



Gilgit-Baltistan Rural Support Programme (GBRSP)

Expression of Interest (EOI) To Implement Partial Credit Guarantee Scheme (PCGS) with Banks in Gilgit-Baltistan

Date: June 26th, 2024

Gilgit Baltistan Rural Support Programme (GBRSP) Street 2 , Noor Colony Jutial Gilgit , Gilgit
Baltistan Phone # 92-5811-922477-78. info@grsp.org.pk



Foreword

This document has been prepared by Gilgit Baltistan Rural Support Programme (GBRSP) on behalf of Economic Transformation Initiative ETI-GB and is based on the 1st edition of the IFAD-issued standard procurement document for expression of interest available at www.ifad.org/project-procurement. This bidding document is to be used for the procurement of services using *QCBS* in projects financed by IFAD.

IFAD does not guarantee the completeness, accuracy or translation, if applicable, or any other aspect in connection with the content of this document.

SECTION 1: REQUEST FOR EXPRESSION OF INTEREST

Letter of Invitation/Advertisement

Reference No. GBRSP - HO / 2024 / 175 - June 2024

The Government of Gilgit Baltistan is implementing its flagship programme Economic Transformation Initiative, Gilgit Baltistan (ETI-GB) with financing from the International Fund for Agriculture Development (IFAD) and AICS. The ETI-GB has several implementing partners including Gilgit Baltistan Rural Support Programme (GBRSP) for value chain component. GBRSP intends to engage the services of a bank/microfinance institution to implement a Partial Credit Guarantee Scheme (PCGS) in GB.

Gilgit-Baltistan Rural Support Programme (GBRSP) is pleased to invite Expression of Interest (EOI) from banks and microfinance banks having vast network in Gilgit Baltistan under the partnership agreement with the Economic Transformation Initiative (ETI-GB). This EOI is for implementing the Partial Credit Guarantee Scheme (PCGS) targeting beneficiary members of Village Agriculture Cooperatives (VACs) and Small Agro Processing Units (4Ps) in Gilgit Baltistan. Qualified banks/microfinance institutions will be shortlisted and requested to submit Requests for Proposals (RFPs) in the next stage of the selection process.

Expressions of Interest (EOI) documents containing the detailed description of the assignment and Terms & Conditions may be downloaded either from ETIGB's website www.etigb.com.pk or from www.gbrsp.org.pk or can be obtained from GBRSP Head Office. Street 2, Noor Colony Jutial Gilgit, Gilgit Baltistan Phone # 92-5811-922477-78.

EOI response, prepared in accordance with the instructions provided in the EOI Documents, must be delivered in the hard form at the address given below duly signed by competent authority of the institution. The EOI response must be submitted (in person, or by post) on or before 10 AM, July 23rd 2024 which shall be opened on the same day at 11 AM at GBRSP Head Office, Street 2, Noor Colony Jutial Gilgit, Gilgit Baltistan Phone # 92-5811-922477-78 in the presence of representatives of firms who may choose to be present. Any request for clarification on this EOI should be sent via email info@gbrsp.org.pk before July 15th 2024.

Programme Manager,

Gilgit-Baltistan Rural Support Programme (GBRSP)
Partial Credit Guarantee Scheme (PCGS) with Banks in Gilgit-Baltistan
Reference No. GBRSP - HO / 2024 / 175 - June 2024

Instructions to Consultants¹

Reference Number: *GBRSP-HO/2024/175-June 2024*

Expression of Interest (EOI)

To Implement Partial Credit Guarantee Scheme (PCGS) with Banks in Gilgit-Baltistan

