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THE AGRIBUSINESS PROJECT



FIRST Annual Progress Report (APR-1)
November 10, 2011–November 9, 2012

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First Annual Progress Report (APR-I) (November 10, 2011 – November 09, 2012)

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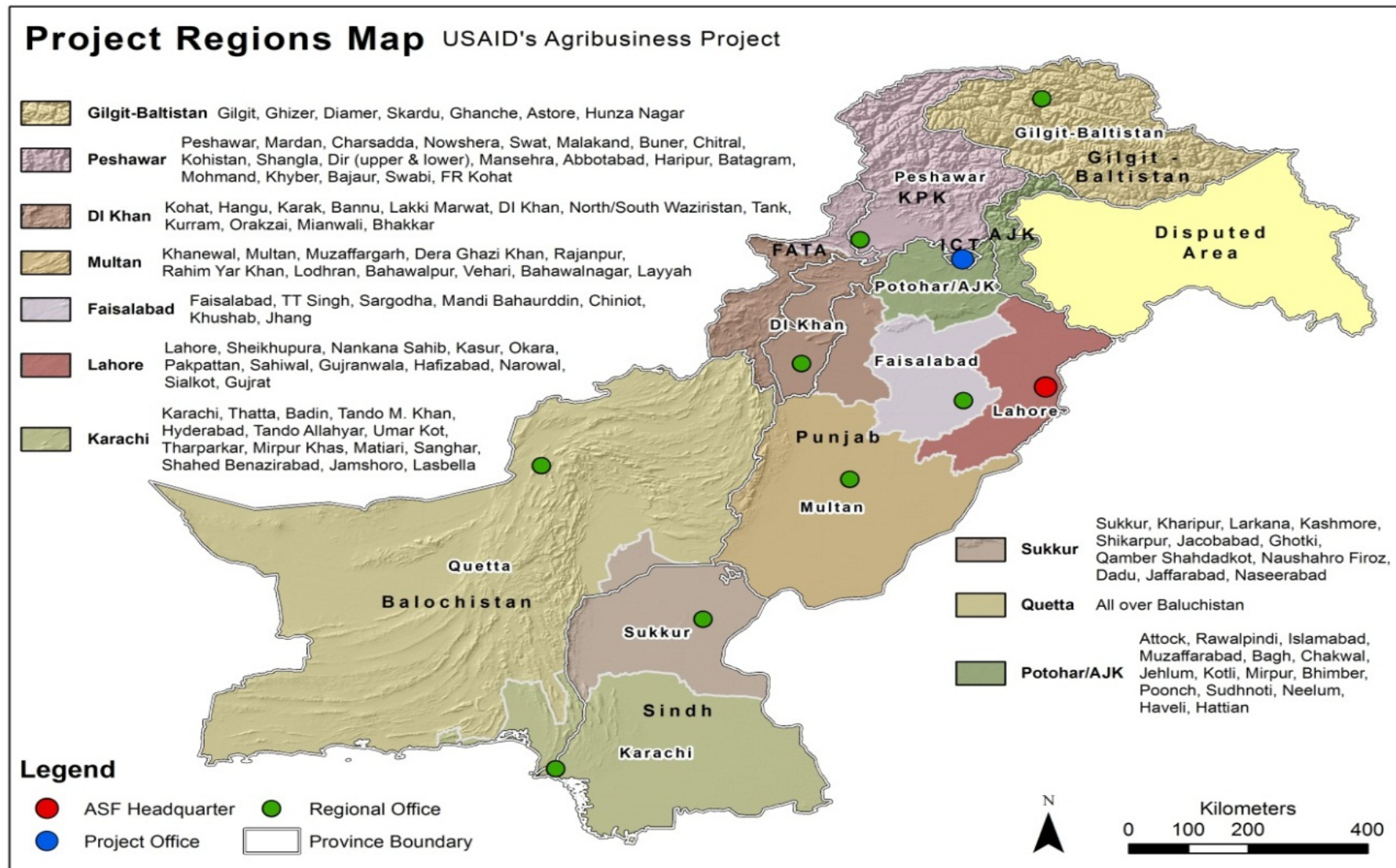
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ABBREVIATIONS AND ACRONYMS

AOR	Agreement Officer's Representative
ASF	Agribusiness Support Fund
BDS	Business Development Services
BDSPs	Business Development Services Providers
BRC	British Retail Consortium
EA	Environmental Assessment
COP	Chief of Party
FAO	Food and Agriculture Organization of United Nations
FEG	Farmer Enterprise Group
GAP	Good Agricultural Practices
ICT	Islamabad Capital Territory
IEE	Initial Environmental Examination
IFS	International Featured Standards
KFS	Kissan Field School
LUMS	Lahore University of Management Sciences
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
PEA	Programmatic Environmental Assessment
PTC+	Practical Training Centre
PRC	Planning and Review Committee
PRHA	Participatory Rural Horticultural Appraisal
PRLA	Participatory Rural Livestock Appraisal
PERSUAP	Pesticide Evaluation Report and Safe use action plan
RSP	Rural Support Programme
SEDF	Sindh Enterprise Development Fund
SMC	Strategic Management Committee
SME	Small and Medium Enterprises
SoW	Scope of Work
TA	Technical Assistance
UAP	USAID's Agribusiness Project
USAID	United States' Agency for International Development
VCP	Value Chain Platform

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1 Project Overview

1.1 Introduction

The Agribusiness Project funded by USAID Pakistan is being implemented by Agribusiness Support Fund (ASF) in collaboration with International and national partner organizations. This five years project, commenced on 10th November, 2011 and aims at increasing competitiveness and productivity of horticulture and livestock sub-sectors in Pakistan. The overall goal of the Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

The Project was designed to address priority problems and constraints impeding development of the agriculture sector in Pakistan. Interventions under the project focuses on improving and strengthening off-farm and on-farm activities by enhancing competitiveness of enterprises to explore and exploit their potential in both domestic and international markets. Keeping in view the diversity and spread of agriculture production in Pakistan, and with a view to ensure effective implementation, a sub-sector cluster approach is being adopted by the Project, whereby areas with the greatest potential for value addition, employment creation and outreach will be prioritized and targeted. In addition, overlapping with other USAID funded project is also avoided in the selection of value chains. The project will serve as a catalyst to leverage private sector's investment in agribusinesses and related enterprises as a means for NGOs/RSPs, BDSPs and other community organizations (FEGs/KFS) to provide agribusiness support services in their communities with the ultimate objective to strengthen private sector value chains to become commercially viable and sustainable.

1.2 Goal

The overall goal of The Agribusiness Project is to support improved conditions for broad-based economic growth, create employment opportunities and contribute to poverty alleviation through increase in competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

1.3 Objectives

The objectives of the project are to:

- strengthen the capacity in horticulture and livestock value chains to increase sales to domestic and foreign markets;
- strengthen the capacity of smallholders and farmer enterprises to operate autonomously and effectively; and,
- increase agriculture efficiency and productivity through adoption of new farming techniques and technological innovation among targeted beneficiaries.

1.4 Components

The project activities are organized into the following two project components:

1.4.1 Technical Assistance (TA) for Capacity Building and Program Support:

Under this component of the Project on-going technical assistance and capacity building support is provided to upgrade and strengthen the targeted value chains in horticulture and livestock sub-sectors. Assistance is provided through its four sub-components including international TA and program delivery support, international market linkages development, establishment and strengthening of Kissan Field Schools and capacity building, training and awareness. An abstract of the technical assistance component is given below:-

- i. **Technical Assistance and Capacity Building Support under Quality Assurance and Food- Safety Compliance Certifications Program:** Support is being provided to enterprises for demand based certifications for enhancing capabilities of enterprises for compliance to requirements of high end markets (domestic and export).
- ii. **Technical Assistance and Capacity Building Support under International Markets Access Program (IMAP):** The IMAP aims to facilitate a significant increase in sales to domestic (high end) and export market of the target value chains by providing support to key stakeholders including selected enterprises,

processors, market functionaries and exporters to participate in international exhibitions, trade shows, trade fairs and other international trade promotion events.

- iii. **Development and Operation of Value Chain Platforms (VCPs):** The activity aims to establish several Value Chain Platforms with the purpose to validate findings of the studies and develop consensus among key stakeholders for the value chain development priorities. Through the platforms a broad range of stakeholders involved within the value chains will be brought together to develop value chain road-maps. Each platform will bring together relevant players from the targeted value chains to address specific or general gaps and to develop a common vision and agreed strategies.
- iv. **Technical Assistance for International Market Linkages Program:** The International Market Linkages Program is providing TA support for agricultural marketing and brand development directed to identify and capitalize on opportunities in high-price markets to develop linkages for Pakistani agriculture products.
- v. **Technical and Managerial Trainings:** The Project is offering a program of technical and managerial trainings for farmers, enterprises, BDS providers, agricultural professionals and other relevant stakeholders for building necessary capacities. A diversified range of trainings are being offered under the program to build the capacity of sector, e.g. agribusiness management, off-season farming, dairy farm management, dairy processing, quality certifications, halal processing branding, drying and dehydration of fruits and vegetables, good agricultural practices etc.
- vi. **Organization of Kissan Field Schools in Selected Value Chains:** To address the productivity gap and quality assurance right from the point of production it is imperative to have necessary skills and capacity of farmers. The concept evolved from Farmer Field Schools (FFS), pioneered by FAO. KFS is different from FFS on two accounts, firstly under the KFS the overwhelming focus will be on small holders producers (locally known as kissans-small farmers as opposed to zamindars-farmers) and secondly it will explore opportunities for the KFS participants to be linked to markets. The KFS is being undertaken within the priority sub-sectors / value chains on nationwide basis.
- vii. **Technical Assistance and Capacity Building of BDS Providers:** International experience indicates that the viability and profitability of agribusiness enterprises depends on the speed at which each enterprise is able to build within itself the different skills, know-how, expertise, and understanding of the dynamics of markets in the face of a fast-changing economic environment. An effective method for building these capacities within the agribusiness enterprise is through the utilization of demand-driven external Business Development Services (BDS). BDS are a wide range of services used by enterprises to help them operate and improve the performance of the enterprise, access to markets, and their ability to compete. The project is providing support to build capacity of BDS providers in value chain specific and cross cutting areas such as quality certifications.
- viii. **Formation of Farmer Enterprise Groups (FEGs):** This activity is being implemented through NGOs, RSPs and other community organizations to establish small farmers into FEGs within identified clusters, and to provide these with matching grants for value added activities (processing, grading/packing, storage and marketing) on commercially viable and sustainable basis. The organization of farmer groups is facilitating collective action and joint access to services and resources. The focus is being on delivery of quality products to markets or acquisition of inputs for enterprises.

