

ANNUAL PROGRESS REPORT 2009-10

AGRIBUSINESS SUPPORT FUND

PAKISTAN

(A COMPANY SET UP UNDER SECTION 42 OF COMPANIES' ORDINANCE 1984)



Agribusiness Support Fund, Pakistan
www.asf.org.pk

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List of Abbreviations

ADB	Asian Development Bank
ADDP	Agribusiness Development & Diversification Project
BDS	Business Development Services
ASF	Agribusiness Support Fund
CEO	Chief Executive Officer
DDWP	Departmental Development Working Party
FEG	Farmer Enterprise Group
GM	General Manager
GOP	Government of Pakistan
ICT	Islamabad Capital Territory
MINFAL	Ministry of Food, Agriculture and Livestock
MINFA	Ministry of Food & Agriculture
NGO	Non-government organization
PCG	Partial Credit Guarantee
PHDEB	Pakistan Horticulture Development & Export Board
PIO	Provincial Implementation Office
PMO	Produce Marketing Organization
PMU	Project Management Unit
RSP	Rural Support Program
SBP	State Bank of Pakistan
SOP	Standard operating procedures
TNA	Training Need Assessment
TOP	Terms of Partnership
TOR	Terms of Reference
TOT	Training of Trainers

Project Structure

Agribusiness Support Fund (ASF) is a “Not-for-Profit” company registered with Securities & Exchange Commission of Pakistan (SECP) under Section 42 of Companies Ordinance 1984. The company was established by Ministry of Food, Agriculture & Livestock (MINFAL) with the support of Asian Development Bank (ADB) in context of the Agribusiness Development & Diversification Project (ADDP). It provides financial support to farmers, farmer groups, and entrepreneurs for hiring demand-driven technical and managerial services on a matching grant basis to improve their productivity, competitiveness and creditworthiness to access financing for their enterprises. The company is governed by a private-sector led independent Board of Directors.

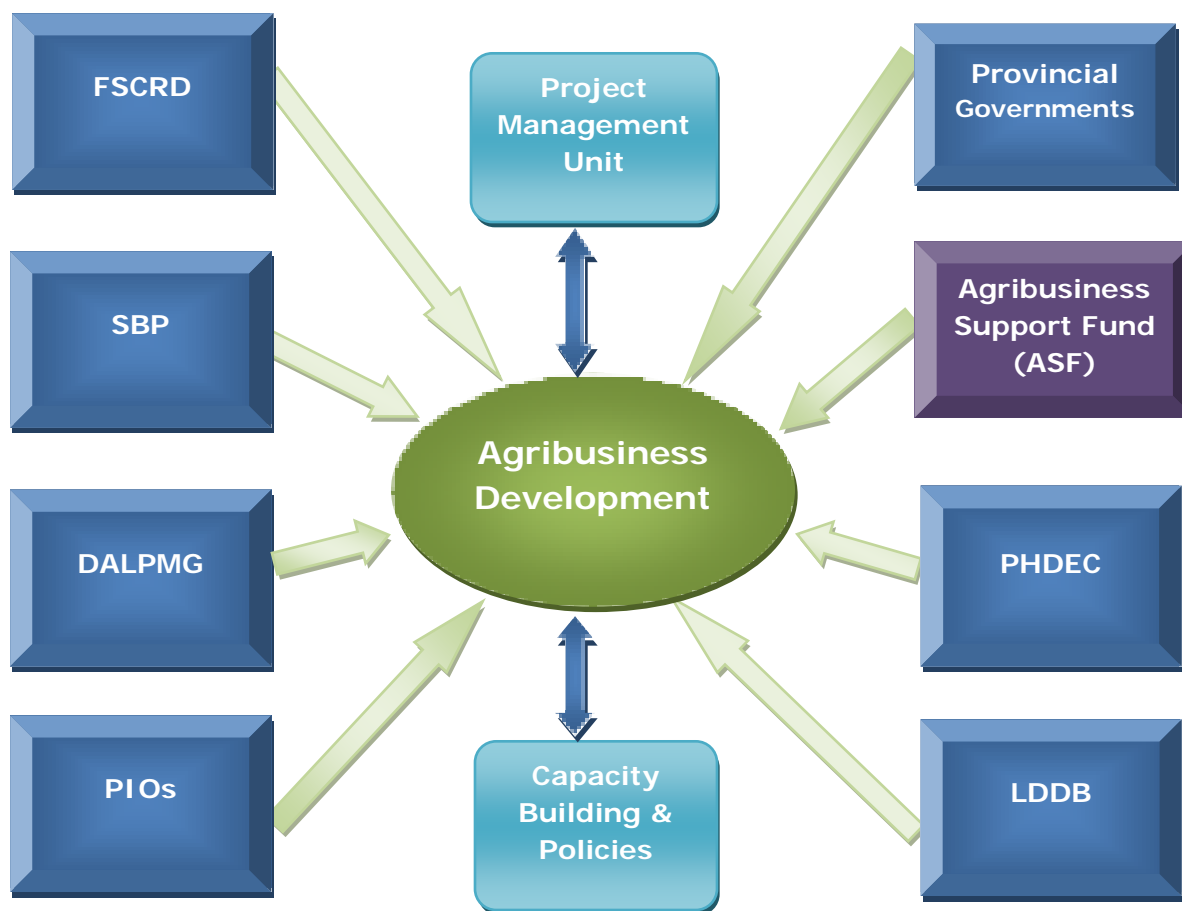
This report covers the activities of ASF for the year 2009-10 (July 1st, 2009 – June 30th, 2010). Since the company is one of the key components of the Agribusiness Development & Diversification Project (ADDP), a brief description of ADDP is being provided below in order to illustrate the structural relationship between the overall objectives of ADDP and activities of ASF detailed in this report.

Project Name:	Agribusiness Development & Diversification Project (ADDP)
Sponsoring Agency:	Asian Development Bank (ADB)
Loan No:	2171-PAK (SF)
Loan Agreement Effectiveness Date:	January 1 st , 2006
Project End Date:	March 31 st , 2011
Total Project Cost:	Rs. 4.066 billion
Executing Agency:	Ministry of Food, Agriculture & Livestock – MINFAL (Now Ministry of Food & Agriculture- MINFA), Government of Pakistan
Project Mission:	To support economic growth and employment generation through agribusiness development
Project Objective:	The objective of the Project is to support economic growth and employment generation through agribusiness development by: <ul style="list-style-type: none"> • creation of an enabling environment • provision of appropriate support services for agribusiness • The re-structuring and strengthening of institutions to facilitate development of agribusiness • capacity building and enhanced coordination

Key Implementing Components of Project

- Agribusiness Support Fund (ASF)
- Livestock & Dairy Development Board (LDDB)
- Pakistan Horticulture Development & Export Board (PHDEB)
- State Bank of Pakistan (SBP)
- Federal Seed Certification & Registration Department (FSCRD)
- Department of Agriculture & Livestock Products Marketing & Grading (DALPMG)
- Provincial Implementation Offices (PIOs)
- Provincial Governments

A Pictogram Illustrating Structural Relationship between Key Implementing Components of Agribusiness Development & Diversification Project (ADDP)



Some Key Achievements of ASF Since the Start of Operations

- Support to **385** existing agribusiness enterprises, including **100** projects of acquisition of international certifications including: GlobalGAP, HACCP, British Retail Consortium (BRC), ISO 22000, IMC and Organic;
- Support to **98** start-up agribusiness enterprises, including **11** fresh produce cold-storages, and **34** on-farm mango washing, drying, grading and packing units, and fresh produce cold-storages, **33** on-farm Mango washing , drying, grading and packing units, **14** screen houses for availability of true to type disease free fruit plants;
- **703** training & capacity building initiatives organized in collaboration with national and international organizations. More than **2,000** farmers & agricultural professionals trained;
- **27** private-sector extension services projects in Punjab, Sindh, Baluchistan, NWFP, FATA, FANA and AJK, benefitting more than **5,000** farmers;
- **11** research & development projects including: trial shipments of mango by sea under controlled atmosphere, essential oil extraction, Pakistan's first ever banana tissue culture lab, organic fertilizer manufacturing and bio-fuel extraction from Jatropha plant, use of peat moss to reclaim wastelands, summer cropping, and efficient use of drip irrigation to reclaim saline stricken land;
- **17,000** acres brought under Good Agricultural Practices (GAPs) and **350** farmers & **35** processors/exporters registered under ASF's GlobalGAP projects for Citrus & Mango;
- More than **80** fruit nurseries established with ASF support in different areas of country. Most of these nurseries have already been certified, or are in process of certification, by Federal Seed Certification and Registration Department (FSCRD). Remaining nurseries will also be certified in due course of time;
- **84** farmers, agribusiness enterprises, and other related stakeholders supported to participate in international exhibition & trade shows and for promotional visits to potential foreign markets;
- Capacity building support to **10** partner NGOs/RSPs who then established **2,000** Farmer Enterprise Groups (FEGs) consisting of more than **20,000** small-scale farmers, including women;
- Support in setting up **1,121** micro agribusiness enterprises owned and operated by FEGs consisting of **10,187** male and **1,869** female farmers. Direct employment for **26, 168** persons and indirect employment for **9,935** persons generated under the FEG program. ;
- In order to link BDS providers with the agribusiness sector, more than **100** BDS Providers, from all over country, providing diversified range of BDS have been registered in ASF database which is available to the general public on ASF website.

ASF Corporate Information

(As at June 30, 2010)

Board of Directors

Mr. Sher Zaman Bazai	Chairman
Mr. Abdul Mateen Siddiqui	Director
Mr. Zaheer Masood	Director
Mr. Mumtaz Khan Manais	Director
Mrs. Munawar Humayun Khan	Director
Mr. Tauqir A. Faiq	Director
Mr. Azher Ali Choudhry	Director
Mrs. Shaista Sohail	Director
Mr. Khalid Khan	Chief Executive Officer

Board Audit Committee

Mr. Zaheer Masood	Chairman
Mr. Mateen Siddiqui	Member
Any other member co-opted by the Chairman	

Board HR Committee

Mr. Mateen Siddiqui	Chairman
Mrs. Munawar Humayun Khan	Member
Mr. Sher Zaman Bazai	Member

Company Secretary

Mr. Muzaffer Sharif Bhutta

Auditors

M/s A.F Ferguson & Co., Chartered Accountants
 505-509, 5th Floor, Alfalah Building, Shahrah-e-Quaid-e-Azam
 Lahore, Pakistan

Bankers

National Bank of Pakistan Ltd, Main Branch, Mall Road, Lahore, Pakistan
 Habib Bank Ltd, D.H.A Phase IV Branch, Lahore, Pakistan

Legal Advisors

M/s Asghar Ali & Associates, Advocates & Advisors
 124-B, New Muslim Town, Lahore, Pakistan

Registered Office

38-West, 4th Floor, Khalid Plaza, Blue Area, Islamabad, Pakistan

Principle Office

144-DD Sector, Central Commercial Area, Phase-IV, D.H.A, Lahore, Pakistan

Tel: +92 (42) 35749081 - 3; 35899761 - 2

Fax: +92 (42) 35749084

Website: www.asf.org.pk

Email: info@asf.org.pk

Profile of Board of Directors

Mr. Sher Zaman Bazai

Chairman Board of Directors



Mr. Sher Zaman Bazai is a prominent personality in Pakistan's horti-business scene with a presence of 28 years in Agriculture and Banking sectors. He was inducted to ASF's Board of Directors at its outset in September 2005. A talented multilingual businessman with command over 9 languages, a gold medal from FAO and the Apple King award from Export Promotion Bureau to his credit; he has top notch local and international business experience as owner of Fruit farms besides serving at the Board of Directors of two commercial banks and chairing the offices of a housing scheme and a local fruit market committee. He was elected as the Chairman of ASF Board of Directors in October 2005. He has formerly held memberships of Prime Minister of Pakistan's Task Force, Advisory Council to the Minister of Commerce and the Corporate Agriculture Farming Committee.

Mr. Abdul Mateen Siddiqui

Member

Mr. Abdul Mateen Siddiqui has been in the fresh fruits export business for more than three decades. He has also chaired the Pakistan Fruit and Vegetable Processors Association and The Mango Sub Committee of All Pakistan Fruits and Vegetables Exporters Association. Mr. Siddiqui was inducted to the ASF Board of Directors in September 2005. Bringing along rich professional experience gained as member of high ranking bodies such as Diplomatic Committee of Chamber of Commerce & Industry Karachi, Technical Committee of Export Promotion Bureau, Standing Committee of Export Promotion Bureau and Prime Minister's Task Force Sub Committee Mr. Siddiqui also serves on the Audit and Human Resource Committees of ASF's Board of Directors.



