



Project Implementation Report

(1 July 2022 – 30 June 2023)

Project Title:	Mainstreaming Climate Change Adaptation through Water Resource Management on Leather Industrial Zone Development
GEF ID:	5666
UNIDO ID:	150052
GEF Replenishment Cycle:	GEF-5
Country(ies):	Pakistan
Region:	EAP - East Asia and Pacific
GEF Focal Area:	Climate Change Adaptation (CCA)
Integrated Approach Pilot (IAP) Programs¹:	N/A
Stand-alone / Child Project:	Stand-alone
Implementing Department/Division:	AGR / RJH
Co-Implementing Agency:	N/A
Executing Agency(ies):	UNIDO
Project Type:	Full-Sized Project (FSP)
Project Duration:	48 months + 36 months + 12 months
Extension(s):	Two (02)
GEF Project Financing:	USD: 3,310,000
Agency Fee:	USD: 314,45
Co-financing Amount:	USD: 14,700,000
Date of CEO Endorsement/Approval:	12/10/2015
UNIDO Approval Date:	10/1/2015
Actual Implementation Start:	3/4/2016
Cumulative disbursement as of 30 June 2022:	3,088,674.49
Mid-term Review (MTR) Date:	12/31/2020
Original Project Completion Date:	11/12/2019
Project Completion Date as reported in FY22:	3/4/2023
Current SAP Completion Date:	3/4/2024
Expected Project Completion Date:	3/4/2024

¹ Only for GEF-6 projects, if applicable

Expected Terminal Evaluation (TE) Date:	1/31/2024
Expected Financial Closure Date:	6/30/2024
UNIDO Project Manager²:	Mr. Ivan Kral

I. Brief description of project and status overview

Project Objective		
<p>The main objective is to reduce vulnerability and building resilience through integration of Climate Change Adaptation into Urban Development and to establish dedicated Tannery Zone away from the main city for shifting the existing tanneries and their associated businesses currently scattered in urban areas of Sialkot. This project will focus on following points,</p> <ol style="list-style-type: none"> Mainstreaming CCA and Gender Equality for Adaptation into Urban and Rural Development Planning. Climate Change Resilience Building of Vulnerable Communities and Leather Business Owners. Sialkot District and Sialkot urban plan implementation, dissemination of information, demonstration of safe, affordable and advance technology for wastewater treatment and water conservation in the pilot Sialkot Tannery Zone (STZ). 		
Intervention Logic	Core Indicators	Expected Targets
Impact		
Increased resilience to CC in the leather sector and urban development planning	Tons of COD, BOD and TSS ³ removed from waste water by 2026	<ul style="list-style-type: none"> • COD ≥ 18,000 • BOD ≥ 6,000 • TSS ≥ 10,000

Baseline
<p>Traditionally, Sialkot District is an industrial centre and produces sport equipment, surgical instruments, tanning, leather goods/garments and cutlery among them leather goods & tanning industry is notable. The city is situated along the Indus basin and depends on the water resources coming from this river. This places Sialkot among the most vulnerable cities in Pakistan.</p> <p>Almost every year Sialkot faces floods, causing devastation and disruptions in daily life. Floods negatively affect the wellbeing of the population, the economic growth, and the social urgency for alleviating poverty prevailing in those affected areas. Furthermore, farm lands get contaminated by chemicals, untreated waste water and runoff from urban areas. Both, national and regional concerns must be taken into consideration and based on this, adequate solutions must be developed. Flood risk needs to be taken into consideration during design of the CETP, tanneries and especially for chemical storage in order to avoid possible contamination of agricultural land and also unnecessary damages to buildings and equipment.</p> <p>Presently, the government is ill prepared to handle the situation and the lack of urban planning combined with the rapid industrialization and urbanization of Sialkot, has caused a major threat to its environment. Toxic industrial and non-industrial waste poses a real threat to resources (e.g. soil, groundwater, etc.), as does the lack of effluent treatment facilities.</p> <p>The main barriers faced by the Sialkot leather processing industry, which currently located in 10 different clusters, scattered all around Sialkot and its suburbs concern:</p> <ol style="list-style-type: none"> The technology for leather processing is obsolete and consumes more energy, raw material and time, but produces less profit. The technology in place also requires more maintenance, creates environmental hazards like noise, health and safety, etc. Additionally, the finished products do not fully comply with international quality standards. Individual tanneries are incapable to set up an appropriate Effluent Treatment Plant and develop the necessary infrastructure especially related to pollution control. A CETP for the planned tannery zone will reduce investment and operational costs for each tannery and will reduce the

² Person responsible for report content

³ Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS)

- iii. pollution load in discharged effluents in some parameters between 60-99%.
- iii. No treatment facilities for the discharged/disposed solid or liquid waste generated by tanneries, creating a very unhygienic and potentially toxic atmosphere in the entire area.
- iv. Due to limitations of space, even tanneries wanting to modernize and become more efficient in terms of production and environmental management, are unable to implement the necessary measures.
- v. Downstream industries of the leather industrial sector such as footwear, garment and leather goods depend on the tanning industry for supply of quality leather. The existing problems in Sialkot have put a limit to the growth of downstream industries, thereby depriving the country of the high potential for export earnings and employment.

One major step in addressing the problem of 250 (scattered) tanneries that do not have appropriate environmental facilities in place, is the construction of a concentrated tannery zone, i.e. the Sialkot Tannery Zone (STZ) in Sialkot and with it, the establishment of a CETP and common waste management system. This intervention is intended to contribute towards the greening of the leather production system in Pakistan to ultimately satisfy the prerequisites for the survival and growth of this export-oriented sector, which is vital for Pakistan's economy and for conserving the region's agricultural land.

The main purpose of this project is to move 250 (scattered) scattered tannery industry from the heart of the city to a single cluster (zone) with improved industrial and business facilities and further, to make Sialkot city clean and unpolluted from harmful chemicals and waste that are used in the tannery industry. The STZ establishment is a mega development project executed as a Public Private Partnership (PPP) and amounting to around 47 million USD (costs are comprised of land, building of infrastructure, utilities, treatment facilities, and relocation of tanneries). The financing of the conveyance system, STZ infrastructure, civil works on the CETP and fees of various experts, etc. have been considered as co-financing for this project.

Please refer to the explanatory note at the end of the document and select corresponding ratings for the current reporting period, i.e. FY22. Please also provide a short justification for the selected ratings for FY22.

In view of the GEF Secretariat's intent to start following the ability of projects to adopt the concept of adaptive management⁴, Agencies are expected to closely monitor changes that occur from year to year and demonstrate that they are not simply implementing plans but modifying them in response to developments and circumstances or understanding. In order to facilitate with this assessment, please introduce the ratings as reported in the previous reporting cycle, i.e. FY21, in the last column.

Overall Ratings ⁵	FY23	FY22
Global Environmental Objectives (GEOs) / Development Objectives (DOs) Rating	<i>Satisfactory (S)</i>	<i>Satisfactory (S)</i>
<p>With shifting of the tanneries and progress made to operationalize the Common Effluent Treatment Plant (CETP), the project is making satisfactory progress towards accomplishing its global environmental objectives. The completion of key milestones indicates the project's commitment to building resilience and adapting to climate change. The successful procurement of CETP machinery and its delivery to the site is a significant achievement. This equipment will play a crucial role in treating effluent from the tanneries, ensuring that the wastewater is properly treated and minimizing its impact on the environment. The completion of major civil structures and the ongoing finishing stage for others signify the project's progress in terms of physical infrastructure. These structures will support the efficient functioning of the CETP. Furthermore, the project's efforts to strengthen the policy framework and creating a favorable regulatory environment during the reporting period are contributing to ensuring the medium- and long-term sustainability of the project's environmental objectives.</p>		

⁴ Adaptive management in the context of an intentional approach to decision-making and adjustments in response to new available information, evidence gathered from monitoring, evaluation or research, and experience acquired from implementation, to ensure that the goals of the activity are being reached efficiently

⁵ Please refer to the explanatory note at the end of the document and assure that the indicated ratings correspond to the narrative of the report

Implementation Progress (IP) Rating	<i>Satisfactory (S)</i>	<i>Moderately Satisfactory (S)</i>
<p>Due to the impact of COVID-19, the project experienced delays in finalizing the CETP electromechanical tender, resulting in anticipated delays in the procurement, manufacturing, and delivery of the CETP machinery and equipment. Consequently, the project submitted a request which was granted in October 2022 for a one-year extension to the project steering committee.</p> <p>Despite the considerable delays caused by COVID-19, the project activities in FY23 have gained traction and focused on completing the Common Effluent Treatment Plant (CETP) of the Sialkot Tannery Zone (STZ). More than 95% of the electromechanical equipment required for the CETP is on-site and ready for installation, with 66% of the GEF funds allocated for this activity. In collaboration with project partners and co-financing, 70% of the civil works for the CETP is complete⁶. Considering the progress made, the project stakeholders have also initiated the planning of the final evaluation of the project in collaboration with UNIDO's evaluation team. The shifting of tanneries at the STZ is also in progress, with activities dependent on this process commencing in the reporting period. The project stakeholders are actively coordinating to expedite the process of shifting the tanneries at the STZ. Overall, despite the challenges posed by COVID-19, the project is making significant progress in completing the CETP and shifting the tanneries, with measures in place to address the delays and ensure timely completion of the project activities.</p>		
Overall Risk Rating	<i>Substantial Risk (S)</i>	<i>Moderate Risk (M)</i>
<p>The status of overall risk rating FY23 has escalated from moderate to substantial risk specifically for component 3. During FY23, Pakistan faced the highest level of inflation since records began in 1957 rising to 37.97% in May. Assumptions had been made within the project logical framework that i) technologies are operated and maintained accordingly and remain financially sustainable and ii) the leather trade and economic conditions are profitable. The socio-economic context in FY23 given the economic crisis with high inflation has made the investment environment challenging for tannery owners. Risk mitigation measures continue, for example, through awareness raising and continued close coordination between all stakeholders to recognize the benefits of cleaner and greener production. The project authorities are very well aware about the situation and during the reporting period their whole efforts moved towards managing the financial impacts of the current economic situation in the country. However, the risk rating is reflective of the unpredictability of the current economic context facing the project stakeholders.</p> <p>The details are described in detail in section III of this report.</p>		

II. Targeted results and progress to-date

Please describe the progress made in achieving the outputs against key performance indicator's targets in the project's **M&E Plan/Log-Frame at the time of CEO Endorsement/Approval**. Please expand the table as needed.

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
Component 1: CCA and Gender Equality for Adaptation Mainstreamed into Urban and Rural Development Planning				
Output 1.1.1: Support to mainstream CCA and gender equality into Punjab and Sialkot district urban development plan is provided	# of workshops ⁷ on CCA and gender equality delivered	0	3	<p>Reporting Period: 01</p> <p>The UNIDO national staff attended an international training workshop on the practical implementation of eco-production techniques in Turkey during the reporting period. The workshop provided valuable insights into climate change adaptation (CCA) measures adopted in Turkish tanneries that can be replicated in Pakistan, particularly in Sialkot.</p> <p>In addition to eco-production techniques, the training program also focused on</p>

⁶ The installation of the electromechanical equipment is scheduled to commence in September 2023 following the completion of the civil works. The trial runs of the CETP are expected to be completed by December 2023.

⁷ Workshops is used as a broad term to refer to events that include training, discussions, lectures/seminars and awareness raising.

