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ASF Agribusiness Support Fund

USAID's **AGRIBUSINESS** **PROJECT**



QUARTERLY PROGRESS REPORT – IV
JULY – SEPTEMBER 2012

OCTOBER 31, 2012

USAID's AGRIBUSINESS PROJECT

Quarterly Progress Report– IV (July – September 2012)

Cooperative Agreement No. AID-391-A-12-00001

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DISCLAIMER

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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 USAID's Agribusiness Project (UAP) is funded by USAID Pakistan and is being implemented by Agribusiness Support Fund (ASF) in collaboration with International and national partner organizations. The five years project, commenced on 10th November, 2011, aims to increase 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 the priority problems and constraints impeding the development of agriculture sector in Pakistan. Interventions under the project will focus 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. 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 USAID's 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 component-1, The Project will provide on-going technical and capacity building assistance to upgrade and strengthen the priority value chains in horticulture and livestock sub-sectors through its four sub-components including: (1) International Technical Assistance & Program Delivery Support, (2) International Market Linkages Development, (3) Kissan Field (Schools) (KFS), and (4) Capacity Building, Training & Awareness.

1.4.2 Partnership Window-Cost-Sharing Grants

Component-2 of the Project involves launching of a national cost-sharing grants program, offering a wide range of customized grant products to all players within the priority value chains. These cost-sharing grants will be provided in the priority value chains, including: agribusinesses (including processors, exporters, marketers, value adding and other related SMEs), farmers and farmer enterprise groups for better integration into domestic and export market chains. Grants will also be provided to farmers' associations, processors and exporters, transporters, service

providers, universities and research institutes, Non-Governmental Organizations, Rural Support Programs (RSPs) and other key players in order to address weakness and market failures with the ultimate objective to strengthen private sector and market systems. Focus of investments will be 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 component-1 above.

1.5 Approach

The Project proposes a holistic approach of value chain-wide interventions from production to marketing. The focus of the efforts is on creating capacities in the 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 will be on functions related to off-farm, upstream activities in the value chain including value addition, processing and marketing. However, efforts will be made to ensure inclusive development of the value chains affording opportunities to small-holders to take advantage of the emerging opportunities and enabling them to profitably access domestic and export markets.

The Project monitoring and evaluation system is being developed to track the performance of the Project including periodic monitoring, progress reporting and wider dissemination of result through various means of communications. The impact of the project will be measured against the baseline to be established through comprehensive analysis of the sub-sector and priority value chains for benchmarking.

1.6 Structure of the Quarterly Progress Report

This quarterly 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 July 01, 2012 to September 30, 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 and up to the reporting quarter.
- The second section provides highlights of the achievements and activities carried out by the project during the reporting quarter. It provides information on the progress achieved against the planned targets.
- The third section provides progress update against indicators in the results framework and problems / obstacles that have adversely affected the project performance and strategy followed for readjustment/ rescheduling of activities.
- The fourth section summarizes the activities planned for the next quarter 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 quarter.

1.7 Financial Summary

Duration of the Project:	Nov. 10, 2011 to Nov. 09, 2016
Cooperative Agreement No.	AID-391-A-12-00001
Total Estimated Agreement Amount:	USD 89,412,942
Amount obligated to date:	USD 10,300,000
Accrued expenditures reporting quarter:	USD 1,415,806
Cumulative accrued expenditures to date:	USD 4,349,479 ¹
Estimated expenditures for next quarter:	USD 7,703,142

The financial progress during the reporting quarter and cumulative financial progress till end of the reporting quarter is placed at Annexure-1.

¹This amount is 42% of the obligated amount and 5% of the overall project cost.

1.8 Staffing

Quetta regional office was established during the reporting quarter. A total of 51 staff members including two female staff were recruited for various project/regional offices during the reporting quarter. The total staff strength of the project has reached 169 including 23 female staff, which comes to 14% approximately of existing staff as per details given in Table-1 below.

