

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

Mission Dates: 03-12 December 2025

Document Date: 16/02/2026

Project No. 2000002333

Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Abbreviations and Acronyms

ADB	Asian Development Bank
ADP	Annual Development Programme
AWPB	Annual Work plan and budget
BISP	Benazir Income Support Programme
BISP-PSC	Benazir Income Support Programme – Poverty Score Card
BRI	Belt and Road Initiative
CBN	Cost of Basic Needs
CDWP	Central Development Working Party
C&W	Communication and Works Department
CO	Community Organization
COSOP	Country Strategic Opportunities Programme
CPEC	China-Pakistan Economic Corridor
DFI	Development Finance Institution
DFID	Department of International Development
EAD	Economic Affairs Division
ECNEC	Executive Committee of National Economic Council
ETIGB	Economic Transformation Initiative – Gilgit-Balistan
FA	Financing Agreement
FATA	Federally Administered Tribal Area
FSC	Farm Service Centre
FY	Fiscal Year
GCC	Gulf Cooperation Council Countries
GII	Gender Inequality Index
GDP	Gross Domestic Product
GLLSP	Gawdar-Lasbel Livelihood Programme
GLOF	Glacial Lake Outburst Floods
GNI	Gross National Income
HHs	Households
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
JICA	Japan International Cooperation Agency
KM	Knowledge Management
Km	Kilometre
KPRETP	Khyber Pakhtunkhwa Rural Transformation Project
LSO	Local Support Organization
M&E	Monitoring and Evaluation
MFB	Micro-finance Bank
MFI	Micro-finance Institution
MPI	Multidimensional Poverty Index
NAVTEC	National Vocational & Technical Education Commission
NMD	Newly Merged Districts
NGO	Non-Government Organisations
NER	National Economic Registry
NPGP	National Poverty Graduation Programme
NPGI	National Poverty Graduation Initiative
P&D	Planning and Development Department

PDR	Project Design Report
PKR	Pakistan Rupees
PC-I	Planning Commission Proforma-I (government document for project design)
PCC	Project Coordination Committee
PHE	Public Health Engineering Department
PCN	Project Concept Note
PFO	Professional Farmer Organization
PMT	Proxy Mean Testing
PMU	Project Management Unit
PPAF	Pakistan Poverty Alleviation Fund
PSC	Project Steering Committee
RETP	Rural Economic Transformation Project
RSP	Rural Support Programme
SDGs	Sustainable Development Goals
SECAP	Social, Environmental and Climate Assessment in Projects
SMP	Social Mobilization Partner
SSN	Social Safety Net
SSN-TUP	Social Safety Net – Targeting the Ultra Poor (an IFAD pilot)
TA	Technical Assistance
TEVTA	Technical Education & Vocational Training Authority
UCT	Unconditional Cash Transfer
UNDP	United Nations Development Programme
USD	United States Dollars
VO	Village Organization
WB	World Bank

A. Project Overview

Region:	Asia and the Pacific Division	Project at Risk Status:	Potential problem
Country:	Pakistan	Environmental and Social Category:	Moderate
Project Name:	Khyber Pakhtunkhwa Rural Economic Transformation Project	Climate Risk Classification:	High
Project ID:	2000002333	Executing Institution:	Planning and Development Department of Khyber Pakhtunkhwa
Project Type:	Rural Development	Implementing Institutions:	Planning and Development Department of Khyber Pakhtunkhwa
CD:	Fernanda Thomaz da Rocha		
Project Director:	Mr Arifullah Awan		
Project Area:			

Approval Date:	30/12/2021	Last audit receipt:	31/12/2025
Signing Date:	26/03/2022	Date of Last SIS Mission:	12/12/2025
Entry into Force Date:	05/05/2022	Number of SIS Missions:	13
Available for Disbursement Date:	07/03/2023	Number of extensions:	0
First Disbursement Date:	15/03/2023	Effectiveness lag:	5 months
MTR Date:	not available yet		
Original Completion Date:	30/06/2029		
Current Completion Date:	30/06/2029		
Financial Closure:	not available yet		

Project total financing

IFAD Financing breakdown	IFAD	\$84,192,000
Domestic Financing breakdown	Beneficiaries	\$49,064,000
	Government of Khyber Pakhtunkhwa	\$28,953,000
Co-financing breakdown,	European Union	\$16,365,000
Project total financing:		\$178,574,000

Current Mission

Mission Dates:	03-12 December 2025
Days in the field:	10
Mission composition:	Rab Nawaz Team Leader; Fida Muhammad, Skill Development/Youth Employment, Abdul Hakeem Khan, SECAP Specialist; Ayesha Quresh, Country Programme Analyst/M&E & KM; Fayaz Ahmed, Value Chain Specialist, Taskeen Mansoor, Gender & Nutrition, Arsalan Haneef, Financial Management Specialist, and Naeem Abbas, Procurement Specialist.
Field sites visited:	Khyber, Charsadda and Swat Districts

B. Overall Assessment

Key SIS Indicator #1	∅	Rating	Key SIS Indicator #2	∅	Rating
Likelihood of Achieving the Development Objective		3.65	Assessment of the Overall Implementation Performance		3.58

Effectiveness and Developmental Focus		4	Project Management		4
Effectiveness		4	Quality of Project Management		4
Targeting and Outreach		3	Knowledge Management		4
Gender equality & women's participation		4	Value for Money		3
Agricultural Productivity		N/A	Coherence between AWPB and Implementation		4
Nutrition		4	Performance of M&E System		4
Adaptation to Climate Change		3	Social, Environment, and Climate Standards requirements		4

Sustainability and Scaling-up		4	Financial Management and Execution		3
Institutions and Policy Engagement		N/A	Acceptable Disbursement Rate		3
Partnership-building		4	Quality of Financial Management		3
Human and Social Capital and Empowerment			Quality and Timeliness of Audit		3
Quality of Project Target Group Engagement and Feedback		4	Counterparts Funds		3
Responsiveness of Service Providers		3	Compliance with Loan Covenants		4
Environment and Natural Resource Management			Procurement		4
Exit Strategy		4			
Potential for Scaling-up					

Relevance		4
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

1. The Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) is a 7-year project with a total funding of EUR 157.550 million, cofinanced by the International Fund for Agriculture Development (IFAD) to the tune of EUR 74.090 million. Other sources of financing include an EU grant co-financing of EUR 15.271 million, provincial Government of Khyber Pakhtunkhwa (GoKP) at EUR 25.091 million and beneficiaries EUR 43.099 million. The Project was approved by IFAD's Executive Board on 30 December 2021 leading to signing of the Financing Agreement on 05 May 2022. The Government of Pakistan's administrative approval to the project was accorded on 30 June 2022. The project completion date is 30 June 2029 and closing date is 31 Dec 2029.
2. The overall goal of the project is to contribute to poverty reduction, food and nutrition security and strengthened resilience of rural households. The Project's development objective is to sustainably increase incomes of rural households through climate-resilient, high-value agriculture and off-farm/non-farm employment opportunities. The project will be implemented in all districts of Khyber Pakhtunkhwa (KP) province and will benefit around 785,000 households (4.35 million corresponding persons). Project's target groups include: (i) smallholder farmers; (ii) households falling in 0-40 Poverty Score Card (PSC); (iii) households experiencing food insecurity and malnourishment; and (iv) rural women and youth. The project will ensure participation of 50% youth and 25% women in project activities. The objective of the project will be achieved through an integrated approach of agribusiness development, skills development and employment promotion through three mutually supportive components: (i) agribusiness development; (ii) skills development and employment promotion; and (iii) project management and policy support.
3. The Planning and Development Department (P&DD) is the Project's executing agency. Activities are being implemented through an autonomous Project Management Unit (PMU) and 5 Regional Coordination Units (RCUs), with the support of different implementation partners and service providers, including public sector institutions. Implementation level agreements are in place with the Department of Cooperatives, Agriculture University Peshawar (AUP), University of Engineering and Technology (UET), Technical Education and Vocational Training Authority (TEVTA), and three Business Mobilization Partners (Helvetas-Intercooperation, Smart Consultants, and RAPED) covering 5 geographic clusters. Private companies, in particular MSMEs, already in the agribusiness and other sectors, and with financial capacity and demonstrated market share, are being engaged through both components 1 and 2, notably under 4Ps and the youth's job market integration.
4. An IFAD Supervision Mission (SV) was undertaken during 03-12 December, 2025 with the objectives to: (i) assess the engagement and implementation of service providers, including Business Mobilization Partners (BMPs), Professional Farmer Cooperative Organisations (PFCOs), and Farm Services Companies/Agri-Business Hubs (FSCs); (ii) evaluate progress on skills development component; (iii) assess alignment between AWPB 2025-2026 and actual implementation, and recommend corrective measures; (iv) review the project's logframe and M&E performance; and (v) examine financial management. The mission also: (vi) assessed the communication, gender, youth, and nutrition approaches; (vii) reviewed capacity and processes for ESCMP and SECAP compliance; (viii) evaluated institutional coordination; and (ix) supported the PMU to accelerate implementation. The mission also tracked the status of agreed actions from previous missions.
5. KP-RETP has been categorized as an Actual Problem Project (APP) in November 2023 due to its prolonged start-up delay, causing slow progress of key activities and several quality gaps. Since then, IFAD has been providing continuous support through structured missions and technical assistance. A Project Startup-cum-Implementation Support Mission was held in April 2024, followed by dedicated procurement support missions in May and June 2024. A Partial Supervision Mission in October 2024 followed by a Full Supervision Mission in December 2024. Both Missions assessed implementation challenges and provided strategic guidance and rated the project as Actual Problem Project (APP). A follow up Implementation Support Mission happened in April 2025, followed by a Partial Supervision Mission (PSV) in September 2025, when the project status was upgraded to Potential Problem Project (PPP) due to its improved performance. Current full supervision mission has followed up on the recommendations of the previous Missions, reviewed overall project progress and provided guidance and support for improved delivery.
6. The Mission held meetings with all service providers, PMU and RCU staff, and Business Mobilization Partners and also visited eight PFCOs in Charsadda, Swat and Khyber Districts and reviewed their business plans and status of readiness for implementation. A wrap-up meeting was held with Additional Chief Secretary on 12th December 2025, also attended by European Union representative Mr. Christian Hell, to share the key mission findings and recommendations for agreement. A wrap-up meeting with MoEA is also planned.

Key Mission Agreements and Conclusions

7. KP-RETP implementation continues to gather pace in terms of PFCO mobilization and establishment of PFCO offices. Progress is quite even across all regions including NMDs. EU grant has become effective and started disbursement. As of November 2025, project disbursement amounted to € 14.8 million out of 74.09 million (20%) for IFAD funds and € 2.33 million out of €15.27 million (15%) for EU Grant.
8. Business Mobilization Partners are on board in all five regions. Initial steps have been initiated to develop PFCO business plans by both BMPs and Project Consultants in NMDs. However, the current quality of process and plans development is inconsistent across different partners and would require further efforts to ensure uniform quality. Early completion of business plans of acceptable quality is critical for improved financial delivery. Current milestone-based payments to BMPs needs to be revisited to encourage parallel focus on PFCO mobilization, business plan development and implementation. Current inhouse capacity in PMU is inadequate to move forward the Agri-Business Hub and 4-P activities and needs external technical assistance.
9. Considerable progress has been achieved in component 2 as far as skill development training and provision of start-up grants is

concerned. However, there is need for closer coordination between TEVTA and UET for provision of grants to UET training graduates. There is also need for integration with the component 1. Curriculum updating by UET has been completed and tenders for the establishment of three centres of excellence are currently under evaluation. Progress on internship for graduates continues to lag behind and would need a different approach to persuade industry to offer such positions.

10. Project response to previous missions' recommendations has mostly been positive. Baseline study has been completed and MoAs for TNA and Cooperatives registration/training have been signed with Agriculture University and Cooperatives Department respectively. Work on development of a Project MIS is ongoing and need to be expedited.
11. PMU and RCUs have now the full complement of staff. Gender and Communication Strategies have been developed. PMU also now needs to switch from a reactive and fire-fighting mode to a more strategic and pro-active planning, coordination, implementation and monitoring mode underpinned by quarterly targets and monthly activity plans at all levels.
12. While the mission noted considerable progress and improvement compared to previous mission, a number of areas still need closer attention and improvement to sustain the progress and main agreements reached in this regard are summarised below:
13. 1. Implement a uniform business mobilization strategy across all BMPs and NMDs that ensures uniformity in steps for formation of PFCOs, establishment of PFCOs' offices and staffing, profiling of PFCOs, business planning, procurement and training planning, and capacity building within PFCOs. Ensure deployment of full complement of RCU staff, equipment and vehicles as per project provisions in all regions and close coordination between RCUs and BMPs in terms of planning and progress monitoring.
14. 2. Revise the current milestone-based payment regime for the BMPs, as per the revision agreed during the Mission, and include the revised payment matrix as an addendum to the contract, to ensure concurrent focus on PFCO mobilization, business plan development and procurement. The entire process from mobilization to registration should be completed in six-month time frame. Also ensure that the BMPs' staffing remains as per contract obligations.
15. 3. Initiate process for the engagement of external technical assistance to assist in development of strategy and business plans for the establishment of Agri-business Hubs/Farm Services Centres and 4-Ps as per the proposed TOR attached at Appendix 4.
16. 4. Henceforth, all candidates for skill development be selected from the BISP beneficiary families from the communities with established PFCOs, with due regard for skill needs of the PFCOs.

D. Overview and Project Progress

17. The overall project performance is rated as moderately satisfactory. Based on the current status of progress and trends, the project is assessed to have graduated from Actual Problem Project (APP) to Potential Problem Project (PPP). The assessment is based on the progress achieved since the last Mission in terms of BMP's field deployment, accelerated progress on Professional Farmers Cooperative Organizations (PFCOs) formation and business plan development, progress under Component 2 interventions and EU grant activation. As of November 2025, project disbursement amounted to € 14.8 million out of 74.09 million (20%) for IFAD funds and € 2.33 million out of €15.27 million (15%) for EU Grant.
18. **Component 1 – Agribusiness development. Progress is rated as 'moderately satisfactory' (4).** This Component consists of four mutually reinforcing sub-components including: (i) professional farmers cooperative organizations (PFCOs); (ii) public-private-producers' partnerships (4Ps); (iii) farm service companies (FSCs) and (iv) institutional support services. All three BMPs have been issued no-objection from provincial government and are now mobilized across all five clusters. So far, 197 PFCOs have been formed against the current year target of 200 (Project overall target 550), of which 175^[1] have so far been registered by Cooperatives Department. Initial advance, for the establishment of PFCO offices and recruitment of PFCO staff has been issued to 65 PFCOs totalling Rs. 130 million while disbursement is ready for another 35 PFOs to be financed through EU grant. Their business and procurement plans are being finalized with the target date of 31 December for disbursement of revolving fund's first instalment to all PFCOs with approved business plans.
19. Based on the recommendation of the last PSV, the Project has developed a mobilization strategy comprising three dialogues to facilitate the formation of PFCOs. However, observations from field visits indicated that the process needs further strengthening as interviews with the presidents/chairpersons and the Management Committee (MC) members still exhibited considerable lack of clarity about the aims and objectives as well as cooperative's business plan. Furthermore, more attention needs to be paid in selection of MC members to bring in the required capacities for effective operation, management, and business development. This will be particularly important in case of women only PFCOs.
20. Mobilization has been started on 07 Farm Services Companies (FSCs)/Farmers Owned Agribusiness Hubs (FOAH) against a target of 15 and initial proposals developed. Initial 4-P business proposals have been developed for 3 commodities against the target of 13, but would require considerable improvement to be considered bankable. Mission reviewed the business proposals for the FSC and 4-Ps and found them wanting in many aspects. Current capacity and understanding in PMU and BMPs for development of quality business plans for the FSCs and 4-Ps appears to be limited. The Mission recommends engagement of external technical assistance to assist the project in developing quality business plans for FSCs and 4-Ps and PMU should develop the ToR for the same for IFAD review and early engagement of required expertise.
21. The Memorandum of Agreement (MoA) with the Cooperative Department has progressed well. Department has developed a training manual for PFCOs and completed training for management teams of 90 PFCOs. Additional processes were discussed and agreed with the Cooperative Department for avoiding multiple members in Cooperative from same household through introduction of biometric identification and linkage with NADRA.

22. The MoA with University of Agriculture Peshawar for undertaking profiling/needs assessment of registered PFCOs has also been finalized and operationalized however there is a need to expand its scope in terms of translating the PFCO profiling into business plans. The first call for expression of interest for pre-qualification of vendors for supply of agriculture and livestock related inputs/technologies has been advertised, EOIs received and currently being reviewed in PMU. Mission assisted the PMU and BMPs in standardizing the PFCOs initial master folder consisting of three documents – PFCO Baseline data/diagnostic on members, production base, incomes and issues (prepared with assistance from Agriculture University) faced by members; a timeline based business plan for the PFCO addressing the challenges identified in the diagnostic and a simplified summary for easy understanding of PFCO members; and, a timeline based procurement plan for the interventions and inputs identified in the business plan and a training plan emerging from the profiling exercise.
23. The Mission observed variable capacity and understanding in BMPs across five clusters. In one instance, a BMP has unilaterally changed the staff proposed during the selection process. Such practices need to be firmly discouraged by PMU. It is critical to develop and adopt participatory but structured approach to business mobilization in line with the business mobilization strategy that seek uniformity in steps for formation of PFCOs, establishment of PFCOs' offices and staffing, profiling of PFCOs, business planning, procurement and training planning, and capacity building within PFCOs. No proposal has yet been finalized for the 4-Ps. The mechanism developed for 4 different 4-Ps have been reviewed by the mission and consider these deficient. The process of initiating new proposal (on FSH/FSC and 4-Ps) shall be held in abeyance until the creation of requisite capacity through international/national technical assistance to ensure development of quality proposals for FSH/FSC and 4-Ps.
24. Mission noted an instance of establishment of two PFCOs in the same community – a male and a female PFCO, with almost 75 percent of membership in two PFCOs from the same households (e.g. husband in male PFCO and wife in female PFCO). This amounts to benefitting the same families twice and is not in line with project objectives and against the principle of equity and need to be guarded against. Multiple PFCOs can be established in very large communities provided each PFCO consists of unique households and there is no cross-membership. The mission has agreed with the Cooperative Department and PMU for additional safeguards, including biometric verification of the members, to avoid this. Tracking the establishment of PFCOs in each region through physical maps will be a useful tool to avoid possibility of duplication of PFCOs in the same villages or areas. Such mapping will also support better assessment of access to markets and other essential facilities.
25. Concerning managing of the BMP contracts, the milestone-based payment structure appears to be counterproductive and contributing to inefficiencies in PFCO development process. At present there is considerable lag between PFCO mobilization, registration and business plan development primarily due to present milestone-based payment structure for BMPs, and possible misinterpretation of the same which encourages BMPs to focus first entirely on PFCO formation to become eligible for the first payment. This needs to be addressed immediately to encourage concurrent attention to formation, business plan development and procurement. The mission assisted in development of a revised milestone matrix which should be formalized as an addendum to BMP contract.
26. **Component 2: Skills Development and Employment Promotion.** Progress under component 2 is rated as moderately satisfactory (4). The component's scope includes: (i) technical and vocational training; (ii) provision of start-up grants; and, (iii) job market placement. In line with this scope, institutional strengthening activities are envisaged including job market study/outlook, upgrading three vocational training centres to become centres of excellence, and revision/development of curricula by UET etc. Under the first sub-component, a tripartite agreement involving KP-RETP, TEVTA and UET was signed in April 2025 to implement vocational and technical skills training sub-component. As a sequel to it, the UET-Peshawar has delivered trainings in 19 different disciplines to around 23,208 individuals (10,903 women, 12,316 men, 41 transgender and 74 Persons With Disabilities (PWDs)). However, around 6,000 of these trainees were found to be from urban areas which is not project target group. Based on previous mission recommendations, UET initiated testing and self-certification through third party assessors, however it was found not in line with the prevailing legal framework for competency-based testing and certification. The testing has to be carried out in line with the NAVTEC's approved framework. Trade Testing Board (TTB) in Peshawar is one such institution which needs to be engaged for assessing and certification of the previous and future training graduates. An agreement to engage TTB was reached during the Mission and a tripartite MoA is being signed between PMU, UET and TTB for this purpose.
27. Concerning the provision of start-up capital, TEVTA has so far made disbursement to 4,700 eligible candidates. In parallel, UET has identified 2,000 trainees out of their batches, the data of which has been provided to TEVTA, but no disbursement has so far been made to these nominees and needs to be expedited. It is pertinent to mention that priority under the start-up grants must be given to youth trained under the Project. In respect of job placements, response from industry remains poor despite publication of EOIs thrice by the project. At present, 5,088 applications for placement are pending with TEVTA. PMU needs to cast the net wider to include Chambers of Commerce, various industrial estates, hospitality and tourism industry etc. through a series of meetings/seminars, road shows and job fairs. One such event was planned by the PMU immediately after the Mission. With respect to the strengthening of centres of excellence, the proposal and procurement plan for the shortlisted three TEVTA institutions: Swabi (Agro-Industrial), Swat (Hospitality), and D.I. Khan (Agribusiness) has been finalized and procurement process for furniture, equipment etc. has been initiated.
28. The training and learning material (TLM) developed by UET is in English and lacks pictorial presentations, diagrams, and graphics that would support easier understanding by trainees. The project may take a leaf out of manuals developed in SPPAP that are visually more engaging and easier for trainees to comprehend. The translation of TLMs into Urdu and their provision to trainees during the course of training would improve their understanding.
29. UET is currently registering trainees in the trades of their choice as provided in the list. However, some trades—such as farm management, tunnel farming, and groups of beauticians in a single village—do not provide broad employment or income opportunities. A proper labour market assessment in each district is needed to identify the most relevant skills. For example, hydropower and dam projects in Kohistan, Shangla, Swat, and Batagram will create demand for specific skills that should inform training priorities.

30. **Component 3: Project Management and Policy Support.** Component progress is rated as moderately satisfactory (4). PMU and Regional Offices are largely staffed, except for few lower level positions, and fully equipped. Transition from RCU-led PFCO mobilization to BMP led PFCO mobilization has been completed in settled districts while consultant/PMU led mobilization is continuing in Newly Merged Districts. Formulation of project level quarterly workplans, as a basis for detailed monthly activity plans at PMU and cluster/BMP level need to be adopted as regular practise, and coordination between RCUs and BMPs need to be strengthened. The cluster level monthly activity plans should be used for the monitoring of PFCO level activities by the PMU and RCUs. The PMU level staff will have monthly field tour plans and will spend at least 1/3rd of their time every month in the field to monitor and guide BMP's and RCUs activities.
31. Senior technical staff at PMU appears to work in silos with little cross-sectional interaction, idea sharing and knowledge exchange. There is need for a more structured regular review, knowledge sharing/building and strategy formulation sessions at PMU level, involving PMU, RCU, implementing partners and BMPs. The temporary office established in P&D at the start of project is still being maintained with PD and some of the senior PMU staff splitting their time between two offices. That needs to end and PD and other senior staff must ensure their fulltime presence in the regular PMU in PDA building.
32. *Baseline Survey and updating of logframe.* Baseline survey report has been completed and received IFAD's no objection, and the baseline values have been integrated into the project logframe. Procurement for the development of MIS is in process and due to complete by February 2026. Additionally, in October and November 2025, IFAD organised capacity building sessions for the PMU M&E team to strengthen their understanding of IFAD's M&E requirements, data quality standards, and logframe results reporting.
33. **EU Grant Funding.** Grant agreement has been signed and is effective and bank account has been opened. First disbursement of EUR 2.3 million has been received. At the moment, 35 PFCOs have been identified to receive funds against EU Grant equal to Rs. 70 million for the office establishment and staff recruitment. Next instalment will be issued once the PFCO business plans are approved.
34. [11](#) There is a definitional issue in counting of registered PFCOs. Of the 175 registered by Cooperatives Department, 107 have their bank accounts opened and training conducted for the management teams.

Agreed Action	Responsibility	Agreed Date
<p>Initiate a robust Communication Strategy and Campaign</p> <p>A strong communication campaign, aimed at informing the field staff and target beneficiaries about project aims and participation criteria, be initiated to prepare the ground for full scale launching of activities as soon as BMP is on board</p>	PD, PMU	01/2024
<p>Kick start formation of Professional Farmers Organizations (PFOs) and 4P development in NMDs.</p> <p>Expedite onboarding of field consultants and finalise Manual/Guideline (as a living document) for the business mobilization in NMDs. Ensure extending support to Cooperative Department for smooth implementation of project activities further ensuring establishment of 30 PFOs and one 4P by end of June 2025.</p>	PMU	12/2024
<p>Complete onboarding of Business Mobilization Partners and kick start field work</p> <p>Complete onboarding of BMPs by end-November 2024 and identify programme of work for the first quarter ensuring that field activities kick start before end of 2024.</p>	PMU	12/2024
<p>Complete assessment of FSC and develop business plans</p> <p>Expedite engagement of consultancy service for the assessment of Farm Services Centres and prepare and finalise at least 2 business plans by end of December 2024. Business plans shall be available for review by the next supervision mission (early December 2024)</p>	PMU	12/2024
<p>Prepare 4Ps proposals around fruit plant nursery sector</p> <p>In conjunction with Agriculture Research System (ARS) develop one proposal to be ready for review by the next supervision mission</p>	PMU	12/2024

<p>Ensure provision of enterprise grants to eligible TEVTA/other graduates</p> <p>Fully entrust the delivery of grants to eligible youth (trained graduates) falling in the category of households having PSC 0-40 and deliver the first batch of 1500 grant by first week of November and second batch of 3500 grants by first week of December 2024. A simplified investment plan and follow up mentoring/monitoring approach shall be put in place to ensure that expected results are achieved and documented</p>	PMU/TEVTA	12/2024
<p>Develop detailed proposal for establishing/upgrading Centres of Excellence in skills development</p> <p>TEVTA shall develop detailed proposal and cost estimates to establish/upgrade centres of excellence identifying actual needs irrespective of budget provision. The proposal shall be available before the next supervision mission (December 2024)</p>	PMU/TEVTA	12/2024
<p>Enterprise Grants to TEVTA Graduates</p> <p>Ensure disbursement of enterprise grants to 5,000 TEVTA graduates from eligible families.</p>	PMU	12/2024
<p>Vocational Training for the Marginalized</p> <p>Develop a self-contained plan for the delivery of vocational training to the marginalized and disadvantaged communities for IFAD NO.</p>	PMU	01/2025
<p>Centres of Excellence</p> <p>Consider adopting a phased approach for the three TEVTA Centres of Excellence with first phase focused attending to their immediate HR and infrastructure needs and furnish for IFAD NO.</p>	PMU/TEVTA	01/2025
<p>Finalize 4P proposal on fruit plant nursery sector</p> <p>PMU to work with Agriculture Research System (ARS) to finalize the 4P business proposal that integrates farmers (as producers) and fruit nursery owners (as private sector), ensuring its timely submission for IFAD NO.</p>	PMU	04/2025
<p>Establishment of PFOs in NMDs</p> <p>Ensure formation of 30 PFOs and transformation of 05 FSCs into companies in the NMDs, building on the encouraging progress and available social capital in NMDs as well as local knowledge of field consultants.</p>	PMU	05/2025
<p>Activate RCU offices for business mobilization of PFOs/FSCs</p> <p>Engage RCU offices in mobilization of farmers, leveraging existing social capital and develop 3 PFOs and 3 FSCs in each region, open their bank accounts and ensure release of funds against the first milestone.</p>	PMU	05/2025
<p>Complete maturity assessment of FSCs</p> <p>Complete maturity assessment of the FSCs through consultant/ RCUs and ensure that 35FSCs are ready for transformation into companies, have a business plan and receive first disbursement.</p>	PMU	05/2025

<p>Enhance Engagement with Social Welfare Department for youth skills development and Directorate of Youth under Department of Sports, Culture and Youth Affairs</p> <p>With these Department, facilitate: (i) certification scheme for the courses run by the department through TEVTA; (ii) provision of start-up grants to trained women; and, (iii) development of a 4Ps proposal for linking trained women and private sector. Also engage with Directorate of Youth for extending project support to eligible youth and in particular women and marginalized and left behind segment of society</p>	PMU	06/2025
<p>Develop comprehensive business mobilization strategy</p> <p>Each BMP will develop business mobilization strategy and shares for PMU concurrence covering PFO purpose, approach for participatory mobilization, registration, business planning, implementation and monitoring/evaluation, accompanied by PFOs institutional strengthening through the process. The business mobilization strategy shall also include indicators for institutional strengthening of the PFOs and shall take into account the Targeting and Social Inclusion and the Gender Action Strategy (covering IFAD's three GEWE objectives), and Stakeholder Engagement Plan and make it as an integral part.</p>	BMP, PMU	10/2025
<p>BMPs to develop digital calendar/tool for activity planning, coordination and monitoring</p> <p>BMPs will develop a digital calendar for activity planning and share with RCUs for their participation in, and monitoring of the field activities – rollout by 30th Oct 2025 and on an ongoing basis.</p>	PMU	10/2025
<p>Pre-qualification of firms/vendors and training service provider</p> <p>PMU to initiate pre-qualification of firms /vendors for supply of inputs, technology, training services.</p>	PMU	10/2025
<p>Curriculum development/upgradation</p> <p>a. Develop/update curricula of 10 trades following the scheme recognized by TEVTA/NAVTEC – 30th Oct 2025. b. Develop curricula for 10 trades following the contract hours model – 30th Oct 2025.</p>	PMU, UET	10/2025
<p>Rationalize contact hours across trades</p> <p>UET to assess the varying degree of contact hours needed and rationalize these for different trades.</p>	PMU, UET	10/2025
<p>Enterprise Grants to TEVTA/UET Graduates</p> <p>Ensure disbursement of start-up grants to 5,000 eligible candidates and disburse 2000 per month going forwards by TEVTA in conjunction with UET – 15 Oct 2025 and onwards. Ensure conditions for women participation as per project targets.</p>	PMU	10/2025
<p>EU Grant funds</p> <p>Submit withdrawal application and devise utilization plan ensuring that funds are committed by end of December 2025.</p>	PMU	10/2025
<p>Establishment of PFOs and disbursement of funds</p> <p>Complete establishment of 150 PFOs (have got first disbursement for establishment) and 50 should have received 2nd payment linked to business plan.</p>	PMU, BMP	12/2025

<p>Prepare 4Ps proposals around fruit plant, natural honey or embroidery</p> <p>PMU shall develop, with the assistance of BMP, a proposal for 4Ps around fruit plants, natural honey or embroidery.</p>	PMU	12/2025
<p>Training evaluation of UET pass outs</p> <p>PMU to conduct evaluation of the training which has been completed already and suggest improvements needed to UET.</p>	PMU	12/2025
<p>In-House PFCO Business Plan Review/Development Capacity</p> <p>Create in-house capacity in the review/development of PFCO business plans as well as financial appraisal capacity at the Grant Appraisal Committee.</p>	PMU	01/2026
<p>Engage External TA for 4-Ps and Agri-business hubs</p> <p>Engage longer term external technical expertise (intermittent) for the development of plans/proposal for agri-business hubs and 4Ps and their subsequent implementation. Required TORs to be developed by PMU for IFAD review and approval.</p>	PMU	01/2026
<p>Revise BMPs' payment milestones</p> <p>Revise the existing milestone-based payment structure of BMPs for PFCO formation to address lags between mobilization, registration and business plan development to encourage concurrent focus on all the different stages of the process for early disbursement of funds to PFCOs.</p>	PMU	01/2026
<p>Disbursements to PFCOs</p> <p>Complete establishment of 150 PFCOs (have got first disbursement for establishment) and 50 have received 2nd payment linked to business plan by 31st March 2026. Adjust the pace of farmers' mobilization in a way that there is no more than 30 working days gap between one and the next step.</p>	PMU/BMPs	03/2026
<p>Disbursement of Start-up Grants to UET Trainees</p> <p>Ensure that start-up grants to UET nominated eligible candidates are fully disbursed by TEVTA before 31 March 2026. Going forward, priority (90% start up grants) shall be to the youth trained (by UET) under the project.</p>	PMU/TEVTA/UET	03/2026
<p>Rationalize UET training graduates numbers until June 2026</p> <p>Reduce the number of trainees graduating through UET training to less than 1000 per month – Immediately and until June 2026.</p>	PMU, UET	06/2026
<p>Strengthen PMUs Coordination functions and gender mainstreaming functions</p> <p>Enhance PMU capacity through engagement of relevant expertise and skills sets including options for reorganization of team.- ongoing basis</p>	PD,PMU	
<p>Gender responsive/balanced field staffing</p> <p>BMPs/PMU to maintain staffing structure that enable engagement with women in the field – immediately and on an ongoing basis.</p>	PMU, BMP	
<p>Prioritize mechanization in the first investment cycle – Business Development Plans</p> <p>The first cycle of business activity shall have focus on mechanization/smart farming technologies – 70% investments in tangible/assets while the remaining in inputs and training. - ongoing basis</p>	PMU, BMP	

<p>Competency based testing and certification</p> <p>Implement the CBT approach to testing and certification for all the ongoing and completed training sessions – immediately and on an ongoing basis.</p>	PMU, UET	
<p>Improve learning conditions</p> <p>Improve training environment notably reduce the number of participants per training to 25/30. - ongoing basis</p>	UET, PMU	
<p>Strengthen PMUs Coordination functions</p> <p>PMU enhance coordination among implementing partners in structured and formal manner. - ongoing basis</p>	PMU	
<p>RCUs and BMP Coordination</p> <p>Develop and adopt tools, systems and processes for close coordination between RCUs and BMPs, underpinned by site and activity specific monthly BMP workplans. Immediate and Ongoing</p>	PMU	
<p>BMP Staffing</p> <p>Ensure that the BMPs maintain the staffing levels, in terms of numbers, competence and gender, as agreed in their contracts. Any change must be with the approval of PMU. - Ongoing</p>	PMU	
<p>PFCO Business Plans</p> <p>Ensure across the board uniform implementation of the three PFCO business planning formats– PFCO membership profiling and identification of challenges, a timeline-bound development plan to address the identified challenges and a timeline-based procurement plan in line with the business plan. A summary business plan will be developed in Urdu language for a wider PFCO-wide awareness. - Ongoing</p>	PMU	
<p>No multiple PFCOs in same community</p> <p>No separate men and women PFCOs shall be established in the same community if all or substantial number of male and female members of the two PFCOs come from the same household. - Immediate and ongoing</p>	PMU/RCUs/BMPs	
<p>Avoidance of Multiple members from same households</p> <p>Develop systems and processes including access to NADRA database and bio-metric identification, in collaboration with Cooperatives Department, to ensure that there are no multiple memberships from one household in PFCOs - Immediate and ongoing</p>	PMU/RCUs/BMPs	
<p>Competence based Testing by TTB</p> <p>Competence Based Testing of all vocational and technical training graduates will be done by Trade Testing Board for which a MoA has been finalized during the current mission. This includes re-testing of existing 23,800 pass-outs through necessary budget provision. - Ongoing</p>	PMU/UET/TEVTA	
<p>Stipend to Vocational Trainees</p> <p>Payment of stipend to all trainees as per the project design and practice in all other IFAD projects in the country shall commence as soon as revised PC-1 is approved by competent authorities. -Ongoing</p>	PMU/UET	

<p>Integration of Components 1 and 2</p> <p>Selection of candidates for vocational and technical training and start-up capital for self-employment shall be integrated with component 1. PFCOs to actively support identification and nomination of eligible candidates in their respective villages. - Immediate</p>	PMU/UET/TEVTA/BMPs	
<p>Field Presence of PMU/RCU Staff</p> <p>Improve field presence of PMU and RCU staff guided by BMP activity plans with PMU staff spending at least 1/3rd of their time in the field each month. - Immediate and ongoing</p>	PMU/RCUs	
<p>RCU Staffing and Presence</p> <p>Ensure presence of full complement of RCU staff in their respective offices, along with availability of sanctioned vehicles and equipment. - Immediate</p>	PMU/RCU	
<p>M&E and MIS</p> <p>Adopt the use of structured methodologies, tools and engaging all project staff in M&E and develop MIS. - Immediate</p>	PMU	
<p>One PMU at PDA Building</p> <p>End PD and senior staff time splitting between P&DD Camp Office and PMU office at PDA. The office at PDA building shall be the only fully functional PMU. - Immediate</p>	Project Director	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 4

Previous rating: 4

Justification of rating

35. Rated as moderately satisfactory. As field implementation has commenced, the Project remains relevant to the priorities of the target households. Current progress under component 1 in terms of PFCO formation and target community response, and progression under component 2, paint an encouraging picture in terms of achievement of project's anticipated outputs and project's development objectives by the project end and the project is on track to achieve its target by the end of the year with consistency improved performance. 197 PFOs have been mobilized and 175 registered so far (17 women PFCOs, one male PFCO, and 157 mixed PFCOs). Around 32% of PFCO members are women but their membership in management committees is still relatively low and needs attention. Vocational training under component 2 has picked up pace and UET-Peshawar has conducted trainings in 25 trades for 23,208 youth (47% women). For start-up grants, TEVTA has awarded grants to 4,700 (997 women) while another 2,000 are in process.