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
				<p>identifying relevant occupational roles in the leather value chain for female workers. This knowledge will be utilized to empower women and provide them with opportunities in the leather industry in Sialkot and across Pakistan. The information and learning points gathered from the training workshop were shared with project stakeholders and STAGL in a special consultative session organized. The discussion in this session revolved around several key learning topics, including:</p> <ul style="list-style-type: none"> - Adapting sustainable practices in the operations of ETPs. - Identifying mid- and long-term challenges associated with the characteristics of ETPs. - Comparing the operational costs of the CETP in Bursa, Turkey, with the calculated operational and maintenance (OM) costs of the CETP in the STZ. - Developing plans to strengthen the role of women in the leather occupation within tanneries or through a common facility center, similar to the model implemented in Bursa (specific occupations include finished leather press, spray dying, buffing, etc). - Replicating the business model of the common facility center in Bursa within the STZ. - Adopting solid waste segregation techniques in the STZ. <p>Furthermore, one key result of this consultative session, the PMU agreed that within FY23-24, the project would recruit a community mobilizer & gender expert in order to formulize the policies regarding inclusion of women in the workforce / mainstreaming gender equality in STZ & tanneries operations. The recruitment process was started in FY23 (see TORs in annex VIII).</p> <p>Moreover, considering the operational team of Bursa's CETP, the project has also proposed the OM team for STZ's CETP to STAGL. STAGL has accepted and subsequently hired the CETP OM team in phases, as per need / priority basis. The arrangement provides STZ OM an opportunity to gain first hand knowledge from the Bursa CETP team on operations and management of a CETP that is similar to the newly installed CETP at STZ.</p> <p>Total: 05 (1) CSA Workshop, (2) Flood Management Workshop, (3) Climate Change Workshop, (4) Green Tannery Designs Workshop and (5) consultative awareness session on the Turkey Training Tour. Total attendance: 290 (31 females) from tanneries, Environment Department, NGOs, District Government Academia, press media, NDMA & DDMA. (See annex II for list of workshops held.)</p>
	# of reports with recommendations for improved urban development planning	0	1	<p>Reporting Period: 00 The project responded to recommendations from the Green Tannery Designs. The Green Tannery</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
	and CC provided to district authorities			<p>Designs comprises of summaries of all of the findings of CSA Report, STZ Construction By-laws, Typical Tannery Designs etc. During the reporting period 40 tanneries have issued green tannery design guidelines and initiated implementation of the guidelines (see annex XIV for the list of tanners issued green tannery designs).</p> <p>Total: 03 During the reporting period, three important reports were completed and provided to the district authorities: (1) CSA Report, (2) STZ Construction By-laws, and (3) Green Tannery Design Report.</p> <p>These reports have analysed the baseline for the vulnerability assessment on land use, hazards including temperature and precipitation, industries, environment and socio-economic for identification of potential interventions and made recommendations. Recommendations included: i) Rehabilitation of Dugri Drain, ii) Remodelling of Drains, iii) Establishing Safe Flood Shelter, iv) Identification of beneficial and most suitable vegetation/tree species and providing plants to STZ, v) Requirement for analysis and construction of bunds/dykes & Review of flood warning system, vi) Examine existing disaster management plan and inclusion of STZ as vital installation. Moreover, STZ Construction By-Laws & Green Tannery Designs are considered best practice for guidelines for all other existing & future leather industry clusters of Pakistan how to develop & operationalize leather / tannery zones in the country by keeping in view the CCA measures and social & environmental compliance standards. See annex IV for reports prepared under the project.</p>
Output 1.1.2: Flood management plan for the Sialkot Tannery Zone (STZ) and the pilot Dugri drain in Sialkot is documented and capacities are developed	# of flood management plans for STZ developed	0	1	<p>Reporting period: 0 (repeated activity) The District Disaster Management Authority conducted its annual review and update of the District Disaster Management Plan for 2023. The Plan focused on flood management during the monsoon season (July to September). The Plan integrated STZ as a vital installation in the district and have also identified safe shelter for STZ & surrounding areas, in case of flood emergency. See annex XV.</p> <p>Flooding impacted Pakistan once again in FY23 due to heavy rainfalls and accelerated melting rate of glaciers. However, due to above mentioned efforts of the project the STZ (inclusion as a vital installation in flood prone area), the rescue authorities (rescue 1122 & DDMA) paid special attention to the area near STZ and took precautionary steps such as increasing the strength of river embankments, cleaning of natural drains, and diverting water away from STZ & adjacent areas.</p> <p>Total: 01 Disaster Management Plan with the inclusion of STZ</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
	# of plans for Dugri drain management developed	0	1	<p>Reporting period: 0 (repeated activity) During the reporting period the project continued implementation of the strategy for annual cleaning and rehabilitation of the Dugri Drain. The activity was carried out in collaboration with Sialkot International Airport in June. In total, the project cleaned and rehabilitated 8 km of Dugri Drain adjacent to STZ and the airport. As a result of implementing measures / recommendations e.g annual cleaning & rehabilitation of Dugri Drain, etc the project site remained safe during August 2022 flooding in Pakistan.</p> <p>Total: 01 Project partners conducted annual cleaning and widening of the Dugri Drain. In total 08 Km were cleaned & rehabilitated.</p>
	# of workshops for emergency preparedness delivered	0	1	<p>Reporting period: 01 In reporting period, the project updated and launched an e-learning course on OSH. The project stakeholders participated in the review of this OSH course. The updated course is now officially launched on: https://leatherpanel.org/content/course-occupational-safety-and-health-aspects-leather-manufacturing.</p> <p>Moreover, the PMU staff also completed the certification course as a trainer to have the capacity to conduct future training activities of best practice on the subject.</p> <p>Total: 02 1) Workshop on Flood Management & Emergency Preparedness Plan for Sialkot Tannery Zone and 2) E-learning course on OSH in leather manufacturing.</p> <p>Attendance: 64 (3 females) from tanneries, NGOs, District Government, press media, NDMA & DDMA (see annex II for list of workshops)</p>
Component 2: Climate Change Resilience Building of Vulnerable Communities and Leather Business Owners				
Outcome 2.1 Awareness among targeted community groups and leather business owners on the need to introduce CCA concepts/practices is raised				
Output 2.1.1: Information on CCA measures for STZ is provided to target groups and their needs are understood by project stakeholders	# of awareness raising materials on CC matters disseminated	0	5	<p>Reporting period: 0 The project continued disseminating prepared awareness raising materials to project stakeholders i.e Urdu Translated Booklet on H₂S Gas Safety (43 copies) and The framework for sustainable leather manufacturers (08 copies) and introduction to treatment of tannery effluents (04 copies).</p> <p>Total: 06 (i) Safety Charts on Hydrogen Sulfide Gas, (ii) Booklet in Urdu language on "How to Deal with Hydrogen Sulfide Gas", (iii) Reducing the pollution loads in Leather Processing demonstrating – A Case Study of Cleaner Technologies in Kanpur, India (iv) Best Available Techniques Reference Document – Review of EU normative documents and legislation and their relevance for the tanning industry in developing countries (v) Introduction to Treatment of Tannery Effluents (vi) The Framework for Sustainable leather manufacturers- Second Edition</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
				See annex III for list of awareness raising materials.
	# of workshops to understand community concerns and planned CCA actions for STZ delivered	0	1	Reporting Period: 00 Total: 06 Workshops with topics related to CCA actions were held to raise awareness on CCA measures amongst community surrounding STZ and leather business owners. 1) CSA, 2) CC, 3) EIA, 4) Environmental Compliance, 5) Shifting Plan, 6) Awareness session on Guidelines on shifting & construction of tanneries in Sialkot Tannery Zone. Attendance: 350 from tanneries, villagers from surrounding areas of STZ, Environment Dept, NGOs, Academia.
Output 2.1.2: Community-led trainings and actions to overcome CC through water and energy conservation and flood management are delivered	# of workshops on CCA delivered by community leaders who were trained as trainers	0	3	Reporting period:00 PMU expert / trainer received training on UNIDO's OSH aspects in Leather manufacturing and tannery effluent treatment, as a trainer to conduct future training activities for next reporting period. Total: 02 1) Awareness session arranged by rescue 1122 to deliver safety briefing to team members on how to deal with hydrogen sulphide gas in tanneries based on the training and materials provided to trainers. Attendees: 11 rescue persons of rescue 1122. 2) Discussion / awareness raising meeting to project stakeholder. Attendees: 08 staff member of STAGL, BoD & PMU-EPD .
	# of workshops on dealing with floods and other natural disasters delivered to the community around STZ	0	2	During reporting period: 0 The shifting of tanneries have started in STZ, the project authorities have planned to organize some more workshops after hiring of community mobilizer. Total: 01 Component of CSA workshop. Attended by 39 people from leather sector, Environment Dept, Forest Dept, Agriculture Dept, Irrigation Dept, local community. In this workshop the participants were briefed on Baseline Profiling & Vulnerability Assessment of Hazards in which the hazardous like Precipitation, Floods and Seismicity and the possible solutions & pre- readiness measures were also discussed in detail in Adaptation Plan & Interventions.
	# of trees planted in the planned STZ green belt area as part of the Clean and Green Punjab initiative	0	50,000	Reporting Period: 1200 Total: 14300
Output 2.1.3: The needs of different target groups to build their resiliency are communicated to each other	# of CC awareness workshops delivered	0	3	Reporting period: 00 Total: 05 Workshops held on 1) CSA, 2) CC, 3) EIA, 4) Environmental Compliance, 5) Energy Efficiency attended by 217 from leather sector, NGOs, surrounding community of STZ, academia, Environment Dept, District Govt.

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
Output 2.1.4: Guidelines on best practices and project knowledge disseminated to similar clusters and development projects	# of publications on best practices and project knowledge disseminated	0	3	<p>Reporting Period:1 RECP plan for Punjab Green Development Program (World Bank Funded) which is implementing by Industries & Environment Department Government of Punjab. During reporting period PMU PGDP & PMU STZ remained in closed liaison to develop a RECP implementation plan for tanneries. In this regard PMU PGDP through PSIC department come with a RECP loan scheme for tanners to give them interest free loan for implementation of RECP techniques after taking consultation on RECP techniques for leather sector. The project continuously guiding PSIC & PMU PGDP to identify critical RECP techniques which tanners across Punjab could implement.</p> <p>The RECP loan scheme details including identified techniques are attached herewith as annexure-XVI, for reference.</p> <p>Total: 04 1) STZ Construction By-laws, 2) Typical Tannery Design Guidelines and 3) Green Tannery Designs prepared and shared with Government Counter parts for their awareness. 4) RECP implementation Scheme under PGDP. See annex IV for a list of reports.</p>
Component 3: Sialkot District and Sialkot urban plan implementation, dissemination of information, demonstration of safe, affordable and advance technology for water treatment and water conservation in the pilot Sialkot Tannery Zone (STZ)				
Outcome 3.1: Water availability for agricultural use around the STZ is increased				
Output 3.1.1: Various alternatives, especially water harvesting and appropriate effluent treatment technology, documented and discussed with all STZ stakeholders	# of studies on common effluent treatment technologies conducted and discussed with STZ stakeholders	0	2	<p>Reporting Period: 00 The project monitored construction of tanneries in STZ and their compliance / adoption of all recommendations & policies formed in various reports & disseminated through workshops held in previous years.</p> <p>Total: 04 (1) Assessment of Waste Water & Energy Efficiency leading towards compliance of LWG Standards. (2) CETP Report & Design, (3) EIA of CETP (4) Report - Suggestions to improve performance of CETP by 3W systems.</p>
	# of Typical Tannery Design guidelines with various alternatives prepared and discussed with STZ stakeholders	0	1	<p>Reporting Period: 00 (implementing the already prepared guidelines) In reporting period the project issued 40# of copies of Green Tannery Designs to tanners / plot holders of STZ who are constructing or in process of construction planning. The green tannery designs are based on typical tannery design guidelines & STZ construction on By-Laws. The details of issued green tannery designs are attached herewith as annex XIV.</p> <p>Total: 02 1) Typical Tannery Design Guidelines & 2) Green Tannery Design Guidelines were produced and sensitized STZ stakeholders – feedback incorporated into the final guidelines.</p>
Output 3.1.2: Assistance provided with the preparation of ToR, tender, technical evaluation and supervision of work and	% of ToRs, tenders and tender evaluations related to CETP tender produced with UNIDO support	0	100%	<p>Reporting period: 100% UNIDO supported STAGL in preparing the detailed design CETP, BoQs , tender documents and technical and financial evaluations of the CETP civil and electro mechanical works.</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
installation of Central Effluent Treatment Plant (CETP) including technology for one CETP module				Total: 100% completed
	# of CETP modules constructed (civil works) and equipped under UNIDO supervision	0	1	<p>During the reporting period, one of the primary objectives of the project authorities and project stakeholders was to prioritize the completion of the CETP at STZ. A significant milestone was achieved during this reporting period, as the project managed to procure and deliver over 95% of the required electromechanical equipment to the site.</p> <p>For reference the pictures of delivered equipment is attached herewith as annex V.</p> <p>PMU STZ conducted joint inspections of all equipment delivered. 3rd party entities carried out pre-shipment inspections. The inspection reports are also attached herewith as annex XII.</p> <p>The progress of civil works for the CETP has surpassed 70% during the reporting period.</p> <p>The pictures of civil structures are attached herewith as annex V.</p>
	# of workshops delivered to relevant staff on CETP operation, maintenance and management	0	2	<p>Reporting period: 2</p> <p>The UNIDO National Expert participated in an international workshop in Turkey in 2023. During this training on Eco Production and Waste management in leather sector at the BURSA Leather Industrial Zone, the expert learned of many new areas related to effluent treatment and ETP management e.g ZLD Concept, recovery of salts & re-use from effluent, effluent treatment through combination of UF – oxidation through ozone – RO & Ion Exchange, operational & maintenance aspects of CETP.</p> <p>All these learning topics have been shared by the UNIDO Expert in a knowledge sharing workshop where four people from STAGL was invited to attended this session. These are the key members of staff who are involved in trainings / key note speakers in workshops and also involved in policy making. Based on the learnings from the international workshop, the UNIDO Expert proposed a CETP O&M team.</p> <p>The project has planned one (01) more workshop to relevant staff of CETP of STZ, soon after completion of installation & commissioning phase of treatment plant.</p> <p>Moreover, during the reporting period the project team contributed to the review and upgrading of UNIDO's e-learning course on CETP.</p> <p>One PMU member took the course and was certified to facilitate the training as a trainer to local stakeholders.</p> <p>Total: 03 (1) Workshop on Combined Effluent Treatment Plant for Sialkot Tannery Zone. Attended by 72 persons including 12 females.</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
				<p>(2) Knowledge-sharing workshop from key learnings from the International workshop on Eco Production and waste management (Turkey, 2023).</p> <p>(3) Training of Trainer through UNIDO's e-learning course on Tannery Effluent Treatment.</p> <p>See annex I for list of workshops.</p>
Output 3.1.3: Practical training for improved production efficiency, lower environmental footprint and pollution reduction technologies is delivered to relevant stakeholders	# of workshops on technical adaptation themes/processes, UNIDO benchmarking toolkit or RECP technology delivered	0	4	<p>Reporting Period: 01 UNIDO in collaboration with Turkish government organized an international training workshop on eco-production and waste management in leather sector. In this workshop UNIDO also invited STZ PMU staff member to receive training on fgreen deal, uses of clean technologies and making environmentally friendly investments, Oil Extraction from Fleshing Wastes, Evaluation of Sludge as Compost, Water Foot Prints, Renewable Energy, practical examples / approaches that how to deal with different solid wastes and re-use them e.g like Gelatin, Liquid fertilizer, Compost, Glue Industry, leather boards, Soaps etc.</p> <p>Moreover, the knowledge acquired during this training was also shared to other technical staff members of STZ PMU through awareness discussion sessions upon return to from event. .</p> <p>Total: 10 (1) Starka Report, (2) Best Acceptable Techniques / Best Environment Practices (BAT/BEP), (3) Chrome Recovery Plant, (4) Best Acceptable Techniques / Smart Environment Management practices (BAT/SEMP), (5) Green Tannery Designs, (6) Guideline on Shifting & Construction of Tanneries in STZ, (7) Energy Efficiency & (8)CO2 reduction, (9) International workshop training on eco-production & waste management and (10) awareness raising workshops of best acceptable techniques/best environmental practices from Turkey workshop.</p> <p>See annex I for list of workshops.</p>
Output 3.1.4: Support is provided to verify and build capacities on using the Dugri Drain as a treated water discharge system that benefits agriculture	# of reports verifying possibilities for discharging treated water into the Dugri drain documented and presented to stakeholders	0	1	<p>Reporting period: 0</p> <p>Total: 03 In order to deal with the possibilities for discharging treated water into the Dugri Drain the project has so far produced 03 reports: (1) CSA of STZ, (2) EIA of STZ and (3) EIA of CETP at STZ</p> <p>See annex IV for list of reports</p>
	# of workshops delivered for communities and STAGL on appropriate Dugri Drain maintenance	0	1	<p>Reporting period: 0</p> <p>In Total: 02 (1) CSA Workshop and, (2) EIA of CETP at STZ. 81 persons attended representing tanneries, local community, Environment, Irrigation, Forest & agriculture Departments and academia. <i>(reference: annexure-II, list of workshops)</i></p>
Output 3.1.5: Feasible by-products from leather industrial waste and required technology are identified	# of reports with feasible by-products from leather industrial waste developed for tannery management staff	0	1	<p>Reporting Period: 00 In FY22 UNIDO conducted a detailed study / report on various feasible options of by-products from leather industrial waste developed. As a follow up. during</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
				<p>FY23 the PMU initiated started mobilizing a design / engineering consultant for preparation of engineering estimated & tender documents for establishment of scientific landfill site and pilot waste to energy system.</p> <p>Total: 01 Solid Waste Study by Sigra</p> <p>See annex IV for list of reports</p>
	# of reports with possible technologies for minimizing solid waste	0	1	<p>Reporting Period: 00 The project completed the recruitment process of a design / engineering consultant for preparation of engineering designs, estimated & tender documents for solid waste management & minimization technology/tools based on the findings of Solid waste study by Sigra in FY22.</p> <p>Total: 01 Solid Waste Study by Sigra</p>
Output 3.1.6: Water management practices and technologies are demonstrated to tanneries	# of practices proposed to tanneries to reduce water use	0	5	<p>Reporting Period: 00 Since FY 22 the shifting process of tanneries have started at STZ. More than 19 units have started construction activities at STZ. The list of these tanneries are attached herewith as annex XVII. Therefore, in reporting period the project focused on practical implementation of already proposed practices in tanneries which are easy to adopt / implement during construction phase or in planning phase. For this purpose, the best guideline manuscripts is Green Tannery Designs which is based on STZ Construction Bylaws and Typical Tannery Guidelines. During the reporting period the project issued 40 copies to tanners, the list is attached herewith as annexure-XIV. Moreover, at the time of issuance of this document & during construction the PMU team continuously providing clarifications / elaborations of proposed guidelines e.g installation of water meters, high pressure nozzles, constructing overhead water storage tanks, assigning drums for recycling soaks, ect.</p> <p>Total: 07 The following practices have been proposed to all tanneries affiliated with STZ(1) Centralized Water Supply System, (2) water metering, (3) batch rinsing, (4) high pressure water nozzles for cleaning of floors drums & equipment, (5) installation of overhead tanks, (6) use of small taps, (7) recycling/reuse of soak & lime floats.</p>
	# of water management workshops delivered to tanneries	0	1	<p>Reporting period: 0 The project focused in FY23 on implementing previously communicated techniques/measures during the construction of tanneries at STZ. This ensures tanners have necessary infrastructure for effective water management. Workshops were replaced with individual meetings at the STAGL office for tanners/plot holders seeking green tannery designs.</p> <p>Total: 04 (1) Introduction of Cleaner Production and Incorporating Best Available</p>

