,120,000

Current Mission

Mission Dates:	15 - 30 March 2019
Days in the field:	7

Mission composition: Mr Qaim Shah, Senior Country Programme Officer, IFAD, Mr Rab Nawaz Institutions and Management Specialist/IFAD Consultant, Mr Waseem Shahzad, Procurement Specialist/IFAD Consultant, Mr Fida Muhammad Khan, NRM and M&E Specialist/IFAD Consultant and Mr Arsalan Hanif, Financial Management Specialist/IFAD Consultant

Field sites visited: Union council Sukhail, Bahawalpur, Union Council Kalia Shah, Bahawalnagr, Union council Jhalarin, Muzaffargarh, Union Council Barhi, DG Khan and Union Council Sikhaniwala, Rajanpur (4 LSOs and around 40 COs met) – visits to housing for poor, meetings with vocational training beneficiaries and CPIs

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		5	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	Ø	Rating	Project Management	Ø	Rating
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		5	Knowledge Management		4
Gender equality & women's participation		5	Value for Money		5
Agricultural Productivity		5	Coherence between AWPB and Implementation		3
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)		4

Sustainability and Scaling-up	Ø	Rating	Financial Management and Execution	Ø	Rating
Institutions and Policy Engagement		4	Acceptable Disbursement Rate		3
Partnership-building		5	Quality of Financial Management		4
Human and Social Capital and Empowerment		5	Quality and Timeliness of Audit		4
Quality of Beneficiary Participation		5	Counterparts Funds		5
Responsiveness of Service Providers		4	Compliance with Loan Covenants		5
Environment and Natural Resource Management		5	Procurement		4
Exit Strategy		5			
Potential for Scaling-up		5			

Relevance		5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

SPPAP is designed to assist the Government achieve its economic growth and poverty alleviation objectives. The overall goal of the project is to contribute to the reduction of poverty in Southern Punjab. The project objective is to increase incomes of 80,000 poor households (now 131,000 with additional financing of US\$ 25 million and expanded coverage to six districts) by enhancing the employment potential of the people and increasing agriculture productivity and production. The principal outcomes expected from the project include enhanced capacity for sustainable livelihoods through asset transfers, enhanced capacity for employment and productive self-employment, enhanced access to basic services, increased productivity and production of agriculture produce and strengthened local capacity for agriculture and livestock service provision.

IFAD's Executive Board approved the SPPAP on 15 December 2010 and the IFAD loan became effective on 30 September 2011. SPPAP was originally due for completion by 30 September 2016. In view of the excellent performance of the Project since MTR, an additional financing of USD 25 million was approved by IFAD EB on 28 Sep 2017 with an extension in completion period (September 2020) and expanded coverage. In the meanwhile, an additional financing of US\$ 39.4 million (including a grant of US\$ 2.9 million) from IFAD with enhanced programme coverage of four additional districts (ex-LAMP Districts) has also been approved by IFAD Executive Board on 13 Sep 2018 with further extension in project implementation period of two-years, bringing the completion date to September 2022 and the loan closing date to March 2023. A revised PC-I is currently being prepared to make this financing effective.

An IFAD Supervision Mission was organized from 15 to 30 March 2019 with the overall objective to assess and document overall project implementation performance and the results achieved. In particular, the Mission assessed the steps undertaken to implement the additional financing and expanded coverage to additional districts. The Mission also reviewed the project's performance in terms of overall effectiveness, efficiency and impact, and gathered lessons for the extended phase. Mission held a start-up meeting with Chairman P&D, attended a PSC meeting (as observer), visited five of the ten districts (including one new District DG Khan), previous and current phase beneficiary communities and held extensive meetings with project staff and project beneficiaries. A wrap-up meeting was held in P&D on 28 Mar 2019, chaired by Chairman P&D and attended by all key departments.

Overall Project progress is rated as moderately satisfactory (4). Progress rating since the last supervision has been downgraded in view of the slow progress in operationalizing the additional financing and the consequence on the pace and level of implementation. Today, SPPAP has so far benefitted from four IFAD financing instruments for loans and from one financing instrument for a grant, as follows:

Financed Amount	Approval	Entry into force	Completion	Closing Date	Utilization %
Loan USD 30.169 million	15 Dec 2010	30 Sep 2011	Sep 2022	March 2023	100
Loan USD 10 million	17 Dec 2015	04 May 2016	Sep 2022	March 2023	89
Loan US\$ 25.00 million	28 Sep 2017	26 Sep 2018	Sep 2022	March 2023	14
Loan US\$ 36.50 million	13 Sep 2018		Sep 2022	March 2023	Not yet disbursed
Grant USD 2.9 million	13 Sep 2018		Sep 2022	March 2023	Not yet disbursed

SPPAP has utilized almost 100% of the first loan and 89% of the second loan. The third loan of US\$ 25 million was EB-approved on 28 Sep 2017, though a full year has elapsed to obtain the counterpart national-level approval of the revised PC-1 (i.e. this approval was only formally provided on 26 Sep 2018) and the addendum for the NRSP agreement (the addendum was approved on 31 Dec 2018) – without the counterpart approval, the project was highly constrained and limited to proceed with interventions and activities outlined and related to the additional financing. An additional six months have also lapsed in approving the AWP/B for 2018-19 which was finally approved on 18 March 2018 by the PSC. The first authorised advance of US\$ 3.5 million for third loan has been received by the project, but no utilization has happened so far. With the last additional financing, approved in September 2018, but without any disbursement yet, the project completion date has been moved to September 2022 and the loan closing date to March 2023.

While awaiting approval of the AWP/B 2019, the PMU and NRSP completed the process for selection of the poorest Tehsils and Union Council in the existing 4 and additional two districts. However, preparation for soft interventions in the

four ex-LAMP districts has yet to start as the position of Regional Coordinator has yet to be filled and a strategy for soft activities is still to be finalized. With the approval of AWP/B, SPPAP is now in a position to immediately implement activities and in all likelihood would achieve the current year targets by 30 June 2019. Given the relatively small size of the current year plan, the overall size of next two annual plans would be very heavy as the project would have to disburse US\$ 25 million in a period of 18 months to remain on track. The project and its partners need to be mindful of this and formulate their plans and strategies accordingly.

Key Mission Agreements and Conclusions

Union Council Selection: On the basis of BISP poverty data, SPPAP had selected 5 additional poor Union Councils in the existing four, as well as additional two districts of DG Khan and Rahim Yar Khan. Upon review of the selection by the mission team, it was noted that the project had selected five Tribal Area Union Councils in DG Khan districts, which is not in keeping with the project design that had really only considered settled area UCs (particularly as another ongoing project - the Tribal Area Development Project – was operating in the UCs). In consideration of the fact that the current project approach, interventions and unit costs are tailored for settled areas (and would thus require considerable retooling to suit tribal area conditions), and the delays already experience (one year elapsed for approval of the PC-1), the project is not currently in a strong position to include the five Tribal Area UCs at this stage. For the interim, it was therefore agreed that SPPAP would instead select the five poorest Union Councils in the settled areas of poorest Tehsil Taunsa for the current phase. With regards to the five Tribal Area UCs, they may be supported to source development funding from Government's own ADP, and SPPAP may provide a concept and strategy to the government for development activities in these Tribal UCs. The inclusion of these and other tribal UCs under IFAD funding may be considered for inclusion under the latest additional financing of US\$ 39.4 million, for which the revised PC-1 is currently under preparation.

SPPAP Accounts Operation: SPPAP has two designated Assignment Accounts, Assignment Account No. 05 for Government of Punjab funds and Assignment Account No. 06 for IFAD funds. Both accounts are operated by the Project Director-SPPAP and Finance & Accounts Manager-SPPAP as signatory and co-signatory respectively. All previous IFAD Supervisions and Annual Audits have expressed satisfaction in this arrangement. Recently, on the basis of some old 2005 guidelines, the project was instructed to replace the PMU based co-signatory with a non-project co-signatory based in P&D. As these instructions are not in line with the Financing Agreement, nor with best (management) practices, the existing co-signatory arrangements will be maintained (with the new instructions withdrawn).

Coverage of Identified Households in Previous Phase: As per SPPAP M&E reports, the project has covered around 70 to 85% of the population of ultra-poor and poor households in existing Tehsils/Union Councils under various interventions of component I; this suggests that 15-30% of ultra-poor and poor households have not benefitted from any assistance. As per the approved project approach, *“for greater impact, the Project will focus on a limited number of Tehsils and rural Union Councils in each district. The Project will begin its activities in the poorest Tehsil in each district and will only move to the next Tehsil once it has consolidated its work in the first Tehsil”*. The implication of this approach and 'consolidation', is such that the project is encouraged to focus first on reaching all eligible households (i.e. the 15-30% of hhs not yet benefiting from assistance) in the existing Tehsils/ UCs, before expanding to additional areas. These remaining identified households (especially those 0-18 PSC households) may now benefit from the project in terms of assets, small housing units and vocational/technical training; the AWP/B and phasing should be adjusted accordingly.

D. Overview and Project Progress

Overall project progress is rated as satisfactory (5) under the previous two financing instruments while it is rated as moderately satisfactory under the 3rd financing due to avoidable delays in making the third tranche operational. SPPAP has achieved 100% physical targets under the previous two tranches while its disbursement progress has been 100% for the first and 89% for the second tranche.

Component 1: Livelihood Enhancement

Component 1 has maintained good pace of implementation under previous two financial instruments and Performance is rated as satisfactory (5). However, the pace has slowed down over the last few months in terms of delivery due to delays in operationalizing the third financing instrument though preparatory work for identification of beneficiaries in the new Union councils has been carried out efficiently.

1. Asset Creation. Performance is rated as Satisfactory (5)

- Small Ruminants: Performance is rated as satisfactory (5). This sub-component is specifically targeted at women that fall in the BISP Poverty Score Card category of 0 -18. Beneficiaries are provided a pair of productive good breed goats whose milk and off-spring add to family nutrition and income. Entire target of 35,500 has been achieved. Current year target for goat packages is 5,000 hhs
- Small Land Plots and Housing Units: Performance is rated as Satisfactory (5). Landless and homeless women in the Poverty Score Card band of 0 -11 are provided with small land plots and assisted in construction of small housing unit. Project has so far provided 1,600 plots (100%) and 1,557(97%) small housing units against the target of 1,600. Rest of housing units have been held up due to local level social issues which are being resolved. The combined impact of project interventions, in particular small ruminants and housing has resulted in reduction of ultra-poor households in target communities from 58% at the start to 4% now^[1]. 300 land plots and 150 housing units are planned for current year and targeting process is currently underway.
- Vocational, Technical and Entrepreneurial Training. Performance is rated as satisfactory-5. These trainings target landless and small-holder agricultural households to learn skills for remunerative off-farm employment activities. The activity is specifically targeted at youth and women. Over 50% beneficiaries of these training have been women. So far training of 18,636 women and youth have been completed achieving 100% target of original phase has been achieved. Current year target is 3,000 vocational training and 1,000 entrepreneurship training and trainee selection is currently underway. As per an internal assessment by project and NRSP, 80% of the trained beneficiaries are gainfully employed (self-employed or salaried) and earning additional incomes for their families.
- Community Physical Infrastructure. *Performance of the sub component is rated as satisfactory-5.* Under the sub-component, the project provides support to the communities in a range of infrastructure facilities like household solar energy, sanitation/household toilets, drinking water, irrigation and roads and culverts. 1,126 CPIs have been completed so far achieving 100% target of the original phase. Current year target under extended phase is 50 CPIs and community priority identification is currently underway in COs/VOs organized so far.

Issues:

Goat Package: In the PC meeting on 18 Mar 2019, the Mission was asked by Chairman P&D to examine the possibility of increasing the size of goat package from the current 2 goats per package with a view that such increase may help the poor family to further increase the income. The Mission during the field visits extensively talked to beneficiaries as well as field staff to assess the feasibility. The conclusion was that large majority of Project target group (0-11) don't have the space and means to manage a larger package and the project should for the time being continue with two-goat package.

Revision of Cost for Small Housing Units: 4th Project Steering Committee (PSC) of SPPAP approved per-unit cost for small housing units in September, 2015 @ Rs. 538,767 per unit. After passage of three years and recent inflationary pressure, the per unit cost needs revision. As per project estimation, the construction cost of a house in settled areas would be now around Rs. 650,000 while in tribal area it may go up to Rs. 715,639 due to higher transportation cost. Mission recommends a cost per house of Rs. 650,000 for plain areas and 716,000 for the Tribal Union Councils subject to furnishing of proper cost analysis by PMU for P&D approval.

Need for a Cost-Effective and Replicable Design for Household Toilets: Current design of household toilets costs, on average, Rs. 51,000 per toilet which is unaffordable if a poor household wishes to replicate the same through own means. SPPAP is encouraged to look at alternate low-cost models, learning from experience within the sub-continent, including use of alternate or local materials, to demonstrate a model that is more affordable for replication by the poor households.