1.4.2 Partnership Window Cost-Sharing Grants.

This component encompasses cost-sharing grants program, offering a wide range of grant products to all players within targeted value chains including agribusinesses¹, farmers and farmer enterprise groups for better integration into domestic and export market chains. Grants are also being provided to farmers'

¹ processors, exporters, marketers, value adding and other related SMEs

associations, processors and exporters, transporters, service providers, universities and research institutes, NGOs, Rural Support Programs (RSPs) and other key players in order to address weakness and market failures with ultimate objective to strengthen private sector and market systems. Focus of investments under the project is on up-stream marketing and processing (off-farm) aspects of the value chains for fostering value addition and to capitalize on the strengthened capacities through assistance provided under TA component.

Types of Grants

A variety of grants are being provided under the project, which includes:

- i. **Farmer Enterprise Group (FEG) Support Grants** – Eligible applicants are being the FEGs formed by the Non-Governmental Organizations (NGOs) and Rural Support Programs (RSPs).
- ii. **Support to FEG's Clusters, Farmers' Associations, Business Associations and Cooperatives**– Eligible applicants include FEGs' clusters, farmers' associations, business associations and cooperatives which may scale up from the FEG formation component of project. Other existing registered farmers' cooperatives and associations, including farm service centers, business associations (exporters, processors etc.) and other similar establishments, which are under process of registration, are also eligible for support.
- iii. **Support to Individual Farmers and Enterprises engaged in Farming** – Eligible applicants include individual farmers and enterprises interested in setting up and / or enhancing on-farm production and allied facilities.
- iv. **Research & Development / Private Sector Agriculture Extension Services Grants** – Eligible applicants include private sector extension service providers, research institutions, farmer associations, individuals or enterprises proposing to commence private sector extension services or research projects; processors, exporters, brokerage firms, electronic & print media / information dissemination services and lead retailers who are involved or seek to be involved in the provision of extension services to farmers as part of their business.
- v. **Enterprise Development Grants (Challenge Grants)** - Eligible applicants include start-ups / expansions by partnership concerns, private limited companies, public limited companies engaged in agribusiness activity, e.g. processors, traders, exporters, cool-chains, packagers, transporters etc.
- vi. **Enterprise Development Grants (Lead Company Grants)** – Eligible applicants include start-ups /expansions by partnership concerns, private limited companies, public limited companies engaged in agribusiness activity, e.g. processors, traders, exporters, cool-chains, packagers, transporters etc. with special focus on underserved regions of country.

1.5 Approach:

The project follows a holistic approach of value chain-wide interventions from production to marketing. The focus of the efforts is on creating capacities in selected value chains to meet the requirements of domestic and international markets and value addition. Whilst, initially, interventions are designed to address critical gaps at the on-farm level, the overwhelming focus of the project is on functions related to off-farm, upstream activities in value chain including value addition, processing and marketing.

The project serves as a catalyst to mobilize private sector's investment in agribusinesses and related enterprises with the ultimate objective to strengthen private sector value chains to become commercially viable and sustainable. The target value chains and underlying market systems are being facilitated to evolve so that market operators in the private sector take over the value chain functions on a sustainable basis. The overall intervention strategy of project is depicted in Figure 1.

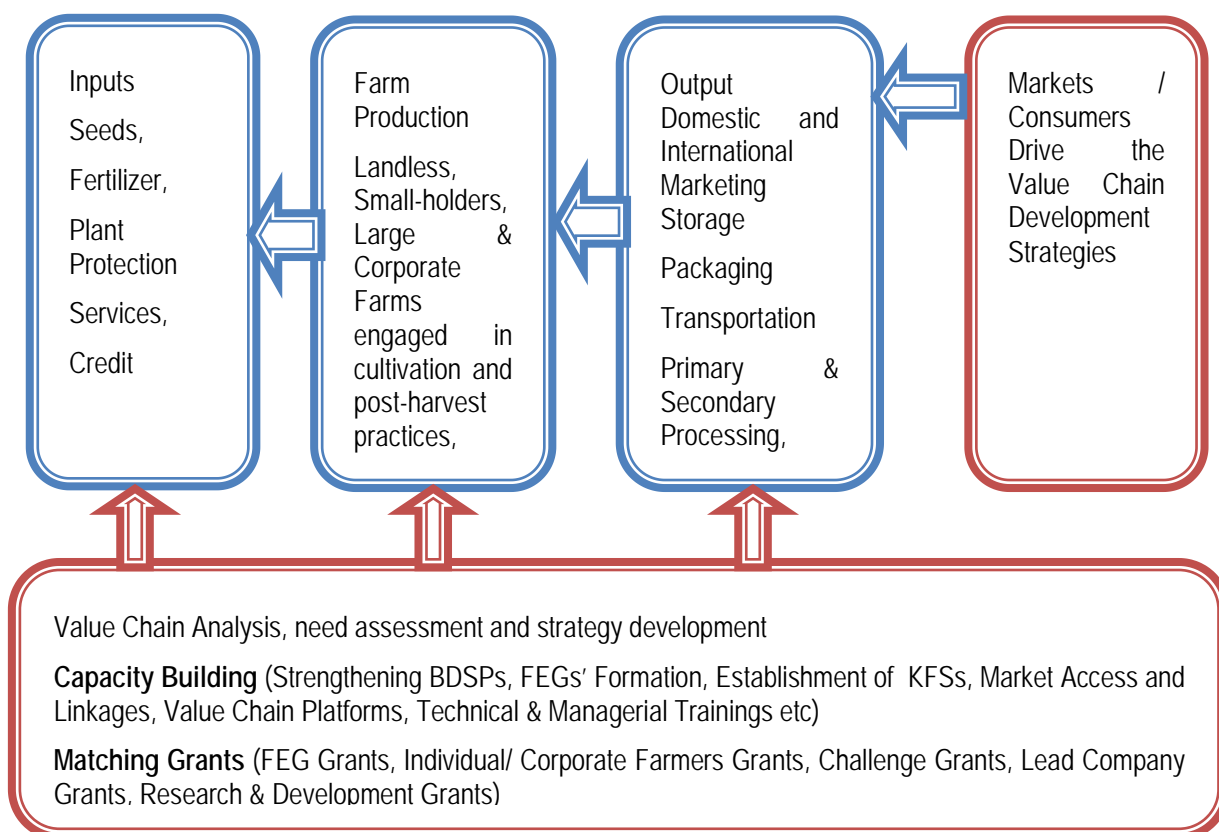


Figure 1: Overall Intervention Strategy of the Agribusiness Project

1.6 Structure of the Annual Progress Report

The first annual report of the project is submitted as per provision of the cooperative agreement signed between USAID Pakistan and ASF. It covers the activities carried out by the project during the period from November 10, 2011 to November 09, 2012. In addition to the preliminaries, the report comprises of four sections, and Annexures.

- The first section briefly introduces the project background, goal, objectives, components, approach, staffing details and financial progress during the first year of the project.
- The second section provides highlights of the achievements and activities carried out by the project during the first year. It provides information on the progress achieved against the planned targets.
- The third section provides progress update against activities and problems / obstacles that have adversely affected the project performance.
- The fourth section summarizes the M&E activities and concludes the report.

These sections have been structured with a view to facilitate an essential understanding of the broader achievements of the project in general and particularly during the reporting year.

1.7 Financial Summary

Duration of the Project:	Nov. 10, 2011 to Nov. 09, 2016
Total Estimated Agreement Amount:	USD 89,412,942
Amount obligated till November 9, 2012:	USD 10,300,000
Accrued expenditures during first year:	USD 5,277,133

The utilization of funds for first year of the project from November 10, 2012 to November 9, 2012 is placed at Annexure-1.

1.8 Staffing

All the regional offices have been established except Quetta, which will be operationalized shortly. The total staff strength of the project has reached 193 including 24 female staff, which comes to 12% approximately of existing staff as per details given in Table-1 below.