Project Strategy	KPIs/Indicators	Baseline	Target level	Progress FY23
				Techniques and Best Environmental Practices (BAT/BEP) for Sialkot Tannery Zone, (2) Workshop on Best Available Techniques / Smart Environmental Management Practices Leading towards Compliance of LWG Standards in Sialkot and (3+4) Consultative Sessions on Common Chrome Recovery Plant. These sessions were attended by 174 persons from leather sector, academia and local journalists. See reference to annex II for a list of workshops.
Component 4: Quality Control Monitoring and Evaluation				
Outcome 4.1 Quality control and efficient monitoring and evaluation measures are embedded into the project				
Output 4.1.1: Monitoring and evaluation conducted	# of Inception reports prepared and discussed with stakeholders	0	1	Reporting period: 0 Total: 01
	# of PSC meetings conducted and PIRs and annual reports prepared	0	8	Reporting Period: 0 Total: 05
	Mid-term and independent terminal evaluation completed on time	No	Yes	Reporting period: No Total: Yes (Mid term)
	Project Final Report completed within 2 months of project closure	No	Yes	Reporting period: No Total: No (planned in FY24)

III. Project Risk Management

1. Please indicate the overall project-level risks and the related risk management measures: (i) as identified in the CEO Endorsement document, and (ii) progress to-date. Please expand the table as needed.

(i) Risks at CEO stage	(i) Risk level FY 22	(i) Risk level FY 23	(i) Mitigation measures	(ii) Progress to-date	New defined risk ⁸
1 Investment and Operational costs for common facilities (e.g. CETP, solid waste conversion, etc.)	Modest Risk (M)	Substantial (S)	The project partners will develop an appropriate business plan to cover necessary operational costs for common facilities. Experience gained from similar projects and facilities will be used to find and establish an appropriate model. An early action to request additional funds from GoP for the necessary utilities by STAGL.	<u>Reporting Period:</u> The completion of CETP at STZ is reaching completion. STAGL is preparing to take over responsibility for the operations of CETP. In this regard fresh estimates of operational expenses have been prepared to estimate the tariff of treatment cost to be collected from tanners. The initial O&M plan was developed under the project at time of detailed designing and is part of process design report. Moreover, the project also assisted STAGL in developing O&M team requirements, JDs, qualification criteria, identification of essential spares and revised O&M costing for CETP. The major expense of treatment cost of effluent in CETP is electricity. During the period of detailed engineering of CETP the electricity unit cost was 16~20 Rs / KW (2017 ~2018). Pakistan continues in FY23	<input type="checkbox"/>

⁸ New risk added in reporting period. Check only if applicable.

				<p>to go through socio-poor economic conditions due to high inflation rates. The electricity cost has increased to Rs. 36 ~ 40 per KW (2022~2023). Therefore, the electricity cost for treatment of effluent has also been doubled causing concern by the project stakeholders. The project also has the opportunity for knowledge sharing with two other CETPs working in leather sector i.e Primary type CETP at Kasur leather cluster and UASB type CETP at Korangi-Karachi leather sector. Both ETPs are also facing a similar operational and financial challenge of high energy costs.</p> <p>In Sialkot, more than 95% of tanners consists of small enterprises and already facing decline in their business, therefore it would be difficult for them to pay full operation & maintenance charges of CETP.</p> <p>To overcome this issue, the project has prepared a proposal to install a solar electricity system. The system would produce double the required capacity required by CETP so that in day half electricity produced by solar electricity system will be utilized by CETP and remaining excess will be added to national grid system (sold to government) to minimize the electricity cost of plant. In this regard the proposal was shared with project partners like MoCC, UNIDO, EDF to seek financial support for the solar electricity system.</p> <p>Moreover, for trial runs and initial O&M period, project already have Rs. 40 million from TDAP. The project also focused on introduction of RECP techniques to reduce the pollution at source. In this regard during reporting period in collaboration with Punjab Small Industrial Cooperation under Punjab Green Development Program, the STZ project has also included in RECP interest free loan scheme for the tanners who need financial assistance to purchase or adopt RECP techniques.</p>	
2	"Costs overrun" on baseline project - particularly on account of civil works of CETP and equipment	Modest risk (M)	Modest risk (M)	<p>To safeguard against this risk to the best possible extent, the project design provides a provision for a detailed design, tender documents and estimates review prior to initiation of the</p> <p><u>Reporting Period:</u> The STZ project experienced challenges as a result of economic shocks post COVID19. High inflation and currency devaluation increased costs of raw materials and imported components. The below table highlights the difference in costs of raw materials vital for the project and STZ development:</p>	

bidding process. Also implementation of CETP can be in several phases to reduce this risk.

Item	Rate at time of tender Rs. (Jan 2020)	Latest Market Rate (Rs) (June 2023)	Diff (Rs)	Diff (%)
Steel	109/KG	308/KG	199 /kG	182.5%
SRC Cement	570/BAG	1150/BAG	580 /BAG	101.7%
Sand	60/CFT	130/CFT	70 /CFT	116.66%
Crush	65/CFT	140/CFT	75 /CFT	115.38%
Diesel	Rs 129/Litter	RS253/litter	124 /litter	96%
US Dollar	RS 155	RS 285	Rs 155	83.8%

Pakistan inflation rate accelerated to 38% in May of 2023. This was the highest reading since comparable records began in 1957.

Due to this the cost of civil works have been increased from Rs. 378 million to Rs. 664.7 million. Similarly, the share of STAGL in electromechanical works was USD: 534,415 in Pak Rs. 88 million in 2021 and rupee devaluation increased the value to Rs. 152 million in 2023.

To cope with the situation STAGL planned to raise funds from plot holders through extra development charges and through selling of available vacant plots of STZ. Rs 160 million was mobilized through this action. However, the mobilized funds addressed the escalation of costs of civil works to date but not future planned civil works. As the civil works were carried out with the funding of EDF-MoC, therefore STAGL has submitted the case of cost escalation of remaining gap in civil works to EDF-MoC. The case is under review process of project partner. The submitted case is attached herewith as annexure-XVIII.

Similarly, for financial gaps in CETP electromechanical works, initially it was decided to raise the concerns in 5th PSC meeting of project for seeking additional funds. In 5th PSC meeting the matter was discussed in detail and concluded that it was difficult to seek additional cost for a running project from a donor especially on account of currency devaluation. The house suggested that instead of requesting additional funding from donor on account of currency devaluation, it is better to develop a new proposal for some other components of STZ which were not included previously. The minutes of meeting of 5th PSC is attached herewith as annexure-XIX.

				<p>Based on this decision the project has prepared and submitted a new proposal, in GEF 8 cycle, for the components which were not included previously and now needed to operationalize the zone. The submitted proposal is attached herewith as annex XX. Moreover, the project had a follow-up meeting with MoCC in which they assured their full support.</p> <p>On the other hand, the cost escalation in electromechanical works of CETP were also discussed with BOD of STAGL. BOD is determined to complete the CETP works at any cost. As the tanners have already contributed in terms of development charges and they will also bear shifting / tannery construction cost in STZ, therefore the BOD has decided to sold the commercial plots (for different shops) of zone These decisions were endorsed by BOD Environment Committee, BOD plot allotment Committee and full STAGL BOD committee. The minutes of meeting are attached herewith as annex XXI.</p>							
3	"Cost overrun" - Establishment of leather industry park is a challenging project and requires a lot of coordinating and involvement of many stakeholders. Slow response of some key actors may hinder the timely project implementation	Low risk (L)	Modest risk (M)	<p>All project stakeholders are committed and understand the project objective. UNIDO has a wide-ranging experience in implementing similar projects and leather industry parks, which should help to overcome possible problems regarding project planning and implementation. Additionally a Project Management Unit will be created to ensure the smooth execution and coordination of the project activities, to update and ensure participation of all stakeholders, and to take into account all needs of all groups involved (industry, agriculture,</p>	<p><u>Reporting Period:</u> Pakistan inflation rate accelerated to 38% in May of 2023. Due to which all infrastructure related schemes of STZ has suffered a lot. These includes Grid Station, Supply of Natural Gas, Chrome Recovery Plant, CETP, etc. The details of cost escalation is attached herewith as annexure-VII.</p> <p>As the cost escalation is not only facing by STZ project, it is now a county wide dilemma and every development project is suffering with this escalations in cost. The project partners / fund providers also have their own on-going development projects / plans and they are also allocating additional funds for them (own projects). In this situation, the extensive / repetitive coordination efforts with all project stakeholders is necessary to share the issues of project on regular bases and to device future strategies and to tap additional funds. Therefore, STAGL immediately prepared the detailed component wise case and requested to relevant project stakeholders for assistance. The summary is as under,</p> <table border="1" data-bbox="899 1759 1409 1898"> <thead> <tr> <th>Project Partners</th> <th>Funds Already Approved (Rs. million)</th> <th>Additional Funding Request (Rs. million)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Project Partners	Funds Already Approved (Rs. million)	Additional Funding Request (Rs. million)			
Project Partners	Funds Already Approved (Rs. million)	Additional Funding Request (Rs. million)									