Start-up Support for Vocational and Entrepreneurship Beneficiaries: The project, NRSP and beneficiaries listed lack of access to start-up financial support/package as a major constraint for starting self-employment ventures. Most UCs currently have limited revolving funds from NRSP for Community Implemented Financial Services (CIF). In addition, project is implementing an Agriculture Revolving Fund to assist beneficiaries in purchase of agriculture inputs. Other available micro-finance services are quite cost prohibitive for project target group with interest rates of 30-32%. Mission recommends that NRSP may be approached to enhance the size of CIF and cover all project supported UCs. In addition, the existing Agriculture Inputs Revolving Funds be renamed as Agriculture and Enterprise Revolving Fund, a revamped

manual/guideline be developed and its coverage be extended to all target UCs, and its size per UC be Rs.5.00 million (Rs.250 million). Additional requirement of funds be accommodated through additional rupee flows available due to rupee/dollar new exchange rate (around Rs. 2 billion). Requisite changes in project budget may be reflected in the current under revision PC-I for additional IFAD financing of US\$ 38 million.

Revised Approach for Vocational and Technical Training: Current strategy and approach to vocational, technical and enterprise training is largely target and input driven. PMU, together with IRM and NRSP, need to update its strategy. It needs to be revised and underpinned by proper and regular assessment of market demand and opportunities. Further, all technical courses for vocational training must be offered at properly accredited institutions backed by certification. SPPAP needs to develop a new training manual and guidelines to cover these aspects and clearly define which course would be offered where and by whom. As a rule of thumb, all informal and on-site vocational and enterprise courses, particularly for women beneficiaries, should be assigned to IRM and all formal technical courses like heavy machinery operators, electricians, steel fixers etc. should be conducted at accredited institutions. Further, while considerable impact is discernible in case of vocational training for women in local crafts like embroidery, the return on labor remains low due to role of middlemen and lack of direct access to market. PMU and NRSP need to work on this aspect to ensure that women get fair return on their labour.

Stipends for Vocational and Technical Training: SPPAP currently pays a stipend of Rs. 4,000 to Technical Training Beneficiaries and Rs. 1,800 to vocational training beneficiaries. This amount needs to be adjusted upwards to account for inflation over the previous years and should be revised to Rs. 5,000 for Technical Training and Rs. 2,500 for vocational training. Same may be reflected in under-preparation revised PC-I.

Early Filling-up of Vacant Posts in IRM: SPPAP agreement with IRM specifies certain number of positions at district level for vocational and entrepreneurship training support. These positions have not been fully filled so far. IRM to ensure that all vacant positions are filled at the earliest.

[1] IFAD Impact Assessment of SPPAP 2018

Component 2: Agriculture and Livestock Development

Progress is rated as satisfactory (5). The component was recast after MTR and some of the activities like Productivity Enhancement Initiatives, Paravet Training and Community Service providers was replaced with Revolving Fund for Agriculture Input Supplies and Community Food Banks.

Revolving Fund For Agriculture Input Supplies: Progress is rated as Satisfactory (5). The activity was started as a pilot after MTR to address the challenges that small farmers face to access agriculture credit from formal banking sources. The pilot covered 4 Union councils, one in each district, and was executed by NRSP in three districts and NRSP Bank in one District. Average loan size was Rs. 25,000 and 1,600 loans were available for each cycle. Project has thus far provided loan facility to 5,404 beneficiaries under five cycles of disbursement with average loan size of Rs. 25,000 at an interest rate of 15%. Recovery rate remains almost 100%. Despite a parallel scheme of interest free loans for small farmers by Government, the activity keeps performing well and needs to be considered for upscaling under the new financing as an Agriculture and Enterprise Revolving Funds to meet beneficiaries credit needs for both agriculture and enterprise development and value chain financing for specialised local products.

Food Bank: Progress is rated as satisfactory (5). Food Banks was another pilot initiated after project MTR to test its efficacy in helping the very poor households overcome challenges of hunger periods which normally occur two to three months preceding wheat harvest. Project established four food banks (one in each district) on pilot basis from where a poor household could take up to 150 KG wheat and return it to the Bank after wheat harvest with premium. The Food Banks can assist total of 1,600 households (400 each bank), falling in BISP PSC 0-11, in one cycle. The Food Banks have so far assisted 4,426 beneficiaries in four cycles of distribution. While, by all available evidence, the activity has made huge difference for food deficient poor households, there is need to make certain adjustments for the sake of sustainability and replication of the initiative. In kind recovery for very poor landless households, and its local safe storage, remains a challenge. Further, insistence on a ballpark figure of 400 beneficiaries per Food Bank needs to be revisited. The number should be based on local need and demand. PMU and NRSP should do a proper evaluation of the activity for bringing further refinement to approach and implementation.

Social Mobilization: Social Mobilization is rated as Satisfactory (5). Project's social mobilization and participatory development approach is implemented with the help of NRSP. SPPAP follows a participatory development approach whereby existing COs/VOs and LSOs in target communities are strengthened or new COs formed where none exist with the help of a social mobilisation partner. NRSP has so far organized 6,739 COs, out of which 64% are women COs and 17% are mixed. Overall, about 78% CO members are women. CO/VO organizing/strengthening process in the two new districts is progressing well. Overall quality of targeting and community participation is very satisfactory. COs are actively involved in all project activities at beneficiary level including selection of beneficiaries for asset building grants, vocational and enterprise training, and prioritizing, planning, implementing and maintaining community physical infrastructures.

Status of CO/VO Formation in SPPAP Districts

	District	Tehsil	Male CO	Female CO	Mix CO	Total CO	Village Org	Local support org
1	Bahawalpur	Ahmedpur	33	516	132	681	54	8
Sub-Total	33	516	132	681	54	8		
2	Bahawalnagar	Bahawalnagar	9	891	70	970	126	9
Sub-Total	9	891	70	970	126	9		
3	Muzaffargarh	Jatoi	131	522	232	885	37	2
Sub-Total	131	522	232	885	37	2		
4	Rajanpur	Rojhan	153	900	682	1,735	61	4
5	Rajanpur	Rajanpur	338	1,155	1	1,494	91	4
Sub-Total	491	2,055	683	3,229	152	8		
6	DG Khan	Taunsa (Tribal Area)	628	342	4	974	14	1
Sub-Total	628	342	4	974	14	1		
Grand Total	1,292	4,326	1,121	6,739	383	28		

Issues:

Poverty Graduation – a continuing process and not a ‘one-off’ Intervention: Project Impact Assessment surveys have shown that over 90 per cent beneficiary households have successfully moved to the next-band of economic well-being. But it also shows that more will need to be done to help them escape poverty sustainably - i.e. to help them move beyond a PSC 34. The Project’s current approach is largely target and inputs-driven, with the interpretation that the delivery of one set of interventions to beneficiary households could be considered as meeting the target/ result. For poverty graduation, this approach needs to be revisited and emphasis placed on an outcome-driven and sustainable approach; graduation itself implies is a longer-term strategy. Subsequently, the NRSP and Project should reassess each beneficiary household afresh to see what kind of assistance and support (both project and non-project sources) is required, and what kind of linkages or partnerships could support these households to keep them moving along the poverty graduation trajectory and beyond PSC 34. With the considerable emphasis on poverty graduation in various government and donor-funded programmes, P&D may hold a provincial level experience sharing and strategy formulation session for all concerned actors and stakeholders to mainstream effective strategies for poverty graduation.

Revised Guidelines and Criteria for Food Banks: Based on the lessons learnt in operation of existing Food Banks, PMU and NRSP need to come up with revised guidelines and criteria to address the current challenges faced in utilization, pay-back and storage. Pay-back mechanism may be made flexible to allow in-kind or in cash repayment.

Need for Holistic Development Needs Assessment and Strengthening Linkages to non-Project sources and services: Project target UCs are the poorest in their respective districts. They suffer from under-investment in number of social and economic development needs. Project’s current needs assessment/planning in these UCs has largely been dictated by project specific interventions and no holistic development needs assessment and planning has been made at village and UC level. This needs to be done now on the basis of a standard template and guideline by NRSP and PMU

staff. And this should be used as a basis for creating linkages with relevant departments and sources of services through the office of Deputy Director (Development) in each district through regular meetings with district agencies and representatives of special initiatives like PM/Provincial interest free loans where these needs are projected for inclusion in departmental plans. Further, project M&E should systematically capture all linkages and benefits that accrued due to project/ NRSP effort.

Bank Accounts for COs: Since the issuance of new guidelines by State Bank on opening of Bank accounts, the banks are reluctant to open bank accounts for Community Organizations supported by SPPAP. This is posing serious problems for project disbursements as most of project activities including CPIs are implemented by beneficiary communities who manage their funds through these bank accounts. P&D Department and Finance Department may issue appropriate instructions and guidance to Banks in this regard to address this issue.

Project Management:

Project Management is rated as is rated as “Moderately Satisfactory” (4). The lower rating should not be taken as a reflection on the working of PMU and its partners. It’s a reflection on wider systemic issues that allowed settled things like approval for revised PC-I and addendum for engagement of implementation partners to consume precious twelve-months since the approval of additional financing. Apart from that, the Project Management Unit and its implementing partners continue to work quite effectively. However, SPPAP now has a considerable rich implementation experience behind it and should take due advantage of that and further refine its approach and strategies for enhanced impact during the extended phase. The social mobilization and poverty graduation approaches need to be further sharpened including the approach and methods for involved interventions. Key areas of focus should be: helping UCs to develop more holistic socio-economic development plans for the identified development gaps and challenges; linking UCs/LSOs with other sources of funding and service delivery to address the needs identified in their plans; refining the poverty graduation approach as a dynamic process that continues to help target households to keep progressing on economic well-being ladder till they cross the poverty line; helping female beneficiaries of vocational training to organize into production groups, have access to finance and raw materials and have direct linkages to better paying markets.

Issues

Further Sharpening of Poverty Graduation Approach and Allied Interventions: There is need to review the current poverty graduation approach from one of delivery of few project inputs to a dynamic process that continuously supports poor households to work towards a level where they can escape from poverty in a sustainable manner. This should include helping households to plan for further increases in their incomes, strategies for UC Development planning, linkages with other development assistance entities, improved access to markets for the vocational training beneficiaries

Early Filling of All PMU and DMU Posts: A large number of posts remain vacant in the PMU and DMU which need to be filled expeditiously for effective implementation during the extended phase

Procurement of Vehicles and Equipment: Under the additional financing of USD 25 Million, the Project has to establish two new Districts offices in Dera Ghazi Khan and Rahim Yar Khan which require two new vehicles and office equipment. Going by the past experience of issues in such procurement involving Austerity Committees and multiple approvals, there is need to ensure that the procurement processes are completed expeditiously

Establishment of the Regional Coordination Unit: Under the additional US\$ 39 million financing approved by IFAD, a Regional Coordination Unit (RCU) headed by the Regional Coordinator needs to be established at Sargodha under the Project Management Unit (PMU). An early completion of recruitment and establishment activities would greatly facilitate early start of activities in the additional four districts targeted under this additional financing

M&E Indicators: The project should start reporting on qualitative indicators (outcomes) and is also encouraged to add other indicators if the current ones should not reflect sufficiently the achievements reached. The project is also required to integrate COSOP results framework indicators in their M&E system. The first report on COSOP results framework indicators is due by 15 June 2019.