Log-Frame Analysis & Main Issues of Effectiveness

36. As of December 2025, the project's total outreach has reached 66,522 persons (36% female and 55% youth) against the outreach target of 785,000 households (target of 25% women and 50% youth). While outreach remains modest relative to end targets, this reflects the project's transition from a preparatory phase to full-scale implementation. The project's theory of change and overall results framework remain relevant and aligned with project objectives. As implementation scales up, ensuring accurate, consistent, and timely reporting against logframe indicators will be increasingly important to track progress and support adaptive management. The project has demonstrated adaptive management for ensuring the implementation of activities, devising and implementing relevant mitigation measures as needed (in line with the PIP).
37. Since the previous mission, key steps have been taken to strengthen logframe-based monitoring. The baseline survey has been completed and its findings have been integrated into the logframe, providing a clearer reference point for measuring progress. Dedicated capacity building sessions for the PMU M&E team have been conducted to enhance understanding of indicator definitions, target calculations, and reporting frequency. In addition, the PMU has developed an activity mapping sheet linking planned activities to specific outputs and indicators, which is a positive step towards improved results-based management and clearer attribution across components.
38. Minor adjustments are required in the logframe, particularly for Output indicators 2.1 and 2.2 where the targets were incorrectly [\[1\]](#)

reflected at design stage (primarily in the PDR) and subsequently carried forward into the ORMs logframe. While these discrepancies do not undermine the overall results logic, they should be corrected to enable accurate aggregation and reporting of achievements under Component 2. Instances of double counting in households reached have also been noted. These are expected to be resolved (to some extent) once the Management Information System (MIS) becomes operational and the planned biometric identification system is introduced to confirm PFCO members, avoiding multiple members from the same household in Cooperatives.

39. At present, data management relies largely on Excel based systems, which has supported initial reporting but also contributed to delays in updating data, some inconsistencies across datasets, and limited real-time visibility of progress. Procurement of the MIS is underway and is expected to significantly improve data accuracy, consolidation, and reporting once operational. The MIS will also enable better integration of field level data and support systematic tracking of progress against logframe indicators. The MIS development firm is expected to be onboarded by end February 2026.
40. Overall, while development outcomes are yet to be fully realised, the necessary foundations for effective delivery are now largely in place. Key institutional arrangements are functional, implementation capacity has improved, and corrective measures identified in previous missions are being acted upon. With improved implementation momentum and better logframe based monitoring systems, the project is reasonably positioned to translate current output level progress into measurable outcomes over the remaining implementation period.
41. [\[1\]](#) For Output 2.1, the total target should be 60,000 (it currently states 30,000). For Output 2.2, the targets are incorrectly summed.

Agreed Action	Responsibility	Agreed Date
<p>Capacity building of M&E staff in logframe reporting and analysis</p> <p>The PMU (with support from IFAD) should strengthen the M&E team’s skills in logframe reporting through the planned training, focusing on clear understanding of indicators and accurate progress tracking.</p>	PMU/ IFAD	12/2025
<p>Shift focus from activity-only monitoring to output, outcome and process monitoring</p> <p>PMU shall use tools and templates for monitoring and evaluation including self-monitoring by implementing partners and beneficiaries level monitoring. Ongoing</p>	PMU	12/2025
<p>Build climate resilience and nutrition-sensitivity scoring in all project activities</p> <p>Integrate more rigorous climate risk screening, climate-smart agriculture (CSA) and nature-based solutions as well as nutrition sensitivity scoring. Include resource to fund climate smart technology and trainings, water harvesting, flood-resistant crops. Use beneficiary income resilience and nutrition sensitivity score to monitor project activities. Ongoing</p>	PMU	12/2025

Development Focus

Targeting and Outreach

Rating: 3

Previous rating: 3

Justification of rating

42. Rated as moderately unsatisfactory. PMU has adopted a revised Targeting and Social Inclusion Strategy, supported by the Gender Action Strategy and Stakeholder Engagement Plan, guiding outreach to priority groups and regions. Current project outreach is 66,522 households (36% women and 55% youth) against the outreach target of 785,000 households (target of 25% women and 50% youth). Representation of women and youth in PFCOs and vocational/technical training courses is largely as per project targets. Functional BMPs, strengthened coordination with UET, TEVTA, and Cooperatives Department, and improved monitoring systems provide assurance that outreach, including for marginalised groups, is on track. However, gender balance in BMPs, particularly among the field staff, is still not up to desired level and need to be addressed.

Main issues

43. Mission noticed instances of more than one representation in PFCOs from same households which is not in accordance with project’s criteria and principles of equity and need to be strictly discouraged. Ways and means be introduced in Cooperative Department’s registration processes including use of biometric verification to avoid this. In one instance, a male and female PFCO was established in the same community in Khyber district where 75 percent of the members in both organizations belonged to same household. This also need to be disallowed.
44. **PFCOs were found to have copies of business plans prepared in RuralInvest, in English, which were beyond the comprehension of most member households. To ensure transparency and full understanding by all members of the PFCOs about their rights, obligations and essentials of business plans, a simplified outline in local language plus key elements on charts or panaflex for display in PFCO office may be ensured.**

45. Under Component 2, UET Peshawar trained 23,208 youth across 25 trades, with women making up 47% (10,903) of the trainees. The most popular trades included beautician, tailoring, digital skills, and food processing. UET prepares a visual breakdown of sex disaggregated coverage and trades across all clusters, enabling the project to assess cluster-wise sex and disability representation across different trades and identify areas requiring targeted outreach.
46. As per project design, the target youth has to be from BISP beneficiary households and the activity needs to be closely integrated with Component 1's target communities/PFCOs. Since the PFCOs are still in the initial stage of business plan development, the project/UET opted to invite applications directly from eligible youth from BISP households with PSC scores of 0–40 as well as youth who could provide Poverty Certificates from Union Council Administration. The adopted methodology resulted in selection of around 6,000 youth from urban areas which is not project target area and constitutes mis-targeting. The expenditure incurred for this mis-targeting appears ineligible and need to be corrected through appropriate action and additional 6,000 youth from eligible BISP beneficiary households from rural target communities should be trained by UET at its own risk and cost. For startup grants, TVETA has so far supported primarily former trainees from the target districts. It again needs to be ensured that no start-up grants are extended to the wrongly targeted youth from urban areas. Going forward, the PMU should target eligible rural BISP youth only, especially where training needs arise from PFCO business planning, strengthening integration between the two components for enhanced impact. Union Council certification should not be accepted in lieu of BISP beneficiary database. PMU shall undertake systematic monitoring of compliance with targeting and checking of the reliability of the outreach related data provided by IP.
47. An online portal is available for youth to apply, and RCUs as well as some local centres/offices provide flyers and hard copy of application forms. However, in some cases, a fee is being charged by local centres/photocopy shops for printing application forms, which may discourage youth from applying. The mission strongly recommends that youth be selected from PFCOs; therefore, BMP and RCU staff should factor this into business planning and implementation by identifying potential youth from PFCOs and actively facilitating them through the application process.
48. Outreach to marginalized groups, including persons with disabilities and transgender persons, remains largely informal e.g., through personal networks or word of mouth. Establishing formal mechanisms, such as engaging Social Welfare Departments and organizations of persons with disabilities, would enable more systematic outreach, better assessment of training feasibility and needs, and stronger linkages to subsequent employment or income-generation opportunities.

Agreed Action	Responsibility	Agreed Date
<p>Include Qualitative indicators in MIS</p> <p>The proposed MIS shall have qualitative indicators and inbuilt flexibility to incorporate additional indicators as the project progresses.</p>	PD, PMU	03/2025
<p>Revise targeting strategy to clearly define target group</p> <p>The targeting strategy should indicate clearly the target group of the project as rural households and shall provide the eligibility criteria under both components. Once revised, the strategy shall be shared with implementing partner for compliance.</p>	PMU	11/2025
<p>Project target groups are invariably rural households</p> <p>KP RETP targets rural households only, and urban households are ineligible. Youth and women from rural households currently/temporarily living in urban areas are eligible.</p>	PMU	11/2025
<p>PMU to assess the extent of coverage of non-rural youth under UET skills training</p> <p>The M&E unit of PMU shall furnish a report of training conducted by UET assessing eligibility criteria notably with respect to rural households as the only target group.</p>	PMU	11/2025
<p>Operationalize GRMs at all levels - PMU, Regional Offices and Implementing Partners</p> <p>Make GRM functional immediately after regional offices are functional and BMPs/TEVTA are mobilized. - on an ongoing basis</p>	PMU/BMPs	
<p>MoA with Agriculture Department</p> <p>Secure Agriculture Department assistance in targeting and outreach through signing of a MoA. - Immediate</p>	PMU	
<p>Formal and structured coordination between and among implementing partners</p> <p>PMU to organize formal coordination and experience-sharing fora involving implementing partners and other stakeholders. Ongoing</p>	PMU	
<p>PMU to put in place M&E tools for monitoring outreach and checking reliability of outreach data</p> <p>PMU to develop tools to check outreach data and its reliability in line with the targeting strategy. Ongoing</p>	PMU	
<p>Targeting of Transgender and PWDs</p> <p>Engage relevant departments and associations for more systematic targeting of transgender and PWDs - ongoing</p>	PMU	
<p>Monitoring of compliance with targeting criteria</p> <p>PMU shall undertake systematic monitoring of compliance with targeting and checking of the reliability of the outreach related data provided by IPs - ongoing</p>	PMU	

Gender equality & women's participation

Rating: 4

Previous rating: 4

Justification of rating

49. Rated as moderately satisfactory. The project has a Gender Action Strategy which covers the three GEWE objectives of IFAD's gender policy. Project's targeting requires 25% women and 50% youth coverage and implementation is showing tangible results. As of December 2025, women account for 24,271 (36% of total outreach), around 32% of PFCO membership (12,349), 47% of vocational training beneficiaries (10,903), and 23% of TEVTA start-up grant recipients (997). Of 175 registered PFCOs, 8 are women-only, with women also represented in mixed PFCOs, including management committees. However, limited female staffing

and high turnover within BMPs risk weakening sustained engagement, and clearer mechanisms are needed to ensure active women participation in mixed PFCOs.

Main issues

- 50. There are 17 women-only PFCOs established, mainly in District Khyber, Kurram, Orakzai and Chitral, from which 8 have been registered with the cooperatives department thus far. Details on PFCO membership are currently being updated in the project database, so exact figures on women members are awaited from the project team. But based on available information^[1], around 32% of PFCO members are women, with a small number also being members of the management committees. UET-Peshawar has conducted trainings in 25 trades under Component 2, with women making up 47% of all trainees (10,942). Cluster-wise data show that women trained include: 1,223 in Chitral, 5,312 in the Central cluster, 413 in the Eastern cluster, 509 in the Northern cluster, and 3,485 in the Southern cluster. For start-up grants, TEVTA has awarded grants to 997 women, representing 23% of all recipients. Scope of work for a 4P (hand embroidery) is being prepared for engagement with Social Welfare Department.
- 51. The project has reached 66,522 persons, including 24,271 females (36%), 42,265 males (53%), and 36,500 youth (55%). This progress is measured against an outreach target of 350,000 persons to be achieved by midterm. Women-headed households are added as an indicator in the logframe, but data against it has yet to be reported.
- 52. Currently, there is one Gender Officer at the PMU and another posted at the Northern Cluster RCU. The remaining four clusters and NMD lack dedicated gender focal persons. The mission also observed a shortage of female staff for business mobilization in the BMPs. This shortfall must be addressed on priority by both the PMU and BMPs.
- 53. The project has a **Gender Action Strategy**, and during the mission an implementation plan was developed linking the project's three components to the three GEWE objectives covered by IFAD gender policy, detailed below.
- 54. **Voice and influence in PFCOs:** Of the 106 PFCOs receiving initial seed money, membership stands at 39,011, including 12,349 women (31%) and 9,020 youth (23%). Around 218 women hold management committee positions. Cluster wise validation is ongoing, but available records show adequate female and youth representation in all clusters. Bank accounts have been opened for women-only PFCOs, and some women members also shared how they got their expired or lost ID cards renewed when they were mobilized into farmer groups for official registration of PFCOs.
- 55. **Women's participation:** In mixed PFCOs, men and women often meet separately due to cultural norms. While women on management committees are generally active and convey women's inputs to the male members or in some PFCOs, a male member sits in the women's meetings, BMPs must detail a mechanism to ensure that women's perspectives are systematically incorporated into decision-making on business plans and functioning of the cooperatives. Where feasible, women PFCOs should consider including embroidery and tailoring in their business plans, particularly in areas where off-farm activities are common and there is existing interest or skills for such a collective enterprise.
- 56. **Economic empowerment through Skills Training:** Women comprise 47% of skills trainees, reflecting strong uptake and effective outreach under Component 2, but no participation from NMDs was recorded and enrolment remains concentrated in traditional trades. PMU, TEVTA and UET would need to formulate an appropriate tribal culture responsive strategy to ensure proportionate coverage of male and female participants in the vocational training courses including conduct of in-situ trainings for females on the model of SPPAP. TVETA has awarded grants to 997 female youth, representing 23% of all recipients. The project team should assess barriers preventing women from participating in 3-month skills trainings offered away from home and identify ways to address them, as well as broaden options beyond traditional trades.
- 57. **Income Generation:** Women have been trained in diverse skills including mushroom farming and beekeeping; but the extent to which these skills translate into sustainable income requires closer assessment. The project team should explore the practical usefulness of the trainings and identify challenges women face in converting skills into viable livelihoods.
- 58. The scope of work for a 4-P (hand embroidery) project is being prepared, and preliminary meetings with the Social Welfare Department (SWD) have been conducted, with detailed plans to follow.
- 59. **Workload Burden:** Some women shared that their workload has increased due to attending PFCO meetings, but they value the potential of collective work and shared learning and remain hopeful that once labor-saving technologies included in the business plans are procured, their overall workload will be reduced.
- 60. ^[1] Based on data from 131 PFOs whose details have been entered into the project database.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Engage with Social Welfare Department for Women Empowerment Develop scope of work and programme of work for the current year including exploring potential for 4Ps whereby women training premises can be used as incubation centers	PMU	12/2024

<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agripreneurs shall be provided grant by Dec 2024.</p>	PMU/TEVTA	12/2024
<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agripreneurs shall be provided grant by Dec 2024.</p>	PMU/TEVTA	03/2025
<p>Engage with Social Welfare Department for Women Empowerment</p> <p>Develop scope of work and programme of work for the current year including exploring potential for 4Ps whereby women training premises can be used as incubation/production canterers.</p>	PMU	12/2025
<p>BMP must ensure gender-balanced team</p> <p>It must be ensured that BMP staffing structure is proportionately gender-balanced and women participation in PFOs translates into women empowerment and achieving of IFAD's three GEWE policy objectives.</p>	PMU/BMP	12/2025
<p>Gender Staff in RCUs</p> <p>The vacant positions of Gender Staff in the RCUs be filled without any further delay</p>	PMU	03/2026
<p>Female Business Mobilization Staff in BMPs</p> <p>The gender balance in business mobilization staff be rationalized to ensure effective outreach to female beneficiaries</p>	PMU/BMPs	03/2026
<p>Engage with Social Welfare Department for Women Empowerment</p> <p>Develop scope of work and programme of work for the current year including exploring potential for 4-Ps whereby women training premises can be used as incubation canterers</p>	Gender Officer/PMU	03/2026
<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agripreneurs shall also be provided grants</p>	Gender Officer/PMU	03/2026
<p>Male and Female youth Participation in Vocational Trainings from NMDs</p> <p>Develop an appropriate strategy to ensure equitable and proportionate participation of male and female youth, including in-situ training for females, from NMDs and furnish for IFAD NO - Strategy by 28 Feb/2026 Implementation from 15 April/ 2026</p>	PMU/UET/TEVTA	
<p>Capture Beneficiary Data in all its gender dimensions</p> <p>PMU to ensure that accurate data is being regularly captured for all gender dimensions including women headed households - Ongoing</p>	Gender Officer/PMU	

Agricultural Productivity

Rating: N/A

Nutrition

Rating: 4

Previous rating: 4

Justification of rating

Rated as moderately satisfactory. The project showed good performance in the reporting year 2025 as against the yearly targets.

61. Rated as moderately satisfactory. The project showed good performance in the reporting year 2020 as against the yearly targets. The Mission supported the Nutrition Officer to develop implementation modalities of the nutrition-sensitive activities in accordance with the project's objectives, and IFAD Nutrition Guidelines. Revisions to the project's Nutrition-Sensitive Value Chain Strategy (NSVCS) are currently underway, with a final version expected for January 2026, accompanied by a simplified implementation plan, which were the targets of the reporting year (i.e. develop nutrition strategy, MDD-W framework). Early delivery shows positive momentum, 11 key nutrition messages and 3 illustrated brochures, aligned with Pakistan's dietary guidelines, have been developed and have been used in the 140 awareness sessions conducted with 3,523 households, with a particular focus on women of reproductive age. These outputs have been largely achieved. However, the technical capacity of the BMPs to effectively integrate nutrition to agribusiness activities needs to be strengthened.

Main issues

62. While a Nutrition Officer is in place at the PMU, none are posted at the five RCUs. Although the PMU Nutrition Officer has developed content, key messages, and conducted TOTs for BMPs and RCUs, the absence of regional nutrition focal persons and limited BMP capacity on nutrition require urgent attention, especially given that this is a nutrition-sensitive project. BMPs may consider nominating dedicated nutrition focal persons.
63. As of December 2025, 140 nutrition sessions (on topics like healthy diets, diverse food groups) have been conducted, benefiting 3,523 households (estimated corresponding total number of households members 17,659 persons) (attendants: 2,112 females, 1,411 males, and 685 youth). RCU Swat and RCU Southern conducted nutrition sessions exclusively with male participants, due to shortage of female staff, and distributed a total of 2,980 pamphlets.
64. At baseline, 9,240 females of reproductive age were assessed using the MDD-W indicator, with only 4.2% meeting the minimum dietary diversity threshold. Acknowledging agricultural diversity in the province, food groups were contextualized for the baseline survey for MDD-W. Regarding **MDD-W reporting** for midterm, the Nutrition Officer noted that women beneficiaries often find it difficult to recall food groups when asked about them individually. She suggested that it would be more effective to ask women what they ate for breakfast, lunch and dinner, and then have enumerators tick the corresponding food groups in the survey questionnaire. It was recommended that while adapting this methodology based on field experience, all meals and snacks consumed between the main meals should be carefully probed and recorded, to ensure no dietary intake is overlooked.
65. The mission supported the Nutrition Officer with the revision of the **Nutrition-Sensitive Value Chain Strategy (NSVCS)** and a corresponding implementation plan integrating nutrition across all project components, both documents to be completed by January 2026. This plan consolidated all activities into four sections for a simplified version (1) developing content and key messages, (2) nutrition TOTs (for RCU, BMPs, CRPs) (3) awareness sessions, and (4) integrating nutrition into PFCO business plans and vocational trainings. It ensures that sessions are scheduled in line with farmers' activity cycles, such as sowing seeds, pesticide application, harvesting or post-harvest stages and that, for livestock-focused PFCOs, sessions are tailored to their specific livestock-related needs. For Component 2, nutrition will be integrated into PFCO business plans and skills training areas, such as food safety, food preservation, labelling, processing, and drawing on the 25 trades identified by UET Peshawar.
66. Collaboration with FAO/WFP: The project has no formal collaboration with Food and Agriculture Organization (FAO) or World Food Programme (WFP) at this stage, though such partnerships may be explored in the future. Currently some PFCO members are also part of farmer field schools (FFS) by FAO in their respective districts. Partnership with WFP around BISP's Benazir Nashonuma Programme, as is the case in Gwadar-Lasbella Livelihoods Support Project-II (GLLSP-II) in Balochistan, could also be explored by PMU.

Agreed Action	Responsibility	Agreed Date
Training of Nutrition Officer Arrange immediate structured training for Nutrition Officer	Pd, PMU	01/2025
Finalize and share revised NSVCS and implementation plan Based on the revised Nutrition-Sensitive Value Chain Strategy (NSVCS), consolidate all project activities into simplified implementation plan with four broader themes	Nutrition Officer/PMU	01/2026
Build capacities of BMPs on nutrition Develop a training plan for BMPs, ensuring they have the technical capacity to conduct nutrition awareness and integrate nutrition in relevant activities as per updated NSVCS	Nutrition Officer/PMU	02/2026
Identify specific collaboration possibilities with FAO and WFP for Nutrition interventions Collaboration and coordination mechanisms be identified and operationalized for FAO and WFP nutrition interventions in the province	Nutrition Officer/PMU	03/2026
Ensure 1.1.8 target is aligned with planned activities Once the NSVCS clearly outlines the activities that have contributed and will contribute to nutrition outcomes, ensure targets for 1.1.8 in the logical framework align with the updated NSVCS	Nutrition Officer/PMU	03/2026
Collaboration with FAO and WFP Nutrition interventions on a continuous basis Collaboration and coordination mechanisms be identified and operationalized for FAO and WFP nutrition interventions in the province	PMU	

Adaptation to Climate Change

Rating: 3

Previous rating: 4

Justification of rating

67. Rated as moderately satisfactory. The Project has achieved the yearly targets by preparing and updating key strategies and manuals (SEP, GRM, Communication, Nutrition, Mobilization and NMD Guiding Manual), all integrating climate change adaptation and resilience in line with SECAP requirements. Training and awareness sessions were organized for RCUs and BMP staff for further dissemination to PFCOs. BMPs' methodologies and workplans include climate change considerations and adaptation according to approved activities with the support of Environment and Climate Officer on board who is screening the BPs and providing the capacity building in this regard being the primary objective in the reporting year, which is achieved successfully. The screening checklists for PFCOs business plans involve climate screening assessment and suggesting mitigation measures. The approved M&E Plan includes indicators on climate adaptation and climate-smart agriculture.

Main issues

68. Overall field observations indicate that PFCOs are generally aware of climate change impacts; however, their understanding of practical coping and adaptation measures aligned with their business plan activities remains limited. The Business plans vary from PFCO to PFCO and cluster to cluster depending upon selected value chains and proposed activities. With the exception of Helvetas, the other two BMPs need to strengthen their capacity to support PFCOs on climate change impacts, mitigation measures, and their integration into business plans.

Agreed Action	Responsibility	Agreed Date
Strengthening capacity of BMPs in climate change adaptation	PMU and BMPs	02/2026
Strengthening PFCOs capacity in climate change impacts, adaptation and implementation of mitigation measures Immediate and continuous	RCUs/BMPs	

b. Sustainability and Scaling up

Institutions and Policy Engagement

Rating: N/A

Justification of rating

69. The Project is rated as moderately satisfactory. The Project has established partnerships with four government institutions, including the Cooperative Department, Agriculture University Peshawar (AUP), the Technical Education and Vocational Training Authority (TEVTA), and the University of Engineering and Technology (UET). Project has also engaged three Business Mobilization Partners (BMPs) across five clusters. Cooperative Department is extending excellent support in the incorporation of PFOs. AUP is supporting the development of profiles for each PFCO for business plan development. TEVTA and UET have progressed well in vocational training and start-up grant delivery though there is still need for better coordination between the two in competency-based assessment and provision of grants.

Main issues

70. **Tripartite MOA among PMU, TEVTA and UET.** The partnership with TVETA and engineering university has contributed to the training of youth in market demanded technical skills and the provision of startup grants. However, there are still some gaps needing attention. Component 2 is still not integrated with component 1/PFCOs. The initial rounds of selection resulted in selection of considerable number of urban youth who are not the project target group. Some rural youth were selected on the basis of poverty certificates issued by local government which is not in line with project's BISP beneficiary centered criteria. There is still lack of clarity on competency-based testing framework. All these aspects were clarified to the project during mission. All future youth selection for training will be from PFOs, based on BISP data. Competency-based testing will be conducted by Trade Testing Board for both past pass-outs and future graduates. While TEVTA has started disbursement of startup grants to youth, it is important that these grants (funded under IFAD financing) prioritize youth trained under the Project (by UET).
71. **MOA with Cooperative Department.** The MoA has progressed very well in terms of legal incorporation of the PFCOs. The issue of multiple members from same households has emerged as a matter of concern with respect to achieving total outreach. Similarly, there have been varying degrees of clarity among the members of PFCOs regarding overall objective and the kind of economic services PFCO will render. Mission discussed and agreed with Registrar Cooperative Department the assumption of increased responsibilities of bio-metric verification of members and development of informative brochure/display material in the PFCO office regarding compliance, roles of members/management committee as well as the overall objective and purpose. The Cooperative Department also agreed to designate nominees in the management committees of the Farmers' Owned Companies/Hubs (to be established).
72. **Business Mobilization Partners.** The BMPs are still not using business mobilization strategy of PMU uniformly. Currently BMPs have exclusively focused on formation of PFCOs resulting in long time lags between formation and next steps. It should not take longer than six months from formation to business plan-based procurements. BMPs shall agree with each PFCO a timeline of all steps in the 3rd dialogue. The mission noted that BMPs lack sufficient capacity for PFCO business plan development and would need further coaching and training. PMU to organize training for BMP staff responsible for business plan development in the RurallInvest (business planning tool). A simplified summary of business plans to be prepared in Urdu language and each PFCO will display, using panaflex charts, main plan features, procurement plan and training plan in the PFCO offices.
73. **MoA with Agriculture University, Peshawar (AUP).** The implementation under this MoA has recently commenced with the profiling of PFCOs (for demand/training need identification). The mission assisted in development of the profiling tool which shall be used by BMPs and field consultants and be used as the basis for development of business plans and underlying procurement and training plans. It is advised to enhance the scope of the MoA to include provision of TA by AUP for business planning, review business plans developed by BMPs/field consultants and assist the business plan evaluation committee.
74. **Other MoA.** PMU to develop a concept note and may engage with relevant entities for development of traceability system for the PFCOs and potentially under 4-Ps. PMU shall also engage with Agriculture Research System for the development of 4-Ps around fruit plant nursery schemes – on the principles of true to type involving fruit plant nurseries and small farmers producing nursery plants.
75. **Partnership with Private Sector.** The Project is in the process of prequalification of the private sector services providers/vendors having the technical expertise, experience and relevance from whom PFCOs and Farmer Owned Companies/Hubs will undertake procurement. By the time of mission, the process was completed for the first call off resulting in the pre-qualification of very few companies. The Project has yet to make any partnership on the job placement (under the responsibility of TEVTA) and on 4-Ps (the responsibility of BMPs/Field Consultants).

Agreed Action	Responsibility	Agreed Date
<p>PSC to discuss formal engagement of line departments through performance-based agreements</p> <p>As the need arise government line departments to be engaged – administrative clearance – for project related activities.</p>	PSC/PMU	01/2025
<p>Transfer funds to TEVTA against the targets to be met by June 2025</p> <p>Immediately transfer funds to TEVTA to facilitate training intake, start-up grants, job placement and upgradation of centre of excellence. Funding amount shall correspond to the targets to be achieved by June 2025.</p>	PMU	01/2025

<p>Ensure that testing and certification is undertaken in accordance with the CBT framework</p> <p>In accordance with the PDR, all trained youth under the Project have to be assessed and certified by a competent entity recognized under the NAVTEC CBT framework which in case of KP is TTB. PMU and UET to engage with TTB through MoA to complete all assessment and certifications by 30th June 2026.</p>	PMU	01/2026
<p>Revise MoA with Cooperative Department</p> <p>Enhance the responsibilities of Cooperative department to include biometric verification of members (to avoid multiple beneficiaries from same households) and develop, and disseminate information on compliance and roles/responsibilities of MC and members of PFCOs. Cooperative Department will also designate nominees in the MC of the Farmers' Owned Companies/Hubs.</p>	PMU	01/2026
<p>Complete business planning of 50 PFCOs</p> <p>PMU to assess capacity of BMPs in terms of business planning, undertake training for BMP staff in business plan development using RuralInvest, complete 10 business plans per clusters by March 2026 and 20 per cluster by Jun 2026. Each PFO to be supported to display simplified business plan, procurement plan and training plan in their office.</p>	PMU/BMPs	03/2026
<p>Profiling of PFOs and TA business planning</p> <p>BMPs and field consultant to utilise the profiling tool developed by the AUP and to use it for the development of business plans. TA to be provided on business planning and business plan evaluation.</p>	PMU/BMPs	03/2026
<p>Expedite development of private sector partnerships</p> <p>BMPs and field consultant to expedite identification of potential partnerships with established private sector companies to be engaged under 4-Ps arrangements and PMU to launch an open-ended call for prequalification of vendors/service providers.</p>	PMU/BMPs	03/2026
<p>Mapping/Stocktake of interventions in project clusters/regions</p> <p>RCUs to undertake stocktake to be regularly updated, map out interventions by development partners in project regions - on an ongoing basis</p>	RCUs/PMU	
<p>Mapping/Stocktaking of interventions in project clusters/regions</p> <p>RCUs to undertake regular mapping of interventions by development partners in project regions.- Ongoing</p>	RCUs/PMU	
<p>Participatory AWPB/PP development and setting up planning and progress review mechanism</p> <p>PMU to involve all implementing partners in the development of AWP&B/PP as well undertake monthly planning and review meetings to address implementation challenges in a structured manner.-ongoing</p>	RCUs/PMU	
<p>Integrate Youth Selection for Vocational Training with Component 1</p> <p>Youth selection for component 2 interventions to be from PFCOs and based on BISP Data only. Ongoing</p>	PMU/BMPs	

Main issues

76. The BMPs currently have inadequate female staff which needs to be addressed to ensure effective engagement with women beneficiaries. Currently, there is one Gender Officer at the PMU and another posted at the Northern Cluster RCU. The remaining four clusters and NMD do not have dedicated gender focal persons. PMU need to expedite recruitment against the vacant Gender positions in RCUs.
77. Mission reviewed some of the business plans during the meetings with PFCOs and found that there was generally a lack of clarity and information among the management teams and PFCO members about the objectives and interventions outlined in the plans. There appears to be insufficient consultations and dialogues with the PFCO members about their business plans, rights and obligations and risks and benefits. This aspect needs to be strengthened by both BMPs and RCUs. The initial priority duty of the staff recruited for the PFCOs should be education of members about their business plan. The key features of the plan and targets should be displayed in the PFCO offices in Urdu and/or Pushto.
78. Under component 2, UET Peshawar trained 23,208 youth across 25 trades, with women making up 47% (10,903) of the trainees. However, all the trainings have thus far covered the settled districts only and the coverage has yet to extend to the NMDs. A concerted effort needs to be made by PMU and UET to address this imbalance.