Table 1: Status of Staff positions filled

Positions Filled - By Location	During the Reporting Quarter			Cumulative till end of Reporting Quarter		
	Male	Female	Total	Male	Female	Total
Project Office-Islamabad	7	-	7	24	6	30
Regional Office-Lahore	14	1	15	16	1	17
Regional Office-Peshawar	4	-	4	21	3	24
Regional Office-DI Khan	3	-	3	23	-	23
Regional Office-Gilgit	3	-	3	15	5	20
Regional Office-Sukkur	2	-	2	9	1	10
Regional Office-Karachi	1	-	1	13	4	17
Regional Office-Multan	5	-	5	14	2	16
Regional Office-Faisalabad	8	1	9	9	1	10
Regional Office-Quetta	2	-	2	2	-	2
Total	49	2	51	146	23	169

2 Project Highlights & Accomplishments

2.1 Summary of Progress

Major activities undertaken during the reporting period included the following:

- Technical Assistance and Capacity Building Support under Quality Assurance and Food- Safety Compliance Program,
- Technical Assistance and Capacity Building Support under International Market Access Program,
- Participatory Assessments/Preparatory Program (PRLA/HA),
- Baseline and Value Chain Studies,
- Technical Assistance for International Market Linkages Program,
- Technical and Managerial Trainings,
- 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.

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 second, third and fourth meetings of the Strategic Management Committee (SMC) were held in the first week of July, August and September 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 during the previous quarter 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 second, third and fourth meetings of the Progress Review Committee (PRC) were held in the last week of July, August and September 2012 respectively. 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 during the previous quarter to undertake the project planning, progress review and experience sharing within ASF offices for overall efficiency and effectiveness of the project.

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 reporting quarter.

- | | |
|--|----------|
| • 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 was initiated during the reporting quarter.

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

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 Progress on Technical Assistance and Capacity Building Support

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

In response to expression of interests (EOI) floated by UAP for this activity, twenty exporters/processors/farmers were selected. Contract was signed with one Certifying Body² and two Consulting Firms³. Consultation and certification process was initiated for the selected twenty exporters/processors/farmers for British Retail Consortium (BRC), International Features Standards (IFS) and GlobalGAP certifications. Audits of ten companies completed for BRC and IFS certifications and minor non-compliances are being rectified by consulting firms, subsequently certificates will be issued.

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. 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.

2.3.3 Participatory Rapid Horticultural and Livestock Appraisal

Detailed Participatory Rapid Horticulture Assessments (PRHA) and Participatory Rapid Livestock Assessments (PRLA) have been conducted during the reporting quarter keeping in view the diversity and spread of agriculture production in Pakistan. The assessment exercise underscored the need of sub-sector cluster approach to target those areas offering the greatest potential for value additions, employment and income generation. Data for PRH/LA was collected and value chains were prioritized on the basis of employment potential, commercialization, small farmers' involvement, women involvement, growth potential, pre and post-production losses and household involvement. Opportunities and major constraints for horticulture and livestock value chains were also identified on regional basis.

2.3.4 Baseline Survey

A baseline activity of the Project to benchmark the UAP indicators, with respect to selected seventeensub-sectors and underlying value chains was initiated during the reporting quarter. The baseline will support the establishment of a database and regular results management as the project activities are implemented in each of the priority value chains. The research tools for baseline data collection were developed, orientation training and training of master trainers was conducted on finalizing tools and templates, data collection and analysis methodology for baseline survey. Data collection software was developed and all master trainers were trained. Data collected from almost 90% respondents in all regions except Quetta and Sukkur, where the data collection will be initiated during the next quarter.

2.3.5 Detailed Studies on Selected Value Chains

Meat Value Chain Analysis initiated to design need based interventions for UAP, led by international consultant, field visits and meetings with various stakeholders in Lahore, Islamabad and Karachi were conducted during the reporting quarter. Initial findings/recommendations were shared with USAID by the International consultant and UAP team.