PC-I Approval for Additional Financing of US\$ 39 Million: IFAD Executive Board has approved another additional Financing of US\$ 39.4 Million (36.5 million loan and 2.9 million grant) for SPPAP. For this loan to become operational, a revised PC-I needs to be prepared and to receive the approval from ECNEC. This should be prioritized by the PMU and P&D, ensuring that PC-I approval is obtained before the end of the current Financial Year; this will allow for project implementation in the additional districts from the next Financial Year.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Overview and Project Progress		

<p>Union Council Selection</p> <p>Consider Tribal Area UCs for inclusion in next loan/revised PC-I; current phase be implemented only in settled area UCs. PMU to select poorest UCs in Taunsa Tehsil and inform IFAD</p>	PMU, P&D	03/2019
<p>Concept and Strategy for 5 Tribal UCs under ADP Funding</p> <p>PMU to provide a concept note and strategy to P&D for activities under Punjab Annual Development Plan funding</p>	PMU, NRSP	04/2019
<p>Revised Cost for Housing Units</p> <p>Per Unit Cost for small housing units be revised to Rs. 650,000 for plains UCs and Rs. 716,000 for the Tribal mountainous Ucs</p>	PMU, P&D	04/2019
<p>Agriculture & Enterprise Revolving Fund</p> <p>Revamp Agriculture Revolving Fund to be Agri & Enterprise Revolving Fund covering all UCs with per UC allocation of Rs. 5 million and incorporate in the revised PC-I</p>	PMU, P&D	04/2019
<p>New Vocational & Technical Training Guidelines</p> <p>Develop new Vocational and Technical Training Guideline and criteria for division of courses between TVET institutions and IRM and furnish for IFAD Review.</p>	pmu	04/2019
<p>Revision of Stipend Rates</p> <p>Revise stipend rates of technical and vocational trainings from 4,000 to 5,000 and 1,800 to 2,500 respectively. The technical training outside IRM facilities will be on actual basis.</p>	PMU, P&D	04/2019
<p>Filling of Vacant IRM Posts</p> <p>IRM to ensure that all vacant posts are filled at the earliest</p>	IRM, PMU	05/2019
<p>Poverty Graduation as a Continuing Process</p> <p>Develop strategy and action plan to approach poverty graduation as a continuing process till target households attain a score of 34 and furnish for IFAD Review</p>	PMU, NRSP	05/2019
<p>Revise Guidelines for Food Banks</p> <p>Revise guidelines to address current challenges faced in delivery, pay back and storage</p>	PMU, NRSP	05/2019
<p>Provincial Poverty Graduation Workshop</p> <p>P&D to convene a provincial level poverty graduation experience sharing and strategy formulation workshop for all key actors and stakeholders</p>	P&D, PMU	05/2019
<p>Filling of All PMU, DMU, RCU Vacancies</p> <p>Early recruitment against all vacant posts is needed to cope with expanded scope and financing</p>	PMU, P&D	05/2019

<p>Procurement of Vehicles and Equipment</p> <p>To make project presence in new districts functional at earliest, required vehicles and equipment be procured expeditiously</p>	PMU, P&D	05/2019
<p>Cost-Effective Design for HH Toilets</p> <p>Develop more economical and cost-effective models of household toilets implemented as CPIs</p>	PMU	06/2019
<p>RCU Establishment at Sargodha</p> <p>Recruitment and procurement processes for RCU be initiated to ensure its functioning as soon as revised PC-I is approved</p>	PMU, P&D	06/2019
<p>Approval of Revised PC-I for Additional US\$ 39 M</p> <p>PCU to submit PC-I to P&D/PDWP by 07 April 2019 and approval from ECNEC by 30 June 2019</p>	PMU, P&D	06/2019
<p>Entire Loan Disbursement by Sep 2020</p> <p>PMU to ensure that entire US\$ 25 million financing is fully disbursed by Sep 2020</p>	PMU, P&D	
<p>SPPAP Accounts Operation</p> <p>Existing signatory and co-signatory arrangements will be continued and no co-signatory from outside the project will be designated</p>	P&D	
<p>Coverage of Leftover HHs in Existing UCs</p> <p>SPPAP to cover all left-over HHs in the phase 1 UCs, in particular 0-11 HHs, including those eligible for small housing units, in current phase</p>	P&D, SPPAP, NRSP	
<p>Goat Package</p> <p>Project to continue with two goat package</p>	PMU	
<p>Market Access for Vocational Training beneficiary women</p> <p>Develop a comprehensive strategy to improve direct access of women to main markets for their products so as to get fair prices for their outputs</p>	PMU, NRSP	
<p>Holistic Union Council Development Needs/Plans</p> <p>Assist COs, VOs and LSOs in formulation of holistic socio-economic needs and development plans for linkage with other government sources of development</p>	PMU, NRSP	
<p>Bank Accounts for COs</p> <p>Instructions will be issued to regional heads of all Banks to facilitate opening of SPPAP/NRSP CO Accounts</p>	P&D, Finance Department	
<p>Poverty Graduation</p> <p>Further refine poverty graduation approach and strategy to make it an ongoing dynamic process</p>	PMU, P&D, NRSP	



E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 4	Previous rating: 5

Justification of rating

SPPAPs development effectiveness is rated as moderately satisfactory (4) due to the loss in momentum over the last one year from procedural delays for operationalising the additional financing. Prior to that, the project had been very effective in development delivery starting from MTR. The geographical and household targeting had been transparent and effective. Key interventions delivered for various categories of poor households have been relevant and effective leading to drastic reduction in number of ultra-poor households (0-11) in the target communities (from 58% to 04%) and corresponding increase in movement of households to higher bands of economic status. Another strong suit of the project has been learning from lessons and evolving leading to considerable restructuring of activities and component 2. Schemes identified under CPIs have been highly relevant for the beneficiary communities. Women and youth have been actively targeted in terms of CO formation and their participation in project activities resulting in over 70% of the women being members of the COs and around 70 per cent beneficiaries of vocational and enterprise training being women and youth from target families.

Log-Frame Analysis & Main Issues of Effectiveness

Log-Frame Analysis & Main Issues of Effectiveness

Project goal is to contribute to reduction in poverty in four districts of Punjab. Ad-hoc assessments and evaluations by PMU and its partners, and an Impact Assessment by IFAD, as well as field observations by visiting supervision mission's clearly show that project interventions have helped in improved household incomes of the beneficiary families through asset distribution, housing, CPIs, and vocational and enterprise development interventions. Pilot interventions in FOOD Banks and Agriculture Revolving Funds have also shown positive results and are now slated for expansion under the additional financing. The positive impacts of the project have led the Government and IFAD to agree on three additional financings as well expansion to 10 districts.

The development objective of increasing the incomes of poor rural households by enhancing their employment potential and increasing agriculture productivity and production is being successfully achieved. **Outcome 1** of the project - Improved living conditions and income-generation capacities for poorest and the youth, is being attained successfully. Combination of asset distribution (small ruminants (35,500 hhs), small plots housing for homeless (1,557 hhs), vocational training (14,555 persons), enterprise training (4,081 persons), Productivity Enhancement Initiatives (10,058 farmers), revolving agriculture credit funds (5000 farmers) have combined positively for improved living conditions for the beneficiary households. Over 80% of the beneficiaries of vocational and technical training are now either self employed or working as salaried persons with enhanced incomes.

Outcome 2 – Objective of strengthened and more inclusive Community Organizations (COs) is also achieved successfully. SPPAP has strengthened existing COs and created new where none existed. Project is currently working with 4,098 COs (against project target of 4,000), out of which 3,149 are Female COs. Project outreach is currently to 102,343 households as against target of 80,000. Various assessments of COs institutional maturity has found them effective interlocutors for community development aspirations and effective conduits for the development interventions. The COs actively participated in all facets of project delivery including determining the targeting of households for various interventions, priority community infrastructure needs, CPI implementation (1,126 schemes) and CPI O&M.

Outcome 3 and 4 envisaged increased productivity and production from the crop and livestock sectors. Project has supported Community Service Providers (368 CSPs), provision of improved inputs (10,057 farmers), training of paravet workers (200 workers) and strengthening of agriculture and livestock extension services. The cumulative effect is adoption of improved production technologies and improved breeds of animals. Agriculture Extension and Livestock and Dairy Development Departments have been provided with organized forums of farmers to effectively interact with. A pilot revolving agriculture credit fund has been established to ease small farmers access to credit services and so far over 5,000 farmers have benefitted from it while recovery remains 100%.

Outcome 5 envisages improved food security in targeted communities through improved incomes and improved awareness. While combined impact of all project activities has resulted in improved incomes at community level, NRSP, as part of its social mobilization approach, delivers nutrition knowledge and awareness training among all COs. SPPAP has established, as a pilot, four Food Banks, to assist poorest households in meeting their food needs during the hunger period immediately preceding wheat harvest season. Interim assessment has shown high impact of this activity on poor households and this will be expanded in the next phase of project financing.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Carry out a Fresh Baseline Prior to Next Financing SPPAP needs to carry out a baseline study prior to initiation of next financing to serve as a basis for future impact assessment	PMU, IFAD	06/2019

Development Focus

Targeting and Outreach

Rating: 5

Previous rating: 6

Justification of rating

Targeting and Outreach is rated as Satisfactory (5). SPPAP was the first donor or government funded project, save BISP, that used BISP poverty scorecard as the main instrument for targeting and that too very successfully. In order to address any errors of inclusion or exclusion, it also adopted a community-based process for validation. In terms of spatial targeting, SPPAP selected the four poorest districts (now six) in the province. Within these districts, it selected the poorest Tehsils and within the Tehsils it selected the poorest Union Councils all on the basis of Poverty Score Card Data backed by Multi-Dimensional Poverty Indicators. It also graded the households for delivery of specific project interventions e.g. housing was only for households in 0-11 bracket (ultra-poor) with no land or house while goat packages and vocational and technical was for households in 0-18 bracket. The same model is working perfectly for the expanded project area under additional financing. The project has also reached its outreach targets under the first two financing instruments.

Main issues

Main issue is that the currently available resources are not enough to benefit all households in the 0-18 band and project's current coverage is around 65-70% of such households. This is creating a sense of deprivation and resentment among the left-over households having similar circumstances. Project priority in the extended phase should be to reach out to these left-over households as well to maximise the impacts in any given target location.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
0-18 Left over Households during extended Phase The left over households in 0-18 bracket may be assisted on priority during the extended phase	PMU, IFAD	

Gender equality & women's participation

Rating: 5

Previous rating: 6

Justification of rating

SPPAP's approach to gender equality and women participation is satisfactory-5. The PMU and NRSP both have a strong commitment to gender equality and women's empowerment. Gender mainstreaming is quite difficult due to culture barriers. To combat the issue, the project established a gender section and hired the services of gender sensitive implementing partners. A comprehensive gender action plan is in place, prepared in consultation with all staff members and implementing partners. Female staff specifically hired to approach poor women, sensitize, mobilize and assemble them on the Community Organization Platform. The male of poor households are also sensitized on the important role of women in the development process. The project organizes Gender related Training Workshops for the project and Implementing Partners staff.

Main issues

78% of CO members are women and even in mixed COs, women hold equal executive positions. In Credit and vocational/technical training activities, 50% of trainees are women and youth. Up to date, some 7'500 women have been trained in vocational training and approx. 2'000 women have undergone enterprise training. Priorities in CPIs are identified separately for men and women and the majority of CPIs implemented so far are specifically targeted at women's needs including drinking water supplies and household toilets (1'126 at date of the mission). In targeting of various project interventions, small housing units and goat packages are entirely targeted at women, and at date 35'500 women have been provided with an asset transfer of two goats per person, 1'600 women have been provided with small land plots and

1'557 women have been provided with low cost housing units, legally registered in their names.

All project monitoring and progress reporting is gender-disaggregated.

Main issues

Women with vocational and/or enterprise training are still constrained in accessing affordable sources of capital to further develop their business initiatives. Similarly, specific support should be systematically provided to female beneficiaries, in order to overcome some of specific the socio-economic constraints that they face in terms of access to income-generating activities, livestock services, credit, the labor market and consumers' markets

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Development Effectiveness		
Women's access to Credit and markets Explore options for and link women with affordable sources of finance for expansion of their businesses and direct linkage with markets to minimize the role of exploitative middle men	PMU, NRSP	

Agricultural Productivity **Rating: 5** **Previous rating: 4**

Justification of rating

Rating 5. Though SPPAP major focus is on graduation of the very poor who are mostly landless, the project is also contributing to smallholder agriculture and livestock development. In the post –MTR, some of the agriculture interventions were replaced in view of their loose poverty focus and instead replaced by an Agriculture Revolving Fund (ARF) for small farmers to purchase inputs at an affordable, and easy to approach, lending source. The Revolving Fund, a small pilot in four UCs, has proven to be an effective intervention and has so far benefitted 5,000 farmers. The ARF is now ready for scaling up in the additional financing phase. This Mission recommends that the Fund's size and scope should be expanded to become an Agriculture and Enterprise Development Fund and it should provide financing to beneficiaries of vocational training to expand their production and finance their value chains. Development of a cadre of community paravet workers has provided much needed grassroots outreach and linkage with the Livestock department for provision of services for livestock development. Provision of better breed goats to the poor women, backed by training from Livestock Departments and further support from project trained paravets is having a very good impact on beneficiary household incomes. CPIs like irrigation schemes have positively impacted on irrigation efficiencies and cropped area and productivity.

Main issues

Current size and coverage of revolving fund is too limited and needs to be expanded considerably, especially if it is also to be used to provide credit facilities to Vocational Training beneficiaries for business development. This aspect may be carefully considered during revision of the PC-I for additional financing.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Development Effectiveness		
Credit Revolving Fund Consider an expanded Agriculture and Enterprise Credit Revolving Fund at an expanded scale in the revised PC-I	PMU, NRSP	04/2019

Nutrition **Rating: 4**

Justification of rating

One of the outcomes in Project log frame is improved nutrition among beneficiary poor households. Three activities under the project are contributing to improved nutrition outcomes. Asset building of the poor and improved incomes (especially the two goats package and own house), sustained and systematic awareness and education by NRSP for men and women through the forum of COs, and establishment of pilot Food Banks in extremely food insecure communities to assist them over critical hunger periods. In the absence of a baseline on nutrition, it is not possible to accurately assess improvements in nutrition at household level. However, ad-hoc assessments by the project and Mission's own observation

at household level establish clear improvements in nutrition situation of the target families.