Agreed Action	Responsibility	Agreed Date
Prioritise non-conventional skills trades under the centres of excellence Prioritizing skills that offer opportunities to youth and women in non-conventional trades.	PMU/TEVTA	01/2025
Proactively promote women in the non-traditional skills trades Prioritise enrolment of women in the non-conventional trades (for women) tapping on the emerging technologies and skills sets high in demand.- ongoing	PMU/TEVTA	
Promote participation of women and youth through business mobilization Promote strongly women participation in the mobilization process of PFOs and FSCs and ensure appropriate shareholding of women and youth under PFOs, FSCs and 4Ps. - Ongoing	PMU/TEVTA	
NMDs coverage in vocational/technical training Adopt a balanced approach to vocational and technical training for youth in the settled districts and NMDs. - ongoing	PMU/UET/BMPs	

Quality of Project Target Group Engagement and Feedback

Rating: 4

Previous rating: 4

Justification of rating

79. Rated as moderately satisfactory. Project's target group engagement follows a well-developed Targeting Strategy and a Stakeholder Engagement Plan, and a guiding manual has also been prepared for the NMDs. A Grievance Redressal Mechanism has been established. Project follows a community centered participatory approach to organize smallholder male and female farmers, with due regard for women and youth participation, through a structured dialogue process. An adaptive approach has been developed for NMDs to ensure equitable coverage of these areas. Poor BISP beneficiary families are covered through component 2 with the youth and PWDs from these families provided vocational training, start-up grants and job placement opportunities. A communication strategy has been developed and is operative.

Main issues

80. Project has achieved considerable progress in community mobilization and PFCO formation and registration. IT testifies to the effectiveness of outreach approach. However, due to start-up delays, and to catch up with all the progress lags, a degree of ad-hocism still prevails in the project's PFCO mobilization and business development activities. There is a lack of uniformity in approach and process among the BMPs as well as between settled districts and NMDs, resulting in gaps in understanding among the managements and members of the PFCOs mobilized thus far. Due to issues with the milestone-based payment mechanism in BMPs' contracts, the whole emphasis thus far has been on PFCO mobilization and registration with less attention to business plan development resulting in long gaps between mobilization and actual delivery, leading to potential distrust at the community level. An attendant issue is absence of a regular, structured and detailed quarterly and monthly planning and review mechanism involving BMPs, PMU, RCUs and NMDs' consultants' teams to take stock of the progress, identify issues, deliberate on beneficiary level feedback and agree on appropriate remedial actions.
81. There are currently no Gender Officers in four RCUs and the BMP's current staffing also lacks appropriate gender balance for effective interaction with the women target groups and accurately capture their concerns and preferences for project consideration and action. Issue of gender balance in RCUs and BMP teams need to be addressed on priority. Current women participation in the management committees of PFCO's is not commensurate with their membership and needs to be

strengthened to ensure that women considerations are accurately reflected in the PFCO management's decision-making.

82. Project's communication strategy has been developed and is being implemented. Radio and TV programmes have been aired about project's objectives, activities and eligibility for various interventions in Pushto and Urdu. Brochures have also been printed and widely distributed. However, the Mission still noticed limited understanding among the PFCO members about the purpose and objectives of their PFCO and roles, responsibilities and obligations of the members, their management teams and the Project. There is need for display of each PFCO's main objectives, key features if its business plan etc. on flex sheets or charts to be displayed in the PFCO office.
83. Capturing of beneficiary and partners level developments and feedback and timely remedial actions needs considerable strengthening. This requires closer coordination between the BMPs and RCUs, based on agreed monthly activity plans, whereby RCU staff actively participates/monitors BMP's activities at the PFCO level, to assess the quality of interventions and collect beneficiary feedback. Current field level participation of PMU staff also requires to be beefed up for a closer tab on field level developments.
84. Project's GRM mechanism is operative. The complaints received have been properly recorded, addressed and results conveyed to the aggrieved person in a timely manner. However, the description of action taken and feedback given needs to be more descriptive and explanatory than has been the case so far. Most complaints thus far related to recruitment of staff and component 2 training eligibility and delays in start-up grant delivery. No complaint has been received so far from the PFCO level. Complaint boxes have been provided at PFCO level and Grievance registration contacts prominently displayed in PFCO Offices.

Agreed Action	Responsibility	Agreed Date
Lesson learning and Sharing Maintain and analyse feedback from stakeholders and target groups and share lessons learned with other regions. Ongoing	PD, PMU	
Women participation in the PFOs Women's participation should be guided by purpose and local context. Encourage women specific PFOs to ensure inclusion. PFO's business plans/trainings should address IFAD's three GEWE policy objectives. Ongoing	PD, PMU	
Lesson learning and sharing experiences Organize learning and experience sharing events among implementing partners in a formal and structured manner. Ongoing	PMU	
Organize Monthly/Quarterly review and planning sessions at PMU and RCU Level To share and consider field level observations, issues and challenges and beneficiaries feedback and formulate remedial actions - Ongoing	PMU/RCU/BMPs	
Establish effective mechanisms for women beneficiaries' participation and feedback Through gender-balanced staffing, proportionate representation of women in the Management Committees of PFCOs and appropriate monitoring tools to capture women feedback - Ongoing	PMU/RCU/BMPs	

Responsiveness of Service Providers

Rating: 3

Previous rating: 3

Justification of rating

85. Rated as moderately unsatisfactory. There is still considerable room for improvement in service providers' quality of delivery and responsiveness in the technical, operational, and coordination domains. UET has good progress in youth trainings however targeting criteria followed was not as per project prescriptions and considerable number of youth from urban areas were selected. TEVTA (startup grants and job-placement) and BMPs (gender-balanced staffing and introducing digital tools) require improvements. There are considerable time-lags between PFCO mobilization and business plan development that need to be addressed through appropriate amendments to BMPs' payment linked milestones. If these time-lags between various steps of PFCO development are not addressed promptly, it may affect the PFCOs morale and delivery quality.

Main issues

86. **Gender balance staffing of BMPs and IPs.** A gender-balanced staffing, proportional to the targets, is critical for making genuine efforts towards women empowerment. This gap was identified in the partial supervision mission of Sep 2025, however as of early Dec 2025, the issue persisted. The BMPs should ensure gender-balanced team, in particular, at the field level and implement women empowerment as per the gender strategy.

87. **Regular review of progress by IPs.** The implementing partnership are not formally reviewed and tracked in terms of progress, quality and identification of issues. UET targeting of youth was not in line with project criteria resulting in considerable number of youth being selected from urban areas which is not project target area. Similarly, all selected youth thus far are from settled districts and no youth have so far been selected from NMDs. Notably in the case of TEVTA, the provision of start-up grants has experienced a significant delay while the job placement activity has not yet commenced. PMU need to engage with TEVTA more frequently to instil clarity on the Project's scope and implementing modality. It is critical that TEVTA, going forward, provide start-up grants to the youth trained under the Project (by UET). It is also important that PMU establish a clear timebound process for the processing of startup grants. In this respect, PMU shall organise regular meetings with TEVTA to address the pending issues constraining the smooth implementation of the tri-partite MoA between PMU TEVTA and UET. PMU shall undertake liquidity analysis, determine the interest earned by TEVTA on Project funds provided by KP-RETP and agree on a clear timeline for utilization of the advances paid.
88. **Planning and monitoring tools.** Business mobilization efforts lacked a unified and coordinated strategy, resulting in fragmented, inconsistent, and often inefficient implementation across agribusiness clusters. The business mobilization strategy developed by PMU needs to be implemented across BMPs. Furthermore, the coordination and planning gaps undermine the project's ability to meet implementation timelines, effectively track performance of implementing partners and measure progress toward key results. Robust mechanism needs to be developed to ensure that all implementing partners systematically translate their monthly plans into detailed micro plans using digital calendar tool for planning and monitoring.
89. **Revision of milestones linked to payment of BMPs.** The responsiveness of the BMPs is affected, in part, owing to the ambiguities in the payment milestones. The mission provided suggestions on the revision of the milestones brining clarity on the evidence linked to each milestone. PMU shall issue an addendum to the BMPs' contract in this regard.

Agreed Action	Responsibility	Agreed Date
Phasing, timelines, deliverables and qualitative parameters defined in the BMPs contracts Develop phasing of physical and financial targets and key determinants for performance evaluation of the BMPs.	PMU	12/2024
Clearly define milestones, deliverables, and payment triggers Revise milestones for BMP contracts—to reduce ambiguity and avoid delays linked to payments.	PMU	12/2025
Ensure gender-balanced team in field operations BMPs and PMU mobilized consultant teams in NMDs to ensure adequate female staffing for effective outreach to women for participation in project activities and undertaking income generation activities	PMU/BMPs	03/2026
Establish review mechanism for addressing issues between and among implementing partners PMU to put in place formal review sessions among partners to resolve issues that hinder smooth implementation. - Ongoing	PMU	
Develop digital calendar/tool for quarterly and monthly activity planning, coordination and monitoring BMPs/IPs will develop a digital calendar for activity planning and share with RCUs for their participation in, and monitoring of the field activities – rollout by 31st Dec 2025 and on an ongoing basis. Immediate and ongoing	PMU/IPs	

Environment and Natural Resource Management

Rating:

Exit Strategy

Rating: 4

Previous rating: 4

Justification of rating

90. Current efforts of the project related to exit strategy is rated moderately satisfactory. The design incorporates a well-planned exit strategy that ensures the sustainability of interventions across all outcomes. This strategy is driven by active engagement with government institutions, the private sector and the formal registration of PFCOs/FSCs with the Cooperative Department. The PFCOs/FSCs are to be legally incorporated, being made capable of extending economic services to its members and being positioned to maintain a revolving fund allowing PFCOs/FSCs to function independently as viable business entities after project completion. The trained youth is equipped with practical skills that improve employability with majority being supported through startup grants for entrepreneurship while for others job placement is yet to progress.

Main issues

91. **Capacity building of PFCOs and FSC.** The current efforts of BMPs/field consultants are singularly focused on the registration and establishment of PFCOs which represent the first step in their institutional development. The transformation of PFCOs/FSC into viable agribusiness entities would need a time-efficient and structured progression from registration to business plan development, governance and financial management systems, procurement and market linkages. Without a structured and ongoing capacity development system, PFCOs/FSC may struggle to become autonomous, viable, and accountable organizations capable of delivering economic services to their members. It is important that the Project strengthen operational capacity of PFCOs/FSCs, especially of the staff, to independently manage training, access inputs, and link with markets. As recommended by previous partial Sv mission, each BMP need to develop a business mobilization strategy for PMU's concurrence covering PFCO purpose, approach for participatory mobilization, registration, business planning, implementation and monitoring/evaluation, accompanied by PFCOs institutional strengthening through the process. The business mobilization strategy shall also include indicators for institutional strengthening of the PFCOs and shall take into account the Targeting and Social Inclusion and the Gender Action Strategy (covering IFAD's three GEWE objectives), and Stakeholder Engagement Plan.
92. **Engage with public/private and civil society organisations.** For job placement, the project should identify employers through job fairs, road shows, pre-qualifications etc. so that youth trained under the Project is inducted into job market. TEVTA shall prioritize job placement of youth trained under the Project (90%).

Agreed Action	Responsibility	Agreed Date
BMP's to formulate Business Mobilization Strategy Each BMP to furnish for PMU concurrence a Business Mobilization Strategy covering timebound steps in PFCO development inclusive of PFCO institutional strengthening plan including institutional maturity indicators	PMU/BMP	03/2026
Develop systems, manuals and tools for PFCOs/FSCs Deploy accounting system, training PFCO/FSC staff immediately after recruitment and instil capacities for provision of economic services to members as well as develop tools for recovery of revolving funds. - Ongoing	BMPs/Field Consultants	
Identify partnership for job placement Use diverse approaches to identify employers for job placement, prioritizing youth trained under the Project (90% from the youth trained by UET) - Ongoing	PMU/TEVTA	

Potential for Scaling-up

Rating:

Main issues

93. The PFCO demand has significantly increased as well as that for youth training, startup capital and job placements. Lesson learned needs to be structurally documented for development of scalable models under both components.
94. The PMU needs to work beyond the Project's scope leveraging synergies and developing scaling up pathways such as developing sustainable financing mechanisms, including microfinance, subsidies, and PPP models for the agribusiness promotion.
95. The PMU shall also escalate the matter to PSC regarding scaling up potential in the youth skills development especially the excess demand captured by UET. Seek PSC support in mobilizing additional resources for the skills development of youth in rural KP as part of government's commitment to leverage ADP funds as counterpart contribution to KP-RETP.

c. Project Management

Quality of Project Management

Rating: 4

Previous rating: 4

Justification of rating

96. Rated as moderately satisfactory. Except for few positions, rest of all key staff is in position at PMU and RCUs, which are fully functional. BMPs are on board now in all five clusters and have initiated PFCO mobilization and registration, while direct implementation through four consultants per districts continues in NMDs. PSC meetings are being regularly held, strategic oversight is provided, and decisions are taken timely in most cases. Important decisions on Financing Agreement's amendment to incorporate EU grant and AWPBs' approval have been secured from PSC. EU grant has become effective and is in process of disbursement. The MOAs with implementing partners are largely effective and being implemented. Baseline report indicators have been incorporated in the Logframe and selection of consultants for design of MIS is currently underway. PMU provides support to BMPs in PFCO registration, account opening, and business planning as well as facilitates coordination under component 2, yet overall coordination needs to be made more structured, formal and objective.

Main issues

Given the considerable start-up delays, the PMU had to perforce adopt a fire-fighting and reactive mode to such things along

97. Given the considerable start-up delays, the PMU had to perceive adopt a fire-fighting and reactive mode to push things along. With all partners now on board and implementation moving under both components, there is a need to now adopt a more strategic and pro-active mode of project management focusing on structured and participatory annual, quarterly and monthly work/activity plans and progress reviews, joint strategy formulation at provincial and cluster levels, regular team building events etc. There is also need for a closer and regular interaction between the technical heads at the PMU level for a shared understanding of the tasks, roles and synergies.
98. Close working coordination between RCUs and BMPs is essential for improved implementation progress and quality assurance, and that is as yet not visible and needs to be ensured by the PMU. Joint quarterly planning and detailed monthly activity plans at cluster level are essential tools in this regard and must be immediately adopted based on standard templates issued by PMU. Monthly Activity Plans should serve the basis for the monitoring by PMU and RCUs and back up support to the BMPs.
99. Review of 4-P and Farm Services Companies proposals, and discussions with the PMU and BMP staff has revealed that the available capacities in the PMU and BMPs are not adequate to develop bankable business plans for the two entities. The project would need qualified external expertise for this purpose and PMU should immediately initiate the process for engagement of suitable expertise as per the proposed TOR provided in Appendix.

Agreed Action	Responsibility	Agreed Date
Develop plan and ensure utilization of first withdrawal of EU grant funds The plan should ensure that the first withdrawal is utilized by December 2025 financing the PFOs mobilized through direct implementation by PMU/RCUs.	PMU/RCUs	12/2025

Knowledge Management

Rating: 4

Previous rating: 4

Justification of rating

100. Rated as moderately satisfactory. The KM function of KP-RETP has progressed steadily, supported by a functional KM & Communications strategy aligned with IFAD objectives. All KM positions are filled, and staff are oriented on roles and responsibilities. Preparatory activities are moving in the right direction, laying the groundwork for systematic knowledge generation and dissemination. The PMU has made efforts to enhance outreach and visibility, including radio talk shows, multilingual videos, project brochures, and other communication products, helping to share the project's results and lessons learned with a wider audience.

Main issues

101. The PMU has actively expanded outreach and visibility. Two radio talk shows were conducted, one in January 2025 (23 minutes) and another in July 2025 (60 minutes), covering all 36 districts of KP and livestreamed on Facebook. These programs engaged communities on agribusiness development, climate smart agriculture, nutrition, and SECAP awareness. Multilingual videos in English, Urdu, Pashto, Chitrali, and Saraiki on project objectives and nutrition have been disseminated through RCUs, BMPs, social media, and community meetings. Project brochures have also been developed in English, Urdu, and Pashto to further enhance visibility and awareness. In addition, the PMU is systematically documenting success stories to highlight lessons learned and demonstrate the impact of interventions on self-reliance, skills, employment, and agribusiness development. These efforts are gradually creating a more visible and accessible knowledge base for the project.
102. The team is also preparing an Annual Newsletter, which will summarize key project details, including the project introduction, components, and progress made so far, and will be disseminated through BMPs and RCUs to reach beneficiaries and stakeholders. The newsletter is expected to be published in January 2026.
103. In response to recommendations from previous missions, the project has strengthened its communications and accountability arrangements. A Communications Strategy has been developed and approved by IFAD, and the project website has been updated to include clear interface sections on project components, M&E, and the Grievance Redress Mechanism (GRM). The GRM information is now available in both English and Urdu, outlining objectives, procedures, timelines, and roles across a three-tier structure (RCU, PMU, and PSC). The website also hosts KM products and key project documents, including monitoring and progress reports, enhancing transparency and ease of access.
104. While the KM structures are functioning effectively, further efforts are needed to fully leverage the project's knowledge outputs as implementation scales up. Although the Communications Strategy outlines key audiences and channels, it could be operationalized more clearly by linking specific KM products to their intended audiences and identifying the most effective ways to disseminate them. With KM products now actively being produced, the team should develop a simple, practical dissemination approach to ensure high-quality materials, such as newsletters, videos, and success stories, reach the right stakeholders systematically. Engaging the wider development community through events, workshops, meetings, and online platforms can further showcase project results and lessons learned. The team could also draw on the experiences of other IFAD projects to support the development of an efficient and realistic dissemination approach, while strengthening linkages between KM, M&E, and implementation teams.

Agreed Action	Responsibility	Agreed Date
IFAD NO for Communication Plan Furnish Communication Plan for IFAD NO	PD/Manager M&E	12/2024
Programme MIS Expedite development of Programme MIS to facilitate M&E and KM activities and review MIS in other IFAD funded projects to define the parameters.	PD/ Manager M&E	03/2025
Development of Practical KM Dissemination Plan PMU to develop a simple, practical KM dissemination plan (1-2 pager), specifying audiences and key channels for all KM products, including newsletters, videos, and success stories.	PMU	03/2026

Value for Money

Rating: 3

Previous rating: 3

Justification of rating

105. Rated as moderately unsatisfactory. All major project activities have either already been started or are in the process of entering implementation phase. Mainly due to devaluation of Pakistani currency, the costs of outputs are maintained well-below the cost estimates given in the Project design. Whereas there is no cost overrun expected, keeping cost per output low will potentially compromise quality and the ability to produce impactful results. Even with adjustment in per output cost, reflecting market prices, the total investment in PFCOs, FSCs, 4Ps, skills training, startup capital and job placement are achievable within the cost estimates prepared at the design stage of the Project. The PMU has engaged six different implementing partners for field activities, an option which is cost effective.

Main issues

106. **Investment in PFOs.** So far, no investment funds have been transferred to the PFCOs on the basis of an approved business plan. The only investment made so far is on account of establishing PFO office and staffing. The cost of initial investment in fixed assets and staff cost for one-year amounts to Rs. 2 million. This amount is sufficient for the purpose as increasing it will reduce the amount of investment fund. The PMU has not yet developed criteria for appraisal of business plan, as well as contract template, and monitoring tools for the business plans. The PMU shall develop, these elements, preferably as part of the matching grant manual. Concerning appraisal criteria, as a rule of thumb, investments with an Internal Rate of Return (IRR) higher than discount rate shall be a decisive factor in approving investments.

107. **Youth skills development.** As per the contract of the UET, the per trainee cost is Rs. 22,000 which is less than 50% of the cost estimated during the design. Undertaking an experiential training, offsetting the time value for the rural youth (through stipends), effective competency-based testing and certification (CBT) and maintaining an effective learning environment seems unrealistic. An objective assessment may be required to evaluate the cost effectiveness of the skills development training.

108. **Startup grants.** While the startup grant may be sufficient for several trades, for some trades the average amount of Rs. 75,000 may be quite small such as emerging trades of e-commerce, digital skills as well as starting different agribusinesses. It is important that an assessment is done to determine the average startup grant brackets for different trades. Such information may be maintained at backend (undisclosed), to avoid overcrowding in demand in anticipation of higher startup grant exceptions in certain trades.

Agreed Action	Responsibility	Agreed Date
Include indicators regarding value for money analysis in the MIS M&E section should keep the option of value for money analysis in the dashboard of the MIS being developed.	PMU	01/2026
Undertake market assessment for output costs especially for activities under component 2 An objective assessment of unit cost should be made concerning unit cost per output taking into account similar projects and private sector initiatives and make recommendation for PSC and IFAD's approval.	PMU	03/2026

Coherence between AWPB and Implementation

Rating: 4

Previous rating: 3

Justification of rating

109. Rated as moderately satisfactory. The current AWPB (2025-26, July-June) has shown a significant progress. All BMPs have been

onboarded and became operational in August 2025. Project has exceeded this year target (110), achieving 75 PFCO mobilization, registration and office establishment targets for the year (exceeded by 159%). The project is aiming to reach formation of 200 PFCO by end of this financial year i.e June 2026. However, progress against the target for PFCO business plan development and disbursement for procurements is in very early stages thus far. Understanding and capacity for effective use of Ruralinvest as business development tool is currently weak and more concerted efforts will be needed to develop bankable PFCO business plans. No tangible progress is evident for 4-Ps and Farm Services Companies. Progress under component 2 is also going well. The project has reached 78% of its target of vocational technical training and entrepreneurship trainings and very much set to achieve 100% target. Under start-up capital for self-employment, 34% target is achieved so far, and full target is expected to be achieved by June 2026. Project also completed 100% target of two studies, i) Job market study and outlook, and 2) training need assessment of instructors. The overall physical target under AWPB 2025-26 has shown an average figure of 65% under main activities in all three components, which shows project is well positioned to achieve the 100% target of current AWPB, though cumulative achievement is still lagging behind due to delay in initial years.

AWPB Inputs and Outputs Review and Implementation Progress

110. Apart from mobilization of PFCOs through RCUs and consultants in NMDs during the last year, current year is the first proper year of field level implementation with BMPs on board and MoAs with implementing partners like TEVTA, UET and Cooperatives Departments fully operational. The targets under current year AWPB 2025-26 (July-June) are also not overly ambitious given the start-up delays that need to be compensated in remaining project life. By December, the mid of current AWPB, things have moved in both components but a coherent strategy for a coherent, synchronised and balanced progress is yet to emerge. Financial progress remains low as the activities involving bigger financial envelopes like PFCOs business plan, 4-Ps and FSCs are yet to commence.
111. PFCO mobilization and registration target for the current year was 110 and against that 197 PFCOs have been mobilized and registered (Project target 550), while 65 have received initial advance for the establishment of offices and recruitment of staff and another 35 will get initial advance from EU funds in December. Project is well positioned to mobilize and register around 200 PFCOs by end of plan period. However, no PFCO Business Plan has yet been finalized against the target of 110. Few draft plans that have been developed were reviewed by the Mission and were found deficient in terms of logic and content. They were also found to be of variable quality in different clusters. It stems from understanding and capacity issues both within PCUs and BMPs and should be an area of priority focus for the PMU if the current fiscal year physical and disbursement targets are to be achieved. A three-day training cum workshop involving relevant staff from PMU, RCUs and BMPs, conducted by a qualified resource person(s) should be organized at the soonest to address this issue.
112. Other two important activities under component 1 are 4-Ps (target 13) and Farms Service Companies (target 5). PMU prepared a few proposals for both and furnished for IFAD NO however the Mission again found them deficient in terms of business logic and content. The issue again is of understanding and capacity. It is considered view of the Mission that the PMU should engage external technical assistance for the first few proposals and that should also enable the relevant PMU, RCU and BMPs staff to learn the ropes for future proposals.
113. In component 2, the current fiscal year target for vocational and technical training is 30,000 persons and the project has so far trained 23,208 persons. Start-up capital has been provided to 4,270 persons against the target of 11,000 while 4,000 applications are currently pending with TEVTA for disbursement. Project is well positioned to achieve the current year target. Mission noticed a few issues in this otherwise improved progress and hence advised the PMU, UET and TEVTA to slow down the existing pace till those issues are addressed. The mission noticed, and PMU and UET confirmed, that around 6,000 persons for vocational training were selected from urban areas which is not project target area. Mission considers this as an ineligible expenditure and project would need to train additional 6,000 eligible candidates from the rural areas/PFCO communities at the risk and cost of the service provider i.e. UET. PMU and UET to also ensure that these 6,000 youth from urban areas are not provided start-up grants. The practice of obtaining Union Council poverty certificate to determine candidates' eligibility also need to stop and only BISP beneficiary database be used to determine candidate's eligibility. Going forward, the PMU to maintain a close tab on adherence to project's selection criteria for all activities including youth training.

Agreed Action	Responsibility	Agreed Date
Ineligible Expenditure on Youth Training Expenditure on 6,000 youth selected from urban areas is ineligible and UET to select 6,000 additional youth from the rural areas/PFCOs and train at its own cost	PMU/UET	03/2026
No-Start-up Grants to wrongly selected urban youth Ensure that no start-up grants are provided to mis-selected youth from urban areas - Immediate	PMU/UET/TEVTA	
Youth Eligibility Criteria for Training/Start-up Grants Only the BISP beneficiary data base be used to determine the eligibility of youth for vocational training and start-up grants - Immediate	PMU/UET/TEVTA	

Performance of M&E System

Rating: 4

Previous rating: 4

Justification of rating

114. Rated as moderately satisfactory. The M&E function of KP-RETP has shown steady improvement since previous missions. The system is operational and delivering regular outputs, including field monitoring and periodic reporting. The baseline survey has been completed, received IFAD's no objection, and its values have been integrated into the project logframe. Procurement for MIS development is underway and expected to be completed by 31 December 2025 and firm onboarded by Feb 2026. The M&E team at PMU and RCU levels is established with good gender balance and is functioning effectively, with regional capacity, clear planning and reporting mechanisms, and increasing use of data management tools. The M&E plan is in place and is being used to support project planning and review.

M&E System Review

115. During the mission, further progress was noted in strengthening results-based monitoring. The PMU has developed an activity mapping sheet linking project activities to specific logframe indicators, which is expected to improve the quality and consistency of logframe results reporting. In parallel, the team has started aligning data collection tools more closely with logframe reporting requirements. The baseline survey has been finalized following technical backstopping from IFAD, and its values have been integrated into the project logframe, providing a good basis for monitoring progress.

116. The PMU also plans to develop an Indicator Tracking Sheet and is considering the use of mini follow-up surveys with trainees and other beneficiaries to assess whether project interventions are achieving their intended results. These measures, once operationalized, are expected to enhance outcome level tracking beyond output reporting.

117. The project has a functional M&E Plan, and routine monitoring is being carried out consistently. RCUs develop and follow weekly monitoring schedules, while the PMU M&E team consolidates the information into monthly and quarterly progress reports, with the quarterly updates also submitted to IFAD. IFAD also organized capacity building sessions in October and November 2025 to strengthen the PMU M&E team's understanding of IFAD M&E requirements, data quality standards, and results reporting.

118. Procurement of the MIS is underway and expected to be completed by 31 December 2025, with the consultant/firm expected to be on board by end February 2026. In the interim, monitoring and reporting continue through existing systems, including an Excel based database maintained by the PMU using activity wise data received from RCUs. While procurement of the MIS has taken longer than initially planned, the option of using a readymade, license-based system was also discussed with the PMU. However, given government procurement requirements and the need to align with GoKP procedures, it was agreed that the project would proceed with procurement of a dedicated MIS firm, which is now at an advanced stage.

119. Though progress at PMU and RCU levels is encouraging, monitoring arrangements at the level of Business Mobilisation Partners (BMPs) remain relatively weak and require further strengthening. Reporting flow between BMPs and the RCUs/PMU also needs improvement. M&E should not be seen as the sole responsibility of the M&E staff; closer coordination between the M&E team, other project staff, and BMPs can be strengthened further to ensure data accuracy and timely reporting.

120. With regard to evaluations, the baseline survey was completed in 2025, coinciding with the start of substantive field level implementation. Given this timing, the project may plan to undertake a midline study towards in 2027, allowing sufficient implementation progress to be meaningfully captured.

121. Going forward, it is recommended to enhance field level coordination and actively engage all project staff, including BMPs, in M&E processes. This includes ensuring regular submission of field level data to keep the Excel database fully updated, fostering closer collaboration between M&E and implementation teams, and promoting shared responsibility for monitoring. Strengthening these processes will help ensure comprehensive, timely, and consistent monitoring across the project, enabling prompt identification of gaps and corrective actions.

Agreed Action	Responsibility	Agreed Date
<p>Ensure timely completion of MIS</p> <p>The PMU should ensure timely completion of the MIS procurement process by December 2025, and in the meantime continue maintaining and improving the Excel-based beneficiary database to ensure full traceability and reliable data consolidation from all RCUs.</p>	PMU	12/2025
<p>Strengthen Field Level Coordination</p> <p>Strengthen field level coordination by engaging all project staff, including BMPs, in routine M&E and ensuring timely submission of field data. Foster close collaboration between M&E and implementation teams and encourage the use of structured methodologies and tools to track field monitoring and reporting, improving data quality and enabling prompt corrective actions - Ongoing</p>	PMU	

Social, Environment, and Climate Standards requirements

Rating: 4

Previous rating: 4

Justification of rating

122. Rated as moderately satisfactory. The onboarding of BMPs and rapid PFCO formation have accelerated SECAP awareness and integration across the Project. SECAP is now embedded in key strategies, Component 2 training modules, and M&E framework. A screening checklist is being used to assess social, environmental and climate related risks and mitigation needs for PFCO

Business Plans. Code of Conduct has been developed for PFCOs for promoting a safe and inclusive environment for women, youth, transgender persons, and persons with disabilities. These groups benefit from preferential selection and grant support. The GRM is functional but needs improvements in record keeping particularly clear descriptions of grievances received and their resolution.

SECAP Review

123. Project implementation has gained momentum, with over 175 PFCOs established and approximately 23,000 youth trained across various trades. A Code of Conduct has been developed for PFCOs, and health and safety guidelines have been incorporated into the training manuals. Business Plans are being developed for PFCOs, including social, environmental, and climate screening along with mitigation measures. However, a deeper understanding of the SECAP standards compliance and Code of Conduct is required among PFCO Management Committees and staff, and it should be prominently displayed in their offices. Given the literacy levels and rural backgrounds of trainees under Component 2, it is important that health and safety materials are made available in Urdu or local languages.
124. Field visits to Charsadda and Swat revealed that PFCOs still have limited understanding of Business Plan development and implementation. This suggests that both BMP staff and communities have very limited awareness of the sensitivity and importance of SECAP standards. It is therefore essential that BMP staff have a clear understanding of SECAP and actively promote it within communities, under the close supervision and guidance of the RCUs and PMU. Translating the relevant materials into Urdu or local languages, supported with pictorials, would greatly enhance comprehension.
125. The Business Plans development is gaining momentum which requires PMU and RCUs close monitoring of SECAP standards compliance during implementation coupled with frequent capacity building and awareness sessions of the PFCOs staff and management committee.
126. The GRM is operational and functional at the RCU, PMU, and Steering Committee levels. As of early December, 27 complaints of various types had been registered at the RCU and PMU levels. These mainly related to recruitment of staff and merit issues, delays in certificate issuance following UET training, grievances regarding transfers from the PMU, and delays in start-up grants. Of these, 25 complaints have been resolved, while the remaining two are currently under process.
127. Recent floods and cloud bursts have seriously impacted the capacity and access to nutritious food of the concerned rural communities. The selection of value chains must take into account the affected communities involvement in the concerned value chain to help restore their capacity and access to food.