Mr. Zaheer Masood

Member

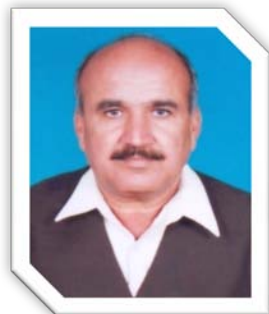


Mr. Zaheer Masood is an acknowledged professional from the Agricultural Banking Sector. He is one of the first members of the ASF Board of Directors. Boasting four decades of achievements in specialized Agricultural Banking, he has held key positions in Habib Bank Ltd to run Agri finance sector of the bank at Zonal, Regional & Head Office levels, including Head Agri Training, Head Agri Credit where he worked in collaboration with Ministry of Food Agriculture & Livestock and State Bank of Pakistan's Agricultural Credit Department. He has been responsible for the introduction of many farmer friendly & innovative agricultural finance products to give an absolute boost to the Agri-Financing portfolio of the Bank. His contribution to Agricultural Banking has been recognized by an array of awards from time to

time; including the Excellence Award from Prime Minister of Pakistan on outstanding performance in Agricultural Sector. Currently Heading the Agri Credit Department of Emirates Global Islamic Bank Limited; Mr. Masood is also the Chairman of the Audit Committee of ASF's Board of Directors.

Mr. Mumtaz Khan Manais

Member



Mr. Mumtaz Khan Manais has been on ASF's Board of Directors from its very first day. A leading agriculturist with more than three decades of active involvement towards development of agriculture in Pakistan he was bestowed country's highest civil award "The Tamgha-e-Imtiaz" by Government of Pakistan in 2007 in recognition of his contributions towards national agriculture. His orchards, livestock and dairy farms, Fish farms and fields are managed with best farm practices and have always been on hand with all hospitalities for students of Agricultural Universities and Agri Colleges as practical learning grounds; a fact that was endorsed by The Governor of Punjab who declared Mumtaz Khan Manais' livestock farm to be officially affiliated with Faculty of Livestock at Bahauddin Zakariya University of Multan as the country's very first example of such an affiliation. The FAO's gold medals to his credit for edible oil crop production (sunflower) in 1995 and for Livestock production in 2005 are vivid confirmations of international recognition of his efforts.

Mrs. Munawar Humayun Khan

Member

Mrs. Munawar Humayun Khan was inducted to ASF's Board of Directors to represent the development sector. Chairing the Board of Directors of Sarhad Rural Support Program (SRSP), which is one of the country's leading NGOs, she has 14 years of experience working with people at grass roots for empowerment and poverty reduction. Maintaining active involvement in the development sector she holds directorship of many exalted not-for-profit organizations including Pakistan Center for Philanthropy (PCP), Dost –Drug Rehabilitation Center, Ghazi Barotha Taraqiati Idara and the Rural Support Programs Network (RSPN) besides possessing varied experience as a farmer, agriculturist, educationist, and by representing the Pakistani Woman as a diplomat's wife in different countries. At ASF's Board of Directors she is also a member of the Human Resource Committee.



Mr. Azher Ali Choudhry

Member

Mr. Azher Ali Choudhry represents Ministry of Commerce, Government of Pakistan on ASF's Board of Directors. He is currently Joint Secretary (Exports) at the Ministry of Commerce, Government of Pakistan.

Mr. Tauqir A. Faiq

Member

Mr. Tauqir Ahmad Faiq represents the Ministry of Food and Agriculture, Government of Pakistan on the ASF's Board of Directors. An expert in District Management, Secretariat Affairs, Development Project Management and International Cooperation with combined experience of 34 years having held the office of Secretary at Government of Punjab's Zakat and Usher, and Social Welfare Departments; he is currently Additional Secretary at the Ministry of Food and Agriculture, Government of Pakistan. Mr. Tauqir Ahmad Faiq has served as Director General Lahore Development Authority Government of Punjab and has also been member on the Board of Revenue and Population Welfare Department of Government of Punjab.



Mrs. Shaista Sohail

Member



Mrs. Shaista Sohail represents the Ministry of Industries and Production, Government of Pakistan on the Board of Directors at ASF. Holder of Doctorate in International Relations and Masters in Economics with 24 years of experience in domains of Diplomacy and Education; she is Joint Secretary (Planning and Production) at the Ministry of Industries and Production. She has taught "Current International Trade Issues" as a Visiting Professor at Geneva School of Diplomacy at Masters and Bachelors level. During her diplomatic career she has held the offices of Economics Counselor, Deputy Secretary WTO and Director Land at the Permanent Mission of Pakistan WTO Geneva, Ministry of Commerce and Capital Development Authority respectively.

Mr. Khalid Khan

Chief Executive Officer

Mr. Khalid Khan was appointed as CEO of ASF by the Board of Directors in July 2006. He has final executive responsibility to the Board for all aspects of ASF operations. With over 25 years of professional experience, he has held top management positions in various organizations including the private and public sector. He commenced his career with Exxon Chemicals Pakistan Ltd and later served as Divisional Controller and Deputy Head of the Agro Division of Sandoz (Pakistan) Ltd, Managing Director of Crop Care (Pvt) Ltd and Managing Director of STEDEC Technology Commercialization Corporation of Pakistan. Prior to joining ASF he was appointed as Project Director to launch the ADB sponsored Agribusiness Development & Diversification Project (ADDP). Khalid holds a B.A. Cum Laude with a double major in Economics and International Relations from Claremont Men's College (class of 1980), and an MBA in Finance and Marketing from the Drucker School of Management, Claremont Graduate School (1982), USA.



ASF Management

Mr. Khalid Khan

Chief Executive Officer

Mr. Muzaffer Sharif Bhutta

Investment Advisor & Company Secretary

Mr. Shad Muhammad

National Coordinator (Agribusiness) ASF Liaison Offices

Mr. Shafqat Ali Sayed

Financial Analyst & Investment Advisor

Mr. Tahir Mahmood

Financial Analyst & Investment Advisor

Syed Ahmad Shah

Chief Grants Monitoring

Mr. Abdul Majid Sheikh

Farmer Enterprise Groups Formation Coordinator

Syed Shafqat Hussain Shah

Manager Accounts

Mr. Shahbaz Ali

Manager Administration

Grants Appraisal Panel

Mr. Khalid Khan

Chairman

Syed Adeel Ahmed Kakakhel

Member

Malik Ali Waseem

Member

Dr. Rashed-ul-Qayyum

Member

Executive Summary

The Asian Development Bank (ADB) and the Government of Pakistan (GOP) have entered into a loan agreement for the Agribusiness Development & Diversification Project (ADDP). The Project focuses on increasing productivity, product quality, and value addition by removing constraints facing agribusinesses that occur throughout the product value-chain from production and input supply to processing and export. The Agribusiness Support Fund (ASF) has been established in the context of this project as a not-for-profit company under Section 42 of the Companies Ordinance, 1984.

This Annual Report covers activities for the period extending from 1st July, 2009 to 30th June 2010.

The country continued to face numerous economic and political challenges during the last financial year. Business activity in the country generally remained lethargic due to the continuing adverse economic and political situation in the country. The double-digit inflation rate, persistent high interest rates, spiraling power tariffs and energy shortages, along with the political and security issues resulted in the absence of any significant economic activity across all industrial sectors. The lack of investment by the private sector has led to high unemployment and increasing poverty levels in the country. In general, entrepreneurs, especially start-ups, found it extremely difficult to fund new activities or expand existing ones.

In addition to the above-mentioned challenges, ASF activities, during the year, were severely hampered due to non-receipt of GoP funds. The intensity of this problem can be assessed from the fact that only 38% of the total GoP funds, allocated to ASF for the year 2009-10, were actually released to the company. The shortage in release of GoP funds emanated from the financial crisis faced by the government and the ensuing curtailment in funding of all Public Sector Development Programs (PSDP). The liquidity crisis, which resulted due to shortage of GoP funds, adversely affected the overall delivery of ASF program during the year.

Notwithstanding the unfavorable political and economic environment, together with the on-going liquidity issues faced by the company, ASF was successful in generating significant interest from the agribusiness community by developing and launching standard, model interventions for the various target sectors. During the year, the company approved 817 Matching Grant (MG) projects as compared to 763 projects for 2008-09, thereby registering 7% growth in the number of approved projects. The average value of MG projects as on June 30th, 2010 was Rs. 0.286 m as compared to Rs. 0.283 m as on June 30th, 2009. Similarly, the total value of projects approved during the year was Rs. 233.48 m as compared to Rs. 185.22 m for 2008-09, reflecting a healthy growth of 26%. Total grants portfolio as on 30th June, 2010 was 4,345 projects valued at Rs. 779.81 m. This consisted of 2,345 MG projects valued at Rs.666.51 m under the 6 different MG categories, and FEGs projects valued at Rs. 113.30 m for formation of 2,000 FEGs on nationwide basis.

Apart from supporting a wide range of agribusiness projects in country, the company was once again successful in initiating a number of "first-in-Pakistan" activities including a program to establish screen houses for certified fruit nurseries to ensure availability of disease free true-to-type fruit plants; launch of Export Coaching Program (ECP) of the Centre for the Promotion of Imports from Developing Countries (CBI), Netherlands; launch of dates sector development program through provision of tyvek bags and training & extension services in collaboration with M/s Dupont – Pakistan; launch of project for value-addition of Pine-Nuts in collaboration with World Wide Fund for Nature (WWF- Pakistan); and support for the

production & telecast of a series of agriculture extension services programs on Pakistan's first agricultural TV channel.

Since its inception, ASF has been actively campaigning to raise awareness amongst stakeholders with regard to international safety standards and compliance to meet consumer demand. As a result of ASF's pioneering role, to-date more than 100 matching grant supported international compliance certificates (including GlobalGAP, HACCP, British Retail Consortium (BRC), ISO 22000, Organic & IMS) have been acquired by agribusiness growers, processors and traders of the country. ASF interventions have increased the ability of growers and agri-enterprises to respond to sanitary and phytosanitary (SPS) and food-quality standards to meet the increasingly stringent domestic and international market requirements. The exporters were also provided support in setting up processing facilities (e.g. on-farm mango pack houses, vegetable processing units etc.) and in exploring high-value export markets by participation in international exhibitions, trade shows and other business development events. The significance and impact of these interventions can be assessed from the fact that the substantially increasing level of exports of fruits and vegetables of Pakistan are primarily accounted for by ASF-supported exporters.

ASF continued to enhance its outreach and penetration by establishing additional liaison and satellite offices in different geographical regions of country. During the year, 2 liaison offices (Multan and Karachi) and 9 satellite offices with partner NGOs and RSPs in all provinces were established by the company. In addition, more strategic partnerships were forged with leading universities, research institutions, NGOs and RSPs, certifying bodies, government departments, associations, and national and international organizations. At present, ASF operates with 4 liaison offices, 9 satellite offices, and more than 30 strategic partnerships with these leading agencies for collaborative initiatives.

During the year, Lahore University of Management Sciences (LUMS) completed a comprehensive impact assessment study on ASF program. Carried out under the supervision of Dr. Abid A. Burki, Professor of Economics and Director, Centre for Management & Economic Research, LUMS, the study was commissioned to investigate the emerging economic, social and environmental impacts and implications of ASF interventions in the agriculture sector of Pakistan. This study, which was a lengthy exercise taking 8 months to complete, happens to be the first ever detailed scientific study on any BDS market development intervention in Pakistan. According to the LUMS report, ASF support has led to substantial increase in real profit of treated Farmer Enterprise Groups (FEGs) farms, thereby increasing income levels of small-scale farmers. The program also significantly increased the technical efficiency and total factor productivity on farms. The report also mentions up to 139% increase in employment generation in treated farms, which is an encouraging outcome in the context of employment generation in rural areas. The report also confirms that ASF program to support BDS market development has been successful in correcting market failures in the target sectors.

ASF was also successful in attaining the Pakistan Centre for Philanthropy (PCP) NPO certification. Inclusion of ASF in the league of PCP-certified NPOs affirms best standards adopted by ASF in its operations, governance, and overall programme delivery. This certification will not only earn ASF the status of being recognized as a respected NPO in Pakistan, but will also open up new avenues for ASF to attract funding from national as well as international donors who usually prefer to work with PCP-certified NPOs.