			communities, women, NGOs, etc.)	<table border="1"> <tr> <td>Private Section (Tanners) Development Charges</td> <td>1,842.36</td> <td>875.86 (CETP, Supply of Natural Gas, etc)</td> </tr> <tr> <td>Export Development Fund</td> <td>1,170.00</td> <td>461 (CETP Civil Works, CRP, CETP duties/taxes)</td> </tr> <tr> <td>Punjab Small Industries Corporation</td> <td>493.00</td> <td>382.84 (Grid Station & Supply of Natural Gas)</td> </tr> <tr> <td>Punjab Environment Protection Department</td> <td>292.00</td> <td>-</td> </tr> <tr> <td>GEF - UNIDO</td> <td>450.01</td> <td>New Proposals Submitted to GEF</td> </tr> <tr> <td>Total (Rs. million)</td> <td>4,247.37</td> <td>1,984.75</td> </tr> </table> <p>For more details please refer to annexure-VII.</p> <p>The project authorities are closely working with project stakeholders for approvals of requested additional funds. In this regard, project authorities have several meetings with PSIC, EDF, MoCC and EPD. Moreover the project partner Sialkot Chamber of Commerce & Industries have fully supported the project to ensure the approval of requested funds. For reference some of the correspondence with departments / project stakeholders are attached as annexure XVII,XXII & XXIII.</p> <p>The additional funds request from PSIC department through World Bank programme PGDP, have been endorsed by PSIC, Industries Department, Planning & Development department and World Bank. It is now under review process of PWD & provincial cabinet.</p> <p>The funds request from EDF-MoC is also reviewed and endorsed by EDF office and forwarded to EDF BOD, the EDF BOD meeting is also expected in July 2023.</p> <p>The MoCC have formally requested to STZ to submit their proposal & concept papers, to circulate among different donor agencies for seeking funds to install solar electricity system for CETP. The proposal submitted by STAGL is attached herewith as annexure-XX. Moreover, STAGL in collaboration with is preparing PIF to submit for new proposal under GEF8 cycle. The request for proposal</p>	Private Section (Tanners) Development Charges	1,842.36	875.86 (CETP, Supply of Natural Gas, etc)	Export Development Fund	1,170.00	461 (CETP Civil Works, CRP, CETP duties/taxes)	Punjab Small Industries Corporation	493.00	382.84 (Grid Station & Supply of Natural Gas)	Punjab Environment Protection Department	292.00	-	GEF - UNIDO	450.01	New Proposals Submitted to GEF	Total (Rs. million)	4,247.37	1,984.75
Private Section (Tanners) Development Charges	1,842.36	875.86 (CETP, Supply of Natural Gas, etc)																				
Export Development Fund	1,170.00	461 (CETP Civil Works, CRP, CETP duties/taxes)																				
Punjab Small Industries Corporation	493.00	382.84 (Grid Station & Supply of Natural Gas)																				
Punjab Environment Protection Department	292.00	-																				
GEF - UNIDO	450.01	New Proposals Submitted to GEF																				
Total (Rs. million)	4,247.37	1,984.75																				

				<p>from MoCC under GEF8 cycle is attached herewith as annexure-XX.</p> <p>These efforts indicates that the project is well connected & have coordination with all project stakeholders, however, the aim of these coordination is to tap some funds to overcome the financial gaps appears due to inflations. As illustrated above that the project partners / fund providers also have their own on-going projects, which are also suffering from inflation impacts too. Therefore the outcomes / results of these coordination efforts are awaited and on a higher risk level that how much project remained successful in tapping additional funds to cover financial gaps due to inflation.</p>	
4	Social - Reluctance by the tannery owners to shift towards a climate resilient development, due to additional costs involved.	Modest Risk (M)	Modest Risk (M)	<p>Through awareness raising and capacity building activities the project will show the benefits of moving toward cleaner & greener production and will attempt to eliminate the hesitation and doubts by introducing the incentives that come along with cleaner production. Furthermore, the STZ establishment's financial contributions will cover some of the costs associated with the establishment of the facilities and will Therefore reduce the monetary pressure for the land owners.</p> <p>Reporting Period: STZ is considered as a mandatory project not as a voluntary project, because all the present tanneries in Sialkot have given a supplementary time by Environmental Tribunal of Govt of Punjab, to operate out the STZ, until the STZ infrastructure will be completed. As, now the STZ project is reaching to its completion phase, the basic infrastructure works were already completed e.g roads, drainage system, temporary supply of electricity, and soon in November 2023 the trial runs of CETP is expected. Therefore the project partners like EPD and district government has started pushing the tanneries to shift in STZ. So far, EPD have issued 40 notices to tanneries working in city premises, for reference one notice to tannery is attached herewith as annexure XV.</p> <p>Moreover, in order to minimize the shifting burden on tanner and to assist them in all stages of shifting, the project authorities are continuously forming strategies. As a result of it STZ project was included in three (03) soft loan or interest free loan schemes of PSIC, 1. PGDP interest free loan scheme for shifting of tanneries. In this regard, STAGL in Collaboration with PSIC has arranged two (02) awareness raising seminars for the tanners to brief them about the loan schemes, application requirements, and qualification criteria and how to fill the loan application forms. In these sessions more than 100 tanners were present. 2. PGDP interest free loan scheme for implementation of RECP in individual tanneries. 3. PSIC sift loan scheme for small enterprises upto Rs. 100 million.</p>	

				<p>For later two schemes the PSCI, Bank of Punjab and STAGL are planning to arrange awareness raising seminars.</p> <p>The MoU signed for above schemes between STAGL, PSIC & Punjab Bank is attached herewith as annex XVI.</p>		
5	Climate - The natural disaster in form of floods may interrupt the project's progress	Substantial risk (S)	Substantial risk (S)	<p>An integral component of the project is the incorporation of a flood management plan and building resilience in target communities and areas to minimize the losses in the event of a flood.</p>	<p><u>Reporting Period:</u> In order to protect the project from natural disasters the project authorities have maintained the policies adopted earlier which includes, - Inclusion of STZ in District Disaster Management Plan for 2022/23. - Cleaning & De-silting of Dugri Drain in coordination with SIAL. During reporting year the Pakistan once again hits with another devastating floods across the country due to heavy rainfalls & melting of glaciers. The assessment, estimates the total flood damages to exceed USD 14.9 billion, and total economic losses to reach about USD 15.2 billion. The floods affected 33 million people and more than 1730 lost their lives (The World Bank report Oct-22). With efforts of this project the STZ is included as a vital installation list of Disaster Management Plan therefore, the rescue authorities (rescue 1122 & DDMA) paid special attention to the area near STZ and took precautionary steps like increasing the strength of river embankments near STZ, cleaning of drains, and diverting water away from STZ & adjacent areas.</p>	
6	Significant Impacts & Delays occurred due to COVID-19 pandemic, nationwide smart lockdowns and travel restrictions.	High (H)	High (H)	<p>To overcome the impacts and delays the project partners have to develop a comprehensive strategy / plan. Regarding trainings and awareness workshops / seminars online platforms will be identified and used. Moreover for consultative sessions and stakeholder meetings online platforms will be introduced.</p>	<p><u>Reporting Period:</u> The progress to cope with the financial implications of high inflation and currency devaluation risk is discussed in detail in section-III.1.2. Moreover, due to COVID19 lockdowns / travel restrictions in 2020/2021, the project had faced some delays in main component of i.e construction of CETP. During the 5th PSC meeting of project, one (01) project extension was requested. After due diligence the house unanimously approved one (01) extension in project. The project authorities are confident the all remaining activities will be completed in stipulated time period.</p>	

			<p>The project partners should also arrange awareness activities for project stakeholders on prevention & safety from COVID19 pandemic. The COVID19 pandemic also significantly affects the sustainable business growth of leather sector hence the project will facilitate the identification of some measures to restructure the business process in order to maintain the sustainable business growth.</p>	
--	--	--	---	--

2. If the project received a [sub-optimal risk rating \(H, S\)](#) in the previous reporting period, please state the [actions taken](#) since then to mitigate the relevant risks and improve the related risk rating. Please also elaborate on reasons that may have impeded any of the sub-optimal risk ratings from improving in the current reporting cycle; please indicate actions planned for the next reporting cycle to remediate this.

N/A

3. Please indicate any implication of the **COVID-19** pandemic on the progress of the project.

The head of the UN World Health Organization (WHO) has declared “with great hope” an end to COVID19 as a public health emergency. The pandemic is over but the impacts / after effects of coronavirus pandemic are still there, especially for developing countries or weak economies like Pakistan. The project has not only faced delays in progress of various activities but it also ends up in huge amounts of price escalations due to global / national inflations (the inflation is after effect of COVID19). The activities suffered delays are,

Effluent Treatment Plant Construction: Due to lockdown and low global production trends the supply chain of raw materials interrupts. Therefore, keeping the technological requirements of CETP, it was not possible to catch lost time even with more workforce. Most of the important components (machinery / equipment) of CETP are manufactured abroad involving many international suppliers from Europe are involved. During tendering process, work award and manufacturing the project authorities have had to allow some extensions to deadlines to contractors. Moreover, after work award and during manufacturing it is also observed that some of the components related to electronics and special metals are facing shortages in international market. And as result of all these factors the delivery of imported components of technology / CETP was delayed and started from October 2022 and completed (95%) in end May 2023.

Coordination & Approval with Project Stakeholders: The project also faced difficulties to manage timely coordination & various approvals from government authorities. Many physical meetings were cancelled or delayed due to travel restrictions. These delays are also part of the reasons of slow progress in infrastructure related activities and increase in costs of the project. However, for the essential meetings / discussion the project utilized online platforms to conduct meetings and conclude pending matters but in this process / adopting online platforms significant amount of time was wasted.

Workshops / Seminars / Awareness / Consultative Sessions, / field trainings: The COVID19 has a significant impact on organizing workshops / trainings sessions. Due to which many planned activities have been cancelled. During the period of pandemic the project also utilized online / e-platforms to conduct training programs, However, the outcomes / # of participation in such events was not so welcoming due to lack of awareness and interactive aspects of these platforms. Therefore in reporting period the project has planned to re-scheduled these activities and especially focused on the activities which are related / awaiting the commencement of shifting of tanneries in STZ. It is expected that the project will complete all its planned left events / activities before project end date.

Commencement of Female internship batch: During the pandemic period the project has postponed three internship batches designed for female students of Sialkot Women University. During this time the top management of women university also changed and due to discontinuation the new management is not familiar with it. Therefore in reporting period the project has faced problems to re-start this internship programs. In order to overcome this issue permanently, the project has decided and drafted an MoU for women university & STAGL, so that a written document will be available for reference for both stake holders and this program will smoothly continue in future too after closing of this project. The MoU is under review of vice chancellor of women university and expected to be signed in September 2023.

Financial Impacts on Infrastructure Activities of STZ: This is the most significant impact observed by the project. The significance of this impact could be assessed by below table in which the rise in costs of STZ project activities are presented according to project stakeholders contributions.

The summary is as under,

Project Partners	Funds Already Approved	Additional Funding Request
	(Rs. million)	(Rs. million)
Private Section (Tanners) Development Charges	1,842.36	875.86 (CETP, Supply of Natural Gas, etc)
Export Development Fund	1,170.00	461 (CETP Civil Works, CRP, CETP duties/taxes)
Punjab Small Industries Corporation	493.00	382.84 (Grid Station & Supply of Natural Gas)
Punjab Environment Protection Department	292.00	-
GEF - UNIDO	450.01	New Proposals Submitted to GEF
Total (Rs. million)	4,247.37	1,984.75

The further details are presented in annexure-VII, attached herewith. The progress to mitigate these impacts are presented in section-II.1.2 & 3of this report.

4. Please clarify if the project is facing delays and is expected to request an extension.

The Project had faced delays in main component i.e construction of CETP due to lockdowns imposed in COVID19 pandemic. During this period it was not possible to continue with construction and delivery of technology. The project stakeholders requested one year no cost extension. In the 5th PSC meeting of project, one (01) year project extension was requested. After due diligence the house unanimously approved one (01) year extension in project through 4 March 2024. The project authorities are confident the all remaining activities will be completed in stipulated time period.

5. Please provide the main findings and recommendations of completed MTR, and elaborate on any actions taken towards the recommendations included in the report.

Progress on MTR Findings / Recommendations

The MTR team has provided a set recommendations to course correct and mitigate risks to the outcomes and results of the project.

Recommendations for STAGL PMU:

1.Common Effluent Treatment Plant (CETP): To ensure sustainable operations of the CETP, the MTR team recommends that:

a. Key stakeholders, especially STAGL, make a concerted effort to ensure the timely establishment and operation of the CETP as on the one hand, there is a risk some larger tanneries may lose interest in the STZ and expand operations at their current facility. On the other hand, some tanners may start operations in the STZ without proper CCA practices causing damage to the environment.

b. STAGL remain vigilant of the construction of the civil and electro-mechanical components of the CETP between separate contractors to ensure harmonization and compatibility, and utilize the services of a third party expert to oversee the operation.

c. A comprehensive plan for spare parts availability and operations and maintenance of the electro-mechanical equipment being imported be put in place.

d. The proposed tertiary treatment of waste water using wetlands should be avoided at all cost as it risks attracting birds which could disrupt the Sialkot International Airport's flight operations.