Table 1: Status of Staff positions filled

Positions Filled - By Location	Total Staff		
	Male	Female	Total
Project Office-Islamabad	57	9	66
Regional Office-Lahore	9	1	10
Regional Office-Peshawar	23	3	26
Regional Office-DI Khan	21	0	21
Regional Office-Gilgit	13	5	18
Regional Office-Sukkur	9	0	9
Regional Office-Karachi	12	4	16
Regional Office-Multan	13	1	14
Regional Office-Faisalabad	10	1	11
Regional Office-Quetta	2	0	2
Total	169	24	193

CNFA Staff

In addition to the project staff, ASF provides technical and management oversight through its core staff based at Lahore. The project also contracted CNFA for providing necessary staff as well as local and international STTA to support the implementation of project activities. The details of CNFA staffing, Domestic and International STTA provided during the years is given below;

Table 2: Status of CNFA Staff positions filled

Positions Filled - By Location	Total Staff		
	Male	Female	Total
Project Office-Islamabad	07	02	11
Regional Office-Lahore	02	01	03
Regional Office-Peshawar	01	0	01
Regional Office-Gilgit	01	0	01
Regional Office-Karachi	01	0	01
Regional Office-Multan	01	0	01
Total	13	03	16

CNFA also engaged nine International Short-term Technical Assistance during year-1 of project. The consultants provided support to the Project in areas of Project Management Support, Livestock Meat Value Chain, Environmental Compliance, Horticulture Specialist, Agribusiness Marketing & Cold Chain Storage, Landhi Cattle Colony Assessment in Karachi, Livestock Dairy Value Chain, and IT System Integration during first year of project..

2 Project Highlights & Accomplishments

2.1 Summary of Progress

A summary of the major activities undertaken during the reporting year included the following:

- 1598 beneficiaries were targeted in various activities during first year of the project. Of which, 712 beneficiaries were rural households.
- A total of 409 beneficiaries (329 male and 80 female) were targeted during the first year of the project for 17 technical and managerial trainings in different project regions.
- Date festival concluded and a seminar, which was duly supported by The Agribusiness Project Sukkur region on the request of Khairpur special economic zone and date growers of Khairpur and Sukkur districts. The seminar was attended by 328 participants, including 11 female participants.
- The main purpose of organizing dates exhibition was to introduce latest development made in dates sector by introducing new varieties, propagate new varieties and attract investors locally and internationally
- 6 public consultations on environmental assessment were conducted and attended by 373 participants (341 male and 32 female).
- One representative from National Technical Working Group formed by Agribusiness project was supported to attend the Global G.A.P Summit, held in Madrid, Spain.
- Four participants from National Technical Working Group-Global GAP (Fruits and Vegetables) formed by Agribusiness Project were supported to attend Agribusiness Management Training Program at the Asian Institute of Technology in Thailand (AIT).
- Technical Assistance and Capacity Building Support under Quality Assurance and Food- Safety Compliance Program. 20 enterprises selected for export/quality certification and 10 enterprises certified in British Retail Consortium (BRC) and International Featured Standards (IFS).
- Technical Assistance and Capacity Building Support under International Market Access Program. (IMAP): The project supported eighteen (18) participants from ten enterprises, who attended “World Food Moscow” held from 17-22 September 2012. This activity resulted in introduction of Pakistani horticulture products in international market and linking exporters with potential buyers internationally.
- Participatory rapid horticulture and livestock assessment (PRLA/HA): The participatory rapid horticulture and livestock assessment assessments were carried in all the project regions. 16 data validation workshops were held in 10 regions and attended by 333 participants (305 male and 28 female).
- Baseline survey conducted in all the project regions. The data tabulation and analysis has been completed and preparation of report will be completed in the next quarter.
- Meat value chain study was completed, while value chain studies on Dairy sector, Landi cattle colony, were also largely completed and reports are near completion.
- Three Value Chain Platforms were established and made operational functional with the objective to validate findings of studies and develop consensus among key stakeholders for value chain development priorities. Nine meetings of VCPs were organized.
- Organization of Kissan Field Schools in Selected Value Chains,
- Technical Assistance & Capacity Building of BDS Providers and Formation of Farmer Enterprise Groups (FEGs) and Support to Existing FEGs. Contracts signed with 10 NGOs and to be signed with another 3 NGO on receiving USAID’s approval. Support to 272 existing FEGs under Previous Project will be provided immediately after receiving EDF approval from USAID.

Further, activities were also initiated under the Project component of cost sharing matching grant program, which includes Support to Associations, Cooperatives and Farm Service Centers, matching Grant Support to Individual Farmers/Corporate Farming, Agriculture Extension/Research Service Development in private sector and Matching Grants Support to enterprises (Off Farm).

2.1.1 Meetings of SMC

The first, second, third, fourth and fifth meetings of the Strategic Management Committee (SMC) were held in the first week of July, August, September and November 2012 respectively and attended by SMC members. The SMC

discussed the agenda items and made important programmatic, operational and policy decisions for implementation of the project. The SMC consisting of CEO-ASF (in chair), COP and Directors UAP was constituted to provide advisory and technical support to the project management in the areas of strategic planning, management, approval/revision of annual work plan, budget and advice on policy issues.

2.1.2 Meetings of PRC

The first, second, third and fourth meetings of the Progress Review Committee (PRC) were held in the first week of July, August, September and October 2012 respectively. Earlier to this monthly meetings were conducted which was participated by AOR as well. The PRC provided an opportunity to the regional offices to discuss and review the progress made by each region in implementation of work plan activities. The PRC consisting of SMC members and Regional Managers was constituted to undertake the project planning, progress review and experience sharing within ASF offices for overall efficiency and effectiveness of the project. A total of 9 meetings were conducted during the year.

2.1.3 Procurement of Goods and equipment

In order to facilitate the effective implementation of the project activities, the following machinery, equipment and vehicles were procured during the first year.

- | | |
|--|----------|
| • Toyota Car 2012, 1300 cc | 22 Nos. |
| • Toyota Vigo Champ 2012, 2500 cc | 01 Nos. |
| • Computer equipment (Desktop Computers) | 100 Nos. |
| • Computer equipment (Laptop Computers) | 100 Nos. |
| • Generators (100 KVA and 50 KVA) | 02 Nos. |

The process for procurement of the following equipment/livestock has been in advanced stage of procurement.

- Geographical Information System equipment
- Security equipment for project offices
- 37 Solar Dryer for selected applicants
- 89 Milk Chillers
- Tissue culture plants
- Screen houses
- Walk-in Tunnels for vegetables
- Purchase of Goats

2.1.4 Development of Integrated Management Information System

The project is planning to develop an automated integrated Management Information System (database) for grants, human resource, administration, finance and M&E functions. The expression of interest (EOI) has been released requesting for pre-qualification of vendors for provision of services for application software (database) development, installation and capacity building of staff. Five (5) vendors were pre-qualified for submission of technical proposal. The selection of international consultant was also finalized to assist the project in developing detailed scope of work and RFP document for the purpose.

2.2 Programmatic Environmental Assessment

The project activities are contingent upon a programmatic environmental assessment (EA), for which technical assistance is being provided by CNFA. The umbrella Pesticide Evaluation Report and Safe use action plan (PERSUAP) and Initial Environmental Examination (IEE) have already been done. The later determined the need for a Programmatic Environmental Assessment (PEA) for various project activities excluding those considered under categorical exclusion.

Scoping Statement (SS) was prepared through review of UAP Cooperative Agreement; discussions with acting Mission Environmental Officer of USAID Pakistan; UAP Agreement Officer's Representative and Regional Environmental Officer; Public Consultations attended by approximately 500 stakeholders (Six workshops held in Islamabad, Lahore, Peshawar, Gilgit, Karachi and Quetta); environmental risk analysis of potential project activities

and evaluation of alternatives. The first draft of scoping statement was submitted to USAID for approval, and revised draft would be duly submitted after addressing the comments received from USAID.

2.3 Work Planning and Reporting

2.3.1 Technical Assistance and Capacity Building Support under Quality Assurance and Food- Safety Compliance Program

Pakistan has reported significant investment and growth in export of fruits and vegetables as well as in meat sector over the recent years. However despite having tremendous potential the country still shares negligible portion of the multibillion dollars trade of processed/value added food items. To compete in the international market, it has become inevitable to adopt the food quality, safety and hygiene standards set by foreign buyers and consumers, thus making acquisition of export certifications a minimum requirement for all exporters.

During first Year Agribusiness Project focused on two most important certifications British Retail Consortium (BRC) and International Features Standard (IFS). BRC is one of the leading trade associations in the United Kingdom and represent 80% of retail trade in UK by turn over. In order to qualify for export of food products to exporting companies are required to comply with the BRC standards. While IFS is a case standard in Europe and all major retailers in Germany, France, Italy and other EU countries require suppliers to be certified to IFS. Ten companies were supported in obtaining these two certifications, which would enable certified organization to access international markets and complement project interventions during second year. The list of companies certified during year-1 is exhibited at Figure-2 above.

No.	Company	Certification
1	Anas Tropical Fruit and Vegetable Export Co.	BRC
2	Hamza Brothers Impex	BRC
3	Durrani Associates	BRC
4	JAM Traders	BRC
5	M.K. Enterprises	BRC
6	Seabird Fisheries	BRC
7	M. Ilyas & Brothers	BRC
8	Nazir & Sons	BRC
9	Imtiaz Enterprise	IFS
10	Durrani Associates	IFS

Figure 2: List of Companies certified during year-1

2.3.2 Technical Assistance and Capacity Building Support under International Market Access Program

The Project supported eighteen (18) participants from ten enterprises to attend “World Food Moscow” held from 17-22 September 2012. This activity resulted in introduction of Pakistani horticulture products in international market and linking exporters with potential buyers internationally.

