

PAKISTAN

COMMUNITY DEVELOPMENT PROJECT (AJKCDP) – IFAD Loan 625-PK

Supervision Mission: 31 May – 15 June 2010

Aide-mémoire

A. Introduction¹

1. The 2010 Full Implementation Support and Supervision Mission was required to assess overall progress of the AJKCDP, as it enters its final year of implementation, with particular focus on the transition of community mobilisation and microfinance initiatives to the AJKRSP, establishment and implementation of a CDP transition/exit strategy and of course to follow-up on the agreed action plans from the 2009 Implementation Support missions. The Mission visited seven AJKCDP districts.
2. The IFAD Board approved the AJKCDP on 18 December 2003 for a total of SDRS 15.25 million and the IFAD loan became effective on 2 September 2004. The project is expected to be completed by 30 September 2011 and closed by 31 March 2012. Following, the 8 October 2005 earthquake that affected four of the project districts an amendment was made to the Loan Agreement (9 January 2006) to assist and facilitate the rehabilitation of the community infrastructure damaged by the earthquake.
3. The main objective of the project is to consolidate, expand and improve the well being of the rural poor in AJK through a gender sensitive, community based participatory planning, implementation and monitoring process of rural village development. This is being achieved by (a) strengthening the role and capabilities of existing community organizations and establishing new COs to extend decentralized development benefits to IFAD target groups on a sustainable basis (b) to establishing the basis for successful decentralisation by promoting effective governance, transparency and accountability through improvements in operational, financial and relationships between central and local institutions (c) improving natural resource management and expanding the social and economic infrastructure necessary to increase income and employment opportunities and reduce poverty levels of the vulnerable segments of the communities.

B. Overall Assessment of Project Implementation Progress

4. The AJKCDP continues its turnaround from a seriously “at-risk” project to one that will in all likelihood achieve the majority of its targets. Whilst expenditure is at best a crude indicator of successful project implementation (it is however a necessary condition to achieve outputs and outcomes) utilisation of approved ADP resources has more than doubled since 2007/08 . More importantly there are widespread indications of strong demand from communities for the variety of development initiatives that can be accessed through this innovative development investment. One of the cornerstones of this performance had been the quality implementation of the community infrastructure activities that are being demanded by the 3000 COs involved in the programme. Responding to demands (expressed through formal resolutions) the respective line agencies have worked to provide designs and associated costs estimates. Construction has been undertaken by the communities through community driven contracting which has been supported and supervised by the independent Engineering Cell (established through FAO support) with the PMU). This community based construction approach has completed over 1400 schemes that are benefiting 710,000 people and has entailed an investment of PKR1431 million. Further almost 1000 (about 33%) communities have established reliable saving programmes and are now managing intra-CO microfinance programmes amounting to PKR136m. Recovery rates are consistently around 97 - 99% with no defaults reported. The EAD representative raised relevant concerns about the need to assure the quality of community interventions with regard to both infrastructure and enterprises.

^{1/} David Rendall, Mission Leader, IFAD, Abdul Karim, Implementation Support Specialist, IFAD, Abdul Rashid, NRM Specialist, FAO. The Mission was fully integrated joint exercise with the key CDP staff participating full time in both field work and document preparation. Mr Ahmed Farooq, Joint Secretary, EAD and Mr Qaim Shah, IFAD Country Programme Officer joined the Mission in Muzaffarabad from 7 – 9 June.

5. Key priorities and implementation principles for final years implementation of CDP include:
 - The need to consolidate existing LSOs/COs to ensure they recognise the importance of and seek independence
 - Stability of staffing of both the CDP PMU and DPOs, key GLD staff especially focal persons and the strengthening of AJKRSP staff resources
 - Establishment of programme outcomes and outputs through the timely appointment of the impact assessment consultants and just as importantly the review and analysis of the data available at PMU and in the GLD district offices
 - Through the collaborative transition of the responsibility for nurturing the LSOs and COs to AJKRSP ensure that this civil society based transformation of rural communities is sustained
 - Prepare and have an approved AWPB that reflects key community priorities and that focus's on activities that can successfully be completed by the end of June 2010
 - Extension of UTF (FAO) support contract to continue to provide insightful management support and critical capacity building services in all 10 districts.