With 4 years of successful operations, significant achievements and milestones, numerous success stories, and the launch of unprecedented agribusiness development initiatives in the country, ASF now enters into the last 9 months (July 2010 – March 2011) of its operations under ADDP. The ADDP will be wound up by 31st March, 2011, after which funding to ASF

under the project will also cease. ASF will continue to support selected short-term projects during the first half of the forthcoming year. However, the overall focus will be on consolidation and phasing out of the ADDP program so that the project liabilities, especially the grant commitments, may be completely settled within the remaining time frame. Meanwhile, based on the company's past experience of working at the grass-root levels, strong outreach and penetration in all parts of country, functional partnerships and linkages with various national and international agribusiness stakeholders, ASF stands well poised to serve as a key platform for implementation of future agribusiness development initiatives in Pakistan. To this end, the company is in the process of negotiating with various international donor agencies to offer its services for implementation of future agribusiness development programs.

Introduction

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 market understanding required by 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).

The Agribusiness Support Fund (ASF) was thus created to provide financial support to farmers, farmer groups, and entrepreneurs for procurement of demand-driven technical and managerial services on a matching grant basis to improve their productivity, competitiveness and creditworthiness to access financing for their enterprises. The ASF is a "Not for Profit Company" incorporated under section 42 of the Companies Ordinance 1984. It was established by the Ministry of Food, Agriculture & Livestock (MINFAL) with the support of the Asian Development Bank (ADB) in the context of the Agribusiness Development and Diversification Project. The company is based in Lahore and governed by a private-sector led, independent Board of Directors.

Mission

To support economic growth and employment generation through agribusiness development.

Specific Objectives

The specific objectives of the ASF are:

- To enable agribusiness enterprises to effectively utilize business development services (BDS) to enhance productivity, product and market diversity and penetration, and profitability, and
- To enhance BDS providers' capacity to reach agribusiness enterprises through the delivery of more varied and effective services.

Focus

The overall focus of the ASF is to strengthen and support demand-driven private sector service delivery mechanisms throughout the agribusiness value chain including supply inputs, production, processing, and market access for domestic and export markets. The specific focus is on horticulture and hortibusiness and livestock and dairy business.

Business Development Services (BDS)

Business Development Services (BDS) are a wide range of services used by individual entrepreneurs to help them operate and improve the performance of the enterprise, its access to markets, and its ability to compete. BDS include training, consultancy and advisory services (non-recurring financial, legal, managerial etc), marketing assistance (brand development, sales strategies, marketing plans etc), technology development and transfer, and business linkage promotion.

Access to effective BDS has proven in many countries to act as a catalyst to enhance enterprise productivity and profitability. In Pakistan, technical, managerial, marketing, financial and legal advisory services are limited and, in the context of agribusiness, almost non-existent. Those services that do exist have tended to be in the public sector and have not performed well due to a lack of policy direction, management and staff capacity, service marketing, and adequate financing within such organizations, and, more broadly, limited choice in the BDS market as the private sector has effectively been prevented from entering the market by uncompetitive service pricing by public sector entities. This is also true of research and extension services, which have been largely unresponsive to the needs of private sector agribusiness enterprises. These supply-side constraints are exacerbated by a lack of demand on the part of agribusiness enterprises, which have yet to understand the benefits of BDS and have limited choice of competitively priced services geared to meeting their business development needs.

There is thus a clear need to develop BDS related to agribusiness. One approach that has worked effectively for SMEs in other developing countries is to establish a time-bound cost-sharing grant scheme that will support BDS providers in developing and upgrading the type of service they are able to offer to agribusiness clients, and will support agribusiness enterprises to access such services.

How ASF Operates

The ASF facilitates increased access to BDS by agribusiness enterprises by financing eligible services including technical, managerial, financial, and marketing capacity building and related assistance. The availability, range, and quality of BDS delivered are improved by financing services aimed at enhancing the capability of BDS providers. The company also supports access to BDS by small farmers both as raw material suppliers to agribusiness, and as agro enterprise operators. ASF has also entered into partnerships with NGOs working in rural communities to identify groups of small farmers willing to join together to form an agribusiness enterprise (such as processing, marketing, and product distribution). The groups receive support both to establish agro enterprises, and to secure BDS. Finally, ASF promotes the development of demand-driven research and private sector extension services where there are clearly demonstrated benefits and opportunities for their commercial application.

At the start of the program ASF did not have any internal marketing resources but relied on the various components of the Agribusiness Development & Diversification Project (ADDP) being executed by MINFAL. The Project Management Unit and the seven Provincial Implementation Offices of the ADDP promoted the ASF and linked potential clients to the company. In addition, a Horticulture Project Unit attached to the Pakistan Horticulture Development and Export Board provided support in promoting the ASF activities. Recently, in order to maximize outreach, ASF established 5 liaison offices and nine satellite offices in collaboration with partner NGOs. Participating NGOs also assist in the identification of farmer clients who are willing and able to form a legally registered farmers' group enterprise, and support them through enterprise incorporation and establishment procedures. In all cases, responsibility for completing grant applications is that of the grant applicant. All contractual arrangements relating to approved grants are made between the ASF and grant recipients, and do not involve any intermediary or agent.

Categories of ASF Grants

Any service that leads to outputs for a new, specifically identified market or that develops new products or adds value to existing products is eligible for ASF funding. ASF grant funding is broadly categorized as follows:

- Capacity building and related assistance to existing agribusiness enterprises and for start-up enterprises. The grants are provided to agribusiness enterprises for purchase of BDS.
- Support to private sector BDS providers to enhance the availability and quality of services to agribusiness enterprises.
- Support to individual farmers and farmer groups for the formation of agribusiness enterprises that can then obtain ASF support for eligible services.
- Demand-driven research by private or public institutions leading to enhanced quality production and improved production processes, or to meet an identified market demand.
- Development of private sector extension services to be provided to farmers serving or proposing to serve agribusiness enterprises.

Eligible enterprises are required to finance 50% of the cost of services they employ; the remaining 50% are contributed by the ASF as a grant on a reimbursable basis. The ASF finances 100% of the costs of farmers' enterprise formation.

Outcome

The output of the ASF is the creation of commercially viable agribusiness enterprises of varying sizes producing a more diversified variety of products that meet increasingly discerning consumer demand in both domestic and international markets for product uniformity, presentation, and continuity of supply. As a result of ASF's interventions Pakistan's reputation for the supply of standards compliant agricultural produce is being significantly enhanced. In addition, the ASF is developing the demand for, and supply of, private sector BDS and research and extension services specifically geared to serving the agribusiness sector. Finally, through the provision of support to farmers, the ASF is creating numerous farmers' group enterprises, including those operated by women, enabling small farmers to compete effectively in the supply of agribusiness produce, and to capture a greater proportion of value added, and net incomes in the agricultural supply chain.

Status of Activities

Grant Funding Operations

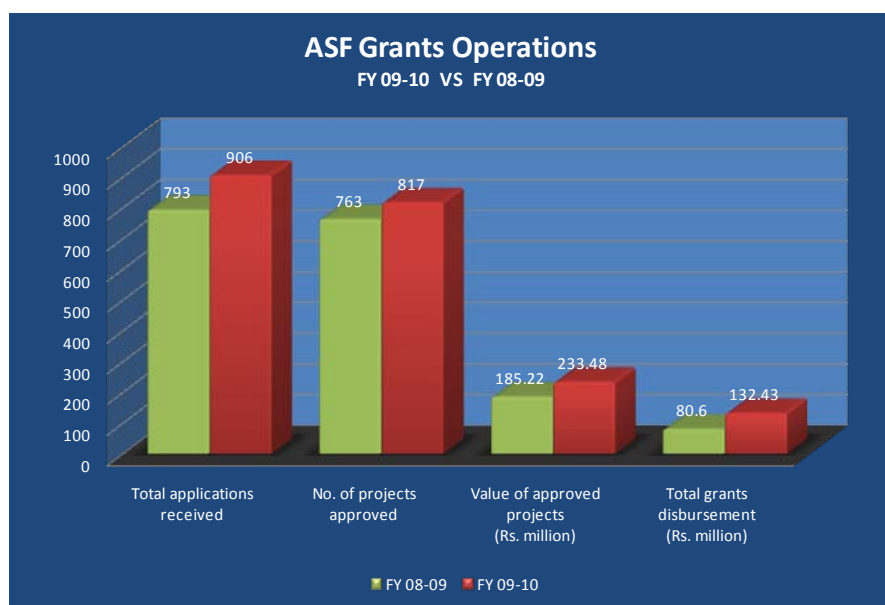
During the year under review, despite the adverse political and economic situation, coupled with the crippling liquidity issues faced by the company, ASF managed to generate considerable interest from the agribusiness stakeholders in the various matching grant schemes being offered. The FY09-10 witnessed a sharp growth of 26% in terms of value of MG projects approved which increased to Rs. 233.48m during the year as compared to Rs. 185.22m for the FY08-09. Similarly, the number of applications processed and MG projects approved also increased to 906 and 817 respectively, thereby registering an impressive growth of 14.25% and 7% respectively. The total grants disbursements expenditure increased to Rs. 132.43 m (FY08-09; Rs. 80.60 m), reflecting growth of 64.30 %.

Grant Operations	FY08-09	FY09-10	Growth (%)
Total number of applications processed	793	906	14.25 %
Total number of MG projects approved	763	817	7 %
Total value of MG projects approved	Rs. 185.22 m	Rs. 233.48 m	26 %
Total grants disbursement expenditure	Rs. 80.60 m	Rs. 132.43 m	64.30 %

The healthy growth in grants portfolio is attributed to an effective and market-based business development strategy adopted by ASF, focusing towards support to all the players of value-chains of target crops. Furthermore, the customized and tailored-made grant products (e.g. on-farm

mango pack-houses, screen houses for nurseries, provision of dryers for fruits & vegetables dehydration etc.) launched by ASF earned excellent response from the agribusiness communities, as these products offered a ready-made and cost-effective solution to the needs of the industry.

Apart from MG projects, additional contracts, valued at Rs. 45.93 m, for formation of 820 Farmer Enterprise Groups (FEGs) were also signed during the year with selected Rural Support Programs (RSPs) & Non-Government Organizations (NGOs). Total grants portfolio as on 30th June, 2010 was 4,345 projects valued at Rs. 779.81 m. This consisted of 2,345 MG



projects valued at Rs.666.51 m under the 6 different MG categories, and FEGs projects valued at Rs. 113.30 m for formation of 2,000 FEGs on nationwide basis.

The consolidated figures of ASF's grant portfolio, including beneficiaries' share, as on 30th June, 2010, since the start of its regular operations, i.e. first quarter of 2007, are as follows:

Grant Operations	Total achievement till June 30 th , 2010	Total 5-year target	Percentage achievement
Total number of MG projects approved	2,345	2,094	112 %
Total number of FEGs formed	*2,000	*1,250	*160 %
Total value of MG & FEGs formation projects approved	Rs.779.81 m	Rs. 1,445.406 m	53.95 %
Total effective disbursements on MGs & FEGs formation	Rs. 468.73 m	Rs. 1,445.406 m	32.43%

*Note: As stated earlier, during the year, ADB approved an increase of original 5-year target of formation of FEGs from 1,250 FEGs to 2,000 FEGs.

Taking into consideration the fact that the above-mentioned statistics represent ASF's performance of barely 3 ½ years, since start-up of operations was delayed due to a variety of reasons, the company has done exceptionally well in marketing its grant products and engaging agribusiness stakeholders. The company has already surpassed the 5-years physical target for the number of MG projects (112%) and formation of FEGs (160%).

The relatively low value of approved projects in relation to the 5-year target is a result of greater demand for low-cost BDS by SMEs. The SMEs/agribusinesses are prepared to pay for services up to a certain expense level, beyond which they are reluctant to spend on intangibles, even if supported by matching grants. Generally, the demand for BDS, unless supplemented by grant support for both the BDS and tangible assets, significantly decreases as the project cost increases. Based on the past three and half years experience, it may be concluded that the average cost of BDS incorporated in the project documents does not accurately represent the true magnitude of demand for BDS in the agribusiness sector of Pakistan. As a result, while the average value of BDS reflected in the project founding documents was Rs. 0.656 million, the actual average value of the BDS component of approved projects as per ASF books as on 30th June, 2010 is Rs. 0.286 million which represents the true magnitude of BDS market for the agribusiness sector of the country.