1. The Government of Gilgit Baltistan is implementing its flagship Economic Transformation Initiative, Gilgit Baltistan (ETI-GB) with financing from the International Fund for Agriculture Development. The ETI-GB is being implemented through several implementing partners including Gilgit Baltistan Rural Support Programme (hereinafter referred to as the "Client or GBRSP"). The GBRSP intends to apply part of the proceeds of ETI-GB's financing for engaging the services of a bank/microfinance institution to implement a Partial Credit Guarantee Scheme (PCGS) in GB.
2. The use of any IFAD financing shall be subject to IFAD's approval, pursuant to the terms and conditions of the financing agreement, as well as IFAD's rules, policies and procedures. IFAD and its officials, agents and employees shall be held harmless from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature brought by any party in connection with Economic Transformation Initiative ETI-GB.
3. This request for expressions of interest (REOI) follows the general procurement notice that will appear in one Urdu and one English newspaper on (June 2024), on the GBRSP's website.
4. The client now invites expressions of interest (EOIs) from legally constituted banks/microfinance institutions (not individual consultants) ("consultants") for implementing the Partial Credit Guarantee Scheme (PCGS) targeting beneficiary members of Village Agriculture Cooperatives (VACs) and Small Agro Processing Units (4Ps) in Gilgit Baltistan. More details on these consulting services are provided in the preliminary terms of reference (PTOR) attached as **Annex 1**

¹ This document refers to legally constituted consulting firms as "consultant".
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5. Before preparing its EOIs, the interested banks/ microfinance institutions are advised to review the preliminary terms of reference attached as Annex 1, which describe the assignment and Annex 2 that details the evaluation of the technical qualifications.
1. The bank/microfinance institution shall not have any actual, potential or reasonably perceived conflict of interest. A bank/microfinance institution with an actual, potential or reasonably perceived conflict of interest shall be disqualified unless otherwise explicitly approved by the Fund. A bank/microfinance institution including their respective personnel and affiliates are considered to have a conflict of interest if they a) have a relationship that provides them with undue or undisclosed information about or influence over the selection process and the execution of the contract, b) participate in more than one EOI under this procurement action, c) have a business or family relationship with a member of the client's board of directors or its personnel, the Fund or its personnel, or any other individual that was, has been or might reasonably be directly or indirectly involved in any part of (i) the preparation of this expression of interest, (ii) the selection process for this procurement, or (iii) execution of the contract. The bank/microfinance institution has an ongoing obligation to disclose any situation of actual, potential or reasonably perceived conflict of interest during preparation of the EOI, the selection process or the contract execution. Failure to properly disclose any of said situations may lead to appropriate actions, including the disqualification of the consultant, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations². Moreover, all services delivered should be compliant with the IFAD's Social, Environmental and Climate Assessment Procedures (SECAP) found at <https://www.ifad.org/en/secap>.
6. All interested bank/microfinance institution are required to comply with the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations (hereinafter, "IFAD's Anticorruption Policy") in competing for, or in executing, the contract.
 - a. If determined that a bank/microfinance institution or any of its personnel or agents, or its sub-consultants, sub-contractors, service providers, suppliers, sub-suppliers and/or any of their personnel or agents, has, directly or indirectly, engaged in any of the prohibited practices defined in IFAD's Anticorruption Policy or integrity violations such as sexual harassment, exploitation and abuse as established in IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse³ in competing for, or in executing, the contract, the EOI may be rejected or the contract may be terminated by the client.
 - b. In accordance with IFAD's Anticorruption Policy, the Fund has the right to sanction firms and individuals, including by declaring them ineligible, either indefinitely or for a stated

² The policy is accessible at www.ifad.org/anticorruption_policy.

³ The policy is accessible at <https://www.ifad.org/en/document-detail/asset/40738506>.

period of time, to participate in any IFAD-financed and/or IFAD-managed activity or operation. A debarment includes, *inter alia*, ineligibility to: (i) be awarded or otherwise benefit from any IFAD-financed contract, financially or in any other manner; (ii) be a nominated sub-contractor, consultant, manufacturer, supplier, sub-supplier, agent or service provider of an otherwise eligible firm being awarded an IFAD-financed contract; and (iii) receive the proceeds of any loan or grant provided by the Fund. The Fund also has the right to recognize debarments issued by other international financial institutions in accordance with its Anticorruption Policy.