2.3.6 Meetings of Value Chain Platforms

The following three Value Chain Platforms⁴ 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.

²Bureau Veritas

³Quality Systems and Star Farms

⁴Each 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

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

Third meeting of National Technical Working Group-Global GAP (Fruits and Vegetables) was held in September 2012 and attended by nine (09) participants. There is an ongoing debate about adapting and advocating for Global GAP standards for Pakistan. Five members from this group are being supported to represent at Global GAP summit, Madrid and a short course on Agribusiness Management at AIT, Bangkok, Thailand. Both the events are scheduled to be held in November 2012.

2.3.7 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.

2.3.8 Technical and Managerial Training

Ten (10) training events were organized and attended by 223 participants on the following themes during the reporting quarter. The details are placed at Annexure-2. 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.

2.3.9 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.

2.3.10 Technical Assistance & Capacity Building of Business Development Service Providers (BDSPs)

In response to EOI issued by UAP, proposals were received from thirty nine (39) BDSPs and were evaluated. Nine (9) BDSPs were recommended for capacity building support and agreements were signed with selected BDSPs. Staff members of these BDSPs will receive training from international training institutes in USA, UK, Spain and Thailand. Capacity building support is mostly related to quality certifications and agribusiness management, which would result in provision of business development services specially related to quality certification locally at lower cost, which would result in increased sales in international markets.

The project is in the process of identifying demand driven business development services for agribusinesses in Pakistan through a consultative process of needs assessment. The services needed by agribusinesses will be prioritized and capacity of BDSPs will be built accordingly.

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.

2.3.11 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 the 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 quarter. Grant applications were received from these FEGs and procurement process was initiated to deliver required products.

2.3.12 Cost-Sharing Grants

The priorities for matching grant support to farmers and enterprises were identified and support models for interventions are being established. 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 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. In addition to these events, the Agribusiness Quarterly was developed which is now pending approval with the DOC office. 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.

3 Quarterly Progress Update against Indicators

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. An overview of the performance indicator (details at Annexure-3) for intermediate results, scope of the indicators and status of progress achieved as of September 30, 2012, is given as under:-

Intermediate Result 1: Increased income generating opportunities

Performance Indicator 1.1: Number of full-time equivalent jobs created as a result of project assistance

Performance Indicator 1.2: Percent increase in the incomes of project assisted beneficiaries

Status: 1.1 As of September 30, 2012, no assessment has been done to measure FTE created as a result of USG assistance.

1.2 As of September 30th, 2012, no assessment has been done to measure increase in income as a result of project interventions. Baseline data on income of enterprises is being collected.

Update: The UAP is generating direct and indirect full-time equivalent employment through its various interventions. The centres of job-creation are the agribusiness enterprises, including farmer enterprise groups, Kissan field schools, processing and marketing enterprises that has a triggering affect on job creation in allied industries and service providers. The creation of new jobs remained slow during the first year due to preparatory and planning activities, however, it is expected to increase with the implementation and roll out of the project activities.

Increase in income is the second indicator, which will be impacted under the project. The project is expected to raise income of agribusiness enterprises and individuals engaged directly and indirectly in project related activities. A baseline data for horticulture and livestock value chains are being collected, which will provide the basis for increase in incomes of enterprises/individuals associated with the project. Gross incomes will be worked out for as a measure of income.

Intermediate Result 1.1: Strengthened Market Linkages in Select Value Chains

Performance Indicator 1.1.1: Percent increase in sales by project assisted beneficiaries

Performance Indicator 1.1.2: Number of new contract issues between buyers and sellers

Status:

1.1.1 As of September 30th, 2012, Audits of ten companies completed for BRC and IFS certifications and ten enterprises participated through the Project in World Food Moscow for the achievement against this indicator.

1.1.2 Negotiations are underway with international buyers as a result of participation of ten enterprises in World Food Moscow for the achievement against this indicator.

Update: 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. 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.