Brief Commentary on Components of ASF Grant Funding

A brief commentary on the status of each of the grant components is provided below:

Agribusiness Enterprise / Startup Support

During the year under review, 189 grants were approved, under this category, for a diverse range of agribusiness projects valued at Rs.137.62 m. This brings the total number of agribusiness projects approved under this category to 483 with a total value of Rs.282.88 m.

ASF has met with considerable success in promoting awareness with respect to international quality standards compliance. As a result of ASF's pioneering role, to-date more than 100 matching grant supported international compliance certificates (including GlobalGAP, HACCP, British Retail Consortium (BRC), ISO 22000, IMC and Organic) have been acquired by agribusiness growers, processors and traders. ASF interventions have increased the ability of growers and agri-enterprises to respond to sanitary and phytosanitary (SPS) and food-quality standards to meet the increasingly stringent domestic and international market requirements.

Another important initiative under this category was the launch of a project to support the establishment of fruit nurseries under Screen House environment to ensure availability of disease-free and true-to-type plants. This project, which is currently under implementation, is another first-in-Pakistan initiative launched by ASF. The project promises to revolutionize the production of fruit nurseries in Pakistan through provision of Screen Houses. The nurseries under the project are also being linked with Federal Seed Certification & Registration Department (FSCRD) for registration and certification purposes.

On-farm mango pack houses supported by ASF during 2008-09 became fully operational this past year, and many of the beneficiaries sent their first-ever export shipments of processed mango produce to high-value export markets. To-date, 36 on-farm mango pack houses have been set up in Punjab and Sindh under the ASF mango sector development program.

Another intervention for start-up agribusiness enterprises was support for establishment of fresh-produce cold-storages. To-date, ASF has provided support for the establishment of 11 cold-storages, ranging from small-level facilities to large-scale units, in different parts of country.

Another first-in-Pakistan initiative launched in Pakistan during the year was the Export Coaching Program (ECP) to be implemented by the Centre for the Promotion of Imports from Developing Countries (CBI), Netherlands. With the joint efforts of ASF and Commercial Wing of the Embassy of Pakistan in Netherlands, six exporters from Pakistan qualified for ECP this year. CBI's support under the program includes on-site company audits and counseling, an in-depth training at home and in Europe and participation in leading European trade fairs. The single purpose of the ECP is to enable participating export companies to establish a healthy, long-term position in EU markets.

Marketing of produce in international markets has always remained a weak area for growers and exporters, who generally have limited knowledge with respect to export markets. As a result, they end up selling their produce in the conventional and low-price markets at nominal rates. Recognizing the importance of establishment of market-linkages for the agribusiness community, ASF has so far supported 83 farmers, agribusiness enterprises, and other related stakeholders to participate in international exhibitions & trades shows and also to embark on marketing visits to potential foreign markets. This has helped the participants to not only get better prices but also to penetrate into new and unconventional markets and generate fresh export orders. The significance and impact of this intervention on fruit & vegetables exports of

country can be assessed from the fact that the substantially-increased level of last year's exports of fruits & vegetables of Pakistan was mainly represented by exports made by ASF-supported exporters.

Other activities supported by ASF under this component include: participation in international training and capacity building programs; counseling, advisory, and legal services; development of samples for potential buyers; design and development of packaging for test marketing and improvement of existing packaging; feasibility studies; transport and delivery, including insurance charges to new markets; designing of accounting and farm information management software; designing of websites; technical consultancy for setting up agribusiness projects including: fresh-cut fruits and vegetables processing facility, development of floral nurseries, tomato processing, pickle manufacturing, off-season floriculture farm, controlled atmosphere facility, and other agribusiness startups; development of business brochures and other promotional material; miscellaneous technical assistance and advisory services.

Support to BDS Providers

During the year under review, 420 grants were approved for support to Business Development Service Providers (BDSs) under various capacity building projects valued at Rs.23.124 m. This brings the total number of grants and the value of projects approved under this category to 703 and Rs.42.462 m respectively.

ASF has collaborated with different local and international partners to organize various training programs for the capacity building of agribusiness sector of Pakistan. Some of the major partners include: M/s FoodPlus GmbH, Germany; M/s BRC Trading Ltd., UK; M/s Van Amerongen, Netherlands; University of Agriculture Faisalabad (UAF), Arid Agriculture University, Rawalpindi (AAUR); NWFP Agricultural University, Peshawar; University College of Agriculture (UCA), University of Sargodha, Sargodha; COMSATS Institute, Lahore; Lahore University of Management Sciences (LUMS); University of Veterinary & Animal Sciences (UVAS), Lahore; Nestle Pakistan Ltd, Hazara University, Mansehra; Sindh Agricultural University, Tando Jam; National University of Science & Technology (NUST), Islamabad; Pakistan Standards & Quality Control Authority (PSQCA), National Agriculture Research Centre (NARC); Animal Husbandry In-Service Training Institute, Peshawar. (AHITI); Livestock Trainers & Consultants (LTC), Peshawar; Agriculture Research Institute (ARI), Tarnab, Peshawar; Pakistan Council for Scientific & Industrial Research (PCSIR); National Productivity Organization, Pakistan (NPO); and ECI (Pvt) Ltd.

Major capacity building programs organized during the year in collaboration with different organizations included capacity building of BDS Providers through training programs in agribusiness value-chain analysis, medicinal plants and herbal medicines & development of herbal pharmaceutical technology, training program in integrated farming and artificial insemination, training in tunnel farming, training in British Retail Consortium (BRC) 3rd Party lead audit & ISO 22000; training in dairy products processing, training program on drying & dehydration of fruits & vegetables, specially designed capacity building programs for farmers of Chitral area to impart trainings on potato seed production, apricot drying methods, livestock management, off-season vegetable production, food processing, post harvest handling, and good agricultural practices; and support to an association in acquiring embryo transfer training from China.

The objective of ASF's interventions under this component is to provide capacity building support to BDSs who can then efficiently serve the agriculture sector of Pakistan.

Demand Driven Research

During the year under review, 3 grants were approved for Research & Development projects valuing Rs. 3.448 m. This brings the total number of grants and the value of projects approved under this category to 11 and Rs.31.94 m respectively.

Major projects approved so far under this category include: Trial shipments of mango by sea under controlled atmosphere, essential oil extraction, establishment of banana plant tissue culture lab, bio fuel extraction through Jatropha plant, peat moss technology for recovery of uncultivable wastelands, implementation of off-season summer cropping, and application of drip irrigation systems to recover saline-stricken land under citrus orchard.

Private Sector Extension Service

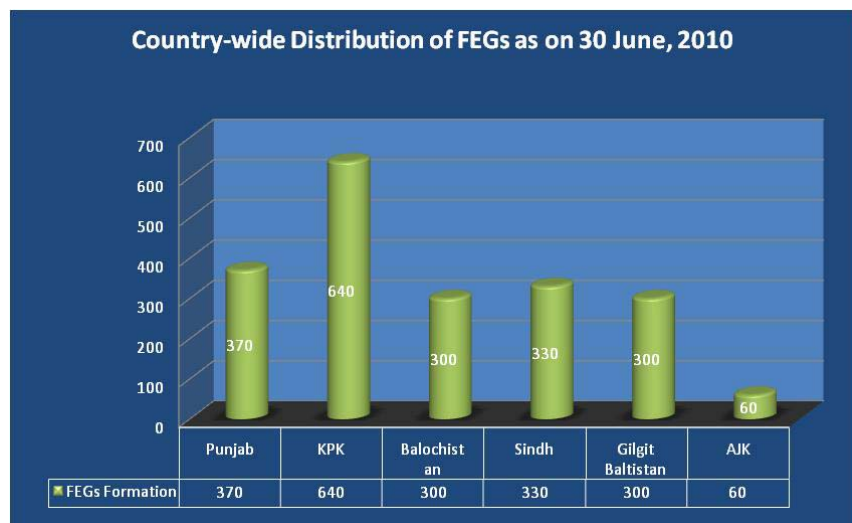
During the year under review, 11 projects valued at Rs.25.838 m were approved under this category of ASF grant funding. This brings the total number of grants and the value of projects, approved under this category, to 27 and Rs.61.45 m respectively.

Major projects approved so far under this category include: delivery of embedded horticulture extension services by the agribusiness enterprises engaged in the sale and promotion of drip irrigation solutions; livestock extension services projects, extension services for off-season farming, establishment of model floral farms with training & nurseries facilities, Provision of livestock extension services to including animal health services, nutritional awareness, artificial Insemination facilitation and introduction of intensive dairy farming; provision of horticultural extension services for Guava crops including eradication of fruit fly, reduction in losses, improvement in quality, and establishment of chilli growing & drying extension centers; provision of Extension Services to tribal communities for value addition and marketing of Pine Nuts (Chilghoza) in collaboration with World Wide Fund for Nature – Pakistan (WWF-P); provision of extension services for breed and feed management, and fattening in different areas of Punjab with a special focus on preservation of local high milk yield breeds; and support to an agricultural TV channel for the production of extension services programs for guidance of farmers.

Farmer Group Enterprises Formation

ASF provides support in creating Agribusiness Enterprises by organizing small farmers into farmer enterprise groups (FEGs), with average size of 10 farmers per group, who then set up micro-agribusiness enterprises to undertake a variety of agribusiness activities on a commercial basis. The formation of FEGs is outsourced to partner organizations, which include NGOs and RSPs, having experience in creation of farmer enterprise groups or similar development activities for community mobilization and credit delivery as well as with provision of linkages to agribusinesses. ASF supports 100% of the cost of formation of FEGs.

ASF has completed the revised target of formation of 2,000 FEGs (5-year target increased from 1,250



to 2,000 FEGs after ADB's approval) in different parts of country in partnership with the following NGOs & RSPs:

1. Agha Khan Rural Support Program (AKRSP)
2. National Rural Support Program (NRSP)
3. Sarhad Rural Support Program (SRSP)
4. LASOONA
5. Taraqee Foundation
6. Rural Community Development Society (RCDS)
7. Centre of Excellence in Rural Development (CERD)
8. Sindh Agricultural and Forestry Workers' Coordinating Organization (SAFWCO)
9. Sindh Rural Support Program (Sindh-RSP)
10. Mojaz Foundation

The area-wise distribution of FEGs formation is as follows:

Name of RSP / NGO	No. Of FEGs	Target Areas
Agha Khan Rural Support Program (AKRSP)	300	Chitral Baltistan Gilgit Astora
National Rural Support Program (NRSP)	100	Jehlum (Pind Dadan Khan) Azad Jammu & Kashmir (AJK)
Rural Community Development Society (RCDS)	250	Sheikhupura Nankana Faisalabad Kasur
LASOONA	240	Swat Lower Dir Malakand
Taraqee Foundation	300	Pishin Ziarat Loralai
Sarhad Rural Support Program (SRSP)	340	Peshawar Charsadda Nowshera Haripur Mansehra Mardan Battagram Lower Dir
Centre of Excellence in Rural Development (CERD)	60	D. I. Khan Kohat
Sindh Agricultural Forestry Workers Coordinating Organizations (SAFWCO)	220	Sanghar Matyari Hyderabad
Sindh Rural Support Program (SindhRSP)	110	Nawab Shah Umerkot Larkana
Mojaz Foundation	80	Multan Muzaffargarh
Total	2,000	

BDS Support to Farmer Enterprise Groups (FEGs)

After the FEGs formation and capacity building activities have been carried out and the FEGs attain maturity level, the concerned RSPs/NGOs assist these FEGs to submit grant applications along with business plans for ASF's support in setting up and operating profitable agribusiness ventures.

During 2009-10, 194 grants were approved for FEGs for a diverse range of agribusiness projects valued at Rs.43.384 m. This brings the total number of grants and the value of projects approved under this category, to 1,121 and Rs.247.76 m respectively.