Agreed action	Responsibility	Agreed date
Maintain PMU and district staff until 30/6/11	PSC	30/8/10
Timely approval of the 2010/11 AWPB	PSC & IFAD	30/6/10
Timely issuance of the 2010/11 APO	GLDs & P & D	15/8/10
Review and process Phase 2 of the AJKRSP contract	CDP/AJKRSP	31/7/10
Approval of the extension of the UTF until 30/6/11	GoAJK/IFAD/FAO	30/8/10

C. Outputs and Outcomes, by Component (see Attachment I)

Gender Sensitive Community Development

This component was designed to provide for the mobilisation, organisation/strengthening and capacity building of around 2900 existing and about 1270 new women, mixed and male COs

6. The AJKCDP is now working with 2979 COs of which 9.7% are assessed as being institutional independent, 35% are regarded as being in the institutional growth phase, 45% are classified as being in their institutional infancy and the final, almost 10% are defined as being operationally dormant. The preponderance of immature COs highlights the challenge facing the AJKRSP as it takes up its assignment as mentor of these organisations. The agreement reached between CDP and RSP on 7th June was a positive indication of the developing collaborative relationship between the two organisations. The Approach and Methodology Matrix jointly developed address the following key issues:
 - Continuation of the phased handover to AJKRSP
 - Establishment of a joint common strategy – the AJK model
 - coverage – gender and geographical
 - the need for LSO/CO maturity and their sustainability/cost effectiveness
 - Clear criteria for growth and hierarchal development
 - Linkages/collaboration with other key stakeholders e.g. NRSP
 - Linkages/collaboration with GLDs post CDP
 - Information campaign re “hand-over” to AJKRSP
7. It is agreed that the milestones for moving from Phase I to Phase II will be the ratification of the Approach and Methodology Matrix, conformation of the understanding developed for implementation of the microfinance programme (see below), the inclusion of representatives of well established LSOs on the BoD and agreement about the staffing requirements and mutual assignment of responsibilities between CDP and RSP staff. It will be necessary for the GoAJK and AJKRSP to develop an appropriate resourced programme for the post CDP period.
8. The Mission visited some 25 LSO/COs in seven of the programme districts. As noted in para 7 there is a significant range in the institutional maturity of these organisations. The Mission visited four LSO/COs that have suffered social conflict at levels sufficient to affect implementation of infrastructure investments. CDP and RSP need to establish a Rapid Response Unit (senior staff from existing resources) that actively interacts with LSO/COs that are suffering from such social issues. It is important that the monthly reporting system captures the extent of such “challenged” LSP/COs. Their incidence is a direct indicator of the quality of the community work being carried out.

Community Development Fund

The **Microfinance Window** was based on the provision of tiered community based financial services with an allocation of USD4.5M

9. The microfinance window is based on the savings of PKR 58.46 M made by the 70,500 members of the CDP/RSP COs. At present almost 1000 COs have qualified for and accessed matching funds. This has enabled more than 8300 members (60% women) to access a credit pool of PKR135 M. On time recoveries are consistently in the range of 97 – 99% with no loan defaults being recorded. Due to recycling of the loans total of PKR 56M has been approved for the 8300 loanees. Selection of the loanees is done by the CO on the basis of need and capacity to repay. The extremely poor and vulnerable are assisted through grants (e.g goat and poultry packages). Livestock and small enterprise loans are almost equally popular with the balance of 3% being for agricultural purposes. Livestock loans make up around 50% by value of the portfolio. Capacity building programmes for the credit activists total around 110 courses for 3300 activists.
10. As for the community mobilisation aspects of the hand-over to AJKRSP positive discussions were held between CDP and RSP during the Mission. These focused on the need to attend to key lessons learnt by both community based programmes include proximity of bank branches to COs, provision for the security/protection of CO member savings, the possible establishment of linkages with PPAF/IFAD programmes (PRISM and MIOP), the development of enterprise analysis financial models, feasibility study methods and standards, the need for equitable distribution of resources and the on-going prudent management of the CCF.