- c. Banks/microfinance institutions and any of their personnel and agents, and their sub-consultants, sub-contractors, service providers, suppliers, sub-suppliers and any of their personnel and agents are required to fully cooperate with any investigation conducted by the Fund, including by making personnel available for interviews and by providing full access to any and all accounts, premises, documents and records (including electronic records) relating to this selection process or the execution of the contract and to have such accounts, premises, records and documents audited and/or inspected by auditors and/or investigators appointed by the Fund.
 - d. Banks/microfinance institutions have the ongoing obligation to disclose in their EOI and later in writing as may become relevant: (i) any administrative sanctions, criminal convictions or temporary suspensions of themselves or any of their key personnel or agents for fraud and corruption, and (ii) any commissions or fees paid or to be paid to agents or other parties in connection with this selection process or the execution of the contract. As a minimum, consultants must disclose the name and contact details of the agent or other party and the reason, amount and currency of the commission or fee paid or to be paid. Failure to comply with these disclosure obligations may lead to rejection of the EOI or termination of the contract.
 - e. Banks/microfinance institutions are required to keep all records and documents, including electronic records, relating to this selection process available for a minimum of three (3) years after notification of completion of the process or, in case the consultant is awarded the contract, execution of the contract.
7. The Fund requires that all beneficiaries of IFAD funding or funds administered by IFAD, including the client, any consultants, implementing partners, service providers and suppliers, observe the highest standards of integrity during the procurement and execution of such contracts, and commit to combat money laundering and terrorism financing consistent with IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy.⁴
8. **Procedure:** the selection process will be conducted using **QCBS as** laid out in the IFAD Procurement Handbook that can be accessed via the IFAD website at www.ifad.org/project-procurement. The client will evaluate the EOIs using the criteria

⁴ The policy is accessible at <https://www.ifad.org/en/document-detail/asset/41942012>.

provided in **Annex 2**. The shortlisted Banks/microfinance institutions will be provided with the detailed TORs and asked to submit a detailed technical and financial offer. The evaluation will include a review and verification of qualifications and past performance, including a reference check, prior to the contract award.

9. Any request for clarification on this EOI including the TOR should be sent via e-mail to the address below no later than **(July 15th. 2024 at 10:00 AM hours)**.
10. The client will provide responses to all clarification requests by **(July 17th. 2024 at 10:00 AM hours.)**
11. **Submission Procedure:** please submit your expression of interest using the forms provided for this purpose which will be provided by emailing at www.gbrsp.org.pk Your EOI should comprise one (1) original copy of each EOI form annexed to this document. EOIs shall be submitted in the hard form to the address below duly signed by the competent authority of the institution no later than **July 23rd. 2024 at 10:00 AM hours.**

Att.: Programme Manager
Admin, Procurement and Human Resources
Address: GBRSP Head Office, Street 2, Noor Colony Jutial Gilgit, Gilgit Baltistan.
Phone: 92-5811-922477-78.
Email: info@gbrsp.org.pk

Yours sincerely,

Programme Manager
Admin, Procurement and Human Resources

Form EOI-1

EOI Submission Form

[Location, date]

[Authorized official]

Re: Consulting Services for Implementation of Partial Credit Guarantee Scheme

Reference No. GBRSP - HO / 2024 / 175 - June 2024

We, the undersigned, declare that:

1. We are expressing our interest in providing the consulting services for the above-mentioned assignment and have no reservations to the REOI, the instructions to the consultants and any addenda thereto.
2. Our expression of interest is open for acceptance for a period of ninety (90) days.
3. Our firm, its associates, including any subcontractors or suppliers for any part of the contract, have not been declared ineligible by the Fund and have not been subject to sanctions or debarments under the laws or official regulations of the client's country or not been subject to a debarment recognized under the Agreement for Mutual Enforcement of Debarment Decisions (the "Cross-Debarment Agreement")⁵, beyond those declared in paragraph 9 of this EOI submission form.
4. We acknowledge and accept the IFAD Revised Policy on Preventing Fraud and Corruption in its Activities and Operations. We certify that neither our firm nor any person acting for us or on our behalf has engaged in any prohibited practices as provided in ITC Clause 6. Further, we acknowledge and understand our obligation to report to anticorruption@ifad.org any allegation of prohibited practice that comes to our attention during the selection process or the contract execution.
5. No attempt has been made or will be made by us to induce any other consultant to submit or not to submit an EOI for the purpose of restricting competition.

⁵ The Cross-Debarment Agreement was entered into by the World Bank Group, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank and the European Bank for Reconstruction and Development, additional information may be located at: <http://crossdebarment.org/>.