Agreed Action	Responsibility	Agreed Date
Inclusion of environmental protection and occupational safety in skills development Support TEVTA for inclusion of environmental and occupational safety as key aspect of training curricula.	PMU	03/2025
Inclusion of environmental protection and occupational safety in skills development Support TEVTA for inclusion of environmental and occupational safety as key aspect of training curricula.	PMU	03/2025
Develop a uniform approach across the different implementing partners to meet SECAP requirements 1. Make SECAP requirement as part of the BMPs' business mobilization strategy 2. Organize orientation sessions for the implementing partners and make SECAP part of the PFOs training programme. Ongoing	PMU	
Enhancing Female Staff Availability Ensure availability of female staff for women PFOs and training of women. Immediate and Ongoing	PMU/RCUs/BMPs/UET	
Ensuring Inclusive Training Environments Ensure conducive environment for training of women, transgenders and person with disabilities. Immediate and ongoing.	PMU/RCUs/BMPs/UET	
Ensuring Health and Safety Emphasis in All Training Sessions Ensure that health and safety needs, relevant to each skill training, are highlighted during training sessions. Immediate and Ongoing.	PMU/RCUs/UET	
Implementation of proposed mitigation measures under Business Plans 1. Ensure proper screening of each Business Plan and implementation of proposed mitigation measures by each PFCO. 2. Organize frequent orientation sessions for the implementing partners and make SECAP part of the PFOs training programme. - Immediate and Ongoing	BMPs/RCUs/PMU	
Maintenance of Record of GRM Maintenance of proper record of GRM at the registration center (PMU, RCU and BMP) - Immediate and Ongoing	BMPs/RCUs/PMU	

d. Financial Management & Execution

Acceptable Disbursement Rate

Rating: 3.0

Previous rating: 3

Justification of rating

128. The disbursement of the IFAD loan—inclusive of initial advance, is around € 14.79 million out of 74.09 million (20%) and the disbursement of EU grant is EUR 2.33 million out of 15.27 million (15.26%) at the end of November 2025. Combined disbursement rate of the IFAD Loan and the European Grant comes to around 19.3%. Since first disbursement in March 2023, the project has spent only € 4.36 million—or 6% of the IFAD Loan at the close of November 2025—after accounting for the outstanding advances of € 7.95 million with UET Peshawar, and KP-TEVTA. Against the monthly estimated expenditure of €1 million at design, the project's monthly spending has been merely € 0.13 million—or 13% of the required rate.

Main issues

129. The operationalization of the MOAs with UET Peshawar, KP TEVTA & Cooperative Department, registration of 175 PFCOs, and receipt of € 2.3 million as advance into the project account suggests the pace of project implementation will accelerate going

forward. The project needs to accelerate the process of releasing the advance payment of Rs.70 million to the 35 PFCOs already identified for the establishment of offices, and staff recruitment. The total number of PFCOs—registered and paid the first trench, will increase to 100.

130. Field visits clearly suggest that the activities of IAs (KP-TEVTA, UET Peshawar), and the business plans of PFCOs were not aligned with the project design, as these stakeholders seem to have limited to no understanding of the project design. In case of PFCOs, there is limited to no understanding of market dynamics primarily because they lack basic financial and economic literacy. These gaps require immediate redress to mitigate the fiduciary risks.
131. The issue of funds taking two months between IFAD's debit advice, SBP credit confirmation, and authorization from the Finance Department remains to be formally taken up with FD for resolution. Delay in the availability of funds in the project accounts would negatively affect disbursement.

Agreed Action	Responsibility	Agreed Date
Recovery & reimbursement of Overpayment Recover overpayment of PKR 4.7 million (approx. EUR 15.6 k) from Indus Motors Limited and reimburse to IFAD.	Project Director / Finance Manager	12/2025
Internal Audit Internal Audit Internal Audit to capture the criteria, condition, underlying cause of variation, and corresponding recommendation in its reports.	Project Director / Internal Auditor	12/2025
Availability of Funds Disbursed Project to formally take up with the Finance Department the matter of delayed availability of funds disbursed by IFAD.	PD/PMU	12/2025
Reimbursement of Ineligible Expenditure Reimburse ineligible expenditure amounting to EUR 29,048.	Project Director / Finance Manager	01/2026
EU Grant Operationalize the EU Grant by releasing 1st tranche to the 35 PFCOs	FM/PMU	01/2026
Evidence of receipts of goods and services: Evidences of receipts of goods and services (GRSN, SRN) should be properly prepared and maintained. Timesheets should be obtained in case of field consultants.	Finance Manager	01/2026

Fiduciary aspects

Quality of Financial Management

Rating: 3

Previous rating: 3

Justification of rating

132. The project has implemented most of the last supervision mission's recommendations. Noticeable improvements include checklists for payments to the IPs, use of accounting software, finalization of procedures for recording of government's counterpart funds (cash and in-kind) and beneficiaries' contribution, a well-functioning internal audit. However, the project's oversight over KP-TEVTA, UEP, and PFOs—which have received significant amounts for implementation, needs strengthening to ensure the project funds are used for intended purposes only. The project also needs to establish specific criteria for treating the ADP schemes as leveraged government counterpart investments. The internal audit function needs to follow international standards in its work.

Main issues

133. **Organisation & Staffing:** Most of the finance team in PMU & RCUs have been hired, while 13 lower staff positions in PMU & RCUs are still to be filled—pending interviews.
134. **Budgeting:** AWPB for FY 2025-26 was prepared and approved by the Government—and submitted to IFAD with a minor delay in May 2025 for IFAD's NO received. The project financing agreement was amended, and the PC-1 revision is under process for approval by the GoKP.
135. **Fund flow:** First disbursement of € 2.3 million has been received and 35 PFCOs have been identified to receive funds for the office establishment and staff recruitment. The issue of funds taking two months between IFAD's debit advice, SBP credit confirmation, and authorization from the Finance Department remains to be formally taken up with FD for resolution.

136. **Internal Controls:** Field visits, and progress reports in respect of the IPs and PFCOs show that the complementarities inherent in the project design are not being synergized as envisaged in the PIM. The project has not established specific criteria for treating the ADP schemes as leveraged government counterpart investments. These control weaknesses—if not promptly addressed, will have material adverse impact on project delivery.
137. **Review of SOEs:** The mission reviewed supporting documents of 35 transactions worth PKR 3.2 billion recorded since January 2025 in the accounting record. While notable improvements were noted in compliance with applicable requirements and documentation, the mission noted few exceptions reported hereunder:
- In one case quotations were without dates, and overwritten.
 - In another case, payment was approved before the date of quotations (Rs.516,562/-);
 - A payment of Rs.1,337,418/-was made to Smart Researcher (Agribusiness Mobilization Partner) which was not according to the terms of payment agreed in the contract.
 - Project has not adjusted the excess amount of PKR 4.7 million from Indus Motors Limited due to overpayment on procurement of vehicles.
138. **Accounting & Reporting:** Accounting Software has been procured and implemented (QuickBooks Online). Chart of Accounts has been developed and all transactions have been posted in the software. However, the software does not autogenerate IFRs and other accounting reports. The IFRs submitted The IFRs also do not provide explanations for variations between cash forecast and actual expenditure.
139. **Implementation Partners:** The operationalization of the MOAs with UET Peshawar, KP TEVTA & Cooperative Department, registration of 175 PFCOs, and receipt of € 2.3 million as advance into the project account suggests the pace of project implementation will accelerate going forward. The project has given advances amounting to €10.4 million to these IAs of which € 2.5 million has been spent. 65 PFCOs have also received PKR 2 million each for establishment of offices.
140. The mission notes, however, that the activities the IAs, and the business plans of PFCOs are not aligned with the project design, as these stakeholders seem to have limited to no understanding of the project design. In case of PFCOs, there is limited to no understanding of market dynamics because they lack basic financial and economic literacy. These gaps need to be promptly addressed.
141. **Internal Audit:** Internal auditor plans and executes internal audits quarterly and reports to the PD. The internal audit activity conducted visits to UET Peshawar, RCU Peshawar, and RCU Mansehra during the current quarter. Audit reports also include follow-ups on the previous audit observations. Audit observation needs to mention the criteria, condition, underlying cause of variation, and recommendations that address the underlying cause to deliver full value from this function as per international standards.

Agreed Action	Responsibility	Agreed Date
<p>Submit outstanding supporting documents</p> <p>Project should provide the outstanding supporting documents for transactions amounting to EUR 55 203 or refund the amount to the IFAD DA/operational account.</p> <p>02/06/2025 update Documents have been provided. Ineligible expenditure of EUR 29 048 has been identified. To be resolved.</p> <p>30/06/2025 update The project has started reimbursements of these ineligible amounts and is expected to complete reimbursement by Dec 2025.</p>	Project Director	12/2025
<p>Disbursements</p> <p>Further accelerate project activities and increase disbursements.</p>	Project Director / Finance Manager	12/2025
<p>Availability of Funds Disbursed</p> <p>Project to discuss with the Finance Department the matter of delayed availability of funds disbursed by IFAD.</p>	Project Director / Finance Manager	12/2025
<p>Recovery & reimbursement of Overpayment</p> <p>Recover overpayment of PKR 4.7 million (approx. EUR 15.6 k) from Indus Motors Limited and reimburse to IFAD.</p>	FM/PMU	12/2025
<p>Strengthening of internal controls</p> <p>Orientation/mentoring sessions for the IAs, and PFCOs to ensure they understand and follow project design in their work</p> <p>Orieintation/mentoring of the PFOCs to ensure that they have basic financial and economic literacy to have market sense to formulate and implement realistic and viable business plan</p> <p>iii. Recover/adjust against future bills of Smart Research an amount of PKR 1,337,418/-(approx EUR 6,306) and ensure payments are made in accordance with contracts and on request for partial payments should be entertained.</p>	FM/PMU	12/2025
<p>EU Grant</p> <p>Initiate disbursement & expenditure from EU Grant – prepare program of work for fund utilization.</p>	Project Director / Finance Manager	01/2026
<p>Compete Recruitment of remaining staff</p> <p>Expedite and complete the recruitment of remaining 13 support staff (7 Office Assistants (PMU & RCUs), 4 Gender and Youth Mainstreaming officers, and 2 M&E Assistants)</p>	FM/PMU	01/2026
<p>Internal Audit</p> <p>Internal Audit to capture the criteria, condition, underlying cause of variation, and corresponding recommendation in its reports.</p>	Internal Auditor/PMU	03/2026
<p>IFRs</p> <p>IFRs need to include explanatory notes for material variations between the project forecaste of expenditure and actual figures.</p>	FM/PMU	03/2026
<p>Accounting software upgrade</p> <p>Accounting software is to be generating IFRs automatically</p>	FM/PMU	03/2026

Quality and Timeliness of Audit	Rating: 3	Previous rating: 5
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Justification of rating

142. Automatic rating caused by delay in the audit submission

Counterparts Funds	Rating: 3	Previous rating: 3
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Justification of rating

143.9. The Government counterpart funding is estimated at € 25.46 million of which € 8.00 million is meant for taxes, duties and project management related expenditures whereas the remainder € 17.46 million is to be leveraged through provincial ADP. An amount of € 241,536—1% has been used till the end of November 2025 against this estimate. The Government had allocated PKR 160 million (EUR 533 k) for the financial year 2025-26 and had released PKR 32 million (EUR 107 k) till the end of November 2025 of which only PKR 11.29 million (€ 37,833) has been utilized till the reporting date.

Main issues

144. The use of government counterpart funding for taxes and operational expenditure remains low because the project is still in establishing arrangements for implementation. The available funds have not been a bottleneck on the implementation so far. This may change as the project spending accelerates going forward.

145. The Government is expected to contribute to the project through its usual Annual Development Plan (ADP) and procedure for that purpose has been developed for this purpose. However, the procedure does not establish criteria for the leveraging of the ADP funds. Thus, the project has not recognized any leveraged funds in its accounting and financial reporting system. The procedure developed accounting and financial reporting of the leveraged funds does not provide for specific criteria for recognition and measurement of this source of funds.

Agreed Action	Responsibility	Agreed Date
Measurement of leveraged funds against ADP Specific criteria to determine leveraged funds under ADP needs to be spelled out and made part of the PIM	FM/PMU	01/2026
Government contribution through Annual Development Plan (ADP) Procedure developed for accounting, recording and reporting Government contribution through Annual Development Plan (ADP) should include specific criteria for the recognition and measurement of funds leveraged through the ADP. The criteria should be included in the procedures drafted for this purpose.	Finance Manager	01/2026
Government In-Kind Contribution Government's in-kind contribution should be recorded, and reported as per the newly developed procedures	Finance Manager	03/2026
Beneficiary Cash and In-Kind Contribution Beneficiaries' in-kind, and cash contribution should be accounted for, and reported in the accounting system as per the new procedures.	Finance Manager	03/2026

Compliance with Loan Covenants	Rating: 4	Previous rating: 4
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Justification of rating

146. Rated as moderately satisfactory. The project has complied with initial loan covenants (conditions precedent to withdrawal)

Main issues

147. The project had complied with initial loan covenants including opening of designated account and project account, initial provision of counterpart funding, appointment of key project personnel, drafting PIM, first year AWPB and Procurement Plan which were conditions precedent to withdrawal. Project Steering Committee has also been established.

148. The Project has also established PMU, submitted interim financial reports, and submitted unaudited financial statements to IFAD. However, the AWPB, interim financial reports and unaudited financial statements were submitted with delays. Further, the project personnel have not been insured for health and accident risk and project assets have also not been insured.

Agreed Action	Responsibility	Agreed Date
Submission of AWPB Submit AWPB to IFAD for NO by 30 April of each year,	Project Director and Finance Manager	04/2025
Draft Financial Statements Submit Draft Financial Statements by 31 October of each year.	Finance Manager	10/2025

Procurement

Procurement

Rating: 4

Previous rating: 4

Justification of rating

Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Implementation support is required; however, prompt resolution of issues/constraints is likely.

Procurement Review

During Nov 2024-Nov 2025, the project awarded contracts of US\$ 1.909 million including the big-ticket contracts (US\$ 1.901 million) for engagement of five (5) agribusiness mobilization partners (BMPs). The approved procurement plan in OPEN for the year 2025-26 amounts US\$ 0.846 million. The latest procurement plan in OPEN and CMT were updated and approved during the mission. The remaining planned procurement activities include hiring an MIS firm and engagement of three (3) entities for 4P agreements. All previous agreed actions are completed. The PMU is expecting to complete the selection process of MIS firm and finalization of prequalification of vendors/suppliers for PFCOs and FOAHs by end of January, 2026. The planning function needs strengthening. The BMPs obtained NOCs from provincial home department in late August, 2025 which caused delays in field mobilization activities in the target areas. Following issues require immediate attention. First, modifications under contract clause 17.4 of all 5 contracts to streamline the performance of various activities under scope of work and delivery of outputs. The proposed modification will help in streamlining the corresponding payments. Second, there are requests from BMPs for replacement of key experts which need proper due diligence and evaluation of new CVs as per the contract clauses. PMU has signed an MOA with University of Agriculture for training need assessment of 70 PFCOs. This exercise needs close monitoring of agreed activities and deliverables. The functioning of procurement section is further strengthened by joining of contract management officer.

The review of procurement processes conducted by implementing partners (KP-TEVTA and UET) for goods and services revealed capacity constraints/gaps in following the provincial procurement framework. The competency-based testing (CBT) activity is a bottleneck for UET which requires PMU attention for sustainable solution. The staff for newly established PFCOs are not hired yet. The committee members of PFCOs are not aware of the procurement principles, processes, and documentary requirements. There are challenges of lack of full comprehension of IFAD procurement processes/procedures and OPEN, lack of attention to details and weak internal controls.

The mission provided support in i) improving the preparedness needed to identify and select private partner under 4P, ii) developing procurement strategy for conducting limited bidding among prequalified bidders, iii) refining strategy to engage Trade Testing Board (TTB) to conduct CBT, and updating OPEN and CMT.

A filing system for each contract seems in place. Access to all procurement transactions and documentation of the period was available with slight delays. The copies of NOs obtained from IFAD are now placed on file. There is a need to improve the existing record management system.

Agreed Action	Responsibility	Agreed Date
Put in place mechanisms for effective internal coordination, inventory management, regular updating of OPEN and CMT, addressing the issues including HR matters raised in the internal audit reports, and efficient record keeping / retention practices.	PD	01/2026
Selection of MIS Firm Finalize the selection process on priority and upload on OPEN for IFAD's NO	PS and PD	02/2026
Cluster-based Procurement and Finance Workshops Conduct cluster-based (5) procurement and finance workshops for PFCOs staff to ensure uniformity and standardization of practices.	PS and PD	03/2026
Selection of Three (3) 4Ps Coordinate with BMPs and finalize the selection process for 4P agreements	Manager C-01, PS and PD	04/2026

e. Key SIS Indicators

Likelihood of Achieving the Development Objective	Rating: 3.65	Previous rating: 3.71
Assessment of the Overall Implementation Performance	Rating: 3.58	Previous rating: 3.67

F. Relevance

Relevance	Rating: 4	Previous rating: 4
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Justification of rating

149. Rated as moderately satisfactory. Project's development objectives, approach and interventions remain relevant to the KP's agriculture and rural poverty context. The target communities have responded enthusiastically to the project's mobilization efforts, as evidenced by the pace of PFCO mobilization and registration. The area that needs considerable improvement is the time-efficient transition between various stages of mobilization, formation, business plan development and procurement. The current time lags between various stages run the risk of communities' losing interest and trust in the project. There is also need for better integration between Component 1 and 2 interventions for enhanced impact.

G. Agreed Actions

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Overview and Project Progress		
Initiate a robust Communication Strategy and Campaign A strong communication campaign, aimed at informing the field staff and target beneficiaries about project aims and participation criteria, be initiated to prepare the ground for full scale launching of activities as soon as BMP is on board	PD, PMU	01/2024
Kick start formation of Professional Farmers Organizations (PFOs) and 4P development in NMDs. Expedite onboarding of field consultants and finalise Manual/Guideline (as a living document) for the business mobilization in NMDs. Ensure extending support to Cooperative Department for smooth implementation of project activities further ensuring establishment of 30 PFOs and one 4P by end of June 2025.	PMU	12/2024
Complete onboarding of Business Mobilization Partners and kick start field work Complete onboarding of BMPs by end-November 2024 and identify programme of work for the first quarter ensuring that field activities kick start before end of 2024.	PMU	12/2024
Complete assessment of FSC and develop business plans Expedite engagement of consultancy service for the assessment of Farm Services Centres and prepare and finalise at least 2 business plans by end of December 2024. Business plans shall be available for review by the next supervision mission (early December 2024)	PMU	12/2024
Prepare 4Ps proposals around fruit plant nursery sector In conjunction with Agriculture Research System (ARS) develop one proposal to be ready for review by the next supervision mission	PMU	12/2024

<p>Ensure provision of enterprise grants to eligible TEVTA/other graduates</p> <p>Fully entrust the delivery of grants to eligible youth (trained graduates) falling in the category of households having PSC 0-40 and deliver the first batch of 1500 grant by first week of November and second batch of 3500 grants by first week of December 2024. A simplified investment plan and follow up mentoring/monitoring approach shall be put in place to ensure that expected results are achieved and documented</p>	PMU/TEVTA	12/2024
<p>Develop detailed proposal for establishing/upgrading Centres of Excellence in skills development</p> <p>TEVTA shall develop detailed proposal and cost estimates to establish/upgrade centres of excellence identifying actual needs irrespective of budget provision. The proposal shall be available before the next supervision mission (December 2024)</p>	PMU/TEVTA	12/2024
<p>Enterprise Grants to TEVTA Graduates</p> <p>Ensure disbursement of enterprise grants to 5,000 TEVTA graduates from eligible families.</p>	PMU	12/2024
<p>Vocational Training for the Marginalized</p> <p>Develop a self-contained plan for the delivery of vocational training to the marginalized and disadvantaged communities for IFAD NO.</p>	PMU	01/2025
<p>Centres of Excellence</p> <p>Consider adopting a phased approach for the three TEVTA Centres of Excellence with first phase focused attending to their immediate HR and infrastructure needs and furnish for IFAD NO.</p>	PMU/TEVTA	01/2025
<p>Finalize 4P proposal on fruit plant nursery sector</p> <p>PMU to work with Agriculture Research System (ARS) to finalize the 4P business proposal that integrates farmers (as producers) and fruit nursery owners (as private sector), ensuring its timely submission for IFAD NO.</p>	PMU	04/2025
<p>Establishment of PFOs in NMDs</p> <p>Ensure formation of 30 PFOs and transformation of 05 FSCs into companies in the NMDs, building on the encouraging progress and available social capital in NMDs as well as local knowledge of field consultants.</p>	PMU	05/2025
<p>Activate RCU offices for business mobilization of PFOs/FSCs</p> <p>Engage RCU offices in mobilization of farmers, leveraging existing social capital and develop 3 PFOs and 3 FSCs in each region, open their bank accounts and ensure release of funds against the first milestone.</p>	PMU	05/2025
<p>Complete maturity assessment of FSCs</p> <p>Complete maturity assessment of the FSCs through consultant/ RCUs and ensure that 35FSCs are ready for transformation into companies, have a business plan and receive first disbursement.</p>	PMU	05/2025

<p>Enhance Engagement with Social Welfare Department for youth skills development and Directorate of Youth under Department of Sports, Culture and Youth Affairs</p> <p>With these Department, facilitate: (i) certification scheme for the courses run by the department through TEVTA; (ii) provision of start-up grants to trained women; and, (iii) development of a 4Ps proposal for linking trained women and private sector. Also engage with Directorate of Youth for extending project support to eligible youth and in particular women and marginalized and left behind segment of society</p>	PMU	06/2025
<p>Develop comprehensive business mobilization strategy</p> <p>Each BMP will develop business mobilization strategy and shares for PMU concurrence covering PFO purpose, approach for participatory mobilization, registration, business planning, implementation and monitoring/evaluation, accompanied by PFOs institutional strengthening through the process. The business mobilization strategy shall also include indicators for institutional strengthening of the PFOs and shall take into account the Targeting and Social Inclusion and the Gender Action Strategy (covering IFAD's three GEWE objectives), and Stakeholder Engagement Plan and make it as an integral part.</p>	BMP, PMU	10/2025
<p>BMPs to develop digital calendar/tool for activity planning, coordination and monitoring</p> <p>BMPs will develop a digital calendar for activity planning and share with RCUs for their participation in, and monitoring of the field activities – rollout by 30th Oct 2025 and on an ongoing basis.</p>	PMU	10/2025
<p>Pre-qualification of firms/vendors and training service provider</p> <p>PMU to initiate pre-qualification of firms /vendors for supply of inputs, technology, training services.</p>	PMU	10/2025
<p>Curriculum development/upgradation</p> <p>a. Develop/update curricula of 10 trades following the scheme recognized by TEVTA/NAVTEC – 30th Oct 2025. b. Develop curricula for 10 trades following the contract hours model – 30th Oct 2025.</p>	PMU, UET	10/2025
<p>Rationalize contact hours across trades</p> <p>UET to assess the varying degree of contact hours needed and rationalize these for different trades.</p>	PMU, UET	10/2025
<p>Enterprise Grants to TEVTA/UET Graduates</p> <p>Ensure disbursement of start-up grants to 5,000 eligible candidates and disburse 2000 per month going forwards by TEVTA in conjunction with UET – 15 Oct 2025 and onwards. Ensure conditions for women participation as per project targets.</p>	PMU	10/2025
<p>EU Grant funds</p> <p>Submit withdrawal application and devise utilization plan ensuring that funds are committed by end of December 2025.</p>	PMU	10/2025
<p>Establishment of PFOs and disbursement of funds</p> <p>Complete establishment of 150 PFOs (have got first disbursement for establishment) and 50 should have received 2nd payment linked to business plan.</p>	PMU, BMP	12/2025

<p>Prepare 4Ps proposals around fruit plant, natural honey or embroidery</p> <p>PMU shall develop, with the assistance of BMP, a proposal for 4Ps around fruit plants, natural honey or embroidery.</p>	PMU	12/2025
<p>Training evaluation of UET pass outs</p> <p>PMU to conduct evaluation of the training which has been completed already and suggest improvements needed to UET.</p>	PMU	12/2025
<p>In-House PFCO Business Plan Review/Development Capacity</p> <p>Create in-house capacity in the review/development of PFCO business plans as well as financial appraisal capacity at the Grant Appraisal Committee.</p>	PMU	01/2026
<p>Engage External TA for 4-Ps and Agri-business hubs</p> <p>Engage longer term external technical expertise (intermittent) for the development of plans/proposal for agri-business hubs and 4Ps and their subsequent implementation. Required TORs to be developed by PMU for IFAD review and approval.</p>	PMU	01/2026
<p>Revise BMPs' payment milestones</p> <p>Revise the existing milestone-based payment structure of BMPs for PFCO formation to address lags between mobilization, registration and business plan development to encourage concurrent focus on all the different stages of the process for early disbursement of funds to PFCOs.</p>	PMU	01/2026
<p>Disbursements to PFCOs</p> <p>Complete establishment of 150 PFCOs (have got first disbursement for establishment) and 50 have received 2nd payment linked to business plan by 31st March 2026. Adjust the pace of farmers' mobilization in a way that there is no more than 30 working days gap between one and the next step.</p>	PMU/BMPs	03/2026
<p>Disbursement of Start-up Grants to UET Trainees</p> <p>Ensure that start-up grants to UET nominated eligible candidates are fully disbursed by TEVTA before 31 March 2026. Going forward, priority (90% start up grants) shall be to the youth trained (by UET) under the project.</p>	PMU/TEVTA/UET	03/2026
<p>Rationalize UET training graduates numbers until June 2026</p> <p>Reduce the number of trainees graduating through UET training to less than 1000 per month – Immediately and until June 2026.</p>	PMU, UET	06/2026
<p>Strengthen PMUs Coordination functions and gender mainstreaming functions</p> <p>Enhance PMU capacity through engagement of relevant expertise and skills sets including options for reorganization of team.- ongoing basis</p>	PD,PMU	
<p>Gender responsive/balanced field staffing</p> <p>BMPs/PMU to maintain staffing structure that enable engagement with women in the field – immediately and on an ongoing basis.</p>	PMU, BMP	
<p>Prioritize mechanization in the first investment cycle – Business Development Plans</p> <p>The first cycle of business activity shall have focus on mechanization/smart farming technologies – 70% investments in tangible/assets while the remaining in inputs and training. - ongoing basis</p>	PMU, BMP	

<p>Competency based testing and certification</p> <p>Implement the CBT approach to testing and certification for all the ongoing and completed training sessions – immediately and on an ongoing basis.</p>	PMU, UET	
<p>Improve learning conditions</p> <p>Improve training environment notably reduce the number of participants per training to 25/30. - ongoing basis</p>	UET, PMU	
<p>Strengthen PMUs Coordination functions</p> <p>PMU enhance coordination among implementing partners in structured and formal manner. - ongoing basis</p>	PMU	
<p>RCUs and BMP Coordination</p> <p>Develop and adopt tools, systems and processes for close coordination between RCUs and BMPs, underpinned by site and activity specific monthly BMP workplans. Immediate and Ongoing</p>	PMU	
<p>BMP Staffing</p> <p>Ensure that the BMPs maintain the staffing levels, in terms of numbers, competence and gender, as agreed in their contracts. Any change must be with the approval of PMU. - Ongoing</p>	PMU	
<p>PFCO Business Plans</p> <p>Ensure across the board uniform implementation of the three PFCO business planning formats– PFCO membership profiling and identification of challenges, a timeline-bound development plan to address the identified challenges and a timeline-based procurement plan in line with the business plan. A summary business plan will be developed in Urdu language for a wider PFCO-wide awareness. - Ongoing</p>	PMU	
<p>No multiple PFCOs in same community</p> <p>No separate men and women PFCOs shall be established in the same community if all or substantial number of male and female members of the two PFCOs come from the same household. - Immediate and ongoing</p>	PMU/RCUs/BMPs	
<p>Avoidance of Multiple members from same households</p> <p>Develop systems and processes including access to NADRA database and bio-metric identification, in collaboration with Cooperatives Department, to ensure that there are no multiple memberships from one household in PFCOs - Immediate and ongoing</p>	PMU/RCUs/BMPs	
<p>Competence based Testing by TTB</p> <p>Competence Based Testing of all vocational and technical training graduates will be done by Trade Testing Board for which a MoA has been finalized during the current mission. This includes re-testing of existing 23,800 pass-outs through necessary budget provision. - Ongoing</p>	PMU/UET/TEVTA	
<p>Stipend to Vocational Trainees</p> <p>Payment of stipend to all trainees as per the project design and practice in all other IFAD projects in the country shall commence as soon as revised PC-1 is approved by competent authorities. -Ongoing</p>	PMU/UET	

<p>Integration of Components 1 and 2</p> <p>Selection of candidates for vocational and technical training and start-up capital for self-employment shall be integrated with component 1. PFCOs to actively support identification and nomination of eligible candidates in their respective villages. - Immediate</p>	PMU/UET/TEVTA/BMPs	
<p>Field Presence of PMU/RCU Staff</p> <p>Improve field presence of PMU and RCU staff guided by BMP activity plans with PMU staff spending at least 1/3rd of their time in the field each month. - Immediate and ongoing</p>	PMU/RCUs	
<p>RCU Staffing and Presence</p> <p>Ensure presence of full complement of RCU staff in their respective offices, along with availability of sanctioned vehicles and equipment. - Immediate</p>	PMU/RCU	
<p>M&E and MIS</p> <p>Adopt the use of structured methodologies, tools and engaging all project staff in M&E and develop MIS. - Immediate</p>	PMU	
<p>One PMU at PDA Building</p> <p>End PD and senior staff time splitting between P&DD Camp Office and PMU office at PDA. The office at PDA building shall be the only fully functional PMU. - Immediate</p>	Project Director	
Development Effectiveness		
<p>Engage with Social Welfare Department for Women Empowerment</p> <p>Develop scope of work and programme of work for the current year including exploring potential for 4Ps whereby women training premises can be used as incubation centers</p>	PMU	12/2024
<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agripreneurs shall be provided grant by Dec 2024.</p>	PMU/TEVTA	12/2024
<p>Training of Nutrition Officer</p> <p>Arrange immediate structured training for Nutrition Officer</p>	Pd, PMU	01/2025
<p>Include Qualitative indicators in MIS</p> <p>The proposed MIS shall have qualitative indicators and inbuilt flexibility to incorporate additional indicators as the project progresses.</p>	PD, PMU	03/2025
<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agripreneurs shall be provided grant by Dec 2024.</p>	PMU/TEVTA	03/2025
<p>Revise targeting strategy to clearly define target group</p> <p>The targeting strategy should indicate clearly the target group of the project as rural households and shall provide the eligibility criteria under both components. Once revised, the strategy shall be shared with implementing partner for compliance.</p>	PMU	11/2025

<p>Project target groups are invariably rural households</p> <p>KP RETP targets rural households only, and urban households are ineligible. Youth and women from rural households currently/temporarily living in urban areas are eligible.</p>	PMU	11/2025
<p>PMU to assess the extent of coverage of non-rural youth under UET skills training</p> <p>The M&E unit of PMU shall furnish a report of training conducted by UET assessing eligibility criteria notably with respect to rural households as the only target group.</p>	PMU	11/2025
<p>Engage with Social Welfare Department for Women Empowerment</p> <p>Develop scope of work and programme of work for the current year including exploring potential for 4Ps whereby women training premises can be used as incubation/production canterers.</p>	PMU	12/2025
<p>BMP must ensure gender-balanced team</p> <p>It must be ensured that BMP staffing structure is proportionately gender-balanced and women participation in PFOs translates into women empowerment and achieving of IFAD's three GEWE policy objectives.</p>	PMU/BMP	12/2025
<p>Capacity building of M&E staff in logframe reporting and analysis</p> <p>The PMU (with support from IFAD) should strengthen the M&E team's skills in logframe reporting through the planned training, focusing on clear understanding of indicators and accurate progress tracking.</p>	PMU/ IFAD	12/2025
<p>Shift focus from activity-only monitoring to output, outcome and process monitoring</p> <p>PMU shall use tools and templates for monitoring and evaluation including self-monitoring by implementing partners and beneficiaries level monitoring. Ongoing</p>	PMU	12/2025
<p>Build climate resilience and nutrition-sensitivity scoring in all project activities</p> <p>Integrate more rigorous climate risk screening, climate-smart agriculture (CSA) and nature-based solutions as well as nutrition sensitivity scoring. Include resource to fund climate smart technology and trainings, water harvesting, flood-resistant crops. Use beneficiary income resilience and nutrition sensitivity score to monitor project activities. Ongoing</p>	PMU	12/2025
<p>Finalize and share revised NSVCS and implementation plan</p> <p>Based on the revised Nutrition-Sensitive Value Chain Strategy (NSVCS), consolidate all project activities into simplified implementation plan with four broader themes</p>	Nutrition Officer/PMU	01/2026
<p>Build capacities of BMPs on nutrition</p> <p>Develop a training plan for BMPs, ensuring they have the technical capacity to conduct nutrition awareness and integrate nutrition in relevant activities as per updated NSVCS</p>	Nutrition Officer/PMU	02/2026
<p>Strengthening capacity of BMPs in climate change adaptation</p>	PMU and BMPs	02/2026
<p>Gender Staff in RCUs</p> <p>The vacant positions of Gender Staff in the RCUs be filled without any further delay</p>	PMU	03/2026