This component of ASF grant funding has shown the maximum success and is also considered to be a success story, where small-scale farmers, including women, are organized, trained and facilitated to independently set up and commercially operate a diverse range of agribusiness enterprises. ASF has also been actively assisting the partner NGOs/RSPs in developing suitable grant proposals on behalf of FEGs. This intervention has proven to be a very effective pro-poor intervention which has resulted in improved incomes for small producers through capacity building, value addition and market linkages. An impact assessment study conducted by Lahore University of Management Sciences (LUMS) provides detailed statistical evidence illustrating the positive outcomes of the program in the target rural areas. According to the report, ASF support has led to substantial increase in real profit of treated FEGs farms, thereby increasing income levels of small-scale farmers. The program also significantly increased the technical efficiency and total factor productivity on farms. The report also mentions a 139% increase in employment generation in treated farms, which is an encouraging outcome in context of employment generation in rural areas. Examples of some of the projects approved under this category of ASF grant funding include:

- Milk collection & chilling centers
- Milk processing
- Cheese production & marketing
- Cultivation & marketing of cut flowers
- Dehydration units for fruits and vegetables
- Desi Ghee Production, Packaging & Marketing
- Establishment of a model sheep and goat shelter & breed improvement
- Establishment of a farm service centre for fruits and vegetables
- Establishment of fruit nurseries
- Establishment of grape orchards
- Establishment of floriculture nurseries
- Mushroom cultivation & marketing
- Onion seed production, packaging and marketing
- Potato chips manufacturing
- Glass house solar dehydration units for fruits & vegetables

- Pickles production, packaging and marketing
- Potato seed production, packaging and marketing
- Processing of walnut, mulberry fruits; and marketing
- Off-season vegetables production in tunnels/green houses
- Strawberry cultivation, packaging and marketing
- Tomato seedlings production; tomato paste production
- Guava juice production and marketing

Status of Implementation of Annual Work Plan (as on June 30th, 2010)

The status of implementation of Annual Work Plan as on June 30th, 2010 is given hereunder:

S. No	Grant Category	Total 5-year Target	Annual Achievements				
			Year-1 2006-07	Year-2 2007-08	Year-3 2008-09	Year-4 2009-10	Total achievement as on 30.06.2010
			(a)	(b)	(c)	(d)	(e)
1	Agribusiness Enterprises Support	360	56	66	105	158	385
2	Agribusiness Enterprise Start-up	345	8	37	22	31	98
3	BDS Providers	100	16	35	232	420	703
4	Demand Driven Research	25	-	2	6	3	11
5	Private Sector Extension Services	14	2	5	9	11	27
6	FEGs Formation*	1,250	610	330	240	820	*2,000
7	BDS Support to FEGs	1,250	33	505	389	194	1,121
	TOTAL	3,344	725	980	1,003	1,637	4,345

*Note: As stated earlier, during the year ADB approved an increase of original 5-year target of formation of FEGs from 1,250 FEGs to 2,000 FEGs.

Operational Activities

- **Establishment of Liaison Offices:**

During the year ASF established liaison offices in Multan and Karachi under the funding approved by the Departmental Development Working Party (DDWP) in its meeting held on June 26, 2007. With this the total number of liaison offices of ASF has increased to 4, with offices in Islamabad, Peshawar, Multan and Karachi. Furthermore, ASF, during the year, also established 9 satellite offices within the partner NGOs & RSPs in all the four provinces, AJK and Gilgit Baltistan.
- **Board of Directors Meetings:**

Twenty meetings of the Board of Directors have been held to-date. The Board has passed a number of important resolutions, including formation of various committees, approval of policy guidelines and standard operating procedures, approval of annual budget and audited accounts, approval of HR and other employee related policies. The Board also continues to provide guidance to ASF management on other strategic and policy related matters.
- **Audit Committee Meetings:**

Twelve meetings of Audit Committee have been held to-date. The Committee's responsibilities include approval of annual accounts, directors' reports and ASF annual budgets. The Committee is also responsible for managing the external audit of ASF in accordance with the requirements of the Loan Agreement between the Government of Pakistan and ADB, the Project Agreement signed with ADB and the Performance Agreement signed with MINFAL.
- **HR Committee Meetings:**

Eight meetings of HR Committee have been held to-date. The Committee has played a key role in the hiring of personnel and the formation of HR Policies for onward submission and approval of the Board. The HR Policies approved by the Board of Directors with recommendations of the HR Committee are periodically reviewed in line with the best practices prevailing in the job market, prevailing inflation rates, industry trends, and other recommendations of the HR Committee. The HR policies formulated by ASF have not only been able to keep the employees motivated, focused and, loyal towards the organization, but the employee turnover has also remained at a minimal level. This all speaks of efficient HR management and effective HR policies implemented by ASF.
- **Appraisal Panel Committee Meetings:**

Five meetings of the Appraisal Panel Committee (APC) were held during the year in which 817 grants for agribusiness projects valued at Rs. 233.48m were approved. To date, 23 meetings of the Appraisal Panel have been held and a total of 4,345 projects, including FEGs formation, valued at Rs.779.81 m have been approved under various components of ASF funding. The APC has from time to time offered valuable advice on impact assessment for on-going interventions and been instrumental in referral of technical matters to expert consultants.
- **NPO Certification of Pakistan Centre for Philanthropy (PCP):**

During the year, Pakistan Centre for Philanthropy (PCP) granted PCP's NPO certification to ASF. Inclusion of ASF in league of PCP-certified NPOs confirms best standards adopted by ASF in its operations, governance, and overall programme delivery. The certification not only earns ASF the status of being rated as a recognized and respected NPO in Pakistan, but it also opens up new avenues to attract funding

from national as well as international donors who generally prefer to work with PCP-certified NPOs.

- **Fourth Annual General Meeting:**
The 4th Annual General Meeting of ASF was held on October 29th, 2009. The members expressed satisfaction with the progress being made. Under ordinary business the members adopted the accounts for the year ended June 2008 and reappointed M/s A.F Ferguson & Co., Chartered Accountants as auditors of the company. Under the special business, the members approved certain amendments in Memorandum & Articles of Association of the company, needed for tax exemption purpose.
- **Annual External Audit:**
Preliminary discussions with the ASF external auditors, M/s A.F Ferguson & Co., Chartered Accountants, have been initiated. The auditors have been requested to commence audit proceedings at the earliest so as to enable the company to close the annual accounts for the year ended June 30th, 2010 and conduct the 5th Annual General Meeting in a timely manner and in compliance with the statutory time limits.
- **Interim Review Mission of Asian Development Bank (ADB):**
The ADB's Mission carried out an interim review of the Agribusiness Development & Diversification Project (ADDP) during the month of August, 2009. During post-review discussions, ADB approved an increase of formation of an additional 750 Farmer Enterprise Groups (FEGs) by reallocation of unutilized funds available in other grant components. The Mission also recommended certain amendments in the standard operating procedures governing ASF's contractual relationship with the NGOs & RSPs engaged for FEGs formation. ASF complied both of the recommendations of ADB Mission under the guidance of its Board of Directors.
- **Office Infrastructure:**
ASF operates with fully equipped office infrastructure with comprehensive systems, procedures, controls, and other facilities.
- **Information Technology Solutions for Accounts and Monitoring & Evaluation:**
ASF believes in continuous improvement in its operations by deploying latest productivity enhancement tools and technologies leading towards better achievement of its strategic goals and objectives.

A comprehensive accounting system called "Accounting Information Management System (AIMS)" has been installed by the accounts department. The software runs with the capability of producing standard accounting documents including income statement, balance sheet, cash flow statement, budgeting & variance analysis and other customized reports complying with the international accounting standards (IAS).

The Monitoring & Evaluation Division has developed a web-based solution called "Grants Monitoring System". The system not only maintains a comprehensive database of grant applications but also tracks the progress of applications updating the users with the latest status of applications. The system has the capacity to generate various monitoring & evaluation reports as per reporting requirements of Asian Development Bank (ADB).

- **Capacity Building Initiatives for ASF Team:**
ASF believes in providing a congenial work environment for its employees, with excellent opportunities for career growth, training and development, to enable each

individual to perform to the best of his abilities. While in-house training and capacity building sessions are routine at ASF, the employees are also provided opportunities to attend professional training programs conducted by various training institutions. During the last year, ASF employees attended different professional training programs, relevant to their work assignments. ASF will continue this policy of investing in HR training and development, which plays a vital role in the accomplishment of the strategic goals of any organization.

- **Capacity Building of Liaison Offices, Provincial Implementation Offices (PIOs) & Horticulture Project Unit (HPU):**

ASF believes in continuous capacity building of the staff of liaison offices, PIOs and HPU, which are supposed to play a key role as partners of ASF by identifying potential clients and submitting their grant applications to ASF. During the year, ASF conducted various training and capacity building sessions for the relevant staff. The focus of these repeat sessions was on building capacity of liaison offices, PIOs and HPU in client identification, BDS need assessment, and project proposal development.

- **Strategic Collaborations and Alliances with Other Organizations:**

During the year, ASF entered into strategic collaborations with various national and international organizations to undertake joint initiatives aimed at development of the agribusiness sector of country. These organizations include: WWF- Pakistan, M/s Dupont – Pakistan, Hazara University, Mansehra; University College of Agriculture (UCA), University of Sargodha; Sindh Agricultural University, Tando Jam; National Agriculture Research Centre (NARC); Agriculture Research Institute (ARI), Tarnab, Peshawar; Pakistan Council for Scientific & Industrial Research (PCSIR); Animal Husbandry In-Service Training Institute, Peshawar (AHITI); and Federal Seed Certification Department (FSCRD).

- **Impact Assessment of ASF Interventions:**

During the year, Lahore University of Management Sciences (LUMS) completed a comprehensive impact assessment study on ASF program. Carried out under the supervision of Dr. Abid A. Burki, Professor of Economics and Director, Centre for Management & Economic Research, LUMS, the study was commissioned to investigate the emerging economic, social and environmental impacts and implications of ASF interventions in the agriculture sector of Pakistan. This study, which was a lengthy exercise taking 8 months to complete, happens to be the first ever detailed scientific study on any BDS market development intervention in Pakistan. The study provides detailed statistical evidence illustrating the positive outcomes of the program in the target rural areas. According to the LUMS report, ASF support has led to substantial increase in real profit of treated Farmer Enterprise Groups (FEGs) farms, thereby increasing income levels of small-scale farmers. The program also significantly increased the technical efficiency and total factor productivity on farms. The report also mentions about up to 139% increase in employment generation in treated farms, which is an encouraging outcome in context of employment generation in rural areas. The report also confirms that ASF program to support BDS market development has been successful in correcting market failures in target sectors.

- **Database of Business Development Service Providers (BDSPs):**

ASF maintains a database of more than 100 BDSPs from all over the country providing diversified range of Business Development Services. The database is also available on ASF website for the information of general public.

- **Registration of Technical Experts:**
ASF has also developed a database of technical experts and sector specialists who are commissioned for their expert opinions on grant proposals as and when required.
- **Internship Program for Agriculture Students and Graduates:**
ASF recognizes its social responsibility to contribute towards the professional training and development of young graduates and students to enable them gain relevant practical exposure. During the year, students of various universities were provided opportunity to complete 4-months of internship with ASF. The internees were rotated to various departments within ASF and were also given field assignments to attain maximum exposure during their stay with ASF.

Promotional Activities

- **ASF Official Website:**

The official website of ASF (www.asf.org.pk), launched in 2006, continues to enjoy excellent traffic from national as well as international visitors. The website has been professionally designed keeping in view the requirements of potential clients. The simple and user friendly interface, soft color scheme, eye-catching graphics, and prominent font enable all classes of visitors to easily browse through the website and obtain the required information. During FY 09-10, the website traffic statistics registered excellent numbers as compared with FY 08-09. This speaks of ASF's effective strategy towards institutional image-building, promotion and branding during the year.

Key statistics of traffic on ASF website for FY 09-10 in comparison with FY 08-09 are given hereunder:

Particulars	FY 08-09	FY 09-10
Total visits	10,565	16,404
Total page views	61,586	88,324
Avg. page views per visit	5.83	5.38
Percentage of new visits	64.04%	65.39%
Avg. time on site (per visitor)	7:24 min	6:23 min
Total visitor countries	98	124

Country-wise particulars of visits on ASF website are given hereunder:

Country	No. of Visits
Pakistan	14,659
United States of America	312
India	307
United Kingdom	135
United Arab Emirates	75
Saudi Arabia	59
Canada	44
Germany	40
Malaysia	40
Others	733

- **ASF Email Inquiry System (info@asf.org.pk):**

ASF maintains a dedicated email account for managing inquiries received from all over the country and other parts of the world. A comprehensive system to respond to all enquiries in a timely manner has been implemented. During the year, more than 200 email inquiries were received and addressed by ASF.

- **ASF Information Kit:**

During the year, ASF distributed more than 2,000 copies of ASF Information Kit to walk-in clients, chambers of commerce & industry, universities, farmers & agribusinesses, participants of training programs & workshops, partner NGOs & RSPs, and other partner organizations and stakeholders. The Kit contains the following simplified information for the reader in English and Urdu languages: introduction of ASF and its activities, details of each category of ASF Grant funding, application form and instructions and guidelines for preparing project proposal.

