

US



Investing in rural people

Pakistan

Khyber Pakhtunkhwa – Rural Economic Transformation Project
(KP-RETP)

Project Implementation Manual

Document Date: **8-Feb 2022**

TABLE OF CONTENTS

TABLE OF CONTENTS.....	ii
CURRENCY EQUIVALENTS	vii
WEIGHTS AND MEASURES	vii
ABBREVIATIONS AND ACRONYMS	viii
I. PURPOSE OF THE MANUAL.....	11
II. PROJECT DESCRIPTION.....	11
A. <i>Project Components.....</i>	<i>11</i>
1. Component 1: Agribusiness Development	12
2. Component 2: Skills and Employment Promotion	13
3. Component 3: Programme Management and Policy Support	13
B. <i>Governance and Institutional Arrangements</i>	<i>13</i>
1. Project Steering Committee (PSC):.....	13
2. Project Management Unit (PMU)	15
3. PMU Structure and Staffing Positions	15
III. PLANNING, MONITORING AND EVALUATION SYSTEM.....	16
A. <i>Planning</i>	<i>16</i>
1. Planning Process/AWP/Budgets	17
2. Project Baseline	17
3. Quarterly Plans and Reviews	17
B. <i>Annual Progress Review and Planning Meeting</i>	<i>18</i>
C. <i>PSC Meetings.....</i>	<i>18</i>
D. <i>Monitoring and Evaluation.....</i>	<i>18</i>
E. <i>Participatory Monitoring and Evaluation (PME).....</i>	<i>19</i>
F. <i>Economic Graduation Tracking - Methodology and Process</i>	<i>19</i>
G. <i>M&E Personnel.....</i>	<i>19</i>
H. <i>M&E Function and the Project's Theory of Change</i>	<i>20</i>
I. <i>Progress Reporting, Knowledge Management and Communication</i>	<i>22</i>
1. Mid Term Review (MTR).....	22
2. Management Information System (MIS)	22
3. Project Completion Review and Evaluation.....	22
4. Knowledge Management	22
J. <i>Implementation Partners' M&E Responsibilities</i>	<i>22</i>
K. <i>Donor and Development Partners' Coordination.....</i>	<i>23</i>
IV. TECHNICAL AND OPERATIONAL GUIDELINES FOR IMPLEMENTATION OF COMPONENTS.....	24
A. <i>Component 1 – Agribusiness Development.....</i>	<i>24</i>
1. Sub-component 1.1 – Development of Professional farmers' organizations(PFOs)	24
2. Sub-Component 1.2 – Development of PublicPrivate Producers Partnerships (4Ps)	28
3. Sub Component 1.3 – Reorganizing Farms Services Centers as Farms Services Companies	37
4. Sub-Component 1.4: Institutional Support Services	39
B. <i>Component-2 – Skills Development and Employment Promotion.....</i>	<i>40</i>

1.	Purpose, Objective, Outcome and Output	40
2.	Sub-component 2.1: Skills Development for Agribusiness	40
3.	Sub-Component 2.2: Vocational and Technical Skills Development	41
4.	Sub-Component 2.3 Job placement/Induction	43
C.	<i>Institutional Support & additional implementation guidelines</i>	46
1.	Indicative Type of Trainings	47
2.	Target Group and Geographic Focus	47
D.	<i>Exist and Sustainability Strategy</i>	50
1.	Component-1 Agri-business Development	50
2.	Skills Development and Employment Promotion	51
3.	Project Management and Policy Support	51
E.	<i>SECAP Compliance</i>	52
V.	HUMAN RESOURCE MANAGEMENT	54
A.	<i>General</i>	54
B.	<i>Preparation for recruitment</i>	54
C.	<i>Advertisement & Selection</i>	55
D.	<i>Recruitment of individual consultant/consulting firms</i>	55
E.	<i>Remuneration Package</i>	55
F.	<i>Performance Evaluation</i>	56
G.	<i>Renewal of Contracts</i>	56
H.	<i>Leave Policy</i>	56
I.	<i>Procurement Management</i>	57
J.	<i>Principles of Procurement</i>	57
1.	Ethics	57
2.	Competition	58
3.	Fairness	58
4.	Transparency	58
K.	<i>Procurement Monitoring System</i>	67
L.	<i>Procurement Cycle</i>	68
M.	<i>Planned Completion or Delivery Date</i>	69
1.	Consulting Services (QCBS, FBS, LCS, and CQS)	76
2.	General Procurement	77
N.	<i>Types of Contracts</i>	83
1.	Framework Contracts	84
O.	<i>Contract Administration</i>	85
P.	<i>Contract Register (CR)/Contract Monitoring Tool (CMT)</i>	86
VI.	FINANCIAL MANAGEMENT	92
A.	<i>Project Cycle and Financial Management Activities</i>	93
B.	<i>Pre-Implementation Activities</i>	94
C.	<i>Principles of Financial Management</i>	94
D.	<i>IFAD'S Policy on Preventing Fraud and Corruption</i>	95
1.	Prohibited Practices	95
2.	General Principles	96

3.	Responsibilities of the Provincial Government/Project.....	96
4.	Reporting.....	96
5.	Remedies.....	97
E.	<i>FM Organizational Structure, Roles and Responsibilities</i>	97
1.	FM Organizational Structure.....	97
2.	Role of Finance Manager.....	98
3.	Role of Budget and Finance Officer (1 Position).....	101
4.	Role of Accounts Officer (1 Position).....	102
5.	Role of Budget and Finance Coordinator (5 Positions—one each in the RCU).....	103
6.	Procurement and Contract Management.....	104
F.	<i>Annual Work Plan & Budgeting</i>	104
G.	<i>Pakistan's PFM system and its link with the KP-RETP Project</i>	104
H.	<i>Project design changes during project life</i>	104
1.	AWP/Budget Process.....	105
2.	Preparation of the Annual Work Plan.....	106
3.	Preparation of the Annual Budget.....	107
4.	Budget Monitoring.....	109
5.	Budget Revision.....	109
I.	<i>Flow of Funds</i>	110
1.	Financiers of the KP-RETP and Flow Chart.....	110
2.	Evidence of authority to sign Withdrawal Applications.....	112
3.	Designated Account.....	112
4.	Imprest Account.....	113
5.	Recovery of Initial Advance.....	113
6.	Direct Payment Procedures.....	115
7.	Statement of Expenditure (SOE) Procedure.....	116
8.	Preparation of Withdrawal Applications.....	116
9.	Counterpart Funds.....	118
10.	Beneficiaries' Contributions.....	118
J.	<i>Disbursement Process</i>	119
1.	Classes of expenditure.....	119
2.	Expenditure Request and Authorization.....	119
3.	Payment Request.....	120
K.	<i>Accounting Procedures</i>	121
1.	Accounting Rules and Principles.....	121
2.	Accounting Software/Financial Information System.....	121
3.	Recording of Transactions.....	122
4.	Transaction Voucher (or bill form).....	122
5.	Input of Transactions.....	122
6.	Backup of Accounting Records.....	123
7.	Filing of Accounting Records.....	123
8.	Monthly and Annual Closing of Accounts.....	123
9.	Monthly Verification of Accounts.....	123
10.	Annual Closing of Accounts.....	124
L.	<i>Maintenance of separate accounts and records</i>	125
1.	Filing and storage of the financial records.....	125
2.	Off-site archiving of financial records.....	125
3.	Electronic back-up procedures.....	125
4.	Retention period.....	126
5.	Fixed Asset Management.....	126
6.	Vehicle Maintenance and Fuel.....	127
M.	<i>Internal Controls</i>	128

1.	General.....	128
2.	Segregation of duties	128
3.	Authorization.....	128
4.	Verification	129
5.	Reconciliation and checks.....	129
6.	Reviews of operating performance.....	129
7.	Restricted access.....	129
8.	Monitoring and review	129
9.	Supervision	129
10.	Information and technology related controls.....	130
11.	Controls related to PFOs/FSCs	130
12.	Controls related to Private Partners under 4Ps Arrangements.....	131
13.	Controls related to Service Providers (Trainings).....	131
N.	Financial Reporting.....	131
1.	Annual Project Financial Statements.....	132
2.	Interim Financial Reports.....	132
3.	Analytical Reviews.....	132
O.	Internal Audit.....	133
1.	Responsibilities	133
2.	Process modalities	133
P.	External Audit.....	134
1.	General considerations.....	134
2.	Types of audit opinion.....	135
3.	Key requirements in Management Letter	136
4.	Audit Follow-up.....	137
Q.	Completion and Financing.....	137
R.	IFAD's Financial Management Support.....	138
1.	Overview of IFAD support.....	138
2.	Roles and responsibilities related to IFAD support	139
ANNEXURES.....		141
	<i>Annexure-1: Scope of Work/Terms of Reference of Business Mobilization Partner(s)</i>	<i>142</i>
	<i>Annexure-2: Organizational Chart Job Description of Key Positions</i>	<i>160</i>
	<i>Annexure-3: Outline of Diagnostic Study.....</i>	<i>226</i>
	<i>Annexure-4: Detailed checklist of factors for baseline study.....</i>	<i>227</i>
	<i>Annexure-5: Business Planning Format.....</i>	<i>228</i>
	<i>Annexure-6: FPO Institutional maturity index computation.....</i>	<i>229</i>
	<i>Annexure-7: Template for Expression of Interest (EOI/Concept Note) Stage</i>	<i>230</i>
	<i>Annexure-8: Template for proposal development</i>	<i>233</i>
	<i>Annexure-9: Scope of work and Evaluation Criteria for Business Proposals.....</i>	<i>236</i>
	<i>Annexure- 10: Score card (Business Proposal Evaluation Committee)</i>	<i>237</i>
	<i>Annexure-11: Business Planning Guidelines for NFSC.....</i>	<i>241</i>
	<i>Annexure-12: Indicative list of sector-wise training under component-2.....</i>	<i>242</i>
	<i>Annexure-13: TORs for the Vocational/Entrepreneurship Training Service Provider</i>	<i>244</i>
	<i>Annexure-14: Guidelines for Managing Social, Environmental and Climate Risks in Implementation.....</i>	<i>246</i>
	<i>Annexure-15: Annual Work Plan/Budget Format</i>	<i>251</i>

<i>Annexure-16: Measuring Progress against the AWP/B.....</i>	<i>252</i>
<i>Annexure-17: Steps in the opening of Assignment Account/Designated Account</i>	<i>253</i>
<i>Annexure-18: Checklist for reviewing withdrawal applications</i>	<i>255</i>
<i>Annexure-19: Designated Account Reconciliation (Imprest Fund).....</i>	<i>258</i>
<i>Annexure-20: Sample Financial Statements.....</i>	<i>259</i>
<i>Annexure-20: Interim Reporting Format</i>	<i>271</i>
<i>Annexure-22: TORs of Internal Auditing Firm</i>	<i>272</i>
<i>Annexure-23: Financial Tables for the Supervision Missions</i>	<i>280</i>
<i>Annexure-24: Format for measuring compliance with legal covenants</i>	<i>281</i>

CURRENCY EQUIVALENTS

Currency Unit

US\$1.0 = Rs. 152.00

WEIGHTS AND MEASURES

1 kilogram = 1000 g

1 000 kg = 2.204 lb.

1 kilometre (km) = 0.62 mile

1 metre = 1.09 yards

1 square metre = 10.76 square feet

1 acre = 0.405 hectare

1 hectare = 2.47 acres

Version Control

Version	Date of Editing	Clearance
Version 1.00	08 Feb 2022	CDWP/IFAD EB

ABBREVIATIONS AND ACRONYMS

4P/PPPP	Public Private Producers' Partnership
ACE	Anti-Corruption Establishment
ADP	Annual Development Programme
AG	Accountant General
AGP	Auditor General of Pakistan
APRM	Accounting Policies and Procedures Manual
AWPB	Annual Work Plan and Budget
BISP	Benazir Income Support Program
CMF	Contract Monitoring Form
CMFS	Community Managed Financial Services
CMO	Contract Management Officer
Cos	Community Organizations
COA	Chart of Accounts
CQS	Consultant's qualifications-based selection.
CR	Contract Register
DAC	Departmental Accounts Committee
DC	Director Contracting
DDO	Drawing and Disbursement Officer
EAD	Economic Affairs Division
EOI	Expression of Interest
EOI	Expression of Interest
FA	Financing Agreement
FATA	Federally Administered Tribal Areas
FBS	Fixed-budget Based Selection
FSC	Farm Service Centers
FD	Finance Department
FIA	Federal Investigation Agency
GFR	General Financial Rules
GoKP	Government of Khyber Pakhtunkhwa
GoP	Government of Pakistan
GPN	General Procurement Notice
IA	Implementing Agency
IAC	Internal Audit Cell
ICB	International Competitive Bidding
ICP-CM	IFAD Client Portal – Contract Monitoring
IFAD	International Fund for Agricultural Development
ISO	International Standards Organization
IT	Information Technology
ITB	Invitation to Bid
IUFR	Interim Unaudited Financial Reports
KP-PPRA	Khyber Pakhtunkhwa Public Procurement Regulatory Authority
LCS	Least-cost-based Selection
LO	Local Organisation
LSO	Local Support Organisation
LTB	Letter to the Borrowers
M&E	Monitoring and Evaluation
MFA	Manager Administration and Finance
MM	Mitigation Measures

MTR	Mid Term Review
NAB	National Accountability Bureau
NCB	National Competitive Bidding
NBP	National Bank of Pakistan
NFSC	New Farm Services Center
NS	National Shopping
OBB	Output Based Budget
O&M	Operation and Maintenance
OSR	Own Source Revenue
PC1	Planning Commission Performance 1
PD	Project Director
PDR	Project Design Report
P&DD	Planning and Development Department
PEFA	Public Expenditure and Financial Accountability
PFOs	Professional Farmers Organizations
PIAC	Provincial Internal Audit Cell
PIM	Project Implementation Manual
PMU	Project Management Unit
PO	Purchase Order
PP	Procurement Plan
PPRA	Public Procurement Regulatory Authority
PS	Procurement Specialist
PSC	Project Steering Committee
PTS	Procurement Tracking System
QBS	Quality-based Selection
QCBS	Quality and Cost-based Selection
QPR	Quarterly Progress Report
REOI	Request for Expression of Interest
RETP	Rural Economic Transformation Project
REOIs	Request for Expressions of Interest
RFP	Request for Proposal
RFP	Request for proposal as selection method
RFQ	Request for quotation as selection method
RFQ	Request for Quotation
RMU	Regional Management Unit
RPMU	Regional Project Management Unit
SBD	Standard Bidding Document
SBP	State Bank of Pakistan
SFO	Selection of Farmer Organizations
SOE	Statement of Expenditure
SPN	Special Procurement Notice
SRSP	Sarhad Rural Support Programme
SS	Sole Source
SSS	Single Source Selection
SWOT	Strengths, Weaknesses, Opportunities and Threats
TEVT	Technical and Vocational Training
TEVTA	Technical and Vocational Training Authority
TOR	Terms of Reference
UNDB	United Nations Development Business
VFM	Value for Money
VO	Village Organisation

WA

Withdrawal Application

I. PURPOSE OF THE MANUAL

1. This PIM has been developed to support PMU in general and project's technical teams in particular to understand and comply with technical, financial, and procurement requirements while establishing/managing work at Professional Farmers Organization (PFOs), Farm Services Centers (existing/new ones), Private Partners under 4P arrangements, Technical and Vocational Education Services Providers (KP TEVTA and/or partner engaged for this purpose). It includes detailed guidance including workable/simple templates for consistent application of required guidance in PMU and fieldwork and holding the staff accountable—if they deviate from the established technical requirements.
2. The manual also briefly describes institutional arrangements—including project governance, staffing, and M&E to establish the context. The PIM is a living documents. It is pertinent to mention that PIM provides an initial guideline based on project design that would require updating and revision as the programme progresses. However, such updating, and revisions would stay within the overall project objectives and target groups and subject to approval by IFAD and PSC.

II. PROJECT DESCRIPTION

3. Project Goal. The overall goal of the programme is to contribute to poverty reduction, and to food and nutrition security of rural households. The development objective is improved rural income and employment through high value agriculture in a sustainable and climate-resilient manner.
4. Target Area. The project will cover all the 35 districts of the province in a phased manner. The project will also create complementarity and synergies with the IFAD financed NPGP and other similar donor funded projects. Coordination among complementary projects and programmes will be facilitated by the Project Steering Committee and relevant sections of the planning and development department at the provincial level. Coordination for complementarities and synergies will be the responsibility of Project Management Unit.
5. Target Groups. The primary target groups for the project will consist of the HHs falling in the PSC 0 – 40. Women and youth will be particularly targeted with specific interventions aiming at economic and social empowerment. The project will validate beneficiaries' data to mitigate exclusion/inclusion errors through service providers/local organizations as appropriate. For gender empowerment, religious and community leaders and village elders/jirga will be engaged following the successful approach used for this purpose in other projects. Smallholder farmers targeted for the production of high value agriculture and livestock will be assisted as members of farmer organizations.
6. Project Beneficiaries: Around 785,000 households or around 4.35 millionmillion persons will benefit directly or indirectly from household level interventions including (i) economic graduation and insertion (assets transfer, youth job market readiness/employment skills and vocational trainings; productive investments - start-up capital) and (ii) market oriented FPOs, and FSCs with market study, business plan, professional management, matching grant investments, private partnership, processing development and clear break-even point as well as exit strategy. Additionally, the target group (focus on the youth and women) will also benefit from capacity building, financial literacy, trainings for climate risk and resilience, nutrition, asset management for enhancing the effectiveness of the assets, enterprise and business development. Investments in PFOs and 4Ps will create additional jobs from which women and youth will specifically benefit, especially those trained under component 2.
7. Theory of Change. Transfer of productive asset to the poor combined with vocational and managerial trainings and start-up capital establish enabling environment for graduating them out of poverty. Similarly, organizing very small farmers into market-oriented professional cooperatives as well as 4Ps (dairy transformation in particular) puts them on sustainable economic graduation KP-RETP will benefit in particular from the tools and methodologies / approaches developed for this purpose.

A. Project Components

8. The proposed project will have three components: (i) Agribusiness Development (Professional Farmers Organizations and 4P Development), (ii) Economic Graduation and Employment Promotion (Assets Provision and

Skills Development); and, (iii) Programme Management and Policy Support. Component 1 will create the necessary potential within the repositioned agribusinesses and 4Ps while the asset and skills creation will enable poorer households to avail to opportunities of both income and employment.

1. Component 1: Agribusiness Development

9. This component shall consist of four mutually reinforcing subcomponents as follows: (i) Professional Farmer Organizations Development and (ii) Agro Value Chain 4Ps with the aim of including farmers in value chain process and increasing their incomes; (iii) revamping of existing Farms Services Centres (FSCs) and (iv) agriculture extension/research. The target population is one that has a Poverty Score Card score between 0-40. The project will validate BISP data to ensure that only those who meet the PSC criterion are actually targeted.
- i. Professional Farmer Organizations Development. The project will develop 550 multi-purpose restructured Professional Farmer Organizations (PFOs) with 400 producers per organization. PFOs shall be managed professionally by qualified staff recruited through proper testing. PFOs shall be formally registered and provided mentoring over short to medium term. **An investment ranging between USD 70,000 and USD 100 000 is estimated to be required for each PFO to which 30% will be provided by members of FPOs whereas the remaining 70% will be contributed by the project.** PFOs will use the funds to lend money to members for inputs/services and also provide support for improving the marketability of the produce by aggregation, grading, processing, packaging, and certification—where needed generate best value for farmers. The PFO's net profit will be limited to the operational cost recovery to maximize profit for farmers. The average estimated net incremental income generated per farmer will be in the range of USD 1000 – 2,000 per year.
- ii. Agro Value Chain 4Ps. The project will establish 20 Producer Public Private Partnerships (4Ps)—each covering an estimated 2,000 producers. For this purpose, well-qualified and experienced private partner shall be selected through a competitive process for value chain development. **The project seeks to increase average income of a project beneficiary (farmer) USD 150 equivalent per month. The project shall provide financing (up to the maximum amount of PKR 78 million-USD 500 000) to each 4P against a business plan.** The share of the project and the private producer shall be 50:50 respectively. The selected private firms—engaged on a 3-5 years contract, shall enable producers to meet the demand characteristics and requirements of the private company. The project shall provide financing for investment for this purpose. The 4Ps model will also be developed as a link to the PFOs under a contract farming modality. Each 4P shall act as a holistic win-win platform where multiple partners could leverage their investment in selected value chains led by private companies facilitating access to markets, knowledge, technology and capital for smallholder rural poor farmers.
- iii. Restructuring Farm Services Centers into Private Companies. The project will also reorganize/modernize 35 Farm Service Centers (FSCs) that were established to organize farmers for better access to agriculture inputs and allied services. The modernization will make the FSCs more responsive to the needs of the farmers in terms of input supply (fertilizers, seeds, pesticides etc.) and services (mechanized labor, technical advises, certification and marketing etc.) in order to complement and make fully operationalize the sub component 1 (PFOs) and 2 (4Ps). These FSCs shall be made fully functional, autonomous and sustainable in each district, with PFOs and individual farmers as shareholders. This NFSC will be managed as private company.
- iv. Institutional Support Services. The main objective of the sub-component is to provide demand driven institutional services to PFOs/4Ps/FSCs, s to meet the market demand and buyers requirements. . The PMU will enter into multiple results based MoUs with the relevant public/Government departments (academic, research and extension services) for different activities with clear responsibilities and deliverables. The scope of work will emerge from the aggregated needs of PFOs/4Ps/FSCs and will be translated into work plan, timeline and cost estimates. The engagement plan will be developed by PMU and approved by PSC as and when the need arise on a rolling out basis. Performance assessment will be done on an annual basis and presented for review to PSC. The capacitated line departments will more effectively support the PFOs and 4ps envisaged in the project.

2. Component 2: Skills and Employment Promotion

10. The objective of the component is creation of productive employment and self-employment opportunities for 110,000 rural women and men in the farm, off farm and non-farm sectors. The component consists of three mutually supporting sub-components: (i) Skills Development for Agribusiness; (ii) Employment promotion and self-employment/enterprise development and (iii) Job placement of young unemployed graduates.
11. The target population is one that has a Poverty Score Card score between 0-23. The project will validate BISP data to ensure that only those who meet the PSC criterion are actually targeted. This component will focus on creating sustainable livelihoods for the target beneficiaries. It is estimated that about 25,000 jobs will be created because of project activities involving PFOs, FSCs, and 4Ps. The project will work with KP TEVTA and Service Provider to impart target beneficiaries skills based trainings, mentoring and financial assistance to generate self-employment for an estimated 60,000 beneficiaries. Another 25,000 graduates will be supported through job placement/induction under this component.
12. The beneficiaries of this component will be women (50%) and youth (50%) who will undergo skills development trainings at recognized institutes and be facilitated in finding jobs or starting business. An Implementing Partner shall be engaged competitively with accountability to ensure that 70% of the trainees under the component either find sustainable jobs or start business after six months of training. Trainees that want to start business shall be provided some seed capital and management coaching/mentoring. The project will also provide internships for graduate youths to facilitate their transitioning to full time jobs subsequently.

3. Component 3: Programme Management and Policy Support

13. Based on previous good experience, the project will be placed under the Planning and Development Department. A Project Management Unit will be established at Peshawar and three Regional PMUs will also be set up in order to handle the distance / geographic coverage of the project. The PMU will report to the Project Steering Committee (PSC). The component includes Technical Assistance (TA) for policy and regulatory reforms—including the mainstreaming of Information Technology for Development (ICT4D) in the sector.

B. Governance and Institutional Arrangements

14. At federal level, Economic Affairs Division (EAD), Government of Pakistan will be the overall coordinating agency at the Federal level for IFAD financing. Provincial Planning and Development Department (P&DD) shall be the lead implementing agency—because of the multisector nature of the project. The provincial government shall notify a Project Steering Committee (PSC) and establish a PMU as briefly narrated below for project oversight and implementation.

1. Project Steering Committee (PSC):

15. Given the multi sectoral nature of the project will be placed in the P&DD, GoKP which will be main lead implementing agency for KP-RETP. The policy level guidance, coordination and oversight will be provided by a Project Steering Committee (PSC). The PSC will grant approval of Annual Work Plan and Budget (AWPBs), Procurement Plans (PPs), conduct regular progress reviews and take corrective actions where warranted. PSC will have following composition and will be formally notified prior to start of the project:
 - i. Additional Chief Secretary (ACS) Development (Chairperson)
 - ii. Secretary Finance Department (Member)
 - iii. Secretary Agriculture, Livestock, & Cooperatives Department (Member)
 - iv. Secretary, Industries, Commerce and Tech. Education Department (Member)
 - v. Managing Director TEVTA (Member)
 - vi. Secretary Zakat-Usher, Social Welfare, Special Education and Women Empowerment Dept. (Member)
 - vii. Secretary Sports, Tourism and Youth Affairs Department (Member)
 - viii. Secretary Local Government and Rural Development Department (Member)

- ix. Co-opted Member—asR and when required (Member)
 - x. Project Director (Secretary)
16. The PSC shall co-opt a member or expand membership by including additional members—as the case may be subject to the need of project implementation. The PSC shall examine the need for such additions to the existing membership in its meetings and take a formal decision thereon. The PSC will convene bi-annually (more often if necessary) on the basis of the agenda items prepared by PMU.
17. The specific responsibilities of the PSC include:
- i. *Provide overall guidance and oversight to enable the project to reach its development objective in line with the financing agreement;*
 - ii. *Take timely decisions and issue necessary direction to create enabling policy/regulatory environment for project implementation;*
 - iii. *Ensure fair allocation of funds to the districts/regions by considering population, poverty profile, and value chain potential in each district/region. In cases where a region/district is not able to achieve performance targets established in the AWPB persistently, divert funds to the districts/regions that are performing as per established targets with.*
 - iv. *Examine proposals for partnerships with government departments/agencies and approve MOUs for execution of such partnerships;*
 - v. *Identify and approve ADP projects that shall be implemented under the project as part of the government's financing stream;*
 - vi. *Approval of Annual Work Plans, Budgets and Procurement Plans;*
 - vii. *Review performance of PMU/Service Providers/ line departments under MOUs, against established targets and take remedial actions to keep implementation on track; progress against the work plans/budgets and take remedial actions where needed;*
 - viii. *Approve the PIM as a guideline for project implementation and its periodic updating as needed;*
 - ix. *Ensuring timely provision of counterpart funds (cash) and sufficient allocations for provincial ADP-funded projects that have been selected for leveraging under the project.*
18. To resolve implementation bottlenecks promptly, the PSC shall constitute a smaller but empowered a small Sub-Committee under the PSC—to be called the Executive Committee. The Sub-Committee/Executive Committee shall be headed by Secretary P&D and include representatives of Finance Department, line department (s) relevant to the implementation issue(s), Chief RD P&DD, Chief IDS P&DD, Chief Agriculture P&DD, Chief Industries P&DD, Head/CEOs of service providers and Project Director. The Sub-Committee/Executive Committee shall be responsible to:
- i. Provide operational level direction and suggest viable options or any pertinent issues faced during project implementation;
 - ii. Review and finalization of the project implementation as and when required;
 - iii. Identify and expeditiously resolve implementation constraints/bottlenecks in coordination with the stakeholders concerned which otherwise would await PSC meeting;
 - iv. As delegated by the PSC, engage with IFAD and other financiers on matters requiring their decision to ensure smooth implementation of project activities;
 - v. Carry out any task/follow up at the direction of PSC; and,
 - vi. Obtain anticipatory approval of any urgent action pertaining to the mandate of PSC.
19. The Sub-Committee/Executive Committee shall meet quarterly or as may be required by PSC to review implementation progress and take quick decisions after consultation with relevant members of the PSC—as appropriate.

20. During the meetings of the PSC, the decisions taken by the Executive Committee shall be validated.

2. Project Management Unit (PMU)

21. A fully autonomous PMU for KP-RETP —along with five (5) Regional Coordination Units (RCUs), will be established within Provincial Planning and Development Department (P&DD). PMU will be responsible for all aspects including operations, finance, procurement, human resource, M&E related to the implantation of the project.
22. PMU will be administratively linked to P&D Department but accountable for its work and performance to Project Steering Committee (PSC). Following are the major responsibilities of PMU;
- i. *Project planning, implementation, monitoring and coordination with the participation of all implementing partners and stakeholders*
 - ii. *Preparation of the consolidated AWPB and the associated procurement plan (PP); once the AWPB and PP is approved by PSC and cleared by IFAD, the PMU will ensure its efficient implementation.*
 - iii. *Quarterly and monthly plans for project implementation*
 - iv. *Conduct of financial, accounting, procurement and administrative management, including for activities carried out by service providers and public agencies.*
 - v. *Procurements and contract management including bulking of all common equipment vehicles etc. for procurement in an efficient manner*
 - vi. *Development of comprehensive M&E Plan and conduct of monitoring and evaluation activities including impact assessments.*
 - vii. *Preparation of detailed quarterly and annual physical and financial progress reports for submission to Government and IFAD as per prescribed timelines*
 - viii. *PMU staff and partner implementing agencies staff capacity building training in project approach, processes and outputs and outcomes*
 - ix. *Promotion and development of team building among all partners and ensuring discipline within PMU and among implementing partners*
 - x. *Establishing systems for transparent operations, prevention of corruption and achieving value for money through efficiencies and competitiveness*
 - xi. *Preparation of the Project's communication strategy and dissemination of information about the project rationale, concept and detailed content to the stakeholders and all interested parties.*
 - xii. *Establishment and maintenance of linkages with government departments and agencies, donors, private sector partner organizations, social mobilization partners, and the community organizations.*
 - xiii. *Operation of the management information/reporting systems and the results monitoring framework, and regular reporting to the development partners.*

3. PMU Structure and Staffing Positions

23. PMU shall be headed by a Project Director who will preferably be a civil servant of appropriate seniority posted or selected through a competitive process on terms and conditions acceptable to IFAD. Once the Project Director resumes the charge, he/she will serve for at least three years. The selection criteria shall include seniority, qualifications, and relevant experience.
24. Five (5) Regional Coordination Units (RCUs) shall also be established . Each RCU will be headed by a Regional Coordinator who shall be selected through a competitive process. The RCUs shall provide field level coordination and monitoring. Each RCU shall have a small complement of management and technical staff. RCU shall facilitate

continuous and effective coordination between the project and agro-business partners, farms service centres, farmers' organizations, and the relevant staff of agriculture extension/research in the field.

25. The PMU/RCUs will have sufficient technical and administrative staff to run projects smoothly. The organizational chart of PMU and suggestive Job Descriptions/TORs of key positions are provided at Annexure-1.
26. PMU will report to Project Steering Committee headed by the Additional Chief Secretary of Planning and Development Department.
27. PMU shall have a dedicated FM Section headed by Finance Manager for the management of project budgets and finances. A Budget and Finance Coordinator (B&F) Coordinator shall also be provided in each RCU to support implementing partners i.e., PFOs, FSCs, Private Partners under 4Ps, Service Providers in compliance with applicable compliance requirements.
28. Separate Bank accounts will be maintained for IFAD and Government funds as per the corresponding regulations and guidelines. Annual Audit of project accounts would be carried out by Auditor General of Pakistan within three months of end of Financial Year and Audit report will be furnished to IFAD within six months of close of financial year. *Detailed guidance has been provided separately later in this document.*

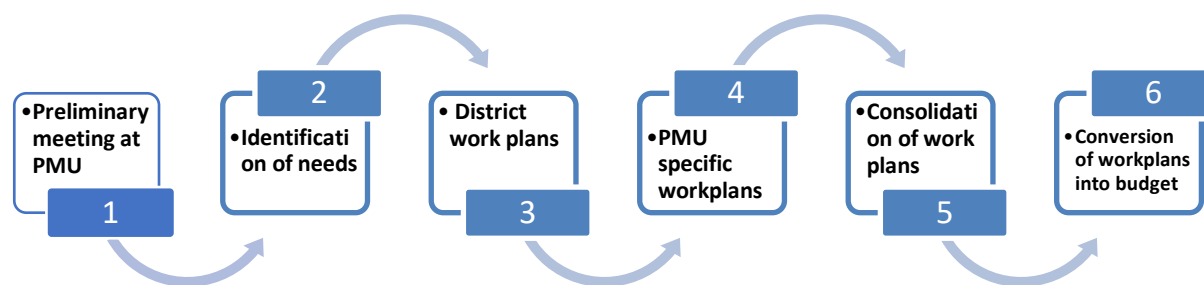
III. PLANNING, MONITORING AND EVALUATION SYSTEM

A. Planning

29. Based on Project PDR and PC-I, and indicative phasing contained therein, Annual Work Plans and Budgets will be the main instrument for project implementation. PMU will be responsible for leading the AWPB formulation process in a participatory, bottom-up manner. The AWPB process will be completed by 31 March each year and got approved from Project steering Committee and IFAD by 30 April. For efficient planning and monitoring during the year, the AWPB will be organized around four quarters of the year with targets and budgets reflected for each quarter.
30. The Annual Work Plan and Budget (AWP&B), to be compiled by the Project Management Unit (PMU) will be the main tool for planning project activities, monitoring and progress reporting. The logframe will provide the direction and overall framework for each year's work plan and budget. The AWP&B will be approved by PSC and cleared (non-objection) IFAD before execution. The AWPB, based on the PDR's indicative phasing and budget allocations will adhere to the overall thresholds for various categories agreed under financing agreement. The PDR phasing, targets and estimated costs for each activity especially those related to PFOs/4Ps will be treated as indicative and actual targets will be determined every year on the basis of ground realities and based on the average number of participating producers.
31. The AWP&B will be organized around the three project components and sub-components. IFAD's template for AWP&B will be used which will have both quantitative targets, its phasing by quarter and narrative explaining the intervention approach/strategy. The AWP&B will also identify pertinent potential issues and mitigation strategies so that early actions can be planned to avoid under achievements. A biannual review will be carried out at least during the first two project years and if necessary, AWP&B may be revised accordingly. Preparation of AWP&B will be done in a participatory manner involving the key implementing units of the project including regional offices, implementing partners, collaborators and relevant government departments.
32. Each year's work plan will be finalized in the last quarter and approved by PSC and IFAD at least 60 days before the start of implementation period. Technical planning of the project interventions will be based on initial value chain prioritization (nutrition-sensitive), job market study and outlook and a series of market appraisal linked to business plans Based on Project PDR and PC-I, and indicative phasing contained therein, Annual Work Plans and Budgets will be the main instrument for project implementation. PMU will be responsible for leading the AWP/B formulation process in a participatory, bottom-up manner. The AWP/B process will be completed by 31 March each year and go approved from Project steering Committee and IFAD by 30 April. For ease of planning and monitoring during the year, the AWP/B will be organized around four quarters of the year with targets and budgets reflected for each quarter.

1. Planning Process/AWP/Budgets

33. The Annual Work Plan and Budget (AWP&B) will be the main tool for planning project activities, monitoring and progress reporting. Development of AWPBs will be a participatory and consultative exercise involving PMU, implementing agencies, involving the key implementing units of the project including regional offices, implementing partners, collaborators, relevant government departments, agri-business Mobilisation Partners, and technical service providers. The AWP&B will be approved by PSC and cleared (Non-objection) IFAD before execution. The AWPB, based on the PDR's indicative phasing and budget allocations will adhere to the overall thresholds for various categories agreed under financing agreement. The PDR phasing, targets and estimated costs for each activity especially those related to PFOs/4Ps will be treated as indicative and actual targets will be determined every year based on ground realities and based on the average number of participating producers. AWP&B will have two streams of contributory processes. One stream will relate to Agribusiness development/organization of PFOs which will be guided and coordinated by agribusiness mobilization Partners. The agribusiness mobilization partner will be responsible for selection of nutrition sensitive value chain selections under Agribusiness Promotion Component, and business plan development for each PFOs through rigorous community participatory approach for each PFO, endorsed by regional offices. Then these plans will be consolidated and submitted to PMU by agribusiness mobilization partners. Second stream will be for creation of productive employment and self-employment opportunities for rural women and men in the farm, off farm and non-farm sectors through competency-based trainings, conducted by TVET and its affiliated institutions. The job placement of trainees and unemployed youth will be ensured by technical service providers.
34. PMU will organize annual planning and review meetings in March every year to begin the AWPB process for next year and review overall progress against the previous year's AWPB. The flow chart summarizes the work flow of AWPB:



Detailed guidance on AWPB has been provided in FM Manual.

2. Project Baseline

35. At the start of the project, a survey will be commissioned to third party by PMU to establish a baseline for key results and outcome indicators (referring to the log frame) as well as the intended impact and transformation pattern of the rural economy through KP-RETP interventions. Special attention will be given to mainstreaming themes of nutrition and youth while disaggregation will be made based on gender, age, sectors, regions and professions (for component 2). Given the unique nature of project interventions (i.e., PFOs and 4Ps), the project will develop and update a rolling baseline/database for beneficiaries as they join the project. A control group will be identified during the baseline.

3. Quarterly Plans and Reviews

36. PMU will organize quarterly and annual progress review and planning meetings/workshops, based on progress reports furnished by all implementing partners. These review meetings will be held before the end of a quarter to review progress, identify challenges and shortfalls warranting attention, and hence action plans will be developed for the next quarter, based on agreed solutions. All notified Activity Managers of the departments, key agribusiness mobilizations partners and PMU technical staff will participate. At the end of meeting, the PMU will formally issue a quarterly work plan containing next quarter targets and financial allocations.

B. Annual Progress Review and Planning Meeting

37. PMU will organize annual planning and review meetings in the last quarter of financial year to review progress and pertinent challenges/issues in project implementation during on-going year. Based on consultation a plan for the next financial year will be formulated.

C. PSC Meetings

38. PSC will meet once a year. The meetings will be based on agenda prepared by PMU and containing issues and proposals on which PSC decisions are sought. Minutes will be prepared and issued following each meeting.

D. Monitoring and Evaluation

39. The scope of Monitoring and Evaluation in KP-RETP will be timely collection of reliable data and information for measuring performance and progress related to physical progress against project development objective, outcomes, outputs, and impact. M&E will serve as key learning tool to provide timely and quality information for critical reflection on project strategies and operations to support decision-making.
40. Project results will be measured at output, outcome and impact levels covering all logframe indicators. The system will be guided by IFAD's Corporate Results indicators, and mandatory indicators pertaining to mainstreaming priorities. M&E data for key indicators will be disaggregated as applicable. A detailed M&E plan will be developed during the first six months of project implementation, as part of the updated PIM, which would provide the basis for annual M&E plans and activities. Standardized reporting formats/templates for monthly, quarterly, and annually reports will be developed and disseminated by the PMU-M&E specialist. Orientation sessions and mandatory trainings will be conducted for the regional M&E personnel and staff of partner organisations. The M&E system will be multi-layered including:
- i. Baseline study conducted by PMU through 3rd party
 - ii. Implementation monitoring by PMU
 - iii. Annual outcome survey (post-MTR) conducted by PMU through third party
 - iv. Performance review by P&DD/IFAD on annual basis through supervision missions
 - v. MTR by P&DD and IFAD
41. A database developed at the baseline study stage which will be updated annually. Using data from project M&E, the logframe will be updated on annual basis and shared with IFAD and PSC. The updated logframe will be used by PSC for the project review. The overall responsibility for the M&E activities will lie with the PMU with support roles at the regional office level. The M&E will integrate the functions of knowledge management and communication.
42. An annual M&E plan, as part of project's overall AWPB, will be prepared by M&E wing of PMU, with inputs from all implementing partner on targets, formats, processes and reporting responsibilities and then each agency, including PMU, will derive their individual plans to meet the requirements of annual M&E Plan. The M&E Plan shall focus on tracking activities vis-à-vis the project's approved logframe.
43. The implementation monitoring will be done by the implementing partner and M&E at regional office and it should form the basis for their regular progress reporting to the PMU. The management and monitoring teams of IP will be responsible for implementation of day-to-day project activities, performance of their staff, and delivery of inputs and achievement of project outputs/outcomes as per agreed standards.
44. The output monitoring will be carried out by PMU staff and joint activity/output monitoring missions to independently assess the physical and financial progress. The activity and output monitoring by PMU will focus on spot-checking, verification of output data reported by IP, identification of risks factors and propose mitigation measures, status of utilization of funds by IP against the disbursements, ensure compliance to the financing agreement, efficiency of funds flow mechanism, evaluation of internal control system etc. During joint activity and output monitoring visits, the monitoring team will randomly interview the target beneficiaries; oversee the input

delivery process and review procurement, disbursement, training record, beneficiaries' acknowledgements record and project database maintained by the IP.

45. The process and outcome monitoring shall be carried out by PMU M&E Specialist to ensure independence and objectivity of the outcome and process monitoring. The key activities related to process and outcome monitoring include; process and outcome monitoring visits to the IP, management of annual PSC surveys for economic graduation tracking by IP, annual outcome surveys in line with IFAD's requirements including third party validation of PSC survey conducted by IP, mid-term and end-term project evaluations and value chain studies.
46. It will be the responsibility of PMU to maintain/update data of key monitoring indicators. The M&E system will use geotagging and web-based interface so that reports are available in real time. The database will use design that can easily be aligned with the Government/P&D monitoring and reporting structures. Post MTR, the Planning and Development Department will undertake one or several evaluation studies to assess relevance, effectiveness, efficiency, sustainability and exit strategy at the entire project level as well as the specific interventions. IFAD will undertake annual supervision, implementation support and mid-terms as well as adhoc assessments necessary to improve project performance.

E. Participatory Monitoring and Evaluation (PME)

47. Target beneficiaries, implementation partners, participating farmers in PFOs and 4Ps as well as trainees under component 2 will be actively involved in monitoring and evaluation of project activities through regular project monitoring and review meetings, field visits, surveys/FGDs, spot checking. A systematic plan to ensure active involvement of farmers in PFOs and 4Ps and trainees shall be developed in line with the overall M&E plan. Furthermore, annual project review consultation and lessons learn workshops at provincial level will be held to engage Government institutions, PFOs, IP, POs and other stakeholders in project progress review and monitoring process.

F. Economic Graduation Tracking - Methodology and Process

48. As part of process and outcome monitoring, KP-RETP would systematically track economic graduation of the target beneficiaries through core and corresponding logframe indicators; increased incomes, profits and sales of 4PS/PFOs, increased income of smallholder farmers who are members of 4Ps/PFOs, enhanced incomes of employed/self-employed and micro enterprises. Baseline data compiled through baseline survey will be the basis to track the change in economic status of participating beneficiary smallholder farmers, trainees of different trades, and youth being integrated into different job sectors. Annual economic graduation surveys, sample validation of POs' results by third party as well as revalidation done by POs on biannual basis and through third-party mid-term and end of project evaluations managed by PMU. The KP-RETP will use baseline survey data to identify the target beneficiaries eligible for different types of activities, technical support, new jobs created and trainings defined in KP-RETP economic graduation approach and improved nutrition and food security status among target population. The PMU would explore avenues of collaboration with Impact Atlas to build synergies between its own tech-based monitoring and reporting systems with that of Impact Atlas to enhance effectiveness and efficiency in economic graduation tracking for REPT.
49. Partner organizations would be actively involved in annual economic graduation updating survey by the PMU post MTR. The findings of the annual surveys would be shared with 4Ps, PFOs and Implementing partners for validation line with the findings. The avenues of sharing of findings with local government departments would also be explored by the SPs/BMPs that would help the local governments for pro-poor development planning, nutrition sensitive interventions & policy support and targeted interventions for the ultra-poor and the poor in their respective areas.

G. M&E Personnel

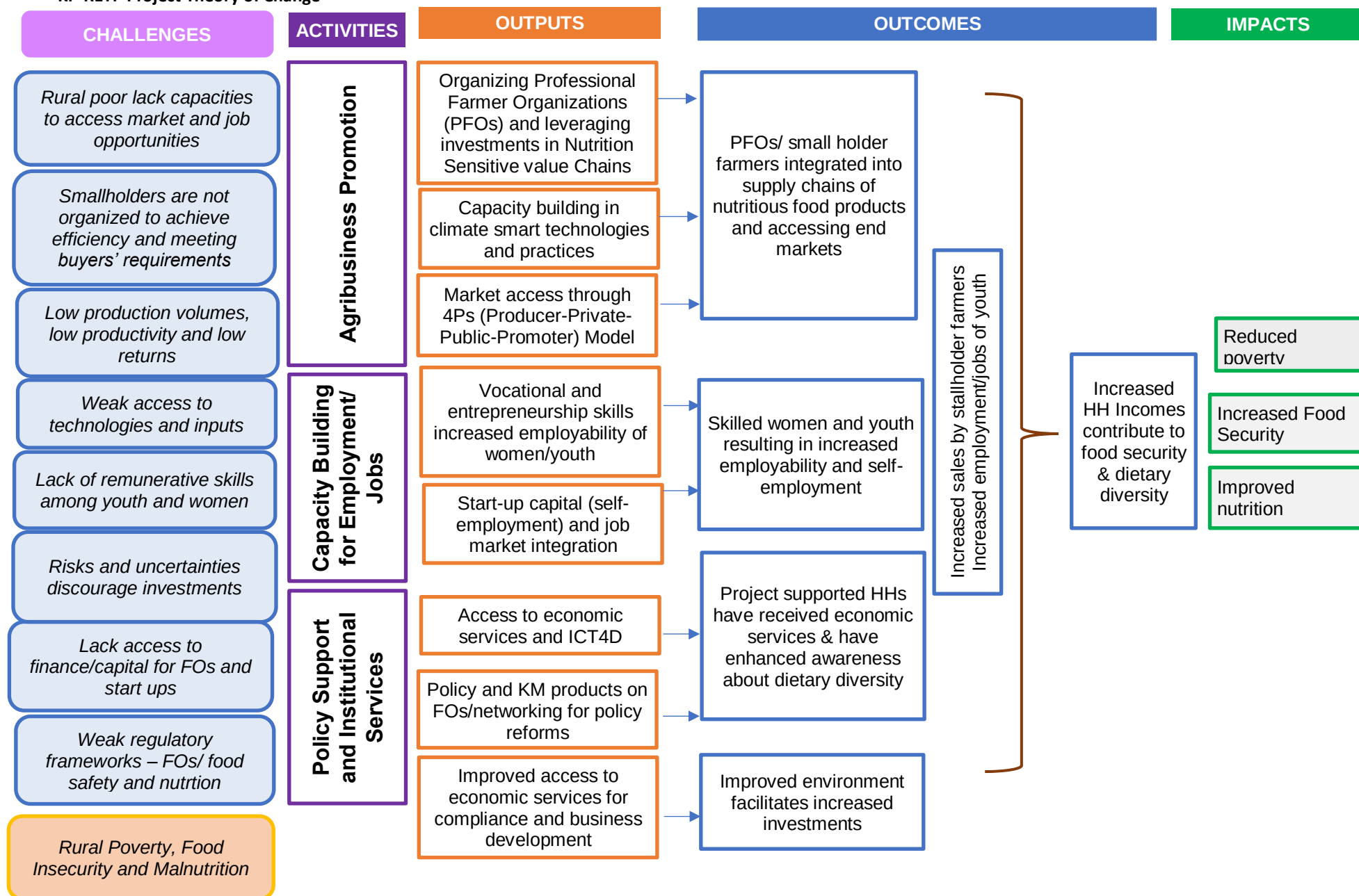
50. M&E Wing: PMU M&E Wing will consist of following staff (tentative):
 - i. M&E & KM Manager (1)

- ii. KM/Communication Officer (1)
 - iii. M&E Officers (2)
 - iv. Mainstreaming/Youth and Nutrition Specialist (1)
 - v. M&E/MIS & KM/COM Assistant (4)
51. In addition, two (2) Regional M&E Officers are provided in each RCU for continuous monitoring of field work and reporting to PMU.
52. The M&E and KM Manager will supervise the team and will manage the surveys, studies, policy papers and impact evaluations conducted through external consulting such as baseline survey, mid-term and end of project evaluations, thematic studies. The team will work in close collaboration with all sector specialists to provide timely input to the PMU team regarding project progress updates and outcomes. The team will coordinate in customization of KP-RETP 's MIS reporting requirements and will provide orientation and technical backstopping to the IP for smooth, efficient, timely and maximum optimization of MIS for progress data entry and reporting. The M&E and KM Manager along with the team will also oversee development/customization of mobile application/geotagging and provide time-to-time technical backstopping in efficient and effective management of the mobile application for real-time monitoring by IP and PMU staff through smart phones and tablets.

H. M&E Function and the Project's Theory of Change

53. The project seek to integrate small holder farmers into supply chains of nutritious food products and accessing end markets, capacitate women and youth to earn livelihood, promote healthy nutrition habits among households and generat enabling environment for more investment in the rural areas for economic growth which will—in turn, create sustainable jobs for the youth and women.
54. Transfer of productive asset to the poor combined with vocational and managerial trainings and start-up capital establish enabling environment for graduating them out of poverty. Similarly, organizing very small farmers into market-oriented professional cooperatives as well as 4Ps (dairy transformation in particular) strengthen the demand side of agriculture inputs/services, thus, enabling smallholders to get a fair price for their products. Formalization of these cooperatives, investment in their capacity building, and the linkages that the project would create between the FPOs and formal banking system would clear the ground for smallholders to get credit not only from organized FSCs but also from banking system. This would put them on path to sustainable and—hopefully growing livelilhoods. The project integrates the need to promote an awareness of nutrition, climate change, gender equality across all project activities. This makes the project design responsive to the crosscutting them of gender, climate change, and nutrition that are critical to IFAD.
55. The project implementation teams—including partner organizations and especially M&E staff in those teams shall be constantly guided by this theory of change. The flowchart briefly depicts this change process for guidance of all stakeholders.

KP-RETP Project Theory of Change



ASSUMPTIONS

Security situation remains unchanged;
PSC data available for robust targeting

21

Market and other external shocks remain unchanged and manageable

Conducive enabling environment for FOs and 4Ps are facilitated through reforms

I. Progress Reporting, Knowledge Management and Communication

56. Timely reporting and communication is important to take timely corrective actions and to learn from implementation experience to further improve project management effectiveness and efficiency. Monthly, quarterly and annual reports including reports from studies would be produced by the project to relevant stakeholders.

1. Mid Term Review (MTR)

57. KP-RETP and P&DD would undertake a mid-term review in the last quarter of third year of the project lifecycle to review the project progress, achievements, and implementation constraints. In particular, it would review the following: (i) achievement and improvements in the production systems, improvement in food security, and increase in income; (ii) youth job readiness and market integration (ii) the performance of public private sector partnerships; (iii) performance of PFOs, (iv) financial and procurement management; (v) and human resources management. A mutually agreed action plan will be prepared based on the MTR findings. IFAD may appoint, in consultation with KP-RETP, an external agency to evaluate the impact of the project, if necessary.

2. Management Information System (MIS)

58. KP-RETP will develop a customized MIS system in the first year of the project to meet data collection and reporting requirements of the project coherent with its log-frame. The dashboard for data entry and reporting will encompass information on physical and financial progress, impact evaluation analysis and reports, IFAD's first and second level core indicator tracking, and other baseline data. This will be automated computer-based project to generate, monthly, quarterly and annual progress reports on financial and physical progress including progress related to outcome indicators and outputs. Additionally, GIS and geotagging will be used to update, troubleshoot, and disseminate real time progress.

3. Project Completion Review and Evaluation

59. As the project reaches completion, the PMU would prepare a draft Project Completion Report (PCR). IFAD and the Government will then carry out a joint validation of PCR based on the information in the Project Completion Report and other data. An impact evaluation will also be carried out. The PCR will be developed based on the guidelines of IFAD.

4. Knowledge Management

60. A comprehensive knowledge management strategy for the project in line with the newly released IFAD Knowledge Management Strategy (2019) will be developed in the first year of the project. The strategy will focus on the processes that will be involved in building a robust KM system in the project.
61. The KM system will enable the project to generate, capture, share and disseminate relevant information and knowledge to various stakeholders in a timely manner. The project updates will be disseminated at broader level through using web-sources including social media such as Facebook used as a knowledge sharing tool, and also linked to IFAD Asia website. The team will extensively document and share knowledge generated in the project. The QRM forums will be used as potential KS venues for capturing lessons learned and best practices leading to development of related knowledge products.
62. IFAD M&E, visibility, KM, and communication guidelines. The PMU, implementing partners and technical support team will follow IFAD's guidelines on KM and COM to achieve visibility and implement the KM related activities to be conducted coherently. This will help ensure smooth implementation of project activities and facilitate to achieve project development goals and objectives.

J. Implementation Partners' M&E Responsibilities

63. All IPs shall organize a three-day project planning/inception/orientation workshop in Peshawar to give their staff orientation training on business mobilization through training workshops. The orientation training workshops duration will be three days and will be conducted at Peshawar for KP-RETP district staff. The orientation training

will be important to ensure an equal level of understanding amongst all PMU staff regarding project objectives, implementation strategy, work plans, role/responsibilities of each cadre of staff and how project interventions are integrated with each other.

64. IPs shall be responsible for monitoring the quality of technology/material procured, inspections and monitoring and evaluation of training sessions will be conducted by regional PMU staff. Both IPs shall provide monthly calendar of training events so that regional M&E and PMU undertake visits and do evaluation of such events.
65. IPs shall maintain/comply with nutrition sensitization and equitable criteria for both genders will be mainstreamed in all training sessions. The orientation training will be a combination of interactive lectures, group work, possible half day field activity around specific subjects related to monitoring and reporting, presentation of group work by the trainees and practicing the development plans and budget.

K. Donor and Development Partners' Coordination

66. Other pre-start up activities will include creating a coordination platform that allows KP-RETP to develop effective coordination and experience sharing mechanisms with other IFAD, donor and government funded projects that are working on similar themes in the identified areas. This will help to reduce any duplication of project activities as well as support reinforcement of mutual goals and objectives. Specifically, IFAD will support KP-RETP to create a platform with BISP to develop a data clearing house that allows BISP data to be utilized for the purpose of the project and provides information to BISP as to its beneficiaries that are graduate from their current poverty scale. PMU will also be enhancing its MIS to develop robust data tracking system for individual and household beneficiaries of the project.
67. Agri-business Development Partners. PMU will select agribusiness development partner through a competitive process for the implementation of Project's Component 1 and for component 2 PMU will collaborate with TVET to conduct market demand based competency trainings through TVET's existing setup and its regional partners. It will be the responsibility of agribusiness development partner to ensure youth job market integration.
68. The Agri-business development partner will provide database of farmers (including their CNIC, phone/mobile numbers and addresses) as well as the geo locations of all participating farmers for tracking the farmers. This will facilitate to develop a network of all participating farmers resulting in developing better connections and will pave the path for adoption of smart technologies in future. The agribusiness development partner will provide progress reports, data, case studies, complete profile of PFOs and 4PS and will actively cooperate and facilitate monitoring done by KP-RETP regional M&E teams and PMU as well as third party monitoring and evaluation.

IV. TECHNICAL AND OPERATIONAL GUIDELINES FOR IMPLEMENTATION OF COMPONENTS

A. Component 1 – Agribusiness Development

69. This Component consists of three mutually reinforcing sub-components including: (i) Professional Farmer Organizations Development, (ii) Public-Private Partnership/4Ps Development; and, (iii) Strengthening Institutional Services.

1. Sub-component 1.1 – Development of Professional farmers' organizations(PFOs)

70. One of the reasons the agriculture sector's output is far below its potential is that small farmers—which are the backbone of the sector, are not organized as formal groups. In order to consolidate and aggregate production base and to promote agribusiness activities in rural areas, the project will assist smallholder farmers in the formation and incorporation of PFOs. Key activities under the sub-component include (i) business mobilisation of farmers; (ii) registration of PFOs; (iii) business development planning; and, (iv) leveraging investment in PFOs' business proposals
71. A total of 550 PFOs will have been established and made functional by year 6 of KP-RETP interventions. A typical PFOs will have an average 400 farmers as members/shareholders. The PFOs scope of business will be multi-purpose / multi-product aligned with the current local farming systems. In general, one village/valley (between 1000 to 2000 families) will have one PFO. The PFO will be open to growth/membership expansion and investment by farmers and non-farmers in the village.
72. A PFO to be eligible for project support will be; (i) a legally registered entity consisting of practicing farmers (at least 70% small farmers); (ii) actual or potential producers of a commodity/ commodities falling under the nutrient-rich sources of food, such as animal source foods, fruits, vegetables, beans and pulses; (iii) willing and legally associate under the PFO; (iv) agree on leveraging investment and be individually and jointly liable under contract signed with project; (v) agree to professionally staff the PFO; (vi) participate in the training and other relevant activities as and when required.
73. The two most widely used registration options include the Cooperative Societies Act, 1925 and the Companies Act, 2017. Other option currently under legal review process is the Farm Services Act. PFOs have generally been recognized as the most appropriate institutional form around which farmers can build their capacity to collectively leverage their production and marketing strength. These organizations would be created at the village level depending upon the needs of the producers considering the demand potential to adopt value chain approach to enhance farmers'/producers' economic and social benefits.

a) Objective of the PFOs

74. The major objectives of engagement with farmer organisations are:
- i. The PFOs will successfully deal with challenges and constraints that confront farmers by leveraging collective strength and bargaining power to access financial and non-financial means including but not limited to inputs, services and appropriate technologies, thereby reduce transaction costs, tap high value markets and enter into partnerships with private entities on more equitable terms.
 - ii. The PFOs will offer forms of aggregation and investments in value chain functions including production, handling and storage, processing, aggregation/packing, labeling and marketing etc. leaving land titles with individual producers and will use the strength of collective planning and bargaining for production, procurement and marketing, so that considerable value is added to the members' produce.
 - iii. The PFOs will strive for the mutual benefit of farmers as well as industry including improvement in production, establishing more direct linkages, and concluding more profitable engagement with end buyers and offer easy and cost-effective access to specific quantum and quality of raw material required by the industry.

- iv. The PFOs will help create direct and indirect employment opportunities through establishment of aggregation/packing (sorting and grading yards), warehouses and cold storage, and primary/secondary processing operations as appropriate.
- v. The PFOs may also assist in accessing financial services or act as intermediary (such as revolving funds) etc.

b) Principles

75. These principles are the guidelines by which PFOs will put their values into practice.

- i. Voluntary and Open Membership: PFOs are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without discrimination.
- ii. Democratic Farmer Member Control: PFOs are democratic organizations controlled by their farmer-members who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the collective body of members. In primary PFOs farmer-members have equal voting rights (one member, one vote) and PFOs at other levels are also organized in a democratic manner.
- iii. Farmer-Member Economic Participation: Farmer-members contribute equitably to, and democratically control, the capital of their FPO.
- iv. Autonomy and Independence: PFOs are autonomous, self-help organizations controlled by their farmer-members.
- v. Education, Training and Information: PFOs operatives provide education and training for their farmer-members, elected representatives, managers, and employees so that they can contribute effectively to the development of their PFOs.
- vi. Co-operation among PFOs: serve their members most effectively and strengthen the FPO movement by working together through local, national, regional and international structures.

c) Selection of Agribusiness Mobilization Partner(s)

76. The process of selection of partner organisation(s) shall be driven by Business Mobilization Partners (BMP)/Service Providers that shall be selected based on Quality and Cost Based Selection (QCBS) method through international competitive bidding process which has been detailed in Procurement Section of this manual. The Business Mobilization Partner will have the necessary capacities (technical, managerial and financial), demonstrated international experience and shall present a robust methodology fulfilling the needs of farmer organisations, 4Ps and FSCs not only at their establishment stage but their emerging needs as these nascent organizations grow. The BMP will have the capacity to source and assist PFOs, 4Ps and FSCs to identify technical and other expertise from around the world relevant to needs assessed in the business plans and through ongoing mentoring processes. The scope of work of the BMP is given in Annex 1.

d) PFOs Promotion & Development Process

77. Based on the demand and the assessed potential in each cluster, a call for expression of interest (solicited) describing the objectives, approach, roles, responsibilities and contribution levels assessed will be disseminated by the PMU and/ BMPs/SPs at district level. The following steps will be carried out by the Implementing Partner (IP) at district level.

(1) Cluster Identification

78. Cluster areas are to be selected by the IP based on the demand and potential assessment. It should be ensured that PFO consisting on average of 400 farmers or more could be organised, within multiple villages/valleys.

(2) Mobilization of Farmers

79. Once an expression of interest is received there is a strong case for the BMPs/SPs to start business mobilization. The mobilization process will involve the farmers from the start including the business development planning.

Mobilization of farmers should be done with a variety of communication aids like – pamphlets, posters, regular village-level meetings, proper vision development of promoter farmer-members. The process will include the following;

80. **Diagnostic Study.** A Diagnostic Study is to be conducted by the IP in the selected cluster area. The Diagnostic Study is conducted to assess the preliminary situation of the farmers and level of agriculture related activities in the area. The study will also help in identifying the potential interventions required and understand the specific project implementation context. A detailed list of factors to be covered in the study is mentioned in **Annexure 3**.
81. **Market Assessment.** A market appraisal, to be carried out by BMPs/SPs, will help in generating data related to the prevailing situation of farming and small, marginal and tenant farmers. Baseline assessment will cover a variety of factors to identify the potential interventions, to plan development and business plans and to establish the base figures based on future outcome indicators that can be measured to understand the change contribution. The assessment shall be conducted using random sampling through structured household-level interviews and open-ended focus group discussions with a variety of stakeholders. Refer to **Annexure 4** for a detailed checklist of factors to be studied in baseline surveys. The diagnostics study and market assessment can be coupled if required.
82. **Business Planning.** Business Planning will be carried out by BMPs/SPs with the help of selected farmers' representatives. Business planning is a process through which the strategic and operational orientation of an emerging FPO is shaped. While baseline assessment figures will be important inputs to understand the level from which products and services for farmers' members should be developed, more important will be the collective visualization of the future of the FPO. Using a variety of tools and systematic collective reflections, a business plan with proper FIVE (5) year projections on various aspects with clear breakeven point (expected with 3 years ideally), skill identification and cost of the professional management needs (farmers will be shareholders of the PFOs but management will be done by professionals, recruited on test / experience). The final FPO BP proposal will be reviewed by the PMU before being contracted with the same BMPs/SPs which formulated the BP and mobilized the Farmers. A detailed list of content is provided in **Annexure 5**.

(3) Profitability

83. The PFOs net profit will be limited to the operational cost recovery and some amortization / secure funds in order to transfer most of the profit at farmer level. **The average estimated net incremental income generated per farmer will be in the range of USD 1000 – 2,000 per year.** The project will channel project assistance to FPOs through formal banking sector, thus building credit history for both FPOs and their members. This will enable FPOs/smallholders to access credit through formal banking system to avail opportunities for business expansion in the future.
84. All sub-sectors will be eligible (livestock, crops, vegetables, fruits, flowers, etc.) subject to the condition that the business plan demonstrates; strong market demand, viability in terms of profitability at individual and organizational levels and sustainability/continuity of business model as well as have obvious nutritional benefits to consumers. Based on the need assessed, line department(s) may provide technical support to the PFOs. In line with the diagnostic/ Market assessment undertaken by Government of KP, typical elements of intervention under a business plan may include (i) climate smart production technologies, (ii) Precision planting and harvesting, (iii) vertical farming; (iv) harvest and post-harvest handling; (v) processing, preservation and value addition; (vi) packing, packaging and marking/labelling (with nutritional value information) etc. Capacity building will be an integral part of the business development plans which shall be linked to the business model, technology package involved and assessed needs of the members as well transversal themes related to nutrition, climate change, gender and youth. This sub-component will directly reach and provide decent revenue and employment for 385,000 HHs and allow around 3.3 million people to benefit from the additional significant net-income generated. More specifically, the sub-component shall integrate grading, processing, storage and consolidation thus creating additional job opportunities especially for youth.

(4) Organization & Formalization

85. PFOs will be assisted to register under the Companies or Cooperative act. The final form which the FPO assumes (i.e. cooperative, company, multi cooperative etc.) must be a decision taken by PFOs members collectively.

(5) Resource Mobilization

86. Based on the business plan, the IPs will liaise with various financing agencies and PMU to mobilize resources for hiring/purchasing and developing various resources. Normally, the overall investment per PFO will be ranging between USD 70,000 and USD 100 000¹ (PKR 11 to 16 million) depending on the number of members in PFO, with a contribution of around 30% by producers/shareholders in cash or in kind, immediate or progressive. The contribution could either be in lump sum or aligned to milestones. The terms of contribution would be agreed in the terms of partnership for establishment of PFO. The project will finance the PFOs (investment in fixed cost items and working capital) and the PFOs will provide on in-kind loan basis to the members (as most don't have possibility to access to formal banking or micro-finance loan) for the necessary input / services supply in order for them to be able to produce the expected quality and quantity of produce. The PFOs will be in charge to aggregate the products, to grade, process, and package and to ensure the sale as per business plan and the establishment of contract between buyers or as appropriate. In addition, PFOs will facilitate obtaining certification for the farmer produce where needed to guarantee the best added value for the selected commodities.

(6) Management System Development

87. BMPs/SPs should facilitate the development of management systems in the FPO. Guidelines for management systems should be able to address all requirements related to financial services, input and output management services. Systems related to management of finance, human resources, stock and inventory, procurement and quality management, marketing, internal audit, internal conflict resolution and other important functional areas should be developed. Standard operating procedures (SOPs) for the same should be established.

(7) Business Operations

88. Business operations refer to the commencement of procurement, production, processing, marketing and financial service activities of a FPO. IPs should carefully train both the governing and operational structures of the FPO in order to ensure smooth functioning of business operations. The entire value-chain related to various agriculture and allied products and commodities needs to be managed.

(8) Assessment & Audit

89. BMPs/SPs should facilitate constant assessment of performance of various stakeholders like farmer members, governing board of directors and service providers. They should also help PFOs to reflect using Institutional Maturity Index to understand areas of improvement. Internal process and accounting audits will help maintain both transparency and accountability (Annexure-6). These are key institutional systems for FPO evolution.
90. Note: The order in which the FO promotion and development is mentioned is not necessary to be followed in series and can be followed in parallel as appropriate.

(9) FPO Service Model

91. The FPO will offer a variety of services to its members as illustrated below. Such entities will provide end-to-end services to its members, covering almost all aspects of cultivation (from inputs, technical services to processing and marketing). The FPO will facilitate linkages between farmers, processors, traders, and KP-RETP to coordinate supply and demand and to access key business development services such as market information, input supplies, and transport services etc. Based on the emerging needs, the FPO will keep on adding new services periodically to provide enriched services to their members. The set of services include Financial, Business and Welfare services. An indicative list of services includes;
- Financial Services: The FPO will provide loans for working capital/seasonal and machinery and equipment.
 - Input Supply Services: The FPO will provide quality inputs at a subsidized price to member farmers including seeds, fertilizer, agro-chemicals etc.

¹ The average investment per farmer is US\$150.

- iii. Procurement and Packaging Services: The FPO will procure agriculture produce from its member farmers; will do the storage, value addition and subsequent packaging.
- iv. Marketing Services: The FPO will do the direct marketing after procurement of agricultural produce. This will enable members to save in terms of time, transaction costs, weighing losses, distress sales, price fluctuations, transportation, quality maintenance etc.
- v. Insurance Services: The FPO will provide various insurance like Crop Insurance, Electric Motors Insurance and Life Insurance.
- vi. Technical Services: FPO will promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that add value to farmer produce.
- vii. Networking Services: Making channels of information (e.g. about product specifications, market prices) and
- viii. other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government Programmes etc.