<p>Female Business Mobilization Staff in BMPs</p> <p>The gender balance in business mobilization staff be rationalized to ensure effective outreach to female beneficiaries</p>	PMU/BMPs	03/2026
<p>Engage with Social Welfare Department for Women Empowerment</p> <p>Develop scope of work and programme of work for the current year including exploring potential for 4-Ps whereby women training premises can be used as incubation canters</p>	Gender Officer/PMU	03/2026
<p>Identify young female as change agents/agripreneurs</p> <p>Identify a cadre of young graduates from agriculture and home economics disciplines (falling in the eligibility criteria) for initiating agribusinesses and rural enterprises utilizing start up grant programme. The first batch of 30 female agri-preneurs shall also be provided grants</p>	Gender Officer/PMU	03/2026
<p>Identify specific collaboration possibilities with FAO and WFP for Nutrition interventions</p> <p>Collaboration and coordination mechanisms be identified and operationalized for FAO and WFP nutrition interventions in the province</p>	Nutrition Officer/PMU	03/2026
<p>Ensure 1.1.8 target is aligned with planned activities</p> <p>Once the NSVCS clearly outlines the activities that have contributed and will contribute to nutrition outcomes, ensure targets for 1.1.8 in the logical framework align with the updated NSVCS</p>	Nutrition Officer/PMU	03/2026
<p>Collaboration with FAO and WFP Nutrition interventions on a continuous basis</p> <p>Collaboration and coordination mechanisms be identified and operationalized for FAO and WFP nutrition interventions in the province</p>	PMU	
<p>Operationalize GRMs at all levels - PMU, Regional Offices and Implementing Partners</p> <p>Make GRM functional immediately after regional offices are functional and BMPs/TEVTA are mobilized. - on an ongoing basis</p>	PMU/BMPs	
<p>MoA with Agriculture Department</p> <p>Secure Agriculture Department assistance in targeting and outreach through signing of a MoA. - Immediate</p>	PMU	
<p>Formal and structured coordination between and among implementing partners</p> <p>PMU to organize formal coordination and experience-sharing fora involving implementing partners and other stakeholders. Ongoing</p>	PMU	
<p>PMU to put in place M&E tools for monitoring outreach and checking reliability of outreach data</p> <p>PMU to develop tools to check outreach data and its reliability in line with the targeting strategy. Ongoing</p>	PMU	
<p>Targeting of Transgender and PWDs</p> <p>Engage relevant departments and associations for more systematic targeting of transgender and PWDs - ongoing</p>	PMU	

<p>Monitoring of compliance with targeting criteria</p> <p>PMU shall undertake systematic monitoring of compliance with targeting and checking of the reliability of the outreach related data provided by IPs - ongoing</p>	PMU	
<p>Male and Female youth Participation in Vocational Trainings from NMDs</p> <p>Develop an appropriate strategy to ensure equitable and proportionate participation of male and female youth, including in-situ training for females, from NMDs and furnish for IFAD NO - Strategy by 28 Feb/2026 Implementation from 15 April/ 2026</p>	PMU/UET/TEVTA	
<p>Capture Beneficiary Data in all its gender dimensions</p> <p>PMU to ensure that accurate data is being regularly captured for all gender dimensions including women headed households - Ongoing</p>	Gender Officer/PMU	
<p>Strengthening PFCOs capacity in climate change impacts, adaptation and implementation of mitigation measures</p> <p>Immediate and continuous</p>	RCUs/BMPs	
Sustainability and Scaling up		
<p>Phasing, timelines, deliverables and qualitative parameters defined in the BMPs contracts</p> <p>Develop phasing of physical and financial targets and key determinants for performance evaluation of the BMPs.</p>	PMU	12/2024
<p>PSC to discuss formal engagement of line departments through performance-based agreements</p> <p>As the need arise government line departments to be engaged – administrative clearance – for project related activities.</p>	PSC/PMU	01/2025
<p>Transfer funds to TEVTA against the targets to be met by June 2025</p> <p>Immediately transfer funds to TEVTA to facilitate training intake, start-up grants, job placement and upgradation of centre of excellence. Funding amount shall correspond to the targets to be achieved by June 2025.</p>	PMU	01/2025
<p>Prioritise non-conventional skills trades under the centres of excellence</p> <p>Prioritizing skills that offer opportunities to youth and women in non-conventional trades.</p>	PMU/TEVTA	01/2025
<p>Clearly define milestones, deliverables, and payment triggers</p> <p>Revise milestones for BMP contracts—to reduce ambiguity and avoid delays linked to payments.</p>	PMU	12/2025
<p>Ensure that testing and certification is undertaken in accordance with the CBT framework</p> <p>In accordance with the PDR, all trained youth under the Project have to be assessed and certified by a competent entity recognized under the NAVTEC CBT framework which in case of KP is TTB. PMU and UET to engage with TTB through MoA to complete all assessment and certifications by 30th June 2026.</p>	PMU	01/2026

<p>Revise MoA with Cooperative Department</p> <p>Enhance the responsibilities of Cooperative department to include biometric verification of members (to avoid multiple beneficiaries from same households) and develop, and disseminate information on compliance and roles/responsibilities of MC and members of PFCOs. Cooperative Department will also designate nominees in the MC of the Farmers' Owned Companies/Hubs.</p>	PMU	01/2026
<p>Complete business planning of 50 PFCOs</p> <p>PMU to assess capacity of BMPs in terms of business planning, undertake training for BMP staff in business plan development using RuralInvest, complete 10 business plans per clusters by March 2026 and 20 per cluster by Jun 2026. Each PFO to be supported to display simplified business plan, procurement plan and training plan in their office.</p>	PMU/BMPs	03/2026
<p>Profiling of PFOs and TA business planning</p> <p>BMPs and field consultant to utilise the profiling tool developed by the AUP and to use it for the development of business plans. TA to be provided on business planning and business plan evaluation.</p>	PMU/BMPs	03/2026
<p>Expedite development of private sector partnerships</p> <p>BMPs and field consultant to expedite identification of potential partnerships with established private sector companies to be engaged under 4-Ps arrangements and PMU to launch an open-ended call for prequalification of vendors/service providers.</p>	PMU/BMPs	03/2026
<p>Ensure gender-balanced team in field operations</p> <p>BMPs and PMU mobilized consultant teams in NMDs to ensure adequate female staffing for effective outreach to women for participation in project activities and undertaking income generation activities</p>	PMU/BMPs	03/2026
<p>BMP's to formulate Business Mobilization Strategy</p> <p>Each BMP to furnish for PMU concurrence a Business Mobilization Strategy covering timebound steps in PFCO development inclusive of PFCO institutional strengthening plan including institutional maturity indicators</p>	PMU/BMP	03/2026
<p>Mapping/Stocktake of interventions in project clusters/regions</p> <p>RCUs to undertake stocktake to be regularly updated, map out interventions by development partners in project regions - on an ongoing basis</p>	RCUs/PMU	
<p>Mapping/Stocktaking of interventions in project clusters/regions</p> <p>RCUs to undertake regular mapping of interventions by development partners in project regions.- Ongoing</p>	RCUs/PMU	
<p>Participatory AWPB/PP development and setting up planning and progress review mechanism</p> <p>PMU to involve all implementing partners in the development of AWP&B/PP as well undertake monthly planning and review meetings to address implementation challenges in a structured manner.-ongoing</p>	RCUs/PMU	
<p>Proactively promote women in the non-traditional skills trades</p> <p>Prioritise enrolment of women in the non-conventional trades (for women) tapping on the emerging technologies and skills sets high in demand.- ongoing</p>	PMU/TEVTA	

<p>Promote participation of women and youth through business mobilization</p> <p>Promote strongly women participation in the mobilization process of PFOs and FSCs and ensure appropriate shareholding of women and youth under PFOs, FSCs and 4Ps. - Ongoing</p>	PMU/TEVTA	
<p>Lesson learning and Sharing</p> <p>Maintain and analyse feedback from stakeholders and target groups and share lessons learned with other regions. Ongoing</p>	PD, PMU	
<p>Women participation in the PFOs</p> <p>Women's participation should be guided by purpose and local context. Encourage women specific PFOs to ensure inclusion. PFO's business plans/trainings should address IFAD's three GEWE policy objectives. Ongoing</p>	PD, PMU	
<p>Lesson learning and sharing experiences</p> <p>Organize learning and experience sharing events among implementing partners in a formal and structured manner. Ongoing</p>	PMU	
<p>Integrate Youth Selection for Vocational Training with Component 1</p> <p>Youth selection for component 2 interventions to be from PFCOs and based on BISP Data only. Ongoing</p>	PMU/BMPs	
<p>NMDs coverage in vocational/technical training</p> <p>Adopt a balanced approach to vocational and technical training for youth in the settled districts and NMDs. - ongoing</p>	PMU/UET/BMPs	
<p>Organize Monthly/Quarterly review and planning sessions at PMU and RCU Level</p> <p>To share and consider field level observations, issues and challenges and beneficiaries feedback and formulate remedial actions - Ongoing</p>	PMU/RCU/BMPs	
<p>Establish effective mechanisms for women beneficiaries' participation and feedback</p> <p>Through gender-balanced staffing, proportionate representation of women in the Management Committees of PFCOs and appropriate monitoring tools to capture women feedback - Ongoing</p>	PMU/RCU/BMPs	
<p>Establish review mechanism for addressing issues between and among implementing partners</p> <p>PMU to put in place formal review sessions among partners to resolve issues that hinder smooth implementation. - Ongoing</p>	PMU	
<p>Develop digital calendar/tool for quarterly and monthly activity planning, coordination and monitoring</p> <p>BMPs/IPs will develop a digital calendar for activity planning and share with RCUs for their participation in, and monitoring of the field activities – rollout by 31st Dec 2025 and on an ongoing basis. Immediate and ongoing</p>	PMU/IPs	
<p>Develop systems, manuals and tools for PFCOs/FSCs</p> <p>Deploy accounting system, training PFCO/FSC staff immediately after recruitment and instil capacities for provision of economic services to members as well as develop tools for recovery of revolving funds. - Ongoing</p>	BMPs/Field Consultants	

<p>Identify partnership for job placement</p> <p>Use diverse approaches to identify employers for job placement, prioritizing youth trained under the Project (90% from the youth trained by UET) - Ongoing</p>	PMU/TEVTA	
Project Management		
<p>IFAD NO for Communication Plan</p> <p>Furnish Communication Plan for IFAD NO</p>	PD/Manager M&E	12/2024
<p>Inclusion of environmental protection and occupational safety in skills development</p> <p>Support TEVTA for inclusion of environmental and occupational safety as key aspect of training curricula.</p>	PMU	03/2025
<p>Programme MIS</p> <p>Expedite development of Programme MIS to facilitate M&E and KM activities and review MIS in other IFAD funded projects to define the parameters.</p>	PD/ Manager M&E	03/2025
<p>Inclusion of environmental protection and occupational safety in skills development</p> <p>Support TEVTA for inclusion of environmental and occupational safety as key aspect of training curricula.</p>	PMU	03/2025
<p>Develop plan and ensure utilization of first withdrawal of EU grant funds</p> <p>The plan should ensure that the first withdrawal is utilized by December 2025 financing the PFOs mobilized through direct implementation by PMU/RCUs.</p>	PMU/RCUs	12/2025
<p>Ensure timely completion of MIS</p> <p>The PMU should ensure timely completion of the MIS procurement process by December 2025, and in the meantime continue maintaining and improving the Excel-based beneficiary database to ensure full traceability and reliable data consolidation from all RCUs.</p>	PMU	12/2025
<p>Include indicators regarding value for money analysis in the MIS</p> <p>M&E section should keep the option of value for money analysis in the dashboard of the MIS being developed.</p>	PMU	01/2026
<p>Development of Practical KM Dissemination Plan</p> <p>PMU to develop a simple, practical KM dissemination plan (1-2 pager), specifying audiences and key channels for all KM products, including newsletters, videos, and success stories.</p>	PMU	03/2026
<p>Undertake market assessment for output costs especially for activities under component 2</p> <p>An objective assessment of unit cost should be made concerning unit cost per output taking into account similar projects and private sector initiatives and make recommendation for PSC and IFAD's approval.</p>	PMU	03/2026

<p>Ineligible Expenditure on Youth Training</p> <p>Expenditure on 6,000 youth selected from urban areas is ineligible and UET to select 6,000 additional youth from the rural areas/PFCOs and train at its own cost</p>	PMU/UET	03/2026
<p>Develop a uniform approach across the different implementing partners to meet SECAP requirements</p> <p>1. Make SECAP requirement as part of the BMPs' business mobilization strategy 2. Organize orientation sessions for the implementing partners and make SECAP part of the PFOs training programme. Ongoing</p>	PMU	
<p>Enhancing Female Staff Availability</p> <p>Ensure availability of female staff for women PFOs and training of women. Immediate and Ongoing</p>	PMU/RCUs/BMPs/UET	
<p>Ensuring Inclusive Training Environments</p> <p>Ensure conducive environment for training of women, transgenders and person with disabilities. Immediate and ongoing.</p>	PMU/RCUs/BMPs/UET	
<p>Ensuring Health and Safety Emphasis in All Training Sessions</p> <p>Ensure that health and safety needs, relevant to each skill training, are highlighted during training sessions. Immediate and Ongoing.</p>	PMU/RCUs/UET	
<p>No-Start-up Grants to wrongly selected urban youth</p> <p>Ensure that no start-up grants are provided to mis-selected youth from urban areas - Immediate</p>	PMU/UET/TEVTA	
<p>Youth Eligibility Criteria for Training/Start-up Grants</p> <p>Only the BISP beneficiary data base be used to determine the eligibility of youth for vocational training and start-up grants - Immediate</p>	PMU/UET/TEVTA	
<p>Strengthen Field Level Coordination</p> <p>Strengthen field level coordination by engaging all project staff, including BMPs, in routine M&E and ensuring timely submission of field data. Foster close collaboration between M&E and implementation teams and encourage the use of structured methodologies and tools to track field monitoring and reporting, improving data quality and enabling prompt corrective actions - Ongoing</p>	PMU	
<p>Implementation of proposed mitigation measures under Business Plans</p> <p>1. Ensure proper screening of each Business Plan and implementation of proposed mitigation measures by each PFCO. 2. Organize frequent orientation sessions for the implementing partners and make SECAP part of the PFOs training programme. - Immediate and Ongoing</p>	BMPs/RCUs/PMU	
<p>Maintenance of Record of GRM</p> <p>Maintenance of proper record of GRM at the registration center (PMU, RCU and BMP) - Immediate and Ongoing</p>	BMPs/RCUs/PMU	
Financial Management & Execution		

<p>Submission of AWPB</p> <p>Submit AWPB to IFAD for NO by 30 April of each year,</p>	<p>Project Director and Finance Manager</p>	<p>04/2025</p>
<p>Draft Financial Statements</p> <p>Submit Draft Financial Statements by 31 October of each year.</p>	<p>Finance Manager</p>	<p>10/2025</p>
<p>Submit outstanding supporting documents</p> <p>Project should provide the outstanding supporting documents for transactions amounting to EUR 55 203 or refund the amount to the IFAD DA/operational account.</p> <p>02/06/2025 update Documents have been provided. Ineligible expenditure of EUR 29 048 has been identified. To be resolved.</p> <p>30/06/2025 update The project has started reimbursements of these ineligible amounts and is expected to complete reimbursement by Dec 2025.</p>	<p>Project Director</p>	<p>12/2025</p>
<p>Disbursements</p> <p>Further accelerate project activities and increase disbursements.</p>	<p>Project Director / Finance Manager</p>	<p>12/2025</p>
<p>Recovery & reimbursement of Overpayment</p> <p>Recover overpayment of PKR 4.7 million (approx. EUR 15.6 k) from Indus Motors Limited and reimburse to IFAD.</p>	<p>Project Director / Finance Manager</p>	<p>12/2025</p>
<p>Internal Audit</p> <p>Internal Audit Internal Audit to capture the criteria, condition, underlying cause of variation, and corresponding recommendation in its reports.</p>	<p>Project Director / Internal Auditor</p>	<p>12/2025</p>
<p>Availability of Funds Disbursed</p> <p>Project to discuss with the Finance Department the matter of delayed availability of funds disbursed by IFAD.</p>	<p>Project Director / Finance Manager</p>	<p>12/2025</p>
<p>Availability of Funds Disbursed</p> <p>Project to formally take up with the Finance Department the matter of delayed availability of funds disbursed by IFAD.</p>	<p>PD/PMU</p>	<p>12/2025</p>
<p>Recovery & reimbursement of Overpayment</p> <p>Recover overpayment of PKR 4.7 million (approx. EUR 15.6 k) from Indus Motors Limited and reimburse to IFAD.</p>	<p>FM/PMU</p>	<p>12/2025</p>
<p>Strengthening of internal controls</p> <p>Orientation/mentoring sessions for the IAs, and PFCOs to ensure they understand and follow project design in their work</p> <p>Orieintation/mentoring of the PFOCs to ensure that they have basic financial and economic literacy to have market sense to formulate and implement realistic and viable business plan</p> <p>iii. Recover/adjust against future bills of Smart Research an amount of PKR 1,337,418/-(approx EUR 6,306) and ensure payments are made in accordance with contracts and on request for partial payments should be entertained.</p>	<p>FM/PMU</p>	<p>12/2025</p>

<p>Reimbursement of Ineligible Expenditure</p> <p>Reimburse ineligible expenditure amounting to EUR 29,048.</p>	Project Director / Finance Manager	01/2026
<p>EU Grant</p> <p>Initiate disbursement & expenditure from EU Grant – prepare program of work for fund utilization.</p>	Project Director / Finance Manager	01/2026
<p>EU Grant</p> <p>Operationalize the EU Grant by releasing 1st tranche to the 35 PFCOs</p>	FM/PMU	01/2026
<p>Measurement of leveraged funds against ADP</p> <p>Specific criteria to determine leveraged funds under ADP needs to spelled out and made part of the PIM</p>	FM/PMU	01/2026
<p>Compete Recruitment of remaining staff</p> <p>Expedite and complete the recruitment of remaining 13 support staff (7 Office Assistants (PMU & RCUs), 4 Gender and Youth Mainstreaming officers, and 2 M&E Assistants)</p>	FM/PMU	01/2026
<p>Put in place mechanisms</p> <p>for effective internal coordination, inventory management, regular updating of OPEN and CMT, addressing the issues including HR matters raised in the internal audit reports, and efficient record keeping / retention practices.</p>	PD	01/2026
<p>Evidence of receipts of goods and services:</p> <p>Evidences of receipts of goods and services (GRSN, SRN) should be properly prepared and maintained. Timesheets should be obtained in case of field consultants.</p>	Finance Manager	01/2026
<p>Government contribution through Annual Development Plan (ADP)</p> <p>Procedure developed for accounting, recording and reporting Government contribution through Annual Development Plan (ADP) should include specific criteria for the recognition and measurement of funds leveraged through the ADP. The criteria should be included in the procedures drafted for this purpose.</p>	Finance Manager	01/2026
<p>Selection of MIS Firm</p> <p>Finalize the selection process on priority and upload on OPEN for IFAD's NO</p>	PS and PD	02/2026
<p>Internal Audit</p> <p>Internal Audit to capture the criteria, condition, underlying cause of variation, and corresponding recommendation in its reports.</p>	Internal Auditor/PMU	03/2026
<p>IFRs</p> <p>IFRs need to include explanatory notes for material variations between the project forecaste of expenditure and actual figures.</p>	FM/PMU	03/2026
<p>Accounting software upgrade</p> <p>Accounting software is to be generating IFRs automatically</p>	FM/PMU	03/2026

<p>Cluster-based Procurement and Finance Workshops</p> <p>Conduct cluster-based (5) procurement and finance workshops for PFCOs staff to ensure uniformity and standardization of practices.</p>	<p>PS and PD</p>	<p>03/2026</p>
<p>Government In-Kind Contribution</p> <p>Government's in-kind contribution should be recorded, and reported as per the newly developed procedures</p>	<p>Finance Manager</p>	<p>03/2026</p>
<p>Beneficiary Cash and In-Kind Contribution</p> <p>Beneficiaires' in-kind, and cash contribution should be accounted for, and reported in the accounting system as per the new procedures.</p>	<p>Finance Manager</p>	<p>03/2026</p>
<p>Selection of Three (3) 4Ps</p> <p>Coordinate with BMPs and finalize the selection process for 4P agreements</p>	<p>Manager C-01, PS and PD</p>	<p>04/2026</p>

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

: Logical Framework

Mission Dates: 03-12 December 2025

Document Date: 16/02/2026

Project No. 2000002333

Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Khyber Pakhtunkhwa Rural Economic Transformation Project

Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
Outreach	1 Persons reached by project-supported activities							surveys, service providers' records, MIS system, COI survey	baseline, completion and annual	PMU	A baseline survey is conducted; Project approach and timelines are adhered to; An efficient M&E system is developed and implemented
	Males (number)		262 500	588 750		42 265	7.179				
	Females (number)		87 500	196 250		24 271	12.367				
	Young (number)		175 000	392 000		36 500	9.311				
	Total number of persons receiving services (number)		350 000	785 000		66 536	8.476				
	1.a Corresponding number of households reached							surveys, service providers' records, MIS system, COI survey	baseline, completion and annual	PMU	
	Women-headed households (number)		87 500	196 250		0	0				
	Non-women-headed households (number)		262 500	588 750		0	0				
	Households (number)		350 000	785 000		66 522	8.5				
	1.b Estimated corresponding total number of households members							surveys, service providers' records, MIS system, COI survey	baseline, completion and annual	PMU	
Household members (number)		1 440 000	4 350 000		385 854	8.9					
Project Goal To contribute to poverty reduction, nutrition and food security of rural households in the Khyber Pakhtunkhwa Province	Beneficiary households reporting improved income from sales through PFOs							survey	baseline and completion	PMU	Security situation remains stable and allows implementation of project
	Households (number)		262 500	588 750							

Results Hierarchy	Indicators						Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency		Responsibility
Development Objective Income of rural households sustainably improved through climate-resilient, high-value agriculture and off-farm/non-farm employment opportunities	SF.2.1 Households satisfied with project-supported services						COI survey	baseline and completion	PMU	A baseline survey is conducted; Project approach and timelines are adhered to; an efficient M&E system is developed and implemented	
	Household members (number)		1 740 000	3 480 000							
	Women-headed households (number)		78 500	157 000							
	Households (%)		40	80							
	Households (number)		314 000	628 000							
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers						COI survey	baseline and completion	PMU		
	Household members (number)		1 650 000	3 850 000							
	Women-headed households (number)		15 000	30 000							
	Households (%)		38	89							
	Households (number)		300 000	700 000							
	1.2.8 Women reporting minimum dietary diversity (MDDW)						COI survey, assessments	baseline, mid-term and completion	PMU		
	Women (%) (%)		20	60							
	Women (number) (number)		10 000	220 000							
	Households (%) (%)		10	28							
	Households (number) (number)		10 000	220 000							
	Household members (number)		800 000	1 760 000							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
	Women-headed households (number)		2 500	55 000							
Outcome 1. Enhanced capacity of smallholder farmers for increased market access (Professional Farmer Organizations and Farm Service Centres)	2.2.2 Supported rural enterprises reporting an increase in profit							outcome survey, MIS system, service providers' records, COI survey	baseline, mid-term and completion	PMU	Baseline established, farmers are willing to participate in PFO and FSC
	Number of enterprises (number)		200	550							
Output 1.1 Support provided to Professional Farmers Organizations, Farm Service Centres and 4Ps and their members	2.1.3 Rural producers' organizations supported							MIS system, service providers' records	baseline, yearly and completion	PMU	farmers are interested to participate, updated BISP data on poverty available and targeting guidelines developed
	Total size of POs (number)		112 000	220 000		39 025	17.739				
	Rural POs supported (number)		280	550		106	19.273				
	Males (number)		84 000	165 000		26 676	16.167				
	Females (number)		28 000	55 000		12 349	22.453				
	Young (number)		56 000	110 000		9 020	8.2				
Output 1.2 Coaching of producers for increased capacity on business planning, production practices and market advice	1.1.4 Persons trained in production practices and/or technologies							MIS system, service providers' records	baseline, yearly and completion	PMU	Updated BISP data on poverty available and targeting guidelines developed, nothing is hindering the participation of any of the categories of persons
	Total number of persons trained by the project (number)		110 000	320 000		0	0				
	Men trained in crop (number)		82 500	240 000		0	0				
	Women trained in crop (number)		27 500	80 000		22	0.028				
	Young people trained in crop (number)		50 000	160 000		2	0.001				
	Total persons trained in crop (number)		110 000	320 000		22	0.007				

Results Hierarchy	Indicators						Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency		Responsibility
	3.1.1 Groups supported to sustainably manage natural resources and climate-related risks										
	Total size of groups (number)		54 000	160 000		3 196	2				
	Groups supported (number)		200	400		75	18.8				
	Males (number)		40 000	120 000		1 473	1.2				
	Females (number)		14 000	40 000		1 723	4.3				
	Young (number)		25 000	80 000		609	0.8				
Output 1.3 Producer-Public-Private-Partnerships (4Ps) established	Producers engaged in 4P collaborations						MIS system, service providers' records	baseline, yearly and completion	PMU	Availability of farmers willing and interested in entering into 4Ps	
	Males (number)		3 500	14 000							
	Females (number)		1 500	6 000							
	total producers (number)		5 000	20 000							
	Young (number)		2 500	20 000							
	partnerships (number)		5	20							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency	Responsibility	
Output 1.4 Households provided with nutrition education	1.1.8 Persons provided with targeted support to improve their nutrition							MIS system, service providers' records	baseline, yearly and completion	PMU	Nothing (security / customary laws) is hindering the participation of anyone (especially women) to attend the trainings. Trainings are scheduled in a time and location suitable for all beneficiaries. Persons trained do apply what communicated in the trainings. Value chains are nutrition sensitive
	Total persons participating (number)		300 000	700 000		3 523	0.503				
	Males (number)		85 000	175 000		1 411	0.806				
	Females (number)		215 000	525 000		2 112	0.402				
	Households (number)		300 000	700 000		3 523	0.503				
	Household members benefitted (number)		1 650 000	3 850 000		17 659	0.459				
	Young (number)		150 000	300 000		685	0.228				
Outcome 2. Improved capacity for obtaining jobs and engage in entrepreneurship	2.2.1 New jobs created							outcome surveys, MIS system, service providers' records, COI survey	baseline, mid-term and completion	PMU	Updated BISP data on poverty available and targeting guidelines available
	Job owner - men (number)		30 000	63 000							
	New jobs (number)		40 000	85 000							
	Job owner - women (number)		10 000	22 000							
	Job owner - young (number)		20 000	45 000							
Output 2.1 Vocational, technical and entrepreneurial skills trainings provided	2.1.2 Persons trained in income-generating activities or business management							MIS system, service providers' records	baseline, yearly and completion	PMU	all categories are interested and nothing is hindering their participation in the trainings
	Males (number)		6 000	12 000		12 316	102.633				
	Females (number)		9 000	18 000		10 903	60.572				
	Young (number)		15 000	30 000		23 208	77.36				
	Persons trained in IGAs or BM (total) (number)		15 000	30 000		23 219	77.397				

Results Hierarchy	Indicators						Means of Verification			Assumptions	
	Name	Baseline	Mid-Term	End Target	Annual Result (2026)	Cumulative Result (2026)	Cumulative Result % (2026)	Source	Frequency		Responsibility
Output 2.2 Provision of start-up capital for establishing business and self-employment	Start up provided for self employment						MIS system, service providers' records	baseline, yearly and completion	PMU	Careful assessment of each households potential and endowments	
	Males (number)		4 000	8 400							
	Females (number)		6 000	12 600							
	Young (number)		10 000	21 000							
	total number of persons (number)		20 000	42 000							
Output 2.3 Support to individuals entering the job market for the first employment	persons receiving support						MIS system, service providers' records	baseline, yearly and completion	PMU	Careful assessment of each households potential and endowments	
	Males (number)		7 000	17 500							
	Females (number)		3 000	7 500							
	young (number)		10 000	25 000							
	total persons (number)		10 000	25 000							
Outcome 3. Capacity for policy dialogue/reform strengthened (Farmer Services Centre Act, cooperatives act, seed act amended)	Policy 3 Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment						policy documents, COI survey	baseline, mid-term and completion	PMU	Willingness of policy makers and other key stakeholders to provide enabling environment	
	Number (number)		2	5							
Output 3.1 Policy development and reform supported	Policy 1 Policy-relevant knowledge products completed						MIS system	baseline, yearly and completion	PMU		
	Number (number)		2	5		0					0
	Policy 2 Functioning multi-stakeholder platforms supported						MIS system	baseline, yearly and completion	PMU		
	Number (number)		0	1		0					0

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project

Supervision Report

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

Mission Dates: 03-12 December 2025

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Project No. 2000002333

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Asia and the Pacific Division
Programme Management Department

Appendix 2: Actual financial performance by financiers; by component and disbursements by categories

Table 2A: Financial performance by financier (EUR '000) as at 30 November 2025

Financier	Appraisal	Disbursements	Per cent disbursed
IFAD Loan	74,229	12,308	16.6%
EU Grant	15,421	-	0.0%
Government	25,138	242	1.0%
Beneficiary	43,179	-	0.0%
Total	157,967	12,550	7.9%

Table 2B: Financial performance by financiers by components (EUR '000) as at 30th November 2025

Components	IFAD Loan			EU Grant			Government			Beneficiary			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
Agribusiness Development	38,497	479	1.2%	15,421	-	-	1,676	1	0.0%	29,492	-	-	85,086	480	0.6%
Skills Development and Employment Promotion	24,589	10,448	42.5%	-	-	-	21,715	-	0.0%	13,687	-	-	59,991	10,448	17.4%
Project Management	11,143	1,381	12.4%	-	-	-	1,747	241	13.8%	-	-	-	12,890	1,622	12.6%
TOTAL	74,229	12,308	16.6%	15,421	-	-	25,138	242	1.0%	43,179	-	-	157,967	12,550	7.9%

Note: As of 30 November 2025, under Skills Development & Employment Promotion, EUR 10.44 million remains advanced to KP-TEVTA and UET, of which EUR 2,488,398 has been recognized as expenditure.