6. We acknowledge and accept the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse. We certify that neither our firm nor any person acting for us or on our behalf has engaged in any sexual harassment, sexual exploitation or abuse. Further, we acknowledge and understand our obligation to report to ethicsoffice@ifad.org any allegation of sexual harassment, sexual exploitation and abuse that comes to our attention during the selection process or the contract execution.
7. The following commissions, gratuities, or fees have been paid or are to be paid with respect to the selection process: *[Insert complete name of each recipient, its full address, the reason for which each commission or gratuity was paid and the amount and currency of each such commission or gratuity.]*

Name of Recipient	Address	Reason	Amount	Currency

(If none has been paid or is to be paid, indicate “none.”)

8. We declare that neither our consulting firm nor any of its directors, partners, proprietors, key personnel, agents, sub-consultants, sub-contractors, consortium and joint venture partners have any actual, potential or perceived conflict of interest as defined in ITC Clause 5 regarding this selection process or the execution of the contract. *[insert if needed: “other than the following:” and provide a detailed account of the actual, potential or perceived conflict].* We understand that we have an ongoing disclosure obligation on such actual, potential or perceived conflicts of interest and shall promptly inform the client and the Fund, should any such actual, potential or perceived conflicts of interest arise at any stage of the procurement process or contract execution.
9. The following criminal convictions, administrative sanctions (including debarments) and/or temporary suspensions have been imposed on our consulting firm and/or any of its directors, partners, proprietors, key personnel, agents, sub-consultants, sub-contractors, consortium and joint venture partners:

Nature of the measure (i.e., criminal conviction, administrative	Imposed by	Name of party convicted, sanctioned or suspended (and	Grounds for the measure (i.e., fraud in procurement or	Date and time (duration) of measure

sanction or temporary suspension)		relationship to the consultant)	corruption in contract execution)	

If no criminal convictions, administrative sanctions or temporary suspensions have been imposed, indicate "none".

10. We acknowledge and understand that we shall promptly inform the client about any material change regarding the information provided in this EOI submission form.
11. We further understand that the failure to properly disclose any of information in connection with this EOI submission form may lead to appropriate actions, including our disqualification as consultant, the termination of the contract and any other as appropriate under the IFAD Policy on Preventing Fraud and Corruption in its Projects and Operations.
12. We understand that you are not bound to accept any EOI that you may receive.

[Authorized signatory]

[Name and title of signatory]

[Name and address of firm]

Form EOI-2

Organization of the Consultant

Re: Consulting Services for Implementation of Partial Credit Guarantee Scheme

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[Provide a brief description of the background and organization of your firm/entity and of each associated firm for this assignment. Include the organization chart of your firm/entity. The EOI must demonstrate that the consultant has the organizational capability and to carry out the assignment. The qualifications document shall further demonstrate that the consultant has the capacity to field and provide experienced replacement personnel on short notice. Key staff CVs are not required at the shortlisting stage.]

Name of the firm	
Date of establishment	
Country of registration	
Full address of the firm	
Focal point: name, position, contact information (telephone, email):	Name:
	Tel:
	Email:
Number of branches in the country	
Country(ies) of operations with number of branches in each country	
Number of full-time employees	
Number of part-time employees	
Field(s) of expertise of the firm	

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Number of professional staff with experience related directly to the assignment	
Subsidiary and associated companies (<i>wherever applicable</i>): (details in the following format to be provided for all associates) – (i) Name of the company (ii) Nature of business (iii) Address of the company (iv) Website of the company (v) Brief description of company (maximum of 120 words)	
Any other information that the consultant would like to add:	

Maximum 10 pages

Form EOI-3
Experience of the Consultant

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[Using the format below, provide information on each relevant assignment for which your firm, and each associate for this assignment, was legally contracted either individually as a corporate entity or as one of the major companies within an association, for carrying out consulting services similar to the ones requested under the preliminary terms of reference included in this EOI. The EOI must demonstrate that the consultant has a proven track record of successful experience in executing projects similar in substance, complexity, value, duration, and volume of services sought in this procurement.