The **Infrastructure Window** anticipated an investment of USD14m for a range of social and economic community level investments.

11. This resource was initially applied to developing mini hydel stations in the upper reaches of the Neelum and Jhelum Valleys. Through prompt cooperation between GoAJK, GoP and IFAD able to be used to assist in the recovery efforts needed as a result of the devastating earthquake that occurred in late 2005. The Joint GoAJK/IFAD MTR sensibly re-focused the component on economic and social (shelter-less schools and first aid posts). To date 1416 schemes have been initiated of which 683 are complete, 381 are almost completed and a further 352 are in progress. Implementation of these schemes typically takes 6 months. A clear priority for the balance of the project is the completion of these outstanding schemes. For the 2010/2011 ADP it is agreed that priority will be given for drinking water supply and simple irrigation schemes that can assuredly completed by 30 June 2011. As a result of the findings of the EAD representative a follow-up mission to review the process and quality of infrastructure works will be fielded by IFAD.
12. As noted earlier, apart from the direct benefits being obtained from these village investments, a major aspect has been the evolution of the Kashmiri community contracting model. The cost savings achieved (between 20 and 25%), the improved timeliness of completion and the improved quality of works is an outstanding outcome, The role of the PMU Engineering cell in its mentoring and supervision works needs to be recognised as an important factor – however the commitment of the COs to transparent procurement and contract management remains the major characteristic and is one of the key lessons learnt from AJKCDP. The Mission will include in its full report a through assessment of the procurement processes used in AJKCDP and some observations/suggestions on ways of further strengthening this community contracting system. This will include a discussion of appropriate thresholds for community force account, local shopping/request for quotations and direct contracting).
13. Attention needs to be paid to establishing operations and maintenance committees e.g. the tendering of operations and maintenance of a public toilet in Bagh is a good example. It is important that social organisers are encouraged to follow-up on the O & M efforts of the communities. However, only 21 per cent of the COs have so far received training on O&M. A lot of work still needs to be done in this respect.

The **Innovation Window** has had limited use and unless there is an outstanding proposal received prior to finalisation of the ADP then this component should be cancelled and the funds reallocated.

Natural Resource Management – this component was intended to focus on capacity building for sustainable NRM, screening and demonstrations of improved technologies, on-farm participatory research, establishment of community managed revolving funds, support for private sector nurseries, market linkage initiatives and funding for GLDs to support crop development. An investment of US1.5M was envisaged. This was intended to be implemented by the Agriculture research and Extension wings of GoAJK.