- Promotional Visits, Events, Conferences, and Seminars:**
 During the year, the ASF team, apart from its regular work assignments, continued to work on creating functional linkages with various stakeholders by organizing workshops, awareness seminars and meetings with partner organizations, banks, leasing companies, universities, NGOs, and other development organizations.
- ASF in Electronic Media:**
 ASF activities, achievements, and future plans were also highlighted as news items in the leading news television channels of Pakistan. Apart from regular coverage in news items, ASF interventions were covered by "City 042" and "Sohni Dharti" TV channels in various programs produced exclusively to highlight role of ASF in development of agribusiness sector of Pakistan. Apart from the description of ASF's country-wide interventions and their impact, the programs also included interviews of some of the selected grant beneficiaries.
- ASF in Print Media:**
 During the year ASF achievements were regularly highlighted through the national print media in the form of press releases, news items, articles and promotional advertisements of ASF success stories. This campaign increased the general awareness of the public with regard to ASF activities and boosted the interest of the agribusiness community in availing the matching-grant products offered by ASF. During the year under review, more than 50 items of ASF coverage appeared in the leading national newspapers with widespread circulation in almost every part of the country. Furthermore, introduction of ASF activities was also published in various weekly and monthly magazines with circulation in agribusiness and SME communities.



Following leading newspapers of the country covered ASF activities during the year:

- Daily Dawn (English)
 - The News (English)
 - The Nation (English)
 - Business Recorder (English)
 - Jang (Urdu)
 - Express (Urdu)
 - Nawa-e-Wakt (Urdu)
 - Khaberein (Urdu)
 - Daily Pakistan (Urdu)
- **ASF Quarterly Newsletter:**

ASF publishes a short newsletter titled “ASF Quarterly” covering the ASF activities on a quarterly basis. Every quarter, more than 1,500 copies of the newsletter are circulated to farmers, agribusinesses, universities, banks, consultants/BDSPs, partner organizations, including NGOs & RSPs; Government authorities, Asian Development Bank, related communities, and other related stakeholders. Furthermore, for the convenience of those interested in receiving e-copy of ASF newsletter, a simple subscription registration form has also been placed on ASF website. More than 500 e-copies of the newsletter are also emailed to the subscribers on a quarterly basis.
 - **Certificate Distribution Ceremonies of Training Programs:**

ASF arranged certificate distribution ceremonies for all the major training programs organized in collaboration with different national and international organizations. These events, attended by various stakeholders of the agribusiness community and media representatives, were prominently highlighted in the national press media of the country.
 - **Nationwide Branding of ASF Concept:**

A variety of promotional and image building tools were developed to create general awareness about ASF and its role in the development of agribusiness sector of Pakistan. This included the prominent display of roll-ups and banners, bearing information about ASF and the various grant products during meetings, seminars, conferences and workshops.

As a part of ASF branding and image-building strategy, a variety of promotional items and give-aways, bearing ASF corporate logo were distributed among agribusiness communities, banks, leasing companies, universities, NGOs and other partner organizations.
 - **Support to Liaison Offices and PIOs in Branding ASF:**

ASF has relies on its 4 liaison offices and a network of 7 Provincial Offices of Agribusiness Development & Diversification Project (ADDP) to enhance its outreach & penetration in all the geographical regions of country. During the year under review, ASF held joint seminars, conferences, workshops, and other events with liaison offices and PIOs, and provided them with the necessary promotional material to represent and promote ASF in their respective provinces/regions.

Some Illustrative Case Studies & Success Stories

ASF Launches Pakistan's Dates Sector Development Program

Every year, a significant quantity of dates crop of Pakistan is wasted due to clash of monsoon rains with dates ripening season. As a result, the date farming communities are deprived of substantially higher possible returns from dates produce each year. Following the success of its pilot project launched in 2008 for the date farmers of Khairpur; ASF launched a mega project during 2009-10 to save the dates sector of the country from huge losses due to rains. The project is being implemented at date clusters in Khairpur (Sindh); Turbat & Panjgoor (Balochistan); D.I. Khan (Khyber Pakhtoonkhwa); and Muzaffargarh (Punjab). The project includes capacity building of farmers in Good Agricultural Practices (GAPs) and provision of subsidized Tyvek bags to protect the crop. The Tyvek bags are used globally to safeguard produce from rain, extreme sunlight, dust, birds, bugs, etc. Under the project, a total of 300,000 Tyvek bags are being provided to 1,000 date farmers who are also being trained in implementation of GAPs in date orchards. This much needed initiative is being implemented in collaboration with M/s Dupont-Pakistan and their distribution agent M/s S.K Enterprises.



ASF Collaborates With Sohni Dharti TV Channel for Production & Telecast of Agriculture Extension Services Programs

During the year, ASF collaborated with Sohni Dharti TV Channel - a dedicated agricultural channel - for production and telecast of agriculture extension services programs. Under its agreement with ASF, the channel has already started production and telecast of programmes, documentaries and discussion sessions on horticulture sector with special focus on value-addition, best practices, modern technologies, research studies, problems and suggested solutions. Apart from telecasting the programs, the channel will also make available the information through different means, including its own branded CDs and uploading on its internet portal, for reference by the farmers, students, researchers, Government departments and other stakeholders.



Strategic Partnership with World Wide Fund for Nature - Pakistan (WWF-P) for Preservation of Pine-nut (Chilghoza) in District Zhob, Baluchistan

ASF has signed a grant contract for support to WWF-P for preservation of the natural Chilghoza (Pine-nut) forest of 26,000 acres in district Zhob, Baluchistan. Under the project, WWF-P will carry out extension activities wherein the local community will be trained in post-harvest techniques and mechanical processing & packing of the product, and will also be provided with access to new markets to attain better prices. The project, which is currently under implementation, will also build the entrepreneurial abilities of the farming communities of the region. Under the program the local tribes are expected to ban further cutting of the trees by the current year end. The project also discourages de-forestation by supporting establishment of fruit orchards in the region.



ASF Organizes Training Program on Value Chain Development in Partnership with ACDI /VOCA, USA and Training Impact, Pakistan

ASF organized a 4-days training program on Value Chain Development from 16-19 November, 2009 in Islamabad. This program was organized in partnership with ACDI / VOCA, USA and Training Impact, Pakistan. The training was attended by 30 participants from all over Pakistan. Participants included consultants, practitioners and development professionals. The training was conducted by Ms. Janice K. Stallard, Senior Technical Director, Enterprise Development & Competitiveness, ACDI /VOCA). Ms. Stallard has over 13 years of field-based management experience working on enterprise development, finance, and competitiveness projects, including four years as a Chief of Party (COP) for a USAID-funded regional project in Central Asia. The training methodology, which included presentations along with case studies and group exercises, was designed to guide the participants through the process of industry selection, value chain analysis, identification of constraints and opportunities, development of a competitiveness strategy, and drafting of an implementation plan. This first ever training program on value chain development in Pakistan was well appreciated by the participants.



Support to Okara Buffalo Breeders Association (OBBA) for Launch of Livestock Extension Services for Farmers

ASF approved grant support for Okara Buffalo Breeders Association (OBBA) for provision of Livestock Extension Services mainly to the 3,700 livestock farmers who are members of the association. Working under the supervision of Dr. Muhammad Safdar, President, OBBA, the Association is mainly focusing on preservation and promotion of pure Nilli breed, having high milk yield in the region, through its Breeding Technology Centre (BTC) by providing extension services in the field of breed and feed management and by also offering other facilities such as buffalo-bull semen sexing, IVF & embryo transfer, and use of trans-vaginal ultrasound in their Buffalo Breeding Centre in Okara. The technical team of the association has also been supported by ASF to attend a practical training on Embryo Transfer Technology from China.



ASF's Integrated Mango Sector Development Program- On-farm Mango Pack Houses, GlobalGAP Certification & Access to International Markets

Realizing the importance of development of mango industry of Pakistan, for the first time in the country's history, ASF started a series of integrated activities focusing on support for establishment of on-farm pack-houses, acquisition of GlobalGAP certification and establishment of linkages in international export markets by participation in international exhibitions & trade shows. Under the project, contracts with mango growers for establishment of 36 on-farm pack-houses have been signed. These pack-houses, some of which are already complete and functional, are being established in Multan, Rahim Yar Khan, Khanewal, Tando Allahyar, Mirpur Khas, Hyderabad and Larkana. Most of these growers are also being provided grant support for acquisition of GlobalGAP certification which is key for entry into European markets. ASF support does not end here; these growers / exporters are also being supported to participate in international exhibitions and trade shows to market their certified produce in international markets. Up till now more than 20 growers /exporters have been supported to participate in international exhibitions & trade shows under the program which has become extremely popular due to its multiple benefits.



ASF's Export Certifications Support Project - A Much Needed Intervention to Boost Pakistan's Horticulture Exports Certification Projects Approved)

The international buyers are becoming more demanding day by day in terms of compliance of food safety standards, environmental, health and general safety issues, traceability and other quality standards. ASF Exports Certifications Support Project has proven

to be a timely intervention wherein, so far, 98 growers, processors and exporters, including the country's leading exporters, have been provided support to acquire international certifications like: GlobalGAP, HACCP, Organic, ISO, IMC, BRC etc. By providing support for capacity building & certification to exporters of horticulture, produce, the program promises to enable the country to not only sustain, but to also increase, volumes of horticulture exports by entering into new international markets.



ASF Supports Meat Processing Initiative of Idara-e-Kissan

Idara-e-Kissan - Pakistan, one of the most successful models of cooperatives in Pakistan, is well known in the market for its dairy products, fruit & soft drinks and pure drinking water under the brands of "Halla" and "Aqua Clear". Recently, Idara-e-Kissan has launched a project under the brand name of "Farmland Meats" to provide good quality fresh meat to consumers through meat shops. In order to support the new initiative undertaken by the cooperative, ASF has approved grant support for Idara-e-Kissan to provide livestock extension services to farmers to ensure continuous supply of good quality of young calves. Key activities implemented under the extension services include: farmer meetings & field days, calf rearing training, distribution of resource material, provision of veterinary services, and feed management. Furthermore, ASF grant also includes support for the transportation of animals and meat processing at the slaughter sheds. The project is a win-win intervention as the farmers will not only get extension services at their doorsteps, but they will also be able to attain a good price for their animals. Similarly, Idara-e-Kissan will have access to continuous supply of good quality calves to meet the demand of fresh meat at its Farmland Meats outlets.



Fruit Plant Nursery Production in Screen Houses under Insect-Free Environment

Diseased nursery plants carry inherent genetic defects and are a source of infection for other plants in the orchards when transplanted. Most of the diseases invade a fruit tree in the early stages of its life and grow inside the plant till its maturity before being revealed after having caused significant damage. This leads to low quality fruits with reduced market value and early termination of productive life. Major causes are the use of infected rootstock and insects that carry the infection/ pests.



In order to ensure availability of true-to-type and disease-free fruit plants ASF, during the year, rolled out a support program for the establishment of 20 Insect Free Screen Houses in different horticultural hubs especially citrus producing areas of Pakistan. This happens to be the first ever initiative taken by any agency in the history of Pakistan to engage the private sector to establish Screen Houses for production of fruit plant nurseries. The supported enterprises are also being linked with Federal Seed Certification & Registration Department (FSCRD) for registration and certification of nurseries being set up under the project. Furthermore, the Department of Horticulture Sciences of University of Agriculture, Faisalabad is providing guidance on technical matters to these enterprise.

The project - a revolutionary intervention for the nation's horticulture sector - will not only result in continuous availability of true-to-type disease free fruit plants grown under best practices leading to preservation of high yielding orchards, but it will also have a significant effect on the overall economic condition of the horticulture industry of Pakistan.

What the Grant Recipients Say

"During last 10 years, not even 10 exporters were certified in quality and food safety standards, but after ASF's support more than 20 fruit & vegetable exporters got certified just in one year (2008-09). We also have 15 applications in pipeline for HACCP, ISO and BRC certifications. We are getting this business only because of ASF's intervention to support fruit & vegetable exporters in gaining international export certifications. The credit goes to ASF on brining this paradigm shift in Pakistan".

Adeel Khan
Chief Operating Officer
Quality Systems
Karachi

"To promote horticulture crops in a vulnerable district like Narowal was a dream that is going to come true with the help of Agribusiness Support Fund. MOJAZ Foundation has launched a project with the support of ASF to promote the cultivation of vegetables, fruits and off-season farming in district Narowal. Our funding request was processed in quick and transparent manner by ASF. We really appreciate and thank ASF for its valuable support".