2. Sub-Component 1.2 – Development of PublicPrivate Producers Partnerships (4Ps)

92. The objective of the subcomponent is to promote value chain development particularly for high value crops, and livestock. Based on (i) the experience developed in Pakistan (ETI-GB) and Sri-Lanka (NADEP) as well as the evident interest of some investors to partner for satisfying the market, the project will develop 20 “4Ps”, with a minimum of 2000 (on average) producers per 4P. The project will make a call for proposals, open to local, national and multinational private firms/companies already in the business and with financial capacity as well as demonstrated market share.

a) Introduction to 4Ps & Rationale

93. Producer-Public-Private Partnerships (4Ps) involve cooperation between a government, business, agents and small-scale producers, who agree to work together to reach a common goal or carry out a specific task while jointly assuming risks and responsibilities, and sharing benefits, resources and competencies. It is a holistic win-win platform where multiple partners could leverage their investment in selected value chains led by private companies facilitating access to markets, knowledge, technology and capital for smallholder rural poor farmers. In addition, such platforms could strengthen create employment opportunities in rural areas as such jobs would perform as value chain actors within the same business eco-system. A classic 4P is based on;
- i. Private-sector involvement is planned early on so that it becomes part of project design and implementation, and partnership results are systematically monitored and evaluated as part of the project’s results framework.
 - ii. To the extent possible and relevant, the private-sector partner is selected through a competitive or rigorous selection process that ensures transparency and objectivity, and meets the project’s social, economic and environmental objectives.
 - iii. Producers play an active role in the negotiations and partnership arrangements (both formal and informal), governance and monitoring.
 - iv. A 4P is a true partnership in which each partner has clear roles and responsibilities, and shares risks and benefits. Private-sector partners are expected to allocate matching financial resources.

- v. Linking with the private sector through a 4P ensures that interventions are sustained beyond the project lifetime because they follow business logic and all involved parties' benefit. A 4P should be seen as an entry point to scaling up project results through private-sector investment.²

b) 4Ps under KP-RETP

94. The project will encourage; Private Agribusiness companies/SMEs who are already established in the province with prior experience of working with individual farmers/FOs/PFOs or with indirect/direct presence in the province through other means by sourcing, value addition and creating market linkages. These entities would be considered as "promoters" under 4Ps. Underlining principle of these partnerships should be to increase the incremental income of farmers and integrating them in the selected value chains.

Table 1. Key actors/entities directly involved in establishment and implementation of 4Ps

Actor/Entity	Level of Establishment	Key Role/Engagement
Farmer/Producers	Village Level	1. Responsible of forming the PFOs ³on common commodity lines/Selected value chains. 2. Equity contribution to PFOs. 3. Pay back the cost of inputs provided by PFOs after harvest at a fair interest rate. 4. In kind contribution in the form of Labor 5. Commitment to not side sell in case of forward sales agreement is reached between other 4P actors. 6. Participate and undertake technology transfer to enhance production quality and quantity. 7. Horizontally collaborate with producers in their vicinity to gain mutual benefits. 8. Participate in AGM and FPO activities (Leadership roles).
FO/PFO	Village/Valley (2000 farmers on average per PFO)	1. Arrange input supply on credit from Farmer Service Centers (FSCs) established in District level. 2. Production planning based on demand and supply advice from the respective FSC. 3. Aggregate farmers produce and engage in primary processing activities (cleaning, sorting, weighing & packaging etc.) 4. Realization of scale and brokering with wholesalers/SMEs/Large agribusiness entities (local & multinational). 5. Collection of cash after the harvest from producers and paying back to the district FSC on an agreed interest rate 6. Conduct AGM having elected seven (7) Board of Directors (BODs) from Producers. 7. Management of PFO with recruited staff.
Farmer Service Centers (FSC)	District Level (1 FSC per District, 35 FSCs in total)	1. Act as an APEX body of the related PFOs in the respective District. 2. Provide farm inputs based on the demand from each PFOs on credit basis at a reasonable interest rate. 3. Provide inputs to other medium/large scale farmers in the district on commercial basis. 4. Provide services to PFOs/Medium & large-scale farmers including certification, rental of essential machinery and equipment etc. 5. Establishment of a Business Development Unit (BDU) to broker 4P partnerships on behalf of PFOs with SMEs/large scale agribusiness companies.

² How to do, Public-Private-Producer Partnerships (4Ps) in Agricultural Value Chains, (IFAD, 2016)

³ These PFOs will be in addition to the ones established under sub-component 1.

Actor/Entity	Level of Establishment	Key Role/Engagement
		6. Management to be done by professional staff recruited externally. 7. Direct linkage and coordination with regional PMU in the respective districts
4P Promoters (SMEs & Large Scale Private Agribusiness Companies)	Village, District, Provincial and National Level	1. Secure the market for farmer/FPO aggregated produce through forward sales contracts with PFOs. 2. Support PFOs to disseminate technology related to productivity & quality enhancement of farmer produce through training & development (extension support). 3. Establishment necessary infrastructure to facilitate market access and value addition of farmer produce. 4. Assist PFOs/FSCs to obtain related quality certifications as per the market standards.
Financial Institutes (FIs)	District & Provincial Level	1. Facilitate fund/credit delivery to PFOs/FSCs and make member farmers bankable. 2. Develop partnerships with 4P promoters and route payments for farmer produce through bank accounts. 3. Provide training support for PFOs and their members on financial literacy and household budget management. 4. Facilitate payments for procurement related activities through FPO bank accounts.
Public Sector Services	District and Provincial and National level	1. Facilitate infrastructure for proposed new/re-structured FSCs. 2. Training & development, extension support through Ministry of Agriculture and related line agencies. 3. Certification support. 4. Favourable Policy and Conflict resolution

95. PMU would act as the initiator to invite expressions of interest (Call for proposals) to engage Private Agribusiness companies/SMEs in 4Ps, who are then short listed and selected based on a set of criteria and commitment and interest in pro-poor development. These partners are subsequently requested to submit proposals in the form of Business Development Plans (BDP) which include an investment plan and an implementation plan.
96. In this early stage, the Business Development Unit (BDU) established under BMPs/SPs will be responsible for promoting, sensitizing and brokering match making/engagement and a first contact with the partners. As the process progresses, the BMP continues its brokerage role and facilitates the negotiations and fine-tuning the proposals
97. Upon BDP submission, the PMU will conduct feasibility study confirming marketing, technical, management and financial viability. The BMPs/SPs will be responsible for BDP closely working with the company/SME and farmers/PFOs (reassuring financial and economic benefits to farmers). The PFOs are also pre-identified by the FSC/IP). The BP then undergoes a final appraisal by the BDU under FSC/IP team, and is forwarded to the Business Proposal Evaluation Committee (BPEC) of which three permanent members are appointed by the Project Management Unit (PMU) who undertakes further field visits, if necessary to validate the appraisal and comments on proposes further adjustment. And final plan is submitted to IFAD for NO objection. At this stage, economic, social and environmental feasibility and pro-poor strategy of the proposal is validated and approved by the committee. During BPEC evaluation, all finalized and duly approved specifications endorsed by respective experts/line agencies for agreed machinery/equipment, and also drawings and BOQs of infrastructure etc. should be submitted by the company/IP for technical evaluation and recommendations. Procurement will be carried out by the PFOs and facilitated by the BMP.
98. Legal documents would be finalized at that time and signing of tri-party Agreements between the promoter, Farmer organizations (different PFOs than the comp 1.1) and the project shall be commenced. Subsequently, a baseline survey/orientation meeting and targeting survey is undertaken by the PMU/RPMU via BMPs/SPs, as well,

the promoter undertakes the mobilization, organization and sensitization of the pre-identified PFOs in collaboration with the or as FSC as the case may be. In general, the 4P promoter provides technical assistance and extension services to improve farm productivity, coordinates and facilitates the input/equipment supply, and agrees to procure farmer produce or output through collection or processing centres established under PFOs. If the established partnership requires further support, RPMU would facilitate and assist the provision of technical assistant & the extension services through IP/FSC or related agencies.

99. Capacity development of PFOs, 4P mobilization support and monitoring & evaluation (M&E) activities of the established partnership would be undertaken by PMU with the assistance of BMPs/SPs through the coordination of RCUs & district field offices (DFOs) where applicable. Number of field officers to be appointed for each 4P will be negotiated at an early stage of BDP. Training on agri-business, including business ethics, financial management, quality standards, technical know-how, social enterprise development principles and practices and Good Agricultural Practices (GAP) are part of the overall package to be based on need assessed linked to business model. This will be provided by IPs and coordination would be done by the partners with the assistance of the PMU/RCUs. However, the 4P business plan should clearly identify the need for additional support that could be provided by provincial or district level public agencies, and how this support could be mobilized; it is however expected that the PMU/RCUs would play an important mediator and coordination role, ensuring the multiple and relevant public institutions are mobilized and connected to the project interventions, providing support where necessary. Monitoring and evaluation and the 4P implementation is a shared responsibility by PFOs and the companies, with guidance and oversight provided by the PMU/RCUs via FSCs. Entire process of partnership development and implementation is explained in details below.

c) Identification & Selection of Promoters

100. Expression of Interests (EOIs)/Call for Proposals from Private Agri-business companies/SMEs intended to participate in the component activities would be invited. Such entities would be selected on the basis of parameters and criteria acceptable to the GOKP and IFAD as mentioned below;
- i. Be incorporated in Islamic Republic of Pakistan or should be a multinational having registered operations in Pakistan and willing to work with FOs/PFOs.
 - ii. Minimum of five (5) years of direct involvement in Agri-business ventures specialize in agriculture, processing of agricultural commodities and/or deal in agricultural products or services.
 - iii. Sound financial position as evidenced by its' balance sheets with unqualified audit opinion for minimum of 2 (two) previous financial years.
 - iv. Capacity to provide significant co-financing and technical expertise and demonstrated long term marketing capability. In the case SMEs, Volume of produce to be brought should be secured through a bank guarantee to avoid last minute default in terms of not being able to buy or payment delay.
 - v. Reputation of fair dealing and empathy with farming communities and the poor, sound management and corporate governance systems.
 - vi. Comply with the relevant environmental regulations and agricultural practices.

d) Identification and selection of FOs/farmers

101. Identified FOs/farmers should undergo a capacity development Programme through BMPs/SPs prior to 4P commitment with Private Agribusiness Companies to ensure the sustainability of the partnership. Such entities should be registered under Registrar of Cooperative Societies, GOKP or with any other acceptable Government organization and would be assessed and selected on the basis of the criteria given below; In addition to the selection criteria mentioned in the above paragraph maturity assessment would need to be conducted to select the prior to 4P commitment with the project.

e) Present Status of the PFOs

102. Major issues identified with regards to FSC include; (i) Legal status; (ii) Membership; (iii) Scope; (vi) Vision and mission; (v) Date created; and, (vi) Financial status. Other issues are summarized below;

103. Governance

- i. Selection of executive committee
- ii. Arrangements of meetings and AGM
- iii. Decision making process
- iv. Record keeping
- v. Membership participation in meetings

104. Involvement in Economic activities

- i. Activities related to agriculture development carried out in the recent past
- ii. Relationship with other Government and private sector organization in promoting agribusiness activities
- iii. Services provided to membership in relation to Agri-development
- iv. No. of members benefitted

105. Involvement in Social activities

- i. Services provided to membership
- ii. Benefits for the membership
- iii. Activities carried out during recent past

106. Management of accounts

- i. Membership fee
- ii. Fund accumulation
- iii. Fund utilization
- iv. Auditing / availability of audit reports

107. Feasibility of the proposed project intervention

- i. Number of members benefitted
- ii. Scale of operation
- iii. Investment capacity of the FO/PO/COOP Society/Producer group
- iv. Proposed arrangement for establishing market linkages

f) Partnership Development

(1) Step 1 - Inviting Expression of Interest

108. Invite EOIs in the form of "Concept Paper" through an advertisement in all the two languages (Urdu and English) languages in mostly circulated (among business community) newspapers. In addition, the advertisement will be posted in online portals including KP-RETP official website, social media sites. Promotion through official forums would also be entertained. All the EOIs, as per the prescribed format (Annexure 7), in response to advertisement would be required to be submitted, together with the supporting documents, directly to the PMU/RCUs within the prescribed time period mentioned in the advertisement. EOI acknowledgement letter should be sent to respective parties within a week.

109. The advertisement should provide the following basic information.

- i. Brief description about overall Programme and objectives.

- ii. Components and scope
- iii. Eligibility criteria
- iv. Desired outcome
- v. Reference to the concept note template (Detailed template for the concept note will be available to download in programs' official online portals or/and can be obtained upon prior request through an email or via post.)
- vi. Required supporting documents.

110. Concept note should highlight following key areas;

- i. Description of proposed 4P project: Selection of the commodity, potential for value addition at producer level and for premium product differentiation (trademarks, labelling, certification, organic). Importance in buyers' overall activities, prospects in final or retail market. Export potential etc.
- ii. Target group description: Farmers with at-least 80% of land holdings below 12.5 Ac of extent with priority needs to be aligned with targeting strategy.
- iii. Geographical coverage: Agro-ecological, commercial and/or social reasons for choice of area highlighting the importance to the area as well as to the country as a whole due to intervention.
- iv. Present production and market situation in the selected area: Key statistics of national & regional production of selected commodities, current market situation with import and export data and relevance for import substitution and national economy.
- v. Proposed 4P project activities: Establishment/expanding of partnerships with PFOs, promotion of primary processing at the PFOs level, Development of infrastructure to facilitate post-harvest handling and collection or equity sharing with FOs/PFOs through process modernization and value addition at factory/Processing level etc.
- vi. The farmer selection criteria;
 - 1. 80% of the rural farmers having land parcels less than 12.5 Acres.
 - 2. Willingness to share experiences with other farmers
 - 3. Willingness to work with private Agribusiness companies.
 - 4. Trustworthiness
 - 5. Past experience in Agribusiness would be an added advantage
 - 6. Existing Member or willingness to work in groups/join PFOs
- vii. Implementation plan: Clear timeline for partnership implementation including time frame for proposal development & relevant approvals, farmer selection, group formation, creating bank linkages, supplier selection and procurement for goods and services, field level implementation according to crop seasons and patterns etc.
- viii. Cost of the project and financing plan: Proposed investment for the partnership including contributions from each partner (companies, farmers and KP-RETP and financing plan aligned with proposed activity/implementation plan.
- ix. Benefits of the project: Desired outcome of the partnership in terms of economical (incremental income of farmers), social and environmental aspects due to proposed intervention.
- x. Impact of the partnership: Overall impact of the partnership in long run aligning with Sustainable Development Goals (SDG) highlighting the effect on economic, social and environmental aspects and the attainment of KP-RETP objectives.

- xi. Sustainability of the partnership: Propose long term sustainability mechanism of the partnership with a clear exit strategy from KP-RETP .

g) Step 2 - Seek detailed proposals

111. Selected private Agribusiness companies/SMEs based on their EOIs are requested to develop detailed proposal with the support of BMPs/SPs according to the proposal development template (Annexure 8) provided. The template can be obtained from BDU or can be downloaded from programs' official online portals. At the same time, shortlisted companies/SMEs would be invited to present their concept to PMU/RCUs while an awareness session would be conducted by the BDU experts. The awareness session would comprise of;

- i. Overall awareness and guidelines about the proposal development
- ii. Guidance for implementation of the 4P projects.
- iii. Guidance for selection of works, goods & services including endorsement requirements by relevant parties, after sales service, disbursement procedure ownership of utensils, equipment, machinery and infrastructure facilities etc.
- iv. Circulation of guidelines, templates for PFOs registration.
- v. Guidelines for fund disbursement mechanism and legal requirements
- vi. Implementation guidelines/M&E/Audit including ownership/ responsibilities of each partner would be explicitly shared during the session.

112. The awareness session would be conducted as an interactive session with practical scenarios for better understanding for promoters as well as for PFOs leaders. Promoters need to be given 4 (four) weeks to prepare and submit finalized BPs and in meantime, respective BDU under FSC/RPMU and IPS who are assigned for specific partnerships by the project would assist promoters to develop the BPs according to the standard which is prescribed by IFAD/ KP-RETP as mentioned below;

- i. Focus should be to increase farmers income by at least **USD 600 – 1,000 per** year by “on farm” productivity development of farmers, engagement of PFOs in primary processing and value addition. Infrastructure development for collection, post-harvest handling, process modernization and value addition at factory level is considered under company contribution under 4P model. However, project will consider such developments under matching grant facility for regional SMEs.
- ii. Approximately average of **150 USD per beneficiary** could be allocated through the investment plan. Based on the value addition capacity this allocation can be varied. Rest will be from farmer/PFOs and promoter contribution accordingly. Nevertheless, special consideration would be given for the innovative projects which have the potential to be implemented at large scale.

The matching grant by the project would not exceed 50% of investment in one 4P arrangement—the remaining 50% shall be provided by the private partner. **The project shall provide financing (up to the maximum amount of PKR 78 million-USD 500 000) to each 4P against a business plan with each farmer/beneficiary getting benefits worth up to a maximum of USD 500.**

- iii. The matching grant would be provided as a complimentary to own contribution of the farmers & private sector investment and strictly targeting farmers.
- iv. Proposal should encourage and incorporate climate resilience approaches, nutrition sensitive interventions, GAP, GMP with special focus to gender and youth accordingly.

113. In the event of the promoter is not competent to develop the proposal, PMU would provide technical assistance in BP development through the BDU/IP. Moreover, BDU established at IP/RPMU/FSC would act as a broker for the development of the proposed intervention, with key roles embedded in different stages of partnership development and implementation and closure.

h) Step 3 - Evaluated detailed proposals against criteria

114. Once the proposal is developed and submitted to PMU/RPMU via BMP/SP/FSC—as the case maybe, the initial evaluation and appraisal would be conducted following a feasibility study by the in-house team (BPET) which will be part of the PMU. The BPET team can be comprise of;
- i. Value chain/business development expert/specialist
 - ii. Finance expert/specialist
 - iii. Gender, youth and nutrition, environment expert/specialist
 - iv. Agronomist/Agro Economist
115. However, the composition of the team will vary depending on the project profile. The team would be led by value chain/business development expert/specialist, and the final report would be a compilation of individual assessments by above mentioned team and should be submitted to Programme management within 14 (fourteen) days after submission of proposal.
116. Depending on the feasibility assessment, program management would decide to go ahead with the proposed partnership, however, if it does not meet the required ratings, PMU would communicate to the promoter/IP highlighting the concerned areas accordingly. Further, PMU/RCUs would allow the promoter to rectify the concerned areas and resubmit the proposal within 21 (Twenty-one) days.
117. Once the approval is obtained for the Initial Appraisal Report (IAR), the value chain/business development expert/specialist is responsible to produce a final appraisal report to PMU/RPMU management within 10 (ten) days from the approval date. The appraisal report should comprise of;
- a. Promoter company due-diligence: Background and experience in the industry, reputation, profitability, infrastructure availability to support the proposed intervention and previous experience of working with rural farmer/smallholder communities/donor funded agencies.
 - b. Farmer beneficiary analysis: Geographical locations of beneficiaries, classification according to their income level, production, gender, youth etc., existing income activities, accessibility to banking and credit facilities, previous involvement in any donor funded projects etc.
 - c. Product analysis: General description of the product/products (Outputs) through proposed intervention, cost of production breakdown, availability of raw materials, future trends towards the output/product etc.
 - d. Financial Inclusion Analysis: Analysis with regard to equity and credit inclusion would be carried out. Proposal should include how the company and the farmers anticipate to use affordable financial products and services (grants & credit) to meet their needs – transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way.
 - e. Risk analysis: Risk factors involve in the proposed intervention according to probability of occurrence and the severity (Impact).
 - f. Investment plan analysis: Financial plans will be appraised on case-by-case basis. BPs will be appraised against Programme objectives and using an economic and multi-criteria analysis such as;
 - i. Overall profitability of the company, FPO and farmers under with and without project scenarios.
 - ii. Overall evaluation on proposed equipment, machinery, other infrastructure facilities, their requirement and comparison of proposed cost based on the market rates.
 - iii. Poverty reduction potential: proportion of poor (small) farmers participating: incremental net margin, incremental benefit/cost ratio by producer, rate of return at farm level if applicable, return per labor, return per acre, incremental household income.
 - g. Comments of appraiser: Overall summary of the report highlighting the pluses and minuses of the proposed intervention.

i) Step 4 - Seek IFAD's No Objection for selection

118. Once the internal evaluation is completed, PMU/RCUs would forward the proposal together with endorsed specifications for necessary capital assets to IFAD for NO objection.
119. Duly completed final appraisal report including comments of BPEC & PMC would need to be forwarded to IFAD for NO objection. Once the BPEC recommendation, evaluation and approval given, PMC will send the proposal for IFAD No Objection Clearance (NOC), the preparation of the necessary legal documents should start as soon IFAD's NO objection is obtained. The draft agreement should be shared with the legal department/ legal retainer for their comments before finalizing it.
120. IFAD would provide No Objection after review based on the information and holds the right to seek clarification and even alternation of the developed proposal. In such event, PMU would need to communicate promoter/BMP/FSC and alter the proposal accordingly.
121. However, based on the Financing Agreement, Letter to Borrower (LOB) and general conditions, PMU/RCUs shall ascertain whether or not the proposed expenses are ineligible for financing.

j) Step 5 – Inception of Implementation

122. Once the IFAD's approval is given implementation work will be initiated, including orientation, targeting strategy, organization and strengthening of farmers including farmer mobilization and formation of PFOs, registration, opening of bank accounts, tax registration etc. Since the equipment, machineries and infrastructure facilities to be given and implemented is finalized, and approved, purchasing process can be initiated following the standard operating procedures (SoPs) approved by project.

k) Step 6 – Contract/Agreement

123. Following IFAD's approval, finalization of the legal documents should be done within a weeks' time and signing of agreements between the stakeholders need to be arranged. Agreements are supposed to add legal framework to partnerships where stakeholder are obliged for their roles and responsibilities. Agreement defines the budget and financing arrangements: KP- RETP matching grant, private company co-financing, FO/FPO contribution etc. together with specific legal obligations enforced by the GOKP.
124. PMU could seek the assistance of an external legal consultancy firm for the development of the legal agreement which needs to be reviewed for the final consent.
125. Agreements could be mostly tripartite agreement between private Agribusiness companies/SMEs, KP-RETP and the selected PFOs especially for the 4P model. However, there could be exceptions for different models such as hybrid model, where more than 3 (three) parties are involved under equity sharing concept. (Ex: KP-RETP /LPA, Other donors, PFOs, Private Agri-business companies, Provincial line departments/institutions etc.).

l) Partnership Implementation

126. Project Agreement would be signed subject to IFAD' No Objection. Within 14 days, PMU/RPMU should conduct an orientation programme for representatives of private Agribusiness company/SME, PFOs & related Government Institutes (Extension etc.) who are directly involved in partnership implementation including the BMPSP—if involved, followed by several beneficiary mobilizations sessions depending on the number of beneficiaries under the partnership on terms and conditions of the Agreement for smooth implementation of the partnership.
127. In addition to the formal training and development in relation to operational/agronomic practices which are proposed in the proposal, special consideration should be given to preparatory training sessions aligned with mobilizations sessions in relation to financial literacy, household budget management and entrepreneurial development etc. The BMP is responsible for conduct Training of Trainers (TOT) to train field officers and supportive staff on these aspects.
128. The farmer list cleared by FO/FPO with the support of IPs should be submitted to PMU/RCUs for registration. After obtaining the PMU approval, the related BDU at IP/RPMU/FSCs would register the farmers in its MIS and the lists will be shared with field officers for detailed data collection and registration.

129. If promoter engage directly with beneficiaries, all the beneficiaries/or if the promoter works directly with PFOs, both respective eligible entities and individual farmers should open a bank account in selected bank where all the transaction would be carried out through the account including fund transfer.

m) **Audit & Inspection**

130. Based on the arrangement 4P, if private sector is managing the fund the accounts should be audited by the reputable chartered accounting firm acceptable to the Fund or in case of PFOs, the audited report of cooperative department would be required.

3. Sub Component 1.3 – Reorganizing Farms Services Centers as Farms Services Companies

131. Building on GoKP investments in the development of the Farm Service Centres (FSC), the KP-RETP project will invest in making these institutions more responsive to the needs of the farmers in terms of input supply (fertilizers, seeds, pesticides etc.) and services (mechanized labor, technical advises, certification and marketing etc.) in order to complement and make fully operationalize the sub component 1 (PFOs) and 2 (4Ps). The KP-RETP objective will be transform these FSCs into functional, autonomous and sustainable New Farm Service Companies (FSC) per district, with PFOs and individual farmers as shareholders. The reorganised FSC will be registered under the companies act and managed as a private company. The companies are envisaged to enhance agricultural productivity of PFOs and other farmers
132. Farm Services Companies (FSCs) would act as a hub for knowledge diffusion and technology dissemination as well as marketing of the agricultural and livestock commodities in order to facilitate the members. The companies are envisaged to boost up agricultural productivity of PFOs and having the mandate to create opportunities of cooperative farming and cooperative marketing or contract farming. Moreover, farm services centres would be able to resolve issues of common interest particularly in agriculture through developing collective linkages with government line agencies.
133. The existing FSCs will be strategically identified to cover all the geographical zones/regions of the project. In total 35 FSC will be supported to have on average 1000 – 2000 shareholders with an expected outreach 20 000 members per FSC. In addition to converting the existing FSCs into companies, the project shall consider establishing new companies or branches/franchisee/agents network to expand the outreach of these companies. .
134. The companies would be registered under the Companies Act, 2017 having PFOs and farmers as their members/shareholders. All members will constitute the general Body. The companies will have 9 Board of directors, 7 of them elected from the shareholders, 2 independent board of director (one chartered accountant and one lawyer). The Board will recruit professional management staff to handle the operation of the companies and it would be run as a professional business entity.
135. The network of companies will meet at least twice every year to share experience and exchange their respective needs. Furthermore, the companies would explore possibility of leveraging collective economies of scale in terms of procuring or negotiating with large seed companies. At the mid-term the MPU will undertake feasibility and market study to explore the possibility of creation of Apex of NFSC.
136. The key activities of the companies will be as follows:
- i. The Companies will assess the demand before each agricultural season, the needs of their members, in terms of improved seeds, fertilizers and pesticides as well as in terms of mechanized works. The management unit of the NFSC will procure directly or through the companies network (composed of the 35 companies) their seasonal inputs. The NFSC facilitated through the Nodal agency would procure the goods and sales to PFOs/ individual farmers through their outlets/ stores.
 - ii. The companies members may provide inputs on credit to the PFOs. Otherwise, farmers will have to provide a collateral acceptable to the companies. The delivery of the inputs will be done at FPO level. The distribution will be done by the FPO. The reimbursement of the in-kind loan will be done by the farmer to the companies through the FPO.

- iii. The companies will select through a call for interest, some young local men / women interested to develop their own agricultural mechanized company. They will provide training, list of the PFOs / farmers interested, working capital and one equipment on long term lease. The young entrepreneurs will have to follow a training (component 2) in order to master the use and maintenance of the equipment. Payment will be done by FPO to NFSC for farmers members of PFOs. The companies will deduct all the leasing and working capital expenditures before transferring the due amount to the young entrepreneur.
- iv. The companies may market / process some staple or cash crops if requested by members and if business opportunities calculation demonstrates significant interest both at farmer and NFSC level as well as acceptable risks.
- v. The companies will enter into long term contract farming / support with Research Center and seed producers / nurseries in order to guarantee the diversity, the quality and the quantity of the seeds deliver by companies to the farmers. A dedicated credit line will be allocated under - KP-RETP in order to pre-finance some seed production / plants and/or to import some new germplasms / varieties. Policy paper and/or waiver in terms of the current KP / GoP regulations related to the current seeds / germplasm importation will also be financed / requested before the start of this activities.

a) Business Planning

137. Business Planning will be carried out by each companies for a period of 5 years. Using a variety of tools and systematic collective reflections, a business plan with proper FIVE (5) year projections on various aspects with clear breakeven point (expected with 3 years maximum), skill identification and cost of the professional management needs (farmers/PFOs will be shareholders but management will be done by professionals, recruited on test / experience). The final company BP proposal will be reviewed by the PMU and subsequently endorsed by IFAD. A detailed list of content is provided in Annexure 9.

b) Profitability

138. The NFSC is expected to become financial self-sufficient in fourth year of operation and operational self-sufficiency by third year. Based on business plan, each Farm Services Center (that will convert into companies as stated earlier) will have an estimated investment between PKR 125 - 130 million (USD 500,000 - 1.0 million) with 50% contribution by the project of which not more than 5% could be utilised for the administrative and operational cost, whereas 95% will be used for procurement of inputs and other goods to be provided on credit basis to members as a working capital. Of the initial investment 50% will be contributed by shareholders/member farmers. It is anticipated that based on the first year of operations, the FSC would be able to leverage commercial sources of financing from the second year of its operation. The FSCs are expected to become financially self-sufficient in the fourth year of operation and operational self-sufficiency by the third year. It is expected that based on the first year of operations, the NFSC could able to leverage commercial sources of financing from the second year of its operation

c) Brokering role

139. NFCS could play a major role in brokering 4Ps between PFOs and prospected private sector Agribusiness Companies/SMEs. Such activity should be coordinated with PMU or respective RPMU through official communication.

d) Management System Development

140. BMP/SP/PMU/RCUs should facilitate the development of management systems in the existing Farm Service Centers(FSCs)_ to gradually transform them into commercially viable enterprises. . Guidelines for management systems should be able to address all requirements related to financial services, input and output management services. Systems related to management of finance, human resources, stock and inventory, procurement and quality management, marketing, internal audit, internal conflict resolution and other important functional areas should be developed. Standard operating procedures (SOPs) for the same should be established.

e) Assessment & Audit

141. The BoD should appoint one internal auditor and should undertake an external audit annually. The internal auditor should report the chairman of the BoD and should share all its findings to the external auditor. The external audit report should be presented to the general assembly and should be made available to IFAD/ PMU and other government stakeholders.

4. Sub-Component 1.4: Institutional Support Services

142. The main objective of the sub-component is to provide demand driven institutional services to PFOs/4Ps/FSCs, to meet the market demand and buyers requirements. The PMU will enter into multiple results based MoUs with the relevant public/Government departments (academic, research and extension services) for different activities with clear responsibilities and deliverables. The scope of work will emerge from the aggregated needs of PFOs/4Ps/FSCs and will be translated into work plan, timeline and cost estimates. The engagement plan will be developed by PMU and approved by PSC as and when the need arise on a rolling out basis. Performance assessment will be done on an annual basis and presented for review to PSC. Below is not an exhaustive list of potential institutional services but are typical needs assessed during project design;
- a) Directorate of Agriculture Extension: (DAE): Based on the need assessed, PMU will engage for provision of support regarding training and advisory services (using existing App),
 - b) Directorate of Agriculture Research (DAR): The project will engage Additional collaboration will be in the areas of reforms related to seed/planting material import and multiplication and other related policy domains.
 - c) Training Providers: Based on the training type and need, several performance based MoUs may be signed with training providers such as Agriculture Training Institute (ATI), Agriculture and Engineering Universities, Training Institution under TEVTA and specialised facilities related to agriculture/agribusiness. The assessed need for workforce in agribusiness component is 25,000 which will be trained, tested and certified through these partnerships. Following is the summary of the estimated workforce to be trained for agribusiness related interventions in KP-RETP ;

Table-2 Estimated Number of Potential Trainees

Type	PFOs	4Ps	FSCs	Service Providers	Total
Staffing Need	(a) 2 750	(b) 400	(c) 280	(d)	3 430
Workforce Need	f) 19 250	g) 1 200	(h) 875	(i) 260	21 585
Total	k) 22 000	) 1 600	1 155	(m) 260	25,015

- d) Additional/Other Partnerships: Several other MoUs may be executed as per the need with different institutions. The terms of partnership will include investment in capacities of the institutions, delivery of the services and overheads.

B. Component-2 – Skills Development and Employment Promotion

1. Purpose, Objective, Outcome and Output

143. The project design recognizes that in order to effectively engage young rural people, an innovative, dynamic and integrated investment approach is required to create the right incentives for productive engagement of youth, to address their growth challenges. In view of the current state of agriculture regarding productive employment and TVET challenges and barriers to rural youth employment and business development, the project adopts a multi-dimensional, coordinated and integrated approach of generating employment and services opportunities through Agribusiness component of the project and take into consideration the supply gap for emerging sectors of the provincial economy. to address diverse supply and demand constraints and keeping in view the diverse regional level market demands for labour. One of the key constraints of the existing TVET in addition to the stereotypical and traditional trainings methods, is that it does not prepare the trainees for productive employment and entrepreneurship. The project approach, therefore, focuses on competency-based trainings including opportunities for business development skills, managerial capacity building and promoting non-cognitive skill building; apprenticeship for on-the-job training; and mechanism for public private partnership for job placement.
144. The objective of the component is creation of productive employment and self-employment opportunities for 110,000 rural women and men in the farm, off farm and non-farm sectors. The component approach will focus on employability for employment and self-employment/entrepreneurship in agriculture and other emerging sectors in the province through a range of activities tailored to the needs and interests of different target groups. The project design recognizes that in order to effectively engage rural people, an innovative, dynamic and integrated investment approach is required to create the right incentives for productive engagement of rural people, to address their growth challenges. The project approach provides for competency-based training including opportunities for business development skills, managerial capacity building and promoting non-cognitive skill building; apprenticeship for on-the-job training; mechanism for public private partnership for job placement; and linkage for access to financial services for start-up for self-employment.
145. The Skills Development and Employment Promotion Component consists of three mutually supporting sub-components the scope and technical parameters for each subcomponents are described below for guidance and compliance:

2. Sub-component 2.1: Skills Development for Agribusiness

146. The overall objective is to provide purpose based training to 25,000 persons (professionals and farmers with focus on youth and women from rural areas - 30% at minimum) to ensure availability of staff and workforce required for achieving successful Agribusiness Development (component 1), particularly for establishment and operation of Professional Farmer Organisations, Public, private and producers Partnership (4P) and Farm Services Centres, are available locally and adopted to ensuring institutional and business sustainability.
147. The trained workforce will particularly assist the establishment and successful operationalization of: (i) the 550 Professional Farmers Organizations (PFOs); (ii) 20 Public-private-producer partnerships (4Ps); and (iii) 35 New Farm Service Companies (NFSCs). The implementation of the Subcomponent will follow the business development and capacity building plans for each FPO and FSCs in progressive and phased manner under component I. Training curricula will include a general orientation on nutrition, social, environmental and climate change in addition to technical theme.
148. **Implementation Arrangement/Training Providers:** KP-TEVTA will be responsible for implementation of the subcomponent either in its own public sector institutions or in case of non-availability of courses, through outsourcing to public sector institutions like Animal Husbandry In-Service Training Institute (AHITI), Agriculture Training Institute (ATI), Universities (Agriculture/Engineering/Livestock) or by hiring relevant training providers (firms or qualified individuals as appropriate). Based on the training type and need, several performance based MoUs may be signed with training providers. The trainees will be tested and certified through these partnerships. The BMPs will be responsible for skills need assessments and selection of trainees as part of the business

development planning process and will ensure that assessment is based on (i) needs identified and requested by PFOs, participants of 4Ps and FSCs after their establishment; (ii) the BMP own needs assessment for PFOs, 4Ps or FSCs; (iii) the guidance and needs identified for capacity enhancement of small farmers/members of PFOs/4Ps by participating private business partners/companies; and, (iv) need for skilled service providers. The maximum (all-inclusive) cost of training per individual is estimated at **PKR 15,000 (USD 100)**. Following is the summary of the workforce to be trained under this sub-component.

Table-3: Estimated Number of Potential Workforce

Type	PFOs	4Ps	FSCs	Service Providers	Total
Staffing Need	2 750	400	280		3 430
Workforce Need	19 250	1 200	875	260	21 585
Total	22 000	1 600	1 155	260	25,015

3. Sub-Component 2.2: Vocational and Technical Skills Development

149. The objective of the subcomponent is to create skills among 60,000 persons for employment and self-employment opportunities with a focus on ultra-poor and poor households with limited access to land with a specific focus on women (50%) and youth (50%). Preference, particularly for self-employment, will be given to youth women and men on their poverty score among the band of 0-34. The component will be implemented by KP-TEVTA, other public and private service provider(s)/partners. The sub-component will focus on two major areas/themes:

- **Employment Promotion**

150. Out of the trained 60,000 persons, employability of 18,000 youth trained by KP-TEVTA will be improved through apprenticeship programme for responding better to the supply gap in emerging sector in the provincial, national or international markets. The emerging sector include, in the context of KP, hospitality/tourism, construction, manufacturing, health care, mining etc. as well as demand for rural trading and other community services. The project will address the key current challenges in terms of the quality of trainings, demand and supply gaps in labour market, and improved employability skills to meet the requirements of the employers in public and private sectors.

- **Self-employment/Enterprise Development**

151. Vocational and Entrepreneurial trainings will aim at developing sustainable and profitable businesses for rural youth. It is expected that 42 000 youth women and men with demonstrated interest, willingness and capacity will be supported to become self-entrepreneurs in fam, off farm and non-farm sectors with the support of a start-up package and coaching, in addition to vocational skills development under Subcomponent II.I a. The start-up package will include provision of in kind or capital resources whichever is deemed essential for the trade and coaching/mentoring support. The coaching support will include business development and planning, financial education, financial management, market access and access to existing financial services and business incubation in the form of hand holding during the initial period of enterprise/business establishment. **Based on recent experience an estimated average start up support amounting to USD 300 per person is required for an expected average income of USD 180 to USD 200 per month.**

152. The type of skills to be offered and acquired will vary and could range between different sectors depending on the gender, district specific demand and its business/labour comparative advantage / demand. Vocational and

Entrepreneurial training will be provided in order to develop sustainable and profitable business. The trades for self-employment/enterprise development could include but not limited to, mechanics, tailoring, shoe or handicraft production, beauty shop, mobile or solar panel repair, masonry, carpentry, hostelry, cloth design, electricity, steel fixing, plumbing, etc.).

153. The start-up support will also be augmented through linkages with banks for accessing the federal government interest free and low-cost loans for youth enterprise development under the Kanya Jawan programme. The project will particularly provide assistance for ensuring financial inclusion of the poor HH in BISP-PSC category 0-34 who are considered non bankable either because of collateral requirements or they do not meet the “ability to repay” criteria, through (i) brokering with the federal government Kamyab Jawan programme, GoKP and banks for attractive loan conditions the target group and (ii) in consultation with the banks devise a mechanism for institutional collateral by the project and/or social collateral by the existing registered community/village organisations. The province is among the pioneers in participatory and community level development approaches where a number of NGOs/RSPs are covering almost all the districts of the province through a network of more than 50,000 community organisations, which could service as social collateral for access to formal financial services.
154. Training for all the 42,000 trainees will be provided by KP-TEVTA through leveraging on-going ADP programme. The private service providers engaged by the project will be responsible for selection and assessment of trainees against the target (42,000), provision of start-up capital, and business incubation support trainees for self-employment.
155. IFAD financing for the start up support will be used in the initial 2-3 years of the project to generate evidence of sustainable job creation under the project. In the meantime, KP-TEVTA with support from PMU and approval of PSC, will prepare and approve an ADP scheme containing a mechanism for providing start-up capital to trainees who require it for self-employment by way of wider replication of this successful approach.
156. **Implementation Arrangements.** A special partnership will be developed with KP-TEVTA, and support provided to ensure implementation of vocational training within the parameters of project design. TEVTA will be supported to assess and adapt to the most recent market requirements in terms of training and / or to add additional demand-based trainings to their existing trainings. TEVTA will also be supported to develop partnerships with local industry/entrepreneurs/businesses for assessing demand and developing apprenticeship for job placement. In addition, KP TEVTA shall be supported in establishing partnership with public and private service providers to design and deliver the trainings currently not available at TEVTA.
157. Within the framework of the project design and under the overall supervision of PMU, the implementation arrangements will include:
 - i. *Training of 60,000 youth men and women and provision of apprenticeship support to 18,000 trainees will be the responsibility of KP-TEVTA through on-going ADP schemes. The PSC will provide necessary modifications and flexibility, if required, to align the existing ADP programmes with the project framework and approach.*
 - ii. *In case of non-availability of the market demanded courses and training identified at KP-TEVTA own institutions, KP-TEVTA will organise such courses through outsourcing to public or private service providers or qualified individuals.*
 - iii. *KP-TEVTA will also ensure organising training for women at local level where the women could conveniently commute on daily basis, either through its own institutions or by engaging suitable public and/or private service providers.*
 - iv. *Based on institutional assessment, availability of necessary facilities and outreach, the Directorate of Social Welfare Merged Areas could be one such pre-identified public sector service provider for vocational training of young women and men for employment and self-employment in the Merged Districts. The Directorate of Social Welfare Merged Areas will be engaged by KP-TEVTA through a MOU. KP-TEVTA will provide financing for training of women through the leveraged ADP funding, while financing of start-up capital will be provided by PMU through service provider. The trainees shall be awarded certificates by KP-TEVTA. The number of beneficiaries and financial requirements will be determined mutually by the Directorate of Social Welfare Merged Areas, KP-TEVTA and PMU.*

- v. *An estimated amount of **PKR 0.468 (USD 3 million)** shall be allocated by KP-TEVTA from the leveraged ADP schemes for outsourcing specialized trainings currently not offered by KP-TEVTA and local level trainings for women where KP-TEVTA has no outreach.*

4. Sub-Component 2.3 Job placement/Induction

158. Pakistan produces around 450 000 new graduates each year including 70 000 annually in Khyber Pakhtunkhwa and yet the market cannot productively absorb this supply. This has led to graduate's unemployment and the graduate unemployment rate is estimated at 16.5%⁴ - 7.3% for male and 41.1 for female.
159. The project will support about 25,000 graduates of universities through a public private partnership to enhance their employability skills and potential. The graduates will be engaged for up to one year as interns in both private and public sector and within the project for different functions based on the demand. Priority will be given to those coming from the poorest family. Women graduates will constitute 50% of the target. The initiative will provide opportunities for young fresh graduates to get experience as well as develop their skills in the respective domain which will improve their employment opportunity within the agriculture and rural development sector. The initiative will also provide exposure to the graduates to understand the requirements of the receiving organisations.
160. Amongst the numerous tasks that will be allocated to the young graduates, could include assisting government line departments and Service Providers in the implementation of their respective activities and/or could strengthen the M&E capacities of the PMU.
161. Each graduate will have the possibility to do 2 internships of 6 months each. The recruiting public sector institution and enterprise will be allowed to keep the same student for a second period of 6 months only if it provides a formal offer of employment to the student. In case of non-compliance, the enterprise will no longer be eligible to participate in the programme. Each enterprise will have a maximum of 2 students at the same time. Around 145 interns per district and per year will be eligible to this programme. Annual assessments of this activity will be conducted and the approach will be adjusted if needed. It is expected that 30% of the interns will remain employed in the enterprises after completing their internship period, 50% will find a job after their second internship (in a different enterprise) based on the experience acquired and 20% will set up their own business or still be looking for a job after 6 months.
162. Service provider(s) through call for proposal (twice a year), will identify interested public and private institutions in consultation with PMU, for placement of induction of skilled youth for a period of 6 months. An induction contract will be signed between all the parties - with the confirmation by the participating institution a minimum of 3 years job contact. The remuneration during the induction period is estimated to be PKR 20 000 PKR per month of which PKR 15,000 will be provided by the programme and PKR 5,000 by the institutions/enterprise. Project contribution will remain the same while contribution from participating institutions may be more depending on the skill demanded in the market. A joint assessment but objective assessment will be done of the incumbents at the end of the induction period for confirmation of successful completion of the induction/probation period.
163. **Institutional Services and Technical Support Provider(s):** The key technical support areas identified are; (i) market assessment and release of job market outlook on a continual basis to enable adoption of training programme; (ii) updating curricula relevant to project needs and most demanded skills (at least 5); (iii) capacity building of instructors in delivery of training; (iv) establishing training hubs (3 hubs linked to economic zones, product clusters and emerging sectors); and, (v) policy reforms related to testing and certification. The technical support needs will be assessed once the job market assessment is completed. The PMU will develop scope of work and will engage one or several technical service providers for training mainly for thematic and geographical areas which are not currently covered by TEVTA. Selection of service providers will be undertaken following competitive process while public sector institutions may be engaged through a performance-based MoU.

⁴ Employment Trends, 2018, Ministry of Statistics, Government of Pakistan

164. Implementation of start-up capital and business development support/business incubation for self-employment (subcomponent II.I.b) and implementation of Job Placement for Graduates (subcomponent II.II) will be undertaken through technical service providers.
165. The identification of trainees will have three approaches; (i) demand driven regular intake by TEVTA; (ii) intake through the Social Welfare Department - women empowerment linked to women centres in merged districts; (iii) needs identified by service providers in areas not covered by TEVETA to enhance outreach. The service provider(s) will particularly assist KP-TEVTA in implementation of training of women at local level who have cultural constraints of mobility. The overall coordination and oversight will be provided by PMU. The PMU will also facilitate the linkages between the service provider and private banks for provision of interest free and low-cost financial services of the federal and provincial government. In this regard formal MOUs will be signed between the PMU/service provider and private banks.
166. The service provider will work closely with Village/Tehsil Council to facilitate identification of trainees using BISP-PSC (band of 0-34 on priority). The service providers will also develop partnership (with public, private and civil society organisations) for the job induction programme.
167. Each service provider and MoU partners will have a 3-year framework contract/result-based MoU renewable based on performance assessment undertaken every year. The service provider(s)/partner(s) will handle aspects related to both employment / self-employment and job induction. In areas where the service providers will not be able to obtain the GoP NOC to intervene, the PMU through its regional office will directly intervene using its own staff and line departments.
168. The beneficiaries pre-identified (using PSC data obtained from BISP) by the service provider(s)/partners will be validated by Village/Tehsil Councils and PMU after necessary due diligence.
169. The KP-RETP M&E staff as well as periodic external evaluations will inform adjustment in the approach.
170. The table exhibits component-wise major activities, project targets, and eligibility and technical requirements to be complied with in implementation under this component:

Table-4: Eligibility and Technical Parameters for Training Interventions

#	Major Activities	Target	Eligibility and Technical Parameters
1	Skills Development for Job Market and Self-Employment	60,000	i. Ultra-poor and poor households with limited to no access to land with poverty score within the band of 0-34. ii. TEVTA will be supported to assess and adapt to the most recent market requirements in terms of training and / or to add additional demand-based trainings to their existing trainings. iii. TEVTA will also be supported to develop partnerships with local industry/entrepreneurs/businesses for assessing demand; iv. KP TEVTA shall be supported in establishing partnership with public and private service providers to design and deliver the trainings currently not available at TEVTA at the recommendation of the Business Mobilization Partners (BMPs) v. For women, KP-TEVTA will also ensure organising training at local level where the women could conveniently commute on daily basis, either through its own institutions or by engaging suitable public and/or private service providers. The network of Directorate of Social Welfare (Merged Districts) could be used for reaching out to the women in these districts subject to a MOU between the project and the SWD. vi. Where KP-TEVTA outsources trainings to public/private institutions, it will pay for the cost of trainings from out of its ADP programs, while the start-up capital shall be provided by PMU. KP-TEVTA shall give certificate to the trainees.
2	Skills Development linked to Agribusiness Development Component	25,000	i. Business Mobilization Partner (BMP) engaged under Component-1 shall lead this activity; ii. Ultra-poor and poor households with limited to no access to land with poverty score within the band of 0-34. iii. Minimum 30% of trainees should be youth and women from rural areas. Most of those trained shall be recruited as the staff of technical service providers, and skilled workforce of PFOs/4Ps/FSCs; iv. Training curricula will include a general orientation on nutrition, social, environment, and climate change in addition to technical/functional aspects;
3	Employment Promotion	18,000 of the 60,000 mentioned against # 1	i. Ultra-poor and poor households with limited to no access to land with a poverty score within the band of 0-34. ii. Minimum 30% youth, and minimum 30% women; iii. KP TEVTA establish a system to continuously engage with Chamber of Commerce and Trade, enterprises, and others to assess their demands and respond through CBTs; iv. Competency Based Training (CBT) shall be delivered; v. KP TEVTA shall be supported to in-house institutional capacity to design and deliver CBTs; vi. Apprenticeship/on-job training shall be integral part of this approach—funded through KP TEVTA's ongoing apprenticeship initiatives. Each apprentice shall be paid PKR 10,000 (USD 64) per month for three to six months. vii. Trade selection subject to gender, demand for skills in district (Annexure—10 has list of eligible trades);

#	Major Activities	Target	Eligibility and Technical Parameters
			viii. VOETOs will also be supported for job placement initiatives at local rural areas
4	Self-employment/Enterprise Development	42 000 of the 60,000 mentioned against # 1	i. Ultra-poor and poor households with limited to no access to land with a poverty score within the band of 0-34 ii. Minimum 30% youth, and minimum 30% women; iii. Start-up capital (USD 300) per beneficiary to be provided; Linkages to be established with ongoing microfinancing initiatives like Kamyab Jawan Program etc. for the trainees to augment start-up capital; iv. Trade selection subject to gender, demand for skills in district (Annexure—11 has list of eligible trades); v. TEVTA shall leverage ongoing programmes under ADP for this purpose; vi. Trainees shall also be given coaching in business planning & development, financial education, financial management, market access and access to existing financial services and business incubation in the form of hand holding during the initial period of enterprise/business establishment. vii. In the first 2-3 years, IFAD will pay for the start-up capital, generate the evidence of effectiveness self-employment/enterprise development model it is testing in this project. KP TEVTA shall develop a PC-1 for wider replication of this self-employment approach 3-4 years based on its successful piloting from IFAD funds.
5	Job placement/Induction	25,000 graduates for up to one year	i. Ultra-poor and poor households with limited to no access to land with a poverty score within the band of 0-34. ii. Around 145 interns per district per year; iii. Minimum 50% of beneficiaries should be women; iv. Each intern can get up to two (2) internships each for six (6) months. The second internship shall be provided if the employing entity offers a firm offer for appointment to the intern requesting the second internship term; v. Each intern shall get PKR 15 000 PKR per month of which PKR 12,000 will be provided by PMU and PKR 3,000 by institutions/enterprise. vi. Annual assessments to fine tune the approach

C. Institutional Support & additional implementation guidelines

171. The component shall drive implementation of this component with support from Business Mobilization Partners (BMPs) for trainings under Component-1. As stated earlier, additional service providers shall be engaged and MOUs with government sector institutions signed in cases where KP TEVTA lack capacity for delivery of trainings as required under the project. The overall coordination and oversight will be provided by PMU. The PMU will also facilitate the linkages between the service provider and private banks for provision of interest free and low-cost financial services of the federal and provincial government. In this regard formal MOUs will be signed between the PMU/service provider and private banks.
172. The key technical support areas identified are; (i) market assessment and release of job market outlook on a continual basis to enable adoption of training programme; (ii) updating curricula relevant to project needs and most demanded skills (at least 5); (iii) capacity building of instructors in delivery of training; (iv) establishing training hubs (3 hubs linked to economic zones, product clusters and emerging sectors); and, (v) policy reforms related to testing and certification. The technical support needs will be assessed once the job market assessment is completed.

173. MU will develop scope of work and will engage one or more technical service providers for training mainly for thematic and geographical areas which are not currently covered by TEVTA. Selection of service providers will be undertaken following competitive process while public sector institutions may be engaged through a performance based MoU.
174. The identification of trainees will have three approaches; (i) demand driven regular intake by TEVTA; (ii) intake through the Social Welfare Department - women empowerment linked to women centres in merged districts; (iii) needs identified by service providers in areas not covered by TEVTA to enhance outreach.. The service provider(s) will particularly assist KP-TEVTA in implementation of training of women at local level who have cultural constraints of mobility. In this regard formal MOUs will be signed between the PMU/service provider and private banks.
175. The service provider will work closely with Village/Tehsil Council to facilitate identification of trainees using BISP-PSC (band of 0-34 on priority). The service providers will also develop partnership (with public, private and civil society organisations) for the job induction programme. Only training graduates under the project assisted training and those belonging to HH from PSC 0-34 will be eligible.
176. Each service provider and MoU partners will have a 3-year framework contract/result based MoU renewable based on performance assessment undertaken every year. The service provider(s)/partner(s) will handle aspects related to both employment / self-employment and job induction. In areas where the service providers will not be able to obtain the GoP NOC to intervene, PMU through its regional office will directly intervene using its own staff and line departments.
177. The beneficiaries pre-identified (using PSC data obtained from BISP) by the service provider(s)/partners will be validated by Village/Tehsil Councils and PMU through a necessary due diligence process to be agreed between PMU and the service providers.
178. Successful candidates with demonstrated interest, willingness and capacity will be provided start up support either in kind or capital whichever is deemed essential for the trade

1. Indicative Type of Trainings

179. Appropriate type of training courses will be offered to meet the demand created by the Agribusiness Development component for farm and off farm employment, businesses and services and to fill the labour and services supply gap for the emerging sectors of the province like manufacturing, hospitality, construction, mining and services. About 50% of the trainees will be women. Trainings for women will be carried out at local level by service providers. The training for self-employment/enterprise development will be accompanied by start up capital either in kind or in money form through the project resources and through linkage with bank for accessing the government soft loan for youth entrepreneurship. Typically, the duration of trainings will be between 3 to 6 months.
180. Based on available analysis of skills gap in the province, the trainings could include :
 - a) Crop and livestock agribusiness (under component 1) including skills and knowledge to engage in high value commercial agriculture production, value addition and off-farm activities and services aim at delivering agriculture support services to farmers and at adding value to agricultural products through processing, food manufacturing, logistics and trading including animal health and reproduction, nurseries, pruning and pesticide application etc.;
 - b) Agriculture and rural development professional skills for graduates for employment or self-employment; and,
 - c) For bridging labour supply gap for emerging sectors, an indicative list of sector-wise training is being proposed to be covered under this component. The list is provided at **Annexure 12** to this manual.

2. Target Group and Geographic Focus

181. The main target group of the component will be the poor household in BISP-PSC band of 0-34. BISP-PSC criteria will be the main instrument for selection of beneficiaries. However, since the updated BISP-PSC data is not yet available, the selection of beneficiaries will be validated by existing community organisation and allowance and

flexibility for any errors and omissions will be made. Additionally, unemployed and fresh graduates from poor families will be provided internship opportunities for enhancing their employability skills.

182. The component will cover all the 35 districts of the province with focus on regions/divisions with high poverty rates like the NMDs, agribusiness clusters and region/ districts with specific labour supply gaps such as: manufacturing mainly in Peshawar, Marda Kohat and Swat Divisions; construction in Peshawar, Hazara, Swat, Mardan, Kohat and D.I Khan Division; hospitality in Hazara and Swat Division, and services sector in all divisions/districts.

183. Within the main poverty target groups, the youth supported by the project will broadly fall into the following main categories:

- i. Farmers and young women and men aspiring to take advantage of the enumerative employment opportunities created by the Agribusiness Development Component of the project and the emerging sectors of the province through employment in agriculture and non-agriculture sectors.
- ii. Famers young women and men looking for opportunities for remunerative livelihoods through self-employment/micro and small enterprises and services opportunities available as a result of Agribusiness Development and the emerging sectors. The trainings for this group will be backed up by start-up capital from project resources and through linkages with private banks for accessing the government soft loans for youth enterprise development.
- iii. Young women and men graduate from local faculties who require further capacity building through on the job training/internship in their education qualification related trades particularly related to agriculture and food sector to improve their employability.

184. A combination of vocational training, access to low interest loans, apprenticeship and internship packages will be offered for different sub target groups based on assessment of potential of beneficiaries carried out by service provider. Since certain type of trainings are contingent on education levels, an education level based criteria are also applied. The Kamyab Jawan soft interest loans will be leveraged (where possible) across bands for Poverty Scores 0-23 based on demonstrated interest, willingness and capacity of successful beneficiaries of vocational trainings and internships.

Table 5. Eligible Households (per PSC) and Interventions

PSC range	Sub-PSC Range	Education Level	Intervention Type	Institution
0-34	0-34 but Preference for 0-16.7 (BISP Beneficiary)	Less than 8 years (primary)	Vocational Training mainly for self-employment Link to Kamyab Jawan low interest loan	VOETO. Mostly district/location-based trainings for women.
	0-34	More than 8 years (middle) and upto 12 years (intermediate)	Vocational Training for employment. Could also include self-employment. Apprenticeship Like to Kamyab Jawan low interest loan	KP-TEVTA vocational institutes.
	0-34	Graduates and above	Internship for employability. Could also include self-employment for services like processing, food manufacturing, logistics, trading, animal health and reproduction, nurseries, pruning and pesticide application etc. Like to Kamyab Jawan low interest loan	PMU/partner government line departments and private sector partners.

185. The VOETO will work closely with existing community-based organisation like CO/VO/LSO to facilitate identification of trainees from BISP-PSC band of 0-34. The VOETO will also facilitate the provincial TEVTA in selection of

candidates for training in public sector institutions based on their eligibility criteria. Once identified, the VOETO will assess the capacity and

a) Eligibility Criteria for Participants

186. The eligibility criteria for the candidates selected for vocational training will be the following;

- i. All participants from households with a score of between 0-34 on the BISP-PSC will be eligible. However, preference will be given to candidates from PSC-PSC band of 0-16.7 (BISP beneficiaries) for training conducted by VOETO.
- ii. Unemployed and fresh graduates for poor households.
- iii. Final selection of participants validated by the COs will be made by the VOETO for all training (VOETO and KP-TEVTA) based on assessment of willingness, qualifications, ability and potential for productive utilization of the training for employment or self-employment.

b) Type of Support of Participants

- i. Orientation of existing Community Organization and selection of beneficiaries: The VOETO team will brief the communities on purpose and selection criteria, select beneficiaries based on BISP-PSC criteria and carry out validation by CO. Pending the availability of updated BISP-PSC data, allowance for errors and omissions in the exiting data could be made in consultation and validation of CO.
- ii. Potential candidates will be assessed and assisted by VOETO in selection of training course based on willingness, qualifications and potential.
- iii. All participants will be provided training of a duration which is adjudged by specialists to be sufficient to enhance the level of skill and knowledge of the trainee and can enhance his/her employability or productivity. Generally, the training courses will comprise of 3 to 6 months durations.
- iv. Candidates will receive Support for transport and all out of pocket expenses incurred in attending the training course.
- v. Support for board and lodging for all overnight training programmes.
- vi. Women will be provided trainings locally by VOETO.
- vii. Candidates for graduate internship programme will be provided monthly stipend.
- viii. Eligible candidates for self-employment/enterprise development will be provided start up support either in kind or in the form of capital according to the type of trade.
- ix. The self-employed candidates will be provided business incubation in the form of hand holding during the initial period of enterprise/business establishment.
- x. Apprenticeship assistance including stipend (through a fund created under TEVTA with 20% contributions from participating private entities, in collaboration with KP-TEVTA for those who candidates who wish to pursue remunerative employment.

c) Eligibility Criteria for VTO/ETO

187. The eligibility criteria for the VOETO will be as follows;

- i. Social mobilisation and technical and vocational skills development as core business and experience in implementing gender and youth sensitive participatory rural development programmes.
- ii. Should have a minimum of five years' experience of delivering vocational training and in house capacity for providing services in the project area/region.
- iii. Previous experience of working with the government and/or on donor funded projects and programme.

- iv. Shall have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training at local level in an environment which are appropriate, safe and secure for women trainees.
- v. Previous experience and presence in the programme area and existing social capital
- vi. Registration under relevant laws of the country.
- vii. Previous three-year corporate audit reports
- viii. Availability of appropriate number of permanent management and technical staff at HQ and in the field.
- ix. Should have the capacity to develop an MIS for monitoring and evaluation of the Vocational Training Programme.
- x. Should have the ability to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators.
- xi. Should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes.

d) Contracting and Reporting

188. The PMU will work out modalities with KP-TEVTA for training to the selected candidates by the project/VOETO through the committed leverage fund of the government on-going programmes and placement of successful candidates for apprenticeships. In this regards all role responsibilities and agreed actions will be documented in the form of a MOU. Similarly, PMU will also enter into agreement with private banks for provision of low-cost loan from the federal government youth enterprise development programme.
189. PMU will follow for competitive process following IFAD procurement guidelines for engagement of services of 5 regional VOETOs with competency and capacity in providing vocational skills training. Initially a 3 year Performance based contracts will be offered which could be renewed based on performance and assessed /confirmed every year. An indicative Terms of Reference for VOETO implementing the vocational Employment Promotion subcomponent is given in **Annexure 13**.
190. The PMU will also contract a third-party random survey in mid-project to assess the relevance, effectiveness and economic and social benefits of the vocational skill development programme.

D. Exist and Sustainability Strategy

1. Component-1 Agri-business Development

191. The specific strategy for successful exit under component 1 revolves around 3 main elements namely 1) establishment/restructure of autonomous new farming service centers (NFCS) 2) establishment of self-sustain 4P partnerships and 3) gradual transformation of newly established/restructured FPOs. All three (3) elements are interlinked and the success of the exit strategy depends on the coherence and interdependence between each element during subsequent implementation.
192. Under first element, the establishment/restructure of autonomous NFSCs, it's a pre-requisite that the established NFSCs would run as independent entities with a professional management. Ideally, the NFSCs should run as private sector entities and the role of PMU is to empower the established entities as much as possible to develop a self-functional structure (Administration, finance and operation) to build greater autonomy. Therefore, the recruitment of professional staff is key for the development of such autonomous structure as NFSC will play an integral role in procurement & delivery of quality inputs/services and market linkages/coordination etc. It's expected that NFSCs to handle all transactions with respective FPOs through bank accounts which would develop a healthy credit history with banks/financial institutes. Such mechanism would enable them to obtain financial services through banks even after the project period which highlights the gradual transformation in to formal banking sector.

Further, PMU would encourage those individuals whom have completed the training under component 2 (Skill development & employment promotion) to take up specific roles under NFSCs & FPOs to create more ownership and loyalty towards such roles.

193. Similarly, FPOs would be strengthened through a capacity development program to ensure those entities would possess greater bargaining power and to perform better under business related partnerships or even 4Ps. As in the case of NFSCs, the established FPOs will develop a strong credit history with financial institutes as they continue to conduct transactions with NFSCs and prospected buyers which would enable them to access formal lending facilities upon completion of the project. In addition, the FPOs will be able to develop a substantial revolving fund within the entity itself by expanding their member base and to continue the lending operation as multi-purpose cooperatives. Moreover, PMU would assist FPOs to develop their own identity/brand through the proposed training support by service providers which would create strong presence/demand in respective markets.
194. Finally, the establishment of 4Ps will promote establishment of rural infrastructure (Collection centers, dryers etc.) in villages as private sector may invest in such facilities to streamline their supply/value chain activities. PMU would encourage FPOs or even NFSCs to involve in management of such facilities with the support of private sector promoters on a commission/equity based sustainable models. This would enable technology transfer from private sector to grass root levels in a healthy manner. In addition, it's expected that farmers, FPOs and NFSCs would develop greater understanding during the implementation of those 4Ps which would develop loyalty and trust among respective partners to continue the partnership even after project period. Further, the strategy promotes continuous engagement in provincial government support through extension/R&D activities where partners will be able to access laboratory facilities, new germplasms on a continuous basis through memorandum of understanding (MOU) between NFSCs/4P promoters which would run even after the project period.

2. Skills Development and Employment Promotion

195. The project seeks to transform KP TEVTA into a dynamic technical and vocational education providers that reads market trends and has capacity to design and deliver such courses effectively. The project will enhance Institutional capacity at KP TEVTA to conduct labour market assessment and design and deliver such courses promptly. The project would train about 25,000 people for new jobs at new entities i.e. PFOs, 4Ps, and FSCs that would continue requiring these people beyond the project's life.
196. All technical and vocational trainings shall be based on labour supply gaps and where viable—complemented with start-up capital to enable trainees to have sustainable self-employment. Further, trainees shall be linked with government's low-cost microcredit programs i.e. Kamyab Jawan Program to facilitate further business development/expansion as appropriate. Fresh graduates shall be facilitated to get internships with potential employers under contracts which would require the latter to offer regular jobs upon the completion of the internships. Most fresh graduates don't get jobs because their degrees don't prepare them for the job market. The internship opportunity would address this gap. The government is committed to replicating this internships-led-sustainable-job-creation model once it shows impact.
197. All MOUs/contracts with partner organizations shall establish requirements for service providers to facilitate trainees in finding jobs after training. Co-financing requirement under contract with potential employers would ensure that most internees continue working for the employers where they are placed.

3. Project Management and Policy Support

The project design elaborates on the roles and responsibilities of various stakeholders; focuses on institutional reforms and strengthening; and enhancing partner government department's capacity. The policy and institutional development initiatives of the project are not only aimed at ensuring successful implementation and exit strategy of the project but also to mainstream and institutionalise the project approaches and models in the functioning of public sector institutions for

scaling up and to adapt to market realities for taking take advantage of the 3 unique and diverse agro-climatic conditions of the province which provides great potential for agriculture development and the youth bulge, on long term sustainable basis.

- i. Farm Services Centres: The existing and new Farm Services Centres (established under the project) currently under the Department of Agriculture will be reformed to become private companies with FPO or individual farmers as shareholders and managed by professionally recruited staff instead of the field staff of the DOA. The reform will help the FSCs to increase outreach and become more responsive to the needs of the farmers in terms of goods and services like input supply, farm machinery, technical services and support and marketing etc.
- ii. Agriculture Extension: To enable the Extension Directorate of the Department of Agriculture to support project implantation and reorientation for demand-based service delivery in an efficient manner, support will be provided to strengthen its capacities through provision of equipment, training and mobility of staff. A special programme of internship will also be developed to beef up the field level capacity of the MOA and provided a first experience to young graduated.
- iii. Agriculture Research: The agriculture research and development system has not kept pace with the changing market scenarios and climate change and require developing capability and capacity. The Department of Agriculture Research will be assisted to improve production of quality seed and plant material and strengthen the capacity for seed certification and production certification particularly for export. Assistance will also be provided for rehabilitation and privatisation of tissue culture labs, importation of new germplasm and review of the 2014 seeds act and production of all necessary papers to make more operational and amend this act.
- iv. Integration of ICT4D: The project will provide assistance in integrating ICT4D specifically on digital business plan development for PFOs (AgriPlan - developed by IFAD to formulate, edit, evaluate, approve and monitor business plans for producers' organisations), e-commerce, digital money and e-advisory. Digital systems may also be used to develop a credit history/ scoring of farmers under the PFOs. Institutional support will be provided in these respects on cost-recovery and sustainable manner.
- v. Technical and Vocational Training: The Skills development and Employment Promotion component builds mainly on the existing public and non-government organizations' capacities of TVET and consolidate them where required, rather than creating new, programme-driven structures. This is aimed at supporting sustainability and ensuring that project innovations will be mainstreamed into the province institutional framework, replicated and scaled up. Additionally, since the Skills development and Employment Promotion component will be financed through the government contributions in the form of leveraging existing TVET programmes, annual development programmes and implemented mostly by KP-TEVTA, the hand on experience of developing and implementation of innovative models addressing challenges experienced by young people in the rural economy, will also contribute to the present and future youth skills development programme effectiveness, institutional efficiencies, and scaling up, and will influence policies and strategies for youth development.
- vi. Agriculture Marketing System: The Provincial government also requested assistance for the review of the Agriculture Marketing System and the formulation of the regulatory and operational framework, necessary to provide for dynamic, growth-oriented and efficient agriculture markets that incentivize growers and ensure a better deal for consumers.
- vii. Cooperative Societies Ordinance: Assistance will be provided for the review and necessary amendments in the existing Cooperative Societies Ordinance for the smooth functioning of PFOs as per the project approach and their long term institutional sustainability and profitability.

E. SECAP Compliance

198. KP-RETP focuses on agribusiness development involving 550 PFOs, 20 Producer Private Public Partnerships (4Ps) and 35 FSCs under Component-1 to be implemented with support from provincial Agriculture (Research and Extension) Department. Component 2 on economic graduation and skill development will create about 60,000 employment opportunities in the province. These skills will include technical, financial, managerial or business

skills for 25 000 trainees as per market requirements for the sustainability of Component 1. Component 3 will look after project management, policy and institutional support.