14. The lack of regular output monitoring and reporting is a critical deficiency as it gives insight and direction in developing dissemination, awareness generation and technology adoption. Further it is the only affective way of calculating output and outcome benefits of interventions vs. controls. Whilst some output information is being collected by the FAO team it is not being carried out on a systematic basis at the district level nor is the data being assessed and analysed.
15. The Department of Agriculture has however been able to improve crop productivity through field demonstration plots, introduction of improved varieties seed of cereal crops and improved crop management practices. During the field visit, farmers in District Poonch and Sudhnoti shared the crop yields with the Mission. Aqaab 2000, a wheat cultivar, has given yield on an average 1.0-1.4 tonnes per acre (3.12-4.37 maunds/kanal). At some locations, the crop was still in the field and crop stand of Aqaab 2000 could clearly indicate twice the yield as compared to non-descript local variety. Similarly, Azam and White Pahari maize varieties have also given two times higher yields than local varieties. Under moderate crop management conditions, farmers got 1000 kg (1 ton) maize yield per acre with improved seed as compared to 0.4 ton per acre with local variety seed. Similarly, there has also been significant progress in getting the yield increase in green fodder by the introduction of improved varieties of sorghum, oats, and berseem particularly in Mirpur and Bhimber districts. However, there has not been much emphasis on data collection in order to document these results.
16. Similarly, AJK-CDP has provided 610 cows for breed improvement in District Kotli. This package was not given in Poonch, Bagh and Muzaffarabad as after the earthquake of 2005, over 2500 cows were distributed by NGOs as animal replacement package. However, in these 3 districts and south AJ&K (Mirpur and Bhimber), emphasis was laid on breed improvement of small ruminants. There is an increase in milk yield production (to a peak of 8 – 10 litres and an average of 6 – 8 litres) at household level, in the value of the animals and their calves. Likewise, goat packages have contributed positively to family income. Health and nutritional improvement of the families were reported to the mission from cows, goats and poultry. As in agriculture, data are not being recorded at outcome and impact level.
17. Department staff needs to take on the responsibility of recording both positive and negative results. This will complement the efforts of the Project Management Unit to assess the project impact overall at the completion. It is the responsibility of the District Monitoring and Research officers too work under the supervision of the M&E Specialist to coordinate with service providers the collection of information from the field.
18. Cultivation of high value crops (off-season vegetables and flowers) in districts Bagh, Poonch and Sudhnuti is growing due to high returns and development of irrigation facilities. With the introduction of Sahiwal cows, milk production in District Kotli is also increasing. Dialogue with LSO/COs found that farmers are already coordinating with each other for marketing of their produce. Improved road linkages and transport to major cities is a vital aspect for market linkages. These fledging efforts need to be actively supported over the next 12 months.
19. There isn't any consistent system in place to monitor the effectiveness of the trainings imparted in different sectors. No study has been undertaken to gauge the impact either. Social organizers and district Monitoring and Research Officers, in collaboration with representatives of the community organizations need to play a role in documenting this information. To outsource the task for a once off study may not be a feasible option.
20. It is encouraging that some COs, especially in Bagh and Kotli, have started charging for deworming and the money being deposited in their revolving fund accounts. However, the money collected (Rs. 5 and 15 for small and large ruminants respectively) is inadequate. COs need to increase the charges in order to ensure sustainability after the programme concludes.
21. Establishment of fruit orchards and fruit tree nurseries is also one of the activities of the Department of Agriculture Extension in the programme. Several demonstration orchards and 6 fruit tree nurseries were visited during the field visits in Poonch, Sudhnoti and Bhimber Districts. At a scale of 1-10, the performance of the orchards in terms of their success in establishment, plant growth and canopy management ranged between 1 and 2. Several factors have contributed to this poor progress - fruit trees with poorly developed root system, lack of care by the farmers and drought stress. Two farmers were met who are actively marketing trees – they have generated around PKR 18,000 with a selling price of PKR 15-25.
22. The Agriculture Department has access to well trained nurserymen and budders who can assist private nurserymen in the fruit trees nursery management practices. AJK-CDP/FAO-UTF office should approach retired budders, who worked for NJVCDP, to train new nurserymen. The Rural Social Development Advisor needs to have technical sessions with the NRM Consultant to develop

training schedule for the remaining time of AJK-CDP. The significant demand for planting material in Lahore and Islamabad/Rawalpindi suggest that there are significant market opportunities in nearby parts of Pakistan. Consideration to the establishment of a Nursery Growers Association (as a special interest inter LSO group should be given to establish plant and phyto-sanitary standards.