Main issues

There is a need for establishing a clear baseline on nutrition for the extended phase of the project so as to have a basis for future assessment of nutrition related advancements.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Development Effectiveness		
Nutrition Baseline Establish a nutrition related baseline in existing and expanded area for the purpose of future assessments.	PMU	06/2019

Adaptation to Climate Change **Rating: 4** **Previous rating: 5**

Justification of rating

Rating 4. SPPAP is an earlier generation project when climate change was not an issue of primary concern in project designs and the focus used to be more on environment. However, the project has adapted itself to increasing challenges of climate change and its effects on the livelihoods of smallholder farmers, tenants and landless. Through its agriculture development interventions and CPIs, number of initiatives have been undertaken to help beneficiaries adapt to climate change induced challenges. These include introduction of more water efficient crops, improvement in irrigation efficiencies, provision of climate safe housing to the homeless, provision of appropriate breeds of small ruminants, climate change awareness dissemination and introduction of innovative energy saving and clean energy technologies like bio-gas, solar power systems etc. Previous Mission had recommended preparation of a standard climate change information tool kit to help communities understand the phenomenon and coping mechanisms but no progress appears to have take place. This needs to be accorded importance that it deserves

Main issues

There is still a dearth of appropriate tool kits for projects on process and interventions to assist small holder farmers and landless in understanding the impacts of climate change and improve communities and household’s resilience against climate induced challenges.

b. Sustainability and Scaling up

Institutions and Policy Engagement **Rating: 4** **Previous rating: 4**

Justification of rating

Rating 4. SPPAP has demonstrated some very effective processes and interventions that can be replicated at much broader scale by the government and/or other DFIs. This includes the targeting approach and activities like asset building of the poorest including housing. The housing for homeless in fact is a game-changer for the poorest landless and homeless, especially when viewed in the perspective of current government ambitious programme of 5 million houses for low income families. Currently the issue of housing for the landless ultra-poor has not figured anywhere in the whole debate and programme features. This needs to be highlighted. The immediate gains for the beneficiary households in terms of social status and economic and political empowerment, not to mention self-esteem, are incalculable.

Main issues

SPPAP has produced some good video material on successful and high impact interventions of the project including documentaries; however there is still no systematic dissemination of the programme impacts at provincial and federal policy and decision-making levels. During the current Mission, P&D leadership has evinced keen interest on conducting provincial level workshops on poverty graduation approaches and successful SPPAP interventions as an input to develop a provincial policy and strategy. It offers a good opportunity to showcase project successes to a wider senior level political and management leadership. This will also open the door for strengthened and deepened policy discussion and dialogue around poverty graduation.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Strengthen Institutional and Policy level Engagement Prepare video and print materials on project's lessons and assist P&D in conduct of a high level conference on poverty graduation and housing for poor and present project experience	PMU, IFAD, NRSP, P&D	06/2019

Partnership-building **Rating: 5** **Previous rating: 5**

Justification of rating

Rating 5. SPPAP implementation involves a number of partners and, under the leadership of PMU, the project has been able to develop a number of successful partnerships with executing agencies as well as community-based organizations. PMU has successfully forged strong partnerships with all non-government and government service providers. There is a strong sense of shared purpose and trust-based team-work. The beneficiary communities and villages very strongly identify with the project and the benefits that have accrued through the project. The transparent targeting, equitable allocation of resources and strong mutual accountability has resulted in a trust-based partnership between the beneficiary communities and project implementing agencies. However, outside the defined project domain, more efforts are needed for mutually beneficial partnerships. For this to happen, first the project has to assist the Union Councils/LSOs to develop holistic development plans and then make these plans a basis for engaging with other development agencies and District Governments. There are a number of on-going government and other programmes that can be linked with project's beneficiary communities through partnerships. These include micro-finance programmes including the Prime Minister's Programme for interest free loans for the youth. This should be an area of attention for the future.

Human and Social Capital and Empowerment **Rating: 5** **Previous rating: 5**

Justification of rating

Rating 5. Considerable investments have been made in development of human and social capital through a whole range of community organization efforts, awareness building on rights, and active discrimination in targeting in favour of vulnerable including male and female youth and resource poor women and ultra-poor families. Priority targeting of very poor and poor and women and youth in both household level asset building and vocational/enterprise activities have built the income generation capacities, status and self-confidence of the beneficiaries. Of particular significance has been the provision of housing to the homeless which has overnight changed their status and position in their community. They are now free to make their own economic choices as opposed to being on the beck and call of their landlords. Ownership registration in the name of women has enhanced their status within family decision-making. Provision of small ruminants to poor women has established a regular revenue stream for them. The vocational and enterprise training provided young women an opportunity to travel to training venues away from their homes, opened up new opportunities for them and around 80 per cent of the women and youth trainees are now running their own small businesses or employed.

Quality of Beneficiary Participation **Rating: 5** **Previous rating: 5**

Justification of rating

Rating 5. Partnership with NRSP and adoption of a participatory development approach has led to high quality beneficiary participation in all facets of targeting, planning, implementation and sustainable maintenance of project funded interventions. COs and VOs, facilitated by a cadre of NRSP's male and female social organizers, provide an active and effective forum for the beneficiary participation. A robust BISP PSC based targeting mechanism makes sure that the poor and vulnerable are actively targeted and encouraged to be members of the COs and participate in project interventions. A peer validation process ensures that any errors of inclusion or exclusion in BISP survey are addressed at the very start of the project interaction with any CO. Women have been particularly encouraged to participate resulting in over 78 per cent membership being from women and over 60 per cent COs being female while rest are mixed ones. The prioritization of needs within the mixed COs is done in separate sittings of male and female members to ensure that female members express their priorities without any influence or pressure from male side. Apart from NRSP's internal monitoring and quality assurance system in terms of member participation and quality of social mobilization and delivery, PMU carries out reasonably effective external monitoring to assess overall quality of participation and need identification.

Responsiveness of Service Providers**Rating: 4****Previous rating: 5****Justification of rating**

Rating 4. Project's main service providers include social mobilization partner (NRSP), training service providers (BZU Multan and IRM) and government line departments (Agriculture Extension and Livestock and Dairy Development Department). Contract Agreements (in case of NRSP, BZU and IRM) govern the provision of services by these partners while MOU's with government extension agencies guide provision of their services. PMU has successfully forged strong, responsive and accountable partnerships with all service providers in the field resulting in good performance in the post-MTR phase.

Main issues

The Mission observed that Project's current approach is largely focused on planning and implementation of activities perhaps mainly because of pressure to achieve physical and financial targets. In pursuit of meeting the targets and outputs, the principles of social mobilisation as a continuous, dynamic and responsive process and poverty graduation as sequenced, multi-sector outcome driven and sustainable approach, were not paid enough attention. The graduation of about 90 percent of the beneficiary in the PSC 0-11 to the next bands on 12-23 is a remarkable achievement but there is still a need to graduate them towards and beyond PSC of 34 which corresponds with the poverty line to achieve sustainable livelihood through continuous social mobilisation process and following the remaining livelihood roadmap sequences of graduation approach like linkages with public and private service providers for financial services, linkages with markets/value chain etc. The NRSP and Project should prepare a livelihood roadmap through reassessment of each beneficiary household to see what kind of assistance and support (both project and non-project sources) is required, and what kind of linkages or partnerships could support these households to keep them moving along the poverty graduation trajectory and beyond PSC 34.

Environment and Natural Resource Management**Rating: 5****Previous rating: 5****Justification of rating**

Rating 5. Project is making positive contributions to preservation and improvement of environment and natural resource management in the project target areas. Communities are made aware through social mobilization process and educational messages about the importance of environment and sustainable natural resource management. Project's positive physical contributions in this regard include CPI's aimed at improving sanitation and provision of public and household level latrines, introduction of sustainable energy sources in the shape of solar energy and bio-gas digesters, promotion of tree planting initiatives at community level and in the villages covered under the project, investments in irrigation improvement for greater water conservation and irrigation efficiencies, provision of clean drinking water in housing component as well as at community level through CPIs, and compulsory tree plantation by small housing beneficiaries. Sustainable land use practices have been introduced under agriculture extension component including rehabilitation of saline lands for agriculture. All CPIs undergo a mandatory environment screening to ensure that no CPI with adverse environmental impact is undertaken.

Exit Strategy**Rating: 5****Previous rating: 5****Justification of rating**

Rating 5. Project's exit strategy is inbuilt in the project approach and design. Project works through existing COS/VOs and LSOs, and with the assistance of a social mobilization partner (NRSP) which pre-existed the project and would continue working with these community organizations after the project. Agriculture and livestock activities are being implemented through permanent government departments whose linkage with the communities have been strengthened through a mutually responsive and accountable engagement. Investments in CPI's are based on local need, relevance and community's ability to maintain them over the long run. Household level investments undergo similar analysis before implementation. In terms of the livelihoods enhancement component, investments are made in skills training and enterprise development at the individual household level after a careful analysis of the potential for employment and self-employment. The Food Banks and Credit Revolving Funds are being managed by NRSP which would continue to function and work with communities irrespective of project presence. Since the project has now received two additional tranches and second tranche is likely to continue till 2022, the project would have time to further look into aspects that would need a more nuanced exit strategy for future sustainability.

Potential for Scaling-up**Rating: 5****Previous rating: 5**

Justification of rating

Rating 5. A number of project approaches and activities demonstrate huge potential for large scale scaling-up due to the soundness of approach and perfecting of a delivery mechanism. In terms of approach, project's targeting criteria and process and engagement of communities through truly representative COs, is something which all projects working on rural poverty can easily learn from and adopt. In terms of interventions, two stand out in terms of their beneficiary selection process, procurement and implementation including quality control and their impact on the graduation of the poorest to next level of wellbeing. These are asset building through provision of small ruminants and housing for the homeless. Others include successful innovative technologies that are climate and environment friendly and labour saving for women and these are biogas digesters and solar power. Vocational training for male and female youth and assistance in using the training for gainful employment is another area worth scaling up given the huge challenge of youth unemployment in rural areas.

Main issues

While the extension in project life and expansion in areas under the additional US\$ 25 million financing would allow the project to scale-up these successful interventions in additional poor Union Councils, the real impact would come if the government and other development agencies adopt them for large scale replication.

c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 5
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Justification of rating

Rating 4. The processing of the project's third financing by P&D and Steering Committee remained slow resulting in loss of almost one year. This needs to be guarded against as the 4th additional financing is currently under process and should not be subject to same delays. On the other hand, the PMU continues to effectively lead project activities in the field. The project was however challenged to maintain the same pace of implementation that it had initially achieved in the post MTR period, due to the delays in approval of PC-I and the signing of the Agreement Addendum with NRSP. The AWP/B was also approved with considerable delay (only on 18 March 2019), leaving precious three months in the current year for implementation. However, the PMU and NRSP must be commended that this delay did not deter them from carrying out preparatory activities in the existing and additional four districts including selection of additional poorest UCs, formation of COs and selection of beneficiaries on the basis of PSC scorecard. This will keep them in good stead in early launch of actual implementation of the activities. Coordination with implementing partners including NRSP remains effective and PMU has been able to promote good work ethic across all partners.

Main issues

While the preparatory activities in the field were carried out and need to be commended, same cannot be said about recruitment of staff for the new District offices and regional office in Sargodha. This process is time consuming and should have been initiated without waiting for the PC-I and AWP/B approval. Vacancies have just been advertised and it will take time to finalize the process.

Knowledge Management	Rating: 4	Previous rating: 4
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Justification of rating

Rating 4. A Project M&E plan guides project's knowledge generation and sharing activities. Performance in regular conduct of evaluations of the key interventions to assess quality and impact has considerably improved over the last one year and number of evaluation/impact assessment reports have been generated by implementing partners – in particular IRM. IFAD completed a comprehensive independent evaluation which has clearly demonstrated positive impacts of the project on incomes and economic well-being of beneficiaries. P&D Department, through the Office of DG Monitoring and Evaluation conducted a benefit validation exercise which also validated delivery of project benefits to the extent of 93%. Another salient development is that PMU has geo-tagged all its investments in the field which greatly facilitates monitoring and also helps in transparency.