199. The project does not include activities of size or scale that would have significant negative social and environmental impacts rather, there will be positive impacts on the livelihoods and economic wellbeing of the community. PFOs members will also include poor and women to ensure that the benefits are shared and livelihoods are improved. Moreover, the interventions do not involve any infrastructure or civil works to warrant any economic displacement or resettlement of the communities. No diverse impact is foreseen on the flora and fauna and biodiversity and, therefore, the social and environmental risk assessment suggests the project to be of Category B.
200. The BMPs/SPs will be developing business plans for PFOs in consultation with selected farmers' representatives after a thorough diagnostic study for identifying potential interventions, market assessment and skills requirement. These business plans will be developed with proper projections on various aspects for five years and will be implemented and managed by professional managers recruited on competitive basis. Technical viability, skills and technology requirements of hardcore activities (e.g. processing plants, drying and packaging facilities) proposed under the business plan will be assessed for SECAP assessment and compliance. Mitigation measures as provided in ESMP will be implemented to avoid or minimize any social and environmental impacts.
201. Climate risk. The project areas exposure to climate change is high to substantial but the nature of interventions is such that its impact on beneficiaries, targeted areas, ecosystem and community resilience will not be very significant and, therefore, the Climate Risk Category is assessed as Moderate. Any proposed future interventions by PFOs and 4Ps will be subject to screening and will be implemented under appropriate guidelines and SOPs.
202. To guide the project teams—at PMU/RCUs as well in BMPs/SPs levels, this document includes an Environment and Social Management Plan (ESMP). The ESMP indicates main themes (i.e. mobilization of farmers into PFOs), social/environment/climate risks, and mitigation actions that could be taken. The Environmental and Climate Change Specialist in PMU will look after and monitor SECAP related compliance under the project. The Specialist will check and assess every relevant activity in the business plan and prepare a report recommending or rejecting the proposed intervention with proper justification and reasoning. Regular monitoring of activities with physical visits and feedback from regional offices should be carried out with proper record and report to be summarized in the project progress reports including compliance status, challenges and issues. Detailed guidance for PMU/RCUs/BMPs/SPs etc. is provided in **Annexure-14**.

V. HUMAN RESOURCE MANAGEMENT

A. General

203. The project shall develop standard employment contract for each category of personnel so as to ensure that all personnel are recruited on identical terms and that employment conditions are adequate to meet the requirements of the project. The project will hire the below categories of personnel:
- Project personnel who are core members of the PMU team; this includes: professional, operations and support staff.
 - Temporary professionals and support staff hired locally to replace an absent staff, to cater for a temporary increase in workload, or to fill a vacant post temporarily.
 - Individual consultants hired nationally or internationally to carry out a specific short-term assignment.
 - Internship contract offered to university graduates or entry level job seekers for initially 3 months extendable for 3-6 months with stipend. Unpaid internship also offered to students coming from an academic setting who serve as intern for 6-8 weeks as part of their degree Programme.
204. The recruitment of senior staff within the project will be carried out with technical assistance (as needed) and oversight of IFAD. At the start of the project, P&DD shall handle the recruitment of the core project staff. Once the senior personnel recruited, the PMU is in charge of staff recruitment and contract administration. Generally, the recruitment of senior staff within the project personnel is carried out with technical assistance (as needed) and oversight by IFAD.
205. The recruitment and personnel administration differ according to the category of personnel and the type of contract used. However, all personnel of the same category benefit from the same treatment. Project staff are normally subject to the Pakistan labor laws. However, wherever rules or procedures contained in the financing agreement and/or in the present manual are in contradiction or incompatible with the national labor laws, the financing agreement and/or labor laws of the land shall prevail.

B. Preparation for recruitment

206. The identification and selection of candidates must be carried out in an objective and transparent manner, using a competitive process so as to identify and select the candidate best qualified to fulfill the function. It is therefore critical that the personnel selection and recruitment process be fully documented.
207. Terms of reference, (ToR) or job descriptions are required prior to advertising any vacancy for the KP RETP Project. The supervisor/section head at PMU is responsible for preparing the ToR or job descriptions for the personnel required. These documents are used for describing the work that will be performed by the individual hired; they also provide the basis for the identification of potential candidates as well as the necessary information for determining the level of the functions and the appropriate remuneration. Once the position is filled, the ToR or job description also provides the basis for supervising and evaluating the performance of the incumbent's work.
208. The Job Description (JD) for key positions shall include following information:
- i. Functional title of the position
 - ii. Title of the supervisor(s)
 - iii. Duty station(s)
 - iv. Classified level of the post;
 - v. A detailed description of the tasks/functions/work to be accomplished;
 - vi. Indication of staff to be supervised by the incumbent (if any).

C. Advertisement & Selection

209. The second step in the selection process is the publication of the vacancy announcement (VA), prepared together by the DFA and the MAHR from the TOR/job description and containing:
- i. The reference number of the vacancy announcement (sequential numbering);
 - ii. A short description of the Programme, including information on the IFAD and the GoP;
 - iii. The title of the post, duty station, type and duration of contract.
 - iv. A summary of the duties and responsibilities of the function;
 - v. The minimum experience and qualifications (both academic and professional) required for the post
 - vi. A clear distinction shall be made between “minimum requirements”, the absence of which would lead to automatic disqualification of the applicant,
 - vii. The list of documents to submit as part of the application (CV, cover letter, copies of diplomas
 - viii. A contact person and address for the submission of application closing date for applications;
210. Job notice should be widely advertised in the print media and on the website of the project/provincial government. A committee should be constituted for review of application, short-listing and recommending best candidate for recruitment against the available position. The process should be properly documented. IFAD’s No Objection should be sought invariably for all key positions before initiating recruitment and issuing offer letters.

D. Recruitment of individual consultant/consulting firms

211. The recruitment of individual consultants/consulting firms shall be subject to the procedures and prior review of IFAD as spelled out in the financing agreement and the Letter to the Borrower. Details are provided in the project Procurement Manual for recruitment of project staff and consultants/consulting firms and procurement of goods and services under the project.

E. Remuneration Package

212. The level of a function is determined on the basis of an evaluation of the complexity of the tasks, the level of responsibility, and the degree of expertise required to perform the job. The level of remuneration of the incumbent is determined based on the level of the function and the relevant experience and qualification of the individual.
213. The remuneration in the salary scales are given in the cost tabs (expressed as gross salaries that are inclusive of income taxes and Employee’s Old-age Benefits Institute-EOBI withholdings). All adjustments or increases in salary on annual basis shall be proposed by PMU for IFAD no objection, afterwards to be submitted for PSC approval. In case of difference in proposed salary increment, decision of PSC shall prevail. Salary increment is separate from performance bonus based on appraisal. If IFAD and PSC approve increment, it should be across-the-board due to inflation. The salary of project staff/consultants shall be subject to annual review as part of annual performance evaluation of staff/consultants. During Mid-Term Review, salaries of all staff would be subject to revision. All salaries are payable in Pakistani rupees.
214. According to national legislation, salaries in Pakistan are subject to deductions for EOBI (employee contribution) and income tax. The Programme makes these deductions at source. The employer contribution on EOBI is paid from Programme funds. All full time Programme staff below the age of sixty must be registered with the EOBI institute.
215. Project staff are entitled to 24 working days of annual leave per year, not convertible in cash (except upon contract termination). On contract termination a maximum of thirty 30 days annual leave only shall be paid in cash; any leave balance above 30 days is lost.

216. All Programme Personnel are entitled to life insurance coverage and Health Insurance (covering also their spouse (s) and children below age of 18 years) upon entry on duty and until contract termination. Health insurance only provides coverage for hospitalization costs.

F. Performance Evaluation

217. Performance evaluation of project staff/consultants should be based on the job descriptions. The process must also serve to appreciate the staff's professional qualities, competence, and productivity, work attitude (team spirit, relationship with colleagues and partners, etc.) and leadership skills (creativity, sense of initiative, supervisory skills, etc.). The evaluation should consider the following six (6) parameters:
- i. Evaluation by the direct supervisor based on the objectives set at the beginning of the year, and the main duties and responsibilities mentioned in the TOR, as well as complementary evaluation if applicable;
 - ii. Self-evaluation based on the objectives, with an indication of constraints and difficulties faced during the year, and areas to be improved;
 - iii. Overall score and recommendations by the direct supervisor (and complementary evaluator, if any) on the renewal of the staff's contract. This section may include comments from the staff, if any;
 - iv. Objectives for the coming year (based on the AWPB and staff TORs) in order of priority, with a summary of tasks to carry out, expected results and timing for implementation;
 - v. Training & development plan based on results of the evaluation (if needed);
 - vi. Final comments and recommendation by the evaluator for contract renewal, salary increase, etc.
218. The evaluation is discussed during a meeting between the staff and his/her direct supervisor. The performance evaluation form must then be signed by the staff member, the supervisor and, if applicable, the complementary evaluator. In case of disagreement, the staff member may write down his/her comments on the form before signing it.

G. Renewal of Contracts

219. Employment contracts of project staff shall be subject to annual performance evaluation and renewal. All decisions of renewal/changes in terms of contracts shall require subject to IFAD's No Objection after the approval of the PSC.

H. Leave Policy

220. The project staff is entitled to up to 12 days of casual leave subject to prior notice and approval by his or her supervisor. The casual leave shall be admissible only in extra-ordinary circumstances such as death and/or serious medical condition of the employee's spouse, child and parent. PMU shall follow the normal rules and procedures of leave applicable to provincial government employees.

I. Procurement Management

222. The main purpose of this procurement manual is to enable KP-RETP to implement procurement activities in accordance with the guidelines of the Khyber Pakhtunkhwa Public Procurement Regulatory Authority (KP-PPRA)⁵ Rules and Regulations 2014/KP-PPRA and ⁶IFAD Procurement Guidelines and IFAD “Policy on Preventing Fraud and Corruption⁷ in activities and operations”.
223. The module describes the rules and procedures applicable to the procurement of goods, works and services for KP-RETP . Procurement financed from IFAD funds shall only be carried out during the Project implementation period, i.e. from project effectiveness to project completion. The applicable procurement modalities will be defined in the Financing Agreement and Letter to the Borrower. This manual describes the modalities and procedures to be used for implementation of the Project. It also provides a comprehensive set of guidelines, tools and templates/formats, to facilitate project implementation and management from inception through to closing. It covers all procurement aspects i.e. procurement planning to contract awards, contract management & monitoring, selection of project staffing and their responsibilities. Therefore, it requires compliance on the part of project management and staff.
224. The project provides for a qualified and experienced team of Procurement Specialist, and Contract Management Officer to lead the procurement function. In addition to these permanent positions, the project design envisages that partners/service providers—that will be engaged to support implementation shall have a strong technical capacity for procurement and financial management. This is critical since these partners will use IFAD’s funds and therefore they must comply with the applicable fiduciary requirements. PMU and RCUs will ensure effective facilitation, oversight and monitoring of these partner organizations.

J. Principles of Procurement

225. The PMU must comply with the following principles:

1. Ethics

226. The guiding principles of ethical behavior are impartiality, independence and integrity. No person or entity shall use his/her/ its authority, position or office for personal gain, which will be defined as soliciting, accepting or otherwise benefiting from anything of material value, in any form, either in person or indirectly through close relatives or associates, as a result of procurement financed by IFAD.
227. The Project Management Unit (PMU) staff have a duty to:
1. Maintain the highest standards of honesty and integrity in all relationships;
 2. Develop the highest possible standards of professional competence;
 3. Maximize the use of IFAD funds and other resources for which they are responsible for the purposes for which these funds and resources were provided to the Project;
 4. Comply with both the letter and the spirit of the Financing Agreement, the laws and regulations of Government of Pakistan/Khyber Pakhtunkhwa, accepted professional ethics and contractual obligations;
 5. Declare any personal interest that may affect, or might reasonably be deemed by others to affect, impartiality in any matter relevant to their duties (conflict of interest). In a situation of this nature, the official concerned will not participate in any way in the procurement process, to avoid mis-procurement; and
 6. Respect the confidentiality of information gained in the course of duty and not uses such information for personal gain or for the unfair benefit of any bidder, supplier or contractor. Information given in the course of their duties

⁵ http://www.kppra.gov.pk/kppra/legal_docs?docid=rules

⁶ <https://www.ifad.org/en/project-procurement>

⁷ www.ifad.org/anticorruption_policy

shall be true, fair and not designed to mislead.

7. Accountability. PMU is accountable to IFAD for all actions and decisions in relation to Project-funded procurement. This includes, but is not limited to, ensuring that:

- a) The funds are used solely for the purpose for which they were provided; and
- b) Procurement is undertaken in accordance with this Module.

2. Competition

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

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

3. Fairness

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

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

4. Transparency

230. Because a lack of transparency can be perceived as an attempt to withhold information, which in turn may make the fairness and integrity of the procurement process suspect, the Project will ensure the highest degree of transparency and openness within the procurement processes it undertakes. Transparency within procurement

relates to disclosing, in the public domain, information for parties involved, interested in or affected by the process, including but not limited to information on:

- i. the availability of potential and existing procurement opportunities;
 - ii. where to access relevant data;
 - iii. the processes by which the procurement is being undertaken;
 - iv. the mechanisms by which contracts will be awarded;
 - v. contract award data; and
 - vi. appeal procedures
 - vii. Modes of communication/publication of such information will vary depending on the nature of the data but will generally be through existing means of public information (e.g. government websites, public notice boards or media) or in the procurement documentation relevant to an individual procurement activity (e.g. bid notices and bidding documents). The Project will act openly, predictably and in accordance with the information provided.
231. Efficiency, Effectiveness and Economy. KP-RETP will demonstrate efficiency and economy in undertaking Project-related procurement, to avoid undue implementation delays and to achieve value for money. Procurement will be well organized, carried out correctly with regard to quantity, quality and timeliness, and at the optimum price, in accordance with the appropriate guidelines, principles and regulations. Processes will be proportionate to the procurement activity, so that the overall cost of conducting the procurement process is minimized and tailored to the size of the budget for the activity being undertaken, while upholding the guiding principles. Efficiencies may be obtained through a combination of methods. For example, a strategic approach can be taken to planning, combining and conducting procurement activities so as to minimize loss of time and resources.
232. Value for Money: Underpinning all of the above is the need to obtain value for money for all Project procurement activities through the optimum combination of several factors, including:
- i. applying sound, internationally recognized procurement principles;
 - ii. ensuring that the goods, works or services procured meet the requirements for the task and are not over specified;
 - iii. ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and
 - iv. ensuring that the provider/supplier of the goods, works or services is qualified, legally entitled and competent to execute the contract.
 - v. Best value does not necessarily mean the lowest initial price option, but rather represents the best return on investment, taking into consideration: the unique and specific circumstances of each procurement activity; the balance of time, cost and quality required; and the successful overall outcome of the contract in meeting its original objectives.
233. Good Governance and Accountability Policies. IFAD Procurement Guidelines and Anti-Corruption Policy, will be adapted to this Project through the Financing Agreement, require zero tolerance to corrupt and fraudulent practices. Therefore, the procurement process also requires a strict adherence to KP-PPRA/PPRA and IFAD Guidelines and Policy.
234. Prohibited Practices. The Borrower (including the all-implementation parties, and oversight agencies), as well as bidders, potential bidders, suppliers, contractors and consultants financed through the proceeds of this project, shall observe the highest standard of ethics during the selection and execution of such contracts.
235. Pursuant to this policy, the following provisions shall be applied throughout the project implementation:
- i. The Borrower and IFAD will reject a proposal for award if it determines that the bidder or consultant recommended for award, or any of its personnel. Or its agents, or its sub-consultants, subcontractors, service providers, suppliers and/or their employees has directly or indirectly engaged in corrupt, fraudulent, collusive,

- coercive or obstructive practices in competing for the contract in question;
 - ii. IFAD will declare misprocurement and cancel the portion of the loan allocated to the contract if it determines at any time that representatives of the borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, coercive, collusive or obstructive practices during the procurement or implementation of the contract in question without the borrower having taken timely and appropriate action satisfactory to the DP to address such practices when they occur, including failing to inform the DP in a timely manner at the time they knew of the practices.
 - iii. IFAD will declare a consultant or firm ineligible, either indefinitely or for a stated period of time, to be awarded a future IFAD financed contract if it at any time determines that the bidder, supplier, contractor, service provider or consultant has engaged in corrupt, fraudulent, coercive, collusive or obstructive practices in competing for, or in executing, an IFAD-financed contract; and
 - iv. All contracts financed out of the proceeds of KP-RETP has a provision requiring supplier, contractor or consultants to permit both the Borrower and IFAD to jointly or separately inspect their accounts and records relating to the performance of the contract and to have them audited by auditors appointed by the Borrower and/or IFAD.
 - v. All staff involved in the procurement process has a duty to report to the Project Director and IFAD (i.e. through its Country Director/ Country Program Manager) for any suspected instances of fraud, corruption and collusive or coercive practices when identified.
 - vi. In the case of collusive behavior, if the evidence suggests that all or some of the bidders or consultants are involved, the evidence should be jointly reviewed by the Project Director and the representative of P&DD, GoKP, and if necessary, the procurement process is cancelled, and all of the involved firms or individuals are sanctioned which could be up to the debarment. If the procurement is still in process, then the procurement must be cancelled and reinitiated only after the matters have been addressed properly.
236. Conflicts-of-Interest. A firm/entity/individual participating in a procurement process under the KP-RETP shall not have a conflict-of-interest. Any firm/entity/individuals found to have a conflict-of-interest shall be ineligible for award of a contract.
237. A conflict-of-interest is a situation in which a party has interests that could improperly influence that party's performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations, and that such conflict of interest is not acceptable under the KP-RETP . The Borrower will take appropriate actions to manage such conflicts-of-interest which may include rejecting a proposal for award if it determines that a conflicts-of-interest has flawed the integrity of any procurement process. A firm shall be considered to have a conflicts-of-interest in a procurement process if:
- (a) such firm is providing goods, works, or non-consulting services resulting from or directly related to consulting services for the preparation or implementation of a project that it provided or were provided by any affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm.; or
 - (b) such firm submits more than one bid, either individually or as a joint venture partner in another bid, except for permitted alternative bids. This will result in the disqualification of all bids in which the Bidder is involved; or
 - (c) such firm (including its personnel) has a close business or family relationship with a professional staff of the Borrower (or of the project implementing agency, or of a recipient of a part of the loan) who: (i) are directly or indirectly involved in the preparation of the bidding documents or specifications of the contract, and/or the bid evaluation process of such contract; or (ii) would be involved in the implementation or supervision of such contract unless the conflict stemming from such relationship has been resolved acceptable to IFAD throughout the procurement process and execution of the contract; or
 - (d) such firm does not comply with any other conflicts-of-interest situation as specified in the Bidding Documents relevant to the specific procurement process.
238. It is the duty of all project staff and any other public employee directly or indirectly involved with the procurement process and particularly the preparation of bidding documents, bid evaluation, contract negotiations, contract

management and payments to avoid any potential conflicts-of-interest. A conflicts-of-interest arises when the individual has a direct or indirect relationship with a bidder, consultant, contractor, service provider or supplier.

- a. In the event that a project staff or a member of the procurement committee or an employee who is directly involved with the procurement process feels that there is the potential for a conflicts-of-interest they shall declare it to the procurement committee and remove themselves from the procurement process.
- b. Audit Arrangements. The audits (both internal and external) under this Project will be performed by the Auditor General of Pakistan or separate audit firms, which will be hired by PMU. In addition, IFAD will conduct its regular annual supervisions to review the implementation progress, including reviewing the procurement aspect. Accordingly, it is important that PMU maintains contract registers as well as the documentation pertaining to procurement in the project files.
- c. Standard-of-Business Ethics. All project staff and consultants involved in procurement activities covered by this Manual shall observe the Code-of-Business Ethics as outlined below:
 - a) No individual shall use his/her authority or office for personal gain. Personal gain includes accepting or requesting anything of material value from bidders, prospective bidders or suppliers for the individual, his or her spouse, parents, children or other close relatives, or for other persons from whom the individual might gain direct or indirect benefit of the gift.
 - b) An individual shall seek to maintain and enhance the reputation of the Government by:
 - c) Maintaining the highest standards of honesty and integrity in all relationships both inside and outside the Entity in which he works;
 - d) Developing the highest standards of professional competence; and
 - e) Using funds and other resources for which he/she is responsible to provide the maximum benefit to the Government
- d. Declare Conflict-of-Interest. An individual shall declare any personal interest that may affect or might reasonably be deemed by others to affect impartiality in any matter relevant to their duties.
- e. Disclosure of personal relationships. an individual shall declare any relationship with a bidder, supplier, contractor, service provider or consultant and shall take no part in either the decision-making process or the implementation of any contract where such a relationship exists. A personal relationship is defined as consanguinity or affinity up to the third civil degree.
- f. Confidentiality and Accuracy of Information. An individual shall respect the confidentiality of information gained in the course of duty and shall not use such information for personal gain or for the unfair benefit of any bidder, supplier, contractor, or consultant.
- g. Information given by an individual in the course of their duty shall be true, fair and not designed to mislead.
- h. Competition. All bidders, suppliers, contractors, and consultants shall be treated with fairness and impartiality and avoid any business arrangement that might prevent the effective operation of fair competition.
- i. Business Gifts. No business gifts will be accepted from current or potential Government suppliers unless such gifts are of very small intrinsic value (normally below USD 100 equivalent).
- j. Hospitality. An individual shall avoid any business hospitality would be viewed by others as having an influence in making a government business decision as a result of accepting that hospitality.
- k. Reporting. All individuals have a moral and ethical responsibility to report any unethical conduct by a colleague, a bidder or a supplier to their superiors, oversight agencies, IFAD or to the auditors.
- l. Examples of Unethical Conduct. The following are examples of the type of conduct prohibited by this Code of Ethics:
 - (a) Revealing confidential or "inside information" either directly or indirectly to any bidder or prospective bidder;

- (b) Discussing a procurement with any bidder or prospective bidder outside the official rules and procedures for conducting procurements;
 - (c) Favouring or discriminating against any bidder, prospective bidder or consultant in the Preparing of technical specifications, terms of reference or standards or the evaluation of bids and proposals;
 - (d) Destroying, damaging, hiding, removing, or improperly changing any formal procurement document;
 - (e) Accepting or requesting money, travel, meals, entertainment, gifts, favours, discounts or anything of material value from bidders or prospective bidders, suppliers, contractors or consultants;
 - (f) Discussing or accepting future employment with a bidder or prospective bidder, suppliers, contractors or consultants;
 - (g) Requesting any other person to violate the public procurement rules or procedures;
 - (h) Ignoring evidence that the Code of Ethics has been violated; and
 - (i) Ignoring illegal or unethical activity by bidders or prospective bidders, suppliers, contractors, service providers or consultants, including any offer of personal inducements or rewards or otherwise.
- m. Mis-procurement. Any procurement of goods, works or services that is at variance with the provisions of the KP-PPRA/PPRA Regulations, and IFAD Procurement Handbook and Guidelines, will be construed as mis-procurement. Proceeds of the IFAD financing will not be used to finance such procurement. In such cases, IFAD may, in addition, take other remedial action under the financing agreement, including cancellation of the amount in question from the loan and/or grant account by declaring it ineligible. Even if the contract was awarded following IFAD's "No Objection" statement, the Fund may still declare misprocurement if it concludes that this statement was issued on the basis of incomplete, inaccurate or misleading information furnished by the borrower/recipient, or that the terms and conditions of the contract had been modified without IFAD's approval.
- n. Fraud and Corruption. It is government's policy to require that procuring entities (including any beneficiaries of the funds), as well as bidders, suppliers, and contractors and their agents (whether declared or not), personnel, subcontractors, sub-consultants, service providers and suppliers under government-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. in pursuance of this policy, government:
- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" means the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence the action of a public official in the procurement process or in contract execution;
 - (ii) "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
 - (iii) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - (iv) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - (v) "Obstructive Practices" mean: deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an IFAD investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or acts intended to materially impede the exercise of the IFAD's inspection and audit rights.

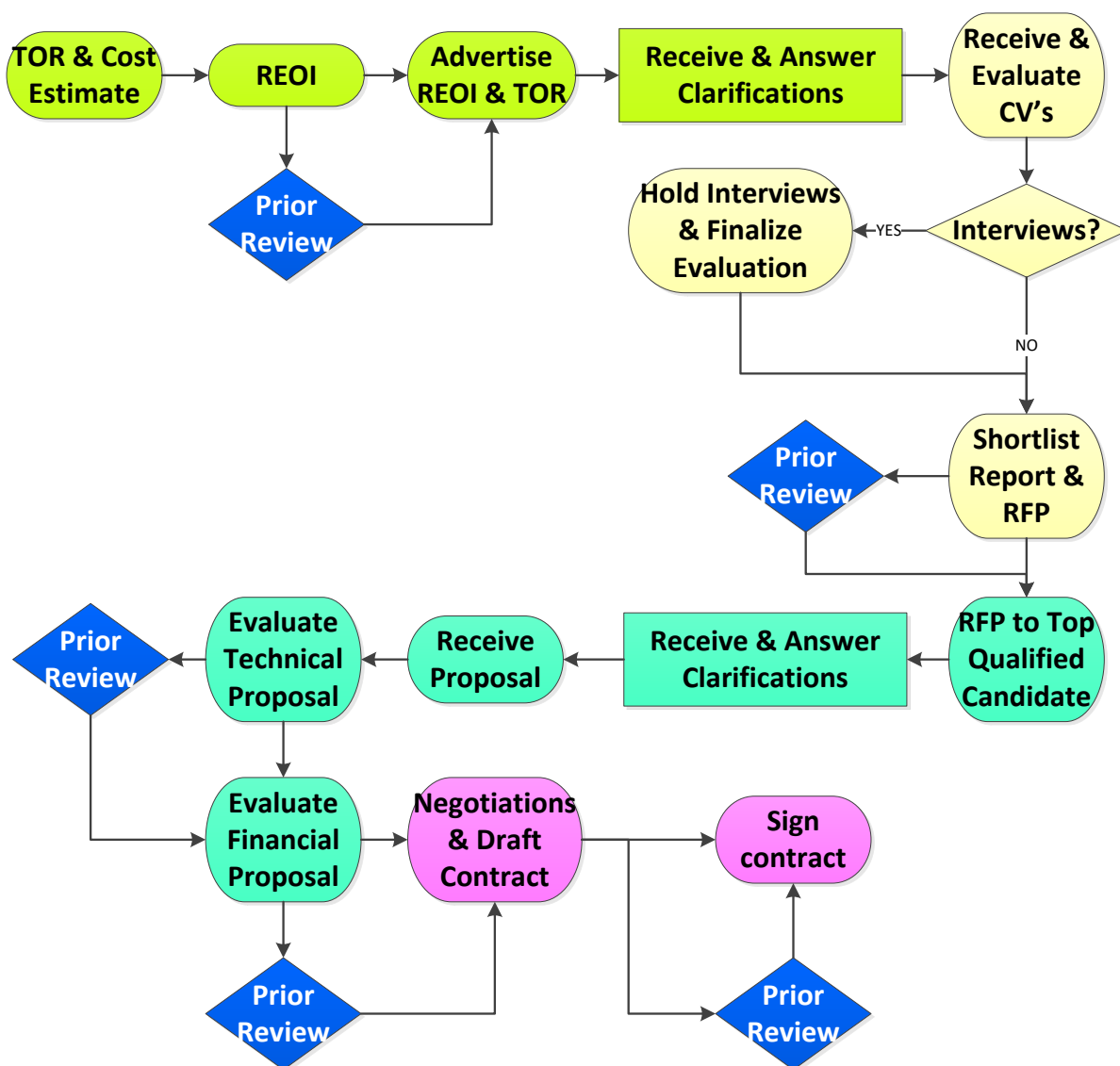
- (b) will reject a proposal for award if it determines that the bidder recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;
- (c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Government or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, or coercive practices during the procurement or the execution of that contract, without the Government having taken timely and appropriate action satisfactory to IFAD to address such practices when they occur; and
- (d) will sanction a firm or an individual, at any time, in accordance with prevailing IFAD's sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a IFAD-financed contract; and (ii) to be a nominated subcontractor, consultant, manufacturer or supplier, or service provider of an otherwise eligible firm being awarded a IFAD-financed contract;
- o. In further pursuance of this policy, Bidders shall permit the IFAD to inspect any accounts and records and other documents relating to the Bid submission and contract performance, and to have them audited by auditors appointed by the IFAD.
- p. Dispute Resolution. Where there is a dispute between the KP-RETP and a bidder or contractor, the process for dealing with this dispute will be as outlined in the bidding documents, contract and/or national legislation, as applicable. In these circumstances IFAD will not be appointed as an arbitrator or be asked to appoint an arbitrator.
- q. IFAD Monitoring and Review. To ensure that the procurement processes are carried out in conformity with KP-PPRA/PPRA and IFAD Procurement Guidelines and with the agreed procurement plan, IFAD will review arrangements for procurement of goods, works and services proposed by the PMU including:
 - a. Contract packaging;
 - b. Applicable procedures and procurement methods;
 - c. Bidding documentation;
 - d. Composition of bid evaluation committees;
 - e. Bid evaluations and award recommendations; and
 - f. Draft contracts and contract amendments
 - g. The extent to which these review procedures will be applied to the Project is contained in the letter to the Borrower/Recipient.
- r. Legal Framework. The procurement of goods, works and services by KP-RETP follows KP-PPRA Rules and Regulations as well as the modalities set out in the Letter to the Borrower and this PIM and specified each year in the procurement plans for each individual procurement. The below table summarizes the procurement modalities and prior review thresholds applicable to the project.

Table 6: procurement methods allowed for KP-RETP

GOODS & WORKS	SERVICES (FIRMS AND INDIVIDUALS)
International Competitive Bidding (ICB)	Quality and Cost Based Selection (QCBS)
National Competitive Bidding (NCB)	Fixed Budget Selection (FBS)
International Shopping (IS)	Least Cost Selection (LCS)
National Shopping (NS)	Selection based on Consultants' Qualification (CQQ)
Direct Contracting or Direct Procurement	Selection of Farmer Organizations (SFO)
Procurement from UN/ GoP Agencies	Selection of individual consultants (ICS)
Procurement with community participation/farmers organizations/ 4Ps	Single-source selection (SSS)

- s. Types of Goods, Works and Services. It is anticipated that the following goods, works and services will be procured for KP-RETP:
 - Goods – Vehicles, motorcycles, office and IT equipment, software, furniture, generators, supplies, etc.
 - Works – Irrigation infrastructure, Land Development and Farm to Market roads.
 - Services - Audits, Studies and Surveys, Consultancies (from specialized consulting firms or individuals), Seminars and Workshops, Technical Assistance, Training and other services.
- t. Distribution of Roles: Except for certain small value, the PMU is responsible for carrying out the Project's procurement process. As a procuring entity for KP-RETP, the PMU has established a procurement unit in charge of, inter alia, procurement planning, handling of the bidding process, conducting bid openings and evaluations of bids, and procurement/contract monitoring.
- u. IFAD-Funded PMU/RCUs Staff Selection: The procedure to recruit IFAD-funded staff to join the Project Management Unit/Regional Coordination Units will be the Individual Consultant Selection procedure (ICS) described in IFAD Procurement Handbook. This does not apply to staff seconded by government. The selection of PMU/RCUs staff or changes to staff shall be coordinated in advance with IFAD. All staff selection shall be subject to the No Objection by IFAD. The PMU shall estimate the cost covering the remuneration for the full remaining duration of the project as per the Financing Agreement and Letter to the Borrower. All staff recruitment shall feature in the relevant Procurement Plan.
- v. The selection process shall follow the ICS procedure with the following highlights adapted for the particular case of selecting PMU/RCUs staff:
 - Preparation of ToR using IFAD SPD Template – ToR;
 - Preparation of REOI using IFAD SPD Template – Request for Expressions of Interest (REOI) Advertisement;
 - If interviews with the shortlisted applicants are foreseen to help identify the most qualified applicant,
 - the interview as well as the related criteria should be explicitly specified in the REOI and ToR; this means that the interview requirement must be known in advance and announced to the public as well;
 - the interview competencies required should be assigned a weight in addition to the weights for other qualification criteria;
 - competency criteria should be formulated in a clear and objective manner;
 - interviews should be based on the same set of competency questions used with all candidates;
 - all applicants passing the minimum score (for CV evaluation) shall be invited for interview;
 - interviewees should be given sufficient time in advance;
 - interviews should be held online in case of obstacles to physical meeting are present;
 - In addition to competency questions, PMU may test interviewees to validate their knowledge and experience through one or more “technical questions” which also shall be standardized and common to all interviewees;
 - PMU shall consult with IFAD in advance for setting up the competency-based interview questions as well as the technical questions for each position; apart from such a consultation, the questions shall remain strictly confidential;
 - the interviews shall be fully documented as well as the resulting scoring within the evaluation report;
 - for the recruitment of long-term PMU/RCUs staff funded by IFAD, competency-based interviews [shall consistently be required OR are recommended];

- The flowchart below depicts the main steps in the ICS procedure.
- w. In exceptional and duly justified cases identified in the Handbook, Individual Consultants may be selected on a sole-source basis:
 - tasks that are a continuation of previous work that the consultant has done and for which the consultant was competitively selected;
 - certain assignments expected to last less than three months;
 - emergencies arising from natural disasters;
 - when the individual is the only consultant qualified for the assignment; and
 - when the individual consultant assignment budget is below the predefined low value threshold for SSS.
- x. In such cases, the PMU will launch a SSS through NOTUS including detailed justifications.
- y. Recruitment of Civil Servants is subject to IFAD's Policies. Whenever Operational Policy and Results Division (OPR) issues a new update, the PIM will need to be updated accordingly.



Flowchart procedure for selection of IFAD-funded Project Staff

239. Roles & Responsibilities. The below table clarify the roles and responsibilities of all stakeholders especially those entrusted with one or more functions of the procurement cycle.

Table 7 : responsibility of task with different steps in the procurement process at PMU level

Tasks	Responsible staff/unit
Procurement planning	Procurement Team/Procurement Specialist & Contract Management Officer
Preparation of advertisements	Procurement Team/Procurement Specialist & Contract Management Officer
Review of advertisements	Manager Finance and Administration
Approval of advertisements	Project Director
Preparation of bidding documents	Procurement Team/Procurement Specialist & Contract Management Officer

Tasks	Responsible staff/unit
Review of bidding documents	Manager Finance & Administration/relevant Sector Specialist
Approval of bidding documents	Project Director
	IFAD (No Objection)
Bid opening	PMU bid opening committee
Bid opening minutes and attendance sheet	Procurement Team/Procurement Specialist & Contract Management Officer
Rejection, cancellation, extension of bids	Project Director
	IFAD (No Objection)
Bid evaluation	PMU bid evaluation committee
Preparation of evaluation report	Procurement Specialist (as secretary of the evaluation committee)
Approval of evaluation report	Project Director
	IFAD (No Objection)
Contract's award (based on approved evaluation report)	Project Director
Signature of contracts	Project Director
Contract monitoring	Contract Management Officer
Record Keeping/Filing	Procurement Team/Procurement Specialist & Contract Management Officer

240. The PMU is allowed to conduct procurement for goods, works and non-consulting services when the value is below USD 1,000. The Contract Management Officer will prepare the requests for quotations, under the supervision of the Procurement Specialist. A small evaluation committee is set up to evaluate quotations received from bidders. The PS prepares the evaluation reports (as secretary of the evaluation committee), which are approved by the PD, who delegates his/her powers to the purchase committee for the award and signature of the purchase orders. With regard to implementing partners, PMU representation will be at all stages of procurement, from planning, advertisement, short-listing to Purchase Order/Award of the Contract. In addition to ensuring adherence to applicable procurement rules, the Procurement Specialist and Project Director are responsible for reporting procurement activities and submitting related data to IFAD and the P&DD Government of the Khyber Pakhtunkhwa.

241. IFAD plays an important role in the support, monitoring and control of the Project's procurement. IFAD's No Objection must consequently be obtained at certain stages of the procurement process, on the basis of prior review thresholds specified in the LTB. In the case of a query or rejection of a No Objection/approval request by IFAD or by the Project Director, the procurement unit is required to (i) suspend the procurement process, (ii) address the issue raised (by answering the query or correcting the faulty documents), (iii) re-submit the request and obtain the No Objection/approval and (iv) resume the procurement process. The above table summarizes the responsibilities of each of the parties involved in the procurement of goods, works and services for KP-RETP.

K. Procurement Monitoring System

242. The PMU uses a database system developed on Excel to monitor the project procurement actions and status on a continuous basis for each individual procurement case. This Procurement Tracking System (PTS), which includes the procurement plan, also records the following data (in addition to planned amounts):

- Requisition date and number (sequential number generated automatically to identify each procurement case) and name of requesting staff
- Component, sub-component Annual Work Plan and Budget (AWPB) activity, expense category, district and financier
- Full description of goods, works or services and estimated cost

- d. Shortlists (names and country of suppliers)
 - e. Date of issuance and number of bidding documents (ITB, RFP, RFQ, etc.) or date of IFAD's No Objection in the case of a waiver of competitive bidding
 - f. Date of evaluation and name of selected supplier
 - g. Date of IFAD's No Objection for contract award
 - h. PO or contract amount, date and number (and subsequent amendments, if any)
 - i. Amount of advance paid, if any
 - j. Date of delivery and Receiving and Inspection Report date and number
 - k. Invoice amount, number and receipt date
 - l. Payment date(s).
 - m. Any relevant comments may also be included in a special column.
243. This system also allows procurement data to be sorted by project component/subcomponent, by expense category, by contract number or date, by country of origin of the selected suppliers, by financier, by district, etc. Reports and statistics can then be issued according to any of those criteria and for any period requested. The Procurement Specialist is required to input each procurement action into the PTS on a real time basis. The information inserted into the database enables to generate monitoring reports for the PMU, P&DD-GoKP, and IFAD as needed.

L. Procurement Cycle

244. Procurement includes the planning, purchasing, delivery and final hand-over of goods, works and services. The procurement cycle includes the following steps:
- a. Procurement planning
 - b. Requisitioning
 - c. Identification of suppliers by advertising and short-listing (where applicable)
 - d. Competition process (via ITB, RFP, RFQ, Quotation etc., or waiver of competition in exceptional circumstances)
 - e. Selection of supplier (following an evaluation process)
 - f. Award of contract (including the issuance of the purchase order or contract)
 - g. Contract administration and monitoring
 - h. Delivery of goods, works or services
 - i. Reporting.
245. The procurement cycle is described in detail in the following sections. Throughout this cycle, the Procurement Team and Project Director are responsible for ensuring that the Rules and Procedures of the GoKP and IFAD (where applicable) are fully complied with, in conformity with the project basic documents and the KP-PPRA Rules.
246. Procurement Planning⁸. As soon as possible after project commencement, the Project team shall be prepared using IFAD's template, shall be fully aligned with AWP&B, and submitted to IFAD for No Objection. The procurement plan shall be prepared annually and submitted to IFAD for review and expression of No Objection. No procurement activity shall start unless it is present in a PP that received a No Objection. The PP shall be updated with actual dates/figures and shall be upgraded for any changes in the procurement methods, addition of activities,

⁸ https://www.ifad.org/documents/38711624/39421018/proc_handbook_e.pdf/2febc53a-4244-4447-a788-d06a632fd3b5

elimination of others, increases in the budget, etc. Any upgrade to the PP shall also be submitted for No Objection. Procurement activities and their respective methods and timelines shall be strictly adhered to. All procurement plans and their updates or modifications shall be subject to the IFAD's Prior Review and No Objection before implementation. When preparing the procurement plan, an accurate and realistic planning and prioritization of needs is an essential prerequisite to effective procurement and a key tool for monitoring project implementation. The plan will be agreed between the borrower and the IFAD during negotiations. The procurement plan will be updated annually or as required to reflect the actual project implementation needs and improvements in institutional capacity. Items procured outside the procurement plan and the related AWPB will be declared mis-procurement and the related expenditure will be deemed ineligible. For each individual procurement item, the PP shows separate planned vs. actual dates lines and contains the following information:

- a) Project component and AWPB activity code
- b) Expense category
- c) Procurement case number (from the PTS)
- d) Nature of procurement, description and quantity of goods/works/services
- e) Procurement method and IFAD review requirement
- f) Pre-qualification or post-qualification requirement (for goods, works or non-consulting services)
- g) Estimated cost, including transport and insurance, if applicable
- h) Planned dates for the entire procurement process, i.e. expression of interest or pre-qualification (if applicable), bidding document preparation, publication, bid opening, bid evaluation, post-qualification (if applicable), contract signature, including IFAD No Objection (for each step where applicable)

M. Planned Completion or Delivery Date

247. Once it is completed, the procurement plan is submitted to the Finance and the PD by the end of April each year for review. While reviewing the procurement plan, the Finance and PD must ensure that (i) the information contained in the plan adequately reflect the AWPB, (ii) the cost estimates are reasonable, (iii) funds are available to conduct the procurement actions and (iv) the anticipated procurement methods are in conformity with the provisions of the national rules and the Letter to the Borrower. The Procurement Specialist makes corrections to the procurement plan as requested by the Finance Unit and PD. Once the plan is validated, the Procurement Specialist makes a proposal for grouping goods, works and services to be procured into sizeable bid packages so as to permit the optimal use of competitive bidding. The finalized procurement plan is an integral part of the AWPB. It is therefore submitted to the PSC for approval with the AWP&B, by Mid-May. After approval by the PSC, the procurement plan and the proposal for grouping are forwarded to IFAD for review and possible No Objection by last week of May. Observations from IFAD are discussed among the Project Director, team and the Procurement Specialist will integrate in the plan. In the absence of a reply from within 30 days of sending it, the procurement plan is deemed approved by IFAD. It is then shared with the relevant PMU/Components Specialist staff.
248. Every time a step is completed in the procurement process, the Procurement Specialist updates the procurement plan by inserting in the corresponding column, the actual date on which the step was completed. The PP is updated every time there is a revision of the AWPB (usually at half-year); the PP is then reviewed by the team and PD and re-submitted together with the AWPB – to the approval of the Project Steering Committee (PSC), as well as to IFAD for No Objection.
249. Purchase Requisition. The purchase requisition is the document that initiates the procurement action. It is prepared by the requesting staff contains the following information:
 - a. AWPB activity code
 - b. Description of goods, works or services requested

- c. Cost estimate (including transport⁹, insurance and incidental costs)
 - d. Date of required delivery
 - e. Justification for waiver of competitive bidding, if applicable.
 - f. Technical specifications/TOR must be attached to the requisition.
250. The requisition is signed by the requesting staff and forwarded to the Manager Finance and Administration (MFA) who indicates the expense category and account numbers and verifies that:
- a. The procurement request is included in the procurement plan; if not, s/he asks the requesting staff for justification and notes it on the requisition.
 - b. Funds are available under the component/AWPB activity and expense category; s/he prints out a budget statement and attaches it to the requisition.
 - c. The MFA consults with the Procurement Specialist as needed to ensure that the requisition is complete and the information adequate.
251. After verification by the MFA, the requisition goes to the Project Director who ensures that:
- a. Proposed items are in accordance with the approved procurement plan; if not, s/he ensures that the justification provided by the requesting staff is acceptable¹⁰.
 - b. Estimated cost is reasonable and within the budget for the current year.
 - c. Proposed goods, works or services are technically appropriate.
 - d. Potential bidders have been identified.
 - e. Information on the form complies with procurement rules, policies and procedures adopted for the Project.
 - f. If funds are not available, the Project Director decides whether to postpone the procurement or to reallocate the budget and informs the requesting staff and MFA accordingly. Once approved the requisition the requester shall submit it to procurement unit. The Procurement Specialist determines the appropriate method for the procurement of goods, works or services on the basis of threshold and input in PTS.
252. Upon receiving an approved purchase requisition, the Procurement Specialist must:
- a. Input the information on the requisition into the PTS
 - b. Note the system-generated sequential number on the requisition, and
 - c. Create a procurement file.
253. The Procurement Specialist then updates the procurement plan by entering the file number. All documents related to a particular procurement case are kept in the same file. In order to facilitate filing and search, the same number, preceded by the appropriate prefix (e.g. ITB, RFP, RFQ, PO, etc.) will be used to identify the competition document and corresponding contract.
254. Technical Specifications and Terms of Reference (ToR). The technical specifications (for goods and works) or terms of reference (for services) attached to the purchase requisition are normally prepared by the requesting staff (under supervision by the component head) and checked by the Procurement Specialist for quality and suitability. However, assistance from specialized technical experts may be needed to develop complex specifications (including specific packaging/shipping requirements) or terms of reference.
255. Technical Specifications. Specifications are based on relevant technical characteristics and/or performance requirements. The specifications must clearly and fully describe the goods or works required, as accurately as possible and in generic terms. The use of brand names, catalogue numbers or similar classifications that could favor a particular supplier must be avoided. Where there is no choice but to use a brand name or catalogue

⁹ For purposes of estimating the cost on the requisition, airfreight is assumed to represent 30% and ocean freight 15% of the cost of goods.

¹⁰ If the purchase is authorized, the Procurement Specialist will amend the procurement plan as part of the next update

number of a particular manufacturer in order to clarify an otherwise incomplete specification, then it shall be complemented with the words “or equivalent”. The specifications must be drafted to allow the evaluation of offers for goods or works which have similar characteristics and which provide performance at least substantially equivalent to those specified.

256. There are three types of specifications, which may be combined:
- Functional specifications. Define the function or duty to be performed and focus on what the product is to do. Less emphasis is given to materials or dimensions.
 - Performance specifications. Define the performance and results required of the product.
 - In order to assure quality of the goods/works, relevant product standards (international or national) and environmental standards (energy star ratings, recyclable materials, etc.) should be included. Where certain standard specifications are referred to, a statement should follow that other international or national standards that promise to confer equal or better quality will also be acceptable.
 - Design requirements specifications. The exact dimensions, materials or characteristics must be provided. It should be noted that this type of approach might exclude certain suppliers (and hence, lessen competition) because of differences in engineering practices.
 - Dimensions should always be quoted using the metric system.
257. Standards and technical specifications quoted in bidding documents should promote the broadest possible competition, while assuring the critical performance or other requirements for the goods or works under procurement. As much as possible, the requesting staff should try to specify internationally accepted standards such as those issued by the International Standards Organization (ISO) with which the equipment or materials or workmanship shall comply. Where such international standards are unavailable or are inappropriate, national standards specified by Pakistan Standards Quality and Control Authority may be specified. In all cases, the bidding or proposal documents shall state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted.
258. Terms of References (ToRs). are normally used for the services contracts. They detail the objective, scope and nature of the assignment, and form an integral part of the contract. The following information must be included in the ToRs:
- The background of the Project, including objectives and main components/activities;
 - A description of the required services. The activities to be performed or services to be rendered must be described in detail: for example, modalities of a survey (defining area, data needed, means to be employed); organization of a training course (defining target group, curriculum outline, training materials, course duration);
 - A comprehensive list of the tasks and standards to comply with;
 - Coordination arrangements (including the list of documents and/or services to be provided by the PMU or the end-user in order to facilitate the execution of the assignment);
 - Modalities for monitoring and control of progress by the PMU;
 - A detailed work schedule, i.e. duration of activities/services from inception to completion, indicating any factors influencing that timeframe, such as seasonal considerations, schedule for initial submission, review/approval time, etc.;
 - A clear definition of expected outputs/results and the final products to be submitted (e.g. survey completed, maps drawn, research undertaken, data collected/elaborated, workshop conducted), and
 - Reporting requirements (for example, specification of format and content for interim and final reports, periodicity and deadlines, number of copies, recipients, etc.).
259. Identification and Shortlisting of Suppliers. The identification and shortlisting of suppliers for the KP-RETP procurement is normally carried out by means of a competitive process, in compliance with the national

procurement rules. This competitive process may be more or less open depending on the provisions of the KP-PPRA Rules and the IFAD LTB.

260. The table below summarizes the procurement modalities and the IFAD review requirements for the various categories of procurement and related thresholds:

Table 8: Threshold for Procurement of Goods, Works and Services

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

Where:

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

261. Open Competitive Bidding – ICB or NCB (Goods & Works). As indicated in the table above, open competitive bidding may be done at the national or international level, depending on the value of the procurement. International bidding is appropriate for high value or complex procurement and where the goods, works or services by their nature or scope, are more likely to be of interest to international suppliers. National competitive bidding is the procedure normally used for public procurement in Pakistan; it is most appropriate for goods or works of smaller value, which are not likely to attract adequate foreign competition. In both cases, the selection of

the supplier is carried out on the basis of an invitation to bid, using national standard bidding documents. Procurement of goods and works on open competitive bidding is subject to validation from the Project Director. IFAD prior review is required for goods and works valued at USD 20,000 or more. Both ICB and NCB procurement is conducted exclusively by the PMU.

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

- k. Financial provisions (payment modalities, advances, bank guarantees, etc.).
266. The Procurement Specialist used IFAD standard document for bid advertisement, which contains the following:
- a. The bid number;
 - b. A brief presentation of the Project and the funding source (refer to IFAD Procurement Guidelines/SBD for the appropriate text to use);
 - c. A description of goods/works to be procured, and name of the contracting authority;
 - d. The preference given to goods/works manufactured in Pakistan or in developing countries, as well as the eligibility criteria for this preference;
 - e. The method and criteria to be used for the evaluation and comparison of bids;
 - f. The place, contact name and modalities for retrieving the ITB package;
 - g. The name of the person to contact for queries;
 - h. The place and deadline for submission (date and time);
 - i. The place, date and time for the bid opening.
267. The ITB and advertisement are reviewed by the project technical/sector specialist for validation, and approved/signed by the PD. When required, IFAD's No Objection on the bidding documents must also be obtained prior to publishing the advertisement (the Procurement Specialist must enter the date of the IFAD No Objection in the PTS). The Contract Management Officer (under supervision of the Procurement Specialist) is responsible for organizing and monitoring the advertising process. PS is in charge of the distribution of ITB packages to prospective bidders. Sufficient copies of the bidding documents must be ready for sale at the PMU by the first day of publication of the ITB. The price charged must only reflect the actual cost of production of the bidding documents. Prospective bidders are allowed to briefly inspect the bidding documents prior to purchasing them. For each ITB package purchased, the Procurement Specialist (i) delivers a receipt to the bidder, (ii) records the name and address of the bidder in a register, (iii) obtains the bidder's signature on the declaration of ethical conduct and (iv) obtains written acknowledgement from the bidder that samples have been inspected (if the bid is subject to conformity with samples).
268. The CMO acts as petty cash custodian for the cash received from the sale of bids. The cash is kept in a petty cash box and locked in a safe. It is used to pay for expenses related to the preparation of bids, the bid opening ceremony and the bid evaluation meetings. The Contract Management Officer keeps a petty cash register to account for these monies, under the supervision of the MFA. There are no major procedural differences between ICB and NCB apart from the language, advertising media used and length of publication. International bids must be advertised (in English) in international newspapers, specialized websites¹¹ and through local representatives of member countries whose firms may potentially be interested. In addition, a longer time must be allowed before bid closing to reflect the slower communications involved. National bids, on the other hand, are advertised in the KP-PPRA and KP-RETP websites or bulletin boards, and in at least 2 daily newspapers (one in Urdu and one in English) according to KP-PPRA Rules and thresholds.
269. National Shopping (NS) (Goods USD >1,000 to ≤ 20,000; Works ≤ USD 20,000). When using the national shopping procedure, the competition is limited only to pre-identified suppliers who are known to be qualified to furnish the goods, works or services required. This is the preferred procurement method for readily available off-the-shelf goods, standard specification commodities, simple civil works of small value and standard, low value non-consulting services. National shopping may be carried out at PMU level for small value contracts (under USD 1,000), as agreed by the Procurement Specialist and authorized by the PD, and under the supervision of the Procurement Specialist.

¹¹ United Nations Development Business (UNDB) online, or Development Gateway Foundation (Market). IFAD's assistance may be sought for the publication of Specific Procurement Notices in these websites.

270. Identification of Suppliers and Shortlisting. In order to facilitate the procurement process when national shopping is used, the PS with support of CMO develops and maintains a roster of suppliers sorted by industry and area of expertise (i.e. types of goods, works and services proposed). This database is maintained and updated by the PS with assistance from the CMO; it must contain the following data for each potential supplier:
- a. Name of company
 - b. Details of supplier (address, telephone, fax, email, website, etc. - the country should be input in a separate field for reporting purposes)
 - c. Industry or area of expertise
 - d. References (other projects or KP-RETP partners which have contracted the supplier in the past)
 - e. Remarks (e.g. evaluation of supplier's performance).
 - f. Many sources are available to the KP-RETP in order to identify potential suppliers, including:
 - g. IFAD headquarters and the IFAD Asia network
 - h. The GoP, GoKP and affiliated institutions
 - i. Other donor-funded projects in Pakistan, development partners and other KP-RETP partners, embassies of IFAD member countries in Pakistan
 - j. Specialized procurement websites (e.g. UN Development Business, Development Gateway Foundation, Development Ex, Compass, etc.) and search engines
 - k. Professional organizations or associations
 - l. Business seminars, visitors, trade representations
 - m. Trade publications, professional journals, catalogues, and other commercial media
 - n. Local telephone directories.
271. A background check should be conducted on all entities that have never worked for IFAD previously. When launching a restricted bid under national shopping, the PS, in collaboration with the technical staff, is responsible for identifying a good mix of qualified candidates with the appropriate expertise from the above sources, and preparing an official shortlist.
272. The shortlist is prepared on the basis of set criteria such as the technical and financial capability of the supplier, capacity to supply the goods/complete the works/provide the services in the required timeframe, past performance, etc. The shortlist should contain 3 to 4 suppliers for very small value contracts or individual consultants, and 5 to 7 suppliers for larger value contracts. The shortlist is reviewed by the technical team as well as MFA and approved by the Project Director. Requests for quotations are prepared and issued to different vendors on their request/demand and award framework contract with the lowest evaluate vendor for the whole year through this process. Framework agreement shall be generally adopted in the following cases:
- a. Goods that can be procured off-the-shelf, or are of common use with standard specification;
 - b. Non – Consulting services that are of a simple and non-complex nature and may be required from time to time.
 - c. Small value contractor for works under emergency operations.
 - d. Selection of vendors for the whole year for purchase of expendable items such as stationery, printer tonner, office utilities, repair of vehicles, vehicles lubricants, fuel for vehicles, vehicles services etc.
 - e. The CMO shall check availability of required goods form stores under any existing frame work agreement;
 - f. The Procurement team shall contact the existing vendor with whom arrangements are made under the framework agreement;
 - g. The CMO shall convey the requirements to procurement unit through approved purchase requisition form.

- h. The PS shall convey the requirements through formal purchase order to the vendor.
 - i. The PS will place the order detailing the nature and amount of procurement(s) made, date of placing order and contact details of vendor (conditions are already agreed with the vendor/supplier under the frame work contracting mechanism for each delivery of goods and services being made).
273. Request for Quotation. The RFQ selection procedure consists of comparing price quotations obtained from at least 3 shortlisted suppliers. The RFQ is prepared by the Procurement Specialist and should contain the description and quantity of the goods, specifications of works, or description of services, and the desired delivery/completion place and date. It is reviewed by the MFA and signed by the Project Director. After the RFQ is approved, a personalized invitation to submit a quotation is addressed directly to each shortlisted firm; a written receipt of acknowledgement is obtained from each firm.
274. Restricted Bidding (Non-consulting services). Limited international or national bidding procedures are used for non-consulting services above USD 100,000. The procedure is similar to the open competitive bidding described above, except those invitations to bid are directly addressed to pre-identified bidders instead of being advertised. This is also an appropriate method of procurement (i) for goods and works of a very small value, (ii) in emergency situations, (iii) when the number of potential suppliers is very limited, or (iv) when an open competitive bid has failed to result in an award of contract.
275. Force Account. Force account work (such as construction, equipment installation and non-consulting services) is work performed by a government department in the borrower/recipient country using its own personnel and equipment. In certain circumstances, this may be the only practical procurement method. The force account method requires the borrower/ recipient to set maximum aggregate amounts for use of the method, for which IFAD shall give its NO, and apply the same rigorous quality checks and inspection as for contracts awarded to third parties. Use of the force account method shall be justified and may be used, subject to IFAD's NO, only under any of the following circumstances:
- a) the quantities of construction and installation works involved cannot be determined in advance;
 - b) the construction and installation works are small and scattered or located in remote areas where qualified construction firms are unlikely to bid at reasonable prices;
 - c) the construction and installation works must be undertaken without disrupting ongoing operations
276. Further the force account submission to IFAD for its No Objection shall be for the following procurement files and documents:
- a) Justification Report for using Force Account (if not already submitted along with PP);
 - b) Solicitation Document for Public entity to be engaged on Force Account basis;
 - c) Negotiation report evidencing verification of resources, capacities, and competence;
 - d) Draft Agreement duly filled;
 - e) Signed agreement (for information and record);
 - f) Agreement amendments exceeding 10% of the original value; and
 - g) Agreement extensions exceeding 25% of the original duration.

1. Consulting Services (QCBS, FBS, LCS, and CQS)

277. Expression of Interests (EOIs). Whether from consulting firms or individual consultants, 'intellectual' consulting services may warrant the need for an expression of interest (EOI), which is the equivalent of the pre-qualification process for consulting services and presents the same advantages. The EOI is similar to the pre-qualification procedure described above. The main difference in the content of the EOI notice is the indication of whether the EOI is for consulting firms or individuals. The evaluation process is the same, and once the Evaluation Committee

members sign the evaluation report, it is approved by the PD and sent to IFAD for No Objection along with the request for proposals document.

278. Request for Proposal (RFP): RFPs are issued for the procurement of consulting services valued (as per the given thresholds). The RFP is prepared by the Procurement Specialist and consists of four documents:

- a. Letter of invitation (brief description of Project, funding source, summary of services required, specific conditions or criteria, currency of submission, name of contact person for queries, date/time/address for submission of proposals) Information to consultants (evaluation criteria and modalities, level of key staff inputs or total budget, clause of preference for developing countries firms, proposal validity period, and any other relevant information or instruction)
- b. TOR provided by the requesting staff
- c. Model contract.

279. The RFP is validated by the technical team and approved by the PD. The prior review of IFAD is required for services valued (see above threshold table), as well as for all services procured through sole-source-selection, regardless of the value. After the RFP is approved, a personalized invitation to submit a proposal is issued directly to each shortlisted firm; a written receipt of acknowledgement is obtained from each firm.

280. Individual Consultants. Individual consultants are selected on the basis of a comparison of CVs from at least three shortlisted individuals. IFAD's prior review is required irrespective of value. The following criteria are taken into account for the selection:

- a. Technical capacity of consultant
- b. Academic qualifications and professional experience of consultant
- b. Knowledge of the region/country
- c. Proficiency in local languages or other criteria deemed relevant regarding the ToR. Based on a review of CVs by the selection committee (including the DPDs, the Monitoring and Evaluation (M&E) Specialist and the requesting staff/section head), the PS establishes a selection report and submits it to the PD for contract award (after IFAD No Objection as required).

281. Sole-Source Selection (SSS)/Direct Contracting (DC). SSS/DC of the consulting firm lacks the benefits of competition in terms of quality and cost. It is not transparent in selection and may encourage unacceptable practices. Therefore, SSS should be used only in exceptional circumstances and only after securing IFAD's NO. Any request for SSS/DC by a borrower/recipient must be accompanied by a detailed justification, which will be carefully examined by IFAD to ensure that no alternative selection methods can be used. To receive IFAD's NO, it must be demonstrated that there is a clear advantage to SSS over competitive selection. Lack of time to conduct competitive procurement is not an acceptable justification for the use of SSS/DC. The SSS/DC may be used in the following cases:

- a) tasks that are a natural continuation of previous work done by the consulting firm;
- b) situations in which rapid selection is essential, such as an emergency;
- c) selections of low value as agreed with IFAD and as defined in the letter to the borrower;
- d) only one firm is qualified or has the necessary experience for the assignment.
- e) All SSS/direct contracting processes are subject to prior review by IFAD.

2. General Procurement

282. Enquiries from Bidders. To maintain the integrity and transparency of the process, potential bidders may only clarify or seek additional information related to the relevant bidding or proposal documents in writing and not by telephone or in person. In the same way, the PS, after consultation with the requesting staff is necessary, shall only provide clarification in writing and to all invitees (unless the clarification is clearly only applicable to the invitee

who asked the question). The clarification shall be written in such a way as to maintain the anonymity of bidders and without mentioning the name of the firm that asked the question(s).

283. Bid Extension and Cancellation. Based on a recommendation from the procurement, the PD may propose an extension of the closing date for submission of bids for any practical or justifiable reason, such as: modification to the bidding documents after issue; need for additional research/effort by bidders to submit a responsive bid; request for a time extension by two or more bidders; and unforeseen administrative issues requiring a postponement of the proposed bid opening. Proposals for extension of the bid deadline shall be referred immediately to the Evaluation Committee and the IFAD Country Director (through the PD) for a decision. If the extension is granted, the extension shall be notified to all prospective bidders at the same time and in writing. Notification of the extension must be copied to the procurement file and the new dates entered into the PTS.
284. A bidding process may be cancelled at any time before the deadline for receipt of bids subject to the proposal of the Procurement Specialist, and the approval of the PD and IFAD. Justifications for cancellation are:
- The procurement need has ceased to exist or changed significantly;
 - Insufficient funding is available for the procurement;
 - There is a significant change in the required technical details, bidding or contracted conditions, such that the recommencement of proceedings is necessary;
 - There is evidence of collusion among bidders; or
 - Cancellation is deemed to be in the interest of national security.
285. The Procurement Specialist will in such a case notify prospective bidders, refund fees paid for the purchase of bidding documents, return any submitted bids unopened and notify all other involved parties of the cancellation. The cancellation must be documented in the procurement file and recorded in the PTS.
286. Waiver of Competitive Bidding. There are certain circumstances in which competition may not be possible or practical. These are exceptional cases where direct contracting for goods/works or single-source-selection for consultants presents a clear advantage over competition. These exceptional cases are listed in the KP-PPRA and in IFAD's Procurement Handbook. Should the PMU be required to use this procurement modality, a request for waiver of competitive bidding would need to be addressed to the Project Director and to IFAD, regardless of the contract value¹². The request for waiver must include the following information:
- Description of goods, works or services
 - Full justification for waiver request
 - Detail of costs and demonstration of reasonableness of costs
 - Demonstration of the competitiveness of the retained proposal or quotation
 - Past experience with the retained supplier.
 - The procurement process will only be pursued if IFAD's No Objection is secured.
287. Blacklisting of Suppliers and Contractors. As indicated in the KP-PPRA, any supplier or contractor that consistently fails to provide satisfactory performances or is found to be indulging in corrupt or fraudulent practices shall be permanently or temporarily barred from participating in KP-RETP procurement proceedings. The supplier or contractor to be blacklisted is given the opportunity of being heard before such barring action is publicized and communicated to the KP-PPRA and to IFAD.
288. Selection of Suppliers – Bid Opening and Evaluation Committees. These committees will oversee organizing bid opening procedures and evaluation committee meetings. The PMU bid opening committee is composed of 5 members: a) a Project Director (as Chairperson), b) M&E Specialist c) Agribusiness/Training Officer/4P Specialist, d)

¹² Except for petty purchases not exceeding PKR 50,000 (or USD 323 equivalent), for which direct cash purchase is allowed without a waiver

the relevant component heads, and e) Representative of relevant end-user entity and the PS who serves as the Secretary. The PS is therefore responsible for maintaining the attendance sheets and preparing the minutes of the bid opening meetings. Due to the nature of the procurement handled at regional level, there is normally no bid opening at PMU.

Table 9: PMU evaluation committee consists of five members

Title	Role
Project Director	Chairperson
M&E Specialist	Member
Agribusiness/Training Officer/4P Specialist	Member
Heads of relevant component	Member
Representative of relevant end-user entity	Member
Procurement Specialist	Secretary

289. In addition to the above, the Committee may co-opt non-members (such as consultants or advisors with special expertise) to its meetings, on an as-needed basis, particularly in the case of complex procurement. The PS is not a member but serves as Secretary to the Committee; as such, s/he is responsible for guiding the evaluation process, ensuring that applicable rules and procedures are correctly followed, and drafting the evaluation reports. For low value procurement at PMU level, the evaluation committee is reduced to three members, including the PD/Deputy Project Directors (DPDs), the MFA and the requesting staff or component head. The Procurement Specialist serves as the Secretary for the committee and is responsible for drafting the bid evaluation reports.
290. Submission, Receipt and Opening of Bids. The time allowed for the submission of bids varies according to the size and complexity of the contract. Starting on the date of publication of the ITB, a minimum of 6 weeks is generally allowed for ICB, while at least 4 weeks are allowed for NCB. Bidders may send their offers or proposals in a sealed envelope by mail or hand delivery to the KP-RETP. The PS (or the CMO at the PMU) receives the bids, stamps the envelopes with the day's date and registers them in a special dedicated logbook. The representatives of the bidders submitting a bid are requested to sign the logbook. All bids are kept in a tender box located in a locked cabinet until the bid opening date. The offers or proposals received after the submission deadline are returned unopened to the bidders.
291. The bids¹³ are opened in public, preferably on the day of the submission deadline, in the presence of members of the bid opening committee and representatives of the bidders. The chairperson of the committee is responsible for opening each bid and reading aloud the following information¹⁴:
- Sequential number attributed to the bid
 - Name / country of origin of the bidder
 - Currency, unit price and amount of the bid, and discounts offered, if any
 - Amount of bid security, if any¹⁵.
292. This information is recorded in the bid logbook by the Procurement Specialist and signed by the chairperson of the committee. Bids that are obviously not responsive (e.g. no or inadequate bid security) are rejected at this stage. The representatives of bidders are requested to sign the attendance sheet and are then invited to leave, and no further communication may take place between the bidders and the KP-RETP bid opening committee or evaluation committee until the contract award is announced. The Procurement Specialist is responsible for preparing minutes of the bid opening meeting, which are signed by the chairperson and members of the committee.

¹³ In the case of two-envelope bidding where separate technical and financial bids are submitted, only the technical bid will be opened for evaluation at the initial bid opening. The financial bids are retained unopened pending a second public opening of those bids achieving more than the minimum technical score

¹⁴ The head of the committee may request the assistance of the Procurement Specialist or decide to delegate this task to another member of the committee or to the Procurement Specialist.

¹⁵ All bid securities are given to the Procurement Specialist for review, registration and safekeeping.

293. In the case of RFQs, quotations may be sent directly to the PS by mail or hand delivered. Even though no public opening of the quotations submitted is required, all quotations must be opened on a predetermined date and time to avoid the opportunity for any invitee to become aware of the prices quoted by other invitees.
294. Cancellation of Bids after Bid Opening. ITBs, RFQs and RFPs may be cancelled after the bid opening date by recommendation of the Procurement Specialist, following validation of the evaluation committee and PD approval, and subject to IFAD's No Objection, in the following instances:
- Only one (or no) bid was presented or after rejection of all other bids only one (or no) bid remains for consideration;
 - The bids were presented with unacceptable reservations and conditions; or
 - The evaluation committee confirms that the lowest priced bid is higher than the budgetary provision.
 - In such a case, the procurement unit will:
 - Obtain approval of the evaluation committee and the PD for cancellation of the ITB/RFQ/RFP;
 - Notify all bidders that the ITB/RFQ/RFP process has been cancelled and return any bid securities;
 - Depending on the causes, decide whether the procurement is to be cancelled or resumed, and by what method.
 - If the procurement is to be resumed, resubmit all documents to the requesting staff for preparation of revised specifications/TOR, or prepare new bidding documents appropriate to the new procurement method proposed.
295. Extension of bid validity. If, due to unforeseen circumstances, the contract award cannot be completed within the duration of bid validity specified in the bidding documents, the Procurement Specialist may request a bid validity extension from the responsive bidders, upon instruction from the PD. The additional time required to complete the evaluation, obtain the necessary approvals, and award the contract is estimated by the Procurement Specialist and a new bid validity date is determined accordingly. Bidders who refuse this request may withdraw from the bid without incurring any penalty. However, bidders who agree are required to extend their bid securities to the new validity date. The quoted price and other conditions of their bids must remain unchanged.
296. Evaluation of bids. Bidders' offers, and proposals are evaluated based on the criteria and procedures specified in the bidding documents and in conformity with national procurement rules and IFAD guidelines. The first step in the evaluation process consists of ensuring that (i) the bids received meet the eligibility requirements of the national procurement laws and IFAD requirements, (ii) the bids do not contain any material computation error, are properly signed and are in conformity with the bidding documents, and (iii) the required bid securities are attached. Material deviations from, or reservations to the terms, conditions, and specifications in the bidding documents, are causes for rejecting a bid or proposal.
297. Evaluation of offers. Offers from responsive bids are evaluated exclusively based on the criteria spelled out in the ITB. Under the single envelope bidding system, the evaluation committee conducts the technical evaluation followed immediately by the financial evaluation, in one stage. The evaluation criteria are assigned weights in order obtain an adequate score. Besides the quoted price (for which the preference margin must be taken into account, if specified in the ITB), the following criteria may be considered in the evaluation:
- Conformity of goods/works to specifications and/or drawings
 - Product quality, i.e., conformity to national/international standards
 - Manufacturers or distributor's authorization where applicable
 - Delivery or completion time
 - Compliance with KP-RETP General Terms and Conditions
 - Local after-sales service
 - Spare parts availability
 - Technical and financial capacity of the supplier.