The Agribusiness Project (UAP) under its International Market Access Program is making efforts to establish market access/linkages of International buyers with Pakistani fruits, vegetables and livestock products producers/ exporters. In September 2012, UAP supported ten Pakistani fruits and vegetable exporting businesses to successfully participate in World Food Moscow, the largest agribusiness exposition in the Russian Federation and Central Asia. Pakistani companies exhibited more than thirteen fruits and vegetables products including dates, potato, chilies, capsicum, gourds, peaches, dried apricots, almonds and processed fresh juices. This expo has not only provided an enabling environment for networking and establishing business to business contacts for accessing high value markets but also contributed to strengthened capacity in horticulture value chains for increased sales to foreign markets. This intervention has started showing remarkable results and as of early November 2012, eighteen formal contracts have been negotiated by Exporters with international buyers. The participating companies have appreciated USAID support in this regard and declared it as a major success. It will contribute to increased exports of Pakistani fruits and vegetables in near future.



Figure 3 Pakistani Exporters Stall at World Food Moscow



Figure 4 Business to Business Meeting of Pakistani Exporters with Fruit Brothers, large importer from Russia.

The expo was attended by a large number of international companies including major exhibitors from USA, Australia, China, Russian Federation, Argentina, Spain, Italy, Morocco, Chile, Turkey and Egypt participated. UAP supported companies had business meetings with large exhibitors from Russian Federation including Fruit Brothers, Prodgama, Souz Contract, Magnit, Arm fruit, Akhmed Fruit, Antalia, Globus and AgroFruit. Since UAP is aimed at increasing competitiveness in horticulture and livestock value chains through different demand driven, commercially viable and sustainable agribusiness interventions, participation in such successful business events and meeting with international buyers create a solid impact on the local businesses.

Ms. Noshaba Shehzad, an exporter from Pakistan who owns the export company (M/S Shahzad International) has secured 04 export contracts for Kinnow and Potato during this visit which will help her to earn good money for her business. "We came back successfully from this event MashaAllah, and I want to thank UAP-ASF, who have provided me such an excellent opportunity for my business. I am thankful to American people also because mainly this all has become possible with their support"

Six Pakistani processing and exporting companies (dairy and livestock) are going to be supported to participate in EuroTier scheduled from November 13-16, 2012 at Hanover, Germany for promotion of dairy and livestock from Pakistan. The delegation will benefit from latest technology available and technical sessions from leading experts, have business to business (B2B) meetings and will initiate formal contracts with foreign traders that would result in increased sales in local and foreign markets.

2.3.1 Participatory Rapid Horticultural and Livestock Appraisal Studies

In the first year the project planned and conducted Participatory Rapid Horticulture/Livestock Appraisal (PRH/LA) studies in all of its project regions throughout Pakistan. The appraisal was conducted with an objective to prepare the stage for focusing project intervention as well as for the project baseline and value chains benchmarking studies. The PRHA exercise allowed for a quick assessment of the sub-sector, including prioritization of value chains, identifying and prioritizing opportunities and relevant constraints impeding the realization of the opportunities as well as an assessment of the current state of the services provided by various facilitators to agribusinesses in the region. Further, linkages of the sub-sectors with local and national markets were also explored.



Figure 5 PRHA/LA Workshop

The Participatory Rapid Appraisal methodology provided for probing, analysis, and validation of information as they unfold during the field work. Thus these PRHA/LA studies comprising of first-hand information and secondary data served as the main ground in identifying and prioritizing horticulture and livestock value chains for each region. Participatory Rapid Horticulture Appraisal and Participatory Rapid Livestock Appraisal studies were conducted separately for each region to enable better targeting and focusing project interventions. Covering 50% districts of every region, the exercise was undertaken in the randomly selected settlement/villages within each cluster/region. Under the Participatory Rapid Appraisal approach, focus group discussions were carried out with various actors of the value chain using a standardised template. The template focussed on identifying value chains and gathering information related to employment, losses and commercialisation in each value chain. Each focus group consisted of 10-15 stakeholders, a representative sample of sub-sector. In each district, 2-3 Focus Group Discussions were carried out.



Figure 6 PRHA/LA Workshop

These PRHA/LA studies were designed by the Monitoring, Evaluation and Communication Department with the support of horticulture and livestock consultants. Each regional M&E representative completed this activity in their region in two weeks with the support of regional specialised teams.

The value chain prioritization was done in alignment with project targets based upon major value chains existing in the region, opportunities, constraints and state of the business development services to provide required basis for focusing project interventions. Seven factors were applied in the prioritization of value chains including; (i) commercial worth; (ii) growth potential (iii) extent of employment generation; (iv) percentage of small farmers associated, (v) women involvement; (vi) households associated with the value chains; and, (vii) vulnerability of the concerned value chains. The 16 value chains prioritised on the basis of PRHA/LA studies are listed in Table-3 below.

Table 3: Prioritized value chains for the ten project regions (to be targeted in the year 2 of the project)

No.	Value Chain	Geographical Clusters ^[1]	Region
1	Apple	(1) South Waziristan Agency (SWA) FATA (S) (2) Kalat, Mastung, Killa Abdullah, Ziarat, Killa Saifullah, Quetta	DI Khan (FATA South), Quetta
2	Apricot	Ghanche, Hunza Nigar, Ghizer, Gilgit	Gilgit Baltistan
3	Banana	(1) Khairpur, N. Feroze (2) Thatta, Tandojam, Tando Allah Yar, Nawabshah	Karachi, Sukkur
4	Chillies	(1) Multan, Khanewal, Vehari, Lodhran, Bahawalpur (2) Mirpurkhas, Umerkot, Sanghar (3) Dadu	Karachi, Multan, Sukkur
5	Citrus	Sargodha, Mandi Bahauddin, TT Singh	Faisalabad
6	Dairy	Karachi, Thatta, Nawabshah Shikarpur, Sukkur, Khairpur, N.Feroz, Dadu, Larkana, Jacobabad, Qamber, Ghotki & Kashmore DI Khan, Bannu and SWA, Kurram FATA (S) Muzaffar Garh and Bahawalnagar Faisalabad, Jhang, Sargodha, Mandi Bahauddin Chakwal, Jehlum, Attock, Rawlakot, bagh Kasur, Okara, Sahiwal, Pakpattan Lahore, Sheikhpura, Gujranwala, Sialkot Mansehra, Peshawar, Charsadda, Nowshera, Mardan, Haripur,	All regions except Gilgit Baltistan

^[1] Cluster maps for value chains are given in Annexure-XYZ

No.	Value Chain	Geographical Clusters ^[1]	Region
7	Dates	Khyber Agency, Mohmand Agency, Bajuar Agency, (1) DI Khan, Lakki Marwat, (2) North Waziristan, Bannu, FR Bannu (3) Muzafar Garh, Layyah, Bahawalpur (4) Kech, Panjgur	DI Khan (FATA South), Multan, Quetta,
8	Grapes	(1) Islamabad, Attock, Chakwal, Rawalpindi (2) Killa Abdullah, Pishin, Quetta, Mastung (3) Diامر, Astore, Gilgit and Ghizer Districts	Pothwar and AJK, Quetta and Gilgit
9	Guava	(1) Larkana, N. Feroze (2) Kohat & Bannu, FATA South (3) Kohat, Karak, Laki Marwat, Hangu, Bannu, DI Khan and Tank	Sukkur, DI Khan
10	High Value/Off Season Vegetables (HV/OSV)	Gaddap,(Karachi), Mirpurkhas, Tando Allah Yar. DI Khan, Karak, Kohat, Bannu and SWA, Kurram- FATA (S) Bahawalpur, Multan, Khanewal, Vehari, Chakwal, Jehlum, Rawalpindi, Islamabad, Attock, Rawlakot Faisalabad, Chiniot, TT Singh Diامر, Gilgit, Astore and Ghizer Sheikhupura, Lahore, Kasur, Okara, Sahiwal, Pakpattan Ghotki, Sukkur, Khairpur, Larkana Mansehra, Mardan, Swat, Charsadda, Haripur, Dir, Chitral, Khyber Agency, Mohmand Agency, Bajuar Agency,	Karachi, Sukkur, Peshawar, FATA North, DI Khan (FATA South),Pothwar and AJK, Gilgit Baltistan, Lahore, Multan, Faisalabad, Quetta, Sukkur
11	Meat	Karachi, Hyderabad, Mirpurkhas Chakwal, Jehlum, Attock, Rawlakot, Bagh Faisalabad, Jhang, Sargodha Muzaffargarh Lahore Sialkot, Gujranwala, Sialkot Shikarpur, Dadu, Larkana, Jacobabad, Kamber Shahdadkot, Sukkur, Ghotki Peshawar, Charsadda, Mansehra, Malakand, Swat, Swabi, Khyber Agency, Mohmand Agency, Bajuar Agency	Karachi, Sukkur, Peshawar, FATA North, Pothwar and AJK, Lahore, Multan Faisalabad
12	Peach	(1) Charsadda, Peshawar (2) Swat and Dir, Malakand (3) Attock, Islamabad (4) FATA (N), Bajaur Agency	Peshawar, FATA North, Pothwar and AJK
13	Pomegranate	Rawalpindi, Rawlakot	Pothwar and AJK
14	Potato	(1) Swat, Dir, Chitral and Bajaur Mohmand Agency (2) Nowshera and Mardan, Mansehra, Swabi, FATA (N) (3) Chiniot,Faisalabad, T.T.Singh, Jhang (4) Sahiwal, Okara, Pakpattan (5) Hunza/Nager, Astore, Ghizer, Ghanche, Gilgit and Diامر	Peshawar, FATA North, Gilgit Baltistan, Lahore, Faisalabad
15	Strawberry	(1) Swat (Runners) (2) Mansehra (Runners) (3) Peshawar, Mardan, and Charsadda (Fruits) (4) Sheikhupura (Sharaqpur), Lahore (Faizpur)	Peshawar, Lahore
16	Tomato	(1) Swat and Malakand (2) Charsadda & Mohmund Agency (3) DI Khan, Tank, SWA, Kurram FATA (S) (4) Killa Saifullah, Kalat, Mastung, Chagai Noshki, Quetta (5) Shikarpur, Dadu	DI Khan and FATA (South), Quetta, Sukkur
17	Fish	Faisalabad, Jhang, TT Singh, Sargodha and Khushab Muzaffargarh, Multan, DG Khan Larkana, Shikarpur, Sukkur, Khairpur, Jacobabad, Dadu, Kashmor Mansehra, Kohistan, Charsadda, Chitral, Dir, Nowshera, Swat, Malakand	Faisalabad, Multan, Sukkur, Peshawar

2.3.2 Baseline Study

After finalization of prioritized value chains a baseline study was conducted in the first year of The Agribusiness Project with the main objective of benchmarking The Agribusiness Project indicators, with respect to selected sixteen value chains. This baseline study was conducted throughout Pakistan (in all project regions) to gauge the current situation of the selected value chains and its key actors (producers, service providers, market agents and processors).