Main issues

The data generated through regular monitoring reports by PMU and partners is gender segregated and of reasonably good quality and greatly facilitates the PMU level progress reviews and planning sessions. Some quality material on housing for the poor, small ruminants and CPIs, including videos, has been generated and shared on IFAD website and social media. Apart from regular progress and M&E reports, the main knowledge generation and sharing activities conducted so far include: SPPAP documentary, Website, facebook Page, Quarterly Newsletter, Success stories,

contributions to P&D and IFAD publications etc.

Main issues

As pointed out by the previous Supervision Mission as well, the PMU needs to have a proper Knowledge Management Strategy backed by appropriate capacity to generate quality knowledge products. Current capacity appears to be insufficient for it. Further, instead of different partners conducting their own studies and evaluations of inadequate quality, PMU should institute a mechanism for sharing of resources and annual strategies for focused outputs. Most reports generated by IRM and PMU's own M&E staff need considerable improvement in terms of language and content. Current sharing of lessons and promising interventions at appropriate institutional and policy levels within the government is inadequate.

Value for Money	Rating: 5	Previous rating: 5
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Justification of rating

Rating 5. With regards to the previous two loan instruments, project implementation has been efficient and the project investments represent good value for money as evident from the cost-benefit and the overall unit cost for the different types of interventions. With a total investment of US\$ 45 million (including government and beneficiary contribution), the project is helping 80,000 rural poor households to increase their incomes. It comes to US\$ 562 per household. If we look at household members number of 735,000, the investment per person comes to US\$ 61. On both counts, it is a very economical investment compared to the results achieved in terms of overall coverage, capacities built and services rendered and economic and social returns.

Main issues

Value for Money Review

SPPAP overheads, including fixed costs (vehicles, equipment, materials) and operational costs/salaries etc. for original and top-up financing was SDR 2.330 million to deliver investments worth SDR 24.26 million. The fixed and operational costs are 8.7% of the project costs which, for a participatory development project are very economical. In terms of actual costs incurred on key interventions, SPPAP consistently showed cost efficiencies in terms of overall costs and per beneficiary costs as compared to Appraisal estimated costs. This resulted in considerable savings both during the main loan phase as well as under the top-up financing of US\$ 10 million.

Cost-benefit and cost efficiency analysis of the project's key interventions reveals the following:

Housing for Poor: The households without own shelter are provided project assistance to purchase land and construct a small housing unit. The cost of housing unit on average is 538,767 or around Rs. 1,000 per square foot which is very economical compared to the per square foot cost of construction in the market or under Buildings Department contracts. The prevailing market rate for similar quality construction is around Rs. 2,000 per square foot. Land plots are purchased through a CO purchase committee with NRSP representation and on average Rs. 100,000 are paid for a plot of minimum 5 marla (in many cases in Rajanpur the plot sizes are much larger due to lower prices) which is again very favourable compared to open market rates in the vicinity. The return can be measured in terms of opportunity cost. Without own housing, the husband and wife were obligated to provide free labour to the landlord. Now being free from bondage and availing outside wage opportunities, their earnings range from Rs. 15,000 to 20,000. Against MTR target of 1,600 houses, SPPAP has completed 1,557 houses. SPPAP has incurred a cost of Rs. 810.513 million against the Appraisal estimate of Rs. 835.205 million resulting in net savings of Rs. 24.691 million. As for MTR average cost per unit of Rs. 538, 767, actual cost incurred was Rs. 520,561.

Two-Goat Package: Project provides two productive age goats to poor households with an average investment of about Rs. 26,000 per package. Each goat on average produces 4 off spring plus milk for the household consumption and a small quantity for sale which altogether results in potential income of Rs. 45,000 – 50,000 per year.

Vocational and Technical Training: The beneficiaries of vocational training have so far shown very mixed results in terms of earnings. Those who learned driving have almost all been employed as salaried drivers on private and commercial vehicles and earning 15,000 to 18,000 per month. The ones running small shops and motorbike repair shops have reported earnings of 8,000 to 12,000 per month. Female trainees in needle and embroidery work have reported earnings of Rs. 5000 to 8,000 per month but they are currently captive to an exploitative middlemen-run system. The existing returns with an average investment of Rs. 30,000 per trainee show a very positive return on investment.

Community Physical Infrastructure: For the target of 826 CPIs, the Appraisal report specified an average cost of Rs. 0.626 million. For completion of all 826 schemes, SPPAP incurred an average cost Rs. 563 million showing an average saving of Rs.0.063 million per scheme. The net savings overall on this component were Rs.39 million. In rural roads construction, 71 km roads were constructed. Against the the appraisal average unit cost of Rs. 0.667 million, SPPAP incurred an average cost of 0.585 million resulting in an average saving of Rs. 0.082 million per km. The population that

benefitted consisted of 21,966 individuals and average cost per beneficiary was Rs, 1,891 as compared to appraisal estimated average cost of Rs. 2,156 per beneficiary. Project has not yet evaluated the benefits accruing from these roads in the shape of reduced cost of transportation for people and commodities, savings in travel time and extra quantities being transported for marketing.

Irrigation: SPPAP had a target of 165 irrigation schemes with an estimated appraisal stage cost of Rs.127.336 million and total benefitting command area of 12,925 acres. SPPAP incurred a cost of Rs. 112.320 million to complete these 165 irrigation schemes and achieved net savings of Rs. 15 million. In terms of per acre developed, the average cost incurred was Rs. 8,690 as compared to appraisal estimate of Rs. 9,851. Benefits in terms of water efficiencies, extra crops, higher yields etc. have yet not be calculated by the project.

Drinking Water Supply: SPPAP implemented 43 DWS schemes against the target of 43. Against total appraisal estimate cost of Rs. 18.850 million, actual cost incurred was Rs. 16.706 resulting in net savings of Rs. 2.14 million. Average per scheme cost incurred was Rs. 0.388 million as compared to appraisal estimate of Rs. 0.438 million. The benefits in the shape of reduced disease burden, time savings for the women etc. has not been calculated by project.

Innovative Technology (Solar Power, Biogas Digesters etc.): For achieving the Appraisal target of 116 schemes, SPPAP spent Rs. 68.626 against Appraisal estimate of Rs. 77.507 resulting in net savings of Rs. 8.881 million. The social and economic benefits of these schemes need to be calculated to assess the return on these investments.

An assessment of project's performance and efficiencies in terms of IRR and cost-benefit ratios, and attainment of project objective of raising incomes, would require a detailed impact assessment involving a representative sample. That has not happened so far and needs to be a priority to draw lessons for the extended phase.

Agreed Action	Responsibility	Agreed Date
Project Management		
Detailed Impact assessment to determine value for Money A detailed impact assessment be carried out to assess project's performance against the objective and appraisal estimates of IRR and impacts on incomes and productivity etc.	IFAD, PMU	

Coherence between AWPB and Implementation

Rating: 3

Previous rating: 5

Justification of rating

Rating 3. The third loan for the project was approved by IFAD Board on 28 September 2017. To become effective, it required approval of revised PC-I which took a long time and the loan finally became effective on 26 September 2018. Signing of addendum with social mobilization partner, which actually was a settled matter as per financing agreement, also took considerable time in processing and was finally signed on 31 December 2018. These developments kept delaying the formulation of AWP/B for 2018/19 and AWP/B was finally approved by Project Steering Committee on 18 March 2019. This resulted in a loss of around nine months for the current financial year and now the project has to implement the current year activities in just nine months which also forced considerable curtailment of the annual targets and budget just to Rs. 523 million. With the fourth additional financing (USD 36.5 mln. loan and USD 2.9 mln. grant) approved in September 2018, the project will have to operationalize an overall amount of approx. USD 64.4 until completion date which has been extended to September 2022. On the positive side, the continuing presence of PMU and NRSP in project area, and their awareness on what was included in the next loan, allowed them to continue with the preparatory activities like selection of target Union Councils, organization of COs and VOs, identification of target poor households and identification of local development priorities and needs. Progress on this count will enable them to quickly get into implementation mode for the current year AWP/B and there are positive signs that the current year pan will be implemented in totality.

AWPB Inputs and Outputs Review and Implementation Progress

AWPB Review

Current AWP/B has just been approved and implementation will start now. Following are the key targets for the AWP/B:

- Small Ruminants for Ultra-Poor and Poor 5,000 packages
- Land Plots 300
- Small Housing Units 150
- Community Physical Infrastructure 50
- Vocational Training 5,000

- Entrepreneurship Training 1,000
- Food Banks
- Agriculture revolving Fund

In Project Management component, 4,098 COs have been formed against target of 4,000. The AWP/B targets for both men and women groups have been largely achieved. While annual targets for men and women membership has been achieved, the project is short of cumulative target on both counts achieving 61% for male membership and 94% for women membership. While no target was planned for managerial training for office bearers of COs, the project trained 20 male and 507 female managers achieving cumulative progress of 71% and 101% respectively.

In Agriculture and Livestock Development component, all physical targets have either been fully met or exceeded both under the AWP/B as well as cumulative project achievement. There were no targets for Productivity Enhancement Initiatives as the target for same had already been met (10,057 grants/beneficiaries). Under Food Banks pilot, one more cycle was completed reaching 3,918 wheat loans against target of 4,800 for three cycles. Under livestock services, the AWP/B target of 200 trained paravet worker (87 men, 63 women) was achieved. The four Community Agriculture Revolving Funds continued to be operated successfully reaching 5,282 loans against target of 6,400 over four cycles.

In Community Infrastructure Component, again all AWP/B 2017-18 and cumulative project targets have been fully achieved. This includes road (34 km of 34 with cumulative achievement of 89.05 km), DWs (2 of 2 with cumulative achievement of 45), others i.e. biogas, solar, drainage etc. (142 of 142 with cumulative achievement of 689), irrigation (39 of 39 with cumulative achievement of 204).

As for the previous AWP/B for 2017-18, in Livelihoods Enhancement component, all AWP/B targets have been achieved. Under asset Creation subcomponents, the target of small ruminant distribution has been fully met (5,421 hhs) reaching the cumulative project target of 35,500 hhs. As for land plots and housing, the plot distribution target of 297 has been fully reached achieving 100% project target. As for housing 297 houses have been completed and handed over reaching cumulative progress of 1,548 houses against project target of 1,600. Remaining houses are subject of various kinds of community level disputes. Under Vocational and Entrepreneurial Training sub-component, current AWP/B target of 4,111 vocational and 1,000 enterprise training targets have been fully met thereby also achieving the cumulative project targets (14,555 and 4,081 respectively).

In terms of overall outreach, 102,343 households (128% of project target) and around 706,000 (96% of project target) individuals have benefitted from project services.

Agreed Action	Responsibility	Agreed Date
Project Management		
Capacity and Intent for Impact Assessment Serious attention needs to be paid for building capacity or engaging appropriate external help for regular impact assessment of project interventions	PMU	

Performance of M&E System **Rating: 4** **Previous rating: 4**

Justification of rating

Rating 4. Project has an functional monitoring and reporting system which provides timely gender segregated data on project interventions and progress. Monthly, quarterly and annual reports are prepared and furnished to all stakeholders. Of late, the project and its partners have started producing impact assessment reports and success stories. Progress against RIMS indicators is regularly updated and reported as part of periodic progress reports. M&E plan feeds into a more elaborate MIS that is used for the regular progress review and planning meetings at PMU level.

M&E System Review

M&E system Review

There is an adequate information system in place that allows for regular monitoring of project activities. However, there is need to do data quality assessment in terms of data accuracy and adequacy. The project needs to develop a systematic strategy for documentation of the M&E data, case studies and focused studies. Quality of results and impact evaluations still need considerable improvement in terms of objective, process, content quality and final assessment. Majority of impact assessment studies have so far been conducted by implementing partners like IRM or PMU's own staff. For a more quality and credible assessments, PMU needs to regularly engage independent external assessors and the same should be made part of annual M&E Plan. The project M&E system also needs to capture benefits related to environmental, social, youth and climate change relevant to the project. Being a mature project going into an extended phase, there

should be more emphasis on impact assessments and returns on investment in various activities. The M&E unit need to undertake data quality and accuracy assessments before publishing any information especially the case studies compiled with respect to benefits of project intervention. Only accurate and valid information should be compiled and disseminated. In addition, M&E unit of the project must contribute to the compilation of the COSOP indicators matrix and organise data for the mid-term evaluation of the COSOP. Project needs to eschew engagement of M&E staff in other activities like Procurement.