Table2C (a): IFAD loan disbursements (EUR, as at 30th November 2025)

Category	Category Description	Original	Disbursement	W/A pending	Balance	Percent disbursed
		Allocation				
1	Advance Account	-	13,272,323.20	-	13,272,323.20	0.00%
2	Vehicles, Equipment and Materials	790,000	621,203.42	-	168,796.58	78.63%
3	Training, Studies and Services Providers	17,290,000	373,232.9	-	16,916,767.13	2.16%
4	Grants to Beneficiaries	41,040,000		-	41,040,000.00	0.00%
5	Operating Costs	7,570,000	524,524.51	-	7,045,475.49	6.93%
6	Unallocated	7,400,000		-	7,400,000.00	0.00%
	Grand Total	74,090,000	14,791,284	-	59,298,716	19.96%

Table 2C (b): IFAD Grant disbursements (EUR, as at 30th November 2025)

Category	Category Description	Original	Disbursement	W/A pending	Balance	Percent disbursed
		Allocation				
1	Advance Account	-	2,330,034.03	-	2,330,034.03	0.00%
2	Vehicles, Equipment and Materials		-	-	-	
3	Training, Studies and Services Providers	930,119.00	-	-	930,119.00	0.00%
4	Grants to Beneficiaries	14,340,441.00	-	-	14,340,441.00	0.00%
5	Operating Costs		-	-	-	
6	Unallocated		-	-	-	
	Grand Total	15,270,560.00	2,330,034.0300	-	12,940,525.9700	15.26%

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 03-12 December 2025
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Programme Management Department

Appendix 2: Physical progress measured against AWP&B

Appendix 2: Physical progress measured against AWP&B									
Component/Outcome				Period: 1-07-2025 to 25-12-2025			Cumul ative	Appraisal	
Sub-component or Output			Unit	AWP& B	Actual	%	Actual	Target	%
Component 1 /Outcome: 1. Agribusiness Development									
A	<i>Sub-component / Output</i>								
1	Professional Farmers Organizations Development	Mobilization and Registration of PFCOs	Number	110	175	159%	175	550	32%
2		Business Development Planning	Number	110	0	0%	0	550	0%
3		Sothern Agribusiness Cluster	Number	20	18	90%	18	82	22%
4		Northern Agribusiness Cluster	Number	25	23	92%	23	108	21%
5		Central Agribusiness Cluster	Number	20	10	50%	10	90	11%
6		Eastern Agribusiness Cluster	Number	30	29	97%	29	100	29%
7		Chitral Agribusiness cluster	Number	15	18	120%	18	50	36%
8		NMDs	Number	70	77	110%	77	110	70%
B	<i>Sub-component / Output</i>								
9	<i>Strengthening Public-Private Partnerships</i>	Mobilization and Match Making Business Plans Development	Number	13	0	0	0	13	0%

		Leveraging Private sector Investment							
c	<i>Sub-component / Output</i>								
10	<i>Farmers owned Agribusiness Hubs</i>	Mobilization and Registration	Number	5	7	140%	7	5	140%
11		Business Plan Development	Number	5	0	0%	0	5	0%
12		Leveraging Investments in FOAH	Number	5	0	0%	0	5	0%
D	<i>Sub-component/ Output</i>		Number						#DIV/0!
13	Policy Reforms			1	0	0	0	1	0%
14	Agriculture/Livestock Research support Services		Number	1	1	100%	1	1	100%
15	Sub- component/ output								
16	Agribusiness Mobilization Partners		Number	3	3	100%	3	3	100%
Component 2: Skills Development and Employment Promotion									
A	Vocational and Entrepreneurship Training								
1	<i>Vocational Technical and Entrepreneurship training</i>		Nos	30000	23,208	77%	23,208	60,000	39%
2	Start-up Capital for Self-Employment		Nos	11000	4,270	38%	4,270	42,000	9%
3	Job Market Integration/Internship		Nos	13250	-	0%	0	25,000	0%
4	Institutional support services								
	1. Policy Reforms								

	2. Engagement for Job Placement		Lumps sum						
B	Institutional Strengthening								
1	Institutional strengthening for skills		Institutions	3	-	0%	0	3	0%
2	Technical assistance for skills development								
3	a) Job Market Study and Outlook		Studies	1	1	100%	0	2	50%
4	b) Training Need Assessment of Instructors		Studies	1	1	100%	0	2	50%
5	c) Training of Instructors		Nos		-	0%	0	8	0%
Component 3: Project Management									
	Recurrent Cost								
	Project Management Unit								
	Project Director	1	p/months	10	3	30%	17	84	20%
	Project Manager	1	p/months	12	2	17%	9		0%
	Project Coordinator	1	p/months	12	3	25%	4	84	5%
	Manager Agribusiness Development	1	p/months	12	5	42%	23	84	27%
	Manager Skills and Employment	1	p/months	12	5	42%	14	84	17%
	Manager Finance & Administration	1	p/months	12	5	42%	26	84	31%
	Manager M&E, KM and Communication	1	p/months	12	5	42%	22.86	84	27%
	Manager Procurement/Procurement Specialist	1	p/months	12	5	42%	23.5	84	28%
	Manager Gender	1	p/months	12	5	42%	12.3	84	15%
	Knowledge Management/Communication Officer	1	p/months	12	5	42%	13.43	84	16%
	M&E Officer (2)	2	p/months	24	10	42%	26	168	15%

	Contract Management Officer	1	p/months	12	5	42%	7	84	8%
	Agribusiness Policy Specialists/Consultants	1	p/months			-	0	84	0%
	Institutional Development Officer	1	p/months	12	5	42%	19.5	84	23%
	Nutrition Officer	1	p/months	12	5	42%	13.66		0%
	Environment & Climate Change Officer	1	p/months	12	5	42%	13.66		0%
	Admin & HR Officer	1	p/months	12	5	42%	20	84	24%
	Labour Market Specialist(s)/Consultant	1	p/months			-	0	84	0%
	Skill Development Specialist(s)/Consultant	1	p/months			-	0	84	0%
	Employment Policy Specialist(s)/Consultant	1	p/months			-	0	84	0%
	Accounts Officer	1	p/months	12	3.73	31%	1.73	84	2%
	Budget & Finance Officer	1	p/months	18		0%	0	84	0%
	Procurement Officer	1	p/months	18		0%	0	84	0%
	IT Officer	1	p/months	18	5	28%	20	84	24%
	Support Staff (PMU)		p/months					84	0%
	Accounts Assistant	3	p/months	36	15	42%	54.8	252	22%
	Admin Assistant		p/months		-	-	0	84	0%
	M&E Assistants	2	p/months	24	-	-	0	168	0%
	Office Assistant	2	p/months	24	-	-	13	168	8%
	Internee	1	p/months	12	3	25%	3.633	84	4%

	Drivers	8	p/months	96	8.66	9%	8.66	672	1%
	Sweeper	2	p/months	24	7	29.17%	22	168	13%
	Guard	2	p/months	24	10	42%	44	168	26%
	Peon	4	p/months	48	15	31%	58.5	336	17%

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 03-12 December 2025
Document Date: 16/02/2026
Project No. 2000002333
Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Appendix 3: Compliance with legal covenants: status of implementation

Description	Target/Action Due Date	Compliance status	Remarks
Financing Agreement			
<p>Section B - Para 6 - Designated Accounts As per practice in the Islamic Republic of Pakistan, IFAD will transfer the proceeds of the Loan and the EU Grant to the State Bank of Pakistan foreign aid account in EUR. The State Bank of Pakistan will channel in PAK Rupees the equivalent amounts of the Loan in the respective PAK Rupees Project Designated Account.</p>	Condition precedent for first WA	IFAD Loan – Complied - 21 Sep 2022 EU Grant – 31 July 2025	Designated Account and Project Account are the same.
<p>Section B - Para 7 - Project Account There shall be two Project Designated Account in Pakistani Rupees, one for the Loan and the other for the EU Grant, for the exclusive use of the Project opened at the National Bank of Pakistan.</p>	Condition precedent for first WA	IFAD Loan – Complied - 21 Sep 2022 EU Grant – 31 July 2025	Designated Account and Project Account are the same.
<p>Section B - Para 9 - Counterpart Funding The Borrower/Recipient shall cause the provincial Government of Khyber Pakhtunkhwa to provide counterpart financing for the Project in the equivalent amount of (EUR 25,460,000) for which (EUR 8,000,000) will be in the form of taxes, duties and project management related expenditure. The remaining amount of (EUR 17,460,000) will be leveraged through ongoing projects under provincial Annual Development Plan (ADP).</p>	Throughout the programme	Complied & Ongoing Counterpart funding bank account opened First transaction 29 Feb 2024	Until 31 March 2025 EUR 214 k have been spent through Government Contribution
<p>Section B - Para 10 – Beneficiary Funding The project beneficiaries will provide a contribution equivalent to the amount of EUR 43,170,000</p>	Throughout the programme	Not yet started	
<p>Section E - Para 2 - Conditions Precedent to Withdrawal The following are designated as additional general conditions precedent to withdrawal: a) Project Director, Finance Manager, Procurement Specialist and Monitoring & Evaluation Officer have been appointed after receiving IFAD no objection certificate; b) The Project Draft PIM has received IFAD non objection certificate;</p>	The condition precedent for the first WA	a) Complied	a) 01 Feb 2024 (IFAD NO)

Description	Target/Action Due Date	Compliance status	Remarks
The Borrower / LPA shall insure all goods and buildings used in the Project against such risks and in such amounts as shall be consistent with sound commercial practice.			
<p>Section 7.13 – Key Project Personnel The Borrower/Recipient or the Lead Project Agency shall appoint the Project Director and all other key Project personnel in the manner specified in the Agreement or otherwise approved by the Fund. All key Project personnel shall have qualifications and experience specified in the Agreement or otherwise approved by the Fund. The Borrower/Recipient shall exercise best efforts to ensure continuity in key Project personnel throughout the Project Implementation Period.</p> <p>The Borrower/Recipient or the Lead Project Agency shall insure key Project personnel against health and accident risks to the extent consistent with sound commercial practice or its customary practice in respect of its national civil service, whichever is appropriate.</p>	<p>Upon Effectiveness Ongoing</p> <p>Ongoing</p>	<p>Complied Complied</p> <p>Complied</p>	<p>All staff have been issued Health Card that provides full health coverage including coverage for accidents etc.</p>
<p>Section 8.01 - Implementation Records The Borrower/Recipient shall ensure that Project Parties maintain records and documents adequate to reflect their operations in implementing the Project until the Project Completion Date and shall retain such records and documents for at least ten (10) years thereafter.</p>	Ongoing	Complied and ongoing	
<p>Section 9.01 - Financial Records 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 and shall retain such accounts and records for at least ten (10) years thereafter.</p>	Ongoing	Complied and ongoing	
<p>FA Section 9.02 - Financial Statements The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and deliver such financial statements to the Fund with four (4) months of the end of each Fiscal Year.</p>	<p>31 October 2024 31 October 2025</p>	Complied	14 October 2025
<p>Section 9.03 - Audit of Accounts The Borrower / Recipient shall</p>	31 Dec 2024	Complied	Due on 31 st December 2025

Description	Target/Action Due Date	Compliance status	Remarks
<p>(a) each Fiscal Year, have the accounts relating to the Project audited in accordance with the auditing standards acceptable to the Fund and the IFAD Guidelines on Project Audits by Independent auditors acceptable to the Fund;</p> <p>(b) within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report.</p> <p>The Borrower / Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.</p>	31 Jan 2025	Complied	
<p>Section 11.01 (c) - Taxation</p> <p>The use of any proceeds of the Financing to pay for Taxes is subject to the Fund's policy of requiring economy and efficiency in the use of its finances.</p>	Ongoing	Complied and ongoing	
Project Financial Management and Financial Control Arrangements Letter (FMFCL)			
<p>A.1. Interim Financial Reporting (IFR) and E. Interim Financial Report Package</p> <p>Interim Financial Report(s) (IFR) are required both for reporting and disbursement purposes.</p> <p>IFRs for reporting purposes must be submitted within 45 days from the quarter end. accordance with the frequency and submission deadlines detailed.</p>	Quarterly	Delayed Compliance	<p>Q1 2024-25 – 6 Nov 2024</p> <p>Q2 2024-25 – January 2025</p> <p>Q3 2024-25 – April 2025</p> <p>Q4 2024-25 – August 2025</p> <p>Q1 2025-26—19 Nov 2025</p>

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

Appendix 4: Technical background analysis

Mission Dates: 03-12 December 2025
Document Date: 16/02/2026
Project No. 2000002333
Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Appendix 4: Technical background analysis

Terms of Reference (ToR)

Hiring Consultant (Agribusiness Specialist) for Preparation of Business Plans for PFCOs

BACKGROUND

1. The Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) is a EUR 159.22 million project financed through an IFAD loan of EUR 74.090 million, and cofinanced through an EU grant of EUR 16.5 million, and government and beneficiary contributions of EUR 25.46 and EUR 43.17 million respectively. The Project was approved by IFAD's Executive Board on 30th December 2021, the Financing Agreement was signed on 05th May 2022, while the Government of Pakistan's administrative approval was accorded on 30th June 2022.

2. The overall goal of the project is to contribute to poverty reduction, food and nutrition security and strengthened resilience of rural households. The Project's development objective is to sustainably increase incomes of rural households through climate-resilient, high-value agriculture and off-farm/non-farm employment opportunities. The project will be implemented in all districts of KP province and will benefit around 785,000 households (4.35 million corresponding persons). Project's target groups include: (i) smallholder farmers actively engaged in agriculture; (ii) households falling in 0-40 Poverty Score Card (PSC); (iii) households experiencing food insecurity and malnourishment; and (iv) rural women and youth. Gender, youth, nutrition and climate change will be mainstreamed into all aspects of project implementation. The project will ensure participation of 50% youth and 25% women beneficiaries in project activities. The objective of the project will be achieved through an integrated approach of agribusiness development, skills development and employment promotion. The mutually supportive project components are: (i) agribusiness development; (ii) skills development and employment promotion; and (iii) project management and policy support.

3. This Agribusiness component consists of four mutually reinforcing sub-components including: (i) professional farmers organizations (PFOs); (ii) public-private-producers' partnerships (4ps); (iii) farm service companies (FSCs) and (iv) institutional support services. The Project has started formation of the PFOs through inhouse field consultants and through BMPs. So far, 197 PFOs have been formed against the current year target of 200 (Project overall target 550), of which 175 have so far been registered by Cooperatives Department. Initial advance, for the establishment of PFO offices and recruitment of PFO staff has been issued to 65 PFOs amounting to Rs. 130 million while disbursement is ready for another 35 PFOs to be financed through EU grant. Their business and procurement plans are being finalized with the target date of 31 December for disbursement of revolving fund's first instalment to all PFOs with approved business plans. At present there is considerable lag between PFO mobilization, registration and business plan development. Of significant importance is the development of business plans which are technically robust be of high quality thus bankable. In addition, there is a need to transform the professional business plan into a level that is easily understood by the PFO members. The latest supervision mission of IFAD wherein representative of EU also participated, has identified the need for engaging an agribusiness specialist to support the PMU and BMPs in the process of business planning, business plan appraisal and build capacity of the field consultants and concerned staff of BMPs.

PURPOSE OF THE ASSIGNMENT

The purpose of this consultancy is to support KP-RETP in the preparation of high-quality, market-driven, and bankable business plans for selected Professional farmers Cooperative Organizations (PFCOs) and to develop an objective criteria for the financial appraisal of the business plans. The assignment will ensure that PFCOs business plans are commercially viable, inclusive, climate-resilient, and fully aligned with project objectives and IFAD guidelines.

SCOPE OF WORK

1. Assessment / PFO profiling and demand/need identification

- Based on the profiling (demand/training need) identified and assessed by the Agriculture University Peshawar (AUP) and BMPs (using a standard template), conduct consultative sessions at selected PFOs (one per cluster – in total 6) assisting in transforming the profile/demand assessment into tangible products and economic services that serve as the business profile for the PFOs.
- Assist field consultant and BMP in the use of the field data collection tools using participatory business plan development process.

2. Business Plans Development

- Assist in the preparation of comprehensive, market-oriented, and bankable business plans for PFCOs (6 in total, one per region) in line with KP-RETP objectives, IFAD guidelines, and best practices in agribusiness development – in doing so train the designated field consultant and BMP's concerned staff in preparation of business plans.
- Use the RurallInvest business plan template and the business plan preparation guidelines (participatory business planning) and shall include, but not be limited to, the derivation of breakeven/pay-back period, Net Present Value, Internal Rate of Return derived from estimated cash flows of the PFOs (and not of the member farmers), income statement and balance sheet.
- Prepare a summary of the benefits that will accrue to the members of the PFO (impacts) in the shape of increased production, value realization and value addition etc. translating these into income enhancement potential (not to be part of the PFCO business plan).
- Prepare a simplified summary of the PFCO business plan (in Urdu language) for the information of PFO members to be shared as well as displayed in the PFCO office premises.

3. Alignment with Project Framework

- Ensure that all business plans are fully aligned with PFCO theory of change, project design, and IFAD's pro-poor, gender-responsive, and climate-resilient development approach and shall focus on financial viability of the PFCO as a mean (through provision of economic services) to increase income of farmers and resilience building.
- Facilitate the development of procurement and training plans based on the business plans developed (6 Nos).
- Beyond, the 6 business plans, review the business plans (44) prepared by the field consultants and BMPs and provide feedback for finalization of the business plans.

4. Finalization and Approval Support

- Prepare a check list and tool for the assessment of business plans – to be used by field consultants and BMPs – for presentation to the evaluation committee of PMU.
- Sit as observer on the PMU grant appraisal/evaluation committee (GAC).
- Assist field consultants/BMPs in revision of business plan, if needed, based on the feedback received from the evaluation committee.

REQUIRED QUALIFICATIONS AND EXPERIENCE

- Master's degree or higher in **Agribusiness, Agricultural Economics, Business Administration, Development Economics**, or a related field.
- Minimum **10 years of proven experience** in farmers' organization, participatory business planning processes, implementation support to farmers' organization and FO staffing/capacity building under an IFAD assisted project in similar contexts – share project sheet.
- Demonstrated experience in preparing **bankable business plans** for farmer organizations, cooperatives, SMEs, or rural enterprises – share business plan prepared by the specialist.
- Familiarity with **IFAD-funded projects**, 4P models, and participatory business plan development approaches – share reference from an IFAD assisted project.
- Experience working in Khyber Pakhtunkhwa and knowledge of local contexts – reference from similar project implemented in KP.

DELIVERABLES

The Consultant shall be responsible for submitting the following deliverables:

1. 6 business plan – one per region (central, northern, Chitral, eastern, southern and merged areas) – by or before 28 Feb 2026
2. Develop assessment template and checklist for the appraisal of business plan to be used for submission of business plans to the evaluation committee of PMU – by or before 15 Jan 2026

3. Review and assist in finalization of sixty-four (64) business plans –by or before 30 June 2026.

Aide-Memoire – Template

**Aide Memoire
Supervision Mission
KP-Rural Economic Transformation Project
(03-12 December 2025)
(Draft Version)**

A. Background

1. The Khyber Pakhtunkhwa-Rural Economic Transformation Project (KP-RETP) is a EUR 159.22 million project financed through an IFAD loan of EUR 74.090 million, and cofinanced through an EU grant of EUR 16.5 million, and government and beneficiary contributions of EUR 25.46 and EUR 43.17 million respectively. The Project was approved by IFAD's Executive Board on 30th December 2021, the Financing Agreement was signed on 05th May 2022, while the Government of Pakistan's administrative approval was accorded on 30th June 2022.

2. The overall goal of the project is to contribute to poverty reduction, food and nutrition security and strengthened resilience of rural households. The Project's development objective is to sustainably increase incomes of rural households through climate-resilient, high-value agriculture and off-farm/non-farm employment opportunities. The project will be implemented in all districts of KP province and will benefit around 785,000 households (4.35 million corresponding persons). Project's target groups include: (i) smallholder farmers actively engaged in agriculture; (ii) households falling in 0-40 Poverty Score Card (PSC); (iii) households experiencing food insecurity and malnourishment; and (iv) rural women and youth. Gender, youth, nutrition and climate change will be mainstreamed into all aspects of project implementation. The project will ensure participation of 50% youth and 25% women beneficiaries in project activities. The objective of the project will be achieved through an integrated approach of agribusiness development, skills development and employment promotion. The mutually supportive project components are: (i) agribusiness development; (ii) skills development and employment promotion; and (iii) project management and policy support.

3. An IFAD Supervision Mission (SM) was undertaken during 03-12 December, 2025 with the objectives to review progress on key project activities and follow up on agreed actions from previous missions. Specifically, it: (i) assessed the engagement and implementation of service providers under Components 1 and 2, including Business Mobilization Partners (BMPs), Professional Farmer Organisations (PFOs), and Farm Services Companies/Agri-Business Hubs (FSCs); (ii) evaluated progress on skills development and youth employment under TEVTA and UET; (iii) assessed alignment between AWPB 2025-2026 and actual implementation, identifying bottlenecks and recommending corrective measures; (iv) reviewed the project's logframe and M&E performance; and (v) examined financial management, including IFAD loan disbursements and EU Grant approval. The mission also: (vi) assessed the communication, gender, youth, and nutrition approaches, ensuring alignment with project objectives; (vii) reviewed capacity and processes for ESCMP and SECAP compliance; (viii) evaluated institutional coordination, particularly with key government departments; and (ix) supported the PMU to accelerate implementation, address administrative, operational, and policy bottlenecks. The mission also tracked the status of agreed actions from previous missions, assessing progress on disbursements, institutional engagements, and programmatic targets.

4. Since November 2023, IFAD has been providing continuous support through structured missions and thematic technical assistance. A Project Startup-cum-Implementation Support Mission was held in April 2024, followed by dedicated procurement support missions in May and June 2024. A Partial Supervision Mission in October 2024 noted progress but highlighted timeline slippages, while the Full Supervision Mission in December 2024 assessed implementation challenges and provided strategic guidance and rated the project as Actual Problem Project (APP). To follow up on Supervision Mission recommendations, IFAD carried out an Implementation Support Mission in April 2025, followed by a Partial Supervision Mission in September. Current full supervision mission has followed up on the findings and

recommendations of the previous Missions, reviewed overall project progress and provided guidance and support for improved delivery.

6. The Mission held meetings with Agriculture University Peshawar, University of Engineering and Technology (UET), TEVTA, PMU and RCU staff, and Business Mobilization Partners and also visited eight PFOs in Charsadda, Swat and Khyber Districts and reviewed their business plans and status of readiness for implementation. A wrap-up meeting was held with Additional Chief Secretary on 12th December 2025 to share the key mission findings and recommendations for agreement. A wrap-up meeting with MoEA is also planned.

B. Progress Overview:

7. The overall project performance is rated as moderately satisfactory. Based on the current status of progress and trends, the project is assessed to have graduated from Actual Problem Project (APP) to Potential Problem Project (PPP). The assessment is based on the progress achieved since the last Mission in terms of BMP's field deployment, accelerated progress on Professional Farmers Organizations (PFOs) formation and business plan development, progress under Component 2 interventions and EU grant activation. As of November 2025, project expenditure amounted to € 14.8 million out of 74.09 million (20%) for IFAD funds and € 2.33 million out of €15.27 million (15%) for EU Grant.

8. **Component 1 – Agribusiness development. Progress is rated as ‘moderately satisfactory’ (4).** This Component consists of four mutually reinforcing sub-components including: (i) professional farmers organizations (PFOs); (ii) public-private-producers' partnerships (4ps); (iii) farm service companies (FSCs) and (iv) institutional support services. All BMPs have been issued no-objection from provincial government and are now mobilized across all five clusters. So far, 197 PFOs have been formed against the current year target of 200 (Project overall target 550), of which 175 have so far been registered by Cooperatives Department. Initial advance, for the establishment of PFO offices and recruitment of PFO staff has been issued to 65 PFOs totalling Rs. 130 million while disbursement is ready for another 35 PFOs to be financed through EU grant. Their business and procurement plans are being finalized with the target date of 31 December for disbursement of revolving fund's first instalment to all PFOs with approved business plans. At present there is considerable lag between PFO mobilization, registration and business plan development that needs immediate attention. In addition, mobilization has been started on 07 Farm Services Hubs (FSHs)/Farmers Owned Agribusiness Hubs (FOAH) against a target of 15. The Memorandum of Agreement (MoA) with the Cooperative Department has progressed well. Department has developed a training manual for PFOs and completed training for management teams of 90 PFOs. Additional processes were discussed and agreed with the Cooperative Department for avoiding multiple members in Cooperative from same household through introduction of biometric identification and linkage with NADRA. The MoA with University of Agriculture Peshawar for undertaking profiling of registered PFOs has also been finalized and operationalized however there is a need to expand its scope in terms of translating the PFO profiling into business plans. The first call for expression of interest for pre-qualification of vendors for supply of agriculture and livestock related inputs/technologies has been advertised, EOIs received and currently been reviewed in PMU. Mission assisted the PMU and BMPs in standardizing the PFOs initial master folder consisting of three documents – PFO Baseline data/diagnostic on members, production base, incomes and issues faced by members (prepared with assistance from Agriculture University); a timeline based business plan for the PFO addressing the challenges identified in the diagnostic and a simplified summary for easy understanding of PFO members; and, a timeline based procurement plan for the interventions and inputs identified in the business plan and a training plan emerging from the profiling exercise.

9. The Mission observed variable capacity and understanding in BMPs across five clusters. In one instance, a BMP has unilaterally changed the staff proposed during the selection process. Such practices need to be firmly discouraged by PMU. It is critical to develop and adopt participatory but structured approach to business mobilization in line with the business mobilization strategy that seek uniformity in steps for formation of PFOs, establishment of PFOs' offices and staffing, profiling of PFOs, business planning, procurement and training planning, and capacity building within PFOs. No proposal has yet been developed for the 4Ps. The

mechanisms developed for 4 different 4Ps have been reviewed by the mission and consider these deficient. The process of initiating new proposal (on FSH/FSC and 4Ps) shall be held in abeyance until the creation of requisite capacity through international/national technical assistance to ensure development of quality proposals for FSH/FSC and 4Ps.

10. With regard to management of BMP contracts, the milestone based payment structure appears to be counterproductive and contributing to inefficiencies in PFO development process. In order to fulfill the payment milestone requirement, BMPs' entire focus is on mobilization of PFOs and no attention to next steps of business plan formulation and implementation. This has resulted in large number of PFOs existing for almost a year and waiting for the next steps. There is a need for simultaneous engagement with PFOs by BMPs on the subsequent steps to PFO formation i.e. establishment, business planning and initiation of community procurements. The mission assisted the PMU in a revised milestone matrix which should be formalized as an addendum to BMP contract.

11. **Component 2: Skills Development and Employment Promotion.** Progress under component 2 is rated as moderately satisfactory (4). The component's scope includes, (i) technical and vocational training; (ii) provision of start-up grants; and, (iii) job market placement. In line with this scope institutional strengthening activities are envisaged including job market study/outlook, upgrading centres to become centres of excellence, revision/development of curricula etc. Under the first sub-component, a tripartite agreement involving KP-RETP, TEVTA and UET was signed in April 2025 to implement vocational and technical skills training sub-component. In a sequel to it, the UET-Peshawar has delivered trainings in 19 different disciplines to around 23,208 individuals (10,903 women, 12,316 men, including 41 transgender and 74 PWDs). Based on previous mission recommendations, UET initiated testing and self-certification through third party assessors, however it was found to be not in line with the prevailing legal framework for competency-based testing and certification. The testing has to be carried out in line with the NAVTEC's approved framework. Trade Testing Board in Peshawar is one such institution which needs to be engaged for assessing and certification of the previous and future training graduates. Concerning the provision of start-up capital, TEVTA has so far made disbursement to 4,700 eligible candidates. In parallel, UET has identified 2,000 trainees out of their batches, the data of which has been provided to TEVTA, but no disbursement has so far been made to these nominees and needs to be expedited. It is pertinent to mention that priority under the start-up grants shall be given to youth trained under the Project. In respect of job placements, response from industry remains poor despite publication of EOIs thrice by the project. At present, 5,088 applications for placement are pending with TEVTA. PMU needs to cast the net wider to include Chambers of Commerce, various industrial estates, hospitality and tourism industry etc. through a series of meetings/seminars, road shows and job fairs. With respect to the strengthening of centres of excellence, the proposal and procurement plan for the shortlisted three TEVTA institutions: Swabi (Agro-Industrial), Swat (Hospitality), and D.I. Khan (Agribusiness) has been finalized and procurement process for furniture, equipment etc. has been initiated.

12. **Component 3: Project Management and Policy Support.** Component progress is rated as moderately satisfactory (4). PMU and Regional Offices office are staffed and fully equipped. Transition from RCU-led PFO mobilization to BMP led PFO mobilization has been completed in settled districts while consultant/PMU led mobilization is continuing in Newly Merged Districts. Formulation of project level quarterly workplans, as a basis for detailed monthly activity plans at PMU and cluster/BMP level need to be adopted as regular practise and coordination between RCUs and BMPs need to be strengthened. The cluster level monthly activity plans be used for the monitoring of PFO level activities by the PMU and RCUs. The PMU level staff will have monthly field tour plans and will spend at least 1/3rd of their time every month in the field to monitor and guide BMP's and RCUs activities.

13. Senior technical staff at PMU appears to work in silos with little cross-sectional interaction, idea sharing and knowledge exchange. There is need for a more structured regular review, knowledge sharing/building and strategy formulation sessions at PMU level, involving PMU, RCU, implementing partners and BMPs. The temporary office established in P&D at the start of project is still being maintained with PD and some of the senior PMU staff splitting their time

between two offices. That needs to end and PD and other senior staff must ensure their fulltime presence in the regular PMU in PDA building.

14. *Baseline Survey and updating logframe.* Baseline survey report has been completed and received IFAD's no objection, and the baseline values have been integrated into the project logframe. Procurement for the development of MIS is in process and due to complete by February 2026. Additionally, in October and November, IFAD organised capacity building sessions for the PMU M&E team to strengthen their understanding of IFAD's M&E requirements, data quality standards, and logframe results reporting.

15. **Disbursement.** The disbursement of the IFAD loan—inclusive of initial advance, is around € 14.79 million out of 74.09 million (20%) and the disbursement of EU grant is EUR 2.33 million out of 15.27 million (15.26%) at the end of November 2025. Combined disbursement rate of the IFAD Loan and the European Grant comes to around 19.3%. Since first disbursement in March 2023, the project has spent only € 4.36 million—or 6% of the IFAD Loan at the close of November 2025—after accounting for the outstanding advances of € 7.95 million with UET Peshawar, and KP-TEVTA. Against the monthly estimated expenditure of €1 million at design, the project's monthly spending at present is € 0.13 million—or 13% of the required rate. In order to accelerate this rate, PMU and BMPs need to expedite the PFO Business and Procurement Plan process.

16. **Quality of financial management.** Rated as “Moderately satisfactory (4)”. Improvements have been noted since SV mission in December 2024 and ISM in April 2025. Most of the finance team in PMU and RCU have been hired, amendment to the financing agreement has been signed and PC-1 has been revised and is under process for approval by the Government. Accounting software has been procured and implemented, internal audit plan has been prepared and internal audit has also been conducted for one quarter.

17. **EU Grant Funding.** Grant agreement has been signed and is effective and bank account has been opened. First disbursement of Euro 2.3 million has been received. At the moment, 35 PFOs have been identified to receive funds against EU Grant equal to Rs. 70 million for the office establishment and staff recruitment. Next instalment will be issued once the PFO business plans are approved.

18. **SECAP.** In July 2025, the Project organized training and awareness sessions for PMU and RCU staff on SECAP, gender, youth and nutrition while the same was done for BMPs and a few PFCOs in October. HELVETAS and Smart Researchers also conducted sessions with PFCOs. Persons with disabilities and transgenders are becoming regular beneficiaries of both components. The ongoing business plan development process is incorporating SECAP compliance including screening of different interventions and mitigation measures are being identified. Additionally, a one-hour radio program was broadcast to raise public awareness of KP RETP, featuring discussions on climate, environment, gender and nutrition. UET updated the existing and developed new curricula for trainers and trainees with modules on health and safety, hazard awareness, emergency preparedness, hygiene, clean working environments, and first aid, aligned with relevant skills requirements. As of the first week of December, 30 complaints were received and resolved.

19. **GEWE (Gender Equality and Women Empowerment):** Available data reveals that out of the 131 PFCOs (125 registered and 6 in process), there are 8 women-only PFCOs: 3 in Chitral, 3 in Orakzai, and one each in District Khyber and the Eastern Cluster. There are currently 49,391 total members, of whom 15,832 (32%) are women with 218 women being members of the management committee. UET-Peshawar has conducted trainings in 25 trades under Component 2, with women making up 47% of all trainees (10,942). Cluster-wise data show that women trained include: 1,223 in Chitral, 5,312 in the Central cluster, 413 in the Eastern cluster, 509 in the Northern cluster, and 3,485 in the Southern cluster. For start-up grants, TVETA has awarded grants to 997 women, representing 23% of all recipients. Scope of work for a 4P (hand embroidery) is being prepared for engagement with SWD. The project has a Gender Action Strategy, and during the mission an implementation plan was developed that links project's three components to IFAD's three GEWE strategic objectives.

20. **Nutrition:** Targeted HH interventions to support nutrition (Output 1.1.8) include conducting nutrition awareness sessions in which 50 have been conducted till November 2025, reaching 1,444 persons (1,040 females and 402 males). The Nutrition-Sensitive Value Chain Strategy (NSVCS) has been revised, and a corresponding implementation plan integrating nutrition across all project components has been developed. The project requires BMPs to implement nutrition-focused activities. While the Nutrition Officer at PMU has developed the content and key messages and conducted TOTs for BMUs and RCUs, the absence of a dedicated nutrition focal person at the regional level and the limited capacity of BMPs for nutrition-related work require urgent attention, especially given that this is a nutrition-sensitive project. The project has no formal collaboration with FAO or WFP at this stage, though such partnerships may be explored in the future.

21. **Procurement:** The OPEN and CMT are updated. During Nov 2024-Nov 2025, the project has awarded contracts of USD 1.909 million including the big-ticket contracts (USD 1.901 million) for engagement of five (5) agribusiness mobilization partners (BMPs). The approved procurement plan for the year 2025-26 is USD 0.846 million. The remaining planned procurement activities include hiring of an MIS firm and engagement of three (3) entities for 4P agreements. The contract management officer has joined and seems updated on contract management related matters. All previous agreed actions are completed except hiring of MIS firm and finalization prequalification of vendors/suppliers for PFCOs and FOAHs which are expected to be completed by end of January, 2026.

C. Main Mission Recommendations and Agreements:

22. Main Mission recommendations and agreements are as following;

23. **Agribusiness Development:** The PMU and BMPs will implement the component in an integrated, systematic, transparent and coordinated manner involving RCU throughout the entire process for establishing PFOs including registration, business planning, and its implementation. Following are the key agreed actions;

- a. Develop and adopt tools, systems and processes for close coordination between RCUs and BMPs, underpinned by site and activity specific monthly BMP workplans, and overall field monitoring by the PMU staff based on those plans.
- b. Ensure that the BMPs maintain the staffing levels, in terms of numbers, competence and gender, as agreed in their contracts. Any change must be with the approval of PMU.
- c. Ensure across the board uniform implementation of the three PFO business planning formats– PFO membership profiling and identification of challenges, a timeline-bound development plan to address the identified challenges and a timeline-based procurement plan in line with the business plan indicated financial viability of the PFO. A summary business plan will be developed in Urdu language for a wider PFO-wide awareness.
- d. PMU to create in-house capacity in the development of business plan as well as financial appraisal capacity at the Grant Appraisal Committee.
- e. PMU to engage longer term external technical expertise (intermittent) for the development of plans/proposal for agri-business hubs and 4Ps and their subsequent implementation. Required TORs to be developed by PMU for IFAD review and approval.
- f. No separate men and women PFOs shall be established in the same community if all or substantial number of male and female members of the two PFOs come from the same household. PMU to assess the extent to which membership duplicates within and among the different PFOs, following which a strategy shall be devised to ensure unique household requirements to be fulfilled. Going forward, develop systems and processes including access to NADRA database and bio-metric identification, in collaboration with Cooperatives Department, to ensure that there are no multiple memberships from one household in PFOs.
- g. Complete establishment of 150 PFOs (have got first disbursement for establishment) and 50 have received 2nd payment linked to business plan by 31st March 2026. Adjust the pace of farmers' mobilization in a way that there is no more than 30 working days gap between one and the next step from mobilization to business plan implementation.
- h. Revise the existing milestone-based payment structure for PFO formation to address lags between mobilization, registration and business plan development to encourage

concurrent focus on all the different stages of the process for early disbursement of funds to PFOs.