This baseline report is based on an extensive study conducted throughout Pakistan in all of the project regions. This study comprises of (i) analysis of available, published reliable and valid secondary data; (ii) PRHA/LA study findings and (iii) primary data collection through field survey. Five different close ended questionnaires were developed and used to gather data from each of the following:

- Producers of horticulture
- Producers of livestock
- Service providers (Horticulture and Livestock)
- Market agents (Horticulture and Livestock)
- Processors (Horticulture and Livestock)

Primary data gathered was from 5,643 respondents against each project indicator. The field data collection exercise was completed in 20 days by every region. Further data from other studies published by other reliable sources was also extracted. Information has been gathered on the following three dimensions and then analysed qualitatively and quantitatively:

- Sub-Sector level - through the first round of studies;
- Value chain level - through value chain analysis; and,
- Beneficiary/Enterprise level- throughout implementation.

i) **At sub-sector level baseline studies assess change in conditions for broad based economic growth and employment generation:**

The baseline studies at sub-sector levels measure the performance by examining various activities in the production system and trading system and comparing these with national or international benchmarks; identifying gaps in performance; and probing into the underlying policies, institutions, and infrastructure-related inefficiencies that directly affect productivity and competitiveness.

ii) **Value Chains' Level: Change in competitiveness for horticulture and livestock value chains**

The potential for agribusiness sector to expand is substantial especially in the horticulture and livestock sub-sectors notably in the area of value addition; processing and marketing. To realize these potentials, interventions are required across all functions of value chains to improve its competitiveness and to enhance capabilities of value chain operators to respond to domestic, regional and international market requirements.

iii) **Beneficiary/Enterprise level: throughout implementation**

The Agribusiness Project would enhance the viability of enterprises by creating opportunities for innovative marketing, improving access to production inputs, as well as expanding group enterprise opportunities. By organizing active producers and processors into clusters and associations, the project process would develop and formalize potential linkages in the value chain.

A single consolidated baseline report is being prepared against each prioritized value chain such that it presents current situation against each project indicator. This study will be used as a reference for monitoring the impact of project activities and to further guide in project planning and implementation in the subsequent years.

2.3.3 Detailed Studies on Selected Value Chains

The following studies were carried out by the Agribusiness Project.

a) **Meat Value Chain Analysis:** A comprehensive Meat Value Chain Analysis was completed, highlighting major constraints faced by meat sector and interventions to overcome the identified constraints. The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in Lahore, Islamabad and Karachi regions. The following major

interventions areas were identified by the Meat VC analysis study with detailed interventions under each area are proposed.

- urgent and necessary improvement of the institutional structures,
- improving the productivity of the livestock sector,
- improving the local infrastructure,
- training in all sectors of the value chain, and
- stimulating the demand for meat in the sector driven from the retail side as the catalyst.

The meat value chain analysis, findings, and recommendations were shared with USAID Pakistan by the International consultant and Agribusiness Project team. Meat value chain Analysis completed which will lead to designing of need-based products for strengthening of meat value chain in Pakistan. These products will focus on leveraging investment and employment creation across meat value chain.

- b) **Dairy Value Chain Analysis:** A detailed Dairy Sector Value Chain Analysis was initiated, highlighting major constraints faced by Dairy sector in Pakistan and interventions to overcome the identified constraints. The objective of the study was to improve the conditions for economic growth, create employment opportunities and contribute to poverty alleviation by increasing competitiveness in the dairy value chain

The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in large cities of Pakistan. The draft report on dairy value chain analysis, findings, and recommendations is being prepared and will be shared with USAID Pakistan. This study will help design need based interventions in Dairy sector for the Agribusiness project.

- c) **Landhi Cattle Colony Study:** A study on Landhi Cattle Colony was initiated, highlighting major constraints faced by Dairy sector in Pakistan and interventions to overcome the identified constraints. The Landi cattle colony was recognized in 1957. It is spread over 752 acres of land allocated, one mile from the sea. The land allocation was initially for 30 years to 500 farmers for 15,000 animals, however, presently, 1600 acres are occupied by 3,000 farmers with around 400,000 animals and 33,300 laborers. Milk is the major produce of the Colony i.e. around 3.2 million litres per day (8 litres/head average). Meat is the minor produce of the Colony i.e. around 1,000 animals per day being sold from the Colony.

The study was carried out by international consultant with support from counterpart national value chain expert. The team carried out field visits and meetings with various stakeholders in large cities of Pakistan. The draft report on dairy value chain analysis, findings, and recommendations has been shared with USAID Pakistan. Some of the proposed short term and long term recommendations are as under:-

Proposed Interventions - Short term

- Farmer and farm labor training. Establish a day release training center in the colony for animal husbandry.
- Establish a nutrition laboratory in the colony for farmer and feed mixer's use.
- Introduce least cost ration formulation practices. Staff training for the lab.
- Assist in the introduction of stainless steel milk cans of approx. 38 litres and dairy detergent use to improve hygiene and increase milk keeping quality.
- Communal showers for buffalo during the hot season
- Encourage farmers in timely and bulk purchase of feedstuffs.
- Discourage the use of Diclofenac Sodium and where possible the use of Oxytocin.

Proposed Interventions - Medium term

- Assist a local processor close to Landhi colony to establish a mozzarella cheese plant and assist in obtaining access to international markets.
- Introduction of an affordable milking machine.
- ASF should recommend policy change towards the removal of the 'fixed prices' for meat and milk
- Disincentives to improvement.

This study will help design need based interventions in Dairy sector for the Agribusiness project.

2.3.4 Meetings of Value Chain Platforms

The following three Value Chain Platforms² were established and made operational functional with the objective to validate findings of studies and develop consensus among key stakeholders for value chain development priorities.

- National Agribusiness Forum (NAbF)
- National Technical Working Group-Global GAP (Fruits and Vegetables)
- National Technical Working Group-Global GAP (Livestock and small ruminants)

The first meeting of the Executive Steering Committee of the NAbF was held on October 23, 2012, at the Serena Hotel, Islamabad. Three meetings of National Technical Working Group-Global GAP (Fruits and Vegetables) was held in September 2012 and attended by members. There is an ongoing debate about adapting and advocating for Global GAP standards for Pakistan.

a) Meeting of NAbF

The first meeting of the Executive Steering Committee of the NAbF was held on October 23, 2012, at the Serena Hotel, Islamabad. The participants viewed that the NAbF will provide a voice to policy level concerns, and 20 Value Chain Platforms operating in Horticulture and Livestock sub-sectors. The members of NAbF highlighted pertinent issues prevalent to agribusinesses, mainly access to finance, markets and competitiveness. A list of recommendations for horticulture and livestock sectors, which included industry-academia linkages, standardization and certification issues, lack of information sharing and lack of a regulatory framework to support agribusiness, were suggested by the members of NAbF.



Figure 7 Members of first meeting of NAbF held on October 23, 2012, at the Serena Hotel, Islamabad



Figure 8 Members of first meeting of NAbF held on October 23, 2012, at the Serena Hotel, Islamabad

b) Training of National Technical Working Group-Global GAP (Fruits and Vegetables) members from November 5–16, 2012; Agribusiness Management Training, Thailand.

Four participants from National Technical Working Group-Global GAP (Fruits and Vegetables) formed by Agribusiness Project were supported to attend Agribusiness Management Training Program at the Asian Institute of Technology in Thailand (AIT). The purpose was to enhance participants' ability and capacities on key horticultural issues and to update their knowledge, skills and abilities for the development and promotion of agribusiness (horticulture). The training course covered modules related to agribusiness development techniques including planning, operations, industrial development, case studies and new technologies. Field visits were also attended by the participants to local businesses, companies, farmers associations and cooperatives, food processing and preservation facilities.

²Each platform brings together relevant players from the targeted value chains to address specific or general gaps and to develop a common vision and agreed strategies. The national and regional VCPs facilitates inter-professional consultations among intermediaries and stakeholders including farmers, members of associations, processors and traders, services and technology providers, R&D providers, government agencies, and policy-makers related to the specific value chains.



Figure 9 Participants of the Agribusiness Management Training, Thailand. Figure 10 Field Visit of Participants of Training

c) Training of National Technical Working Group on Global G.A.P from November 6-8, 2012; at Global GAP Summit, Spain.