23. The Directorate of Research has a large collection of fruit tree varieties collected under NJVCDP. Together with the necessary training these should be made available on a cost recovery basis to private farmers. With strengthened technical expertise and knowledge, they will develop the capacity to propagate rootstocks for their annual needs. The training should also provide guidance about various varieties and rootstock-scion combinations. The Directorate of Research should be the source of technical support to newly established nurseries and multiplies rootstocks and scion varieties. A separate proposal is being submitted for funds for this task that will be considered under the forthcoming AWPB/ADP approval process. The same applies to the proposed fish hatchery initiative in Mirpur.
24. The Department of Forest has three main activities under AJKCDP: raising nursery seedlings through communities, carrying out plantations at private and communal lands and anti-soil erosion work. Mission observed that propagation of nursery saplings is limited to few locations in each district and most of the forest tree propagation is not being carried out by the target group. Moreover, the community members have expressed the concern that the Department does not encourage communities for this activity. It is, therefore, recommended that Forest Department involves communities in this activity at localized level (Tehsil, LSO or Sub-division) to enable the rural poor to be involved in these small enterprise opportunities. The role of community plant protection committees is significant in the protection of new plantations. Several plantations were visited by the Mission in each district. Success rate ranges between 10-90 percent. Several factors contribute to good survival rate like well developed root system, tree size and soil moisture content. Selection of drought resistant species and plant protection are two fundamental factors, keeping in view the dependence on rains and the open livestock grazing. Department of Forest should avoid working with uncommitted communities in order to save the resources. At the same time, it is important to select trees that can endure harsh climate especially in the Southern part of AJK.
25. The Department of Sericulture is promoting silkworm rearing in 20 (Source: Department of Sericulture) communities. In spring 2010, they produced 1115 packets of silkworm eggs. Fifty three percent of the packets were given to the community members on full cost basis (Rs.250 per packet), whereas remaining produce was sold to other customers in Pakistan. About 8 kilograms of dry cocoons are expected from one packet of the silkworm eggs. Selling price stands at Rs.450/kg of dry cocoons. Families involved in rearing silkworms will have an estimated gross benefit of Rs. 2.09 million or a net income of Rs.1.94 million. Department also made Rs.0.129 million by exporting 515 packets to Pakistan. All these figures are encouraging and the efforts to promote sericulture should be continued. Organized documentation at district level is needed to determine the cost benefit ratio.

Agreed action	Responsibility	Agreed date
Activate Phase II of the CDP-RSP agreement	CDP & RSP	30/8/10
Establish joint strategy for community mobilisation and financial services	CDP & RSP	31/10/10
Establish the Rapid Response Unit (RRU)	CDP/RSP	20/10/10
Establish linkages with the IFAD supported PRISM and MIOP Projects	CDP/RSP/PPAF/Mission	15/6/10
Review and develop Community Contracting methodology	CDP/FAO/Mission	31/12/10
Strengthen the O & M Training programme	CDP/FAO	ongoing
Review and Develop formats and provide training for output monitoring	CDP/IFAD/FAO	31/12/10
Make provision for an active market linkages activity for milk, vegetables, nursery plants and gladioli	CDP/FAO	15/7/10
Review and support the livestock and crop input revolving funds	CDP/FAO	ongoing
Re-vitalise the nursery management capacity building programme	CDP/FAO/Agric and Forestry	ongoing
Review Fish hatchery and plant rootstock proposals	CDP/FAO/Fisheries and Agri. research	15/7/10

D. Project Implementation Performance

26. **Project management performance.** Coordination of the programme is being well managed and lead by the PSC and the PD. The support of the PSC in ensuring stability in the PMU especially with the incumbent PD has been the major factor in turning around the AJKCDP from an "at-risk" project to one that will substantially and substantively achieve its objectives. The transfer of PMU and line agency staff, especially focal points, is always damaging to implementation of development initiatives – AJKCDP is particularly vulnerable as it enters its final year of implementation. It is also agreed that the assignment of additional charges to PMU and key line agency staff will be minimised over the last year of AJKCDP implementation.
27. The basic responsibility of Programme Management Unit is coordination amongst District Program Offices, Donor, government line departments (GLDs) NGOs, local communities and other implementing agencies/stakeholders. Further the PMU has responsibility for the overall financial management, liaising with government and donors, administration of the Special Account, support in Monitoring, Credit & enterprise Development, Social mobilization. Awareness development for the general public, preparing instruction manuals, advertisement of program interventions and reporting is also responsibility of the Program Management Unit. PMU provides technical assistance to District Offices in program implementation through FAO under Unilateral Trust Fund arrangements. In addition to day to day support to PMU in the implementation process, FAO provides services for procurement of equipment, management support and capacity building for all the stakeholders.
28. **GOAJK/FAO UNILATERAL TRUST FUND** The component has been playing important role in building the capacities of the communities, their institutions, providing technical assistance to the GLDs in infrastructure, NRM, and their strengthening, etc. Continuation of this support till the completion of the CDP will certainly help the programme in the accomplishment of its targets and objectives. It is also suggested that this component may offer support to and train the technical staff of the line agencies in documenting the results and impact and generate reports for the consumption by civil society, IFAD, government and other stakeholders including communities. It is agreed that a no cost extension be prepared to carry the FAO component through 30 June 2011. (NB project completion is 30 September 2011)
29. A key responsibility of the PMU is the organisation, collation and approval processing of the **AWPB**. This process is based on a series of district Annual Review and Planning Workshops that are led by the respective district teams. They derive their basic inputs from CO resolutions that have been screened and approved by the COs prior to submission. The basic approach is to respond positively to all resolutions that meet necessary targeting, technical feasibility and environmental standards.