Ramesh Singh Arora
Chief Executive Officer
Mojaz Foundation
Narowal

"I have installed solar dryer with the support of ASF. Time of drying chillies has reduced from 10 days to 3 days and the quality of produce has improved exceptionally. I have got rid of problems related to fading of color of chillies, rain, dust and other contaminations. Now I am getting tremendous return on my value-added produce (Dried chillies). I am extremely grateful to Sindh Rural Support Program and ASF for introducing this technology in our area".

Muhammad Atif
Abdur Rehman Farmer Enterprise Group (FEG)
Kunri

"I was quite keen to organize a Lead Auditor Course on British Retail Consortium (BRC) Global Food Safety Standard in Pakistan. But I always felt the course fee was too high. Luckily I came across ASF who offered grant subsidy making this course affordable for participants. The whole process of this grant funding was so simple and quick. I am extremely thankful to ASF for their wonderful support and look forward to many more collaborations with them in future".

Saif-ur-Rahman
Project Director – System Certification Centre
Pakistan Standards & Quality Control Authority (PSQCA)
Karachi

"Recognizing the need to propel agri-based innovation in society, ASF has helped us realize our dream of commercializing what we believe is a ground breaking alternative source of energy. The Fund's practices are demonstrative of their working philosophy which upholds swift and transparent operating procedures in providing forward-looking funding solutions that are well aligned with the requirements of our agricultural ventures".

Dr. Abid Pervez Ghuman
Group Chief Executive Officer
ST Ventures (NUST)
Islamabad

"The Value Chain Development training organized by ASF was a wonderful initiative. Apart from building my own capacity, I now can train staff in my organization making available a team of trained professionals. We already have in pipeline some value chain projects targeting fruits, vegetables and cereals. This training was a timely intervention for us as we can now work on these projects in much more focused and systematic manner. Thank you ASF!"

Asghar Khan
Program Manager
LASOONA
Swat

"With ASF's support, we have now available with us a team of trained auditors for Organic, GlobalGAP and BRC certifications. We have one GlobalGAP certified Trainer who cleared the exam conducted by FoodPlus, Germany under the ASF supported program. We also have 5 persons who have cleared the BRC auditor's exam for safety of food version-5. It indeed is heartening to see organization like ASF supporting a growing certification body like Bhombhal & Co".

Abdus Sami Kazi
Senior Auditor – Certifications
Bhombhal & Co. (Pvt) Ltd
Karachi

"On behalf of my farmer group members, I would like to thank ASF for providing support to us for establishing a solar dryer here in Bara, Baltistan. Now when we go to market and sell apricots hygienically dried under ASF supported dryer, we get much higher prices which we know is due to neat, clean, nicely packed apricots. Other villagers are also coming to us to learn about this technology. Thank you ASF for increasing our incomes".

Sajjad Hussain
Farmer Member & President
Sapna Farmer Enterprise Group (FEG)
Baltistan

"My company's experience with ASF is very much progressive and admirable. Last year we conducted series of 4 training programs on Tunnel Farming which were supported by ASF. We were very much impressed with the response we got from the market. It's amazing to see the way ASF supports the agribusinesses. It's not just the financial support you get from them; they also give you motivational support to serve the agriculture sector of the country. Thank you ASF!"

Abubakar Siddique
Chief Executive Officer
Agri-Development Services
Lahore

"A4-member team of Okara Buffalo Breeders Association has recently completed a training program on Embryo Transfer Technology from China with the support of ASF. Now with further support from ASF we are not only providing livestock extension services to our member farmers, but we are also setting up a lab for embryo transfer technology. The staff of ASF is extremely professional and the assessment process is very transparent".

Dr.M. Safdar
President
Okara Buffalo Breeders Association
Okara

“ASF has completely revolutionized bitter gourd farming practices in our village. Now there is no single farmer in the village who follows traditional farming. We have been supported and trained to carry out farming using good agricultural practices and net for bitter gourd farming. Our profits have substantially increased and, due to excellent quality, we are also exporting our produce (Bitter Gourd) to UK & UAE. On behalf of our village, I thank ASF for making this happen in our community.”

Haji Ishaq Khan
Farmer Member & President
Umeed-e-Darakshan Farmer Enterprise Group (FEG)
Peshawar

“With ASF support, we have acquired a new state-of-the-art hot fill juice line and this is the first time this technology has been introduced in Pakistan. ASF further assisted us in getting training and consultancy to implement this system. We appreciate that ASF is helping national interest by encouraging and creating better opportunities to promote and develop agro-based growth in country. In our case our grant cases have been approved in less than one month’s time by ASF”.

Zeehan Z. Habib
Chief Executive Officer
Mehran Bottlers (Pvt) Ltd
Karachi

Monitoring & Evaluation

ASF operates comprehensive in-house Monitoring & Evaluation (M & E) Systems developed as per guidelines of ADB approved Standard Operating Procedures (SOPs). A field monitoring mechanism has also been established and wherever required, field visits are also made to verify the project deliverables and outcomes.

The Monitoring & Evaluation Division has developed a web-based solution called “Grants Monitoring System”. The system not only maintains comprehensive database of grant applications but also tracks the progress of applications, updating the users with the latest status of applications. The system has the capacity to generate various monitoring & evaluation reports as per reporting requirements of Asian Development Bank (ADB).

Some important reports generated by the system include:

- Break-up of grant applications received by grant category, type of enterprise and geographic region.
- Grants approved by grant category, type of enterprise and geographic region.
- Grants disbursed by grant category, type of enterprise and geographic region.
- Activities under implementation.

The data is also published on the ASF website to allow access to the general public. The M & E system is constantly reviewed for further improvements and up-gradations. Some of the important M & E reports are provided in [Appendix-1](#) of the report.

Key Issues & Challenges

While having met with considerable success in most components, ASF continues to face challenges in certain areas which are briefly described below:

- ASF activities were seriously hampered due non-receipt of GoP funds. The intensity of this issue can be assessed from the fact that only 38% of the total GoP funds, allocated to ASF for the year 2009-10, were actually released to ASF. The liquidity crisis, which resulted due to shortage of GoP funds, adversely affected the overall delivery of ASF program during the year.
- A fundamental assumption made in the project design is the existence of a “partial credit guarantee” (PCG) scheme. The project Participating Financial Institutions (PFIs) were to have access to this PCG scheme to promote cash-flow based credit to SMEs. Considering that the PCG scheme has not yet materialized, ASF efforts to link SMEs to PFIs has remained ineffective.
- 2010 being the last year of ASF operations funded under Agribusiness Development & Diversification Project (ADDP), the company, during the year, had to unfortunately decline support to long-term projects, which otherwise were feasible, but couldn't be supported due to time limitations. Under the current programme, ASF, at this stage of project, can entertain only those projects reimbursement claims of which can be completely settled by December 31st, 2010.
- ASF has at times experienced difficulty in selling the BDS concept to private sector agribusiness enterprises. The general feedback is that more tangible benefits should be offered.
- The R&D grant component has not received an encouraging response since it is generally perceived that R&D is the responsibility of the government, and the private sector is not prepared to share the cost of such activity. Furthermore, many similar and even more attractive R&D schemes are also offered by other government agencies.
- There is a lack of capacity on the part of potential clients, RSPs and even project officials to formulate suitable proposals for funding. Consequently ASF officers have been burdened with this task.
- Political unrest and poor law & order situation in certain rural areas, especially the war-affected northern areas, where FEGs programs and other interventions had been initiated, has badly affected ASF's interventions in those regions.

Future Plans

- **Phasing Out of Agribusiness Development & Diversification Project (ADDP):**
With 4 years of successful operations, significant achievements & milestones, innumerable success stories, and launch of unprecedented agribusiness development initiatives in the history of country; ASF has entered into the last 9 months (July 2010 – March 2011) of its operations under ADDP. The ADDP will be completed by 31st March, 2011, and with this funding to ASF under ADDP will also cease. Though ASF will support selective short-term projects during the first half of forthcoming year; however, overall focus will be on consolidation and phasing out of the ADDP program so that the project liabilities, especially the grant commitments, can be completely settled within the remaining time.
- **Future Interventions:**
Being an independent company having enriched experience of working at the grass-root levels of agribusiness sector, strong outreach and penetration in all parts of country, functional partnerships & linkages with various national and international agribusiness stakeholders, and experienced management, ASF stands well poised to serve as a key platform for implementation of future agribusiness development initiatives in Pakistan, thereby fueling the economic growth and employment generation in the country. In this regard, the company is in the process of negotiating with Government and international donor agencies to offer its services for implementation of upcoming agribusiness development programs.
- **Fifth Annual General Meeting (AGM) of the Company:**
Preliminary discussions with the ASF external auditors, M/S A.F Ferguson & Co. Chartered Accountants, have been initiated. The auditors have been requested to commence audit proceedings at the earliest so as to enable the company to close the annual accounts for the year ended June 30th, 2010 and conduct the 5th Annual General Meeting in a timely manner and in compliance with the statutory time limits.

Financial Summary 2009-10

A summary of ASF operational expenses and grants disbursement for the period July 2009 – June 2010 is provided in **Appendix-2** of the report.

APPENDICES

APPENDIX-1:

ASF Monitoring & Evaluation Reports

ASF Grants Monitoring System						
Grant Applications Received By ASF						
Description	Prior & up to June 30, 2009	During Jul – Sep 2009	During Oct- Dec 2009	During Jan – Mar 2010	During Apr – Jun 2010	Total
	No.	No.	No.	No.	No.	No.
By Grant category						
BDS Purchase	299	38	40	107	55	539
BDS Support to Startup	55	1	19	27	2	104
Capacity Building	263	134	239	25	6	667
Extension Services	32	3	6	5	3	49
Research & Development	9	2	0	3	0	14
Farmer Enterprise Groups	953	49	133	8	1	1144
All	1611	227	437	175	67	2517
By Type of Enterprise						
Individual	352	133	246	88	40	859
Sole Proprietorship	121	23	34	49	8	235
Partnership	73	9	8	9	3	102
Private Limited Company	46	6	7	7	9	75
Non Governmental Organization	50	5	5	3	1	64
Farmer Enterprise Group	954	49	134	7	1	1145
Others	15	2	3	12	5	37
All	1611	227	437	175	67	2517
By Geographic Regions						
Punjab	446	89	167	59	21	782
Sindh	277	47	34	23	21	402
Baluchistan	314	6	16	5	5	346
Khyber Pakhtoonkhwa	326	65	120	48	12	571
FATA	7	8	20	2	1	38
Gilgit Baltistan	178	4	64	7	7	260
AJK	63	8	16	31	0	118
All	1611	227	437	175	67	2517

ASF Grants Monitoring System
Grants Approved by ASF

Description	Prior & up to June 30, 2009		During Jul - Sep, 2009		During Oct - Dec, 2009		During Jan - Mar, 2010		During Apr - Jun, 2010		Projects			
	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	ASF Grants (Rs.)	Beneficiary Share	Total Amount (Rs.)
By Grant category														
BDS Purchase	227	55802082	35	7938599	35	8732797	48	6886465	40	29249750	385	108609693	108609693	217219386
BDS Support to Startup	67	16828579	4	1255939	4	1223050	21	12825000	2	700000	98	32832568	32832568	65665136
Capacity Building	283	9668975	151	3427500	238	4945895	24	2022200	7	1166750	703	21231320	21231320	42462640
Extension Services	16	17778715	4	6248000	0	0	3	4598000	4	2103000	27	30727715	30727715	61455430
Research & Development	8	14246125	2	1500000	0	0	1	224500	0	0	11	15970625	15970625	31941250
Farmer Enterprise Groups Support	927	102188927	57	6213948	134	15098171	2	30000	1	350000	1121	123881046	123881046	247762092
All	1528	216513403	253	26583986	411	29999913	99	26586165	54	33569500	2345	333252967	333252967	666505934
By Type of Enterprise														
Individual	339	19528598	154	5111656	243	6024471	64	12971080	33	27173500	833	70809305	70809305	141618610
Sole Proprietorship	119	28351180	23	4296031	20	3731657	14	3603975	5	612500	181	40595343	40595343	81190686
Partnership	84	31603966	7	4064562	3	757531	5	1484910	3	645000	102	38555969	38555969	77111938
Private Limited Company	37	22088700	4	1200000	4	2723499	3	1637075	6	1985500	54	29634774	29634774	59269548
Non Governmental Organization	14	10099563	5	5200189	5	917584	3	1924625	2	1800000	29	19941961	19941961	39883922
FEG	927	102188927	57	6213948	134	15098171	2	30000	1	350000	1121	123881046	123881046	247762092
Other	8	2652469	3	497600	2	747000	8	4934500	4	1003000	25	9834569	9834569	19669138
All	1528	216513403	253	26583986	411	29999913	99	26586165	54	33569500	2345	333252967	333252967	666505934
By Geographic Regions														
Punjab	462	55842159	17	4979260	17	2601175	110	5225769	64	13469400	462	82117763	82117763	164235526
Sindh	245	10984681	37	4683000	72	6769550	65	6349800	37	4809875	245	33596906	33596906	67193812
Baluchistan	290	11919889	1	501000	1	100000	40	1120000	110	17258800	290	30899689	30899689	61799378

ASF Grants Monitoring System
Grants Approved by ASF

Description	Prior & up to June 30, 2009		During Jul - Sep, 2009		During Oct - Dec, 2009		During Jan - Mar, 2010		During Apr - Jun, 2010		Projects			
	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	ASF Grants (Rs.)	Beneficiary Share	Total Amount (Rs.)
Khyber Pakhtoonkhwa	306	27343662	17	1966400	12	972900	21	1002288	70	9880073	306	41165323	41165323	82330646
Gilgit Baltistan	158	16755802	6	1575000			2	290300	7	1924510	158	20545612	20545612	41091224
FATA	8	131700					5	312088	2	401376	8	845164	845164	1690328
AJK	59	926795	1	126578	2	215000	18	2085500	29	3989073	59	7342946	7342946	14685892
All	1528	123904688	79	13831238	104	10658625	261	16385745	319	51733107	1528	216513403	216513403	433026806

* Note: The number of grants approved is more than the approved grant applications because of the fact that in some cases multiple grants are approved per application.