One representative from National Technical Working Group formed by Agribusiness project was supported to attend the Global G.A.P Summit, held in Madrid, Spain. The summit provided a platform to exchange experiences with and learn from top international retailers, manufacturers, producers and certification organizations on issues related to safety, traceability and sustainability. The representative presented update from Pakistan and future course of action under the Agribusiness project. The first Global G.A.P awards ceremony also took place to honor participants who demonstrate a high level of commitment to innovation in agricultural sustainability and integration of Global G.A.P standards in their business models. Maken farms from Sargodha were a nominee for these awards from Pakistan.



Figure 11: Farmer from the US talking about his experience

Figure 12: Expert Panel on Traceability issues

2.3.5 Technical Assistance for International Market Linkages Program (IMLP)

Request for Proposal (RFP) for IMLP was published on August 11, 2012 in the weekly Economist. The deadline for submission of application was September 10, 2012, applications received were evaluated. Preparation of approval documents to seek USAID's approval for successful applicant selected through competitive process is underway.

2.3.6 Technical and Managerial Training

Sixteen (16) training events were organized on the following themes during the reporting year. The knowledge and skills learned through these training events enabled the participants to apply the techniques in their respective businesses, which will result in increased productivity and sales.

- PTC + Training Program on Dairy Recording Administration & Production Analysis,
- BRC Third Party Auditors-Food Safety Issue,
- Cultivation of High Value Vegetables through Tunnel Farming,
- Livestock Management Training,
- Technical Assistance for Fruits and Vegetables Processing through Solar Tunnel Dryer,
- Fruits and Vegetables Processing,
- Best Dairy Management Practices,
- Export Procedures for Horticulture products,
- Market and Supply Chain management in Horticulture and Livestock.



Figure 13: Training Participants of IFS Good Auditing Practices



Figure 14: Fruits & vegetables Processing Training at PCSIR Skardu

2.3.7 Organization of Kissan Field Schools (KFS) in Selected Value Chains

RFP was issued to Food and Agriculture Organization (FAO) of United Nations on single source basis on July, 18, 2012. The scope of RFP consisted of organizing 2,500 KFS across Pakistan with 62,500 participants resulting in increased income, employment creation, increased productivity and reduction in post-harvest losses. Revised proposal was submitted by FAO on September 18, 2012. Sub-agreement was drafted and submitted to USAID for approval. Process for formation of KFSS will be immediately initiated after signing of agreement.

2.3.8 Technical Assistance & Capacity Building of Business Development Service Providers

During year-1, the Agribusiness Project was in the process of participatory assessments and prioritization of value chains at the regional levels, thus the areas selected for capacity building were cross cutting with the understanding that it will complement project interventions in subsequent years. The capacity of twenty (20) business development services providers were developed in the following areas:-

i) Foundation for Food Safety Certification (FFSC) 22000

M/S United Registrar of Systems (URS Pakistan), Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for FFSC 22000 and is now authorized to conduct certification and consultancy services to agribusiness clients for FFSC 22000. It is an International Standard developed for certification of Food Safety Management Systems for food manufacturers. It combines the requirements of ISO 22000:2005 (Food Safety Management Systems requirements) and PASS220:2008 (prerequisite programmes on food safety for food manufacturing). The FSSC 22000:2010 scheme is fully recognized by the Global Food Safety Initiative (GFSI), the benchmarking body for the harmonization of international food safety standards, along with other food safety management schemes like the BRC, IFS and SQF schemes. The strong element of

ISO 22000:2005 in the standard makes it align with other generic management systems such as the ISO 9001 and ISO 14001 to enable effective system integration. FSSC 22000:2010 is specifically designed for food manufacturers. Major retailers around the world require this certification.

ii) **ISO 9001:2008 & ISO 22000:2005 (Food Safety Management System)**

M/S ACE Management System Consultants, Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for ISO 9001:2008 & ISO 22000:2005 and is now authorized to conduct certification and consultancy services to agribusiness clients for ISO 9001:2001 (*Quality Management System*) and ISO 22000:2005 (*Food Safety Management System*)

ISO 9001:2008 QMS is a mother of standards and all standards derived from this standard while ISO 22000:2005 (Food Safety Management System) is a standard specially design for food chain to produce, process, pack and deliver a safe food. By implementing this standard agribusinesses (Horticulture, Livestock) can export their products throughout the world.

iii) **British Retail Consortium (BRC) Global Standard for Packaging Issue 4**

M/S RINA SpA, Karachi, Pakistan with the support of Agribusiness Project completed the lead auditor course for BRC Global Standard for Packaging Issue 4 for the first time in Pakistan and is now authorized to conduct certification and provide consultancy services to agribusiness clients for the above certification. Moreover, companies supplying packaging material to fruits and vegetables exporters would now be served by BDSP M/S RINA SpA for BRC Global Standard for Packaging Issue 4. This support complimented to address complete chain for BRC certification.

iv) **BRC Global Standard for Storage and Distribution**

M/S Star Farm Pakistan Pvt. Ltd., Lahore, with the support of Agribusiness Project completed the lead auditor course for BRC Global Standard for Storage and Distribution and is now authorized to conduct certification and provide consultancy services to to logistic companies for the above certification. The BRC Global Standard for Storage and Distribution are safety and operational management system standards, applicable to food and non-food products. They are created to ensure supplier compliance, taking into consideration the warehousing, transportation and distribution steps, as well as wholesales and other logistic services, to secure the retailers' abilities to guarantee the quality and safety of the food products that they sell. This support resulted in addressing the complete food supply chain for BRS certification.

v) **GlobalGAP (Fruit & Vegetables)**

M/S Agriculture and Animal Services, Peshawar, Pakistan with the support of Agribusiness Project completed the GlobalGAP (fruit and vegetables) certification and is now authorized to provide consultancy services to horticulture producers and other relevant stakeholder for Global Gap. This would enable them to access international markets.

vi) **Agri-Business Management Training**

M/S Human Resource Development Center, Peshawar was supported to attend a two weeks course on Agribusiness Management Training at Asian Institute of Technology, Bangkok in November 2012. This training course aimed to enhance participants' ability to plan the development of agribusiness entities, to implement new agribusiness entities, and strengthening existing ones. The training covered topics on agribusiness development planning, operation planning and management, agribusiness promotion and extension techniques, micro-finance, new agriculture/food technologies, and relevant case studies and study visits. The participants also studied cases related to planning and operation of producers and traders in various agribusinesses entities such as vegetables, fruits, poultry, and dairy products. Field visits were organized to agribusinesses, farmers' groups, agricultural cooperatives, small and medium-scale contract farms, food processing and preservation group, to have first-hand experience of various aspects of agribusiness development opportunities and operations. The With Support of agribusiness project One BDSP in Peshawar is now able to provide agribusiness management consultancy and training services in Peshawar.

vii) **Services for Off Season/High Value Vegetable Farming Business.**

With support of agribusiness project 15 BDSPs from different districts of KPK are now able to provide services to farmers who intend to take up off season/ High Value vegetables farming as a business. A recent rapid market assessment revealed that:

- Off season vegetables from KPK are in high demand with buyers from Pakistan, Afghanistan and Central Asia. Peshawar and Charsadda have emerged as a hub for buying off season vegetables.
- A large number of farmers are interested in exploring tunnel-farming. This reflects in high demand for input supplies for tunnels, and increased produce of off-season vegetables.
- A large number of donor and donor assisted projects are now supporting investment in tunnel farming.

As a result, the demand for BDSPs who can assist in setting up and managing tunnel farms has increased. The specific services required by small landholding farmers include:

- Developing the feasibility and business plans for tunnel farms
- Setting up the tunnels including linking up with vendors who sell required equipment
- Marketing the farm produce

The BDSPs have been receiving increasing number of requests for setting up tunnels on farms in return for a fee. Although they are adept at providing enterprise development services, the BDSPs lack technical know-how of tunnel farming. The training was thereby designed for 15 selected BDSPs to enable them to provide technical as well as entrepreneurial services to farmers seeking tunnel farming solutions. The participants were selected on the basis of education, experience as a farmer, and experience as a BDSP.

viii) **Dairy Management Training**

M/S Solve AgriPak Pvt. Ltd. Lahore, was supported to attend a training course on dairy management. The Company is now able to provide consultancy services to the dairy farmers in Pakistan. The trainings focused on developing a thorough understanding of the dairy farm costs including income streams, costs, profit & loss etc. It also focussed on Milk prices and how can farmers influence them, stock keeping and its importance, Milk production relation with yield, fertility and disease, Cost of milk production, Costs of diseases, understanding and influencing feed costs. Furthermore, the second course on principles and practices of feeding the dairy cow **focussed on** latest knowledge of ruminant nutrition. The emphasis was on problem solving and on gaining experience of diet formulation. This course was specifically designed for those who are involved in giving on-farm advice including animal nutrition advisors. By the end of the course BDSP is able to solve practical problems based on knowledge of nutritional theory and devise suitable rations for dairy cows. This will greatly help in increasing the dairy productivity as the feeding is the biggest issue on dairy farm management in Pakistan.

2.3.9 Formation of Farmer Enterprise Groups (FEGs) and Support to Existing FEGs

The pre-bid conference for shortlisted NGOs/RSPs was held on July 5, 2012. Twenty one (21), out of total twenty two (22) applicants submitted their proposals, which were evaluated by the project. The contract negotiations were held with the selected NGOs. The sub-agreement of NGOs for formation of FEGs was approved by USAID. Upon receiving USAID approval, sub-agreements with three NGOs were signed for formation of FEGs. Sub-agreements with another seven NGOs have also been approved by USAID and contracts will be signed subsequently. Moreover, 272 existing FEGs having 2,289 members formed during 2010-11 by ASF partners were re-activated during the reporting year. Grant applications were received from these FEGs and procurement process was initiated to deliver required program.