30. For the 2010/2011 AWPB/ADP that will be the final one for AJKCDP the agreed priorities for inclusion are:
- Strengthening of existing COs with establishment of some women's CO where due to staffing constraints their formation had lagged
 - Consolidation and strengthening of LSO with a particular focus on their independent financial sustainability
 - Collection and collation of output data from the NRM activities throughout the programme area
 - Completion of the current infrastructure investments and the initiation of mostly drinking water supply schemes (gender focus) and small irrigation works that can be completed prior to 30 June 2011
 - Provision for remedial works and plantings on link roads in the four earthquake affected districts

The P & D Department as approved an indicative ADP allocation of PKR 369 M. It is estimated (see Attachments II and III) that there will around PKR 139M available from the IFAD loan. It was confirmed during the AJK Wrap-Up Meeting that the GoAJK will fully fund the 2010/11 AWPB.

31. **Monitoring and evaluation.** AJKCDP has a well structured participatory based MIS system. Of the 2979 COs that are involved in the programme some 1200 or 40% of them are regularly submitting progress reports. There are two important aspects of the MIS system that need to be attended too. Firstly the lack of output data (which is most often available in the files of the district GLD offices) severely constrains the ability of management, the PSC and IFAD to assess the results of the multifarious programme activities. Secondly the M and E team tends to present all the collected data in progress reports rather than reviewing and summarising the data into information. As a consequence the progress reports tend to be very heavy and somewhat difficult to navigate.
32. CDP with technical guidelines from IFAD, has initiated the procurement for the Impact Assessment Study of the programme. The ToRs were approved by the IFAD. Through LCB, Consultancy firms were invited to bid for the study with tenders received on 26 May 2010. It is important that before execution of the study, all the necessary documents and the recommendations of the procurement committee are submitted to IFAD for its "no objection" as soon as possible. The Impact Assessment will carefully review the quality of the community interaction processes. Further, it is suggested that the AJK government ensures completion of the study before Oct 2010, so that successes and failures are shared with all the stakeholders enabling IFAD to examine the results that will be important for policy dialogue. RIMS is the requirement of the IFAD for reporting the progress and impact at three level of indicators. It is important that RSP should work closely with CDP's M&E Section to feed into the data gathering and reporting system/MIS.
33. Provision needs to be made for the preparation of the Project Completion Report (PCR). It is agreed that an experienced local consultant will be recruited for a 40 day assignment (to be carried out from May – July 2011).
34. **Gender Focus** The fundamental strategy for enhancing the lives and status of women has two key platforms. First the AJKCDP seeks to address their basic needs through making available, based on resolutions from women's, mixed and men's community organisations infrastructure investments in especially drinking supply schemes and more accessible fuel sources. Secondly through the active inclusion of women in economic decision making, enterprise establishment and community based decision making fora at all levels of the community organisation hierarchy. Provision has been made in the pending impact assessment study to specifically assess the outcomes of this strategy.
35. **Poverty focus.** AJKCDP has focused on the poorest of the poor as a priority group, but at the same time has not excluded other levels of who are also living in the same community. In addition specific focus is aimed at the full inclusion of widows and women headed households, the physically challenged, orphans and the landless. Based either on the communities self assessment or using some form of the poverty score card all COs are assessed and poverty bands identified ranging from the poorest of the poor, very poor, poor and less poor. Access of the lowest two bands is a key factor in the implementation of the AJKCDP. The transition of community activation responsibilities to AJKRSP cements this focus as its targeting focus and criteria is robust.
36. **Effectiveness of targeting approach.** The AJKCDP has an effective targeting mechanism, Using either the Poverty Scorecard or CO self assessment the CO membership is classified into four bands - extremely poor, poor, less poor and not poor. THE COS focus specific activities on women

headed households, the disabled and the landless through livestock (goat and poultry packages) and skill development training (e.g. tailoring). In order to improve opportunities throughout the AJKCDP target group as well as to disseminate improved production technologies, it is necessary to rotate demonstration plots in different COs/villages. To repeatedly work with the same farmer is not appropriate.