24. Component 2: Skill Development and Employment Promotion:

- a. Competence Based Testing of all vocational and technical training graduates will be done by Trade Testing Board for which a MoA has been finalized during the current mission. This includes re-testing of existing 23,800 pass-outs. PMU will make necessary budget adjustments/provisions to engage TTB under a MoA and to cater for the Assessment/Certification fees for previous and future graduates. Make additional ten percent budget provision for the retesting of candidates who fail in first assessment.
- b. Payment of stipend to all trainees as per the project design and practice in all other IFAD projects in the country shall commence as soon as revised PC-1 is approved by competent authorities.
- c. Going forward, selection of candidates for vocational and technical training and start-up capital for self-employment shall be integrated with component . PFOs to actively support identification and nomination of eligible candidates in their respective villages. Also to ensure that all selections are from the rural BISP beneficiary families. PMU to send candidate selection criteria and guidelines to all BMPs, RCUs and PFOs for achieving a wider outreach.
- d. **Start-up Grants:** Ensure that start-up grants to UET nominated eligible candidates are fully disbursed by TEVTA before 31 March 2026. Going forward, priority (90% start up grants) shall be to the youth trained (by UET) under the project.

25. Project Management: Coordination among partners and M&E.

- a. Strengthen quarterly and monthly tasks and activity-oriented planning processes at PMU and field level. BMPs and implementing partners to furnish monthly activity plans to RCUs and PMUs to be used as a basis for the monitoring of PFO level activities.
- b. Improve field presence of PMU and RCU staff guided by BMP activity plans with PMU staff spending at least 1/3rd of their time in the field each month. Ensure presence of full complement of RCU staff in their respective offices, along with availability of sanctioned vehicles.
- c. Encourage the use of structured methodologies, use of tools and engaging all project staff in M&E and develop MIS.
- d. End PD and senior staff time splitting between P&D and PMU office at PDA. The office at PDA building shall be a fully functional PMU.

26. Financial Management. FM is rated as “moderately satisfactory” (4). The project has implemented most of the last supervision mission's recommendations. Noticeable improvements include the use of checklists for processing payments, installation and use of accounting software, finance team undergoing training, finalization of procedures for recording of government's counterpart funds and beneficiaries' contribution, and a proper functioning of internal audit function. The project has also resolved all external audit observations except 2 which are also in process of being resolved. However, project oversight over KP-TEVTA, UEP, and PFOs—which have received significant payments for implementation, needs strengthening to ensure that the project funds are used for intended purposes. The project needs to establish specific criteria for treating the ADP schemes as leveraged government's counterpart investments and include this part in the already developed procedures. The internal audit function needs to be further strengthened as per the international internal auditing standards.

Pakistan

Khyber Pakhtunkhwa Rural Economic Transformation Project Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 03-12 December 2025
Document Date: 16/02/2026
Project No. 2000002333
Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Appendix 5: Mission preparation and planning, TORs, schedules, people met.

COUNTRY OF ASSIGNMENT/LOCATION: Peshawar, Pakistan

MISSION NAME: Supervision Mission - Khyber Pakhtunkhwa Rural Economic Transformation Project (KPRETP)

MISSION START AND END DATES: 03 – 12 Dec 2025

REPORT TO: Fernanda Thomaz Da Rocha, Country Director, APR

MISSION COMPOSITION:

1. Rab Nawaz (IFAD Consultant) - Team Leader, Project Management
2. Ayesha Quresh (IFAD Country Programme Analyst) - M&E, KM
3. Fida Muhammad (FAO Investment Center) - Skill development/ Youth Employment
4. Fayyaz Ahmad (IFAD Consultant) - Value Chain/ Agribusiness
5. Abdul Hakeem Khan (IFAD Consultant) - SECAP
6. Taskeen Manzoor, (IFAD Consultant) - Gender, Nutrition
7. Arsalan Haneef (IFAD Consultant) - Financial Management
8. Naeem Abbas (IFAD Consultant) - Procurement

BACKGROUND:

The Khyber Pakhtunkhwa-Economic Transformation Project (KP-RETP) has been designed to address the main drivers of rural poverty and food insecurity. The underlying causes include low productivity, wastages and low return from agriculture and unorganized smallholder farmers, poor marketing, youth and women unemployment as well as limited access to financial resources, causing in turn income losses, food insecurity and malnutrition.

The project was approved by IFAD Executive Board on 30 December 2021. The total cost of the project is estimated at US\$ 178 million with IFAD loan of US\$ 84 million, EU grant co-financing of US\$ 16 million and GoKP and beneficiary contributions of US\$ 29 million and US\$ 49 million respectively.

The overall goal of the project is to contribute to poverty reduction, food and nutrition security and strengthened resilience of rural households. The development objective is to sustainably increase incomes of rural households through climate-resilient, high-value agriculture and off-farm/non-farm employment opportunities. KP-RETP will be implemented in all 35 districts of KP province and will benefit around 785,000 households (4.35 million corresponding persons). KP-RETP targets: (i) smallholder farmers actively engaged in agriculture; (ii) households falling in 0-34 PSC; (iii) households experiencing food insecurity and malnourishment; and (iv) rural women and youth. Gender, youth, nutrition, and climate change are mainstreamed throughout all activities, with a target of 50% youth and 25% women participation across project interventions.

The project follows an integrated approach combining agribusiness development, skills development, and employment promotion through a participatory, demand driven strategy. Its three mutually reinforcing components are:

1. Agribusiness Development – Professional Farmer Organizations, 4P Development, Farm Service Centers, and support to MOA
2. Skills Development and Employment Promotion – Skills development, start-up capital, Public-Private Internship Programme, support to TEVTA
3. Project Management and Policy Support

Implementation capacity has been strengthened through onboarding of implementing partners, project staff, and engagement with government departments. Progress was initially slow due to systemic government approval delays affecting PMU recruitment, procurement, and service provider engagement.

Since November 2023, IFAD has provided continuous implementation support through structured missions and regular engagement, including a Project Startup-cum-Implementation Support Mission held in April 2024, followed by dedicated procurement support missions in May and June 2024. A Partial Supervision Mission in October 2024 noted progress but also highlighted slippages in timelines, while the Full Supervision Mission in December 2024 reviewed broader implementation challenges and provided strategic guidance.

Despite these efforts, physical and financial progress remained slow. To respond to these bottlenecks, an Implementation Support Mission (ISM) was conducted in April 2025, which offered hands-on guidance to accelerate implementation. A Partial Supervision Mission was then carried out in September 2025 to follow up on the ISM's recommendations and assess progress against the agreed actions.

The upcoming Supervision Mission will review overall project implementation since the last Supervision Mission, assess remaining bottlenecks, provide strategic and technical guidance, track progress against agreed targets, and support the PMU in addressing outstanding issues to keep the project on course.

MISSION OBJECTIVES AND OUTPUTS:

The supervision mission will review progress on key project activities and follow up on agreed actions from previous missions. Specifically, it will: (i) assess the engagement and implementation of service providers under Components 1 and 2, including Business Mobilization Partners (BMPs), Producer Farmer Organisations (PFOs), and Farm Services Companies (FSCs); (ii) evaluate progress on skills development and youth employment under TEVTA and UET; (iii) assess alignment between AWPB 2025-2026 and actual implementation, identifying bottlenecks and recommending corrective measures; (iv) review the project's logframe and M&E performance; and (v) examine financial management, including IFAD loan disbursements and EU Grant approval.

The mission will also: (vi) assess the communication, gender, youth, and nutrition approaches, ensuring alignment with project objectives; (vii) review capacity and processes for ESCMP and SECAP compliance; (viii) evaluate institutional coordination, particularly with key government departments; and (ix) support the PMU to accelerate implementation, address administrative, operational, and policy bottlenecks. The mission will also track the status of agreed actions from previous missions, assessing progress on disbursements, institutional engagements, and programmatic targets.

The SV mission will prepare the following documents:

- Aide Memoire, summarizing key findings, conclusions and mission recommendations for discussion with government counterparts in the wrap up meeting.
- SV Report, including Annexes and Appendices as per prescribed template.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES:

Rab Nawaz - Team Leader

- Ensure overall coordination of the mission, liaising with the Lead Programme Agency, concerned implementing agencies, and private sector partners.
- Review the overall performance of the PMU since the last supervision, implementation support, and partial supervision missions, assess progress against agreed actions, and identify further actions required to expedite implementation, particularly focusing on addressing timeline slippages in project activities.
- Assess the overall performance of project components and quality of implementation in line with defined result objectives, legal and financial agreements, ensuring alignment with IFAD disbursement and compliance requirements.
- Assess project management effectiveness, including PMU functionality and stability, PSC oversight, and any remaining institutional or administrative bottlenecks that could delay implementation.

- Evaluate how well AWPB translates into implementation, checking for coherence between planned allocations and actual execution.
- Ensure collaboration and discussions with national counterparts and other stakeholders as per the mission schedule, supporting formalization of MOUs (if any) with key government departments.
- Review the timeline, engagement status, and operationalization of Business Mobilization Partners (BMPs), ensuring immediate actions are taken to prevent further delays in field-level implementation.
- Assess the project's readiness and implementation for mobilization of grant financing (including EU Grant clearance), private sector participation, and onboarding of service providers and line departments.
- Examine pending procurement processes and major contracts (if any), particularly those affecting agribusiness mobilization, farm service center assessments, and vocational training initiatives.
- Ensure that risks and issues identified during the mission are properly reflected in the IPRM (if needed), with clear mitigation actions agreed with the PMU.
- Provide technical inputs for the aide-memoire and the mission report, ensuring clear documentation of implementation progress, constraints, and priority actions.
- Follow up on agreed actions from the last supervision and partial supervision missions, ensuring that outstanding issues are effectively addressed.
- Any other related task as requested by the Country Director.

Deliverable(s):

- Finalise Aide Memoire for presentation at the wrap-up meeting.
- Consolidate and finalise the SV report (by 21st Dec 2025).

Fida Muhammad - Skill development/ Youth Employment

- Review implementation progress under Component 2: Skills Development and Employment Promotion, including implementation of the TEVTA and UET interventions, start-up capital support, the Public-Private internship programme, and progress on TEVTA Centers of Excellence – with a particular focus on the relevance and quality of training provided, outreach and inclusion of women and youth in trainings provided, disbursement of start-up capital to entrepreneurs along with business development support, and whether the activities are reaching intended groups.
- Assess the coherence and complementarity between Component 1 and 2, to ensure that the skills development and employment promotion activities undertaken, and the start-up capital support to entrepreneurs, respond to and are aligned with the job creation and entrepreneurship opportunities in the value chains supported by the project. Check if trainees are being effectively transitioned into jobs, apprenticeships, or enterprise start-ups through targeted follow-up support.
- Review the technical performance of business mobilisation partners and other service providers working on youth employment, ensuring that delivery meets agreed standards and timelines.
- Assess field level progress, challenges, and bottlenecks related to skills training roll-out, employer engagement, and partnerships with training institutes (including TEVTA & UET).
- Review the implementation of agreed actions related to skills development and employment from previous missions (Dec 2024 and Sept 2025) and highlight areas where corrective measures are still needed.
- Check preparedness for and progress on mobilising grant resources and private sector involvement specifically related to skill development, internships, apprenticeships, and job matching.
- Assess whether the project interventions are delivering value for money - looking at efficiency of delivery, cost-effectiveness, and whether outputs and outcomes justify current spending. Identify areas where resources can be better targeted, or delivery can be streamlined.
- Contribute to the preparation of the aide memoire and relevant section (s) in the supervision report.
- Any other related task as requested by the Team Leader or the Country Director.

Deliverable(s):

- Provide input for Aide Memoire and SV Report.

Ayesha Quresh (Country Programme Analyst) - M&E, KM

- Join key meetings with government counterparts, including wrap-up sessions and discussions with line departments.
- Support the team in identifying lessons learned, good practices, innovations, and key data gaps.
- Review the M&E arrangements between the PMU and implementing partners, including the quality and relevance of the project logframe.
- Assess the overall effectiveness of the M&E system - its structure, responsibilities, compliance, and ability to generate reliable bottom-up data for reporting and management decisions.
- Evaluate the quality of M&E outputs, including data collection, analysis, and progress reports, and examine how well M&E links with knowledge management.
- Review progress on knowledge management, including the KM strategy/action plan, implementation capacity, and the quality of emerging knowledge products, with recommendations for improved packaging and dissemination.
- Assess how effectively project management is using M&E findings to adapt and improve implementation.
- Review the status of MIS procurement and discuss next steps for MIS implementation that strengthens data collection and analysis.
- Evaluate the robustness of current reporting structures to confirm they provide timely, accurate, and actionable insights, and suggest improvements where needed.
- Review progress against agreed actions from the last supervision mission, highlight outstanding issues, and update agreed actions in ORMS.
- Provide technical inputs to the aide-memoire and mission report (M&E and KM sections).

Deliverable(s):

- Provide input for Aide Memoire and SV Report.

Fayyaz Ahmad - Value Chain/ Agribusiness

- Review the status of Professional Farmer Organizations (PFOs), ensuring business planning and cooperative establishment are on track.
- Assess engagement and performance of Business Mobilization Partners (BMPs) and other service providers, identifying delays or capacity constraints that may affect agribusiness activities.
- Evaluate BMP support to agribusiness services, including assistance to PFOs and business planning, and recommend corrective actions where needed.
- Review the progress of 4P initiatives, ensuring proposals address investment plans, expected ROI, financial indicators, market analysis, farm selection, risk mitigation, sustainability, and exit strategies.
- Identify bottlenecks in private sector participation and propose solutions to expedite agreements and contracts.
- Review Farmer Service Centers (FSCs) maturity assessments and transformation plans, ensuring structures enhance financial sustainability, governance, and market linkages. Provide a district-level status summary and assess how transformation plans address weaknesses and leverage strengths.
- Assess how effectively the project facilitates agribusiness partnerships, access to finance, and supply chain improvements, including linking finance and grant support to 4Ps to improve sustainability and market-driven outcomes.
- In collaboration with Fida Muhammad (Skill development/ Youth Employment expert) assess the coherence and complementarity between Component 1 and 2, to ensure that the skills development and employment promotion activities undertaken, as well as start-up capital support provided to entrepreneurs, respond to and are aligned with the job creation and entrepreneurship opportunities and related skills requirements in the value chains supported by the project.
- Recommend strategies to strengthen market-driven approaches and improve achievement of value chain and agribusiness targets.
- Review implementation of agreed actions from the last supervision and partial supervision missions, highlighting progress and outstanding gaps.
- Support additional technical or advisory tasks as requested by the Team Leader to ensure effective implementation of Component 1.

Deliverable(s):

- Provide input for Aide Memoire and SV Report.

Abdul Hakeem Khan - SECAP

- Review the PMU's progress in implementing SECAP procedures, including the Environmental and Social Commitment Plan (ESCMP), Stakeholder Engagement Plan (SEP), and Grievance Redress Mechanism (GRM).
- Identify any capacity gaps within the PMU and recommend targeted actions to strengthen SECAP operationalization.
- Evaluate how climate risks are being integrated into project interventions and whether staff have the necessary understanding to screen risks and apply suitable adaptation/mitigation measures.
- Review the effectiveness of climate change adaptation strategies in supporting smallholder farmers and rural communities, ensuring promotion of climate-smart practices.
- Support M&E staff and the Environment and Climate Change Officer in building regional team capacity to assess climate and environmental challenges across agro-ecological zones and integrate adaptation measures into value chain interventions
- Assess status and challenges related to environment and natural resource management, providing a concise analysis for the mission report.
- Provide technical guidance on environmental and climate-related issues, including IFAD's SECAP aspects such as pesticide use, introduction of new technologies, and solid waste management.
- Ensure environmental safeguards and sustainability measures are incorporated into project planning and implementation.
- Review progress on agreed actions from previous supervision and partial supervision missions, particularly on climate adaptation and SECAP implementation; provide support and refresher guidance as needed.
- Identify any remaining gaps or pending actions and propose recommendations for resolution.
- Support any other relevant technical tasks as requested by the Team Leader.

Deliverable(s):

- Provide input for Aide Memoire and SV Report.

Taskeen Manzoor - Gender, Nutrition

- Assess the project's performance in gender-responsive targeting, community empowerment, and beneficiary participation, identifying gaps and recommending strategies to enhance outreach to women, youth, and marginalized groups.
- Follow up on the recommendations from last supervision mission and review the revised targeting strategy to ensure that the project's target groups are well defined and in line with IFAD's targeting policy.
- Review and support translation of targeting strategies into actionable plans and mechanisms, ensuring inclusion of marginalized communities and rural women and youth. Identify barriers to participation and recommend solutions.
- Verify that project-supported initiatives, particularly under Component 2 (Skills Development & Employment Promotion), are socially inclusive, gender-responsive, and youth-friendly.
- Assess the project's efforts toward social inclusion and equitable benefit distribution, providing recommendations to strengthen outcomes for marginalized groups.
- Review coordination between gender and M&E functions, ensuring sex- and age-disaggregated data is collected, analyzed, and used for adaptive management and learning.
- Working in close collaboration with Ayesha Quresh (M&E, KM) provide guidance on gender-sensitive monitoring indicators, ensuring that gender-related results, particularly evidence on outcomes related to women's empowerment are systematically captured in project supervision and other reports, project logframe, communications, and visibility materials.
- Examine how gender and social inclusion intersect with nutrition outcomes, assessing women's role in improving household nutrition, dietary diversity, and food utilization, and recommend measures to strengthen these linkages.

- Support the PMU in refining a nutrition-sensitive value chain framework, ensuring alignment with IFAD nutrition-sensitive approach and practical implementation, including selection of nutrient-rich crops and livestock, safe post-harvest management and processing.
- Collaborate with the PMU to finalize the KP-RETP nutrition strategy, ensuring that human, financial, and logistical resources are allocated for effective implementation of the strategy's activities.
- Review and strengthen the nutrition key messages and behaviour change communication components integrated within the project activities.
- Follow up on collaboration with FAO and WFP, ensuring effective coordination mechanisms for joint nutrition interventions.
- Undertake any other relevant tasks as assigned by the Team Leader.

Deliverable(s):

- Provide input for Aide Memoire and SV Report.

Arsalan Haneef - Financial Management

- Review the disbursement status of IFAD funds, identifying bottlenecks that affect timely release and proposing solutions.
- Ensure the PMU actively tracks fund transfers, including coordination with the State Bank, and supports timely access to funds.
- Follow up on the EU grant - ensuring early access to committed funding.
- Assess the quality, timeliness, and compliance of financial reporting with IFAD requirements.
- Review the status of audit observations and support the PMU in resolving outstanding financial management issues.
- Ensure internal controls are functioning effectively to prevent financial mismanagement.
- Assess the utilization of government counterpart funds, verifying alignment with project implementation needs.
- Evaluate the alignment between financial planning (AWPB) and project implementation, ensuring budgets support actual activities.
- Verify adherence to loan and grant agreement conditions, including reporting, audit, and disbursement requirements.
- Identify financial risks, including underutilization of funds, delays in counterpart financing, or gaps in financial governance.
- Review progress on agreed actions from previous supervision and implementation support missions, highlighting achievements and outstanding gaps.
- Undertake any other financial management tasks as requested by the Finance Officer or the Team Leader.

Deliverable(s):

- Provide input for Aide Memoire and PSV Report.

Naeem Abbas – Procurement

In line with Chapter V of the IFAD Procurement Manual, the Consultant should carry out the following tasks:

- Conduct a desk review of the project's contract portfolio in the Contract Monitoring tool (OPEN) before the start of the mission to identify delays, big ticket and/or problematic contracts;
- Review the current Procurement Plan in order to assess it has been fully updated and upgraded in the correct IFAD template or appropriate IFAD procurement system, ascertain its completeness, its concurrence with the AWPB, Financing Agreement, Project Procurement Arrangements (PPA) and Project Procurement Strategy (especially concerning packaging and value for money) and its consistency with the country systems and/or IFAD Procurement Guidelines and Handbook;
- Conduct a review of any significant changes in the borrower/recipient's procurement system and practices, and ensure project procurement procedures and systems are updated accordingly;
- Review/update the Procurement Risk Assessment, using the IFAD Procurement Risk Matrix (Chapter I of the IFAD Procurement Manual);
- Provide support, advice and recommendations on the following:

- Amendments to the proposed methods of procurement, thresholds, ceilings, contract types, contractual arrangements and preferences listed in the PPA;
- The related IFAD review procedures and provide suggestions to improve the overall quality of the procurement processes.
- Based on the desk review of contract data, review a minimum sample of 10% of all post-review contracts and high risk prior review contracts during the mission for compliance with:
 - the applicable procurement framework: i.e.: national procurement laws and regulations consistent with the IFAD Project Procurement Guidelines and Procurement Handbook;
 - The approved AWPB and Procurement Plan, in terms of quality and quantities;
 - IFAD or national Procurement Bidding and Contract Templates (as applicable); and
 - IFAD's SECAP and other IFAD policies concerning anti-corruption, anti-money laundering and prevention of SH and SEA.
- Review the procurement, contracting and implementation processes (prequalification/shortlisting, receipt of bids/proposals, bid/proposal evaluation and contract award) and timeliness and appropriateness of procurement actions;
- Review the management capacity and appropriateness of addressing SECAP risks through procurement (with specific focus on big ticket contracts and SECAP-related management at bidding stage and contract implementation stage), as outlined in the PIM;
- Assess contract administration and management procedures and review the completeness and updated nature of contract data in the OPEN Contract Module;
- Assess the procurement capacity of all entities to be reviewed in terms of manpower, levels of training of procurement staff, work environments, absence of conflict of interest with other PMU functions and the parent IA's departments and independence of procurement staff to carry out their statutory assignments;
- Conduct specific analysis of value for money (VFM) at all levels and the reasonableness of prices for:
 - Goods, equipment, etc. using available price indicators;
 - Civil Works, compared to locally accepted standards and prices; and
 - Services compare quality-output to international standards and prices;
- Determine whether adequate systems are in place for procurement planning, implementation and monitoring, and whether procurement documentation and records (including securities) are maintained as per required standards and can be relied upon;
- Verify to the extent possible, whether goods, works and consulting services contracted were supplied/completed according to the required specifications and technical standards;
- Review issues identified in the previous procurement review and aide-mémoire and procurement related issues identified in project audit reports;
- Identify deficiencies and make recommendations for improvements and control mechanisms in the procurement procedures and processes;
- Bring to the attention of the SPO any instance of non-compliance deemed connected with malpractice or fraudulent and corrupt activities on the part of the borrower's or bidders' staff, including potential cases of mis procurement or ineligible expenditures;
- Assess further procurement staff training needs and ensure relevant training is planned and provided to project management and procurement staff in a timely manner;
- Assess the procurement performance of the project with respect to five designated parameters: procurement strategy & planning process, processes and procedures from prequalification to bidding, process and procedures for bid evaluation and contract award, contract management and administration, CMT data accuracy and timeliness and record retention;
- List needed improvements in relation to performance and define the actions, timeline and responsibilities (agreed with either the Borrower/Recipient or IFAD) for implementation of the recommendations resulting from this review;
- Submit an assignment report (as per the IFAD standard format of the Procurement Review/Implementation Support Appendix, Annex 1, 3 and 6 of Chapter V of the IFAD Procurement Manual), and any other relevant ancillary documents;
- Carry out any other activity, as required by IFAD.

DOCUMENTATION

The mission will be provided with all the essential project documents, including the Project Design Report (PDR), Project Improvement Plan (PIP), Project Implementation Manual (PIM), latest supervision mission report, the logframe, progress reports and any other relevant document as needed.

MISSION ITINERARY

Date	Day	Time	Activity	Remarks
3rd December	Wednesday	Travel (Islamabad-Peshawar)		By Road Night stay: Serena Hotel Peshawar. Meetings with the Project Director, Project coordinator and relevant component Managers to review progress on the Project Improvement Plan (PIP).
		9:30am- 11:30am	Travelling from Islamabad to Peshawar	
		Meeting		
		12:00 pm- 4:00Pm	Meeting with PMU/RCUs	
		Field Visit		
4 th December	Thursday	10 am - 5:00 Pm	Travel from Peshawar to Charsadda	Visit to PFCOs offices, Meeting with MCs of Management Committee to discuss Procurement Plan of Rabi-2025
5 th December, 2025	Friday	Meeting		1. Review progress under Component-II. 2. Assess compliance with deliverables outlined in the signed MoA. 3. Discuss and plan future collaborative engagements with UET Peshawar.
		10:00am- 12:00Pm	MD- TEVTA	
		2:00am- 4:00 Pm	UET	
6 th & 7 th December, 2025	Saturday/ Sunday	Field visit		1. To check establishment of PFCO offices 2. Meet with MCs of PFCOs to discuss the final procurement plan. 3. Visit to center of Excellence (GTVC-Swat) 4. Visit the RCU office in Swat 5. Visit to BMP
		10:00 am- 5:00 Pm	Travel from Peshawar to Northern Cluster Overnight stay in Serena, Swat	
		8:00 am- 5:00am	Meetings with PFCOs Return to Peshawar	
8 th December	Monday	Field visit		1. Confirm the establishment of PFCO offices 2. Meetings with PFCO Management Committees to review the procurement plan
		10:00am-4 PM	Travel from Peshawar to District Khyber	
		Meeting		
9 th December,	Tuesday	10:00am -11:00 Pm	Meeting with chairman Department of Agriculture Economics at Agriculture university Peshawar.	1. To discuss the activities outlined in the MoA related to conducting the TNA across all 70 PFCOs. 2. To discuss the progress of PFCO registration and capacity building trainings of the PFCOs.
		11:00 pm -2:00 Pm	Meeting with Secretary Livestock and Dairy Development & Cooperatives	
		2:00 pm – 4:00 Pm	Meeting with M&E	
		Field Visit		
10 th December	Wednesday	10:00 pm -5:00 Pm	Travel from Peshawar to Mardan and Swabi	1. Confirm the establishment of PFCO offices

Date	Day	Time	Activity	Remarks
		11: am- 5:00 Pm		2. Meetings with PFCO Management Committees to review the procurement plan
11 th December	Thursday		Internal additional meetings with Staff Aide Memoir Preparation	1. Meeting with regarding field progress and M&E actions 2. Aide Memoir preparation by Sv Mission
12 th December	Friday	11:00am	Wrap-up Meeting	3. Wrap-up Meeting
			Depart for Islamabad	

	Name	Designation
Provincial Government		
1	Ikramullah Khan	Additional Chief Secretary (DEV) KP
2	Mr. Asif	Registrar Cooperatives
PMU, KP-RETP		
3	Amjad Meraj	Project Director
4	M. Shahzad Khan	Manager M&E/KM, KP-RETP
5	Sheraz Naseer	Manager, Finance and Administration, KP-RETP
6	Hamid Anwar	Manager-Employment, KP-RETP
7	Sajjad Muhammad	Manager, Agri-business, KP-RETP
8	Ms. Saadia	Manager Gender Mainstreaming, KP-RETP
9	Ms. Mishal Hayat Azeemi	Environment and Climate Change Officer, KP-RETP
10	Ms. Marina Khan	Nutrition Officer, KP-RETP
11	Haroon Khan	KM & Communication Officer, KP-RETP
12	Saqib Adnan	Institutional Development Officer, KP-RETP
13	Raheel Amin	Admn & HR Officer, KP-RETP
14	Khalid Kifayatullah	Information & Technology Officer, KP-RETP
15	Ms. Sehrish Ali Hussaini	M&E Officer, KP-RETP
18	Farhan Amin	M&E Officer, KP-RETP
Regional Coordination Units		
19	M. Irfanullah Khan	Regional Coordinator, RCU Peshawar
20	Muhammad Umair Khan	Budget & Finance Coordinator, RCU Peshawar
21	Muhammad Naem	Regional Coordinator, RCU D.I. Khan
22	Inamullah Khan	Budget & Finance Coordinator, RCU D.I.Khan
23	Dr. Kaleemullah	Agri-business/4P Officer, D.I. Khan
24	Zakirullah Khan	Regional Coordinator, RCU Swat
25	Sultan Mehmood	Budget & Finance Coordinator, RCU Swat
26	Tehmina Javed	M&E Officer, RCU Swat
27	Ahmad Yar Mahsud	Regional Coordinator, RCU Mansehra
28	Muhammad Bilal	Budget & Finance Coordinator, RCU Mansehra
29	Ms. Samar Jabeen	M&E Officer, RCU Mansehra
30	Shafiq Iqbal	Regional Coordinator, RCU Chitral
31	Syed Nasir Shah	Budget & Finance Coordinator, RCU Chitral
32	Miraj ud Din	M&E Officer, RCU Chitral
KP-TEVTA		
33	Malik Mansoor Qaiser	Managing Director, KP-TEVTA
34	Khurram Ahsan	Director Academics, KP-TEVTA
35	Hamid Anwar	Manager-Employment, KP-TEVTA
	University of Engineering & Technology	

36	Mr. Misbaullah	Project Director
37	Mr. Nisar Adil	Project Coordinator
	BMPs	
38	Anwar Khan Khattak	Regional Incharge, HELVETAS, Swat
39	Anwar Iqbal	Marketing Specialist
40	Ms. Ismat	Business Mobilizer
41	Mr. Fakhar Zaman	Business Mobilizer
42	Mr. Rasool Khan	CEO, REPID
43	Mr. Nasir Javed	Smart Researchers
	PFCOs	
44	Green Sholgara Farmers Coop Society, Charsadda	Management Team and members
45	Evergreen PFCO, Charsadda	Management Team and members
46	Khidmat-i-Khalq PFCO, Kotlai, Swat	Management Team and members
47	Greenland PFCO, Sharifabad, Swat	Management Team and members
48	Swat Trout Fish Farmers Cooperative, Madyan, Swat	Management Team and members
49	Rising Farmers PFO, Madakhel, Khyber District	Management Team and members
50	Bahimmat Kisaan PFO, Mirgat Khel, Khyber District	Management Team and members

Pakistan

**Khyber Pakhtunkhwa Rural Economic Transformation Project
Supervision Report**

Appendix 7: Integrated Project Risk Matrix (IPRM)

Mission Dates: 03-12 December 2025
Document Date: 16/02/2026
Project No. 2000002333
Report No. 7503-PK

Asia and the Pacific Division
Programme Management Department

Overall Summary

Risk Category / Subcategory	Inherent risk	Residual risk
Country Context	Substantial	Moderate
<i>Political Commitment</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Governance</i>	<i>Substantial</i>	<i>Substantial</i>
<i>Macroeconomic</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Fragility and Security</i>	<i>Substantial</i>	<i>Moderate</i>
Sector Strategies and Policies	Substantial	Moderate
<i>Policy alignment</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Policy Development and Implementation</i>	<i>Substantial</i>	<i>Moderate</i>
Environment and Climate Context	Substantial	Moderate
<i>Project vulnerability to environmental conditions</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project vulnerability to climate change impacts</i>	<i>Moderate</i>	<i>Low</i>
Project Scope	Substantial	Moderate
<i>Project Relevance</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Technical Soundness</i>	<i>Moderate</i>	<i>Moderate</i>
Institutional Capacity for Implementation and Sustainability	Substantial	Moderate
<i>Implementation Arrangements</i>	<i>Moderate</i>	<i>Moderate</i>
<i>Monitoring and Evaluation Arrangements</i>	<i>Substantial</i>	<i>Moderate</i>
Project Financial Management	High	Substantial
<i>Project Organization and Staffing</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project Budgeting</i>	<i>Substantial</i>	<i>Moderate</i>
<i>Project Funds Flow/Disbursement Arrangements</i>	<i>High</i>	<i>High</i>
<i>Project Internal Controls</i>	<i>High</i>	<i>Substantial</i>
<i>Project Accounting and Financial Reporting</i>	<i>High</i>	<i>Substantial</i>
<i>Project External Audit</i>	<i>Substantial</i>	<i>Moderate</i>
Project Procurement	Substantial	Substantial
<i>B.1 Assessment of Project Complexity</i>	<i>Substantial</i>	<i>Substantial</i>
<i>B.2 Assessment of Implementing Agency Capacity</i>	<i>Low</i>	<i>Low</i>
<i>Project Procurement Overall</i>	<i>Substantial</i>	<i>Substantial</i>
<i>A.1 Legal, Regulatory and Policy Framework</i>	<i>Substantial</i>	<i>Substantial</i>
<i>A.2 Institutional Framework and Management Capacity</i>	<i>Moderate</i>	<i>Moderate</i>
<i>A.4 Accountability, Integrity and Transparency of the Public Procurement System</i>	<i>Substantial</i>	<i>Substantial</i>
<i>A.3 Public Procurement Operations and Market Practices.</i>	<i>Moderate</i>	<i>Moderate</i>
Environment, Social and Climate Impact	Moderate	Low
<i>Biodiversity Conservation</i>	<i>Moderate</i>	<i>Low</i>
<i>Resource Efficiency and Pollution Prevention</i>	<i>Low</i>	<i>Low</i>
<i>Cultural Heritage</i>		<i>No risk envisaged - not applicable</i>
<i>Indigenous People</i>		<i>No risk envisaged - not applicable</i>
<i>Labour and Working Conditions</i>	<i>Moderate</i>	<i>Low</i>