Intermediate Result 1.2:	Strengthened Capacity of Small-holders & farmer enterprises
Performance Indicator 1.2.1:	Percent assisted associations get registered and 50% of these negotiate contracts
Performance Indicator 1.2.2:	Percent of women producers' groups negotiate marketing contract with commercial buyers
Performance Indicator 1.2.3:	Percent of small-holders benefit from new agreements with buyers

Status:	1.2.1	As of September 30, 2012, preparatory steps were made to plan for the achievement against this indicator.
	1.2.2	As of September 30, 2012, preparatory steps were made to plan for the achievement against this indicator.
	1.2.3	As of September 30, 2012, preparatory steps were taken to plan for the achievement against this indicator.

Update:

- Significant progress was made in technical and managerial training program sub-component. During the quarter, ten trainings were conducted, in which 223 participants were trained.
- Sub-agreements were signed with three NGOs which were approved by USAID's for sub-award for FEG formation. Seven other sub agreements have also been approved by USAID which would be signed with implementing partners.
- RFP was issued to Food and Agriculture Organization (FAO) of United Nations on single source basis on 18th July, 2012 to organize 2,500 Kissan Field Schools (KFS) across Pakistan with 62,500 participants resulting in increased income, employment creation, increased productivity and reduction in post-harvest losses.
- Nine BDSPs were recommended for capacity building support and agreements were signed with selected BDSPs for capacity building support.

Intermediate Result 1.3:	Improved Technological Innovations
Performance Indicator 1.3.1:	Percent of project assisted beneficiaries using improved technological innovation and practices
Performance Indicator 1.3.2:	Percent increase in yield in project assisted value chains
Performance Indicator 1.3.3:	Percent reduction in dairy, horticulture and fisheries post harvest losses
Performance Indicator 1.3.4:	Percent of farms/farmers have access to quality /effective off-farm storage/cold-chain, processing and export markets for their products

Status:	As of September 30 th , 2012, preparatory steps were made to plan for achievement against all the above indicators.
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Update: Outcomes of KFS and various on-farm grants would be realized in the form of increased yields, reduction in post-harvest losses and usage of improved technologies as well as increased area under improved production system. Support program for milk chillers and solar dryers was launched for which will result in increased income and decrease in losses.

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 (project work plan is placed at Annexure-3), which has taken considerable amount of time and resulted in slippages for some of the programmatic targets / deadlines. 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 quarters.
2. Volatile security situation in some of the project areas such as Quetta, Gilgit-Baltistan, and D.I.Khan may hamper 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 of most of project activities. Scoping statement was prepared and submitted to USAID for approval. Timely completion of PEA is a challenge for timely completion of the project activities.

4 NEXT QUARTER RESULTS AND RELATED TASKS

The following activities are planned for the next quarter:

1. **Baselines Study:** The baseline study of horticulture and livestock value chains will be completed and a draft report will be shared with USAID.
2. **Preparatory Studies:** Meat value chain analysis would be completed and value chain analysis for dairy, cold chain and horticulture will be initiated. The programmatic environmental assessment (PEA) will also be initiated.
3. **TA for Quality Assurance and Food Safety Certifications;** Assistance will be provided to six enterprises in attaining compliance certifications to various standards.
4. **Value chain platforms:** Four VCPs will be established and one each meeting of VCP will be conducted.
5. **Matching Grants and Grants Products:** Matching grants will be provided to three associations and two organizations for agriculture extension/research and development. Matching grants would also be awarded for establishment of solar dryers, commercial tissue culture businesses, Screen houses and milk chillers subject to approval from USAID.
6. **TA under International Market Access Program:** Assistance will be provided to six (06) Pakistani processing and exporting companies (dairy and livestock) to participate in EuroTier scheduled from November 13-16, 2012 at Hanover, Germany for promotion of dairy and livestock from Pakistan.
7. **TA for International Market Linkages Program:** Contract will be signed with an International firm and branding strategy will be developed. Process for identification of potential domestic and International buyers will be initiated once the contract is approved and technical assistance is mobilized.
8. **Organization of Kissan Field Schools:** Contract will be signed with FAO for implementation of the program and process will be initiated to organize 500 KFS having participation of 12500 farmers.
9. **Formation of Farmer Enterprise Groups:** The process of formation of FEGs will be initiated and formation of 1000 FEGs will be initiated in the next quarter.