2. Waste to Energy Plant: STAGL has started reviewing different technologies for setting up a waste to energy plant in the future, and the close circuit pyrolysis option has been shortlisted. However, the company proposing this option has a dismal record of delivering on its promises to other similar projects of the Government of Punjab. It is therefore recommended that STAGL practices vigilance if it decides to proceed with this option.

3. Engagement with Women in the Community: Since the project is working as a trendsetter, it is important that under its Gender Mainstreaming activities, the project starts promoting women's broader engagement in the industry immediately to establish a ready foundation for Gender Mainstreaming upon operationalization of the STZ. It is recommended that, at the very least, the project undertakes a detailed Gender Assessment and design a Gender Strategy for the STZ.

Recommendations for UNIDO:

1. Supervision of CETP Establishment: An international expert environmental engineer on behalf of UNIDO/GEF assess the macro-level impacts on the environment of the proposed CETP process and its siting.

2. Solid Waste Management: It is recommended that a detailed Waste Amount and Characterization Study (WACS) be conducted before finalizing available treatment options.

3. Stakeholder Engagement: The current project and the UNIDO-implemented project in Karachi (UNIDO ID: 160069) have had informal and unofficial coordination. It is recommended that the two projects develop a regular coordination mechanism to exchange observations and lessons learned.

4. Capacity Building: To further enhance the effectiveness and sustainability of the capacity building and awareness-raising component of the project, the following measures are recommended: a) Development of a capacity building strategy or framework under which the remaining such activities are undertaken; b) Development of a sustainable exit strategy for capacity building component as there is a high risk of discontinuation of activities upon project closure; and c) Incentivizing participation of tanneries across the industry by linking them to tangible benefits.

5. Gender: It is also recommended that some gender balance is sought within the PMU senior/program staffing as there is a complete absence of women staff.

6. Monitoring and Reporting: It is recommended the project logical framework is reviewed to rectify the gaps identified including resolution of duplications in outputs and inclusion of gender indicators. Additionally, in accordance with the revised logical framework, a monitoring framework be developed comprising of a monitoring matrix, risk assessment and impact assessment methods, outlining who, what, when, where and how data is collected and analyzed

Progress on Recommendations:

1. Timelines of Establishing CETP:

- a) Due to lockdown and low global production trends the supply chain of raw materials interrupts. Therefore, keeping the technological requirements of CETP, it was not possible to catch lost time even with more workforce. Most of the important components (machinery / equipment) of CETP are manufactured abroad therefore many international suppliers from Europe are involved. Therefore during tendering process, work award and manufacturing the project authorities have to allow some extended time periods to contractor. Moreover, after work award and during manufacturing it is also observed that some of the components related to electronics and special metals are facing shortages in international market. And as result of all these factors the delivery of imported components of technology / CETP was delayed & started from October 2022 and completed (95%) in May 2023. The UNIDO & STAGL both are fully committed to complete this main activity of project. In this regard more than 95% of electromechanical equipment (local & imported) has been delivered at site. The civil are 70% completed. It is estimated that the installation works will be started in August / September 2023 and trials runs will be completed by December 2023.

During the reporting period it is observed that no tanner has lost interest in STZ. After seeing the progress of CETP, STAGL received more applications from the tanners who did not purchased plot in start of STZ project and / or establish or grow their business in last 3 ~ 4 years.

- b) The civil & electromechanical works are progress in harmony with each other. The electromechanical contractor has reviewed all the civil drawings and amended as per the requirements of equipment. The civil contractor is following the architectural plan submitted by electromechanical contractor. So far no redo of any civil work is recorded at site. The electromechanical contractor fortnightly visits the site and regular client contractors were conducted to harmonize all the activities at CETP site.
- c) STAGL assed the needs of essential spares and operations & maintenance team for CETP. The HR committee of STAGL approved the hiring of O&M team for CETP. Moreover, STAGL also estimated the required needs of spares and it will be procured accordingly. The O&M team requirements, minutes of HR committee and list of spares are attached herewith as annexure-XXVII & XXVIII.
- d) Based on the recommendations of MTR, so far STAGL dropped the idea for establishment of wetland near CETP.

2. Supervision of CETP Establishment: Being the key activity of the project, UNIDO & STAGL have focus all its attention to complete the CETP. In order to ensure the quality of work, for civil works a dedicated monitoring consultant has been hired by the project. Moreover to inspect the imported components, all the shipments were examined by well renowned 3rd parties like SGS and verify the specifications and per contract agreement. Moreover, for local fabricated items, PMU regularly visited contractor premises to inspect the quality of products. The inspection reports are attached herewith as annexure-XII.

3. Waste Assessment & Utilization: In FY22, UNIDO completed a comprehensive waste assessment and utilization study. Based on the finding of this report, in 1st stage STAGL intend to establish a scientific landfill site along with waste collection & transportation / management system. For this purpose in collaboration with project partners, STAGL completed the hiring process of consultant for development of detailed engineering designs, estimates and tender documents.

4. Logical & Monitoring Frame Work: In FY22 the revised logical frameworks were approved and followed for effective monitoring and evaluation. Most of targets have been achieved and remaining are taken-up by project authorities to be completed before project closing.

5. Gender Mainstreaming & Engagement of Women Staff: The project is in process of signing a MoU with Government Women College University Sialkot. The purpose of this MoU is to establish a closer collaboration between Department of Environmental Sciences, GCWU Sialkot Campus and STAGL which lasts after completion of this project. This MoU sets out the aspiration goals with Department of Environmental Sciences GCWU Sialkot Campus in research orientation, technologically knowledgeable and sustainable leather production in Pakistan/Sialkot. The MoU is under review process by VC GCWU Sialkot and soon it will be signed by both parties. The draft MoU is attached herewith as annexure-XXIX.

Moreover, in order to minimize the identified vulnerabilities and strengthen adaptation capacities, the project needs of urban planning, resource efficiency and awareness raising of stakeholders regarding gender equality and integration of role of women in socio-economic activities. The new industrial zone for the leather industry will also provide jobs, not only within the tanneries but for additional services, such as food-stalls, that can be owned by women. To give those jobs to women will ensure an additional income for the families and decreases the vulnerability regarding low crop yields. It is one of the main objective of the project that it would have positive impact on women, as the project will have a positive impact on the environment of Sialkot, on health and on the economy, women will also benefit from improved environment. In this regard the project has planed to hire a Gender Expert & Community Mobilizer. The ToRs are finalized by PMU and the hiring process is started. The ToRs are attached herewith as annexure-VIII.

7. Review of Financial Assumptions: The project authorities are continuously monitoring and evaluating the financial aspects of the project. Especially now due to high inflation in country the regular updated financial assessment is necessary and already carried out. Based on these financial assessments both STAGL & UNIDO have submitted proposal to tap additional funds that includes proposal to MoCC under GEF8 cycle, Proposal for solar electricity system and chrome recovery plant to MoCC, Proposal to PSIC for Grid Station and Supply of Natural Gas, Proposal to EDF for civil works of CETP, CETP duties taxes, CRP and solar electricity plant. In it expected that in FY23.-24 some positive results will come out from these efforts.

Exit Strategy: In order to develop a sustainable operational plant for the project including future recommendations for improvement and to devise an exit strategy UNIDO HQs is in process of hiring consultant. The subject matter will be completed by before closing of the project i.e March 2024.

IV. Environmental and Social Safeguards (ESS)

1. As part of the requirements for **projects from GEF-6 onwards**, and based on the screening as per the UNIDO Environmental and Social Safeguards Policies and Procedures (ESSPP), which category is the project?

Category A project

Category B project

Category C project

(By selecting Category C, I confirm that the E&S risks of the project have not escalated to Category A or B).

Note: In spite of the project not undergoing the ESSPP screening, both the Environmental and Social Impact Assessments (EIA and SIA – see annex- XVI and XVII) conducted by the project serve to guide the overall project in mitigating related risks.

	E&S risk	Mitigation measures undertaken during the reporting period	Monitoring methods and procedures used in the reporting period
(i) Risks identified in ESMP at time of CEO Endorsement	N/A	N/A	N/A
(ii) New risks identified during project implementation (if not applicable, please insert 'NA' in each box)	N/A	N/A	N/A

V. Stakeholder Engagement

1. Using the previous reporting period as a basis, please provide information on **progress, challenges and outcomes** regarding engagement of stakeholders in the project (based on the Stakeholder Engagement Plan or equivalent document submitted at CEO Endorsement/Approval).

Engaging with stakeholders is crucial to the success of any project. STZ is considered as a private public partnership project, in which tanners, business associations, federal, provincial, district governments and international organizations are involved. Effective engagement helps to translate stakeholder needs into project goals and creates the basis of effective strategy development.

In reporting period the project maintained effective engagements with following project stakeholders:

Sialkot Chamber of Commerce and Industries (SCCI): (Shifting of Tanneries, delivery if infrastructure works, tapping additional funding)

Progress & Outcomes: The role of SCCI in establishment of STZ is very important. The STAGL is also considered as an off-shoot of SCCI. The initial conceptualization / execution of the STZ project was led by

SCCI. During the reporting period the SCCI & STAGL engagement over STZ matters remained very active. In order to deliver key infrastructure works i.e grid station & supply of natural gas, SCCI also follow-up with implementation agencies of government i.e Gujranwala Electric Power Company (GEPCO) & Sui-Nothren Gas Supply Limited (SNGPL) to complete the works related to STZ on top priority. They also endorsed the letters of STAGL to expedite the works and arranged follow-up meeting with these agencies. Due to these efforts GEPCO expedited the construction works of grid station.

Moreover, SCCI also assisted the project in tapping additional funds from federal & provincial governments and arranged meeting with Ministry of Housing & Works (MoH&W), Ministry of Climate Change (MoCC) & Punjab Industries Department. These meetings were led by President SCCI and as a result of these meetings the relevant Ministers considered STZ for funding schemes, this includes proposal to MoCC for solar electricity system & GEF8 cycle, MoH&W for rehabilitation of external approach road to STZ & internal roads of STZ. Furthermore, Ministry of Commerce (MoC) also ensured their full support in EDF BoD meeting for provision of escalation cost in Common Effluent Treatment Plant & Chrome Recovery Plant.

Further to it, in shifting of tanneries to STZ, the sub committees of SCCI also played important role in coordination with Green Courts & EDP to push tanners for shifting their units in STZ.

Challenges: The SCCI President & other team members were elected for one (01) year tenure, which will be completed in September 2023. The new elected president and members usually take few months to understand / grasp the project background & activities, which creates a temporary interruption continuation of already undertaken activities.

Punjab Small Industries Corporation through Punjab Industries Departments & The World Bank:
(Grid Station, Supply of Natural Gas, Chrome Recovery Plant & Soft Loan Schemes for tanners)

Progress & Outcomes: Since FY21, PSIC also emerges as one of the key active project stakeholder, they are implementing The World Bank Punjab Green Development Scheme and given Rs. 340 million to STZ for infrastructure schemes as a grant and Rs.160 million as an interest free loan scheme to tanners for shifting. Rs. 300 million out of Rs. 340 million grant was already released to the project and with this amount GEPCO and SNGPL are implementing STZ Grid Station & Supply of Natural Gas schemes. In follow-up of above mentioned schemes the office bearers of Punjab Small Industries Corporation (PSIC) are also directly involved. They have coordinated two (02) meetings with GEPCO & SNGPL to expedite the construction activities and as a result of it more than 50% works on Grid Station & high tension transmission line have been completed at site.

The Secretary Industries, MD PSIC & The World Bank team, also visited STZ to witness the overall progress of STZ project. The World Bank team specially applauded the environmental related initiatives, progress and UNIDO's interventions. As result of these visits they also endorsed the STAGL request to overcome the financial gaps in aforementioned schemes due to inflation in country and sent for approval to Planning & Development Department Govt. of Punjab.

Moreover, two sessions were arranged in collaboration with PSIC to disseminate the information and loan availing procedure for shifting of tanneries in STZ. Furthermore, these regular / active engagements with PSIC department also resulted in inclusion of STZ/STZ Plots holder for other soft loan schemes for implementation of RECP & PRS.

Challenges: Due to lengthy procedures, bureaucratic systems and frequently change of top management of PSIC & industries department causes delays in implementation of project components i.e chrome recovery plant, grid station, supply of natural gas and soft loan to tanners.

Environment Protection Department – Punjab: (Shifting of Tanneries)

Progress & Outcomes: EPD is also one of the main custodian of this project after STAGL. They are partners since the conceptualization of this project and also provided financial loan for purchase of land. This a mandatory project and the role EPD is to persuade all tanneries working in cities to shift in STZ. As the shifting process of tanneries in STZ has started therefore, the project has maintained close liaison with EPD to update them in progress. In this regard, the Secretary EPD also visited the site to monitor the progress, moreover during reporting period the top management of STZ have also visited EPD HQs to present the progress and discuss shifting-related issues. As a result of these efforts two notices have been issued to plot holders of STZ, regarding initiation of shifting process. One notice is from STAGL on behalf of EDP and other directly from EDP district office to tanners. The copy of these notices are attached herewith as

annexure-XXV.