298. The evaluation committee tabulates all bids on a summary sheet. Only bids meeting or exceeding the specifications of the ITB shall be considered as acceptable. The lowest evaluated responsive bid is normally recommended for contract award.
299. Evaluation of Proposals. The RFP method normally calls for using the two envelopes bidding system, i.e. seeking both a technical and financial proposals in two separate envelopes. The evaluation process is therefore, split into two separate stages. The weighting to be given to each proposal must first be determined. Usually, the technical proposal is given 70%-80% of the overall score, and the financial proposal 30%-20%. The more complex the assignment and the more significant the end product, the less comparable the proposals and the less influence price should have on the selection; thus, the points allotted to the financial proposal would be lower. On the contrary, for tasks of a more straightforward nature, price can play a significant part in the selection process, provided that the other criteria are also met.
300. To achieve best value for money and to avoid any bias, it is preferable to develop a detailed list of pre-defined evaluation criteria. Points are assigned to each selection criterion, including the price. The evaluation committee must follow the process and criteria indicated in the RFP. Proposals are to be opened accordingly (first technical, then financial proposals). The bidders should be considered qualified and responsive if they score at least 70-80% marks (or as stated in the RFP) on the technical component. The bidders who do not meet this minimum score must be rejected as being non-responsive and their financial proposals are not to be opened. Approval on the technical evaluation is sought from the PD prior to proceeding with the financial evaluation. The financial proposal of only those bidders who meet the qualifying threshold during technical evaluation should be opened and examined. The proposal should provide the detailed cost estimate such as daily fee rate, number of workdays and travel cost estimates. The evaluation committee prepares a sheet summarizing the results of the evaluation for both the technical and the financial proposals.
301. In the case of procurement using the QCBS method, recommendation for award of contract is normally made to the bidder whose technical proposal and financial proposal, when taken together, achieve the highest overall score. In the case of the fixed budget selection method, the consulting firm that scored the highest technical points within the limits of the budget is selected. In the case of the least cost selection method, the firm with the lowest financial proposal is selected, provided that it has attained the minimum technical score.
302. Post-qualification of Bids. Prior to finalizing the evaluation report, the evaluation committee should conduct a post-qualification¹⁶ of the lowest evaluated responsive bidder to determine whether it has the resources, experience and qualifications to perform the contract in a satisfactory manner. Using the criteria specified in the bidding documents, this review should include an assessment of the bidder's financial and physical resources available to undertake the contract (including his current workload), based on the evidence requested in the bidding documents and submitted by the bidders. If the lowest evaluated responsive bidder fails post-qualification, his bid should be rejected¹⁷, and the next ranked bidder should then be subject to post-qualification examination. If successful, this bidder should receive the award based on the PD's approval and IFAD's No Objection (if required). If not, the process continues with the other bidders. The results of the post-qualification exercise must be included in the evaluation report, as well as the reasons for disqualifying any bidder.
303. Evaluation Report. The summary evaluation sheets are used as the basis for the PS to prepare a bid or proposal evaluation report describing the evaluation process and justifying the recommendation for award of contract. All members of the evaluation committee must sign the evaluation summary sheet and the recommendation of award. They are attached to the bid evaluation report and, together with the minutes of the bid opening, are forwarded to the PD for approval. They are then transmitted to IFAD for No Objection.
304. Evaluation of Quotations. In the case of quotations received through an RFQ, the evaluation is based on the following factors:

¹⁶ If pre-qualification was conducted, the lowest evaluated responsive bid should be recommended for the award of contract, unless the bidder's qualifications have since materially deteriorated, or if the bidder has since received additional work that reduces the available capacity.

¹⁷ The rejection of a bid for reasons of qualification requires substantial justification, which should be clearly documented in the evaluation report.

- a. Conformity to specifications/TOR
 - b. Product quality, i.e. conformity to national/international product standards
 - c. Promised delivery time
 - d. Compliance with KP-RETP General Terms and Conditions
 - e. In-country after-sales maintenance facilities
 - f. Landed price.
305. A three-member evaluation committee as described above carries out the evaluation. The Procurement Specialist prepares a sheet summarizing all examined quotations. The quotation that is compliant with the requirements of the RFQ and offers the lowest price is recommended for award of contract or purchase order. No post-qualification is conducted due to the low value and lack of complexity of the contract. The recommendation for award is indicated at the bottom of the summary sheet, which is signed by all members of the evaluation committee. The award decision is made by the Project Director (who may delegate his authority to the DPDs at PMU).
306. Award and Signature of Contracts. The approval authority for contract awards is the PD. When reviewing the evaluation report submitted by the evaluation committee, the PD ensures that (i) there are no inaccuracies in the report, (ii) the evaluation was conducted in accordance with applicable rules, procedures, and provisions of the bid documents, and (ii) the award recommendation is consistent with the evaluation. Before giving approval, the PD also ensures that any written complaints made by bidders concerning the procurement process have been reviewed and responded to¹⁸. The PD may issue a full or a qualified approval to the award of contract or the action recommended by the evaluation committee. In case of a qualified approval, the evaluation committee has 3 working days to make corrections to the report or provide clear explanations before final issue. Once approved, the PD addresses a request for No Objection to IFAD, attaching the bid opening minutes, the evaluation report and summary sheet of bids/proposals, and the award recommendation. Only once IFAD's unconditional No Objection is received should the contract award procedure be commenced. The Procurement Specialist can then enter the evaluation date, name of selected supplier and date of IFAD's No Objection in the PTS, and update the procurement plan accordingly.
307. Once IFAD's No Objection is obtained, the Procurement Specialist informs the unsuccessful bidders in writing and sends a notice of award to the winning bidder who is invited to come to the PMU to confirm the terms and conditions of the contract prior to the document being drafted. Award notices are published on the KP-PPRA websites or bulletin boards as soon as the evaluation process has been completed and the contract has been awarded.
308. Complaints from Bidders. Aggrieved bidders are allowed a maximum of 15 days after announcement of the bid evaluation report to file a complaint. In order to investigate the complaint(s), the KP-RETP constitutes a special committee (different from the evaluation committee and comprising an odd number of persons) that has 15 days to make a decision. Any unsatisfied bidder may then lodge an appeal in the relevant court of jurisdiction. There are three distinct types of complaints that are typically found in a Project; i.e., (a) complaints concerning bid protest from aggrieved contractors, suppliers, service providers and consultants, which are addressed during or immediately after the bid process, (b) performance disputes, which are governed by the General Conditions of Contract (GCC) and Special Conditions of Contract (SCC), and, (c) non procurement related complaints from any parties, which are addressed in the PIM. A complaint is any notification regarding an alleged illegal or improper procurement action and/or conduct of procurement officials, consultants, and/or sub-contractors directly or indirectly supporting a project or associated with its implementation, which the complainant believes is wrong, either under the law or on the grounds of unacceptable behavior.
309. The PMU shall ensure the confidentiality of any complainant and shall hold harmless any person reporting a complaint, oftentimes referred to as a "whistle blower", with provisions to shield complainant(s) or public official(s) from retaliation when they provide information that they reasonably believe to be a violation of the

¹⁸ If the complaint reveals a serious breach of procedures or ethics, or if directed by the independent Procurement Review Panel, the Committee shall reject the evaluation report and call for re-bidding.

provisions of the agreed procedures. All procurement related complaints shall be addressed to the PMU/Project Director, to which the PMU shall respond within 15 days. If PMU needs more time due to complex investigation related to the complaints, then it shall state so in writing to the complainants, but in any case, a complaint shall be put into closure within 25 business days. The complainant need not be personally aggrieved or impacted, and may be acting merely in accordance with a sense of civic duty, such as an NGO or private citizen, in bringing an occurrence to the attention of project authorities. All complaints, whether notified by persons who feel personally aggrieved or acting out of a sense of civic duty, will be acknowledged and acted upon by responsible authorities in accordance with the procedures specified in this section. Concerning bid protests, from time to time, with and without justification bidders, suppliers, contractors, service providers and consultants may choose to lodge a complaint concerning some aspect of the contract award process. In the event the contract has been awarded and a contractual relationship exists between the parties, there are established dispute mechanisms in the GCC that shall be followed, up to and including judicial review. A formal mechanism to satisfactorily respond to bid protest complaints must be followed, consistent with this Manual and the steps to be followed by aggrieved bidders, suppliers, contractors and consultants in the complaint's procedure will be specified in the Bid/Request for Proposal documents

310. Complaints may also be addressed directly to IFAD, to which IFAD will resolve the complaints within its service standard.
311. Preparation of Contract or Purchase Order: The Procurement Specialist drafts the contracts based on the standard model and the conditions and modalities contained in the bidding documents and the offers/proposals. The contracts are numbered using the unique procurement case identification number preceded by the prefix GC (goods contract), WC (works contract), SC (services contract), or PO (purchase order). The drafted contract is submitted to the DPD, MFA/M&E Specialist or technical sector specialists for review and validation. It is then reviewed with the supplier/contractor and the performance security, if any, is collected by the MFA before the contract is submitted to the PD for review. Once his/her remarks are taken into account, the final version is printed in two originals, which are signed by the PD and by the supplier/contractor.
312. As soon as the contract is effective, bid securities are returned to all bidders. Signed copy of the contract must be sent to IFAD before the first withdrawal application relating to the contract. A copy of the contract is also sent to the P&DD GoKP. The Contract Management Officer updates the contract details online in ICP-CM. The procurement plan is also updated with actual dates accordingly.

N. Types of Contracts

313. Goods. For goods valued at more than US\$1,000 (procured through an ITB), IFAD standard contract for the supply of goods shall be issued. The contract must indicate:
- The nature, quantity and unit cost of the goods
 - The technical specifications and required norms or standards
 - The general conditions of the contract
 - The special conditions of the contract (e.g. Guarantee and coverage period, insurance, etc.)
 - Special instructions relating to packing and freight
 - Special instructions relating to delivery and invoicing
 - Advance payments, if any
 - Payment terms.
314. Works. For works valued at more than USD 20,000 (procured through an ITB), IFAD standard template for works contract shall be issued. The contract must include:
- A detailed description of the works, the cost of the works (the drawings, norms, technical specifications and supplier's detailed estimate must be included as annexes)

- b. The valuation of beneficiaries' contributions in the cost of the works, and in each statement of acceptance of work to be invoiced
 - c. The general conditions for the execution of the contract
 - d. The special conditions of the contract (e.g. guarantee and coverage period, surety deduction, insurance, etc.)
 - e. Schedule of works and corresponding delivery dates
 - f. Advance payments, if any
 - g. Payment terms (completion certificate from independent firm, signature of statements of acceptance of work, etc.)
 - h. Payment schedule.
315. Services. For services provided by consulting firms (procured through an RFP), IFAD standard templates for services contract (for lump sum services or time-based payments) shall be issued (see IFAD website for sample of framework contracts). The contract must include:
- a. A description of the nature and scope of the services (the TOR must be annexed to the contract)
 - b. A reference to the technical proposal of the supplier
 - c. A description of resources to be made available by the supplier (human, material, etc.)
 - d. The general conditions of execution of the contract
 - e. The list of expected outputs (e.g. intermediary and final report) and delivery dates
 - f. The cost of services and reimbursable expenses (with a reference to the proposal submitted by the supplier)
 - g. The procurement modalities for any assets and equipment needed in the performance of the contract
 - h. A clause on the ownership of data produced, copyrights and assets acquired during the execution of the contract
 - i. Payment terms (expense claims, supporting documents, financial reports, etc.)
 - j. Payment schedule (deliverables, amounts and dates of invoicing).

1. Framework Contracts

316. Framework (or "call-off") contracts can provide an efficient, cost effective and flexible means to procure goods, works or services that are required continuously or repeatedly over a set period of time (see KP-PPRA/PPRA website for sample of framework contracts).
317. Framework contracts are particularly useful for small scale works that are readily available from the local supply market. Although there are no set rules for the use of framework Contracts, it is generally considered that if there is a high level of cumulative annual expenditure, or if there are more than 10-15 separate procurement processes initiated in a year, for a grouping of similar activities then a framework contract should be considered.
318. The objective of framework contracts is to minimize the cost and effort wasted in preparation of multiple similar small procurement processes by agreeing fixed prices with a supplier for a set period of time. The aggregation of requirements will result in greater price competition among providers to win the right to supply all requirements for the subject of the framework contract.
319. Routine refurbishment, repair and/or maintenance of offices and grounds are examples of the types of works that may be efficiently purchased under a framework contract.
320. Advances. Except where normal commercial practice or the interests of the Project so requires, no contract or purchase order shall be signed which requires an advance payment or payments on account of goods or performance of works and contracted services. Wherever an advance payment is agreed to, the Procurement Specialist records the reasons thereto in a note to the procurement file and enters the amount of the advance in the PTS. The Finance Unit also records the advance in the contract monitoring form. Where the Project Director

may approve the payment of advances up to 20% of total contract amount, suppliers are required to provide a bank guarantee¹⁹ in a form acceptable to the KP-RETP and IFAD. The bank guarantee shall be valid for the duration of the contract or until the advance has been fully recovered. Any waiver to this rule requires prior authorization from IFAD. To recover the advance payment, the progress payments and the final payment shall be subject to a percentage deduction equal to the percentage that advance represents over the total price of the contract.

321. Contract amendments. Contract amendments are usually required in two situations:

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

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

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

324. Purchase orders are used for the acquisition of small value goods and for non-consulting services (e.g. maintenance and repairs, publications, advertisements, etc.). The Procurement Specialist prepares the purchase orders from the information contained in the supplier's quotation or estimate. The POs are signed by the PD and the MFA, as well as the supplier. At Regional level (for the procurement of goods, works and non-consulting services valued at less than USD 1,000), the purchase orders are signed by the RC (who receives a delegation of authority from the PD). Similarly, IFAD's²⁰ simplified version of the services contract shall be used for small value consulting services by a firm. In the case of individual consultants, a specific contract. These contracts are also signed by the Project Director. The PO or contract amount, date and number are entered into the ICP-CM, and the procurement plan is also updated accordingly.

O. Contract Administration

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

¹⁹ The bank guarantee requirement does not apply to government institutions contracted by the KP-RETP through MOUs as suppliers or implementing partners.

²⁰ <https://www.ifad.org/en/project-procurement>

- a. Deliverables or milestones are completed by the supplier in a satisfactory manner, and as scheduled in the contract, and
 - b. RETP-KP complies with its obligations as specified in the contract in a timely manner (e.g. assistance with import licenses, approval of drawings and reports, provision of storage/working facilities, letters of invitation for visas, etc.).
 - c. S/he must inform the Procurement Specialist and the MFA of any modifications in the execution of the contract, or any issues relating to the supplier's performance, so as to allow for timely action, such as the preparation of contract amendments or prevention/handling of claims or disputes in a timely manner.
326. This information is also used by the Procurement Specialist to provide the MFA with an update on the execution of major contracts in the quarterly progress reports. In the case of claims or disputes, the PD must immediately refer to the P&DD GoKP who will in turn inform IFAD so that necessary actions may be taken. The Procurement Specialist enters information relating to contract amendments, claims or disputes into the PTS as well. As soon as a contract is signed by RETP-KP, the MFA enters the relevant data into the accounting software, and the system automatically creates an individual contract monitoring form based on the IFAD 'C11' model. The contract monitoring form (CMF) contains the basic information on the contract (name/address of supplier, procurement file number, contract date/number/amount, AWPB activity code, brief description, bank guarantees) and details the payment schedule, including the milestones for each payment. Every time an invoice is received and a payment is made, the Accounts Officer enters the related information into accounting software, which automatically updates the CMF. The CMF is also updated whenever there is an amendment to the contract. At the end of each month, the Procurement Specialist checks the contract register against the CMF to ensure that all contracts are registered, and a CMF exists for each contract.

P. Contract Register (CR)/Contract Monitoring Tool (CMT)

327. The CMT is a mandatory platform for the recording and monitoring of all contracts. It includes:
- a. procurement contracts (goods, works, services, and non-consulting services): all contracts and purchase orders signed based on the PP covering all procurement methods and contract types;
 - b. Grants (all first-level in kind and monetary grants): The procurement method for Grants will include competitive methods such as QCBS, QBS, FBS, CQS, ICS or non-competitive methods such as SSS or Selection based on project design/PIM; competitive methods are always recommended unless duly justified and exceptional; FBS is the closest method to grants where the ceiling is fixed;
 - c. Implementing Partner contracts (MoU, MoA): including all agreements with all types of third parties who will be delegated procurement authority such as UN agencies and community participation contracts whether contracted competitively or not; procurement methods for these implementing partners are the following:
 - Community contract (single source selection)
 - Community contract (recipient or selection process defined at design/PIM)
 - Community contract (competitive selection)
 - Governmental body / State owned enterprises
 - UN agency (competitive selection)
 - UN agency (single source selection)
 - NGO / International Organization (competitive selection)
 - NGO / International Organization (single source selection)
 - d. Subsidiary financing agreements and investment agreements: typically include financing contracts for micro-credit loans and other types of loans. In this case, only the first-level financing or refinancing contract selected using one of two methods shall be entered in the CMT:

- Selection as defined in Design/PIM; or
 - Single Source Selection.
328. The Contract Register will be extracted as a Report directly from the CMT. It will be a cumulative document that is augmented progressively and automatically with the new contracts signed and inserted in the system.
329. The Project Management Unit will adopt the Contract Monitoring Tool deployed by IFAD and will dedicate sufficient resources to use and operate and generate reports from this system as instructed by IFAD. CMT Help section offers guidance and support on how to use this tool. The recording of contracts signed by Implementing Partners with third parties (goods, works, consulting services, non-consulting services, grants or loans).
330. Delivery of Goods. works and services: Delivery of goods: Goods are normally delivered to the PMU office in Peshawar, or the RMUs in the concerned divisions. The PS and the CMO are responsible for receiving the goods; the presence of the requesting staff may be required for large value contracts. In the case of imported goods, the contract may specify that a pre-shipment inspection of the goods must be conducted by an international third-party agent. All shipping documents are sent by the supplier to the PMU and forwarded to the Procurement Specialist for tax and duty exemption formalities. Once obtained from the Ministry of Finance, the duty-free concession is forwarded to the supplier who is responsible for clearing shipments through customs upon arrival at the port/airport. The PS or CMO must be present when goods are released from customs. All external abnormalities to the shipment (e.g. dents, holes, cracks) or missing boxes/crates must be noted by the PS or CMO in the clearance receipt or bill of lading/airway bill, for reporting to the supplier and to the insurance company.
331. Upon receipt of goods procured by way of a goods contract, the Procurement Specialist, CMO and requesting staff conduct a detailed inspection of the goods before acceptance. They immediately fill out a receiving & inspection report, indicating the contract number and whether all goods ordered were received and in what condition. In case of a problem (damaged or missing goods), the PS or CMO notes the details on the RIR. S/he gives a copy of the RIR to the MFA for the accounting files, and uses the original to file the claim against the freight carrier, the insurance company and/or the supplier under the supervision of the MFA. The Procurement Specialist files the original RIR in the procurement file and inputs the date and number of the RIR in the PTS.
332. For small value goods procured by way of a purchase order, the Procurement Specialist or CMO checks the goods received against the PO directly on the delivery slip, which serves as the RIR. Depending on the remarks or reservations noted on the delivery slip, the supplier's invoice is either partially paid or not paid at all until the object of contention is resolved.
333. Delivery of Works. The delivery of works is usually completed in several tranches. The technical officer (requesting staff) of the PMU or RMUs, the Procurement Specialist and the representative of the end-user/beneficiaries all verify the work and sign the statements of work issued by the contractor. For large contracts, the supervising engineer (normally from a contracted engineering bureau) in charge of the monitoring and supervision of the works also issues certificates of completion to certify the amount of works completed.
334. The provisional and final takeover (i.e. receipt) of works is carried out by an ad hoc Inspection and acceptance committee. In the case of small value works (less than US\$ 20,000), the committee is made up of the Procurement Specialist, the requesting staff, a representative from the PMU (if applicable) and a representative of the beneficiaries. For large value works (US\$ 20,000 or more), the committee includes, in addition to the above-cited members, a representative of the relevant line agency and the supervising engineer. In both cases, a takeover report detailing any delay or fault in the execution of the works is signed by all members of the Inspection and acceptance committee. A copy of the report is given to the Procurement Specialist for updating of the PTS and for the procurement files. As the works progress and partial payments are issued, the MFA enters the data into the FM accounting software, which automatically updates the CMF. Upon completion of the works contract, a copy of the final acceptance certificate is given to the Procurement Specialist for updating of the ICP-CM and PTS.
335. Delivery of Services. The delivery of consulting services is materialized by the production of reports, studies or surveys, as indicated in the contract. The report is addressed at first to the requesting staff/component head who after review may send comments or request additional information from the consultant. After validation by the component head, the final report is sent to the Project Director for final review and approval. The acceptance of

the report is materialized by the signature of the Project Director on the final version of the report. A copy of the final report is given to (i) the Procurement Specialist for updating of the PTS and (ii) to the Finance Manager to update the CMF.

336. Payment and Reporting. The procedures for verification and certification of invoices as well as payment by the Finance Unit are detailed in FM sections. The Manager Finance and Administration gives a copy of the invoices to the Procurement Specialist who enters the invoice date, number and amount into the PTS. Once the payment is made, the contract monitoring form is automatically updated in the accounting software. Reporting on procurement actions is achieved through the following documents:
- a. The procurement plan;
 - b. The PTS reports;
 - c. The contract register on ICP-CM
337. Once it is approved, the procurement plan is updated on a 'real-time' basis: The Procurement Specialist enters the actual date every time one of the actions in the procurement steps detailed in the PP is completed. At the end of the process, when the contract is signed, the Procurement Specialist enters in the PP the date and amount of the contract, as well as the name of the contractor. S/he also enters the details of the contract in the contract register, which is sent to IFAD at the end of each month. The PP also contains a separate sheet (linked to the detailed procurement plan sheets) that shows PP execution, i.e., actual vs. plan by component and by type of procurement (goods, works and services). Throughout the procurement process, the Procurement Specialist updates the Procurement Tracking System. The information entered in this database allows the Project to obtain detailed statistics and reports on the various stages of procurement activities, including processing delays, execution by component, sub-component or expense category, suppliers by country of origin, comparisons by month/quarter/year, trends, etc. Promptly after the end of each month, the Procurement Specialist prepares a short section on the status of execution of the procurement plan. The section contains the summary of PP execution by component and by type of procurement, as well as an analysis of significant variances between actual and planned amounts, and explanations of delays in procurement execution.
338. File System/Record Management: an integral part of procurement processes. To ensure that the purpose and objectives of the procurement records can be best realized, all communications, decisions and instructions between IFAD and GoKP KP-RETP and bidders, suppliers, contractors or consultants will be exchanged or recorded in writing. Best practice determines that each procurement activity will have its own separate file or folder or dossier where records are kept properly coded in chronological order, relating only to the matter of the procurement in question. The purpose of good record keeping is to be able to review at any one moment the entire historical record of the procurement of one requirement in a logical and sequential manner. Records relating to any procurement proceeding documents shall be maintained for a period of 10 years from the completion date. Each procurement dossier must contain the following elements;
- a. External label identifying the component and the tender (Works, Goods, Services).
 - b. Separators indicating:
 - c. ToR or Specifications or Quantities Maps (commonly referred to as BOQ). In this section are ToR or Quantities Specifications or Maps (commonly referred to as BOQ) sent to IFAD for NO. IFAD comments and corrections incorporated in the TOR or in the Specifications, the IFAD letter of referral (if so requested) and the final NO should also be archived;
 - d. Announcement. Announcement of Request for Expression of Interest (REOI) or General Procurement Notices (GPN), Specific Procurement Notice (SPN) and letter requesting NO, incorporation of comments (if any), final announcement and copy of your publication in the newspapers with the largest circulation in the country with the respective date;
 - e. Manifestation of Interest (EOI). Protocol of reception of Manifestations of Interest with a list of the companies that responded, the dates of the answer, the number of the documents in the PMU, the type and number of documents that arrived per company Mail and E-mail box of the PMU). For the Consulting processes, the

Evaluation Report of the Manifestations of interest, the letter of transmission to the IFAD with Evaluation Report and short list proposed for submission of the RFP, the IFAD NO response on the short list;

- f. Request for Proposals (RFP) and Bidding Documents (BD). For the Consulting processes, RFQ's NO letter to IFAD, IFAD's response to comments and changes to be made, incorporation of these corrections in the final RFP, sending it to the IFAD for verification, receiving the final NO, sending the RFPs to the shortlisted companies (if any). For the Goods and Works processes, the letter of NO to the Bidding Documents (BD), the incorporation of the IFAD comments (if any), the submission of the corrected BDs for IFAD approval and the final NO of the IFAD.
- g. Correspondence exchanged on the RFP and BD. For the Consulting processes, receipts of reception of the RFP by the companies, letters to confirm the participation in the contest by these companies, clarifications requested in writing, sending the written explanations in the PMU to all shortlisted companies, requests for a written extension and granting such extension in writing to all shortlisting companies, where appropriate.
- h. For the processes of acquisition of Goods and Works, sales receipts of the specifications (BD), requests and clarification made by the companies, clarifications provided to all companies, requests for written extension and grant of such extension in writing to all companies that have purchased the specifications (BD), if any.
- i. Notification of the Evaluation Committee. The Evaluation Committee proposed by the PD and respective approval (Dispatch).
- j. Evaluation of Proposals. For the Consulting processes, Evaluation Report Submission Letter
- k. Signed minutes of all meetings relating to the procurement, including pre-bid and negotiation meetings where these were held
- l. A contract award notice
- m. Any letter of tender acceptance to the supplier, contractor, or consultant
- n. The signed contract document and contract acceptance
- o. Any contract amendments
- p. All contractual correspondence between the procuring entity and a supplier, contractor, or consultant
- q. Post-contract documents relating to the fulfilment of contract obligations, in particular photocopies of bank guarantees, or payment guarantees
- r. Signed minutes of any meetings related to contract management, including contract progress or review meetings
- s. Signed delivery documents evidencing delivery of supplies or signed completion certificates in relation to a contract for services or works under the contract including any contract delivery records
- t. A copy of all invoices for works, services or supplies including work-papers verifying the accuracy of payments claimed and details of the actual payment authorized
- u. A copy of cumulative payment worksheets/records evidencing management of all payments made
- v. A copy of all submissions to and all decisions of the appropriate approval authority related to the procurement including the approval of the invitation documents, approval of the evaluation report(s), contract award, approval of contract documents and contract amendments and any decision to suspend or cancel procurement proceedings
- w. A copy of any claims made by the procuring entity in respect of any warranty, non-warranty, short supply, damage, and other claims upon the provider or upon the procuring entity
- x. In the case of IFAD prior review, all submissions and correspondence in relation to the seeking of IFAD's NOs
- y. A copy of any complain or action taken documentations; and

- z. Any other communications relating to the procurement in questions including internal entity correspondence.
339. Other procurement-related coordination with IFAD: The PMU shall coordinate in advance with IFAD on the following matters and issues:
- a. Any changes to the PIM;
 - b. Any changes to the staffing of the Project Management Unit;
 - c. Composition of Evaluation committees;
 - d. Summaries of Debriefing requests and copies of Protests for all prior review procurement activities before a decision is issued (optional for post review procurement activities);
 - e. The PMU shall inform IFAD of any related Appeal filed to competent National Authorities (if applicable) immediately upon becoming aware of such an appeal;
 - f. Procurement progress reports as well as special reports on critical issues;
 - g. Details of defaulting or corrupt vendors;
 - h. Debarment of a vendor who appears to be debarred by another MDB for validation by IFAD if cross-debarment should apply (for prior and post review); and
 - i. Any other matter specifically requested by IFAD.
340. In addition to the above, the project will provide full assistance to IFAD implementation support, supervision, MTR, and project closing missions. The Project will avail all necessary staff and provide all required documents, records and files. The same applies for any IFAD audit or investigation.
341. Procurement Principles and Ethics. The PMU will strictly adhere to the IFAD Project Procurement Guidelines (2019) covering the key Procurement Principles:
- Ethics; Accountability; Competition;
 - Fairness; Transparency;
 - Efficiency, Effectiveness and Economy; and
 - Best Value for Money.
342. Furthermore, the PMU/RCUs/Service Providers/Implementing Partners/Individual Consultants will strictly adhere to the provisions of IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations available at www.ifad.org/en/document-detail/asset/40738506. The Project shall ensure that this policy is clearly stated in all procurement documents (solicitation documents and contracts) and that all vendors comply with this policy. All such documents shall clearly include also IFAD's Anti-corruption Hotline:

Office of Audit and Oversight (AUO)

Investigation Section (IS)

Via Paolo di Dono 44
00142 Rome, Italy

Email : anticorruption@ifad.org

Phone : +39 0654592888

Fax : +39 0654597888

343. Combatting Corruption and Sexual Harassment: The PMU/RCUs/Service Providers/Implementing Partners/Individual Consultants will strictly adhere to the provisions of *IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse* available at www.ifad.org/anticorruption_policy. The Project shall ensure that this policy is clearly stated in all procurement documents (solicitation documents and contracts) and that all vendors comply with this policy. All such documents shall clearly include also IFAD's Ethics Hotline:

Ethics Office (ETH)

Via Paolo di Dono 44
00142 Rome, Italy

Email: ethicsoffice@ifad.org

Phone: +39 06 5459 2525

<https://www.ifad.org/en/ethics>

344. Anti-Money Laundering and Countering the Financing of Terrorism. The PMU/RCUs/Service Providers/Implementing Partners/Individual Consultants shall ensure commitment to combating money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy available at <https://www.ifad.org/en/document-detail/asset/41942012>.

VI. FINANCIAL MANAGEMENT

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

Information on Reference material:

This document should be read together with the:

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

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

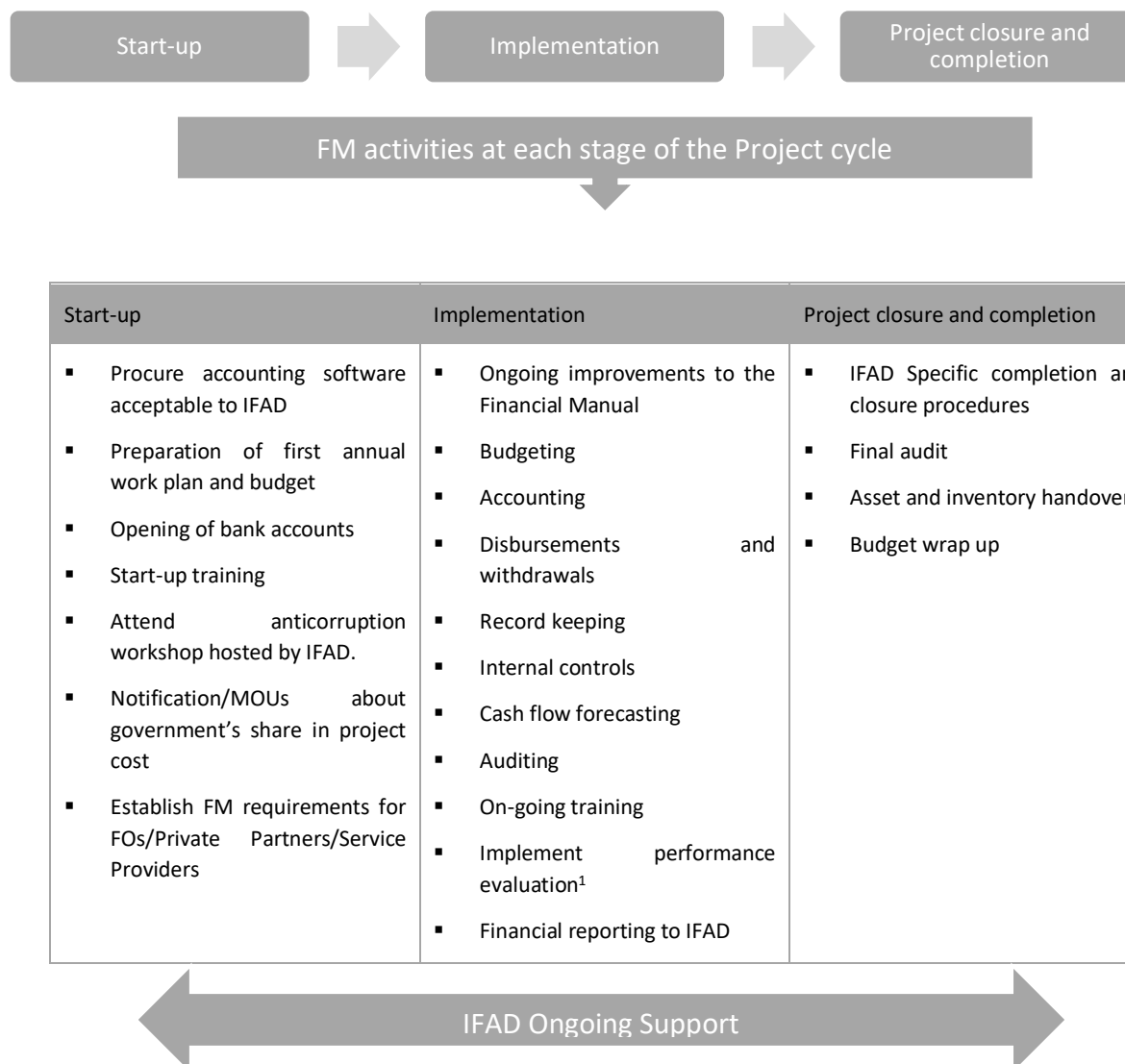
347. Updates and changes to financial management arrangements. KP RETP Project is an IFAD-funded Project, therefore, in line with IFAD’s efforts to capacitate and support projects, this section was developed during the project design process. It is envisaged that ongoing improvements and updates to financial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

Table 10: Project summary

Project Name	KP RETP Project
Financiers, Contributors, Facilities	To be inserted later
Project Effective Date	To be inserted later
Implementation Period	To be inserted later
Project Completion Date	To be inserted later
Project Closure Date	To be inserted later
Project Area	To be inserted later

A. Project Cycle and Financial Management Activities

348. The FM Team of KP-RETP will have final responsibility for the execution of the financial management activities at each stage of the Project cycle as outlined below:



NB: KP RETP Project Financial Manager will have the final responsibility to prepare consolidated financial reports for submission to IFAD. Refer to [Section X \(Financial Reporting\)](#) for more detail.

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

B. Pre-Implementation Activities

349. During the start-up phase, it is recommended that Project staff to undertake following activities. This will ensure that the relevant staff are well informed and knowledgeable with regards to the core work processes that will—in turn, determine the implementation effectiveness of any project.

Activity	Overview
<i>Financial management staff appointment</i>	Provincial government to fill vacancies within PMU and RMPUs to ensure that the project has required organization and staffing arrangements for project implementation. Refer to (VIII) for the proposed organogram.
<i>Accounting software</i>	- PMU/Finance Manager to procure an accounting software and trained relevant staff in its use to ensure that a robust accounting function is in place; - The software to use/incorporate correct chart of accounts (categories and components) in line with the detail in Schedule 2 of the Financing agreement with IFAD. - Upload the Cost Table (Schedule 2 of the Financing Agreement) to the accounting software for the purposes of budgeting / monitoring.
<i>Open bank accounts</i>	Finance Manager to engage with provincial Finance Department and provincial Accountant General to open the Designated Accounts for the project. (Refer to Fund of Flows section – Designated Account for details).
<i>Preparation of first annual work plan and budget</i>	The Financial Manager to finalize the draft Annual Work plan and Budget, as directed by the Project Director, subject to IFAD no-objection. This budget will be a consolidation of the budgets obtained from RCUs (Refer to the process as outlined in Section V Annual Work Plan and Budgeting section).
<i>Staff training and capacity building</i>	- Newly appointed financial Management staff will be required to complete the IFAD FM e-learning and submit completion certificates to IFAD within 1 month of date of appointment. Refer to the Useful links below for the training link. - All staff are required to study the project related documents at project start-up. **Other training at project start-up: - PMU Financial management training workshop for RCUs. <i>This training will be organized by the PMU Financial Manager and it will focus on PMU requirements (monthly reporting, document retention etc.) and cover practical issues / lessons learnt.</i>

C. Principles of Financial Management

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

351. The primary responsibility for fiduciary obligation rests with the borrower/recipient (B/R) to maintain financial management (FM) arrangements that assist in meeting fiduciary obligations and that provide reasonable assurance to stakeholders that funds have been used as intended. IFAD's role is to support the B/R's capacity to meet this responsibility and to provide general oversight on the design and functioning of FM arrangements during project implementation. Financial management refers to the organization, budgeting, accounting, internal control, funds flow, financial reporting and internal and auditing arrangements by which B/Rs receive funds, spend them and record their use.

352. The country's inherent risk rating has been "Substantial" bordering on being "High". The country risk rating has worsened in recent years². The project would be using country PFM system for implementation and therefore several actions have been proposed in this part of the manual to keep fiduciary risks to acceptable level in the light of recent years external audit reports and inputs of relevant officials met during the PDR. PMU would be responsible to implement the proposed mitigation actions.
353. IFAD will monitor FM performance of KP RETP Project at regular intervals and provide implementation support as needed. IFAD has assessed disbursement risk initially based on the country portfolio review and overall fiduciary risk assessment as part of the PDR. This assessment is the basis for proposing disbursement arrangements for the project
354. During project implementation, IFAD Supervision/Implementation Missions would examine the extent to which the project is identifying and managing fiduciary risks. IFAD will process disbursements after considering these FM risks, in addition to the specific characteristics of withdrawal applications (WAs), and will determine the timing, frequency and scope of ex-post checks to be performed on the applications.
355. In the light of disbursement experience, and where appropriate, IFAD also updates FM risk ratings and modifies disbursement arrangements for the remainder of the project period. IFAD will take remedial measures in case it is not satisfied with the way the project funds are being managed.

D. IFAD'S Policy on Preventing Fraud and Corruption

356. IFAD's anticorruption policy establishes zero-tolerance towards prohibited practices, such as fraud and corruption, in IFAD-funded or managed operations and activities. Accordingly, the prevention and mitigation of fraud and corruption in its activities and operations are core components of IFAD's development mandate and fiduciary duties. The anti-corruption policy has defined prohibited practices that are subject to remedial actions³.

1. Prohibited Practices

357. The following practices are considered to be prohibited practices when engaged in connection with an IFAD-financed and/or IFAD-managed operation or activity:
- (a) A "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value in order to improperly influence the actions of another party;
 - (b) A "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation;
 - (c) A "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including improperly influencing the actions of another party;
 - (d) A "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party in order to improperly influence the actions of that or another party;
 - (e) An "obstructive practice" is: (i) deliberately destroying, falsifying, altering or concealing evidence that may be material to an investigation by the Fund or making false statements to investigators in order to materially impede an investigation by the Fund; (ii) threatening, harassing or intimidating any party in order to prevent that party from disclosing its knowledge of matters relevant to an

² For details, please see reports at <https://www.transparency.org/en/cpi/2020/index/pak> and at <https://www.internationalbudget.org/open-budget-survey/open-budget-index-rankings>

³ IFAD's Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations is available at https://www.ifad.org/documents/38711624/40189363/fraudpolicy_eb86_e.pdf/e2ae80aa-e423-4d7c-a582-c01c1917b427

investigation by the Fund or from pursuing such an investigation; and/or (iii) the commission of any act intended to materially impede the exercise of the Fund's contractual rights of audit, inspection and access to information.

2. General Principles

358. FAD has zero tolerance towards prohibited practices in its activities and operations. All individuals and entities that will be involved in implementing the KP RETP Project are required to take appropriate action to prevent, mitigate and combat prohibited practices as stipulated below.

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

3. Responsibilities of the Provincial Government/Project

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

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

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

4. Reporting

362. KP-RETP can contact the IFAD Officer of Audit and Oversight to report any event that falls within the ambit of prohibited practices as outlined above. Relevant information is provided in the box.

How to contact the IFAD Office of Audit and Oversight

All communications are treated with the utmost CONFIDENTIALITY.

By phone: +39 06 54592888

By fax: +39 06 54597888

By e-mail: anticorruption@ifad.org

Through the online complaint form:

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

In person or by mail to:

IFAD Office of Audit and Oversight, Investigation Section

Via Paolo di Dono, 44

00142 Rome, Italy

363. A designated confidential and secure e-mail address for the receipt of allegations of prohibited practices is available on the Fund's website. If anyone suspects misconduct or wrongdoing, or have an allegation to report, he or she may contact anticorruption@ifad.org. This is secure and confidential channel managed by the Investigation Section of IFAD.
364. The KP-RETP Project should also have similar reporting mechanism to get information on fraud, waste or abuse of funds from anyone who may have such information. The project should promote awareness that such safeguards have been provided to minimize risk of fraud, waste and abuse in the use of IFAD's funds.

Anti-Corruption Legal Framework in KP and Mitigating risks risks

At the provincial level, Khyber Pakhtunkhwa (KP) Anti-Corruption Establishment (ACE) Rules of 1999 provide the legal framework for fraud and corruption. Any citizen can complain against any official to the ACE which is investigated subject to Khyber Pakhtunkhwa the Government Servants (Efficiency and Discipline) Rules 2011 by head of the office/department to which the accused belongs. The KP Right to Information Act 2013 provides for citizens' access to information and if a government entity does not comply with this law, the aggrieved can take the matter with the Independent Right to Information Commission for resolution. The KP Prevention of Conflict of Interest Act 2016 establishes clear conflict of interest and related post-employment principles for public office holders. The KP also enacted Whistleblower Protection and Vigilance Commission Act 2016 which enables the citizens to make public interest disclosure that relates to the irregular, illegal or corrupt practices and to protect them from disadvantageous measures, and reward them for such actions. However, these laws work when communities are aware of their rights and government invests in promoting a general literacy of means for grievance redress.

The project focuses on the most vulnerable segments of society which are inherently reluctant to demand their rights. In addition to promoting general awareness of IFAD's Anti-Corruption Policy among all parties that are involved in project implementation, PMU shall ensure that all contracts for procurement of goods, works, and services, include a provision requiring suppliers, contractors and consultants to (i) ensure compliance with IFAD's anticorruption policy and (ii) allow IFAD to inspect their accounts, records and other documents relating to the bid submission and contract performance, and to have them audited, if deemed necessary. Lastly, the project will promote good governance through the involvement of communities and beneficiaries in (i) the preparation of the annual work plans and budgets; (ii) the procurement process (at community level); and (iii) the monitoring and evaluation of project activities. PMU may establish a hotline/online interface with the beneficiaries to encourage confidential reporting of improprieties to the PD or senior management in P&DD under the existing provincial laws.

5. Remedies

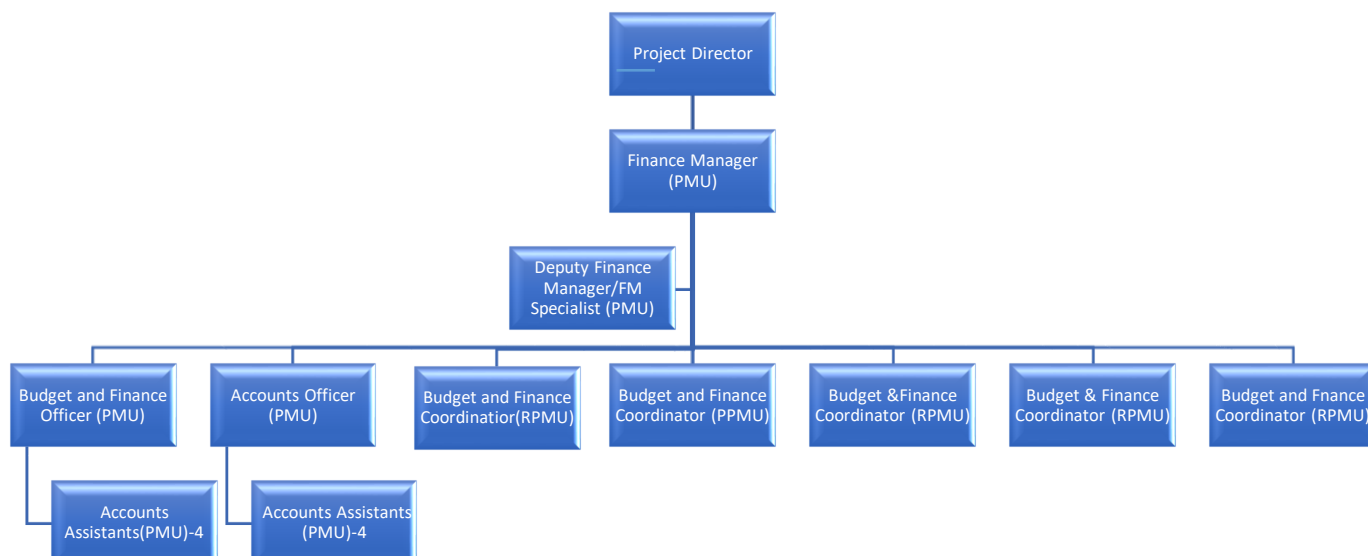
365. In case it is determined—after due process, that an individual or an entity is involved in any of the prohibited acts stipulated above, the project would take a prompt remedial action. Detailed guidance is available in the IFAD's Policy on Preventing Fraud and Corruption.

E. FM Organizational Structure, Roles and Responsibilities

1. FM Organizational Structure

366. The FM team in PMU is headed by a full time Finance Manager (FM)/Deputy Director Finance who shall report to Project Director directly. The FM is supported by a team of support staff. A Budget and

Finance Coordinator is also placed in each of the five (5) RCUs for FM related coordination with PFOs, FSCs, Private Partners under 4Ps arrangements, and Service Providers to enable these Implementing Partners to understand and comply with applicable compliance requirements in the use of project funds. The flowchart exhibits the organizational arrangement for the FM section.



Flow Chart 1: FM organizational arrangement

367. The B&F Coordinators in RPMUs would be functionally reporting to Finance Manager directly though they would be supporting the heads of RCUs in overall coordination and implementation.
368. The payment system shall be centralized at PMU though the F&B officials at regional offices shall facilitate maintenance of proper internal controls, accounting, financial reporting etc. in partner organizations and verify the completeness and authenticity of documents submitted along with invoices to PMU for payments. The FM team would conduct periodic/random checks in fields to ensure that reporting to PMU is credible. Roles and responsibilities of key actors who will be involved in project FM are summarized below.
369. In addition to the permanent FM staff at PMU and RCUs, the project design envisages that partners/service providers—that will be engaged to support implementation shall have a strong FM capacity. This is critical since these partners will use IFAD's funds and therefore they must comply with the applicable fiduciary requirements. PMU and RCUs will ensure effective facilitation, oversight and monitoring of these partner organizations.

2. Role of Finance Manager

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

a) General Management and Leadership

- i. Liaise with IFAD on all aspects of project's financial management.

- ii. Lead capacity building activities in the area of financial management under the project to capacitate accounting staff within PMU and other partner organizations to comply with guidelines and policies and procedures.
- iii. Keep PD updated on latest developments and issues in project's financial management and provide suggestion to the best possible option.
- iv. Maintain liaison with IFAD in managing the assignment account.
- v. Participate in Project Steering Committee meetings and activities; assist/advise the PD in all financial matters as and when required.

b) Budgeting and Planning

- i. Assist the PD in preparation of AWPB and facilitate in the approval of AWPB from Project Steering Committee.
- ii. Prepare report on monthly financial progress of the project for the attention of the PD and further discussions.
- iii. Prepare annual, quarterly and semi-annually disbursement forecasts for all components of the project/s in line with project's procurement plan and Work Plan/Cash Plan.

c) Funds Management

- i. Ensure timely releases of counterpart funds from provincial government.
- ii. Liaison with P&D, line departments, Provincial Accountant General (AG) in connection with budget, releases, disbursement and other issues of financial management.
- iii. Prepare realistic cash forecasts on quarterly basis in coordination with the project team/implementing partners.
- iv. Engage with IFAD for release of funds and maintenance of sufficient liquidity for project implementation.
- v. Prepare and process withdrawal application in accordance with IFAD's Disbursement Guidelines for drawing funds from the assignment account(s).
- vi. Track funds and follow up with National Bank of Pakistan and IFAD to ensure timely credit of funds into the project's assignment account(s).

d) Internal Controls

- i. Perform internal control assessment in view of the systemic weaknesses as reported from time to time in the supervision missions/audits/periodic inspections by PMU and take remedial actions
- ii. Take measures to strengthen internal controls system as per IFAD's guidelines stipulated in this document;
- iii. Assess the need of other monitoring controls, such as internal audit and suggest it to the management accordingly.

e) Expenditure/Payment Processing

- i. Ensure compliance with internal control framework—including applicable government rules and procedures while processing payments.
-

- ii. Analyze, plan, design, implement, and monitor a system to augment internal controls in line with best practices in the process of payment and expenditure management.
- iii. Apply pre-audit checks on all payments before payment from the assignment account(s) including budget availability, sanction of competent authority and compliance with applicable financial rules & regulations.
- iv. Ensure that IFAD's No Objection Letter (NOL) is obtained for every prior review activity before processing any payment.
- v. Prepare request for payment and forward to PD for approval after fulfilling all codal formalities.
- vi. Ensure that only eligible payments are forwarded Coordinator's approval and drawing funds from the assignment account.
- vii. Manage financial aspects of the contracts under implementation, including payment terms, purchase orders and variation orders.

f) Accounting and Record Management

- i. Record all transactions timely and accurately in the books of accounts and ensure that no expenditure remained unaccounted.
 - ii. Maintain accounts on cash basis as per government accounting procedure i.e. New Accounting Model.
 - iii. Ensure up-to-date maintenance of adequate registers, books of accounts and records in appropriate order and format to meet the government and IFAD's requirements and to facilitate classification and analyzing the financial information for monitoring the project progress.
 - iv. Prepare supplementary record, which provides timely and up-to-date financial information of contracts.
 - v. Maintain imprest /petty cash account (where applicable) and ensure maintenance of separate petty cash book and petty cash vouchers in compliance with approved procedures.
 - vi. Prepare monthly bank reconciliation statements of assignment accounts.
 - vii. Reconcile the expenditure on government prescribed format with the office of Accountant General KP on monthly basis.
 - viii. Be the payroll manager and process monthly payroll of project employees. Ensure proper payroll controls are applied and the payments are made directly in the Bank accounts.
 - ix. Prepare and process monthly project payroll and submit to PD for approval prior to making any payment under salaries.
 - x. Ensure that the fixed assets and inventory records are maintained for the project identifying location and user of each asset/inventory and arrange for the annual and periodical inventory of the assets/consumables.
 - xi. Ensure safe custody of all financial records for review by IFAD Missions, third party monitoring agents; and external & internal auditors.
-

g) Financial Reporting

- i. Prepare quarterly financial reports and submit to PD and Bank in a timely fashion for review and approval.
- ii. Ensure that annual financial statements and other reports as specified under the Financing Agreements and as per recommended/suggested by supervision missions are accurately prepared and timely submitted – annual financial statements to be prepared in accordance with Cash Basis IPSAS ‘Financial Reporting under Cash Basis of Accounting’.
- iii. Prepare Annual financial statements of the three project/program and submit for review and approval to PD.
- iv. Define and produce other financial reports, as and where required on utilization of funds to facilitate PD in decision-making process.

h) Audit

- i. Make arrangements for timely initiation and completion audit of project and ensure that report produced is in compliance with audit requirements of the Government and IFAD.
- ii. Ensure that the project is adequately reflected in audit plan of Auditor General of Pakistan and that audit is periodically conducted.
- iii. Cooperating with IFAD, Government, and other partners to improve project financial management, particularly in terms of following up the action points agreed in the project legal documents, during the IFAD supervision missions, Aide Memoires and the recommendations of external auditors and internal auditors.
- iv. Attend entry and exit meetings with external auditors, facilitate timely completion of audits by arranging timely submission of annual financial statement in appropriate format, supply of information and documents responding to queries, initiate actions for holding tripartite meetings and coordinating with relevant project entities in settling audit paras.
- v. Prepare working papers on audit observations raised by external auditors and arrange to convene Departmental Accounts Committee (DAC) meeting to settle the audit observations to the extent legally and logically possible.

3. Role of Budget and Finance Officer (1 Position)

- i. Support Finance Manager in preparing annual work planning and budgeting;
 - ii. Facilitate FM/DFM in engaging with P&D to include budget in the Annual Development Plan (ADP) as per rules;
 - iii. Upload budget on Financial Management Information System, and prepare monthly monitoring reports comparing actual expenditure against the budget. Highlight weak performing areas for management intervention;
 - iv. Prepare cash forecasts on quarterly basis in coordination with the project team and submit to IFAD for advance/replenishment of advance.
 - v. Prepare and process withdrawal application in accordance with IFAD’s Disbursement Guidelines
 - vi. Prepare disbursement reports—and ensuring that sufficient funds are available in the Assignment Accounts all the time.
-

- vii. Prepare annual financial statements as per Cash Basis IPSAS and submit to the Auditors within two months of the close of the financial year.
- viii. Prepare periodic financial reports specified in the Loan Covenants.
- ix. Prepare Quarterly Financial Summaries (budget vs actual) to support oversight over use of funds
- x. Track funds and follow up with National Bank of Pakistan and the World Bank to ensure timely credit of funds into the projects' assignment account.
- xi. Loan Covenants Monitoring

4. Role of Accounts Officer (1 Position)

- i. Ensure compliance with internal control framework (Operations Manual, Financial Management Manual, SOPs and IFAD's fiduciary guidelines etc.) and government rules and procedures while processing payments.
 - ii. Analyze, plan, design, implement, and monitor a system to augment internal controls in line with best practices in the process of payment and expenditure management.
 - iii. Apply pre-audit checks on all payments before payment from the assignment account(s) including budget availability, sanction of competent authority and compliance with applicable financial rules & regulations.
 - iv. Ensure that No Objection is obtained from IFAD for every prior review activity before processing any payment.
 - v. Ensure that only eligible payments are submitted to FM/DFM for seeking PD's approval and drawing funds from the assignment account.
 - vi. Manage financial aspects of the contracts under implementation, including payment terms, purchase orders and variation orders.
 - vii. Record all transactions timely and accurately in the books of accounts (both in Pak Rupees and US\$) and ensure that no expenditure remained unaccounted.
 - viii. Maintain accounts on cash basis as per government accounting procedure;
 - ix. Maintain up-to-date maintenance of adequate registers, books of accounts and records in appropriate order and format to meet the government and donors' requirements and to facilitate classification and analyzing the financial information for monitoring the projects progress.
 - x. Prepare supplementary record which provides timely and up-to-date financial information of civil works and consultancies.
 - xi. Maintain imprest of petty cash and ensure maintenance of separate petty cash book and petty cash vouchers and compliance with established procedures.
 - xii. Verify vehicles log books & compare with the fuel consumption reports
 - xiii. Tax Withholding on each payment
 - xiv. Data entry into accounting software
 - xv. Prepare monthly bank reconciliation statements of assignment account(s) both in Pak Rupee and US\$.
-

- xvi. Reconcile the expenditure on government prescribed format with Accountant General Office on monthly basis.
- xvii. Prepare and process monthly payroll and submit to Project Director for approval prior to making any payment under salaries. Ensure proper payroll controls are applied and the payments are made directly in the Bank accounts.
- xviii. Ensure that the fixed assets records are maintained for both the projects identifying location and user of each asset and arrange for the annual and periodical inventory of the assets and updating of the records.
- xix. Ensure safe custody of all financial records for review by Bank Missions, third party monitoring agents; and external & internal auditors.
- xx. Maintenance of filing system ensuring safekeeping of confidential material as per the guidelines given in this manual
- xxi. Custodian for management of office stationery supplies including maintenance of stock list of stationery and supplies and maintain log book.
- xxii. To maintain daily cash book & cash flow management.

5. Role of Budget and Finance Coordinator (5 Positions—one each in the RCU)

- i. Facilitate PFOs/FSCs in signing MOUs with PMU for project implementation
 - ii. Facilitate PFOs in selecting HR for professional management—including FM staff based on the criteria established by PMU
 - iii. Organize training for the staff at PFOs/FSCs focusing on core compliance/reporting requirements
 - iv. Facilitate PFOs in the opening of account, and the maintaining of up-to-date books of accounts as specified in the MOUs.
 - v. Facilitate PFOs in mobilizing farmers' share to implement business plans
 - vi. Support PFOs in collect funds from members to meet the requirements of MOUs.
 - vii. Conduct due diligence/post qualification assessment of private partners selected for 4Ps arrangements based on the guidelines established for this purpose.
 - viii. Promote basic FM/economics literacy among farmers involved in project implementation.
 - ix. Maintain liaison with service providers to ensure they are complying with internal controls/compliance requirements (set out in this manual later) stipulated in PMU's contract agreements with them.
 - x. Facilitate PFOs/others involved in microfinancing process in complying with the criteria of age group, social status, amount of each loan, recovery time etc.in the process;
 - xi. Facilitate PFOs/others involved in microfinancing in robust documentation of the microfinance operations etc.
 - xii. Submit monthly report to PMU on issues and challenges as well as possible practical solutions to move forward.
-

- xiii. The Finance Manager will distribute work between the B&F Officer, Accounts Officer, and B&F Coordinators based in RCUs following the principles of internal controls outlined in the relevant section of the manual to get the best value out of them.

6. Procurement and Contract Management

371. The project provides for one position each of Procurement Specialist and Contract Management Specialist. Detailed guidelines on public procurement and contract management under the KP-RETP are provided in a separate Procurement Manual.

F. Annual Work Plan & Budgeting

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

G. Pakistan's PFM system and its link with the KP-RETP Project

373. The Planning Commission, Government of Pakistan is responsible for establishing criteria and guidelines—including templates for formulating development projects for federal and provincial governments⁴. As per current arrangements, if the cost of a provincial development project exceeds PKR 10 billion, the P&DD of a province will have to seek the approval of the Executive Committee of the Economic Council (ECNEC) for that project. ECNEC is the highest forum to review and approve development projects in Pakistan. A well-defined process is in place for this purpose

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

374. The provincial government must prepare PC-1 for the KP-RETP as its estimated cost is higher than PKR 10 billion. The provincial P&DD is to prepare the PC-1 in compliance with applicable requirements and to engage with relevant government agencies to obtain approval of the PC-1 from the PDWP, the CDWP, and ECNEC. Any PC-1 document that is submitted with missing elements is not accepted by PDWP/CDWP/ECNEC. To avoid delays in the processing of the PC-1, the P&DD should start preparing the PC-1 based on the PDR. This is critical since any significant deviation(s) from the Project Design may require changing the PC-1 form which, in turn, could mean going through a long bureaucratic tier of approvals.

H. Project design changes during project life

375. IFAD's projects are subject to performance reviews periodically. These reviews help in identifying what is working and what is not and taking remedial measure to ensure the project remain on track to achieving the intended outcomes of the project. While minor adjustments are carried out subsequent

⁴ Details about how to formulate project proposal are provided in the Manual for Development Project, Planning Commission available at <https://www.pc.gov.pk/uploads/downloads/perform/Manual-for-development-projects.pdf>

to each supervision mission, the Mid Term Review (MTR)---carried out when a project is almost halfway through implementation, is the time to revisit the whole design and make significant adjustments in the design—if such a response is warranted by implementation experience.

376. IFAD considers reallocations of funds between difference categories of expenditure to make the most of available resources. The purpose of these reallocations is to divert resources toward the activities that are contributing more effectively toward the intended project outcomes. The categories of expenditure where the project performance is not acceptable, it does not make sense to keep funds idle.
377. The current planning guidelines—applicable to the KP-RETP require that in cases where the overall actual project cost does not go beyond 15% of the approved project cost, no revision in the PC-1 is required.

1. AWP/Budget Process

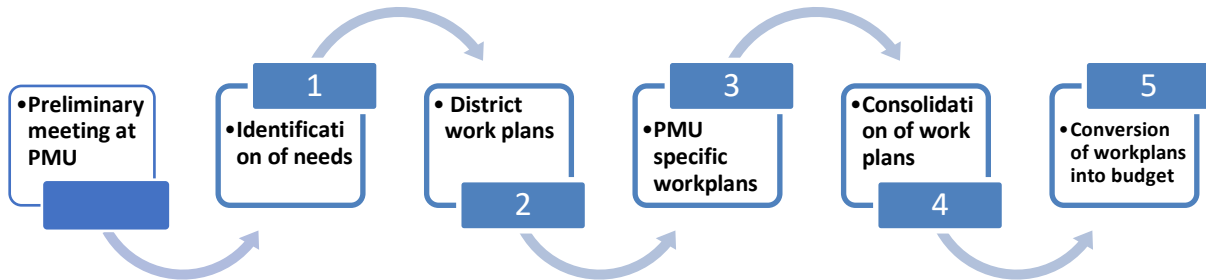
378. The budgeting process can be broken down in four steps:

- i. Preparation of the annual work plan
- ii. Preparation of the annual budget
- iii. Budget monitoring
- iv. Budget revisions.

379. The annual work plan describes in detail all the activities that must be carried out by the Project during the year based on management priorities; it includes a chronogram for each activity, the verifiable indicator(s) and the staff/entities responsible for implementation. The annual budget, which is derived from the work plan, aims at providing detailed cost estimates for the implementation of project activities as well as the operation of the PMU and RCUs. These two parts of the Project planning process (the work plan and the budget) are brought together in a unique document called the annual work plan and budget (AWPB).
380. The AWPB is an essential management tool that serves to establish priorities for Project implementation, set out activities in a timeline, and forecast the resources (both financial and human) needed to achieve the set objectives. It is also required for the mobilization of funding by the various Project financiers. Finally, it represents the main tool for Project management, IFAD and the GoKP to control costs and assess Project performance. The preparation of the AWPB is a participatory exercise involving the relevant line departments, implementing partners /service providers, and project beneficiaries. The Project Steering Committee and IFAD are responsible for the review and approval of the AWPB.
381. The AWPB covers the period from July to June each year, in line with the Project fiscal year. It integrates both IFAD's and GoKP's planning processes.
-

2. Preparation of the Annual Work Plan

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



Flow Chart 2: WPB process

383. Preliminary meeting. The preparation of the annual work plan starts with a preliminary meeting within the PMU, to which the heads of RCUs, and senior officials of line departments, and representatives of other implementing partners (PFOs, FSCs, Partners under 4Ps, Service Providers shall participate. The purpose of the meeting is to:

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

384. Identification of needs. Planning meetings with implementing partners shall be organized subsequently at RPMU's level and all key stakeholders involved in project implementation in the districts shall participate in the deliberation. This exercise is coordinated by the RCUs' technical staff to ensure that the planning down to district levels is aligned with the project's objectives and priorities set during the AWPB preliminary meeting. The FM is in charge of identifying PMU/RPMU staff members' needs relating to financial management and administration, while the M&E Specialist is responsible for defining Project needs in terms of internal monitoring.

385. District work plans. The RPMU M&E Officers under the supervision of M&E Specialist consolidate the district level plan in close coordination with the FM team and other implementing partners/service providers to ensure that the district plans are in line with the overall project objectives and the targets sets out in the preliminary meeting.

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

387. PMU Work Plan. At PMU level, each component head is responsible for drawing out a detailed list of activities to be conducted during the year (including activities to be carried over from the previous year). In addition to the technical activities to be implemented at PMU level, this also includes the M&E and KM and the finance & administration activities. This process is coordinated by the M&E Specialist to avoid duplication and to ensure overall coherence. Once the PMU work plan is drafted, the Project Director organizes a planning meeting at the PMU to discuss and finalize the document.
388. Consolidated work plan. The M&E Specialist is in charge of preparing a KP-RETP consolidated work plan based on district work plan and the PMU work plan. Once the Project Director validates the finalized document, the FM and M&E Specialist work together on the codification of each work plan activity, using the accounting system's codification structure for AWPB activities. The next step is the preparation of the budget.

3. Preparation of the Annual Budget

389. Based on the finalized work plan, the IPs, RCUs and PMU technical staff are requested to estimate the cost of the various activities to be conducted. The estimation must consider all cost elements related to the activities, including mission's costs, consultant's fees, workshops, training, procurement, etc. The FM and Procurement Specialist may be consulted if necessary to assist in the costing of certain items. The sources, assumptions and calculation bases used for determining each cost estimate must be clearly documented in the budget.
390. The PMU operating budget is prepared by the FM and FM which includes:
- i. Salaries, social security contributions, allowances, per diem and other personnel charges
 - ii. Staff training costs
 - iii. Procurement of goods, works and services for the PMU and RCUs offices
 - iv. Office running costs (utilities, telephone, maintenance and repairs, supplies, fuel, vehicle costs, etc.)
 - v. Other expenses (meetings, consultants' fees, audit fees, etc.)
391. The detailed cost estimates prepared by the technical staff for each Project component are forwarded to the FM who reviews them to ensure that:
- i. The costs estimate for each activity are reasonable;
 - ii. The budget by activity, sub-component and component is coherent as compared to the annual cost estimates defined in the COSTAB and the GoKP Annual Development Plan (ADP); and
 - iii. Funds will be available in each expense category.
392. The FM then compiles the detailed budget data by component/sub-component and determines the funding source for each activity based on the allocation in the COSTAB. Funding sources for the KP-RETP include the IFAD Loan, the GoKP counterpart contribution, and the beneficiaries' contribution. For the GoKP counterpart funding, the budget must clearly distinguish between the funding related to duty & tax exemptions and other contributions. In-kind and cash contribution should be separately worked out.
393. The FM can then present the detailed budget worksheet by component/sub-component and by activity, with an indication of the funding source and the expense category for each activity. The budget worksheet includes separate sheets showing for each activity, the budget assumptions, the sources and the calculation bases for the unit costs. This is essential in order to (i) facilitate budget monitoring and budget-actual variance analysis and (ii) prepare the budget in the following year(s).
-

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

- i. Vehicles & Motorcycles
- ii. Equipment and materials
- iii. Grants to Beneficiaries
- iv. Training and Studies
- v. Salaries & allowances
- vi. Operating Costs.

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

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

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

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

398. The main document is complemented with annexes.

399. Detailed work plans and budgets by component/sub-component with an indication of the district;

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

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

401. A template for the AWPB is provided as **Annexure-15** to this Manual. It will be customized to reflect all components, activities, and relation financial information.