Maximum 20 pages]

Assignment name:	Approx. value of the contract (in current US\$):
Country: Location within country:	Duration of assignment (months):
Name of client:	Total No. of staff-months of the assignment:

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Address, and contact details (including email address(es)):	Approx. value of the services provided by your firm under the contract (in current US\$):
Start date (month/year): Completion date (month/year):	No. of professional staff-months provided by associated consultants:
Name of associated consultants, if any:	Name of proposed senior professional staff of your firm involved and functions performed (indicate most significant profiles such as project director/coordinator, team leader):
Narrative description of project:	
Description of actual services provided by your staff within the assignment:	

Name of Firm: _____

Annex-I– PRELIMINARY TERMS OF REFERENCE

a. Background of the Assignment

1.1. Introduction.

Gilgit-Baltistan Rural Support Programme (GBRSP) is floating this Expression of Interest (EOI) under the partnership agreement with Economic Transformation Initiative (ETI-GB) for banks/participating financial institutions to provide financial services to the target beneficiary members of Village Agriculture Cooperatives and Small Agro Processing (4Ps) in Gilgit Baltistan.

Gilgit-Baltistan Rural Support Programme (GBRSP), a Public Sector Company, was established in 2012 and registered under Section 42 of the Companies Ordinance 1984 (Now Companies Act, 2017) with SECP as a non-profit organization. It started its operations in 2016 after receiving financial support from the Government of Gilgit-Baltistan and bi-lateral donors for social and economic transformation across GB and in lesser privileged areas. Like other RSPs, GBRSP works with the local communities for social and economic empowerment.

The Economic Transformation Initiative Gilgit Baltistan (ETI-GB) is a, multi-year project for economic upliftment of the people of GB, development programme of Government of Gilgit-Baltistan co-funded by the International Fund for Agricultural Development (“IFAD”) and Italian Agency for Development Cooperation (AICS). The development objective of ETI-GB is to increase agricultural incomes and employment for at least 100,000 rural households in Gilgit-Baltistan. The overall goal is to improve incomes and reduce poverty and malnutrition in the region. The project has three components i.e. component 1 – economic infrastructure (irrigation and land development and farm to market road); component 2 - support services for value chain/4Ps; and, component 3 - project management and policy support.

Under component 2, GBRSP as implementing partners of ETI-GB intends to enhance access to finance through Partial Credit Guarantee Scheme in Gilgit-Baltistan, which is geographically spread in valleys and mountains with scattered rural population.

ETI, during project interventions, formed business cooperatives comprised of village farmers in 10 districts of Gilgit-Baltistan. The members are comprised of small farmers, women and youth. Total of

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40,956 beneficiaries were organized into 162 village agriculture cooperatives societies (VACs) across GB. These VACs were technically and financially supported by ETIGB in over 20 agricultural commodities. Office management support was also extended to VACs for establishing offices and hiring of two professional staffs. ETGB has invested over Rs. 1.4 billion in these VACs to ensure provision of inputs to small farmers and aggregation of agricultural products.

In the partnership agreement with ETIGB, the GBRSP, will strengthen these VACs to expand their shareholdings, value addition, product standardization and linkage development. The programme will also support VACs to improve the quality of products and reduce wastages through establishing small processing units. In addition, new VACs will also be formed. Business plans for VACs shall be developed for access to finance from banks on agriculture processing activities, common asset financing, agro/eco-tourism and 4-Ps. 4Ps involve partnership between Government, Agri business entrepreneurs and small producers, who agree to work together to reach a common goal or carry out a specific task while jointly assuming risks and responsibilities, and sharing benefits, resources and competencies". The main fulcrum of this approach is 4P model whereby producers/farmers, public sector, and private sector inked in mutually responsible partnerships. At the producer level, organizing into Village Agriculture Cooperatives (VAC) and developing Value Chain Development Plans will be the key elements to address aggregation, quality and marketing challenges. The strategy is expected to develop capacities and networks for sustainable expansion of production and marketable surpluses resulting in increased incomes and poverty reduction. Improved incomes will generate income, food security and enhanced nutrition levels for the target poor. The key in 4-P model is the farmers/ producers at grassroots level so to maximize their profitability by enhancing productivity and production.

Under component I, Economic Infrastructure for Value Chain Development, ETIGB has brought 43,000 acres of barren land under cultivation in Four districts (Ghizer, Astore, Diamer, Ghanche) benefiting over 30,000 households. An average 1.5 acres of land has been increased per household. ETIGB has included remaining six districts under this component where barren land will be brought under cultivation. The member farmers of these VACs will require financial services for development of newly developed lands.