Figure 15: Dialogue of The Agribusiness _Project Staff with FEG Chaturkhand Ghizer,14-06-2012 , Gilgit.

2.3.10 Stakeholders Consultations and Capacity Building

- i) **Capacity Building and Exposure:** 30 participants (15 facilitators and 15 farmers from Farms services centers) from FATA participated in exposure visit to Islamabad, Sargodah, Faisalabad and Lahore. The participants got information regarding agribusiness development, product and problem analysis, value/supply chain development, integrated farm management practices, project and financial management, managerial skills, negotiation & sales management and gave exposure of established agribusiness
- ii) **Consultations with Stakeholders:** A roundtable discussion of different associations and stakeholders in horticulture sector of Karachi region was organized on November 5th, 2012 in Karachi. This discussion was chaired by delegates from United states Agency for International Development. Objective was to find out the key opportunities and challenges in the horticulture sector and how best to address the identified challenges, reduce barriers and capitalize on the opportunities.



Figure 16: Roundtable discussion - Different Associations and stakeholders in horticulture sector of Karachi region



Figure 17: Exposure visitor FATA Farm Services Centers representatives of Off Season Vegetable Farm – Mamu kanjan

- iii) **MoU with Sindh Enterprise Development Fund (SEDF):** MoU was signed with SEDF to cooperate and collaborate on mutually understood programs and activities to facilitate the achievement of project's objectives.



Figure 18: Signing of MoU with SEDF

2.3.11 Cost-Sharing Grants

The priorities for matching grant support to farmers and enterprises were identified and support models for interventions are being established.

Grant Support Program for Provision of Solar Dryer: There is an increasing demand in both domestic and foreign markets for dried products. The domestic market and neighbouring countries are increasingly demanding high quality apricots, dates, chilies, herbs and green-leafy vegetables, which has emerged as an opportunity for horticulture development in Pakistan. However, the horticultural industry is constrained by lack of awareness on drying technology, resources (both technical and financial) as well as right skills to correctly install and operate the drying equipment. To overcome this constraint and to commensurate with the market demand, the Agribusiness project has developed and launched grant support program for the solar dryers.

Grant Support Program for Provision of Screen Houses. Horticultural industry is constrained by indiscriminate distribution of poor quality propagation materials resulting in the production of non-pedigree low quality produce. In discussions with stakeholders Agribusiness Project accessed that farmers are prepared to pay a higher price for true to type good quality planting material from certified nurseries, but currently have limited options to fulfil their demands. It is not only the quantity of fruit nursery plants required by the farmer that is important, but simultaneously it is also extremely important and critical that they get disease free, true to type and high quality plants, especially as fruit trees are a long term investment over many years. To overcome this constraint and fulfil demand Agribusiness project developed and launched grant support program for establishment of screen house for certified fruit plant nurseries.

Grant Support Program for Provision of Milk Chillers: Keeping in view milk production is the least commercialized enterprise in the agricultural economy and non-availability of cooling tanks/milk chillers at the local level is reducing

profitability of small dairy farmers and is a big handicap in developing commercially oriented milk collection system, the agribusiness project has developed Grant support program to supply milk chillers to small dairy farmers. Initiative would result in increasing income of small farmers by eliminating milk wastage, increased price and availability of more milk for sales.

Grant Support Program for Tissue culture Labs: There is a continuous demand of disease free planting material for Banana, grapes, strawberry, potato, turmeric, ginger, etc. In specific case of banana the need to shift to cyclic replacement with a new plantation comprising cycles of one crop and one raton has been realized only recently in Pakistan. The consequent need for fresh seedlings at regular intervals has led to very large increase in the demand for clean planting material. With increasing awareness about the advantages of tissue culture raised plants in improving yield and quality, their domestic consumption is also increasing optimistically. At present there are only few labs which are operating on commercial basis, there exist a huge supply and demand gap. To overcome this constraint and fulfil supply, the Agribusiness project developed and launched grant support program for establishment of tissue culture labs.

The grant cycle-1 was announced followed by screening of applications. The grants packages for solar dryer, milk chiller, tissue culture, and screen house were developed after obtaining approval of the concepts from USAID. RFAs were issued to shortlisted applicants, after review of responses to call for EOIs, for concept based grants packages, including solar dryer, Certified Fruit Plant Nurseries in Screen Houses and Tissue Culture Labs. The District wise EDFs were prepared for 37 Solar Dryers, 89 milk chillers and 272 FEGs. Proposals on milk chillers grants and solar dryer grants were approved by Grants Evaluation Committee (GEC) and subsequently the Environmental Documentation Forms (EDFs) were submitted to USAID for approval.

2.4 Branding, Marking and Communication

Based on the themes and templates developed under the communication plan, there were new backdrops and standees developed for over two dozen events in various regions. The key events for July were the Public Consultations for Environmental Assessment Workshops carried out in all regions nationwide. Most of the other events in the month of August and September were under the capacity building program for training of participants. Videos and Photographs for the events were prepared based on the guidelines. The project website was completed and made live. A delegation of Horticulture industry leaders were sent to the global event, "World Food Moscow" for which a booth backdrop was designed as well as a profile booklet with specified guidelines. A pre-departure and post departure meeting also took place at which a video was developed. Preparations are under way for the global Agribusiness event, "EuroTier" and similar collateral as per guidelines are being developed. The project website was also completed and made live.

2.5 CNFA Support to The Agribusiness Project

The agribusiness project contracted CNFA for providing necessary staff as well as local and international STTA to support the implementation of project activities. One of the main aspects of program support and capacity building involves monitoring and evaluation (M&E) and data collection to comply with project's Performance Monitoring Plan (PMP). CNFA assisted the Agribusiness Project in development of indicator reference sheets and in updating its targets against the project indicators. CNFA partnered with ASF to initiate the development of the M&E system for the project. The process involved designing the activity reporting formats, developing the data entry, analysis and reporting software, and defining the data in-and-outflow mechanism. This assistance will also involve building the capacity of the project regional teams on the operation of the M&E systems.

CNFA provided TA to the Agribusiness Project in developing, conducting, and completing its baseline survey for the nine project regions. Specifically, the CNFA team, which included both the M&E and IT/MIS staff have contributed to developing the concept note, baseline methodology, project indicators including those for gender, sample size, data collection tools, and designing the data entry and analysis software. The regional project staff and enumerators were trained on data collection. The CNFA team provided TA on cleaning the baseline data, analyzing, and reporting it. CNFA assisted the Agribusiness Project in analyzing and reporting the findings of the Participatory Rapid Horticulture Assessments and Participatory Rapid Livestock Assessments.

CNFA assisted the project in scheduling and providing logistical support for various public consultations and stakeholder meetings during the environmental assessment exercises. CNFA provided TA through its IT/ MIS team in

developing project's website, providing project contents and developing value chain maps for the project regions. CNFA's assisted the project team in short-listing the business development service providers for capacity building grant, needs assessments and drafting of scopes of work and implementation plans for a capacity development program for Farm Service Centers (FSCs) in FATA, a market linkages program between National Food Limited and progressive red chili farmers, and a capacity development program for representatives of the horticulture and livestock value chains in the AJK region. The project was assisted in organizing exposure visits for representatives of FSCs from FATA and coordinated their visit to citrus clusters and a tissue culture lab in central Punjab.

CNFA assisted the project in creating underlying technical systems to manage grants provision component of its project for PMP. The project activities are contingent upon a programmatic environmental assessment (PEA/EA). CNFA provided TA for this and to conduct the initial phases of the prescribed PEA/EA. Initially, it was thought that a full PEA/EA would not be necessary but the collected data did not support a reduced EA. CNFA provided further environmental compliance TA through the efforts of M&E and Environmental Compliance Officer, who has trained the Agribusiness regional staff and the core project team on environmental protection, besides developing over 200 site specific Environmental Documentation Forms for milk chillers, solar dryers, Farmers Enterprise Groups, pickle production, tunnel farming, tissue culture lab and cold storage facilities.

CNFA's developed a request for proposal and a statement of work for development of integrated MIS. Specifications for software were developed, proposals were received, and a final vendor has been selected for software development, installation and training of staff. The consultant is anticipated to return to assist in the startup of the software implementation during the first quarter of Project Year 2 once USAID approves of the vendor and software selection. The CNFA IT/MIS and IC helpdesk team in the project office and regional offices will continue to provide technical support throughout the various software implementation phases, which includes procurement of hardware.

SUCCESS STORY

USAID helps women entrepreneurs improve jobs creation, competitiveness, increasing sales & incomes



Ms. Shagufta, a women entrepreneur and member of pickle production women farmer enterprise group from village Cherah, Islamabad expressed her happiness over USAID support, which enabled FEG to produce quality pickles with increased sales and income of FEG members, and vowed to invest earnings for providing better livelihood and education to her children.



Women entrepreneurs and members of Women Pickle Farmers' Enterprise Groups, proudly demonstrating quality pickle products. Through formation of FEGs and receiving USAID support, they were able to improve the production and quality of their product, establish market linkages for sale of product, which resulted increase in their sale revenues and incomes.

Women empowerment through Agribusiness

The women entrepreneurs in rural areas of Islamabad capital territory, have limited livelihood opportunities and are mostly engaged in subsistence farming and other small scale activities at domestic level, and selling small quantity of surplus products on inconsistent basis in market and generating nominal income.