4. Budget Monitoring

402. The AWPB serves as the reference document for the PMU to assess the Project physical and financial implementation progress. As soon as the AWPB is approved, the Finance Manager shall input the annual budget into the accounting system. The budget is entered by account, component, sub-component, AWPB activity, financier, expense category and district. After due diligence, the Finance Manager prints out the budget and distributes copies to the Project Director, the technical staff and the M&E section.
403. The finance section is responsible for monitoring the budget by comparing it with actual expenditures. Project expenses recorded in the general accounts are simultaneously recorded against the budget. Thanks to this unique data entry system, all Project expenses are automatically recorded in the “actual expense” column of the budget. The accounting system can generate budget-monitoring statements showing the status of the budget by component/sub-component, by activity, by expense category, by district and/or by financier for any period requested. These statements show the budgeted amount, the cumulative expenditures to date, the available balance and the percentage execution. The FM prints a budget-monitoring statement at the end of each month preferably or quarterly, or whenever necessary and distributes to the Project Director and other relevant component heads for comments or remedial actions—where required.
404. During the first week of each quarter, the Project Director shall a budget review meeting during which the FM, M&E Specialist, and Procurement Specialist shall analyze the budget-monitoring statement of the previous quarter.
405. This exercise may also be carried out monthly if deemed necessary by the KP-RETP team to determine whether funds are being utilized as planned, and to take corrective actions if necessary. Any significant variance between the budget and actual expenses is investigated and discussed during the meeting. The FM then prepares a budget progress report explaining all variances and formulating recommendations, which may include the need for budget reallocation or revision. The quarterly budget-monitoring statement shall be attached to the report. This budget report shall serve as the source document for the AWPB execution section of the quarterly financial report prepared by the FM.
406. A template has been provided to assess technical and financial progress of the project against the approved AWP/B at **Annexure-16**.

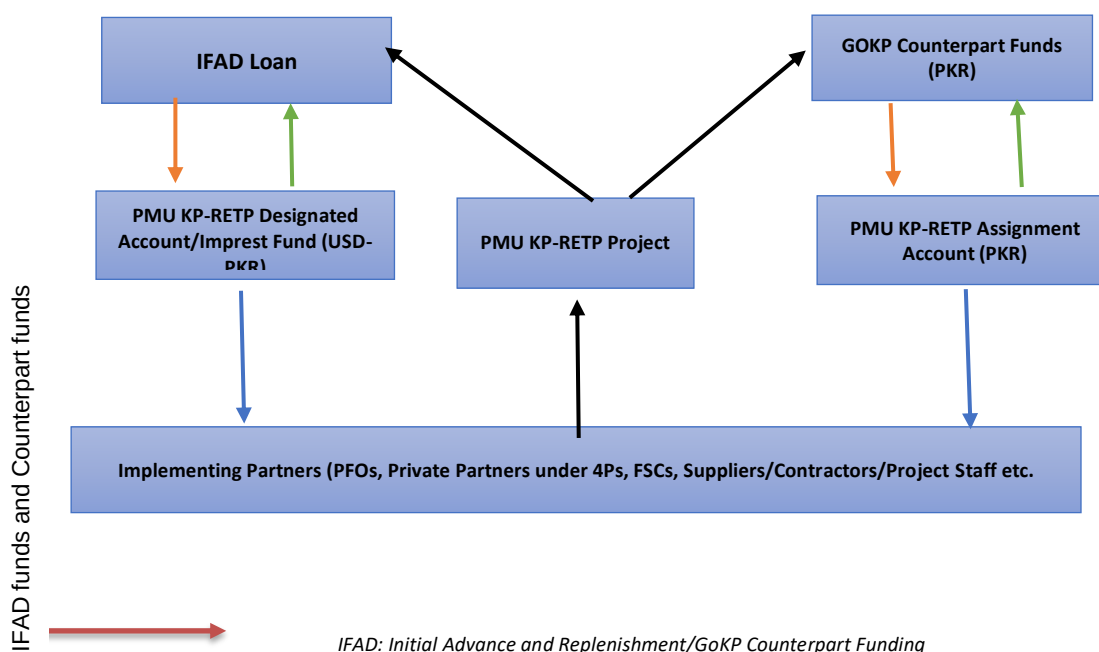
5. Budget Revision

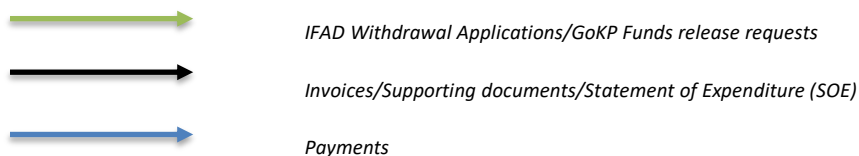
407. The Project Director or Project team may decide to reallocate funds from one budget line or activity to another as long as the impact is less than 15% of the initial budget amount for that budget line. In this case s/he sends a memo instructing the FM to proceed with the reallocation. When the impact is up to 15% of the original line-item budget, a request a meeting will be held with relevant staff members and submit it for PSC approval. This exercise may be carried out at PMU through a formal meeting in which the component head (requesting the change) would argue for the change while PD, FM and other technical lead—where necessary, would examine the proposal on merit. Once the proposed change is approved by the PD, it would be communicated to FM team to update the accounting system. If the changes are substantial and affecting the overall budget more than 15% shall be forwarded to the PSC’s head for his approval and subsequently will be forwarded to IFAD for NOC
408. In addition, depending on the project’s performance during the first half of the year (or due to unforeseen circumstances), it may become necessary to conduct a full revision of the budget for the rest of the year. The decision to carry out a budget revision is made by the Project Director and materialized in a memo sent to all concerned parties. The IPs, and technical PMU staff are requested to prepare a revised work plan and budget taking into account achievements/disbursements to date and detailing the activities that can be implemented before the end of the fiscal year. The consolidation, approval and recording process for the AWPB revision is the same as described above.
-

I. Flow of Funds

1. Financiers of the KP-RETP and Flow Chart

409. The funding for the KP-RETP comes from three sources (i) the IFAD Loan; (ii) the Counterpart Contribution from GoKP—in cash and in kind and (iii) Beneficiaries' Contributions. The total cost of the project is USD 185.8 million which includes the IFAD Loan (USD 100.1 million), Government's contribution (USD 40.4 million) and Beneficiaries' contribution (USD 45.3 million). The government contribution shall comprise (a) "cash"—USD 9.1 million for payment of taxes and project management costs; and (b) USD 31.3 million that will be leveraged from ongoing development projects under the provincial Annual Development Plan.
410. The project would access IFAD funds through the Imprest Fund methodology. PMU shall establish a Designated Account in the National Bank of Pakistan (NBP), Peshawar to receive fund from IFAD as per established procedures. IFAD shall disburse an initial advance (Imprest Fund) to cover approximately six months of planned project expenditures to this Designated Account. The NBP shall make available to PMU equivalent amount in PKR for project expenditure through the same account. The account shall show debits, credits and balance in PKR along with USD equivalent. PMU shall utilize the advance and replenish the account monthly or once the minimum expenditure limit as agreed with IFAD is met for submitting a withdrawal application. **Annexure-17** provides details about how to open the Designated/Revolving Fund Account for the IFAD Loan.
411. The GoKP shall allocate counterpart funds through normal government budgetary process. The provincial government's annual budget cycle starts usually in November/December with the issuance of a Budget Call Circular (BCC) that contains forms and guidance to formulate budget. PMU shall work out the requirements of counterpart funds and ensure that sufficient funds are provided in the budget to meet the project's needs. PMU shall open a Designated Account for the counterpart funds and follow up with the government to ensure timely and sufficient release of funds for the project.
412. Details on Designated Accounts, Imprest Fund Procedures, and Recovery of Initial Advances given to the PMU are provided later in this section. The flowchart depicts how IFAD funds and Counterpart funds would flow through the project.





413. The PFOs shall individually contribute approximately 30% of the investment envisaged in the business plan which is estimated to cost USD 70,000 to USD 100,000. The estimated share of each FPO is likely to be in the range of USD 21,000-31,000 accordingly. This provisioning of this amount shall be one of the access conditions for a PFO to get IFAD funds for project implementation. The share of each Farm Service Center (FSCs) and Private Partner under 4P arrangements is estimated at 50% of the cost of activities planned under the project whereas the remaining 50% shall come from IFAD. PFO/FSC/Private Partners shall maintain the account of this funding source which would be subject to periodic verification by PMU/RPMU. The total contributions made by beneficiaries including PFOs shall be reflected in the project financial statements. These requirements shall be clearly laid down in the MOUs/contracts with the IPs
414. The PMU/RCOs shall conduct random inspection to check whether these stakeholders are in compliance with the applicable compliance requirements in the use of funds and the record of such inspection shall be properly maintained for IFAD's missions. Details are provided in the section on Internal Controls later.

2. Evidence of authority to sign Withdrawal Applications

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

EVIDENCE OF AUTHORITY TO SIGN WITHDRAWAL APPLICATIONS

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

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

Date: _____ Via

Attention: Finance Administration Services
Accounting and Controller's Division

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

Dear Sirs/Madams:

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

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

(Name(s) and Title(s))

Specimen signature

(Name(s) and Title(s))

Specimen signature

(Name(s) and Title(s))

Specimen signature

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

Signed by:

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

3. Designated Account

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

417. These funds can only be used for expenditures relating to the execution of the Project. PMU cannot make financial commitments or authorize disbursements over and above the funding made available to the Project. In the case of insufficient funds to conduct certain IFAD-financed Project activities, a request for reallocation of loan funds may be presented to IFAD through the EAD. The IFAD contribution comprises an IFAD loan of USD 100.1 million. The loan funds are made available to the Project in several installments and using the Imprest Account modality⁵.

4. Imprest Account

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

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

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

5. Recovery of Initial Advance

420. To avoid an excessive outstanding advance at the financial closing date, recovery of the advance is required ideally to begin six months before the Project Completion Date (PCD) where advances are large, and at the latest three months before the PCD where special circumstances may warrant this. Recovery of the advance may begin either: (i) six months before completion date; or (ii) when the undisbursed balance of the financing (including outstanding special commitments) is equal to twice the amount of the advance. Under Imprest Account modality, the Fund will effect a gradual recovery of the advance – normally by applying part of the amount documented in each replenishment application to reduce the outstanding advance. This offers the most effective means of ensuring that some funds remain available to finance eligible expenditures to be incurred using the imprest account.

⁵ Details on different disbursement methods are available in the IFAD Financial and Administration Manual available at <https://www.ifad.org/en/document-detail/asset/39637251>

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

Sample Recovery Plan-Designated Account

		IFAD Loan No.:				IFAD Loan Amount (SDR)		20 000 000.00	
		Project Completion Date:		31-Dec-12		Loan Closing Date:		30-Jun-13	
	Reporting Period	WA No.	Date	US \$	EUR	SDR	Unjustified balance USD SD R		
	Authorized Allocation	1	18/01/2006	\$ 250 000.00	€ -	172 648.51	0.00	(77 351.49)	
					€ -	172 648.51			
					0.00	#VALUE!			
				Exchange Rate:					
Justification:									
Ref. No.	WA No.	Date	Estimated WA value (SP)	Estimated WA value (USD)	Proposed Recovery %	Recovery Amount (USD)	Commulative Recovery Amount (USD)	Commulative Unjustified balance (USD)	
1	40	21-Feb-12		111 832.56	45%	50 324.65	50 324.65	(50 324.65)	
2	41	3-Mar-12		72 685.11	35%	25 439.79	75 764.44	(75 764.44)	
3	42	5-May-12		74 685.11	35%	26 139.79	101 904.23	(101 904.23)	
4	43	7-Jul-12		70 885.11	42%	29 771.75	131 675.98	(131 675.98)	
5	44	5-Sep-12		64 885.11	40%	25 954.04	157 630.02	(157 630.02)	
6	45	31-Dec-12		82 627.66	80%	66 102.13	223 732.15	(223 732.15)	
7	46	10-Jun-13		26 065.11	100 %	26 267.85	250 000.00	(250 000.00)	
8									
TOTAL					503 665.77 USD	250 000.00 USD			
In accordance with IFAD procedures, any amount unjustified at the time of loan closing date will be promptly refunded to IFAD.									
Prepared by:						15-Oct-11			
						Date			
Confirmed by:									
						Date			

6. Direct Payment Procedures

422. The direct payment procedure is a disbursement procedure where IFAD, at the borrower's request, pays a designated beneficiary (e.g., supplier, contractor, or consultant) directly.
423. A signed withdrawal application (WA) must be submitted to IFAD together with a summary sheet and the required supporting documents. PMU shall use the standardized form for estimating its funding needs and prepare a WA for direct payments where necessary. To prove the requested disbursement is for eligible project expenditures incurred, the PMU has to provide following supporting documents with every withdrawal application that it submits to IFAD:

Table 11: Requirement of supporting documents with withdrawal application

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

7. Statement of Expenditure (SOE) Procedure

424. For any expenditure item costing less than (to be inserted later based on FA) PMU can use this procedure for replenishment of its imprest fund. The statement of expenditures (SOE) procedure is a simplified procedure requiring no submission of supporting documentation of expenditures. The procedure derives its name from the SOE form which is submitted with the WA. The SOE replaces the usual supporting documents and the summary sheet. The SOE form provides data on contracts and disbursements of individual payments (up to any applicable SOE ceiling). During IFAD's supervision mission, the FM Specialist shall conduct a review of sample transactions for compliance with all applicable requirements. PMU is required to maintain complete supporting documentation for SOEs for this purpose.
425. While using this method, PMU certifies that (a) expenditures have been incurred and paid for proper execution of project activities under the terms and conditions of the loan agreement; (b) all documentation authenticating these expenditures has been retained and will be made available for examination by PMU upon request; and (c) for projects with an SOE ceiling, payments have not been split to enable them to pass through such ceiling.
426. PMU shall use a standardized form (Summary/Statement of Expenditure Sheet) prescribed by IFAD for preparing claims for withdrawal of funds for the project.

8. Preparation of Withdrawal Applications

427. The WA is a standard IFAD package comprising several forms and documents, which are all described in detail in the LTB and IFAD Loan Disbursement Handbook:
- Form 100 – the application for withdrawal, which indicates the amount of replenishment requested in the WA currency and the payment instructions. It contains the signatures of the authorized representatives (mostly PD, and FM)
 - Summary sheet – the recap schedule showing the amounts claimed (in local currency and in the WA currency) by expense category under Forms 101 and 102
 - Form 101 sheets – used for expenditure exceeding the SOE threshold or for the Direct Payment procedure (see below). Copies of supporting documents must be attached to the Form 101 sheets and sent to IFAD. In order to facilitate processing by IFAD, the item numbers on the summary sheets are cross-referenced to the supporting documents. In addition, the IFAD no objection date is included in the "Remarks" column, if applicable.
 - Form 102 sheets – used to detail all expenditure claimed under the SOE procedure (all expenditure under USD 50,000), for which no supporting documentation is sent to IFAD. The relevant supporting documents must be retained instead by the PMU for periodic inspection by

representatives of IFAD during supervision missions, and by the auditors as part of the annual audits. It should be noted that the SOE threshold applies to the value of the contract rather than the amount of the payment. Form 102 sheets must be separated by expense category, and certified by the FM and the Project Director as authorized signatories.

- Form 104 – the designated account reconciliation, which serves to reconstitute the IFAD advances from bank balances, WAs in process and unclaimed disbursements. Any difference between the outstanding IFAD advance and the total accounted for must be justified and cleared as soon as possible.
- Form 105 – the WA checklist must be completed to make sure that the WA was properly completed in accordance with IFAD instructions.

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

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

- i. Preliminary verifications. The check stubs and bank transfers for the month are checked against the bank journal to ensure that all disbursements have been recorded in the Accounting Software and are supported by proper documentation. The bank journal is reviewed in detail to ensure that the description of the transactions posted in the system are sufficiently clear and complete. Finally, the Deputy Finance Manager ensures that bank reconciliations have been completed for all accounts.
- ii. Accounting system processing. The accounting system is set up so as to exclude advances from the amounts claimed for reimbursement in the WA. The FM selects the financing under which the WA is prepared, the period covered by the WA, and enters the SOE threshold (to be inserted as stipulated in the LTB/FA) and the month-end exchange rate. The system then shows all 'claimable' disbursements since the previous WA issued.

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

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

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

433. Once the payment is processed, IFAD sends a payment advice to the EAD (with a copy to the PMU), including the value date of the payment, the amount and currency of the payment, the SDR equivalent

of the WA and the categories charged. The FM uses this information to fill out the monitoring schedule for WA and IFAD reimbursements. This schedule allows the FM to monitor the payment delays, and the differences between the amounts of the WA submitted and the amounts paid by IFAD, if any. In addition, at the end of each month, the FM requests the status of funds by category from IFAD and reconciles it with the PMU accounts. Any difference must be investigated and explained as soon as possible.

Annexure-18 indicates the checks that the finance team is required to apply while preparing withdrawal applications.

Introduction to IFAD's Loan Disbursement Handbook

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

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

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

9. Counterpart Funds

434. The share of government in project financing is estimated at USD 40.4 million. It comprises (a) cash contribution; and (b) the funds to be leveraged by the KP-RETP which are channelled by the provincial government through the Annual Development Plan (ADP).

- i. Cash contribution (USD 9.1 million). This comprises USD 9.1 million for payment of taxes and project management costs. The funds shall be made available through the project's Assignment Account established for this purpose. At the beginning of each quarter, the FM prepares a funds request letter for 25% of the annual amount earmarked in the approved AWPB and PSDP. The letter is signed by the PD and sent to the ACS, P&DD. When the funds requested are released, the PMU receives a confirmation letter from the Accountant General KP Office, which is responsible for maintaining the KP-RETP 's assignment account in which counterpart funds are held.
- ii. Funds to be leveraged through provincial ADP (USD 31.3 million). PMU shall engage with the P&D to identify the projects under ADP that shall be leveraged and accounted for toward government financing. Provincial government notify a mechanism for this purpose.

10. Beneficiaries' Contributions

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

436. To ensure the authenticity of the beneficiaries' contribution—reported by FPOs and others as the case may be, PMU will carry out periodic review of the primary data sources used in reporting by the beneficiaries.

J. Disbursement Process

1. Classes of expenditure

437. The KP-RETP incurs two types of expenses: administrative expenses (relating to the operation of the PMU and RCUs) and project expenses (relating to the implementation of Project activities). The eligible expense categories for the Project are in accordance with the financing agreement. For certain categories. The financing agreement specifies the total amount allocated for each of the categories, and the percentage of the expenses that is financed by IFAD.
438. In order to facilitate the management of Project resources and corresponding actions, annual expenditure plans are prepared from the AWPB for the 3 main classes of expenditure incurred by the KP-RETP :
- i. The procurement plan, prepared by the Procurement Specialist, details the goods, works and services to be acquired for the Project in the following 12 months; it includes quantities, estimated costs and the anticipated acquisition date;
 - ii. The intervention plan, prepared by the PMU technical staff in coordination with the IPs which includes all project interventions to be implemented during the following 12 months;
 - iii. The annual personnel plan prepared by the Admin & HR at PMU and RCUs, shows the core posts, temporary personnel and individual consultants to be engaged in the coming year. For each post or assignment, the anticipated dates and duration, the type of contract and the estimated cost are specified.
439. Each of these plans identifies the component and AWPB activity corresponding to the expenditure forecasted. Once they are approved by the Project Director, these plans are distributed to the finance and administrative team for implementation.

2. Expenditure Request and Authorization

440. All Project expenditures are initiated by a request prepared/signed by the requesting staff and indicating the nature of the expenditure and other relevant information, the amount, AWPB activity, and the transaction coding. Expenditure requests may take the form of a purchase requisition (for the procurement of goods, works or services), an activity request (for the organization of workshops, training or demos sessions, meetings, or other activities directly implemented by Project staff), a request for temporary assistance (for the engagement of temporary personnel or individual consultants), the monthly payroll statement (for the salaries of Project staff) or a travel authorization (for official missions).
441. Requests are first sent to the FM who verifies that (i) the expenditure is included in the appropriate annual plan and the AWPB and (ii) funds are available, before forwarding it to the Project Director for approval. The request is only approved by the Project Director if the relevance of the expenditure and the availability of funds have been established. Project funds cannot be committed unless the request has been signed by the FM and approved by the Project Director. Once the request is approved, the expenditure process is launched via a procurement action, an advance, a recruitment action or a travel authorization.
442. At the RPMU level, the requests (usually from technical staff) are sent to the B&F Coordinators who send it to PMU Finance section for signature of FM and approval of Project Director. No expenditure may be approved if it exceeds the amount budgeted, unless there is prior written approval from the Project Director.
-

3. Payment Request

443. Payment requests may take different forms, depending on the type of expenditure: it can be an invoice or progress payment request (for the procurement of goods, works or services), a fee payment request (for temporary personnel or individual consultant's services), an advance request (for workshops or meetings), or a travel expense claim (for official travel).
444. For invoices (or progress payment requests), suppliers/contractors are requested to attach a copy of the contract or purchase order and the delivery slip or statement of acceptance of work (or certificate of completion of work) when submitting an invoice for payment. After receiving invoices by the relevant section, invoices are sent to the Finance Manager who:
- i. Verifies the mathematical accuracy of the invoice;
 - ii. Ensures that the "pack" is complete (invoice, purchase requisition, contract or purchase order, delivery slip/statement of acceptance of works/certificate of completion, etc.) and checks that the information is the same on all the supporting documents;
 - iii. In the case of progress payment request for infrastructure, verifies that the contractor's request matches the approved measurement book maintained by the Project;
 - iv. Ensures that the invoice was not previously paid (by checking in the Accounting Software and the contract monitoring form);
 - v. Updates the contract monitoring form.
445. For fee payment requests, consultants are requested to attach their reports. The payment request is logged in by B&F Coordinator at the RCUs) and sent to Finance Manager who:
- i. Verifies the mathematical accuracy of the request;
 - ii. Prepares the payment pack (payment request, request for temporary assistance, contract, copy of report if applicable) and checks that the information is the same on all the documents;
 - iii. Ensures acceptance of the report by the project, if applicable
 - iv. Ensures that the fee payment request was not previously paid (by checking in Accounting Software).
446. For advance requests, the Finance Manager verifies that:
- v. The cash advance request is duly approved by the FM and the Project Director, and
 - vi. All supporting documents are attached (approved TOR, activity request and budget).
447. For the travel claims, the FM verifies:
- i. The approval of the FM and the Project Director.
 - ii. The completeness of supporting documents justifying the expenses claimed (including the travel authorization with proof of travel).
 - iii. The accuracy of computation of mission costs by the traveler (compared to the travel authorization).
448. The above verifications are materialized on the transaction voucher used for inputting the payment in the accounting system. In case of an error or omission on any of the payment documents, the Finance Manager returns the document to the supplier, consultant or Project staff member for them to be corrected and re-issued. Once the verification is complete, the Finance Manager sends the payment request (invoice or fee payment request) to the originator of the expenditure (i.e. the requesting staff) for certification. The originator of the expenditure must sign the invoice or payment request to certify the goods have been delivered, works completed or services rendered in accordance with the contract or purchase order. Invoices must be marked "goods delivered" or "services rendered" followed by the date, to indicate that they have been certified for payment. All invoices or payment requests must also bear the Project Director's signature (for payment approval) before payment can be processed.
-

K. Accounting Procedures

1. Accounting Rules and Principles

449. The accounting method used for the KP-RETP is the cash basis of accounting; financial statements therefore only reflect cash receipts and cash disbursements. Consequently, fixed assets are expensed at the time of purchase. Financial commitments at the end of the year are shown as footnotes to the financial statements. The KP-RETP uses double-entry accounting, in accordance with generally accepted international accounting principles.
450. Generally accepted accounting principles are the foundation upon which the KP-RETP's financial information system is built and which (i) determine the methods of evaluation and recording of financial transactions and (ii) guarantee the quality of the financial statements. The main principles are:
- i. Consistency in accounting principles and methods used from one year to the next
 - ii. Going concern (up to the Project completion date)
 - iii. Matching revenues and expenses within the same fiscal year
 - iv. Historical cost basis for recording financial transactions
 - v. Non-offsetting of assets and liabilities or revenues and expenses
 - vi. Conservatism, regularity and fairness of accounts and financial statements
 - vii. Materiality (full disclosure of material information/data and omission of immaterial information/data in the financial statements).
451. The Project does not generate revenues; instead it receives subsidies from donors in order to finance its activities. Due to the nature of these activities, the Project must follow the principle of balance between expenses and subsidies. In order for the net result at the end of each fiscal year to be nil, a balance must be stricken between:
- Investment subsidies and expenditures (i.e. acquisition of capital assets), and
 - Operating subsidies and expenditures (i.e. expenditures relating to Project activities).
452. Project accounts are maintained in Pakistan rupee (PKR); however, in order to facilitate financial monitoring on the part of IFAD, financial reports are also presented in USD or SDR. The Project fiscal year goes from July 1st to June 30th.

2. Accounting Software/Financial Information System

453. The Project shall use an accounting software for recording transactions in the financial, analytical and budgetary accounts, as well as for the production of various financial and accounting reports (accounting journals, trial balance, general ledger, etc.). A suitable accounting software shall be procured to help the project comply with the reporting requirements of IFAD while also meeting its financial management needs. At minimum, the accounting software needs to have following functionalities:
- i. General chart of accounts (for actual and budget transactions)
 - ii. Analytical/cost accounting codes
 - iii. Currencies used for Project's financial reporting (PKR, US dollars and SDR)
 - iv. Journals (purchase, bank, direct payment, subsidiary ledgers, etc.)
 - v. Suppliers
 - vi. Other third parties (banks, government, etc.)
 - vii. Balance sheet, income statement and statement of sources and uses of funds.
454. The software is used to input transactions in the accounts, to process transactions, to view movements, transactions coding and balances on the screen, to make inquiries, and to consult accounts and journals. The system also allows for reporting and printing journals, ledgers and trial balances using different criteria.
-

3. Recording of Transactions

455. KP-RETP financial transactions shall be recorded in the project accounts using the accounting software. The recording of transactions is completed in four steps:

- i. Preparation of a transaction voucher
- ii. Input of the transaction in the appropriate subsidiary ledger
- iii. Back-up of accounting records
- iv. Filing of accounting records.

4. Transaction Voucher (or bill form)

456. The Deputy Finance Manager at PMU/B&F Coordinator at RCUs prepare the transaction voucher. The voucher must be backed up by a supporting document approved by the authorized officer. The supporting document can be an invoice, a progress payment request for works, fee payment request, advance request, travel expense claim, payroll statement, check or bank transfer, bank debit or credit advice, or an adjusting entry sheet. The transaction voucher serves two purposes

- i. It materializes the preliminary verifications carried out by the Deputy Finance Manager on the supporting documents;
- ii. It serves as the support for inputting transactions into the accounting system.

457. The voucher number is obtained from the input screen, as entries are being input into the system. The numbering sequence used for the vouchers is therefore the same as the one generated automatically by the Accounting Software.

458. The following information is indicated on the voucher:

- i. Journal
- ii. Nature, date, description and amount of the transaction in PKR
- iii. Name of recipient (supplier, consultant, etc.)
- iv. Reference of the supporting document
- v. Amount of income tax and VAT
- vi. IFAD and GoKP share
- vii. Exchange rate
- viii. Coding for general accounts, analytical accounts, budgetary accounts and PC-1 code. The coding of transactions for general accounts, analytical accounts, budgetary accounts and PC-1 code are based on the Accounting Software's charts of accounts—which are consistent with the chart of account prescribed by the federal government. The AWPB activity, the district, the source of funding and the expense category are also indicated on the voucher.

459. At PMU level, once the voucher is filled out, it is signed by the Deputy Finance Manager, and verified and signed by the FM. In the case of a payment, the Project Director also approves the voucher. Similarly, at RCUs, B&F Coordinator prepares the vouchers and verified by the head of RPMU before being submitted to DFM.

5. Input of Transactions

460. Transactions are input into Accounting Software using a "transaction entry" window. The journal entry number generated automatically by the system is noted on the voucher. Using the information on the voucher, the transaction type and date, source document code and reference, currency, account numbers and transaction amount are entered into the system by the Accounts Officer/DFM for each transaction.

461. The inputting of transactions takes place on a daily basis for the vouchers that have been checked by the FM/DFM as the case may be and approved by the Project Director. Transactions entered into the system are directly posted into the Project's general ledger.

6. Backup of Accounting Records

462. Once posted, transactions can only be modified or deleted by inputting a correcting or adjusting entry in the system. At the end of each day, all the data input into the system is backed up automatically to the server. In addition, FM/DFM are responsible to back up the accounting data on an external device at the end of each week; this weekly backup on external device is kept by the FM/PD. These backups allow for restoring of posted transactions in case of power failure, errors on the data or any other problem.

7. Filing of Accounting Records

463. The DFM is responsible for printing the journals and other accounting reports, and for filing all accounting records. The original accounting records are filed as a package composed of the voucher and the corresponding supporting documents. They are filed in chronological order by transaction type (one or more separate file(s) for each month). The accounting records are grouped on a monthly basis with a separate binder for each of the following transaction journals:

- i. Purchases
- ii. Payroll
- iii. Subsidies
- iv. Bank – Designated Account
- v. Bank – Project Account
- vi. Direct payment (if any)
- vii. Correcting/adjusting entries.

464. Reports may be printed as and when needed by the FM staff. Two complete sets of accounting reports are printed as part of the monthly and annual closing of accounts, after all transactions have been posted, verifications carried out and adjustments recorded (one for the FM and one for the files). These printouts are stamped with a stamp marked "Final" to indicate that this is the last version.

8. Monthly and Annual Closing of Accounts

465. The accounts of KP-RETP shall be verified at the end of each month and closed at the end of the fiscal year. The objective of the accounts verification and closing procedures is to provide the users of financial information with an accurate and reliable accounting and financial situation, as well as to meet the Project's legal obligations. Because the monthly financial and accounting reports are for internal use only, the monthly verification exercise is more limited in scope than the annual closing of accounts.

9. Monthly Verification of Accounts

466. Project accounts are closed at the end of each month in order to provide the Finance Unit and Project Management with:

- i. A complete and accurate cash and disbursements situation, for proper monitoring;
- ii. Accurate and up-to-date accounting and financial data for the preparation of the monthly financial report, the quarterly IFRs and the withdrawal applications.

467. Monthly verification procedures are carried out by the FM/DFM during the first 10 days of the following month and include:

- i. Review and validation of financial reporting packages;
 - ii. Posting of outstanding transactions;
-

- iii. Checking of accounting records against journals and payment documents (check stubs, bank transfers); to verify the completeness of transaction entry and the accuracy of transaction coding (for general, analytical and budgetary accounts);
- iv. Reconciliation of the IFAD status of funds statement with the Project accounts (for cumulative disbursements to date by expense category);
- v. Bank reconciliations;
- vi. Designated Account reconciliation;
- vii. Reconciliation of the financial commitments schedule (generated from Accounting Software) with the individual contract monitoring forms and the contract register; and
- viii. Physical inventory of supplies.

10. Annual Closing of Accounts

468. The main objective of the annual closing of accounts is the preparation of the year- end financial statements, in accordance with the financing agreement and national regulations. Annual closing procedures start at the beginning of June each year and must be completed prior to the end of August of the following fiscal year, so that year-end financial statements may be presented to the PSC and IFAD at the latest on 31st August.

469. The FM prepares an annual closing schedule and communicates it to all Project staff by 30th of June. This schedule lists the different steps of the closing process and indicates deadlines and responsible staff. It contains:

- i. Deadlines for carrying out certain tasks (processing of travel authorizations and travel expense claims, processing of purchase requisitions and requests for temporary assistance, payment of suppliers, etc.);
- ii. Instructions for the year-end inventories (fixed assets and supplies);
- iii. Instructions for the closing of accounts;
- iv. List of documents to obtain or prepare for the annual closing;
- v. List of documents to prepare for the external auditors; and
- vi. Deadlines for the production of reports, statements and other accounting and financial information.

470. The annual closing procedures are carried out by the FM/DFM, with assistance from RMPUs, as needed, and include:

- i. Collection and review of financial reporting packages;
 - ii. Posting of outstanding transactions;
 - iii. Checking of accounting records against journals and payment documents for the month of June;
 - iv. Analysis and justification of balances for each general and auxiliary account (this procedure is preceded by the printing of ledgers and balances);
 - v. Determination of estimates for accrual and deferral transactions (for inclusion in the footnotes to the financial statements);
 - vi. Input of correcting and adjusting entries;
 - vii. Reconciliation of the IFAD status of funds statement with the Project accounts (for cumulative disbursements to date) by expense category;
 - viii. Bank reconciliation;
 - ix. Designated Accounts reconciliation;
 - x. Reconciliation of the financial commitments schedule (generated from Accounting Software) with the contract monitoring forms and the contract register;
 - xi. Physical inventory of fixed assets; and
 - xii. Physical inventory of supplies.
-

L. Maintenance of separate accounts and records

471. In terms of IFAD's General Conditions for Agricultural Finance: "The Project Parties shall maintain separate accounts and records in accordance with consistently maintained appropriate accounting practices adequate to reflect the operations, resources and expenditures related to the Project until the Financing Closing Date..."

472. In order to comply with the above requirement, PMU and other implementing agencies are required to maintain accounts. Such accounts and records may include:

Table 12: Types of Accounts required at PMU and IPs level

Type	Example
<i>Electronic information</i>	• Data and information maintained within the accounting software • Other documents and files maintained electronically, either on desktops, laptops or removable storage devices
<i>Correspondence</i>	• Emails • Hard copy correspondence (letters)
<i>Documents received from external sources</i>	• Bank statements • Supplier documentation
<i>Internally generated information</i>	• Employee files • Withdrawal applications • Forms

473. All documents and information are the property of the KP-RETP and may not be removed.

1. Filing and storage of the financial records

474. PMU and other implementing agencies are responsible for filing records. To fulfil this responsibility:

- Project parties should maintain files in a chronological order, assigning appropriate codes/sequential numbers;
- Project parties should perform filing activities on a regular basis to prevent the accumulation of papers and to ensure that the financial records are always maintained in an up-to-date manner;
- Project parties should allocate an appropriate storage area for the financial records in paper format and maintain them in locked cabinets, safe from water and fire, to which access is controlled and limited; and
- Project parties should also classify the financial records as "Confidential", or "General".

2. Off-site archiving of financial records

475. The respective Financial Managers should ensure that the financial records are archived at an off-site location on a regularly basis. Once a year, the Financial Managers should make sure that the completed or inactive files are archived in a manner that will allow for easy retrieval of the files in case they are required at some future date.

3. Electronic back-up procedures

476. Back-up of electronic information is an important function to be undertaken under instruction from the Financial Manager. It is required that:

- Daily: Electronic information at each Project office is backed up on the local server
- Weekly: Electronic information is saved on an external storage device and kept in a locked cabinet

477. Project staff access to backup files are subject to authorisation by the Project director or Financial Manager. The access of external persons is prohibited except for the auditors and IFAD staff.

4. Retention period

478. Project parties are required to retain accounts and records for at least ten (10) years after Financial Close. The Financial Manager should ensure that all documents and records (electronic and paper) are handed over to GoKP at financial closure to ensure that records can be maintained for the 10-year period.

5. Fixed Asset Management

479. Fixed asset management is an important process that seeks to track fixed assets for the purposes of financial accounting and to ensure preventive maintenance, and theft deterrence. Adequate Fixed asset maintenance also increases the sustainability of the Project. There are three elements in fixed asset management that require the attention of the Financial Managers:

a) Purchase of equipment

- i. Setting up and maintaining an asset register including verification
- ii. Setting up a plan for disposal and/or handover of the asset once the Project is completed

b) Purchase of Equipment

480. The FM team should follow the following process for each fixed asset purchased:

- i. Assign a unique, sequential asset number (excluding minor items such as stationary).
- ii. Tag each item with its unique asset number.
- iii. Record the item of equipment in fixed asset register

c) Fixed Asset Register

481. The FM team must maintain a fixed asset register in the asset management module of the accounting software. The asset register should record the following information for each individual piece of equipment:

- i. Asset description
- ii. Asset number
- iii. Individual responsible for asset
- iv. Implementing agency responsible for purchase
- v. Source of funding of asset (IFAD, government etc.),
- vi. Location of the asset
- vii. Date of purchase
- viii. Cost of purchase and invoice number
- ix. Remarks regarding the condition of the asset

482. The FM shall ensure that the consolidated fixed asset register is maintained and updated regularly. Assets purchased for beneficiary use should be included in the fixed asset register if the assets remain under the ownership of the Project (therefore beneficiaries to return to Project at Project closure).

d) Asset Verification Review

483. Under the management of FM, the KP-RETP must conduct an annual asset verification process whereby the following checks are performed:

- i. Verify that all fixed assets are still held in the location recorded on the register;
 - ii. Confirm the completeness and accuracy of the information recorded on the fixed asset register;
-

- iii. Check that equipment and vehicles are still in a reasonable state of repair and that remarks regarding the condition of the assets are correct as recorded in the fixed asset register;

484. The verification review must be performed by different staff from those who use the equipment, to ensure adequate segregation of duty. Discrepancies between the verification exercise and the fixed asset register should be investigated. Where assets are missing or seriously damaged, they should be removed from the asset register. The removal should be formally documented and approved by Financial Manager and Project Director. Moreover, the Financial Manager will undertake random verification of fixed assets during field visit.

6. Vehicle Maintenance and Fuel

485. Following general guidelines should be followed.

- i. Drivers are required to maintain waybills/itinerary lists and vehicle history records.
- ii. No cash shall be advanced to drivers for the purposes of refueling.
- iii. Each vehicle to have dedicated fuel card which indicate the vehicle registration number.
- iv. Each fuel card to have a set daily / monthly limit based on average consumption.
- v. Changes to the monthly limit is subject to approval by the Financial Manager (which will be approved base on approved trips).
- vi. The waybill shall indicate the reading of odometer at the beginning and end of the period, i.e. the mileage of the car, as well as fuel consumption. This process shall be checked by an accountant based on GPS system ("Teltonika FM 4200) in the data server of "Realcom" LLC, which is set in each vehicle of PMU. Using the device, one can track the route, stop time, kilometers traveled, etc. The data shall be entered into the accounting software which distributes fuel by projects, depending on whether one or the other trip was made on any project. Manual recording / monitoring at PMU is acceptable given limited number of vehicle
- vii. Fuel stations shall provide a monthly summary report on fueling and invoice which the accountant shall compare to the fuel invoices attached to the waybill. Differences to be followed up/resolved.
- viii. Provision of fuel and lubricants shall be strictly limited per each vehicle per month in accordance with the order signed by the Management.

a) Vehicle insurance

486. The Financial Manager should ensure that all Project vehicles are comprehensively covered and that all drivers are noted on the insurance policy. Under no circumstances may uninsured drivers drive the vehicles. The insurance policies should be renewed annually or as stipulated in the policy. The safety of cars is the responsibility of the drivers assigned to the vehicles. Consequently, they must ensure that the vehicles are parked in a secure area when not in use or outside working hours.

b) Maintenance

487. The drivers are required to monitor the maintenance of their assigned vehicles. The drivers must notify the project administration of the vehicles' maintenance needs so that the cars can be serviced on a timely basis. The Administration shall seek the approval of PD for any major repair and maintenance of a project vehicle. The FM team would not make payment unless prior approval on estimates of such repair has been obtained as per approved procurement process and PD has accorded approval for the cost. Ideally, a service provider should be engaged for this purpose.

M. Internal Controls

1. General

488. PMU is subject to numerous internal controls stipulated in the provincial Rules of Business, Delegation of Financial Powers Rules, Procedures for the Assignment Account and Revolving Fund Account, KP PPRA Rules, Accounting Policies and Procedures (APPM) etc. Compliance with the established internal controls, however, remains “weak” as per independent audit reports and therefore the project needs to pay special attention to internal controls in its operations. Actions that can strengthen internal controls—based on government system and IFAD guidelines are summarized hereunder:

- i. Segregation of duties;
- ii. Authorization;
- iii. Reconciliation and checks
- iv. Restricted access; and
- v. Monitoring and Review

Internal Control Regime adopted by IFAD for its operations

IFAD requires that R/B to follow COSO Internal Control Framework in designing internal controls to achieve (a) operations; (b) reporting; and (c) compliance related objectives in project operations. The COSO Framework has five components of internal controls:

<u>Components</u>	<u>Requirements</u>
Control Environment	Competent project staff of high integrity—including project leadership, a sound organizational structure with clearly established job description and a strong culture of accountability.
Risk Assessment	A system of identifying, preventing, and rectifying problems to achieve results, ownership of processes and support from all key stakeholders.
Control Activities	Suitable policies and procedures included in PIM, compliance assessment to improve control environment, a robust accounting system including back-up of relevant data.
Information and Communication	Continuous horizontal and vertical flow of critical information for informed decision making, an active PSC providing direction and oversight, all line departments on board, IPs are alert to risks and PMU is closely managing information/communication processes
Monitoring	PMU has developed reporting template for continuous monitoring risks to the project and taking prompt remedial measures. Monitoring reports are shared with key stakeholders for their input/action.
Finance Manager/Senior Management is encouraged to review details at https://www.ifad.org/elearning_cfs/04-New%20COSO%20Principles%20applied%20in%20IFAD%20DECEMBER%202015%20Final.pdf	

2. Segregation of duties

489. An important element in any control system is the separation of those duties which would, if combined, enable one individual to record and process a complete transaction. It is the Finance Manager’s responsibility to ensure that the following duties are segregated under the project: preparation, authorization, execution, custody, recording and operation of systems

3. Authorization

490. Authorization controls require the certification that a transaction or event is acceptable for further processing. Several types of authorization are in effect at the project, mainly in the procurement cycle, payment cycle, and bank and cash management cycle including reconciliation. The FM team should ensure that the authorizations of PMU staff ensure efficient implementation while keeping the risk as

low as possible. The authorization of project staff should be in line with their respective job descriptions.

4. Verification

491. Transactions and significant events are verified before and after processing, e.g. when goods are delivered, the number of goods supplied is verified with the number of goods ordered. Afterwards, the number of goods invoiced is verified with the number of goods received.

5. Reconciliation and checks

492. Reconciliations between independent, corresponding sources of data are a key control for identifying errors and discrepancies in balances. The FM section should perform the following reconciliations each month:

- i. Bank reconciliation
- ii. Reconciliation between system and special account receipts and payments statement
- iii. Any reconciliation or balancing amount should be promptly cleared. Unusual or long outstanding reconciling items must be brought to the attention of the financial officer. The financial officer will review and sign all reconciliations as evidence of his review.

493. In addition, physical checks should be performed on assets held and on petty cash—if maintained.

6. Reviews of operating performance

494. Operating performance is reviewed against a set of standards on a regular basis, assessing effectiveness and efficiency. If performance reviews determine that actual accomplishments do not meet established objectives or standards, the processes and activities established to achieve the objectives should be reviewed to determine.

495. All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the form of back up procedures. All work should be regularly backed up and copy records stored securely off site.

7. Restricted access

496. All data, records and assets should be kept in a physically secure environment. This should cover safe keeping of finance records such as official order forms and bank details. In addition, any petty cash should be kept securely. Financial data and other records should also be protected in the form of back up procedures. All work should be regularly backed up and copy records stored securely off site.

8. Monitoring and review

497. As detailed in financial reporting section later, periodic financial reports must be prepared and submitted to IFAD. For the purposes of internal control, the same information should be prepared and monitored by the project Director on a monthly/quarterly basis. The reports should be prepared on a timely basis and should normally be available for distribution two weeks after the end of the reporting period to which they relate. The periodic reports should be reviewed by the FM, DFM, and PD as a minimum. Where necessary, corrective action should be taken to ensure the authorized budget and procurement plan are not breached.

498. Competent supervision helps to ensure that internal control objectives are achieved. This includes assigning, reviewing, and approving an employee's

9. Supervision

499. Competent supervision helps to ensure that internal control objectives are achieved. This includes assigning, reviewing, and approving an employee's work.
-

10. Information and technology related controls

500. Information and technology controls can be both general and related to applications. The major categories of general controls are (1) entity-wide security program planning and management, (2) access controls, (3) controls on the development, maintenance and change of the application software, (4) system software controls, (5) segregation of duties, and (6) service continuity. Application controls are the structure, policies, and procedures that apply to separate, individual application systems, and are directly related to individual computerized applications. These controls are generally designed to prevent, detect, and correct errors and irregularities as information flows through information systems.

501. The KP-RETP will have independent arrangement for internal audit to strengthen internal controls within the project. A Chartered Accountant firm/Internal Audit Manager shall be engaged for this purpose. Details is provided in the relevant section of this manual.

Summary of Mandatory Checks

- i. Monthly bank reconciliation must be performed and record thereof maintained;
- ii. Budgetary controls must be ensured for each transaction at the PMU. Further on monthly basis, budget v/s actual report must be prepared by the FMS and shared with the PD and Project Steering Committee for continuous project oversight;
- iii. Fixed Asset Register shall be maintained. These assets shall be tagged and physically verified periodically by the admin section of the PMUs. Accuracy and completeness of the fixed assets register shall be verified independently periodically;
- iv. FM team shall maintain complete documentation for each category of expenditure and it shall also conduct periodic/random inspection of partner organizations' project record to ensure that project activities/expenditure are properly documented and factually reported. Specific documentation requirements for different partner organizations are provided in PIM.
- v. Internal Auditor shall review project transactions, processes, procedures, and performance at least semi-annually to provide assurance regarding the fiduciary controls, risk management and monitoring mechanisms in place;

11. Controls related to PFOs/FSCs

- i. MOUs signed with FPOs should clearly establish roles and responsibilities i.e. engagement of professional staff—especially FM official, registration under relevant laws, dedicated bank account, deposit of counterpart share etc.
 - ii. Business plans should be based on solid evidence and drawn on prescribed template to create harmony across PFOs;
 - iii. Provincial government should notify specific activities to be implemented by line departments under the project. PFOs/FSCs should be aware of this in their plans etc.
 - iv. Release of funds should be in tranches—and subject to continuous fulfilment of criteria—as stipulated in MOUs;
 - v. FM officials at PFOs should be capacitated to manage funds/accounts in line with the requirements of IFAD/PMUs
 - vi. Transparent criteria should be used for lending funds to farmers which should include i.e. age group, social status, amount of each loan, recovery time etc.
 - vii. Recovery of financing provided to farmers should be fully documented down to individual beneficiaries and linked with banking information;
-

- viii. Periodic progress reporting—covering technical as well financial aspects, by FPOs should be ensured. Standardized template should be used for this purpose to generate meaningful data—including disaggregated information on project beneficiaries;
- ix. Random inspections should be carried out by RCUs to ensure that what is reported is credible;

12. Controls related to Private Partners under 4Ps Arrangements

- i. Conduct post qualification assessment to ensure these partners have technical, managerial, and financial management capacity to deliver against their contractual obligation;
- ii. Ensure monthly/quarterly reporting;
- iii. Conduct periodic verification to ensure that the reporting by these partners is credible;
- iv. Assess randomly—from time to time, that these partners continuously comply with the technical, managerial, and FM requirements as per the terms of their engagements;
- v. Obtain certification/verification from the partners that taxes are being deducted from payments they are making to different beneficiaries, and proper documentation is being maintained of all transactions as required

13. Controls related to Service Providers (Trainings)

- i. Conduct post qualification before awarding contract to ensure that service providers have sufficient technical, administrative, and financial capacity for the required tasks;
- ii. Ensure training plans are agreed before any training is imparted;
- iii. Copies of such plans should be maintained in PMU and RCUs;
- iv. Ensure that selection of beneficiaries is subject to established criteria;
- v. Ensure that for each training, service provider shares both training schedule, training material (hard or soft copies as appropriate)
- vi. Conduct random inspection of training events—and cross-check whether trainees are the same that are indicated in the training schedule/plans and instructors are also the same that are required to deliver the training;
- vii. A training report for each major training—2-3 pages write-up coupled with annexes i.e. list of participants (CNIC, address, title and duration of training, certificate of completion for accredited courses issued by the training institute, pictures etc.
- viii. Ensure that the service provider is maintaining job placement data of each trainees—whether self-employed or hired as laborers with someone along with contact information for cross-check/verification as needed.

502. The KP-RETP will have independent arrangement for internal audit to strengthen internal controls within the project. A Chartered Accountant firm/Internal Audit Manager shall be engaged for this purpose. Details is provided in the relevant section of this manual.

N. Financial Reporting

503. IFAD requires borrower/recipient to maintain accounting records that are adequate to reflect the operations, resources and expenditures related to the project up to the Financing/grant Closing Date. In addition, the borrower/recipient is required to deliver detailed financial reports on its operations, in accordance with standards and procedures that are acceptable to IFAD. Project accounting records and financial statements must be prepared in accordance with IPSAS-Cash Basis Accounting. This information should be specified in the notes to the audited financial statements⁶.

⁶ Details are available in the IFAD's Handbook for Financial Reporting and Auditing available at <https://www.ifad.org/documents/38711624/39421009/IFAD+Handbook+for+Financial+Reporting+and+Auditing+of+IFAD-Financed+Projects/133b165d-15c7-4f79-8217-aef95b79dd67>

1. Annual Project Financial Statements

504. IFAD requires the project to deliver unaudited project-specific financial statements annually, within four months of financial year-end, covering the duration of the implementation period. The Financial statements must contain all material and relevant information required to provide IFAD and other stakeholders with a full understanding of the project's activities and financial position. The reporting period will be a period of twelve months—starting from 1 July to 30 June coinciding with Pakistan's financial year. The content of the project's financial statements is prescribed under the applicable accounting standards used as the basis of preparation. IFAD also requires certain additional specific disclosures. A summary of the required content for project financial statements is given below:

- i. Comparison of budget and actual amounts;
- ii. Notes (a summary of significant accounting policies and other explanatory notes);
- iii. Statement of cash receipts and payments;
- iv. Fixed asset schedule;
- v. Withdrawal application statement;
- vi. Sources and uses of funds statement; and
- vii. Designated Account statement and reconciliation.

505. PMU will ensure that IFAD-specific disclosures referred to above are easily and clearly traceable. PMU will disclose the contribution of the Government's Counterpart Funds and the Beneficiaries Contribution (both in cash and in-kind) in the financial statements. The quantification of the contribution should be consistent with the policy agreed with IFAD and readily available for verification by external review i.e. IFAD, External Audit etc.

506. To provide guidance to the KP-RETP, sample financial statements that may be customized further for meaningful and effective financial reporting to IFAD have been attached as Annexure-19 to this manual.

2. Interim Financial Reports

507. It is important for any project to monitor its financial performance continuously. IFAD emphasizes the need for such monitoring. The PMU needs to analyse significant variations between planned and actual spend, take remedial actions—where required and submit interim financial reports to IFAD. This practice needs to be established. Several IFAD's supervision missions recommended this action and require that Interim Financial Reports (IFRs) may be used to operationalize this practice. However, this remains to be done. To facilitate this, a reporting template is proposed for interim financial reporting at **Annexure-20**.

508. The requirement of the KP-RETP submitting IFRs to IFAD need to be complied with. The project may discuss the format and narrative part of the report with IFAD.

3. Analytical Reviews

509. PMU, while finalizing financial statements, must carry out an analytical review to ensure that financial statements present a fair view of the financial health of the project. The external audit will also review these statements from this perspective. Analytical reviews will minimize the risk of errors and irregularities being reported in financial statements.

- i. Is the financial information consistent with the available record?
 - ii. Is any expenditure unusual or ineligible? Does the PMU have any solid justification to explain such differences away? Has such justification been properly examined, agreed on with the relevant stakeholders, and fully documented for internal/external scrutiny?
 - iii. Are there trends or comparisons that should be clarified? Is expenditure pattern broadly aligned with the activities envisaged in the AWPB?
 - iv. Are reported expenditures within budget and consistent with the cost estimates?
-

- v. Are there significant computational errors and/or inconsistencies in the information presented
- vi. Are there any indications of fraud and corruption noted in the review?

510. PMU shall prepare monthly and quarterly financial reports to identify possible cost savings, detect possible misuse of project funds, and ensure that operating remains within agreed budget. The report is for internal consumption. The report will indicate expenditure incurred against budget during the month and the cumulative expenditure recorded till the end of the preceding month. Further, the expenditure by categories and by sources of funds shall be documented in the report. The report will also indicate balance of imprest funds and preparedness for next WA.

511. These reports should be linked with the AWPB to ascertain whether the activities are on track, if they are not, what needs to be done to make mid-course correction

O. Internal Audit

1. Responsibilities

512. The KP-RETP shall engage the services of a reputable chartered accountant for internal audit. The internal audit activity shall report to the Project Director, PMU. The internal audit function shall cover the following aspects of the project:

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

2. Process modalities

513. The Internal Audit function shall report to the Project Director directly and it shall be responsible for (i) planning, executing, and reporting on internal audit to PD/P&DD—covering FPOs, FSCs, and Service Providers and other partner organizations; (ii) facilitate implementation of audit recommendations—internal/external audits; and (iii) ensuring that the recommendations of IFAD Mission are fully complied with by the project. The TORs for the hiring of a chartered accountant (internal audit firm) have been included as an Annexure-21 to this manual.

514. PMU shall select the internal audit firm in accordance with IFAD's procurement guidelines. IFAD's No Objection to the TORs of the internal auditing firm shall be obtained before initiating the procurement process. The contract shall be initially for one-year subject to extension based on the performance of the firm and IFAD's No Objection.

P. External Audit

1. General considerations

515. As per the Constitution of Pakistan, the Auditor General of Pakistan (AGP)—which is the Supreme Audit Institution (SAI) of Pakistan, shall conduct audit of the project. An audit is required to confirm whether the financial statements provide a true and fair view in all material respects of the financial activities undertaken.
516. PMU shall prepare—and submit to the AGP the Annual Financial Statements (AFS) within two (2) months of the close of a financial year for this purpose. Report of each Audit—along with the Management Letter shall be submitted to IFAD within six months of the close of financial year (by 31 December) to which the audit relates. PMU must maintain continuous liaison with the Director General Audit, KP to ensure that (a) the audit of project is included in the annual audit plan of the audit office; (b) audit is executed on time; (c) audit quality is acceptable to IFAD; and (d) audit report is shared with IFAD within the stipulated timeline i.e. by 31 December for the preceding financial years. Follow-up with the relevant FAO is also critical to ensure timely resolution of audit observations at Departmental Audit Committee (DAC)—to minimize the backlog of audit observations during the life of the project and mitigate the risk of audit observations converting into ineligible expenditure which would require to be refunded to IFAD.
517. The contractual agreements with service providers/private partners under 4P arrangements will include a provision for external audit of activities funded with IFAD funds. The service providers/private partners shall propose names of three reputable chartered accountant firms for this purpose out of which PMU shall select one against already notified criteria. The audit shall be conducted within three months of the close of financial year and audit report furnished to PMU within six months of closure of annual accounts. The maximum duration of contract with an auditing firm for this purpose shall be

Key Source Document for External Auditing

The IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects is available online for public use and dissemination. It is primarily intended as a guide for IFAD borrowers and recipients and other external stakeholders on operational aspects and requirements related to financial reporting and auditing of IFAD-funded projects. Tailored guidance is provided for investment projects and for grants, both those subject to the Policy for Grant Financing and those financed by supplementary funds. The finance team should use the guidelines in external auditing matters.

<https://www.ifad.org/documents/38711624/39421009/IFAD+Handbook+for+Financial+Reporting+and+Auditing+of+IFAD-Financed+Projects/133b165d-15c7-4f79-8217-aef95b79dd67>

three year.

518. External audit of the KP-RETP shall be conducted by the Office of the Auditor-General of Pakistan (OAGP) that has constitutional mandate for external audit of all public sector entities. The OAGP conducts compliance, financial, and performance audits—following International Standards of Supreme Audit Institutions (ISSAIs) and its reports are laid before the Public Accounts Committees (PACs) at national and provincial levels. The external audits are, in general, carried out for following purposes:
- i. Provide an independent assurance of accountability;
 - ii. Give credibility to the financial statements and other management reports;
 - iii. Identify weaknesses in internal controls and financial systems;
 - iv. Verify compliance with financing agreement provisions relating to financial matters; and

v. Make recommendations for improvement.

519. A network of Field Audit Offices (FAOs) has been established for this purpose. The Office of Director General Audit, KPK is the FAO for the external audit of the KP-RETP .

520. PMU must maintain continuous liaison with the Director General Audit, KP to ensure that (a) the audit of project is included in the annual audit plan of the audit office; (b) audit is executed on time; (c) audit quality is acceptable to IFAD; and (d) audit report is shared with IFAD within the stipulated timeline i.e. by 31 December for the preceding financial years. Follow-up with the relevant FAO is also critical to ensure timely resolution of audit observations at Departmental Audit Committee (DAC)—to minimize the backlog of audit observations during the life of the project and mitigate the risk of audit observations converting into ineligible expenditure which would require to be refunded to IFAD.

521. PMU is responsible for preparing the audit (financial statements, accounting reports and other necessary documents), providing adequate office space and other facilities, and assisting the auditors in the course of their mission. In addition to the preparation of year-end financial statements and other reports, getting ready for the annual external audit entails the following:

- i. Printing of all year-end accounting ledgers and reports;
- ii. Verifying that all vouchers and supporting documents exist;
- iii. Verifying that all accounting ledgers, accounting records and supporting documents are properly filed;
- iv. Preparing a complete file for the auditors (including financial statements and reports, accounting ledgers, individual account justifications, reconciliations, etc.);
- v. Ensuring that FPOs, FSCs and other partner organizations that use project funds have separate financial reports and statements detailing the utilization of project funds);and
- vi. Organizing all site visits, meetings and work sessions at the request of the auditors.

522. Sample project financial statements have been provided as Annexure-22 which may be refined for meaningful financial reporting as per the requirements of IFAD.

2. Types of audit opinion

523. The auditors are required to issue a report including the audited financial statements and expressing their opinion on the Project financial statements covering (i) the Project's compliance with national and IFAD rules and guidelines in the area of procurement and disbursement, and (ii) the project's compliance with financing agreement covenants. The external audit will examine SOEs, particularly the adequacy of the procedure used for preparing the SOEs, the eligibility of SOE expenditures, and the extent to which IFAD can rely on this disbursement method. Further, the external audit will examine the designated account statements and reconciliations, indicating whether the funds received and disbursements made are fairly presented in the statements.

524. While certifying project financial statements of a project, the DGA KPK can express either one of the following opinions:

- i. An unqualified opinion indicates the auditor's satisfaction in all material respects with the preparation of the financial statements, and with their consistency, adequacy, and compliance with regulations, statutory requirements and any additional requirements stated in the request for audit sent to the DGA (KPK) by PMU.
 - ii. A qualified opinion reflects that the auditor has some reservations on specific areas and concludes that an unqualified opinion cannot be issued, but deems that the effect of any disagreement, uncertainty or limitation of scope of the audit does not require an adverse opinion or a disclaimer of opinion. PMU should urge the auditor to clearly state the financial effect of the qualification in the report.
-

- iii. An adverse opinion is issued when the effect of the disagreement is so pervasive and material to the reliability of the financial statements that the auditor concludes that a qualification of the report will be insufficient to disclose the misleading or incomplete nature of the financial statements.
- iv. A disclaimer of opinion is issued when the possible effect of an uncertainty or of a limitation on the scope of the auditor is so significant that the auditor is unable to express an opinion on the financial statements.

3. Key requirements in Management Letter

525. Audit reports should also include a Management Letter addressing the adequacy of the accounting and internal controls systems and more specifically:

- i. Commenting on the financial and accounting records, systems, procedures and controls that were examined during the course of the audit;
- ii. Identifying specific deficiencies and areas of weakness in systems and internal controls;
- iii. Bringing to the Borrower's and IFAD's attention any other matters that they consider significant and
- iv. Providing recommendations to improve the accounting and internal controls systems. If deemed necessary, the management letter may also provide:
- v. Comments on the economy, efficiency and effectiveness in the use of Project resources;
- vi. Comments on the achievement of planned Project results and communicating matters that have come to their attention during the audit which might have a significant impact on the implementation and sustainability of the Project;
- vii. Comments on the extent of compliance or non-compliance with the legal and financial obligations and commitments of the Project.

526. The management letter must also show evidence of the auditors' follow-up of recommendations issued during the previous year's audits.

527. As per the established practices, an audit report is finalized after discussion at Departmental Accounts Committee (DAC) level in which PMU gets an opportunity to clarify its stance in response to the findings and recommendations highlighted in the report. The recommendations made in the final audit report need to be implemented as next audits examine the implementation status of previous audit recommendations.

528. The final audit reports must be communicated to IFAD at the latest 6 months after the end of the fiscal year, i.e. before December 31st of the following year. The financing agreement and the General Conditions attached thereto specify IFAD's remedies in case of non-submission of the audit reports within the required timeframe, which may include the suspension of the Borrower right to request withdrawals from the loan/grant accounts.

529. IFAD's Financial Management Services Division conducts a detailed review of the audit report in order to assess the quality/reliability of the audited financial statements and audit reports, as well as the performance of the auditors. Within 60 days of receiving the audit report, IFAD informs the GoP of the results of this review. In the case of problems/irregularities arising from IFAD's review or from the audit report (e.g. qualified or adverse opinion, or disclaimer of opinion), IFAD communicates to the GoP an action plan detailing the remedial actions to be implemented, as well as the corresponding deadlines. The GoP is required to keep IFAD informed as to the progress of implementation of the action plan.

4. Audit Follow-up

530. Follow-up on audit recommendations usually assesses the adequacy, effectiveness and timeliness of actions taken by the project and those charged with governance on observations and recommendations given in audit reports. Audit reports generally include actions that seek to correct, prevent or improve the working of the auditee. Further, such actions indicate agreed timeframe for implementation. A weak follow-up is likely to render external audit ineffective because the systemic improvements emphasized in audit reports would not be implemented. This is the reason IFAD gives importance to these follow-ups.

531. IFAD requires the project to maintain an Audit Log on the format given in the table:

Table-12: Template for Audit Follow up

AUDIT LOG (TEMPLATE)					
Sr. No	Audit Observation	Total Amount of observation	Status	Total Amount not settled / outstanding	Remarks
Insert #	Reproduce Audit Observation from the External Audit Report	Indicate the value held under audit observation	What is the viewpoint of the project? What is the decision of the Departmental Accounts Committee (DAC) on the audit observation? Has it fully or partly settled the observation? In some cases, only a fraction of the amount held under audit observation is settled whereas the material fraction remains unsettled. In some cases, the observation may not have any amount attached but the nature of observation would be serious enough to warrant a DAC decision?	What is the amount settled/unsettled etc.	Is the action taken by the DAC/PMU appropriate in the circumstance and no further action is required? Or what else should happen?

532. PMU is required to be alert to the follow-up actions. This will require it to engage with the DGA (Quetta) and provincial P&DD to hold frequently DAC meetings. Rigorous follow-up is likely to improve internal control environment.

Q. Completion and Financing

533. The KP-RETP's completion date is set at (to be inserted later) and the closing date six months later, on (to be inserted later). One year before completion date, the Project must start reducing its activities, and concentrating on the setup and/or capacity building of the entities that will take charge of project activities after completion. On completion date, all activities under IFAD funding must be completed. Only expenditures relating to goods delivered, works completed, and services rendered on or before (to be inserted later) are eligible for reimbursement by IFAD. The FM and Procurement Specialist must therefore carefully and periodically review the procurement plan during the last implementation year, so that contracts that cannot be executed on time are cancelled as soon as possible.

534. On completion date, Project staff contracts must be terminated, except for key staff who are needed during the winding up period (i.e. the six months from Project completion to the closing of the financing). The key staff generally include the Project Director, the FM, the M&E Specialist, and the required support or outsourced staff (for example, one driver, one office helper and one guard).

535. The only expenditures authorized during the completion period are key staff salaries, operating costs, and expenses related to the preparation of the completion report and the final audit. In addition, during this 6-month period, the disbursements related to contracts fully executed prior to the

completion date are authorized, provided they are eligible. The FM is responsible for preparing the related withdrawal applications, and must ensure that all eligible expenditures are claimed before closing date.

536. During the last project implementation year, the FM prepares an initial advance recovery plan and submits it to IFAD for no objection. The recovery of the initial advance by IFAD is triggered by one of the following two criteria, whichever comes earlier:

- i. The undisbursed balance in the loan account is twice the amount of the initial advance, or
- ii. Six months before completion date (i.e. to be inserted later).

537. The recovery plan indicates, for each withdrawal application submitted until closing, the percentage that must be retained by IFAD to recover the initial advance, and the percentage that must be reimbursed to the Project in order to replenish the designated account. As the closing date approaches, certain WAs may need to be fully allocated to the recovery of the initial advance, therefore drawing no reimbursement to the designated account.

538. In the event that the initial advance is not fully recovered at closing date, the GoP must reimburse the unjustified balance of the advance to IFAD. Moreover, at closing date, IFAD cancels the undisbursed balance of the loan. IFAD closes the loan account once the following conditions are met:

- i. Full recovery of the initial advances (or reimbursement of any unjustified amount);
- ii. Confirmation by PMU of the final WA sent to IFAD (after verification that all eligible expenditures have been claimed); and
- iii. Submission of the completion report and the final audit report.

539. At closing date, PMU is required to conduct a final inventory of Project assets, including the detailed description, acquisition date and value, book value, and asset location. This inventory report is submitted to the P&DD, when the assets are transferred to the GoKP. Finally, all Project files and documents must be scanned / saved and properly archived in order to comply with the legal covenant to retain them for a period of 10 years after closing.

R. IFAD's Financial Management Support

1. Overview of IFAD support

540. IFAD's Financial Management Division (FMD) will remain involved with the project—from PDR stage to financial closure of the project to ensure that fiduciary requirements are met. The FMD periodically shall periodically field supervision missions for this purpose with the aim to:

- i. Assess the progress of project implementation;
- ii. Identify/anticipate problems or constraints in implementation; and
- iii. Propose solutions or corrective measures for improvement.

541. FMD's Finance Officer will establish ongoing contact with the Project, by liaising with the Financial Manager of PMU and will be available to provide remote support on financial management matters. In addition, FMD will visit the project during missions to the Project (represented by either the Finance Officer or an appointed consultant). Mission types include supervision missions, mid-term reviews and implementation support missions. During missions, FMD will assess and monitor the adequacy of project's financial management arrangements such as accounting, budgeting, internal controls, flow of funds, financial reporting and the auditing practices.

542. If the project's financial management arrangements are deemed acceptable, IFAD will rely on them to provide assurance that the financing proceeds are being used for the intended purposes. In cases

where IFAD identifies weaknesses in the financial arrangements, it will require the project to take remedial measures to mitigate fiduciary risks.

543. The key findings and recommendations of missions will be captured in the Aid Memoire which is shared with the P&DD. The Aid Memoire includes an overview of issues identified and actions that need to be taken by the project/IFAD to enable the project to achieve its intended objectives.

2. Roles and responsibilities related to IFAD support

544. PMU will be required to participate in IFAD missions as follow:

Stage	Project roles and responsibilities
<i>Before IFAD missions</i>	• Prepare Appendix 1 and submit to the FO/Consultant in electronic format (Excel Workbook, including formulae) <u>before</u> commencement of the mission – the FO/Consultant will specify the date range to be covered within Appendix 1. • Each project party (PMU, SPMUs and other implementing agencies) to complete the Financial Management Assessment Questionnaire (FMAQ) and submit to the FO/Consultant in electronic format (FO to provide most recent template). • Prepare all other information as requested by FO/Consultant before commencement of the mission.
<i>During IFAD missions</i>	• Provide the FO/Consultant with all information which was requested before the mission. • Arrange meeting with the auditors (internal and external) and any other selected party requested by the mission. • Ensure that all FM staff are available to assist the FO/Consultant in performing their duties which may include: ○ Review of financial reports, reconciliations ○ Physical verification of fixed assets and inventory ○ Meeting with the auditor ○ Reviewing and completing the FMAQ • Discuss identified FM weaknesses and risks and assist the FO/Consultant with developing appropriate actions for inclusion in the aide memoire.
<i>After IFAD missions</i>	• Respond to any wrap-queries from the FO/Consultant • Commence with implementing all actions which are included in the Aide Memoire • Update the Action Tracker (see illustration in 21.11) with all actions raised during the missions.
<i>Ongoing</i>	• Monitor and update the Action Tracker to ensure all actions are implemented in a timely manner. Liaise with the Financial Manager if required. • Respond to ad-hoc queries received from the Financial Manager or other IFAD staff as it related to FM matters.

545. The PMU is required to do proper preparation for the mission to make this more meaningful since the mission lasts for around two weeks. The PMU should prepare financial tables and compliance status vis-à-vis agreed loan covenants. IFAD has also prescribed templates for this purpose which are attached as **Annexure 23** and **Annexure 24** to this manual.