ANNEXURE-1: FINANCIAL PROGRESS

No.	Head of Account	During 4 th Quarter July-September 2012	Cumulative till September 2012
1	Salary, Wages & STTA	428,145	1,184,904
2	Fringe Benefits	57,494	317,807
3	Travel	103,633	251,408
4	Equipment	21,907	439,157
5	Supplies	11,040	462,403
6	Communication	17,514	27,239
7	Security Cost	33,020	42,157
8	Training	1,383	2,999
9	Sub-Contracts	199,890	309,020
10	Sub-Grants	2,394	18,278
11	Others Direct Costs	539,385	1,294,107
	Total Cost	1,415,806	4,349,479

ANNEXURE-2: TRAININGS AND MANAGERIAL TRAINING CONDUCTED

Sr. No.	Title of Training	No. of Days	Duration of Training		Location	No of Participants of Trainings
			From	To		
1	Dairy Farm Recording, Administration and Production analysis	5	02.07.2012	06.07.2012	Karachi	20
2	PTC+ Training Program on Dairy Recording Administration & Production Analysis	5	09.07.2012	13.07.2012	Karachi	20
3	BRC Third Party Auditors - Food Safety Issue	4	09.07.2012	12.07.2012	Karachi	16
4	Marketing and Supply Chain Management – Horticulture	4	28.08.2012	31.08.2013	IBA Karachi	40
5	Marketing and Supply Chain Management – livestock	4	04.09.2012	07.09.2012	IBA Karachi	30
6	Training on cultivation of high value vegetables through tunnel farming	5	17.09.2012	21.09.2012	Islamabad	30
7	Technical Assistance for fruits and vegetables processing through solar Tunnel Dryer	3	25.09.2012	27.09.2012	Date Palm Research Institute, Shah Abdul Latif University Khairpur.	20
8	Fruits and Vegetables processing at ARI	7	24.09.2013	30.09.2012	ARI, Tarnab Peshawar	16
9	Best dairy Management Practices	7	24.09.2012	30.09.2012	Peshawar	16
10	Export procedures for Horticulture products	7	24.09.2012	30.09.2012	Peshawar	15
Total						223

ANNEXURE-3: SUMMARY PERFORMANCE MONITORING REPORT

Strategic Assistance Objective: Improved Condition for broad-based economic growth

Performance indicators	Project Targets (Five Years Cumulative) 10 th November 2011 – 09 th November 2016	During Reporting Quarter (July 1, 2012 to September 30, 2012)
IR-1: Increased income generating opportunities	1.3 million person years ⁵	No assessment has been done to measure full time employment creation (FTE).
	20% increase in the income of beneficiaries	No assessment has been done to measure increase in income as a result of project interventions. Baseline data on income of enterprises is being collected.
SIR-1.1: Competitiveness of Horticulture & Livestock value chains increased	20% increase in sales to domestic market – USAID assisted value chains	Preparatory activities are being implemented
	20% increase in sales to international market– USAID assisted value chains	Preparatory activities are being implemented
	40% increase in sales –USAID assisted beneficiaries in value chains	Preparatory activities are being implemented
SIR-1.1.1: Strengthened market linkages in selected value chains	40% increase in sales-domestic/international market	Preparatory activities are being implemented
	20% increase in value added of selected value chains-domestic/ international marketing	Preparatory activities are being implemented

⁵ This is an indicative target and will change on the basis of revised FTE definition and baseline data collected by the project.