Risk Category / Subcategory	Inherent risk	Residual risk
<i>Community health, safety and security</i>	<i>Moderate</i>	<i>Low</i>
<i>Physical and Economic Resettlement</i>		<i>No risk envisaged - not applicable</i>
<i>Greenhouse Gas Emissions</i>	<i>Low</i>	<i>Low</i>
<i>Vulnerability of target populations and ecosystems to climate variability and hazards</i>	<i>High</i>	<i>Moderate</i>
Stakeholders	Low	Low
<i>Stakeholder Engagement/Coordination</i>	<i>Low</i>	<i>Low</i>
<i>Stakeholder Grievances</i>	<i>Low</i>	<i>Low</i>
Overall	Substantial	Moderate

Country Context	Substantial	Moderate
Political Commitment	Substantial	Moderate
<p>Risk:</p> <p>Pakistan commitment towards international treaties are firm and it was one of the first countries to endorse SDG in 2015 when the Parliament approved SDGs as the national development agenda. A major national social safety net programme called Benazir Income Support Programme (BISP) was initiated in 2008 which since its inception has been supported by successive governments until now and is going well. The budgetary allocations for BISP have been increasing consistently since the start of the programme despite fiscal constraints. IFAD is supporting BISP beneficiaries for poverty graduation in two projects. One through NPGP nationwide and other through SPAAP in South of Punjab province. The Government in 2018 introduced a comprehensive multidimensional poverty reduction strategy and launched a national poverty graduation Initiative called "Ehsaas". The Federal Government formulated a National Youth Development Framework (NYDF) in 2020 which focuses on social, economic and political empowerment of youth including skills development and youth entrepreneurship through soft loans. An IFAD finance National Poverty Graduation Programme had been included as integral part of Ehsaas as well. A political transition took place in 2021 in KP province with dissolution of provincial assembly and a caretaker set-up followed pending next elections in 90 days as per constitutional requirements. However, that did not happen, and caretaker set-up has continued until this year February 2024 when finally general elections were conducted. This all situation has led to political uncertainty, bureaucratic inertia and delayed decision-making on key policy issues. The consequence was substantial delays in completion of preparatory activities of KP-RETP.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>To overcome the heightened risk, the IFAD country team will more proactively engage with the provincial government and consider additional implementation support missions to overcome the current lags. The subsequent supervision mission has resulted in resolution of most of the pending issues affecting project start-up. This momentum will be built upon through regular follow up missions, engagement with highest levels of provincial administration and mobilization of support from Economic Affairs Division. The current partial supervision mission in October 2024 put a set of agreeable actions to put the project activities on track and overcome the delays.</p>		
Governance	Substantial	Substantial

<p>Risk:</p> <p>The provincial government of Khyber Pakhtunkhwa (KP) is struggling with governance issue in the province due to rival political party at the federal level. Law and order situation also worsened the security issues in the province. After the 18th amendment to the constitution in 2008 almost all key sectors related to IFAD's mandate and its administrative and fiscal responsibility are now provincial subjects. However, existing challenges of efficient delivery through participatory development approaches have become elevated due to prolonged political transition phase as well as provincial financial challenges. The dissolution of provincial assembly followed by the prolonged caretaker government set-ups have led to large scale transfers of officials in key positions affecting continuity. February elections 2024 put the previous regime back in the power, with rival political party at the federal level, which worsen the governance issues due to political inertia between two rival parties.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>The new political government under new bureaucracy doing best to support the project. In this regard the new Chief Secretary and Additional Chief Secretary/Chairman PSC have considerable experience in project planning and execution and are professionally well regarded. They addressed almost all issues pertaining to project start-up in a very short time. IFAD country team will maintain a regular follow up with the Chief Secretary and ACS offices to ensure that the momentum is maintained over the coming months, particularly in terms of key procurement recently concluded including services of Business Mobilization Partners. Once BMPs are fully on board, the project activities will largely be in the hands of PMU and BMPs and largely immune from external political and governance permutations. The existence of a network of community organisations in the provinces, engagement of NGOs as service provider for social mobilisation and participatory development approach of the project will provide opportunities for inclusiveness, equity and transparency. However the overall governance issue is also depending on the law and order situation of the province which is currently worsening due to many factors including political unrest.</p>		
<p>Macroeconomic</p>	Substantial	Moderate
<p>Risk:</p> <p>The country's macroeconomic situation remains fragile. An IMF financed US\$ 7.6 billion economic stabilization programme is ongoing, containing a raft of fiscal reforms including improving revenues and containing fiscal deficits. The government has successfully roll out its debt to next years and is in dialogue with IMF for another loan programme to stabilize the economy. Though Rupee has devalued over 40 percent since 2021, it has been stable for last one year due to government stringent measures in terms of public expenditure and high interest rates. Development budgets at federal and provincial levels have faced considerable cuts. The devastating floods of 2022 have resulted in massive losses though KP province was not affected as much as Sindh and Punjab. Over 30 million persons are expected fall below poverty line. The present elected governments at Federal and Provincial level have initiated number of steps to stabilise the economy including expeditious privatization of loss-making public-sector entities. However, the political rivalry between province and the federal government is negatively impacting the economy of the province in particular.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Though KP fiscal position is under stress but still good enough to meet government's counterpart obligations. The counterpart funding for the year 2024-2025 AWPB has been committed and released for first two quarters. KP-RETP with its participatory pro-poor and pro-youth approach is recognized by government as a key investment to reduce poverty in the province, attract private sector investments in agriculture, enhance people's incomes and offer opportunities for gainful employment for the burgeoning number of rural youths.</p>		
<p>Fragility and Security</p>	Substantial	Moderate

<p>Risk:</p> <p>The present security situation in the province is worsening and has become challenging again after few years of stability, though it still remains largely confined to few of the newly merged districts (ex-Tribal agencies). There has been recent uptick in terrorist attacks in 2/3 newly merged districts particularly in Khurram agency where rival tribal enmity has gotten worse and the spill over to their adjoining districts Karak and Dera Ismail Khan. Situation in rest of the province remains stable and development activities by international and national agencies have continued.</p> <p>Political Situation: The last elections in February 2024 put rival party in power in the province. This has created a challenging issues with the federal government which is blamed for holding provincial financial share by the provincial government. At the moment, there is still uncertainty of the continuity of the provincial government, which is evolving badly.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Security: The project has to prepare the rational AWPB as per possible delivery and disbursement due to political unrest and worsening law and order situation in the province. The situation will be continuously monitored and appropriate mitigation measures will be put in place if deterioration of security should emerge in any district. The project will follow a phased approach and will have a mixed implementation methodology including partnership/sub-contracts with local organizations as well as direct implementation by project personnel where acceptability of partners is an issue or securing clearance to operate remains a challenge.</p> <p>UNDSS advisory will be followed and government security operations will be used for districts with substantial risks. Additionally, the experience of IFAD indicates that the engagement of local service providers for social mobilisation, a participatory approach and strong involvement of community networks provide opportunities for offsetting security risks to some degree.</p> <p>Political: Political changes and uncertainties generally don't effect the implementation of agreements between donors and the Pakistan/provincial governments and are always owned and honoured by the successive governments.</p> <p>The current elected government at the federal has committed the pledge for IFAD 13 Replenishment. However, there is likelihood of risk of delay in project activities its implementation in case of change in government at Federal and Provincial level or worsening political rivalry between the two governments</p>		
<p>Sector Strategies and Policies</p>	Substantial	Moderate
<p>Policy alignment</p>	Moderate	Moderate
<p>Risk:</p> <p>The project is well aligned with the federal and provincial government policies and priorities and relevant SDGs. Project design and outcomes respond to the Government's poverty reduction strategy as announced in the National Poverty Graduation Initiative called "Ehsaas" in 2019 and the National Youth Development Framework (NYDF) of 2020. The project also responds to the provincial government priorities for high value agriculture development through value chain approach and youth and women development as articulated in relevant policies.</p> <p>The present elected political set-up with commitment to deliver the development and continuity of fiscal pressure may force realignment in policy priorities of the government. The other notable risk of KP TEVTA still not being able to design and deliver the courses that would address the existing and emerging supply gaps in the labour market. The present mission carved out a detailed plan for TEVTA to deliver the trainings would give impetus to project activities and the provincial and national priorities of engaging youth for the development and capacity building.</p>	Moderate	Moderate

<p>Mitigations:</p> <p>IFAD Country Office will maintain a regular and robust liaison with the provincial policy makers and administrators to ensure that there is a policy continuity with regard to areas of project priority. KP TEVTA shall be assisted to establish robust institutional arrangements to conduct labour market assessments periodically and keep its course offerings relevant to the demand of labour market. Also KP TEVTA shall be enabled to use modern approaches for skills testing and certification—in collaboration with NAVTEC, which is the highest regulatory body for technical and vocation education in Pakistan. The PSC shall include all key stakeholders to ensure the issues of labour market and employments are holistically discussed and followed up. IFAD’s past and on-going projects and programmes have supported and will support government priorities notably for poverty reduction and agriculture development. Generally, foreign funded project and commitments are not affected with the change in government though sometimes delays occurred as in the case of RETP-KP project.</p>		
<p>Policy Development and Implementation</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Risk:</p> <p>Both provincial and federal government are committed towards development and continuity of policies. Recognising its increased responsibilities after the 18th constitutional amendment, the provincial government formulated policies for youth, women empowerment, and agriculture. The agriculture policy is cognizant of the unique and diverse agro-climatic conditions of the province which provides great potential for the development of high value crops as well as the development of the livestock sector through the value chain approach and private sector involvement. Youth development policies, strategies and programmes gained focus during the last 10 years. However, a key challenge in Pakistan has been the execution of policies including concrete actions, associating reforms and strategies and regulatory frameworks etc.</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Mitigations:</p> <p>The PMU and the provincial government is committed towards the implementation of the project activities. The project will provide support for effective implementation of the relevant parts of the policies including the associating strategies, frameworks and capacity building. The strategic interests of smallholder farmers and livestock holders, women, and youth will be addressed by promoting their visibility through recognizing the critical role that they play in the value chains and addressing their needs and priorities. Market demand-based and competency-based trainings and focus of employability will be introduced through capacity building for KP-TVETA. The project shall focus on generating new, simple, and replicable approaches for policy implementation—working collaboratively with all key stakeholders. This will ensure that the successful approaches become visible and generate a strong traction for a wider adoption and implementation by the provincial government and ensure the positive policy impact on the beneficiaries.</p>		
<p>Environment and Climate Context</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Project vulnerability to environmental conditions</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Risk:</p> <p>The province is prone to flush floods and the earthquakes. Particularly the rural populations in the province are faced with inherent vulnerability to weather related environmental conditions such as increased variability of monsoons, impact of receding glaciers on the river systems, decreased capacity of existing water reservoirs, and extreme events including floods and droughts. The provincial government has a climate change policy and most climate-sensitive sectors have climate-compatible medium term plans and budget—which also include performance indicators and targets. Climate actions have been mainstreamed into policy landscape largely with assistance from donors. However, the relevant line departments i.e. agriculture, industry, livestock, etc. continue to lack technical capacity to implement provincial government’s climate change agenda. Hence, there is material risk that the line departments and other parties i.e. PFOs, FSCs, Private Partners, and KP TEVTA etc. would not effectively mainstream climate aspects in implementing project activities.</p>	<p>Substantial</p>	<p>Moderate</p>

<p>Mitigations:</p> <p>The project is very much in line with the climate smart agriculture with SECAP Safeguards intact. The project will facilitate the provincial government in implementing the concept of green development envisaged in the climate change policy. Some proposed mitigation actions include the appropriate screening for climate smart agriculture, food and fruit processing facilities and other subprojects to be proposed by the PFOs, the promotion of sustainable land and water management practices, and the capacity building of government staff and beneficiaries for risk reduction and for building resilience. Provisions shall be included in the contractual agreements with implementing partners to ensure compliance with climate action in project activities. A Climate Change Specialist shall be part of the core team at PMU to ensure oversight of project planning, execution, and reporting from climate change perspective. Detailed guidelines are being included in PIM to facilitate the process.</p>		
<p>Project vulnerability to climate change impacts</p>	<p>Moderate</p>	<p>Low</p>
<p>Risk:</p> <p>The present and projected climatic patterns and trends for precipitation and temperature indicate that seasonal variations in temperature and precipitation will increase, resulting into more frequent and intensified extreme weather events. The climate change induced impacts include severe water stress; food insecurity due to decreasing agricultural and livestock production; the degradation of ecosystems and biodiversity loss. However, most of the proposed activities under the project are soft in nature and are not going to be substantially impacted by climate change.</p>	<p>Moderate</p>	<p>Low</p>
<p>Mitigations:</p> <p>The project will ensure that climate change resilience is made a central factor in the prioritization and selection of activities, in line with the provincial government's climate change policy. Support is being provided to equip the small holder farmers with knowledge, skills, crop choices and practices in different locations and agro-climatic condition to better cope with climate change induced challenges and with the introduction and promotion of climate smart agriculture technologies and services including efficient water use. The approval of interventions would be subject to an environmental screening process to ensure that the construction does not have any adverse social or environmental impact. SECAP safeguards are strictly followed.</p>		
<p>Project Scope</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Project Relevance</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Risk:</p> <p>The project relevance is intact and very much aligned with the national and provincial government priorities and policies. The existing risks under component 1 and component 2 have heightened due to loss of almost 18 months in project start-up, followed up by the change of interim government and then with elections in February 2024, the political rival government in the province. However, the project has a very innovative participatory approach for development of professional farmers organizations requiring early on boarding of capable business mobilization partners. The onboard of Business Mobilizers has just happened and are in initial stage of initiating activities. This has reduced risk of effecting the scope and relevance of the project, though challenge is still there to operationalise it fully. The main risk under component 1 are: availability of capable business mobilization partners, weak capacities and business orientation of farmer, limited access to finance for better technologies for the production and the promotion of value added agri-processed products, weak services, absence of facilitation for public private producer partnerships (4Ps). Under component 2. the key risk is the outdated TVETA curricula resulting in a strong disconnect between the demand from various sectors for specific types of skilled labour and no focus on employability. For the last three decades, the development of the province, particularly NMDs, has been a high priority of the government, to offset the fallout of conflict in Afghanistan and as well as to consolidate the recent peace and development gains and to achieve the objective of a balanced regional development of the Five Year Plan 2018-23.</p>	<p>Substantial</p>	<p>Moderate</p>

<p>Mitigations:</p> <p>The Business mobilizers are being finalized and the process is almost completed. The PMU will be assisted in operationalizing of business mobilization partners. In the interim, PMU is covering some of the basic groundwork with the help of Farm Services Centres and Agriculture Extension staff to identify promising clusters of niche products and build awareness among farmers in those clusters about the project approach and activities to prepare a ready ground for the BMPs to take the process forward in double quick time. The project scope and relevance will be again holistically reviewed during MTR for any needed adjustments.</p> <p>The project teams are being sent on study tours of ongoing projects to learn from their experience and adopt the best practices for expeditious implementation. In line with the priorities of the provincial government and IFAD, the transformation potential of agriculture for enhanced incomes and employment will be pursued by addressing the critical issues in the farm, off-farm and non-farm value chains, including through professional and market oriented farmer organizations, private sector engagement and access to financial services.</p> <p>Youth, men and women are a priority target group. The project will provide an opportunity for realizing the dividends of the “youth bulge” in terms of addressing critical challenges related to human capital development. 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 to address diverse supply and demand constraints and keeping in view the diverse regional level market demands for labour. The project will specifically focus on youth 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 youth groups.</p> <p>The institutional capacity gaps are being addressed through the reorientation of existing government Farm Services Centres and the strengthening of the agriculture extension and research services and TVET for the provision of demand based services.</p>		
<p>Technical Soundness</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Risk:</p> <p>The project is technically robust and is based on lessons learnt. Component 1 benefits from the Pakistan (ETI-GB), the Sri-Lanka (NADEP/SAP) and the Asian Pacific Farmer Programme (APFP Laos, Cambodia and Mongolia in particular). Lessons from Pakistan (SPPAP) are fed into the design of component 2. One of the potential risks that can be foreseen is that the innovative aspects of the project i.e. improving the agriculture sector productivity and competitiveness through the development of value chains and responding to climate change challenges and community-centric service delivery, are hindered due to skills and capacity gaps within the service providers and beneficiaries.</p> <p>This risk has been further heightened due to start-up delay of 18 months and subsequent political unrest and worsening law and order situation.</p>	<p>Moderate</p>	<p>Moderate</p>
<p>Mitigations:</p> <p>The project design has been kept simple in terms of number, type and range of activities as well as the implementation arrangements. The project will invest in capacity building of beneficiaries and extension services. The project will create an enabling environment for private sector involvement through farmers organisations, improving the quantity and quality of crops and livestock and developing better linkages with markets and value chain actors.</p> <p>Project team will be assisted in a hands-on manner to develop innovative approaches to overcome the existing time-lag of almost tow years.</p>		
<p>Institutional Capacity for Implementation and Sustainability</p>	<p>Substantial</p>	<p>Moderate</p>
<p>Implementation Arrangements</p>	<p>Moderate</p>	<p>Moderate</p>

<p>Risk:</p> <p>Inherent institutional capacity risks are moderate in the province. The planning and development department and line departments are reasonably well placed in terms of management capacities and exposure to participatory development approaches. However, the existing start-up delay of 18 months and technical capacity and the skills level of public service delivery institutions may pose a challenge for the implementation of the projects approaches and interventions. Further the subsequent political rivalry, unrest and worsening law and order situation may also delay the planned implementation of the project.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Though the political unrest and rivalry with the federal government is impacting the implementation arrangements, IFAD Country Office will carry out regular implementation support missions and also consider additional technical inputs to assist the PMU and Planning and Development Department to expedite implementation. The Additional Chief Secretary being Chair of PSC will be requested for convening of regular Project Steering Committee meeting for stock-taking and quick resolution of any pending policy, budget or coordination issues. Adequate resources have been provided for technical capacity building which will be mobilized. Additionally, adequate resources have been provided for policy support and capacity building for Farm Services Centres, agriculture extension services and TVET for the provision of demand based services.</p>		
<p>Monitoring and Evaluation Arrangements</p>	Substantial	Moderate
<p>Risk:</p> <p>Owing to skills and capacity constraints, the M&E systems may not be well-positioned to track performance in terms of outputs and instead focus on inputs, thereby contributing to the project delivery risk. The project needs a dedicated M&E management system. At the moment it is synchronized with the PnDD M&E management system.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>A dedicated M&E system will be developed to provide project management, the Government and IFAD with reliable and timely information on project execution performance and results and to ensure efficient and effective project implementation. The M&E system will aim at: (i) Monitoring project execution (ii) Monitoring outreach and (iii) measuring and evaluating project results and monitoring the critical assumptions identified in the log frame. A Key element of the M&E system will be poverty graduation tracking and participatory monitoring and evaluation. BISP PSC data will be used as a benchmark to track the progress of poverty graduation of beneficiaries.</p>		
<p>Project Financial Management</p>	High	Substantial
<p>Project Organization and Staffing</p>	Substantial	Moderate
<p>Risk:</p> <p>Admin function works under the FM function which is not appropriate. 13 staff positions are vacant for which shortlisting is complete. Inadequacies in staffing negatively affect workflows.</p>	Substantial	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • FM function is to be working independently without any role in administrative function. • PMU is to be working with full staffing to deliver work effectively. 		
<p>Project Budgeting</p>	Substantial	Moderate
<p>Risk:</p> <p>AWPB for 2025-26 needs to be submitted to IFAD by 30 April 2025.</p>	Substantial	Moderate

<p>Mitigations:</p> <p>The project is to be submitting AWPB annually to IFAD by 30 April for next financial year starting from 1 June</p>		
<p>Project Funds Flow/Disbursement Arrangements</p>	High	High
<p>Risk:</p> <p>The procedures drafted for leveraging ADP funds needs to include specific criteria for identification and measuring of leveraged funds. This aspect needs to be integrated in the procedurs already developed for this purpose.</p> <p>The project has finalized the procedures for assessing government's in-kind contribution, and beneficiaries cash, and in-kind contributions. The measurement and reporting of these contributions need to be started and institutinoalized.</p>	High	High
<p>Mitigations:</p> <ul style="list-style-type: none"> • The project is to be following specific criteria/parameters to recognize and measure the funds leveraged under the ADP schemes • The project is to be following appropriate procedures for measuring and reporting on government's in-kind contribution, and beneficiaries' contribution 		
<p>Project Internal Controls</p>	High	Substantial
<p>Risk:</p> <p>PIM including Financial & Administrative Policies was prepared and approved, however, as the Project is now operational, it needs to be reviewed and revised. Fixed Asset Register has been maintained Review of Compliance with Loan Covenants identified the following: - Project Assets not Insured - Project Personnel not Insured for health and accident risk</p>	High	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • FM and Admin functions are to be operating independently of each other. • KP-TEVTA, UAP, PFCOs need mentoring to understand and follow project design in implementation. • The project is to be following specific criteria for treating the ADP schemes as leveraged government counterpart investments. 		
<p>Project Accounting and Financial Reporting</p>	High	Substantial
<p>Risk:</p> <p>Accounting software does not generate IFRs. It may be upgraded for this purpose so that IFRs could be auto-generated</p> <p>IFRs don't include explanatory notes for material variations between the project forecaste of expenditure and actual figures.</p>	High	Substantial
<p>Mitigations:</p> <ul style="list-style-type: none"> • Accounting software is to be generating IFRs automatically. • Project is to be explaining variations between its cash forecasts and actual expenditure in the IFRs; 		
<p>Project External Audit</p>	Substantial	Moderate
<p>Risk:</p> <p>External audit for the FY 2024-25 is currently under process.</p>	Substantial	Moderate
<p>Mitigations:</p> <ul style="list-style-type: none"> • Audit report will be shared before 31st December 2025 		

Project Procurement	Substantial	Substantial
B.1 Assessment of Project Complexity	Substantial	Substantial
<p>Risk:</p> <p>The project started in May 2022 and the community-driven modality is not relatively new to the recipients. The project area is geographically spread over the KP province. Project involves community participation in procurement activities. The capacity of the community regarding community procurement might be limited due to lack of skills, qualification and previous experience.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>A stronger PMU and monitoring/oversight process are required to mitigate associated risks. A fully functional PMU will ensure coordination with implementing partners and cooperating agencies through RCUs for smooth implementation.</p>		
B.2 Assessment of Implementing Agency Capacity	Low	Low
<p>Risk:</p> <p>(Section 2.1.1 is to be filled only if the IA is an autonomous national agency or a private entity which is allowed to have a separate legal framework for procurement other than the national procurement law/regulations which was assessed under Part A)</p> <p>The Implementing agency is P&DD which is a core government department. The project is being implemented through PMU at Peshawar and RCUs at the district level. A PSC, headed by Additional Chief Secretary P&DD, will oversee and supervise the implementation progress of the project. P&DD, PMU, RCUs, Agriculture and Livestock department etc. are not autonomous national /provincial agencies. They are not allowed to have a separate procurement legal framework.</p>	Low	Low
<p>Mitigations:</p> <p>Nil</p>		
Project Procurement Overall	Substantial	Substantial
<p>Risk:</p> <p>Absence of a fully functional PMU, a PD and a fully functional procurement unit poses a substantial risk to the project implementation.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>The main challenge is to put in place a fully functional PMU with a full time Project Director to hire a team of experts to efficiently run the PMU and start project implementation activities.</p>		
A.1 Legal, Regulatory and Policy Framework	Substantial	Substantial
<p>Risk:</p> <p>To some extent, the public procurement legal framework encapsulates the agreed principles and ensure compliance with applicable obligations. Implementing regulations notified so far support the legal framework. The country procurement system is just 2 decades old. There are some international best practices incorporated in the procurement legal framework. There are no supporting User Guides for the procurement practitioners. There is no downstream procurement procedural manual /guideline for the PAs to effectively ensure efficiency, economy and transparency during the procurement process. There is no procurement monitoring mechanism and Guide on contract management. Recent amendments relating to engagement of state-owned entities under direct contracting does not seem in line with promoting competition and transparency.</p>	Substantial	Substantial

<p>Mitigations:</p> <p>PPRA should focus on meeting the development of missing standard procurement documents to complete the procurement regulatory framework at the federal level. Subsequently, PPRA should activate the National Institute of Procurement (NIP), take lead in designing of an annual calendar of a series of capacity building training programs. .</p>		
<p>A.2 Institutional Framework and Management Capacity</p>	Moderate	Moderate
<p>Risk:</p> <p>The institutional framework and management capacity may be treated as average. The procurement planning is aligned with annual budgeting exercise. However, there is no mechanism for detailed planning and updating of procurement plans during the year. PPRA is managed by its Board albeit some potential conflict of interest in terms of financial and administrative autonomy. The country procurement system is just 20 years old and it has to go a long way to achieve the desired institutional maturity and proper functioning. The public procurement system has a capacity to develop and improve. The progress is very slow but it is in the right direction. The ingredients required for introducing and operating e-public procurement system are being brought together.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>The main challenge is ensuring the development of desired capacity in the areas of procurement regulations, planning, transactions, monitoring, audit and contract management. The government must recognize procurement as a profession and do the needful as soon as possible. It should focus on promoting public procurement as a promising career stream with the introduction of necessary certification/accreditation. Recently, PPRA has arranged a diploma in public procurement in collaboration with NUST professional development center (PDC) which has started from 17 May, 2025. It is a paid course for PKR 130,000.</p>		
<p>A.4 Accountability, Integrity and Transparency of the Public Procurement System</p>	Substantial	Substantial
<p>Risk:</p> <p>The country procurement system is fairly new in performance of its operations. The country has ethics and anti-corruption measures in place. The components required for ensuring accountability, integrity and transparency of the public procurement system are somewhat present. The country has effective control and audit systems.</p> <p>There is always room for improvement and with the passage of time, the Authority will attain required level of operational maturity. Procurement is a cross-cutting function, one aspect is the audit activity. The country has a sound legal framework and institutional arrangements for external audit—though the practice of performance audit and procurement audit (as a sector) is not established. It is not clear whether the offices of Chief Internal Auditors will enhance the procurement efficiency or otherwise.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>PPRA to prepare a bucket list based on following. Plan an awareness campaign to sensitize the stakeholders on the functions and powers of the authority; coordinate with AGP office to start the practice of sector audit; liaise with NAB and FIA and discourage investigation of cases by them; prepare a case for establishment of office of the procurement ombudsman as highest procurement appellate authority.</p>		
<p>A.3 Public Procurement Operations and Market Practices.</p>	Moderate	Moderate

<p>Risk:</p> <p>Capacity constraints lead to poor procurement planning and weak contract management. PPRA to take lead and coordinate with PEC and other professional bodies of Constructors and Consultants; design an annual calendar of training programs for the PAs on frequent issues relating to effective contract management. There is a communication gap between the public sector and private sector. There are representative professional bodies of suppliers, constructors and consultants in the country. Market knowledge for the PAs of critical sectors (energy, transport, irrigation etc.) may be updated through interaction with these bodies on a working relationship basis.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>There is a communication gap between the public sector and private sector which should be bridged through mutually agreed actions. These actions may include capacity building of both sides of the equation. The training activity should be coordinated by PPRA with PEC and these bodies.</p>		
Environment, Social and Climate Impact	Moderate	Low
<i>Biodiversity Conservation</i>	<i>Moderate</i>	<i>Low</i>
<p>Risk:</p> <p>There is a moderate risk of, or threat to the loss of biodiversity, availability of diversified nutritious food, ecosystems and ecosystem services, or the unsustainable use/production of natural resources.</p>	Moderate	Low
<p>Mitigations:</p> <p>The project is unlikely to have any adverse impact on biodiversity in the project area. The project will invest in eco friendly infrastructure and support the introduction of climate smart and sustainable technologies for agriculture and livestock. Communities will be consulted and sensitised on the need to conserve biodiversity and will be engaged in all such efforts.</p>		
<i>Resource Efficiency and Pollution Prevention</i>	<i>Low</i>	<i>Low</i>
<p>Risk:</p> <p>There is a low risk of causing pollution to air, water, and land, and of inefficient use of natural resources that may threaten people, ecosystem services and the environment.</p>	Low	Low
<p>Mitigations:</p> <p>To mitigate any risk, the project plans to invest in various measures that will promote resource efficiency. These include efficient water use technologies for agriculture production, sustainable livestock production systems and climate and social risks mitigation actions.</p>		
<i>Cultural Heritage</i>		<i>No risk envisaged - not applicable</i>
no cultural heritage sites in the project area		
<i>Indigenous People</i>		<i>No risk envisaged - not applicable</i>
no presence of indigenous people		
<i>Labour and Working Conditions</i>	<i>Moderate</i>	<i>Low</i>

<p>Risk:</p> <p>The risk that the project may cause exploitative labour practices like in-kind community contributions of labour left to the chronically, extreme and vulnerable poor (BISP Poverty Score Card Category 0-16) at the expense of their wage earning opportunities</p>	Moderate	Low
<p>Mitigations:</p> <p>The risk will be mitigated, as practiced in other IFAD financed project, through exempting the chronically, extreme and vulnerable poor (BISP Poverty Score Card Category 0-16) from any cash or in kind contributions.</p>		
<p>Community health, safety and security</p>	Moderate	Low
<p>Risk:</p> <p>There are no envisaged risks of significant negative impacts on community health and safety. In fact, the project expects to have several positive impacts through climate smart and sustainable agriculture technologies, including the promotion of IPM and reduced use of pesticides. The project interventions are also expected to result in greater availability of high nutrition value foods in households and communities, which are a key driver of health.</p>	Moderate	Low
<p>Mitigations:</p> <p>The mitigation measures will include awareness creation and sensitisation for social hygiene etc.</p>		
<p>Physical and Economic Resettlement</p>		No risk envisaged - not applicable
<p>n/a</p>		
<p>Greenhouse Gas Emissions</p>	Low	Low
<p>Risk:</p> <p>The risk of any significant increase of greenhouse gas (GHG) emissions and thereby of contributing to anthropogenic climate change is minimal.</p>	Low	Low
<p>Mitigations:</p> <p>No specific mitigation measures are required.</p>		
<p>Vulnerability of target populations and ecosystems to climate variability and hazards</p>	High	Moderate
<p>Risk:</p> <p>Pakistan is one of the most vulnerable countries in the world as a huge portion of its population depends on the on farm and off farm sectors. The effects of climate change are being felt in rural areas in and across ecosystems with adverse impacts on natural resources and the livelihoods that they support. This exposure to vulnerability is predicted to be exacerbated with impending impact of climate change. Declining water availability and soil degradation is impacting agriculture at a time when demand for agricultural products continues to rapidly rise due to population growth and improving diets. The poor are likely to be hit hard by climate change, and their capacity to respond to climate change is lowest.</p>	High	Moderate
<p>Mitigations:</p> <p>To reduce exposure to the inherent risks, the project will promote production technologies that reduce exposure to increased variability as well as investments in water resources management. Awareness raising and building resilience, particularly among the poor, will be a key capacity building intervention.</p>		

Stakeholders	Low	Low
Stakeholder Engagement/Coordination	Low	Low
<p>Risk:</p> <p>Stakeholder engagement and coordination risks are low as the project will use the successfully tried and tested institutional arrangements for stakeholder consultation and coordination among and between implementation agencies and stakeholders. The province has long history of implementation of donor funded participatory integrated development projects</p>	Low	Low
<p>Mitigations:</p> <p>The project design and its institutional arrangements are based on extensive discussions with government and on lessons learnt. Key stakeholders include the government planning and development and line departments, NGOs/Rural Support Programmes, existing community organisations/groups and private sector engaged in agriculture value chains. The Project Steering Committee will facilitate the provincial level coordination and mechanisms have been put in place at operational/field level for inter departmental, NGOs/RSPs, private sector and community level coordination.</p>		
<p>Risk:</p> <p>There is a minimum risk related to the selection of the target group and the participation of poor, smallholder farmers, women and youth in the project activities.</p>	Low	Low
<p>Mitigations:</p> <p>The selection of the target group and households, particularly the extreme, chronically and vulnerable poor, will be guided by the BISP Poverty Scorecard. A national Poverty Score Card based on Proxy Mean Testing was developed for the identification of poor households eligible for unconditional cash transfer. IFAD introduced this accurate and reliable targeting tool in the country which has a hallmark for targeting strategies for poverty reduction and smallholder agriculture development and is being adopted across the country by government and donors.</p>		
Stakeholder Grievances	Low	Low
<p>Risk:</p> <p>The risk is low as the participatory development approach warrants that beneficiaries, target groups and stakeholders can lodge grievances and have corrective measures taken by the project.</p>	Low	Low
<p>Mitigations:</p> <p>The project grievances redressal mechanism is in placed under SECAP. The tried and tested participatory development model prevailing in the province and beneficiary feedback mechanisms through regular community organisations conferences and participatory M&E are affective tools for grievance redressal and corrective measure by the project. Additionally, most parts of the province has a traditional alternative dispute resolution system called Jirga for individual and community level grievance redressal and dispute resolution. However, environmental and social policies related complaints can be registered in writing by post or by email with PMU and Regional Project Management office who will examine and resolve the issue to the satisfaction of complainant within two weeks. Any project level grievance is not foreseen as it is being developed with the involvement of the KP government and project interventions will be implemented through community participation. However, in case of any issue during implementation, PMU and Project Steering Committee will be the right fora for its resolution. The complaint will have to be registered with PMU who will collect the required information, listen to the concerned parties and dispose of the complaint per merit within three weeks or refer it to PSC who will review it in detail and decided it within four weeks. Complaints can also be registered with IFAD by email (SECAPcomplaints@ifad.org) for a fair and timely resolution through an independent process.</p>		