ANNEXURES

Annexure-1: Scope of Work/Terms of Reference of Business Mobilization Partner(s)

Project Background. The Government of Pakistan and the International Fund for Agricultural Development (IFAD) have signed a Financing Agreement for the execution of KP-Rural Economic Transformation Project (KP-RETP). These TORs briefly describe the project and the tasks that are required to be delivered by a Business Mobilization Partner (BMP)—hereafter referred to as the Consultant.

Programme Goal. The overall goal of the project is to contribute to poverty reduction, and food and nutrition security of rural households. The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner. The project aims to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to markets.

Programme Objectives: Specific objectives include:

- a) Improve production and income of 700,000 small farmer through agribusiness development particularly for high value and niche crops tapping on the province's comparative advantage and improved agriculture services. Agribusiness development will be pursued under the framework of Professional Farmers' Organizations (PFOs), Public-Private Producer Partnerships (4Ps) and improved delivery of economic services.
- b) Improved capacities of farmers and institutions to assess climate/environment risks; and plan and identify climate adaptation/mitigation measures concerning changing weather and climate conditions.
- c) Address the critical challenges of 110,000 job market integration through; (i) market orientated and experiential skills development; (ii) market readiness for self-employment (start-up capital); and (iii) integration of young graduates in job market.

Programme Components: The Programme consists of the following two main components:

- i. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
- ii. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
- iii. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Geographic Area. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. However, project implementation will follow a phased approach whereby 3 districts per region will be rolled out per year with the aim of covering all the 35 districts by the Mid Term stage of the project (End of Year 3). RETP will integrate beneficiaries of IFAD financed National

Poverty Graduation Programme (NPGP) in 10 districts of the province⁷ and of those projects/ADP schemes for which leveraging is confirmed by the Project Steering Committee. An equitable coverage of merged districts will be ensured in the phasing of project implementation keeping in view security situation, poverty/malnutrition and potential endowments with regards to agribusiness and youth employment.

Target Group. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. While participation in project activities will be demand driven, among the overall target population, priority will be given to the rural poor in BISP-PSC 0 – 34 range. Women and youth will be particularly targeted with specific interventions leading to their integration into economic activities. The target groups (small farmers, youth and women) will be pre-identified using selection criteria which include poverty, relevance and willingness. The project will target 50% youth and 25% women beneficiaries in all the project activities. Gender and women development will be mainstreamed in both agribusiness component as well as skills development. Around **785'000 households (4.35 million persons) will benefit directly and indirectly** from RETP interventions through a range of agribusiness development, improved economic services delivery and skills development/employment [promotion interventions].

Project Period. The Project will be implemented over a period of seven years (2022-2028).

The Assignment. The consultant shall support the implementation of projects. The key activities to be undertaken shall include but not be limited to:

- i. Establishing a total of 550 professionally managed PFOs and making them sustainable by year 6 of the project to meet the demands of the markets. A typical PFOs will have an average of 400 farmers as members/shareholders. The PFOs will be involved in multi-purpose/multi-product businesses aligned with the local farming systems.
- ii. Developing 20 Public, Private Producers Partnerships (4P), with an average of 2 000 producers per partnership. The 4P model involve cooperation and partnership between public private (promoters) and small-scale producers, who agree to work together to reach a common goal or carry out a specific task while jointly assuming risks and responsibilities and sharing benefits, resources and competencies.
- iii. Reorganizing 35 Farms Services Centres into sustainable Farm Services Companies (FSCs) that provide services responsive to the needs of the farmers while complementing the activities of PFOs and 4Ps. Ideally, one FSC in each district/valley—with PFOs and individual farmers as shareholders (a total of 1000-2000 farmers per FSC) would be established and registered under the companies act or as directed by the project. The FSCs will be strategically identified to cover all the geographical zones/regions of the project. A FSC is expected to service 20,000 farmers either directly or through their branches/franchises/agents network as appropriate.
- iv. Support training/capacity building interventions under the project, market linkages, technical assistance as required under the business plans and 4P proposals.
- v. Acquisition of additional technical assistance as and when necessary for achievement of the development objectives of the project.

Geographic area for implementation:

The Agribusiness Component will have a focus on developing five economic zones including (i) Southern Agribusiness Cluster with its hub in Draban Agro-Halal Processing Zone; (ii) Central Agribusiness Cluster with its hub at Rashakai Economic Zone, Mardan; (iii) Northern Agribusiness

⁷ Batagram, D.I. Khan, Kohistan Kolai Palas, Kohistan Upper, Kohistan Lower, North Waziristan, South Waziristan, Shangla, Tank and Tor Garh.

Cluster with its hub in Mingora, Swat; (iv) Eastern Agribusiness Cluster with its hub in Mansehra; and, (v) Chitral Natural Food Products Cluster with its hub in Chitral city. The interventions are briefly summarised in the following sub-sections;

- i. **Southern Agribusiness Cluster.** The cluster will have a focus on the promotion of niche products relevant to the agro-ecological conditions and to gradually establish certified organic pockets for production of high value produce. The cluster will consist of 11 districts i.e. DI Khan, Bannu, Laki Marwat, Hangu, Kohat, Karak, Orakzia, Kurram, Tank, North Waziristan and South Waziristan. The key interventions will include promotion of; (i) seedless citrus; (ii) dairy/halal meat; (iii) floriculture; (iv) grapes; (v) peanuts and, (vi) dates (vii) guava (viii) pine nut (ix) melons. Key interventions shall include;

Intervention Areas	Activities	Institutional responsibilities
Dates value chain	- Transformation of dates production, harvesting and processing through introduction of modern technology – pollination, protection of produce, harvesting, dehydration, processing, branding/labelling etc. - Matching investment with farmers’ organizations and private sector for processing and cold storage/warehousing - Quality certification of dates and its products	- Certification service providers - Agriculture Department - Farmers’ organizations/ private sector
Offseason & high value vegetables	- Introduction of improved varieties and new technologies for OS/HV vegetable production. - Grant support to PFOs in establishment of aggregation centers. - Introduction of improved packaging. - Mobilizing private sector investment in vegetable processing i.e chips, paste, ketchup, frozen etc. - Support to farmers in market access and linkages. - Capacity building of FOs along the value chain.	- Agriculture Research station Swat - Agriculture Extension Department - Federal Seed Certification and Registration Department - Professional Farmers’ Organizations/nursery growers’ association
Medicinal and Aromatic Plants (including Saffron)	- Capacity building of collectors in specie identification, harvest, postharvest management and marketing. - Establishment of linkages with potential markets/industry. - Supporting private sector investment in MAP nurseries. - Support to industry in system improvement, certification and branding.	- NTFP Directorate. - Certifying bodies, - PFOs - Private sector (processors, exporters etc.)
Promotion of seedless citrus	- Strengthening germ plasm of seedless (preferably Valencia, Spain or any other origin) citrus in DI Khan – 20,000 disease	- Agriculture University DI Khan - Agriculture Extension Department

	- free and true to type mother plants - Nursery persons/farmer organizations strengthened for multiplication of certified fruit plants - Capacity building through certified courses for farmers through academia/extension department	- Agriculture Research (Germ Plasm Unit) - Federal Seed Certification and Registration Department - Farmers' Organizations
Dairy, meat & small ruminant	- Establishing FMD free zone - Organizing dairy farmers into PFOs. - Building their capacity in animal hygiene, nutrition, and management. - Support in establishment of milk collection and sale points. - Mobilizing SMEs for investment in milk processing, pasteurization, and value addition. - Breed improvement for milk and meat. - Support in fattening of animals. - Capacity building of farmers in rearing small ruminants. - Support in breed improvement in small ruminant. - Mobilizing private sector in establishment of meat processing and value addition. - Capacity building of butchers in standardized meat cuts and establishment of meat shops. - Support in production of improved fodders. - Market access and linkages.	- Livestock Department - Private Sector - Farmers' Organization - Youth (as AIT – 100)
Mango value chain	- Support in establishment of mango nurseries in DI Khan and adjacent areas. - Support in establishment of commercial mangoes orchard. - Support in establishment of local mango processing industry. - Capacity building and market linkages.	- Agriculture Department - Private sector - Farmer organisations
Honey (Jajuba Flavor)	- Capacity building of honeybee keepers in beehives management and bee keeping. - Support in establishment of honeybee farms. - Technological innovation. - Establishment of common facility centers/processing units.	- Agriculture Department - Private sector - Farmer organisations
Ground nut	- Supporting PFOs in introduction of improved varieties. - Introduction of improved technology in harvest and roasting, processing, capacity	- Agriculture Department - Private sector - Farmer organisations

	building and value addition (salting, peanut butters, packing etc.)	
--	---	--

- ii. **Central Agribusiness Cluster.** The cluster will have a focus on the promotion of high value agriculture and intensive production pockets of high value commodities. The cluster will comprise of 8 districts including Peshawar, Mardan, Khyber, Mohmand, Nowshera, Mardan, Swabi, Charsadda . The key interventions will include promotion of; (i) citrus; (ii) fruit (plum, peaches, pears, lychee, strawberries; melons etc.) (iii) high value vertical farming; and, (iv) commercial dairy. Key interventions shall include;

Intervention Areas	Activities	Institutional responsibilities
Pome & stone fruits	- Establishment of germ plasm and screen houses. - Support to nursery growers associations/professional farmer organizations for establishment of screen houses, nurseries. - Support to nursery growers in registration and certification of plants and nurseries. - Technical assistance in Capacity building of their workers, technicians etc. - Support to PFOs in establishment of commercial orchards. - Support to farmers and organizations in value addition in fresh, processed, dried. - Mobilizing investment in fruits processing, packaging and export. - Support to farmers and FOs in commercial production of strawberry runners. - Mobilizing investors through grant support for strawberry processing, export.	- Agriculture Research station Swat - Agriculture Extension Department - Federal Seed Certification and Registration Department - Professional Farmers' Organizations/nursery growers' association
Citrus (sweet oranges)	- Nursery persons/farmer organizations strengthened for multiplication of certified fruit plants already available with ARS Tarnab, Germ Plasm Unit in Sherkhana and Germ Plasm Unit Haripur - Capacity building through certified courses for farmers through academia/ extension department. - Support to PFOs in establishment of citrus orchards. - Support in certification (GlobalGAP, IFS,	- Agriculture Extension Department - Agriculture Research (Germ Plasm Units/ARS Tarnab) - Federal Seed Certification and Registration Department - Farmers' Organizations

	etc). - Mobilizing private sector investment in establishment of citrus processing units (washing, grading, waxing and pulping, storage etc.)	
Dairy Clusters in Peri-Urban Areas	- Establishing FMD free zone - Promoting commercial feed production especially silage/concentrate feed - Promoting quality maize and other fodder including grasses (especially introduction of high quality seed) - Provision of certified training for AI technicians and AI kits and Liquid Nitrogen Container – Self/Employment grant model – linked with government department – 1 per Union Council - Dairy processing (pasteurization) through farmer owned companies/PPPs - Capacity building through certified courses for farmers through academia/livestock department	- Livestock Department - Farmers' Organization - Private Sector - Youth (as AIT – 80-100)
Commercial fruit industry	- Introduction of adoptable germ plasm units - Adoptive research for seedless grapes - Development - Fruit nursery upgrading to certified and true to type planting material production systems	- Agriculture Research System - Farmers' organizations and nursery producers
Others	- Identified based on the market studies and business planning exercise to be carried out in the first year of the project implementation.	- Relevant stakeholders

- iii. **Northern Agribusiness Cluster.** This cluster will have a focus on the promotion of fruits, high value vegetable aromatic plants, fisheries and livestock. The cluster will consist of 7 districts i.e. Bajawar, Dir Upper, Dir Lower, Malakand, Buner, Swat & Shangla. The key interventions will include promotion of; (i) pome and stone fruits (ii) straw berry and straw berry runners (iii) citrus (iv) off season and high value vegetables (v) support and promotion of fruit nurseries (vi) medicinal and aromatic plants (vii) dairy and small ruminants. Key interventions shall include;

Intervention Areas	Activities	Institutional responsibilities
Pome & stone fruits	- Strengthening the existing germ plasm units (GPU) and establishment of more GBUs and screen houses. - Support to Nursery persons/swat nursery growers' associations/professional farmer organizations for establishment of	- Agriculture Research station Swat - Agriculture Extension Department - Federal Seed Certification and Registration Department - Professional Farmers'

	screen houses, nurseries. -Support to nursery growers in registration and certification of plants and nurseries. -Technical assistance in Capacity building of their workers, technicians etc. -Support to PFOs in establishment of commercial orchards. -Support to farmers and organizations in value addition in fresh, processed, dried. -Mobilizing investment in fruits processing, packaging and export. -Support to farmers and FOs in commercial production of strawberry runners. -Mobilizing investors through grant support for strawberry processing, export.	Organizations/nursery growers' association
Citrus (sweet oranges)	-Nursery persons/farmer organizations strengthened for multiplication of certified fruit plants already available with ARS Tarnab, Germ Plasm Unit in Sherkhana and Germ Plasm Unit Haripur -Capacity building through certified courses for farmers through academia/extension department. -Support to PFOs in establishment of citrus orchards. -Support in certification (GlobalGAP, IFS, etc). -Mobilizing private sector investment in establishment of citrus processing units (washing, grading, waxing and pulping, storage etc.)	-Agriculture Extension Department -Agriculture Research (Germ Plasm Units/ARS Tarnab) -Federal Seed Certification and Registration Department -Farmers' Organizations
Offseason & high value vegetables	-Introduction of improved varieties and new technologies for OS/HV vegetable production. -Grant support to PFOs in establishment of aggregation centers. -Introduction of improved packaging. -Mobilizing private sector investment in vegetable processing i.e chips, paste, ketchup, frozen etc. -Support to farmers in market access and linkages. -Capacity building of FOs along the value chain	-Agriculture Research station Swat -Agriculture Extension Department -Federal Seed Certification and Registration Department -Professional Farmers' Organizations/nursery growers' association -FSC&RD

	- Vegetable seed production under certification scheme	
Medicinal and Aromatic Plants (including Saffron)	- Capacity building of collectors in specie identification, harvest, postharvest management and marketing. - Establishment of linkages with potential markets/industry. - Supporting private sector investment in MAP nurseries. - Support to industry in system improvement, certification and branding.	- NTFP Directorate. - Certifying bodies, - PFOs - Private sector (processors, exporters etc.)
Dairy, meat & small ruminant	- Establishing FMD free zone - Organizing dairy farmers into PFOs. - Building their capacity in animal hygiene, nutrition, and management. - Support in establishment of milk collection and sale points. - Mobilizing SMEs for investment in milk processing, pasteurization, and value addition. - Breed improvement for milk and meat. - Support in fattening of animals. - Capacity building of farmers in rearing small ruminants. - Support in breed improvement in small ruminant. - Mobilizing private sector in establishment of meat processing and value addition. - Capacity building of butchers in standardized meat cuts and establishment of meat shops. - Support in production of improved fodders. - Market access and linkages.	- Livestock Department - Private Sector - Farmers' Organization - Youth (as AIT – 100)
Others	- Identified based on the market studies and business planning exercise to be carried out in the first year of the project.	- Relevant stakeholders

iv. **Eastern Agribusiness Cluster.** This cluster will have a focus on the promotion of fruits, high value vegetable, fisheries and livestock. The cluster will consist of 7 districts i.e. Haripur, Abbottabad, Mansehra, Battagram, Torghar, Kohistan, Lower Kohistan, Kolai Palas. The key interventions will include promotion of; (i) pome and stone fruits (ii) straw berry and straw berry runners (iii) citrus (iv) off season and high value vegetables (v) support and promotion of fruit nurseries (vi) dairy and small ruminants. Key interventions shall include;

Intervention Areas	Activities	Institutional responsibilities
Pome & stone fruits	- Strengthening the existing germ plasm units (GPU) Haripur and establishment of more GBUs and screen houses in	- Agriculture Research station Swat - Agriculture Extension

	Mansehra, Battagram -Support to nursery growers' of Haripur , Mansehra , professional farmer organizations for establishment of screen houses, nurseries. -Support to nursery growers in registration and certification of plants and nurseries. -Technical assistance in Capacity building of their workers, technicians etc. -Support to PFOs in establishment of commercial orchards. -Support to farmers and organizations in value addition in fresh, processed, dried. -Mobilizing investment in fruits processing, packaging and export. -Support to farmers and FOs in commercial production of strawberry runners. -Mobilizing investors through grant support for strawberry processing, export.	Department -Federal Seed Certification and Registration Department -Professional Farmers' Organizations/nursery growers' association
Seedless citrus zone	-Nursery persons/farmer organizations strengthened for multiplication of certified fruit plants already available with ARS Tarnab, Germ Plasm Unit in Sherkhana and Germ Plasm Unit Haripur -Capacity building through certified courses for farmers through academia/ extension department. -Support to PFOs in establishment of citrus orchards. -Support in certification (GlobalGAP, IFS, etc). -Mobilizing private sector investment in establishment of citrus processing units (washing, grading, waxing and pulping, storage etc.)	-Agriculture Extension Department -Agriculture Research (Germ Plasm Units/ARS Tarnab) -Federal Seed Certification and Registration Department -Farmers' Organizations
Offseason & high value vegetables	-Introduction of improved varieties and new technologies for OS/HV vegetable production. -Grant support to PFOs in establishment of aggregation centers. -Introduction of improved packaging. -Mobilizing private sector investment in	-Agriculture Research station Swat -Agriculture Extension Department -Federal Seed Certification and Registration Department -Professional Farmers'

	- vegetable processing i.e chips, paste, ketchup, frozen etc. -Support to farmers in market access and linkages. -Capacity building of FOs along the value chain.	- Organizations/nursery growers' association -
Dairy, meat & small ruminant	- Establishing FMD free zone - Organizing dairy farmers into PFOs. - Building their capacity in animal hygiene, nutrition, and management. - Support in establishment of milk collection and sale points. - Mobilizing SMEs for investment in milk processing, pasteurization, and value addition. - Breed improvement for milk and meat. - Support in fattening of animals. - Capacity building of farmers in rearing small ruminants. - Support in breed improvement in small ruminant. - Mobilizing private sector in establishment of meat processing and value addition. - Capacity building of butchers in standardized meat cuts and establishment of meat shops. - Support in production of improved fodders. - Market access and linkages.	- Livestock Department - Private Sector - Farmers' Organization - Youth (as AIT – 100)
Others	- Identified based on the market studies and business planning exercise to be carried out in the first year of the project implementation.	- Relevant stakeholders

- v. **Chitral Natural Agribusiness Cluster.** This cluster will have a focus on the promotion of fruits, high value vegetable aromatic plants, fisheries, and livestock. The cluster will consist of 2 districts Chitral upper and Chitral lower. The key interventions will include promotion of; (i) pome and stone fruits (ii) straw berry and straw berry runners (iii) citrus (iv) off season and high value vegetables (v) support and promotion of fruit nurseries (vi) medicinal and aromatic plants (vii) dairy and small ruminants. Key interventions shall include;

Intervention Areas	Activities	Institutional responsibilities
Pome & stone fruits	- Support nursery growers' professional farmer organizations for establishment of screen houses, nurseries. - Support to nursery growers in registration and certification of plants and nurseries.	- Agriculture Research station Swat - Agriculture Extension Department - Federal Seed Certification

	- Technical assistance in Capacity building of their workers, technicians etc. - Support to PFOs in establishment of commercial orchards. - Support to farmers and organizations in value addition in fresh, processed, dried. - Mobilizing investment in fruits processing, packaging and export. - Support to farmers and FOs in commercial production of strawberry runners. - Mobilizing investors through grant support for strawberry processing, export.	and Registration Department - Professional Farmers' Organizations/nursery growers' association
Offseason & high value vegetables	- Introduction of improved varieties and new technologies for OS/HV vegetable production. - Grant support to PFOs in establishment of aggregation centers. - Introduction of improved packaging. - Mobilizing private sector investment in vegetable processing i.e chips, paste, ketchup, frozen etc. - Support to farmers in market access and linkages. - Capacity building of Fos along the value chain.	- Agriculture Research station Swat - Agriculture Extension Department - Federal Seed Certification and Registration Department - Professional Farmers' Organizations/nursery growers' association -
Medicinal and Aromatic Plants	- Capacity building of collectors in specie identification, harvest, postharvest management, and marketing. - Establishment of linkages with potential markets/industry. - Supporting private sector investment in MAP nurseries. - Support to industry in system improvement, certification, and branding.	- NTFP Directorate. - Certifying bodies, - PFOs - Private sector (processors, exporters etc.)
Wool and woollen products	- Training of farmers in sheering of sheep - Training of artisans in yarn making - Woolen shawls, sweaters, caps etc. production training - Supporting private sector investment in establishment of woollen products' display centers - Support in developing market linkages	- Livestock Department - Private sector - Farmers' organizations
Nuts	- Farmers' training in harvest and post-harvest management of nuts including cracking, grading, packing, oil expelling etc. - Support in establishing processing facilities at PFO level - Introduction of improved packing - Establishing market linkages - Establishment of temperate fruit nurseries with PFOs	- Agriculture Department - Private Sector - Farmers' organizations
Small ruminant	- Capacity building of farmers in rearing small ruminants. - Support in breed improvement in small ruminant.	- Livestock Department - Private Sector - Farmers' Organization

	- Mobilizing private sector in establishment of meat processing and value addition. - Capacity building of butchers in standardized meat cuts and establishment of meat shops. - Support in production of improved fodders. - Market access and linkages.	- Youth (as AIT – 100)
Others	- Identified based on the market studies and business planning exercise to be carried out in the first year of the project implementation.	- Relevant stakeholders

Note: Fisheries production (cold and warm water) will be strengthened in all regions wherever potential exist.

Details of Responsibilities and Tasks

I. Organize Farmers into the PFOs.

a) Mobilization of Farmers

This activity shall be informed by the cluster information indicated above. The consultant's field teams shall carry out the following tasks:

- Situation analysis of identified clusters.
- Discussion with the Regional Coordination Units/technical teams on issues identified;
- Systematic prioritization of agribusiness development needs of clusters (estimate number of beneficiary farmers, turnover, value addition potential etc.).

Following this approach, the Consultant will mobilize farmers in the target regions and target value chains and organize them in form of PFOs. These PFOs will then be provided support in: (1) business planning, (2) product development, (3) technology identification and adoption, (4) access to finance (if needed), (5) training of cooperatives staff, (6) capacity building in financial management, (7) development of marketing plans for each cooperative, (8) facilitate marketing linkages, value chain development support through technical assistance and business support.

The consultant will carry out a mapping exercise to validate and ascertain final composition of PFOs in the target areas it is envisaged that most of the PFOs will be multi-product and multi-purpose platforms. The Consultant shall engage with farmers in target areas to establish viable membership criteria and other work out details on how to effectively execute the process.

The Consultant shall identify potential interventions in keeping with relevant contextual factors. The needs identification of each PFO shall be based on evidence which is required to be properly documented for internal/external review.

b) Market Appraisal.

The Consultant shall conduct a market appraisal for each cluster—and use this information in formation of PFOs. The market appraisal should identify the baseline for the outcome indicators

that shall be subject to assessment and revision as PFOs learn from the experience of implementing their business plans as narrated later in the TORs.

c) Registration of PFOs

The activity will involve registration of PFOs as legal entities under the Cooperative Societies Act, 1925 or the Companies Act, 2017 law. The Consultant will engage cooperatives registration specialist who will carry out the following specific tasks/milestones:

- Facilitation of participatory process for selection of initial office bearers
- Facilitation for selection of name by each cooperative.
- Formal registration of each PFO with the Registrar office
- Identification and selection of staffing for cooperatives and their initial training
- Developing standard operating procedure and accounting manual for cooperatives.

d) Building the capacity of cooperatives

In order to ensure that the established PFOs have capacity to operate on a self-sustainable basis, the Consultant will carry out training and capacity building programs for the cooperatives management. The activity will cover technical and managerial training to office bearers/staff in cooperative management, organizational matters, financial management / accounting, commercial and marketing domains to ensure each cooperative is professionally managed. Training/capacity building interventions will be based on needs assessment of the PFOs.

e) Business plan development

The Consultant shall engage with the PFOs to enable them to carry out business planning at their own. For year 1, the Consultant shall assist each PFOs in preparing a business plan based on a well-documented feasibility study. The business plan will have a five year horizon indicating break-even point in three (3) years. The activity will involve the following specific tasks/milestones:

- A participatory exercise for development of a bankable and inclusive (women, youth & poor) business plan for each PFO.
- Finalization of bankable business plan with the exact strategy, sustainability plan and feedback of cooperatives.
- Business plan will cover promising agriculture commodities/value chains ensuring
- Establish eligibility criteria for PFOs to access further support from the project—and orientated PFOs to the criteria/compliance requirements

f) Ongoing support (follow-up) to PFOs

Ongoing support/mentoring from the Consultant is critical for the sustainability of PFOs. This will include supporting in procurements and distribution of items transparently and accountably among farmers—where covered in the business plans. All record of transactions executed through the proceeds of project funds shall be kept properly and provided as support documents along with the claims for payment to the PCU/RCUs as appropriate.

II. Creation of 20 public-private-producer partnerships using IFAD's 4P Model

546.

Overall, the activity will involve the following specific tasks/milestones:

- Defining and documenting a clear rationale for the 4P
- Identification and selection of suitable 4P partners
- Development of a 4P business case
- Leveraging public and private funding
- Negotiation of roles and responsibilities
- Development of 4P governance mechanisms: conflict mitigation, rules for communication and risk management
- Contract execution – Development of 20 4Ps
- Development of M&E mechanism measuring success towards identified goals and business sustainability.

The Consultant shall be responsible for preparing business plans working closely with the company's/SME and farmers/PFOs (reassuring financial and economic benefits to farmers). The Consultant shall also be responsible for promoting, sensitizing and brokering match making/engagement and a first contact with the partners. As the process progresses, the Consultant shall continue its brokerage role, facilitate negotiations and fine-tuning of the proposals.

III. Reorganizing Farm Services Centres as Farms Services Companies (FSCs)

The Consultant shall support the project in the reorganization process and making the new arrangements sustainable. This will entail the following activities:

- Market assessment/rapid market appraisal
- Development of Business Plan
- FSCs' management system
- Registration of farm services centres as FSCs
- Assis in in hiring of professional staff
- Support implementation of the business plans.

In addition, the BMPs will also be responsible for hand holding, coaching, process improvement and ensure the good governance practices in terms of audit and statutory compliances in its operations. The formal joint staff assessment will also be carried out every year.

IV. Support Capacity Building/Training Interventions

Aside from leading action under Component-1 (Agribusiness Development), the Consultant shall support Component 2 (Skills Development & Employment) in terms of training needs assessment, identification of service providers, signing of MOUs with the service providers etc.

Office and organization

The Consultant will have a main office in Peshawar and technical and administrative staff in the regions. The Consultant will work very closely with the Regional Coordination Unit (RCUs) and will be placed inside the RCUs. Short-term key and non-key experts as well as service providers/ consultancy firm(s) will be engaged from time to time on the basis of need as and when it arises. Support staff will also be deployed for logistics arrangement and office functions. The staffing plan—along with required qualification and experience profile of key staff provided hereunder:

Designation	PMU	RCU	Total	Qualification and Experience Criteria
Team Leader/Value Chain Specialist	1		1	(a) Master in business management, agriculture, agri-business, rural development or relevant subject; (b) minimum 15 year experience in implementing projects of similar size and complexity; (c) experience of working with government of KP; (d) experience of working with donors
Agribusiness Specialist	1		1	(a) Master in business management, agriculture, agri-business, rural development or relevant subject; (b) minimum 12 year experience in implementing projects of similar size and complexity; (c) experience of working with government of KP; (d) experience of working with donors
Enterprise Development Specialist	1		1	(a) Master in business management, agriculture, agri-business, rural development or relevant subject; (b) minimum 10 year experience in agri-business projects of similar size and complexity; (c) experience of working with government of KP; (d) experience of working with donors
Business Mobilization Specialist	1		1	(a) Master in business management, agriculture, agri-business, rural development or relevant subject; (b) minimum 10 year experience in mobilizing agri-business, value chain, agri-skills development etc. under project of similar size and complexity; (c) experience of working with government of KP; (d) experience of working with donors

Farmer Organization/ Cooperatives Specialist	1		1	(a) Master degree in Laws or related subject; (b) minimum 10 year experience in working with cooperatives (c) experience of working with government of KP; (d) experience of working with donors
Financial Analyst		1 each	3	(a) Master degree in Finance, Accounting, business or equivalent; (b) minimum 10 year experience in working with cooperatives (c) experience of working with government of KP; (d) experience of working with donors
Marketing Specialist		1 each	1	(a) Master degree Economics, project management, or related subject; (b) minimum 10 year experience in project cost-benefits analysis, monitoring, evaluation etc. under project of similar size and complexity (c) experience of working with government of KP; (d) experience of working with donors
Gender Integrated Enterprise Development Specialist		1 each	1	(a) Master degree in social sciences; (b) minimum 5 year experience in engaging with vulnerable groups especially women under livelihood or comparable projects (c) experience of working with government of KP; (d) experience of working with donors
Standard Compliance Specialist	1		1	(a) Masters degree in agriculture/food science or related fields; (b) 10 years progressive experience in international standards compliance (social, food safety, quality, organic, fairtrade and environmental standards etc.); (c) prior experience of at least 3 similar projects; (d) sound knowledge of export markets and requirements.
Agribusiness Mobilizer		3 each	15	(a) Master in business management, agriculture, agri-business, rural development relevant subject; (b) minimum 8 year experience in mobilizing agri-business, value chain, agri-skills development etc. under project of similar size and complexity; (c)

				perience of working with government of ; (d) experience of working with donors
Short-term experts/ Consultants (Firms/Individuals) ⁸			1000 person months	requirements/Scope of Work to be developed as and when need arises based on the business plans and 4P proposals.
Support Staff				per need and not more than 7.5% of the proposed cost.

Note: Minimum requirement for the firm/consortium is a gender balanced team. Detailed ToRs for the positions will be developed during the start-up phase of the project implementation. Counterpart facilities will be provided by PMU and RCUs including office space, furniture, internet and office supplies.

General information

The consultant will deploy the team in KP that will be involved in day-to-day activities of the project as set out earlier in these TORs. The following terms and conditions will govern the delivery of services by the consultant:

- The consultant will ensure to, at a minimum, provide the above-mentioned full time key staff (staffing plan) for the entire period of implementation.
- The consultant in its proposal may include an alternate staffing plan and describe how the personnel will accomplish all the TOR tasks, deliverables, and objectives.
- For the tasks which don't require full-time inputs, the consultant will maintain a pool of consultants which will be engaged in the project (in the field or for the desk work) on a need basis, e.g. development of grant procedures, strategy documents, training programs, grant projects/products analysis etc. Particulars of such pool of consultants will be submitted along with the technical proposal. The expected level of effort of the part-time staff will be pre-budgeted and provided in the financial proposal. The consultants should ensure that the expected level of effort of the part-time staff is compatible with the technical approach submitted in the technical proposal.
- The consultant will be responsible for payment of salaries to its staff, travel and related expenses, and all the expenses associated with the completion of activities. Thus, while quoting an all-inclusive price for performing the assignment, the consultant should ensure that it has incorporated all the required costs in its budget. No additional costs, except for those provided in the contract, will be paid to the consultant.
- The Consultant will be required to submit annual work plan on an annual basis, which will be reviewed and approved by the PA. The total price finalized as per the contract will be released to the consultant on a quarterly basis after the PA's approval of the work delivered during the quarter.

Consultant Selection Method. International competitive bidding will be done for the selection of one or several firms/consortium. The firm/consortium selected will be responsible for further hiring/recruitment of short consultants/firms on need basis following the IFAD guidelines for selection of consultants.

⁸ As per need identified in the business plans and 4P proposals.

Requirements of BMP

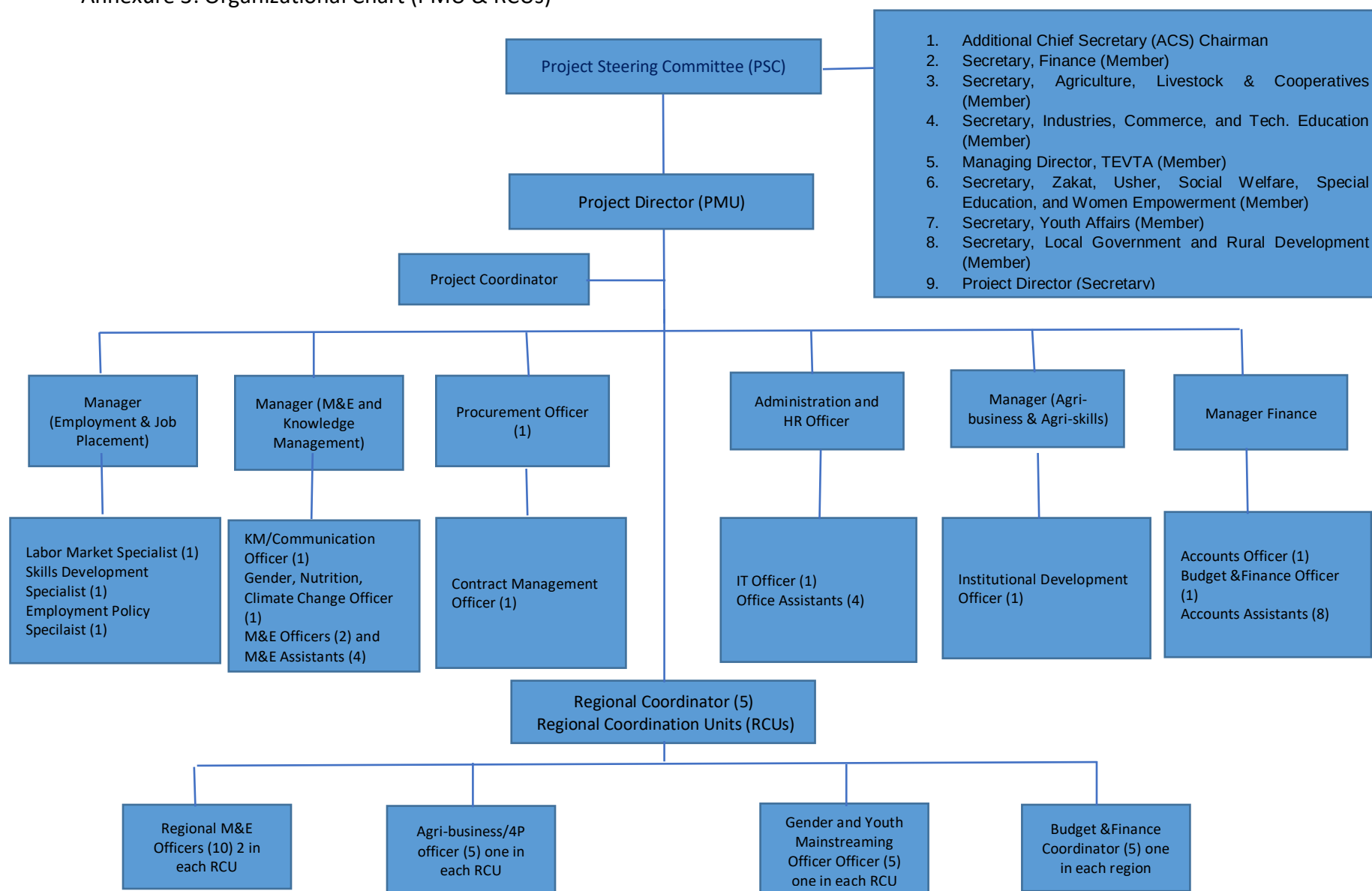
- BMP must be a local firm in collaboration with an international firm or international firm in collaboration with a local firm with the required experience as under
 - Firms must have at least 5-10 years of experience in undertaking agriculture related projects in Pakistan especially in KP (both government of Pakistan and donor funded)
 - Must have experience in Agribusiness Development in Pakistan especially KP
 - Experience with: mobilization of farmers, conducting market appraisals for different agribusiness clusters, registration of PFOs, building capacity of cooperatives, business plan development, support in procurements and distribution of items transparently, creation of public-private-producer partnerships using IFAD's 4P Model and reorganizing farm services centres as farms services companies (FSCs)
 - Must have experience in supporting Skills Development & Employment in terms of training needs assessment, identification of service providers, signing of MOUs with the service providers etc.
-

Annexure-2: Organizational Chart Job Description of Key Positions

Project Management Unit		
Position	BPS	Number
Project Director	19 or MPS	1
Project Coordinator	19 or MPS	1
Agribusiness and Agri Skills Manager	18	1
Employment and Jobs Placement Manager	18	1
Finance Manager	18	1
Gender/Nutrition/Climate Change Specialist	18	1
M&E and Knowledge Management Manager	18	1
Institutional Development Officer	18	1
KM/Communication Officer	17	1
Accounts Officer	17	1
Budget and Finance Officer	17	1
Procurement Officer	17	1
Contract Management Officer	17	1
M&E Officers	17	2
Admin and HR Officer	17	1
Labour Market Specialist (Consultant)		1
Skills Development Specialist (Consultant)		1
Employment Policy Specialist (Consultant)		1
IT Officer	16	
Support Staff		
Account Assistants	16	8
Office Assistants	16	4
M&E Assistants	16	4
Drivers	05	5
Peon	04	4
Guards	04	4
Gardeners	04	4
Sweepers	04	4

Regional Coordination Units		
Position	BPS	Number
Regional Coordinator	18	5
Regional M&E Officer	17	10
Agribusiness/4P officer	17	5
Gender and Youth Mainstreaming Officer	17	5
Budget and Finance Coordinators	17	5
Support Staff (RCU)		
Office Assistant	16	5
Drivers	05	20
Peon	04	10
Guards	04	10
Sweepers	04	5

Annexure 3: Organizational Chart (PMU & RCUs)



Note: Some lower staff/ministerial positions are not reflected in the organizational chart.

TERMS OF REFERENCE (TORS)
Project Director
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work

The Project Director will be responsible for the overall management and coordination of the programme activities as well as the programme implementation in accordance with the provision of financing agreement and project design. The PD will act as the principal accounting officer (PAO) for the Programme and report to the Programme Steering Committee (PSC), which is chaired by the Additional Chief Secretary, KP. The responsibilities of the Project Director include but are not limited to the following:

- i. Ensure that all resources are made available for the timely and smooth implementation of the project activities as per the project design and scope of the financing agreement(s);
- ii. Be responsible for the appropriately capacitating of PMU/RCUs including necessary recruitment, account(s) opening and operation and management of PMU in an effective and efficient manner;
- iii. Establishment of sound management, supervision and monitoring system(s) within the programme for planning, coordination, reporting, financial management, M&E and troubleshooting in line with financial agreement(s) and programme documents;
- iv. Develop an effective stakeholders' and media management and develop and operationalize communication strategy for the programme and efficient dissemination of all programme purpose and activates within and outside programme area;
- v. Be responsible for the overall management of the programme and of the PMU and RCUs staff and activities undertaken by implementing partners;
- vi. Lead the preparation of the annual work plan and budget (AWPB) and associated procurement plan and ensure its timely submission to relevant fora and seek necessary approvals;
- vii. Ensure the effective and efficient utilization of programme funds and other resources according to the AWPB and procurement plan through supervision and monitoring;

- viii. Ensure that progress, audit and other reports are produced and submitted to the appropriate parties on a timely basis;
- ix. Ensure effective targeting of the poor and vulnerable in target villages/valleys and main streaming of gender, youth and indigenous people in the programme, achievement of gender impacts as planned, and identifying and managing any gender, youth and indigenous people related risks;
- x. Ensure the timely dissemination of programme experience and results to relevant stakeholders within the learning community;
- xi. Ensure effective linkages, liaison and networking with other implementation partners and service providers either working in the programme area or potentially concern with programme activities and with other relevant interventions;
- xii. Establish effective fora for public-private sector interaction and promotion of private sector linkages with the provincial, district and regional/valley/cluster levels or any other beneficiary group representing the programme at relevant events and meetings;
- xiii. Implement the decisions of the PSC and recommendation of the IFAD missions; and
- xiv. Perform any other duty relevant to the programme as may be assign by the PSC and IFAD.

Reporting

The Project Director shall report to the Project Steering Committee (PSC), through Secretary P&D.

Qualification and Experience Required:

The Project Director shall be selected through a competitive process on terms and conditions acceptable to IFAD. The selection criteria shall include relevant qualifications (Master degree in Social Sciences), at least 17 years of demonstrated relevant experience and expertise. The provincial government can get a Project Director on deputation/assignment basis from amongst the existing pool of B-19 Officers.

TERMS OF REFERENCE (TORS)
Project Coordinator
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

2. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
3. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
4. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work

The Project Coordinator will be responsible for coordination of work between different component leads at PCU level as well with the RCUs. Further, the PC will lead in general administration of project under the direction of PD. The responsibilities of the Regional Coordinator include but are not limited to the following:

- i. Establishment of systems for planning, coordination, reporting, financial management, M&E and trouble-shooting at PCU and field levels.
- ii. Be responsible for the overall management and coordination of the project activities at PCU and RCUs level;
- iii. Coordinating with component leads and RCUs for AWPB and associated Procurement Plan;
- iv. Ensure the effective utilization of project funds and other resources according to the AWPB through supervision and monitoring;
- v. Ensure mainstreaming of gender, climate change, and nutrition aspects in programming project activities—at PCU, RCUs, and Implementing Partners' levels. Ensuring that the project direction on these aspects is effectively executed and reflected in project reporting;
- vi. Ensure the timely dissemination of project experience and results to provincial government and other stakeholders.
- vii. Ensure adequate linkages, liaison and networking with other implementation partners and service providers either working in the district or potentially concerned with project activities and with other relevant interventions;
- viii. Establish effective fora for public-private sector interaction and promotion of private sector linkages with the district and valley level farmers or any other beneficiary groups.
- ix. Represent the project at relevant functions and meetings—where directed by PD for this purpose.

- x. Perform any other duty relevant to project as may be assigned by the PD.

Reporting

The Project Coordinator shall report to PD, PMU

Qualification and Experience Required:

The Project Coordinator shall be selected through a competitive process. The selection criteria shall include relevant qualifications (Master degree in Social Sciences), at least 12 years of demonstrated relevant experience and expertise. The provincial government can get a Project Coordinator on deputation/assignment basis from amongst the existing pool of B-18 Officers.

TERMS OF REFERENCE (TORS)
Manager Agri-business and Agri-Skills
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Manager Agribusiness and Agri-skills will lead the development of agribusiness partnerships and facilitate the programme's PFOs, FSCs and private sector alliance activities by playing a catalytic role in brokering and negotiations of such partnerships with stakeholders. He/She is responsible for the overall operation and management of component 1 and to closely with work with the assigned service providers to ensure sound and timely implementation and coordination of the programme planned tasks to achieve the overall development goals of the KP-RETP . He/she is responsible to provide technical leadership and strategic direction towards agribusiness development activities and will play a key role in extension/R&D related work through the coordination with the Provincial Government. He/She serves under the direct supervision of the Program Director. The responsibilities of the Agri-business and Agri-Skills Manager Specialist include but are not limited to the following:

- i. Lead negotiations with participatory companies and related FSCs in developing pro-poor win-win public-private producer partnerships (4Ps) and establishment of multipurpose PFOs for the better interest of the rural poor farmers along with programme objectives,
- ii. Liaise with private sector, PFOs, FSCs and related Provincial Government Institutes to ensure partnered market linkages are sustained for the betterment of all parties concerned in the value chain specifically rural poor farmers and farmer groups.
- iii. Build effective partnerships with a broad range of stakeholders in private-public partnership development including government and non-governmental institutions, civil society organizations, research organizations, academia and the private sector to overcome possible barriers in project development and implementation and to develop an exit strategy by the time of program completion.
- iv. Master IFAD key documents such as FA, PDR, LFA and PIM etc., in connection with business development and implementation and on operational activities and is responsible for maintaining updated PIM for the purpose of Agribusiness development work.
- v. Guide /assist participatory companies/service providers in developing business proposals and evaluation of 4P business plans with the assistance of service providers and in-house consultants and ensure business proposals are in-line with program objectives while ensuring expected out come through the proposals.

- vi. Liaise with Monitoring and Evaluation/Knowledge Management staff in developing monitoring tools to track output and outcome indicators in the LFA through the activities related to 4P projects.
- vii. Provide PMU staff, 4P partners, PFO management, FSCs management with up-to-date professional advice on business operations, compiling management information and agricultural services and to attend overall strategic issues and provide the strategic direction of the development and implementation of partnerships.
- viii. Identify needs of training for Agribusiness staff, partners and personal associated with support services and ensure appropriate skills for successful implementation of program activities are transferred to all through training and awareness programmes.
- ix. Directly involved in preparing AWPB, attending to and related follow up activities and providing necessary inputs for updating AWPB and ensure targets are achieved with quality and quantity.
- x. Lead the business proposal approval process from the stage of 'business concept note' to PSC/IFAD approval and successful implementation.
- xi. Ensure submission of relevant information required for drafting contract agreements.
- xii. Prepare necessary guidelines for programme implementation including Agri-Business Development to ensure required management and progress reports are submitted timely to PD and other authorities.
- xiii. Coordinating the selection of service providers for services required by the Business Development Unit and ensure that their work programmes are submitted, supervised and completed timely and effectively and provide recommendations for management of contracts of the service providers engaged.
- xiv. Undertake regular support visits to programme districts to assist programme delivery, identify gaps and support needs to ensure minimum standards are met.
- xv. Engage with policy related engagement with related staff and assist Program Director.
- xvi. Attend to administration and management work related to the Business Development Unit/Component.

Reporting:

The Manager Agribusiness and Agri-skills shall report to Project Director, PCU.

Qualification, Skills and Experience Required:

The candidate should have Master degree or above in Agriculture and economics/Business management with at least 10 years' experience in rural development preferably agribusiness development. Experience in project management, business development using participatory approaches, implementation and project reporting required. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)
Manager Employment & Job Placement
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Manager Employment and Job Placement will focus on employability for employment and self-employment/entrepreneurship in agriculture and other emerging sectors in the province through a range of activities tailored to the needs and interests of different target groups. The Manager's responsibilities shall include—but not be limited to the following activities:

- i. Incentivize private business/trade and commerce bodies/ and other local organizations to provide employment to the workforce trained under the project;
- ii. In close coordination with the project teams, ensure that the workforce required to sustainably manage PFOs, 4P arrangements, and FSCs are identified and trained under the project and placed within these bodies;
- iii. Identify opportunities for off-farm and non-farm employment opportunities for the target beneficiaries and—in coordination with other specialists and KP-TEVTA, organize technical/vocational trainings in high employability areas;
- iv. Support KP-TEVTA to make its training programs responsive to the demands of labor market; In cases where KP-TEVTA lacks capacity to design and deliver trainings for certain skills, facilitate KP-TEVTA in identifying service providers (public sector/private sector/individuals etc.) and in signing MOUs with them;
- v. Support KP-TEVTA in establishing partnerships with local industry/entrepreneurs/businesses for assessing demand and developing apprenticeship for job placements.
- vi. Facilitate KP-TEVTA in oversight of work of service providers under MOUs;
- vii. Identify and sign MOUs with employers to provide internships to fresh graduates funded by the project and the employers which would lead them to full time job upon internship completion. Monitor the progress closely to ensure the delivery of results'
- viii. Ensure that the established criteria are fully met for in the selection of beneficiaries by service providers/business mobilization partners for different type of trainings;
- ix. Engage service providers under performance based contracts to implement start-up capital and business development support/business incubation for self-employment and implementation of Job Placement for Graduates;
- x. Ensure that activities under this project component are sensitive to gender, climate change, and nutrition considerations as required; For women—especially in merged district, the scope for MOU with social welfare

- department or any other department/government institution that has outreach to women should be explored in consultation with specialist, KP TEVTA, and other relevant stakeholders;
- xi. Support provincial government through its specialist in (i) market assessment and release of job market outlook on a continual basis to enable adoption of training programme; (ii) updating curricula relevant to project needs and most demanded skills; (iii) capacity building of instructors in delivery of training; (iv) establishing training hubs (3 hubs linked to economic zones, product clusters and emerging sectors); and, (v) policy reforms related to testing and certification.
 - xii. Support KP-TEVTA/PCU in oversight of different skills related trainings imparted under the KP-RETP. This entails ensuring that service providers are maintaining data of trainees in terms of whether they are employed or self-employed as required under the MOUs with them.
 - xiii. Conduct random inspection of training sessions to ensure that the quality of training is acceptable and recommend to the PCU/RCUs remedial measures where needed;
 - xiv. Help KP-TEVTA/PCU in establishing the practice of periodic labor market surveys as a regular feature of KP-TEVTA's working in collaboration with other specialists;
 - xv. Support KP-TEVTA in engagement with NAVTEC on issue of developing/accrediting new courses to respond to needs of labor markets as per labor market surveys;
 - xvi. Prepare and develop status reports as required by management
 - xvii. Any other task assigned by the PCU.

Reporting:

The Manager shall report to Project Director, PMU.

Qualification and Experience Required:

Master's degree in Education, Public Administration, or a related field. A minimum of 15 years of progressively responsible experience supporting the implementation of projects with a focus on youth workforce development, entrepreneurship, and soft skills development; Practical experience and organizational capacity development in the education and youth sectors desired

TERMS OF REFERENCE (TORS)
Finance Manager-PMU
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The FM shall be responsible for overall financial management and reporting. The FM shall liaise with IFAD on all aspects of project's financial management, lead capacity building activities in the area of financial management under the project to capacitate accounting staff within PMU and other partner organizations to comply with guidelines and policies and procedures, keep PD updated on latest developments and issues in project's financial management and provide suggestion to the best possible option, maintain liaison with IFAD in managing the assignment account, and participate in Project Steering Committee meetings and activities; assist/advise the PD in all financial matters as and when required.

The responsibilities of the Finance Manager include but are not limited to the following:

Budgeting and Planning

- i. Assist the PD in preparation of AWPB and facilitate in the approval of AWPB from Project Steering Committee.
- ii. Prepare report on monthly financial progress of the project for the attention of the PD and further discussions.
- iii. Prepare annual, quarterly and semi-annually disbursement forecasts for all components of the project/s in line with project's procurement plan and Work Plan/Cash Plan.

Funds Management

- iv. Ensure timely releases of counterpart funds from provincial government.
- v. Liaison with P&D, line departments, Provincial Accountant General (AG) in connection with budget, releases, disbursement and other issues of financial management.
- vi. Prepare realistic cash forecasts on quarterly basis in coordination with the project team/implementing partners.
- vii. Engage with IFAD for release of funds and maintenance of sufficient liquidity for project implementation.
- viii. Prepare and process withdrawal application in accordance with IFAD's Disbursement Guidelines for drawing funds from the assignment account(s).

- ix. Track funds and follow up with National Bank of Pakistan and IFAD to ensure timely credit of funds into the project's assignment account(s).

Internal Controls

- x. Perform internal control assessment in view of the systemic weaknesses as reported from time to time in the supervision missions/audits/periodic inspections by PMU and take remedial actions
- xi. Take measures to strengthen internal controls system as per IFAD's guidelines stipulated in this document;
- xii. Assess the need of other monitoring controls, such as internal audit and suggest it to the management accordingly.

Expenditure/Payment Processing

- xiii. Ensure compliance with internal control framework—including applicable government rules and procedures while processing payments.
- xiv. Analyze, plan, design, implement, and monitor a system to augment internal controls in line with best practices in the process of payment and expenditure management.
- xv. Apply pre-audit checks on all payments before payment from the assignment account(s) including budget availability, sanction of competent authority and compliance with applicable financial rules & regulations.
- xvi. Ensure that IFAD's No Objection Letter (NOL) is obtained for every prior review activity before processing any payment.
- xvii. Prepare request for payment and forward to PD for approval after fulfilling all codal formalities.
- xviii. Ensure that only eligible payments are forwarded Coordinator's approval and drawing funds from the assignment account.
- xix. Manage financial aspects of the contracts under implementation, including payment terms, purchase orders and variation orders.

Accounting and Record Management

- xx. Record all transactions timely and accurately in the books of accounts and ensure that no expenditure remained unaccounted.
- xxi. Maintain accounts on cash basis as per government accounting procedure i.e. New Accounting Model.
- xxii. Ensure up-to-date maintenance of adequate registers, books of accounts and records in appropriate order and format to meet the government and IFAD's requirements and to facilitate classification and analyzing the financial information for monitoring the project progress.
- xxiii. Prepare supplementary record, which provides timely and up-to-date financial information of contracts.
- xxiv. Maintain imprest /petty cash account (where applicable) and ensure maintenance of separate petty cash book and petty cash vouchers in compliance with approved procedures.
- xxv. Prepare monthly bank reconciliation statements of assignment accounts.
- xxvi. Reconcile the expenditure on government prescribed format with the office of Accountant General KP on monthly basis.
- xxvii. Be the payroll manager and process monthly payroll of project employees. Ensure proper payroll controls are applied and the payments are made directly in the Bank accounts.
- xxviii. Prepare and process monthly project payroll and submit to PD for approval prior to making any payment under salaries.
- xxix. Ensure that the fixed assets and inventory records are maintained for the project identifying location and user of each asset/inventory and arrange for the annual and periodical inventory of the assets/consumables.
- xxx. Ensure safe custody of all financial records for review by IFAD Missions, third party monitoring agents; and external & internal auditors.

Financial Reporting

- xxxi. Prepare quarterly financial reports and submit to PD and Bank in a timely fashion for review and approval.
- xxxii. Ensure that annual financial statements and other reports as specified under the Financing Agreements and as per recommended/suggested by supervision missions are accurately prepared and timely submitted – annual financial statements to be prepared in accordance with Cash Basis IPSAS ‘ Financial Reporting under Cash Basis of Accounting’.
- xxxiii. Prepare Annual financial statements of the three project/program and submit for review and approval to PD.
- xxxiv. Define and produce other financial reports, as and where required on utilization of funds to facilitate PD in decision-making process.

Audit

- xxxv. Make arrangements for timely initiation and completion audit of project and ensure that report produced is in compliance with audit requirements of the Government and IFAD.
- xxxvi. Ensure that the project is adequately reflected in audit plan of Auditor General of Pakistan and that audit is periodically conducted.
- xxxvii. Cooperating with IFAD, Government, and other partners to improve project financial management, particularly in terms of following up the action points agreed in the project legal documents, during the IFAD supervision missions, Aide Memoires and the recommendations of external auditors and internal auditors.
- xxxviii. Attend entry and exit meetings with external auditors, facilitate timely completion of audits by arranging timely submission of annual financial statement in appropriate format, supply of information and documents responding to queries, initiate actions for holding tripartite meetings and coordinating with relevant project entities in settling audit paras.
- xxxix. Prepare working papers on audit observations raised by external auditors and arrange to convene Departmental Accounts Committee (DAC) meeting to settle the audit observations to the extent legally and logically possible.
- xl. Establishment of systems for planning, coordination, reporting, financial management, M&E and trouble-shooting at the district level.
- xli. Be responsible for the overall management and coordination of the Programme activities in the district and of the RCU staff.
- xlvi. Preparation of the divisional annual work plan and budget (AWPB) and associated Procurement Plan;
- xlvi. Ensure the effective utilization of Programme funds and other resources according to the AWPB through supervision and monitoring;
- xlvi. Ensure mainstreaming of gender in the Programme, achievement of gender impacts as planned, and identifying and managing any gender-related risks;
- xlvi. Ensure the timely dissemination of Programme experience and results to relevant stakeholders within the learning community;
- xlvi. Ensure adequate linkages, liaison and networking with other implementation partners and service providers either working in the district or potentially concerned with Programme activities and with other relevant interventions;
- xlvi. Establish effective fora for public-private sector interaction and promotion of private sector linkages with the district and valley level farmers or any other beneficiary groups.
- xlvi. Represent the Programme at relevant functions and meetings.
- xlvi. Perform any other duty relevant to the Programme as may be assigned by the PC

Reporting

The Finance Manager will report to Project Director, PMU.

Qualification, Skills and Experience Required:

Master level educational attainment in finance, MBA, ACCA, CA (preferred) or any other related discipline, minimum 10 years' experience at similar level, having managed donor funded project(s), familiarity with Government financial regulations and IFAD financial management guidelines, and sound understanding of the community procurement and financial management of community driven sub-projects implementation.

TERMS OF REFERENCE (TORS)
Manager M&E and Knowledge Management (KM)
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP-RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The position will report to the PD and the incumbent shall work very closely with the other managers to establish, coordinate for, and effectively run M&E system. Learning and communication systems shall be integral part of the M&E system at KP-KP-RETP. The M&E system will link five functions: output and outcome M&E, IFAD Results and Impact Management System (RIMS), M&E, learning and adaptation for continuous improvement of performance; internal (PCU) and external (stakeholders) communication; innovation and experimentation; and information management. The responsibilities of the M&E and Knowledge Management Manager include but are not limited to the following:

- i. Developing a simple reporting system for the monitoring of programme activities and preparing regular reports on implementation progress, performance and impact of operations;
- ii. Set up term of reference and conduct studies to assess the impact of the programme
- iii. Organization of training on M&E for members of the PCU, implementing partners and counties, and providing technical backstopping to implementing agencies for preparing the AWPBs and for compliance with reporting requirements;
- iv. Establishment of GIS mapping of each site and a Programme Baseline Survey.
- v. Development and implementation of the programme M&E and Learning
- vi. Development of Communication System and Strategy.
- vii. Develop associated Management Information System for managing data and information for overall monitoring, and for the collection and analysis of data on programme achievements and impact, based on a set of gender disaggregated indicators in line with the programme logical framework and stakeholders' information needs.
- viii. Organization and supervision of focused baseline surveys at the beginning of the programme;
- ix. Coordinating the preparation and monitoring the implementation of the AWPB;
- x. Ensuring that all participating institutions keep records on their activities and feed this information into the Programme Learning System;
- xi. Ensuring REGULAR REPORTING (monthly, quarterly, six-monthly and annual)

Media and Communication

- xii. Support advocacy efforts through providing evidence of programme impact gathered
- xiii. through the M&E system;
- xiv. Develop various “documentaries” / case studies, etc, at the beginning, and till end of the Programme to document the change and share it with wider stakeholders and communities.
- xv. Engaging media personnel for airing ETI achievements with the public.

Knowledge Management

- xvi. Develop and implement processes and guidelines for systematic capture of knowledge, good practices and innovation, and the sharing and use of same to improve programme implementation, including in the development of the AWPB.
- xvii. Provide assistance/guidance in implementing the Programme Learning System;
- xviii. Coordinate surveys and case studies to assess achievements and outcomes of KCEP activities;
- xix. Develop a multi-stakeholder communication strategy along the seasonal performance of the programme including a portal for web-based feedback of beneficiaries, private sector partners and county administrations
- xx. Coordinate the dissemination of the findings from the impact assessment studies.
- xxi. Foster partnerships for broader knowledge-sharing and learning;
- xxii. Oversee communication support to awareness raising and sensitization of programme participants;
- xxiii. Contribute to the preparation of the AWPB and progress reports

Reporting:

The M&E and Knowledge Management Manager will report to Project Director, PMU.

Qualification, Skills and Experience Required:

The candidate should have Master degree or above in economics or any other relevant social sciences, with at least 10 years' experience in M&E using qualitative and quantitative tools for data analysis and reporting under a project of similar size and complexity preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)
Gender/Nutrition and Climate Change Specialist
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The KP-RETP Project climate resilience in all sub-projects to avoid any adverse impacts on people—especially women, health and other resources. The province has very high poverty rate and the situation for women is worse in the newly merged districts. KP has different agro-ecological zones and will require different mitigation measures depending upon the nature of interventions. Risk assessment of sub-projects proposed by PFOs, 4Ps and FSCs will be examined from the perspectives of gender, nutrition and climate change aspects and suitable mitigation actions mainstreamed into planned activities to ensure compliance with IFAD's requirements. Classification and categorization of the sub-projects will be based on IFAD guidelines while implementation and compliance will be the responsibility of PMU, regional offices and implementing partners. Capacity building and training of the staff of Business Mobilization Partners (BMPs/SPs) will be conducted to ensure they understand gender, nutrition, and climate change related requirements and ensure sufficient appropriate mitigation is built in project activities to comply with applicable requirements

The responsibilities of the Specialist include but are not limited to the following:

- i. The Specialist will carry out a rapid assessment of the proposed interventions as per given template to advise PMU/BMP/SPs whether to proceed further with sub-projects or not in view of the relationship of the proposed sub-projects with these broad cross-cutting parameters.
- ii. A detailed review will follow to see whether the relevant risks have been appropriately assessed according to IFAD guidelines and then guide and advise on proper implementation. Appropriate mitigation measures will be evaluated and improvements suggested, if any.
- iii. Assisting BMPs/SPs for integrating these aspects in the development of their business plans and preparation of work plans with given targets and schedules are part of the job.
- iv. The Specialist will assess BMPs/SPs capacity building needs and will also assist in organizing the required trainings. The required documentation on Environmental and Social Management Plan (ESMP) and Environmental and Social

Management Framework (ESMF) with details of mitigation measures, responsibilities and cost estimates should be prepared and implemented.

- v. The Specialist will ensure that implementation mechanism has fixed responsibilities for full compliance. Regular monitoring of ongoing activities with progress reports preparation and engagement with concerned communities are included in the role and responsibilities to assignment.
- vi. The Specialist will coordination with the WFO other international organizations involved in gender, nutrition and climate relevant actions to exploit synergies for the project;
- vii. The specialist will also examine project activities for SECAP perspectives and ensure that gender and nutrition aspects are properly integrated in project activities.

Reporting:

The Gender, Nutrition and Climate Change Specialist shall report to Manager (M & E and KM), PMU.

Qualification, Skills and Experience Required.

The candidate should have Master degree or above in environment, climate change, economics or any related discipline and at least 10 years' of experience in climate change related projects/programs preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)
Institutional Development Officer
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The project envisages providing institutional development support to PFOs, farmers under 4P arrangements, farm services centres, KP-TEVTA for labour market surveys to transform into a market-responsive service provider. An Institutional Development Specialist is provided to bring about changes in institutional arrangements to make project outcomes sustainable. Institutional Development Specialist will report to the PCU. The responsibilities of the Institutional Development Officer shall include but are not limited to the following:

- i. Carry out a review of the Agriculture Marketing System and support in establishing a regulatory/operational framework to create dynamic, growth-oriented and efficient markets which both incentivize growers and ensure a better deal for consumers;
- ii. Assistance will be provided for the review and necessary amendments in the existing Cooperative Societies Ordinance for the smooth functioning of PFOs as per the project approach and their long term institutional sustainability and profitability.
- iii. Support the provincial government/PCU in developing a comprehensive nutrition and food security policy and action plan—encouraging the selection of nutrition sensitive value chains, creating nutrition related awareness, and promoting nutrition sensitive labelling and packing thus impacting both producers and consumers.
- iv. Support provincial government/PCU in conducting first labor market assessment and release of market outlook on continual basis at KP-TEVTA. Transform KP TEVTA into a dynamic technical and vocational education provider that has capacity for labor market surveys, read market trends, modify its trainings mix to respond to the market trends;
- v. Facilitate provincial government/ PCU in establishing training hubs linked to economic zones, product clusters and emerging markets;
- vi. Support policy reforms related to testing and certification;
- vii. Review administrative procedures and systems and devise ways to streamline processes for farmer's organizations, 4Ps, farm services companies under the KP-RETP with the aim of making them self-sustainable;

- viii. Map microcredit services available under provincial/federal government initiatives, and make such services accessible to project beneficiaries who want to establish their small businesses. Facilitate PCU in signing MOUs with such microcredit services providers;
- ix. Review institutional/capacity building needs of Department of Agriculture- Extension Services to make it more responsive to demand-based service delivery; Similarly, support capacity building at Agriculture Extension especially for seed certification and production certification after a functional review of the organization; Explore partnerships with private sector actors for these purposes and facilitate the project in signing MOUs with those actors;
- x. Examine the potential for use of Information and Communication Technology for Development (ICT4D) in agri-businesses supported under KP-RETP and support capacity building of farmers/other actors involved in implementation;
- xi. Help the provincial government/PCU in mainstreaming the crosscutting themes of gender, climate change, nutrition etc. in the working of provincial government and project activities.

Reporting:

The Institutional Development Officer shall report to Manager (Agri-business and Agri-Skills), PMU.

Qualification and Experience Required:

An advanced degree (16 years of education) in a suitable discipline, preferably in Social Sciences, from a recognized and reputable university, and at least 10 years of experience in conducting institutional/organizational reviews, formulating policies and procedures, and implementing institutional/capacity building reforms preferably in the agriculture sector.

TERMS OF REFERENCE (TORS)
KM/Communication Officer
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The KM/Communication Officer will support Manager (M&E and KM) in capacity assessment and for planning, design and implementation of learning and knowledge generated under the project effectively. The KP-RETP seeks to pilot innovative approaches to increase farmers' income and create employment opportunities both off—and on-farms. The full impact of the innovative models/approaches that delivered results depends on how quickly and widely these are mainstreamed into the working of provincial government. The Communication and KM Specialist will facilitate PCU in developing and diffusing learning and knowledge effectively to induce update of successful approaches by the government and other stakeholders. The responsibilities of the KM/Communication officer will include—but not be limited to the following tasks:

- i. Work proactively with programme and project teams to identify opportunities for capturing and sharing knowledge, and disseminating information about major progress and results;
- ii. Develop and maintain events calendar, ensuring that major events are identified early; supports senior management and relevant programme teams to develop and manage messages and information material to ensure the success of major events.
- iii. Advise the project on branding and publications policy and also assist in their dissemination.
- iv. Develop and maintain contacts with key print and electronic media (including radio, TV, news websites and blogs) to supply them with newsworthy material /success stories for dissemination;
- v. Ensure that all outreach information material to be used by the media is written in a way that concepts and issues can be readily understood by the public;
- vi. Establish and maintain liaison with media people and orientate them as to how the project is addressing the issue of low farmers productivity and employment generation through innovative approaches which are sensitive to gender, climate change, and nutrition aspects—in collaboration with the project's technical experts;
- vii. Research and identify media stories, writes and edits material to be used in such stories, and feature stories within tight timeframes which consistently meet agreed timelines. Ensure that media is informed about key workshops/seminars and project outputs.
- viii. Facilitate the project in producing video documentaries for capturing and disseminating project results;
- ix. Facilitate PCU in establishing a project website and ensuring that the website includes appropriate and sufficient learning and knowledge products for stakeholders;

Reporting:

The KM/Communication Officer will report to Manager (M&E and KM), PMU

Qualification, Skills and Experience Required:

The candidate should have Master degree or above in economics or any other relevant social sciences, with at least 10 years' experience in M&E using qualitative and quantitative tools for data analysis and reporting under a project of similar size and complexity preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)
Accounts Officer, PMU
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Accounts Officer shall report to FM and be responsible for accounting function—using accounting software. The position shall ensure transparency, accountability, and compliance in recording and reporting of project transactions. The responsibilities of the Accounts Officer include but are not limited to the following:

- i. Ensure compliance with internal control framework (Operations Manual, Financial Management Manual, SOPs and IFAD's fiduciary guidelines etc.) and government rules and procedures while processing payments.
- ii. Analyze, plan, design, implement, and monitor a system to augment internal controls in line with best practices in the process of payment and expenditure management.
- iii. Apply pre-audit checks on all payments before payment from the assignment account(s) including budget availability, sanction of competent authority and compliance with applicable financial rules & regulations.
- iv. Ensure that No Objection is obtained from IFAD for every prior review activity before processing any payment.
- v. Ensure that only eligible payments are submitted to FM for seeking PD's approval and drawing funds from the assignment account.
- vi. Manage financial aspects of the contracts under implementation, including payment terms, purchase orders and variation orders.
- vii. Record all transactions timely and accurately in the books of accounts (both in Pak Rupees and US\$) and ensure that no expenditure remained unaccounted.
- viii. Maintain accounts on cash basis as per government accounting procedure.
- ix. Maintain up-to-date maintenance of adequate registers, books of accounts and records in appropriate order and format to meet the government and donors' requirements and to facilitate classification and analyzing the financial information for monitoring the projects progress.