ASF Grants Monitoring System
Grants Approved and Disbursed By ASF

Description	Prior & Up to Jun 30, 2009		During Jul - Sep 2009		During Oct - Dec 2009		During Jan - Mar 2010		During Apr - Jun 2010		Total	
	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)
By Grant category												
BDS Purchase	55802082	24323201	7938599	4243996	8732797	1334770	6886465	4395862	29249750	7746831	108609693	42044660
BDS Support to Startup	16828579	4956989	1255939	3221650	1223050	1405706	12825000	224003	700000	2571580	32832568	12379928
Capacity Building	9668975	6417327	3427500	2669565	4945895	4886663	2022200	2009318	1166750	1606084	21231320	17588957
Extension Services	17778715	4189440	6248000	5080380	0	4240600	4598000	949467	2103000	4291892	30727715	18751779
Research & Development	14246125	1191695	1500000	351970	0	278329	224500	2078056	0	114500	15970625	4014550
Farmer Enterprise Groups Support	102188927	45885569	6213948	15325559	15098171	22360901	30000	6099973	350000	10398486	123881046	100070488
Total	216513403	86964221	26583986	30893120	29999913	34506969	26586165	15756679	33569500	26729373	333252967	194850362
By Type of Enterprise												
Individual	19528598	6379958	5111656	4250104	6024471	4056407	12971080	698368	27173500	6424920	70809305	21809757
Sole Proprietorship	28351180	11588939	4296031	3382946	3731657	1371817	3603975	1585695	612500	3382748	40595343	21312145
Partnership	31603966	13191735	4064562	4247819	757531	1656661	1484910	4577386	645000	1319087	38555969	24992688
Private Limited Company	22088700	8248091	1200000	2175177	2723499	849933	1637075	1410757	1985500	2672400	29634774	15356358
Non Governmental Organization	10099563	1394588	5200189		917584	3431250	1924625		1800000	1305455	19941961	6131293
FEG	102188927	45885569	6213948	15325559	15098171	22360901	30000	6099973	350000	10398486	123881046	100070488
Other	2652469	275341	497600	1511515	747000	780000	4934500	1384500	1003000	1226277	9834569	5177633
Total	216513403	86964221	26583986	30893120	29999913	34506969	26586165	15756679	33569500	26729373	333252967	194850362
By Geographic Regions												
Punjab	82117763	35103468	13470005	10634517	8122949	12771521	16528340	6216900	6152750	6876511	126391807	71602917
Sindh	33596906	13117239	5065562	6023977	4923284	4487332	7245800	2045778	20913750	5221801	71745302	30896127
Baluchistan	30899689	10423803	3956239	3797097	480240	12641805		206510	0	136000	35336168	27205215
Khyber Pakhtoonkhwa	41165323	15597601	1768500	4957000	8171400	3502602	2745375	2396325	3803000	10697840	57653598	37151368

ASF Grants Monitoring System
Grants Approved and Disbursed By ASF

Description	Prior & Up to Jun 30, 2009		During Jul - Sep 2009		During Oct - Dec 2009		During Jan - Mar 2010		During Apr - Jun 2010		Total	
	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)
Gilgit Baltistan	20545612	12314876	1200000	641866	7097042	264092	66650	1272618	2400000	3184430	31309304	17677882
FATA	845164	76000	68000	3830717	108500	275050			300000	55158	1321664	4236925
AJK	7342946	331234	1055680	1007946	1096498	564567		3618548	0	557633	9495124	6079928
Total	216513403	86964221	26583986	30893120	29999913	34506969	26586165	15756679	33569500	26729373	333252967	194850362

ASF Grants Monitoring System
Grants Approved by ASF

Description	Prior & up to Jun 30, 2009		During Jul - Sep, 2009		During Oct - Dec, 2009		During Jan - Mar, 2010		During Apr - Jun, 2010		Projects			
	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	Amount (Rs.)	No.	ASF Grants (Rs)	Beneficiary Share	Total Amount (Rs)
By Grant category														
Farmer Enterprise Group Formation	1180	67373450			70	3988850	320	17445420	430	24492680	2000	113300400	0	113300400
All	1180	67373450	0	0	70	3988850	320	17445420	430	24492680	2000	113300400	0	113300400
By Type of Enterprise														
RSPs / NGOs for Formation	1180	67373450			70	3988850	320	17445420	430	24492680	2000	113300400	0	113300400
All	1180	67373450	0	0	70	3988850	320	17445420	430	24492680	2000	113300400	0	113300400
By Geographic Regions														
Punjab	250	14249000					100	5386320	80	4546600	430	24181920	0	24181920
Sindh	160	9280700			70	3988850			100	5698080	330	18967630	0	18967630
Baluchistan	200	11399200					100	5363400			300	16762600	0	16762600
Khyber Pakhtoonkhwa	320	18195250					120	6695700	200	11400000	640	36290950	0	36290950
Gilgit Baltistan	250	14249300							50	2848000	300	17097300	0	17097300
FATA														0
AJK														0
All	1180	67373450	0	0	70	3988850	320	17445420	430	24492680	2000	113300400	0	113300400

* Note: The number of grants approved is more than the approved grant applications because of the fact that in some cases multiple grants are approved per application.

ASF Grants Monitoring System
Grants Approved and Disbursed By ASF

Description	Prior & Up to Jun 30, 2009		During Jul - Sep 2009		During Oct - Dec 2009		During Jan - Mar 2010		During Apr - Jun 2010		Total	
	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)	Grant Approved (Rs.)	Grant Disbursed (Rs.)

By Grant category

Farmer Enterprise Group Formation	67373450	56454737		4402312	3988850	1424700	17445420	3970425	24492680	12773658	113300400	79025832
Total	67373450	56454737	0	4402312	3988850	1424700	17445420	3970425	24492680	12773658	113300400	79025832

By Type of Enterprise

Non Governmental Organization	67373450	56454737		4402312	3988850	1424700	17445420	3970425	24492680	12773658	113300400	79025832
Total	67373450	56454737	0	4402312	3988850	1424700	17445420	3970425	24492680	12773658	113300400	79025832

By Geographic Regions

Punjab	14249000	12111250		712250			5386320		4546600	2857380	24181920	15680880
Sindh	9280700	6767450		1412250	3988850			2830425	5698080	1424520	18967630	12434645
Baluchistan	11399200	9974400		1424800			5363400			1831133	16762600	13230333
Khyber Pakhtoonkhwa	18195250	16202237		853012			6695700	1140000	11400000	4523925	36290950	22719174
Gilgit Baltistan	14249300	11399400				1424700			2848000	2136700	17097300	14960800
FATA											0	0
AJK											0	0
Total	67373450	56454737	0	4402312	3988850	1424700	17445420	3970425	24492680	12773658	113300400	79025832

APPENDIX-2: Financial Summary (July 2009 – June 2010)

Figures in PKR

Particulars	ADDP Fund			Agribusiness Innovation & Outreach Fund	Liaison Offices Fund	Refundable Security Deposits Fund	TOTAL
	ADB Funds	GoP Funds	Total				
Opening Balance as at July 1, 2009	11,656,878	14,036,293	25,693,171	29,264,802	11,340,338	6,338,013.	72,636,324.
Additions:							
Grant funds received	165,713,278	5,992,000	171,705,278	2,769,437	9,500,000	-	183,974,715.
Interest income on investments	-	-	-	-	-	-	-
Security deposits received	-	-	-	-	-	3,890,000	3,890,000.
	177,370,156	20,028,293	197,398,449.	32,034,239.	20,840,338.	10,228,013.	260,501,039.
Deductions:							
Grants Disbursements							
Farmers' Enterprise Group (FEG) formation	-	-	22,751,095	-	-	-	22,751,095
Business Development Services (FEGs)	-	-	54,184,919	-	-	-	54,184,919
Agribusiness Enterprise Support	-	-	17,721,459	-	-	-	17,721,459
Business Development Services providers	-	-	11,171,630	-	-	-	11,171,630
Agribusiness Enterprise Startup	-	-	7,422,939	-	-	-	7,422,939
Private Sector Extension Services	-	-	14,562,339	-	-	-	14,562,339
Research & Development	-	-	2,822,855	-	-	-	2,822,855
	-	-	130,637,236	-	-	-	130,637,236
Purchase of Assets							
Vehicles	-	-	0	-	1,682,750	-	1,682,750.00
Computers Hardware & Software	-	-	0	-	157,744	-	157,744.00
Furniture	-	-	-	-	154,213	-	154,213.00
Equipment	-	-	-	-	50,630	-	50,630.00
Software	-	-	36,580	-	-	-	36,580.00
	-	-	36,580	-	2,045,337	-	2,081,917.00

Particulars	ADDP Fund			Agribusiness Innovation & Outreach Fund	Liaison Offices Fund	Refundable Security Deposits Fund	TOTAL
	ADB Funds	GoP Funds	Total				
General & Administrative Expenses							
Staff Salaries & Benefits	-	-	21,721,719	-	5,825,178	-	27,546,897.00
Travelling, Boarding & Lodging	-	-	4,301,975	-	920,083	-	5,222,058.00
Advertisement Expenses	-	-	1,833,792	-	-	-	1,833,792.00
Office Rent & Utilities	-	-	2,101,130	-	959,278	-	3,060,408.00
Legal & Professional	-	-	1,258,715	-	-	-	1,258,715.00
Auditors' Remuneration	-	-	-	-	-	-	-
Out-of-Pocket Expenses	-	-	-	-	-	-	-
Est./Renovation of Liaison Office (Peshawar)	-	-	-	925,500	-	-	925,500.00
Telephone & Postage	-	-	781,453	-	174,205	-	955,658.00
Office Supplies	-	-	511,125	-	115,704	-	626,829.00
Vehicle Running & Maintenance	-	-	669,879	-	1,011,298	-	1,681,177.00
Appraisal Panel Expenses	-	-	630,040	-	-	-	630,040.00
Report preparation & Dissemination audit	-	-	839,253	-	-	-	839,253.00
Bank Charges	-	-	42,550	-	-	-	42,550.00
Insurance	-	-	830,110	-	62,275	-	892,385.00
Impact Assessment Study	-	-	822,648	-	-	-	822,648.00
Security Charges	-	-	204,271	-	-	-	204,271.00
Misc. Expenses	-	-	436,864	-	511,001	-	947,865.00
Exchange Gain	-	-	-	-	-	-	-
Customer Security Deposits Refunded	-	-	-	-	-	2,995,000	2,995,000
	-	-	35,942,000	925,500	9,579,022	2,995,000	49,441,552.00
Total Deductions			162,393,760	925,500	11,624,359	2,995,000	174,892,989.00
Closing Balance as on June 30, 2010			35,004,689.00	31,108,739.00	9,215,979.00	7,233,013.00	82,562,420.00



Agribusiness Support Fund

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