Challenges: The post impacts of COVID19 and due to current devastating inflation in country, the tanners are already facing financial problems. In this scenario EPD efforts to encourage tanners to start construction of their units in STZ is not very effective. However the project is working with provincial government through PSIC to introduce three new soft loans schemes for tanners and it is expected that these soft loan schemes will play a catalytic role in shifting of tanneries.

Ministry of Commerce through TDAP & EDF: (Funding for CETP Civil Works, CETP duties Taxes, CRP, Grid Station and Landfill / WtoE)

Progress & Outcomes: MoC through EDF is second biggest funding contributor for the project after STZ plot holders. The above mentioned schemes are financed / co-financed by MoC-EDF and implemented through MoC-TDAP. Since the inception of the project, project authorities are actively engaged with MoC/EDF/TDAP. Regular meetings were organized with EDF to present the progress and discuss project related issues. Moreover, TDAP Sialkot officials were also part of tendering / construction committee of STAGL. All the contractor billings, payments and progress matters were regularly reported to TDAP for approvals. Director general & regional directors of TDAP are attending all coordination meetings. In reporting period twelve (12) coordination meetings were held with TDAP.

In reporting period, the project remained successful to tap / arrange Rs.149 million from EDF to pay duties & taxes on imported components of CETP. More than 95% of the approval financial limit was also released & utilized by STAGL and 8 out of 10 shipments of imported components of CETP have been delivered at site. Due to inflation and rupee devaluation, the allocated Rs. 149 million were not sufficient to release remaining 02 shipments from customs. Therefore, STAGL has requested to MoC through EDF to also provide remaining financial gap for this component. The request has been reviewed by EDF officials and they have put it on agenda point for coming EDF board meeting.

Moreover, in reporting period three (03) payments have been released by TDAP on account of CETP Civil works. As mentioned in above sections due to high inflation in country, the engineering estimates of most of the infrastructure components have been increased. Therefore, keeping in view this STAGL also requested to MoC-EDF for some financial assistance to cover the gaps. In this regard STAGL has submitted escalation claim of Rs. 461 million and also requested for addition of one more component i.e Solar Electricity System for CETP, having cost Rs. 265 million. The escalation case has been presented to EDF and after this successful engagement EDF office they forwarded this case for final approval of EDF BOD, the BOD meeting is expected in July 2023.

Challenges: The lengthy procedures of review of bills / payments and bureaucratic systems may sometimes cause delays in approval / release of payments.

Ministry of Climate Changes: (GEF Project & New Proposals)

Progress & Outcomes: During reporting period, the project had three meetings with MoC, the initial two meetings were held to organize the 5th PSC in which along with progress, the project authorities have also discussed time extension of project and to devise the strategy to counter the financial gaps due to rupee devaluation / inflation in country. As a result of these engagements the 5th PSC meeting was chaired by Secretary MoCC and in this meeting it was concluded / approved one year project time extension. Moreover in this meeting it was also suggested by MOCC to develop a new proposal for STZ which were not included previously. Based on this decision the project has prepared and submitted a new proposal, in GEF 8 cycle. The 3rd meeting is a follow-up meeting with Secretary MoCC, in this meeting a brief project progress was present and financial gaps of project were also discussed. In this meeting the Secretary MoCC assured their full support to project and requested STAGL to submit some proposals / concept papers for components which are essential for operationalization STZ and MoCC will make its full efforts to search donors for proposed activities. The project has submit the concept papers accordingly to MoCC.

Challenges: After commencing the shifting of tanneries in STZ, the project requires immediate financial stimulus from donors to complete the remaining essential infrastructure works of zone. Therefore, extensive coordination / close liaison with MoCC, UNIDO & GEF is required to tap funding, so that the project could overcome the financial gas due to inflation. Otherwise, it would be difficult for STAGL to maintain the pace of progress.

STAGL / Plot Holders / Contractors:

Progress & outcomes: In order to track, evaluate and supervise day to day project operations and to devise effective strategies to complete the project on fast track, the STAGL management is continuously engaged with all directors, office bearers and contractors. In this regard STAGL directors have conducted various internal sub-committee meetings. The list BOD meetings during reporting period is as under,

Description	# of meetings
FULL BOARD MEETINGS	6
CONSTRUCTION/TENDERING COMMITTEE	6
FINANCE /ACCOUNTS COMMITTEE	1
ENVIRONMENT COMMITTEE	1
WAPDA/GEPSCO COMMITTEE	1
FUND RAISING COMMITTEE	1
ADMIN COMMITTEE	1
LEGAL COMMITTEE	1
STEERING COMMITTEE	1
PLOT ALLOTMENT COMMITTEE	2
TENDERING/PROJECT IMPLEMENTATION	4
COMPLIANCE/LOAN COMM.	1

Moreover, the project authorities have regular fortnightly & monthly meetings with contractors & consultants. In these meetings the progress of project was evaluated and necessary approvals / decisions were given.

During reporting period, the project also arranged two sessions for STZ plot holder, in collaboration with PSIC, to disseminate the information about loan availing procedure for shifting of tanneries in STZ. In these engagements with plot holders, the authorities not only provided guidelines on procedures to avail loans for shifting / construction of tanneries, but these sessions also give opportunity to plot holders to record their suggestions / observations on features of loan schemes. These suggestions / observations were also communicated to relevant authorities and now under process of revisions.

As a result of these efforts / engagements, the project has reached at the stage where basic infrastructure of STZ is completed and shifting of tanneries have been started.

Challenges: The financial gaps of project has been increased during reporting period, due to high inflation in country. Therefore both contractors & plot holders are looking towards / expecting from project authorities for some immediate financial stimulus. Due to these expectation some concerns / stress is building among STAGL BOD / project authorities.

2. Please provide any feedback submitted by national counterparts, GEF OFP, co-financiers, and other partners/stakeholders of the project (e.g. private sector, CSOs, NGOs, etc.).

During the reporting period the project has received some valuable feedbacks from, The World Bank Mission: The mission applauded the significance of the project, progress so far made by project and also appreciated the role / work of UNIDO as a leader in Leather Sector worldwide. Moreover, they also emphasised and guided the project to tap additional funds to cover the financial gaps due to inflation. The detailed feedback email from The World Bank Mission to STZ Project Site, (complete email attached herewith as annexure-XXX).

Project Steering Committee: In 5th PSC meeting, the chairman and all members of committee appreciated the progress and outcomes of the project. They showed their satisfaction on the milestones achieved under project and they also approved the request for one year extension in project, so that all desired goals could be achieved. The Feedback in form of minutes of meeting of 5th PSC is attached herewith as annexure-XIX).

Moreover, the feedback of project co-financer i.e EDF in form of their satisfaction & considering the significance of the project could also be assessed through provision of funds (Rs. 149 million) to pay duties / taxes of imported components of CETP. The EDF approvals / minutes of meeting are attached herewith as annexure-XXII.

3. Please provide any **relevant stakeholder consultation** documents.

Minutes of 5th PSC meeting (Annexure-XIX)
Engagements with SCCI (Annexure-XXIV)
Engagements with PSIC (Annexures-XXIII)
Engagements with EDP (Annexures – XXII)
Minutes of Meeting STAGL BOD & BOD Sub committees (Annexure-XXI)
Minutes of Meeting & Engagements with Contractors (Annexure-XXXI)
Awareness Sessions (Annexure-II)

VI. Gender Mainstreaming

1. Using the previous reporting period as a basis, please report on the **progress achieved on implementing gender-responsive measures and using gender-sensitive indicators**, as documented at CEO Endorsement/Approval (in the project results framework, gender action plan or equivalent),.

Gender mainstreaming was incorporated into the project design, particularly the need for adapting and mainstreaming gender equality into the urban and rural planning. Moreover, women from the local community were to be made aware of their role in and contribution to CCA and resilience.

The women are generally not employed in tanneries, especially for the labour-intensive aspects of the tanning process as well as the social and professional norms and values espoused in the workplace, therefore the leather tanning is male dominated industry.

The project opted two phase strategy for gender mainstreaming in leather sector, i.e (i) internship program for female students of Environmental Sciences (ii) induct female workers in common facility cum training centre of STZ, for training and further placement in tanning units.

(i) For the professionals, the project has already established an internship program with the environmental sciences depart of Government Women College University. Now the project intend to strengthen the relation so that after closing of the project, the internship and training programs with GCWU will continue smoothly. In this regard the project is in process of signing a MoU with Government Women College University Sialkot. The purpose of this MoU is to establish a closer collaboration between Department of Environmental Sciences, GCWU Sialkot Campus and Sialkot Tannery Association (G) Limited (STAGL). This MoU sets out the aspiration goals with Department of Environmental Sciences GCWU Sialkot Campus, in research orientation, sharing the latest adopted technologically trends and raising awareness on sustainable leather production in Pakistan. It is expected that after ending of this GEF project, the collaboration between STAGL & GCWU will continues. The MoU is under review process by VC GCWU Sialkot and soon it will be signed by both parties. The draft MoU is attached herewith as annex XXIX.

(ii) With the aim / objective that the project will contribute to the creation of additional employment possibilities that are accessible for women, and thus contribute to improve their socio-economic situation. The project intends to hire experts so that, the right expertise are available to drive this process. In this regard the project has initiated the hiring of a Gender Expert & Community Mobilizer. These experts are expected to provide necessary support and expertise for implementation of mainstreaming of gender equality in STZ project and Sialkot district urban development plan, so that, the project would have positive impact on women, through improved domestic economy. These experts will also take steps in proposing measure to ensure a safe work place for women and suitable training programs, based on a gender analysis The ToRs are finalized with UNIDO support, which are attached herewith as annexure-XII.

VII. Knowledge Management

1. Using the previous reporting period as a basis, please elaborate on any knowledge management activities / products, as documented at CEO Endorsement / Approval.

The project is successfully reaching to its completion phase and the shifting of tanneries is in progress. At this stage the project realises the need of mass awareness to disseminate the information among its project partners and plot holders regarding shifting of tanneries in STZ, so that as many plot holders as possible could be motivated and start constructing their units in STZ. Moreover, through mass awareness efforts, it is also aimed that relevant project partners could get the update project information and also get motivated to further increase the efforts in their domain.

The project has opted following strategies for knowledge management,

(a) Self-paced courses which were delivered online courses and made available for common user through UNIDO's eLearning platform (<https://leatherpanel.org/>)

In the reporting period the e-learning courses on UNIDO's leather panel have updated / revised. In this process the project remains active in review of these upgradations. Moreover, the project staff also get training certification of these courses, so for future trainings they could train others (project stakeholder / community).

During the reporting period, the online knowledge management included, project updates, publications, training curricula and knowledge tools were disseminated online on UNIDO's open data platform (<https://open.unido.org/projects/PK/projects/150052>), UNIDO's leather industry Leather Panel (<https://leatherpanel.org/>) and UNIDO's online e-learning hub (<https://learning.unido.org/login/index.php>).

(b) Awareness & Training Sessions.

In this context following strategies were used during reporting period,

- (a) Print Media: News reports / features were published in local newspapers / print media. In these publications the information regarding updated progress of STZ is shared and made emphasis to plot holders to start constructing their tanneries. The news cuttings are attached herewith as annexure-XXXII.
- (b) Social Media: The project updates on construction were also tweeted through UNIDO HQs, UNIDO Pakistan and Leather Panel twitter accounts. The tweets are attached herewith as annexure-XXXIII for reference.
- (c) Awareness Sessions: During reporting period two sessions were held with project partner PSIC to disseminate the information about project progress, shifting of tanneries and interest free loan schemes for shifting of tanneries. For reference the event details are attached herewith as annexure-II.

In the reporting period the project disseminated the prepared materials to project stakeholders i.e Urdu Translated Booklet on H2S Gas Safety (43 copies) and the framework for sustainable leather manufacturers (08 copies) and introduction to treatment of tannery effluents (04 copies).

During the reporting period, the project also prepared a short aerial-view video documentary of the project to show the latest progress to relevant project stakeholders. The aerial-view video documentary of the project was shown to project stakeholders at various meetings & events and all of them applauded the efforts of project authorities and shows satisfaction of the progress of the project.

UNIDO HQs in cooperation with the Government of Turkey organized an international training workshop on "Eco-Production and Waste Management in Leather Industry". In this workshop, UNIDO also invited national expert from PMU STZ. Through this workshop not only the staff of STZ have gained the practical knowledge on latest trends in leather production through environmental compliance but it also creates an opportunity to share the practical knowledge & features adopted by STZ in developing an industrial leather zone.

Moreover, the collected information was shared with project stakeholders / STAGL in a special consultative session arranged for PMU staff members. The discussion was focused in the learning points about how to adapt sustainable practices in operations of ETPs, mid & long term challenges associated with characteristics of ETPs, comparison of operational cost of CETP in Bursa vs calculated O&M cost of STZ CETP, plans for introduction women workforce in tanneries or through common facility centre like in Bursa,

replicating the business model of common facility centre of bursa in STZ, adopting solid waste segregation techniques in STZ,

Before Eid-ul-Azha 2023, (the festival of animal sacrifice), STAGL arranged an awareness campaign for animal hides /skin collectors on preservation of skins/hides through posting awareness banners across the city near hides / skin collection points. It is observed that the impact of these awareness activities is significant, these activities have started since 2020 and repeating on each year before eid ul azha, it includes posting banners, individual meetings with collectors & whatsapp messages. Before these activities very few or no collectors are giving importance to hide preservation during eid ul azha because of mass collection / workload. This year it is noticed by project that the main collectors have bought "common salt" in bulk to apply to hide/skins as per guidelines, which is a healthy sign.