The Agribusiness Project provided support to thirty two (32) women entrepreneurs organized in three (3) Farmer Enterprise Groups (FEGs), one each in Jabbi, Cherah and Bunni Behak villages situated in outskirts of Islamabad. USAID organized four day training on "enterprise development" and six day training on "Pickle production" for 32 members of FEGs, besides providing in-kind support to FEGs in the form of tools, equipment and raw materials worth USD 14,000. The USAID's support helped women entrepreneurs' better understand necessary skills and tools required for pickles production on commercial basis and establishing their linkages with local market for fetching better prices of their products.

The interventions have already started demonstrating remarkable results, with as many as thirty two (32) new full time equivalent direct women jobs created, manifolds increase in sales revenue and income. Each FEG is now producing 450 kilogram pickles per month, generating an average income (profit) of PKR 4,700 per member/month.

Ms. Shazia, a woman entrepreneur and member of FEG Jabbi said:

"For the first time in my life I feel like I am fully rooted and standing firm on the ground primarily due to the fact that I am able to earn on my own and contribute to family income and I also get to choose how I spend the money. I am really thankful to USAID for making me feel different in a positive way".

The Agribusiness Project aimed at supporting improved conditions for broad-based economic growth, creating employment opportunities and contributing to poverty alleviation through increasing competitiveness of horticulture and livestock value chains in partnership with all stakeholders.

3 Progress Update against activities

Project activities are either in the outsourcing or initial phases of implementation. Monitoring systems are being put in place for regular data collection, monitoring and assessment of activities against performance indicators of results framework in the performance management plan. The baseline data is being collected for the UAP performance indicators for regional level prioritized horticulture and livestock value chains. This will provide a basis for setting up realistic targets for sub-sector value chains, periodic data collection, tracking and reporting the results during the project implementation. The Progress towards achievement of the project's objectives

Table 4: Progress update against activities

Objective	Activities	Progress
Objective-1 (S-IR 1.1.1): Strengthened Market Linkages in Selected Value Chains	Technical Assistance under Export, Quality Assurance and Food- Safety Compliance Certifications Program	20 enterprises selected for export/quality certification and 10 enterprises certified in British Retail Consortium (BRC) and International Featured Standards (IFS).
	Technical Assistance and Capacity Building Support under International Markets Access Program (IMAP)	The project supported eighteen (18) participants from ten enterprises to attend "World Food Moscow" held from 17-22 September 2012. This activity resulted in introduction of Pakistani horticulture products in international market and linking exporters with potential buyers internationally.
	Launch of Stakeholders Participatory Programs	<ul style="list-style-type: none"> • Ten each PRHA and PRLA studies along with validation workshops completed in all regions • Baseline activity executed • Meat Value Chain Analysis completed • 5 public consultations organized for environmental scoping study.
	Development and Operation of Value Chain Platforms (VCPs) / Sector Working Groups / Platforms	<p>The following three Value Chain Platforms were established and made operational functional with the objective to validate findings of the studies and develop consensus among key stakeholders for the value chain development priorities.</p> <ol style="list-style-type: none"> i. National Agribusiness Forum (NAbF) ii. National Technical Working Group-Global GAP (Fruits and Vegetables) iii. National Technical Working Group-Global GAP (Livestock and small ruminants) <ul style="list-style-type: none"> • Nine meetings of VCP members were organized. • Twenty four enterprises/professionals/ academia supported in acquiring memberships of GlobalGAP (FoodPlus) and Fair Trade. • Assistance provided for participation of VCP members in two international trainings and exposure. • 01 VCP members represented at Global GAP summit, Madrid and • Five VCP members attended a short course on Agribusiness Management at AIT, Bangkok, Thailand.

Objective	Activities	Progress
	Selection & mobilization of International Firm for International Market Linkages Program:	International Firm shortlisted and contract documents sent to USAID for approval.
Objective-2 (S-IR 1.1.2): Strengthened Capacity of Smallholders & Farmer Enterprises	Technical & Managerial Trainings	16 Technical & Managerial Trainings held
	Organization of Kisan Field Schools in Selected Value Chains:	RFP was issued to Food and Agriculture Organization (FAO) of United Nations on single source basis on July, 18, 2012. Revised proposal was submitted by FAO on September 18, 2012. Sub-agreement was drafted and submitted to USAID for approval. Process for formation of KFSs will be immediately initiated after signing of agreement.
	Technical Assistance and Capacity Building of BDS Providers	21 BDSPs provided capacity building support. List placed at Annexure-2.
	Formation of Farmer Enterprise Groups (FEGs) (On-Farm Grants)	Contracts signed with 10 NGOs. Contracts of another 3 NGO sent for approval. Support to 272 existing FEGs under Previous Project will be provided immediately after receiving EDF approval from USAID.
	Matching-Grant to Associations, Cooperatives and Farm Service Centres (On-Farm Grants)	14 associations shortlisted and RFAs issued to them.
Objective-3 (S-IR 1.1.3): Improved Technological Innovation	Matching-Grant Support to Farmers & Enterprises (On-Farm Grants)	Proposals received for screen houses and 15 grants have been approved by GEC and EDFs submitted for USAID approval
	Agriculture extension/research service development in private sector	Three RFPs issued.
	Matching-Grant Support to Enterprises (Off-Farm Grants)	Matching Grants for 37 Solar Dryers and 89 milk chillers have been approved by GEC and EDFs submitted for approval.

PROBLEMS AND OPPORTUNITIES

1. The project management has been actively involved in staff recruitment, establishment/renovation of offices, and procurement of furniture, goods, machinery, equipment and planning for initiation of project activities, which resulted in establishing the necessary support structure for the project implementation. . Since the project/regional offices are largely operational and equipped, thus providing an opportunity to follow a progressive implementation strategy and largely overcome the delays in project activities in subsequent years. The deadlines set for several activities were set ambitiously and thus provided for the necessary impetus to the staff to chase challenging targets. The same strategy is applied in the second year work plan
2. The security situation in the country as a whole and especially in some of the project areas such as Quetta, Gilgit-Baltistan, and D.I.Khan remained volatile which hampers the timely implementation of activities and achieving results. Mitigation measures are being undertaken by the project to deal with potential risks.
3. Programmatic environmental assessment (PEA) is a pre-requisite for implementation project activities. Scoping statement was prepared and submitted to USAID for approval. Timely completion of PEA is a challenge for timely initiation of the project activities.
4. The project management is committed to adoption of the effective strategies to address the challenges in the agribusiness sector while leveraging priority of donors and the need for showing emerging impacts earlier in the project implementation.

Annexure-1: Financial Progress

No.	Head of Account	Cumulative since start till November 9, 2012 9 (Amount in USD)
1	Salary, Wages & STTA	1,367,208
2	Fringe Benefits	338,004
3	Travel	312,567
4	Equipment	439,157
5	Supplies	462,403
6	Communication	27,239
7	Security Cost	42,157
8	Training	15,721
9	Sub-Contracts	406,289
10	Sub-Grants	21,939
11	Others Direct Costs	1,844,449
	Total Cost	5,277,133

Annexure-2: List of Business Development Services Providers

S.No	Name	Capacity Building Area	City
1	RINA SpA	Global Standard for Packaging Issue 4 (BRC)	Karachi
2	Solve Agri Pak (Private) Limited	Livestock Management - Dairy	Lahore
3	Agriculture and Animal Services –AAS	GlobalGAP (Fruits & Vegetables)	Peshawar
4	United Registrar of Systems	FSSC 22000 (Food Safety Certification)	Karachi
5	Human Resource Development Center (HRDC)	Agribusiness Management	Peshawar
6	Ace Management System Consultants	ISO 9001:2008 QMS & ISO 22000:2005 FSMS	Karachi
7	Star Farms	Global Standard for Storage and Distribution (BRC)	Lahore
Individual BDSPs from KPK- Capacity Built engaging Services of ECI			
8	Prime Foundation /Saeed ur Rahman	High Value/Off Season Vegetable	Bajawar Agency
9	Hashtnagar Farmer Enterprises Development Association /Jahanzaib	High Value/Off Season Vegetable	Charsada
10	Modern Farming & Enterprise Development Organization/ Haji Muhammad Ishaq	High Value/Off Season Vegetable	Peshawar
11	Bahar Enterprise Development Organization (BEDO)/ Zahid Shah Awan	High Value/Off Season Vegetable	Nowshera
12	ECI Pvt. Ltd./Tahseen Javed	High Value/Off Season Vegetable	Haripur
13	Economic and Social Empowerment (EASE)/ Gul Muhammad Khan	High Value/Off Season Vegetable	Manshera

S.No	Name	Capacity Building Area	City
14	Abbaseen Rural Development Organization/ Khan Muhammad	High Value/Off Season Vegetable	Battagram
15	Modern Farming & Enterprise Development Organization/ Saif ur Rehman	High Value/Off Season Vegetable	Peshawar
16	Badbaan Enterprise/ Raja Muhammad Riaz	High Value/Off Season Vegetable	Haripur
17	Hashtnagar Farmer Enterprises Development Association/ Israr Jani	High Value/Off Season Vegetable	Charsada
18	Bahar Enterprise Development Organization (BEDO) Intikhab Alam	High Value/Off Season Vegetable	Nowshera
19	Khan Said	High Value/Off Season Vegetable	Swat
20	Muhammad Azam	High Value/Off Season Vegetable	Peshawar
21	Bakhtawar Khan	High Value/Off Season Vegetable	Swat