Agreed Action	Responsibility	Agreed Date
Project Management		
Contribution to populating COSOP indicators' matrix The M&E team should regularly provide data for the compilation of the COSOP indicator matrix and facilitate mid-term evaluation of the COSOP.	M&E Unit	06/2019
Strengthen the MIS system to support M&E work The project should engage expertise (through individual consultants or firm) for further development of the MIS with geotagging options extended to other activities in addition to housing	M&E Unit	07/2019
Ensure compliance to branding and marking while promoting project activities The M&E unit should ensure that project support is branded appropriately and that project activities are promoted neutrally independent of political circumstances. All signboards of the housing units and other community schemes should be changed to represent project's apolitical nature.	M&E Unit	07/2019
Separate procurement function from M&E The project shall hire procurement related staff immediately so that M&E staff can perform their own responsibilities	M&E Unit	07/2019

Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)

Rating: 4

Previous rating: 4

Justification of rating

Rating 4. SPPAP's existing phase was designed when detailed SECAP procedures had yet to be fully integrated in the programme designs. However, the programme's participatory development approach involving Community Organizations requires mandatory social and environmental assessments prior to identification of interventions and implementation. All project interventions are small with minimal environmental and climate change related foot-print. All CPI's undergo mandatory social and environmental assessments. The nature of activities is such that they have no adverse social, environmental or climate change related impacts – rather they contribute positively to water security, agriculture production and natural resource management etc.

SECAP Review

SECAP Review

Currently only social and environmental assessments are carried out and made integral part of the CO profiling as well as CPI documentation. Climate change related assessments are not carried out.

Agreed Action	Responsibility	Agreed Date
Project Management		
SECAP Documentation For the extended phase of project, a detailed template to meet SECAP documentation requirements be provided to project along with necessary guidelines and training	IFAD, PMU	06/2019

d. Financial Management & Execution

Disbursement by financier

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$3,321,000	\$1,144,000	34.4%
	Beneficiaries	\$5,400,000		
	National Government	\$5,630,000	\$2,977,000	52.9%
	National Government	\$76,200,000		

Acceptable Disbursement Rate

Rating: 3

Previous rating: 5

Justification of rating

Disbursement against original loan was 100% and initial advance was fully recovered; for additional financing of \$10M, it has been 89% with PMU achieving all targets and saving 11%. PMU got an initial advance (total) \$4.5M against \$10M financing and has recovered \$3.66M (81%), a recovery plan to recover remaining amount of (19%) is in place. IFAD provided 2nd additional financing of \$25M and the relevant FA was revised in July 18, initial advance of \$3.5M was sent in Dec 18 but the AWPB 2018-19 was approved in Mar 19 so no expenditure has been reported for this financing till the end of the mission. Combined disbursement rate for original loan and 2 financings in terms of USD is 63%. Overall, the project has spent \$46.6M (or 65%) out of the revised appraised shares of all financiers.

Main issues

The category wise disbursement schedule of the additional financing of USD 10 million indicates excess spending under (i) Salaries and Allowances (106.5%) and (ii) Trainings (130%). Reallocations are required to adjust these variations.

Following the election of July 2018 and take-over of new government, the approval of Cabinet became mandatory even for such small matters as the formality of signing addenda with NRSP and IRM. Further, prior to the election, an interim government was in-charge of provincial government having the holding of elections as its top priority. As a result, it took more than nine (9) months for PMU to get Addenda signed with NRSP and IRM in December 2018 and January 2019 respectively.

Considering that the AWPB 2018-19 was approved on 18 March 2019, the project has only 18 months (until September 2020) to exhaust the additional financing of USD 25 million. The project is required to spend approximately USD 1.4 million per month to achieve this target. No extension beyond September 2020 for this financing facility is admissible.

An additional financing of US\$ 39 million including a grant of USD 3 million with enhanced programme coverage was approved by IFAD on 13 Sep 2018. PMU is, thus, now facing the twin equally arduous challenge of spending USD 1.4 million per month while simultaneously working on preparing PC-1 and getting it approved to make new financing instruments operational. PMU is working at 50% of approved HR strength which is adding to its difficulties.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Reallocations to adjust the excess spending (\$10M financing); Initiate action to adjust excess spending under the categories of (i) salaries and allowances; (ii) trainings	F&A Manager/PMU	04/2019
Preparation of expenditure projections and submission of request for reallocation of expenditure categories in the additional loan of USD 10 million. As agreed through email re-allocation from un-allocated category to be requested.	Project Director & Finance & Admin Manager	06/2019
Full utilization of Financing \$25M; Ensure that the additional financing of USD 25 million is fully utilized within the extended period (until the end of September 2020)	PMU	09/2019
Full Recovery of Initial Advance; Monitor recovery of initial advance closely till the full amount is recovered.	F&A Manager/PMU	

Fiduciary Aspects

Quality of Financial Management

Rating: 4

Previous rating: 4

Justification of rating

The quality of financial management has not changed significantly since the last supervision mission. PMU has implemented about half of the last mission's recommendations partially or fully. Roughly half of the project positions remain vacant though P&D has finally advertised these positions for recruitment. Internal controls are reasonably strong with few exceptions noted later. The PMU has upgraded its existing accounting software, but the system is not being used to its full potential. Beneficiaries' contribution is not being recorded in the accounting system nor this information disclosed in the project's financial statements.

Main issues

-Organization and Staffing: In total, 50% of the positions (5 out of 11 in PMU and 11/18 in DMU) are vacant. This increases fiduciary risk of the project funds not being effectively directed toward the intended activities which, in turn, also creates project delivery risk. P&D has advertised the vacant positions for recruitment. PMU needs strenuous follow-up with P&D to complete the process expeditiously.

-Accounting and Financial Reporting: PMU is now using an up-graded version of Accounting Software (QuickBooks) Enterprise 2019 which tracks expenditure by component, AWPB, expense category, geographical location. The software can generate monthly, quarterly, annual and cumulative reports beside forecasting expenditure, maintaining Fixed Asset Register etc. Mission notes that the software has capabilities to meet most of IFAD's reporting requirements though PMU needs to work with the service provider to fully exploit this potential. The last mission had recommended an alternate software (TOMPRO) for more efficient generation of withdrawal applications. Now that PMU is comfortably using IFAD's online portal for this purpose, it is not advisable to pursue the option of TOMPRO anymore. PMU has not finalized its financial manual which the last mission has recommended as a priority action

-Internal Controls: Mission reviewed a sample of 60 transactions worth PKR 34.1 million (more than 50%) out of the total amount of PKR 64 million drawn through withdrawal applications/SOEs since the last supervision mission. Additionally, the quality of documentation maintained in NRPS's field offices and results management practices at PMU/NRPS in general were examined. A few gaps noted during this exercise are highlighted below for remedial measures:

1. In some field offices of the NRSP, copies of CNIC of beneficiaries were not attached with the undertakings in relevant files. Further, the record of assets' transfer was not properly cross-referenced for easy retrieval.
2. In some cases, quotations for procurement were written by the same person and these were not sealed;
3. A defined system/process for engaging contingent paid staff is not established/documentated; and
4. Reconciliation of bank accounts of the COs to check that money is kept aside for O&M of completed schemes is not being done or documented. Progress reporting template currently used by the project does not capture socio-economic impact of project

interventions.

-AWPB: The project suffered from significant delays as noted earlier. Mission, however, notes that the spadework for rolling out planned activities under the AWPB 2018-19 is complete and that the project needs to expedite action to substantially—if not fully execute AWPB 2018-19.

-Treasury and funds flow. As of 28 February 2019, PMU has recovered an amount of USD 3.66 million (81%) out of the initial advance it made under the additional financing of USD 10 million. The remaining amount of USD 0.84 million needs to be recovered on priority. The project has saved an amount of USD 1.17 million out of this financing instrument which needs to be directed at achieving additional targets.

-Implementing Partners (IP) and Community Organizations (COs). Mission notes that PMU carries out detailed review of the SOEs submitted by the NRPS for payment and that it ensures that all supporting documents are provided before a payment is released to NRSP. However, considering the few gaps noted in field visits—and highlighted previously, it is felt that a system of periodic inspection of support documentation in field offices of NRSP—beyond the review of NRSP’s SOEs, will improve overall quality of project documentation for internal/external reviewers in future.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
<p>Launch of the recruitment process to ensure the full complement of staff needed to run the project.</p> <p>Supervision mission March 2019 update: 1- As per project: Currently, the Cabinet Committee on Finance & Development, Punjab has approved to initiate the recruitment process in development projects. Project has written a letter to P&D Board along with advertisement. The recruitment process would be completed shortly by the P&D Board. 2- Mission notes: The mission was told in the wrap-up meeting that the advertisement for recruitment is already out. PMU needs to follow-up with P&DD for early completion of the process.</p>	Project Director & Finance & Admin Manager	06/2019
<p>Finalization of Financial Manual; Finalize the manual and orientate the project staff—including that of implementing partners to the project requirements</p>	F&A Manager/PMU	06/2019
<p>Utilisation of CO's savings in interventions in the second phase</p> <p>Supervision mission March 2019: - As per project: Implementation of new targets have been started recently. COs saving would be utilized during implementation. - Mission agreed with the approach.</p>	Finance & Admin Manager	
<p>Full Recovery of Initial Advance, Monitor recovery of initial advance closely till the full amount is recovered.</p>	F&A Manager/PMU	
<p>Strengthening of internal controls/Internal Audit; Conduct quarterly inspection of NRSP’s field offices to ensure uniformity in documentation;</p>	F&A Manager/PMU	

Quality and Timeliness of Audit

Rating: 4

Previous rating: 4

Justification of rating

The audit report has been received with less than a month delay but it is informative.

Main issues

The quality of the audit is moderately satisfactory, timeliness of submission should improve. The only area for improvement it is in relation to the non-follow up on the implementation of previous years recommendations. Annual Financial Statements are informative and reconcile with IFAD records.

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Non Deposit/Refund of unspent amount in Community Organizations` Bank Accounts Non Deposit/Refund of unspent amount in Community Organizations` Bank Accounts equal to 11.225 million rupees. To strengthen the budget administration process to align transfer to cash needs at COs level.	PMU	03/2019
Contributions from Beneficiaries To proper record in the ledger past and future contributions from Beneficiaries	PMU	03/2019
Vacant post should be filled in accordance to the FA The PMU staff composition should respect the percentage assigned to women staff and vacant post since the project started should be filled in order to avoid weaker internal controls. Expedite the recruitment process especially for the "Internal Auditor" and "Procurement Officer" positions. PMU to follow up with P&D Department on a regular basis.	PMU	04/2019

Counterparts Funds

Rating: 5

Previous rating: 5

Justification of rating

As per the Financing Agreement, the GoPb has to provide US 8.01 million equivalents as counterpart contribution to cover (i) duties and taxes and (ii) GoPb share of project expenditure as specified in Schedule 2 of the Financing Agreement. Since project's inception, the GoPb has provided SPAPP an amount of approximately USD 5.53 million—or 69% of its commitment till the end of 28/02/2019. For the AWPB 2018-19, the GoPb has released an amount of PKR 15 million of which PRK 10.6 million has already been used up.

Main issues

Beneficiary contributions—which are calculated as a percentage of the cost of certain interventions*, are made in cash and deposited in the Community Organizations' bank accounts. However, the amounts collected by the COs are only recorded in the M&E (MIS) system and not in the project accounts. According to the MIS, cumulative beneficiary contributions as of 28/02/19 amount to PKR 1.30 million (approximately USD 1.27 million). The mission reiterates its previous recommendation to create a specific funding source in QuickBooks for beneficiary contributions, and to record these in the project accounts, along with the corresponding expenditure

**(Beneficiaries contribute 10% of the cost of Community Physical Infrastructure (CPIs), 11.77% of Productivity Enhancement Initiatives (PEIs) and 50% of equipment for Community Service Providers (CSPs).)*

Agreed Action	Responsibility	Agreed Date
Financial Management & Execution		
Recording of beneficiaries' share in the accounting system; A specific funding source should be created in QuickBooks for beneficiary contributions, and to record these in the project accounts, along with the corresponding expenditure	F&A Manager/PMU	04/2019

Compliance with Loan Covenants

Rating: 5

Previous rating: 5

Justification of rating

Rating 5. The project has complied with most provisions of the Loan Covenants barring a few.

Main issues

The mission noted that the audit report for the financial year 2017-18 was submitted late to IFAD in January 2019 and that the report did not include audited financial statement. Unaudited annual financial statements for the financial year 2017-18 were not submitted by the deadline of October 2018. These were only submitted along with the audit report in January 2019. As recommended earlier, PMU should ensure that unaudited financial statements and Audit Report for financial year 2018-19 be submitted to IFAD by the end of October 2019 and December 2019 respectively.

Procurement

Procurement

Rating: 4

Previous rating: 5

Justification of rating

The procurement function is rated as moderately satisfactory (4). The Procurement Officer resigned in March 2018 and the procurement activities are being carried out by the M&E Assistant with the support of Financial and Administration Manager and M&E Specialist. During the review it was noted that there is need for the segregation of duties in PMU as the Financial and Administration Manager is a member of the procurement committee and also budget owner & signatory. This arrangement raises spectre of conflict of interest. The mission recommends for the restructuring of procurement committee with the inclusion of M&E Specialist and Gender & Poverty Specialist instead of FAM. The recruitment process of Procurement officer should be fast tracked to ensure compliance of PPRA and IFAD procurement guidelines for future procurement.

F. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Overview and Project Progress		
Union Council Selection Consider Tribal Area UCs for inclusion in next loan/revised PC-I; current phase be implemented only in settled area UCs. PMU to select poorest UCs in Taunsa Tehsil and inform IFAD	PMU, P&D	03/2019
Concept and Strategy for 5 Tribal UCs under ADP Funding PMU to provide a concept note and strategy to P&D for activities under Punjab Annual Development Plan funding	PMU, NRSP	04/2019
Revised Cost for Housing Units Per Unit Cost for small housing units be revised to Rs. 650,000 for plains UCs and Rs. 716,000 for the Tribal mountainous Ucs	PMU, P&D	04/2019
Agriculture & Enterprise Revolving Fund Revamp Agriculture Revolving Fund to be Agri & Enterprise Revolving Fund covering all UCs with per UC allocation of Rs. 5 million and incorporate in the revised PC-I	PMU, P&D	04/2019
New Vocational & Technical Training Guidelines Develop new Vocational and Technical Training Guideline and criteria for division of courses between TVET institutions and IRM and furnish for IFAD Review.	pmu	04/2019

<p>Revision of Stipend Rates</p> <p>Revise stipend rates of technical and vocational trainings from 4,000 to 5,000 and 1,800 to 2,500 respectively. The technical training outside IRM facilities will be on actual basis.</p>	PMU, P&D	04/2019
<p>Filling of Vacant IRM Posts</p> <p>IRM to ensure that all vacant posts are filled at the earliest</p>	IRM, PMU	05/2019
<p>Poverty Graduation as a Continuing Process</p> <p>Develop strategy and action plan to approach poverty graduation as a continuing process till target households attain a score of 34 and furnish for IFAD Review</p>	PMU, NRSP	05/2019
<p>Revise Guidelines for Food Banks</p> <p>Revise guidelines to address current challenges faced in delivery, pay back and storage</p>	PMU, NRSP	05/2019
<p>Provincial Poverty Graduation Workshop</p> <p>P&D to convene a provincial level poverty graduation experience sharing and strategy formulation workshop for all key actors and stakeholders</p>	P&D, PMU	05/2019
<p>Filling of All PMU, DMU, RCU Vacancies</p> <p>Early recruitment against all vacant posts is needed to cope with expanded scope and financing</p>	PMU, P&D	05/2019
<p>Procurement of Vehicles and Equipment</p> <p>To make project presence in new districts functional at earliest, required vehicles and equipment be procured expeditiously</p>	PMU, P&D	05/2019
<p>Cost-Effective Design for HH Toilets</p> <p>Develop more economical and cost-effective models of household toilets implemented as CPIs</p>	PMU	06/2019
<p>RCU Establishment at Sargodha</p> <p>Recruitment and procurement processes for RCU be initiated to ensure its functioning as soon as revised PC-I is approved</p>	PMU, P&D	06/2019
<p>Approval of Revised PC-I for Additional US\$ 39 M</p> <p>PCU to submit PC-I to P&D/PDWP by 07 April 2019 and approval from ECNEC by 30 June 2019</p>	PMU, P&D	06/2019
<p>Entire Loan Disbursement by Sep 2020</p> <p>PMU to ensure that entire US\$ 25 million financing is fully disbursed by Sep 2020</p>	PMU, P&D	

<p>SPPAP Accounts Operation</p> <p>Existing signatory and co-signatory arrangements will be continued and no co-signatory from outside the project will be designated</p>	P&D	
<p>Coverage of Leftover HHs in Existing UCs</p> <p>SPPAP to cover all left-over HHs in the phase 1 UCs, in particular 0-11 HHs, including those eligible for small housing units, in current phase</p>	P&D, SPPAP, NRSP	
<p>Goat Package</p> <p>Project to continue with two goat package</p>	PMU	
<p>Market Access for Vocational Training beneficiary women</p> <p>Develop a comprehensive strategy to improve direct access of women to main markets for their products so as to get fair prices for their outputs</p>	PMU, NRSP	
<p>Holistic Union Council Development Needs/Plans</p> <p>Assist COs, VOs and LSOs in formulation of holistic socio-economic needs and development plans for linkage with other government sources of development</p>	PMU, NRSP	
<p>Bank Accounts for COs</p> <p>Instructions will be issued to regional heads of all Banks to facilitate opening of SPPAP/NRSP CO Accounts</p>	P&D, Finance Department	
<p>Poverty Graduation</p> <p>Further refine poverty graduation approach and strategy to make it an ongoing dynamic process</p>	PMU, P&D, NRSP	
Development Effectiveness		
<p>Credit Revolving Fund</p> <p>Consider an expanded Agriculture and Enterprise Credit Revolving Fund at an expanded scale in the revised PC-I</p>	PMU, NRSP	04/2019
<p>Carry out a Fresh Baseline Prior to Next Financing</p> <p>SPPAP needs to carry out a baseline study prior to initiation of next financing to serve as a basis for future impact assessment</p>	PMU, IFAD	06/2019
<p>Nutrition Baseline</p> <p>Establish a nutrition related baseline in existing and expanded area for the purpose of future assessments.</p>	PMU	06/2019
<p>0-18 Left over Households during extended Phase</p> <p>The left over households in 0-18 bracket may be assisted on priority during the extended phase</p>	PMU, IFAD	

<p>Women's access to Credit and markets</p> <p>Explore options for and link women with affordable sources of finance for expansion of their businesses and direct linkage with markets to minimize the role of exploitative middle men</p>	PMU, NRSP	
Sustainability and Scaling Up		
<p>Strengthen Institutional and Policy level Engagement</p> <p>Prepare video and print materials on project's lessons and assist P&D in conduct of a high level conference on poverty graduation and housing for poor and present project experience</p>	PMU, IFAD, NRSP, P&D	06/2019
Project Management		
<p>Contribution to populating COSOP indicators' matrix</p> <p>The M&E team should regularly provide data for the compilation of the COSOP indicator matrix and facilitate mid-term evaluation of the COSOP.</p>	M&E Unit	06/2019
<p>SECAP Documentation</p> <p>For the extended phase of project, a detailed template to meet SECAP documentation requirements be provided to project along with necessary guidelines and training</p>	IFAD, PMU	06/2019
<p>Strengthen the MIS system to support M&E work</p> <p>The project should engage expertise (through individual consultants or firm) for further development of the MIS with geotagging options extended to other activities in addition to housing</p>	M&E Unit	07/2019
<p>Ensure compliance to branding and marking while promoting project activities</p> <p>The M&E unit should ensure that project support is branded appropriately and that project activities are promoted neutrally independent of political circumstances. All signboards of the housing units and other community schemes should be changed to represent project's apolitical nature.</p>	M&E Unit	07/2019
<p>Separate procurement function from M&E</p> <p>The project shall hire procurement related staff immediately so that M&E staff can perform their own responsibilities</p>	M&E Unit	07/2019
<p>Detailed Impact assessment to determine value for Money</p> <p>A detailed impact assessment be carried out to assess project's performance against the objective and appraisal estimates of IRR and impacts on incomes and productivity etc.</p>	IFAD, PMU	
<p>Capacity and Intent for Impact Assessment</p> <p>Serious attention needs to be paid for building capacity or engaging appropriate external help for regular impact assessment of project interventions</p>	PMU	
Financial Management & Execution		

<p>Non Deposit/Refund of unspent amount in Community Organizations` Bank Accounts</p> <p>Non Deposit/Refund of unspent amount in Community Organizations` Bank Accounts equal to 11.225 million rupees. To strengthen the budget administration process to align transfer to cash needs at COs level.</p>	PMU	03/2019
<p>Contributions from Beneficiaries</p> <p>To proper record in the ledger past and future contributions from Beneficiaries</p>	PMU	03/2019
<p>Vacant post should be filled in accordance to the FA</p> <p>The PMU staff composition should respect the percentage assigned to women staff and vacant post since the project started should be filled in order to avoid weaker internal controls. Expedite the recruitment process especially for the "Internal Auditor" and "Procurement Officer" positions. PMU to follow up with P&D Department on a regular basis.</p>	PMU	04/2019
<p>Reallocations to adjust the excess spending (\$10M financing);Initiate action to adjust excess spending under the categories of (i) salaries and allowances; (ii) trainings</p>	F&A Manager/PMU	04/2019
<p>Recording of beneficiaries` share in the accounting system; A specific funding source should be created in QuickBooks for beneficiary contributions, and to record these in the project accounts, along with the corresponding expenditure</p>	F&A Manager/PMU	04/2019
<p>Launch of the recruitment process to ensure the full complement of staff needed to run the project.</p> <p>Supervision mission March 2019 update: 1- As per project:Currently, the Cabinet Committee on Finance & Development, Punjab has approved to initiate the recruitment process in development projects. Project has written a letter to P&D Board along with advertisement. The recruitment process would be completed shortly by the P&D Board. 2- Mission notes: The mission was told in the wrap-up meeting that the advertisement for recruitment is already out. PMU needs to follow-up with P&DD for early completion of the process.</p>	Project Director & Finance & Admin Manager	06/2019
<p>Preparation of expenditure projections and submission of request for reallocation of expenditure categories in the additional loan of USD 10 million.</p> <p>As agreed through email re-allocation from un-allocated category to be requested.</p>	Project Director & Finance & Admin Manager	06/2019
<p>Finalization of Financial Manual;Finalize the manual and orientate the project staff—including that of implementing partners to the project requirements</p>	F&A Manager/PMU	06/2019
<p>Full utilization of Financing \$25M; Ensure that the additional financing of USD 25 million is fully utilized within the extended period (until the end of September 2020)</p>	PMU	09/2019

<p>Utilisation of CO's savings in interventions in the second phase</p> <p>Supervision mission March 2019: - As per project: Implementation of new targets have been started recently. COs saving would be utilized during implementation. - Mission agreed with the approach.</p>	<p>Finance & Admin Manager</p>	
<p>Full Recovery of Initial Advance, Monitor recovery of initial advance closely till the full amount is recovered.</p>	<p>F&A Manager/PMU</p>	
<p>Strengthening of internal controls/Internal Audit; Conduct quarterly Inspection of NRSP's field offices to ensure uniformity in documentation;</p>	<p>F&A Manager/PMU</p>	
<p>Full Recovery of Initial Advance; Monitor recovery of initial advance closely till the full amount is recovered.</p>	<p>F&A Manager/PMU</p>	

Southern Punjab Poverty Alleviation Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project										Political and economic stability and security
	Males										
	Females										
	Young										
	Not Young										
	Total number of persons receiving services										
	Male						49				
	Female						51				
	Young						30				
	1.a Corresponding number of households reached							Implementing Partners' records and progress reports	quarterly		
	Non-women-headed households		42 000	52 400	0	30 219	57.7				
	Women-headed households		63 000	78 600	0	72 124	91.8				
	Households		105 000	131 000	0	102 343	78.1				
	1.b Estimated corresponding total number of households members										
Household members		735 000	917 000	0	706 167	77					

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Goal To contribute to the reduction of poverty in 10 districts in Punjab	Percentage of beneficiary hh having graduated to a higher poverty category (based on PSC score)							impact surveys	mid-term and completion		
	Households		50	70							
Objective To increase the income of poor rural households by enhancing their employment potential and increasing agriculture productivity and production	Percentage of beneficiary hh reporting improved livelihoods means and income							AOS, impact surveys	annually, mid-term and completion		no major natural disasters in project area, no major changes in agric. and livestock prices, stable political economic and security situation
	Households		50	75							
Outcome Outcome 1: Improved living conditions and income-generative capacities for poorest and homeless households and the youth	Percentage of persons newly employed/self-employed after receiving vocational or business training							AOS, impact surveys	annually, mid-term and completion		Continuing market demand for trained workers no major outbreak of livestock disease in project area
	persons		50	75							
Output ultra-poor and landless hh provided with small housing units and small ruminant packages	1.1.3 Rural producers accessing production inputs and/or technological packages							implementing partners' records and progress reports	quarterly		availability of transferable land for housing plots current landlords of underprivileged community members do not oppose project implementation
	Females		47 250	59 500	0	35 500	59.7				
	ultra-poor hh provided with a small housing unit							records and progress reports			
	hh		2 166	2 832	0	1 600	56.5				
Output poor entrepreneurs and the youth provided with vocational and enterprise development training	2.1.2 Persons trained in income-generating activities or business management							Implementing partners' records and progress reports	quarterly		Young women and men's motivation to acquire professional skills remain high
	Males		12 825	17 386	0	9 318	53.6				
	Females		15 675	21 250	0	9 318	43.8				
	Young		8 550	11 591	0	12 859	110.9				
	Not Young		19 950	27 045	0	5 777	21.4				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	people accessing facilitated advisory services										
	Males		5 740	5 740							
	Females		4 317	4 317							
Outcome Outcome 2: Strengthened, more inclusive Community Organizations (COs) providing improved services to their members; and improved access to essential community infrastructure in poor communities	no. of community organisations (COs) providing new services to their members							annual outcome surveys and impact surveys			Active community participation in infrastructure operation and maintenance
	Community Organizations		2 000	4 000							
Output Existing and newly-created COs provided with capacity building support	No. of community organizations (COs) supported or newly created							IP's records and progress reports			Poorest community members are willing to join a CO
	Community Organizations		5 500	7 000	0	4 097	58.5				
	People in community groups formed/strengthened										
	Males		29 040	36 960	0	14 958	40.5				
	Females		58 960	75 040	0	52 900	70.5				
	People trained in community management topics										
	Men trained in other		3 630	4 620	0	1 810	39.2				
Women trained in other		7 370	9 380	0	5 824	62.1					
Output Community infrastructure identified using participatory processes, and constructed or rehabilitated	no. of community infrastructure schemes constructed (drinking water systems, irrigation schemes, sanitation, innovative technologies)							IP's records and progress reports			Community members are able to provide in kind contribution
	infrastructure scheme		1 255	1 426	0	1 126	79				
	2.1.5 Roads constructed, rehabilitated or upgraded							progress reports			