	10 formal agreement negotiated between buyers and sellers	Preparatory activities are being implemented
S-IR 1.1.2: Strengthened capacity of smallholders, farmer enterprises	700 FEGs formed, trained and registered with RSPs/NGOs	Preparatory activities are being implemented
	80 of assisted Farmer Associations become registered as enterprises/cooperatives	Preparatory activities are being implemented
	100 cost-sharing grants received by FEGs/FEGs associations	Preparatory activities are being implemented
	50% having formal contracts for input supplies/produce sales/service acquisitions	Preparatory activities are being implemented
	30% of assisted women's producer groups have formal marketing contracts with buyers/input suppliers/service providers	Preparatory activities are being implemented
	Approximately 315,000 small holders benefiting from formal agreements with buyers	Preparatory activities are being implemented
S-IR 1.1.3: Improved technological innovation	70% of beneficiaries using improved technology and practices	Preparatory activities are being implemented
	20% increase in yields in project -assisted value chains	Preparatory activities are being implemented
	60% reduction in post-harvest losses in the case of beneficiaries within the horticulture and livestock sub-sectors	Preparatory activities are being implemented
	30% of cold storage capacity/processing capacity upgraded in project assisted beneficiaries within the target value chains	Preparatory activities are being implemented

ANNEXURE-4: QUARTERLY WORK PLAN (JULY TO SEPTEMBER 2012)

Objective	Activity	Target for Quarter	Start Date	End Date	Lead Responsibility
1 (S-IR 1.1.1)	Strengthened Market Linkages in Selected Value Chains				
1	Technical Assistance & Capacity Building Support - Quality Assurance & Food- Safety Compliance Program	10	31-Jul-12	31-Oct-12	Shafqat Syed
2	Technical Assistance and Capacity Building Support under International Market Access Program (IMAP)	10	31-Jul-12	10-Sep-12	Baber Bajwa
3	Participatory Assessments/Preparatory Program				
3.1	PRLA/HA	16	31-Jul-12	15-Aug-12	Nafeesa
3.2	Baseline Studies	1	13-Aug-12	20-Sep-12	
3.3	Value Chain and other Studies	9	31-Jul-12	30-Sep-12	
4	Development and Operation of Value Chain Platforms (VCPs)				
4.1	Establishment of VCP	1	31-Jul-12	30-Sep-12	Shafqat Syed
4.2	Organizing VCP Meetings	2	31-Jul-12	30-Sep-12	Shafqat Syed
4.3	Organize International Training and exposure Program for VCP members	2	31-Jul-12	9-Nov-12	Shafqat Syed
5	Technical Assistance for International Market Linkage Program	1	11-Aug-12	30-Sep-12	Fida /Muzaffer
2(S-IR 1.1.2)	Strengthened Capacity of Smallholders & Farmer Enterprises				
1	Technical and Managerial Trainings	17	31-Jul-12	30-Sep-12	Regions/ Shafqat Syed
2	Organization of Kissan Field Schools in Selected Value Chains	500	18-Jul-12	10-Sep-12	Imran/Muzaffer
3	Technical Assistance & Capacity Building of BDS Providers	20	28-Jul-12	31-Aug-12	Imran /Grants
4	Formation of Farmer Enterprise Groups (FEGs)	700		15-Aug-12	TahirMehmood
4.1	Support to Existing FEGs	300		15-Sep-12	Regions/ Mansoor

Objective	Activity	Target for Quarter	Start Date	End Date	Lead Responsibility
5	Matching-Grant Support to Associations, Cooperatives and Farm Service Centers	20		15-Sep-12	Grants
3(S-IR 1.1.3)	<i>Improved Technological Innovation</i>				
1	Matching Grant Support to Individual Farmers/Corporate Farming	200		15-Oct-12	Grants
2	Agriculture Extension/Research Service Development in private sector	3		30-Sep-12	Grants
3	Matching Grants Support to enterprises (Off Farm)	70		9-Nov-12	Grants