- x. Prepare supplementary record which provides timely and up-to-date financial information of civil works and consultancies.
- xi. Maintain imprest of petty cash and ensure maintenance of separate petty cash book and petty cash vouchers and compliance with established procedures.
- xii. Verify vehicles log books & compare with the fuel consumption reports
- xiii. Tax Withholding on each payment
- xiv. Data entry into accounting software
- xv. Prepare monthly bank reconciliation statements of assignment account(s) both in Pak Rupee and US\$.
- xvi. Reconcile the expenditure on government prescribed format with Accountant General Office on monthly basis.
- xvii. Prepare and process monthly payroll and submit to Project Director for approval prior to making any payment under salaries. Ensure proper payroll controls are applied and the payments are made directly in the Bank accounts.
- xviii. Ensure that the fixed assets records are maintained for both the projects identifying location and user of each asset and arrange for the annual and periodical inventory of the assets and updating of the records.
- xix. Ensure safe custody of all financial records for review by Bank Missions, third party monitoring agents; and external & internal auditors.
- xx. Maintenance of filing system ensuring safekeeping of confidential material as per the guidelines given in this manual
- xxi. Custodian for management of office stationery supplies including maintenance of stock list of stationery and supplies and maintain log book.
- xxii. To maintain daily cash book & cash flow management.
- xxiii. Facilitate PFOs/FSCs in signing MOUs with PMU for project implementation
- xxiv. Facilitate PFOs in selecting HR for professional management—including FM staff based on the criteria established by PMU
- xxv. Organize training for the staff at PFOs/FSCs focusing on core compliance/reporting requirements
- xxvi. Facilitate PFOs in the opening of account, and the maintaining of up-to-date books of accounts as specified in the MOUs.
- xxvii. Facilitate PFOs in mobilizing farmers' share to implement business plans
- xxviii. Support PFOs in collect funds from members to meet the requirements of MOUs.
- xxix. Conduct due diligence/post qualification assessment of private partners selected for 4Ps arrangements based on the guidelines established for this purpose.
- xxx. Promote basic FM/economics literacy among farmers involved in project implementation.
- xxxi. Maintain liaison with service providers to ensure they are complying with internal controls/compliance requirements (set out in this manual later) stipulated in PMU's contract agreements with them.
- xxxii. Facilitate PFOs/others involved in microfinancing process in complying with the criteria of age group, social status, amount of each loan, recovery time etc.in the process;
- xxxiii. Facilitate PFOs/others involved in microfinancing in robust documentation of the microfinance operations etc.
- xxxiv. Submit monthly report to PMU on issues and challenges as well as possible practical solutions to move forward.
- xxxv. The Finance Manager will distribute work between the B&F Officer, Accounts Officer, and B&F Coordinators based in RCUs following the principles of internal controls outlined in the relevant section of the manual to get the best value out of them.

Reporting:

The Accounts Officer will report to Finance Manager, PMU.

Qualification, Skills and Experience Required.

Master level educational attainment in finance, MBA, ACCA, CA (preferred) or any other related discipline, minimum 5 years' experience at similar level, having managed donor funded project(s), familiarity with Government financial regulations and IFAD financial management guidelines, and sound understanding of the community procurement and financial management of community driven sub-projects implementation.

TERMS OF REFERENCE (TORS)
Budget and Finance Officer, PMU
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The position shall support the FM section in budgeting and financial management. The position shall report to the Finance Manager, PMU. The responsibilities of the Budget and Finance Officer include but are not limited to the following:

- i. Support Finance Manager in preparing annual work planning and budgeting;
- ii. Facilitate FM in engaging with P&D to include budget in the Annual Development Plan (ADP) as per rules;
- iii. Upload budget on Financial Management Information System, and prepare monthly monitoring reports comparing actual expenditure against the budget. Highlight weak performing areas for management intervention;
- iv. Prepare cash forecasts on quarterly basis in coordination with the project team and submit to IFAD for advance/replenishment of advance.
- v. Prepare and process withdrawal application in accordance with IFAD's Disbursement Guidelines
- vi. Prepare disbursement reports—and ensuring that sufficient funds are available in the Assignment Accounts all the time.
- vii. Prepare annual financial statements as per Cash Basis IPSAS and submit to the Auditors within two months of the close of the financial year.
- viii. Prepare periodic financial reports specified in the Loan Covenants.
- ix. Prepare Quarterly Financial Summaries (budget vs actual) to support oversight over use of funds
- x. Track funds and follow up with National Bank of Pakistan and the World Bank to ensure timely credit of funds into the projects' assignment account.
- xi. Loan Covenants Monitoring

Reporting:

The Budget and Finance Officer will report to Finance Manager, PMU.

Qualification, Skills and Experience Required:

Master level educational attainment in finance, MBA, ACCA, CA (preferred) or any other related discipline, minimum 5 years' experience at similar level, having managed donor funded project(s), familiarity with Government financial regulations and IFAD financial management guidelines, and sound understanding of the community procurement and financial management of community driven sub-projects implementation.

TERMS OF REFERENCE (TORS)
Procurement Officer, PMU
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Procurement Officer will report to Project Director and will also support and oversee procurement across all components and sub-components. He/She will be overall responsible for the procurement of goods, works and services and ensure compliance with KP-PPRA/PPRA Rules and Regulations and ensure due diligence to comply with IFAD Procurement Handbook and Guidelines. The responsibilities of the Procurement Officer shall include but are not limited to the following:

- i. Work closely with Government Line Departments (P&DD, Agriculture and Rural Development Department) to develop quarterly/annually procurement plans to ensure timely availability of the products for project activities
- ii. Preparation of Project's Annual Procurement Plans, as part of Project's AWP/B, for approval of Project Steering Committee and IFAD No Objection.
- iii. Ensure that goods, works and services financed have been procured in accordance with the loan agreement and the IFAD Procurement guidelines;
- iv. Installation of appropriate procurement systems and procedures for effective planning and monitoring of procurements under the project;
- v. Communicate to all implementing entities and service providers their responsibilities and requirements with respect to procurement, according to guidelines with prevailing government practices as well as IFAD.
- vi. Conducts entire cycle of a procurement including procurement packaging, project's general procurement notices (GPN), maintenance of the Register of Expression of Interest, analysis of bids, preparation of purchase orders etc.
- vii. Ensuring the timely inventory coding and safe keeping of the goods purchased
- viii. When the prior review of the bidding or proposal document is required, submits the document through the Project Director to IFAD for its review and 'No Objection'.
- ix. Ensure that all the due tendering processes are adhered to: sufficient publications, strict adherence to deadlines, transparency in communications, publication of bid results, etc.;
- x. Train staff to prepare and update the Annual Procurement Plan (including procurement method, types/kinds, quantity, value, delivery requirements, sources, etc.);
- xi. Prepare Procurement Notices, Expressions of Interest, Request for Quotations, Terms of References, Contract Agreements for Goods, Works and Services and have them published locally (Newspapers, websites) and were appropriate internationally,
- xii. Preparing Bid documents (Request for Proposals) for the procurement of goods, works and services.

- xiii. Review solicited and unsolicited offers and quotations received to verify goods, quantities and services are reasonable and correct and comply with applicable IFAD Regulations;
- xiv. Resolves problems and protests concerning bid solicitations, contract awards or contract performance as the need arises. Addresses unauthorized purchases. Convey decisions both verbally and in writing referencing law and policy.
- xv. Ensure IFAD acceptable record keeping in procurement;
- xvi. Prepare bi-annually progress reports with implementation of the procurement plan, and regularly inform the PD of problems and make proposals to overcome bottlenecks;
- xvii. Ensure that all contracts are entered in IFAD online IFAD Client Portal (ICP-CM) System and update on a regularly basis.
- xviii. Track and evaluate vendor performance and improvements related to pricing, contractual terms, and/or scope of services.
- xix. Supervise the procurement products including materials, promotional items, grants goods, etc.
- xx. Organize a database of suppliers and contractors and maintain a sound procurement filing system containing all procurement records for further review by the Fund and auditors.
- xxi. Review all contracts (for product and/or service procurements) to ensure quality standards are met, prior to submitting for review and approval.
- xxii. Must have excellent experiences of procurements/contractual agreements, compliance to the donor's requirement.
- xxiii. Outsourcing (supplies and services), both from local and international markets.
- xxiv. Work with suppliers/agencies in the selection of the most qualified and cost-effective vendors
- xxv. Any other task assigned by the PD.

Reporting:

The Procurement Officer will report to Project Director.

Qualification, Skills and Experience Required:

A Master's degree in (Supply Chain Management, Accounting, Finance or Business Administration Law, Procurement, Economics), experience of working with national and international organization with similar tasks (minimum 5 years), proficiency in computer skills, and minimum 15 years of experience in a similar role in project of comparable size and complexity.

TERMS OF REFERENCE (TORS)
Contract Management Officer
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work

The Contract Management Officer will support contract management function at the Project Management Unit (PMU) through the Procurement Officer in line with the with KP-PPRA/PPRA Rules and Regulations and IFAD Procurement Handbook and Guidelines. He/She will perform the following duties and responsibilities to support the PMU in the successful implementation of RETP-KP activities. The Contract Management Officer will perform the following tasks:

- i. Ensure that all contracts of goods, works and services are entered in IFAD online IFAD Client Portal (ICP-CM) System;
- ii. Regularly monitor and update the contracts data and share reports with PS/PD for necessary action;
- iii. Reviewing performance data of services received against agreements and identifying areas of improvement;
- iv. Ensure that the contract management for goods, works and consultancy services contracts are timely deliveries and compliance to provisions in contracts by all contracting parties;
- v. Act as the primary point of contact for their services within the contract management functions;
- vi. Performance and activity reporting including on contract delivery targets,
- vii. Developing excellent relationships with customers and clients (business partnering), contract benchmarking, contract analysis and dispute resolution.
- viii. Support the Procurement Officer to manage the PMU's procurement workload on a required basis;
- ix. Enter data of all contracts in the contract registers and monitor activities accordingly and advice technical component staff;
- x. Manage all bidding and contract award processes for the procurement of goods, works and services in accordance with the procurement plan and in conformity with applicable guidelines and regulations of IFAD and GoKP.
- xi. Assist the Procurement Officer in the preparation of the annual procurement plan with corresponding work plans and schedules;
- xii. Assist Procurement Officer to organize a database of suppliers and contractors and maintain a sound procurement filing system containing all procurement records for further review by the Fund and auditors.

- xiii. Assist the Procurement Officer on a required basis in actual operational procurement activities including preparation of the bidding documents, request for quotations, bid evaluation process, preparation of evaluation reports and drafting contract agreements, etc.
- xiv. Support the capacity building efforts of the project by sharing knowledge on procurement of works and services;
- xv. Carry out any other procurement support-related periodic duties that may be assigned by the Supervisor, on a required basis.

Reporting

The Contract Management Officer will directly report to the Procurement Officer, PMU.

Required Qualifications

- a. A Master's degree in (Supply Chain Management, Accounting, Finance or Business Administration Law, Procurement, Economics,)
- b. A Bachelor's degree in combination with two (2) years' experience at the international level in Procurement Management, Business Administration, Public Administration, or a related field may be accepted in lieu of a Master degree.

TERMS OF REFERENCE (TORS)
M&E Officer
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work

The Monitoring and Evaluation Officer will be part of the M&E and KM team managed by Manager (M&E & KM) at PCU. The Officer will provide technical and operational support to the PCU—based on inputs/feedback received from the Regional M&E Officers. This officer will be the key staff with the Manager (M&E & KM), PCU—ensuring compliance with the direction of the PCU and providing information and data on project activities on prescribed format for decision making. The responsibilities of the Regional M&E Officer shall include but not be limited to:

- i. Assist in the development and roll-out of an online database that will collect information about project activities and beneficiaries. The officer will ensure that IFAD's Core Outcome Indicators measurement guidelines (COI) are strictly followed at project baseline, midterm, and completion stages²⁹;
- ii. Conduct unannounced spot-checks and guide Implementing partners in districts on a regular basis. This will focus on activity verification and progress tracking—using IT tools as appropriate to explore whether the activity actually took place, whether benefits were received, and an assessment of quality (where possible);
- iii. Support in data management relating to implementation of different output activities in the assigned districts using the COI methodology;
- iv. Collect beneficiary feedback following a pre-defined questionnaire and propose remedies where required in coordination with the Regional Coordinator or PCU as appropriate;
- v. Provide logistical support to assessments, research and evaluations, in particular the independent evaluation teams as and when required;

²⁹ Detailed guidance is available at [Core Outcome Indicators measurement guidelines \(COI\) – online training \(ifad.org\)](https://www.ifad.org/core-outcome-indicators-measurement-guidelines-coi-online-training)

- vi. Provide necessary guidance and support to external monitoring agencies for valid and reliable data collection from programme participants pertaining to impact evaluation, research and other third-party monitoring etc. in the assigned districts;
- vii. Documentation of project progress and results through case studies and other key methods as developed and rolled out by PCU. Facilitate Manager (M&E and KM) in developing and diffusing knowledge products based on field experience/successful stories to max project visibility and impact;
- viii. Assess institutional capacity for M&E within PFOs, FSCs, partners under 4P arrangements, KP-TEVTA's affiliated units in the region and provided technical support/capacity building to ensure that the requirement of M&E are properly met by these stakeholders;
- ix. Undertake functions or responsibilities which may be assigned by Regional Coordinator based on specific ground realities in the target districts;
- x. Provide technical support to specialists/project teams deployed in the region by PCU as appropriate.

Reporting

The M&E Officer will report to Manager (M&E and KM) in PCU.

Qualification, Skills and Experience Required:

The candidate should have Master degree or above in economics or any other relevant social sciences, with at least 10 years' experience in M&E using qualitative and quantitative tools for data analysis and reporting under a project of similar size and complexity preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)

Admin and HR Officer

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Admin & HR officer will manage and coordinate administrative, transport and logistics, and liaison functions for the project (at PMU and RCUs level) including office functioning and maintenance, vehicle fleet management, inventory management, staff management, visitor's management and security of office premises, internal and external communication, and admin budget control. Following are key responsibilities of the Admin and HR Officer:

- i. Ensure proper functioning of office with all standard facilities in place.
- ii. Formulate the work planning of the Admin and HR department in consultation with Finance Department.
- iii. Collaborate and coordinate with Programs and Finance to ensure integrated and harmonized operational systems.
- iv. Participate in program strategic meetings and discuss staffing and other administrative and operational requirements.
- v. Maintaining Office premises spick and span.
- vi. Taking care of office supplies, water supply, sewerage and electricity.
- vii. Maintain adequate Inventory policies and ensure tracking systems are in place for all purchased commodities and oversee fixed assets maintenance
- viii. Work on Administration Policies and Procedures and follow-up on deviations, suggest changes, update policy on regular basis and track on the implementation of these policies.
- ix. Ensure proper filing system is maintained with proper tagging and an effective IN and OUT going mail system. Orientate all staff as to how to plan their travel in advance and develop various formats for requisitions of vehicles, air travel, logistic arrangements etc.
- x. Identify various hotels, guest houses and maintenance of staff guest houses in RCUs Prepare and share monthly Admin budget forecast with Finance department.
- xi. Ensure proper logistics support in terms to PCU and RCUs.
- xii. Supervision of administration, transport, and logistics staff.
- xiii. Manage procurements for the department and serve as member procurement committee of the PCU.
- xiv. Ensure that full and accurate inventory records are maintained for all capital items.
- xv. Managing vehicle fleet, maintaining proper logbooks, calculation of monthly fuel consumption (MPG) and maintenance record.

- xvi. Undertake (documented) monthly and ad-hoc physical inventory checks and get it verified through Finance department on bi-annually basis.
- xvii. Conduct documented quarterly job performance reviews of admin and logistic staff, providing appropriate feedback.
- xviii. Implement and direct ETI-GB standard Vehicle policies and procedures, with particular attention to safety and security issues
- xix. Ensure that fleet is well maintained and all times, and that there is a good filing system for all vehicles.
- xx. Ensure all project vehicles are properly equipped and road worthy for staff travelling.
- xxi. Teamwork and team building:
- xxii. Ensure proper coordination among the admin team and other departments for effective facilitation of project activities.
- xxiii. Possess leadership qualities and willing to exercise initiative; and willingness to participate and contribute as a team member, under challenging working and living conditions.
- xxiv. Ensure proper coordination and communication with project staff regarding the national and international visitors to GB and provide effective logistics support to the missions.
- xxv. Preparation and submission of monthly admin and logistics report to supervisor;
- xxvi. Maintain HR related filig system, including leave record of the staff, joining reports, contract monitoring, medical record, insurance files etc.

Reporting

The Admin and HR Officer will report to Project Director in PCU.

Qualification, Skills and Experience Required:

Master degree Business Administration, HR, Economics or any other relevant discipline and at least 10 years of experience of post qualification relevant experience in management & HR preferably under a donor funded projects. Proficient in MS Office applications (Word, Excel, PowerPoint) and good oral and written communication skills in English & Urdu, including report-writing

TERMS OF REFERENCE (TORS)
Labour Market Specialist
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The specialist will enable the project to understand questions like (a) Who pays for existing services, and who provides those services in the market; (b) What barriers do youth, women and other unemployed people in rural areas face to jobs?; (c) What is the relationship between the various actors in the market?; (d) How easy or difficult it is for employers/job seekers to get relevant information to act rationally?; (e) How does people—especially woman, youth, and other marginalized segments benefit or not benefit from this market?; and (f) What are recent or potential events i.e. CPEC that may change this market? The specialist would also provide the provincial government technical support in creating a favourable policy environment for job creation. The responsibilities of the Labour Market Specialist include but are not limited to the following:

- i. Facilitate KP-TEVTA in conducting first labour market survey focusing on:
 - Economic context and analysis: Which sectors currently absorb labor and which are likely to see increases in employment in the future, and the income levels per sector and job type/level?
 - Demand for specific skills: What are the skill sets required by function in the value chain, currently and in the future, by type of firm, by region and/or county? Determine which trades have significant local labor market demand? Which sectors have shortages?
 - Supply of specific skills: What occupations, education levels, and skills levels are possessed by the workforce (disaggregated by gender), and what types of training are offered by which institutions?
 - Systems, stakeholders: What are the institutional relationships, barriers, and opportunities for supporting employment including identifying opportunities for developing partnerships and linkages with NGOs, community-based organizations (CBOs) and state and private employers and local enterprises;
 - Policy and regulatory environment: What policies impact the labour market and what are the implications for reform?
 - Alignment: How does the information gathered fit together? What recommendations can we make to improve labour market functioning?

- ii. determine which sectors are capable of absorbing more labour; assess the absorption capacity of each trade to ensure that there will not be an excess supply of available workers;
- iii. Build institutional capacity within KP-TEVTA to carry out such surveys to update labour market information on its own and use this information in designing training courses;
- iv. Understanding the roles that informal and cultural norms (such as attitudes towards gender) may play in the job market;
- v. Determining the supporting services or functions (such as access to market information) that may enable individuals to find steady work
- vi. Support KP-TEVTA—in coordination with other skills development specialists and other experts in skills development/employability activities such as vocational training courses will provide job seekers with skills being sought after by local employers;
- vii. Monitor and evaluate overall employment related developments in different districts with special focus on employment policies, labour market information and analysis, employment-intensive growth, job creation, youth employment and employment in the informal economy, as well as labor migration
- viii. Carry out analyses and evaluations of employment problems in specific segments and activities of the labour market and advise the government on the design, monitoring and evaluation of sectoral policy and programs. Conceptualize, plan, coordinate and conduct research. Contribute in multidisciplinary team work investigations'
- xii. Engage with supply side actors—employers, entrepreneurs, chamber of commerce/trade etc. to understand their demand and provide concrete information about market opportunities;
- xiii. Enable critical stakeholders, such as local governments and NGO communities, to coordinate efforts in addressing constraints in the labour market;
- xiv. Ensure job seekers, whether youth, women, or elders, understand the skills employers are seeking, as well as mechanisms for finding work;
- xv. Build relationships with high-potential private business and facilitate deeper understanding between private sector employers and job seekers.
- xvi. Advise governments, workers' and employers' counterparts in the formulation, implementation and review of existing employment and labour market policies, institutions and information systems.
- xvii. Carry out other technical tasks and coordination as required by PCU.

Reporting:

The Specialist will report to Manager (Agribusiness and Agri-skills), PMU.

Qualification and experience required:

Advanced degree in economics or a related field required. Minimum of 10 years of experience in economic policy analysis, labor market analysis, technical and vocational trainings design and delivery, use of quantitative and qualitative tools in such analysis is essential.

TERMS OF REFERENCE (TORS)
Skills Development Specialist
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment**—focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Skills Development Specialist will lead the technical design and implementation of youth workforce development interventions and entrepreneurship education in close coordination with the program managers and key staff. The position shall report to the PD, PCU. The responsibilities shall be responsible for following tasks:

- i. Coordinate with KP-TEVTA in reviewing its skills training programs and approaches subject to the findings/studies involving labor market;
- ii. Facilitate the project in beneficiary selection according to the agreed criteria for the skills development activities (vocational skills, apprenticeship, job placement)
- iii. Establish strong working relationships with targeted communities, including local leaders and identification of local focal points. This entails working with Business Mobilization Partners (BMPs) and staying alert to diagnosing skills gaps all along for meaningful training interventions;
- iv. Conduct mapping and assessments of service providers with a view to identifying suitable partners for designing/delivering courses which KP-TEVTA lacks capacity to deliver; Facilitate KP-TEVTA/PCUs in forging partnerships with such service providers (public or private sector as appropriate) for this purpose;
- v. Facilitate KP-TEVTA in developing/customizing training programs to support the establishment and sustainability of 4Ps, PFOs, and VACs. The specialist shall be part of the needs assessment activity carried out under the project to identify specific needs of staff at these new institutions;
- vi. Support KP-TEVTA in institutionalizing competency-based training (CBT) in trainings—focusing on business development skills, managerial capacity building and promoting non-cognitive skills building;
- vii. Support KP-TEVTA/Service Providers in establishing sustainable arrangements for on-the-job training, public private partnership for job placement; and linkage for access to financial service;
- viii. Support PCU in providing start-up capital to the newly trained with a view to developing sustainable and profitable businesses’
- ix. Support KP-TEVTA/PCU in oversight of different skills related trainings imparted under the KP-RETP. This entails ensuring that service providers are maintaining data of trainees in terms of whether they are employed or self-employed as required under the MOUs with them.
- x. Conduct random inspection of training sessions to ensure that the quality of training is acceptable and recommend to the PCU/RCUs remedial measures where needed;

- xi. Help KP-TEVTA/PCU in establishing the practice of periodic labour market surveys as a regular feature of KP-TEVTA's working in collaboration with other specialists;
- xii. Support KP-TEVTA in engagement with NAVTEC on issue of developing/accrediting new courses to respond to needs of labour markets as per labour market surveys;
- xiii. Prepare and develop status reports as required by management
- xiv. Any other task assigned by the PCU/RCUs.

Reporting:

The Specialist will report to Manager (Agribusiness and Agri-skills), PMU.

Qualification and Experience Required:

Master's degree in Education, Public Administration, or a related field. A minimum of 10 years of progressively responsible experience supporting the implementation of projects with a focus on youth workforce development, entrepreneurship, and soft skills development; Practical experience and organizational capacity development in the education and youth sectors desired;

TERMS OF REFERENCE (TORS)
Employment Policy Specialist
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The KP-RETP emphasizes social inclusion and youth employment by providing easy access to business and skills development to enable socially excluded and youth to get sustainable livelihood. The Project has specially targeted youth and women among beneficiaries for economic empowerment. The proposed position will help PCU/provincial government in looking at policy areas that need to improve to achieve employment objective of the project. The responsibilities of Employment Policy Specialist include but are not limited to the following:

- i. Carry out relevant assessments of employment problems in specific segments and activities of the agribusiness labour markets, in rural areas and seek solutions for youth employment.
- ii. Lead the process of policy development by means of evidence based policy advice and strategy development. Identify necessary instruments such as laws, regulations and administrative practices to be developed or modified to ensure a conducive environment for employment generation;
- iii. Ensure to create an enabling environment through alignment of policy tools with investment needs/ opportunities and private sector engagement. Provides trainings or knowledge management dissemination sessions;
- iv. Organize workshop/policy dialogue/seminars with relevant stakeholders to generate consensus for policy reforms—where required and proposed rules/regulations for notification;
- v. Oversee youth empowerment, entrepreneurship and employment analysis in the Rural Economic Transformation Project-Khyber Pakhtunkhwa.
- vi. Promote linkages with other relevant players in the labour market such as key government departments, private sector actors (promoters), non-governmental and international organizations to increase youth employment opportunities.
- vii. Contribute to action-based learning which leads to positive youth engagement, social inclusion and best practices in nutrition awareness in the project
- viii. Ensure technical quality in implementation of the project in promotion of rural youth employment, social inclusion and good nutrition.

- ix. Ensure the project monitoring and evaluation system captures good quality data on progress of implementation relative to youth employment, social inclusion and nutrition.

Reporting:

The consultant will report to Manager (Agribusiness and Agri-skills) in PMU.

Qualification and Experience Required:

Advanced university degree in Economics, Agricultural Economics, Political Economy, Law, Political Science, Public Policy, or other relevant disciplines and at least 10 years of experience policy advice and analysis relating to employment, labor market regulations,

TERMS OF REFERENCE (TORS)

IT Officer

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

4. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
5. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
6. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Reporting to the PC, the IT administrator will oversee the IT related services, manage and develop IT programs, monitor all the networking equipment and assist in developing and maintaining organizations website.

The responsibilities of the IT Officer include but are not limited to the following:

- I. Responsible for smooth operation of all IT related services.
- II. To manage the IT infrastructure of ETI program office.
- III. Develop and manage IT programs and services to support staff through appropriate blend of local and central IT resources.
- IV. To manage all help desk activities and respond to issues.
- V. To configure/manage/monitor all the networking equipment (servers, routers, switches, DSL Modems etc.)
- VI. Management and troubleshooting of the Systems, Network applications, equipment and infrastructure installed at different program offices.
- VII. Interaction with end users (i.e employees of ERTF to provide support regarding network related issues like connectivity with servers, PCs and other equipment on the LAN/WAN.
- VIII. To ensure that office assets are maintained properly.
- IX. Assist in developing and maintaining organization's website and take appropriate steps when required.
- X. Liaison with vendors providing services relating to web hosting and domain name to ensure about the smooth operations.
- XI. Must be performing jobs related to data-base development, support to Programme M&E related work like GIS, GPS and other performance reporting.
- XII. Additional duties as assigned.

Reporting:

The IT Officer will report to Project Coordinator, PCU.

Qualifications:

Master degree in Information Technology from an institution recognized by HEC and at least 5 years of experience in managing IT system/MIS for a project the size of KP-RETP.

TERMS OF REFERENCE (TORS)
Regional Coordinator- Regional Coordination Unit (RCU)
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Regional Coordinator will be responsible for coordination of field work in districts as per the approved AWPB and direction by the Project Director. The RC will report to the Project Director. The responsibilities of the Regional Coordinator include but are not limited to the following:

- i. Establishment of systems for planning, coordination, reporting, financial management, M&E and trouble-shooting at the district level.
- ii. Be responsible for the overall management and coordination of the Programme activities in the district and of the RCU staff.
- iii. Preparation of the divisional annual work plan and budget (AWPB) and associated Procurement Plan;
- iv. Ensure the effective utilization of Programme funds and other resources according to the AWPB through supervision and monitoring;
- v. Ensure mainstreaming of gender in the Programme, achievement of gender impacts as planned, and identifying and managing any gender-related risks;
- vi. Ensure the timely dissemination of Programme experience and results to relevant stakeholders within the learning community;
- vii. Ensure adequate linkages, liaison and networking with other implementation partners and service providers either working in the district or potentially concerned with Programme activities and with other relevant interventions;

- viii. Establish effective fora for public-private sector interaction and promotion of private sector linkages with the district and valley level farmers or any other beneficiary groups.
- ix. Represent the Programme at relevant functions and meetings.
- x. Perform any other duty relevant to the Programme as may be assigned by the PC

Reporting:

The Regional Coordinator shall report to Project Coordinator, PCU.

Qualification and Experience Required:

The Project Coordinator shall be selected through a competitive process. The selection criteria shall include relevant qualifications (Master degree in Social Sciences), at least 12 years of demonstrated relevant experience and expertise. The provincial government can get a Project Coordinator on deputation/assignment basis from amongst the existing pool of B-18 Officers.

TERMS OF REFERENCE (TORS)
“Regional M&E Officer”
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

j. The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to address the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

4. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
5. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
6. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

k. Scope of Work:

Scope of Work

The Regional Monitoring and Evaluation Officer will be part of the M&E and KM team managed by Manager (M&E & KM) at PCU. The Regional M&E Officer will provide technical and operational support to districts under the jurisdiction of the regional office. This officer will act as an arm of the Manager (M&E & KM), PCU—ensuring compliance with the direction of the PCU and providing information and data on project activities on prescribed format for decision making. The responsibilities of the Regional M&E Officer shall include but not be limited to:

- xi. Assist in the development and roll-out of an online database that will collect information about project activities and beneficiaries. The officer will ensure that IFAD’s Core Outcome Indicators measurement guidelines (COI) are strictly followed at project baseline, midterm, and completion stages³⁰;
- xii. Conduct unannounced spot-checks and guide Implementing partners in districts on a regular basis. This will focus on activity verification and progress tracking—using IT tools as appropriate to explore whether the activity actually took place, whether benefits were received, and an assessment of quality (where possible);
- xiii. Support in Regional Office in data management relating to implementation of different output activities in the assigned districts using the COI methodology;
- xiv. Collect beneficiary feedback following a pre-defined questionnaire and propose remedies where required in coordination with the Regional Coordinator or PCU as appropriate;

³⁰ Detailed guidance is available at [Core Outcome Indicators measurement guidelines \(COI\) – online training \(ifad.org\)](https://www.ifad.org/core-outcome-indicators-measurement-guidelines)

- xv. Provide logistical support to assessments, research and evaluations, in particular the independent evaluation teams as and when required;
- xvi. Provide necessary guidance and support to external monitoring agencies for valid and reliable data collection from programme participants pertaining to impact evaluation, research and other third-party monitoring etc. in the assigned districts;
- xvii. Documentation of project progress and results through case studies and other key methods as developed and rolled out by PCU. Facilitate Manager (M&E and KM) in developing and diffusing knowledge products based on field experience/successful stories to max project visibility and impact;
- xviii. Assess institutional capacity for M&E within PFOs, FSCs, partners under 4P arrangements, KP-TEVTA's affiliated units in the region and provided technical support/capacity building to ensure that the requirement of M&E are properly met by these stakeholders;
- xix. Undertake functions or responsibilities which may be assigned by Regional Coordinator based on specific ground realities in the target districts;
- xx. Provide technical support to specialists/project teams deployed in the region by PCU as appropriate.

Reporting

The Regional M&E Officer will have a dual reporting line. On technical issues, the officer will be supervised by Manager (M&E & MKM) based in PCU. For day-to-day operational issues, the officer will report to the Regional Coordinator.

Qualification, Skills and Experience Required:

The candidate should have Master degree or above in economics or any other relevant social sciences, with at least 10 years' experience in M&E using qualitative and quantitative tools for data analysis and reporting under a project of similar size and complexity preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)

Agri-business/4P Officer

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

I. The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Agribusiness/4P Officer will assist the project in supporting the establishment of PFOs, VACs, and other ongoing initiatives (seed sector, food security and aggregation/ clustering models) revolving around agri-business under the KP-RETP. The specialist will provide timely, accurate and practicable advice based on analysis, contextual awareness and feedback of relevant stakeholders. The responsibilities of the Agri-business/4P Officer shall include but are not limited to the following:

- i. Conduct an extensive needs assessment in order to diagnose - assess, prioritize and reform relevant policies and institutional framework to unlock the potential of the agricultural and agribusiness sector. Analyzes policy issues facing agri-business and rural economy and leads an in-depth assessment of the policy and institutional framework to respond to the existing and emerging challenges in the sector;
- ii. Provide technical and policy advice and support to the provincial government to create a conducive policy for agri-business and rural economy. More specifically, contribute to strengthening policy environment for smooth working of 4Ps, PFOs and VACs to ensure their sustainability beyond the project;
- iii. Lead and/or organize and participate in relevant meetings, workshops, seminars and conferences, advocate strategic partnerships, best practices, and increase policy dialogue. Foster and negotiate effective collaboration between diverse stakeholders.
- iv. Support evidence-based approach toward establishing laws, regulations and administrative practices to support rural economy in general and agri-business in particular. Ensure alignment with national policies inasmuch the Constitution of Pakistan demands. Also ensure synergies applicable national laws and regulations in drafting of laws/regulations/policies as required from time to time;

- v. Support the provincial government in establishing arrangements for implementation of agri-business policies/rules/laws/and regulations while factoring in the needs of diverse stakeholders FPOs, private partners under 4Ps, VACs, NAVTEC etc.
- vi. Provides trainings or knowledge management dissemination sessions around agri-business policy regime being rolled out under the KP-RETP;
- vii. Ensure that agribusiness policies, laws, and regulations are sensitive to the cross-cutting themes of gender, climate, nutrition etc. Make sure that the inputs of different sector specialists and other stakeholders are properly incorporated in the agri-business policy work;
- viii. Maintain engagement with WFO/IFAD and other development partners to learn from what is being done effectively in other provinces and countries that can be mainstreamed in agri-business policy under the KP-RETP.
- ix. Any other task assigned by the RCU/PCU.

Reporting:

The Agri-business/4P Officer shall have a dual reporting line. On technical issues, the officer will be supervised by Manager (Agribusiness and Agriskills) based in PCU. For day-to-day operational issues, the officer will report to the Regional Coordinator.

Qualification and experience required:

Master degree in Economics, Agricultural Economics, Political Economy, Law, Political Science, Public Policy, or other relevant disciplines, at least ten years of experience in policy advice and analysis relating to market regulations - dynamics, food security, seeds and/ or rural development, monitoring and evaluation of policies and programs.

TERMS OF REFERENCE (TORS)
Gender and Youth Mainstreaming Officer
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Gender and Youth Mainstreaming Officer will be responsible in managing the mainstreaming effort to promote gender equality and integration of youth in project implementation. The Officer will assists in providing analysis of political, social and economic trends---and support the project in identifying and integrating workable activities that can contribute toward the mainstreaming of gender and youth in project activities across all components. The officer's responsibilities shall include but not be limited to the following tasks:

- i. Provide technical inputs to develop a gender and youth mainstreaming strategy—and periodically revisit/update the strategy—based on the lessons learned in the process;
- ii. Engage with relevant line departments to review ongoing initiatives of gender and youth integration and assist in improving delivery where possible; Help the project learn from the experience to avoid what is not working and incorporate in project implementation what is working;
- iii. Examine ongoing activities and find opportunities to integrate gender and youth dimensions therein—based on good practices in this domain;
- iv. Develops new, better or significantly different ideas, methods, solutions or initiatives for the project to mainstream gender and youth population in project implementation;
- v. Prepare briefs/updates on the development of gender and youth related issues in the province;
- vi. Use innovative but contextually appropriate ways to mobilize women and youth to effectively avail the opportunities offered under the project;
- vii. Provide assistance in data collection, compiling lessons learned, establishing indicators to support knowledge sharing;
- viii. Support in writing stories related to programme and project developments as they relate to gender equality issues.

Reporting:

The Gender and Youth Mainstreaming Officer shall have a dual reporting line. On technical issues, the officer will be supervised by Manager (Agribusiness and Agriskills) based in PCU. For day-to-day operational issues, the officer will report to the Regional Coordinator.

.

Qualification and experience required:

Master Degree in Gender studies, Law, Political Sciences, Social Sciences or related field with at least five years of relevant experience at the national level in the field of gender and youth related projects preferably in KPK.

TERMS OF REFERENCE (TORS)
Budget and Finance Coordinator” (5 Position—one each at RCU)
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Budget and Finance (B&F) Coordinator shall be responsible for overall coordination and oversight of BPMs/SPs, PFOs, FSCs, Partners under 4Ps, etc. to ensure that transparency, accountability, and compliance requirements set out in the Financing Agreement and relevant rules and regulations of the provincial government are met by different actors involved in project implementation in the region. The position will report to the FM in the PMU though it would provide general and technical support to the Regional Coordinator in ensuring compliance with applicable compliance requirements as stipulated in the MOUs/contractual agreements with BMPs/SPs/PFOs/FSCs/4P partners etc. The project's effectiveness in terms of compliance and results delivery largely depends on the work of B&F Coordinators.

The responsibilities of the Budget and Finance Coordinator include but are not limited to the following:

- i. Facilitate PFOs/FSCs in signing MOUs with PMU for project implementation
- ii. Facilitate PFOs in selecting HR for professional management—including FM staff based on the criteria established by PMU
- iii. Organize training for the staff at PFOs/FSCs focusing on core compliance/reporting requirements
- iv. Facilitate PFOs in the opening of account, and the maintaining of up-to-date books of accounts as specified in the MOUs.
- v. Facilitate PFOs in mobilizing farmers' share to implement business plans
- vi. Support PFOs in collect funds from members to meet the requirements of MOUs.
- vii. Conduct due diligence/post qualification assessment of private partners selected for 4Ps arrangements based on the guidelines established for this purpose.
- viii. Promote basic FM/economics literacy among farmers involved in project implementation.
- ix. Maintain liaison with service providers to ensure they are complying with internal controls/compliance requirements (set out in this manual later) stipulated in PMU's contract agreements with them

- x. Facilitate PFOs/others involved in microfinancing process in complying with the criteria of age group, social status, amount of each loan, recovery time etc.in the process;
- xi. Facilitate PFOs/others involved in microfinancing in robust documentation of the microfinance operations etc.
- xii. Submit monthly report to PMU on issues and challenges as well as possible practical solutions to move forward.
- xiii. The Finance Manager will distribute work between the B&F Officer, Accounts Officer, and B&F Coordinators based in RCUs following the principles of internal controls outlined in the relevant section of the manual to get the best value out of them

Reporting:

The Budget and Finance Coordinator will report to Regional Coordinator, RCU for day to day work whereas for technical reporting they are accountable to Finance Manager, PCU.

Qualification, Skills and Experience Required:

Master level educational attainment in finance, MBA, ACCA, CA (preferred) or any other related discipline, minimum 5 years' experience at similar level, having managed donor funded project(s), familiarity with Government financial regulations and IFAD financial management guidelines, and sound understanding of the community procurement and financial management of community driven sub-projects implementation.

TERMS OF REFERENCE (TORS)
M&E Assistant
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

The Monitoring & Evaluation Assistant will report to Regional Coordinator. This post has been created to assist Regional Program Coordinators in effective and speedy planning, monitoring and execution of program activities at regional levels.

The responsibilities of the M&E Assistant include but are not limited to the following:

- I. Data collection on relevant formats for effective monitoring of Programme targets.
- II. Formulate draft analysis and reports for RPC.
- III. Assist M&E team both at RCU and PCU level in data collection and reporting evidences against the activities completed at RCU.
- IV. Follow up with the field team regarding collection of means of verifications against completed activities at district level and submitting them to regional M&E/ RCU office.
- V. Perform data reviews, cleaning and apply validation and triangulation checks for reporting data at RCU level and also share it with PCU M&E for consolidation of data.
- VI. Support in logistics of field data collection tools and manage log of all incoming data.
- VII. Help M&E Coordinator/Officer to cross-check evidences and other means of verification for the progress reported in monthly and quarterly reports.
- VIII. Organize all data evidences for activities completed at field level of their districts.
- IX. Help to prepare various data summaries and perform data entry of feedback forms for various trainings/orientations completed at RCU level.
- X. Provide support to arrange in-house orientation to district staff on upcoming data collection surveys and studies.
- XI. Any other task assigned by RCU.

This job description is not an exclusive or exhaustive list of all job functions that an employee in this position may be asked to perform from time to time.

Reporting:

The Monitoring & Evaluation Assistant will report to Regional M&E Officer in RCU.

Qualifications:

The candidate should have Master degree or above in economics or any other relevant social sciences, with at least 5 years' experience in M&E using qualitative and quantitative tools for data analysis and reporting under a project of similar size and complexity preferably in agriculture sector. Good writing and communication skills in English are required while work in KP, newly merged districts and fluency in Pashto languages are desired.

TERMS OF REFERENCE (TORS)
Account Assistant
Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP)
Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

m. Scope of Work:

Account Assistant will support in the management of all financial transactions, from fixed payments and variable expenses to bank deposits and budgets. Accountant's responsibilities include auditing financial documents and procedures, reconciling bank statements and calculating tax payments and returns. This position should have previous experience with bookkeeping and a flair for spotting numerical mistakes. The responsibilities of the Accountant include but are not limited to the following:

- i. Manage all accounting transactions
- ii. Prepare budget forecasts
- iii. Publish financial statements in time
- iv. Handle monthly, quarterly and annual closings
- v. Reconcile accounts payable and receivable
- vi. Ensure timely bank payments
- vii. Compute taxes and prepare tax returns
- viii. Manage balance sheets and profit/loss statements
- ix. Report on the company's financial health and liquidity
- x. Audit financial transactions and documents
- xi. Reinforce financial data confidentiality and conduct database backups when necessary
- xii. Comply with financial policies and regulations

Reporting:

The Account Assistant will report to Manager Finance.

Qualifications:

Master level educational attainment in finance, MBA, ACCA, CA (preferred) or any other related discipline, minimum 5 years' experience at similar level, having managed donor funded project(s), familiarity with Government financial regulations and

IFAD financial management guidelines, and sound understanding of the community procurement and financial management of community driven sub-projects implementation

TERMS OF REFERENCE (TORS)

Office Assistant

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Office Assistant to help with the organization and running of the daily administrative operations of the company. This person will be comfortable working with a high degree of attention to detail and discretion as well as incorporating new and effective ways to achieve better results. The responsibilities of the Office Assistant include but are not limited to the following:

- I. Assist the PD and AO in operational backstopping field projects by ensuring timely provision of suitable inputs such as equipment, stationary and other utilities required.
- II. Receive and transmit all faxes and keep record and the accounts/files of the projects records.
- III. Performed duties as a Cashier, maintained cash book and stock register.
- IV. Maintain a schedule of planned meetings and attend to routine correspondence and
- V. Administration functions especially in the absence of the officers
- VI. Work with the relevant officers on arrangement of workshops/meetings materials.
- VII. All other duties as assigned by the supervisor.
- VIII. Undertake periodically the proper classification, recording, indexing and weeding of files in accordance with the instructions.

Reporting:

The Office Assistant will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be.

Qualification:

Bachelor's Degree in arts with five years' relevant experience.

TERMS OF REFERENCE (TORS)

Drivers

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

n. **Scope of Work:**

Drivers to transport passengers in a comfortable, safe and timely manner. Drivers should have a valid driver's license and a clean driving record with no traffic violations.

Key responsibilities of Drivers include the following:

- I. Map out driving routes ahead of time to determine the most expedient trip
- II. Pick up clients from the place and at the time they've requested
- III. Collect payments and issue receipts
- IV. Assist clients with loading and unloading their luggage
- V. Listen to traffic and weather reports to stay up-to-date on road conditions
- VI. Adjust the route to avoid heavy traffic or road constructions, as needed
- VII. Answer clients' questions about the area and local places of interest
- VIII. Ensure the car seats are clean and comfortable for all riders
- IX. Schedule regular car service appointments and report any issues
- X. Book car wash and detailing services to maintain interior and exterior cleanliness of the car.

Reporting:

The Office Assistant will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be.

Qualification:

Bachelor's Degree in arts with Three years' relevant experience.

Requirements

- I. Proven experience as a Driver
- II. A valid driver's license
- III. A clean driving record

- IV. Minimum visual acuity of 20/50 (or corrected to 20/50)
- V. Familiarity with GPS devices
- VI. Knowledge of area roads and neighbourhoods
- VII. Ability to lift heavy packages and luggage
- VIII. Availability to occasionally take weekend and night shifts
- IX. A polite and professional disposition
- X. Ability to remain calm in stressful driving situations (e.g. at rush hour)

TERMS OF REFERENCE (TORS)

Peon

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

O. Scope of Work:

The person will be responsible for serving tea and lunch to office staff, as well as kitchen maintenance, office cleaning plus other day to day work as told by office administration. He should be able to make and serve tea, coffee, water etc. to guests. Key responsibilities of the Peon include the following:

- I. Monitoring the use of equipment and supplies within the office.
- II. Dealing with queries or requests from the visitors and employees.
- III. Coordinating the maintenance and repair of office equipment.
- IV. Assisting other administrative staff in wide range of office duties.
- V. Collecting and distributing couriers or parcels among employees and opening and sorting emails.
- VI. Helping the receptionist, secretaries, or other administrative assistants in performing their duties.
- VII. Cooperating with office staff to maintain proper interaction and a friendly environment within the office.
- VIII. Make sure the office premise is clean.

Reporting:

The Peon will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be

Requirements:

- I. Should be honest, respectful, and trustworthy.
- II. Able to read and write.
- III. Experience in activities specified above is an advantage.

TERMS OF REFERENCE (TORS)

Guards

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Security Guard will undertake the surveillance of the premises and the protection of staff and visitors. In addition, he will be responsible for detecting any suspicious happenings and preventing vandalism, thefts or any other criminal behavior.

Key responsibilities of the Guards include the following:

- i. Inspect and patrol premises regularly
- ii. Monitor property entrance
- iii. Authorize entrance of people and vehicles
- iv. Report any suspicious behaviours and happenings
- v. Secure all exits, doors and windows
- vi. Monitor surveillance cameras
- vii. Respond to alarms and react in a timely manner
- viii. Provide assistance to people in need
- ix. Submit reports of daily surveillance activity
- x. Submit reports of every suspicious action

Requirements:

- i. Experience as a Security Guard or similar role
- ii. Good understanding of legal guidelines for area security and public safety
- iii. Outstanding surveillance and observation skills
- iv. Trained in First Aid/BLS and self-defense
- v. Registered as a security officer
- vi. Critical thinker and problem-solving skills
- vii. Team player
- viii. Good time-management skills
- ix. Great interpersonal and communication skills

- x. High School diploma is required

Reporting:

The Guards will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be

TERMS OF REFERENCE (TORS)

Gardener

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Gardener will be responsible to install and maintain the flowers, trees and green spaces on the property. Gardener will be monitoring the health of all plants and greenspaces, watering and feeding plants, trimming trees and shrubs, fertilizing and mowing lawns, weeding gardens and keeping green spaces and walkways clear of debris and litter. He should know how to use and maintain landscaping equipment, including mowers, trimmers and fertilizers, while following health and safety regulations. Key responsibilities of the Gardener include the following:

- i. Install and maintain seasonal plants
- ii. Mow, trim and fertilize green spaces
- iii. Mulch, edge and weed gardens
- iv. Prune and trim trees and bushes
- v. Maintain all gardening equipment and machinery, like mowers, trimmers and leaf blowers
- vi. Monitor and maintain the health of plants
- vii. Deal with pest problems that could damage plants
- viii. Keep gardens and green spaces clear of debris and litter

Requirements:

- i. Experience as a Gardener
- ii. Familiarity with landscaping design
- iii. Extensive knowledge of regional plant life
- iv. Knowledge of local pests and how to eliminate them
- v. Knowledge of synthetic and natural fertilizers
- vi. Knowledge of state health and safety regulations for landscaping
- vii. The ability to lift heavy objects
- viii. The ability to remain on your feet for long periods of time
- ix. A love of the outdoors and plant life

Reporting:

The Gardeners will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be

TERMS OF REFERENCE (TORS)

Sweepers

Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) Project Coordination Unit, Planning and Development Department, KP

Background

The provincial government in partnership with the International Fund for Agriculture Development (IFAD) is implementing KP-Rural Economic Transformation Project to addresses the main causes of rural poverty and food insecurity. These include low productivity and inefficient production system, wastages and low return from unorganized smallholders dominated farming, poor market orientation and weak linkages to supply chains, youth and women unemployment in rural areas as well as limited access to economic services, causing in turn income losses, food insecurity and malnutrition. The project will cover all 35 districts of the province to allow equitable coverage of the potential of all agro-ecological zones and exploit regional/district specific employment opportunities. The KP- RETP target groups will fall under the category of smallholders (<12.5 acres or 5 ha), landless households (HH), rural youth and the poor. The project will target 50% youth and 25% women beneficiaries in all the project activities. The Project will be implemented over a period of seven years (2022-2028).

Project Components

The project has following three core components:

1. **Agribusiness Development**—focusing on Professional Farmers Organizations, development of public private producers partnerships (4Ps), Farm Service Companies and Institutional Services.
2. **Skills Development & Employment** —focusing on Skills Development for agribusiness, employment, start-up capital for self-employment; Public –Private internship programme, support to TEVTA.
3. **Project Management and Policy Support**—focusing on Management, implementation coordination and policy support, technical assistance for institutional/capacity building.

Project Development Objective

The development objective is improved rural income and employment through high value agriculture and off-farm/non-farm related activities in a sustainable and climate resilient manner.

Scope of Work:

Sweeper will take care of the facilities and carry out cleaning and maintenance duties. The goal is to keep our building in a clean and orderly condition. Key responsibilities of the Sweeper include the following:

- I. Clean, stock and supply designated facility areas (dusting, sweeping, vacuuming, mopping, cleaning ceiling vents, restroom cleaning etc)
- II. Perform and document routine inspection and maintenance activities
- III. Carry out heavy cleansing tasks and special projects
- IV. Notify management of occurring deficiencies or needs for repairs
- V. Make adjustments and minor repairs
- VI. Stock and maintain supply rooms
- VII. Cooperate with the rest of the staff
- VIII. Follow all health and safety regulations

Requirements:

- I. Proven working experience as a Cleaner
- II. Ability to handle heavy equipment and machinery
- III. Knowledge of cleaning chemicals and supplies
- IV. Familiarity with Cleaning Data Sheets
- V. Integrity

Reporting:

The Sweeper will report to Administrative Assistant (PCU)/Regional Coordinator (RCU) as the case may be

Annexure-3: Outline of Diagnostic Study

1. Executive Summary
2. Introduction and background
3. Sector overview, constraints and opportunities
4. Methodology, approach, sampling framework and prioritization criteria
5. Study Findings and Discussions
 - 5.1. Cluster Profile: overview of cluster selection, agro-climatic conditions, cropping pattern, geographic profile, status of natural resources, total current volumes of trade, market channels and its shares, growth trends for the last 5 years and benchmarking (yield, profits, quality, post-harvest losses, value addition/transformation rates etc.)
 - 5.2. Village Profile: Geographic profile, socio-political background, major agricultural crops, agricultural productivity, farmers and land details, secondary data on production, major market yards, processing facilities available
 - 5.3. Farmers' organization/4Ps/FSC potential
6. Value-Chain Analysis: value chain mapping and analysis, function and activities (current and missing), value added at each node/economics at different levels of value chain, service provision and benchmarking within country and within region – map of transformed value chain.
7. Rapid market appraisal and mapping of markets
8. Potential and opportunities: Inputs side, financial services, marketing services, insurance services, access to government programs, watershed programs
9. Key Conclusions and Recommendations
10. Action Plan

Annexure:

Questionnaires, checklist, details about government programs

Sector specific data at provincial and cluster level

Summary of Rapid Market Appraisal

Annexure-4: Detailed checklist of factors for baseline study

1. Methodology and Analytical Framework/Design
2. Sampling size and technique
3. Database Development
 - a) General Information – unique identification number (CNIC) and contact mobile phone numbers (at least 2 contact numbers per HH), demographics (disaggregated data), household size, members and details of occupation and incomes, dietary diversity/nutrition, food security etc.
 - b) Economics of Agriculture – Costing, input and output ratios, yields and current productivity
 - c) Production – Quality and quantity of inputs, technological levels, input suppliers and vendors, seasonality of production, availability and tied sales
 - d) Financial Aspects – Sources, terms and conditions, interest and existing outstanding, access to government programs
 - e) Risk Aspects – Historical risks, computation of losses due to risk, coping mechanisms
 - f) Marketing Aspects – Channels of marketing, margins and costs at various levels, quality aspects, price sensitivity, seasonality of markets, alternate market structure
 - g) Best Practices
 - h) Constraints and Challenges
 - i) Prospects and Opportunities

Annexure-5: Business Planning Format

1. Executive Summary	Overall snapshot of the proposed intervention
2. Introduction	Overall introduction to the project (Details of selected village/district, demography, household details, existing value chains, proposed intervention and outcomes etc.
3. Brief on Cooperative Society	- Details of Structure and registration - Current business activities and performance
4. Proposed Intervention (Business)	- Details of selected area & value chain with specific details. - Market details/statistics - Project activities (Cultivation, value addition, training and procurement etc.)
5. Technical Feasibility and Plan	- Technical viability of the business model - Key technical requirements (technology, skills and inputs etc.) - Technical layout and production/processing plan - Compliance to standards (social, environment, climate change and health safety – SECAP)
6. Market Assessment and strategy	- Existing scenario, product standards and practices. - Market and Marketing Proposed for the business model - Marketing Plan
7. Institutional Support	Role of banks/PFIs, Government departments and private sector
8. Risk Analysis	Perceived risk and mitigation plan considering probability of occurrence and severity of the impact.
9. Youth, Gender & Nutrition inclusion	Details on how the proposed intervention supports youth and promote gender equality and nutrition sensitivity.
10. Proposed Financials	- Project contribution summary considering FPO and project investment - Overall cash flow summary with financial indicators (Ex: FIRR, NPV and payback period etc.) - Sensitivity analysis
11. Exit Strategy	Details on project sustainability and the continuation after project completion.
12. Audit & Accountability	Internal & external governance mechanism of the FPO and accountability.
13. Annexures and supporting documents	- Details worksheet of financial analysis - SWOT analysis - Activity plan - Technical manual - Compliance note for SECAP - Monitoring & Evaluation plan - Fund disbursement plan with milestones - Coop registration & other details (BODs/Cabinet members details) - TORs applicable for professional staff to be recruited.

Annexure-6: FPO Institutional maturity index computation

	CATEGORY	INDICATOR	UNIT
1	Financial & Business Efficiency	Total annual sales	in PKR
		Gross margin (Direct Income {income from direct sales} – Direct Costs)	in PKR
		Net profit	in PKR
		Current ratio (Current assets to Current liabilities)	Ratio
		Debt - equity Ratio	Ratio
		Ratio of grants to turnover	Ratio
		Break-even sales	in PKR
		Operational margin (sale+ closing stock-opening stock purchases- direct cost)	in PKR
		Inventory turnover ratio	Ratio
		Operational self sufficiency	%
		Financial self sufficiency	%
		Debt service coverage	Ratio
2	Members Economics	Ratio of member realization (wages + purchase price + bonus, paid to members) to total turnover	Ratio
		Average per member realization	Numbers
		Net profit per member	in PKR
		Per member turnover	in PKR
		Non-member procurement	%
		Income (realization-cost at member level) from the enterprise to member to total income of member	%
		Total members to total potential members	%
	Average member procurement to average member production	in PKR and Qty	
OPTIONAL INDICATORS FOR ALL ENTERPRISES			
3	Institutional	Membership of the enterprise	Number
		Active members to total members	%
		Attendance in board meeting	%
		Members attending General Body meeting	%
		Legal compliances met to total number of legal compliances prescribed	%
4	Sustainability		
		Compliance with organic certification/fair trade	Yes/No
		Total reserves created	in PKR
		Marginalized communities covered to total members of enterprise (caste)	%
	Poor households to total members of enterprise (Economic marginalization)	%	
5	Social Indicators	Increased availability of disposable income with members	%
		Members covered with insurance - life/health/accident	%

Annexure-7: Template for Expression of Interest (EOI/Concept Note) Stage

1. Applicant Details	
Full Legal Name	
Company registration number (where applicable)	
Legal Structure	Please select the most appropriate alternative that applies to your organization with an “X” from the following, and provide particular information where requested. ☐ Public Quoted Limited Liability Company ☐ Public unquoted Limited Liability Company ☐ Private Limited Liability Company ☐ Company Limited by Guarantee ☐ Company Limited by Association ☐ Co-operative Society ☐ Farmer Based Organization (‘Societies’) ☐ Partnership; No. of Partners: ☐ Sole-proprietorship ☐ Other (Please specify)
Property Rights	Please select the most appropriate alternatives that applies to your organization with an “X” from the following: Land ☐ Owned ☐ Leased ☐ Rented Buildings ☐ Owned ☐ Leased ☐ Rented Plant/Machinery ☐ Owned ☐ Leased ☐ Rented If property is leased or rented: Period of lease/rent contract: If property is leased: Name of the financial institution/s:
Type of Business Operation	Please select the most appropriate alternative that applies to your organization from the following: ☐ Manufacturing ☐ Services ☐ Processing/Packaging ☐ Distribution ☐ Other. Please specify: Please specify the products manufactured / services offered /items processed or packed / distributed:
Contact person	
Gender (for Individual	

applicants)	
Age (for Individual applicants)	
Official (registered) address	
Postal address (for correspondence)	
Telephone number	
Email address	
Type of business	
Year operations started	
Number of staff	
Management and organization capacity Clearly describe the management, organizational and financial capability you have to implement this project.	
2. Enterprise/Individual Operation or Activity Details	
Title of the proposal:	
Estimated new employment opportunities:	
Problem Definition: Clearly describe the specific problem your project is trying to address. Explain how solving/alleviating this problem will increase the income of smallholder by minimum 30% from the current situation and your income. (Maximum 300 characters).	
Describe your project idea to address the problem stated above. Please detail the specific objective(s) of this project, including targeted beneficiaries and/or area that you plan to reach during implementation. (Maximum 500 characters).	
Project Implementation: How will you implement your project idea? Describe the concrete steps or major activities that the project will undertake to meet your objective(s). Include the length and scope of each major activity. Explain the status of the idea: Is this a brand-new idea or has the idea already been tested or piloted? Has a feasibility study been conducted? (Maximum 700 characters).	
Marketing & Distribution: Describe current status on target commodity in market and potential towards local and export market. Provide details of an end market analysis conducted so far? (Context, channels, customers, competitors, communication and choices).	
Results: Please state the tangible expected results of your project and its direct impact on improving outcomes for the targeted beneficiaries/area. Provide estimates of the number of farmers that your project will benefit. (Maximum 300 characters).	
Measurability: Describe the specific method(s) and indicators that will be used to measure project success and implementation. Indicators should demonstrate that project objective(s) described above. (Maximum 300 characters).	
Sustainability (Organizational and Financial): What characteristics of project will ensure that it is sustainable? Describe	

any major challenges that project faces and how it will be overcome. (Maximum 300 characters).
Proposed Investment/ Budget (clearly identifying the items or activity being financed by the Private sector, Producers and the KP-RETP).
Note: The KP-RETP can partially finance on-farm investment for producers, market linkage or primary processing.

For KP-RETP use only:

Date application received:

Name and signatures of the receiving official:

Checklist - EOI Submission & Eligibility

S. No	Required Documents	Checkbox
1	EOI submission cover letter	☐
2	EOI submission form	☐
3	Copy of registration certificate (number of years since registration should not be less than 2 years)	☐
4	Detailed profile of the applicant organization along with the details of agribusiness activities together with contact details of all major agribusiness suppliers/producers and customers during the last three years	☐
5	Last two years audited financial statements (must have unqualified opinion of the auditors)	☐
6	Bank statement for last one year	☐
7	List of board members (if any) and key management together with qualifications thereof	☐
8	Company organogram	☐
9	Particulars of physical address in Pakistan or abroad (In case of a multinational company) with contacts in full details	☐
10	Tax liability and adherence	☐
11	Proposed investment plan	☐
12	Time frame of implementation and proposed fund requirement plan	☐
13	Tentative list of target provinces together with target number of farmers with which the company intends to establish partnership.	☐
14	Proof of working with smallholder farmers in past with success	☐
15	Recommendation	☐
16	Any additional document attached, please specify	☐

For KP-RETP use only:

All the required documents are attached: Yes ☐ No ☐

Comments: _____

Name, designation and signatures of reviewing officer: _____

Date: _____

Annexure-8: Template for proposal development

Executive Summary

A typical business plan begins with an executive summary that is prepared after the plan is written. The purpose is to communicate the plan in a convincing way to important audiences. Summary of project objectives, outputs, outcomes, budget and financial viability need to be included.

Introduction/background of the promotor

A summary of the business activities of the company/FO (Promotor), history and the position in the marketplace should be provided here. This part gives an overview of the promotor, its vision and objectives, including the following elements:

1. Presentation of the promotors
Creation date, geographic area, number of members (FO), types of commodities/products, plot size operated by each farmer member, number of staff (Company), ongoing services provided by the promotor, property, equipment and infrastructure.
2. Focus and overview of the business the promotor is aiming to develop within its business plan.
3. Vision and mission
The vision is what the promotor aspires to and what it will concentrate its energies and resources on to make the business profitable. The mission is to be achieved through the objectives of the promoters' business plan.
4. Objectives/goals
This section includes production and/or financial-related objectives specific to the plan. Objectives should be SMART (Specific, measurable, achievable, realistic and time bound)

Market & Supply Analysis

1. Brief introduction on the current market for the product that the promotor is focusing on in the country/region/sub region: current marketing and pricing systems, potential buyers of produce.
2. Brief introduction on the type of product targeted by the promotor (conventional sector, organic, fair trade, raw, processed, etc.).
3. Areas to improve efficiency of marketing system: what are the potential areas where the promotor could improve efficiency and reduce the costs of the current marketing system (transport, processing, etc.)?
4. Possibility of market development: what is the potential for the development of new markets? Is there potential for the promotor to directly market produce nationally, internationally, etc.? If there is, would this be a more profitable option?
5. Current produce volumes and prices from potential membership/dealership or contract farmers: what prices are members/contract farmers/dealers receiving for produce, who they sell produce to (in case of FO), what are transport arrangements etc.
6. Current buyers of crops/finished products produced by potential members/processor/company: who are the key buyers of produce/finished products, what are the 'links in the chain' after the initial purchase is made.
7. Current volume of input purchase, current suppliers of inputs, prices of inputs, input supply marketing channels.
8. Current assets and equipment (warehouses, production and/or processing equipment belongs to the promotor).
9. Characterization of the FO/company business partnerships with buyers, types of contracts, price, quantity, etc.
10. Differences between sales through the FO and sales without involvement of the FO (prices, terms and conditions, etc.).
11. SWOT analysis of the ongoing capacities of the FO/company (diagnostic elements) to manage its economic services in relation to the planned business in terms of;
 - Production
 - Processing of products
 - Marketing
 - Export
 - Certification
 - Financial management
 - Administration
 - Management

Important: Most recent statistics need to be included with source of data.

Value Chain Analysis:

Comprehensive value chain analysis need to be included (Diagram) considering all actors and their role. In addition, identify the positives/gaps/loopholes at each stage and influencers accordingly (Table).

Function/VC Layers	Actors	Supports/Discourages	Influencers

Proposed Partnership

- Project goals & objectives
Goals are high level statements that provide overall context for what the partnership is trying to achieve, and should align to SAPP/IFAD goals. Objectives are lower level statements that describe the specific, tangible products and deliverables that the partnership will deliver within a time frame.
- Problem Identification
Problem Statement/Partnership Rationale is a brief analysis or summary of the problems identified relating to the partnership or issue to be addressed by the intervention. It has to be precise and point-to-point basis.
- Project Solution for the problem
This related to the problem identification and should highlight how the intervention can address the identified problem.
- Project outputs
This section should present the desired outputs expected through the partnership and should be measurable.
- Project Beneficiaries
The target group should comprise of smallholder farmers (with land holdings below 2 Ac and rely on agriculture for at least 50% of their household income), with special focus on women and landless, especially the youth. However, to provide assurance for steady and adequate supply to reach the demand, 20% could be accommodate from the upper bracket of the poor to have sustainable value chains. Further, indirect beneficiaries need to be specified with their specific roles in the partnership.
- Project geographical coverage
The programme is entitled for national coverage, though special attention and preference would need to be given to low income districts and where Agri-production potential is high. Please include Provinces, Districts and DS Divisions accordingly.
- Project overall benefits
This should emphasize the overall benefits to smallholder beneficiaries, promotor and country as a whole.

Proposed activities and investment

- Cost table: Contribution from each partner of the partnership (Promotor, KP-RETP, Farmers etc.).
- Activity plan: Time line to implement proposed activities. Ideally through a gunnett chart.
- Fund requirement plan: This should be aligned with activity plan.
- Extension service plan: In this section, it is expected to highlight how promotor is planning to monitor and support beneficiaries during the implementation of the project. (Ex: How many staff, number of visits per beneficiary/month etc.)
- Monitoring & evaluation plan: This should explain how promoter would monitor and evaluate the implementation of the partnership together with PMU. This could be through PMU staff (Field officer) or with the support of government officers as well.

Financial analysis

- Financial assumptions with and without additional investment
- Financing requirement for production.
- Valuation of business (evaluation of in-kind contribution)
- Calculation of net present value and internal rate of return
- Financing plan and cash flow estimation.

6. Sensitivity analysis (If needed)

Important: Financial analysis should be done for sub models separately and entire project as a whole as well.

Risks analysis

Categorize risk factors (See the below chart) involve in the proposed project according to probability of occurrence and the severity (Impact) with a scale to be included in the matrix as given below. The risk mitigation step involves development of mitigation plans designed to manage, eliminate, or reduce risk to an acceptable level. Once a plan is implemented, it is continually monitored to assess its efficacy with the intent of revising the course-of-action if needed.

Simple Risk Matrix

Likelihood	Consequences		
	Minor	Moderate	Major
Likely			
Possible			
Unlikely			

Risk Treatment Key

Intolerable Risk Level. Immediate action required
Tolerable Risk Level. Risks must be reduced so far as is practicable.
Broadly Acceptable Risk Level. Monitor and further reduce where practicable.

Gender equity and social inclusion strategies

This sector should include how to transform and distribute of opportunities, choices and resources available to women and men so that they have equal power to shape their lives and participate in the process of value chain and the proposed partnership.

Further, social inclusion refers to the process of improving the conditions of disadvantaged individuals and groups - such as youth, victims of natural disasters, indigenous peoples, or other vulnerable communities to be included in the partnership.

Annexure-9: Scope of work and Evaluation Criteria for Business Proposals

General

- To evaluate the submitted proposals by proponents under border criteria given below, highlighting the feasibility of implementing of the partnership.
 - Overall concept
 - Social feasibility
 - Legal & environmental feasibility
 - Marketing & technical feasibility
 - Economic & financial feasibility
 - Management & schedule feasibility
 - Overall sustainability
- Carry out the feasibility at the ground level to support the evaluation pointing out practical scenarios which prevails in current context.
- To provide recommendations to program management with justifications highlighting the feasibility of the partnership to be implemented and to suggest improvements, corrective actions to fine tune the proposals.
- To scrutinize the items included in investment plans of the proposals including capital assets (equipment, machineries and construction work etc.) and working capital (seeds, fertilizer, agrochemicals etc.) under below criteria;
 - Value for money (cost)
 - Quality
 - Suitability
 - Comparison with alternatives
 - Availability
 - Efficiency & effectiveness
- To assist and advice proponents to resolve any policy, legal, environmental matters which may arise during the implementation.
- Coordinate and interact with relevant staff of program management unit (PMU) and proponent to conduct the evaluation successfully.
- Review the internal appraisal compiled by the PMU and provide recommendations to program management to fine tune it.

Committee Team Leader

- Organize and lead the overall evaluation. Provide oversight to the evaluation throughout the entire evaluation cycle. Be the point person to liaise with program management.
- Ensure a thorough review and analysis of the proposal and other available secondary data by the appropriate committee members.
- Lead the selection of a purposively selected sample of implementation sites and outputs for proposed intervention.
- Ensure the final report is logical and presented in a way that clearly separates the evidence collected, conclusions, and recommendations in different sections of the report, and that conclusions and recommendations are based on the evidence presented in the report and adequately supported by information gathered through the evaluation.
- Serve as a technical specialist for a specified sector (optional) as long as it does not affect her/his performance in his/her primary committee leadership role.
- Coordinate and interact with relevant staff of program management unit (PMU) and proponent to conduct the evaluation successfully.