Target Group	Total number of people to be reached by the end of project implementation	Number of H/Hs reached so far (cumulative)	
		Total number	Of which, women
Category	(Appraisal Targets)_		
<i>Total Target Group</i>	<i>123000 H/Hs</i>	<i>71,500</i>	
<i>Landless H/Hs</i>	<i>Not Specified</i>	<i>9,526</i>	<i>1,670</i>
<i>Women headed households</i>	<i>Not Specified</i>	<i>4,267</i>	<i>4,267</i>
<i>Farmers owning less than 0.5 ha of cultivated land</i>	<i>Not Specified</i>	<i>15,643</i>	<i>1,223</i>
<i>New COs</i>	<i>701</i>	<i>841</i>	<i>310</i>
<i>MF (CCFs)</i>	<i>900</i>	<i>1000</i>	
<i>Credit recipients</i>		<i>8300</i>	<i>4980</i>
<i>Poorest</i>	<i>Not Specified</i>	<i>9165</i>	<i>13%</i>
<i>Very poor</i>	<i>Not Specified</i>	<i>23265</i>	<i>33%</i>
<i>Poor</i>	<i>Not Specified</i>	<i>21150</i>	<i>31%</i>
<i>Less poor</i>	<i>Not Specified</i>	<i>14805</i>	<i>21%</i>

37. **Knowledge management.** The Knowledge management strategy, although it is not specifically stated as such, centres around three key platforms. Firstly the establishment of the "LADDERS" teams at the district level has brought together key stakeholders in the heads of GLDs, CDP (and other community mobilisation organisations e.g. NRSP, IR, Local NGOs and most importantly representatives of the LSOs. The "LADDERS" teams meet on a regular monthly schedule to review progress, plan for the next period, to resolve issues and share success stories. These district fora are highly regarded by all the participants. Secondly the Programme makes extensive use of the media – it has an active website that is up-dated at least on a weekly basis, publishes a quarterly Urdu language newsletter, has video and audio documentaries available and makes active use of the press. The third aspect of knowledge management in AJKCDP centres around the IFAD and FAO Country offices that provide active support and channel useful information to the AJKCDP implementers.
38. **Partnerships.** Almost all the NGOs and RSPs working in AJK have been approached and interactions have been made with regard to collaboration. It is worth mentioning that a positive and open response from all the organizations and projects working in the programme area has been achieved and district offices are playing a significant role in this respect. Thus an implementation strategy to work together while recognizing and supplementing each other's effort to address needs of the target beneficiaries/ COs is being implemented.

Agreed action	Responsibility	Agreed date
Assure staff stability for the PMU and key line agencies and minimise additional duties	GoAJK	Immediate and on-going
Approve the contract for Impact assessment Study	GoAJK/CDP	immediate
Review an experienced PCR consultant	CDP	31/3/10
Elucidate the AJKCDP KM Strategy	CDP with support of the IFAD Country Office	31/10/10

E. Fiduciary Aspects

39. **Financial management.** The financial management system used by the GoAJK provides for reliable certification of payments and for the maintenance of expenditure records. The major issue is the timely and regular flow of funds to the district and sub-district. Since the AJKCDP has

started to make better use of the Special Account Facility this has been a lesser problem. Provision and use of project financial resources is summarised in Attachment 1. The Mission has carried out a spot review of some SOE records and found them to be in satisfactory order. As the SOE supporting documents are held at district level it is agreed the CDP Finance team will ensure that these records are reviewed by them on a monthly basis.