The absence of a long-term option for access to finance, both for cooperatives and their members, undermines the full potential of the business model of the cooperatives. To address the gaps in access to finance faced by small rural farmers, ETIGB intends to introduce a Partial Credit Guarantee Scheme (PCGS) through FIs/Banks to ensure availability of formal financial services.

The objective of channeling formal financial services is to scale up the successful agricultural enterprise pilots undertaken by the project in the last seven years. This is expected to increase farmer income, and agricultural productivity and production.

VACs Established by ETIGB

The small member farmers of VACs need affordable and accessible financial services for agriculture produce, processing, market & branding, common asset financing, agro/echo-tourism and 4-Ps enterprises.

Division	VACs	Total farmers	Women %	Youth %
Gilgit	61	16,518	41%	33%
Diامر	38	8,614	14%	26%
Baltistan	63	15,824	26%	22%
VACs	162	40,956	30%	27%
ILD VACs	78	29,300		
Total	240	70,256		

In addition, 38 ILD cooperatives shall be formed with members of 15,790 small farmers under extension phase.

1.2. Partial Credit Guarantee Scheme

Access to finance is considered one of the powerful tools and strategies for economic transformation. As of March 2023 (Issue-67 of MicroWatch, Pakistan Microfinance Network), the penetration rate was

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reported 23.1% with 9.25 million borrowers having gross loan outstanding of Rs.509.575 billion. This shows that 3/4th. microfinance market is still untapped in Pakistan.

The report further discloses that nine microfinance institutions are active in Gilgit Baltistan with 76 branches including one mobile branch serving 55,530 borrowers with gross loan portfolio of Rs. 9.06 billion. The average loan size stands Rs.163,000 in the region.

Provision of formal financial services by banks to small farmers is considered risky due to lack of collateral and high-risk portfolio, particularly in agriculture financing. Considering the facts, ETIGB has designed the Partial Credit Guarantee Scheme for small famers members of GB.

Partial credit guarantee schemes for small farmers are essential tools for promoting agricultural development, reducing poverty, and ensuring food security by enhancing access to finance for small-scale farmers. The design is typically tailored to address the unique challenges and needs of this specific group of borrowers.

Engaging PFI under Partial Credit Guarantee Scheme should have two features:

a. **Affordable & accessible financial services:** to increase access to finance for small farmers who are registered members of VACs and 4-Ps through financial service providers. This partnership is expected to create synergy and win-win situation for all. The PFI is further expected to promote credit culture through easy and affordable loaning that will increase borrower's resilience to climate effects and increase their income at household level.

b. **Risk sharing;** small farmers members lack physical collateral, thus cannot access to financial services. PCGS shall share the risk of principle loan loss (defaults) with partner PFIs up to 50% and push supply side financial service provision to meet financing needs of small farmer/members of VACs. No additional physical or liquid collateral will be obtained from the borrowers. Only VAC members, VACs and 4Ps borrowers under PCGS will be eligible for risk sharing and markup subsidization.

1.3. Guarantee Fund Utilization

Under PCGS, funds amounting to US\$ 2 million equivalent in Pak Rupees shall be invested with selected PFI at the highest profit rate. The returns on the funds shall be utilized for markup subsidization on loans to beneficiary borrowers and the principal default loss coverage (risk sharing) shall be covered through

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fund amount. A small proportion of the fund will be utilized to cover the management cost of PCGS by the project. The excess income shall be added back to the fund account.

b. Objectives of Partial Credit Guarantee Scheme

To address the gaps in access to finance faced by small rural farmers, ETIGB intends to introduce a Partial Credit Guarantee Scheme (PCGS) through FIs/Banks to ensure availability of formal financial services.

The objective of channeling formal financial services is to scale up the successful agricultural enterprise pilots undertaken by the project (ETI-GB) in the last seven years. This is expected to increase farmer income, and agricultural productivity and production.