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
	Length of roads		90	105	0	89	84.8				
Outcome Outcome 3: Improved food security in targeted communities	1.2.8 Women reporting improved quality of their diets							annual outcome/impact survey			no major natural disasters in project districts
	Percentage		50	75							
	Women reporting improved quality of their diets		5 600	9 520	1 226	4 426	46.5				
Output Food banks established	no. of food banks created							IP's records and progress reports			Proper storage infrastructure is available for rent in all targeted Union Councils
	food banks		20	34	0	4	11.8				
	1.1.5 Persons in rural areas accessing financial services										
	Total persons accessing financial services - credit		1 600	1 600	2 204	5 404	337.8				
Outcome Outcome 4: Strengthened local capacity for Agriculture and Livestock Provision											
Output People trained as Para Vet	People trained as para vet							annual outcome and impact surveys			no social and cultural Barriers that prevent women from entering non traditional fields
	Males			100	0	111	111				
	Females			100	0	89	89				
Output Modern Agriculture Equipment provided to Community Service Provider (CSP)	no. of CSPs having received equipment							IP's records and progress reports			The high fuel and electricity cost does not limit the small holder capacity to use services
	CSPs			368	0	368	100				

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2018)	Cumulative Result (2018)	Cumulative Result % (2018)	Source	Frequency	Responsibility	
Outcome Outcome 5: Strengthened advocacy and dissemination between BISP and the Punjab Government	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment							Review of policy documents			Government's interest to learn from project experience remains high
	Number		0	2							
Output Advocacy fora and knowledge sharing platforms established and facilitated	Policy 1 Policy-relevant knowledge products completed							PCU progress reports			BISP and Provincial Government's interest to engage in advocacy/ policy dialogue remains high
	Number		2	4							



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Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 15 - 30 March 2019
Document Date: 13/05/2019
Project No. 1100001514
Report No. 5037-PK

Asia and the Pacific Division
Programme Management Department

Appendix 1: Financial: Actual financial performance by financier; by component and disbursements by category

Table 1A: Financial performance by financier (USD 000) as at 28 February 2019

Note 1: Following (i) the MTR, (ii) the initial partial cancellation of the original loan (US D10 million) and (iii) subsequent additional loan of USD 10 million, no revision of the COSTAB was prepared. It is therefore impossible to fill out 'Revised Appraisal' figures in Tables 2A and 2B, as detailed breakup is not available. Therefore, only actual disbursement figures are disclosed in the tables below.

Note 2: An exchange rate of US\$ 1 = PKR 105.030 has been used to calculate actual disbursements as per 2nd revised PC-I for Add Financing of USD 25M.

During the previous IFAD mission (Feb 2018) an exchange rate of US\$ 1 = PKR 103.51 had been used to calculate the actual disbursements as per 1st revised PC-I for Add Financing of USD 10 M.

Note 3: The expenditure data is provided by PMU. Table 1A indicates figures inclusive of initial advances by IFAD whereas 1B does not include these advances.

Table 1A: Financial performance by financier (USD '000) as at 28 February 2019

Financier	Appraisal	Revised Appraisal	Disbursements	Per cent disbursed
IFAD Loan	40 169	62, 369	39,837	63
Beneficiary Contribution	3 321	1, 565	1,266	81
Government	5 630	8, 055	5,528	69
Total	49 120	71 989	46,631	65

Table 1B: Financial performance by financier by component (USD '000) as at 28 February 2019

	Component	IFAD loan			Beneficiaries			Government			Total		
		Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
1	Livelihoods Enhancements	50,058	27,874	56	1,042	751	72	3,481	1,535	44	54,581	30,160	55
2	Agriculture and Livestock Development	6,971	2,090	30	523	515	98	728	672	92	8,222	3,277	40
3	Project Management	5,340	5,128	96	0	0	0	3,846	810	21	9,186	5,938	65
	Total Project Cost	62,369	35,092	56	1,565	1,266	81	8,055	3,017	37	71,989	39,375	55

Table 1C-1: IFAD Loan Disbursements (SDR '000, as at 28-02-2019) Loan No, 825 PK

Category	Category description	Original Allocation	Revised Allocation	Disbursement	Balance	Per cent disbursed
I	Civil Work / Community Infrastructures	6,235,000	6,420,000	7,289,386	(869,386)	114%
II	Vehicles	140,000	150,000	183,720	(33,720)	122%
III	Equipment and Materials	2,445,000	1,100,000	46,990	1,053,010	4%
IV	Technical Assistance, Training and Studies	6,490,000	3,500,000	3,756,931	(256,931)	107%
V	Grants to beneficiaries	6,900,000	7,380,000	7,507,007	(127,007)	102%
VI	Salaries and allowances	985,000	550,000	361,455	188,545	66%
VII	Incremental operating costs	520,000	200,000	154,511	45,489	77%
	Unallocated	2,635,000	-	-	-	-
	Total	26,350,000	19,300,000	19,300,000	-	100%

Table 1C-2: IFAD loan disbursements (SDR, as at 28-02-2019) Additional Loan No 2000001443 PK

Category	Category description	Original Allocation	Disbursement	Balance	Per cent disbursed
I	Works	3,720,000	3,417,187	302,813	92
V	Grants and Subsidies	2,140,000	653,424	1,486,576	31
VII	Operating Costs	100,000	66,853	33,147	67
VI	Salaries and Allowances	230,000	244,824	(14,824)	106
IV	Training	810,000	1,054,885	(244,885)	130
	Initial Advance	-	1,045,388	(1,045,388)	0
	Unallocated	290,000	0	290,000	0
	Total	7,290,000	6,482,560	807,440	89

Table 1C-3: IFAD loan disbursements (USD, as at 28-02-2019) Additional Loan No 2000001985 PK

Category	Category description	Original Allocation	Disbursement	Balance	Per cent disbursed
I	Civil Work / Community Infrastructures	2,910,000	0	2,910,000	0
II	Vehicles	340,000	0	340,000	0
III	Equipment and Materials	130,000	0	130,000	0
IV	Technical Assistance, Training and Studies	6,000,000	0	6,000,000	0
V	Grant to Beneficiaries	11,830,000	0	11,830,000	0
VI	Salaries and Allowances	990,000	0	990,000	0
VII	Incremental Operating Cost	300,000	0	300,000	0
	Authorised Allocation	0	3,500,000	(3,500,000)	0
	Unallocated	2,500,000	0	2,500,000	0
	Total	25,000,000	3,500,000	21,500,000	14



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Appendix 2: Physical progress measured against AWP&B

Mission Dates: 15 - 30 March 2019

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Project No. 1100001514

Report No. 5037-PK

Asia and the Pacific Division
Programme Management Department

Appendix 1: Physical progress measured against AWP&B, including RIMS indicators

Component/ Sub-component or Output	Indicator	Unit	*Period: 2016-17 as on 31.01.2018			Cumulative Actual	Appraisal/ Target	%
			AWP&B	Actual	%			
Livelihood Enhancement								
<i>Asset Creation</i>	1.2.6 Households receiving animals	Hh	5421	5421	100%	35500	35500	100%
	• Land distributed to landless women		297	297	100%	1,548	1600	97%
<i>Vocational & Entrepreneurial Trainings</i>	1.5.2 People receiving vocational training	m/w	4111	4111	100%	14555	14 555	100%
	1.5.3 People trained in business & entrepreneurship skills	m/w	1000	1000	1000%	4081	4081	100%
<i>Community Infrastructure</i>	1.4.2 Roads constructed/rehabilitated	No.	117	117	100%	188	188	100%
		Km	34	34	100%	89.05	89.05	100%
	1.7.3 Drinking water systems constructed	scheme	2	2	100%	45	45	100%
	1.7.4 Other infrastructure constructed (drainage, biogas, solar)	scheme	142	142	100%	689	689	100%
	Community Irrigation schemes	No.	39	39	100%	204	204	100%
	1.1.5 Land under irrigation schemes constructed or rehabilitated	Ha	-	-	-	-	-	-
Agriculture and Livestock Development								
<i>Productivity Enhancement Initiatives</i>	1.2.5 People accessing facilitated advisory services (PEI grants)	m/w	-	-	-	10057	10057	100%
<i>Food Bank</i>	Community reporting improved quality of their diet	No.	-	709		3918	1600	245%
<i>Livestock Services</i>		men	87	87	100%	111	200	100%
	1.2.3 People receiving facilitated animal health services	women	63	63	100%	89		
Community Agriculture Revolving Fund	Persons accessing financial services	No	-	1470	-	5282	1600	330%
Project Management								
<i>Community mobilisation</i>	1.6.4 Community groups	groups	342	342	100%	4098	4232	97%

	formed/strengthened							
	1.6.5 People in community groups	men	428	428	100%	14569	24000	61%
	formed/strengthened	women	3149	3149	100%	52398	56000	94%
	1.6.3 People trained in community functions	men	-	20	-	1709	2400	71%
		women	-	507	-	5679	5600	101%
<i>Gender assessment</i>	Number of assessments completed	studies	1	0	0%	0	2	0%
<i>Impact Studies</i>	Number of studies completed	studies	1	0	0%	0	5	0%
Outreach	People receiving project services	men				349552		
		Women				356615		
	Households receiving project services	hh				102343	80 000	128%

*Targets as per AWP&B 2016-17 (Revised)



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Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 15 - 30 March 2019

Document Date: 13/05/2019

Project No. 1100001514

Report No. 5037-PK

Asia and the Pacific Division
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Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Financing Agreement				
B 6.	Opening & maintenance of a Designated account in USD.	Signature of FA	Completed	
B 7.	Opening & maintenance of a Project account in Rupees for Project operations in a bank acceptable to the Fund.	Signature of FA	Completed 15 July 2013	
B 8.	Provision of counterpart financing for the Project in the approximate amount of USD 4.1 million including USD 2.9 million for taxes and duties.	Continuous	On-going	
E (i)	Appointment of the Project Director and taking office.	Signature of FA	Completed Sept 2012	
E (iii)	Approval of Project Implementation Manual (PIM) by IFAD		Completed	
E (iv)	Submission of the first AWPB and its acceptance by IFAD.		Completed Aug 2013	
General Conditions				
7.05. (a)	Procurement of goods, works and services as per GoPb regulations, to the extent consistent with IFAD Procurement Guidelines.	Continuous	Complied and On-going	
7.08. (a)	Insurance of all goods and buildings used in the Project.	Continuous	Complied	
7.09. (a)	Subsidiary Agreement not to be entered into which is inconsistent with the Financing Agreement or the Project Agreement.		Complied and On-going	
8.04.	Submission of Project Completion Report before Financing Closing Date	31 March 2018	Not yet due	
9.01.	Maintenance of separate accounts and records until the Financing Closing Date, and retention of accounts and records for at least ten (10) years thereafter.	Continuous	Complied and On-going	
9.02.	Submission of annual financial statements within 4 months of the end of each Fiscal Year.	31 October each year	Not Complied in 2016 Not Complied in 2017 Not Complied in 2018	
9.03. (b)	Submission of final audit report and management letter within six (6) months of the end of each Fiscal Year.	31 December of each year	Delayed Compliance	2015 audit report - Jan 2016 2016 audit report - Jan 2017 2017 audit report - Jan 2018 2018 audit report – Jan 2019
11.01.	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures.	Continuous	Complied and on-going	Covered through Government cash contribution