2. Please list any relevant knowledge management mechanisms / tools that the project has generated.

(attached herewith)

Annexure – III (Awareness raising material)

Annexure -XXXII (Print media news)

Annexure -XXXIII (Social Media Tweets)

Annexure – XXIV (banners for eid-ul-azha 2023)

<https://stagl-skt.com/>

https://web.facebook.com/profile.php?id=100057500856818&mibextid=ZbWKwL&_rdc=1&_rdr

<https://scci.com.pk/sialkot-tannery-zone/>

VIII. Implementation progress

1. Using the previous reporting period as a basis, please provide information on progress, challenges and outcomes achieved/observed with regards to project implementation.

Common Effluent Treatment Plant

The main focus of GEF UNIDO project is to establish a common effluent treatment plant in STZ. The conceptual & detailed designing of CETP is already completed by the project. The civil and electromechanical works of 1st module of CETP having capacity of 4000 m3/day is in progress. The financial details and funding partners of this component is as follow,

Sr#	CETP Components	Contract Amount	Donor Contribution	Tanners Contribution to Cover Gap
1	Civil & General Electrical Works	Rs. 387,717, 589 USD: 2,501,404	EDF-MoC Rs. 320,000,000 USD: 2,064,516	STAGL Rs. 67,717,589 USD: 436,888
2	Electromechanical Works			
2.1	Imported component (Without Duties Taxes)	USD: 1,518,041		
2.2	Local Component	USD: 1,216,374 Rs. 200,701,776 1USD: 165PKR		
	Total (Electromechanical Works)	USD: 2,734,415	GEF-UNIDO (USD: 2,200,000)	STAGL USD: 534,415

Civil Works:

During the reporting period the civil works have reached up to 70% completion, the major structures are in final stages of completion. The civil work progress is slow due to following reasons,

- a) Delays in releasing the payments to civil contractor by TDAP. As the civil works are undertaken with the co-funding of MoC-EDF and STAGL, therefore on behalf of MoC-EDF, the MoC department TDAP is responsible for implementation of civil works of CETP. In the start of civil works it took

more than two years by EDF & TDAP to set the procedure for review of contractor's bills and release of payments. However, in FY23 these hurdles were resolved due to extensive follow-up by project authorities. The payments issue were streamlined by drafting new SOPs and in the reporting period the progress has reached from 15% to 70%.

- b) The poor management of civil contractor due to not understanding the site tough conditions, planning of works keeping in view the weather forecast / monsoon rains, prioritizing the structures, and non-availability of heavy construction machinery in Sialkot City. Despite giving so many notices by STAGL, the civil contractor failed to speed up the civil works.
- c) Cost escalation due to high inflations in country as after math of COVID19. Due to abovementioned delays in point #a, the country hits with record breaking inflation and the cost of civil works have been escalated to Rs. 667.9 million from Rs 378.7 million.
- d) COVID19: Due to lockdown and low global production trends the supply chain of raw materials interruptions. Therefore, keeping the technological standards of CETP was essential and even with more workforce, it would not be feasible to expedite civil works.

Electromechanical Works:

During reporting period, the progress of electromechanical works is on track. This activity also faced some delays due to COVID19, as most of the important components (machinery / equipment) of CETP are manufactured abroad therefore many international suppliers from Europe are involved. Therefore during the tendering process, work award and manufacturing the project authorities have to allow some extended time periods to contractor. Moreover, after work award and during manufacturing it is also observed that some of the components related to electronics and special metals are facing shortages in international market. And as result of all these factors the delivery of imported components of technology / CETP was delayed and started from October 2022 and completed (95%) in end of May 2023.

To date 77% of the electromechanical works have been completed. In FY23 the project authorities remained actively engaged with electromechanical contractor to complete the manufacturing & delivery of equipment at site. In order to ensure the quality of works the project authorities have adopted following inspection strategies,

- a) Local Items / Equipment: Time to time inspections of materials, fabrication and final finished product before delivery at site in accordance with the specifications mentioned in contract agreement.
- b) Imported Items / Equipment: Pre-shipment inspections from well renowned 3rd parties like SGS.

The inspection modalities, ToRs and Inspections reports are attached herewith as annexure-XI & XII for reference.

So far more than 95% of the equipment has been manufactured and delivered. The last details about delivery status of equipment is attached herewith as annexure-XIII. Now, the electromechanical contractor is waiting for the completion of civil structures of CETP, so that the delivered equipment could be installed on it. It is expected that the installation activities would be started in mid of August 2023 or in start of September 2023.

Challenges:

As, stated above due to record breaking inflation and the cost of civil works has been escalated to Rs. 667.9 million from Rs 378.7 million. In FY23, the approved allocated amount from EDF was Rs. 320 million hence, on every release of bill/payment from EDF/TDAP, the cost of escalation which was 176%, paid by STAGL. In reporting period STAGL also submitted the request, to MoC-EDF, for approval of additional fund to cover escalated cost of civil works of CETP, but it will take some time, meanwhile the inflation is increasing day by day due to poor economic conditions of country.

On the other hand, the CETP electromechanical works have been reached where STAGL's input of USD: 534415 is required. At time of contract with electromechanical contractor the 1USD=165 PKR which is now reached to 1USD=285, therefore it means at time of electromechanical contract STAGL have to arrange Rs. 88 million which is now increased to Rs. 152 million, which is a big challenge for STAGL.

Shifting of Tanneries in STZ

Progress: The shifting process of tanneries during reporting period continuous, in total 04 units have reached at trial runs of production, where as other 19 units are under construction, for reference please find attached herewith the list of tanneries under construction at STZ as annexure-XVII. During the reporting period the project focused on practical implementation of already proposed practices in tanneries, which

could be adopted in construction phase or in planning phase of tanneries. In this context, the best guideline manuscripts is Green Tannery Designs which is based on STZ Construction Bylaws and Typical Tannery Guidelines. During the reporting period the project issued 40 copies to tanners, the list is attached herewith as annexure-XIV.

Moreover, in order to disseminate the information on loan availing procedure for shifting of tanneries in STZ. STAGL in Collaboration with PSIC has arranged two (02) awareness raising seminars for the tanners to brief them about the loan schemes, application requirements, and qualification criteria and how to fill the loan application forms. In these sessions more than 100 tanners were present. The plot holders in unison expressed the following observations about the loan program,

- The requirements of the loan program are difficult for Small and Medium Entrepreneurs to follow
- Considering current date huge inflation occurred in construction raw material rates the Loan amount is not enough to for the SME's to initiate construction.
- Duration of Loan payoff period is also very small since relocation process is a risk in itself for the SME's therefore the time span shall be increased.

Moreover, the tanners gave following recommendations to project authorities,

- The Loan amount should be Rs. 3,000,000 (Three Million) for 01 Kanal Plot, Rs. 4,000,000 (Four Million) for 02 Kanal Plot and 5,000,000 (Five Million) for 03 and 04 Kanal Plots.
- The requirements should be general and need to be improved/reduced, like for SME's meeting ISO standard (as mentioned in loan application form provided by PSIC) in production is not necessary.
- Time duration to return the loan should be 06 to 07 years at least.

These recommendations were submitted to relevant project authorities and under process of approval. STAGL also found opportunity to include STZ project RECP & PRS soft loan scheme of Government of Punjab. The details about these schemes are attached herewith as Annexure-XVI.

Furthermore, in reporting period EDP also start pushing tanners to shift in STZ through formal notices. In this regard, two notices have been issued to plot holder regarding initiation of shifting process one notice is from STAGL on behalf of EDP and other directly from EDP district office to tanners. The copy of these notices are attached herewith as annexure-XXV.

Challenges: The tanners are facing financial problems due to current wave of high inflation of country, post COVID19 and Ukraine-Russia conflict and its impacts on global economic / market. In this situation the project authorities have to move forward to expedite the shifting of tanneries process with great care and patience.

Chrome Recovery Plant

In order to adopt the best practice for management of Chromium (III) salts in effluent, the project intends to establish a chrome recovery plant, as per the guidelines of UNIDO's for effective chrome management. The capacity of CRP is 60m³/day in collaboration with the project funding partner EDF (Rs. 40 million), PSIC (Rs. 40 million) & STAGL (Rs. 20 million).

Progress:

In FY22, STAGL initiated the tendering process of CRP, in 1st attempt they received bid which was 268% higher than the estimated cost. Realizing the situation, STAGL in FY23, immediately took steps to re-track the progress of this project component. The revised engineering estimates were prepared along with tender documents. This time for effective financial management of this component, STAGL bifurcated the procurement of CRP in two parts, (i) Civil & Building Works (ii) Electromechanical Works. In 2nd attempt, the tender of Civil & Building Works of Chrome Recovery Plant, have been released and after completing all the legal procedures. The bids received with in estimated cost. The evaluation reports were shared with TDAP for approval. However, TDAP wasn't allowed to proceed with received bids because of their observations on tender scope. According to them, the tender scope includes the purchase of equipment like air conditions, fire alarm system, CCTV cameras, and chrome effluent collection bowsers, which could not be part of civil works. Therefore, STAGL amended the tender documents and recalled the bids. The bids have been submitted 22nd June, 2023 and are under technical evaluation process.

On the other hand, the tendering process of plant & machinery of CRP couldn't be started due to the pending

approval of EDF/TDAP on tender documents.

Challenges: Due to current inflation in the country and approval delays from TDAP the cost of this project component has been increased from Rs. 100 million to Rs. 299 million. However STAGL has submitted the case of additional funding to cover cost escalation due to inflation & TDAP delays, but still it is a big challenge for STAGL to complete this activity. Moreover, due to these delays the other co-founding partner i.e PSIC, is now considering to exit from this project components and providing the approved allocated funding to some other project head.

Integrated Solid Waste Management Plan

In FY22 UNIDO hired an international consultancy firm and completed a project study to address the solid waste utilization, energy aspects of the leather value chain supporting, transforming the leather processing industries toward low emissions, reducing carbon footprints and development of climate resilient paths.

Progress:

Based on the findings of this report, STAGL in collaboration with project partner ILO-WWF, started in FY23 the hiring process of consultancy firms for conducting techno-economic study. The Aime of the study is to provide recommendations for economically feasible and environmentally safe option of solid waste management, segregations of useful by-products of leather industry and possible utilization of leather processing solid waste including sludge from the CETP as waste to energy or sanitary landfill etc. The scope includes preparation of detailed plan, the equipment required and cost estimates, tender documents for procurement of various tools, equipment and technologies etc., for the proposed Solution for Solid Waste Management System. After technical & financial of consultant one engineering consultancy firm has been selected and currently in contracting phase.

Other Important Infrastructure Activities of STZ:

The below mentioned two infrastructure activities of STZ i.e grid station & supply of natural gas have directly impacted completion & operationalization of STZ and have a significant role in STZ planning / funds utilization. A lot of funding under "Co-funding" head is spending on it. Any variation in cost has a direct impact on STAGL cash flows and completion of CETP. The progress & associated challenges are as follows:

21 MW Grid Station of STZ

Progress: STAGL in collaboration with EDF and PSIC has already deposited the whole amount of demand notice i.e Rs. 376 million for establishment of 21 MW Grid Station. After depositing the amount GEPCO has started the construction activities at site. These activities include, boundary walls, security room foundation works of grid station and High Tension Transmission Line from Marala Grid to STZ Grid. So far 50% of the works have been completed at site. The pictorial progress of project component is attached herewith as annexure-V.

Challenge: The electromechanical works of grid station have not started. GEPCO issued a revised demand notice, in which they shared that due to current inflation in country cost has been revised from Rs. 376 million to Rs. 618.65 million and a difference of Rs. 242.52 million is due to pay. The electromechanical works will be started soon after depositing Rs. 242.52 million. STAGL has submitted the request for additional funds to cover escalation cost to PSIC. The PSIC & Punjab Industries department have endorsed the request of STAGL, revised the PC-I and forwarded to planning & development department for final approval. However, this whole process takes more than 6 months and in this period it is expected that cost is further escalated. It will be a challenge for STAGL to arrange and pay this further escalation in project components.

Supply of Natural Gas

Progress: According to the initial estimates of this scheme, the demand notice issued by SNGL is of Rs. 112.601 million dated 30th January, 2020. As, PSIC is the co-financer of this scheme (Supply of RLNG) along with STAGL. It was decided that PSIC will provide Rs. 100 million and the remaining cost i.e Rs. 12.604 would be arranged by the STAGL. Accordingly, PSIC prepared the PC-I for the said scheme and the PC-I / grant of Rs. 100 million was approved by Planning & Development Department (Govt. Punjab), which were deposited to SNGPL. During this process of approval of scheme from Government of Punjab, the estimates were increased from Rs.112.601 million to Rs.143.82 million. Therefore the STAGL share was increased from Rs.12.6 million to Rs 43.8 million. The SNGPL has undertaken the assignment and completed the survey & routing plan.