The PCGS will also support VACs to improve the quality of the products and reduce wastage through establishing small processing centers equipped with facilities like product development, washing, grading, and packaging. This will also enable the farmers to increase agriculture production in newly developed lands.

c. Scope of Work

The Bank/Participating Financial Institution (PFI), under PCGS shall provide financial services to the members of Village Agriculture Cooperative Societies (VACs) from their own funds. The VACs have been mobilized and formed by ETI and registered under Cooperative Societies Act in Gilgit-Baltistan for inclusive development through social and financial inclusion strategies. Selected PFI is expected to perform the following activities as per terms & conditions of the partnership agreement with GBRSP.

1. GBRSP will be custodian of the credit guarantee fund and will be administered through a PCGS fund committee.
2. The PFI shall offer competitive rates on the deposit placed for PCGS, which will be used to subsidize the loans under PCGS and a small proportion will be utilized for the management of PCGS by the project.

3. The PFI will develop loan products for VACs, member farmer of the VACs and enterprises engaged with ETIGB Programme under the PCGS as per the products specified in this document.
4. The PFI will launch the PCGS in all ten districts of Gilgit Baltistan and offer financial services to the beneficiaries of ETIGB.
5. Disbursement targets shall be set in collaboration with GBRSP/ETIGB and selected PFI. Failing to achieve agreed targets may lead to penalty and/or revoke of credit guarantee scheme as set in the partnership contract.
6. The PFI shall make disbursements of loans to borrowers within agreed minimum turnover time.
7. The PFI has branch network in all districts of Gilgit Baltistan and will establish alternate delivery channels such as branchless banking to cover the maximum Programme area.
8. The PFI will select borrowers from VACs, conduct borrower's appraisals and ascertain repayment capacity in line with its approved processes.
9. PFI shall carry out risk-based pre-disbursement processes in line with their credit policy and PCGS manual.
10. PFI shall minimize potential credit and operations risks as per their risk management framework and comply with AML/TF including negative activities financing guidelines.
11. The PFI shall ensure high standard client services as per generally accepted client protection principles.
12. PFI will be responsible for recovery of loans/installments from borrowers. However, GBRSP shall verify defaulted cases and assist in follow up of such cases.
13. PFI shall be responsible for monitoring of loan portfolio and will report portfolio performance, targets vs actual, on periodic basis as agreed with GBRSP.
14. GBRSP and ETI will conduct on-site and off-site monitoring of the borrowers by visiting PFI branches and VACs.
15. PFI shall document challenges, resolving challenges, lesson learned and case studies with GBRSP team on quarterly basis.
16. The PFI shall submit claims as per contract terms & conditions agreed with GBRSP.
17. GBRSP/ ETIGB has the right to follow up claimed cases and continue recovery efforts of written off loans. Recoveries shall be deposited in respective accounts of PCGS and PFI on risk sharing basis.

ANNEX -II

Qualification and Evaluation Criteria

Item	Criteria	Points
Mandatory Requirements:		
<p style="margin-left: 40px;">a) Banking license by SBP and SECP registration.</p> <p style="margin-left: 40px;">b) Credit Rating (PACRA) – Long-term A (minimum)</p>		
A.	General	35
i	PFI Shall have branch network coverage across Gilgit Baltistan One branch in each district = 01 points x 10 districts	10
ii	PFI shall have branchless banking facility or network agents in each district = 01 x 10 districts	10
iii	Having experienced staff in credit in each district preferably in Agriculture credit. Less than 2 staff 0 point Staff from 2 to 5 6 points Staff from 6 up to 10 10 points Staff more than 10 15 points	15
B.	Specific experience	65
i	Having lending portfolio in Gilgit Baltistan. Portfolio with less than PKR. 100 million = 10 marks Portfolio with over PKR. 100 million to PKR. 200 million = 15 marks	25

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	Portfolio with over PKR. 200 million to PKR. 500 million = 20 marks Portfolio with over PKR. 500 million = 25 marks	
ii	Having Agriculture lending portfolio in Gilgit Baltistan. Portfolio with less than PKR. 10 million = 10 marks Portfolio with over PKR. 10 million to PKR. 50.00 million = 20 marks Portfolio with over PKR. 50.00 million to PKR. 100.00 million = 30 marks Portfolio with over PKR. 100 million = 40 marks	40
	Total Points	100
	Minimum points required to pass	70 points