40. **Disbursement.** The recent training in loan administration and withdrawal application processing is bearing fruit. In the past week IFAD has cleared and processed around USD 2.5?? M. Utilisation of the IFAD loan now stands at 80%. A detailed review of the status of loan utilisation and an estimate of the balance of IFAD resources (around PKR 550M) is presented in Attachment 2. As the balance of the loan is nearing twice the value of the authorised allocation (USD1.5M) of the Special Account IFAD will commence recovering the initial deposit by reducing the replenishments to 50% of the approved W/As.
41. **Counterpart funds.** The main issue with regard to counterpart funding remain the delays in release of funds especially at the beginning of the financial year. The Mission recognises the commitment of the GoAJK to the sustainability of the programme through its establishment of the PKR250 M endowment fund for AJKRSP
42. **Compliance with loan covenants.** The GoAJK and the programme are substantially in compliance. A detailed review will be included in the full Mission Report.
43. **Procurement.** The only major procurement activity in the current period is the contract for impact assessment. This has not formally been submitted to IFAD for prior review but a preliminary assessment of documents by the Mission and the IFAD Country Office indicate that the procedures have been well applied. The
44. **Audit.** Follow-up on audit observations continues. The necessary meeting to finalise the regularisation of the outstanding observations is scheduled to be held on 15 July. Should these not be resolved then it will be necessary for the GoAJK to repay the unsettled amounts.

Agreed action	Responsibility	Agreed date
Complete all necessary follow-up on outstanding W/As	CDP/IFAD	15/7/10
Complete the clearing of Audit paras	CDP	30/8/10
Ensure the 2009/10 Audit is carried out on time	CDP	31/12/10

F. Sustainability

45. **Institutional sustainability** The establishment of an agreement between the programme and the AJKRSP is a positive and critical step in ensuring the 3000 or so COs that the AJKCDP is working with have a mentoring and support network available to them. Current efforts to ensure the effective transition from the current district programme to full coverage of AJK is important.
46. **Environmental sustainability.** Among soil conservation interventions, water harvesting by constructing mini dams is the best investment being used by the programme. It checks soil erosion or conserves soil, promotes flora and fauna in its vicinity, provides drinking water for humans and animals, water for daily use and makes water available for the crops and forestry plantations. Other positive initiatives that need to be maintained and strengthened include the use of drought resistant species such as Acacia(Kikar) and Phulahi and contour planting of both field and tree crops. The use of the heavy water demanding Eucalyptus needs to be discontinued. The major negative environmental impact has been the necessarily hasty rehabilitation/realignment of link roads following the October 2005 earthquake. Particular attention needs to be paid to the link roads especially in the four earthquake affected districts to initiate remedial action in the next 12 months or so
47. **Exit strategy.** As an in-built strategy, AJKRSP is an important part of the exit strategy of CDP to provide institutional home to community organizations. Although AJKRSP and CDP will be working together with overlapping period of almost one year, AJKRSP is still in a transition and it cannot be assumed that this organization can have a complete control over whole of the program interventions. The government should consider to have a project for at least two years to continue with the District Program Officers to work under the Planning and Development Department to coordinate with AJKRSP, line departments, beneficiaries and foster latter's linkages with different service providers.

Agreed action	Responsibility	Agreed date
Preparation for follow-up project based on AJKCDP model to reach uncovered areas and coordination among stakeholders at P&D level.	P&D/IFAD/FAO	30/9/10

G. Conclusion

The chief findings of the Mission, as agreed at the AJK Wrap-Up Meeting held under the chair of the ASC (P & D) Mr Tariq Khan are to consolidate the physical achievements of CDP. In noting that the Meeting endorsed the Agreed Actions outline in the report the ASC highlighted:

- a) The need to compliment the impressive qualitative progress being achieved by establishing credible evidence of the qualitative aspects of the CDP in both output and outcome terms
 - b) The assurance that, subject to satisfactory performance, staff stability will be assured
 - c) The resolution of the outstanding audit paras will be attended to promptly and
 - d) Continuation of the community mobilisation process in AJK is a critical priority and IFAD will be warmly invited to consider extending its highly appreciated financial and implementation support in the future.
48. The Mission wishes to acknowledge the active and collaborative support it has received form all community members, district line agencies, AKJRSP, AJKCDP, the GoAJK and GoP.