Challenge: However due to the current inflation in country the estimates of the scheme were revised again to & new estimated cost is Rs. 284 million. In which STAGL share is Rs.43.8 million, Rs. 100 million already contributed by PSIC and Rs. 140 million is financial gap, which is requested from the Government of Punjab through PSIC. The SNGPL assured the authorities that they will start the pipe laying activities soon after receiving the amount on account of inflation. The PSIC & Punjab Industries department have endorsed the

request of STAGL, revised the PC-I and forwarded to planning & development department for final approval. However, this whole process takes more than 6 months and in this period it is expected that cost is further escalated. It will be a challenge for STAGL to arrange and pay this further escalation in project components

Details of Co-Financing including revised engineering costs.

For complete co-financing details please refer to annexure-VII.

Workshops and Awareness Sessions

Reporting Period

Sr. No.	Title of Workshop / Awareness Sessions	Main topic	Dates	Number of participants
1.	Awareness session on Relocation Loan Scheme	Features of PSIC / PGDP interest free loan scheme for shifting of tanneries in STZ	23 August 2022	105
2.	Consultative Session Relocation Loan Scheme	Procedures & Guidelines for applying loan for shifting of tanneries in STZ.	02 November 2022	32

For complete till to date workshop details please refer to annexure-II.

List of Trainings during Reporting Period

S. No.	Title of Training / Workshop / Dissemination programme	Expert / Faculty / Trainer	Main topic of training	Dates	Number of participants
1	Training Session on sharing knowledge gained / key learnings in International Training Workshop on Eco-Production and Waste Management in Leather Industry.	PMU National Expert – STZ	Zero Liquid Discharge, Eco Production Techniques adopted by Turkish Tanneries, Latest trends in Leather Solid Waste Management, CETP O&M aspects of Bursa Leather Industrial Zone, Equal Opportunities for Females in leather production.	17 November, 2022	3
2	Training of Trainer OSH aspects in leather manufacturing	UNIDO's Leather panel e-learning course	1 st aid kit, dealing with accidents involving chemicals, electricity, dealing with eye injuries, burns, bleeding, heart attack, covid19.	6 th July 2022	1
3	Training of Trainer Tannery Effluent Treatment	UNIDO's Leather panel e-learning course	Introduction of tanner effluents, pollution loads / characterization of tannery effluents, pre /primary /	17 August 2022	1

			chemical / secondary treatment of effluent, equipment used in effluent treatment, sludge handling, etc		
--	--	--	--	--	--

For complete till to date trainings details please refer to annexure-I.

2. Please briefly elaborate on any **minor amendments**⁹ to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA).

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.

<input type="checkbox"/>	Results Framework	NA
<input type="checkbox"/>	Components and Cost	NA
<input type="checkbox"/>	Institutional and Implementation Arrangements	NA
<input type="checkbox"/>	Financial Management	NA
<input type="checkbox"/>	Implementation Schedule	NA
<input type="checkbox"/>	Executing Entity	NA
<input type="checkbox"/>	Executing Entity Category	NA
<input type="checkbox"/>	Minor Project Objective Change	NA
<input type="checkbox"/>	Safeguards	NA
<input type="checkbox"/>	Risk Analysis	NA
<input type="checkbox"/>	Increase of GEF Project Financing Up to 5%	NA
<input type="checkbox"/>	Co-Financing	NA
<input type="checkbox"/>	Location of Project Activities	NA
<input type="checkbox"/>	Others	NA

3. Please provide progress related to the **financial implementation** of the project.

Total implementation FY23 is **\$3,088,755.72**. During implementation period, the Project implemented a total of **\$2,762,810.00** of which, **\$1,736,896 (60%)** was co-financed by **STAGL, PSIC and EDF**. The below table provides a summary of expenditures according to the key activities:

NO	Description of Activities	Expenditure Reporting Period
1	Office activities	\$9,000.00
2	Personnel	\$49,664.00
3	Assessment, studies, EIA: designs	\$5,500.00
4	Equipment/monitoring and installation of technology	\$2,697,502
5	Training	\$1,144.00
6	Study Tours	\$0
7	Grand Total	\$2,762,810.00

The majority of implementation expenditures during the reporting period focused on installation of electro-mechanics works of the CETP.

⁹ As described in Annex 9 of the *GEF Project and Program Cycle Policy Guidelines*, **minor amendments** are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

The following table provides a breakdown on the financial implementation of the project during the reporting period:

NO	Description of Activities	Unit	Qty	Unit Cost or Budget	Total Expenditure in Reporting Period Only	Source of Funds
1	Office Activates				\$9,000.00	
1.1	Office Rent	Month	12	\$500.00	\$6,000.00	GEF UNIDO
1.2	Office Supplies, misc.	Month	12	\$250.00	\$3,000.00	GEF UNIDO
2	Personnel Activities (Salary)				\$49,664.00	
	STZ Project Director (Salary + Allowances)		12		\$14,400.00	GEF UNIDO
2.1		Month		\$2,697.00	\$17,964.00	STAGL co-financing
2.2	National Experts (ETE) (Salary)	Month	12		\$17,300.00	GEF UNIDO
3	Assessment, Studies, EIA: designs				\$5,500.00	
3.1	Other Component Studies / Designs / Reports	Job	1	\$5,500.00	\$ 5,500.00	STAGL co-financing
4	CETP Equipment/Top Supervision/Civil				\$2,697,502	
4.1	Supervision of Civil Works of CETP 3.2.7 (Staff Salaries)	month	12	\$3,000.00	\$ 36,000.00	STAGL co-financing
	Electro-Mechanical Works of CETP Activity :3.2.7)				\$987,070.70	UNIDO-GEF
4.2	*USD: 2.8 million is total CETP electromechanical works contract amount	Job	1	\$2,808,000.00	\$423,031.00	STAGL co-financing
	Civil Works of CETP					EDF
4.3	*USD: 2.56 million contract amount	Job	1	\$2,560,000.00	\$1,251,401.00	STAGL co-financing
5	Trainings				\$1,144.00	
5.1	Trainings	Job		-		
5.2	Workshops / Seminar	Job	2	\$572.00	\$1,144.00	STAGL PSIC co-financing
6	Study Tours				\$ -	
6.1	Study Tours of Project Stakeholders / Sialkot Tannery Association members	Job	1	\$10,000.00		
Total					\$2,762,810.00	

IX. Work Plan and Budget

1. Please provide **an updated project work plan and budget** for the remaining duration of the project, as per last approved project extension. Please expand/modify the table as needed.

Outputs by Project Component	2023		2024		GEF Grant Budget Available (US\$)
	Q3	Q4	Q1	Q2	

Component 1 – CCA and Gender Equality for Adaptation Mainstreamed into Urban and Rural Development Planning					
Outcome 1: Regulatory and strategic urban planning frameworks to improve industrial-community co-existence, resiliency against climate change and gender equality are strengthened					
Output 1.1: Support to mainstream CCA and gender equality into Punjab and Sialkot district urban development plan is provided	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		3600
Output 1.2: Flood management plan for the Sialkot Tannery Zone (STZ) and the pilot Dugri drain in Sialkot is documented and capacities are developed		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5000
Component 2 – Climate Change Resilience Building of Vulnerable Communities and Leather Business Owners					
Outcome 2: Awareness among targeted community groups and leather business owners on the need to introduce CCA concepts/practices is raised					
Output 2.1: Information on CCA measures for STZ is provided to target groups and their needs are understood by project stakeholders		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		500
Output 2.2: Community-led trainings and actions to overcome CC through water and energy conservation and flood management are delivered	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		500
Output 2.3: The needs of different target groups to build their resiliency are communicated to each other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		500
Output 2.4: Guidelines on best practices and project knowledge disseminated to similar clusters and development projects		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		1000
Component 3 – Sialkot District and Sialkot urban plan implementation, dissemination of information, demonstration of safe, affordable and advance technology for water treatment and water conservation in the pilot Sialkot Tannery Zone (STZ)					
Outcome 3: Water availability for agricultural use around the STZ is increased					
Output 3.1: Various alternatives, especially water harvesting and appropriate effluent treatment technology, documented and discussed with all STZ stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		500
Output 3.2: Assistance provided with the preparation of ToR, tender, technical evaluation and supervision of work and installation of Central Effluent Treatment Plant (CETP) including technology for one CETP module	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		69000
Output 3.3: Practical training for improved production efficiency, lower environmental footprint and pollution reduction technologies is delivered to relevant stakeholders		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		5200
Output 3.4: Support is provided to verify and build capacities on using the Dugri Drain as a treated water discharge system that benefits agriculture			<input checked="" type="checkbox"/>		7000
Output 3.5: Feasible by-products from leather industrial waste and required technology are identified			<input checked="" type="checkbox"/>		4000
Output 3.6: Water management practices and technologies are demonstrated to tanneries			<input checked="" type="checkbox"/>		1000
Component 4 – Quality Control Monitoring and Evaluation					
Outcome 4: Quality control and efficient monitoring and evaluation measures are embedded into the project					
Output 4.1: Monitoring and evaluation conducted		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	30,000

X. Synergies

1. Synergies achieved:

(Reporting Period)

Sialkot Chamber of Commerce & Industry – Technology Upgradation & Skill Development Company (TUSDC)

Progress: TUSDC is implementing an EDF funded project to establish Support Center for Leather Industry in Sialkot. Initially for said scheme they have not included the cost of land & building. TUSDC approached SCCI to find some support for land and building works of this support center. SCCI approached STAGL for this purpose. The STAGL management offered a collaboration to provide land & building for support center in STZ. The support center will comprise of modern leather testing instruments and STAGL has plan to establish a modern leather testing laboratory in their Common Facility Center. For this purpose STAGL already allocated land and also have funds for CFC building but lacks funds of leather tanning machinery & laboratory.

Outcome: Through this collaboration both TUSDC & STAGL could achieve their goals through co-financing the scheme. The correspondence details are attached herewith as annexure-XXXV.

Punjab Small Industries Corporation New Loan Schemes:

PSIC & STAGL have already collaborated under Punjab green development scheme. Under this scheme they have one component to support the shifting of tanneries in STZ through interest free loan scheme. However, in two awareness sessions arranged by project on loan schemes the tanners requested the project authorities to increase the limit of loan scheme as the approved limits are not sufficient considering the current inflation in country.

Progress: The PSIC is also implementing two softer loan schemes for SMEs, this includes RECP implementation soft loan scheme and other is Punjab Rozgar Scheme. PSIC & STAGL formed a collaboration to include STZ in both schemes. In this regard both have also signed an MoU which is attached herewith as annex-XVI for reference.

Outcome: Through this collaboration project find a way to encourage tanners to start shifting process of tanneries in STZ, also this collaboration expedites shifting process.

Partnership with ILO-WWF Project

The project further keeps its collaboration with ILO-WWF project through co-financing the detailed designing component i.e Integrated Solid Waste Management System for STZ including designing of scientific landfill site for STZ.

Progress: The hiring of consultancy services is completed and under contract award stage.

Outcome: Both STAGL & ILO-WWF do not have enough financial resources to conduct this study / design report alone. Therefore both organization / project collaborated to attain a common goal that is incorporation of sustainable growth practices in leather sector of Sialkot.

3. Stories to be shared (Optional)

Please refer to Annexure – XXXVIII

XI. GEO LOCATION INFORMATION

The Location Name, Latitude and Longitude are required fields insofar as an Agency chooses to enter a project location under the set format. The Geo Name ID is required in instances where the location is not exact, such as in the case of a city, as opposed to the exact site of a physical infrastructure. The Location & Activity Description fields are optional. Project longitude and latitude must follow the Decimal Degrees WGS84 format and Agencies are encouraged to use at least four decimal points for greater accuracy. Users may add as many locations as appropriate.

Web mapping applications such as [OpenStreetMap](#) or [GeoNames](#) use this format. Consider using a conversion tool as needed, such as: <https://coordinates-converter.com>

Please see the Geocoding User Guide by clicking [here](#)

Location Name	Latitude	Longitude	Geo Name ID	Location and Activity Description
Pakistan, Punjab, Sialkot	32.560160°	74.414491°	1164909	Sialkot Tannery Zone. Implementation of Climate Change Adaptation through Water Resource Management on Leather Industrial Zone Development

Please provide any further geo-referenced information and map where the project interventions is taking place as appropriate.

Please refer to Annexure- XXXVI.

EXPLANATORY NOTE

1. **Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2021 – 30 June 2022.
2. **Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
3. **Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.

4. **Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings	
Highly Satisfactory (HS)	Project is expected to <u>achieve all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as "good practice".
Satisfactory (S)	Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.
Moderately Satisfactory (MS)	Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits.
Moderately Unsatisfactory (MU)	Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.
Unsatisfactory (U)	Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.
Highly Unsatisfactory (HU)	The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.

Implementation Progress (IP)	
Highly Satisfactory (HS)	Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as "good practice".
Satisfactory (S)	Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.
Moderately Satisfactory (MS)	Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
Moderately Unsatisfactory (MU)	Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.
Unsatisfactory (U)	Implementation of <u>most</u> components in <u>not</u> in substantial compliance with the original/formally revised plan.
Highly Unsatisfactory (HU)	Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.

Risk ratings	
Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale:	
High Risk (H)	There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
Substantial Risk (S)	There is a probability of between 51% and 75% that assumptions may fail to hold or materialize, and/or the project may face substantial risks.
Moderate Risk (M)	There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/or the project may face only moderate risk.
Low Risk (L)	There is a probability of up to 25% that assumptions may fail to hold or materialize, and/or the project may face only low risks.