Technical/subject related specialists

- Interact with committee to provide expertise & insights on relevant fields to conduct the evaluation successfully.
- Provide primary and secondary data on relevant specialized field to support the evaluation conducted by the committee.
- Link committee with relevant specialized field institutes/organizations to get relevant information or any other specific requirement arise during the evaluation.

- Assist and guide the proponent to enhance the proposal with the expertise in specialized technical areas of the proposed intervention.

Annexire- 10: Score card (Business Proposal Evaluation Committee)

Category	5	4	3	2	1	Remarks
Concept						
Relevance for national priority						
National contribution (Import substitution/export oriented)						
Geographical coverage (Rural/urban)						
Viability of the partnership in long run						
Overall perception towards the beneficiary commodity/produce						
Total (Out of 25)						
Social Feasibility						
Impact on rural livelihood system, vulnerability and resilience						
Woman/youth participation & gender aspects						
Impact on cultural norms & beliefs in project locations						
Existence of active farmer groups/societies						
Existence and operation of established social enterprises						
Willingness to act/form as a community/group to share mutual benefits						
Impact on direct & indirect employment generation						
Nutrition focused/sensitivity aspects						
Total (Out of 40)						
Legal & Environmental Feasibility						
Impact on overall protection of public & environmental health						
Impact on effective reduction of hazardous waste toxicity, mobility & volume						
Impact of the project on the environment and the approval of the concerned institutions for license. (Statutory compliance)						
Impact on national heritage, protected areas & natural resources.						
Approval of relevant authorities/legal bodies for implementation						
Public opinion (General perception of the						

Category	5	4	3	2	1	Remarks
community)						
Incorporation of climate resilience practices						
Total (Out of 35)						
Marketing & Technical Feasibility						
Ability of promoter to convert farmer produce to end products with desired technology						
Ability of promoter company to transfer/disseminate appropriate technology to beneficiaries.						
Accessibility to raw materials and their quality/price						
Availability of markets for outputs/end products and the expected prices for these outputs.						
Availability of various services related to the project (i.e., extension)						
Availability of land/water/roads and other infrastructure to the project						
The costs of transporting inputs and outputs to the project's location (i.e., the distance from the markets)						
Total (Out of 35)						
Economic & Financial Feasibility						
Total estimated cost of the project.						
Financing of the project in terms of capital structure, debt to equity ratio and promoter's share of total cost.						
Existing investment by the promoter in any other partnerships.						
Projected cash flow and profitability of beneficiaries (NPV & IRR)						
Availability/willingness of banking partner for credit facilities						
Ability of beneficiaries to contribute to total investment (Working capital)						
Willingness of beneficiaries to obtain credit facility through a bank						
Total (Out of 35)						
Management & Schedule Feasibility						
Managerial capability of promoter company (Proper down the line structure and availability of staff at ground level).						

Category	5	4	3	2	1	Remarks
Past experience in value chain development partnerships in relation to donor funded projects.						
Past experience in successful agribusiness venture and reputation						
Profitability and liquidity of the promoter company.						
Overall feasibility of completing the project within stipulated action plan proposed by the promoter company						
Overall commitment and interest towards the partnership						
Total (Out of 30)						
Overall						
Additional Comments:						
Name of the committee member:						Total Score (Out of 200):

Annexure-11: Business Planning Guidelines for NFSC

1. Executive Summary	• Snapshot of the overall business plan and the execution.
2. Introduction	• Introduction to the FSC (Existing setup and operation, proposed intervention and expected outcome.
3. District Context	• Demand assessment of seeds, fertilizer, agro-chemicals, machinery etc. based on the number of PFOs, members, plot size, cropping pattern, farming system etc.
4. Strategic Orientation	• Mission, vision, objectives and goals, key measurable indicators.
5. Product and Service Model	• Products and services, terms and conditions.
6. Institutional Structure	• Membership, governance, operational staff, terms of engagement, performance measurement, remuneration and other important details.
7. Procurement Plan	• Procurement points, time, pricing mechanisms, viability of procurement points, staffing for procurement, storage and transportation
8. Storage and Processing	• Processing facilities, machinery and plant erection, capacities, safeguards
9. Financial Resources Plan	• Finances required, fixed investment and working capital requirements, sources, terms of borrowings, member own funds, project contribution.
10. Marketing Plan	• Channels, brands, consumer feedback, key products, marketing strategy
11. Benefits of NFSC	• NFSC level benefits computation and projections
12. Operation & Activity Plan	• Proposed activity and fund disbursement plan
13. Risks and Risk Management Plan	• Perceived risk and mitigation plan considering probability of occurrence and severity of the impact.
14. Linkages and Convergence Plan	• Plan for institutional linkages and responsibilities
15. Financial projection as per product costing	• Assumptions, Projected balance sheet, Profit and loss account, cash flow projections, breakeven point, IRR and NPV calculation.

Annexure-12: Indicative list of sector-wise training under component-2

Sr. No	Trade	Sector
1	MASONRY	CONSTRUCTION
2	CARPENTER	
3	STEEL FIXER	
4	TILE FIXER	
5	BUILDING ELECTRICIAN	
6	WELDING	
7	PLUMBING	
8	ROOF CEILING	
9	AC & REFRIGERATOR MECHANIC	
10	RECEPTIONIST	HOSPITALITY
11	COOKING/CHEF	
12	BAKERY PRODUCTS	
13	WAITERING SERVICES	
14	MEDICAL STORE ATTENDANT	HEALTH CARE
15	DISPENSER TRAINING	
16	LAB ATTENDANT	
17	AUTO MECHANIC	AUTOMOBILE THEME
18	AUTO ELECTRICIAN	
19	CAR AC REPAIRING	
20	TRACTOR REPAIRING /PETER ENGINE REPAIRING	
21	DENTING AND PAINTING	
22	MOTOR CYCLE REPAIRING	
23	HEAVY MACHINERY OPERATION	
24	HOME APPLIANCES REPAIR	
25	MOBILE PHONE REPAIRING	
26	CAR DRIVING	
27	TAILORING	GARMENTS
28	HAND & MACHINE EMBROIDERY	
29	BABY GARMENTS	
30	APPLIQUE WORK & RILLI MAKING	
31	ADDA WORK	
32	CHESTER MAKING	

33	BLOCK PRINTING	
34	COMPUTER HARDWARE	INFORMATION TECHNOLOGY
35	COMPUTER SOFTWARE	
36	MOBILE PHONE APP DEVELOPMENT	
37	SOFTWARE DEVELOPER	
38	GRAPHIC DESIGNING	
39	AUTO CAD	
40	WEB DESIGNING	
41	LEATHER WORK AND HANDICRAFTS	ARTS AND CRAFTS
42	HAND BAG MAKING	
43	JEWELRY MAKING	
44	HAND KNITTING WORK	
45	BLUE POTTERY	
46	CERAMICS / KASHIGARI / BLUE POTTERY (OLD MULTANI CULTURE ART)	
47	HANDY CRAFT	
48	BEAUTICIAN	PARLOR MANAGEMENT
49	HAIR DRESSER	

Annexure-13: TORs for the Vocational/Entrepreneurship Training Service Provider

The Vocational/Entrepreneurial Training Organization (VOETO) should be experienced in social mobilisation and have a minimum of five years' experience of delivering vocational training and in house capacity and human resources for providing services in the region. The VOETO should have the capacity to engage with local communities for the identification of vocational training needs of the household in BISP-PSC band of 0-34 and assess the capacity of the participants to utilize the training. It should have the capacity to be gender sensitive and have women staff on its team in order to gain the confidence of women trainees and ensure the provision of training at local level in an environment which are appropriate, safe and secure for women trainees.

The VOETO should have presence in the region/division of the province for which it is being considered. The VOETO will work closely with PMU and KP-TEVTA and will ensure effective coordination of its staff with that of the PMU and other implementation partners regular basis.

The VOETO should be able to design training courses that are tailored to the needs of the target group in terms of timings, content, methodology, duration, location, utility and delivery strategy as per the parameters of the project design. VOETO should have the in-house capacity to deliver the training directly in a cost-effective manner. It should have the capacity to provide support to trainees in obtaining employment or establishing their own enterprise/business with backward and forward linkages with markets. It should develop an MIS for monitoring and evaluation of the Programme. It should have the capacity to critically evaluate its training and provide regular progress reports and information on both output and outcome indicators.

The VOETO should be able to institute a system which provides feedback from graduates on the overall impact of the training on employability, productivity and increase in incomes.

Duties and Responsibilities

Ensure selection of trainees as per the criteria outlined in the project design for all types of trainings whether conducted by VOETO or KP-TEVTA. The VOETO will be responsible for design, implementation of training, evaluation and tracking of employment status of candidates. The VOETO will also provide business incubation services for self-employed in the form of hand holding in the initial stages.

The Terms of Reference for the VOETO will be as follows:

- i. *Work plan & Budget: The VOETO will provide the PMU with a budget, detailed workplan and description of deliverables including approach and methodology for the three year period.*
- ii. *Training Needs Assessment: The VOETO will conduct a training needs assessment for the indicated trades in which men and women require training to for remunerative employment and sustainable livelihood through self-employment/enterprise development. The needs identification will focus especially on women as 50 per cent of the beneficiaries of vocational training are women.*
- iii. *Orientation on Selection of Trainees: The VOETO will provide COs with a briefing on purpose, activities and criteria for selection of candidates through an orientation.*
- iv. *Screening & Selection of Participants: VOETO will be responsible for finalizing the list of participants of vocational training after screening of the selected candidates on the basis of interest, qualification and potential, for all types of training whether delivered directly or through KP-TEVTA.*
- v. *Design and Delivery of Training Courses: VOETO will design training courses that are tailored to the needs of the target group identified in terms of timings, content and methodology for the directly delivered trainings.*
- vi. *Local Training Teams: The VOETO will use local training teams to ensure access of women.*
- vii. *Start up Support: VOETO will provide start up support either in kind or in the form of capital, as appropriate to the trade, for the self-employed beneficiaries from project resources and/or through linkages with banks for accessing the government youth development fund for enterprise development.*
- viii. *Support in Linkages with Agribusiness Component and Markets: The VOETO will support backwards and forwards linkages with Agribusiness component of the project which is expected to generate demand for jobs and services and markets both for selection of trainees and placements.*
- ix. *Identification of Public and Private Organisations for Graduate Internship Programme: The VOETO will identify potential public and private organisation for placement of graduate interns. The VOETO will have the overall implementation responsibility including, oversight, monitoring and reporting.*

- x. *Design and maintenance of MIS: The VOETO will design and maintain an MIS which will provide sex-disaggregated data and include identity card numbers, income profile, business activity undertaken etc. The system would be integrated with the PMU M&E system.*
- xi. *Evaluations and Impact Assessments: VOETO will conduct periodic studies for relevance, effectiveness and economic and social impacts.*

Reporting Requirements

The VOETO will submit the following reports to the PMU:

- a) An inception report on the on the need for vocational skills undertaken in the region.
- b) Monthly reports on activities undertaken (number of trainees identified and assessed, number of trainees selected for KP-TEVTA and self-delivery trainings, number of trainings conducted, number of persons trained by trade and gender, market linkages developed, etc).
- c) Quarterly reports consolidating the monthly reports on activities undertaken key achievements and lessons learnt.
- d) Yearly reports on activities undertaken key achievements and lessons learnt.
- e) End of the project report on activities undertaken key achievements and lessons learnt.
- f) Periodic evaluation and impact assessment report.

Annexure-14: Guidelines for Managing Social, Environmental and Climate Risks in Implementation

The ESMP provides guidelines for the management of potential environmental and social impacts together with climate change aspects of the project interventions. The ESMP identifies parties responsible for monitoring actions, and any training or capacity building needs. Mitigation measures have been identified to reduce present and potential impacts associated with the proposed activities. Social mitigation includes the measures creating awareness and proper mobilization, proper participation of members in the planning and implementation of activities, inclusion of women etc to mitigate effects of local disagreements and conflicts. Physical mitigation includes measures that address impacts to the physical environment, such as biological communities, vegetation, water resources, air quality and others.

The project does not involve infrastructure and other civil works development, however, there are chances that the FPOs might go for establishing fruit, vegetable or dairy processing units at local level. Generally, fruit processing (canning, drying, freezing, and preparation of juices, jams, and jellies) steps include preparation of the raw material (cleaning, trimming, and peeling followed by cooking, canning, or freezing. Plant operation is often seasonal and typically generates volumes of effluents and solid waste. The effluents contain high organic loads, cleansing and blanching agents, salt, and suspended solids such as fibers and soil particles. They may also contain pesticide residues washed from the raw materials. The main solid wastes are organic materials, including discarded fruits. Odor problems can occur with poor management of solid wastes and effluents.

Environmental impacts associated with a dairy processing unit are generation of waste and wastewater. Once started, it is a regular full time activity to be monitored regularly to avoid environmental impacts. Wastewater and packaging material waster are generated that need to be disposed-off properly to avoid any contamination especially water resources. Quality control mechanisms to be in place from processing to storage and to consumer.

Details of the ESMP and mitigation measures are provided in the Table below.

Social, Environmental and Climate Risk Assessment and Mitigation

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
Social Mobilization and Development (such as participatory planning, selection of target area and intervention, agri-business development)	<u>Social:</u> ✓ Clear mechanism for social mobilization based on predetermined criteria for selection of members ✓ Community participatory planning is not institutionalized/ defined ✓ Limited awareness of the community about the project goals and objectives ✓ Limited scope for gender based community development ✓ Poor strategies for involvement of women ✓ Lack of awareness about Farm Services Centres and limited accessibility to cooperatives ✓ Lack of clarity about the role and responsibility of FOs <u>Environmental and Climate:</u>	<u>Social:</u> ✓ Well-defined community mobilization and development mechanism will be ensured ✓ Participatory planning and design will be ensured (particularly participation of women will be ensured) ✓ Community organizations will ensure coordination with local government department ✓ Role of and access to various community development facilities will be made clear to the community through consultations, meetings and seminars ✓ Technical and business support will be provided to cooperatives including business plan development Clarity about the role and responsibilities made <u>Environmental and Climate:</u>

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	Office establishment ✓ Location; Easily accessible to all ✓ Noise and dust pollution during construction ✓ Labour and staff protection and safety at risk ✓ Disposal of debris and other solid waste ✓ Noise and air pollution due to due to operation of generators) ✓ Adverse effect on plants and shrubs ✓ Vehicles parking and movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate solid waste disposal ✓ Poor sewerage and drainage system	✓ Ensure easy access with transport availability and on main road ✓ Measures taken to avoid noise and dust pollution ✓ Use of PPEs and other safety measures taken care of ✓ Good quality and well-maintained generators installed ✓ Smooth and calm operations of office.to avoid inconvenience to neighbourhood including due to vehicles parking and movement ✓ Maximum care exercised to protect plants etc ✓ Adequate disposal of solid waste material will be ensured ✓ Proper sewerage and drainage will be ensured
Establishment and Operation of PMU and Regional offices	<u>Social:</u> ✓ Location and accessibility ✓ Community access to PMU/regional offices is not available or limited ✓ Unavailability of Community complaint mechanism at PMU/Regional offices ✓ Lack of mechanisms for participatory planning (particularly involvement of women) <u>Environmental and Climate:</u> ✓ Noise and dust pollution during construction ✓ Labour and staff protection and safety at risk ✓ Disposal of debris and other solid waste ✓ Noise and air pollution due to due to operation of generators) ✓ Adverse effect on plants and	<u>Social:</u> ✓ Ensure easy access with transport availability and on main road ✓ Easy community access to PMU/Regional ensured with phone and email address widely circulated and displayed in PFOs offices, ✓ Participatory planning and design to be considered a pre-requisite (particularly participation of women will be ensured) ✓ Adequate complaint registration and redressal mechanism to be operationalized <u>Environmental and Climate:</u> ✓ Measures taken to avoid noise and dust pollution ✓ Use of PPEs and other safety measures ensured ✓ Good quality and well-maintained generators installed ✓ Smooth and calm operations of office.to avoid inconvenience to neighbourhood including due to vehicles parking and movement ✓ Maximum care exercised to protect plants etc ✓ Adequate disposal of solid waste material will be ensured ✓ Proper sewerage and drainage will be ensured

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	shrubs ✓ Vehicles parking and movement may adversely affect movement of pedestrians, animals, and birds ✓ Inadequate solid waste disposal ✓ Poor sewerage and drainage system	
Climate smart technologies—HIES, raised beds, land levelling, tunnels, etc. drought resistant varieties	<u>Social:</u> ✓ Lack of knowledge and information about new technologies ✓ Selection of appropriate technology ✓ Use of selected technology <u>Environment:</u> ✓ Air, water and noise pollution ✓ Oils, grease pour and spill around ✓ Parking ✓ Use of new varieties of fruits, vegetables and other seeds.	<u>Social:</u> ✓ PFOs will organize awareness campaigns about the benefits of such technologies. ✓ PFOs and project staff will help select the right technology for the right interventions ✓ Proper trainings will be organized on the use and maintenance of the proposed technologies and interventions. <u>Environment:</u> ✓ Machinery will be properly used and maintained to avoid and minimize any pollution ✓ Ensure proper packing and handling of oils and lubricants ✓ Vehicles and machines will be properly parked under designated sheds ✓ Certified varieties and seeds will be recommended and used under PFO and project staff/service provider guidance.
Vocational and skill development trainings	<u>Social:</u> ✓ Selection of candidates, courses, training institutes ✓ Gender parity ✓ Incentives and facilities for deserving candidates ✓ Number of trainees per class ✓ Location of and accessibility to selected training centre ✓ Language of trainings ✓ Familiarity with the machine/equipment and its use <u>Environment</u> ✓ Class rooms with adequate space and facilities for the trainees	<u>Social:</u> ✓ Criteria developed for selection of providing the right and required training to the right persons in the right institute for getting the employment. ✓ Equal opportunity provided to the women candidates in the selected field ✓ Appropriate number of students per class to receive proper attention and time during lectures and practical ✓ Poor and deserving candidates, especially women, should be provided with incentives and facilities ✓ Preferably local language or Urdu will be used for lectures and teaching material. ✓ Centres should be easily accessible with public transport ✓ Special lectures on the use of machine and equipment with emphasis on precautions. <u>Environment</u> ✓ Ensure selection of centres with proper facilities ✓ Ensure required facilities for women ✓ Ensure all tools, equipment, electronic and

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	✓ Proper seating and audio-visual facilities ✓ Separate wash rooms and other facilities for women ✓ Availability of all equipment, tools and material for training	mechanical devices are available
Fruit /vegetable/dairy Processing Plant (example)	<u>Social:</u> ✓ Selection of site ✓ Infrastructure development may affect neighbourhood environment during construction period ✓ Mechanism for members' access to various details and facilities ✓ Limited awareness of member about design and other details ✓ Lack of mechanisms for participatory planning (particularly involvement of women) ✓ Access of and inclusion of poor, marginalized and vulnerable ✓ Local privacy and gender elements ✓ Local community, gender, neighbourhood & stakeholder participation <u>Environmental and Climate:</u> ✓ Noise, dirt, dust and air pollution may raise ✓ Labour and staff protection and safety at risk ✓ Material storage and vehicle movement may adversely affect movement of pedestrians, animals, and birds ✓ Lack of essential facilities for labour and workers ✓ Use of chemicals during construction and processing of products. ✓ Improper waste and chemicals	<u>Social:</u> ✓ Participatory and consensus approach for site selection ✓ Adequate project construction planning and scheduling will ensure no adverse impacts on the neighbourhood ✓ Ensure access to information and all details ✓ Access to alternate routes to be ensured during construction period ✓ Participatory planning and design to be ensured (particularly participation of women to be ensured) ✓ Responsibilities for Operation and Maintenance will be well-defined, and spread through workshops and meetings ✓ Access to various facilities and finances will be made clear to members through consultations, meetings and seminars and records availability ✓ Community consent regarding gender elements, particularly privacy of women shall be addressed ✓ Stakeholders consultation including nearby communities, women shall be ensured and their concerns shall be addressed for sustainability <u>Environmental and Climate:</u> ✓ Measures taken to minimize pollution ✓ Use of PPEs and other safety measures ensured ✓ Proper storage of material and vehicle maintenance and movement ensured to avoid inconvenience. ✓ Training on occupational hazards, storage and use of chemicals, on maintenance and operation machinery and vehicles for involved personnel will be organized. ✓ Materials and chemicals that consist of small particles or pieces must be stored in a container with a watertight cover, or if non-reactive with water, may be sprinkled with water for dust control. ✓ All machinery and vehicles must be operated with designated fuel. ✓ Appropriate sign boards will be placed along the

Main themes	Social/Environmental/ Climate Risk Factors	Mitigation Measures at the design stage
	disposal during construction and operation of units ✓ Wastewater disposal ✓ Inadequate sewerage and drainage system ✓ Adverse impacts on migratory birds movement ✓ Construction of cold storages (insolation needs) ✓ Storage of fruits for processing ✓ Health and safety ✓ Quality control	routes ✓ Adequate planning of labour and worker camps with WASH, sewerage and drainage system will be ensured ✓ First aid facilities to be provided at site. ✓ Processing units shall not be installed in ecologically sensitive or protected areas ✓ Waste generated shall be disposed off at suitable sites and after treatment to reduce the potential for acidification ✓ Waste treatment and management plan shall be devised and implemented ✓ Eco-friendly energy supply shall be preferred. ✓ Carbon footprint of the processing unit shall be calculated and mitigation measures shall be ensured ✓ Use of water in large quantity shall be avoided and recycled ✓ Processing units shall have proper health & safety arrangements for workers ✓ Ensure quality standards of the product

Annexure-15: Annual Work Plan/Budget Format

Results #/A/E/SA/AA-U	Activity #	Objectives/Expected Results	Indicators		Timetable for implementation				Responsible Unit/ Staff	Implementation targets										Financiers																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
			Project Indicators	RIMS Indicators	Q1	Q2	Q3	Q4		Unit	Appraisal (Total)	Revised (Total)	Planned (Annual)	Original Unit Cost (PKR)	Revised Unit Cost (PKR)	Achieved (Cumulative)	%	Achieved (Annual)	%	Financiers			Spent (Cumulative)	%	Spent (Annual)	%																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																						
																				IFAD	Gov.	Benef																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										

The AWP/B will provide details of activities under each sub-component along with requisite information for monitoring.

Annexure-16: Measuring Progress against the AWP/B

					Period:		
					[Insert date: dd-m-yy] to		
					[Insert date: dd-m-yy]		
Component/Outcome	Indicator	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target
							%
Component 1 /Outcome							
Sub-component /							
Output							
Sub-component /							
Output							
Sub-component /							
Output							
Component 2 / Outcome							
Component 3 / Outcome							
Component 4 / Outcome							

Annexure-17: Steps in the opening of Assignment Account/Designated Account

Designated Accounts/Foreign Aid Assignment Accounts/Revolving Fund Accounts (RFAs) are opened and maintained at National Bank of Pakistan with the approval of Finance Department and Accountant General (AG). This account is opened for foreign aided projects and is non-lapsable but requires re-authorization at the start of each fiscal year. Foreign Aid Assignment Accounts are governed through detailed executive notifications (*accounting procedures*) issued by the Finance Division from time to time – *the latest notification was issued in August 2013 for the revision of the procedures*. Following is the process for opening of RFA:

Step		Responsibility	Timeline
1	Check, if the ADP of GOKP contains budget allocation. If not then initiate the process for allocation of budget through Technical Supplementary Grant via Finance Department.	Project Director or authorized officer of DA's in line department.	Upon signing of Grant Agreement
2	Send a request to the Administrative Secretary of the relevant government's department for opening of respective RFA. <i>The request will contain information such as account name, bank branch from where it will operate, authorized signatories and specimen signatures, budget head from which the allocation of funds will be made available, and any other condition for operation of the account;</i>	Project Director or authorized officer of DA's in line department.	Upon signing of Grant Agreement
3	The relevant Department Administrative Secretary/Principal Accounting Officer will approve the request for opening of RFA for onward submission to the FD for issuance of Sanction. <i>The request will include: Copy of PC I, Copy of Grant Agreement, Form A called the Sanction for opening of Assignment Account (contains the name of authorized officers and their specimen Signatures).</i>	Administrative Secretary	1 week
4	The Finance Department will give sanction for the opening of RFA and addressed to Accountant General's for the issuance of authority to the designated branch of the National Bank of Pakistan (NBP). <i>The authorization letter will be issued directly to NBP by the AG.</i>	Secretary Finance	1 week
5	The Accountant General's Office shall issue authority directly to NBP for opening of RFA and copy forwarded to line department. <i>The authority letter contains: Account Title, the bank branch from where it shall operate; Authorized cheque signatories and specimen signatures. Budget head from which the allocation of funds will be made.</i>	AG	1 week
6	Send copy of grant agreement, sanction of FD and authority of AG to the SBP through NBP for grant of NOC for opening of RFA.	Project Director or authorized officer of DA's in line department.	1 week
7	Submit an application to NBP for the opening of RFA along with the sanctions/approvals of FD/State Bank and AG. <i>The application will also include: Account opening form (duly completed signed and stamped), the specimen signature card, the CNIC of authorized signatories.</i>	Project Director or authorized officer of DA's in line department.	1 week

8	NBP will issue a cheque book for withdrawing of grant/funds from the RFA.	NBP	1 week
---	---	-----	--------

Steps in Annual Revalidation/ Re-authorization of RFA

Step		Responsibility	Timeline
1	During first week of July each year, a request is sent to the Administrative Secretary of department for re-authorization of respective RFA. <i>The request will contain information such as account title & number, bank branch, authorized signatories for re-authorization/ revalidation of the RFA, which ceases to be operated on 30Th June every year.</i>	Project Director or authorized officer of DA's in line department.	First week of July every year
2	The relevant Department Administrative Secretary/Principal Accounting Officer will approve the request for revalidation/ re-authorization of RFA for onward submission to the FD for issuance of Sanction. <i>The request will include copy of the letter submitted as above.</i>	Administrative Secretary	Same week of receipt of above request letter
3	The Finance Department will review the request and grant sanction for the revalidation/reauthorization of the RFA through letter addressed to Accountant General's for issuance of authority to the designated branch of the National Bank of Pakistan (NBP).	Secretary Finance	1 week of receipt of the above letter & all documents
4	The Accountant General's Office shall issue authority directly to NBP for revalidation/reauthorization of RFA and copy forwarded to line department. <i>The authority letter contains: Account Title, bank branch; authorized cheque signatories and specimen signatures. Budget head from which the allocation of funds will be made. This authorization letter will be issued under SEAL Authority.</i>	AG	1 week of receipt of the above letter & all required documents

Important Instructions for Operating RFA (hereinafter referred as Designated Account)

- Any changes in the signatories will be approved by the Administrative Secretary of the relevant line department and circulated accordingly by the Project Director.
- All payments, except for an authorized petty-cash to be notified in writing by the Project Director to relevant NBP branch, shall be made directly to the recipients through 'payees account only' cheques after making due deductions.
- Except for the fund releases from IFAD, no deposits will be made in the Designated Account.

Annexure-18: Checklist for reviewing withdrawal applications

FORM 100 - APPLICATION FOR WITHDRAWAL	Yes or No
1. Sequential numbering of withdrawal application	
2. Withdrawal application amount tallies with sequentially numbered summary sheets	
3. Categories/subcategories charged according to schedule 2 of financing agreement	
4. Percentage of financing applicable for each category or subcategory	
5. Availability of funds in categories and the overall financing amount	
6. Currency of payment	
7. Completeness and accuracy of banking instructions	
8. Complete name and address of correspondent bank	
9. WA is signed by Authorized Representative	
10. Expenditure summary sheet by category attached	
STATEMENT OF EXPENDITURE	
1. Eligibility of expenditures claimed (a) Within SOE financial ceiling	
(b) Expenditures under specific category [-----] eligibility	
2. Form 102 supported by signed Form 101 (for items over the financial ceiling)	
DESIGNATED ACCOUNT – REPLENISHMENT REQUESTS	
1. Amount within ceiling figure agreed as a reasonable limit [-- US\$ or --]; or per AWP/B period	
2. Amount at least equal to 30 per cent of the advance or 3 months of expenditure;	
3. Amount agreed sufficient to cover a specific reporting period (revolving fund option)	
4. Exchange rate used	
5. Completeness of designated account banking and account details	
6. Enclosed designated account reconciliation and bank statements	
SUPPORTING DOCUMENTATION (attached when/if required)	
1. Copy of contract	
2. Copy of invoice, certified by Project Director	
3. Copy of bank guarantee and performance guarantee (for advance payment)	
4. Copy of delivery receipt	
5. Copy of evidence of payment	
6. Completed Form 101	
7. Completed Form 102 (A or B) including reference to AWPB, name of the supplier, invoice contract number, total contract value, date of payment, list of supporting documentation, and payment reference (bank/ cash)	
PROCUREMENT	
1. Copy of 'no objection(s)' provided by IFAD (attached)	
2. Copy of Contract Payment Monitoring Form(s) -duly Signed (attached)	
3. Copy of Register of contracts with reference to the procurement plan- duly signed (attached)	

COMPLIANCE WITH CONDITION(S) FOR DISBURSEMENT 1. In accordance with terms in section E of the Financing Agreement 2. In accordance with terms in the Letter to the Borrower/Recipient	
EXPENDITURE INCURRED/COMMITTED BEFORE PROJECT COMPLETION DATE 1. Expenditure verified as eligible: (a) contract signed before project completion date (b) goods delivered before project completion date (c) services completed and/or rendered before project completion date	

Notes: Supporting Documentation

(i) For all cases described in (ii) through (vi) below:

- ✓ The signed contract or confirmed purchase order – showing the specified amount that is due to be paid;
- ✓ The bank guarantee for advance payment, as specified in the contract documents;
- ✓ The bank guarantee for performance, as specified in the contract documents;
- ✓ Copies of communications sent by the IFAD country programme manager to the lead project agency providing the 'no objection' (whether post or prior) to the contract award; and
- ✓ Evidence of payment.

(ii) For payment of goods, in addition to (i):

- ✓ Supplier's invoice, duly certified for payment by the project director – specifying the goods, their quantities, and prices;
- ✓ Bills of lading or similar documents; and
- ✓ As appropriate, the certificate of delivery (to include condition of goods on delivery).

(iii) For payment of consultants' services and other services, in addition to (i):

- ✓ The supplier's or consultant's claim, duly certified for payment by the project director and showing sufficient detail. If such services relate to the importation of goods (for example, freight and insurance payments), adequate reference should be given to enable the Fund to relate each of these items to specific goods whose cost has been or is to be financed by the financing closing date; and
- ✓ As appropriate, a certificate of delivery of satisfactory services. If the consultant provided training it should be specified how many workshops/people trained together with a list of participants. If the Consultant developed a manual or a study this study should be attached or indicated in the certificate, etc.

(iv) For progress and retention payments of civil works, in addition to (i):

- ✓ The claim of the contractor, including a financial progress report, stating the work performed and the amount due;
- ✓ A certificate – signed by the project consultants or owner's representative, if any, or by the borrower's chief engineering officer or resident supervising engineer assigned to the project, to the effect that the work performed is satisfactory and the payment claimed is due in accordance with the terms of the contract; and
- ✓ A copy of the contract payment monitoring form.

(v) For payment of credit lines/grants etc.. in addition to (i):

- ✓ Duly certified financial reports;
- ✓ Copies of the sub-agreements with the MFIs;
- ✓ Approved minutes of the technical committee (if applicable); and/or
- ✓ Payment requests from the MFI and evidence of payment.

(vi) For payment of Trips, fuel, stationary and other expenses in addition to (i):

- ✓ Supplier invoices;
- ✓ Evidence of payment;
- ✓ Back to office report;
- ✓ Travel authorization; and/or
- ✓ Expense reports by the traveller (including invoices).

Annexure-19: Designated Account Reconciliation (Imprest Fund)

Designated Account Reconciliation Statement (imprest account)																				
Designated Account No:																				
Bank Name:																				
1. Total Advanced by IFAD				USD _____																
2. Less total amount recovered by IFAD				USD _____																
3. Equals present outstanding amount advanced to the designated account (line 1 less line 2)				USD _____																
4. Balance of designated account per attached bank statements as of (Date: day/month/year)				USD _____																
5. Plus balance of the project account(s) (listed separately)				USD _____																
Plus balance of sub accounts (listed separately)				USD _____																
Plus balance of Cash in Hand				USD _____																
Total of Bank Balances (designated A/C, PA, SUB accounts & cash in hand balance) (line 4+line 5)				USD _____																
6. Plus total amount claimed in this WA no.				USD _____																
7. Plus total amount withdrawn from the designated/PA/Grant account and not yet claimed for replenishment) or WAs pending submission				USD _____																
8. Plus amounts claimed in previous applications but not yet created at the date of bank statement and/or claimed after date of bank statement				USD _____																
<table border="1"> <thead> <tr> <th>Application No.</th> <th>Date</th> <th>USD</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>\$</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td></td> </tr> <tr> <td></td> <td></td> <td>\$</td> <td></td> </tr> </tbody> </table>					Application No.	Date	USD	Amount			\$				\$				\$	
Application No.	Date	USD	Amount																	
		\$																		
		\$																		
		\$																		
9. Minus Interest earned (to be completed. If zero, please enter zero)				USD _____																
10. Total Advance accounted for (line 5 through line 9)				USD _____																
11. Explanation of any difference between the totals appearing in Lines 3 and 10				USD _____																
e.g.	Non eligible amount to be refunded to the designated account			USD _____																
e.g.	calculation errors in application of percentage financing counterpart financial resources to be			USD _____																

Anexure-20: Sample Financial Statements

STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES) FOR THE YEAR ENDED June 30, 201X

	Ref.Note	20XX	20XX	Cumulative
Receipts from IFAD				
Initial Deposit				XXX
Replenishments to SA			XXX	XXX
IFAD Direct Payments	5	XXX	XXX	XXX
Government Funds	6	XXX	XXX	XXX
Other Donors	7			
Other Receipts	8			
TOTAL FINANCING		XXX	XXX	XXX
PROJECT EXPENDITURES: (BY CATEGORY OF EXPENDITURES)				
IFAD Financed				
Vehicles, Motorcycles and Equipment	9	XXX	XXX	XXX
Technical Assistance, Trainings, workshops and Studies		XXX	XXX	XXX
Support for Adaptive Research		XXX	XXX	XXX
Support for Knowledge Management and Communication		XXX	XXX	XXX
Support for Improved Agricultural Extension		XXX	XXX	XXX
Support for Access to Key Agricultural Inputs		XXX	XXX	XXX
Salaries and Allowances		XXX	XXX	XXX
Incremental Operating Costs		XXX	XXX	XXX
		XXX	XXX	XXX

SAMPLE
STATEMENT OF RECEIPTS AND PAYMENTS (BY CATEGORY OF EXPENDITURES) FOR THE YEAR
ENDED June 30, 201X

	Ref.Note	20XX	20XX	Cumulative
Government Funds				
Vehicles, Motorcycles and Equipment	#	XXX	XXX	XXX
Technical Assistance, Trainings, Workshops' and Studies		XXX	XXX	XXX
Support for Adaptive Research		XXX	XXX	XXX
Support for Knowledge Management and Communication		XXX	XXX	XXX
Support for Improved Agricultural Extension		XXX	XXX	XXX
Support for Access to Key Agricultural Inputs		XXX	XXX	XXX
Salaries and Allowances		XXX	XXX	XXX
		Incremental Operating Costs		
			XXX	XXX
			XXX XXX	XXX
			XXX	
TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
BALANCE C/F	4	XXX	XXX	XXX

SAMPLE
STATEMENT OF RECEIPTS AND PAYMENTS (BY
COMPONENT) FOR THE YEAR ENDED JUNE 30, 201X

	Notes	201X	201X-1	Cumulative to date
		MWK	MWK	MWK
Balance B/F	4	XXX	XXX	
FINANCING				
IFAD Credit				
Initial Deposit				XXX
Replenishments to SA		XXX	XXX	XXX
IFAD Direct Payments	5	XXX	XXX	XXX
Government Funds	6	XXX	XXX	XXX
Other Donors	7			
Other Receipts	8			
TOTAL FINANCING		XXX	XXX	XXX
PROJECT EXPENDITURES:				
(BY COMPONENT)				
IFAD				
Adaptive Research and Knowledge Management				
Adaptive Research		XXX	XXX	XXX
Knowledge Management and Communication		XXX	XXX	XXX
		XXX	XXX	XXX
Farmer Adoption of GAPs				
Awareness Raising and Sensitisation		XXX	XXX	XXX
Access to Key Agricultural Inputs		XXX	XXX	XXX
		XXX	XXX	XXX
Programme Management and Coordination		XXX	XXX	XXX
		XXX	XXX	XXX
Government Funds				
Adaptive Research and Knowledge Management				
Adaptive Research		XXX	XXX	XXX
Knowledge Management and Communication		XXX	XXX	XXX
		XXX	XXX	XXX
Farmer Adoption of GAPs				
Awareness Raising and Sensitisation		XXX	XXX	XXX
Access to Key Agricultural Inputs		XXX	XXX	XXX
		XXX	XXX	XXX
Programme Management and Coordination		XXX	XXX	XXX
		XXX	XXX	XXX
TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
BALANCE C/F	4	XXX	XXX	XXX

SAMPLE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 201X

		201X Budget	201X Actual	Variance
Notes		MWK	MWK	MWK
FINANCING				
	IFAD Credit			
	Replenishments to SA	XXX	XXX	XXX
	IFAD Direct Payments	XXX	XXX	XXX
	Government Funds	XXX	XXX	XXX
	TOTAL FINANCING	XXX	XXX	XXX
PROJECT EXPENDITURES:				
(BY CATEGORY OF EXPENDITURES)				
Cat	IFAD Financed			
	Vehicles, Motorcycles and			
1	Equipment	XXX	XXX	XXX
	Technical Assistance,			
	Trainings, workshops and			
2	Studies	XXX	XXX	XXX
	Support for Adaptive			
3A	Research	XXX	XXX	XXX
	Support for Knowledge			
	Management and			
3B	Communication	XXX	XXX	XXX
	Support for Improved			
4A	Agricultural Extension	XXX	XXX	XXX
	Support for Access to Key			
4B	Agricultural Inputs	XXX	XXX	XXX
5	Salaries and Allowances	XXX	XXX	XXX
6	Incremental Operating Costs	XXX	XXX	XXX
		XXX	XXX	XXX

SAMPLE
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL
AMOUNTS FOR THE YEAR ENDED JUNE 30, 201X

		201X Budget	201X Actual	Variance
	Notes	MWK	MWK	MWK
Government Funds				
1	Vehicles, Motorcycles and Equipment	XXX	XXX	XXX
2	Technical Assistance, Trainings, workshops and Studies	XXX	XXX	XXX
3A	Support for Adaptive Research	XXX	XXX	XXX
3B	Support for Knowledge Management and Communication	XXX	XXX	XXX
4A	Support for Improved Agricultural Extension	XXX	XXX	XXX
4B	Support for Access to Key Agricultural Inputs	XXX	XXX	XXX
5	Salaries and Allowances	XXX	XXX	XXX
6	Incremental Operating Costs	XXX	XXX	XXX
		XXX	XXX	XXX
TOTAL PROJECT EXPENDITURES		XXX	XXX	XXX
Surplus/Deficit for the period		XXX	XXX	XXX

The excess/deficit of actual expenditures over the Budget of 10% was due to....

SAMPLE

**STATEMENT OF DESIGNATED ACCOUNT ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 201X**

Account No: _____
Bank: _____
Address: _____

			USD	MWK
Opening Balance	Notes		XXX	XXX
Add:				
IFAD Replenishments:				
Date	WA No	XXX		
Date	WA No	<u>XXX</u>		
		XXX	XXX	XXX
Bank Interests			XXX	XXX
Total			XXX	XXX
Deduct:				
Transfers to Operating Accounts:				
Date		XXX		
Date		<u>XXX</u>		
		XXX	XXX	XXX
Bank Charges			XXX	XXX
Exchange Rate Difference				XXX
Closing Balance as at 30/06/201X (as per Bank Statement)			XXX	XXX

SAMPLE
STATEMENT OF DESIGNATED ACCOUNT RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 201X

Account No: _____
 Bank: _____
 Address: _____

						USD	MWK
				Notes			
1	Initial Deposit					XXXX	XXXX
2	Less amount(s) recovered:					XXXX	XXXX
3	Outstanding Amount advanced					XXXX	XXXX
	Represented by:						
4	Special Account Balance as at 30/6/201X					XXXX	XXXX
5	Plus amounts claimed but not yet credited as at 30/6/201X:						
	WA	XXX	Date				
	WA	XXX	Date				
		XXX				XXXX	XXXX
	Plus amounts withdrawn not yet claimed, composed of:						
	Was Prepared not yet submitted:						
	WA	XXX					
	WA	XXX					
		XXX					
	WAs not yet prepared:	XXX					
6	Total amount withdrawn not yet claimed					XXXX	XXXX
7	Less Interest earned and/or plus Bank charges (if included in the Special Account)					XXXX	XXXX
8	Total Designated Account Advance as at 30/6/201X					XXXX	XXXX
	Difference between Line 3 and line 8					XXXX	XXXX
	Notes:						
	a Explain any difference between lines 3 and line 8						
	b Indicate if amount in line 6 is eligible for financing by IFAD and provide reasons for not claiming						

SOEs-WITHDRAWAL APPLICATION STATEMENT
FOR THE YEAR ENDED JUNE 30, 201X
By Category of Expenditure

Note	Category Description	Category Description	Total	In USD (Equivalent)	Rejected from IFAD	Net Reimbursed
Category No.	1	2				
Withdrawal Application #	Xxx Xxx Xxx	Xxx Xxx Xxx		Xxx	xxx	xxxx
Total						
W/A Pending Submission						
Withdrawal Application #	XXX XXX XXx	Xxx Xxx Xxx		xxxx	xxx	xxxx
Total	xxx	xxxxx		xxx	xxx	xxx

Note: Withdrawal Applications are submitted for reimbursement to IFAD using the historical exchange rate of the transfers to the Operating Account. Expenditures partially or totally rejected by IFAD (if any) should be detailed here. This statement should be reconciled with the Statement of Receipts and Payments

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 201X

FINANCIAL REPORTING UNDER INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS (IPSAS)

In accordance with International Public Sector Accounting Standards (IPSAS), notes to the financial statements of an entity should:

- Present any information about the basis of preparation of the financial statements and the specific accounting policies selected and applied for significant transactions and other events, and
- Provide additional information **which is not presented on the face of the financial statements but is necessary for a fair presentation of the entity's cash receipts, cash payments, cash balances and other statements as statement of financial position**

SIGNIFICANT ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these financial statements are set out below:

A Basis of Preparation: The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) with particular emphasis on Cash Basis Financial Reporting under the Cash Basis of Accounting

B Cash Basis of Accounting: The cash basis of accounting recognizes transactions and events only when cash is received or paid by the entity.

C. Foreign Currency Transactions: Foreign currency translation for the income and expenditure account items are converted using the actual historic exchange rate at the conversion from designated to local account. Where part of the expenditures has to be met from the proceeds of subsequent draw-downs from designated to local account, this is done on First in First out (FIFO) basis. All local expenditures paid from the local accounts/currency are translated back to the USD at the actual rate used for the transfer from designated to local account. Cash balances held in foreign currency are reported using the closing rate. Gains/Losses on foreign currency transactions/balances are dealt within the Statement of Designated Account Activities

BUDGET

The budget is developed on the same accounting basis (cash basis), same classification and for the same period as the financial statements. Material variances (above XXX) have been explained as notes to the financial statements

DIRECT PAYMENTS

These payments were made directly by IFAD from the Loan/Grant account to the specified supplier/service provider in accordance with the terms and conditions of the financing Agreement

Note: Include here details of direct payments, WA, Date, currency and amount received, amount in local currency

CASH/FUND BALANCES Reconciliation

Cash Accounts
Advances

201X MWKXXX	201X-1 MWKXXX
XXX	XXX
XXX	XXX

Analyses of aging of advances to be included detailing and providing reasons for long outstanding advances

CASH DETAILS

A/c No _____ Project Operating/
Holding Account
A/c No _____ IFAD Designated
Account (as per SA Statement)
Petty cash

200X MWK	200X-1 MWK
XXX	XXX
XXX	XXX
XXX	XXX
XXX	XXX

GOVERNMENT COUNTERPART FUNDS

Details here. Cumulative contributions, yearly contributions (compared to budget). For information only Include details of tax treatment and counterpart contributions as tax exemption.

BENEFICIARIES CONTRIBUTION

Details here. Cumulative contributions, yearly contributions (compared to budget).

OTHER DONOR FUNDS

	200X MWK	200X-1 MWK
List of Donors	XXX	XXX
	XXX	XXX
	XXX	XXX
	XXX	XXX

Add details of cumulative and expected contributions

OTHER RECEIPTS

200X MWK	200X-1 MWK

YEARLY PROCUREMENTS

Include here a list of the yearly procurements including methods

ALLOCATION AND USE OF THE FUNDS OF THE LOAN/GRANTS

	Category	Allocated		Disbursed		Available Balance	
		SDR	USD	SDR	USD	SDR	USD
1	Vehicles, Motorcycles and Equipment	xxx	xxxx	xxxx	xxxx	xxxx	xxxx
2	Technical Assistance, Trainings, workshops and Studies	xxx	xxxx	xxxx	xxxx	xxxx	xxxx
3A	Support for Adaptive Research	xxx	xxxx	xxxx	xxxx	xxxx	xxxx
3B	Support for Knowledge Management and Communication	xxx	xxxx	xxxx	xxxx	xxxx	xxxx
4A	Support for Improved Agricultural Extension	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
4B	Support for Access to Key Agricultural Inputs	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
5	Salaries and Allowances	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
2	Incremental Operating Costs	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx
		xxxx	xxxx	xxxx	xxxx	xxxx	xxxx

RECONCILIATION OF FUNDS DISBURSED BY IFAD AND FUNDS RECEIVED BY THE PROGRAMME

Annexure-20: Interim Reporting Format

Expenditure		Actual			Planned/Budgeted (AWPB)			Variance			Commitments Entered (not paid) To - Date
		Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	Current Quarter	Year-To Date	Cumulative To-Date	
Component											
1-	Component 1										
	Sub Component 1.1										
	Sub Component 1.2										
	Sub Component 1.3										
2-	Component 2										
3-	Component 3										
4-	Component 4										
Total											
Expenditure category											
	Category 1: Works										
	Category 2: Goods										
	Category 3: Services										
Total											

Annexure-22: TORs of Internal Auditing Firm

Note: In case an individual consultant is preferred instead of a firm, these TORs shall be modified accordingly without changing the substance of work.

A. Introduction

International Fund for Agriculture Development (IFAD) is a specialized UN Agency to finance agricultural development projects, primarily for food production in the developing countries with a focus on eradicating poverty. IFAD provides financing primarily for projects and programmes specifically designed to introduce, expand or improve food production systems and to strengthen related policies and institutions. IFAD is funding several initiatives in Pakistan in line with its mission. The Khyber Pakhtunkhwa Rural Economic Transformation Project is being implemented for the same objectives.

Planning and Development Department, Government of KPK is the Lead Implementing Agency for the programme. A Programme Management Unit (PMU) is established under P&D with three (3) satellite Regional PMUs for implementation. The RCUs are based in (to be inserted later). Basic information on the KP-RETP is provided below.

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

Project Goal. The overall goal of the programme is to contribute to poverty reduction, and to food and nutrition security of rural households. The development objective is improved rural income and employment through high value agriculture in a sustainable and climate-resilient manner.

Target Area. The project will cover all the 35 districts of the province in a phased manner. The project will also create complementarity and synergies with the IFAD financed NPGP and other similar donor funded projects. Coordination among complementary projects and programmes will be facilitated by the Project Steering Committee and relevant sections of the planning and development department at the provincial level. Coordination for complementarities and synergies will be the responsibility of Project Management Unit.

Target Groups. The primary target groups for the project will consist of the HHs falling in the PSC 0 – 40. Women and youth will be particularly targeted with specific interventions aiming at economic and social empowerment. The project will validate beneficiaries' data to mitigate exclusion/inclusion errors through service providers/local organizations as appropriate. For gender empowerment, religious and community leaders and village elders/jirga will be engaged following the successful approach used for this purpose in other projects. Smallholder farmers targeted for the production of high value agriculture and livestock will be assisted as members of farmer organizations.

Project Beneficiaries: Around 440,000 households or around 3.5 million persons will benefit directly or indirectly from household level interventions including (i) economic graduation and insertion (assets transfer, youth job market readiness/employment skills and vocational trainings; productive investments - start-up capital) and (ii) market oriented FPOs, and FSCs with market study, business plan, professional management, matching grant investments, private partnership, processing development and clear break-even point as well as exit strategy. Additionally, the target group (focus on the youth and women) will also benefit from capacity building, financial literacy, trainings for climate risk and resilience, nutrition, asset management for enhancing the effectiveness of the assets, enterprise and business development. Investments in PFOs and 4Ps will create additional jobs from which women and youth will specifically benefit, especially those trained under component 2.

Theory of Change. Transfer of productive asset to the poor combined with vocational and managerial trainings and start-up capital establish enabling environment for graduating them out of poverty. Similarly, organizing very small farmers into market-oriented professional cooperatives as well as 4Ps (dairy transformation in particular) puts them on sustainable economic graduation KP-RETP will benefit in particular from the tools and methodologies / approaches developed for this purpose.

C. Project Components

The proposed project will have three components: (i) Agribusiness Development (Professional Farmers Organizations and 4P Development), (ii) Economic Graduation and Employment Promotion (Assets Provision and Skills Development); and, (iii) Programme Management and Policy Support. Component 1 will create the necessary potential within the repositioned agribusinesses and 4Ps while the asset and skills creation will enable poorer households to avail to opportunities of both income and employment.

Component 1: Agribusiness Development (US\$ 77 million)

This component shall consist of two mutually reinforcing subcomponents as follows: (i) Professional Farmer Organizations Development and (ii) Agro Value Chain 4Ps with the aim of including farmers in value chain process and increasing their incomes. The target population is one that has a Poverty Score Card score between 0-40. The project will validate BISP data to ensure that only those who meet the PSC criterion are actually targeted.

- i. Professional Farmer Organizations Development. The project will develop 550 multi-purpose restructured Professional Farmer Organizations (PFOs) with 300 - 700 producers per organization. PFOs shall be managed professionally by qualified staff recruited through proper testing. FPO shall be formally registered and provided mentoring over short to medium term. An investment ranging between USD 70,000 and USD 100 000 is estimated to be required for each PFO to which 30% will be provided by members of FPOs whereas the remaining 70% will be contributed by the project. FPOs will use the funds to lend money to members for inputs/services and also provide support for improving the marketability of the produce by aggregation, grading, processing, packaging, and certification—where needed generate best value for farmers. The PFO's net profit will be limited to the operational cost recovery to maximize profit for farmers. The average estimated net incremental income generated per farmer will be in the range of USD 1000 – 2,000 per year. The component will also reorganize/modernize 45 Farm Service Centers (FSCs) that were established to organize farmers for better access to agriculture inputs and allied services.
- ii. Agro Value Chain 4Ps. The project will establish 15 Producer Public Private Partnerships (4Ps)—each covering an estimated 1,000 producers. For this purpose, well-qualified and experienced private partner shall be selected through a competitive process for value chain development. The project seeks to increase average income of a project beneficiary (farmer) USD 150 equivalent per month. The selected private firms—engaged on a 3-5 years contract, shall enable producers to meet the demand characteristics and requirements of the private company. The project shall provide financing for investment for this purpose. The 4Ps model will also be developed as a link to the PFOs under a contract farming modality.

Component 2: Economic Graduation and Employment (USD 92.5 million)

The target population is one that has a Poverty Score Card score between 0-23. The project will validate BISP data to ensure that only those who meet the PSC criterion are actually targeted. This component will focus on creating sustainable livelihoods for the target beneficiaries. It is estimated that about 25,000 jobs will be created because of project activities involving PFOs, FSCs, and 4Ps. The project will work with KP TEVTA and Service Provider to impart target beneficiaries skills-based trainings, mentoring and financial assistance to generate self-employment for an estimated 60,000 beneficiaries.

The beneficiaries of this component will be women (50%) and youth (50%) who will undergo skills development trainings at recognized institutes and be facilitated in finding jobs or starting business. An Implementing Partner shall be engaged competitively with accountability to ensure that 70% of the trainees under the component either find sustainable jobs or start business after six months of training. Trainees that want to start business

shall be provided some seed capital and management coaching/mentoring. The project will also provide internships for graduate youths to facilitate their transitioning to full time jobs subsequently.

Component 3: Programme Management, Policy and Policy Support (USD 12 million)

Based on previous good experience, the project will be placed under the Planning and Development Department. A Project Management Unit will be established at Peshawar and three Regional PMUs will also be set up in order to handle the distance / geographic coverage of the project. The PMU will report to the Project Steering Committee (PSC). The allocation includes the cost of the PMU and equipment (USD 10 million) plus USD 2 million for the policy support and MOU/equipment with the different line departments.

D. Objective of Assignment

To mitigate fiduciary risks associated with project activities and to strengthen internal control processes, PMU requires services of a Chartered Accountant Firm ("the firm") to conduct periodic Internal Audit of PMU activities for BES Project, systems and transactions.

Purpose and Definition of Internal Audit. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal Audit helps an organization accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes.

Purpose of hiring Internal Auditor is to help project accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve effectiveness of risk management, control, and governance processes. Project perceives that Internal Auditor shall:

- ✓ provide assurance that financial and operational risks are understood and appropriately managed;
- ✓ promote establishment of best practices;
- ✓ identify opportunities for pragmatic efficiency and effectiveness improvements, primarily in internal controls and risk analysis;
- ✓ advise on matters regarding internal controls and risk management;
- ✓ evaluate risk management procedures and internal controls;
- ✓ provide comprehensive process assurance services.

Professional Standards. Internal Auditor shall carry out its responsibilities in accordance with professional standards including those issued by Institute of Internal Auditors and International Federation of Accountants, internal auditor carrying out the assignment is expected to maintain highest standard of:

Integrity: Integrity of internal auditor exhibits highest level of professional objectivity in gathering, evaluating, and communicating information about activity or process being examined. Makes a balanced assessment of all relevant circumstances and is not unduly influenced by its own interests or by others in forming judgements.

Confidentiality: Internal auditor respects value and ownership of information received and do not disclose information without appropriate authority unless there is legal or professional obligation to do so.

Competence: Internal auditor applies knowledge, skills, and experience needed in performance of assignment.

Authority and Independence: Internal Auditor will have full, free and unrestricted access to project's records, physical properties, personnel and other entities relevant to an area under review. Internal Auditor will have no responsibility for or authority over any of activities or operations subject to its review. Internal Auditor shall not

perform any operational duties, develop and install systems and procedures, initiate or approve accounting transactions, prepare records, or engage in any other activity which it would normally review and appraise and which could reasonably be construed to compromise in appearance or fact, independence and/or objectivity of Internal Auditor.

E. Scope of Work and Responsibilities:

Internal Auditor shall provide internal audit services to the project. Internal Audit of project will be carried out as per approved internal audit plan agreed between project management and firm

Scope of work of Internal Auditor is to determine whether project's risk management, controls, and compliance processes, as designed and represented by management, are adequate and functioning. Control frameworks are developed in compliance with GoKP Rules and Regulations, IFAD's Guidelines as well as international standards such as Committee of Sponsoring Organizations model — COSO-ERM and ISACA's (Information Systems and Control Association) COBIT (Control Objectives for Information and related Technology).

Internal Auditor should review that whether projects' control framework ensures that:

- i. Risks are appropriately identified and managed.
- ii. Significant financial, managerial, and operating information is accurate, reliable and timely.
- iii. Employees' actions and transactions are in compliance with internal policies, standards, procedures, and external applicable laws and regulations.
- iv. Resources are acquired economically, used efficiently, and adequately protected.
- v. Programs, plans, and objectives are achieved.
- vi. Quality and continuous improvement are fostered in project's control process.
- vii. Significant legislative and regulatory issues impacting project are recognized and addressed appropriately.

Internal Auditor will carry out its responsibilities by:

- i. Developing an Internal Audit plan using an appropriate risk-based methodology, including any risks or control concerns identified by management, external auditor, or Project Steering Committee (PSC). Agreeing plan with project director and submitting to PSC for review and approval.
- ii. Executing Internal Audit plan, as approved and revised, from time to time.
- iii. Performing advisory services, beyond assurance services, to assist management in meeting project's objectives, where required. (Clarification: As an internal auditor, it is important to remain independent of management operations and project implementation activities. IA firm can certainly add value and provide advisory to improve controls design and overall internal controls environment that may assist management in meeting project's objectives).
- iv. Reporting suspected fraud, investigation of significant suspected fraudulent activities within the project, if any, and notify PSC of results. (Exclusion: As mentioned above, TORs requires reporting suspected frauds, investigation of significant suspected activities within the project, if any, and notify the PSC of the results. While performing internal audit procedures, where IA firm identify instances / indicators of possible fraudulent activities, red flags will be reported to concerned / appropriate level with details noted based on information available. However, investigation of any such fraudulent activity cannot be covered as part of current internal audit scope of work due to following reason:

- a. It is not practically possible to assess the nature of fraud and extent of work required to investigate the same.
 - b. Fraud investigation require specific competency based on nature of fraud. This cannot be ascertained/ covered under current scope of work. If there are such services required, these can be provided under separate arrangement).
- v. Communicating results of Internal Audit and recommendations for improvement to Project Director. Obtaining written management responses as to corrective action planned or taken within a specified time from issuance of audit reports. Evaluate and monitor disposition of proposed actions and their expected effectiveness. Instances of residual risk that may be unacceptable will be discussed with management and, if unresolved, reported to PSC.
- vi. Physical verification of a sample of project assets, activities and outputs in districts where project is being implemented.
- vii. Issuing internal audit reports to Project Director as well as PSC.
- viii. Employing professional audit staff with sufficient knowledge, skills, experience, and professional certifications to carry out audit of project.
- ix. Communicating opportunities for improving management control, functioning and organization of project to management and PSC.

Control assurance activities performed Internal Auditor will include:

- ✓ Reviewing reliability and integrity of financial and operating information and how it is identified, measured, classified and reported.
- ✓ Reviewing systems established to ensure compliance with laws and regulations.
- ✓ Reviewing systems established to safeguard assets and, when appropriate, verifying existence of assets.
- ✓ Appraising economical and efficient use of resources.
- ✓ Evaluating adequacy and effectiveness of project's processes for controlling activities and managing risks.
- ✓ Testing key financial reporting controls in identified financial systems and processes.
- ✓ Identifying significant risks to ability of project to meet its objectives, communicating them to management and ensuring that management has taken appropriate action to guard against those risks.
- ✓ Performing early entry engagements to assist management in incorporating an adequate control structure in new systems and processes.
- ✓ Reviewing reports of external auditor, monitoring compliance against recommendations of auditors and reporting status to Additional Secretary (Development) and PCC.

Key consideration to the scope of work

Internal audit firm will assess the controls from design / improvement perspective and perform test of controls as per International Standards of Internal Auditing prescribed by Institute of Internal Auditors, USA. A risk-based sampling methodology as prescribed by internal auditing standards issued by IIA shall be followed. However, current internal audit scope does not cover performing any financial audits (providing assurance on financial reports as per International Auditing Standards) or technical / performance audits or impact assessments.

1. The IA firm shall obtain and rely on the information made available to us by the concerned management officials of the project. For such data basic sanity and consistency checks may be applied to ensure its reasonability and a sample may be selected to verify some of the transactions,

however, any intentional or unintentional errors/misreporting may not necessarily identified as a result.

2. The Internal audit firm will be performed based on a sample transaction basis, which may be selected on a judgmental and / or random basis depending on nature of process being audited. There would always be a sampling risk, that is sample selected may not be truly representative of population being tested. Hence all the issues may not be identified had entire population being tested.
3. Implementation of the recommendations of internal audit shall be the responsibility of project management. Internal audit firm on a periodic basis shall perform a follow up audit and provide status of implementation to the management.
4. Internal audit firm will not authorize, execute or consummate transactions or prepare any books of accounts or otherwise exercise any other authority on behalf of the project.
5. Internal audit firm will not obtain / maintain custody of any assets.
6. Internal audit firm will not act in any capacity equivalent to a member of management or an employee.
7. Internal audit firm will not act as pre-auditor or pre-approver of the transactions or in any capacity equivalent to a member of management or an employee.
8. Client shall provide (or cause others to provide) to Consultant, promptly, the information, resources and assistance (including access to records, systems, premises and people) that we reasonably require to perform the Services.
9. Timelines will be discussed for each internal audit execution and reporting at the time of internal audit planning and agreed/ defined in the internal audit plan. Timelines are subject to timely availability of the information/ meeting time by the project management.
10. Moreover, with respect to follow-up of the DG audit comments, internal audit shall follow up on the points related to control weaknesses and process deficiencies relevant to our scope and period of audit. Any transaction level points or rectification required or any investigation related to it, will not be part of our follow up scope.

Project Activities / Processes where Internal Auditor should particularly focus include:

Control Environment. Control environment risk factors incorporate management's attitude, awareness, and actions concerning an organization's control environment, It is important that Internal Auditor obtain sufficient knowledge of PMU control environment to determine whether collective effect of these factors establishes, enhances, or mitigates effectiveness of specific control techniques. In making this determination, Internal Auditor should consider PMU managements' philosophy and operating style, managements' monitoring of performance and compliance with laws and regulations.

Financial Management .Internal Auditor shall perform a review of financial and internal control structure at PMU and report if they are in accordance with international standards to determine adequacy of existing controls related to management of all funds received by entities. Internal Auditor shall obtain sufficient understanding of entities' financial management system and provide evaluation of management control environment, accounting system and control procedures in order to determine adequacy of system to control and account for funds transferred to it.

Procurement Management. Internal Auditor shall review project's procurement processes with an objective to provide assurance that they are effectively designed in accordance with Bank's procurement guidelines and are operating efficiently. This will involve review of project's procurement policies and procedures for procurement planning, avoidance of improper business practices and conflicts of interest, competitive procurement, ordering

procedures, invoice examination policies and procedures to ensure payments are made only for goods and services received.

Contract Management. Internal Auditor shall review project's processes for contract management and administration to provide assurance that all parties to contract fully meet their respective obligations as efficiently and effectively as possible, delivering business and operational outputs required from contract and providing value for money. Internal Auditor shall carry out a detailed review of contract administration functions such as inspection and acceptance, agreement modifications, disputes, proper accounting and termination etc. Internal Auditor will also liaise with External Auditors including provision of internal audit reports, discussion on project risks and compliance with recommendations.

Quality Assurance. Internal Auditor shall develop and maintain a quality assurance and improvement program that covers all aspects of Internal Audit activity related to the project. This should enable evaluation of conformance of Internal Auditor activities with Institute of Internal Auditors International Professional Practices Framework (IPPF), Code of Ethics and best practices.

F. Reporting Arrangements

For administrative and contractual matters, Internal Auditor shall liaise with Project Director. Envisaged reporting arrangements for internal auditor are summarized below:

Project Director

- Contractual matters including payment for internal audit services.
- Discussion on level of risks, areas where management needs support and time allocations to prepare internal audit plan
- Preparation and submission of internal audit plan for project.
- Agreeing on dates and schedule for internal audit.
- Submission of draft internal audit report.
- Discussion on draft internal audit report.
- Submission of final internal audit report incorporating management comments.
- Reporting on follow-up of internal audit recommendations for project.
- Reporting on follow-up of external audit recommendations.

Project Steering Committee (PSC)

- Submission and approval of internal audit plan.
- Submission of internal audit reports.
- Attending meetings where internal audit reports are discussed.
- Follow-up on directives of PSC.
- Reporting on follow-up of internal audit recommendations.
- Reporting on follow-up of external audit recommendations.

G. Deliverables & Payment

Consultant shall be entitled to fee on submission invoice along with relevant deliverables as per contract agreement.

Percentage of fees	Activity
60%	Upon submission of Draft Deliverables
40%	Upon submission of Final Deliverables

In case of no management comments received on draft report within 2 weeks of submission of draft report, the draft report will be considered final for the purpose of raising final invoice.

Out of pocket expenses (reimbursable) shall be billed on an actual basis (except for per-diem). The above mentioned out of pocket expenses are based on estimated time and cost to be spent by our team. Further it would comprise other expenses directly related to project execution. The amount proposed is the maximum ceiling for out of pocket expenses.

Further, Out of Pocket Expenses are for the work to be performed in KP, the expenses will be arranged / reimbursed by KP-RETP.

H. Place of assignment

Place of assignment is Peshawar Quetta, with field work as required. Internal Auditor shall provide an electronic copy and three (3) hardcopies of the each deliverable.

Consultant's Personnel

#	Positions to be included in the proposals
1.	Engagement Partner
2.	Quality Assurance Lead
3.	Project / Internal Audit Manager
4.	Project / Audit Supervisor
5.	Senior Consultant / Team Members (02)

I. Qualifications

- The firm must be registered with Institute of Chartered Accountants of Pakistan (ICAP).
 - The firm must be on Quality Control Rating (QCR) list of ICAP
 - The firm must not be blacklisted or debarred by any government department.
 - The firm must have an aggregate experience of not less than ten years in providing internal audit services in public/private sector.
 - The firm must have undertaken 5 internal audit service assignments in the last five years.
 - The firm must have undertaken at least one internal/external audit engagement of a project funded by IFAD, United Nations or the World Bank or ADB in the last 5 years.
 - The firm shall govern themselves by adherence to The Institute of Internal Auditors' Code of Ethics. The Institute's International Standards for the Professional Practice of Internal Auditing shall be adhered to by the firm.
- a) The payment will be made quarterly upon the delivery of satisfactory quarterly report.

Application Process

- a) Interested qualified firms are encouraged to apply for the above mentioned consultancy by sending the detailed CV along with the cover letter clearly mentioning (i) the position in the email/letter subject line, AND (ii) the expected daily consulting fee for the year to the following email address:

- b) The deadline for the application is xx.xx.2019, day.

Annexure-23: Financial Tables for the Supervision Missions

These financial tables are required for the supervision mission and they are placed as Appendix 2 to the Supervision Mission Report. IFAD has prescribed the format for these tables which is given hereunder for the guidance of the finance team.

Appendix 2: Financial: Actual financial performance by financier; by component and disbursements by category

Table 2A: Financial performance by financier

Financier	Appraisal (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan			
IFAD grant			
Co-financier			
Government			
Total			

Table 2B: Financial performance by financier by component (USD '000)

	IFAD loan			IFAD grant			Co-financier			Government			Domestic 1			Total		
Component	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%

Table 2C: IFAD loan disbursements (SDR, as at [Insert date: dd-m-yy])

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I							
II							
III							
IV							
V							
	Initial deposit						
	Total						

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

Annexure-24: Format for measuring compliance with legal covenants

Supervision missions assess the extent to which a project has complied with applicable compliance requirements contained in the Financing Agreement, Letter to Borrower etc.

The following table is part of the Supervision Mission Report as Appendix 3

Appendix 3: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 4.02	PCU to open and maintain a Project Account (in ...); GO? to make an initial deposit equivalent to USD ??????			
Section 4.02	GO? to replenish Project Account quarterly in advance			
Section 4.03	Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3			
Section 4.04	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.			
Section 4.05, section 11.10(b)	Audit report submitted to IFAD.			
Section 4.06	Progress reports to be submitted to IFAD on a quarterly basis.			
Schedule 4, para 7	AWPB to be submitted to the Fund, for its review and comments			
Schedule 4, para 8(a)	A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.			
Schedule 4, para 16	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures			