

The International Fund for Agricultural Development

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ISLAMIC REPUBLIC OF AFGHANISTAN
COMMUNITY LIVESTOCK AND AGRICULTURE PROJECT

DESIGN COMPLETION REPORT

Main Report and Annexes

Asia and the Pacific Division
Programme Management Department

REPORT No. 2847-AF

11 November 2012

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CURRENCY EQUIVALENTS

Currency Unit	=	Afghani (AF)
US\$ 1.00	=	AF 4
1 AF	=	US\$ 0.021

WEIGHTS AND MEASURES

International metric system, unless specifically described in text; except:

1 acre (ac)	=	0.4047 hectares (ha)
1 hectare	=	2.47 acres
1 jerib	=	0.2 hectares (ha) or 0.494 acres

FISCAL YEAR

March 2, 2012 - 31 December 2012, and thereafter:
1 January - 31 December

ABBREVIATIONS AND ACRONYMS

ANDS	Afghan National Development Strategy
ANSF	Afghan National Security Forces
AREU	Afghanistan Research and Evaluation Unit
ARTF	Afghanistan Reconstruction Trust fund
AWPB	Annual Work Plan and Budget
BVW	Basic Veterinary Workers
CDC	Community Development Council
CDP	Community Development Plan
CIGs	Common Interest Groups
CGIAR	Consultative Group on International Agricultural Research
CLAP	Community Livestock and Agriculture Project
COSOP	Country Strategic Opportunities Program
CPMT	Country Programme Management Team
DAB	Da Afghanistan Bank
DAIL	Department of Agriculture, Irrigation and Livestock
DCA	Dutch Committee for Afghanistan
DDA	District Development Assembly
ECCD	Environment and Climate Change Division
ENRM	Environment and Natural Resource Management
FAO	Food and Agriculture Organization of the United Nations
FFDs	Farmer Field Days
FFSs	Farmer Field Schools
FPPOs	Female Poultry Producer Organisations
FY	Fiscal Year
GDP	Gross Domestic Product
GoIRA	Government of the Islamic Republic of Afghanistan
HDI	Human Development Indicators
HH	Households
HLP	Horticulture and Livestock Project
ICARDA	International Center for Agricultural Research in the Dry Areas
IDS	Integrated Dairy Scheme
IFAD	International Fund for Agricultural Development
IMF	International Monetary Fund
ISAF	International Security Assistance Force
KM	Knowledge Management
M&E	Monitoring and Evaluation
MAIL	Ministry of Agriculture, Irrigation and Livestock

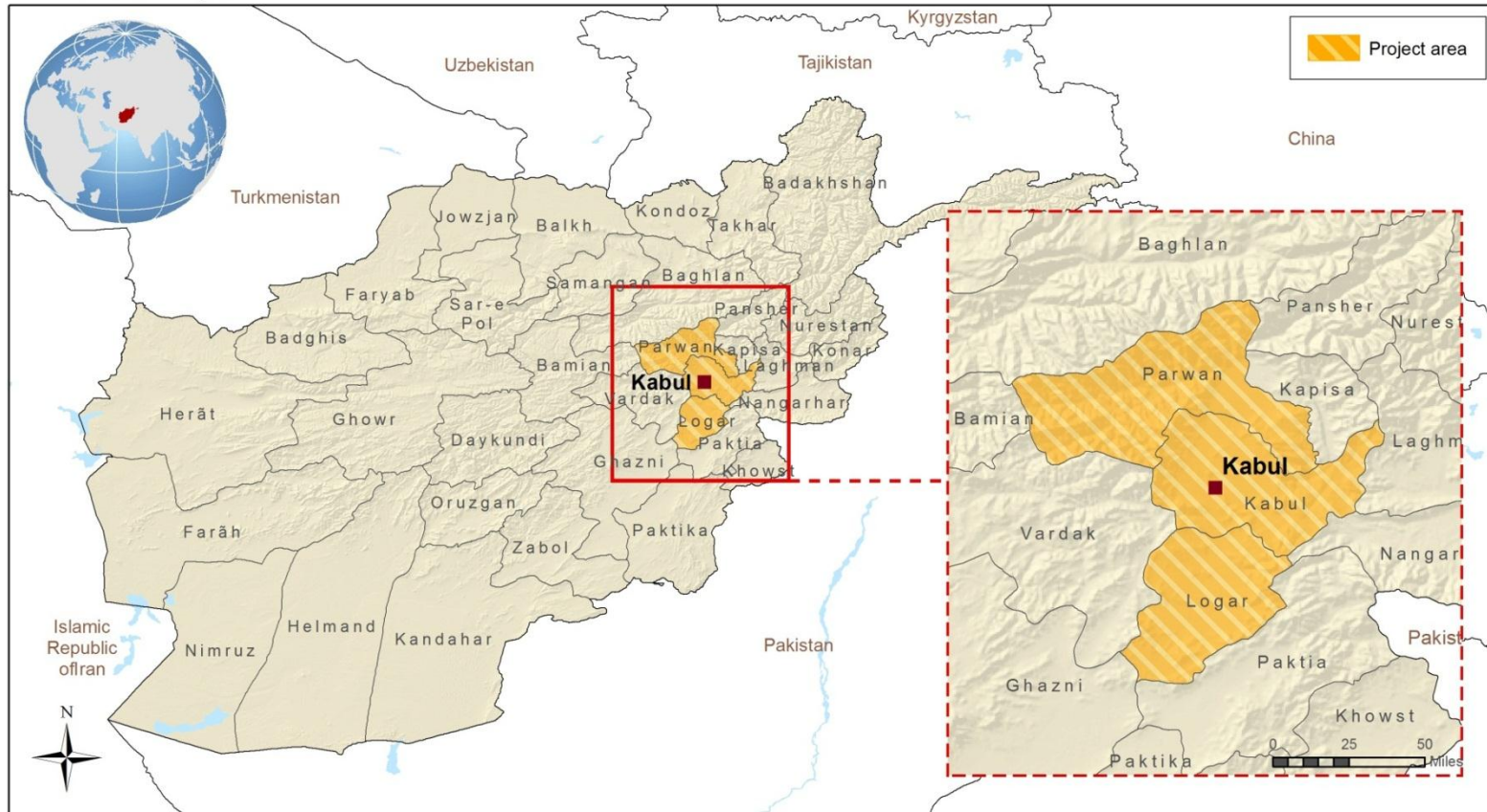
MFI	Micro-Finance Institution
MIS	Management Information System
MoF	Ministry of Finance
MRRD	Ministry of Rural Rehabilitation and Development
MTR	Mid-Term Review
NADF	National Agricultural Development Framework
NRVA	National Risk and Vulnerability Assessment
NSP	National Solidarity Program
NPP	National Priority Programme
O&M	Operations and Maintenance
OFWM	On-Farm Water management
PCC	Project Coordination Committee
PME	Participatory Monitoring and Evaluation
PRSP	Poverty Reduction Strategy paper
PSC	Project Steering Committee
PST	Program Support Team
PY	Project Year
QE	Quality Enhancement
RIMS	Results Implementation Management System
RMLSP	Rural Microfinance and Livestock Support Programme
SIOC	Security Information and Operation Center
SP	Service Provider
TA	Technical Annex
ToT	Training of Trainers
UNAMA	United Nations Assistance Mission in Afghanistan
USD/US\$	United States Dollar
VBSE	Village-Based Seed Enterprise
VFU	Veterinary Field Unit
VLPG	Village Level Poultry Group
VPPGs	Village Poultry Producer Groups
WB	World Bank
WP	Working Paper
YPP	Young Professionals Programme

MAP OF PROJECT AREA

Afghanistan

Community Livestock and Agriculture Project

President's report



07-11-2012



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD

EXECUTIVE SUMMARY

A. Strategic context and rationale for IFAD involvement

1. **Poverty context:** After almost 30 years of conflicts, Afghanistan is one of the poorest countries in the world. The Human Development Report 2011 ranked Afghanistan 172nd out of 187 countries. 36% of the population is estimated to live below the poverty line. 70% of the population is considered food insecure. With about 80% of the population living in rural areas, and 84% of the poor living in rural areas, poverty is predominantly a rural phenomenon.
2. **Rural development context:** Although the Afghan economy as a whole has registered robust growth rates in recent years, these rates largely reflect booming construction and trade-related activities in urban areas. In fact, there has been little growth in rural Afghanistan, and most rural people still live on subsistence farming. Afghanistan remains a rural economy: the formal agricultural sector contributes to about 35% of the GDP. (Subsistence) agricultural production is the main source of rural livelihoods. Livestock activities are an integral part of most farming systems in Afghanistan. However, due to a number of factors, the agriculture and livestock sectors in Afghanistan have been severely constrained.
3. **The Government response.** The government has responded by initiating a number of national initiatives under the Livelihood and Social Protection Public Investment Programme, which resulted in significant improvements and achievements in a number of areas. However, the development needs remain huge, whilst the delivery capacity, particularly at local level, remains extremely limited. The extremely volatile security situation in the country and the likely decrease in development assistance as a consequence of the withdrawal of the International Security Assistance Force from Afghanistan in 2014 further exacerbates the problems.
4. **Rationale for IFAD involvement.** Within this context, IFAD identified a strategic opportunity for supporting the Government of Afghanistan in addressing the challenges of poverty reduction and food insecurity in rural areas, focusing on the priorities outlined in the Agriculture and Rural Development Strategy, the National Agriculture Development Framework, and the National Priority Programs. On the basis of its mandate and comparative advantage, and replicating and scaling-up the successful models implemented in its current operation in Afghanistan (the Rural Microfinance and Livestock Support Program), IFAD would contribute to improve agriculture and livestock productivity (critical to improve the food and nutritional security in rural Afghanistan, and, ultimately, reduce poverty) by, on the one hand strengthening the delivery of agriculture and livestock services, and, on the other hand, strengthening the existing institutional capacity (both governmental and non-governmental) at community and district level.

B. Project description

5. **Project goal and development objective.** The **overall goal** of the project is to contribute to reduce poverty in rural Afghanistan. More specifically, the **project objective** is to improve food security of 169,500 rural households in selected districts in the provinces of Kabul, Parwan, and Logar by increasing agriculture and livestock productivity. This will be achieved by enhancing productive assets, skills, services, technologies, and income opportunities of the targeted beneficiaries (i.e. by introducing appropriate livestock and agriculture technology options, strengthening local capacity, and strengthening some weak areas of value-chain, including linkages with markets). The project also aims at reducing gender disparities by increasing the social and economic status of women engaged in these activities.
6. **Project components.** The project is organized around three mutually reinforcing components:
 - (1) **Community Development, including Productive Infrastructures and Institutional Strengthening (US\$ 25.4 million):** This component aims at strengthening the capacity of local communities and local institutions, by supporting the construction of small-scale infrastructures aimed at enhancing agriculture productivity (thus resulting in positive socio-economic benefits), and by supporting local institutions (community organizations and local government agencies) to address issues of ownership and sustainability. This component includes three sub-components: (1.1) Productive Infrastructures (US\$ 23.1 m), (1.2) Institutional Strengthening (US\$ 1.1 m), and (1.3) Gender Mainstreaming and Capacity Building (US\$ 1.2 m).

- (2) **Livestock and Agriculture Development (US\$ 28.5 million):** This component aims at reducing poverty through enhancing food security with a strong emphasis on women-headed households and the vulnerable and marginalized within the rural communities by introducing appropriate livestock and agricultural practices and packages, and, to a limited extent, supporting value-chain development and linkages to market. These activities will be linked to the productive infrastructure and community development/institutional strengthening activities to the maximum possible extent, to ensure a holistic and integrated approach. This component includes four sub-components: (2.1) Dairy Development (US\$ 10.5 m), (2.2) Poultry Development (US\$ 5 m), (2.3.) Improved Food, Fodder, and Vegetable Crops (US\$ 8 m), and (2.4) Livestock Development among the Kutchi (US\$ 5 m).
- (3) **Project Management, Policy Support, and Young Professional Program (US\$ 11.7 million):** This component aims at supporting the project coordination and technical support responsibilities of the Project Support Team. In addition, based on the successful experience of the RMLSP, the Young Professionals Program will be continued under this component. Finally, a special fund to support policy development (US\$ 0.5 m) and a special financing facility to support any activity that requires additional support and/or expanding any promising/well performing activity (US\$ 3.5 m) will be established under this component.
7. **Project area.** The project area comprises the Central Region's Provinces of Kabul, Parwan and Logar. Within these Provinces, three districts per province have been selected for project implementation. The criteria used for the selection of the project area included: (i) *Accessibility*: the project area should be easily accessible; (ii) *Security*: the project area should guarantee a level of security that allows regular and safe access; and (iii) *Contiguity*: the project area should include geographically contiguous provinces, to minimize administrative and logistical constraints. The selected provinces/districts offer a great deal of underexploited agriculture and livestock potential, with considerable scope for development through appropriate interventions.
8. **Target group and beneficiaries.** The project will specifically target the three following groups: (a) Small farmers and livestock-keepers, including the landless and those who lost their livestock and/or aspire to keep livestock or restock; (b) Women and female-headed households; (c) Resettled and nomadic Kuchis. It is expected that approximately 169,500 resource-poor rural households (equivalent to some 1,017,000 individuals) among an estimated 367 rural Community Development Councils (CDCs) within the nine districts would benefit from the project activities (cost/beneficiary ratio: US\$ 386/household or US\$ 64/person).

C. Organizational Framework

9. **Implementation arrangements.**
- (i) The Lead Implementing Agency will be the Ministry of Agriculture, Irrigation and Livestock (MAIL).
 - (ii) To implement the project, a **Project Support Team**, located within the Planning and Program Implementation Department of MAIL, will be responsible for the provision of overall implementation coordination and technical support for cross-cutting issues (e.g. gender, knowledge management, M&E, procurement, and fiscal oversight), and for the day-to-day management of the project. Project activities will be implemented by relevant Ministries (i.e. MAIL and the Ministry of Rural Rehabilitation and Development) and selected **Service Providers**, some of which have been pre-selected (i.e. FAO, ICARDA, and the Dutch Committee for Afghanistan) based on their unique skills and expertise, and their long-established presence and experience in Afghanistan.
 - (iii) Project coordination and oversight is mandated to (i) a **Project Steering Committee** at the national level for national level coordination, policy directions, legislative activities and overall oversight, and (ii) a **Provincial Coordination Committee** at each provincial level.

D. Costs, financing, and co-financing

10. **Costs and financing.** Overall, the proposed project would cost about USD 65.5 million (Afs 3.27 billion) over a six year implementation period. IFAD contribution would amount to about USD 58 million (88.5% of total cost) in the form of a grant. The remaining amount (USD 7.5 million) would be contributed by the Government of Afghanistan (USD 3.57 million), beneficiaries of the project (USD 3.48 million), and Service Providers.

11. **Co-financing.** FAO will contribute to the dairy development sub-component, in the form of staff time, allocation of vehicles, etc. for an estimated amount of about USD 460,000. Although not specifically recorded/reported in the calculation of co-financing, it is important to highlight that, through the Productive Infrastructure sub-component, IFAD will contribute to the National Solidarity Program III (a USD 750 million program implemented by the MRRD and funded through various sources) by contributing to address the NSP financial gaps in the districts covered by the project.

E. Risks and mitigation measures

12. The main risks include: (a) The unsettled and extremely volatile **security situation** in the country. To mitigate such risk, target districts have been selected within the three provinces that are less likely to be affected by threats of insecurity. In addition, experience of other programmes in the area indicates that working closely with local partners and the strong involvement of community networks could also mitigate security risks to a significant extent. However, should the situation deteriorate, third-party monitoring may be undertaken. In the extreme event the security situation in any of the selected districts deteriorates to the point to make the target communities completely inaccessible, it has been agreed, as a contingency plan/exit strategy, that the Government in consultation with IFAD would consider the option of shifting the project activities to other districts among already pre-selected districts; and (b) **Corruption:** Given the small scope and scale of the community-level projects proposed by the project, in tandem with existing transparency mechanisms set up by NSP/CDCs and other institutions, the risks related to corruption are considered limited. To further reduce the risks related to corruption involved in infrastructure development, the project would only finance small-scale infrastructure schemes. All the Project activities will remain modest in scope and scale and place few additional requirements on the existing skills of the communities involved. Several sub-components of Agriculture and Livestock Component will be implemented by Service Providers, which will be selected/pre-selected on the basis of their good reputation, among other criteria. The Grant funds will be transferred to the Service Providers through the direct payment modality. Other risks include: (c) **the availability and capacity of technical staff required for project implementation;** and (d) **the capacity for gender mainstreaming.**

F. Innovation and scaling-up

13. **Innovation and scaling-up.** Given the Afghan context, this project is not specifically designed to be 'innovative', but rather to replicate and scale-up models and approaches that have been previously tested and piloted in Afghanistan, and that have demonstrated to be successful. These include, but are not limited to, the Integrated Dairy Scheme model implemented by FAO through various projects, including the IFAD-funded RMLSP; the Village Based Seed Enterprise model by ICARDA, and an adjusted version of various models for improved backyard and semi-commercial poultry. The project has however a few elements that can be considered innovative in the Afghan context, including (i) the idea of supporting productive activities (livestock, poultry, seeds) in addition to infrastructures through CDCs; (ii) the approach to poultry development, which differs from the poultry models previously implemented in Afghanistan; and (iii) the attempt to pursue a multi-ministerial approach to project implementation (MAIL and MRRD).

G. Environment

14. The project is aligned with both IFAD Climate Change Strategy and ENRM Policy. ECCD has endorsed this project as **Category B** as far as its environmental classification is concerned, and recommended for continuous monitoring of land/water management and climate change-related aspects during project implementation.

H. Sustainability

15. There are several key elements in the project design which ensure post-project sustainability and a natural exit strategy: (i) the use of existing structures and arrangements; (ii) the support to existing institutions; and (iii) a gradual and well planned handover and transfer of responsibilities. The last two years of the project will be a consolidation phase, focusing on a well-benchmarked and pragmatic transition plan. SPs will be handing over responsibility for continuing the work of the project based upon a considerably strengthened DAIL and beneficiary groups/cooperatives/Unions etc. In addition, the participatory design process allows the project to respond directly to community concerns. These efforts to create ownership of the project will provide the foundation and necessary commitment for post-project sustainability.

LOGICAL FRAMEWORK

Results hierarchy	Indicators	Means of verification	Assumptions
Goal: To contribute to reduce poverty in rural Afghanistan	<ul style="list-style-type: none"> - % decrease in population below the poverty line (Target: 10% decrease from 2012 baseline) - % decrease in child malnutrition (under 5 yrs old, chronic, acute-underweight) (Target: 5% decrease from 2012 baseline)^a 	<ul style="list-style-type: none"> - Impact surveys (including RIMS anchor indicators) at baseline and completion. - Impact Evaluation Report 	<ul style="list-style-type: none"> - Price of food does not increase relative to earnings. - No major natural disasters or major conflict situation.
Development objective: To improve food security of 169,500 rural households in selected districts in the provinces of Kabul, Parwan, and Logar by increasing agriculture and livestock productivity	<ul style="list-style-type: none"> - % increase of agriculture/livestock productivity (measured as quantity of milk/cow, n. of eggs/chick, yield/ha) among households targeted by the project Targets: <ul style="list-style-type: none"> - 129% increase in milk/cow - 200% increase in annual milk production/hh - 1.16 m eggs produced by beneficiary hh in Yr 6 - Yield/ha (kg) of certified seeds (1st and 2nd planting): wheat (3.4, 2.55); lentil (0.5, 0.38); chickpea (1.0; 0.73); mungbean (0.9, 0.7); potato (19.1, 14.34); tomato (38.3, 28.69); onion (31.9, 23.91); beans (0.7, 0.48) - No. of households with increased agriculture/livestock productivity (Target: 169,500) 	<ul style="list-style-type: none"> - RIMS plus survey and rolling baseline - Annual Outcome Survey. - Impact Evaluation Report - Knowledge Products - Newspaper items - Radio programmes - Study reports 	<ul style="list-style-type: none"> - No security problems in the rural areas for conducting surveys and studies. - The vulnerable and poor HHs gain relatively more in terms of food and nutritional security, assets building and income - Project implementation structure has ¼ female staff members
Outcome 1 (Community Development) Capacity of local communities and local institutions enhanced, cultivable land increased, agriculture production/productivity increased, health condition improved and water-borne diseases decreased	<ul style="list-style-type: none"> - % increase in agriculture productivity (yield/ha) (Target: +10%) - No of households benefiting from productive infrastructures (Target: 115,000) 		<ul style="list-style-type: none"> - Smooth implementation procedures and smart fund flow - Community Participatory Monitoring (CPM) system functional including women - Performance supervisory system of NSP operational in place
Output 1.1 (Productive Infrastructures) Crop yield increased, income opportunities increased, health conditions improved (thanks to the construction of small-scale productive infrastructures)	<ul style="list-style-type: none"> - % reduction in water-borne diseases (Target: 8% reduction from baseline) - % increase in No. of hh having access to drinking water and sanitation facilities (Target: 1.3% increase from baseline) - % increase in agriculture productivity (yield/ha) (Target: 10% increase from baseline) 	<ul style="list-style-type: none"> - RIMS and reports of civil work conducted - Completion report of contractors (civic work) - Reports of SPs in charge of other sub/components - CDC's records, minutes, etc. - Work schedules 	<ul style="list-style-type: none"> - ANDS -overarching framework for women's rural development and their involvement in the agricultural sector – acknowledged - Lessons learnt taken into account; i.e. - women's role in agriculture undervalued; - rural women require learning opportunities to

	baseline)	- Monitoring data/reports of Provincial M&ED	enter the higher levels of the value chains
Output 1.2 (Community Development and Institutional Strengthening) Capacity of beneficiary communities/community organizations and local government agencies strengthened	<ul style="list-style-type: none"> - % of beneficiaries expressing satisfaction on the quality of services provided by local government agencies staff (measured through questionnaires) (Target: at least 80%) - % of organization members expressing satisfaction on the quality of management of community organizations (measured through questionnaires) (Target: at least 80%)^b 		
Output 1.3 (Gender Mainstreaming) Role/Involvement of women in productive activities and productive potential increased	<ul style="list-style-type: none"> - % increase of women who have control of productive assets - % increase in net income among women^c - % of female professional staff (among MAIL/DAIL and SPs) (Target: at least 25%) 	<ul style="list-style-type: none"> - Staff records - RIMS reports - Specific gender impact surveys - Case studies - Progress and Annual reports of SPs, DAIL/MAIL 	
Outcome 2 (Livestock and Agriculture Development) Increased agriculture and livestock productivity	<ul style="list-style-type: none"> - Increase in average hh income from dairy (Target: +200%) (Expected n. of beneficiary hh: 3,000) - Increase in net income of poultry keeping hh (Target: +400%) (Expected n. of beneficiary hh: 25,000) - Increase in net income of adopters (Target: at least 100%) (Expected n. of beneficiary hh: 81,055) - Increase in net income of livestock keepers (Target: +25%) (Expected n. of beneficiary hh: 20,000) 		<ul style="list-style-type: none"> - Attractive market for milk does not imply selling all milk; sufficient milk kept for home consumption - Dairy team able to build upon existing infrastructures such as (private) VFUs (health, A.I.), - Close interactions and synergies with other components/sub-components of CLAP, overall coordination via CDCs (esp. female CDCs) and adherence to Project Gender Strategy - High Input High Output dairy approach does not undermine food production neither deteriorates sustainable agriculture practices
Output 2.1 (Dairy Development) Milk production and productivity increased; dairy milk processing and marketing improved	<ul style="list-style-type: none"> - Increase in average number of cattle per family (Target: from 1.254 to 1.75) - Increase in milk consumption at hh level (Target: 1.5 l/day) - Increase in average hh income from dairy (Target: +200%) 	<ul style="list-style-type: none"> - RIMS I and II data, - Records and reports of collection centres and processing plant - Progress reports of local service providers - Output focus groups discussions esp. among women groups, - In-depth survey on sample basis, - MAIL records, - CDC statistics, - Case studies & stories - Monitoring reports (technical indicators; 	<ul style="list-style-type: none"> - Security situation will not get worse - No abnormal droughts or water shortage - Optimal coordination with relevant stakeholders - Cooperation with other actors active in the poultry sub sector in particular those working with women - Policy for poultry sub-sector will be finalised - Poultry board will be established - No abnormal droughts or water shortage

		calving interval, milk production, etc.)	<ul style="list-style-type: none"> - Optimal coordination with relevant stakeholders - Security situation will not get worse - No abnormal droughts or water shortage - Optimal coordination with relevant stakeholders - Cooperation with WISP, WOCAT realistic
Output 2.2 (Poultry Development) Traditional fowl systems strengthened; small-scale commercially viable poultry systems developed	<ul style="list-style-type: none"> - Increase in egg production for traditional birds (Target: 12 per annum) - Decrease in mortality rate (Target: from 3% to 1.5%) - Increase in net income of poultry keeping hh (Target: +400%) 	<ul style="list-style-type: none"> - RIMS I and II data - Evaluation reports - Final Project Report - Relevant Reports Human Health Department / specific survey data - Baseline data & follow-up surveys - Flock and Hen card data (traditional system) - Batch cards (commercial units; all in, all out) 	
Output 2.3 (Improved Food, Fodder, and Vegetable Crops) New drought resistant and high yielding improved varieties of wheat, food and forage legumes, and vegetables developed and adopted	<ul style="list-style-type: none"> - Number of farmers adopting new seeds and related best practices (Target: +80,000) - % increase of food, fodder, and vegetable production (Target: +30-60% over existing rates) - Increase in net income of adopters (target: at least +100%) 	<ul style="list-style-type: none"> - RIMS Annual Report - Outcome monitoring reports. - Items in newspapers, radio, T.V. - Relevant Report from MAIL M&E. - Project Progress Reports. - Study and Surveys reports - Case Studies - Knowledge Products 	
Output 2.4 (Livestock Development among the Kutchi) Livelihoods among Kutchi enhanced	<ul style="list-style-type: none"> - % reduction in prevailing mortality rates for shoats and cattle (Target: +10%) - Increase in daily milk production (Target: +0.05 l) - Increase in net income of livestock keepers (Target: +25%) 	<ul style="list-style-type: none"> - RIMS I and II data - Evaluation reports/ Final Project Report - Relevant Reports Human Health Department / specific survey data (zoonosis) - Relevant Reports of Directorate of Tribal Affairs - Baseline data & follow-up surveys 	

^a It will not be possible to attribute the achievement of these results to project activities.

^b The measurement of these qualitative indicators would rely on Focus Group Discussions and Key Informant Interviews as MOVs. This will be fine-tuned and finalised during the establishment of the M&E system at project start-up.

^c This will be measured through a qualitative measure (i.e. women self-perception, measured through Focus Group Discussions or Key Informant Interviews and possibly Most Significant Change measures, as may be found suitable during establishment of detailed M&E system during start-up).

I. STRATEGIC CONTEXT AND RATIONALE

Country and rural development and poverty context

1. **Poverty context.** After almost 30 years of conflicts, since the Soviet invasion of 1979, Afghanistan is one of the poorest countries in the world, ranked by the UN at an estimated 172nd out of 187 (Human Development Report 2011). According to the National Risk and Vulnerability Assessment (NRVA) 2007/08, 36% of the population¹ was estimated to be poor and lived on less than the official poverty line (e.g., Afs 1,942 per person per month in urban areas of central Afghanistan). Nearly half the population is considered living below 120% of the poverty line. On average, the poor are only able to consume at a level equal to 78% of the estimated cost of basic needs. While 36% of the population cannot meet basic consumption needs, there are many more people who are highly susceptible to entering the poverty trap. One small, negative shock has the potential to move many individuals into poverty. The vast majority of the poor (84%) and of the overall population (80%) live in rural areas.

2. A breakdown of the poverty incidence shows large differences by residence. National level poverty estimates are mainly driven by people living in rural areas. As a result, while poverty in the rural population is close to the national average, the incidence in the urban population is relatively low (29%) and in the Kuchi population very high (54%). Similar patterns emerge from the disaggregated analysis of the poverty gap, which is the lowest in urban areas (6%) and the highest among the Kuchi population. Hence, with its diverse terrains, climate, and agricultural zones², poverty in Afghanistan varies dramatically across regions. Poverty rates at the region level are shown in Annex 2. According to the NRVA 2007/08, poverty is lowest in the Central and South Western regions. The West Central region (or central highlands), with its harsh climate and remoteness, shows poverty levels as high as 45%. However, there are significant variation in poverty levels within regions, provinces, districts and communities. Even if one region or province seems to have a higher than average incidence of poverty, an apparently better off region or province may contain districts in which poverty is even higher. Very poor households exist in almost all villages. The de facto and de jure women headed households are normally in the most deprived position.

3. **Malnutrition and food insecurity.** Since 2001, much has been achieved: democratic institutions and ministries have been established; significant improvements in health care and immunisation have taken place; primary schools, roads and transport infrastructure have been constructed. However, most Afghans still endure conditions of hardship and insecurity, and criminality is now jeopardising recent progress. The infrastructure in the country has been ravaged by the long conflict and its internal markets are still disrupted. The low ratio of arable land per capita, the scant precipitation and difficult climate conditions in many parts of the country are additional factors that clearly reveal the hardship and resource poverty endured by Afghan farmers trying to make a living off the land. Since 1999, recurrent droughts have severely affected the livelihoods of rural households who had already lost many of their assets and food production means. As a result, malnutrition is prevalent in all parts of the country (50% of children under five suffer from chronic malnutrition). As recently as 2010, up to 70% of the population are considered food-insecure by the UN Food and Agriculture Organization (FAO), and millions have recently been pushed into "high-risk" food-insecurity because of high food prices.

4. **Gender dimension of poverty.** The gender dimension to poverty in Afghanistan is stark, with inequality being one of the highest in the world. Gender has been one of the most politicised issues in Afghanistan over the past century, and attempts at reform have been denounced by opponents as un-Islamic and a challenge to the sanctity of the faith and family. The extent of gender discrimination in Afghanistan is pervasive and gender gaps are widespread in health, education, access to and control over resources, economic opportunities and power and political voice, and while women and girls bear the direct cost of these inequalities, the negative effects are felt throughout society. Patterns of

¹ Estimates of current population vary between 24 million (Afghan Central Statistical Office, 2006) and 30 million (WDI, 2006).

² The geography and climate of Afghanistan involves a wide range of agro-ecological conditions and types of crop and livestock systems. Mountains cover over 75% of the total area creating isolated valleys. Forests cover less than 2% of the country. Average annual precipitation ranges from 75 mm in Farah province to 1,170 mm in South Salang and Nuristan. Given the mountainous geography of the country, agricultural activity does not occupy a contiguous and homogeneous stretch of the country. Except for the rainfed areas of the north, agriculture is possible mainly in specific patches or strips of land in the numerous mountain valleys and the thousands of micro-watersheds created by streams and aquifers originating from the mountain ranges.

exclusion and vulnerability in Afghanistan have a strong gender dimension. Descriptive statistics of NRVA 2007/08 show that women have limited access and command over productive resources. A key finding, in terms of reducing these gaps, is that improvement over time in educational outcomes has been less strong for women than for men. This trend suggests that gender gaps could widen without more focus on gender. A lack of schooling, coupled with cultural and institutional barriers, means that women are ill-equipped to participate in the labour market and have few economic opportunities. Labour force participation of women is almost half that of men (46% against 86% of men), and the gap is even more striking in urban areas where only 19% of women actively participate in the labour market; these female professionals normally receive substantially less salary compared to their male equivalents.

5. **Economic context.** Afghan economy as a whole has registered robust growth rates in recent years. Since FY2003/04, the country has seen average growth rates in the double digits (9.1% on average), but these figures largely reflect the booming in construction and trade-related activities in urban areas, and are intrinsically volatile due to the prominence of the agriculture sector in the Afghan economy³, which is subject to weather fluctuations. While last year's GDP growth was exceptionally high due to a record harvest and a large increase in on- and off-budget donor grants, preliminary data suggest that this year's return to the lower, but still strong, pre-FY2009/10 levels is due to the continued expansion of services (World Bank, 2011). From the IFAD target groups' viewpoint, the most important macro-economic feature is that consumer price inflation has surged in 2010, driven largely by rising fuel and food prices – a phenomenon that reflected world trends and the cost of transporting goods to - and through - this landlocked country, plus the fact that Afghanistan's neighbours had restricted wheat exports. This led to an increase in consumer prices, with 12-month (end-of-period) inflation reaching 7% in March 2011 according to IMF estimates.

6. **Rural development context.** Although the Afghan economy as a whole has registered robust growth rates in recent years, there has been little growth in rural Afghanistan, and most rural people still live on subsistence farming. Afghanistan remains a rural economy: the formal agricultural sector contributes to about 35% of the GDP. About 80% of the population live in rural areas. (Subsistence) agricultural production is the main source of rural livelihoods (about 78% of the rural households are engaged in subsistence agriculture as their main source of income).

7. **Main constraints in the agriculture sector.** The main constraints to the sector's development are deeply rooted, the main one being paucity of arable land⁴ (mostly used for wheat production). In addition, water constraints inhibiting cultivation of up to one-third of irrigated lands, the destruction or more commonly the lack of maintenance of most irrigation infrastructure, the extremely complex land ownership and land-access rights systems in Afghanistan, the extremely limited road network (58% of villages have limited seasonal or no access roads, with an average distance to the nearest road of 4.6 km), the extremely limited access to electricity (only 13% of rural Afghans have access to electricity at some point during the year). Other contributing factors include the high illiteracy rate in rural areas (90% of rural women and 63% of rural men are unable to read or write) and the limited access to extension and veterinary services and agricultural inputs (due to the very poor institutional, technical and financial capacities of the district-level line department offices and an non-conducive environment for private sector development). Owing to these multiple constraints, the Government

³ The share of agriculture to total GDP was 34.9% in 2011. The country produces food and cash crops, a range of export and industrial crops, livestock and products. Food crops account for over two-thirds of the cultivated area and are typically grown for subsistence as few farmers are able to produce a marketable surplus. Wheat is the predominant crop, accounting for 80% of cereal production. Once self-sufficient in cereals, Afghanistan is now a net importer: even in a good agricultural year, the country's average cereal deficit is between 250,000 and 500,000 metric tons. High-value cash crops (mostly dried fruits, nuts, fresh fruits and vegetables) are traditionally an important source of cash in remote areas, and horticultural crops cover an estimated 13% of the arable land and 25% of the irrigated land. Despite comparative advantage, industrial crop production has not been revived. Lastly, Afghanistan is a traditional livestock country and was in the past self-sufficient in livestock products.

The main agricultural imports are: wheat flour, wheat, refined sugar, hydrogenated oil, milled rice, palm oil, non-alcoholic beverages, tea, chicken meat, milk and milk products and barley. The main agricultural exports are: grapes, apricots, raisins, melons, potatoes, apples, cotton lint, fresh fruit and vegetables.

⁴ A total arable land area of 6.5 million hectares shows in itself the paucity of agricultural resources in Afghanistan: arable land is a mere 10% to 12% of the territory which makes the average size of arable land per capita at a low 0.3 hectares. It is estimated that total rural population is about 1.33 million households, comprising about 15.1 million people (owing to an assumed average household size of 12 persons) and some 1.5 million nomads (FAO, 2003). With a complex system of traditional rights over land and lack of official statistics, determining the size of farms is not easy in Afghanistan. According to different sources average farm size varies from an estimated low 1 to 2 ha (FAO, 2008), 5 ha (WB/DFID, 2008) up to an average of 7.6 ha for farms in rain-fed areas (FAO and MAAH, 2003). This actually compares quite favourably with the average in the Asia region, at 1.6 ha (IFPRI, 2005).

itself recognises that progress will be slow, incremental and uneven in meeting these enormous challenges nationwide and that it may take more than a generation to meet the needs of the rural population.

8. **Women's involvement in agriculture.** Few women own land and where they do, fewer still exercise control over it (AREU, 2008). Access to land in Afghanistan is largely obtained through inheritance. According to Shari'a law, women can inherit land as daughters or as wives upon the death of a husband. The Civil Code of 1978 governs inheritance law in Afghanistan and is based on Islamic jurisprudence. Widows are to receive one eighth of the property or one quarter, if they have children. Where there is more than one wife, this proportion is shared among them. Provision for widows is priority. Daughters should receive half of their brother's share. Although the law dictates that women have rights to inherit as daughters and as wives, the reality is different, particularly for daughters. In short, the inheritance of land is affected by numerous factors that largely stem from the position of women in the households. Women's access to land is thus tied to a system that prioritises land ownership by men as the breadwinners of the family, increases women's economic dependence as wives and later as sisters (in the event of widowhood, divorce, or desertion), and necessitates women's compliance with these rules to assure livelihood security.

9. **The livestock sub-sector.** Livestock has traditionally been an integral part of most farming systems (cattle, goats and to a lesser extent sheep), and range pasture, covering some 45% of the land area, has traditionally supported a large livestock population (in particular sheep). Livestock farming systems can roughly be divided into three main categories: sedentary farming systems, semi-nomadic or transhumance herders, and nomadic systems⁵. In the Afghan context, livestock fulfills a range of functions and is not just providers of meat and milk. The livestock is kept for direct consumption of food and non-food products like milk, meat, eggs, wool, hair but also manure for fuel and improving soil fertility, urine for medicine –traditional healers- (output function). Some of these products provide input for other activities: manure, urine and grazing fallow land are beneficial for crop production; stubble fields help pastoralist feed their animals; animals give drought power for transport, ploughing and cultivation and their hair, hoofs and manure help to disperse seeds and improve seed germination; their grazing prevents bushfires and controls shrub growth, and stimulates grass tilling and breaking-up hard soil crusts (input function). But animals also permit farmers to raise money in times of need (asset function). This forms often the priority function among poor livestock keepers and the reason that animals are not necessarily sold when market price is attractive but only when there is a need for cash. Livestock forms also an important part of the household wellbeing. They are indicators of social status, and festivals and fairs are based on livestock (*Buzkashi*, cock fighting, horse racing, etc.) and many songs are about livestock (socio-cultural function).

10. **Main constraints in the livestock sub-sector.** Over the last 20 years, it is estimated that livestock numbers may have been reduced by 40% amongst settled owners and by 60% to 70% amongst the Kuchis as a result of persistent droughts and disruption of grazing routes due to insecurity and conflict (exact data are not known). Present livestock numbers are estimated at around 5 million large livestock (cattle and donkeys), around 15 million small ruminants (sheep and goats) and an estimated flock of 12 million chicken (2003, FAO survey). Most poultry is kept in small flocks (± 5 local hens) by rural women, while the commercial poultry production is mainly based in peri-urban areas of large cities (Kabul, Jalalabad, etc.). Most poultry products consumed in the cities are however imported; up to 95%. Apart from some commercial dairy production, the majority of the animals are kept in a traditional manner. Although, the long tradition of keeping farm animals, rural HHs encounter various problems in particular regarding winter feeding, clean drinking water and infectious diseases (Foot and Mouth disease is endemic, for instance). Disease problems are only being partially contained⁶ and access to good quality vaccines remains, for instance, limited notwithstanding that MAIL⁷ provides high priority to providing a secure production environment

⁵ **Sedentary farmers:** raise livestock in addition to their cropping systems but also rely to some extent on common grazing on the open land surrounding the villages. **Transhumance herders:** operate from settled village bases where they grow crops. Part of the community moves seasonally with their flocks between winter settlements and summer grazing camps, usually at a higher altitude. **Nomad pastoralists (Kuchi):** their main livelihood and lifestyle is based on a mobile tented life, dependent on being able to move seasonally with their flocks and baggage animals between different grazing areas, usually at different altitudes (Fitzherbert, June 2007). The nomadic pastoralists are considered to be one of the largest vulnerable groups (about 1.5 million "Kuchi") and they are mostly nomadic in the South, semi-nomadic in the East, sedentary and semi-settled in the North and North-West. Over the years, many of them have lost their herds (drought, diseases, war, etc.), but they remain 'Kuchi' and often aspire for restocking. Certain migratory routes cross the border with Pakistan.

⁶ Landell Mills LTD, July 2011. 'Inception Report and First Progress Report of Animal Health Development Programme.

⁷ It should be acknowledged that a lot of work regarding development of veterinary legislation, veterinary diagnostic laboratory

including development of a favourable regulatory framework and effective and accessible veterinary services and technical advice. Yet, many of the draft legislation, policies and strategies under review, need additional research to support decision making, advocacy and lobbying for Parliamentary approval, etc.

11. **Women's involvement in the livestock sub-sector.** It is learnt that the number of females in a HH often determines whether certain agricultural activities are undertaken. Some cannot keep livestock because there are not enough women in the HH to look after them as well as carry out other domestic work and agricultural work. If a HH contains more than one family, there will be several females in the house and the tasks may be split, with some women working with livestock and others with crops. This is even more so the case in HHs where women migrate to a pasture area (*ailoq*) for several months at a time. The skills and age of HH members can also affect roles. Given the constraints for women to own and access land, livestock is an asset that women can access and look after in particular chickens, goats, sheep and cattle (Grace and Pain, 2011).⁸ Livestock raised on a more commercial scale are largely managed by men on account of the need to maintain credit and trade relations with outside buyers, thereby excluding women.

12. **The Government response.** The government has responded by initiating a number of national initiatives under the Livelihood and Social Protection Public Investment Programme. These included employment generation through public works, expansion of credit to women and support for existing coping mechanisms in the community for assisting the vulnerable and the disabled. The overall goal of these programmes was to enhance human security and promote poverty reduction by empowering and supporting the poorest and most vulnerable people in Afghanistan. The success of some of these programmes elevated them to National Priority Programmes (NPPs): (i) national water and natural resources development, (ii) national comprehensive agricultural production and market development, (iii) national rural access, (iv) national strengthening of local institutions. There have been efforts to devolve power to the provincial authorities as part of a broader devolution policy.

13. **Security situation.** Despite the tremendous gains in coverage, the establishment of rule of law and service provision through a combination of enforced security and local stabilisation, the security situation in the country has been always a source of major concern, and it has been deteriorating over the past few years, and, presumably, it may continue to deteriorate in the advent of 2014, when the process of transitioning security into the hands of the national security forces is complete^{9,10}. Although volatile and difficult to predict, security situation is not uniform across the country, and varies considerably from province to province and even from district to district within the same province. The southern and eastern provinces are considered the most unsafe. It is thought that the south and east of the country will remain volatile and less safe than other parts of the country for the foreseeable future¹¹.

14. To counteract projected concerns and take advantage of numerous positive initiatives and achievements in Afghanistan to date, believing that investing in poverty reduction can actually contribute to security stabilization, a number of bi-lateral and multi-lateral donors have begun pledging and supporting various sectors of the government delivery to try and cushion the effects of a probable decline in aid post-2014. IFAD support should be framed within this framework.

services, veterinary public health inspectorate and laboratory testing services, national epidemics-surveillance network, livestock movement control, border inspection posts and quarantine, animal vaccine production laboratory and private sector animal health service network has been undertaken. It not only contributes to developing an enabling animal health environment but gradually to control of infectious disease.

⁸ Jo Grace, Adam Pain (2011). 'Rural Women's Livelihood: their position in the Agrarian Economy'.

⁹ In 2011, an internationally agreed plan was finalized to begin a phased physical transition of security from the International Security Assistance Force to the Afghan National Security Forces by 2014. Presidential elections are also scheduled to be held in 2014.

¹⁰ As of today, Afghanistan is rated Phase III (relocation, non-family duty station) according to the UN security rating system. Security Phase III implies that UN presence is limited to essential staff and to programmes pursuing urgent humanitarian aid and essential logistic support. However, because of the recent deterioration of the security situation in the country, including the suburbs of Kabul, the UN Security Team has introduced security procedures for UN staff that are adopted in countries in higher security phases. Some of these measures are: restricted movement by foot and mandatory use of armoured vehicles even in Kabul, no authorisations for private residences for international staff, detailed procedures for road trips, and high protection for UN offices.

¹¹ In this regard it may be worth mentioning that the currently ongoing IFAD-funded project in Afghanistan (the Rural Microfinance and Livestock Support Program) has not suffered from the current security situation. Most of the activities have been carried out without problems, and beneficiaries have been reached in all target districts. IFAD has managed to provide adequate supervision, including field trips.

15. **Administrative organization.** The country is divided into 34 provinces, 364 rural districts and 217 rural municipalities and an estimated 40,020 rural villages. Each of these four levels comes with a specific institutional structure of governance and administration. The provincial level comprises Provincial Line Departments (responsible for ensuring basic service delivery in key sectors); Provincial Governors (appointed by the President and with considerable informal and formal power); Provincial Councils (elected, with advisory and conflict resolution roles); Provincial Development Committees (with limited coordinating and planning functions). The district level comprises District Offices (of some central ministries, with limited functional responsibilities); the District Governors (appointed by the President and with a relatively limited formal role) and the District Development Assembly (DDA), responsible for the delivery of local governance at the District level. The municipal level comprises Municipal administrations led by mayors, currently appointed by the President. The village level comprises Community Development Council (CDC), currently available in about three-quarters of the country, elected according to different systems in different areas, charged with local governance and social-economic development, and responsible for local infrastructure development and some administrative functions.

16. **The Community Development Councils.** The CDCs are the principal (and generally successful) entry points for most development interventions and are being viewed within the context of the Afghan constitution as becoming Village Councils. This would then also make them the lowest platform for civil service delivery as well as a hub for community-level social development. This change in the role of the CDC will emerge from a clear policy framework regarding the desired institutional structure at the sub-national level, which is being finalised to address the existing structure, characterised by significant systemic contradictions and existing institutional arrangements are often highly inefficient (e.g. direct formal functional and budget authority for the delivery of most key services in the provinces is held by highly centralised line ministries). The regulatory frameworks will address fiscal and functional frameworks for the most autonomous and potentially accountable elements (namely the municipalities and the CDCs) to increase efficient service delivery. This last decade has seen significant improvements in overcoming key obstacles faced by the sub-national apparatus such as severe human resource weaknesses, an absence of properly functioning operational systems, shortages of basic equipment and sparse supporting infrastructure (e.g. electrical power and phone systems).

Rationale

17. **Rationale.** Due to the rapidly changing country circumstances mainly concerning security constraints, the nascent status of the government and the nature of donor prioritisation in a post-conflict environment, projects pipelines/concept notes were not included in the COSOP. However, with the increasing presence of an implementable national development strategy¹², more effective service delivery emerging, and in the context of a likely decreasing development assistance as a consequence of the withdrawal of the International Security Assistance Force from Afghanistan in 2014, the COSOP Mid-Term Review (MTR) conducted in March 2011 identified strategic opportunities for supporting the Government of Afghanistan in addressing the challenges of poverty reduction and food insecurity in rural areas, focusing on the MAIL priorities of agricultural development and promotion of sustainable livelihoods, income generation, and rural infrastructure development, and taking into consideration the existing challenges in terms of capacity, particularly at district level.

18. Thus, based on its mandate, current experience and comparative advantage in Afghanistan¹³, IFAD saw an opportunity for contributing to, on the one hand, improve food and nutritional security, as well as increase income generation and alternative sustainable opportunities among rural poor by

¹² I.e. the Afghanistan National Development Strategy (ANDS), the equivalent of a poverty reduction strategy, the Agriculture and Rural Development Strategy (ARDS), one of the pillars of the ANDS, the National Agriculture Development Framework (NADF), the road map for the agricultural sector for the next five years, and the National Priority Programs (NPPs).

¹³ **IFAD COSOP:** The IFAD Country Strategic Opportunities Programme (COSOP) for Afghanistan (2008-2012) aims at: (i) strengthening the capacity of local development institutions, private entrepreneurs, and local government agencies for local level planning, enterprise development and economic growth, (ii) increasing access to rural-focused financial services, and (iii) enhancing the assets, skills and productivity of rural households. **IFAD country program:** IFAD involvement in Afghanistan is relatively recent. The first COSOP was approved in 2008, while the first operation - the *Rural Microfinance and Livestock Support Program* (RMLSP) (US\$ 26.1 million; US\$ 23.9 m DGF grant from IFAD) - in 2009.

IFAD in Afghanistan is recognized and appreciated by the Government as a development partner with a strong commitment to rural poverty alleviation, and a flexible approach to implementation.

strengthening the delivery of agriculture and livestock services¹⁴, and, on the other hand, strengthen the existing institutional capacity (both governmental and non-governmental) at district and provincial level, offering an opportunity for a bottom-up structure.

19. This will be achieved by supporting integrated, mutually reinforcing activities at community level aiming at enhancing agriculture and livestock productivity (i.e. addressing agriculture-related infrastructure gaps/priorities, introducing/strengthening appropriate livestock and agriculture packages/services, supporting weak areas of value-chain and linkages to markets), and strengthening the capacity of local communities/organizations and local institutions. Rationale for the interventions proposed in this project is summarized in the table below, and discussed in detail in the WPs.

Proposed intervention	Rationale for proposed intervention
<i>Construction of small-scale infrastructures aimed at enhancing agriculture productivity (Ref. sub-component 1.1)</i>	<ul style="list-style-type: none"> Water constraints are one of the main factors inhibiting agriculture. At present only 1.8 m ha of land are irrigated. Drinking water supplies reach only 18% of rural population. 58% of villages have limited or no access roads. The years of turmoil have left much of Afghanistan agriculture and rural infrastructures in a serious state of disrepair. Benefits from improved infrastructure include increased crop yields, and improved health conditions, among other benefits.
<i>Increase dairy production and productivity, and improve dairy milk processing and marketing (Ref. sub-component 2.1)</i>	<ul style="list-style-type: none"> Animals are one of the major economic resources in Afghanistan. It provides livelihoods to 80-85% of the population. However, production and productivity are generally low. There is a significant potential for increasing livestock production and productivity. Commercial dairy production is one of the five priority areas identified in the MAIL Master Plan. There is growing demand for dairy products. There is a strong preference for Afghan products. The Integrated Dairy Scheme approach, implemented in Afghanistan for almost a decade, has proven to provide a tailored solutions to the challenges that limit dairy sector development in Afghanistan. Evidence shows that farmers have been able to increase their cows' production from 3.5 l/day to 12 l/day under the IDS.
<i>Develop and strengthen traditional fowl systems, and develop small-scale commercially viable poultry systems (Ref. sub-component 2.2)</i>	<ul style="list-style-type: none"> Small-scale, backyard poultry contributes to about 90% of the local poultry production in Afghanistan. Households whose only livestock is poultry are usually very poor households. Impact studies (Alders et al, 2010) have demonstrated that investing in poultry development has a number of immediate, tangible benefits, and provide adequate return for invested money. Traditionally, small-scale backyard poultry is the domain of women. Any improvement in the small-scale poultry production would automatically improve the position of the women in the family. Main constraints in poultry production are identified in lack of technical knowledge in feeding and disease prevention, poor supply of chicks, feed and other materials.
<i>Develop and promote new drought resistant and high yielding improved varieties of wheat, food and forage legumes and vegetables through the establishment of Village Based Seed Enterprises (VBSEs) (Ref. sub-component 2.3)</i>	<ul style="list-style-type: none"> Afghanistan is extremely dependent on the agriculture sector. However, the country agricultural production is heavily dependent on weather conditions. Considering the frequent and severe droughts, it is extremely important to pay special attention on improving the productivity/drop of water ratio. The lack of improved and high yielding varieties of food, forage, and vegetable crops and the shortage of improved seeds of available high yielding varieties are some of the major constraints in Afghanistan's agriculture productivity. According to the NPPs, the availability of improved certified seeds is one of the priorities. The VBSE approach is a tested approach that has been successfully used in Afghanistan to resolve most of the problems related to the introduction and multiplication of newly developed varieties.
<i>Enhance the livelihoods and resilience against predictable livestock emergencies among the Kutchi (Ref. sub-component 2.4)</i>	<ul style="list-style-type: none"> Livestock is often the sole source of livelihoods for the nomadic group of the Kutchi. The Kutchi are among the poorest ethnic group in Afghanistan. Many groups of Kutchi are experiencing a number of challenges in continuing their traditional pastoral/nomadic way of life. Many have lost all their livestock during the war. Some of the key challenges that the Kutchi face include limited access to veterinary and other extension services, limited access to markets, and limited access to credit, among other constraints.

¹⁴ Afghan agriculture is essentially a crop-livestock integrated systems, where farmers depend on growing crops and raising livestock, mostly small ruminants, which provide a safety-net during economic emergencies. Thus, faster improvement in production and productivity of this integrated crop-livestock system is essential for the country to move towards food and nutritional security.

20. **Alignment with national priorities.** This project is in line with the Afghanistan Agriculture and Rural Development Strategy, and supports the National Agriculture Development Framework, and the National Priority Programs. Particularly, this project would fall under and would contribute to contribute to the NPP 2 (National Comprehensive Agriculture Production and Market Development), and partially under NPP 1 (National Water & Natural Resource Development) and 4 (Strengthening Local Institutions). In addition it relies on a national program (the National Solidarity Program) for the implementation of one of its sub-components.

II. PROJECT DESCRIPTION

Project area and target group

21. **Project area.** The project area comprises the Central Region's Provinces of Kabul, Parwan and Logar¹⁵. The project area was determined in consultation with the Government, in light of current and planned priorities of the Ministry of Agriculture, Irrigation and Livestock (MAIL) (such as comparative status of development and needs and other sources of funding available), and taking into consideration IFAD priorities and operational considerations. The criteria used to select the project area were: (i) *Accessibility*: the project area should be easily accessible; (ii) *Security*: the project area should guarantee a level of security that allows regular and safe access; and (iii) *Contiguity*: the project area should include geographically contiguous provinces, to minimize administrative and logistical constraints. Based on the above criteria, the provinces of Kabul, Parwan and Logar were selected as:

- (i) These provinces have several areas characterized by low food security and vulnerability, lack required infrastructures, and are characterized by limited availability of agricultural inputs, services and markets. At the same time they offer significant scope for agriculture and livestock development, opportunities for income generation, and opportunities to access services and inputs (e.g. seeds, vaccines, trainings, etc.) thanks to their proximity to Kabul;
- (ii) The Government intends to develop a coherent service delivery presence in the provinces closest to the capital, as they had a very fractured, intermittent and uncoordinated support from donors in the past. The three proposed provinces are covered by the National Solidarity Program, which ensures the delivery of basic services to the communities, offers a platform for collaboration, and provides an opportunity to complement or strengthen the existing government service delivery system in rural development;
- (iii) Given the location of these provinces along the main commercial artery for the north out of Kabul, MAIL is looking for some assistance in focusing on getting commodities to the provincial and Kabul markets. This in turn will ensure farmers are less likely to see up land under the pressure of local land developers who want to extend the peri-urban areas of Charikar and Kabul;
- (iv) With the advent of the transition of security taking place, all these province are being closely reviewed for the next round of provinces to undergo international troop withdrawal and level of funding. This provided an opportunity to ensure a reduction in the anticipated gap of presence and service delivery.

22. Three districts per province have been selected for the implementation of the project: Kabul (Dehsabz, Char-Asiab and Bagrami districts), Parwan (Baghram, Charikar and Jabalussaraj districts) and Logar (Mohammad Agha, Pul-e-Alam and Charkh districts). In addition to socio-economic considerations, the districts have been selected, in consultation with the Government, based on the security situation at the time of appraisal and projected security situation at the time of the start-up of the project, the possibility of synergies and complementarities with existing and planned programmes, and the phasing of the transition of security by ISAF/ANSF. In addition, as far as the districts in Logar are concerned, one of the criteria used was the presence of Kutchi migratory routes.

¹⁵ Despite the geographical propinquity to Kabul city, the provinces of Kabul, Parwan and Logar still face similar constraints to those of other provinces across Afghanistan. There remains a great deal of underexploited agriculture and livestock potential in these provinces with considerable scope for development through appropriate interventions. An integrated participatory development project with strong pro-poor focus will help these provinces to better exploit their latent development potential in agriculture and livestock through improved socio-economic infrastructure and contribute to poverty alleviation.

23. **Security concerns and exit strategy.** The provinces of Kabul and Parwan are considered more stable and relatively secure. As far as the Logar province is concerned, it is anticipated that it will remain the most unstable of the three selected provinces. However, a security assessment conducted in consultation and with the support of UNAMA/SIOC (Security Information and Operation Center) Afghanistan during appraisal seems to indicate that the nature of incidents in the province, and the profile/characteristic of the project would not make the proposed project as a target. In all cases, the project activities will have an implementation modality that allows them to continue to deliver services relying on exiting approaches, as used by the NSP. In the event that the security situation in any of the selected districts deteriorates to the point to make the target communities completely inaccessible, it has been agreed, as a contingency plan/exit strategy, that the Government in consultation with IFAD would consider the option of shifting the project activities to other districts among already pre-selected districts¹⁶, and/or re-visit the menu of interventions and select the simplest and most practical ones to implement until the situation becomes more conducive for the reengagement on more complex interventions and activities.

24. **Selection of Communities/Community Development Councils (CDCs).** The planning and implementation of project activities and selection of beneficiaries will be carried out through existing formal, informal and activity-based decision-making community groups such as Farmer Cooperatives, Dairy Unions, Producer Groups, women self-help groups, etc. within the frame work of Community Development Councils (CDCs) established under the National Solidarity Program (NSP)¹⁷. Over the last eight years, CDCs have proved themselves to be a viable community forum and well represented in the project area of implementation. In addition, with the advancing sub-national governance agenda of the GoIRA, CDCs are likely to become legal entities (i.e. Village Council) with a mandate in rural development/poverty alleviation. Preference for implementation of the project activities, including institutional strengthening and capacity building, will be given to the communities established and eligible for NSP's repeater block grant¹⁸. Therefore, the planning and implementation of all project components will be carried out in integrated manner in the selected CDCs.

25. **Target Group.** The target group will be approximately 169,500 resource-poor rural households, which is equivalent to some 1,017,000 individuals, among an estimated 367 rural Community Development Councils (CDCs) within the nine districts. In line with the IFAD COSOP for Afghanistan and with the IFAD targeting policy, the Project will target the three following specific groups¹⁹: (a) Small farmers²⁰ and livestock-keepers including the landless and those who lost their livestock and/or aspire to keep livestock or restock; (b) Women and female-headed households²¹; (c) Resettled and nomadic Kuchis. In addition, provincial and district level staff of MAIL will also benefit from project activities.

26. **Selection of beneficiaries.** The project will work with different types of existing beneficiary groups such as common interest groups, farmer's cooperatives, dairy unions, producer groups, seed producing associations, etc. However, in each case, linkage will be made to the CDCs to which members of each the above groups belong. CDCs are elected representatives of a community with a

¹⁶ Kabul (Musayi or Shakardara), Parwan (Sayed Kheil or Guldara), Logar (Baraki Barak or Khoshi).

¹⁷ The **National Solidarity Program (NSP)** is a national program created in 2003 by the Ministry of Rural Rehabilitation and Development (MRRD) to develop the ability of Afghan communities to identify, plan, manage and monitor their own development projects. Through the promotion of good local governance, the NSP works to organise and empower rural communities to make decisions affecting their own lives and livelihoods. The programme is inclusively supporting all of the communities including the poorest and vulnerable people. The NSP is funded from a variety of sources, including financing from WB/IDA, JSDF, through the Afghanistan Reconstruction Trust Fund (ARTF). Since its inception in 2003, NSP has established approximately 22,300 CDCs across 361 districts in all of Afghanistan's 34 provinces. With the initiation of NSP-III, the programme will support establishment of additional 10,320 CDCs. NSP-III also aims to further strengthen the capacity and institutional structure of existing CDCs so that they can serve as vehicles for local development and governance for rural communities. A stronger focus will be placed on improving the sustainability of CDCs through increased linkages between CDCs and other stakeholders and improving their access and ability to manage basic services.

¹⁸ A second round of cash grants to certain CDCs that have met the maturity and efficiency criteria, including having fully utilised and recorded the disbursement of their initial Block Grant.

¹⁹ As Kuchi communities are mobile, all might not necessarily have their home basis in the project area. In case of dairying, the poorest might not be involved due to lacking a dairy cow and means to rear a high producing animal, but these HHs deserve first priority regarding poultry activities.

²⁰ Whenever reference is made to farmer/s, livestock keeper/s, land owner/s, pastoralist/s, nomads, it implies women and men. i.e. fe/male farmer, f/m livestock keeper, etc.

²¹ Women generally possess fewer assets, receive less education and have fewer employment opportunities due to traditional restrictions on their activities outside the home, and will be targeted as primary beneficiaries for most of the project investments.

minimum population of 25 households. Depending on the nature of the sub-component, a range of specific selection criteria for the selection of programme direct beneficiaries will be applied. However, the selection process will follow a direct targeting approach whereby CDCs will conduct poverty profiling for its members in participatory manner and will be assisted to fine-tune eligibility criteria for the identification and final selection of programme participants. The poverty profiling will be based on local poverty and vulnerability criteria and will be defined in a participatory manner by each CDC, in light of the specific situation in each targeted community and on the basis of the Projects expressed preference to serve certain target groups in particular. The project will also introduce Poverty Score Card methodology for identification of the poor and vulnerable members of communities.

27. **Indirect beneficiaries.** It is expected that the great majority of the programme's direct beneficiaries will be small farmers, landless and/or livestock owners. However, because of the public good nature of most of the productive infrastructure schemes, beneficiaries may include entire community population and the project may also target some micro-entrepreneurs for activities like village based seed enterprise, commercial poultry and horticulture. Landless, vulnerable households and unemployed educated youth will be targeted for skill and vocational training interventions to enable them for better employment opportunities.

Development objective and impact indicators

28. The **overall goal** of the project is to contribute to reduce poverty in rural Afghanistan. More specifically, the **project objective** is to improve food security of 169,500 rural households in selected districts in the provinces of Kabul, Parwan, and Logar by increasing agriculture and livestock productivity. This will be achieved by enhancing productive assets, skills, services, technologies, and income opportunities of the targeted beneficiaries (i.e. by introducing appropriate livestock and agriculture technology options, strengthening local capacity, and strengthening some weak areas of value-chain, including linkages with markets). The project also aims at reducing gender disparities by increasing the social and economic status of women engaged in these activities.

Components/outcomes

29. The proposed project is organized around three mutually reinforcing components: (1) Community Development, including Productive Infrastructure and Institutional Strengthening; (2) Livestock and Agriculture Development; and (3) Project Management, Policy Support and Young Professional Program²².

I. Component 1 - Community Development, including Productive Infrastructures and Institutional Strengthening (US\$ 25.4 million, 39% of total project cost. IFAD contribution: US\$ 21.4 million)

30. This component aims at strengthening the capacity of local communities and local institutions, by supporting the construction of small-scale infrastructures aimed at enhancing agriculture productivity (thus resulting in positive socio-economic benefits), and by supporting local institutions (community organizations and local government agencies) to address issues of ownership and sustainability. This component includes three sub-components: (1.1) Productive Infrastructures, (1.2) Institutional Strengthening, and (1.3) Gender Mainstreaming and Capacity Building.

²² The design and its constituent components have been developed following an extensive multi-stakeholder consultation with existing formal and activity-based decision-making groups (e.g. CDCs, Farmer Cooperatives, Poultry groups, Dairy Unions, Producer Groups, etc.), CDCs, wholesalers and suppliers. This was then discussed with the relevant departments of the MAIL and MRRD to ensure complementarity wherever possible. Hence, the activities identified were selected based upon the documented trends and needs of communities and groups in the three provinces of Kabul, Parwan and Logar. This was done in tandem with taking stock of the anticipated gaps in service delivery, capacity and funds whilst taking into account existing and pipeline National Priority Programmes.

Sub-component 1.1 - Productive Infrastructures (US\$ 23.0 million. IFAD contribution: US\$ 19.0 million)

31. **Scope of work.** This sub-component will finance approximately 1,032 small and medium scale infrastructure schemes, as prioritized by communities. Due to diverse community needs, the infrastructure packages will remain flexible. Various subtypes of productive infrastructure schemes will be implemented under four broad categories that include: (i) *Irrigation/Agriculture* (e.g. watercourse lining, small division bunds/spat irrigation, protection walls, intake structures, gabion walls, water reservoir, etc.); (ii) *Water Supply* (e.g. dug wells, water supply networks/reservoirs/tanks, hand pumps, springs development, etc.); (iii) *Drainage and Sanitation* (e.g. public toilets/latrines, small drains, etc.), and (iv) *Other Infrastructure Schemes* (rain water harvesting - where possible, cold storage on pilot basis, small scale irrigation schemes, drip/sprinkler irrigation on pilot basis)²³. Emphasis would be given to infrastructure schemes under the Project that will offer strong linkages with farm/ livestock/ poultry production, increased water conveyance efficiency, higher cropping intensity and better yields. Although not excluded from the list of infrastructure schemes that the project will support, in principle this sub-component would not finance road construction. The construction of roads would be allowed only in exceptional cases²⁴.

32. **Selection criteria/process.** The infrastructure schemes to be financed will be defined by existing formal decision-making groups (e.g. Community Development Councils, Farmer Cooperatives, Dairy Unions, Producer Groups, etc.) through a consultative process. Prior to actual commencement of the schemes, intensive community mobilization/reactivation process would be initiated in the participating village. The process would mostly be done with the existing community development councils (CDCs) formed earlier by NSP²⁵. Selection criteria for the schemes would follow the criteria for both NSP (as elaborated in the operational manual) and OWFM. Additional selection criteria specific for IFAD-funded schemes (e.g. should have close linkages with agriculture and farm input/output improvement) are listed in WP2. A negative list of schemes that will not be funded by the project (e.g. micro hydro-power, land purchase, etc.) is also reported in WP2.

33. **Implementation arrangements.** Water Supply, Drainage and Sanitation, and other Infrastructure Schemes will be implemented by MRRD through the National Solidarity Program (NSP)²⁶, while Irrigation/Agriculture Schemes will be implemented by MAIL through the On Farm

²³ However this should be noted that these are only indicative types at this stage; as the actual projects will be identified on a demand-driven basis and would entirely depends upon the beneficiary communities. Accordingly, there is likelihood that the demand and investment priorities for infrastructure projects may vary by type /subtype during the implementation stage against the one envisaged at Project Design. The project design therefore will/should offer flexibility and authorise the IFAD Monitoring Missions for CLAP to consider re-allocating the funding distribution between MAIL and NSP for infrastructure projects or even among the various sub component of overall CLAP depending upon the changing needs, components' progress and performance of the implementing agency.

²⁴ **Why road construction is not supported by the Productive Infrastructure sub-component:** The identification of the potential infrastructures to be financed under the project has been carried-out in consultation with both the beneficiary communities and the Government of Afghanistan. Although roads were included in the initial communities' priority list, they appeared to be low in ranking among the priorities, preceded by irrigation related and water supply and sanitation schemes. Additionally, the Government indicated that IFAD investment should focus more on irrigation and agriculture-related infrastructures, as the construction of access roads is being supported and financed under other donor-funded programs, e.g. the WB-financed Afghanistan Rural Access Project. Thus, roads were not included among the activities/outputs of the Productive Infrastructure sub-component. However, in case road construction is identified as a priority by communities and funding from other programs is not available, support to the construction of roads has not been completely ruled out. It is for this reason that roads have not been included in the negative list of infrastructure schemes.

²⁵ In case of on-farm water management new CDCs or Irrigation Associations (IAs) will be developed and that may take comparatively longer time for initiating the actual irrigation schemes.

²⁶ **What is the rationale for having IFAD contributing to NSP:** The budget of NSP is a complex equation of allocations for multiple category commitments (e.g. Finalisation of Block Grant commitments under NSP-I; incomplete roll-out of CDCs under NSP-II; and obligations for NSP-III). Although the third phase of NSP is now receiving significant funding (i.e. about US\$ 750 million), the budget for NSP is insufficient to finance all the commitments, gaps still remain in full mobilisation. Thus, although minimal, the IFAD contribution to NSP through the financing of productive infrastructure in the selected project districts of Kabul, Parwan and Logar provinces, would free up existing NSP funds, allowing them to be used to finance other existing commitments in other parts of the country. The alternative to using NSP as implementation mechanism for the delivery of productive infrastructures would have been the creation of a parallel system for the implementation of this sub-component, an option that was immediately rejected by the Government. In addition, NSP would provide an entry point to CDCs. One of the innovative features and possible added value of IFAD contribution to NSP is that IFAD would support productive activities (livestock, poultry, seeds) in addition to infrastructures, providing a fully integrated development package to target communities. This approach has been regarded by both the Government and development partners with interest, and there is interest in observing the results and lessons that will be generated by this approach.

Although the third phase of NSP is now receiving significant funding, gaps still remain in full mobilisation. The Project will channel funds directly to an NSP-designated Special Account and fill gaps in NSP funding by targeting CDCs that are likely to

Water Management (OFWM) Project²⁷²⁸. Both MRRD and MAIL guarantee presence in the target areas/districts through CDCs and grass root level institutions. These previously established CDCs will be the main vehicle for project interventions with technical backstopping of NSP Facilitating Partners (FPs) and MAIL, wherever possible²⁹.

34. **Beneficiaries.** The schemes are expected to benefit around 115,000 households (i.e. 690,000 individuals) of 542 CDCs. The infrastructure schemes will be so selected that these should mostly benefit the resource poor and marginalised households. In most cases, previously formed CDCs, Farmers Cooperatives, Dairy Unions and farmer/commodity-based interest groups would benefit from these schemes. Some of the expected benefits include: increased crop yields, improved health conditions, reduced water-related conflicts, etc.

35. **Synergies and complementary effects on other project components/sub-components.** Through this sub-component, the project will offer an option to address missing linkages between farm/livestock/poultry production areas and main roads, increase water conveyance efficiency, higher cropping intensity and better yields. Infrastructure interventions would in fact help and contribute in complementing and consolidating the activities proposed in other components/sub-components. For instance, crop and land productivity will be increased through provision of water related infrastructure (water courses, irrigation inlets/outlets). The benefits thus generated would boost farmers' incomes through increased farm production as a result of better water carrying efficiency through improved watercourses and irrigation related infrastructures.

Sub-component 1.2 - Community Development and Institutional Strengthening (US\$ 1.1 million. IFAD contribution: US\$ 1.1 million)

36. **Scope of work.** This sub-component will finance trainings and other capacity building activities to strengthen the capacity of beneficiary communities/community organizations (e.g. producer groups/associations, cooperatives/unions, common interest groups, etc.) and local government agencies staff for local self-governance as well as to initiate and sustain economically viable activities and livelihoods.

37. **Typology of training/capacity building activities.** Trainings and capacity building activities would be tailored to the target group: beneficiary communities/community organizations; local government agencies staff; and landless, vulnerable households and unemployed educated youth. In the case of beneficiary communities/community organizations, the training topics include: managing community level bodies, basic accounting, business management and marketing, etc. In addition to the managerial capacity building, community members will also be provided technical and skills development trainings for adoption of new and improved technologies and better employment opportunities³⁰. In the case of local government agencies staff, the training topics include: participatory development, management, finance, procurement, accounting, M&E, etc. as well as agricultural extension, water management, animal diseases, storage and processing, etc. For landless, vulnerable households and unemployed educated youth, especially those who cannot support themselves from farm-based activities, non-farm certifiable vocational courses are offered (e.g. skills construction (masonry, carpentry, etc.), mechanical maintenance and repair (generator, vehicle repair), welding, etc.) This will increase employability and opportunities to start micro-

qualify, or have already qualified for Repeater Block Grants. Financing of productive infrastructure and community capacity building activities in the selected project districts of Kabul, Parwan and Logar provinces, would thereby free up NSP existing funds for other parts of the country.

²⁷ The **On Farm Water Management (OFWM) Project**, a MAIL national project, aims at (i) better operating and maintaining tertiary level irrigation infrastructure by establishing and/or strengthening local organizations, including Irrigation Associations (IAs), (ii) restoring, rehabilitating, reconstructing, and improving tertiary level irrigation water conveyance infrastructure (watercourses) to facilitate equitable water distribution and ease irrigation operations, and (iii) promoting improved water management practices to increase land and water productivity.

²⁸ As an average, two CDCs will be benefited per project implemented by NSP while one CDC/IA will be benefited for each project implemented by OFWM.

²⁹ **IFAD role in supervising the infrastructure component:** The Project Support Team will carry out monitoring of the component through community development and rural infrastructure officers and field coordination officers. IFAD will be directly supervising the project, including the infrastructure component, through the regular organization of Implementation Support and Supervision missions, led by a team of experts which would comprise an infrastructure specialist. The possibility of conducting joint-supervisions with the World Bank, which already supervises the NSP on behalf of the donors as administrator of the ARTF, would be explored, and possibly pursued to allow cross-learning, knowledge sharing, and possibly some savings in mission costs.

³⁰ Technical and skill development training need will be identified during the preparation/review of village development plans in consultations with the CDCs.

enterprises to reduce migration from rural areas to the urban centres and potentially increase cash into the local economy. Vocational training complementing the activities envisaged under component 2 will be encouraged, while partly planned under two such as certificate of Basic Animal Health Worker, certificate of cooperative bookkeeping, etc.

38. **Capacity enhancement pathway.** A well-defined organizational and capacity enhancement pathway ("graduation path") has been developed which includes 3 stages – (i) Mobilisation and Sensitisation; (ii) Formation and Development; and (iii) Enterprise Selection, Development and Need-based aggregation. This approach was adopted based upon existing good practices and evidence-based approaches currently in use by the NSP and advocated by MAIL departments.

Sub-component 1.3 - Gender Mainstreaming and Capacity Building (US\$ 1.2 million. IFAD contribution: US\$ 1.2 million)

39. **Scope of work.** This sub-component would support activities aiming at enhancing the role/involvement of women in productive activities, and at increasing their productive potential in a number of sub-sectors. This objective will be pursued through a three-pronged approach: (i) Activities specifically targeting female beneficiaries; (ii) Activities aiming at strengthening the government capacity to gender mainstreaming; and (iii) Gender activities to be integrated into other project components/sub-components.

40. **Activities specifically targeting female beneficiaries.** The sub-component will finance trainings and other capacity building activities particularly aimed at increasing women skills and capacity, and leadership, given that the high level of illiteracy among women engaged in the agriculture sector acts as a fundamental inhibitor to women. These include:

- (i) *Literacy, numeracy, and business skills trainings:* this will be delivered through a basic business skills training package, offered to all female producer group members in the target villages. The core of the training package includes basic literacy and numeracy directly linked to agricultural enterprise, basic accounting, home economics, etc. 30 female business/literacy/numeracy instructors will be recruited from the target areas. Each instructor will cover two villages annually by running three-hour classes in two villages per day over a 12-month period, covering three levels of basic literacy. A total of 240 village literacy classes for female producer group members will be implemented over the project term; and
- (ii) *Leadership development:* a leadership training package of five days will be offered to female producer group members that covers the following content areas: taking part in household decision-making and applying negotiation skills; group governance and management training; the rights and roles of women according to Islam; and the rights and roles of women according to Afghan law including land ownership rights. Two trainers will co-deliver the training, covering three workshops per month over a period of 39 months, for a total of 119 workshops delivered in the target areas. Each workshop will have an average of 25 participants, drawn from local female producer groups, reaching nearly 3,000 female beneficiaries.

41. **Activities aiming at strengthening the capacity of the government to mainstream gender considerations.** This sub-component will make provision for: (i) the recruitment and training of additional female extension workers to cover all districts of the project³¹; and (ii) the recruitment of an international gender trainer to develop MAIL's capacity for gender training and evaluation³².

42. **Gender activities to be integrated into other project components/sub-components.** Women will participate to and women's specific learning needs will be integrated into planned training activities in the dairy, livestock, horticulture and infrastructure development components/sub-components to acquire/strengthen their technical skills in processing and production. For instance,

³¹ The project's IPs engaged for each component would need to recruit and train a sufficient number of extension workers from the project areas to address existing cultural constraints and to enable women to access extension messages and further develop their agricultural knowledge. Female extension services will be needed in livestock and dairy production as well as in different areas of horticulture, within the scope of this project. After one year, extension workers should be transitioned to selling services on a cost-recovery basis, and an exit strategy can initially be tested as a pilot activity.

³² The sub-component will finance the recruitment of an international expert for a six-month period. As part of the his terms of reference, the international expert would need to work closely and strengthen the capacity of the existing Gender Officer/Focal Point at MAIL. At the end of the sixth month, the international consultant tasks will be handed over to the Gender Officer/Focal Point.

women working in the dairy sector will receive technical assistance and advice in the fields of milking, hygiene and care of young animals; the possibility of establishing dairy processing plants run by female cooperative groups in some of the target areas, to be managed by all female-staff will be explored; women will be supported in organizing themselves into producer groups and cooperatives; women will receive technical assistance in the fields of greenhousing, vegetable processing, and horticulture and forage production; female Kutchi members will be recruited to be trained as Basic Veterinary Workers. (Specific training activities/opportunities in each thematic area are detailed in WP6).

43. **Targeting strategy and approach.** The criteria and the process to be followed for the identification and selection from a gender perspective are detailed in WP6. To ensure women's access to trainings and services, the project will apply a differentiated, localized approach that takes into consideration the security and cultural constraints in each district. In particular, the gender interventions for Logar province will be structured so as to reduce the mobility required from women, keeping activities home-based. The suggested approaches to be followed on the basis of the specific security situation in each target district are detailed in WP6.

II. Component 2 - Livestock and Agriculture Development (US\$ 28.5 million, 43% of total project cost. IFAD contribution: US\$ 25.2 million)

44. This component aims at reducing poverty through enhancing food security with a strong emphasis on women-headed households and the vulnerable and marginalized within the rural communities by introducing appropriate livestock and agricultural practices and packages, and, to a limited extent, supporting value-chain development and linkages to market. These activities will be linked to the productive infrastructure and community development/institutional strengthening activities (ref. Component 1) to the maximum possible extent, to ensure a holistic and integrated approach. This component includes four sub-components: (2.1) Dairy Development, (2.2) Poultry Development, (2.3.) Improved Food, Fodder, and Vegetable Crops, and (2.4) Livestock Development among the Kutchi.

Sub-component 2.1 - Dairy Development (US\$ 10.5 million. IFAD contribution: US\$ 8.5 million)

45. **Scope of work.** Building on the successful lessons learnt from RMLSP and other similar programmes³³, this sub-component aims at increasing dairy milk production and productivity, and improve dairy milk processing and marketing. This will be achieved by supporting four set of activities:

- (i) *Strengthening national capacity* in dairy cattle husbandry (including health, breeding, and fodder production), dairy processing and marketing at field, district and provincial level (MAIL, dairy producer organizations, input and service providers, etc.) through the recruitment of a competent national team and national consultants, and the contracting of local service providers for the delivery of various services (e.g. awareness raising, community mobilization, provision of technical trainings, etc.);

³³ The sub-component builds on the **Integrated-Dairy-Scheme approach** (also adopted in the IFAD-funded RMLSP) that has already demonstrated to provide a tailored solution to the challenges which limit dairy industry development in Afghanistan. The approach is characterized by investments in national capacity (at all levels), local institutional development (cooperatives and secondary level dairy unions), women involvement as target beneficiaries, and dairy enterprise development. The key elements of this approach include: (i) establishment of cooperatives/dairy unions to maximize the farmers' collective power; (ii) introduction of rural technologies (e.g. equipment to improve harvesting) and provision of support to dairy unions in the areas of animal health, husbandry, insemination, feed supply, fodder, harvesting, partial processing, etc. to strengthen their capacity to organize, manage, and sustain their delivery mechanisms; (iii) establishment of milk collection centres at primary level to be managed by the cooperatives; (iv) transportation of milk to central processing plant/facilities (directly or through a cooling centre); (v) milk processing and value-addition (e.g. pasteurized milk, UHT milk, white cheese/panir, butter, cream, etc.), storing, and marketing; (vi) establishment of a dairy market network (including for instance door step delivery, small shops, windows shops, upmarket shops, super-markets); and (vii) sales, and flow of money back to the plant, to the milk collection centres, and finally to the farmers. An additional element may include policy advocacy to improve market functioning. A detailed flow chart of the dairy value chain (traditional vs contemporary) is reported in Annex 13, WP3.

Integrated Dairy Schemes in Afghanistan have been implemented in the Balkh, Kunduz, Logar, Kabul, Herat, and Wardak provinces by MAIL and FAO since 2005. At the conclusion of the project in 2010, four dairy unions (Kabul, Kunduz, Herat and Balk) have been established. Four dairy processing plants and four animal feed mills have established under the ownership and management of these dairy unions. According to the final evaluation report, the intervention made significant improvements in food security and income of smallholders, particularly women farmers. Women are reported to be the greatest beneficiaries - they received over 84 % of the regular cash income earned from milk. They have 100% decision making power over how the money earned is spent. Income per farm family (2700 members are actively supplying milk) has increased from US\$371 in 2005 to US\$ 652 up to end of 2010. Milk surplus for sale has risen from 1.3 to 5 litres per cow from 2005 to 2010. Farmers are highly encouraged to participate in dairy production based on the increased household food security and increased income levels they have seen in their neighbours (Bennett, 2012).

- (ii) *Developing institutional capacity among both public and private institutions* by facilitating the creation of primary and secondary milk collection cooperatives at community level in target districts and the development of a Dairy Industry Federation, and by supporting MAIL in developing a dairy policy and strategy;
- (iii) *Strengthening the capacity of women in the dairy sector* by facilitating their participation in capacity development activities both as trainers and beneficiaries, and allocating 50% of the Innovation and Diversification Fund (below) to them; and
- (iv) *Facilitating the development of enterprises* by setting an Innovation and Diversification Fund for this purpose, installing a dairy processing plant, facilitating the set-up of 3 privately-managed Dairy Service Centers at district level to provide integrated services and link to VFUs for animal health services, facilitating the expansion of the marketing network of the Kabul Dairy scheme to allow them to absorb the additional milk from 30 additional collection centers, and facilitating the construction of a feed store for the Kabul Dairy Union.

46. **Beneficiaries.** It is expected that at least 3,000 HHs (i.e. 9,000 individuals) will benefit from the sub-component, by supplying milk to the to-be established 30 milk collection centers, which will serve the Kabul Dairy Plant. The capacity of the Kabul Dairy Plant is expected to increase to 30 MT/day, and be equipped to produce at least 7 different dairy products. Based on previous successful interventions, a direct targeting approach will be followed whereby Community Development Councils (CDCs), or any local traditional governing bodies (village elders, Shuras, etc.), will be assisted to fine-tune eligibility criteria for the identification and final selection of the participants (proposed criteria are reported in WP3). The sub-component will specifically target village women by providing technical assistance and advice in the areas of milking, hygiene and care of young stocks. Local dairy institutions will also benefit from the formation of a national Dairy Industry Federation. The existing dairy co-operatives in the central region and their union will also be supported to enhance the structures and efficiencies of their dairy value chains.

47. **Market potential.** The focus of this sub-component is to improve efficiencies and reduce “waste” (dysfunctions) across the entire value chain beginning from the farm level through the milk supply (at milk collection centres), collecting and transporting to milk processing plant, processing and distribution channels (milk kiosk, other outlets) with a view to realising better prices for farm gate price for milk. It is in fact expected that reasonable profits will incentivise producers and other stakeholders to improve productivity, increase value capture and undertake additional investments in the sector. The assumption behind is that the market would be able to absorb the additional quantity of milk produced. The dairy sector market in Afghanistan is characterized by high dependency on imports. For instance, it is estimated that in Kabul about 97% of the milk and milk products is imported. Market surveys however seem to suggest that consumers would prefer local dairy products as ‘fresher’, with ‘better taste’, and ‘cheaper’ - although they also indicate that imported products have a better quality, are more hygienic, and are better packaged and more easily to carry. The results of these surveys thus suggest that by improving some aspects of the value chain, particularly related to health and hygiene, there is a scope for the locally produced milk and dairy products to compete with the imported ones. The results of a study to assess the feasibility of a new dairy processing plant lead to the same conclusion. The report concludes by saying that ‘based on the information so far available, it is clear that Afghanistan has both the milk resource and the dairy market sufficient to support the proposal to build a new dairy processing plant at 50tons per shift design capacity. Preliminary cost analysis indicated that the dairy company will generate sufficient profit to be sustainable and to offer milk producers an annual dividend or share of such profit [...] the overall market has been estimated from calculations of the volume consumed per capita per day of 170 g. This would make the volume consumed in the eight provincial capitals (including Kabul) of 500tons per day. This suggests that the market is sufficiently large to sell all the products of a 50-ton a day plant, and a product range has been proposed that would clear this volume of milk into the market each day and be sold profitably’³⁴.

³⁴ Although the study assesses the market situation of fresh milk and dairy products to indicate the feasibility of a dairy plant in Jalalabad, Nangarhar, several of the assumptions and baseline conditions in Jalalabad apply to the target provinces of the proposed project, suggesting that similar conclusions regarding the feasibility of similar dairy plants in Logar and Parwan could be inferred. These assumptions include: (a) Proximity to Kabul market, whose demand for fresh milk and dairy products is substantially greater than the existing production capacity; (b) There are no other competing processing plants in the provinces of Logar and Parwan; (c) The prices of imported products are significantly higher than those of local products, suggesting that local products can benefit from a competitive position in the market; (d) Consumers have a strong preference for fresh and for local products over packed and imported ones and are not satisfied with the presently available local dairy products, suggesting that by improving certain aspects of the local production (particularly hygiene) local products can benefit from a competitive

Finally, other experiences learnt under the older style Integrated Schemes previously applied in Kabul, Mazar, Kunduz, and more recently in Herat, seem to demonstrate that for dairy enterprise investments focused on a tailored range of fresh milk and dairy products there is a reasonable profitability. In these four locations, dairy plants have been established and are owned and managed by four dairy unions. Despite the fact that these unions had to face competition, production has increased, suggesting they managed to enter the market.

48. **Implementation modalities.** The implementation of this sub-component will be contracted to FAO. As partner in the implementation of this sub-component, FAO will contribute to the sub-component by providing staff time, allocating vehicles, etc. for an estimated amount of about USD 460,000.

Sub-component 2.2 - Poultry Development (US\$ 5 million. IFAD contribution: US\$ 4.9 million)

49. **Scope of work.** This sub-component aims at improving food and nutritional security and providing viable livelihood options by developing and/or strengthening the current poultry (fowl) husbandry systems. This will be achieved by, on the one hand, developing and strengthening traditional fowl systems using a participative extension method³⁵, and, on the other hand, developing small-scale commercially viable systems with progressive female poultry rearers. Particularly, this sub-component will support activities in four areas:

- (i) *Strengthening traditional poultry systems:* activities aiming at developing a set of knowledge and skills on a range of options to strengthen the traditional fowl system, using Farmer Field Schools;
- (ii) *Supporting small-scale commercially viable poultry rearing:* activities aiming at developing a set of knowledge and skills on a range of options for small-scale commercially viable poultry practices, using Farmer Field Schools;
- (iii) *Strengthening new/old Female Poultry Producer Organizations (FPPOs):* activities aiming at supporting existing and new FPPOs, and at making them commercially viable;
- (iv) *Supporting other relevant opportunities:* activities aiming at supporting needs/opportunities yet to be defined (e.g. poultry infrastructures, policies and strategies, etc.).

50. The bulk of activities financed under this sub-component include capacity building activities (trainings, extension, FFS, training of trainers), development and production of various training and extension materials and manuals, studies and surveys, etc. The budget of this sub-component will also cover the costs of a Senior Poultry Advisor, a Field Manager, a Poultry Trainer, a Poultry Coordinator, a Hatchery Manager (partially in Y4 and fully in Y5), Poultry Team Leaders and Poultry Monitors. Adequate provisioning has been made for support staff, staff capacity building, equipment, supplies and operational costs. Budget for Technical Support Services on an occasional basis has also been provided.

51. **Market assessment.** This sub-component mainly focuses on traditional, small-scale backyard poultry, characterized by low-input/low-output production systems, reliance on indigenous chickens, mainly managed by women, which still contributes to about 90% of the local poultry production in the country. The sub-component would however also support, to a limited extent, small-scale semi-commercial poultry. The small-scale, semi-commercial system aims at achieving self-sufficiency at household level, and selling surplus in nearby/local markets. As such, this system should not be perceived as competing with the intensive, commercial poultry system, which mainly relies on import from Pakistan, Iran, and India (95% of the table eggs in the city and main village markets are imported). However, a market assessment has been carried out to assess the viability of the supported small-scale semi-commercial system (ref. Annex 3, WP4). According to the results of this exercise, the poultry sector offers substantial opportunities for development. There is a significant

position in the market; (e) The interest and potential participation of the smallholder farmers/cooperatives in supplying the proposed plant and the marketing of dairy products is very high.

³⁵ **Approach.** The proposed focus on participative extension methods comes from the recognition that there have been several experiences in Afghanistan in promoting poultry models for improved backyard poultry and semi-commercial poultry, but that the results of these experiences have been mixed and that in general these models are not sustainable, and that the main shortcomings of this model were the inadequacy of the extension method (prescriptive and not in line with women capacity) and the limited follow-up. An in-depth assessment of the revised approach to poultry development proposed under this project will be carried-out before MTR, and it will constitute one of the technical inputs to the MTR. However, progress, achievements, and constraints in implementing the proposed approach for poultry development will be closely monitored during each supervision mission.

preference of fresh meat and locally produced eggs over frozen meat and imported eggs among Afghan consumers, but people buy imported products mainly because of its low price. People are normally willing to pay a premium of 20-30% for the locally produced eggs and meat.

52. **Target group and beneficiaries.** Traditionally, poultry in Afghanistan (particularly small-scale backyard poultry) is almost exclusively a women's activity. The target group of this sub-component is therefore mainly represented by rural women. Moreover, farmers whose only livestock is poultry are generally the poorest. It is expected that about 25,000 HHs (i.e. 150,000 individuals) will benefit from the programme: about 20,000 HHs are expected to be able to strengthen their traditional poultry systems and improve their productivity, while about 5,000 HHs are expected to get engaged in small-scale semi-commercial poultry rearing (layers, broilers; different batch sizes ranging from 25 - 1000).

53. **Implementation modalities.** The implementation of this sub-component will be contracted to a service provider to be selected through a competitive bidding process.

Sub-component 2.3 - Improved Food, Fodder, and Vegetable Crops (US\$ 8 million. IFAD contribution: US\$ 6.8 million)

54. **Scope of work.** This sub-component aims at developing and promoting new drought resistant and high yielding improved varieties of wheat, food and forage legumes, and vegetables along with best practices. This will be achieved through the establishment of Village Based Seed Enterprises (VBSEs)^{36,37} to ensure sustainable production of certified seeds and facilitate the access to/catalyze the adoption of the newly introduced varieties by farmers, and by strengthening the capacity of MAIL researchers and extension workers, farmers and other stakeholders. Consistent with this approach, this sub-component will support four set of activities:

- (i) *Adaptive research for fast-track release of high-yielding varieties:* activities aiming at supporting a fast-track adaptive research program, in collaboration with CGIAR centres³⁸ specializing in developing high yielding and drought resistant varieties and associated best practices, to obtain optimum yields. It is expected that at least 6 new high yielding improved varieties of food crops (possibly wheat, chickpea, lentil), forages (possibly alfalfa, grass pea, vetch and clover), and vegetables (possibly mung bean, potato, tomato, onion) will be developed, tested and released.
- (ii) *Establishment of and support to farmer-led Village Based Seed Enterprises (VBSEs):* activities aiming at supporting the establishment of and providing resources and technical

³⁶ **The farmer-led Village Based Seed Enterprise (VBSE) model** is an approach that has already been successfully tested in Afghanistan by ICARDA to resolve most of the problems related to the introduction and multiplication of newly developed varieties - and that has demonstrated its potential for being replicated and scaled-up. VBSEs are farmers' group. Each VBSE is typically a group of 10-30 experienced and progressive farmers who have a minimum set of resources (e.g. land, water, manpower) and willing to pool some of these resources and to work together to increase seed production. In addition to its inclusive modality in forming a community-based institution, one of the advantages of this model is that not only the formation of the VBSE is routed directly through CDCs, local jirgas and village elders, but also through the DAIL. This ensures that all involved adhere to a single agreement that also allows access for women and the landless without distorting the local democratic structure and decision-making processes, which in turn avoids the risk of elite capture to a large extent. In addition, the activities will only be selected in the community if they are an already identified priority of the CDC through its Community Development Plan (CDP) or as result of changes in opportunities in between CDP review cycles.

It is important to highlight that, because of the nature of the activities of this sub-component, landless farmers are not a direct target group for the VBSEs. To compensate for that, landless will benefit from vocational and skill development trainings (ref. Sub-component 1.2).

³⁷ **The rationale for further developing VBSEs** is as follows: the average requirement of certified wheat seed is approximately 200,000 to 250,000 mt/year (wheat is here used as an illustrative example). During 2011, the seed production and marketing system in Afghanistan (including the production of MAIL, VBSEs, other seed enterprises, and international agencies) could produce only 50,000 mt of seeds, i.e. about 20-25% of the requirement. There is therefore a huge gap between demand and supply of certified seeds which justifies supporting this activity. Out of the 50,000 mt of seeds produced in Afghanistan in 2011, about 25-30% was produced by the seed enterprises. The existing VBSEs are currently unable (due to their small size, location and limited resources) to produce the large quantity of seeds required nationwide. Thus, there is scope to increase the number of VBSEs throughout the country. As far as an evidence that farmers are willing/able to purchase seeds at market price, we refer to the results of the recently IFAD-funded 'Increasing Food and Nutritional Security in Afghanistan through Crop Diversification of Wheat-based Cropping System Project' (2012). The results of this project show that the number of farmers who purchased certified seeds of two newly released mung bean varieties increased by almost eight times (from 5,000 to about 40,000) in three years, suggesting that the main issue related to the purchase of certified seeds is their availability, not their cost.

An evaluation of the 35 existing VBSEs will be conducted within the first 12 months from effectiveness.

³⁸ Centres like ICARDA are practicing a "fast track" approach to release improved varieties in shorter duration (3-4 years) as compared to traditionally required time of 9-11 years. Such approach is useful in Afghanistan where quick impact interventions are required.

support to farm-led VBSEs. VBSEs will be established³⁹ and will receive all the machinery, equipment, registered seed to multiply, and necessary inputs (fertiliser and agrochemicals)⁴⁰ through the sub-component. VBSE members will receive training in seed production, processing and marketing. It is expected that VBSEs will achieve the capacity to produce between 1,000 and 2,000 MT of certified seeds per year, and that about 8,000 additional farmers have access to improved varieties and certified seeds by the end of the project.

- (iii) *Participatory demonstrations to accelerate adoption of newly released high-yielding varieties:* about 1,200 farmer participatory demonstrations of the newly released varieties will be organized in various locations to stimulate the adoption of such varieties by farmers. Based on previous experiences⁴¹, it is expected that more than 10,000 farmers will adopt the new varieties as a result of such participatory demonstration by the end of the project.
- (iv) *Capacity Development:* activities aiming at strengthening the capacity of VBSEs, farmers and extension workers. The sub-component will support, on the one hand, conventional training approaches (e.g. seed production and processing, use of machinery, enterprise development, management and record keeping, maintenance of research plots and data collection), and, on the other hand, more practical approaches, which apply experimental learning (i.e. learning-by-doing) principles and farmer-to-farmer interactions, i.e. Farmer Field Days (FFDs) and/or Farmer Field Schools (FFSs)⁴².

55. **Demand and availability of markets.** VBSEs are primarily designed to deal with local markets, due to the constant shortage of certified seed in Afghanistan (for example, wheat is the main staple food in the country, and only 40% of the required seed is produced within Afghanistan). This indicates the existing huge supply-demand gap and a good existing domestic market. VBSEs will be linked with other MAIL-ICARDA projects, like the IFAD-funded dairy goat component of RMLSP, the MAIL-ICARDA watershed project (with a component on cereals and legumes). Through these projects, ICARDA is working with more than 3,000 farmers, including 1,000 women. Such linkages will provide VBSEs buyers and markets in several provinces. Use of improved varieties by these farmers will further enhance the popularity and scope of certified seeds in non-target provinces of the CLAP. As far as the willingness and ability of farmers to purchase certified seeds, existing experience in Afghanistan shows that farmers rapidly adopt and are willing to pay more for improved/certified varieties because of the expected high profit margin due to higher yields. The results of the recently completed IFAD-funded 'Increasing Food and Nutritional Security in Afghanistan through Crop Diversification of Wheat-based Cropping System' project (2012) implemented by ICARDA show that the number of farmers that purchased certified seeds of two newly released mung bean varieties from VBSEs increased by almost eight times (from about 5,000 to about 40,000) in three years. The main issue is the availability of improved/certified seeds, not their cost.

56. **Implementation modalities.** The implementation of this sub-component will be contracted to ICARDA. As partner in the implementation of this sub-component, the in-country based ICARDA specialists (Project Manager, Senior Agricultural Specialist, Wheat Specialist, Chickpea Specialist, Lentil Specialist, Seed Specialist, VBSE Specialist, Biometrician) will provide periodic technical support to the sub-component.

Sub-component 2.4 - Livestock Development among the Kutchi (US\$ 5 million. IFAD contribution: US\$ 5 million)

57. **Scope of work.** This sub-component aims at enhancing the livelihoods and resilience against predictable livestock emergencies of the pastoralists and agro-pastoralists communities (i.e. Kuchi) in Parwan, Kabul and Logar provinces. The sub-component will support six set of activities: (i) Improving

³⁹ It is expected that 12 VBSEs will be established by the end of the project (one in each district targeted by the project); VBSEs will be registered with the Cooperative Department of MAIL, and ultimately with the Afghanistan Investment Support Agency (AISA).

⁴⁰ A good network of agricultural inputs supply is available in target areas. This would make the agricultural inputs affordable to the farmers benefiting from the sub-component.

⁴¹ USAID-funded MAIL-ICARDA projects (2003-2009) and IFAD-funded project (2009-2011).

⁴² **Farmer Field Schools** have been successfully used in Afghanistan in the past. This sub-component will build on these experiences. Through FFSs, farmers take part in the selection of new varieties and their evaluation, development and evaluation of best practices and on-farm evaluation and tastings. FFSs stimulate observation and problem analysis, encourage discussion and sharing of experiences, and facilitate collective decision-making. The FFS approach combines both the indigenous and introduced knowledge. This sub-component will also support FFSs exclusively targeting women participants.

access to quality veterinary services through a comprehensive community-based approach⁴³; (ii) Provision of appropriate extension services combined with herder-led research to improve year-around feeding of small ruminant herds; (iii) Improving access to markets and value of products (milk, wool, hair, meat) through value chain development promoting producer cooperation; (iv) Settling deprived Kuchis on land plots allocated by the Government and managed to develop new livelihoods; (v) Restocking of interested Kuchis who lost their livestock through credit, -in-kind, and other lending systems⁴⁴; and (vi) Support to research, studies and surveys to complement and underpin the approaches and technology options deployed and promote sustainable and productive agro and silvi-pasture systems.

58. **Approach.** A comprehensive community-based approach will be implemented to improve access to quality veterinary services to Kuchi communities through mobile veterinary field units (M-VFUs) managed by a certified para-vet and assisted by fe/male basic veterinary workers. This involves training and equipping male and female Kuchi herd health extension master trainers, para-vets and Basic Veterinary Workers (BVWs). In addition, training material, information and awareness packages in the local language will be prepared and disseminated. Workshops, training activities, community based review and learning events are also being planned. Some of these interventions will be specifically focused on value chain development of animal and animal products (cashmere, pelts, goat milk products, etc.). Technical assistance for two studies on best practices of natural resources management (water and pasture/ rangeland management, community-based grazing strategies) and on livestock value chain and marketing in pastoralist areas is also being provided for. The recommendations of these studies will be used for training and behavioural change management.

59. **Beneficiaries.** About 20,000 Kutchi households (i.e. 120,000 individuals) are expected to benefit from this sub-component.

60. **Implementation modalities.** The implementation of this sub-component will be contracted to the Dutch Committee for Afghanistan (DCA).

III. **Component 3 - Project Management, Policy Support, and Young Professional Program (US\$ 11.7 million, 18% of total project cost. IFAD contribution: US\$ 11.4 million)**

61. **Scope of work.** This component aims at supporting the project coordination and technical support responsibilities of the Project Support Team (ref. Organization Framework). In addition, based on the successful experience of the RMLSP, the Young Professionals Program⁴⁵ will be continued under this component. Finally, a special fund to support policy development and a special financing facility to support any activity that requires additional support and/or expanding any promising/well performing activity will be established under this component.

- (i) *Support to Project Support Team (PST):* this component will finance the costs associated with the PST (e.g. staff⁴⁶ and equipment) and its functions and responsibilities (i.e. overall project planning, financial management, M&E, knowledge management, coordination with other government programs and projects, etc.), including through the recruitment of consultants if needed. A number of training activities that enhance skills and knowledge in

⁴³ An assessment of the quality of services provided by the paravets is actively being conducted through all VFUs supported by the RMLSP on a regular basis. According to these assessments, the quality of the services of the paravets has been evaluated in most cases satisfactory (about 75% of the cases) (quality of service is defined as possession of the right skills, and use of quality vaccines/medicines). In addition, the Service Provider selected for the implementation of the Kutchi Development component intends to carry-out its own assessment of the capacity of VFUs in the target area to ensure they possess the relevant skills to ensure a quality service for this specific targeted communities during the early stages of project implementation. In any case, an assessment of the ability of the paravets to provide a broad range of services without compromising the quality of vet services will be carried-out before MTR, and it will constitute one of the technical inputs to the MTR. The capacity of the paravets to deliver their functions will be in any case regularly assessed during each supervision mission.

⁴⁴ One option that has been proposed and is being considered is the in-kind lending, based on the successful experience in the dairy goat development sub-component of RMLSP. Another option, still tested in the RMLSP, is the pass-on-gift approach. In any case, an assessment of the experience with 'credit-in-kind' (from both RMLSP and other initiatives) to see what lessons can be drawn to improve the implementation of this sub-component will be conducted within the first 12 months from project effectiveness.

⁴⁵ **The Young Professionals Program (YPP):** this was an initiative funded through the RMLSP that allowed young, national technical professionals recently graduated, to work with the RMLSP for a minimum of two years in order to acquire practice-oriented, work experience. The ultimate objective of the Program was to contribute to the development of a cadre of young, motivated national experts/consultants that could find employment within the rural development sector in-country.

⁴⁶ Awareness and sensitiveness to gender issues will be one of the criteria for the selection of the PSU/PMU staff. Gender sensitive project management and implementation will prevent gender blind interventions.

conflict management, communication and presentation, participatory planning, monitoring and evaluation, knowledge management, training methodology (ToT), gender issues, climate change adaptation⁴⁷ and disaster risk management, quality control mechanism, social mobilisation and targeted poverty reduction initiatives and financial management have been anticipated for by the Project.

- (ii) *Young Professionals Program (YPP)*: the component will support the recruitment of new graduates from national faculties of agriculture and livestock to be engaged for an up to two-and-a-half year placement within the project. Amongst the numerous tasks that will be allocated to the young graduates, they could assist Service Providers in the implementation of some of the grass-roots activities, or could strengthen the M&E capacities of the PST (e.g. conducting field surveys). The Project will have a better developed Young Professional Program than its predecessor in RMLSP as it will have a better defined set of trainings and placements in the field along with data collection/enumeration duties and a more enhanced career path.
- (iii) *Policy Support Fund*: a special fund (amounting to US\$ 500,000) will be allocated to support the formulation, development, follow-up or completion of draft policies, strategies and legislations required by MAIL to nurture an enabling environment. This demand-driven mechanism will, in turn, be influenced by findings and recommendations of projects such as RMLSP and CLAP.
- (iv) *Special Financing Facility/Unallocated resources*: a special financing facility will be established with a budget of US\$ 3.5 million to be accessed by the PCU upon specific recommendations of the supervision missions, particularly as far as supporting any ongoing activity that requires additional support and/or expanding any promising/well performing activity is concerned. In principle, highly performing components/sub-components will be given priority to access these resources. Reallocation of these resources to other components/categories has to be agreed with and cleared by IFAD.

Lessons learned and adherence to IFAD policies

62. **Lessons learnt from previous interventions.** Below are presented a few key lessons learnt from the implementation of previous interventions (particularly the IFAD-funded RMLSP, the first and at the moment only IFAD-funded operation in Afghanistan), and how these have been taken into consideration in the proposed project:

- (i) *Greater geographical focus*: On the basis of the lessons learnt from the implementation of the RMLSP, the COSOP MTR Report recommended greater geographical focus in the design of the next project⁴⁸. Consistent with this recommendation, this project reduced the number of target provinces (from 8 Provinces in the RMLSP to 3, contiguous, in the CLAP). Within these provinces, the project will cover only 3 districts in each province.
- (ii) *No direct support to microfinance activities*: As confirmed during the RMLSP Mid-Term Review, the current policy environment in the rural finance sector in Afghanistan remains relatively unclear. It was then decided not to directly support rural microfinance activities through this project for the time being⁴⁹. Recognizing however the relevance for the delivery of services and the economic development in rural areas of rural microfinance, as investments and recipient groups mature, the project will facilitate provision of microfinance through building links to existing MFIs in the project area (namely BRAC, FMFB, OXUS, HFL and Mutahid). This will be in line with MISFA support for CDCs in contiguous provinces and provide an organic linkage for support of CDCs in the project districts.
- (iii) *Focus on delivery of basic services*: The COSOP MTR recommended that the new project should focus on interlinked elements anchored to basic service delivery, based on the priorities of the communities as identified by the Community Development Plans.

⁴⁷ The Project staff will be trained at all levels in regard to climate change adaptation issues and equipped with the necessary didactic and promotional material in this regard, whereby using real field settings such as assessing technology options promoted under the four sub components of Agriculture, Livestock and Capacity building.

⁴⁸ The spreading of activities across a large number of provinces and districts had implications in terms of resource mobilization, overall transaction costs and operational/logistical constraints for effective supervision and implementation. It also created a lack of coordination, integration and linkages among activities.

⁴⁹ The possible inclusion of rural finance as possible intervention to be supported by the project will be reviewed on an annual basis and is part of the agenda for the Mid-Term Review to be held in early 2015.

- Consistent with this recommendation, the new project focuses on providing basic productive infrastructures⁵⁰, agriculture and livestock packages.
- (iv) *Scale-up of successful models:* The implementation of the RMLSP provided significant experience and numerous successful models, particularly in the livestock support component (integrated dairy schemes, and poultry)⁵¹. The livestock and capacity building models developed under the RMLSP have been critically reviewed, corrected and adapted to be replicated/scaled-up in the new project.
 - (v) *Pursuing a multi-ministerial approach:* The COSOP MTR Report observed that, in implementing the RMLSP, IFAD has found increasing opportunities to work directly with MAIL, and to reach coordination and program-based decision within the MAIL. At the same time it recognized that a continued multi-ministerial approach should be pursued. While the Lead Implementing Agency of the proposed project will be MAIL, the implementation of community-based small and medium-scale infrastructures will be managed by MRRD through the NSP.
 - (vi) *Gradual transfer of responsibilities from Service Providers to Government and beneficiaries:* Although significant progress has been made in service delivery by the GoIRA, there remains a significant dependency upon Service Providers such as NGOs and contractors. While the new project will continue to rely on Service Providers for the implementation of its components/sub-components, the project would also strengthen the capacity and will gradually transfer the planning and implementation responsibilities of these components/sub-components to the GoIRA provincial and district staff and local communities (ideally after year 3 of the project). This would allow the GoIRA and the local communities to take ownership and ensure sustainability of interventions over the life of the project.
 - (vii) *Longer project implementation timeframe:* Because of the uncertain security situation in the country and the fact that IFAD had no prior experience in Afghanistan at the time of the design of the RMLSP (2008-09), it was decided to opt for a shorter than usual implementation timeframe for that project (three years). During the RMLSP MTR it was observed that such short timeframe is insufficient to consolidate the achievements of the projects and to build the capacity and transfer the responsibility of the implementation to the government and beneficiary organizations, thus putting the sustainability of the project at risk. For this reason it has been decided that the new project will be implemented over a period of six years.

63. In addition to the above, more strategic, lessons, the design of the project benefited and extensively drew from a number of lessons, experiences and best practices from other initiatives in Afghanistan⁵². These experiences and lessons have been taken into consideration and reflected in proposed approaches and technical details of the single components/sub-components. These are described in details in the Working Papers.

64. **Compliance with IFAD procedures.** The design process included two CPMT meetings, the first one in September 2011 (before the design mission) to present and seek comments on the Project

⁵⁰ One of the lessons learnt from interaction with rural communities and other stakeholders suggest a dire need for investment in small-scale community-based productive infrastructure, especially those harnessing water resources damaged during conflicts but having immediate and significant impact on poverty alleviation through productivity enhancement in rural areas.

⁵¹ According to the experience gained in the RMLSP, the small livestock activities (such as goats and poultry related) demonstrated to provide opportunities to reach out directly to small famers and women and female-headed households in a very traditional and conservative society. Working in the field of small animals (poultry, goats, sheep) whereby using both appropriate technology options and approaches were important elements to benefit women and the poorer segments of rural populations. Small animal production has demonstrated to be a proven strategy to include resource poor households in economic development activities.

⁵² For instance, the Gender Mainstreaming sub-component has been designed taking into consideration the lessons captured in *Afghanistan Gender Mainstreaming Implementation Note* in 'Gender in Developing the Agriculture and Livestock Sectors' (World Bank, 2009) and *Gender roles in Agriculture: case studies of five villages in Northern Afghanistan* (Grace, 2004), among others. The Dairy Development sub-component has been designed drawing from the extensive experience in the sub-sector in Afghanistan, and particularly (but not only) from the Integrated Dairy Scheme approach implemented in Afghanistan over almost a decade by FAO, including in the IFAD-funded RMLSP. The approach proposed in the Poultry Development often refers to the 'so called' FAO Poultry Model, although it suggests some significant changes to it, particularly benefiting from the results of the *Assessment of FAO-HLP Backyard Poultry Project in Rural Afghanistan* (Wilcox, 2012), the *Evaluation of the Consultancy Services for the Poultry sub-component of HLP* (Van Engelen, 2011), and the results of the field observations conducted during the RMLSP MTR (2012). Finally, the Improved Food, Fodder, and Vegetable Crops sub-component proposes the already tested and successful approach of the Village Based Seed Enterprises by ICARDA.

Concept Note, and the second in February 2012 (after the design mission) to present and seek comments on the draft project design. An extended-CPMT meeting was held in March 2012, before the pre-appraisal mission. OSC meeting was held in November 2011. QE Review Meeting was held in June 2012.

65. **Compliance with IFAD policies.** The project is in line with IFAD Strategic Framework 2010-2015. It is aligned with both IFAD Climate Change Strategy and ENRM Policy. ECCD has endorsed this project as Category B as far as its environmental classification is concerned, and recommended for continuous monitoring of land/water management and climate change-related aspects during project implementation. The project complies with IFAD targeting and gender guidelines. The design is aligned with the IFAD Results and Impact Management System (RIMS).

III. PROJECT IMPLEMENTATION

Approach

66. **Project approach.** The Project will adopt an integrated community-based development approach, with a focus on providing productivity enhancement and capacity building complementarities to on-going community-level initiatives⁵³. The project will be implemented through a flexible framework based upon a highly decentralised participatory approach for all community-related interventions, with communities given a central role in the identification/prioritisation of needs, implementation, monitoring and post-completion O&M.

67. The key entry point to ensure the participation of communities in the identification, prioritization, selection, and implementation of the community related interventions, and to ensure the synergies and coordination among the various activities supported by this project as well as by other programs/projects, is represented by the Community Development Councils, legitimate decision-making mechanisms developed at community-level by the National Solidarity Program. Using the agriculture-related infrastructure intervention based upon the data and existing outreach of the NSP, these same CDCs will become entry points for livestock, agriculture and horticulture activities (the exception being the Kuchi and Livestock Development sub-component that will have an overlap of beneficiaries, but necessarily sedentary members of CDCs). These multiple activities will be linked with existing programmes and interventions in the area, utilised in a planned and opportunistic manner to link with the private sector to increase possibilities of improved livelihood, employment and incomes. In this manner, beneficiaries will be recipients/participants/actors in multiple interventions from the project. Practically, CDCs will be approached through NSP to assess the review progress against their respective Community Development Plans. Based upon the outcome of those initial dialogues, a menu of activities that the project can deliver will be presented and prioritised. The selection of the project sub-components has been based upon dialogues with representatives of these communities. The overwhelming demand for livelihood enhancing interventions involving two or more activities by and for the same community will allow sequential and simultaneous delivery by two or more components/sub-components in a reinforcing manner.

68. **Service Providers.** With the current capacity gaps within the MAIL structure at sub-national level (provincial and district), the project components and activities will be implemented by a combination of Government Ministries (MAIL and MRRD) and selected Service Providers, three of which have been pre-selected in concurrence with MAIL during the design missions (i.e. FAO, ICARDA, and the Dutch Committee for Afghanistan). These institutions have been selected based on their unique technical skills, expertise, and their long-established presence and experience in Afghanistan. These SPs are already contracted by various government departments and donor programmes to facilitate community mobilisation, capacity building, planning and implementation.

69. **Handover of responsibilities.** While the reliance on SPs for the implementation of its components/sub-components may continue for some time, efforts are required to strengthen the capacity of GoIRA in line with their functions of 'monitoring and evaluation', 'quality assurance' and

⁵³ Although the project was conceived in line with a community-based rural integrated programme approach, in practical terms the project implementation will have to be a hybrid approach of integrated rural development and local economic development. The more complex approaches will be possible in Kabul and Parwan provinces where local seasonal commodities and markets are already reasonably well developed. Whereas in Logar province, a more basic approach aimed at a movement from subsistence to petty commodity production will be the basis of the design interventions. In line with advice from SPs who have already worked in these areas for many years, the project will follow a lower profile approach that will be perceived as more sensitive to the surroundings and constraints.

‘supervision’ and gradually transfer the relevant responsibilities for planning and implementation to the Government provincial and district staff, to private and non-governmental SPs (e.g. VBSE, milk collection centres, paravets, Cooperatives, Unions, input suppliers, etc.) as well as communities themselves. Transfer of responsibilities through the progressive phase-out of the role of Service Providers will start at the end of PY4, and will continue through PY5 and PY6 and will follow a systematic and phased approach: on the one hand, through the practical involvement in implementing the project interventions (technical, managerial, vocational), and, on the other hand, through capacity building elements and gradual transfer of planning and implementation responsibilities. This reduced dependency will foster a stronger service delivery ethos and help link already mobilised communities, strengthen ownership and ensure coherence and sustainability of interventions over the life of the project and beyond⁵⁴.

70. **Innovation and scaling-up.** Given the Afghan context, this project is not specifically designed to be ‘innovative’, but rather to replicate and scale-up models and approaches that have been previously tested and piloted, and that have demonstrated to be successful, including in the IFAD-funded RMLSP. The project has however a few elements that can be considered innovative in the Afghan context, including (i) the idea of supporting productive activities (livestock, poultry, seeds) in addition to infrastructures through CDCs, providing a fully integrated development package to target communities; (ii) the approach to poultry development, which differs from the poultry models previously implemented in Afghanistan; and (iii) the attempt to pursue a multi-ministerial approach to project implementation (MAIL and MRRD).

Organizational framework

71. **Lead Implementing Agency.** The Lead Implementing Agency will be the Ministry of Agriculture, Irrigation and Livestock (MAIL).

72. **Project implementation.** To provide greater synergies within the expanding IFAD portfolio⁵⁵ and utilization of the institutional knowledge within the existing IFAD project the setting-up/strengthening of a Project Support Team (PST) within the Planning and Program Implementation Department of MAIL is envisaged. The PST will be responsible for (i) the provision of overall implementation coordination and technical support for cross-cutting issues (e.g. gender, knowledge management, M&E, procurement, and fiscal oversight) for both the RMLSP and the CLAP, and (ii) for the day-to-day management of the project. Project activities will be implemented by relevant Ministries/Directorates through selected Service Providers, some of which have been pre-selected.

- (i) **Project Support Team (PST):** will be responsible for the provision of overall steering, implementation coordination and technical support for cross-cutting issues (e.g. gender, knowledge management, M&E, procurement, and fiscal oversight) to both the RMLSP and the CLAP, and for the day-to-day management of the Project (e.g. preparing consolidated annual work plans and budgets and withdrawal applications; preparing financial statements; ensuring regular M&E of programme activities and conducting impact assessment surveys; and producing of quarterly, six-monthly and annual progress reports). The PST will oversee and monitor compliance of each Service Provider with the terms of their contracts. In addition, it will facilitate linkages between the two projects and will ensure proper knowledge management, policy advocacy and smooth coordination with other donor-funded projects. The PST will also facilitate the organization of IFAD missions. The PST will be headed by a National Program Director and will be part of the Planning and Program Implementation Department of MAIL. As part of the strengthening MAIL institutional capacities and to contribute to a more sustainable capacity building effort Agriculture and Livestock officers of PST shall be seconded from MAIL.

⁵⁴ An assessment of the results of the hand-over of certain responsibilities from the Service Providers to MAIL/DAIL under the RMLSP will be documented as part of the RMLSP Project Completion Report (planned in 2014, i.e. during year-2 of this project, well before the beginning of the transfer of responsibilities planned under the project, i.e. during year-4 of the project). The results of the assessment will inform the new project, and adjustments to the proposed hand-over strategy/measures will be incorporated during implementation.

⁵⁵ One project currently being implemented, the Rural Microfinance and Livestock Support Program (US\$ 26.1 million, 2010-2014); this project, the Community Livestock and Agriculture Project (US\$ 65.1 million, 2013-2018); and one project in pipeline for 2015 Board.

- (ii) **Project Parties/Service Providers (SPs):** project components and activities will be implemented by a combination of Government Ministries and selected Service Providers, three of which have been pre-selected⁵⁶:
- a. **Ministry of Agriculture, Irrigation and Livestock (MAIL)** will implement the Irrigation/Agriculture Schemes of sub-component 1.1 (Productive Infrastructure) through the *On Farm Water Management (OFWM) Project*.
 - b. **Ministry of Rural Rehabilitation and Development (MRRD)** will implement the Water Supply, Drainage and Sanitation, and other Infrastructure Schemes of sub-component 1.1 (Productive Infrastructure) through the *National Solidarity Program (NSP)*.
 - c. **Food and Agriculture Organization (FAO)** will implement sub-component 2.1 (Dairy Development).
 - d. **International Centre for Agricultural Research in Dry Area (ICARDA)** will implement sub-component 2.3 (Improved Food, Fodder, and Vegetable Crops).
 - e. **Dutch Committee for Afghanistan (DCA)** will implement sub-component 2.4 (Kutchi and Livestock Development).
 - f. The implementation of sub-component 2.3 (Poultry Development) will be contracted to a service provider to be selected through a competitive bidding process (criteria for the selection are detailed in TA8).

73. **Project coordination and oversight.** Implementation of integrated community based activities would require effective coordination mechanisms at different level. For this purpose coordination mechanism includes (i) a Project Steering Committee (PSC) at the national level for national level coordination, policy directions, legislative activities and overall oversight, and (ii) a Provincial Coordination Committee (PCC) at each provincial level.

- (i) **Project Steering Committee (PSC)** at national level will be responsible for national level steering and coordination, policy direction and guidance, legislative activities, approval of AWPBs, progress review and overall oversight. The PSC will provide a critical forum at which to place Project objectives and achievements in a broad rural development perspective alongside current policy and allow information to be released to the Project on policy or institutional changes that will either impact upon beneficiaries, SPs or the Ministry itself. These issues could range from anticipated changes to the sub-national governance structure (thereby affected CDCs), transition of security (opportunities for stabilisation activities resulting in increased access to project districts), etc. The PSC will comprise senior-level representatives of MAIL, Ministry of Finance (MoF), Ministry of Rural Rehabilitation and Development (MRRD) and selected Service Providers nominated on a needs basis.
- (ii) **Provincial Coordination Committee (PCC):** This forum will be convened by the NSP Provincial Management Unit and chaired by the representative for DAIL, and will have a membership comprising technical and field staff of the SPs and the Project through field coordination officer. At this level, the focus will be much more on operational level coordination for integrated planning and implementation of the project components/subcomponents, information sharing and linkage development between existing interventions and new developments on the ground.

Planning, M&E, learning and knowledge management

74. **Planning, Monitoring and Evaluation.** The Project Monitoring and Evaluation system will collect data and information to measure performance and progress towards objectives, and be a learning tool to provide information for critical reflection on project strategies and operations. It would support decision-making at various levels and be a basis for results-based management. In addition,

⁵⁶ A *Contract for Services* will be signed between the MAIL and each of the SPs and will include the following: the component/sub-component objectives; target groups; methodologies for villages' and beneficiaries' selection; implementation approaches and arrangements; quantified outputs and deliverables; staffing requirements; M&E requirements; and a three-year budget. Draft contracts will be submitted to IFAD for review and clearance. Based on the financial allocations of the respective components and sub-components, MAIL will negotiate the management cost including staff and other requirements for implementation of components and sub-components with the SPs. On the basis of these contracts, each SP will prepare at the beginning of each fiscal year a detailed AWPB. A *Memorandum of Understanding* will be signed between MAIL and MRRD for the implementation of the Water Supply, Drainage, Sanitation and other Infrastructure Schemes of sub-component 1.1.

Project Monitoring & Evaluation will contribute towards strengthening MAIL's Monitoring & Evaluation capacity⁵⁷.

75. The Project M&E framework will consist of a number of elements in order to provide a comprehensive and coherent system based upon the lessons learned from RMLSP and recent changes within IFAD – this includes data collected as disaggregated by gender and social groups, particularly those related to training, exposure and access to services⁵⁸. The salient elements will comprise as follows:

- (i) *Output monitoring* to measure the progress of activities and achievement of outputs against annual targets in the AWPB for each project component. The output indicators in the project operational logical framework will form the basis for monitoring.
- (ii) *Participatory Monitoring and Evaluation (PME) at the community level* involving M&E managers and field staff, SPs and FPs (for NSP/MRRD). PME forums will be set up in villages with the support of CDCs, with simple tools to help the communities monitor their progress, evaluate performance, and identify implementation issues. Wherever possible, they will involve women and youth committees.
- (iii) *Process monitoring* covers monitoring the processes leading to outputs and outcomes. Specific areas where progress monitoring will be useful in CRDCP include: mainstreaming gender, access to rural financial services, provision for technical services, the functioning of community based organisations such as producer groups, the adoption of FFS, value addition and marketing, as well as identifying Good Practices, which might form the basis for developing knowledge products..
- (iv) *Outcome monitoring* will measure changes occurring as a result of project interventions. In CLAP, this would entail annually measuring and assessing whether the project is moving towards achieving the project objective of enabling rural households to strengthen or take up livestock and seed enterprises (small ruminants, dairy cattle and poultry; certified seeds) and form producer organisations to improve and sustain access to inputs, services and markets; the developments are to be integrated into the larger country wide poultry, small ruminant and dairy value chain, while female livestock keepers should benefit most. With regard to producer organisation (village poultry groups, seed groups, dairy coops, etc.), the indicators might be reviewed on its appropriateness as lesson learnt showed that too quickly a positive assessment on sustainability of producer organisation is measured but due to the fact that it concerned project period, post project it tends to fall apart. The surveys will also collect data for 2nd level RIMS indicators.
- (v) *Impact evaluation* will assess the contribution of CRDCP in achieving the overall goal of the project. It will consist of baseline, mid-term and end-of-project surveys. This survey will be coordinated by the M&E Unit, and contracted to an external agency. Information to be collected will include the impact level indicators of IFAD's Results and Impact Monitoring System (RIMS).

76. The Results and Impact Monitoring System of IFAD reports annually on a number of first and second level results indicators that correspond to the output and outcome indicators. IFAD has produced a standard list of these indicators, but only some of these will apply to an individual project. Prior to Mid-Term Review, the Project will report on only the first level results, but post the mid-term review also on second level indicators. These second level indicators are used as evidence to support ratings of the effectiveness and likely sustainability of each component. The third level RIMS results are the anchor indicators used for impact assessment. In addition, special studies will be undertaken before mid-term review. Cost effectiveness and efficiency studies will be also undertaken to assess the delivery system efficiency, implementation methodology and approach. The M&E unit in the NSP will communicate directly, when required, with the PST, as both are located in Kabul – NSP

⁵⁷ Given that the principal elements under Component 1 of the project are going to be implemented by NSP and its Facilitating Partners, the performance and progress of the activities and outputs would be monitored by these agencies collaboratively. In the case of Component 2, the SPs will have devolved responsibilities for monitoring. These will all be assisted at an operational level by the PMU and guided and supervised by the PSU. An M&E plan within the overall M&E framework will be drawn up by the Project. The M&E unit of the NSP will support activity and output monitoring. In addition it will implement a programme of outcome and impact monitoring, as well as producing consolidated reports on project progress and results, and coordinating overall learning and knowledge management in the project format.

⁵⁸ A baseline study will be carried out in the project area to establish benchmarks for M&E indicators. M&E functions will focus on the RIMS as the core data-gathering tool for monitoring and evaluation and knowledge management whereby taking into account and anticipating upon the M&E needs of MAIL.

will also assist in the establishment of an MIS system to be established in the first year of project implementation by the PMUs of NSP.

77. **Knowledge Management.** In the first year of implementation, the Project will prepare a project level KM strategy in line with the IFAD policy on KM. The project website will be completed within the first year of implementation and used as a knowledge sharing tool, and also linked to the IFAD Asia website. Key information from M&E studies, reviews and exposure visits, lessons and best practices will be disseminated through knowledge products such as newsletter, publications, case studies and reports possibly accompanied with audio visuals. Additionally, the project will conduct knowledge sharing events at the community level, holding cross visits to exchange knowledge and learning by observing. At the local level, the SPs will liaise with the media to ensure that Project activities, impacts and learning are regularly covered by the local media. Provision will be made for key personnel from the project and SPs to undergo training in knowledge management practices and organising and facilitation of learning and knowledge sharing events.

Financial management, procurement and governance

78. Best practices for transparent financial system and accountability will be followed. The management and the finance officer of the SPs are accountable to maintain proper documentation over the project costs and procurement. Regular annual external audits of the project will be performed to minimise the risk of possible corruption. Internal pre-audit function shall also be followed by MAIL to boost the audit control systems. All the procurement for the project will take place as per the mutual consideration of both the GoIRA and IFAD procurement policies. Procurement procedures contradictory to the IFAD policy will not be valid. All the transactions will be through banking system and cash payments will be minimised.

79. **Flow of funds.** Funds flow under the CLAP is based on standardized fund flow arrangements applicable to all donor-funded projects in Afghanistan. The funds from the IFAD Grant Account will be initially transferred to a USD Designated (Special) Grant Account opened for the receipt of the grant funds under the grant agreement in Da Afghanistan Bank (DAB). The USD Designated (Special) Account would be maintained and operated by the Ministry of Finance (MoF). Two sub-accounts held in name of MAIL and MRRD will be opened and operated by MoF⁵⁹. Financing from this account will be subject to the overall Grant Financing Agreement between IFAD and the GoIRA and the agreements signed with each of the SPs and the Ministry of Agriculture, Irrigation and Livestock (MAIL). The initial Withdrawal Application would be submitted to IFAD for disbursement of funds equal to six-month estimated expenditures, along with submission of category-wise six month forecast, signed WA and other requisite documents required to be submitted to IFAD. The flow of funds will follow the laid down Government procedures and will be reflected in the annual budget of the Recipient.

80. **Financial management of Service Providers.** All Service Providers will open and operate a specific bank account in USD currency for the IFAD funds to be used for the activities that they are responsible for under the CLAP⁶⁰. They will use internationally accepted standards and procedures to record each item of expenditure and ensure proper audit of these accounts by the Auditor General or by a private auditing firm on an annual basis. Part of the funds drawn by MoF from IFAD's Grant Account will flow from the Designated (Special) Account directly to third parties for all major payments.

81. An initial deposit would be transferred from Designated Account to SP's account, based on estimated expenditure requirements for the first six months of respective SPs. The respective SP will be responsible to the PST for all fiduciary duties relating to funds so transferred, including maintenance/submission of supporting documents for all expenditures for replenishment of these accounts by the PST. All replenishments from IFAD would be centralised, i.e. all fund expenditures would be reported by SPs to the PST, who would consolidate the expenditures and submit replenishment claims to IFAD through the Project Support Team. Similarly, fund receipts would also be centralised in PST-operated Designated Account, with onward transfers to line agencies based on

⁵⁹ In the case of MRRD, the MoF will open a separate Special Account (sub-account) in the name of MRRD into which fund will be deposited directly for drawdown by the MRRD/NSP, as per agreement. The funds, even after receipt by MoF, would not be directly available for utilisation by MAIL. Only the portion of expenditures which have identified financing/ available grants would be eligible for approval and utilisation.

⁶⁰ The clearance from foreign currency (US\$) will be converted to local currency (Afghani) on the basis of daily rate of exchange and not the date of transfer of funds.

their reported expenditures. The total advance to each SP would be accounted for through an advance reconciliation statement, required to be submitted by SPs with each replenishment application.

82. The respective SP will be responsible to the PST for all fiduciary duties relating to funds so transferred, including maintenance/submission of supporting documents for all expenditures for replenishment of these accounts by the PST. Service providers would be contractually required to report and satisfactorily settle all advances so obtained, or else provide refund for unsettled/ ineligible expenditures, to CLAP. They will also develop acceptable standards and procedures to record each item of expenditure and ensure proper audit of these accounts by a recognized auditing firm on an annual basis, or other arrangements agreed upon with CLAP.

83. The procurement commission of Afghanistan has authorised MAIL to approve contracts of any amounts between MAIL and SPs. At the start of the Programme, each SP will be given an advance equivalent to cover the anticipated one year expenditure. Direct Payments, if any in exceptional cases, to the SP will be defined in the respective Contract Agreements. The Grant amount will be used to finance expenditures in accordance with Annual Work Plans and Budget (AWP&B) for each Programme year. The payments in subsequent years will be on the basis of progress reports and a Statement of Expenditure (SOE) with respect to at least 75% of the previous advance⁶¹⁶².

84. **Audit.** Within 90 days of the Effective Date, the Recipient shall appoint, with the prior approval of the Fund, independent auditors selected by the Recipient, in accordance with the procedures and criteria set forth in the Fund's "Guidelines on Project Audits (Recipients' Use)" to audit the financial statements relating to the Programme. Thereafter, as soon as practicable but in no event later than 90 days after the beginning of each Fiscal Year, the Recipient, with the prior approval of the Fund, shall confirm such auditors' appointment or so appoint new independent auditors for such Fiscal Year.

85. The Recipient shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing and the Fund's "Guidelines on Project Audits". In accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure, the operation of the Special Account and the operation of the Programme Account, as well as an opinion on compliance with IFAD Procurement Guidelines for the goods and services procured by the PCU; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The PCU shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year together with the reply to the management letter of the auditors. The agreement/contract of services of each SP shall specify that each SP will appoint an external independent auditor to audit their financial statements relating to the Programme. These audit reports will be submitted to the Recipient, through the PST, within five (5) months after the end of each Fiscal Year for subsequent submission to the Fund. UN SPs shall submit their internal audit reports to the Recipient, through the PST, within five (5) months after the end of each Fiscal Year for subsequent submission to the Fund.

86. **Procurement.** Overall, the procurement of goods, works or services financed by the project will be undertaken in accordance with the provisions of the Procurement Law of Afghanistan dated July 2008. However in cases where the provisions of this law contradict IFAD Procurement Guidelines dated December 2004, the IFAD guidelines will prevail. Different procurement methods (ranging from International Competitive Bidding to Direct Contracting) will be used for the different categories of procurement depending on nature, amount and other criteria. The guiding principal being economy and efficiency. The procurement methods will be specified in the 18 months procurement plans that will be part of each year's Annual Work Plan (AWP). IFAD will undertake a prior-review for all consulting services contracts and for the first ten goods and works contracts regardless of the amounts; thereafter, prior-review will be required for procurements of goods and works above

⁶¹ Under Project Component 1 (Institutional infrastructure), should there be any tertiary road construction, this is to be implemented by National Solidarity Program (NSP) working under MRRD. MAIL will enter into Funding Agreement with its partner MRRD once the approval of the Board of Directors (BoD) is received for financing. MAIL will disburse the funds to MRRD in accordance with the budgetary allocation for disbursement to NSP. The expenditure made by NSP will be accounted separately in MRRD accounting books and reconciled with MAIL for subsequent replenishments. Ideally an amount equivalent to a one year advance would be deposited in the MAIL account.

⁶² Under Component 3, neither the PSU nor PMU, will have an account of its own, as per normal practice in Afghanistan. Funds for this Component will be financed through the Special Account operated by the MoF. PCU and PMU staff will receive salaries directly into their personal accounts from the Treasury Department of the MoF. A rolling fund will be established for operational expenses of the PCU and PMU. It will be the joint responsibility of the Project Director and the Finance Manager of the Project.

USD 50,000 and above USD 30,000 for all consulting services. In addition, procurement undertaken through direct contracting will be subject to IFAD's prior review.

87. **Taxation.** The goods procured under the project are eligible for tax exemption as purchased for not-for-profit purpose. The necessary exemptions can be obtained by MAIL. In case of IFAD direct procurement (or in case of procurements through SPs), these exemptions can be granted. Accordingly, no taxation component has been budgeted or shall be paid or treated as eligible expenditure on all budget procurements under the grant.

88. **Corruption.** The World Bank places Afghanistan as fairly close to the bottom among countries in terms of the seriousness of the corruption problem⁶³. For control of corruption, Afghanistan ranks in the second or third lowest percentile of the distribution. According to the Corruption Perception Index of Transparency International, Afghanistan ranked 117th out of 159 countries. Although corruption remains a critical issue for the stability and development of Afghanistan, it must be recognized that a number of important building blocks against corruption have been put in place over the last five years in terms of overall policies as well as some degree of institutional development albeit the fact that enforcement remains weak. Some progress has been made in the area of public administration (e.g. the new Civil Service Law passed in 2005), and fiduciary standards have been significantly raised, as a result of a number of actions taken by the Ministry of Finance in particular. Hence, for the first time in 2006, the external auditor (the Control and Audit Office) was able to audit the Government's accounts, and its report was transmitted by the Government to the Upper and Lower Houses of Parliament.

Supervision

89. **Supervision.** The project will be directly supervised by IFAD through fielding of Implementation Support and Supervision missions led by IFAD and composed of various experts, consultants or other IFAD HQ staff whose profile will be determined on a case-by-case basis upon analysis of project specific needs at the time of each mission⁶⁴. At least one supervision/support missions with additional follow-up mission, if required, will be organized each year to assess overall progress and performance, gaps and constraints, with particular attention to fiduciary aspects, and to identify the necessary implementation support requirements. Ideally, the Missions should be organized at the same time as the PSC meetings, so as to allow IFAD to attend these meetings as an observer.

90. **Early Mid-Term Review.** With certain milestones on the horizon, such as the transition of security into Afghan hands by 2014, the Project design will invariably be superseded by reality over time as a result of these changing political and macro-economic changes conditions, emerging operational experiences, exogenous developments and force majeure. As such, it is recommended that a Mid-term Review be planned for early 2015 in order to take stock of the overall environment and its immediate and longer-term impact on the Project.

Risk identification and mitigation

91. **Security.** The unsettled and extremely volatile security situation of the country, which will likely deteriorate in the advent of 2014, when the process of transitioning security into the hands of the national security forces is complete, represents the main risk for the project. To mitigate such risk, target districts have been selected within the three provinces that are less likely to be affected by threats of insecurity. In addition, experience of other programmes in the area indicates that working closely with local partners and the strong involvement of community networks could also mitigate security risks to a significant extent. Moreover, empowerment of local community groups and sense of ownership not only contribute to stabilisation of security situation, but also provide security to project and SP staff. The Project approach of participatory development through the existing extensive network of CDCs and other community and farmers forum would thus provide opportunities for

⁶³ *Fighting corruption in Afghanistan: a Road Map for Strategy and Action*, 2007, World Bank, DFID and ADB.

⁶⁴ The key supervision processes which will be applied are: (a) *Loan administration*: ensuring fiduciary compliance, with focus on: legal conditions; financial management; procurement and contracting; (b) *Project supervision*: assessing implementation performance, with focus on: overall implementation performance and progress towards objectives; programme investments, activities and outputs; statutory requirements (AWPB, monitoring, reporting); steering, management, implementing institutions; targeting and gender mainstreaming; (c) *Supporting implementation, project level*: with focus on: providing guidance towards achievement of objectives; supporting adaptation in response to evolving conditions; creating systems for sustainable flow of benefits; resolving operational issues and problems; generating lessons and articulating best practices; and (d) *Supporting implementation, country level*: with focus on: introducing a broad programmatic view of development investments; influencing policy on the basis of operational experiences; developing systems and institutions for poverty reduction; facilitating financial and operational partnerships.

offsetting some of the security risks. However, should the situation deteriorate, the project will become reliant on the experience of its SPs (all of whom work in volatile areas). In extreme cases, where outreach and monitoring is not possible, third-party monitoring may be undertaken, as pioneered by the NSP. In the extreme event the security situation in any of the selected districts deteriorates to the point to make the target communities completely inaccessible, particularly in Logar which at the moment looks the most vulnerable, it has been agreed, as a contingency plan/exit strategy, that the Government in consultation with IFAD would consider the option of shifting the project activities to other districts among already pre-selected districts, and/or re-visit the menu of interventions and select the simplest and most practical ones to implement until the situation becomes more conducive for the reengagement on more complex interventions and activities.

92. **Corruption.** Although progress has been made in the areas of public administration and fiduciary standards being significantly raised, corruption still remains a risk. Given the small scope and scale of the community-level projects proposed by the project, in tandem with existing transparency mechanisms set up by NSP/CDCs and other institutions, the risks related to corruption are considered limited. To further reduce the risks related to corruption involved in infrastructure development, the project would only finance small-scale infrastructure schemes. All the Project activities will remain modest in scope and scale and place few additional requirements on the existing skills of the communities involved. Several sub-components of Agriculture and Livestock Component will be implemented by Service Providers, which will be selected/pre-selected on the basis of their good reputation, among other criteria. The Grant funds will be transferred to the Service Providers through the direct payment modality.

93. **Limited capacity at local level in planning and implementation.** The lack of capacity and resources of MAIL staff at district and provincial level remains very high. Although this has been partly addressed by engaging Service Providers for planning and implementation of components/sub-components of the project, the knowledge and resource deficit remains a key preventative factor for full ownership and coordination of agriculture activities by MAIL at the lowest levels. While the project will continue to rely on Service Providers for the implementation of its components/sub-components, the project would in the meantime strengthen the capacity of GoIRA provincial and district level staff and will gradually transfer the planning, coordination, monitoring and supervision of these components/sub-components to the GoIRA staff and local communities, the actual implementation to producer organisations and other local SPs from PY4 onwards. This would in addition allow the GoIRA and the local communities to take ownership and ensure sustainability of interventions over and beyond the life of the project.

94. **Limited capacity for gender mainstreaming.** The project's gender strategy engages a two-pronged approach: it proposes a number of specific activities reserved for female beneficiaries, and it also seeks to mainstream women's access and participation across all components of the project from extension work to project evaluation, and across all thematic areas (horticulture, livestock, infrastructure and community institutions) of the project activities. However, the ability to implement such a strategy will be very much tempered by the conservatism of the local cultural norms (which varies greatly between the three provinces), the maturity of the CDCs and groups, the capacity of the SP staff (and their history in the area), the support and facilitation of the local administration (including line departments), the forwarding gender forces of PSC & PST and the overall flexibility of the Project. To maximise the ability of assistance from the government, capacity for gender mainstreaming will be built via three approaches. Firstly, the training and contracting of additional female extension workers to cover all districts of the project will be included. Additionally, a consultancy to develop MAIL's capacity for gender training and for gender evaluation will be included in the first year of the project, with the intent of mentoring the existing Gender Officer employed in MAIL to take on these functions ministry-wide. Finally, the project's baseline study phase and its performance measurement framework will include gender specific indicators, and gender-specific proposed outcomes and impacts to measure against. Considering the position of PSC and PST, gender sensitivity of its members is of utmost importance and a prerequisite for gender mainstreaming to happen. Working with the non-negotiable ratio of at least ¼ of staff being female professionals is recommended so as to ensure gender-balanced teams, which recognise the voices of rural women.

IV. PROJECT COSTS, FINANCING, BENEFITS AND SUSTAINABILITY

Project costs

95. **Project costs.** Overall, the proposed project would cost about USD 65.5 million (Afs 3.27 billion) over a six year implementation period. IFAD contribution would amount to about USD 58 million (88.5% of total cost) in the form of a grant. The remaining amount (USD 7.5 million) would be contributed by the Government of Afghanistan (USD 3.57 million), beneficiaries of the project (USD 3.48 million), and Service Providers (FAO will contribute to the dairy development sub-component, in the form of staff time, allocation of vehicles, etc. for an estimated amount of about USD 460,000). The baseline cost is USD 62.7 million, and physical contingencies are USD 2.77 million. The table below summarizes the base cost by component. Detailed cost tables are reported in Technical Annex 9.

Project Components by Year (US\$ 000)

	2013	2014	2015	2016	2017	2018	Total
Component 1							
1.1 Productive Infrastructures	3,137	5,225	6,271	4,181	1,045	1,045	20,904
1.2 Community Development	187	187	187	187	187	187	1,124
1.3 Gender Mainstreaming	168	229	279	251	180	103	1,210
Component 2							
2.1 Dairy Development	3,099	3,352	1,271	1,170	933	519	10,342
2.2 Poultry Development	756	1,143	1,127	1,093	573	299	4,991
2.3 Food, Forage, Vegetable	2,296	1,765	1,446	926	731	627	7,791
2.4 Kutchi Development	1,190	948	691	668	623	578	4,699
Component 3							
Project Management	2,005	1,788	1,868	2,015	2,049	1,950	11,675
Total BASELINE COST	12,837	14,638	13,141	10,492	6,322	5,308	62,738
Physical contingencies	520	675	688	471	142	142	2,640
Price contingencies	16	29	26	26	19	18	135
Total PROJECT COST	13,374	15,342	13,855	10,989	6,484	5,468	65,513

Project financing

96. **Financing and co-financing.** IFAD will finance 88.5% of the project costs. With an in-kind contribution⁶⁵ of about USD 3.57 million, the Government will co-finance 5.5% of the project costs. With an in-kind contribution⁶⁶ of about USD 3.48 million, the beneficiaries will co-finance 5.3% of the project costs mainly through in-kind contribution. FAO will contribute to the dairy development sub-component, in the form of staff time, allocation of vehicles, etc. for an estimated amount of about USD 460,000. The table below summarizes the financing by financier.

Financing by financier (US\$ 000)

	Govt		IFAD		FAO		Beneficiaries		Total		For. exch.	Local exch.
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
Component 1												
1.1 Productive Infrastructures	1,647	7.1	19,084	82.9	--	--	2,303	10.0	23,034	35.2	1,189	21,845
1.2 Community Development	16	1.4	1,110	98.6	--	--	--	--	1,126	1.7	58	1,068
1.3 Gender Mainstreaming	30	2.5	1,182	97.5	--	--	--	--	1,213	1.9	63	21,845
Component 2												
2.1 Dairy Development	1,364	13.0	8,521	81.2	456	4.3	152	1.4	10,492	16.0	1,145	9,347
2.2 Poultry Development	75	1.5	4,900	98.0	--	--	26	0.5	5,000	7.6	259	4,742
2.3 Food, Forage, Vegetable	142	1.8	6,826	85.7	--	--	1,000	12.6	7,967	12.2	905	7,062
2.4 Kutchi Development	0	0.0	4,999	100	--	--	--	--	4,999	7.6	516	4,483
Component 3												
Project Management	302	2.6	11,379	97.4	--	--	--	--	11,681	17.8	150	11,531
Total PROJECT COST	3,575	5.5	58,001	88.5	456	0.7	3,481	5.3	65,513	100.0	4,286	61,227

⁶⁵ The Government in-kind contribution would cover, among other things, the costs of land allocation, salaries of staff other than Project Support Team, and utilities.

⁶⁶ The beneficiaries' in-kind contribution would mainly be in the form of labour.

97. **Contribution to the National Solidarity Program.** Although not specifically recorded/reported in the calculation of co-financing, it is important to highlight that, through the Productive Infrastructure sub-component, IFAD will contribute to the National Solidarity Program III (a USD 750 million program implemented by the MRRD and funded through various sources, including the World Bank-administered Afghanistan Reconstruction Trust Fund and the Japanese Social Development Fund) by implementing activities that would directly contribute to the objectives of NSP, thus contributing to address the NSP financial gaps in the districts covered by the project⁶⁷.

98. **Financing by expenditure categories.** Out of a total cost of USD 65.5 million, 39% is for Community Development & Productive infrastructure, 43% for Agriculture/ Livestock and 18% for Project Management (which however includes USD 0.5 million for the Policy Support Fund, and USD 3.5 million as unallocated, i.e. 6%). The table below summarizes the financing by expenditure categories.

Financing by expenditure category (US\$ 000)

	Base cost				Cost with contingencies				
	Community Development Physical Infrastructures	Agriculture/ Livestock	Project Management	Total	Community Development Physical Infrastructures	Agriculture/ Livestock	Project Management	Total	%
Civil Works/ Community Infrastructures	20,904	219	--	21,123	23,034	241	--	23,275	35.5%
Vehicles and Motorcycles	20	533	160	714	20	559	160	739	1.1%
Equipment and Materials	--	3,361	218	3,578	--	3,574	218	3,792	5.8%
Technical Assistance, Trainings and Studies	1,244	9,460	2,188	12,892	1,246	9,602	2,189	13,038	19.9%
Salaries and Allowances	487	6,641	3,988	11,116	488	6,662	3,988	11,138	17.0%
Incremental Operating Costs	583	4,611	1,477	6,671	584	4,821	1,481	6,886	10.5%
Contingencies/ Unallocated	--	2,997	3,645	6,642	--	2,997	3,645	6,642	10.1%
Total	23,239	27,822	11,675	62,735	25,373	28,456	11,681	65,510	
					38.7%	43.4%	17.8%		

Summary benefits and economic analysis

99. **Estimated beneficiaries.** Approximately 169,500 poor households (equivalent to approximately 1,017,000 individuals) are estimated to benefit from the project⁶⁸ (cost/beneficiary ratio: US\$ 386/household or US\$ 64/person). The number of beneficiaries per component is summarized in the table below. The number of beneficiaries pertains to direct beneficiaries, without considering any diffusion effect. The assumptions made to estimate the number of beneficiaries per component are reported in TA10.

⁶⁷ Although the third phase of NSP is now receiving significant funding, gaps still remain in full mobilisation. The Project will channel funds directly to an NSP-designated Special Account (set up through an 'on-budget' mechanism with the MoF) and fill gaps in NSP funding by targeting CDCs that are likely to qualify, or have already qualified for Repeater Block Grants (a second round of cash grants to certain CDCs that have met the maturity and efficiency criteria, including having fully utilized and recorded the disbursement of their initial Block Grant). Financing of productive infrastructure and community capacity building activities in the selected project districts of Kabul, Parwan and Logar provinces, would thereby free up NSP existing funds for other parts of the country.

⁶⁸ **Methodology and assumptions used to estimate the net number of benefiting households and avoid double counting:** To determine the net number of beneficiaries, assuming that many households will participate in and will benefit from more than one activity, it has been assumed that each beneficiary household will at least benefit from the construction of productive infrastructures (except the Kutchi, who are nomadic). The number of households benefiting from the productive infrastructure sub-component is estimated to be 115,000, calculated dividing US\$ 23 m (i.e. the budget of the Productive Infrastructure sub-component) by an estimated average of US\$ 200/household, which is the NSP ceiling amount per hh for total block grant for any CDC. This number has been adjusted by an estimated factor of 30% (i.e. 34,500) to take into consideration the fact that (1) some of the beneficiaries of the project (particularly under the Food/Fodder and Dairy sub-components) may come from villages which do not benefit from the Productive Infrastructure sub-component, and (2) although, as a general approach, project activities will be implemented in villages where CDCs have been established (and where, therefore, productive infrastructures implemented through NSP will be the entry point), it may be possible that some activities will be implemented in villages where CDCs have not yet been established. To this number, the number of households benefiting from the Kutchi sub-component (i.e. 20,000), which do not benefit from the productive infrastructure sub-component, should be added. The estimated number of households benefiting from the project is therefore 169,500 (i.e. 115,000 + 30%, plus 20,000 Kutchi).

Direct beneficiaries (HHs) per component

Component/Sub-component	N. of beneficiaries (HHs)
1.1 Productive Infrastructures*	86,250
2.1 Dairy Development	3,000
2.2 Poultry Development	25,000
2.3 Improved Food, Fodder, and Vegetable Crops**	81,055
2.4 Kutchi Development	20,000
Total	169,500***

(*) Excluding Irrigation

(**) Including Irrigation

(***) Net number of beneficiaries (i.e. net of possible double counting)

100. Economic and financial analyses. Economic and financial analyses have been carried out to assess the economic and financial viability of the project, examine the impact of project interventions on income, and assess whether there are sufficient financial incentives for the targeted beneficiaries to participate in the project activities. The detailed analyses and assumptions are reported in TA10. The table below summarizes the result of the analyses, including a sensitivity analysis for three scenarios (10% increase in costs, 10% decrease in benefits; 10% increase in cost with 10% decrease in benefits).

Economic and Financial Analysis

Components	Financial			Economic		
	NPV	B:C	FIRR	NPV	B:C	EIRR
1.1 Productive Infrastructures	1,468	1.12	18%	629	1.06	17%
2.1 Dairy Development	3,076	1.25	23%	2,567	1.25	23%
2.2 Poultry Development	4,987	1.53	33%	1,485	1.14	19%
2.3. Improved Food, Fodder, and Vegetable Crops**	14,431	1.61	36%	14,957	1.83	40%
2.4 Kutchi Development	1,861	1.38	30%	1,337	1.31	40%
Overall	18,811	1.25	23.2%	14,602	1.22	22.2%
Cost increased by 10%	11,253	1.14	19.6%	8,023	1.11	19%
Benefits decreased by 10%	9,372	1.12	19.2%	6,563	1.10	18%
Cost/Benefit +10%/-10%	1,814	1.02	15.8%	(16)	1.00	15%

(*) Excluding Irrigation

(**) Including Irrigation

101. Conclusions. The results of the analyses suggest that a beneficiary household benefiting from the activities of the project could increase its annual income substantially. The activities supported by the project have the potential to increase the beneficiary livelihoods and income over time.

Sustainability

102. Key elements of sustainability. There are several key elements in the project design which ensure post-project sustainability and a natural exit strategy:

- (i) *Using existing structures and arrangements:* The first key element is using the existing structures and arrangements as far as possible and not creating any new or artificial structures. Community organisations/CDCs which are the main vehicle for engagement for community mobilisation are existing institutions which have been established by the NSP in the selected provinces. The Government of Afghanistan is in the process of formalizing the role of CDCs by transforming them into Village Councils, with roles and responsibilities that will continue beyond the duration of the NSP.
- (ii) *Supporting existing institutions:* The second institutional element that would ensure post-project sustainability is the existence of similar meso-level institutions such as Farmers' Cooperatives, Dairy Unions, Poultry Associations, VBSEs, VFUs, etc. As entities with functions, guidelines and registration already formalised within MAIL, any strengthened or newly-established entities of this nature (as supported by the project) will immediately align themselves with proscribed guidelines and objectives. Through the relevant departments in MAIL, these entities will become part of a greater network and participate/benefit from planned activities around information exchange and resource allocation. In addition, legislation for these bodies is currently being internally considered with the aim of developing a framework that will bring a legal framework and governance so that these entities can move on from the PPP set-up into full engagement with the private sector.

- (iii) *Gradual handover and transfer of responsibilities:* As the planning and implementation responsibilities of the project will lie within MAIL/DAIL, the institutional framework of the project will continue to exist beyond the life of the project itself. The last two years of the project will be a consolidation phase, focusing on a well-benchmarked and pragmatic transition plan. SPs will be handing over responsibility for continuing the work of the project based upon a considerably strengthened DAIL and beneficiary groups/cooperatives/Unions etc. In addition, the participatory design process allows the project to respond directly to community concerns. These efforts to create ownership of the project will provide the foundation and necessary commitment for post-project sustainability.

103. Sustainability of productive infrastructures. The sustainability of the infrastructure built under the project will be ensured through the community ownership and undertaking of operation and maintenance by the participating communities/CDC. Investments in productive infrastructure will be made only after it has been ascertained that the infrastructure provided at the community level can be implemented and sustained by the community both in terms of management and payment of operations and maintenance costs by the community.

104. Sustainability of agriculture and livestock activities. The sustainability of the various activities supported under the Agriculture and Livestock sub-components will be ensured through close interaction with the producers organisations (farmer groups, interest groups, poultry groups/associations, dairy coops and unions, women groups etc.) through the CDCs. This will be accompanied by capacity building, transfer of responsibility and therefore possibilities of continuation of provision of services by MAIL/DAIL. The Project will facilitate the establishment and strengthening of a network of community based milk producer associations or cooperative societies (so called primary cooperatives) and unions which will empower the communities to participate and benefit from the economic growth⁶⁹. Along similar lines, the poultry entrepreneurs might operate making for instance use of the existing poultry association in the provinces. The promotion of farmers' organisations and farmer controlled businesses along the commodities such as dairy, poultry, seed and others forms an important mean for development of smallholder production that will increase the ability of the poor to exploit the potential for economic profit of farming (and assure sustainability of the investment). As far as the Agriculture sub-component is concerned, experience show that VBSEs previously established by ICARDA continue producing and marketing seeds even after the completion of the projects.

⁶⁹ The approach to dairy development proposed in the project is based on IDS model, which has been tried and tested in various locations in Afghanistan over a number of years. Experiences in implementing the IDS model have shown that after a number of years these enterprises can operate successfully and independently and also generate good profits for their farmer members.

ANNEX 1: COUNTRY AND RURAL CONTEXT BACKGROUND

Introduction

1. Since 2001, the Government of Afghanistan has been gaining in capacity and ability to deliver services at the lowest level of administrative organization. However, significant challenges still remain in achieving adequate state instruments to ensure custodianship lies fully in the hands of the Afghan people. Key constraints still remain in stabilisation of security, where insurgency has steadily spread over a greater area, competing with the government for control over previously stable areas. In addition, coordination amongst donors still remains weak. This is now being addressed by the Government of the Islamic Republic of Afghanistan (GoIRA) through the development of National Priority Programmes (NPPs) as the main platform of funding for the international community along with an increase in the percentage of assistance funding being channelled directly through the GoIRA (an increase from 20% to a possible 50% has been discussed). Finally, the gap in planning, budgeting and capacity building between the centre, province and district is at long last being addressed through the beginnings of delivering devolutionary powers and decision-making away from Kabul.

2. The current IFAD COSOP (country strategy) fits well with the Afghanistan National Development Strategy (ANDS), as do current and planned projects. However, the COSOP will be most greatly affected by the continuously changing security situation and the ability of the GoIRA to establish a presence at the lowest levels possible within the country. Whilst the issues of security will be cross-cutting, the possible changes to the ANDS and the new clutch of NPPs emerging from the 'Kabul Process' will require a significant amount of flexibility within the COSOP.

3. Linked to the ANDS and the last three international conferences on Afghanistan over 2010 and 2011, fully developed NPPs from the 'Kabul Process' will be in their first cycle of implementation and review – much will be learned from this process as the GoIRA attempts to undertake a 'whole of government' approach to service delivery. Both of these factors will heavily impact upon overall stabilisation of security within the country, determining and enabling environment within which access, and service provision by the GoIRA can take place.

4. Within the scope of sub-national governance, the evolution of District Development Assemblies (DDAs) and Community Development Councils (CDCs) to District Councils and Village Councils respectively, is on-going. The formalising of existing social development mechanisms into civil service platforms at the lowest administrative level will also entail an anticipated realignment by all donors to ensure priority alignment by sector and geographical location.

Country Background, Economy and Poverty

5. Afghanistan stretches over a total area of 645,600 square kilometers⁷⁰ bordering with China, Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. Only 10 to 12% (about 6.5 million hectares) of the land is arable and 46% (30 million hectare) is permanent pasture⁷¹. Rapid deforestation has left forest cover to less than 2% of the land, which are under threat of being cleared. Geographically, about 75% of the arable area is concentrated in three of the eight agricultural planning regions of the country – north, northeast and west. Of the total arable area, not more than half is actually cultivated annually, mainly because of lack of water.

6. Landlocked and mountainous, Afghanistan has suffered from instability and conflict during its modern history, thus ruining its economy and infrastructure and leaving more than 3 million people still as refugees mostly in neighboring countries⁷². The country is also afflicted by natural disasters such as droughts, floods, earthquakes and frosts. Poverty rate is 36% and average consumption of the poor as % of poverty line is 78. There is massive unemployment -7.9% unemployed and 48.2% under employed. The goods and services in the rural non-farm sector are almost entirely in demand for the local market but cannot be sold in international markets for lack of quality standard, packaging and processing.

⁷⁰ Country Pasture Profiles of Afghanistan, by Oalf Thieme and J. M. Suttie (2003)

⁷¹ CSO unpublished data for 2010

⁷² Joint UN Programme on Disaster Risk Management (2009)

7. Afghanistan remains one of the poorest countries in the world, ranked by the UN at 172 out of 187⁷³. It has been affected by a series of conflicts that have been going on since the Soviet invasion of 1979, for over three decades. The last official census was conducted in that year when the population was 15.5 million. Estimates of current population vary between 24 million (Afghan Central Statistical Office, 2006) and 30 million (World Bank, WDI 2006), with around 80 per cent of all Afghans living in rural areas. Afghanistan is a young country, with 52 per cent of the population 17 years of age or younger⁷⁴. Men account for 54 per cent of the population and women for 46 per cent. Agriculture is the most important sector in terms of employment, with the formal agricultural sector contributing at least 35% per cent to GDP (2010). Whilst the cultivation of illicit opium production is supporting the informal economy by contributing an estimated 47 per cent to GDP. Only 17 per cent of the population aged 25 and over has attended any type of formal education, with the figure for women being just 6 per cent. Structural violence, including the persistent marginalisation of women, is exacerbated by dire levels of poverty.

8. With low government revenues, international assistance constitutes around 90 per cent of all public expenditure in the country, with a gross national income per capita (based on purchasing-power-parity) of only USD 1,419 in 2009. Since 2001 and the ousting of the Taliban regime, much has been achieved: democratic institutions and ministries have been established; significant improvements in health care and immunisation have taken place; primary schools, roads and transport infrastructure have been constructed. However, most Afghans still endure conditions of hardship and insecurity, and criminality is now jeopardising recent progress. In addition there are significant disparities in the geographical distribution of aid with some major donors directing a disproportionate share of aid to the southern provinces where the insurgency is strongest. Apart from the over-funding of the southern half of Afghanistan, most aid has been directed to Kabul and other urban centres, rather than to rural areas, and the agricultural sector has been relatively under-resourced until very recently.

The Agriculture sector

9. In a country where 80% of the population relies directly on the natural resources to meet its daily needs, widespread environmental degradation poses an immense threat to livelihoods. More than two decades of conflict, military activities, refugee movements, collapse of national, provincial and district levels of governance, lack of management and institutional capacity, and over-exploitation have heavily damaged Afghanistan's natural resource base. In a low-income country like Afghanistan, food – and nutritional security is uppermost in the minds of the masses of people and their government. Agriculture initially ensures balanced diets by producing the basic food – and nutritional requirements for each family. As development occurs, it generates the income for purchasing food both for the country and for the individual families and allows specialization in commodities best suited to the natural resource base. For Afghanistan, the need is to produce the food staples on a declining area so that more land can be devoted to the high value commodities such as fruits and vegetables, raw materials for animal feed, etc.

10. Out of a total of 2.35 million farming households (HHs) in the country, 23% fall in the farm size of less than 1.0 acre own land and another 26% fall in less than 2 acre farm size category. Fifty nine percent of land owning HHs own irrigated land, 25% rain-fed land and 16% own garden plots. There is massive unemployment -7.9% unemployed and 48.2% under employed.

The Ministry of Agriculture, Irrigation and Livestock

11. MAIL's own institutional requirements evolved under a leadership change within the Ministry in October 2008, which prompted the review of the ministry structure and programmes in line with the Agriculture and Rural Development Sector Strategy (ARDSS), which was a sub-set of the ANDS priorities. This then evolved into an Agricultural Master Plan in 2009 and finally articulated itself into a National Agricultural Development Framework (NADF 2009-2013) (the road map for the agricultural sector for the next five years).

⁷³ 2011 Human Development Report, UNDP

⁷⁴ The National Risk and Vulnerability Assessment 2005: Afghanistan

12. This was supported by the outputs of the "Kabul Process", in which sixteen ministries were engaged in the three development clusters of Agriculture and Rural Development (ARD), Human Resource Development (HRD), and Energy and Infrastructure Development (EID), managing in total over 80% of the development budget. The ARD Cluster is chaired by the MAIL and comprises Ministry of Rural Rehabilitation and Development (MRRD), Ministry of Energy and Water (MEW) and Ministry of Counter Narcotics (MCN). With the overall goal of developing prosperous rural and pastoral communities, four National Priority Programmes (NPPs) have been developed and recommended to the international community for support. These programmes are; (i) national water and natural resources development; (ii) national comprehensive agriculture production and market development (currently known as Food for Life); (iii) national rural access; and (iv) national strengthening of local institutions (including NSP). Since 2009, the Ministry of Agriculture, Irrigation and Livestock (MAIL) has been in intrinsic part of an overall multi-ministerial rural development approach that provided a convergence between its own institutional requirements and a set of NPPs emerging from the Kabul Process.

Recent policy developments affecting agriculture and rural development

13. **Transition of security:** the fluctuating security situation has made it difficult to maintain a level of outreach to communities, undertake monitoring and missions. The provinces identified for implementation were also selected for their status as being stable in terms of insurgency, are now affected by these very activities. This will be further exacerbated by the phasing in of the transition of national security from ISAF to the ANSF across the country. In 2011, an internationally agreed plan was finalized to begin a phased physical transition of security from the International Security Assistance Force to the Afghan National Security Forces by 2014. Presidential elections are also scheduled to be held in 2014.. All these developments have a significant impact on the ability of the government to deliver services in a secure and stable environment.

14. **Sub-national governance:** In addition, the sub-national governance debate has matured over the last several years and been finalised under the Independent Directorate of Local Governance (IDLG) and MRRD. Existing district and community level mechanisms and representative entities will be rationalised through regulatory improvements and resource transfers to become district and village councils with potential clustering of the latter along social and economic lines. Line ministries can then decide how they will develop a system of budget-based transfers to communities and the regulations required to ensure transparency and accountability.

15. The architecture for a sustainable sub-national governance framework is currently under design within the confines of a National Priority Programme called 'Strengthening Local Institutions' of which a major part is comprised by the National Solidarity Program (NSP)⁷⁵.

16. **Policy and strategy development within MAIL:** Over the last few years, MAIL has adopted a more coherent approach to drafting and approving policies and best practices. This has partially been led by the increasingly important leadership role MAIL is playing within the Agriculture and Rural Development inter-ministerial cluster. A further contributory factor to the maturing policy environment has been the vision of the current senior leadership. To date, nine policies have been approved and another twenty-one are being currently drafted.

75/ A Ministry of Rural Rehabilitation and Development (MRRD) programme now in its third phase and funded predominantly through the ARTF. The programme's development objective is to strengthen community level governance in Afghanistan and to improve the access of rural communities to social and productive infrastructure and services by channelling resources to democratically-elected Community Development Councils (CDCs) and building the capacity of CDCs to facilitate community level investments.

ANNEX 2: POVERTY, TARGETING AND GENDER

A. Rural poverty, information and analysis

1. **Human development.** The 2011 Human Development Report estimated the Human Development Index (HDI) value of 0.398 for Afghanistan and ranked the country at 172 out of 187. Life expectancy at birth remains at 48.7 years, with an infant mortality rate of 199 per thousand live births.

2. **Poverty, vulnerability and inequality.** Poverty remains persistent. According to National Risk and Vulnerability Assessment (NRVA) 2007/08, 36 percent of the population was estimated to be poor and lived on less than the official poverty line (e.g., Afs 1,942 per person per month in urban areas of central Afghanistan). While 36 percent of the population are unable to meet their basic needs, many more people are susceptible to becoming poor. Nearly half the population lives below 120 percent of the poverty line. On average, the poor are only able to consume at a level equal to 78 percent of the estimated cost of basic needs. One small, negative shock has the potential to move many individuals into poverty. The vast majority of the poor (84%) and of the overall population (80%) live in rural areas, where literacy rates are lower and services are scarce. Compounding the problem is that most institutions of Government, as defined by the constitution, do not yet exist below the provincial level - making delivery of the most basic services beyond the reach of rural population.

3. **Poverty is higher in rural areas.** A breakdown of the poverty incidence shows large differences by residence. National level poverty estimates are mainly driven by people living in rural areas, who represent 80 percent of the Afghan population. As a result, while poverty in the rural population is close to the national average, the incidence in the urban population is relatively low (29 percent) and in the Kutchi population very high (54 percent). Similar patterns emerge from the disaggregated analysis of the poverty gap, which is the lowest in urban areas (6 percent) and the highest among the Kutchi population.

4. **Poverty varies greatly by region.** With its diverse terrains, climates, and agri ecological zones, poverty in Afghanistan varies dramatically across regions. Poverty rates at the region level are shown in the following table. According to the NRVA 2007/08, poverty is the lowest in the Central and South Western regions. The West Central region (or central highlands), with its harsh climate and remoteness, shows a poverty level as high as 45 percent. However, there are significant variation in poverty levels within regions, provinces, districts and communities. Even if one region or province seems to have a higher than average incidence of poverty, an apparently better off region or province may contain districts in which poverty is even higher. Very poor households exist in almost all villages.

Region	Provinces	Regional Poverty rate (%)
Central	Kabul, Kapisa, Parwan, Wardak, Logar, Panjshir	30.1
South	Ghazni, Paktika, Paktya, Khost	43.7
East	Nangarhar, Kunar, Laghman, Nuristan	45.0
Northeast	Badakhshan, Takhar, Baghlan, Kunduz	36.8
North	Samangan, Balkh, Jawzjan, Sar-I-Pul, Faryab	39.5
West	Badghis, Herat, Farah	35.4
Southwest	Nimroz, Helmand, Kandahar, Zabul, Uruzgan	22.7
West Central	Ghor, Bamyan, Daikundi	44.9

National 36, Source: 2007/08 NRVA

5. **Agriculture is the main source of livelihood in Afghanistan.** Afghanistan continues to be a predominantly rural country. Accordingly, agriculture is critical to both economic development and poverty reduction. While the economic dependence on agriculture directly correlates with the low level of urbanisation, it is worth noting that more than 50 percent of households engaged in farming as their main income source do not produce for markets but are rather simply engaged in subsistence agriculture and barter exchanges.

B. Gender Dimension of Poverty:

6. Gender inequality is one of the highest in the world. Gender has been one of the most politicised issues in Afghanistan over the past century, and attempts at reform have been denounced by opponents as un-Islamic and a challenge to the sanctity of the faith and family. The extent of gender discrimination in Afghanistan is pervasive and gender gaps are widespread in health, education, access to and control over resources, economic opportunities and power and political voice, and while women and girls bear the direct cost of these inequalities, the negative effects are felt throughout society.

7. Patterns of exclusion and vulnerability in Afghanistan have a strong gender dimension. Descriptive statistics of NRVA 2007/08 show that women have limited access and command over productive resources. A key finding, in terms of reducing these gaps, is that improvement over time in educational outcomes has been less strong for women than for men. This trend suggests that gender gaps could widen without more focus on gender. A lack of schooling, coupled with cultural barriers, means that women are ill equipped to participate in the labour market and have few economic opportunities. Labour force participation of women is almost half that of men (46 against 86 percent of men), and the gap is even more striking in urban areas where only 19 percent of women actively participate in the labour market. According to the FAO, over 80% of the Afghan population is reliant on agriculture for their livelihoods. The strength of the agricultural sector thus has enormous bearing on the country's overall development ambitions. Women are active throughout the sector, comprising up to 65% of the agricultural workforce according to the World Bank (2005), but particularly in the production of food crops and keeping of livestock. Their participation diminishes as raw material moves further up the value chain, and women in Afghanistan have little "access to and decision-making control over agricultural inputs, outputs, and product markets," according to Rojas and Aziz (2004)⁷⁶. The role of women in agriculture is largely restricted to the confines of the household and compound, and is mostly without remuneration. Yet their productive potential as a force for wealth generation and for innovation represents promising possibilities as assets to development. IFAD has noted that women should be engaged in agriculture "not because they are in need but rather because they are needed if more intensified, competitive smallholder agriculture is to survive and provide sustainable livelihoods to a large percentage of presently vulnerable rural populations."⁷⁷

8. The mobilisation of women in the agricultural sector in Afghanistan has seen mixed results to date. While overall, agricultural development has seen important improvements such as increased rural incomes, increased production in food crops and enhanced livestock productivity - as one observer notes, since 2001 "the evidence for agricultural growth or poverty reduction through agriculture at a national level has been meagre."⁷⁸ Women in particular continue to face multiple, overlapping barriers to participating in agricultural growth and to asserting control over earnings from their productivity. Cultural constraints combined with poor gender planning in project design result in many past and present donor-funded agricultural activities failing to move women beyond their traditional roles in agricultural. There are few examples of genuine empowerment among women in recent agricultural interventions in Afghanistan. The 2007/08 National Risk and Vulnerability Assessment (NRVA) found that, "the low female participation rates [in agriculture] indicate that women are still a significant untapped potential in the country. Underlying causes are a variety of competing demands and barriers for women, such as their care-taking responsibility for children, elderly and the disabled, frequent pregnancies, household chores, low educational attainment and restricted mobility."

⁷⁶ Referenced in The World Bank in South Asia, *Afghanistan Gender Mainstreaming Implementation Note Series*, No. 2, Gender in Developing the Agriculture and Livestock Sectors, p. 1.

⁷⁷ IFAD, *Gender & Agriculture Sourcebook* (2009), p. 265.

⁷⁸ A. Pain and P. Kantor, (2011). "Beyond the Market", Kabul: Afghanistan Research and Evaluation Unit (AREU), p.2.

9. While cultural constraints, as well as insecurity, do indeed present formidable challenges to planning for women's access to new technologies, improved methods, and knowledge acquisition for agricultural growth, there are local examples to draw upon where creativity, dialogue and localised planning made it possible to overcome these challenges. A detailed understanding of gender roles in each target district, including opportunities for altering traditional gender roles, has helped facilitate the design of a gender strategy that will make better use of the productive potential of women as a force for agricultural development.

C. Main Causes of Poverty and Coping Mechanisms

10. Poverty in Afghanistan is multidimensional, involving a complex interplay between low assets (physical, financial and human), years of conflict, insecurity, drought, indebtedness, poor infrastructure and public services, traditional roles and other factors.

11. Livelihoods strategies of rural Afghans are highly complex. People in different parts of the country have a broad variety survival strategies with a number of various types of households living in the same area live in very different ways ranging from 6-15 members of an extended family often living in one house. Even within the same household, family members draw on diverse income sources depending on their specific assets and abilities as well as on seasonal opportunities. This diversity appears to be a crucial strategy for the rural population to manage the risks and uncertainties that are considered as a central part of everyday life. Rural income strategies depend on both farming (self-employed farming / herding and agricultural wage labour) and non-farm employment (self-owned enterprises and non-agricultural wage labour). Agriculture – of which livestock forms an important component -plays a major role in providing a livelihood in rural Afghanistan, with better off households having land assets more likely to farm their own land, while poorer households, even those with some land, are more likely to seek additional employment opportunities and/or sharecrop, whilst others fully rely on livestock. The majority of the rural poor are net consumers of food rather than producers. The traditional rich fabric of community-based networks and institutions has also plays a critical role in supporting households and individuals as well as to ensure synergies between cropping and herding

D. Target Area

12. **Project Area:** The selection of the provinces which falls in the central region of the country was determined in the light of current and planned priorities of the MAIL such as comparative status of development and needs and availability of other sources/donors funding. In addition, IFAD priorities and operational considerations were also factored closely into the selection process, including a level of security allowing regular access to the selected areas, an opportunity to complement and strengthen existing government service delivery in rural development activities, a cross-section of the rural community that would benefit from an integrated rural development approach and the chosen provinces being geographically contiguous. The three provinces of Kabul, Parwan and Logar have a broad set of rural development needs and have several areas characterised by low food security and vulnerability. At the same time they offer significant scope for agriculture and livestock development and opportunities for income generation through improved husbandry practices (crops, livestock), value addition and technical training. These and other agricultural needs/gaps have now been listed and prioritised through the recent finalisation of Provincial Plans undertaken by MAIL. All three provinces have the benefit of improved access to the capital of Kabul, but the rural areas lack the required infrastructure, access to agricultural inputs, services and markets, and certain value chain components.

13. In order to ensure an integrated approach, three districts per province have been selected for implementation of CLAP. Based upon the current and projected security situation at the time of the start-up of the project, the following districts have been selected: Kabul (Dehsabz, Char-asiab and Bagrami districts), Parwan (Baghram, Charikar and Jabalussaraj districts) and Logar (Mohammad Agha, Pul-e-Alam and Charkh districts). The final selection of the districts within the provinces has been partially influenced by the possibility of synergies and complementarities with existing and planned programmes and partially influenced by the phasing of the transition of security by ISAF/ANSF.

14. **Security Concerns and Exit Strategy:** The provinces of Kabul and Parwan are considered more stable and relatively secure. As far as the Logar province is concerned, it is anticipated that it will remain the most unstable of the three selected provinces. However, a security assessment conducted in consultation and with the support of UNAMA/SIOC (Security Information and Operation Center) Afghanistan during appraisal seems to indicate that the nature of incidents in the province, and the profile/characteristic of the project would not make the proposed project as a target. In all cases, the project activities will have an implementation modality that allows them to continue to deliver services relying on exiting approaches, as used by the NSP. In the event of the security situation in any of the selected districts deteriorating to the point to make the target communities completely inaccessible, it has been agreed, as a contingency plan/exit strategy, that the Government in consultation with IFAD would consider the option of shifting the project activities to other districts among already pre-selected districts⁷⁹, and/or re-visit the menu of interventions and select the simplest and most practical ones to implement until the situation becomes more conducive for the reengagement on more complex interventions and activities.

15. **Selection of Communities/CDCs.** The planning and implementation of project activities and selection of beneficiaries will be carried out through existing formal and activity-based decision-making community groups like, Farmer Cooperatives, Dairy Unions, Producer Groups, etc. within the frame work of Community Development Councils (CDCs) established under the National Solidarity Programme. The National Solidarity Programme (NSP) was initiated in 2003 by the Ministry of Rural Rehabilitation and Development to develop the ability of Afghan communities to identify, plan, manage and monitor their own development projects. Through the promotion of good local governance, the NSP works to organise and empower rural communities to make decision affecting their own lives and livelihoods. The programme is inclusively supporting all of the communities including the poorest and vulnerable people. The Programme is funded from a variety of sources, including financing from WB/IDA, JSDF and financing from the Afghanistan Reconstruction Trust Fund (ARTF), which provides funding to NSP from various donors.

16. Since its inception in 2003, NSP has established approximately 22,300 CDCs across 361 districts in all of Afghanistan's 34 provinces. NSP-III has now been initiated, which will support establishment of additional 10,320 CDCs. NSP-III also aims to further strengthen the capacity and institutional structure of existing CDCs so that they can serve as vehicles of local development and governance for rural communities. A stronger focus will be placed on improving the sustainability of CDCs through increased linkages between CDCs and other stakeholders and improving their access and ability to manage and maintain basic services. Through the promotion of good local governance, the NSP works to organise and empower rural communities to make decisions affecting their own lives and livelihoods. The programme is inclusively supporting all of the communities including the poorest and vulnerable people.

17. Hence, preference for implementation of CLAP activities including strengthening and capacity building will be given to the communities established and eligible for NSP's repeater block grant⁸⁰. Therefore, the planning and implementation of all project components will be carried out in integrated manner in the selected CDCs.

E. Target Group

18. The Project will, where possible, work with different types of existing beneficiary groups such as common interest groups, farmer's cooperatives, dairy unions, producer groups, seed producing associations, women's groups, etc. However, in each case, linkage will be made to the Community Development Councils to which members of each the above groups belong. CDCs are elected representatives of a community with a minimum population of 25 households. This linkage will be important in view of the expanded and formal role CDCs are likely to be assigned for grass roots/village level development, in the form of Village Councils by the Government.

19. In line with the IFAD COSOP for Afghanistan and with the IFAD targeting policy, the Project will target the three following specific groups: (a) Small farmers and livestock keepers including the

⁷⁹ Kabul (Musayi or Shakardara), Parwan (Sayed Kheil or Guldara), Logar (Baraki Barak or Khoshi).

⁸⁰ A second round of cash grants to certain CDCs that have met the maturity and efficiency criteria including having fully utilised and recorded the disbursement of their initial Block Grant.

landless and those who currently have no livestock; (b) Women and female-headed households; (c) Resettled and nomadic Kutchis. It is expected that the great majority of the programme's direct beneficiaries will be small fe/male farmers, landless and/or livestock owners, in case of productive infrastructure schemes beneficiaries may include entire community population and the project may also target some micro-entrepreneurs for activities like village based seed enterprise, input suppliers (poultry), paravet services, etc. Landless and vulnerable households will be targeted for skill and vocational training interventions to enable them for better employment opportunities.

20. **Small Farmers and Livestock Keepers including the landless:** Agriculture and Livestock development in Afghanistan is constrained by poor infrastructure, conflicts over grazing and pasture land and lack basic access of farmers and herders to essential services (good quality seeds, sufficient irrigation water and fertilizers for the farmers and cultivators; fodder (winter feeding), veterinary drugs and vaccines for the livestock owners and shepherds; and livestock for those who aspire to own them). It is further challenged by increasing staple, cash and forage crop output per unit of land and water. Coupled with this is the ownership of more productive livestock rather than simply more livestock. More productive land, water and livestock would increase food – and nutritional security, income streams and production of milk, meat and eggs, which have a high dietary value.

21. The prevailing farming systems have been developed over generations and have stood the tests of time and adversity in a harsh environment – and both fe/male farmers and livestock keepers have outstanding indigenous skills. These skills can be improved combined with establishing marketing network and access to appropriate equipment that would allow to add value to their production (e.g. strengthen home based and introducing factory based production of cheese and other milk products; other food processing) and allow them to increase their incomes. Provision of productive infrastructure and improving access to agriculture and livestock services and inputs might result in significant productivity gains especially when these facilities are sustained independently. A sub-set of target group would also benefit from access to technical and managerial capacity building packages that would enable them to engage in micro enterprise activities allowing more profitable livelihoods. The landless households with few animals would also benefit from the livestock development component of the project. Those landless households who entirely rely on employment for livelihood would be given preference for technical capacity building activities.

22. **Kutchis pastoralists.** This specific group accounts among the poorest of the rural poor. Kutchis are nomadic herders whose livelihood depends heavily on livestock and migration patterns. As a result of conflict and insecurity, in recent years about 15-20 per cent of Kutchi families have been forced to settle because they have lost their livestock, migration routes and/or their access over traditional pasture areas and do not currently have the financial means to restart their traditional productive livelihoods. Both settled and migrating Kutchi communities will be targeted for various Project activities as per NSP/CDC criteria. As seed, dairy and poultry activities are not immediately of relevance for the Kutchi families, special interventions regarding comprehensive animal health and community pasture management were designed.

23. **Women and female-headed households.** Women in Afghanistan play an important role in all dimensions of agricultural production. Women are engaged in several farm-based activities ranging from seed bed preparation, weeding, home gardening, cutting forage and fodder, collecting weeds, caring for sick animals, drying meat for the winter to a range of home-based activities (milk processing, carding and spinning wool, knitting, needle work, making carpets, etc.) as well as making dung pats which are used as fuel. Women and children are also usually the main tenders of animals: while boys take the animals for grazing, women and girls are responsible for livestock management around the house. Poor households usually require greater involvement of women's income earning activities outside the house than do more wealthy households. Given the preoccupying socio-economic situation of rural Afghan women and female-headed households, on the one hand, and the many opportunities that exist for enhancing their existing livelihoods means, on the other, this specific target group is expected to greatly benefit from the capacity building and technical packages of the programme.

24. Women and female-headed households are expected to represent a significant number of the programme's beneficiaries. They will be preferably targeted as group members (e.g. CDCs, Women's

Associations), or as individuals in locations where such groups do not exist. Women are expected to be the main target group for the poultry and dairy sub-component.

25. **Provincial and District Level Staff of MAIL:** Although significant progress has been made in service delivery by the GoIRA, there remains a significant dependency upon Service Providers such as NGOs and contractors for planning and implementation of projects and programmes. The project would strengthen the planning, implementation and monitoring capacity of the provincial and district level staff of MAIL. Field level staff of DAIL will particularly be selected for both technical and managerial capacity building. This would not only allow the GoIRA to take ownership of the Project but will also ensure sustainability of interventions over the life of the project. This ownership will begin with a programmatic phasing in from the end of PY3, hence allowing two full years for the transition of full ownership to take place.

F. Targeting Strategy

26. Depending on the nature of the sub-component, a range of specific selection criteria for the selection of programme direct beneficiaries will be applied. However, the selection process will follow a direct targeting approach whereby CDCs will conduct poverty profiling for its members in participatory manner and will be assisted to fine-tune eligibility criteria for the identification and final selection of programme participants. The poverty profiling will be based on local poverty and vulnerability criteria and will be defined in a participatory manner by each CDC, in light of the specific situation in each targeted community and on the basis of the Projects expressed preference to serve certain target groups in particular. CLAP will also develop and use a Poverty Score Card Survey as part of the baseline survey for the identification of the target households from among the category of the poorest and monitoring of participatory of the poor members of communities. These groups are broadly defined as follows:

27. **Community Development Component:** For the productive infrastructure sub-component all segments of the community could be beneficiaries. However, the infrastructure schemes will be so identified and implemented so that these should mostly benefit the resource poor and marginalised households. Capacity building particularly relating to skill development/vocational training activities, will specifically be targeted to landless, educated youth and vulnerable households.

28. **Agriculture and Livestock Component:** The immediate target beneficiaries of the sub-component **Dairy Development** will be about 3,000 families in the three target provinces. The three following preferred target farmers groups are proposed below (more details in WP3):

- a. composed of 70% small farmers having at least 1 cow and owning up to 5 jeribs land interested in engaging in dairying;
- b. 10% farmers with up to 2 cows and landless;
- c. 20% medium scale farmers with up to 10 jeribs land and interested in engaging in fodder development.

29. The Project will specifically target the women for technical assistance and training in the fields of clean milk production, general hygiene, young stock rearing, feeding and fodder production to be provided by female staff. Efforts shall be made to engage women in the dairy coops, - union and – federation so that their voice can be heard too.

30. All the project beneficiaries of the sub-component **Poultry Development** will be the poor women members of CDCs, Farmers Cooperatives and commodity-based interest. By following different approaches, the poorest women and women-headed households will definitely benefit amongst the 25,000 HHs to be targeted.

31. **Kutchi pastoralists.** This specific group accounts among the poorest of the rural poor. Resettled Kutchis have lost their cattle or their access over traditional pasture areas and do not currently have the financial means to restart their traditional productive livelihoods. Resettled Kutchis will be eligible for all the Project components as per the NSP/CDC criteria. The migrating Kutchis are expected to be target group for livestock related interventions to the equivalent of 20,000 HHs, within the sub-component **Livestock Development among the Kutchi.**

32. **Improved Food, Fodder, and Vegetable Crops sub-component beneficiaries** will generally be small farmers but activities like Village Based Seed Enterprise may include larger farmers for the purpose of establishing a viable unit for production of seed. It provides scope for involvement of both women as well as men within the targeted 81,055 HHs

33. Given the diversity of beneficiaries, the programme will develop appropriate approaches (jointly or directly) in undertaking extension and training activities. Training needs assessments will be done prior to developing appropriate extension and training methods, materials and approaches. The type of topic/activity will determine whether the approach needs to be direct hands-on training, facilitating training through interlocutors or a Trainer of Trainer model promoting a cascading learning system. There already exists a whole body of training material in Dari and Pashtu that could be immediately utilised. For project staff and associated government agencies, training topics will include agricultural extension and communication, on-farm water management, horticulture, livestock and poultry, etc., whilst in the field, through on-the-job learning by doing participatory approach methodologies, management and technical skills will be acquired.

G. Gender and Targeting strategy

34. **Role of Rural Women:** Women play an extremely important role in all dimensions of agricultural production. In certain regions, women's time input equals men's, but in other regions traditions restrict their work to the household where they are involved in crop processing (threshing, cleaning, drying, preserving) and also are in charge of most of the household-based activities (water and fuel collection, cooking, cleaning, sewing, tailoring, weaving, and child rearing). Women play an increasingly important role in livestock production and processing of dairy products. Most of women's labour is non-monetised, but they make major labour contributions to a number of marketed products, such as dried fruits, poppy, fuel wood, dairy products and handicrafts. Women's contribution to pastoral livestock production both for domestic consumption and for the national and international market is high, which is reflected in a range of key export products, such as carpets, hides, karakul skins and wool. Even when women's domestic production such as carpet weaving forms the main income of the household, they rarely control the marketing of these products, which is most often managed by male relatives or middlemen. The traditional role of women in Afghanistan is a constraint to their more equitable participation in economic activities. In particular, female wage labour is still viewed as a solution of last resort for households in desperate straits, and their wage rates are normally only half the level of men's or less. Women have few marketable skills and generally poor education, with an estimated female literacy rate of 21%. The absence of many services and the need to produce agricultural products for subsistence also imposes an opportunity cost for women who want to join the labour market. Women often lack ownership, control, and access to productive assets such as land, equipment and materials, and their legal right to inheritance is usually bypassed. The lack of working capital reduces opportunities to start activities that require an initial investment.

35. **Targeting Strategy:** The Project presents a critical opportunity to enhance women's participation and role in the agricultural sector and to increase their productive potential in a number of sub-sectors, including horticulture, livestock, processing of agricultural food products and in the development of agricultural infrastructure. The criteria and the process to be followed for the identification and selection from a gender perspective are detailed in WP6. The project's targeting strategy for women has a three-pronged approach - it proposes a number of specific activities reserved for female beneficiaries; it contains some activities aiming at strengthening the government capacity to gender mainstreaming; and it also seeks to mainstream women's access and participation across all components of the project from extension work to project evaluation, and across all thematic areas of the project activities. A key aspect of the gender strategy is to transition away from small-scale food security and subsistence support for women in agriculture (this has indeed been the norm in most agriculture interventions in Afghanistan targeting female beneficiaries), to move women further up the value chain, engaging them in processing products, in management and ownership, and in marketing.

36. An important facilitating factor for guaranteeing women's equitable access to services within the scope of the project and to engaging women in decision-making will be strengthening the capacity of the Women members/Women Working Group of CDCs in the target areas. These members/working groups can serve as conduits for community funding, for implementation, for

beneficiary selection, and for infrastructure management. The project will work in collaboration with the MRRD/NSP to ensure that all women member/working group of CDCs involved in the project receive the NSP training package as a criterion for participation, in order to first improve their governance capacity and to support them to be purpose-driven and responsive to community needs. The project will also enhance the capacity of producer groups (seed, poultry, dairy, etc.) through extension and training activities targeted at female group members, within community institution building activities. Training and contracting of additional female extension workers to cover all districts of the project will be undertaken, as well the recruitment of an international gender trainer to develop the capacity for gender training and evaluation at Government level..

37. The Service Providers extension staff and PST will undertake regular field surveys in order to ensure compliance with the Project targeting strategies.

H. Targeting Challenges

38. **Elite Capture:** One of the main challenges that the programme could face is elite capture, by allowing the elites to promote their own preferred development projects. This challenge will be mitigated through a number of steps and processes. The CLAP will use a number of criteria and tools for selection of beneficiaries. The first tool is the Community Profile, which is prepared through PRA as part of community mobilisation/establishment of CDC process. Community Profile lists the socio-economic indicators of all member households. In addition, CLAP will introduce a direct targeting approach whereby CDCs will conduct poverty profiling of its members based on local poverty and vulnerability criteria that will be defined in a participatory manner by each CDC, for selection of beneficiaries, particularly for Agriculture and Livestock Development activities. Verification of selected beneficiaries will also be carried out by staff of concerned service providers and PST. Nonetheless, for certain activities such as development of dairy coops and unions, one might need the elite to enhance cooperative mode of operating, for instance.

39. **Risks of men's capture of women benefits.** Women in Afghanistan play an extremely important role in family livelihood activities but have limited access and command over productive resources. They rarely control the marketing of products and have almost no control of the incomes generated by them. When a livestock activity turns into a business (more than 150 poultry birds for instance), men tend to take over for instance. To mitigate marginalisation or exclusion of women from planning and implementation process, NSP has introduced measures like gender-balanced staffing of FP and NSP offices; provision of gender-related trainings; involvement of women in consultations, decision-making and monitoring processes; sensitization of communities, including religious elders, about the role of gender in development, etc. For this purpose NSP has developed a gender strategy reflecting on lessons learned in NSP I and II, that has been made part of its Operational Manual.

ANNEX 3: COUNTRY PERFORMANCE AND LESSONS LEARNT

I. COUNTRY PERFORMANCE

1. **IFAD's engagement.** Afghanistan was one of the earliest members of IFAD. However, the country did not receive any assistance from the Fund until 2005. At that stage, two small programmes were started through an IFAD grant to ICIMOD and ICARDA: first, "Enhancing Innovative and Pro-poor Upland Policies in Afghanistan" (No. 832-ICIMOD, completed in 2008) implemented by ICIMOD; and second, a regional grant for "Rehabilitation of Agricultural Livelihoods of Women in Marginal and Post-Conflict Areas of Afghanistan and Pakistan. These two projects particularly targeted women - especially female-headed households and farmers in the uplands.

2. The current Country Strategic Opportunities Programme (COSOP) (2008 – 2012) is the first that IFAD developed for Afghanistan. IFAD has provided a grant to the Islamic Republic of Afghanistan in the amount of SDR 16 million (equivalent to approximately US\$23.89 million) in 2009 to finance the first operation of the COSOP, the Rural Microfinance and Livestock Support Programme (RMLSP).

3. **Performance of Country Programme - COSOP:** The performance of the country programme compared to the targets included in the COSOP (2008) can be summarised as follows:

- In terms of the **overarching objective** of reducing gender disparities and increasing the social and economic status of vulnerable and marginalised communities, IFAD-funded projects continue to support specific activities in which women have traditionally played a key role, such as the management of small livestock and subsequent off-take and products. In addition, an integrated package of services for women was developed in collaboration with key partners. IFAD-funded projects also target neglected and vulnerable communities, such as the nomadic Kutchi, who have suffered as a result of the closure of many traditional routes and the prolonged drought that has destroyed most of their livestock.
- **Strategic objective 1 - Strengthen capacity for local-level planning, enterprise development and economic growth:** The country programme included activities to establish and strengthen community institutions and groups for community development, economic development and community-based natural resource development, with gender mainstreaming integrated into the project designs, including specific targets for women's participation. However, the projects' capacity building efforts aimed at developing the capacity and/or establishing institutions are not sustainable following project completion. For institutional sustainability, projects need to ensure that community institutions are strong enough to continue to operate without the post-project intensive support, and that a long-term support mechanism for capacity building and linkages with government, NGOs and other donor programmes is available. Capacity building and strengthening of local development institutions, particularly government agencies requires a systematic and comprehensive approach that is only slowly beginning to emerge.
- **Strategic objective 2: Increase access to rural-focused financial services:** In recent years, the microfinance sector has made important progress in Afghanistan but most of the rural poor still lack access to much-needed financial products. Through its on-going programme, IFAD has provided the rural poor with access to financial services and technology that can contribute to enhancing product value and value chain addition. In partnership with MISFA, the Aga Khan Foundation and BRAC, through RMLSP, IFAD is assisting in developing a diversified range of financial products that are tailored to rural-sector needs, gender-sensitive and in line with Islamic modes of finance. These products will help expand the outreach of financial services to rural communities through linkages with the commercial sector.

4. Although the relevance of this objective and IFAD interventions remain a valid approach to promoting culturally sensitive and tailored rural credit for rural communities, the current policy environment remains relatively unclear, as confirmed during the RMLSP Mid-Term Review. Existing microfinance institutions (MFIs) still do not have the necessary regulatory framework and capacity to increase rural outreach; and in some cases, the MFIs themselves still require further capacity building to deliver more tailored services.

- **Strategic objective 3: Enhance the assets skills and productivity of rural households:** The COSOP Mid-term Review Mission concluded that this objective was too broad and suggested a more focused approach for enhancing productivity. Due to the fast changing circumstances and situation, the definition and relationships of this objective needed to be anchored to existing priorities and requirements at community-level, linked with simple and pragmatic inputs. In addition, it was suggested that the objectives should also reflect new and emerging needs and national priorities as they began to take shape in the form of relevant components of proposed National Priorities Programmes (NPPs).

5. **Performance of Country Programme – Policy and Institutional:** Since the formulation of COSOP and start of IFAD programme, a favourable policy environment has been evolving and the government has been gaining in capacity and ability to deliver services at the lowest administrative level. The Ministry of Agriculture, Irrigation and Livestock (MAIL) has emerged as executing Ministry for IFAD projects and programmes; and its own institutional requirements have evolved under a leadership change within the Ministry in October 2008. This began with a review of the MAIL structure and programmes in line with the Agriculture and Rural Development Sector Strategy (ARDSS), which was a sub-set of the Afghan National Development Strategy (ANDS) priorities. This then translated into an Agricultural Master Plan in 2009 and finally articulated itself into a National Agricultural Development Framework (NADF) (the road map for the agricultural sector for the next five years). This has finally progressed through the 'Kabul Process' in 2010, onto a list of four NPPs.

6. In addition, the sub-national governance debate has matured over the last several years and been finalised under the Independent Directorate of Local Governance (IDLG) and Ministry of Rural Rehabilitation and Development (MRRD). Existing district and community level mechanisms and representative entities will be rationalised through regulatory improvements and resource transfers to become district and village councils with potential clustering of the latter along social and economic lines. Line ministries can then decide how they will develop a system of budget-based transfers to communities and the regulations required to ensure transparency and accountability.

7. However, the country continues to face a series of constraints that has a bearing on the progress of the present and future IFAD portfolio. These constraints are: (i) the fluctuating security situation has made it difficult to maintain a level of outreach to communities and undertake effective monitoring and supervision missions. The provinces that were identified for implementation of RMLSP and selected for their status as being stable in terms of insurgency are now affected by these very activities. This situation is likely to be further exacerbated by the phasing in of the transition of national security from ISAF to the ANSF across the country; (ii) the lack of capacity and resources of ministry staff at district and provincial level also remains very high. Although this has been partly addressed by support from project Service Providers, the knowledge and resource deficit remains a key preventative factor for full ownership and coordination of agriculture activities by MAIL at the lowest levels possible; (iii) the formalisation of roles and responsibilities of local level institutions has been wrought with inconsistencies, only recently cleared up in line with Constitutional parameters. The development of District Councils and Village Councils is now under way under the auspices of the IDLG. This new and broader definition of these institutions will assist IFAD in identifying key focal points, inputs and activities to ensure further legitimisation of these councils as appropriate development gateways for implementing COSOP objectives.

8. Though there have been considerable improvements in policy environment, IFAD portfolio still faces issues in terms of policy. In Agriculture alone, there are still a number of bylaws to be enforced in the areas of policy, regulatory frameworks and implementation of best practices. In addition, the microfinance sector has faced significant challenges in registering as exempt from certain taxes and also to receive savings through Depository MFIs. Such issues will not be resolved in the short term due to the due diligence required in addition to a case-by-case approach to the more complex legislative issues.

9. In addition, coordination amongst donors still remains weak and this is now being addressed by the Government of the Islamic Republic of Afghanistan (GoIRA) through the development of National Priority Programmes as the main platform of funding for the international community along with an increase in the percentage of assistance funding being channelled directly through the GoIRA (an increase from 20% to a possible 50% has been discussed). Finally, the gap in planning, budgeting and capacity building between the centre, province and district is finally being addressed through the beginnings of delivering devolutionary powers and decision-making away from Kabul.

10. **Programme performance rating:** As IFAD currently has only one project in Afghanistan, the performance of the program reflects the performance of the project. The on-going RMLSP achieved a moderately satisfactory assessment.

II. LESSONS LEARNT

11. In implementing RMLSP, IFAD has found increasing opportunities to participate directly with the MAIL and in coordination and programme-based decisions within the ministry. So far, the key policy issues identified include: reforms required to build the general capacities of provincial and district-level MAIL staff, improve agricultural extension and livestock support, and legal framework to permit microfinance institutions to mobilise savings from the rural communities.

12. The RMLSP has two main components: Rural Microfinance and Livestock Support. The Microfinance Component has a national coverage but its implementation is expected to be coordinated with the livestock activities of the project. The Livestock Support Component was originally proposed for implementation in 8 provinces of 4 different regions – East (Nangarhar), Northeast (Baghlan), North (Samangan, Balkh, Jawzjan, Sar-i-Pul, Faryab) and West Central (Bamyan). The selection was done on the basis that some of these provinces had received little donor assistance, were remote, had the poorest socio-economic indicators and were relatively secure. Later, some provinces were replaced because similar activities were started by other donors, but the number of provinces remained the same. Though the selection of provinces was done on the basis of poor socio-economic indicators, security and little donor assistance, it had implications in terms of spreading the resources too thinly, overall transaction costs and operational/logistics difficulties for effective supervision and implementation due to strict security requirements for missions.

13. Besides, spreading of activities across a large number of provinces also created lack of coordination, integration and linkage problems between different components of the project, particularly in linking the two livestock support components with the rural microfinance component.

14. As confirmed during the RMLSP Mid-Term Review, the current policy environment in the rural finance sector in Afghanistan remains relatively unclear. It was then decided not to directly support rural microfinance activities through this project for the time being⁸¹. Recognizing however the relevance for the delivery of services and the economic development in rural areas of rural microfinance, as investments and recipient groups mature, the project will facilitate provision of microfinance through building links to existing MFIs in the project area (namely BRAC, FMFB, OXUS, HFL and Mutahid). This will be in line with MISFA support for CDCs in contiguous provinces and provide an organic linkage for support of CDCs in the project districts.

15. The RMLSP has a very interesting and innovative capacity building model focusing on Young Professionals. RMLSP is giving the opportunities to eight young graduates from local universities (faculties of veterinary medicine, animal science and agronomy) of which one female, the opportunity to collaborate for the implementation of programme activities in the field. They are extremely motivated and provide an independent assessment of beneficiaries' needs, programme implementation constraints and quality of undertaken actions. In this sense, they provide regular feedback to RMLSP management. This initiative is providing opportunity to support young Afghan professional in building their capacity to operate at field level within the context of international development programme. It is highly recommended for IFAD to further formalise this approach for replication within MAIL and all corporate supported investment projects, where possible.

16. Sectoral components and implementation approaches are well aligned with national/agriculture sector priorities and communities' needs. Support for grass-roots level activities has a direct and rapid, impact on the livelihoods of poor rural households. Supporting livestock and dairy development is not only a way to rapidly increase smallholders' incomes, it is also a way of improving the nutritional status of household members.

17. The small livestock such as goats and poultry related activities, provided to reach out directly to small famers and women and female-headed households (who are the traditional animal care takers and who are allowed to retain any income generated from the sale of milk or eggs) in a very traditional and conservative society. The small livestock, when combined with appropriate technology options

⁸¹ The possible inclusion of rural finance as possible intervention to be supported by the project will be reviewed on an annual basis and form part the agenda for the Mid-Term Review to be held in early 2015.

and approaches, is an important element to benefit women and the poorer segments of rural populations. Small livestock production is a proven strategy to include resource poor households in economic development activities.

III. PROJECT DESIGN PARAMETERS

18. Based upon the lessons learnt and consultations with key stakeholders, a number of parameters were taken into account.

19. **Project Area:** Building on the lessons learnt and extensive consultations with key stakeholders there was a general consensus for a greater geographically focused in terms of fewer and contiguous locations. In addition, the proposed project area was determined in the light of current and planned priorities of the MAIL such as comparative status of development and needs and available funding from other sources. IFAD priorities and operational considerations were also factored closely into the selection process, including a level of security allowing regular access to the selected area, an opportunity to complement or strengthen existing government service delivery in rural development activities, a cross-section of the rural community that would benefit from an integrated rural development approach and the geographical contiguity of the chosen provinces.

20. **Project Approach:** Due to the broad spectrum of needs and requirements of the selected provinces, the Project will adopt an integrated rural development approach with a focus on providing productivity enhancement and capacity building complementarities to on-going community-level initiatives. The project will be implemented through a flexible framework based upon a highly decentralised participatory approach for all community related interventions, with communities given a central role in need identification/ prioritisation, implementation, monitoring and post-completion O&M. The groundwork for this has already been delivered by National Solidarity Program through the establishment of Community Development Councils. For any large common infrastructure, communities will be engaged in planning, site selection etc., and implementation will be undertaken with the collaboration and technical supervision/support (where appropriate) through regular government procedures and departmental structures.

21. An important aspect of the project is the transfer of responsibility for planning and implementation of activities to the provincial and district level staff of MAIL through phasing out of the role of service providers starting year 3 of the project period. This would allow the GoIRA and the local communities to take ownership and ensure sustainability of interventions over the life of the project. This objective will be pursued by supporting recent developments in strategic direction and capacity building within the agriculture and rural development sector in Afghanistan. The project will facilitate and strengthen ministry staff in the IFAD programme area through a combination of demand-driven skills-based (technical and managerial) project packages to foster an experiential hands-on learning approach.

22. **Project Components:** In view of a combination of factors relating to implementation capacities of Government institutions, reliance on services providers and priorities and needs of the communities, the project will have a simple design with two key components focusing on Community Development, providing productivity enhancement through productive infrastructure; and Agriculture and Livestock Development, with capacity building complementarities to on-going community-level initiatives. A third component will focus on Project Management, Policy Support, and Young Professional Program.

23. The project will also provide sufficient capacity building opportunity for relevant stakeholders and institutions, particularly provincial and district level staff of MAIL to develop the required critical mass to assume responsibility for service delivery during and beyond the life of the project.

24. Following the successful implementation and direct impact, there is a need for the continued strong focus on livestock activities targeting the most vulnerable, whilst also supporting initiatives to start rural enterprises by capitalising upon existing initiatives. In addition, a focus on value chains and productive agricultural infrastructure, with a specific focus on women, should become the mainstay of project. The implementation of the RMLSP provided significant experience and numerous successful models, particularly in the livestock support component (integrated diary schemes, and poultry)⁸². The

⁸² According to the experience gained in the RMLSP, the small livestock activities (such as goats and poultry related) demonstrated to provide opportunities to reach out directly to small farmers and women and female-headed households in a very traditional and conservative society. Working in the field of small animals (poultry, goats, sheep) whereby using both

livestock and capacity building models developed under the RMLSP have been critically reviewed, corrected and adapted to be replicated/scaled-up in the new project.

25. **Target Group:** There remains strong consensus on the RMLSP targeting strategy of focus on small communities deriving their entire living from farming and livestock, along with female-headed households and marginalised communities. With the recent developments in local governance and group formalisation at the lowest levels, there is now greater clarity on the terms of engagement and inclusion of grass-roots institutions, private entrepreneurs, local NGOs, provincial and district-level MAIL staff. Therefore the existing CDCs, Farmers Cooperatives, Dairy Unions and farmer/commodity-based interest groups will be used as outreach mechanisms for planning and implementation of project activities. A poverty profiling criteria will be introduced for a sharper focus on identification of the beneficiaries for the project.

26. **Project Management:** To provide greater synergies within the expanding IFAD portfolio⁸³ and utilization of the institutional knowledge within the existing IFAD project, a Project Support Team within the Planning and Program Implementation Department of MAIL will be responsible for the provision of overall implementation coordination and technical support for cross-cutting issues (e.g. gender, knowledge management, M&E, procurement, and fiscal oversight) for both the RMLSP and the CLAP, as well as for the day-to-day management of the project. Project activities will be implemented by relevant Ministries/Directorates through selected Service Providers, some of which have been pre-selected.

appropriate technology options and approaches were important elements to benefit women and the poorer segments of rural populations. Small animal production has demonstrated to be a proven strategy to include resource poor households in economic development activities.

⁸³ One project currently being implemented, the Rural Microfinance and Livestock Support Program (US\$ 26.1 million, 2010-2014); this project, the Community Livestock and Agriculture Project (US\$ 65.1 million, 2013-2018); and one project in pipeline for 2015 Board.

ANNEX 4: DETAILED PROJECT DESCRIPTION

Introduction

1. The IFAD Country Strategic Opportunities Programme (COSOP) for Afghanistan aims at supporting and complementing the pro-poor policies and programmes of the Government of Afghanistan and other international and national development partners stated in the Afghanistan National Development Strategy (ANDS) and in line with the Millennium Development Goals (MDGs) and the United Nations Development Assistance Framework (UNDAF). The COSOP (2008-2012) provides strategic objectives and an outline of IFAD country programme for Afghanistan.

2. With the increasing presence of an implementable national development strategy and more effective service delivery emerging, the IFAD COSOP Mid-Term Review Report conducted in 2011 identified sufficient opportunities for the consideration of a new project in consultation with various stakeholders including relevant ministries of the Government of the Islamic Republic of Afghanistan (GoIRA). The criteria for the design of the new Project included geographic, targeting strategy, complementarities and/or partnerships with other Donor funded community-based initiatives, and engagement with provincial and district-level MAIL staff, private entrepreneurs and local NGOs.

3. Overall, the proposed programme would cost about USD 65.5 million (Afs 3.27 billion) over a six-year implementation period. This includes a USD 58 million (88.5% of total cost) grant by IFAD, and the remaining amount to be contributed by the Government of Afghanistan, beneficiaries of the project and Service Providers. The Baseline cost is USD 62.7 million, and physical contingencies are USD 2.77 million. The total cost of USD will be met from a grant (USD 58 million), beneficiary contribution (USD 3.48 million), the government (USD 3.57 million) and co-financing by FAO to the tune of USD 460,000. Project benefits are detailed in Technical Annex 9.

Project Area

4. The proposed project area is determined in the light of current and planned priorities of the MAIL such as comparative status of development and needs and other sources of funding available. In addition, IFAD priorities and operational considerations were also factored closely into the selection process, including a level of security allowing regular access to the selected area, an opportunity to complement or strengthen existing government service delivery in rural development activities, a cross-section of the rural community that would benefit from an integrated rural development approach and the geographical contiguity of the chosen provinces. The three provinces and nine districts therein are Kabul (Dehsabz, Char-asiab and Bagrami districts), Parwan (Baghrām, Charikar and Jabalussaraj districts) and Logar (Mohammad Agha, Pul-e-Alam and Charkh districts) provinces. Kabul, Parwan and Logar have a broad set of rural development needs from pockets of vulnerability and low food security to opportunities to improve income generation through value-addition activities and technical training. The three proposed provinces are covered by the National Solidarity Program, which ensures the delivery of basic services to the communities, offers a platform for collaboration, and provides an opportunity to complement or strengthen the existing government service delivery system in rural development;. The provinces of Kabul and Parwan are considered more stable and relatively secure. As far as the Logar province is concerned, it is anticipated that it will remain the most unstable of the three selected provinces. However, a security assessment conducted in consultation and with the support of UNAMA/SIOC (Security Information and Operation Center) Afghanistan during appraisal seems to indicate that the nature of incidents in the province, and the profile/characteristic of the project would not make the proposed project as a target.

Table 1: Project area at a glance

	Kabul	Parwan	Logar
Location in Afghanistan			
Latitude	34.15 - 34.91	34.59 - 35.43	33.60 - 34.37
Longitude	68.83 - 69.95	68.19 - 69.62	68.71 - 69.88
Bordered by			
North	Kapisa & Parwan	Baghlan	Kabul & Nangarhar
South	Logar	Kabul & Wardak	Paktia
East	Laghman & Nangarhar	Kapisa & Panjshir	
West	Wardak & Parwan	Bamyan	Wardak & Ghazni
No. of districts	14	10	7
Area - Km2	586,184	5659.834	4,140,278
Agricultural area -ha	133,328	40678	32693
No. of villages	939	760	655
Population (millions)	3.7	0.6	0.4
Rural population (%)	17	91	98
Main Ethnic group			Kutchi nomads
Produce		Cotton, vegetables, fruits	corn, yoghurt, wool

5. All three provinces are fully covered by the National Solidarity Program (NSP), responsible for the rolling out of Community Development Councils (CDCs). CDCs are the lowest administrative level of governance structure and have delivered basic services to the rural population through their receipt of block grants and successful implementation of projects. The CDCs will be the main community level institutions for the project interventions. In addition, all three provinces have benefitted from improved access to the capital of Kabul. They do however still lack the required infrastructure in the rural areas, access to agricultural inputs and certain value chain components.

Project Approach

6. Due to the broad spectrum of needs and requirements of the three selected provinces, the Project will adopt an integrated community-based rural development approach with a focus on providing productivity enhancement and capacity building complementarities to on-going community-level initiatives. This will be implemented through a flexible framework based upon a highly decentralised participatory approach for all community related interventions, with communities given a central role in need identification/ prioritisation, implementation, monitoring and post-completion O&M. The groundwork for this has already been delivered by the establishment of CDCs under NSP of the Ministry of Reconstruction and Rural Development. For any large multi villages common infrastructure, communities will be engaged in planning, site selection etc., and implementation will be undertaken with the collaboration and technical supervision/support (where appropriate) through regular government procedures and departmental structures. WP 8 has greater detail on the evidence-based approach and success of the NSP along with beneficiary selection criteria being highlighted in WPs 1 – 6, dependent upon the intervention of choice.

7. Interventions will be targeted and tailored to specific regions and groups while being aligned with the Afghanistan Agriculture and Rural Development Strategy, and supporting the National Agriculture Development Framework and the National Priority Programs. Particularly, this project would fall under and would contribute to contribute to the NPP 2 (National Comprehensive Agriculture Production and Market Development), and partially under NPP 1 (National Water & Natural Resource Development) and 4 (Strengthening Local Institutions). It in addition relies on a national program (the

National Solidarity Program) for the implementation of one of its sub-components. It would also be aligned with the mutually agreed-upon IFAD Country Strategic Opportunities Programme (COSOP) for Afghanistan. Hence, the project will aim at building complementarities with successful community-based interventions in the selected project areas with a view to fostering long-term ownership of these interventions by communities through a participatory approach.

8. A key feature of the Project approach is the gradual transfer of planning and implementation responsibilities to the provincial and district level staff of MAIL by phasing out of Service Providers (SPs) during the life of the Project. Transfer of responsibilities will start at the end of PY4, and will continue through PY5 and PY6 and will follow a systematic and phased approach: on the one hand, through the practical involvement in implementing the project interventions (technical, managerial, vocational), and, on the other hand, through capacity building elements and gradual transfer of planning and implementation responsibilities. This reduced dependency will foster a stronger service delivery ethos and help link already mobilised communities, strengthen ownership and ensure coherence and sustainability of interventions over the life of the project and beyond⁸⁴.

Project Development Objective

9. Based upon the mission parameters, the IFAD mandate and MAIL priorities, the main project objective will be to improve the food and nutrition security of 169,500 rural households in selected districts in the provinces of Kabul, Parwan, and Logar by increasing agriculture and livestock productivity. This will be achieved by enhancing productive assets, skills, services, technologies, and income opportunities of the targeted beneficiaries (i.e. by introducing appropriate livestock and agriculture technology options, strengthening local capacity, and strengthening some weak areas of value-chain, including linkages with markets). The project also aims to reduce gender disparities through the increase of social and economic status of women engaged in these activities.

Target beneficiaries

10. The project will cover three districts in each of the three provinces; covering approximately 367 CDCs (comprising 169,500 households). In line with the IFAD COSOP for Afghanistan and with the IFAD targeting policy, the Project will target the three following specific groups⁸⁵: (a) Small farmers⁸⁶ and livestock-keepers including the landless and those who lost their livestock and/or aspire to keep livestock or restock; (b) Women and female-headed households⁸⁷; (c) Resettled and nomadic Kutchis. In addition, provincial and district level staff of MAIL will also benefit from project activities.

11. **Selection of beneficiaries.** The project will work with different types of existing beneficiary groups such as common interest groups, farmer's cooperatives, dairy unions, producer groups, seed producing associations, etc. However, in each case, linkage will be made to the CDCs to which members of each the above groups belong. CDCs are elected representatives of a community with a minimum population of 25 households. Depending on the nature of sub-component, a range of specific selection criteria for the selection of programme direct beneficiaries will be applied. However, the selection process will follow a direct targeting approach whereby CDCs will conduct poverty profiling for its members in participatory manner and will be assisted to fine-tune eligibility criteria for the identification and final selection of programme participants. The poverty profiling will be based on local poverty and vulnerability criteria and will be defined in a participatory manner by each CDC, in

⁸⁴ An assessment of the results of the hand-over of certain responsibilities from the Service Providers to MAIL/DAIL under the RMLSP will be documented as part of the RMLSP Project Completion Report (planned in 2014, i.e. during year-2 of this project, well before the beginning of the transfer of responsibilities planned under the project, i.e. during year-4 of the project). The results of the assessment will inform the new project, and adjustments to the proposed hand-over strategy/measures will be incorporated during implementation.

⁸⁵ As Kutchi communities are mobile, all might not necessarily have their home basis in the project area. In case of dairying, the poorest might not be involved due to lacking a dairy cow and means to rear a high producing animal, but these HHs deserve first priority regarding poultry activities.

⁸⁶ Whenever reference is made to farmer/s, livestock keeper/s, land owner/s, pastoralist/s, nomads, it implies women and men. i.e. fe/male farmer, f/m livestock keeper, etc.

⁸⁷ Women generally possess fewer assets, receive less education and have fewer employment opportunities due to traditional restrictions on their activities outside the home, and will be targeted as primary beneficiaries for most of the project investments.

light of the specific situation in each targeted community and on the basis of the Projects expressed preference to serve certain target groups in particular. The project will also introduce Poverty Score Card methodology for identification of the poor and vulnerable members of communities.

12. **Indirect beneficiaries.** It is expected that the great majority of the programme's direct beneficiaries will be small farmers, landless and/or livestock owners. However, because of the public good nature of most of the productive infrastructure schemes, beneficiaries may include entire community population and the project may also target some micro-entrepreneurs for activities like village based seed enterprise, commercial poultry and horticulture. Landless, vulnerable households and unemployed educated youth will be targeted for skill and vocational training interventions to enable them for better employment opportunities.

Key design principles

13. Based on the socio-economic and demographic characteristic of the project districts and needs/priorities identified by the GoIRA and project design, the key design principles proposed include:

- Mainstreaming of community participation and gender in the entire project cycle;
- Fewer components, activities and Service Providers adopting a simple implementation approach;
- Inbuilt flexibility in components, design and fungibility of a percentage of project funds;
- Consideration and response to the priorities of GoIRA/MAIL/MRRD in line with the NPPs;
- Integration and synergy between various key interventions in productive infrastructure, horticulture and livestock interventions;
- A well-managed and phased transfer of responsibility for management and implementation from the Project and SPs to the relevant line departments and beneficiary groups;
- Balancing resources and components between all three provinces, keeping in view their respective development needs and potentials.

Project Components and sub-Activities

14. The design and its constituent Components have been developed following an extensive multi-stakeholder consultation with existing formal and activity-based decision-making decision groups (e.g. CDCs, Farmer Cooperatives, Dairy Unions, Producer Groups, etc.), CDCs, wholesalers and suppliers. This was then discussed with the relevant departments of the MAIL and MRRD to ensure complementarity wherever possible. Hence, the activities identified were selected based upon the documented trends and needs of communities and groups in the three provinces of Kabul, Parwan and Logar. This was done in tandem with taking stock of the anticipated gaps in service delivery, capacity and funds whilst taking into account existing and pipeline National Priority Programmes.

15. Components 1 and 2 will work directly with CDCs, activity groups of their members and individuals as an entry point using a combination of demand-driven technical packages based upon evidence-based models. However, it will be predominantly the CDCs that provide the full platform upon which to build entry-point interventions and progressively more complex, multi-sectoral activities over the duration of the project. These will be complemented by a capacity building strategy that includes training and experiential learning aimed at enhancing the existing social capital built by other programmes and handing over activities, outputs and outcomes to the relevant stakeholders before the end of the project. This will be done through a systematic and phased approach during PY5 and PY6. This is broken down into two technical components and an innovative and flexible project governance structure that will continue to respond to the changing environment within the country.

Component 1: Community Development including Productive Infrastructure and Institutional Strengthening

16. This component aims at strengthening the capacity of local communities and local institutions, by supporting the construction of small-scale infrastructures aimed at enhancing agriculture productivity (thus resulting in positive socio-economic benefits), and by supporting local institutions

(community organizations and local government agencies) to address issues of ownership and sustainability. This component includes three sub-components: (1.1) Productive Infrastructures, (1.2) Institutional Strengthening, and (1.3) Gender Mainstreaming and Capacity Building.

Sub-component 1.2 - Productive Infrastructures

17. Recent performance in rural development and infrastructure improvement has been positive. Measurable progress has been achieved since 2003 in improving rural livelihoods of poor Afghan people. For instance, through various programmes, almost 20,000 km of rural access roads have been constructed or repaired, increasing access to markets, widening employment and social services. More than 500,000 households (36 percent of villages) have benefited from small-scale irrigation projects. Currently, 32.5 percent of the rural population has access to safe drinking water and 4,285 improved sanitation facilities have been provided. More than 336,000 households have benefited from improved access to financial services. Some 18,000 CDCs have been established and are implementing community-led development projects.

18. The objectives of the productive infrastructure component of CLAP are to reduce poverty and support pro-poor economic growth by implementing productive infrastructure that includes; water resource development, irrigation infrastructure, and other community infrastructure like drinking water and drainage and sanitation. These objectives are closely related to objectives of overall IFAD project; well synergised with the IFAD mandate and MAIL priorities, and revolve around the assistance in poverty reduction through the provision of equitable, sustainable socio-economic development of rural communities.

19. The beneficiary HHs is estimated to 115,000 (of 542 CDCs), proportionately divided amongst the small-scale infrastructure schemes and other irrigation improvement schemes. Beneficiary communities will be required to contribute about 10% of the scheme cost in the shape of labour or locally sourced materials and/or site for the establishment of the scheme. No free labour will be contributed to scheme and all wage labour opportunities in the scheme will be primarily targeted at the poorest households.

20. This sub-component will finance approximately 1,032 small and medium scale infrastructure schemes, as prioritized by communities. Due to diverse community needs, the infrastructure packages will remain flexible. Various subtypes of productive infrastructure projects will be implemented under four broad categories that include; (i) *Irrigation/Agriculture* (e.g. watercourse lining, small division bunds/spat irrigation, protection walls, intake structures, gabion walls, water reservoir, etc.); (ii) *Water Supply* (e.g. dug wells, water supply networks/reservoirs/tanks, hand pumps, springs development, etc.); (iii) *Drainage and Sanitation* (e.g. public toilets/latrines, small drains, etc.), and (iv) *Other Infrastructure Schemes* (rain water harvesting - where possible, cold storage on pilot basis, small scale irrigation schemes, drip/sprinkler irrigation on pilot basis) Although not excluded from the list of infrastructure schemes that the project will support, in principle this sub-component would not finance road construction. The construction of roads would be allowed only in exceptional cases. However it should be noted that these are only indicative types at this stage; as the actual projects will be identified on a demand-driven basis and would entirely depend upon the beneficiary communities. Accordingly, there is likelihood that the demand and investment priorities for infrastructure projects may vary by type /subtype during the implementation stage against the one envisaged at Project Design. The project design therefore will/should offer flexibility and authorize the IFAD Monitoring Missions for CLAP to consider re-allocating the funding distribution between MAIL and NSP for infrastructure projects or even among the various sub component of overall CLAP depending upon the changing needs, components' progress and performance of the implementing agency.

21. The Project will offer an option to address missing linkages between farm/ livestock/ poultry production areas and main roads, increase water conveyance efficiency, higher cropping intensity and better yields. The average scheme cost, derived on the basis infrastructure sub-projects recently completed by NSP, is USD 16,000 per scheme for small scale infrastructure and, through MAIL, a ceiling of USD 100,000 for irrigation infrastructure improvements and watercourse lining in particular (based upon an indicative per beneficiary cost limit would be USD 200 per beneficiary household). The projects will involve an average number of 2 CDCs and the beneficiary HHs is estimated to

115,000 proportionately divided amongst the small-scale infrastructure schemes and other irrigation improvement schemes. Indicative list of schemes include farm to market roads, irrigation improvement works, small diversion bunds, intake structures, drinking water supply and karez rehabilitation etc.

Sub-component 1.2 - Community Development and Institutional Strengthening

22. The Project will work with different types of beneficiary groups such as common interest groups, seed producing associations, etc. However, in each case, linkage will be made to the CDCs to which members of each the above groups belong. Thus while the project will retain the flexibility to work with different types of interest groups set up by communities and develop modalities to work with these, benefits will also be shown to accrue to interest group/enterprise members' CDCs so that a pool of resources and skills can be transferred to communities and regions. In the case of project staff and associated government agencies, trainings will use participatory approach methodologies and will aim to build necessary management and technical skills. The following types of training will be offered:

- *Methods and context of participatory development.* This will ensure familiarity with a bottom-up approach involving recognition and addressing the needs of grass-roots communities rather than a prescriptive top-down approach.
- *Management methods* that will involve the organisational skills required to manage at the programme level and to efficiently deliver services as, well as inter-body coordination skills.
- *Project Finance, procurement and accounting*
- *Monitoring and Evaluation and Knowledge Management* i.e, the collection, processing and analysing of information on a regular basis at different levels and the ability to report relevant results in prescribed formats; also in preserving, exchanging and enhancing knowledge gained at various levels both internally within project stakeholders and with other national, regional and international interlocutors.

23. At the level of beneficiary communities, organisations (associations, unions interest groups and households), capacity building and upgrading of human resources will require the following types of training:

- *Managing community level bodies* – associations, unions/coops etc., as needed in order to impart the principles and methods of organising participatory grass community and apex bodies.
- *Basic Accounting for each level of the above bodies*
- *Accounting for small to medium commercial enterprises based on above;* this builds upon the above skills and introduces basic principles of profit and loss calculation, simple balance sheets, profit and loss calculations, estimation of operating capital etc.
- *Business management and marketing* for SMEs is a more sophisticated version of the above with a stress on locating and servicing markets, accessing capital, methods of managing enterprises etc.

24. In addition to the managerial capacity building, community members will also be provided technical and skills development trainings for adoption of new and improved technologies and better employment opportunities. Technical and skill development training needs will be identified during the preparation/review of village development plans in consultations with the CDCs.

25. **Vocational Training:** For rural youth, especially those who cannot support themselves from farm-based activities, non-farm certifiable vocational courses are being offered such as skills construction (masonry, carpentry, etc.), mechanical maintenance and repair (generator, and vehicle repair), welding, etc. This will increase employability and opportunities to start micro-enterprises to reduce migration from rural areas to the urban centres and potentially increase cash into the local economy.

Sub-component 1.3 - Gender Mainstreaming and Capacity Building

26. To ensure women's access to trainings and services, the project will apply a differentiated, localized approach that takes into consideration the security and cultural constraints in each district. In particular, the gender interventions for Logar province will be structured so as to reduce the mobility required from women, keeping activities home-based. The approaches proposed to be followed on the basis of the specific security situation in each target district are detailed in WP6. The gender strategy emphasizes indeed the need for female-only workspaces (in secure districts) and for home-based training and employment opportunities that will limit women's mobility requirements (in insecure districts). In secure areas, women want opportunities to work outside their homes and to expand beyond home-based production. Female-only facilities further allow women to be working at all levels of production from managerial to manual labour, rather than being marginalized into menial roles only in mixed gender workplaces.

27. Specifically, a goal of the gender strategy is to transition away from small-scale food security and subsistence support for women in agriculture (this has indeed been the norm in most agriculture interventions in Afghanistan targeting female beneficiaries), to move women further up the value chain, engaging them in processing products, in management and ownership, and in marketing. To this end, investing in women's knowledge development and leadership will be a focal area for activities. Basic literacy and numeracy must be a foundation of the knowledge development activities given that the high level of illiteracy among women engaged in the agricultural sector acts as a fundamental inhibitor to women advancing up the value chain.

28. At the institutional level, capacity for gender mainstreaming can be built via three approaches. Firstly, the training and contracting of additional female extension workers to cover all districts of the project will be included, in collaboration with IPs. The project's IPs engaged for each component would need to recruit and train a sufficient number of extension workers from the project areas to address existing cultural constraints and to enable women to access extension messages and further develop their agricultural knowledge. Female extension services will be needed in livestock and dairy production as well as in different areas of horticulture, within the scope of this project. After one year, extension workers should be transitioned to selling services on a cost-recovery basis, and an exit strategy can initially be tested as a pilot activity. Additionally, a consultancy to develop MAIL's capacity for gender training and for gender evaluation will be included in the first year of the project, with the intent of mentoring the existing Gender Officer employed in MAIL to take on these functions ministry-wide. An international expert will be recruited for a six-month period, and will work closely and strengthen the capacity of the existing Gender Officer/Focal Point at MAIL. At the end of the sixth month, the international consultant tasks will be handed over to the Gender Officer/Focal Point. Finally, the project's baseline study phase and its performance measurement framework will include gender specific indicators, and gender-specific proposed outcomes and impacts to measure against.

29. At the project level, literacy and numeracy instruction can be delivered within a Basic Business Skills training package focused on enhancing women's productive capacity and income opportunities and will therefore enjoy greater community acceptance, as opposed to the delivery of literacy training that is not linked closely to livelihoods activity. 30 female business/literacy/numeracy instructors will be recruited from the target areas. Each instructor will cover two villages annually by running three-hour classes in two villages per day over a 12-month period, covering three levels of basic literacy. A total of 240 village literacy classes for female producer group members will be implemented over the project term. Women also require negotiation skills to effectively make the case for their expanded involvement in agriculture, including for entry into new stages and types of production. Therefore leadership training will be provided for members of women's Producer Groups in the three target areas. Two trainers will co-deliver the training, covering three workshops per month over a period of 39 months, for a total of 119 workshops delivered in the target areas. Each workshop will have an average of 25 participants, drawn from local female producer groups, reaching nearly 3,000 female beneficiaries. Finally, significant capacity building is needed for women to acquire technical skills in processing and production. Women's learning needs will need to be integrated into training activities in the project's proposed dairy, livestock, horticulture and infrastructure development components. For instance, women can be trained to manage and operate milk collection centres, and to manage and operate vegetable product processing facilities. The strategy identifies specific training

activities and access to inputs in each thematic area wherein women should be the primary beneficiaries.

Component 2: Livestock and Agriculture Development

30. Regarding this component, in line with IFAD's priority to mainstream women in poor households and marginalised groups as well as to promote viable economic units, increased emphasis on support to the Kutchi minorities and a revision of the integrated dairy sub-component has been undertaken. Accordingly substantial training, handholding⁸⁸, advisory, capacity building and capital inputs have been provided in each of the sub-components. The four sub-components will all have an element of technical training and relevant capacity building: (i) addressing poverty reduction through enhanced food security activities with a strong emphasis on women-headed households, the vulnerable and marginalised within the rural communities; (ii) introduction of appropriate agriculture and livestock technology options in line with long-term sustainable use of natural resources (e.g. rangeland management) supporting income generation; and (iii) value-chain support, linkages with private sector initiatives as well as capacity development of related agencies. This latter element will be the technical component of training to the general capacity building component (i.e. leadership training, etc.) for women in poor households under Component 1. Wherever necessary, training will take place separately for men and women, while Farmer Field Schools will be adopted by all since they have proven to be positive in Afghanistan. Coordination and synergies development among the four sub-components remain important since there are overlaps (governance and management of producer groups/cooperatives, preventive and curative animal health, accessing the markets, etc.). Furthermore, aligning interventions with a growing research-based ethos within MAIL, in tandem with community-based indigenous knowledge, is most relevant for all the four sub-components.

31. This component aims at reducing poverty through enhancing food security with a strong emphasis on women-headed households and the vulnerable and marginalized within the rural communities by introducing appropriate livestock and agricultural practices and packages, and, to a limited extent, supporting value-chain development and linkages to market. These activities will be linked to the productive infrastructure and community development/institutional strengthening activities (ref. Component 1) to the maximum possible extent, to ensure a holistic and integrated approach. This component includes four sub-components: (2.1) Dairy Development, (2.2) Poultry Development, (2.3.) Improved Food, Fodder, and Vegetable Crops, and (2.4) Livestock Development among the Kutchi

Sub-component 2.1 - Dairy Development

32. The dairy industry is still at an early stage of development in Afghanistan. Like any industry, its development is largely dependent on market demand. Recent reports indicate that the bulk of milk and dairy products consumed in the cities are imported into Afghanistan (e.g. 97% for Kabul, for instance) although official statistics appear to be relatively unreliable. UHT milk, milk powder, yoghurt and butter are some of the most sought after items by urban consumers although there is a strong preference and growing demand for Afghan milk and dairy products. Milk and dairy products are an important part of the traditional Afghan diet, and there is a strong preference for fresh milk and dairy products, particularly yoghurt. Consumer research suggest that consumers would prefer local dairy products as 'fresher', with 'better taste', and 'cheaper' - although they also indicate that imported products have a better quality, are more hygienic, and are better packaged and more easily to carry. There is significant potential for increased milk production and productivity. Typically farmers in Afghanistan have 1-2 cows producing 3.5 l/day⁸⁹ from local breeds. Through a more commercial-oriented approach, enhanced provision of technical advice, services and inputs can increase this from 3.5 to 12 l/d as shown under an Integrated Dairy Scheme (IDS). This is however particularly feasible for the more progressive farm households. In addition, there is also scope for improving the traditional

⁸⁸ On-site technical, operational and managerial guidance

⁸⁹ In many cases, the production levels of dairy cattle show an enormous variation mainly due to differences in nutrition and genotype. (Thomson, 2009) reports that there were large differences in milk yield of unimproved cows –based on cow performance monitoring data collected during 2006 – 2008; these ranged from about 500-600 kg in 210 to 240 days lactations and up to 2,500 – 3,000 kg in nine-months lactations. Compare this with two well producing does with milk yields of 316 kg and 460 kg in lactations lasting 189 days and 224 days, respectively. In short, it shows that there is considerable genetic variability in the livestock populations of Afghanistan, thus providing a good basis for genetic selection.

milk value chain – home processing by women, male traders collecting and selling the traditional products to city consumers.

33. The IDS approach has demonstrably provided a tailored solution to the challenges that limit dairy industry development in Afghanistan. Specifically, they include significant investment in national capacity development – this includes both MAIL counterpart staff at all locations; local institutional development – cooperatives and secondary level milk unions have been set up and are functioning well; women's involvement as target beneficiaries and perhaps most importantly integrated dairy enterprise development to ensure sustainability.

34. Hence this sub-component has the objective of increasing dairy milk production and productivity, and improve dairy milk processing and marketing. This will be achieved through four outputs: (i) National Capacity strengthened regarding dairy husbandry (incl. health, breeding, feed and fodder production), dairy processing and marketing at field, district and provincial level (MAIL, Dairy producer organisation, Input & Service Providers, etc.); (ii) Institutional Capacity among both Public and Private Institutions developed; (iii) Through specifically targeting women at HH and staff level, skills, self-confidence and capacity increased; and (iv) Enterprise Development facilitated by setting up a vibrant and dynamic Afghan dairy industry.

35. The focus is to improve efficiencies and reduce “waste” (dysfunctions) across the entire value chain beginning from the farm level through the milk supply (at milk collection centres), collecting and transporting to milk processing plant, processing and distribution channels (milk kiosk, other outlets) with a view to realising better prices for farm gate price for milk; the assumption being that reasonable profits will incentivise producers and other stakeholders to improve productivity, increase value capture and undertake additional investments in the sector. Strengthening the home-based milk processing is neither excluded and might form another product to be marketed via the milk cooperative chain. A systematic schedule for training and development of Village Dairy Groups and other key stakeholders in the sector, including project staff at all levels has been developed; a FFS approach shall be adopted and synergies with other sub-components developed, e.g. business skills, preventive and curative health care, etc. In addition, training kits, extension materials and audio visuals, etc. will be prepared and disseminated (local and International study tours are also envisaged). To organise and support this effort, significant knowledge and technical resources are being provided for a part-time international Senior Dairy Advisor together with national professional and support staff.

36. International and national consultancies in the area of Knowledge Management / communication / gender mainstreaming, development of a National Cooperative Framework, enterprise development, Cooperative governance and management, dairy product diversification and quality control, dairy marketing promotion, and national dairy policy development have been included. Adequate provisioning has been made for support staff, staff capacity building, equipment, supplies and operational costs. Based upon a value chain mapping exercise (c.f. the Simple Market Analysis of the Afghan Dairy and Poultry sub-sectors at the end of this Technical Annex), it is hoped that this approach which uses the “price signal”, improved and upgraded infrastructure, market development, policy enablement and knowledge-and-skill based capacity building will incentivise much needed expansion and improvements in this sector which holds great promise for reducing rural poverty.

37. It is expected that at least 3,000 HHs (i.e. 9,000 individuals) will benefit from the sub-component, by supplying milk to the to-be established 30 milk collection centers, which will serve the Kabul Dairy Plant. The capacity of the Kabul Dairy Plant is expected to increase to 30 MT/day, and be equipped to produce at least 7 different dairy products. Based on previous successful interventions, a direct targeting approach will be followed whereby Community Development Councils (CDCs), or any local traditional governing bodies (village elders, Shuras, etc.), will be assisted to fine-tune eligibility criteria for the identification and final selection of the participants (proposed criteria are reported in WP3). The sub-component will specifically target village women by providing technical assistance and advice in the areas of milking, hygiene and care of young stocks. Local dairy institutions will also benefit from the formation of a national Dairy Industry Federation. The existing dairy co-operatives in the central region and their union will also be supported to enhance the structures and efficiencies of their dairy value chains.

Sub-component 2.2 - Poultry Development

38. This sub-component objective is to improve food and nutritional security and providing viable livelihood options by developing and/or strengthening the current poultry (fowl) husbandry systems. This will be achieved by, on the one hand, developing and strengthening traditional fowl systems using a participative extension method⁹⁰, and, on the other hand, developing small-scale commercially viable systems with progressive female poultry rearers. The four areas on which this sub-component will focus are: (i) Strengthening traditional poultry systems by developing sound knowledge and skills regarding a range of options, through Farmer Field Schools (FFS); (ii) Supporting small-scale commercially viable poultry rearing by building a sound knowledge and skills regarding a range of options, through FFS; (iii) Strengthening new/old Female Poultry Producer Organizations (FPPOs), ensure all existing and newly formed FPPOs are strengthened and commercially viable; and (iv) Supporting other relevant opportunities - activities aiming at supporting not yet defined needs/opportunities (e.g. poultry infrastructures, policies and strategies, etc.).

39. In Afghanistan, even households that do not have access to land, cattle or small livestock may own poultry – mainly chickens but also turkeys, guinea fowl and ducks, which remain the responsibility of women. Knowing that traditionally, poultry in Afghanistan (particularly small-scale backyard poultry) is almost exclusively a women's activity, any improvements in the poultry production will automatically improve the nutritional status of the family and the position of women within the family and within the larger society through her contributions towards the family economy. It increases her decision-making and financial power and options. Poultry has many advantages in mixed farming systems; they are small, reproduce easily, do not need large investments and can scavenge for food. They can live on kitchen waste, broken grains, earthworms, snails, insects and vegetation.

40. Choosing farmers whose only livestock is poultry usually means targeting very poor farming households. Impact studies⁹¹ have demonstrated that income from the sale of eggs in South Asia (incl. Afghanistan) is used to educate children and can start the process of asset accumulation within the household. In addition, the sale of poultry products is often the first step towards investment in other livestock such as goats, cattle, expanded poultry production or other business enterprises. It is expected that about 25,000 HHs (i.e. 150,000 individuals) will benefit from the programme: about 20,000 HHs are expected to be able to strengthen their traditional poultry systems and improve their productivity, while about 5,000 HHs are expected to get engaged in small-scale semi-commercial poultry rearing (layers, broilers; different batch sizes ranging from 25 - 1000).

41. In Afghanistan there are plenty of experiences with promoting the semi-commercial poultry model targeting women, but the results are mixed and in general the models do not sustain. This sub-component was therefore revised at a later stage of the design process namely when it was realised that impact and evaluation studies of the so-called 'poultry model'⁹² generated paltry results. Based on the most pronounced shortcomings of the model (extension method not in line with women's capacity; limited follow up) and the key recommendations (invest in extension methods and services; provide follow up for a longer period of time), the four areas listed above (paragraph 38) were identified as main focus of this sub-component.

42. Based upon an assessment of the location, working both in traditional and commercial fields, poultry will allow women to make choices food and nutritional security oriented. Also, those interested

⁹⁰ **Approach.** The proposed focus on participative extension methods comes from the recognition that there have been several experiences in Afghanistan in promoting poultry models for improved backyard poultry and semi-commercial poultry, but that the results of these experiences have been mixed and that in general these models are not sustainable, and that the main shortcomings of this model were the inadequacy of the extension method (prescriptive and not in line with women capacity) and the limited follow-up. An in-depth assessment of the revised approach to poultry development proposed under this project will be carried-out before MTR, and it will constitute one of the technical inputs to the MTR. However, progress, achievements, and constraints in implementing the proposed approach for poultry development will be closely monitored during each supervision mission.

⁹¹ R.G. Alders, R.G., B. Bagnol and M.P. Young (2010): Technically sound and sustainable, Newcastle disease control in village chickens: lessons learnt over fifteen years (World's Poultry Science Journal, Vol. 66, September 2010).

⁹² The proposed focuses (three-pronged approach) on three production systems are said to differ but which are actually rather similar and in essence based on the common (FAO) poultry model that has not yet been able to convince many households. A much wider approach is needed: different scales have to be tested (not in the range of 25-100 but in the range of 25 – 500 or even 1000) and the total value chain has to be analysed (where can efficiency gains be made in input supply and in marketing). Source: QE review (input of independent reviewer), March 2012.

in making a proper living out of small-scale commercial poultry, can develop the right system for their setting (broilers, layers, different batch sizes, etc.). Although there is a certain risk regarding batch sizes, as it is known that men take over as soon as poultry turns into a business, it also forms an opportunity to bring change. Women organised in Poultry Groups and those learning step by step to run efficiently a commercial poultry unit, might be able to stay in the business. This can be taken into account in the gender strategy of CLAP.

43. Most of the activities under this sub-component include capacity building (Training of Trainers (ToT), development and production of various training and extension materials, manuals and means,...) in order to strengthen traditional poultry systems, FFS, small scale commercial poultry, poultry business and marketing, etc. Tailor made trainings are needed to suit the interest of the HHs and their groups, level of the women leaders, level of being market oriented, etc. This effort will be led by a Senior Poultry Advisor, a Field Manager, a Poultry Trainer, a Poultry Coordinator, a Hatchery Manager (partially in Y4 and fully in Y5), Poultry Team Leaders and Poultry Monitors. Adequate provisioning has been made for support staff, staff capacity building, equipment, supplies and operational costs. Technical Support Services on an occasional basis has also been provided for.

Sub-component 2.3 - Improved Food, Fodder and Vegetable Crops

44. The objective of this sub-component is the development and promotion of new drought resistant and high yielding improved varieties of wheat, food and forage legumes, and vegetables along with the adoption of best practices. Large access to these certified seeds through and for the farming communities will also be realised. The objective will be achieved via four key activities: (i) The fast-track releasing of high yielding improved varieties through adaptive research; (ii) Establishment of and support to farmer-led Village Based Seed Enterprises (VBSEs); (iii) Participatory demonstrations to accelerate adoption of newly released high-yielding varieties; and (iv) Capacity Development.

45. **The farmer-led Village Based Seed Enterprise (VBSE) model** is an approach that has already been successfully tested in Afghanistan by ICARDA to resolve most of the problems related to the introduction and multiplication of newly developed varieties - and that has demonstrated its potential for being replicated and scaled-up. VBSEs are farmers' group. Each VBSE is typically a group of 10-30 experienced and progressive farmers who have a minimum set of resources (e.g. land, water, manpower) and willing to pool some of these resources and to work together to increase seed production. In addition to its inclusive modality in forming a community-based institution, one of the advantages of this model is that not only the formation of the VBSE is routed directly through CDCs, local jirgas and village elders, but also through the DAIL. This ensures that all involved adhere to a single agreement that also allows access for women and the landless without distorting the local democratic structure and decision-making processes, which in turn avoids the risk of elite capture to a large extent. In addition, the activities will only be selected in the community if they are an already identified priority of the CDC through its Community Development Plan (CDP) or as result of changes in opportunities in between CDP review cycles. .

46. **The rationale for further developing VBSEs** is as follows: the average requirement of certified wheat seed is approximately 200,000 to 250,000 mt/year (wheat is here used as an illustrative example). During 2011, the seed production and marketing system in Afghanistan (including the production of MAIL, VBSEs, other seed enterprises, and international agencies) could produce only 50,000 mt of seeds, i.e. about 20-25% of the requirement. There is therefore a huge gap between demand and supply of certified seeds which justifies supporting this activity. Out of the 50,000 mt of seeds produced in Afghanistan in 2011, about 25-30% was produced by the seed enterprises. The existing VBSEs are currently unable (due to their small size, location and limited resources) to produce the large quantity of seeds required nationwide. Thus, there is scope to increase the number of VBSEs throughout the country. As far as an evidence that farmers are willing/able to purchase seeds at market price, we refer to the results of the recently IFAD-funded 'Increasing Food and Nutritional Security in Afghanistan through Crop Diversification of Wheat-based Cropping System Project' (2012). The results of this project show that the number of farmers that purchased certified seeds of two newly released mung bean varieties increased by almost eight times (from 5,000 to about 40,000) in three years, suggesting that the main issue related to the purchase of certified seeds is their availability, not their cost.

47. Capacity development in this sector is recognized as a major constraint to its growth. Using the existing partnerships and approaches, the project will concentrate on in-country trainings as these are found more time and resource effective. Besides, using specialised training approaches such as enterprise establishment, management & record keeping, hands-on training on seed production and processing and machinery use, the project will pay special attention to approaches such as Farmers Field Schools (FFS), which encourages farmer-to-farmer interactions, and organizing experience exchange trips for farmers. Farmers will also take part in the selection of new varieties and their evaluation, development and evaluation of best practices and on-farm evaluations and testings. FFS in particular have been effectively used in Afghanistan, and the project will build on the previous experience and success. The purpose of these approaches is to counteract the innumerable uncoordinated input-based and short-term packages with limited impact or ownership.

48. The Capacity of the VBSE will be further enhanced through a community- based field study programme incorporating the application of experiential learning (or learning-by-doing) principles, i.e. Farmer Field Schools (FFS). Using the field as a school, the FFS will emphasize on observation, discussion, analysis, collective decision-making, presentation, and taking appropriate collective and individual action. Such an approach will combine both the indigenous and introduced knowledge to empower farmers and be repeated on a need basis alongside the delivery of new topics. These will be delivered as a sequential package of topics on an annual basis with reviews for knowledge retention and further enhancement. The underlying goal, however, will be to improve food and nutritional security, using sustainable production methods, to generate higher incomes and to create confidence among participants (i.e. it lies within their power to improve their well-being). The Project will use similar principles to organize FFS exclusively for women participants subjected to prior agreement with local communities, and to the security situation. FFS for women will also have components on how to lead a healthier life via a balanced diet, healthy cooking and good eating habits.

49. For the VBSEs, multiplication of foundation seeds, breeding and quality control through seed health inspections, packaging, promotion & marketing support will be provided. In order to publicise and propagate best practices and provide regular crop based advisories, promotional brochures, production of radio programs & their broadcasting, use of SMS, publications of best practice guides and production of audio best practice guides will be undertaken all in local languages. Adaptive Research and Adoptive Research through experimental designing and data analysis; training on experimental layout; maintenance of research plots & data collection; introduction of plant genotypes to Afghanistan from ICARDA HQ; trials on best practices (irrigation/ seed rate/ fertilizer) and national uniform adoption trials will be undertaken. Centres like ICARDA are practicing a “fast track” approach to release improved varieties in shorter duration (3-4 years) as compared to traditionally required time of 9-11 years. Such approach is useful in Afghanistan where quick impact interventions are required. Training-cum-research plots at Baghlan, Kabul, Nangarhar & Mazar universities will also be established. Learning events, knowledge sharing and policy engagement will be ensured by organising workshops at the beginning of the project, during and post project as well as study tours to ICARDA Headquarters in Syria for MAIL policy makers.

50. Primarily, VBSEs are designed to deal with local markets due to the constant shortage of certified seed in Afghanistan⁹³ - this indicates the existing huge supply-demand gap and a good existing domestic market. As such, VBSEs will be linked with other MAIL-ICARDA projects like IFAD-MAIL funded dairy goat component of RMLSP, MAIL-ICARDA watershed project (with a component on cereals and legumes). Through these projects, ICARDA is working with more than 3,000 farmers, including 1,000 women. VBSEs will multiply both the male and female oriented seeds. Women would be encouraged to grow tomatoes, onion, and mung beans in backyard/ kitchen gardens; while the seeds of more fields oriented crops like wheat, chickpea, lentil; and forages like alfalfa, grass pea, vetch and clover will be used by men (more details can be found in Working Paper 5).

51. Such linkages will provide VBSEs buyers and markets instantly in several provinces. Use of improved varieties by these farmers will further enhance the popularity and scope of certified seeds in non-target provinces of the CRDCP. Linking with the farmers working with Dairy component of the CLAP and RMLSP would also be created, resulting in to more demand of the produced seeds. Small-

⁹³ E.g. wheat is the main staple food in the country, and only 40 % of the required seed is produced within Afghanistan.

scale irrigation schemes under Component 1 through CDCs and the NSP, will provide excellent support to VBSEs through providing the possibility of supplemental irrigation. A combination of using seeds of improved varieties (produced by VBSEs) with supplemental irrigation will significantly enhance the farm productivity and farmers' income creating good demand for the certified seeds in tandem with synergise various elements of the project. As far as the willingness and ability of farmers to purchase certified seeds, existing experience in Afghanistan shows that farmers rapidly adopt and are willing to pay more for improved/certified varieties because of the expected high profit margin due to higher yields. The results of the recently completed IFAD-funded 'Increasing Food and Nutritional Security in Afghanistan through Crop Diversification of Wheat-based Cropping System' project (2012) implemented by ICARDA show that the number of farmers that purchased certified seeds of two newly released mung bean varieties from VBSEs increased by almost eight times (from about 5,000 to about 40,000) in three years. The main issue is the availability of improved/certified seeds, not their cost.

52. This entire effort will be supported by in-country based ICARDA specialists who will provide periodic technical services support: Project Manager, Senior Agricultural specialist, Wheat Specialist, Chickpea Specialist, Lentil Specialist, Seed Specialist, VBSE Specialist and a Biometrician. Further periodic staff will be recruited to assist the full time national specialist staff: a Project Coordinator, a M & E and Research Officer, a Sr. Technician and an Associate Technician and a Socio-Economist Consultant. Adequate provisioning has been made for support staff, staff capacity building, infrastructure development and maintenance especially for MAIL's Research Stations, equipment, supplies and operational costs.

Sub-component 2.4 - Kutchi and Livestock Development

53. This sub-component is focused on enhancing livelihoods and resilience against predictable livestock emergencies of pastoralists and agro-pastoralists communities (i.e. Kutchi) in Parwan, Kabul and Logar province. This sub-component will focus of the following six main areas: (i) Improved access to quality veterinary services through a comprehensive community-based approach; (ii) Provision of appropriate extension services combined with herder-led research to improve year-around feeding of small ruminant herds; (iii) Improving access to markets and value of products (milk, wool, hair, meat) through value chain development promoting producer cooperation; (iv) Settling deprived Kutchis on land plots allocated by the Government and managed to develop new livelihoods; (v) Restocking of interested Kutchis who lost their livestock through credit, -in-kind, and other lending systems⁹⁴; and (vi) Support to research, studies and surveys to complement and underpin the approaches and technology options deployed and promote sustainable and productive agro and silvi-pasture systems..

54. These activities are based upon the socio-economic constraints faced by the Kutchi. Many groups of Kutchi in Afghanistan are currently vulnerable and experiencing many constraints in their traditional pastoral way of life. In many ways, they are dependent on the good will and cooperation of the local settled population at almost every stage of their migratory cycle, whether for fodder, for access to pastures and/or water, or for right-of-way. While a small proportion of Kutchi tribes are still able to lead a pastoral life, many are now without economically viable numbers of sheep and are increasingly dependent on the non-pastoral, urban and peri-urban economy for their livelihood (as casual workers, often unskilled). They are thus reduced to a very precarious life on the fringes of society, without either settled abode or livestock. They may never again manage to re-enter the pastoral cycle, and serious thought should be given to assisting them settle and become able to earn a more rewarding livelihood in the non-rural sector of the economy. It should not be assumed that their future lies in resuming a pastoral life, which is, at the same time, increasingly under threat.

55. The Kutchi tribes who still possess economically viable flock numbers are facing difficulties at every stage of its seasonal cycle of migration between Laghman, Parwan and the alpine pastures of the upper Panjshir. There is little space for any large-scale increase in flock numbers, and the

⁹⁴ One option that has been proposed and is being considered is the in-kind lending, based on the successful experience in the dairy goat development sub-component of RMLSP. Another option, still tested in the RMLSP, is the pass-on-gift approach. In any case, an assessment of the experience with 'credit-in-kind' (from both RMLSP and other initiatives) to see what lessons can be drawn to improve the implementation of this sub-component will be conducted within the first 12 month from project effectiveness.

carrying capacity of the summer pastures is already close to its limit. Although Kutchi pastoralists communities own a significant proportion of the livestock - especially sheep and goats -, they are a disenfranchised segment of society and often do not have access to services available to other groups. This is particularly true in the case of animal health care. This sub-component was designed in order to reach out to the Kutchi communities living in and visiting these provinces.

56. MAIL has expressed an interest in developing a sub-component specifically targeting Kutchis, namely (i) Kutchis who lost their herds and are motivated to settle; (ii) Kutchis who lost their herds and interested in re-stocking and restarting nomadic lifestyle; (iii) Kutchis whose home base is in one of these Provinces; they move with their herds seasonally, while some cross-border with Pakistan; and (iv) Kutchis whose home base is outside the three Provinces covered by the project, but use the migratory routes and/or access the grazing resources of concerned Provinces.

57. A comprehensive community-based approach will be implemented to improve access to quality veterinary services to Kutchi communities through mobile veterinary field units (M-VFUs) managed by a certified para-vet and assisted by female basic veterinary workers. This involves training and equipping male and female Kutchi herd health extension master trainers, para-vets and Basic Veterinary Workers (BVWs). In addition, training material, information and awareness packages in the local language will be prepared and disseminated. Workshops, training activities, community based review and learning events are also being planned. Some of these interventions will be specifically focussed on value chain development of animal and animal products (Cashmere, Pelts, goat milk products, etc.). Technical assistance for two studies on best practices of natural resources management (water and pasture/ rangeland management, community-based grazing strategies) and on livestock value chain and marketing in pastoralist areas is also being provided for. The recommendations of these studies will be used for training and behavioural change management. About 20,000 Kutchi households (i.e. 120,000 individuals) are expected to benefit from this sub-component.

Component 3: Project Management, Policy Support, and Young Professional Program

58. This component aims at supporting the project coordination and technical support responsibilities of the Project Support Team (ref. Organization Framework). In addition, based on the successful experience of the RMLSP, the Young Professionals Program⁹⁵ will be continued under this component. Finally, a special fund to support policy development and a special financing facility to support any activity that requires additional support and/or expanding any promising/well performing activity will be established under this component.

- (i) *Support to Project Support Team (PST)*: this component will finance the costs associated with the PST (e.g. staff⁹⁶ and equipment) and its functions and responsibilities (i.e. overall project planning, financial management, M&E, knowledge management, coordination with other government programs and projects, etc.), including through the recruitment of consultants if needed. A number of training activities that enhance skills and knowledge in conflict management, communication and presentation, participatory planning, monitoring and evaluation, knowledge management, training methodology (ToT), gender issues, climate change adaptation⁹⁷ and disaster risk management, quality control mechanism, social mobilisation and targeted poverty reduction initiatives and financial management have been anticipated for by the Project.
- (ii) *Young Professionals Program (YPP)*: the component will support the recruitment of new graduates from national faculties of agriculture and livestock to be engaged for an up to two-and-a-half year placement within the project. Amongst the numerous tasks that will

⁹⁵ **The Young Professionals Program (YPP)**: this was an initiative funded through the RMLSP that allowed young, national technical professionals recently graduated, to work with the RMLSP for a minimum of two years in order to acquire practice-oriented, work experience. The ultimate objective of the Program was to contribute to the development of a cadre of young, motivated national experts/consultants that could find employment within the rural development sector in-country.

⁹⁶ Awareness and sensitiveness to gender issues will be one of the criteria for the selection of the PSU/PMU staff. Gender sensitive project management and implementation will prevent gender blind interventions.

⁹⁷ The Project staff will be trained at all levels in regard to climate change adaptation issues and equipped with the necessary didactic and promotional material in this regard whereby using real field settings such as assessing technology options promoted under the four sub components of Agriculture, Livestock and Capacity building.

be allocated to the young graduates, they could assist Service Providers in the implementation of some of the grass-roots activities, or could strengthen the M&E capacities of the PST (e.g. conducting field surveys). The Project will have a better developed Young Professional Program than its predecessor in RMLSP as it will have a better defined set off trainings and placements in the field along with data collection/enumeration duties and a more enhanced career path.

- (iii) *Policy Support Fund*: a special fund (amounting to US\$ 500,000) will be allocated to support the formulation, development, follow-up or completion of draft policies, strategies and legislations required by MAIL to nurture an enabling environment. This demand-driven mechanism will, in turn be influenced by findings and recommendations of projects such as RMLSP and CLAP.
- (iv) *Special Financing Facility/Unallocated resources*: a special financing facility will be established with a budget of US\$ 3.5 million to be accessed by the PST upon specific recommendations of the supervision missions, particularly as far as supporting any on-going activity that requires additional support and/or expanding any promising/well performing activity is concerned. In principle, highly performing components/sub-components will be given priority to access these resources. Reallocation of these resources to other components/categories has to be agreed with and cleared by IFAD.

59. The project will provide technical assistance through contracting consultants for the capacity gaps and need identification based upon a recent nationally conducted Training Needs Assessment of MAIL staff; preparation of an action plan and delivery of training packages. A number of training activities that enhance skills and knowledge in conflict management, communication and presentation, participatory planning, monitoring and evaluation, knowledge management, training methodology (ToT), gender issues, disaster risk management, social mobilisation and targeted poverty reduction initiatives and financial management have been provided for by the Project. In addition, a cadre of Young Professionals will be available to support MAIL personnel in the field.

60. Competent and experienced Service Providers will also be contracted for up to 4 years to complement the services available to community based organizations from MAIL at the provincial and district levels while ensuring gradual transfer of planning and implementation responsibilities to the GoIRA staff. There are a few well established SPs in the project area whose extension capabilities can be up-scaled to provide the necessary services to communities and CIGs. It is also expected that the programme will contribute to increased capacities of local service providers (private sector, NGOs, etc.) to provide pro-poor, gender-sensitive and efficient agriculture and livestock extension service and technical packages, as well as business development services, to rural households and their organizations and/or beneficiaries.

61. A **Project Support Team** located within the Planning and Program Implementation Department of MAIL will be responsible for the provision of overall implementation coordination and technical support for cross-cutting issues (e.g. gender, knowledge management, M&E, procurement, and fiscal oversight) for both the RMLSP and the CLAP, and for the day-to-day management of the project (e.g. preparing consolidated annual work plans and budgets, quarterly, six-monthly and annual progress reports, withdrawal applications, financial statements; and ensuring regular M&E of programme activities and impact assessment surveys). The PST will be headed by a National Project Director. The PST will oversee and monitor compliance of each Service Provider with the terms of their contracts. In addition, this will facilitate linkages between the two projects and will ensure proper knowledge management, policy advocacy and smooth coordination with other donor-funded projects. The PST will also facilitate the organization of IFAD missions. As part of the strengthening MAIL institutional capacities and to contribute to a more sustainable capacity building effort Agriculture and Livestock officers of PST shall be seconded from MAIL.

62. Project activities will be implemented by relevant Ministries/Directorates through selected **Service Providers**, some of which have been pre-selected (i.e. Ministry of Rural Rehabilitation and Development, FAO, ICARDA, and the Dutch Committee for Afghanistan).

63. Project coordination and oversight will be mandated to:

- **A Project Steering Committee (PSC)**, for national level steering and coordination, policy direction and guidance, legislative activities, approval of AWP&Bs, progress review and overall oversight. The PSC will provide a critical forum at which to place Project objectives and achievements in a broad rural development perspective alongside current policy and allow information to be released to the Project on policy or institutional changes that will either impact upon beneficiaries, SPs or the Ministry itself.
- **A Provincial Coordination Committee**, convened by the NSP Provincial Management Unit and chaired by the representative for DAIL, that will have a membership comprising technical and field staff of the SPs and the Project. At this level, the focus will be much more on operational level coordination, information sharing and linkage development between existing interventions and new developments on the ground.

64. **Climate Change Adaptation:** Rural communities are already experiencing the consequences of Climate Change (extreme meteorological events such as floods, cloud bursts, dry spells, irregularity in rainfall and snow patterns, extreme heat and cold waves,...). Afghanistan, being a mountainous and economically underdeveloped country is extremely vulnerable to these emerging trends. Receding glaciers have implications for irrigation, agriculture, horticulture and livestock rearing; rising temperatures and a rising tree line offer more inhospitable growing conditions, meaning that high value horticulture species have a shorter growing period, are susceptible to new diseases and have less growing. Communities will have to be informed about these unfolding developments and supported by specific informational, technical, and organisational measures that promote adaptation, increase resilience and reduce risks. The Project staff will be trained at all levels in regard to climate change adaptation issues and equipped with the necessary didactic and promotional material, using real field settings such as assessing technology options promoted under the four sub components of the Livestock and Agriculture Development Component.

SIMPLE MARKET ANALYSIS of the AFGHAN DAIRY and POULTRY SUB-SECTORS

Concerns output of the appraisal mission of June 2012

Addressing in particular issue 3.4. and 3.5 of the Reviewers' Recommendations Note (RRN) of 7th June 2012

Prepared by:

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Triggered by the Reviewers' Recommendations (QE panel date was 6th June, 2012), a simple market analysis was conducted regarding the livestock sub-sectors 'Dairy' and 'Poultry'.

The underlying Technical Paper is thus complementary to the Working Paper on sub-component one 'Dairy Development' and two 'Poultry Development' respectively.

Reviewers' Recommendations (7th June, 2012)

1. Issue 3.4 'Markets and value chain development – Dairy sub sector'

The review commented that (quote) *it was difficult to understand many elements of the 'value chain approach' that the project is taking. There has been no analysis of the dairy market structure, where the demand is coming from, who the main actors and players in these markets are, which private sector companies the project is referring to, etc. All these aspects remain vague. Furthermore, a true value-chain intervention or as the project puts it 'a more industry-led approach' would be an approach driven by the private sector and dictated by market demand, whereas the project remains mostly a supply-driven project, where most market interventions (processing, marketing, etc.) will be managed and implemented by the project, fully financed through the project's grant resources, and devoted to the dairy cooperatives and unions once their capacity has been built. Therefore, it is difficult to understand the 'industry-driven approach' of the project, role of the various private-sector players in the dairy chain, and how the project will interact with them. This is a critical issue that will affect the long-term sustainability of this component. The main report (MR) refers to an approach that uses the 'price signal', although it is not clear what is meant by that terminology and how the project is following this approach.*

Suggestions:

- i. Obtain a better understanding of the dairy market structure and market demand in the surrounding areas;
- ii. Determine who the private players are in the dairy market and how the project will link to them or respond to them to fit its 'industry-led approach' and ensure long term-sustainability;
- iii. Prepare a flow diagram of all the market players from the producer to the consumer to understand better how the market works, the major channels and flows, and the players at each

level. The diagram can also illustrate the constraints at each level that the project intends to address. (end quote)

2. Issue 3.5. Poultry sub sector

(Quote) Again, the MR and the Working Papers were difficult to follow and understand. The same types of comments related to the dairy component apply to the poultry one. Furthermore, in the poultry component, it is not clear whether the commercial aspects are viable or not. While the working papers mentions that there is potential for local production, costs and profits have not been compared with imports. The project needs to establish based on quantitative data that local poultry and egg production could compete with imports on both quality and price bases. The linkages with the private sector are also not spelled out, despite the fact that commercial poultry and egg production should be market and industry-driven. (end quote).

3. Below, shortly a general introduction is provided where after the market setting of respectively sub-sector 'dairy' and 'poultry' is the provided; i.e. 'Flow chart: milk⁹⁸ (dairy) value chain: Kabul city and Central Provinces (Kabul, Parwan and Logar)' is presented, followed by projecting one day (Friday, 22nd June, 2012) of milk collection and marketing of the Kabul Dairy Union, and finally an up-to-date SWOT analysis of the dairy sub-sector. Along similar flow chart and SWOT the market setting regarding poultry sub-sector is provided.

Introduction

4. Both the Afghan dairy – and poultry sub sector face substantial challenges which are encountered along the entire value chain. In many ways, Afghanistan is self-sufficient in the simple ex-farm products⁹⁹ but relies on imports for the higher product market; i.e. regarding **Kabul market**, on **average 97%** of all milk and milk products

⁹⁸ It concerns milk from dairy cattle and not ewe or goat milk.

⁹⁹ **Definition of ex-farm:** referring to a price for a product which does not include transport from the farm to the buyer's warehouse.

sold concern **imported items** while for table eggs, broiler meat and other poultry products, a significant percentage remains imported.

Milk and Milk Products

5. Although a most sophisticated traditional milk processing and marketing exists (see flow chart, page 69), the insufficiency of these ex-farm outlets form main impediments for fe/male farmers participation in the commercial dairy sector, which is dominated by imports. Apart from informal ex-farm outlets for raw milk and home processed milk products, many other aspects needed for a viable dairy industry deserve attention ranging from the feed resource base, which need to be increased especially regarding winter feeding, the health status of livestock in particular the presence of *zoonoses* (e.g. tuberculosis and brucellosis) which forms a treat to public health, to lacking of a National Regulatory System in order to reach agreed standards.
6. The current high dependency on imported dairy products (already 30 Mio USD in 2008 and has only increased thereafter) implies import with precious foreign exchange to avoid food insecurity, which mainly benefits importers and external producers. Investing in national producers and actors of the dairy value chain (referring to flow chart presented on page 69) would entail building on national capacity, contributing to food security and poverty reduction.
7. Each level of the value chain needs attention: inputs → production → milk handling (incl. home processing) → collection → processing → marketing and promotion → consumers. Above all, a high standard of quality is needed in order to compete with the imported products; in many ways the city consumers expect quality. However, without quality control it will be difficult to ensure high quality products and gain consumer confidence. In this regard, advocacy for enabling policies, rules and regulations and institutions capable to develop, up-date and enforce these forms a key aspect of developing the dairy sub-sector. A single fe/male dairy producer alone has no representation neither power in front of authorities but a well organised dairy sub sector might change this as has been proven in neighbouring Pakistan, for instance.

8. Dairy producers are to some extent organised (Kunduz -, Balkh -, Herat, Baghlan -, Logar – and Kabul Dairy Union), some through projects¹⁰⁰ and others relaying in their own initiative. More households are joining the established dairy cooperatives¹⁰¹. These Dairy Unions are presently producing a variety of dairy products of different quality standards, but have proven to be viable entities (Bonnier, 2007).
9. Surveys¹⁰² also indicated that producers (fe/male) have the desire of producing more milk but the insufficiency of market outlets, shortage of capital and insufficient know how is hampering their aspirations. It is thus expected that offering a reliable outlet for milk complemented with extension and veterinary services will stimulate households¹⁰³ to invest

¹⁰⁰ It mainly concerns the so called Integrated Dairy Scheme, promoted by FAO and in varying degree financed by donors such as French Development Cooperation, DfID, Italian Development Cooperation, USAID, etc. The entire dairy cooperative movement is still young but

¹⁰¹ Since 2005 MAIL and FAO have implemented Integrated Dairy Schemes in Afghanistan funded by Government of Germany covering Balkh, Kunduz, Logar, Kabul and Wardak provinces. The project phased out in December 2010 after supporting MAIL and dairy farmers to form three dairy unions namely Kabul, Kunduz and Balk dairy unions. Three dairy processing plants and three animal feed mills have established under the ownership and management of these dairy unions. Similarly, the Herat dairy union has been established by MAIL and farmers with the technical support of FAO, funded by the government of Italy. It also has a modern multi-product dairy plant and feed mill owned, operated and managed by the Herat dairy union. The final evaluation report of the above mentioned German funded dairy project recognised that the intervention made significant improvements in food security and income of smallholders particularly women farmers in Afghanistan. The most interesting findings recorded, included that women are the greatest beneficiaries – they received over 84 % of the regular cash income earned from milk. Perhaps even more importantly women have 100% decision making power over how the money earned is spent. Income per farm family (2700 members are actively supplying milk) has increased from US\$371 in 2005 to US\$ 652 up to end of 2010. Milk surplus for sale has risen from 1.3 to 5 litres per cow from 2005 to 2010. Farmers are highly encouraged to participate in dairy production based on the increased household food security and increased income levels they have seen in their neighbours. (Bennett, 2012)

¹⁰² Most detailed surveys, interviews and focus group discussed were conducted as part of developing the Dairy Production Component of HLP. (GRM, 2007-2009), but also the more recent dairy market study of (Ramesh B. Munankami, May 2011) support these observations; reliable outlet pulls the production site.

¹⁰³ The 'Dairy Industry Revitalization Project –DIRPA- 2004-2007' built three types of dairy processing plants to guarantee markets for locally produced milk and to train farmers to produce high quality raw milk for these processing plants. It also helped processors penetrate and develop consumer markets. By guaranteeing markets for high quality milk combined with

in improved dairy husbandry practices (fodder production, feeding, calf rearing, preventive and curative health care, etc.).

10. Market surveys also indicated that consumers were 'not satisfied' with the present local dairy products mainly due to their poor quality and unhygienic handling. Yet, the consumers preferred local dairy products as against imported ones because of their quality of being 'fresh' (most preferred), 'good taste' (second preference) and 'cheap' (third preference). There is however a positive image of imported dairy products in the market like high quality, hygienic, healthy, nicely packaged and easy to carry. Also, there is a negative image of local products such as low quality, not easily available and difficult to carry.
11. Correcting the negative images of the existing local dairy products and adopting aspects of the positive images of imported products need to be addressed when fetching the market. Thus, the consumers' emotion or attachment is a strong competitive edge and the Kabul Dairy Union is all geared to utilize it.
12. The detailed surveys and feasibility studies regarding investments in milk collection, - processing and – marketing concluded that *'based on the information so far available, it is clear that Afghanistan has both the milk resource and the dairy market sufficient to support the proposal to build a new dairy processing plant at 50tons per shift design capacity; preliminary cost analysis indicated that the dairy company will generate sufficient profit to be sustainable and to offer milk producers an annual dividend or share of such profit'* (GRM, 2007-2009). It further stated that *the overall market has been estimated from calculations of the volume consumed per capita per day of 170 g. This would make the volume consumed in the eight provincial capitals (including Kabul) of 500tons per day. This suggests that the market is sufficiently large to sell all the products of a 50-ton a day plant, and a product range has been proposed that would clear this volume of milk into the market each day and be sold profitably.* It is however also important to note that notwithstanding the detailed studies, market and consumer surveys,

providing producers with access to production inputs and services, milk production drastically increased and incomes increased accordingly. (Land O'Lakes, 2009)

etc. the designed project for this HLP Dairy Component did not take off and was no longer on their agenda¹⁰⁴.

¹⁰⁴ The HLP Dairy Component covered a large budget of about 56Mio US\$. It is difficult to trace the reasons of abandoning this component but among others the large size of the plant was perceived as risky.

13. Flow chart: milk¹⁰⁵ (dairy) value chain: Kabul city and Central Provinces (Kabul, Parwan and Logar)

	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8
End Product/market	Retailer	Whole-sellers	Milk Processing	Transport	Collection centres (fresh milk)	Milking / milk handling / home processing	Milk production	Inputs
Traditional	<ul style="list-style-type: none"> Whole milk Yogurt (Mast) Buttermilk (Dough) Quark (Chakka) Dried Quark (Qurut) Butterfat/butter (Maska) Cream (Qaimaq) Ghee/clarified butter (Roghan-i-zard) Cheese (panir) 	Farming & Nomadic HHs (selling processed milk products directly in surrounding areas, village markets, etc.) <ul style="list-style-type: none"> Road vendors Door step delivery Small shops (fruits, vegetables, groceries) 	Milk hawkers (motor cycle, pick-up, transport animal): collect at the door step processed products; more active in winter; Friday is the trading day.			<ul style="list-style-type: none"> Bulk of milk for home consumption Surplus milk mainly home processed Nomadic communities: seasonal selling of processed products 	<ul style="list-style-type: none"> Traditional: aver. 5ltr/day/HH; peak production is summer 3 Provinces: 60% of HH produce milk 	Farming HHs: Farm inputs (land, water, fodder, vet care, etc.); 1-2 cows/HH or an average of Nomadic HHs: grazing areas, water, etc. (mainly sheep and goats; some cattle, horses, camels)
	<ul style="list-style-type: none"> Pasteurised milk UHT milk White cheese (panir) Ghee Butter Buttermilk Powder milk Cream Ice cream 	<ul style="list-style-type: none"> Super Markets Up-market shops 	Average: 97% of market share (Kabul market). Volume: estimated Kabul city consumption is 532, 566 litres of milk on average per day ¹⁰⁶ . Imported milk and milk products (in order of importance: milk powder, UHT, cheese, yogurt, others)			Morning milk; sold; Evening milk: → home processing for home consumption & traditional marketing channel	Ex-Importers and Average ltrs/day/HH: ≥10; 930 members cooperative	External Producers (Pakistan, India, Iran, etc.) Farming HHs: Farm inputs (land, water, feeds, vet care, etc.): aver. 1-2 cows/HH. Production levels on average higher than above

¹⁰⁵ It concerns milk from dairy cattle and not ewe or goat milk.

¹⁰⁶ Reference: (GRM, 2007-2009)

¹⁰⁷ Windows shops sell also other products of cooperative members; i.e. honey, eggs in particular. See next page: e.g. milk production, - consumption and marketing of Dairy cooperative members on Friday 22nd June.

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DETAILED PROJECT DESCRIPTION

Small shops Door step delivery	- Small private processors: (capacity 200-500 ltrs/day)- Shir Afghan, Safa Dairy, Pyaman IC, Absar Dairy Plant - Watana (UHT): using raw and milk powder	Truck, motorcycle	Pick-up,	Raw milk / home processed	Farming HHs: aver. 6 ltr/day/HH	traditional channel	market

Note: i.) milk quality is poor; few large dairy farms exist; ii.) bulk of milk and milk products home consumed and/or sold/bartered in nearby villages; iii.) medium and large cities rely mainly on imported milk products; iv.) milk prod. is seasonal (summer high; winter: low); consumption pattern opposite; v.) traditional trading channels of milk products is in the hands of men; vi.) bulk of milk is used for home consumption; vii.) surplus marketed on weekly basis: milk hawkers & road vendors mainly active on Fridays; viii.) some smallholders (e.g. cooperative members): improved husbandry practices and higher yields; ix.) milk delivery via cooperative chain normally done by children and money collected handed over to the women of the HHs; x.) consumer level: price locally produced products cheaper; average 40% lower than imported.

Milk production, - consumption and - marketing regarding members of the Kabul Dairy Union on <u>Friday the 22rd of June, 2012</u>										
Members	Milking cows/HH: No.* ⁶	Milk produced; ltrs	Home consumption: ltrs	Cooperative collection centre; ltrs	Sold to hawkers (yogurt); ltrs* ⁴	ltrs/cow	ltrs/HH	Average Income Female HH member: AFG* ^{1*5}	Average Income Male HH member: AFG* ^{2*4}	Average Value milk consumed at HH level; one HH; AFG* ³
930	1,856	15,760	3,360	4,410	7,990	8.49	16.95	120.21	195.71	128.10
* ¹ normally women receive income of raw milk sold via cooperative; price paid was: 25.35 AFG/ltr.			* ² normally the traditional milk product trading goes via men; price paid was: 22,78 AFG/ltr. Income covers more days			* ³ taking the average price paid (yogurt, raw milk), the value was 24.07 AFG/ltr			* ⁴ it should be noted that it concerns yogurt of milk produced on previous days; hawkers collect and sell mainly on Fridays. Thus, income covers more days	
* ⁵ Income covers more days			* ⁶ Average number of Milking cows per HH is 2			* ⁷ Cooperative collection centre receive only morning milk; evening milk home consumption/processing				

		Traditional market		Cooperative market		Imported products	
		Farm gate	Consumer	Farm gate	Consumer	Consumer	
Yogurt	Afg/kg	22,78	40,00	25,35	38,00	100,00	Nestle
						61,43	Irani

Example of pricing margins: Yogurt

14. In this case, the imported yogurt (1 kg) is about 2½ more expensive compared to locally produced. The retail margin per kg of yogurt is about 17,22 Afg in the traditional trading chain and 12,65 Afg in the cooperative chain.

SWOT analysis of dairy sub-sector

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. Producers are business oriented; a good market for milk and adequate service provision will pull the milk production 2. Producers are used to work in groups; concerns important advantage when placing ownership of organising the sub-sector in the hands of the producers 3. Dairying produces regular income; sold on daily basis provides daily/weekly/monthly cash flow 4. Marketing through cooperative channel provides high chance for women to receive and control the income 5. New cooperative law and by-laws in place and conducive 6. Locally produced milk and milk products significantly cheaper than those imported 	<ol style="list-style-type: none"> 1. Poor policy and regulatory framework: in particular quality control is needed to compete with imported products 2. Restricted land availability: 0.5 ha per land owning HH; only through intercropping and crop rotation there is scope for fodder production 3. Poor animal husbandry: no balanced feed rations, major diseases, limited hygiene, etc. 4. Insufficient service provision: extension, veterinary care, breeding, etc. 5. Poor infrastructure: roads, transport and communication facilities 6. Traditional milk marketing channels male oriented and income with male HH members 7. Dairy Cooperatives and traditional milk traders not yet able to obtain major market share
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. MAIL strategy provides priority to development of dairy sub-sectors: i.e. substitution of imported products; policy and regulatory frameworks have been drafted (opportunity to drive up quality standards); programme to combat zoonoses 2. Demand for milk products increasing; population growth, affordability 3. Consumer preference is for quality local products and taste 4. National pride in producing own products 5. Various donors / private players willing to invest in the sub-sector 6. Cooperative milk collection, processing and marketing can anticipate on fact that women are dairy care takers: income flowing in hands of female HH members 7. Reliable outlet for raw milk implies less labour for women; saving time as home milk processing is labour intensive 8. Cooperatives provide scope for service delivery: extension, vet and breeding services in which women can participate 9. A reliable market for raw milk gives stimulus to increase productivity of dairying and thus strengthening livelihoods and employment creation 10. Dairy cooperative movement contributions to community cohesion 	<ol style="list-style-type: none"> 1. Animal diseases; in particular zoonoses 2. Low quality milk and milk products: due to hygiene in particular. Reduces competitiveness with imported products 3. Seasonality in milk production: high summer, low winter. Consumer demand is opposite: high in winter and low in summer due to availability of fruits and vegetables 4. Security 5. Import of dairy products; vested interest of certain business actors 6. Improved production and marketing through cooperative development leading to higher incomes might imply that women can no longer control it 7. Consistency of quality is key issue: e.g. Watani (UHT milk partly through reconstitution of imported milk powder) sets poor example 8. Tax regimes relatively low for imported milk and – products

Source used:

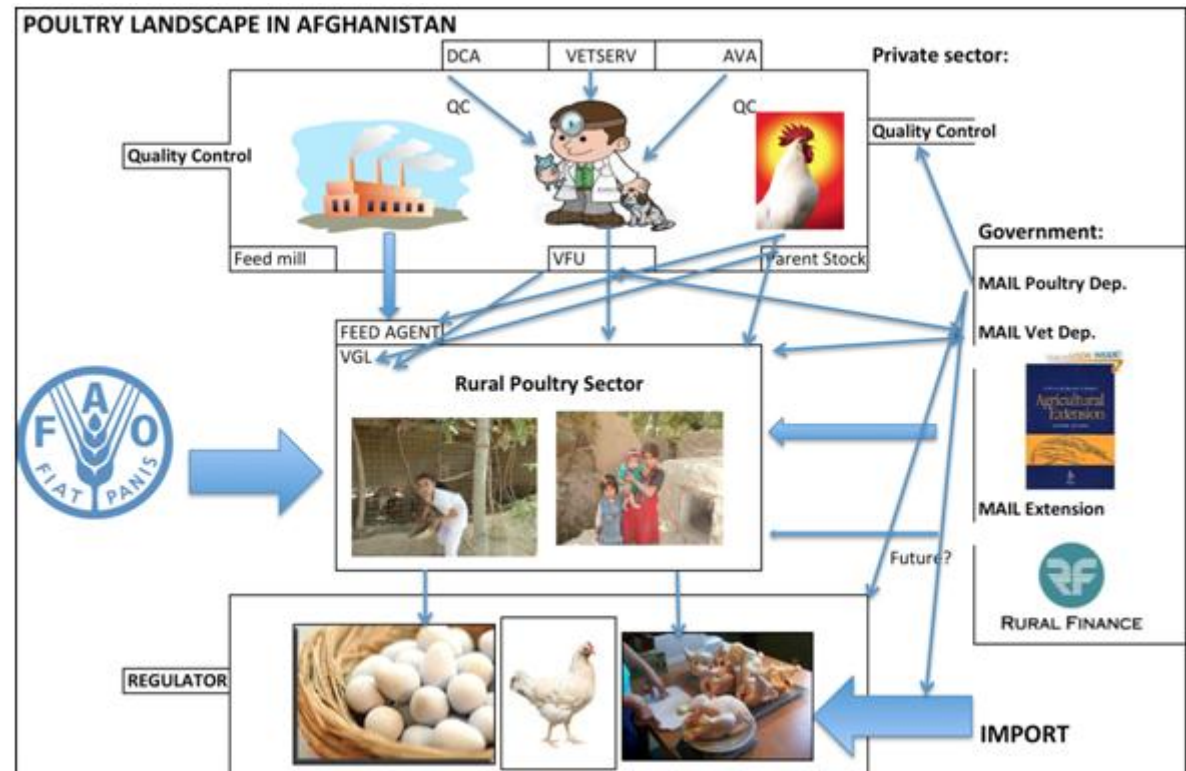
- First hand data of Kabul Dairy Union: June 2012,
- Inputs of Service Provider team for sub component 'Dairy Development' of RLMPs: June 2012,
- Studies of dairy sub-sector conducted by MAIL/HLP: 2007-2009,
- Market Survey of Kabul markets by Apex2Consulting (CARD-F): December, 2012,
- Observations made by Mid-term review team of RLMP (May 2012).

Poultry products: - table eggs, broiler meat, other poultry meat

The poultry landscape in Afghanistan

15. On top are the commercial service providers for feed, pullets or chicks and veterinary drugs and vaccines, already identified as crucial for the autonomous development of the rural poultry sector. In the middle of the figure is the Rural Poultry Sector, currently mainly backyard semi-scavenging systems. At the bottom is the market for eggs, live birds and poultry meat. On the right the various necessary government services, of which some are not yet in existence or fully operational. The figure shows a heavy arrow between the FAO and the beneficiaries to show the important coordinating role between private sector and farmers and input supply for the farmers during the first year by the project. At the market the import's importance is of a similar magnitude as the role of the FAO on the production level: import levels have a great influence on the market prices and farmers have little influence on these with their supply.

16. Projects normally assume that private sector service providers will take over the project's responsibility for service provision. This affects the initial client base as to a certain extent, links were made between farmers and service providers through the group leaders and instituting the feed agents, but many women do not have sufficient money to purchase the full services and inputs package. The service providers were understandably more interested in their institutional clients, among which the FAO¹⁰⁸ was one, for quick larger volume business than to invest a lot of time and effort in building up rural service provision networks for many small-scale producers, although a start was definitely been made with the feed agents but who were still too far from the women, requiring a male intermediary.



¹⁰⁸ Currently, FAO is the service provider for the poultry sub-component of RLMSP.

ANNEX 5: INSTITUTIONAL ASPECTS AND IMPLEMENTATION ARRANGEMENTS

1. Main implementing Agencies and their Roles

1. **The Executing Agency** of the Programme will be the Ministry of Finance (MoF), and the **Lead Implementing Agency** will be the Ministry of Agriculture, Irrigation and Livestock (MAIL). MAIL will coordinate through the PST with other related Ministries/ Directorates¹⁰⁹ and selected Service Providers, some of which have been pre-selected during programme design missions. There would be close coordination and engagement with the Ministry of Rural Rehabilitation and Development (MRRD) personnel and units at the field level, since the channel selected to reach target groups are the CDCs promoted through the National Solidarity Program (NSP) of the MRRD. Both MAIL and MRRD have acquired considerable experience and competencies over the years, and they are familiar with multi-lateral and bi-lateral arrangements and processes. They also have developed robust systems and processes for project implementation and can draw upon a pool of technical expertise, especially at the national level.

2. The MoF will negotiate and sign agreements with IFAD on behalf of the Government of the Islamic Republic of Afghanistan (GoIRA), receive funds from IFAD, disburse them to MAIL and broadly oversee the project to ensure compliance with covenanted agreements as well as national fiduciary regulations. MAIL will be responsible for implementing the project as per project agreement, secure clearances and compliance with national regulations, receive and disburse funds, coordinate and facilitate cooperation with related agencies and programmes, monitor progress, secure the necessary resources to advance the project and periodically report status of project implementation to IFAD and the GoIRA. MRRD/NSP has been pre-selected as a service provider and will facilitate access to its established CDCs eligible for NSP's repeater block grant¹¹⁰; undertake the prescribed capacity building activities in accordance with the NSP-III Operational Manual (OM) as well as any additional ones required by the CLAP, which further strengthen CDC abilities to fulfil their mandate; support implementation of small infrastructure interventions in accordance with current NSP practices; and also make available its on-going programmatic assistance, particularly facilitating the work of Provincial Coordination Committee through the Provincial Management Units of NSP. The Comprehensive Agriculture and Rural Development Facility (CARD-F), in the context of the overall national Agricultural Development framework (NADF) at MAIL is envisaged to be the core link and coordination mechanism for MAIL and MRRD rural development programmes. CARD-F is currently the only programme working directly with MRRD and MAIL as part of its mandate. Project specific coordination between MAIL, MRRD and other service providers will be provided through the forum of Project Steering Committee.

3. The Central Region Community Development Programme (CLAP) will be coordinated at institutional level by a **Project Steering Committee (PSC)**. At the operational level, the Project will be managed by a **Project Support Team**, located within MAIL.

4. **A Project Steering Committee (PSC)** will be established for national level coordination, policy direction and guidance, legislative activities, approval of AWP&Bs, progress review and overall oversight. The PSC will comprise senior-level representatives of MAIL, Ministry of Finance (MoF), Ministry of Rural Rehabilitation and Development (MRRD) and selected Service Providers nominated on a needs basis. As the Lead Implementing Agency, the MAIL will chair the PSC. The PSC will provide a critical forum at which to place Project objectives and achievements in a broad rural development perspective alongside current policy and allow information to be released to the Project on policy or institutional changes that will either impact upon beneficiaries, SPs or the Ministry itself. These issues could range from anticipated changes to the sub-national governance structure (thereby affected CDCs), transition of security (opportunities for stabilisation activities resulting in increased access to project districts), etc. It will meet at least every six months to review overall implementation progress and will approve the programme Annual Work Plan and Budget. The IFAD Rome-based Country Programme Manager (CPM) will also attend these meetings as an observer when in the country. The PSC meetings will also serve as a platform for policy dialogue.

¹⁰⁹ In this project, these contracted/ selected Ministries/ official agencies will be referred to as Service Providers (SPs)

¹¹⁰ A second round of cash grants to certain CDCs that have met the maturity and efficiency criteria including having fully utilised and recorded the disbursement of their initial Block Grant.

5. **Project Support Team (PST)** will be part of the Planning and Program Implementation Department of MAIL¹¹¹ and will be staffed as follows: a National Programme Director, one specialist in each of the following cross-cutting disciplines: Knowledge Management, Monitoring and Evaluation and Gender. It will also have a Procurement Officer and a Finance Manager for fiscal oversight of both projects, a Community Development Officer, a Rural Infrastructure Officer and an Agriculture and Livestock Officer. In regard to Knowledge Management and M&E, there will be 3 personnel – a MIS Officer, a MIS Associate and an M&E Associate. Finance Officers (2), an Administrator and a Logistics Officer will also be provided. While it is anticipated that all PST staff will not be regular MAIL staff but will be recruited through an open, national competitive process in order to ensure that the best possible staff are recruited – in line with the new MAIL policy - it is strongly recommended that some technical staff from the Technical Departments of MAIL (especially Agriculture and Livestock) be seconded for the duration of the project period to the PST in order to ensure that the enhanced capabilities and competencies developed will be retained within MAIL post project, as this is one of the objectives of the project. Such an arrangement will also greatly increase the PSTs overall technical capacities and outreach. The PST will be adequately provisioned in regard to transportation, office facilities, supplies and equipment and support staff. The PST will oversee and monitor compliance of each Service Provider with the terms of their contracts. In addition, it will facilitate linkages between the RMLSP and the CLAP and will ensure proper knowledge management, policy advocacy and smooth coordination with other donor-funded projects. The PST will also facilitate the organization of IFAD missions and develop, launch and administer a tender for the selection of Service Providers (SPs) who have not already been pre-selected (such as MRRD, ICARDA and FAO). It will prepare the contract for all SPs and ensure oversight of service delivery.

6. It will in addition responsible for preparing consolidated annual work plans, budgets, and withdrawal applications; preparing financial statements; ensuring regular M&E of programme activities and conducting impact assessment surveys; provide on-site technical support; ensuring quality of interventions and measures undertaken; facilitating resolution of constraints and difficulties that arise at the provincial, district and field levels; identifying capacity gaps; organizing training events and ameliorative measures; document and analyse experiences so as to draw lessons and “good practices”; producing quarterly, six-monthly and annual progress reports. The PST will also undertake contract management and monitor compliance of each SP with the terms of their contracts.

7. A **Provincial Coordination Committee (PCC)**. This forum will be chaired by the representative for DAIL, and will have a membership comprising technical and field staff of the SPs and the Project. The Provincial Management Unit of NSP will serve as a secretariat and convenor of PCC. At this level, the focus will be much more on operational level coordination for integrated planning and implementation of the project components/subcomponents, information sharing and linkage development between existing interventions and new developments on the ground.

8. **Capacity Building:** In addition to the provision made by the Project for training, information sharing and awareness raising of a general and technical nature, a **Policy Support Fund**¹¹² will be initiated within the project to support the formulation, development, follow-up or completion of policies required by MAIL to nurture an enabling environment. This demand-driven mechanism will, in turn, be influenced by findings and recommendations of projects such as RMLSP and CLAP through an evidence-based approach of piloting good practices and analysis of primary data. This will inform and support the development of existing and new MAIL policies being considered by the Policy and Planning directorate of the ministry. In addition, a Special Financing Facility/Unallocated resources will be set up with a budget of US\$ 3.5 million to be accessed by the PCU upon specific recommendations of the supervision missions, particularly as far as supporting any on-going activity that requires additional support and/or expanding any promising/well performing activity is concerned. In principle, highly performing components/sub-components will be given priority to access these resources. Reallocation of these resources to other components/categories has to be agreed with and cleared by IFAD.. Both these Funds will be managed by the National Programme Director of the PST, under advice of the PCC. Expenditures incurred and the purpose for which the Funds have been deployed will be informed to the PSC whenever the same meets. The use of these Funds can be reviewed at the time of the MTR and re-allocated as necessary.

¹¹¹ Formerly known as the Programme Implementation and Coordination Unit (PICU)

¹¹² Amounting to \$ 500,000

9. **Young Professionals Program (YPP):** the component will support the recruitment of new graduates from national faculties of agriculture and livestock to be engaged for an up to two-and-a-half year placement within the project. Amongst the numerous tasks that will be allocated to the young graduates, they could assist Service Providers in the implementation of some of the grass-roots activities, or could strengthen the M&E capacities of the PST (e.g. conducting field surveys). The Project will have a better developed Young Professional Program than its predecessor in RMLSP as it will have a better defined set off trainings and placements in the field along with data collection/enumeration duties and a more enhanced career path. The ultimate objective of engaging young professionals is to contribute to the development of a cadre of young, motivated national experts/consultants. The component budget provides for a specific budget line for the Young Professionals Programme (YPP) to finance their salaries and travel allowances when in the field.

10. **Implications for Up-Scaling:** This project reflects the key policy priorities and strategic approaches adopted by the GoIRA¹¹³. It is also being implemented by the related Ministries in partnership with selected national and international agencies¹¹⁴ who are present and working in Afghanistan with a substantive track record, have considerable expertise and credibility and, for most of them, will continue to be active in Afghanistan in the medium to long term. This potentially supportive group can avail significant resources to address developmental deficits across various sectors, especially in rural areas, and contribute to up-scaling successful initiatives and processes. The experience gained and assets developed can be further built upon by subsequent programmes or even serve as a “template” for similar programmes. Since one of the objectives of the project is to inform and support the framing of an enabling policy framework which would further strengthen community engagement for inclusive governance, livelihoods and productivity enhancement, its potential impact can extend well beyond project period and contribute to a better implementation and expansion of similar current and future projects. Moreover, since the PST is a part of the General Directorate of Programmes of MAIL itself and since key personnel of PST will likely be seconded from MAIL, a strong sense of state ownership can be expected. Finally, this project is expected to create a pool of experienced professionals and experts who can be drawn upon by the GoIRA for program implementation. This design of this project is well suited to supporting up-scaling of similar programs by the GoIRA.

2. Other Service Providers

11. With the current capacity gaps (personnel, skills and competencies) within the MAIL structure at sub-national level (provincial and district), the project components and activities will be implemented by a combination of Government Ministries/agencies and selected Service Providers of which MRRD, FAO, ICARDA and DCA have been pre-selected with MAIL's concurrence. The pre-selection was based on their mandate, unique skills, expertise, their long experience in the country and their performance and successful implementation of similar activities in the on-going IFAD-financed RMLSP or other bi-lateral donors.

12. MRRD, through the National Solidarity Programme, will be responsible for implementation of community development component; FAO, ICARDA and DCA will be engaged for the Agriculture and Livestock Development Component. In view of availability of a number of qualified international and local SPs engaged in community-level commercial poultry activities, the selection of SPs for this sub-component will be done through a competitive process in line with MAIL and IFAD regulations.

13. **Service Providers (SPs):** These are institutions and organizations already operating in Afghanistan, many of whom have a long-established presence, a high degree of credibility and

¹¹³ (i) ANDS: It fits in with Pillar 3 (Infrastructure and Natural Resources Development) and Pillar 6 (Agriculture and Rural Development);

(ii) NADF: National Priority Program 2 [Agriculture Production and Productivity -now known as “Food For Life”- which consists of 5 sub-programmes, namely, Cereals and Industrial Crops, Horticulture, Livestock, Irrigation (infrastructure, on-farm irrigation), Kutchi Support] ; National Priority Program 3 (Economic Regeneration which consists of 5 sub-programs, namely, Support to Producer, Retailer and Trader Organizations, Financial Services for Agricultural Development, Value Addition, Quality Control and Food Safety of Agricultural Inputs and Products and Marketing and Market Linkages; and to an extent, National Priority Program 4 (Programme Support and Change Management which guides formulation and implementation of interventions and has led to the setting up of CARD-F within MAIL);

(iii) MDGs: Goal 1/ Target 1a and 1b; Goal 3/ Target 3.2 and Goal 7/Target 7c.

¹¹⁴ Across the civil, private, bilateral and multi-lateral sectors/ spaces.

technical competencies¹¹⁵. SPs are contracted by various government departments and donor programmes to facilitate community mobilisation, capacity building, planning and implementation. The MRRD continues to use I/NGOs (known as Facilitating Partners) to implement the NSP. The services provided by FP in the NSP also include training communities in electoral processes, gender mainstreaming, linkage building, accessing complementary financing, etc. Most FPs also focus on conflict resolution and prevention skills during the early phase of community mobilisation which is helpful given the conflicted situation many communities find themselves in.

14. A Contract for Services will be signed between the MAIL and each of the SPs. These contracts will include the following: the component/sub-component objectives; target groups; methodologies for villages' and beneficiaries' selection; implementation approaches and arrangements; quantified outputs and deliverables; staffing requirements; M&E requirements; and a life-of-project budget divided into two phases (phase 1 for 4 years implementation and phase 2 for transfer of responsibilities and consolidation). This budget division comes from the CLAP's institutional development objective which requires that reliance on Service Providers (SPs) be gradually phased-out by building capacity of MAIL staff, particularly at the provincial and district levels, to ensure transfer of responsibility to the government, beginning at the end of PY4. Draft contracts will be submitted to IFAD for review and clearance.

15. Based on the financial allocations of the respective components and sub-components, MAIL will negotiate the management cost including staff and other requirements for implementation of components and sub-components with the SPs. On the basis of these contracts, each SP will prepare at the beginning of each fiscal year a detailed Annual Work Plan and Budget.

16. **Community Organisations:** Planning and implementation of all the project components and sub-components will be carried out in a participatory manner, wherever possible, through CDCs established under the NSP. Contact and interaction with other community groups like Dairy Union, Farmers' Groups, Women Groups, etc., will also be made through CDCs to which members also belong. The CDC is a group of community members elected by a secret ballot to serve as its decision-making body. The CDC structure includes as office bearers a chairperson, a vice-chair-person, a secretary and a treasurer. A project management committee and a procurement committee are also often established to support the CDC. CDCs articulate priorities and needs of communities in the form of Community Development Plans (CDP), prepared in consultation with the communities, and are responsible for the planning and execution of the subprojects under the technical guidance of Facilitating Partners.

17. The NSP has developed an elaborate participatory monitoring system involving all stakeholders at different levels of responsibility from the national level down to the CDC level. Various tools and processes, which assess inputs delivery, work schedules, required actions and planned outputs, have been designed. These tools cover all aspects of the project cycle and provide information on implementation progress, performance outputs, outcomes and short-term sustainability of NSP interventions in the targeted communities, thus enabling undertaking of timely action to correct deficiencies. Hence, a key objective of this component is to build the capacities of CDCs, producer groups, cooperatives, seed producing associations, Common Interest Groups (CIGs), etc., for local self-governance as well as to initiate and sustain economically viable activities and livelihoods. A well-defined organizational and capacity enhancement pathway ("graduation path") has been developed by the NSP which includes 3 stages – (i) mobilisation and sensitisation; (ii) Formation and Development; and (iii) Enterprise selection, development and need-based aggregation. This approach was adopted based upon existing good practices and evidence-based approaches currently in use by the NSP and advocated by MAIL departments.

18. **Mobilisation and Sensitisation:** The NSP has developed over the years a tested methodology that has four core areas – (i) facilitation at the community level to assist communities establish inclusive community institutions through secret ballot and democratic elections; reach consensus on priorities and corresponding subproject activities; develop eligible subproject proposals compliant with NSP appraisal criteria; and implement approved subprojects; (ii) building the capacities

¹¹⁵ Examples of these are the Dutch Committee for Afghanistan (DCA), Aga Khan Development Network (AKDN), AID, Mennonite Economic Development Associates (MEDA), BPeace, Women's Learning Partnership, etc.

of CDC and community members (both men and women) in participation, consensus-building, office bearer duties, accounting, record keeping, procurement and contract management, operations and maintenance, monitoring; (iii) providing direct block grant transfers to fund approved subprojects; and (iv) linking CDCs to government agencies, NGOs, and donors to improve access to services and resources. The GoIRA aims to gradually transform the CDCs into Village Councils (VCs) with roles and responsibilities that will continue beyond the donor-financed projects and programmes. To support the transitioning and strengthening of existing CDCs into VCs for a broader and sustainable development role, the Project will finance additional capacity building activities to improve the institutional quality (e.g. processes and mechanisms for conflict resolution, gender awareness and enhancing women's effective involvement in the economic and social activities of the communities), sustainability and governance of CDCs (e.g. community governance and accountability systems, processes that assist community recovery from conflict); and enhance their ability to engage with other institutions, governmental and otherwise.

19. **Formation and Development:** The NSP has worked out an integrated and sequenced step-by-step pedagogy for systematically building the capacities of CDCs for representative, transparent, and accountable governance and implementation of inclusive developmental projects. A “Project Cycle” approach has been adopted which includes 5 developmental phases, each with its corresponding activities, steps, processes, indicative timelines and responsible parties. The 5 phases include (i) Start-up/Preparation for field work; (ii) Social mobilization and CDC elections; (iii) CDP preparation and subproject selection; (iv) Subproject proposal preparation and block grant disbursement; and (v) Subproject closure, reporting, audits and handover. Accompanying and supporting this process is a “Standardised Mandatory Trainings” Programme which defines the type of training, its contents, when the particular training is to be conducted, the number of days for each training and the persons to be trained. There are 8 standard trainings to be conducted, representing altogether 31.5 training days. Trainings provided are as follows: NSP Orientation, NSP CDC Members’ Training, Basic Project Management Guidelines and Skills Training, NSP Accounting Training, NSP Procurement Training, CDC bylaws, Community Participatory Monitoring (CPM) where rolled out, and Safeguards.

20. **Enterprise selection, development and need-based aggregation:** Since members of various village based economic groups (CIGs, producer groups, etc.) are also members of the CDCs, they inter alia participate in the prescribed trainings and also have an opportunity to acquire the necessary skills in representing their interests and negotiating outcomes. In addition, the project proposes a suite of trainings, skills and capacity building events, planned under Component 1 and specifically connected with the identification, establishment and efficient management of livelihood and economic activities. For rural youth, especially those who cannot support themselves from farm based activities, non-farm certifiable vocational courses are being offered such as Welding, Mobile Phone Repair, Mason Training, Tractor Repair, Generator Repair and Maintenance, Excavator Operator, Auto Electrician, Auto Mechanics, etc. This will increase employability and opportunities to start micro-enterprises, with the aim to reduce migration from rural areas to the urban centres and potentially increase cash into the local economy.

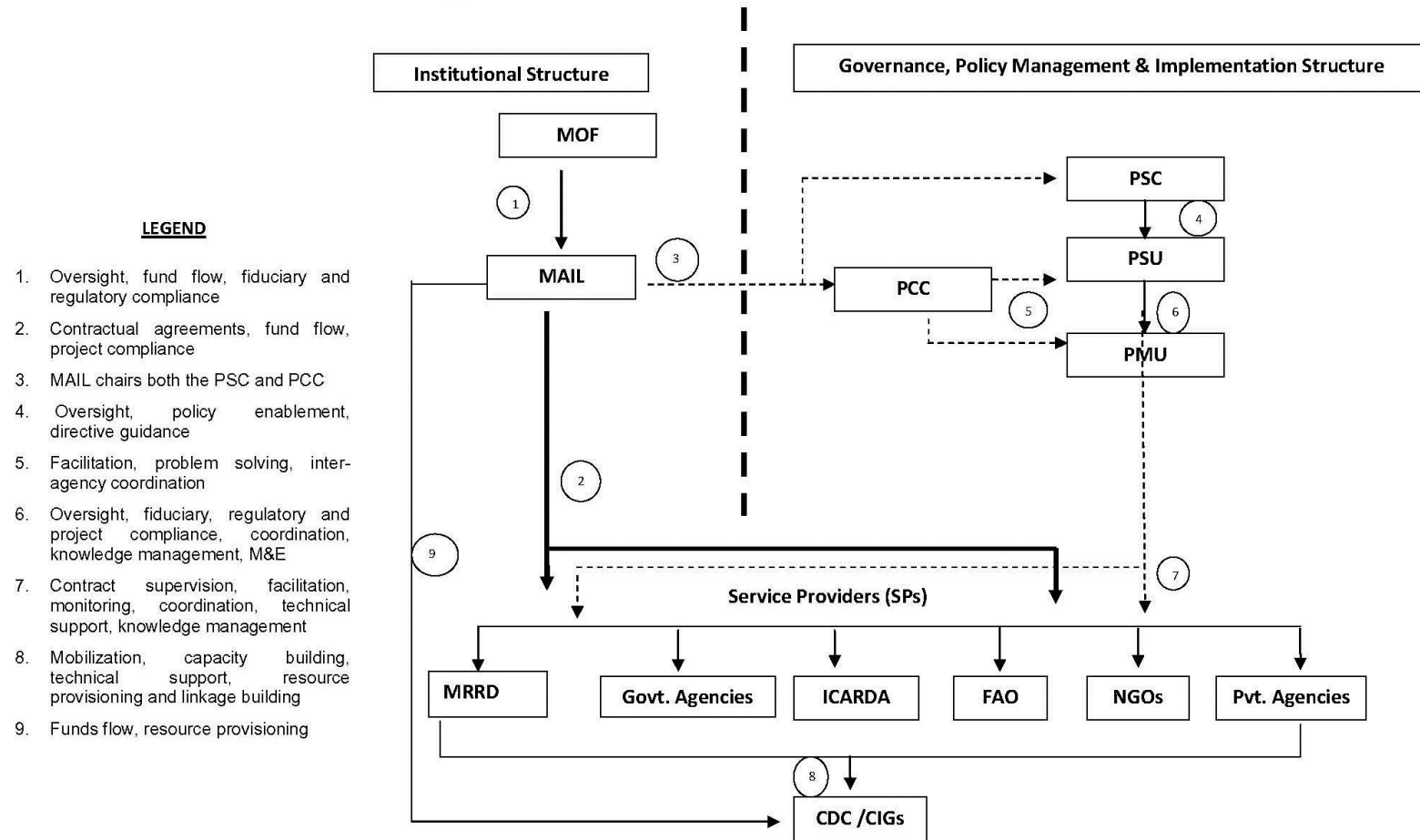
21. Provision has also been made to address the productive infrastructure needs of the community, to support and enhance agricultural and livestock productivity. The structures are meant to also fill up the missing gaps that would promote the arising of a livelihoods support ecosystem, which can be expected to result in positive socio-economic benefits accruing to the community. This component also incorporates a strong element of capacity building aimed at strengthening and supporting local institutions to effectively manage created assets and address future issues of ownership and sustainability.

22. The CDCs are expected to be gender integrated. However, in case direct women participation and access is restricted, separate male and female CDCs are formed or a separate Women’s Subcommittee of the CDC is formed. Given the priorities of the Project to women’s empowerment, efforts will have to be made to ensure that CDCs collaborate closely with female producer groups and a mechanism will need to be established to facilitate their collaboration, such as having a liaison between the two bodies.

3. Links with Complementary Projects

23. The following donor-funded programmes are relevant for the CLAP and the PST will coordinate with them during implementation: **The Afghanistan Rural Enterprise Development Program (AREDP)**, implemented by the MRRD, builds on the social capital developed through the National Solidarity Program (NSP) and other projects by supporting the formation of producer and community groups for income generating activities. It also promotes backward and forward linkages for market access and service provisioning. The Asian Development Bank has initiated the **Rural Business Support Project** with the objective of sustainably increasing farm incomes in four rural districts. This is done via four Rural Business Support Centres (RBSCs), which link farmers, agro-processors and traders for profitable production, processing and marketing of products and services. The on-going IFAD funded **RMLSP** which began in 2009 to provide sustainable access to assets and services for smallholders and small livestock owners, especially women and marginalised groups like the Kutchis, has acquired considerable competencies and expertise which can be drawn upon.

APPENDIX 5.1: INSTITUTIONAL AND GOVERNANCE FRAMEWORK



APPENDIX 5.2: DRAFT TOR OF KEY PERSONNEL

I. NATIONAL PROGRAMME DIRECTOR (NPD)

1. The NPD will head the Project Support Team (PST). S/he will be responsible for providing conceptual and creative leadership that leads to successful and result oriented implementation of IFAD Projects. The NPD's tasks will be as follows:
 - Overall supervision and co-ordination of IFAD Country Programmes and engagement with other programmes, government and donor funded.
 - Liaison within MAIL related directorates, departments and units as well as between MAIL, MRRD, PMUs, related Ministries and Service Providers (SPs) with a view to resolving bottlenecks, resolve difficulties and secure additional resources from on-going programmes.
 - Support and facilitate cross-learning in areas such as Gender, Knowledge Management and M&E between CLAP and RMLSP; ensure compliance with IFAD guidelines and standards in this regard; and ensure documentation of best practices and their widespread dissemination.
 - Serve as the Secretariat of the PSC at the national level and ensure that similar bodies at the Provincial and District levels are set up and function effectively.
 - Ensure that policy and governance related issues relevant to the project as well for shaping an enabling framework at the national and sub-national levels are tabled at the meetings of these bodies.
 - Undertake periodic monitoring and reviews of IFAD Projects and of the PMUs so as to ensure that project goals and outcomes are on track to being achieved.
 - Draft the contract for SPs, get it approved by IFAD, launch and administer a tender for the selection of SPs where the same have not already been pre-selected and facilitate negotiations and execution of contracts between the MAIL and respective SPs and ensure oversight of service delivery.
 - Coordinate with MAIL and IFAD for organising IFAD Missions, facilitating and providing assistance to them and serve as liaison between IFAD and SPs.
 - Oversee the implementation of an M&E system in line with IFAD's RIMS system.
 - In collaboration with IFAD, recruit and supervise the necessary project staff and support the PST likewise; arrange for the recruitment and supervision of national and international consultants and consulting SPs (engaged for special studies and surveys) in accordance with the conditions of the IFAD financing agreement; the related Terms of Reference; and the requirements of the AWP&Bs.
 - Facilitate and finalise the AWP&Bs and get the same approved by MAIL and IFAD
 - Identify all staff training needs at the outset especially in areas such as management of performance based contracts, gender targeting, pro-poor approach and ensure that the staff are sensitized to these key aspects of the Project. A Training Calendar shall be prepared by the PST.
 - Oversee and ensure the completion of the procurement process and full compliance with the IFAD and government procurement guidelines.
 - Manage the Policy Support Fund and the Bridge/ Innovation Fund under advice of the PCC while keeping the PSC informed of the expenditures and purposes for which these have been deployed.

Recommended Qualifications: It is recommended that the NPD be at least a post-Graduate in any discipline; has at least 10 years of developmental experience in rural Afghanistan; led multi-disciplinary teams undertaking multi-sectoral projects at a mid-to-large scale; is familiar with governmental functioning and processes; and is willing to travel to conflicted areas. Prior experience with donors, government and the political establishments at the national and sub-national levels would be an advantage.

II. PROJECT MANAGER (PM)

2. The PM be part of the Project Support Team (PST). She will be responsible for ensuring the project is managed efficiently and achieves its operational objectives and deliverables. The PM will report to the NPD. The PM's tasks will be as follows:
- Is responsible for day-to-day Project operations and management, ensuring timely recruitment of all staff, procurement of all equipment and establishment of the office of the PST.
 - Ensure close and effective collaboration at the provincial and district levels with MAIL functionaries and related service providers/ agencies so that project objectives and deliverables are realised at the target group level.
 - Ensure the adequate and timely preparation and submission of all the Annual Work Plan & Budgets, withdrawal applications, disbursements, preparation of all supporting documents, financial reports, travel claims, procurement and audit reports together with timely preparation of quarterly and annual progress reports for submission to the Government and IFAD.
 - Undertake regular monitoring and supervision visits to project areas and facilitate cross learning and sharing of experiences between project functionaries; ensure best practices are documented and disseminated within and beyond the project; insist that IFAD's policies and standards (transparency and accountability, gender sensitivity, inclusiveness, targeting) are complied with across all levels of the project; sanctioned plans are executed as envisaged; personnel and SPs are adequately resourced and equipped for the task; and arrange/conduct impact assessment surveys periodically.
 - In collaboration with the PST staff ensure that the staff of the PST as well as project staff are sensitised to gender issues; targeting and activities specified for women are regularly monitored; gender issues are identified and resolved during project meetings, periodic gender assessments and the same reflected in reports to the PST.
 - Provide technical support and back-stopping to communities/ common interest groups and service providers as needed and ensure implementation of the participatory and multi-faceted interventions of the programme in line with project strategy.
 - Organise training and learning events for project staff so as to upgrade their competencies and capabilities in accordance with the approved Training Calendar.
 - Provide support to all supervision, monitoring, evaluation teams from IFAD, third party agencies or anyone else contracted to undertake these functions for the Project.
 - Supervise and undertake contract management and monitor compliance of Service Providers with the terms of their contracts and keep the PST informed accordingly.
 - Any other project specific tasks assigned by the PST, PSC and the PCC.

Recommended Qualifications: It is recommended that the PM be at least a post Graduate in any discipline; has between 5-10 years of developmental experience in rural Afghanistan; led multi-disciplinary teams undertaking multi-sectoral projects at least up to mid-scale; is familiar with governmental functioning and processes; and is willing and able to spend at least 10 days per month in the field; has an engaging personality; can inspire confidence and can communicate effectively; has handled managerial, training and mentoring responsibilities previously. Familiarity with governmental functioning especially at the sub-national level and with field conditions would be an advantage.

APPENDIX 5.3: CAPACITY BUILDING

1. The lack of capacity and resources of MAIL staff at provincial and district level remains very high. This knowledge, skills and capacity deficit is a key preventative factor for full ownership and coordination of activities by MAIL at the sub national and village levels. Till date, there is considerable dependency on Service Providers some of whom, especially NGOs, remain vulnerable to the uncertainties of availability of funding.
2. An important aspect of the project therefore is to build capacities at the provincial, district and local levels with the intent to transfer responsibility for planning and implementation of activities to the provincial and district level staff of MAIL and reduce dependence on Service Providers within 4 years from start of project period. The project will facilitate and strengthen ministry staff in the IFAD programme area through a combination of demand-driven skills-based (technical and managerial) training packages supported by field-based learning-by-doing experiential events. This approach will help strengthen the interface between government service delivery channels and community/ interest-based groups, foster a stronger service delivery ethos and help link mobilised communities in a demand-driven partnership aimed at promoting inclusive economic growth. This would allow the GoIRA and concerned stakeholders to take ownership and ensure sustainability of interventions during and beyond the life of the project.
3. The project will also provide technical assistance through contracting consultants and service providers for capacity gaps and need identification of project related personnel in regard to mobilizational, organizational, managerial and technical competencies¹¹⁶ as well as for developing appropriate training packages, learning events, a training calendar and a list of persons/ agencies who could organize and conduct these capacity building events. A number of training activities that enhance skills and knowledge of project staff in conflict management, communication and presentation, participatory planning, knowledge management, monitoring and evaluation, training methodology (ToT), gender issues, disaster risk management, social mobilisation and targeted poverty reduction initiatives and financial management have been provided for by the Project. In addition, a cadre of Young Professionals will be available to support MAIL personnel in the field.
4. For the CDCs, the project will, in addition to the trainings already provided for under the NSP, make provision for capacity building in Village Development Planning, Community Facilitation Skills for Consensus Building, Book and Record Keeping, Building Productive Linkages for Resource Mobilisation with government, NGOs, and other agencies, Enterprise Development and Management.
5. Competent and experienced SPs will also be contracted for up to 4 years to complement the services available to community based organizations from MAIL at the provincial and district levels. There are a few well established SPs in the project area whose extension capabilities can be up-scaled to provide the necessary services to communities and Common Interest Groups. It is also expected that the programme will contribute to increased capacities of local SPs (private sector, NGOs, etc.) to provide pro-poor, gender-sensitive and efficient agriculture and livestock extension service and technical packages, as well as business development services, to rural households, livelihood and business enterprises.
6. The project has also made personnel provisioning at the national and sub-national levels to professionally support and implement the CLAP across all three components. Adequate provisioning has also been made for support staff and their capacity building, capital goods, infrastructure development and maintenance, equipment, supplies and operational costs.
7. **Climate Change Adaptation:** Rural communities are already experiencing the consequences of Climate Change (extreme meteorological events such as floods, cloud bursts, dry spells, irregularity in rainfall and snow patterns, extreme heat and cold waves,...). Afghanistan, being a mountainous and economically underdeveloped country is extremely vulnerable to these emerging trends. Receding glaciers have implications for irrigation, agriculture, horticulture and livestock

¹¹⁶ A recent nationally conducted Training Needs Assessment of MAIL staff can be also drawn upon for this purpose.

rearing; rising temperatures and a rising tree line offer more inhospitable growing conditions, meaning that high value horticulture species have a shorter growing period, are susceptible to new diseases and have less growing. Communities will have to be informed about these unfolding developments and supported by specific informational, technical, and organisational measures that promote adaptation, increase resilience and reduce risks. The Project staff will be trained at all levels in regard to climate change adaptation issues and equipped with the necessary didactic and promotional material, using real field settings such as assessing technology options promoted under the four sub components of the Livestock and Agriculture Development Component.

CAPACITY BUILDING – STAFF TRAINING

IFAD: Afghanistan Community Livestock and Agriculture Project (IFAD-CLAP).			
Indicative List of Identified and Proposed Training			
Staff Training			
Sr #	Type of Training and objective	Duration in days	Parti /event
1	Orientation Training Workshop: To enable participants to learn the basic concepts of social mobilization and participatory development and to develop a strong diversified team of community development practitioners capable of dealing with the field realities of rural areas.	30	40
2	Gender and Development: To enable the participants to understand the basic and fundamental concepts of gender awareness, sensitization and gender approaches and work with all kind of people.	18	40
3	Presentation and Communication Skills Training: To polish the presentation and communication skills of the participant to perform their job more effectively and efficiently to increase the productivity of the organization.	15	40
4	Leadership Management Development Training: To enhance and improve soft skills of leaders and future leaders to get ahead in a competitive environment.	24	40
5	Conflict Resolution Training: To be able to resolve conflicts and build a climate of internal cooperation within their organization	15	40
6	Art of Training Facilitation: To provide whole person framework (philosophy and methodology) and experiential skills training in group facilitation.	10	40
7	Field Office Management Training: To enable the participants to manage all field office operations effectively.	15	40
8	Institutional Development Training: To enable the participants regarding the need, importance, approach and methodology of strengthening CO, VO, LSO and CBOs at grass root level.	20	40
9	Social Mobilization Training: Involves Knowledge improvement and conceptualization of trainee about Community Mobilization, Participatory Development and its elements	25	40
10	TOT on Disaster Risk Reduction: To enable the participants to understand all aspects of Natural and Men made Disasters and prepare them as trainer for Disaster Risk Reduction sessions	12	40
11	Training of Trainers: To Improve the training skills of the trainers enabling them to design and deliver training. Equip the trainers with the ability to cope with people of different attitudes/behaviors.	20	40
12	Workshop on Financial Management: To orient and train finance staff on financial procedures and systems	16	40
13	Monitoring and Evaluation: To orient M& E staff and Managers about monitoring and Evaluation procedures, tools and techniques for effective monitoring and reporting system	12	40
14	Social Mobilization & Targeted poverty Reduction Initiatives: To understand the concept, approach and methodology of three tier structure (CO, VO, LSO) social mobilization and the targeted poverty initiatives.	15	40
15.	Training in Knowledge Management and Managing Learning/Knowledge Events: To train personnel in how to undertake documentation of events, presentation for communication and how to manage learning events.	4	40
16	Training and Learning Events in Climate Change Adaptation + preparation of training & promotional material	4	40

ANNEX 6: PLANNING, M&E, LEARNING AND KNOWLEDGE MANAGEMENT

I. COMMUNITY-BASED PLANNING

1. The Project will follow a participatory planning approach in the targeted areas to ensure that the communities' needs are identified and prioritised, in order to respond in an appropriate manner. The planning and implementation of project activities and the selection of beneficiaries will be carried out through existing formal and activity-based decision-making community groups like Farmer Cooperatives, Dairy Unions, Producer Groups, etc. within the framework of Community Development Councils (CDCs). The Project basic planning tool for Community Development Component including productive infrastructure and capacity building will be the Community Development Plans prepared by CDCs with the assistance of Facilitating Partners of NSP. After the establishment of CDC, the Facilitating Partners of NSP assist the community in developing a Community Development Plan (CDP) through the Participatory Rural Appraisal (PRA) approach. The CDC members, with the help of the FP, dialogue in a structured way with the community on all possible development priorities of the community as a whole.

2. In addition, CLAP will introduce a direct targeting approach whereby Community Development Councils (CDCs) will conduct poverty profiling of its members based on local poverty and vulnerability criteria that will be defined in a participatory manner by each CDC, for selection of beneficiaries and planning, particularly for the Agriculture and Livestock Development activities. This will be facilitated and carried out by staff of concerned service providers in coordination with NSP's Facilitating Partners and under the overall responsibility of PST.

3. The outcome of this participatory planning will be integrated into the Annual Work Plan and Budget (AWPB) of the Project. The AWPB will cover detailed activities and will be used as a tool to promote a results-oriented and performance-based approach. The AWPB will refer to outputs, outcomes and impact as specified in the Logframe and in the M&E system.

II. MONITORING AND EVALUATION

4. The Project M&E framework will consist of a number of elements in order to provide a comprehensive and coherent system based upon the lessons learned from RMLSP and recent changes within IFAD – this includes data collected as disaggregated by gender and social groups, particularly those related to training, exposure and access to services. The purpose of the Monitoring and Evaluation (M&E) system is to provide reliable information to enable a results-oriented management of the Project with the aim to increase Project effectiveness and efficiency in achieving its objectives and to share information and lessons learned among all stakeholders. A Monitoring and evaluation (M&E) system must therefore be in place in order to assess how the project is performing with respect to expected outputs, outcomes and impact. Data collection and analysis efforts will therefore be geared towards ensuring that programme implementation is smooth and that progresses towards achievement of objectives are tracked. This way necessary corrective decisions and actions can be taken if needed.

5. The monitoring and evaluation system at the PST levels will be designed to collect information from service providers, other staff and community organizations. This information will be coordinated and synthesised to report on the progress on planned activities, targets and expenditures, as well as to assess the extent to which the intended results are being achieved at the output, outcome and impact levels. The M&E system will therefore have three main levels of monitoring: output, outcomes and impact. The *Project Log-Frame* will be the main reference document with regard to the outputs, outcomes and impact of the Project and should be used as the basis for designing the M&E system.

6. Two other monitoring elements will be considered:

- (i) *Participatory Monitoring and Evaluation (PME) at the community level* involving M&E managers and field staff, SPs and FPs (for NSP/MRRD). PME forums will be set up in villages with the support of CDCs, with simple tools to help the communities monitor their

- progress, evaluate performance, and identify implementation issues. Wherever possible, they will involve women and youth committees.
- (ii) *Process monitoring* covers monitoring the processes leading to outputs and outcomes. Specific areas where progress monitoring will be useful in CRDCP include: mainstreaming gender, access to rural financial services, provision for technical services, the functioning of community based organisations such as producer groups, the adoption of FFS, value addition and marketing, as well as identifying Good Practices, which might form the basis for developing knowledge products.

7. **Results and Impact Management System (RIMS) and Impact Surveys.** The PST will review the IFAD guidelines indicated in the Results and Impact Management System (RIMS) and integrate them in its monitoring and evaluation system as well as any future impact surveys that it commissions. RIMS first and second level indicators will be integrated in the **Project Log-frame** and will be reported upon on a periodic and annual basis.

8. **RIMS+ impacts surveys:** The RIMS+ impact surveys will be conducted at baseline, mid-term and Project completion. The RIMS+ impact surveys will be conducted in line with the IFAD's RIMS Impact Survey Guidelines, which lays out a framework and practical guidance for these surveys under all IFAD-supported Projects. Adjustments and modification to the standardised RIMS impact survey questionnaires and processes will be made to reflect the characteristics of the Project area and activities. The RIMS surveys will also be adapted to include data related to extra indicators from the Project logframe.

9. The base line data will also include the following sex disaggregated for the selected target areas within the three provinces:

- Number of female-headed households
- Women's livelihood specification and employment information (including secondary employment, and types of crop production they are engaged in)
- Livestock ownership by species and number
- Land ownership
- Access to inputs (certified seeds, veterinarian, etc)
- Incomes
- Literacy
- Whether there is an active women's CDC in the village
- NGO activity in the target areas that serve women in the agricultural sector

10. Gender disaggregated formats will be used. Progress reporting and evaluation formats should be designed to capture gender-disaggregated data at all levels and to record progress against the baseline data. Project results and impacts will also be reported in gender disaggregated form, and gender monitoring tools will need to be well integrated into the M&E unit of the project, with the inclusion of gender indicators from the outset. Project staff responsible for data collection and monitoring should be trained in understanding and applying gender indicators. Detailed gender-sensitive indicators will need to be developed by MAIL's Gender Consultant - recruited within this project - during the baseline data collection phase in the first two quarters of the project term. A key role of the Consultant will be to effectively integrate these indicators within the project's performance measurement framework and to ensure all personnel with M&E responsibilities have the awareness and skills to measure against the gender-specific indicators.

11. As RIMS impact surveys are largely a quantitative data collection tools based on household questionnaires, it is likely that some important outcome or impacts of the program might not be well captured. Therefore additional surveys may also be carried out when required in order to capture more qualitative information on certain impact areas.

12. The PST will develop a specific M&E Plan within two months of programme start-up and will devise and establish an overall Management Information System (MIS), which will be managed by a qualified, full-time M&E Specialist, with experience in web-based M&E systems and participatory monitoring. The MIS will be conceived in a way that all programme stakeholders and Service

Providers (SPs) may have access to the information of their concern and on the programme overall performance, in a transparent manner. M&E functions will focus on the RIMS as the core data-gathering tool for monitoring and evaluation and knowledge management.

13. Regular and routine M&E activities will be the primary responsibility of each of the Service Providers, who shall establish and maintain the relevant systems to collect and analyse data at all the three levels. In particular, they will ensure that the indicators specified in the programme Logframe are included in their respective M&E Plans. Results data will be compiled by each Implementing Partner and submitted on a quarterly basis to the PST. In addition, each Implementing Partner will prepare bi-annual and Annual Progress Reports on results achieved against planned targets and reflecting on implementation performance, and submit them to the PST. The PST will be responsible for organising and facilitating impact surveys and case studies. All service providers will also carry out baseline studies for their respective components and/or subcomponents. PST will be responsible for coordinating, compiling and preparing Project level baselines. Baselines and other surveys shall also make use of the data available at NSP and/or its Facilitating Partners. PST will ensure that the baseline study incorporates the IFAD RIMs framework and the Project Log-Frame.

14. For the Community Development Component, the standard M&E system and procedures developed by NSP will be used. PST will ensure consistency with logframe indicators and RIMS. The NSP monitoring system consists of various sets of tools and elements, which together provide information on implementation progress, performance outputs, outcomes and short-term sustainability of NSP interventions in the targeted communities. A key element of the NSP M&E system is the Community Participatory Monitoring (CPM) tool, which aims to actively involve local communities in the monitoring of the planning and implementation of the interventions. NSP will submit regular reports to PST for activities funded by the CLAP.

15. **Annual Work Plan and Budget.** Based on the individual Results-Oriented Annual Work Plan and Budget (RO-AWP&B) prepared by each SP, the PST will prepare a consolidated document at the beginning of each fiscal year that will clearly identify expected annual results in relation with clearly defined budget requirements. This consolidated RO-AWPB (with all detailed Service Provider's RO-AWPB annexed) will be sent to IFAD for no objection and to the PSC for approval. At the end of the fiscal year, the RO-AWP&B - duly completed with annual and cumulative achievements - will be annexed to the Annual Progress Report. Thus a link will be created between the annual planning exercise, the M&E activities and the annual reporting exercise.

16. **Mid-Term and Completion reviews:** A Mid-term Review will be organised at the beginning of PY3 of the project jointly with IFAD and the Government. A Completion Review will be organised towards the end of PY 5.

17. **Impact Studies.** Prior to both the Mid-Term and the Completion Reviews, impact assessment studies will be carried out so as to properly inform the review process. Given the short Programme duration, IFAD will determine at the end of the PY 2 whether sufficient progress has been achieved to justify the undertaking of a RIMS Mid-Term Impact survey, or whether only a RIMS impact survey shall be conducted towards the end of PY 5.

III. KNOWLEDGE SHARING AND MANAGEMENT

18. Knowledge management will be done systematically during the entire duration of the programme. To enable effective knowledge sharing and management, results and lessons from the Project will be documented systematically as part of Monitoring and Evaluation (M&E) functions. The M&E being one of the most important sources of knowledge, it will be integrated into a Knowledge Management system. The Knowledge Management and M&E specialists of PST¹¹⁷ will establish the required data collection, documentation/monitoring formats and systems. In addition, innovations observed and their impacts during the implementation process will also be documented as case studies. The Project and Service Providers (SPs) M&E staff will also have the responsibility for communication, data and information gathering and for forwarding them to the PST respectively. At the local level, the SPs will liaise with the media to ensure that Project activities, impacts and

¹¹⁷ Two such specialists have been provided for at the PSU level,

learnings are regularly covered in local newspapers and local broadcasting programmes. Provision will be made for key personnel of the project and SPs to undergo trainings in knowledge management practices and in knowledge sharing events (organisation and facilitation). In the first year the Project will prepare a project level KM strategy in line with the IFAD policy on KM. The project website will be completed within the first year of implementation and used as a knowledge sharing tool, and also linked to the IFAD Asia website.

19. The PST will be responsible for collating, analysing, developing and publishing on a periodic basis informational and promotional material such as newsletters, pamphlets, brochures, booklets, charts, wall papers, audio-visual products, etc. It will also be responsible for their widespread dissemination to the general public, related government agencies, the donor community, UN Agencies, NGOs and project communities, as relevant. For this purpose, web and mail postings, print and digital media, periodically organised workshops, conferences and seminars at different levels¹¹⁸ and public broadcasting may be deployed. The PST will be supported by the SPs in this effort. Locally relevant material can be developed and disseminated by the SPs themselves, in consultation with the PST.

20. The Terms of Reference/Agreement of each SP will specify their responsibility with respect to documentation, development and dissemination of best practices, promotional and training material and organising learning events (as specified in sections 21 - 22 below) for which financial and budgetary provision will be made by the project. A close collaboration and coordination will be maintained between concerned staff of the SPs, the PST in order to constantly review, refine and update the formats for systematic collection of data, qualitative aspects and impacts observed during implementation.

21. In order to promote mutual learning, assess progress, resolve issues, refine the following quarter's plan in terms of performance milestones - deliverables, processes, quality and time frame - Quarterly Review Workshops will be organised by the PST and will involve all project partners (SPs, related Govt. Ministries/ agencies). These could be done at the district level or the project level depending on circumstances. The last Quarter's Review could involve all the districts together. This latter occasion would enable participating agencies to get an overview of the overall performance of the project, share experiences and lessons learnt and measure themselves against each other. Outstanding performance would need to be rewarded by way of official acknowledgement, increased access to training programs, exposure visits and even monetary compensation, where feasible. This will help enhance and sustain motivation of project personnel (including that of the SPs) and can result in a spirit of healthy competition arising within and between project districts.

22. In order to get feedback from beneficiaries on the project's relevance, effectiveness and quality of interventions and their impact, Annual Review Workshops will be conducted in each of the project districts either at the district or sub-district level, at least once a year beginning from the end of the 1st year of project implementation itself. The Annual Review Workshops should also go beyond merely being an assessment of project performance and become truly information sharing and learning events. A fair/ exhibition can be organised during these events in order to exhibit and expose the government schemes and the new technologies and products that can improve the quality of life of the villagers as well as the efficiency and productivity of livelihoods¹¹⁹. Experts can be invited to give presentations and lectures and discussions on themes and issues affecting the daily lives of communities can be organised. These Annual Review Workshops shall be organised by the SPs in collaboration with the PST.

23. In the 3rd year of project implementation and thereafter, the project may consider organising a public competition at the District/ sub-district level wherein target communities can be invited to submit their interest in being considered for the top 3 "Best Performers Award"¹²⁰. The Peer Group Review (PGR)¹²¹ method can be adopted for assessing nominations. Once nominations have come

¹¹⁸ At the Cluster, District, Provincial and State level, depending upon the target group.

¹¹⁹ Such as better seeds, tools and practices for sustainable agriculture; better animal husbandry packages; health, sanitation and hygiene messaging; healthy child rearing practices; general knowledge; positive developments elsewhere in the country and elsewhere, etc

¹²⁰ Additional theme/ issue-wise "Consolation Prizes" can also be considered and are recommended.

¹²¹ This method was developed by an Indian NGO, the Watershed Organisation Trust (WOTR-www.wotr.org) for engaging

in, the SP, in consultation with and supported by the PST can help communities/ clusters of communities select “assessor representatives”¹²², who together would then visit all the “competing” villages. Based upon a pre-designed format and agreed-upon criteria¹²³, they would compare and rank the performance of the participating communities. This exercise should be followed up by a sub-district/ district level Award Granting Ceremony, attended to by high-level political and governmental representatives. Rewards should be both in cash and in kind¹²⁴, and wide publicity in both the local and national press should be given for such events. This Award Ceremony can coincide, if found feasible, with the Annual Review Workshop. Such an exercise can greatly enthuse participant villages as well as incentivise other villages to do better and aspire for recognition and benefits. The PST shall be responsible for working out the “Calendar of Events” involving the Annual Review Workshops and the Peer Group Review/ Award Granting Ceremony in consultation with the SPs, and for including it in the AWPB.

24. There will be a close collaboration and interaction in regard to sharing of institutional knowledge and resources between the on-going IFAD project, the RMLSP and the CRDCP. This coordination will be the responsibility of the PST. In addition, PST will also liaise with other donor agencies as well as related Ministries and NGOs with a view to learning from their experiences, drawing upon their resources as well as to sharing experiences and “successes” achieved. This would contribute towards creating a more efficient and effective developmental framework and implementation practice in Afghanistan. It is recommended that two Conferences/ Seminars/ Workshops at the National Level should be organised at mid-term and end of project term respectively, to share the lessons learnt, experiences and impacts of the project and of other similar governmental and donor supported projects. This would facilitate acquisition and dissemination of knowledge as well as institutionalisation of participation-promoting processes and procedures.

communities involved in regenerating the local environments they lived in. It resulted in generating considerable enthusiasm amongst the participating communities as well as the local political and development establishment and led to improved performance, quality of work and enhanced “ownership” amongst the project communities.

¹²² The majority, if not all of these, must be from the “competing” villages. To the extent culturally possible, at least one women representative should be selected.

¹²³ Which itself can be determined during the preceding year’s Annual Review Workshop and which includes project performance indicators.

¹²⁴ These could be in the form of access to additional government schemes and benefits

ANNEX 7: FINANCIAL MANAGEMENT AND DISBURSEMENT ARRANGEMENTS

I. INTRODUCTION

1. Though both IFAD and the Government of the Islamic Republic of Afghanistan (GoIRA) require that the Project be well managed and supervised, both entities have different responsibilities, roles and systems in place to ensure that their respective areas of accountability are met. Both entities will ensure that the grant and its affiliated direct and indirect funding will only be utilized for the intended purposes. In addition, both entities are committed to ensuring these processes reflect a high quality of efficiency, transparency, and sustainable achievement of the Project's development objectives.

2. Sound financial management, accounting and internal control systems are thus critical to the effective and efficient use of resources, the provision of accurate and timely financial information, and the compliance with the rules and regulations of the government as well as the donor – as specified in the agreement. A strong governance and controls safeguarding funds from misappropriation or corruption also need to be in place, as well as an adherence to the generally accepted accounting and auditing principles. A very close attention has been paid to this latter clutch of concerns given the recent concerns expressed by the international community, and the mitigation measures mapped out during the recent Bonn Conference of December 2011.

II. MAIN COMPONENT-WISE FINANCIAL MANAGEMENT STRUCTURE AND ACTIVITIES FOR

IMPROVED FINANCIAL MANAGEMENT

i. Component 1: Community Development including Productive Infrastructure and Institutional Strengthening (USD 25.4 Million)

3. Through existing formal and activity-based decision-making groups (e.g. CDCs, Farmer Cooperatives, Dairy Unions, Producer Groups, etc.), this component will support articulated priorities that have been identified through a consultative process. Due to diverse community needs, the agricultural infrastructure packages will remain flexible and will include, but not be restricted to on-farm irrigation, drinking water schemes, water storage and management and post-harvest structures. This component also incorporates a strong element of capacity building aimed at strengthening and supporting local institutions to address future issues of ownership and sustainability.

ii. Community Development/Institutional Strengthening

4. The Project will work with different types of beneficiary groups such as common interest groups, Dairy Unions, seed producing associations, etc. However, in each case, linkages will be made to the CDCs to which members of each the above groups belong. Thus while the project will retain the flexibility to work with different types of interest groups set up by communities and develop modalities to work with these, benefits will also be shown to accrue to interest group/enterprise members' CDCs. Accordingly, the financial management and ancillary capacity building and trainings would be targeted at three different tiers of programme management.

5. Tier 1- Project Support and Management Units would involve financial management capacity building initiatives at CLAP PST level. The PST trainings shall be financed out of the Component 3- Project Management, and are detailed in a following section.

6. **Tier 2- Beneficiary communities, organisations (associations, unions, interest groups and households)** - At this level capacity building and upgrading of human resources will require the following types of training:

- *Managing community level bodies* – associations, unions/coops etc., as needed in order to impart the principles of financial management. These trainings shall also touch upon relevant aspects of contract management (including detailed methodologies for reviewing and reporting on performance of service providers against Programme objectives). They shall

include setting performance milestones, incentives and penalties; embedded value for money assessment, and recommendations on linking payments of service providers to outcomes.

- *Basic Accounting for each level of the above bodies.* These trainings would focus on structure and content of accounting records that should be maintained by communities, structure and methodology of reporting expenditures to the Project, cash forecasting process, and best procurement practices at community level for ensuring value for money and transparency. Further, these trainings shall aim to train community staff in maintaining complete and updated records of all assets procured, reconciled with financial records.
- *Accounting for small to medium commercial enterprises based on above;* this builds upon the above skills and introduces basic principles of profit and loss calculation, simple balance sheets, estimation of operating capital, etc.

It is envisaged to include separate female-only trainings to address capacity building gaps for female-led projects under different components. The trainings would be localised to ensure sustainability and impact in the varied security, development and cultural environments of the three target provinces.

7. These trainings would adequately cover financial management needs across Component 2, including Dairy, Poultry, Agriculture and Kutchi Livestock. While the training requirements, and consequently the content, would be largely similar and generic for all these sub-components, the trainings would be planned in a manner to ensure the most appropriate contextual quality of benefits. These would include, among any other necessary arrangements, including separate sessions for financial managers/ participants of different sub-components to address any component-specific requirements.

8. The project will be implemented in three provinces (Kabul, Logar and Parwan), each covering three districts. Implementation of approximately 1,032 infrastructure projects will benefit around 115,000 households of 542 CDCs. Accordingly, the trainings shall also be planned to optimize geographical synchronization and ensure economy and efficiency.

9. Trainings for all financial management and other trainings shall be planned based upon the recent Training Needs Assessment of MAIL staff conducted at national level, as well as the proposed training need assessment and action plan present under the project. The choice of candidates and approaches will be aimed at those staff having the greatest interaction with community groups and individuals, and will be delivered in a culturally sensitive and learning-by doing approach.

iii. Component 3: Project Management, Policy Support, and Young Professional Program (USD 11.7 Million)

10. To provide greater synergies within the expanding IFAD portfolio and utilisation of institutional knowledge from within the existing IFAD project,:

- A Project Support Team will be established for provision of overall implementation coordination and technical support in the cross-cutting areas (i.e. gender, M&E, Knowledge Management, Procurement and Fiscal Oversight), to both the RMSLP and the CPCDP, and for the day- to-day management of the Project. The PST will be headed by a National Project Director and will be part of the PPID.

11. The financial management, accounting and procurement training needs for these units shall be financed out of Component 3 budget.

12. **Project Support Team-** The implementation structure envisages the formation of a Project Support Team under the grant, which main role would be to coordinate the CPCDP and to ensure synergies between all agriculture and livestock efforts of both IFAD-funded RMLSP and CPCDP and service providers. The financial management training component would include the following:

- Detailed information on the scope and structure of the relevant service providers, particularly their financial management and accounting systems. This would be expected to dovetail into identification and implementation of efforts of harmonisation and synchronisation (e.g. use of

the same accounting software, sharing of manuals, policies and procedures for developing harmonised documents, standardisation of information collection and reporting formats from communities, building upon historical efforts for financial management capacity building in areas of overlap to avoid duplication etc.);

- Additionally, the Finance Manager would be provided with trainings on detailed financial management best practices, on financial database management and on accounting to assist the CLAP and similar projects. The database trainings would be focused towards consolidation of financial data available from different sources, for generating a consolidated and harmonised financial database.

13. In the case of project' staff, financial training topics will include the following:

- *Management methods*, which will involve the organizational skills required at the Programme Finance level as well as the inter-body coordination skills. These trainings shall particularly focus on management of service providers and others involved in the Project, including methodology for corrective action where the performances deviate from envisaged objectives and budgets.
- *Project Finance and accounting*. The trainings would focus on explaining the structure, content and methodology of accounting records to be maintained by CDCs and to be reported to CLAP HO, accounting requirements at beneficiary level for onward training/ communication, items and process to be reviewed in reports/ data received from beneficiaries, and process of review/ internal audit of beneficiaries (including basic sampling techniques, desk reviews etc.). They shall particularly concentrate on methods of consolidation of financial information received from different beneficiaries, aspects of cash reporting, and preparation of subsidiary asset record and financial statements, as well as contract management (including detailed methodologies for reviewing and reporting on performance of service providers against Programme objectives). They would also include setting performance milestones, incentives and penalties; embedded value for money assessment, and linking payments to outcomes.
- *Knowledge Management* - the collection, processing and analysing of financial information on a regular basis at different levels and the ability to report relevant results in requested formats; also in preserving, exchanging and enhancing knowledge gained at various levels both internally within project stakeholders and with other national, regional and international interlocutors.

III. FUND FLOW APPROVALS AND ALLOTMENTS

14. ***Funds flow under CLAP will be based on standardised fund flow arrangement applicable to all*** donor-funded projects in Afghanistan. The funds from the IFAD Account will be initially transferred to a dedicated USD Special Account opened for the receipt of the grant funds under the grant agreement in Da Afghanistan Bank (DAB). The USD Special Account would be maintained and operated by the Ministry of Finance (MoF). The initial Withdrawal Application would be submitted to IFAD for disbursement of funds equal to six-month estimated expenditures, along with submission of category-wise six month forecast, signed WA and other requisite documents required to be submitted to IFAD.

15. Financing from this account will be subject to the overall Grant Financing Agreement between IFAD and the GoIRA and the agreements signed with each of the Service Providers (SPs) and by the Ministry of Agriculture, Irrigation and Livestock (MAIL). In the case of MRRD, the MoF will open a separate Special Account in the name of NSP into which fund will be deposited directly for drawdown by the NSP, as per agreement. The funds, even after receipt by MoF, would not be directly available for utilisation by MAIL. Only the portion of expenditures which have identified financing/ available grants would be eligible for approval and utilisation.

16. Disbursements would be made against Statements of Expenditures (SoEs) for: (i) works under contracts costing less than USD 40,000 equivalent each, but excluding contracts which are subject to prior review; (ii) goods under contracts costing less than USD 40,000 equivalent each, but excluding contracts which are subject to prior review; (iii) services of service providers (including training and technical assistance and implementing partners) under contracts costing less than

USD 40,000 equivalent each; and (iv) incremental salaries and operating costs. In addition, all works, services and goods eligible for direct payments should be above USD 100 000 and any payment below this threshold should be made directly from the Designated Account. Importantly, full documentation in support of SoEs would be retained by the PST for at least one year after IFAD has received the audit report for the fiscal year in which the last withdrawal from the Designated Account was made. This information would be made available for review during supervision by IFAD staff and for annual audits that would be required to comment specifically on the propriety of SoE disbursements and the quality of the associated record-keeping. Withdrawal applications would be made for a minimum of USD 200,000, aggregating as necessary more than one Statement of Expenditure or submitting a combination of SoEs and contracts. These proposed arrangements would be finalized before start-up.

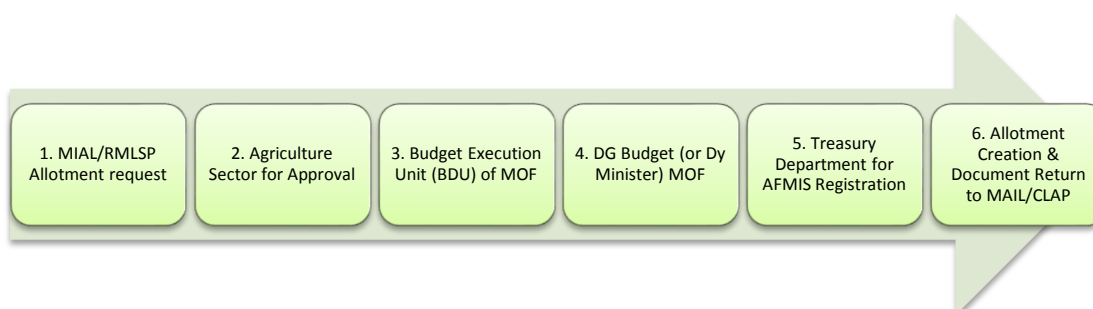
17. Allotments: For payments to be executed, an initial recording of commitment against contracts is required to be created by MoF in the Afghanistan Fund Management System (AFMIS), which is called "Allotment". MAIL would be required to prepare an Allotment Request along with other required forms such as B27, B2, B20, PCS (Project Coding Sheet), vendor form, and a request Letter for the allotment. All the documents would need to be signed by the CLAP Finance & Admin Officer and by the Finance Director of MAIL (as well as the Admin & Finance Deputy Minister of MAIL).

18. The Agriculture Sector (AS) would check the documents for accuracy, including checking the B4 form to see if the requested allotment is within the available project funds. The AS would then provide the Approval and the documents would be sent to the Budget Execution Department of MoF for further Approval.

19. After getting approval from the Budget Execution Department, the documents would be sent to the DG Budget or Deputy Minister of MoF.

20. After Approval from the DG Budget or Deputy Minister of MoF the documents would be returned to BDU, who in turn would forward them to the Treasury Department for registration of Allotment in the AFMIS;

21. Based on the identified contracts reported in the Allotment Request, Treasury Department, MoF would issue fund allotments in AFMIS against individual signed contracts up to the total amount of contract value, which would serve as a commitment against expenditures. The total amount of such allotments cannot exceed the available grant funds, and any excess allotments are not permitted by AFMIS.



IV. FUND FLOW MECHANISMS

22. The fund flow within CLAP shall be possible under three distinct procedures, namely through Designated Account Payments (including Petty Cash of CLAP), through Direct Payments, and through transfer of Funds to Service Providers.

Imprest Check Payments/ Petty cash of MOF-

23. Under this procedure, the CLAP Admin/Finance Officer would prepare the M10 (cash advance)/ M16 (cash replenishment) form (a payment order/an expense voucher used by accounting offices to claim for the payment of expenditures directly to third parties through check, or for release of petty cash to CLAP)). M10/M16 form would be signed by the CLAP Admin/Finance Officer, the MAIL Finance Director and the Deputy Minister to MAIL and, along with other allotment documents,

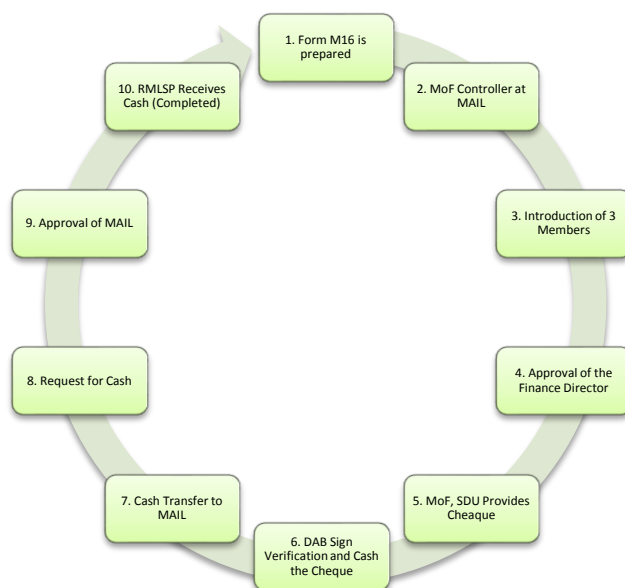
would be submitted to MoF Controller (who is an official representative of MoF housed in MAIL) for pre-audit of payments before onward submission to MoF. The CLAP Admin/Finance Officer would include 3 names at the back of M16 form as authorised persons to receive the cash/ check from Da Afghanistan Bank (DAB) in case of petty cash release to MAIL. The 3 members (CLAP Admin/Finance Officer, MAIL Cashier, and Office Assistant) would sign on the back of M16 form.

24. The form would then be submitted for approval to the Finance Director of MAIL. Upon his/ her approval, the form would be forwarded to SDU (Special Disbursement Unit) of MoF, who after review, would provide a check for petty cash release to CLAP, while obtaining its receipt from 3 members. In case of third party payments, funds would be transferred directly into bank accounts of respective parties.

25. Check would then be presented in DAB, who would, in case of petty cash claims by CLAP, after signature verification, hand over cash and receive recipient acknowledgement by the 3 members.

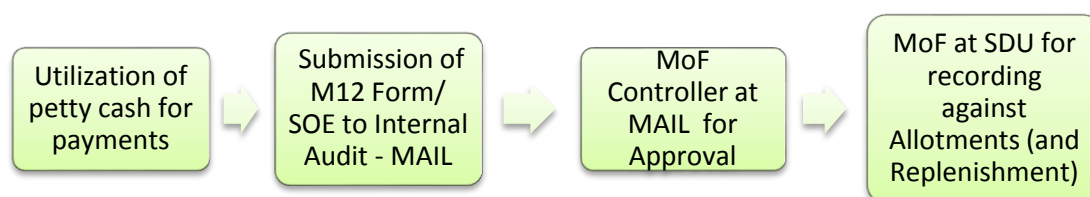
26. The petty cash would be retained by MAIL Cashier at the Finance Department of MAIL. The Admin & Finance Officer of CLAP would request a cash transfer to PST through an official request (signed by the Admin/Finance Officer and approved by the Project Director of PST and Director Finance of MAIL). The Admin/Finance Officer would receive and retain cash in a secure safe, to be utilised for petty cash expenses.

The process is presented in the flow chart below:



27. Expenditures from the Imprest/ Petty cash by CLAP would be reported by the Admin & Finance Manager, along with all the supporting documents (Quotations, Vouchers, and any other Supporting Documents) on M12 Form (Statement of Expenditure). Once approved by the MAIL Finance Director, the documents would be forwarded to Internal Audit MAIL for verification and approval. M12 Form is then forwarded to Controller MoF for approval and affixation of Red Stamp.

28. SDU MoF- The Stamped documents are then taken to the SDU of MoF for recording of expenditure against assigned respective allotments, and replenishment in case of parallel submission of M16 Form. Withdrawal Applications are then submitted to IFAD for replenishment of the Imprest Account.



29. PST Finance team shall also provide full financial management and administrative support to PST. Approval mechanisms of PST would involve the Programme Director instead of Programme Manager. The reporting of PST expenditures shall be performed on separate pertinent forms, to be registered against PST's distinct Allotments. The payments shall be made utilising the petty cash fund of MAIL, and advance requests shall include the petty cash requirements of PST as well.

Direct Payments

30. The same procedure of initial Allotments would need to be followed before any direct payment request could be initiated for CLAP. The direct payment shall have the same request and approval mechanism, using same specified forms, as would be applicable for Imprest/ petty cash.

31. Upon receipt and satisfactory verification by MoF, the Direct Payment request shall be signed and forwarded to IFAD, while registering corresponding disbursement against the pertinent Allotment in the AFMIS.

Financial Management of Service Providers/Implementation Partners

32. All Service Providers/ Implementation Partners will open and operate a specific bank account in USD currency for the IFAD funds for use for the activities that they are responsible for under the CLAP.

33. The overall service contract amount shall be used by MAIL for creating Allotment for the service providers, using the process identified above. Thus, the Allotment shall be created for the entire value of the contract.

34. The procurement commission of Afghanistan has authorised MAIL to approve contracts of any amounts between MAIL and SPs. Accordingly, all Advance requests shall then be received from Service Providers, based on annual estimated fund requirements, and shall be processed for direct payment to service providers by MAIL (through MoF) or through designed/ special accounts of MAIL, applicable and agreed upon. The Grant amount will be used to finance expenditures in accordance with the Annual Work Plans and Budget (AWP&B) for each Programme year. The payments in subsequent years will be made on the basis of Progress Reports and a Statement of Expenditure (SOE) with respect to at least 75% of the previous advance.

35. The entire details of expenditures incurred, along with all relevant supporting documentation, shall be submitted by service providers to CLAP on an annual basis. Based on satisfactory submission of these details, clearance/ settlement of annual advance, and submission of estimated fund requirements for next year (as reduced by unsettled cash balance available from last year), MAIL would initiate another request for Direct Payment or payment from Designed Account to service provider, for the net forecast amount, for the next year.

36. The respective SP will be responsible to the PST for all fiduciary duties relating to funds so transferred, including maintenance/submission of supporting documents for all expenditures and for replenishment of these accounts by the PST. Service providers would be contractually required to report and satisfactorily settle all advances so obtained, or else provide refund to CLAP for unsettled/ ineligible expenditures. They will also develop acceptable standards and procedures to record each item of expenditure and ensure proper audit of these accounts by a recognized auditing firm on an annual basis, or other arrangements agreed upon with CLAP.

37. The accounting system for each of these service providers will be configured in a way to generate financial information in the following dimensions:

- Expenditure trends by components by financier;
- Expenditure trends by categories by financier;
- Contractors statements of account with sufficient audit trail;
- Grants Module able to handle such anticipated magnitude of grants;
- Outstanding advances to contractors and others, to facilitate follow-up;
- Commitments made;
- Budgetary control information to ensure that the expenditures do not exceed set limits; and
- Replenishment applications are satisfactorily reconciled with total outstanding annual advance to Service Providers.

38. The total advance to each Implementing Agency would be accounted for through an advance reconciliation statement, required to be submitted by IAs with each replenishment application, following below format:

Illustration: Format for Implementing Agencies' Advance Reconciliation

	Afs
1 Initial Advance from PST	Xx
2 Less amount(s) recovered by PST	xx
3 Outstanding Amount advanced represented by	xx
4 Bank Account Balance as on	Xx
5 Plus amounts claimed but not paid by PST as on:	
WA No Dated	Xx
WA No Dated	Xx
6 Total amount withdrawn but not yet claimed	Xx
7 Less Interest earned and/or plus Bank charges (if included in the Bank Account)	
8 Total Special Account Advance as on.....	xx
9 Difference between Line 3 and line 8*	Xx

*- Explain if any difference between line 3 and line 8)

V. FINANCIAL PROGRESS REPORTS FOR SERVICE PROVIDERS

39. Financial Progress Reports would be a formal requirement. Sufficient information would be required about what money is spent on, how much is spent on what and what the results are. Semi-annual and annual reports would be submitted to IFAD for this purpose. The main features of the Financial Progress Reports would be as follows:

- Review current progress compared to planned activities, and expenditure compared to budget;
- Provide overall status information on the project since it started, in terms of physical progress and total expenditure;
- Identify problems during the reporting period and steps to solve them;
- Analyse strengths and weaknesses, opportunities and threats;
- Discuss quantitative and qualitative progress made in achieving overall objectives; and
- Provide strategic direction for the next planning cycle.

40. Monthly management accounts will be prepared based on the accounting system to assist in management decision and control. The monthly management accounts will include the following:

- Budget Execution Report. A budget with actual comparison of the expenditures incurred component-wise and category-wise. It will include a list of commitments entered into and still to be paid (including awarded grants not yet settled), analysed component-wise and category-wise.

- Statement of financial position (financial assets and liabilities)
- Statement of commitments (off-balance sheet) - the contracts and grants register
- Bank Reconciliation Statement.

41. Semi-annual reports would be submitted to IFAD no later than ninety days after the end of each six-month period during the programme implementation. A comprehensive, tabulated review of planned activities and their cost would be sufficient. Few pages with analytical comments would be added, listing key achievements, major deviations, implementation issues, resource constraints, and solutions.

42. Annual Reports would be prepared in addition to the semi-annual reports. In addition to a simple review of implementation progress, the annual reports would require detailed analysis by project management. A full picture of project resources, achievements of the past year and cumulative achievements since the beginning of the project, as well as annual and cumulative expenditure would be presented. Analysis of successful approaches and outputs would be required, as well as of failures and constraints, performance of implementing partners, and whether progress is being made towards achieving objectives. Such analysis should lead to conclusions about the effectiveness of project strategies, the need for modification of the logical framework, and the planning for the following year.

EXPENDITURE CATEGORIES

43. The disbursing categories have been developed in such a way as to ensure flexibility in Project implementation. The following activities disbursing categories have been proposed:

Indicative expenditure categories as they will appear in the Grant Agreement

	Category	Items Chargeable on category	Amount Allocated- Base Costs -'000' USD	Financing
1	Civil works/ Community Infrastructures			
2	Vehicles and Motorcycles			
3	Equipment and Materials			
4	Technical Assistance, Trainings and Studies			
5	Salaries and Allowances			
6	Incremental Operating Costs			
7	Contingencies			
TOTAL				

TAXATION AND AUDIT

Taxes

44. Taxation: It has been discussed with various counterparts that IFAD internal policies do not generally permit financing of national taxation levies, unless strong justifications thereof are provided, including confirmation of consistency of treatment across donors/ lenders. In this regard, it has been clarified by GoIRA that the existing national laws consist of two distinct categories of taxation, namely the withholding taxes deducted on payments made by Projects to third parties operating for profit, and levies/ customs/ taxes on procurements carried out by the Project.

45. IFAD has been informed that any withholding taxes deducted from payments to third parties operating for profit are taxes applicable on these third parties, and not the donor. The deductions function as an advance deduction of tax liability on profits of these entities. To elaborate further, even in case of non-taxation of these items, total payments made by IFAD to these entities for goods/ services would have been the same. IFAD has also been informed by Ministry of Finance that while waiver was provided in this regard to ADB briefly, a final agreement has recently been reached with

ADB that these withholding taxes shall be deducted on all pertinent payments made to third parties in the future. It was additionally confirmed to IFAD that these withholding taxes are being consistently deducted on all payments of other major donors/ lenders, including the World Bank.

46. Accordingly, withholding taxes would be deducted on all pertinent payments by IFAD to taxable recipients, including salaries to national staff, and suppliers. These deductions would not effectively constitute taxes for IFAD, and are consistently applied for all major donors.

47. The SOE/ payment request for gross amount of expenditure would be submitted by MAIL to MOF, and the gross amount shall be recorded and reported as expenditure in CLAP reports. However, payments shall be affected by MAIL after deduction of taxes on recipients at source.

48. These deductions would not fall within the eligibility criteria for IFAD purposes, and would not accordingly affect the grant financial implementation.

49. In case of taxes/ duties on procurements, including vehicles and equipment, exemption is granted by GOIRA on a case-to-case basis, if it is justified that the procurement is for a not-for-profit purpose. In case of IFAD payments for procurements, either directly or through Service Providers, these exemptions are highly likely to be granted, upon compliance with necessary procedure by EA/ MAIL, and shall remain applicable as long as items so procured remain under use by MAIL/ non-profit purposes. Various precedents relating to grant of such exemptions exist under operational grants in the country.

50. Accordingly, no taxation component has been budgeted or shall be paid or treated as eligible expenditure, on all budgeted procurements under the grant, under assumption that necessary exemption can be obtained by MAIL.

Audit

51. Audit and related governance controls: a reasonably strong audit and governance structure would be in place on CLAP, being similar to all donor-financed projects in Afghanistan. The specific controls identified therein would include the following:

- a. Significant internal controls at various levels during the payment process, including segregation of duties in terms of approval of all payments, as required by financial policies and procedures of GoIRA;
- b. Centralised recording of all payments and contracts/ commitments at MoF level, besides the recording and reporting function in place in MAIL;
- c. Separate fund maintenance at MOF level, with dedicated accounts for each grant/ loan, avoidance of co-mingling of funds, and existence of verifiable audit trail;
- d. Pre-audit of all payments by MOF, including final approval and release of payments by MoF;
- e. Audit of all donor-funded grants by the Controller Audit Office (CAO) (with regular joint participation of independent audit firms), or provision of audit by an independent audit firm upon donors'/ MAIL's request, with copy of the audit report and Management Letter shared with donor agency/ IFAD;
- f. Internal audit mechanisms in place at MAIL level, as well as oversight by Monitoring and Evaluation Committee on Anti-corruption, National Security Directorate, and Presidential Palace controls.

52. The audit and governance controls would be strong due to the effective design of audit and related controls identified above, for satisfactory safeguarding of grant funds. Rigorous application of these procedures during grant implementation would be monitored by IFAD through review mission, and independent audits in order to ensure their operational effectiveness.

53. All the project parties (SPs and the ministries) receiving funds from the IFAD grant need to be audited annually (unless otherwise agreed and alternative arrangements stipulated in service contracts in case of Service Providers). The Service Providers and the ministries will submit the individual audit report to the PST, while the PST will provide consolidated as well as individual audited

financial statements covering the entire project. IFAD must receive the consolidated audit and the individual audits (through the PST) within 6 months of the end of the fiscal year.

54. Within 90 days of the Effective Date, CLAP shall appoint, with the prior approval of the Fund, independent auditors selected by the Recipient, in accordance with the procedures and criteria set forth in the IFAD's "Guidelines on Project Audits (Recipients' Use)", to audit the financial statements relating to the Program. Thereafter, as soon as practicable but in no event later than 90 days after the beginning of each Fiscal Year, the Recipient, with the prior approval of the Fund, shall confirm such auditors' appointment or so appoint new independent auditors for such Fiscal Year.

55. The Recipient shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing and the Fund's "Guidelines on Project Audits". In accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure, the operation of the Special Account and the operation of the Programme Account, as well as an opinion on compliance with IFAD Procurement Guidelines for the goods and services procured by the PST; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The PST shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year together with the reply to the management letter of the auditors.

56. Additionally, based on gaps identified in the asset management function of GoIRA, including MAIL, the audit scope would include review of overall asset management function of MAIL applicable on assets financed through the grant. The audit TORs would hence also include requirements on reporting on all identified gaps, with appropriate recommendations, including accuracy and updating of asset list/register, review of physical verification procedures, asset coding procedures, assignment of custodians, etc.

57. The agreement/contract of services of each SP shall specify that each SP will appoint an external independent auditor to audit their financial statements relating to the Programme. These audit reports will be submitted to the Recipient, through the PST, within five (5) months after the end of each Fiscal Year for subsequent submission to the Fund. UN SPs shall submit alternate certifications agreed upon in the service contracts, through the PST, within five (5) months after the end of each Fiscal Year for subsequent submission to the Fund.

VI. FINANCIAL RESPONSIBILITIES AND SUPERVISION

CLAP staff

58. The CLAP Financial staff is required to develop a system/Database for accurate recording of all financial transactions. This is to ensure timely reporting to MAIL as well as to IFAD. The database will provide the SOE, Inventory Record, Periodic General expenditure tracking/reporting (monthly/quarterly/annually) and Financial Statements of the CLAP. General responsibilities of the financial staff will include but not be limited to:

- Support the project director in preparing annual budgets for various components of CLAP;
- Review service providers' financial reports/statements of expenditures;
- Liaise with the finance departments at MAIL/ MRRD as well as the MoF on the disbursement of project funds/allotments;
- Maintain accurate financial records of CLAP expenditures made at MAIL/ MRRD;
- Prepare regular financial statements, as well as ad-hoc financial reporting as and when needed for effective CLAP project implementation by senior management;
- Review all payment requests, prepare cheques in line with the banking procedures, and ensure fund transfers.

Project Support Team (PST)

59. The PST would prepare the financial statements of the operations, resources and expenditures related to PST activities for each Fiscal Year for audit's review. The minimal IFAD requirements are:

- Yearly and cumulative statement of sources and application of funds for IFAD grants;
- Special Account statement presented in the denomination currency or in the denomination and local currency where the programme/project financial statements are expressed in local currency;
- Financial statements prepared preferably on the basis of the International Accounting Standards, using the International Financial Reporting Standards (IFRS) or the International Public Sector Standards (IPSS) as a reference, and including the comparison of actual amounts with budgeted figures;
- Financial statements delivered to IFAD within three months after the end of each Fiscal Year.

Financial Supervision

60. Day to day supervision of the PST books and accounts will be subject to control by the Audit unit of MAIL. Moreover, PST books and accounts will also be checked on an annual basis during IFAD Supervision Missions. At the Service Providers' level, the PST Financial Manager may verify from time to time the following:

- Accuracy of financial reports
- Proper maintenance of accounting records
- Compliance with the internal control framework
- Safe custody and recording of project assets
- Smooth and transparent disbursement process
- Liquidation of advances
- Procurement transactions

Eligible and Ineligible Expenditures

61. The PST will ensure that all expenditures made are eligible in the light of project documents. The PST has to monitor that IFAD Grant funds are used:

- to finance Programme activities described in the approved AWP&Bs, accordingly to the Programme Financing Agreement, and
- in conformity with administrative, technical, financial, environmental, agricultural and rural development practice and good governance
- in accordance with IFAD procurement guidelines (or applicable regulation/legislation), for the Goods/ Works/ Consulting services, or
- consistently with programme/project descriptions or components or categories committed before grant effectiveness or after project completion date (for Goods/ Works/ Consulting services).

Petty Cash

62. All Payments/cash transactions will be made from the project account preferably by cheque. A small amount of money not exceeding amount **US\$8,000** will be retained by the admin/finance manager of the PST to be used as petty cash. Petty cash will be used for the following:

- refreshments/meals for workshop's participants;
- payment to the drivers for vehicle repair;
- cover other office maintenance cost;
- any other minor purchases.

Corporate Policy on Business Conduct and Code of Conduct

63. It will be the policy of the GoIRA and IFAD that all CLAP staff, consultants, subcontractors and sub-grantees conduct CLAP activities in the spirit of public accountability and transparency, and in conformity with the rules and regulation of the GoIRA as well as that of IFAD. More specifically CLAP staff while using funds shall ensure that:

- No funds or assets will be used for any unlawful or improper purpose;
- No contributions will be made for political purposes from CLAP funds in Afghanistan;

- Gratuities, business entertainment, meals and gifts which are both lawful and customary **may be permissible, but may not be allowable**. However, no payments, gratuities, or gifts will be made, directly or indirectly, to any official or Government employee.
- Financial data required to be submitted to donor, including governments, are accurate, complete, up-to-date, and prepared in accordance with applicable grant requirements, where appropriate;
- No payments will be solicited or received by an employee or relative of an employee from a vendor or sub-grantee or prospective vendor or sub-grantee.
- Payments to agents, brokers or middlepersons may be made where required in the normal course of business to secure goods and services for CLAP, ensuring that such payments are in line with prevailing practice. Agents' compensation must be reasonable in relation to the services performed and will not exceed the normal rate for transactions of a similar nature and size in the particular location.
- All financial transactions will be accounted for accurately and properly. No undisclosed or unrecorded funds or assets will be established or maintained for any purpose.
- All payments made from the CLAP are authorised by the Project Director and/or his designee.

Internal Control

64. The agreement/contract of services of each SP shall specify that the SPs will make available to the Recipient, through the PST, the statements of sources and uses of funds related to Programme activities in respect of each Fiscal Year within two (2) months of the end of each Fiscal Year. The PST shall attach these statements of sources and uses of funds to its own financial statements for subsequent submission to the Fund.

65. Internal accounting control consists of the plan of the organization, procedures and records to safeguard the assets and to assure the reliability of financial reporting. An effective internal structure includes a series of checks and balances required for the appropriate authorisation and recording of transactions and ensures that access to assets is limited to authorised personnel. Each transaction should be divided into component tasks completed by different staff members in order to increase the likelihood of detecting unintentional errors and prevent misappropriation of CLAP assets. For example, the person who approves vouchers for payment should not prepare or sign checks. Staff with physical access to cash, such as the Petty Cashier, should not record the receipt or disbursement of cash. Sample internal control guidelines and segregation of duties include the following:

- The persons ordering material, receiving material, checking quality and authorising payment should be different.
- The person authorising a transaction and the person making payment should be different.
- The person making bank payment should not prepare bank reconciliation statements.
- The persons preparing financial reports and those responsible for project implementation should be different.
- There must be cross-referencing between accounting and fixed asset records.

Budget Allotment/ Payment Cycle

66. This involves the following steps:

- a. Preparation of Allotment letter for submission to the Treasury Department along with the Project Coding Sheet, Vendor form, Request letter etc. for registering in AFMIS with copy to CLAP;
- b. Preparation of Payment Order (M16 form) along with Expense voucher for issuance of cheque by SDU;
- c. Presentation of cheque to DAB for transfer of amount; and
- d. Payment

VII. Accounting software and financial reporting

67. The PST will acquire separate accounting software following a competitive process to ensure best value for money. The selection of software to be installed should be decided keeping in view the experiences gained of the already existing IFAD PST in other projects. The software supplier should preferably be situated in the country or at least in the region for technical backstopping. It should be ensured that the supplier offers support in installing the software and in training,¹²⁵ or at least in supporting the creation of the following financial reports:

- Expenditure trends by components and by financier,
- Expenditure trends by categories and by financier,
- Contractors' statements of account with sufficient audit trail;
- Statement of cash receipts and payments (by category),
- Statement of cash receipts and payments (by component),
- Statement of comparative budget and actual amount,
- Statement of Special Account movements,
- Statement of Special Account Reconciliations and
- SOE-Withdrawal Application Statement.

¹²⁵ The possibility of the old PMU providing FM related training to the new PMU should also be looked into.

ANNEX 8: PROCUREMENT

OVERVIEW

1. Both IFAD and the Government of the Islamic Republic of Afghanistan (GoIRA) fully appreciate the importance of a strong procurement capacity, inventory management systems and effective overall governance in the implementation of the Grant Agreement for CLAP. This importance is underscored due to gaps in the overall governance mechanism currently operative in Afghanistan, particularly relating to implementation, which has led to a high Country Corruption Index of 1.5 as of December 2011, according to Transparency International.

2. In light of recent positive developments in the establishment of broad financial checks and balance mechanisms under the auspices of the High Office of Oversight, a more robust set of filters are now in place within the public sector. Accordingly, special measures, such as the financial and procurement trainings detailed in Annex 7, are to be used throughout the implementation of this grant to strengthen the procurement capacities and system.

PROCUREMENT REGULATIONS AND METHODS

3. Purchasing of goods, services and works is a critical element of Programme Implementation. Inefficient or ineffective procurement may have serious consequences and can be conducive to corruption and fraud and may lead to: i) expected project results and impacts not achieved, ii) delays in project implementation, iii) discourage the participation of the private sector, and vi) higher costs of implementation. Procurement will have to comply with the Afghanistan Public Procurement and Disposal laws and regulations to the extent that these are consistent with the IFAD procurement guidelines.

4. In cases where the provisions of this law contradict IFAD Procurement Guidelines dated December 2004, the IFAD guidelines will take precedence. The grant agreement should clearly stipulate that *'wherever there is a contradiction between IFAD and GoIRA procurement rules, including procurement-related thresholds, IFAD rules/ regulations shall take precedence for the purposes of implementation of this grant. However, in all cases where no contradiction/ divergence/ difference exist, requirements of both set of procurement rules/ regulations shall be complied with.'*

5. Different procurement methods (ranging from International Competitive Bidding to Direct Contracting) will be used for the different categories of procurement depending on nature, amount and other criteria, the guiding principal being economy and efficiency. The procurement methods will be specified in the 18 months procurement plans that will be part of each year's Annual Work Plan (AWP).

6. As part of the design mission, at appraisal stage the Afghanistan Public Procurement and Disposal Regulations will be reviewed to see to which extent they can be used in line with the Paris Declaration on Aid Effectiveness (2005).

7. Overall, the procurement of goods, works or services will be undertaken in accordance with the provisions of the Grant Agreement and the Services Agreements with the Service Providers. Various items like salary of key professional staff, purchase of vehicles, Laptops, software etc. will be charged to PST. Hiring of consultancy services if any, is chargeable to respective component. Physical contingencies are included under respective component. Funds provided as 'Unallocated' do not fall under any disbursing category.

8. Each of the Service Providers will be responsible for the procurement under the Programme. Each Service Provider will thus generate annual procurement schedules, designated by quarter, based on the approved annual work plan. The PST will prepare a procurement plan for items to be used by the PST such as equipment, vehicles, etc.

9. The beneficiary groups under various components would be charged with procuring the goods and services for their own projects, overseen by the relevant Implementing Partner. Procurement under Technical Support & Capacity Building would be mainly for contracting technical assistance, training,

workshops, studies, etc. For Management Support, while there would be a larger procurement load, it is not for major items and would be mainly for a limited amount of vehicles, equipment, training, operations, technical assistance and recruitment of staff.

10. Except for procurement based on the international competitive bidding method, the programme will materially adhere to the procurement manual established by the GoIRA (unless it contradicts IFAD Procurement policies, in which case IFAD policies shall take precedence). MAIL will appoint a procurement specialist on a part-time basis to assist with relevant procurement. Procurement will involve vehicles, equipment, irrigation works, rural road construction, water supply, agricultural/ livestock/ poultry inputs, TA and local consultancy/audit services, etc. In view of low amounts involved, it is unlikely that International Competitive Bidding will be required, which implies that procurement for most of these items will apply National Competitive Bidding or National Shopping arrangements. For efficiency, procurement of vehicles and equipment and consultants' services will be done centrally while procurement of civil works and small value goods will occur at central and in some cases at provincial level. A procurement plan for the first 18 months has been prepared during the completion of the design mission. The agencies involved in procurement will receive adequate training in this domain (cf Annex 7).

11. IFAD will undertake a prior-review for all consulting services contracts and for the first ten goods and works contracts regardless of the amounts; thereafter, prior-review will be required for procurements of goods and works above USD 50,000 and above USD 30,000 for all consulting services. In addition, procurement undertaken through direct contracting will be subject to IFAD's prior review.

PROCUREMENT COMMITTEES AND CRITERIA FOR SERVICE PROVIDERS' SELECTION

12. To ensure stringent compliance with IFAD Project Procurement Guidelines and other procurement best practices, a Procurement Committee shall be formed for all procurements of PST and PST, including the competitive selection of Service Providers. This Committee shall comprise the following:

- Director General MAIL (for procurements exceeding USD100,000);
- Program Director PST;
- Program Manager CLAP;
- Finance Manager CLAP.

13. The committee would ensure compliance with all pertinent requirements of IFAD Project Procurement Guidelines, and Afghanistan Procurement Law and Regulations (where applicable). This would include, among other things, ensuring competitive selection of all goods and services, including service providers for various components.

14. The Procurement Committee for all procurements of other components, including those outsourced for implementation to Service Providers, shall comprise of the following:

- Project Manager of the relevant Service Provider team;
- Finance member of the relevant Service Provider team;
- Admin/Procurement member of Service Provider team;
- Relevant functional expert (e.g. in case of dairy procurements, Dairy Specialist);
- Programme Director PST (mandatory in cases of procurements exceeding USD100,000);
- Programme Manager CLAP (mandatory in cases of procurements exceeding USD100,000);
- Finance Manager CLAP (mandatory in cases of procurements exceeding USD100,000).

15. While the procurements performed by service providers shall be the direct responsibility of service provider team, and final decisions for such procurements are to be taken by them, participation of PST staff in the Procurement Committee would ensure enhanced transparency, joint ownership by GoIRA, and facilitation in inventory management, particularly at the time of asset transfer by service provider to GoIRA.

16. Detailed Procurement Committee ToRs will be included in the PIM, which will include review, approval, compliance and other responsibilities.

17. The recruitment of some Service Providers (four have been preselected) under the Project will be in accordance with Articles 102-103 and 108 of IFAD Procurement Guidelines and Article 24: Single-Source Procurement of the Procurement Law of the Government of Afghanistan. This is justified because the selected agencies are the only ones with previous experience in the fields for which the IFAD programme is designed. CLAP has exclusive rights in the goods, works and services which are needed for the provision of services for which no adequate substitute exists. Similarly, the choice of other Service Providers is based on their considerable experience in the country in providing the types of services and adequate financial management capacity of similar projects which are a pre-requisite for the success of the project. Furthermore, in its current phase the IFAD financing is only for five years. As such, it is of the essence to initiate the activities promptly. It is felt that the time required for engaging in tendering processes or other procurement methods would be impractical. The IFAD Procurement Guidelines thus also provide for single-source procurement in this situation.

18. The project is to be implemented by MAIL, MRRD and external Service Providers such as ICARDA, DCA and FAO etc. Draft agreements between MAIL/CPCDP and the pre-selected service provider will require a “no objection” from IFAD before signing.

19. As some of the SPs (poultry subcomponent) will be selected through competitive process, and since implementation would be largely dependent on quality and capacity of service providers, Quality Based Selection (QBS) shall be performed for selection of these service providers. As the award under QBS will be made purely on the highest technical score, it is important to establish a technical sub criteria (and a minimum threshold for this sub criteria) focusing on the financial management capacity of the bidding institutions. Accordingly, the following specific technical criteria will be used to evaluate the quality of bidding service providers:

- a. Audited financial statements for the past two years,
- b. proof of adequate financial management capacity, e.g. supplier should be able to provide proof that it has the adequate financial management capacity to manage and report on the funds transferred to it,
- c. past track record (and proof) for managing and reporting on externally funded projects e.g. World Bank projects, their size and details of complexity etc.,
- d. the FM assessment questionnaire to be attached in bidding document and required to be filled in by the bidder. This questionnaire shall include detailed financial assessment questions, including but not limited to, organizational structure, budgeting, accounting and reporting structure, qualification and experience of core finance staff, Internal and External audit function, Treasury function, and Procurement function,
- e. Additional programmatic technical criteria covered in Programme WPs.

20. Additionally, ToRs for the Service Providers, to be included in the bidding document/ RFP, shall include the required financial reporting, accounting and audit standards and arrangements as well as a the description on the flow of funds detailed in above Annex.

21. To have some safeguards in place, IFAD would reserve the right to approve (through non objection) the request for proposal including the technical specifications and the ToRs as well as the final contract between the lead ministry and the SP. The sub agreement would specify the reporting requirements such as provision of annual audits within 4-6 months after the end of the fiscal year and flow of funds (e.g. the Service Provider will have to open a designated account in a bank acceptable to IFAD etc. (cf details mentioned in earlier sections).

22. After the Service Provider has been chosen, IFAD would perform an assessment of the FM systems in place and come up with a mitigation plan /actions (if required).

ANNEX 9: PROJECT COSTS AND FINANCING

1. This Annex describes the assumptions underlying the derivation of the Project costs and financing plan and presents the basis and details of the estimated Project costs.

A. Main Assumptions for Cost Estimation

2. **Inflation:** Afghanistan has long been a theatre of conflict, which has affected its economy adversely. An environment of fear, a lack of infrastructure, industry and services and perpetual battles have turned a once-proud nation into one of the world's poorest. The 2011 inflation rate in Afghanistan were 13.3 percent. It is likely to increase from 13.3% in 2011 to 15% annually due to on-going war against terrorism. The cost figures used in cost tables is in constant USD terms with negligible inflation (hence not considered).

3. **Exchange Rate:** The prevailing exchange rate is Afs 49 : US\$1 in March 2012 which is likely to be Afs 50: US\$ by the project negotiation time.

4. **Taxes and Duties:** The Government collects 2 per cent tax on cost of various items including vehicles or supplies made in Afghanistan by a registered person in the course of furtherance of any business carried on by him. The taxes, wherever applicable (cf Annex 7), are included in the cost and hence no separate provision is made for this.

B. Project Costs

5. The Project has 3 components: i) Community Development, including Productive Infrastructure and Institutional Strengthening, ii) Livestock and Agriculture Development, and iii) Project Management, Policy Support, and Young Professional Program. The Project cost has been calculated using CosTab for all the three components. Physical contingencies have been added wherever applicable. Table A summarises the Project cost by component and by year, and Table B summarises the project financing by financier and component.

Table A. Project Components by Year (US\$ 000)

	2013	2014	2015	2016	2017	2018	Total
Component 1							
1.1 Productive Infrastructures	3,137	5,225	6,271	4,181	1,045	1,045	20,904
1.2 Community Development	187	187	187	187	187	187	1,124
1.3 Gender Mainstreaming	168	229	279	251	180	103	1,210
Component 2							
2.1 Dairy Development	3,099	3,352	1,271	1,170	933	519	10,342
2.2 Poultry Development	756	1,143	1,127	1,093	573	299	4,991
2.3 Food, Forage, Vegetable	2,296	1,765	1,446	926	731	627	7,791
2.4 Kutchi Development	1,190	948	691	668	623	578	4,699
Component 3							
Project Management	2,005	1,788	1,868	2,015	2,049	1,950	11,675
Total BASELINE COST	12,837	14,638	13,141	10,492	6,322	5,308	62,738
Physical contingencies	520	675	688	471	142	142	2,640
Price contingencies	16	29	26	26	19	18	135
Total PROJECT COST	13,374	15,342	13,855	10,989	6,484	5,468	65,513

Table B. Financing by financier and component (US\$ 000)

	Govt		IFAD		FAO		Beneficiaries		Total		For. exch.	Local exch.
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
Component 1												
1.1 Productive Infrastructures	1,647	7.1	19,084	82.9	--	--	2,303	10.0	23,034	35.2	1,189	21,845
1.2 Community Development	16	1.4	1,110	98.6	--	--	--	--	1,126	1.7	58	1,068
1.3 Gender Mainstreaming	30	2.5	1,182	97.5	--	--	--	--	1,213	1.9	63	21,845
Component 2												
2.1 Dairy Development	1,364	13.0	8,521	81.2	456	4.3	152	1.4	10,492	16.0	1,145	9,347
2.2 Poultry Development	75	1.5	4,900	98.0	--	--	26	0.5	5,000	7.6	259	4,742
2.3 Food, Forage, Vegetable	142	1.8	6,826	85.7	--	--	1,000	12.6	7,967	12.2	905	7,062
2.4 Kutchi Development	0	0.0	4,999	100	--	--	--	--	4,999	7.6	516	4,483
Component 3												
Project Management	302	2.6	11,379	97.4	--	--	--	--	11,681	17.8	150	11,531
Total PROJECT COST	3,575	5.5	58,001	88.5	456	0.7	3,481	5.3	65,513	100.0	4,286	61,227

6. Component 1 - Community Development, including Productive Infrastructure and Institutional Strengthening

The Base cost for this component is US\$ 23.24 million, amounting to US\$ 25.37 million including contingencies. The component has 3 sub-components, namely: i) Productive Infrastructures (USD 20.9 million), ii) Community Development (USD 1.12 million), and iii) Gender Mainstreaming (USD 1.21 million). The itemized cost for each sub-component including Base costs and costs with contingencies is detailed in Tables 1 to 3 and summarised figures are as follows:

Sub-Component	Base cost	Cost i/c contingencies -000\$	Base cost as % of total
Productive Infrastructure	20,904	23,034	90.0%
Community Development	1,124	1,126	4.8%
Gender Mainstreaming	1,210	1,213	5.2%
Total	23,238	25,373	100%

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		Table 1. Community Development Detailed Costs (US\$ '000)																								
		Quantities								Unit	Base Cost								Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
I. Investment Costs																										
A. Community Development																										
1. Staff training /a																										
	Orientation Workshop - 15 days	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	46	8	8	8	8	8	8	46		
	Gender & development training	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
	Presentation & Communication skills	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
	Leadership Management Development	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	18	3	3	3	3	3	3	18		
	Conflict resolution	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
	Art of Training facilitation	LS	1	1	1	1	1	1	6	1	1	1	1	1	1	1	7	1	1	1	1	1	1	7		
	Field Office Management	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	15	3	3	3	3	3	3	15		
	Institutional Management	LS	1	1	1	1	1	1	6	4	4	4	4	4	4	4	21	4	4	4	4	4	4	21		
	Social Mobilization training	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	15	3	3	3	3	3	3	15		
	TOT on Disaster Risk reduction	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	15	3	3	3	3	3	3	15		
	Training of Trainers	LS	1	1	1	1	1	1	6	5	5	5	5	5	5	5	31	5	5	5	5	5	5	31		
	Workshop on Financial Management	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	15	3	3	3	3	3	3	15		
	Monitoring & Evaluation training	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
	Social Mobilization & targeted Reduction initiatives	LS	1	1	1	1	1	1	6	4	4	4	4	4	4	4	21	4	4	4	4	4	4	21		
	Training in Know ledge Management - event docum	LS	1	1	1	1	1	1	6	7	7	7	7	7	7	7	40	7	7	7	7	7	7	40		
	Training in Climate change adaptation, preparation	LS	1	1	1	1	1	1	6	7	7	7	7	7	7	7	40	7	7	7	7	7	7	40		
	Subtotal Staff training										55	55	55	55	55	55	329	55	55	55	55	55	55	329		
2. Community training																										
	Leadership & Management	LS	1	1	1	1	1	1	6	3	3	3	3	3	3	3	16	3	3	3	3	3	3	16		
	Village Development Planning	LS	1	1	1	1	1	1	6	1	1	1	1	1	1	1	8	1	1	1	1	1	1	8		
	Training on Book Keeping	LS	1	1	1	1	1	1	6	1	1	1	1	1	1	1	8	1	1	1	1	1	1	8		
	Productive Linkages & Resource Mobilization	LS	1	1	1	1	1	1	6	1	1	1	1	1	1	1	5	1	1	1	1	1	1	5		
	Training on Civics & Constitutional Rights	LS	1	1	1	1	1	1	6	1	1	1	1	1	1	1	5	1	1	1	1	1	1	5		
	Training on Enterprise development	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	10	2	2	2	2	2	2	10		
	Community Management Skill training	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	10	2	2	2	2	2	2	10		
	Subtotal Community training										10	10	10	10	10	10	62	10	10	10	10	10	10	62		
3. Vocational Training Programme																										
	Welding	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Mobile Phone repair	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Mason training	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Steel fixer	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Tractor repair	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Generator repar & maintenance	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Excavator operator	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Shovel operator	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Dozer operator	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Road Rollers Operator	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Crane Operator	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Auto Electrician	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Auto mechanics	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Building Electrician	LS	1	1	1	1	1	1	6	8	8	8	8	8	8	8	50	8	8	8	8	8	8	50		
	Quantity Surveyer	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Embroidry	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Fiber Glass moulding	LS	1	1	1	1	1	1	6	6	6	6	6	6	6	6	34	6	6	6	6	6	6	34		
	Subtotal Vocational Training Programme										122	122	122	122	122	122	733	122	122	122	122	123	123	735		
Total											187	187	187	187	187	187	1,124	187	188	188	188	188	188	1,126		

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		Table 2. Gender mainstreaming																							
		Detailed Costs (US\$ '000)																							
		Quantities							Unit	Base Cost							Totals Including Contingencies								
	Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
I. Investment Costs																									
A. Gender Development																									
1. Leadership training																									
Leadership trainers	LS	12	16	20	20	15	5	88	1	12	16	20	20	15	5	88	12	16	20	20	15	5	88		
Leadership Training Design	LS	3	4	4	4	3	2	20	1	3	4	4	4	3	2	20	3	4	4	4	3	2	20		
Booklet research & wrfiting	LS	1	2	3	2	1	1	10	1	1	2	3	2	1	1	10	1	2	3	2	1	1	10		
Booklet design & illustration	LS	0.2	0.3	0.4	0.3	0.3	-	1.5	1	0	0	0	0	0	-	2	0	0	0	0	0	-	2		
Admin & Finance	LS	2	3	4	3	3	1	16	1	2	3	4	3	3	1	16	2	3	4	3	3	1	16		
Drivers	LS	1.5	2	2	1.5	1	0.8	8.8	1	2	2	2	2	1	1	9	2	2	2	2	1	1	9		
Vehicles	LS	1	2	2	2	2	0.8	9.8	1	1	2	2	2	2	1	10	1	2	2	2	2	1	10		
Fuel, maintenance & repair	LS	1	2	2	2	2	0.8	9.8	1	1	2	2	2	2	1	10	1	2	2	2	2	1	10		
Phone cards- Trainers	LS	0.14	0.14	0.14	0.14	0.14	0.14	0.84	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1		
Meals, tea & snacks - Workshops	LS	10	12	15	15	12	8	72	1	10	12	15	15	12	8	72	10	12	15	15	12	8	72		
Booklet printing	LS	3	5	5	4	4	2	23	1	3	5	5	4	4	2	23	3	5	5	4	4	2	23		
Workshop readers & handouts	LS	4	7	7	6	4	1.3	29.3	1	4	7	7	6	4	1	29	4	7	7	6	4	1	29		
Notebooks	LS	0.8	1	2	1.3	0.5	0.3	5.9	1	1	1	2	1	1	0	6	1	1	2	1	1	0	6		
Pens	LS	0.8	1.3	2	1	0.6	0.3	6	1	1	1	2	1	1	0	6	1	1	2	1	1	0	6		
Computers for personnel	LS	0.3	0.5	0.5	0.2	0.2	0.1	1.8	1	0	1	1	0	0	0	2	0	1	1	0	0	0	2		
Misc	LS	4	6	5	5	3	2	25	1	4	6	5	5	3	2	25	4	6	5	5	3	2	25		
Subtotal Leadership training										45	64	74	67	52	26	328	45	64	74	68	52	26	328		
2. Gender Mainstreaming in MAIL																									
Travel costs, benefits, other HR	LS	1	1.5	2	1.5	0.5	0.5	7	1	1	2	2	2	1	1	7	1	2	2	2	1	1	7		
Gender trainer & Evaluation Expert	LS	8	15	16	15	5	4	63	1	8	15	16	15	5	4	63	8	15	16	15	5	4	63		
Meals, refreshments, allow ances	LS	1	2	3	2	1.5	0.8	10.3	1	1	2	3	2	2	1	10	1	2	3	2	2	1	10		
Training handouts & coursebooks	LS	0.5	1	1	1	1	0.5	5	1	1	1	1	1	1	1	5	1	1	1	1	1	1	5		
Other training materials	LS	0.5	1	1	1	1	0.5	5	1	1	1	1	1	1	1	5	1	1	1	1	1	1	5		
Logistics & other training costs	LS	0.5	1	1	1	1	0.5	5	1	1	1	1	1	1	1	5	1	1	1	1	1	1	5		
Subtotal Gender Mainstreaming in MAIL										12	22	24	22	10	7	95	12	22	24	22	10	7	95		
3. Literacy, Numeracy & Business training																									
TOT - Literacy Training Methodology	LS	10	-	-	-	-	-	10	1	10	-	-	-	-	-	10	10	-	-	-	-	-	10		
Lit/Num Instructor	1	36	50	70	60	40	20	276	1	36	50	70	60	40	20	276	36	50	70	60	40	20	277		
Busines Trainer	LS	7	10	15	13	10	5	60	1	7	10	15	13	10	5	60	7	10	15	13	10	5	60		
Literacy & Business Training Coordinator	LS	7	7	7	7	7	2	37	1	7	7	7	7	7	2	37	7	7	7	7	7	2	37		
Admin & Finance	LS	2.75	2.75	2.75	2.75	2.75	2.75	16.5	1	3	3	3	3	3	3	17	3	3	3	3	3	3	17		
Vehicles	LS	1.75	1.75	1.75	1.75	1.75	1.75	10.5	1	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
Fuel, Maintenance & repair	LS	1.75	1.75	1.75	1.75	1.75	1.75	10.5	1	2	2	2	2	2	2	11	2	2	2	2	2	2	11		
Phone cards	LS	3	4	4	5	3	2	21	1	3	4	4	5	3	2	21	3	4	4	5	3	2	21		
Meals, refreshments , Allow ances	LS	20	35	40	40	30	20	185	1	20	35	40	40	30	20	185	20	35	40	40	30	20	185		
Literacy course package	LS	4	7	7	5	4	3	30	1	4	7	7	5	4	3	30	4	7	7	5	4	3	30		
Notebooks	LS	2	2.5	2.5	2.5	2.5	1	13	1	2	3	3	3	3	1	13	2	3	3	3	3	1	13		
Pens	LS	2	2.5	2.5	2.5	2.5	1	13	1	2	3	3	3	3	1	13	2	3	3	3	3	1	13		
Reading material	LS	10	13	20	15	10	8	76	1	10	13	20	15	10	8	76	10	13	20	15	10	8	76		
Computers & peripherals	LS	0.3	0.8	1	1	0.5	0.3	3.9	1	0	1	1	1	1	0	4	0	1	1	1	1	0	4		
Misc costs	LS	4	5	6	5	3	2	25	1	4	5	6	5	3	2	25	4	5	6	5	3	2	25		
Subtotal Literacy, Numeracy & Business training										112	143	181	162	119	71	787	112	143	182	163	119	71	789		
Total										168	229	279	251	180	103	1,210	168	229	280	252	181	103	1,213		

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		Table 3. Productive Infrastructure																					
		Detailed Costs (US\$ '000)																					
		Quantities							Unit	Base Cost							Totals Including Contingencies						
		2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
I. Investment Costs																							
A. Infrastructure Civil works through CDCs																							
	Irrigation schemes	784	1,306	1,568	1,045	261	261	5,225	/LS	784	1,306	1,568	1,045	261	261	5,225	863	1,438	1,728	1,152	288	288	5,757
	Water schemes	1,178	1,959	2,351	1,568	392	392	7,840	/LS	1,178	1,959	2,351	1,568	392	392	7,840	1,297	2,158	2,591	1,729	432	433	8,639
	Drainage & Sanitation schemes	470	784	941	627	157	157	3,136	/LS	470	784	941	627	157	157	3,136	517	863	1,037	691	173	173	3,456
	Other schemes	705	1,176	1,411	941	235	235	4,703	/LS	705	1,176	1,411	941	235	235	4,703	776	1,295	1,555	1,037	259	259	5,182
Total										3,137	5,225	6,271	4,181	1,045	1,045	20,904	3,453	5,755	6,910	4,610	1,153	1,153	23,034

7. Component 2 - Livestock and Agriculture Development

The Base cost for this component is US\$ 27.82 million, which amount to USD 28.46 million with inclusion of contingencies. The share of Dairy development in total cost of this component is 37% followed by 28% for Improved Food, Fodder, and Vegetable Crops. The component comprises of 4 sub components shown below in summarised Table. The detailed itemized costs are given in Tables 4 to 7.

Summarised cost estimates for Livestock and Agriculture Development

Sub-Component	Base cost USD-Mil	Cost including contingencies	
		USD-Mil	% of total
Dairy Development	10,342	10,492	37%
Poultry Development	4,991	5,000	18%
Improved Food, Fodder, and Vegetable Crops	7,791	7,967	28%
Livestock Development among the Kutchi	4,699	4,999	18%
Total	27,823	28,458	100%

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		Table 4. Dairy development																						
		Detailed Costs (US\$ '000)																						
		Quantities							Unit	Base Cost							Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total	
I. Investment Costs																								
A. Professional /a																								
	Senior Dairy Adviser	pm	6	12	12	12	8	-	50	23	138	276	276	276	184	-	1,150	138	276	276	277	185	-	1,152
	National Professional Officer	pm	6	12	12	12	12	12	66	8	48	96	96	96	96	96	528	48	96	96	96	96	96	529
	Subtotal Professional										186	372	372	372	280	96	1,678	186	372	373	373	281	96	1,681
B. Salaries General Services																								
	Admin & Financial Assistant	pm	6	12	12	12	12	12	66	4	23	46	46	46	46	46	251	23	46	46	46	46	46	251
C. National Project Personnel																								
	Dairy Industry Officer	son mor	12	12	12	12	12	6	66	2	29	29	29	29	29	14	158	29	29	29	29	29	14	158
	Inputs & Services officer	son mor	12	12	12	12	12	3	63	2	24	24	24	24	24	6	126	24	24	24	24	24	6	126
	Women trainer/Capacity Building	son mor	24	24	24	24	24	12	132	2	36	36	36	36	36	18	198	36	36	36	36	36	18	198
	Assistant Dairy Officer	son mor	12	12	12	12	12	-	60	1	14	14	14	14	14	-	72	14	14	14	14	14	-	72
	Support staff	son mor	36	36	36	36	36	36	216	1	36	36	36	36	36	36	216	36	36	36	36	36	36	216
	Drivers	son mor	36	48	48	48	48	36	264	1	24	33	33	33	33	24	180	24	33	33	33	33	24	180
	Guards	son mor	24	24	24	24	24	12	132		9	9	9	9	9	5	50	9	9	9	9	9	5	50
	Subtotal National Project Personnel										173	181	181	181	181	103	1,000	173	181	181	181	181	103	1,000
D. National Consultancies																								
	Know ledge Management/ Communication Consultant	pm	2	-	-	-	-	-	2	2	4	-	-	-	-	-	4	4	-	-	-	-	-	4
	National Coop. Development Consultant	pm	3	-	-	-	-	-	3	2	6	-	-	-	-	-	6	6	-	-	-	-	-	6
	National Marketing Promotion Consultant	pm	2	-	-	-	-	-	2	2	4	-	-	-	-	-	4	4	-	-	-	-	-	4
	Enterprise Development Consultant	pm	2	-	-	-	-	-	2	2	4	-	-	-	-	-	4	4	-	-	-	-	-	4
	Subtotal National Consultancies										18	-	-	-	-	-	18	18	-	-	-	-	-	18
E. International Consultancies																								
	Cooperative governance & Management Consultant	pm	1	1	-	-	-	-	2	12	12	12	-	-	-	-	24	12	12	-	-	-	-	24
	Dairy Product Diversification & Quality Consultant	pm	1	2	-	-	-	-	3	12	12	24	-	-	-	-	36	12	24	-	-	-	-	37
	Enterprise Development Consultant	pm	2	-	-	-	-	-	2	12	24	-	-	-	-	-	24	24	-	-	-	-	-	24
	Dairy Marketing Promotion Consultant	pm	1	1	-	-	-	-	2	12	12	12	-	-	-	-	24	12	12	-	-	-	-	24
	Subtotal International Consultancies										60	48	-	-	-	-	108	61	49	-	-	-	-	110
F. Contracts																								
	Dairy Scheme Capacity development & services provis	LS	1	1	1	1	0.5	0.5	5	125	125	125	125	125	63	63	625	125	126	126	126	63	63	630
	Market Linkage development	LS	1	1	-	-	-	-	2	10	10	10	-	-	-	-	20	10	10	-	-	-	-	20
	District Milk cooling/Services buildings	LS	2	1	-	-	-	-	3	50	100	50	-	-	-	-	150	100	50	-	-	-	-	151
	Feed Store construction	LS	1	-	-	-	-	-	1	40	40	-	-	-	-	-	40	40	-	-	-	-	-	40
	Innovation and Diversification fund	LS	-	0.5	0.5	-	-	-	1	150	-	75	75	-	-	-	150	-	75	76	-	-	-	151
	Support to set up & Operation of Dairy Industry Federa	LS	0.5	1	1	1	1	-	3.5	30	15	30	30	30	-	-	105	15	30	30	30	-	-	106
	Dairy Plant Building Construction	LS	0.5	0.5	-	-	-	-	1	180	90	90	-	-	-	-	180	90	90	-	-	-	-	181
	Subtotal Contracts										380	380	230	155	63	63	1,270	381	382	232	156	63	63	1,278
G. Travel																								
	International Staff travel	pm	2	3	3	3	2	1	14	3	5	8	8	8	5	3	35	5	8	8	8	5	3	35
	SDA R&R	pm	4	7	7	7	5	-	30	1	2	4	4	4	3	-	18	2	4	4	4	3	-	18
	TSS travel (8 missions)	er missic	1	1	1	1	2	2	8	7	7	7	7	7	14	14	56	7	7	7	7	14	14	56
	Training travel	er missic	1	1	1	1	1	1	6	10	10	10	10	10	10	10	60	10	10	10	10	10	10	60
	Counter part travel cost	LS	360	360	360	360	360	180	1,980		18	18	18	18	18	9	99	18	18	18	18	18	9	99
	National travel	pm	5	5	5	5	3	1	24	2	10	10	10	10	6	2	48	10	10	10	10	6	2	48
	Subtotal Travel										52	57	57	57	56	38	316	52	57	57	57	56	38	317
H. Training																								
	Training & Development, Village Dairy groups	aining u	10	10	10	10	4	1	45	2	20	20	20	20	8	2	90	21	21	21	21	8	2	95
	Workshops & Training of technical staff	aining u	3	3	3	3	3	1	16	3	8	8	8	8	8	3	40	8	8	8	8	8	3	42
	Training kits, Material and Publications	LS	1,000	1,000	500	500	-	-	3,000		40	40	20	20	-	-	120	42	42	21	21	-	-	126
	Capacity development of counter parts	aining u	12	12	12	12	6	3	57	3	36	36	36	36	18	9	171	38	38	38	38	19	9	180
	Study tour - international	aining u	1	1	1	1	-	-	4	20	20	20	20	20	-	-	80	21	21	22	22	-	-	86
	Subtotal Training										124	124	104	104	34	14	501	130	130	109	110	35	14	528

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		Table 4. Dairy development																								
		Detailed Costs (US\$ '000)																								
		Quantities								Unit	Base Cost								Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
I. Expandable equipment																										
	Fodder seed & fertilizer	LS	4	4	3	2	-	-	13	5	20	20	15	10	-	-	65	21	21	16	11	-	-	68		
	Dairy farms kit	No	1,000	1,000	500	500	-	-	3,000		40	40	20	20	-	-	120	42	42	21	21	-	-	126		
	Supplies for service	LS	6	6	3	3	3	-	21	2	12	12	6	6	6	-	42	13	13	6	6	6	-	44		
	Cattle semen	LS	5,000	5,000	5,000	5,000	4,000	-	24,000		15	15	15	15	12	-	72	16	16	16	16	13	-	76		
	Dairy crates, pouches & refrigerators	LS	2	2	-	-	-	-	4	5	10	10	-	-	-	-	20	11	11	-	-	-	-	21		
	A.I. Field kit	No	10	-	-	-	-	-	10	2	20	-	-	-	-	-	20	21	-	-	-	-	-	21		
Subtotal Expandable equipment											117	97	56	51	18	-	339	123	102	59	54	19	-	356		
J. Non Expandable Equipment																										
	Motorcycles	Units	20	-	-	-	-	-	20	1	18	-	-	-	-	-	18	19	-	-	-	-	-	19		
	Dairy transport/ Delivery vehicles	Units	3	3	-	-	-	-	6	35	105	105	-	-	-	-	210	110	110	-	-	-	-	221		
	Av Land Cruiser	Units	1	-	-	-	-	-	1	80	80	-	-	-	-	-	80	81	-	-	-	-	-	81		
	Milk Collection Centres equipment	Units	20	10	-	-	-	-	30	3	60	30	-	-	-	-	90	63	32	-	-	-	-	95		
	A.I. equipment & Liquid Nitrogen container	umpsum	3	-	-	-	-	-	3	10	30	-	-	-	-	-	30	32	-	-	-	-	-	32		
	Milk Chilling equipment	Units	2	1	-	-	-	-	3	30	60	30	-	-	-	-	90	63	32	-	-	-	-	95		
	Dairy Plant processing equipment - 20 MT capacity	Units	-	1	-	-	-	-	1	700	-	700	-	-	-	-	700	-	744	-	-	-	-	744		
	Dairy Lab equipments	Units	1	-	-	-	-	-	1	29	29	-	-	-	-	-	29	31	-	-	-	-	-	31		
	Generator for Dariy Plant	Unit	1	-	-	-	-	-	1	30	30	-	-	-	-	-	30	32	-	-	-	-	-	32		
	Generator for Cooling center	Units	1	2	-	-	-	-	3	15	15	30	-	-	-	-	45	16	32	-	-	-	-	47		
	Milk Cans	Units	300	300	-	-	-	-	600		24	24	-	-	-	-	48	25	25	-	-	-	-	50		
	Office equipment (5PCs, 5 printers)	umpsum	1	1	-	-	-	-	2	10	10	10	-	-	-	-	20	11	11	-	-	-	-	21		
Subtotal on Expandable Equipment											461	929	-	-	-	-	1,390	482	985	-	-	-	-	1,467		
K. Technical Support Services																										
	Advisory Trechnical services	w weeks	3	3	3	2	3	4	18	7	20	20	20	13	20	26	117	20	20	20	13	20	27	119		
	Evaluation Consultant	umpsum	-	-	-	-	1	-	1	70	-	-	-	-	-	70	-	-	-	-	-	72	-	72		
	Final Report	umpsum	-	-	-	-	-	1	1	7	-	-	-	-	-	7	7	-	-	-	-	-	7	7		
Subtotal echnical Support Services											20	20	20	13	90	33	194	20	20	20	13	92	34	199		
L. General Operating Expenses																										
	Operating costs	month	12	12	12	12	12	12	72	6	66	66	66	66	66	66	396	69	69	69	69	69	69	416		
	Sundry	months	12	12	12	12	12	12	72	1	6	6	6	6	6	6	36	6	6	6	6	6	6	38		
Subtotal eneral Operating Expenses											72	72	72	72	72	72	432	76	76	76	76	76	76	454		
M. Project Support cost																										
	Project Support @ 13% excluding salaries	umpsum	200	270	134.5	120	95	55	874.5	1	200	270	135	120	95	55	875	200	270	135	120	95	55	875		
N. Beneficiary Communities contribution																										
	Land for Dairy Union, in Banisar	ha	0.8	0.8	-	-	-	-	1.6	600	480	480	-	-	-	-	960	480	480	-	-	-	-	960		
	Land for 30 Milk Collection Centres	ha	1.5	1.5	-	-	-	-	3	150	225	225	-	-	-	-	450	225	225	-	-	-	-	450		
	Land for 3 Livestock Service/ Milk Cooling centres	ha	0.3	0.3	-	-	-	-	0.6	175	53	53	-	-	-	-	105	53	53	-	-	-	-	105		
Subtotal eneficiary Communities contribution											758	758	-	-	-	-	1,515	758	758	-	-	-	-	1,515		
O. Co-Financing by FAO																										
	AV vehicle	No	1	-	-	-	-	-	1	135	135	-	-	-	-	-	135	135	-	-	-	-	-	135		
	Pick ups	No	3	-	-	-	-	-	3	30	90	-	-	-	-	-	90	90	-	-	-	-	-	90		
	Technical support - Senior Dairy Adviser & National Pro	umpsum	1	-	-	-	-	-	1	186	186	-	-	-	-	-	186	186	-	-	-	-	-	186		
	Office equipment & materials from existing projects	umpsum	1	-	-	-	-	-	1	45	45	-	-	-	-	-	45	45	-	-	-	-	-	45		
Subtotal o-Financing by FAO											456	-	-	-	-	-	-	456	456	-	-	-	-	456		
Total											3,099	3,352	1,271	1,170	933	519	10,342	3,137	3,427	1,286	1,185	944	525	10,503		

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Table 5. Poultry Development																								
Detailed Costs (US\$ '000)																								
	Unit	Quantities							Unit	Base Cost							Totals Including Contingencies							
		2013	2014	2015	2016	2017	2018	Total		Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
I. Investment Costs																								
A. FFS and strengthening																								
1. Traditional poultry systems																								
Developing FFS capacity	1000 LS	26.3	8.8	1.8	1.8	0.7	0.7	39.9	/LS	26	9	2	2	1	1	40	26	9	2	2	1	1	40	
Extension activities (FFS method)	1000 LS	22.5	45.	45.	45.	22.5	11.3	191.3	/LS	23	45	45	45	23	11	191	23	45	45	45	23	11	192	
Identify methods to select beneficiaries	1000 LS	32.	8.	-	-	-	-	40.	/LS	32	8	-	-	-	-	40	32	8	-	-	-	-	40	
Analysing & documentation of GPs	1000 LS	18.8	12.5	12.5	6.3	-	-	50.	/LS	19	13	13	6	-	-	50	19	13	13	6	-	-	50	
Developing & testing FFS basket of options	1000 LS	75.	150.	150.	150.	75.	37.5	637.5	/LS	75	150	150	150	75	38	638	75	150	150	150	75	38	639	
Cooperation & netw orking w ith active actors	1000 LS	25.	47.	47.	47.	25.	12.5	203.5	/LS	25	47	47	47	25	13	204	25	47	47	47	25	13	204	
Identify interested HHs	1000 LS	1.	0.3	-	-	-	-	1.3	/LS	1	0	-	-	-	-	1	1	0	-	-	-	-	1	
Liaise with MAIL/ NGOs	1000 LS	17.5	35.	35.	35.	17.5	8.8	148.8	/LS	18	35	35	35	18	9	149	18	35	35	35	18	9	149	
Conduct Surveys & Studies as per need & demand	1000 LS	0.5	1.	1.	1.	0.5	0.3	4.3	/LS	1	1	1	1	1	0	4	1	1	1	1	1	0	4	
Develop KM products	1000 LS	1.	2.	2.	2.	2.	2.	11.	/LS	1	2	2	2	2	2	11	1	2	2	2	2	2	11	
Develop FFS guidelines	1000 LS	0.7	-	-	-	-	-	0.7	/LS	1	-	-	-	-	-	1	1	-	-	-	-	-	1	
Advisory services - International	1000 LS	15.	15.	15.	7.5	7.5	3.	63.	/LS	15	15	15	8	8	3	63	15	15	15	8	8	3	63	
Subtotal Traditional poultry systems																								
2. Commercially Viable Poultry rearing																								
Developing FFS capacity	1000 LS	7.5	2.5	1.8	1.8	0.7	0.7	14.9	/LS	8	3	2	2	1	1	15	8	3	2	2	1	1	15	
Extension activities	1000 LS	50.	100.	100.	100.	50.	25.	425.	/LS	50	100	100	100	50	25	425	50	100	100	100	50	25	426	
Analysing SWOT value chain	1000 LS	2.	2.	-	4.	-	-	8.	/LS	2	2	-	4	-	-	8	2	2	-	4	-	-	8	
Surveying & identifying targeting criteria, subsidy level & i	1000 LS	32.	8.	-	-	-	-	40.	/LS	32	8	-	-	-	-	40	32	8	-	-	-	-	40	
Documentation of GPs	1000 LS	18.8	12.5	12.5	6.3	-	-	50.	/LS	19	13	13	6	-	-	50	19	13	13	6	-	-	50	
Developing & testing FFS basket of options	1000 LS	31.3	62.5	62.5	62.5	31.3	15.6	265.6	/LS	31	63	63	63	31	16	266	31	63	63	63	31	16	266	
Cooperation & netw orking w ith active actors	1000 LS	6.3	12.5	12.5	12.5	6.3	3.1	53.1	/LS	6	13	13	13	6	3	53	6	13	13	13	6	3	53	
Identifying interested HHs	1000 LS	1.	0.3	-	-	-	-	1.3	/LS	1	0	-	-	-	-	1	1	0	-	-	-	-	1	
Liaise with MAIL/ NGOs	1000 LS	3.8	7.5	7.5	7.5	3.8	1.9	31.9	/LS	4	8	8	8	4	2	32	4	8	8	8	4	2	32	
Conduct Surveys & Studies as per need & demand	1000 LS	2.	4.	4.	4.	2.	1.	17.	/LS	2	4	4	4	2	1	17	2	4	4	4	2	1	17	
Develop KM products	1000 LS	6.3	2.	2.	2.	2.	2.	16.3	/LS	6	2	2	2	2	2	16	6	2	2	2	2	2	16	
Develop FFS guidelines	1000 LS	1.	-	-	-	-	-	1.	/LS	1	-	-	-	-	-	1	1	-	-	-	-	-	1	
Advisory services - International	1000 LS	15.	15.	15.	7.5	7.5	3.	63.	/LS	15	15	15	8	8	3	63	15	15	15	8	8	3	63	
Subtotal Commercially Viable Poultry rearing																								
3. Old & New Commercially viable FPPOs																								
Surveying & Studying existing FPPOs	1000 LS	5.	1.3	-	-	-	-	6.3	/LS	5	1	-	-	-	-	6	5	1	-	-	-	-	6	
Develop comprehensive Training modules (jointly)	1000 LS	7.5	5.	2.5	1.5	0.5	0.5	17.5	/LS	8	5	3	2	1	1	18	8	5	3	2	1	1	18	
Capacity building	1000 LS	7.5	2.5	1.8	1.8	0.7	0.7	14.9	/LS	8	3	2	2	1	1	15	8	3	2	2	1	1	15	
Extension activities (participative & demand oriented)	1000 LS	50.	100.	100.	100.	50.	25.	425.	/LS	50	100	100	100	50	25	425	50	100	100	100	50	25	426	
KM sharing events	1000 LS	12.5	12.5	25.	25.	12.5	6.3	93.8	/LS	13	13	25	25	13	6	94	13	13	25	25	13	6	94	
Linking w ith Dairy Coops (joint learning, peer review s)	1000 LS	6.	12.	12.	12.	6.	3.	51.	/LS	6	12	12	12	6	3	51	6	12	12	12	6	3	51	
Conduct Surveys & Studies	1000 LS	6.	12.	12.	12.	6.	3.	51.	/LS	6	12	12	12	6	3	51	6	12	12	12	6	3	51	
Subtotal Old & New Commercially viable FPPOs																								
4. Anticipating on relevant opportunities																								
Assessing demand on merits	1000 LS	0.3	0.5	0.5	0.5	0.3	0.1	2.1	/LS	0	1	1	1	0	0	2	0	1	1	1	0	0	2	
Develop Business Plans	1000 LS	0.2	0.4	0.4	0.4	0.2	0.1	1.7	/LS	0	0	0	0	0	0	2	0	0	0	0	0	0	2	
Establish infrastructures	1000 LS	120.	240.	240.	240.	120.	60.	1,020.	/LS	120	240	240	240	120	60	1,020	120	240	240	241	120	60	1,022	
Netw orking, initiating/ Co-investing in Studies, Surveys	1000 LS	6.3	12.5	12.5	12.5	6.3	3.1	53.1	/LS	6	13	13	13	6	3	53	6	13	13	13	6	3	53	
Utilize relevant findings/ experiences of various activities	1000 LS	4.8	9.6	9.6	9.6	4.8	2.4	40.8	/LS	5	10	10	10	5	2	41	5	10	10	10	5	2	41	
Monitor, reflect, adjustment & learning events	1000 LS	4.8	9.6	9.6	9.6	4.8	2.4	40.8	/LS	5	10	10	10	5	2	41	5	10	10	10	5	2	41	
Advisory services	1000 LS	51.6	68.8	68.8	68.8	51.4	34.4	343.6	/LS	52	69	69	69	51	34	344	52	69	69	69	52	34	344	
Miscellaneous	1000 LS	60.	100.	100.	90.	50.	26.	426.	/LS	60	100	100	90	50	26	426	60	100	100	90	50	26	427	
Subtotal Anticipating on relevant opportunities																								
Subtotal FFS and strengthening																								
B. Beneficiary contribution																								
Various	1000 LS	1.4	3.5	5.6	6.2	5.7	3.3	25.7	/LS	1	3	6	6	6	3	26	1	3	6	6	6	3	26	
Total																								
												</												

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		Table 6. Kuchi Development																					
		Detailed Costs (US\$ '000)																					
		Quantities								Base Cost								Totals Including Contingencies					
	Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
I. Investment Costs																							
A. Salaries																							
Expat Project Manager	LS	48	50	53	56	58	31	296	1	48	50	53	56	58	31	296	48	51	53	56	59	31	297
Deputy Director Operations	LS	18	19	20	21	22	11	111	1	18	19	20	21	22	11	111	18	19	20	21	22	12	111
National Field Coordinator	LS	16	16	17	18	19	20	106	1	16	16	17	18	19	20	106	16	16	17	18	19	20	107
Facilitators (3 #)	LS	39	41	43	45	47	50	265	1	39	41	43	45	47	50	265	39	41	43	45	48	50	266
Community based workers - M/F (9#)	LS	53	55	58	61	64	67	358	1	53	55	58	61	64	67	358	53	55	58	61	64	68	360
Finance Manager (50%)	LS	13	14	14	15	16	17	88	1	13	14	14	15	16	17	88	13	14	14	15	16	17	89
Admin/ Logistic Officer (2#)	LS	18	19	20	21	21	23	123	1	18	19	20	21	21	23	123	18	19	20	21	21	23	123
Knowledge Management Specialist	LS	16	16	17	18	19	20	106	1	16	16	17	18	19	20	106	16	16	17	18	19	20	107
Guards, Drivers, Cleaners (10#)	LS	42	44	47	49	51	54	287	1	42	44	47	49	51	54	287	42	44	47	49	52	54	289
Subtotal Salaries										262	275	289	304	318	293	1,741	263	276	290	305	320	295	1,748
B. Travel																							
International travel (4 trips @ 50%)	LS	6	6	6	6	6	6	36	1	6	6	6	6	6	6	36	6	6	6	6	6	6	36
Local transport/ per diem	LS	24	24	24	24	24	24	144	1	24	24	24	24	24	24	144	24	24	24	24	24	24	145
Subtotal Travel										30	30	30	30	30	30	180	30	30	30	30	30	30	181
C. Program Inputs																							
Baseline Survey/ Impact Survey	LS	14	9	-	-	-	5	27	1	14	9	-	-	-	5	27	15	10	-	-	-	5	29
Startup incentive payments to New VFUs (15 VFUs)	LS	13	-	-	-	-	-	13	1	13	-	-	-	-	-	13	14	-	-	-	-	14	
Equipment for New VFUs (kit, solar fridge, motorbike ..)	LS	68	-	-	-	-	-	68	1	68	-	-	-	-	-	68	74	-	-	-	-	74	
Refurbishment of selected VFUs	LS	17	-	-	-	-	-	17	1	17	-	-	-	-	-	17	18	-	-	-	-	18	
VFU monthly support package (Report writing, rent etc)	LS	15	22	22	22	22	22	123	1	15	22	22	22	22	22	123	16	24	24	24	24	24	134
BVW monthly support package, \$ 10 pm	LS	4	8	8	8	8	8	43	1	4	8	8	8	8	8	43	5	8	8	8	9	9	47
feed backs	LS	18	18	-	-	-	-	36	1	18	18	-	-	-	-	36	20	20	-	-	-	-	39
Subsidized vaccination/ De-worming campaign	LS	20	20	-	-	-	-	41	1	20	20	-	-	-	-	41	22	22	-	-	-	-	44
Value Chain development	LS	23	23	23	23	-	-	90	1	23	23	23	23	-	-	90	25	25	25	25	-	-	98
Cooperative Development trainings (6#)	LS	-	8	-	-	-	-	8	1	-	8	-	-	-	-	8	-	9	-	-	-	9	
Estrablishment of Self help groups	LS	68	-	-	-	-	-	68	1	68	-	-	-	-	-	68	74	-	-	-	-	74	
Organizing Kuchi Board	LS	7	7	7	7	7	7	41	1	7	7	7	7	7	7	41	7	7	7	7	7	7	44
Restocking of small ruminants (30% Co contribution)	LS	135	135	-	-	-	-	270	1	135	135	-	-	-	-	270	147	147	-	-	-	-	294
Subtotal Program Inputs										400	249	59	59	36	41	843	436	271	64	64	40	44	919
D. Training																							
Refresher course trainees transport/ incentive	LS	-	11	11	11	11	-	45	1	-	11	11	11	11	-	45	-	12	12	12	12	-	50
BVW training + kits	LS	23	19	-	-	-	-	42	1	23	19	-	-	-	-	42	26	21	-	-	-	-	46
Farmer's Field days (2 Field days)	LS	-	9	9	5	-	-	23	1	-	9	9	5	-	-	23	-	10	10	5	-	25	
Farmer's Fair	LS	9	18	9	9	-	-	45	1	9	18	9	9	-	-	45	10	20	10	10	-	50	
Train VFU staff & Field Extension workers	LS	-	11	11	11	-	-	34	1	-	11	11	11	-	-	34	-	12	12	12	-	37	
Paravets training (15#)	LS	74	-	-	-	-	-	74	1	74	-	-	-	-	-	74	82	-	-	-	-	82	
Training supplies & equipment	LS	9	9	9	-	-	-	27	1	9	9	9	-	-	-	27	10	10	10	-	-	30	
Trainees accommodation/ Food cost	LS	18	18	18	-	-	-	54	1	18	18	18	-	-	-	54	20	20	20	-	-	60	
Extension campaigns for adoption of Herd Health Program	LS	32	32	-	-	-	-	63	1	32	32	-	-	-	-	63	35	35	-	-	-	69	
Annual review workshop	LS	3	3	3	3	3	3	16	1	3	3	3	3	3	3	16	3	3	3	3	3	3	18
Subtotal Training										168	129	70	39	14	3	423	185	143	77	43	15	3	466
E. Operational costs																							
Communications/ internet	LS	27	27	27	27	27	27	162	1	27	27	27	27	27	27	162	30	30	30	30	30	30	181
Office rent/ Rehabilitation	LS	38	38	38	38	38	38	227	1	38	38	38	38	38	38	227	42	42	42	42	42	42	253
Expatri housing (50%)	LS	11	11	11	11	11	5	59	1	11	11	11	11	11	5	59	12	12	12	12	12	6	66
Office utilities/ Generator fuel	LS	22	22	22	22	22	22	129	1	22	22	22	22	22	22	129	24	24	24	24	24	24	144
Purchase of vehicles	LS	45	-	-	-	-	-	45	1	45	-	-	-	-	-	45	50	-	-	-	-	50	
Vehicle rent	LS	16	16	16	16	16	16	97	1	16	16	16	16	16	16	97	18	18	18	18	18	18	108
Vehicle running/ maintenance cost	LS	26	26	26	26	26	26	156	1	26	26	26	26	26	26	156	29	29	29	29	29	29	173
Expendable supplies	LS	16	16	16	16	16	16	97	1	16	16	16	16	16	16	97	18	18	18	18	18	18	108
Staff capacity building	LS	14	14	14	14	9	5	68	1	14	14	14	14	9	5	68	15	15	15	15	10	5	75
Food cost (\$60/month/employee, 31#)	LS	20	20	20	20	20	20	120	1	20	20	20	20	20	20	120	22	22	22	22	22	22	134
Office equipment/ furniture	LS	18	14	9	5	-	-	45	1	18	14	9	5	-	-	45	20	15	10	5	-	-	50
Admin costs	LS	78	62	45	44	41	38	308	1	78	62	45	44	41	38	308	87	69	50	49	46	42	343
Subtotal Operational costs										330	264	243	237	226	212	1,512	367	294	271	264	252	237	1,685
Total										1,190	948	691	668	623	578	4,699	1,280	1,015	733	706	657	610	4,999

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		Table 7. Food/Forage/Vegetable																								
		Detailed Costs																								
		(US\$ '000)																								
		Quantities								Unit	Base Cost								Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
I. Investment Costs																										
A. Goods & Equipment																										
	Toyota Pick up cabin	No	2	-	-	-	-	-	2	36	71	-	-	-	-	-	71	79	-	-	-	-	-	79		
	Office furniture	No	1	-	-	-	-	-	1	7	7	-	-	-	-	-	7	8	-	-	-	-	-	8		
	Standing fan	No	10	-	-	-	-	-	10		1	-	-	-	-	-	1	1	-	-	-	-	-			
	Armoured vehicles	No	1	-	-	-	-	-	1	155	155	-	-	-	-	-	155	171	-	-	-	-	-	171		
	Computer, laptops, printers etc	LS	1	-	-	-	-	-	1	30	30	-	-	-	-	-	30	30	-	-	-	-	-	30		
Subtotal Goods & Equipment											263	-	-	-	-	-	263	288	-	-	-	-	-	288		
B. Technical Support services																										
	Project Manager - International (in Afghanistan)	months	4	4	4	4	4	2	22	14	57	57	57	57	57	29	316	58	58	58	58	58	29	319		
	Senior Agricultural Specialist (Afghan National)	months	4	4	4	4	4	2	22	11	42	42	42	42	42	21	232	42	42	42	43	43	21	234		
	Wheat Specialist - Tech backstopping & breeding	months	1	1	1	-	-	-	3	13	13	13	13	-	-	-	40	13	13	14	-	-	-	40		
	Chickpeas Specialist - Technical back stopping & breeding	months	1	1	1	-	-	-	3	13	13	13	13	-	-	-	40	13	13	14	-	-	-	40		
	Lentil Specialist - Tech backstopping & breeding at	months	1	1	1	-	-	-	3	13	13	13	13	-	-	-	40	13	13	14	-	-	-	40		
	Seed Specialist - Tech backstopping & breeding at	months	2	2	2	2	1	1	10	14	29	29	29	29	14	14	145	29	29	29	29	15	15	146		
	VSBE Specialist - Tech backstopping & breeding at	months	2	2	2	2	1	1	10	12	23	23	23	23	12	12	115	23	23	23	23	12	12	116		
	Biometrician - Tech backstopping & data collection	months	1	1	1	1	0.5	0.5	5	14	14	14	14	14	7	7	72	15	15	15	15	7	7	73		
	Gender Specialist (Consultant)	months	2	2	2	2	1	0.5	9.5	12	25	25	25	25	12	6	118	25	25	25	25	13	6	119		
	M&E Specialist	months	2	2	-	-	-	-	4	12	25	25	-	-	-	-	50	25	25	-	-	-	-	50		
	Regional support to Project (Consultant)	months	12	12	12	-	-	-	36	1	15	15	15	-	-	-	45	15	15	15	-	-	-	45		
Subtotal Technical Support services											271	271	246	191	145	89	1,213	272	273	248	193	147	91	1,224		
C. Training, Workshops, Coordination meetings																										
1. VSBE																										
	Data analysis training, 3 months (abroad)	No	2	-	-	-	-	-	2	7	14	-	-	-	-	-	14	15	-	-	-	-	-	15		
	Enterprise establishment, management & record	LS	18	18	-	-	-	5	41	1	18	18	-	-	-	5	41	18	18	-	-	-	5	41		
	Exposure visit & hands on training on seed proce	LS	21.5	21.5	-	-	-	5	48	1	22	22	-	-	-	5	48	22	22	-	-	-	5	48		
	Seed production & field inspection training	visits	2	6	-	-	-	-	8	5	9	27	-	-	-	-	36	10	30	-	-	-	-	40		
	Participation in Ag-fairs in Afghanistan	No	-	1	1	1	-	1	4	2	-	2	2	2	-	2	6	-	2	2	2	-	2	7		
Subtotal VSBE											63	68	2	2	-	12	145	65	71	2	2	-	12	151		
2. Demos																										
	Best practice trainingon improved varieties	No	3	3	3	3	-	3	15	7	20	20	20	20	-	20	98	21	21	21	21	-	21	107		
	Field Days organization	days	4	4	4	4	-	4	20	2	9	9	9	9	-	9	45	10	10	10	10	-	10	50		
Subtotal Demos											29	29	29	29	-	29	143	31	31	31	31	-	31	157		
3. Adaptive research																										
	Experimental designing & data analysis /a	No	-	1	-	-	-	-	1	31	-	31	-	-	-	-	31	-	34	-	-	-	-	34		
	Training on Experimental layout, maintenance of	No	-	1	-	-	-	-	1	20	-	20	-	-	-	-	20	-	22	-	-	-	-	22		
Subtotal Adaptive research											-	51	-	-	-	-	51	-	56	-	-	-	-	56		
4. Workshops & Meetings																										
	Inception Workshop	No	9	-	-	-	-	-	9	1	8	-	-	-	-	-	8	9	-	-	-	-	-	9		
	End of the Project Workshop	No	-	-	-	-	-	1	1	9	-	-	-	-	-	9	9	-	-	-	-	-	10	10		
	Provincial Coordination Meetings	No	3	3	3	3	-	3	15	1	3	3	3	3	-	3	14	3	3	3	3	-	3	15		
	MAIL Policy makers educational trip to ICARDA H	No	6	-	-	-	-	-	6	4	22	-	-	-	-	-	22	24	-	-	-	-	-	24		
Subtotal Workshops & Meetings											32	3	3	3	-	12	52	36	3	3	3	-	13	58		
Subtotal Training, Workshops, Coordination me											123	150	33	33	-	52	391	132	161	36	36	-	56	421		
D. International and National Consultant /b																										
	Consultant Socio Economics based in Afghanistan	pm	3	3	3	3	3	3	18	10	30	30	30	30	30	30	180	30	30	30	30	30	31	182		
	National Project Coordinator	pm	12	12	12	12	12	12	72	2	22	22	22	22	22	22	133	22	22	22	22	23	23	135		
	M&E and Research Officer - (National)	pm	12	12	12	12	12	12	72	2	30	30	30	30	30	30	178	30	30	30	30	30	30	180		
	Sr Technicians (National)	pm	36	36	36	36	36	36	216	1	40	40	40	40	40	40	242	40	41	41	41	41	41	244		
	Technicians (National)	pm	48	48	48	48	48	48	288	1	42	42	42	42	42	42	252	42	42	42	42	43	43	255		
Subtotal International and National Consultant											164	164	164	164	164	164	985	165	165	166	166	166	167	999		

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										Detailed Costs (US\$ '000)																								
										Quantities					Unit	Base Cost					Totals Including Contingencies													
										Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
E. Program Inputs & Supplies																																		
1. Adaptive Research																																		
Crossing, multiplication & transport of genotype to Afghanistan from ICAF										LS	5	7	7	-	-	-	19	1	5	7	7	-	-	-	19	5	7	7	-	-	-	19		
Adaptive Research trials (10 crops, 5 locations, 4 years)										No	25	50	50	50	25	-	200		7	13	13	13	7	-	52	7	14	14	14	7	-	57		
Seasonal labour										LS	2	5	5	10	-	-	22	1	2	5	5	10	-	-	22	2	5	5	10	-	-	22		
National uniform adaptation trials (10 locations)										LS	-	8	8	-	-	-	16	1	-	8	8	-	-	-	16	-	8	8	-	-	-	16		
Pre-release seed multiplication										LS	-	-	7.5	-	-	-	7.5	1	-	-	8	-	-	-	8	-	-	8	-	-	-	8		
Multiplication of foundation seed										LS	-	4	4	7.5	-	-	15.5	1	-	4	4	8	-	-	16	-	4	4	8	-	-	16		
Training cum research plots at Baghian, Nangarhar & Mazar University										LS	-	6	9	-	-	-	15	1	-	6	9	-	-	-	15	-	6	9	-	-	-	15		
Trials on best practice (irrigation/ seed/ fertilizer)										LS	-	7.5	9	9	-	-	25.5	1	-	8	9	9	-	-	26	-	8	9	9	-	-	-	26	
Subtotal Adaptive Research																			14	51	63	40	7	-	173	14	52	64	41	7	-	178		
2. Support to MAIL Research Stations																																		
Maintenance, repair & supplies for research facilities at 5 Stations										LS	40	20	20	20	19	-	119	1	40	20	20	20	19	-	119	40	20	20	20	19	-	119		
Support to Research staff (weekends, DSA, travel etc)										LS	8	8	8	8	8	-	40	1	8	8	8	8	8	-	40	8	8	8	8	8	-	40		
Hand tools, bags & tags (5 Stations)										LS	10	1	1	0.5	0.5	-	13	1	10	1	1	1	1	-	13	10	1	1	1	1	1	-	13	
Subtotal Support to MAIL Research Stations																			58	29	29	29	28	-	172	58	29	29	29	28	-	172		
3. VSBES																																		
Inception meeting w/ith MAIL, CDC & Communities										No	12	-	-	-	-	-	12		6	-	-	-	-	-	6	6	-	-	-	-	-	6		
Establishment of VSBES groups										No	12	-	-	-	-	-	12	1	11	-	-	-	-	-	-	11	12	-	-	-	-	-	12	
Subtotal VSBES																			17	-	-	-	-	-	17	18	-	-	-	-	-	18		
4. Machinery																																		
Tractor										No	12	-	-	-	-	-	12	10	120	-	-	-	-	-	120	132	-	-	-	-	-	132		
Seed cleaners										No	12	-	-	-	-	-	12	29	346	-	-	-	-	-	346	382	-	-	-	-	-	-	382	
Threshers										No	12	-	-	-	-	-	12	2	22	-	-	-	-	-	22	24	-	-	-	-	-	-	24	
Farm tool sets										No	12	-	-	-	-	-	12	1	12	-	-	-	-	-	12	13	-	-	-	-	-	-	13	
Sprayers										No	24	-	-	-	-	-	24		9	-	-	-	-	-	9	10	-	-	-	-	-	-	10	
Maintenance support										No	12	-	-	-	-	-	12	2	22	-	-	-	-	-	22	24	-	-	-	-	-	-	-	24
Subtotal Machinery																			530	-	-	-	-	-	530	585	-	-	-	-	-	585		
5. Inputs																																		
Registered seed of wheat, chickpea, lentil, forage & vegetable crops										LS	13	25	50	-	-	-	88	1	13	25	50	-	-	-	88	13	25	50	-	-	-	88		
Fertilizers & chemicals										LS	10	20	40	20	-	-	90	1	10	20	40	20	-	-	90	10	20	40	20	-	-	-	90	
Subtotal Inputs																			23	45	90	20	-	-	178	23	45	90	20	-	-	178		
6. Quality control																																		
Seed health inspection control										LS	4	5	8	8	-	-	25	1	4	5	8	8	-	-	25	4	5	8	8	-	-	-	25	
Packaging, promotion & marketing support										LS	4	5	8	8	-	-	25	1	4	5	8	8	-	-	25	4	5	8	8	-	-	-	25	
Packing bags & labels (10000 bags. VSBES)										LS	-	20	-	25	-	-	45	1	-	20	-	25	-	-	45	-	20	-	25	-	-	-	45	
Printing of promotional brochure in local languages										LS	-	13	-	15	-	9	37	1	-	13	-	15	-	9	37	-	13	-	15	-	9	37		
Production of radio program & broadcasting										LS	-	10	5	5	-	-	20	1	-	10	5	5	-	-	20	-	10	5	5	-	-	-	20	
Promotion through SMS										LS	-	5	5	6	-	-	16	1	-	5	5	6	-	-	16	-	5	5	6	-	-	-	16	
Subtotal Quality control																			8	58	26	67	-	9	168	8	58	26	67	-	9	168		
7. Infrastructural Support																																		
Construction of seed stores										No	-	2	1	-	-	-	3	36	-	73	36	-	-	-	109	-	80	40	-	-	-	120		
8. Support to MAIL/ CDC																																		
Visit to VSBES sites, fields & stores, DSA & transport costs										LS	5	6	9	9	4	4	37	1	5	6	9	9	4	4	37	5	6	9	9	4	4	37		
9. Accelerated adoption of improved varieties																																		
Baseline survey										LS	5	-	-	-	-	-	5	1	5	-	-	-	-	-	5	5	-	-	-	-	-	5		
Selection of villages & farmers										LS	4	4	4	-	4	-	16	1	4	4	4	-	4	-	16	4	4	4	-	4	-	4	-	16
Subtotal Accelerated adoption of improved varieties																			9	4	4	-	4	-	21	9	4	4	-	4	-	21		

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PROJECT COSTS AND FINANCING

		Table 7. Food/Forage/Vegetable																						
		Detailed Costs (US\$ '000)																						
		Quantities							Unit	Base Cost							Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
10. Provision of Inputs																								
	Improved certified seeds, fertilizer & inputs	LS	12	22	25	10	27	15	111	1	12	22	25	10	27	15	111	12	22	25	10	27	15	111
	Publication of best practice guides (6 each in Da	LS	-	25	25	-	-	-	50	1	-	25	25	-	-	-	50	-	25	25	-	-	-	50
	Production of audio best practice guides (cassel	LS	-	6	6	-	6	-	18	1	-	6	6	-	6	-	18	-	6	6	-	6	-	18
	Production & broadcasting of radio programs	LS	-	6	12	-	6	-	24	1	-	6	12	-	6	-	24	-	6	12	-	6	-	24
	SMS text messageon new s & bulletins - 10000#	LS	5	7	7	4	-	-	23	1	5	7	7	4	-	-	23	5	7	7	4	-	-	23
Subtotal Provision of Inputs											17	66	75	14	39	15	226	17	66	75	14	39	15	226
11. Value Chain: Gap filling																								
	Construction of Country Potato stores	No	-	6	-	-	-	-	6	18	-	110	-	-	-	-	110	-	121	-	-	-	-	121
	12. Support to MAIL/ CDCs	LS	-	-	-	-	-	4	4	1	-	-	-	-	-	4	4	-	-	-	-	-	4	4
Subtotal Program Inputs & Supplies											680	441	332	178	81	32	1,744	737	461	337	179	82	32	1,828
F. Recurrent cost																								
1. Support & Logistics staff																								
	Finance and Administrative Officer - Internationa	months	4	4	4	4	4	2	22	8	33	33	33	33	33	16	180	33	33	33	33	33	16	180
	Finance Assistant	months	12	12	12	12	12	12	72	1	9	9	9	9	9	9	55	9	9	9	9	9	9	55
	Logistics Assistant _ National	months	12	12	12	12	12	12	72	1	9	9	9	9	9	9	55	9	9	9	9	9	9	55
	Accountant/ Cashier	months	12	12	12	12	12	-	60	1	9	9	9	9	9	-	45	9	9	9	9	9	-	45
	Drivers	months	36	36	36	36	36	36	216	1	18	18	18	18	18	18	108	18	18	18	18	18	18	108
	Watchmen	months	72	72	72	72	72	72	432		27	27	27	27	27	27	164	27	27	27	27	27	27	164
	Cook	months	12	12	12	12	12	12	72		6	6	6	6	6	6	34	6	6	6	6	6	6	34
	Cleaner	months	24	24	24	24	24	12	132		9	9	9	9	9	4	49	9	9	9	9	9	4	49
	Armed Guard - Police	months	60	60	60	60	60	-	300		14	14	14	14	14	-	69	14	14	14	14	14	-	69
Subtotal Support & Logistics staff											134	134	134	134	134	90	759	134	134	134	134	134	90	759
2. Travel																								
	Domestic travel	LS	1	1	1	1	1	1	6	12	12	12	12	12	12	12	71	13	13	13	13	13	13	78
	International travel from HQ to Afghanistan (See	LS	1	1	1	1	-	-	4	3	3	3	3	3	-	-	11	3	3	3	3	-	-	12
	International travel- VSBE Specialist	LS	1	1	1	1	-	-	4	3	3	3	3	3	-	-	11	3	3	3	3	-	-	12
	Country Manager to HQ/ Regional Office/ meeting	visits	2	2	2	2	1	1	10	2	5	5	5	5	2	2	23	5	5	5	5	3	3	25
	Biometrician - HQ - Kabul-HQ	visits	1	-	-	-	-	1	2	3	3	-	-	-	-	3	5	3	-	-	-	-	3	6
	Evacuation - International staff	LS	1	1	1	1	1	1	6	2	2	2	2	2	2	2	11	2	2	2	2	2	2	12
	Visit to Dubai (finalize AV procurement)	LS	1	-	-	-	-	-	1	6	6	-	-	-	-	-	6	6	-	-	-	-	-	6
Subtotal Travel											32	24	24	24	16	18	137	35	26	26	26	17	20	150
3. General Operating expenses - Rent & Mani																								
	Office rent	year	1	1	1	1	1	1	6	10	10	10	10	10	10	10	60	10	10	10	10	10	10	60
	Store rent	year	1	1	1	1	1	1	6	10	10	10	10	10	10	10	60	10	10	10	10	10	10	60
	Office furnishing/ maintenance	LS	8	3	3	1	1	1	17	1	8	3	3	1	1	1	17	8	3	3	1	1	1	17
Subtotal General Operating expenses - Rent											28	23	23	21	21	21	137	28	23	23	21	21	21	137

PROJECT COSTS AND FINANCING

		Table 7. Food/Forage/Vegetable																								
		Detailed Costs (US\$ '000)																								
		Quantities								Unit	Base Cost								Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total		
4. Operational & General administrative costs																										
	Vehicle rent	LS	2	2	2	2	2	2	12	1	2	2	2	2	2	2	12	2	2	2	2	2	2	12		
	Fuel vehicle & maintenance	LS	20	14	13	12	10	10	79	1	20	14	13	12	10	10	79	20	14	13	12	10	10	79		
	Fuel generators	LS	9	9	7	7	7	7	46	1	9	9	7	7	7	7	46	9	9	7	7	7	7	46		
	Consumable gas for heaters (w inter)	LS	9	9	8	8	8	6.5	48.5	1	9	9	8	8	8	7	49	9	9	8	8	8	7	49		
	Communication (Mobile phones, to up cards/ pos)	LS	15	9	7	7	7	7	52	1	15	9	7	7	7	7	52	15	9	7	7	7	7	52		
	Govt taxes & Visa fees	LS	2	2	2	2	2	2	12	1	2	2	2	2	2	2	12	2	2	2	2	2	2	12		
	Bank charges	LS	0.5	0.5	0.5	0.5	0.5	0.5	3	1	1	1	1	1	1	1	3	1	1	1	1	1	1	3		
	Security support & related expenses	LS	3	1.5	1.5	1.5	1.5	1.5	10.5	1	3	2	2	2	2	2	11	3	2	2	2	2	2	11		
	Staff health & medical expenses	LS	7.25	7.25	7.25	7.25	7.25	7.25	43.5	1	7	7	7	7	7	7	44	7	7	7	7	7	7	44		
	Cartridges, toners, stationery, office supplies	LS	12	12	12	11.5	10	9.5	67	1	12	12	12	12	10	10	67	12	12	12	12	10	10	67		
	Misc	LS	18.76	13.19	10.7	8.8	6.9	5.4	63.75	1	19	13	11	9	7	5	64	19	13	11	9	7	5	64		
Subtotal Operational & General administrative costs											99	79	71	68	62	59	437	99	79	71	68	62	59	437		
5. Overheads		LS	130	105	95	90	85	80	585	1	130	105	95	90	85	80	585	130	105	95	90	85	80	585		
Subtotal Recurrent cost											422	365	346	336	318	268	2,055	425	367	349	338	319	270	2,068		
G. Community Contribution for 12 VSBEs																										
	Land for 12 VSBEs @ 15 ha each /c	ha	60	60	60	-	-	-	180	5	300	300	300	-	-	-	900	300	300	300	-	-	-	900		
	Lnd for Stores @ 1.0 ha each	ha	1	1	-	-	-	-	2	50	50	50	-	-	-	-	100	50	50	-	-	-	-	100		
Subtotal Community Contribution for 12 VSBEs											350	350	300	-	-	-	1,000	350	350	300	-	-	-	1,000		
H. Govt contribution																										
	Provision of land & farm facilities	LS	0.1	0.1	0.1	0.1	0.1	0.1	0.6	1	0	0	0	0	0	0	1	0	0	0	0	0	0	1		
	Bulldozers/ land levellers (10),	LS	21	21	21	21	21	21	126	1	21	21	21	21	21	21	126	21	21	21	21	21	21	126		
	Staff support	days	20	35	40	30	15	10	150		2	4	4	3	2	1	15	2	4	4	3	2	1	15		
Subtotal Govt contribution											23	25	25	24	23	22	142	23	25	25	24	23	22	142		
Total											2,296	1,765	1,446	926	731	627	7,791	2,393	1,802	1,461	937	737	638	7,967		
^a mdy stands for manday																										
^b pm stands for person months																										
^c Unit cost taken as lease																										

8. Component 3 - Project Management, Policy Support, and Young Professional Program

The cost includes 3 entities: i) Project Support Unit, ii) Project Management Unit and iii) PSU/ PMU Joint office. The Base cost for this component is US\$ 8.18 million. Excluding the Government contribution of 0.3 million, the cost is US\$ 7.88 million which includes a sum of 0.5 million for Policy Support Fund. In addition, US\$ 3.5 million is earmarked as 'Unallocated' amount. The itemized cost is given in Table 8.

Summarised cost estimates for Project Management

Sub-Component	Base cost	Cost including contingencies	
	USD-Mil	USD-Mil	% of total
PSU	2,437	2,438	30%
PMU	3,143	3,148	38%
PSU/PMU Joint	2,295	2,295	28%
Govt support	300	300	4%
Total	8,175	8,181	100%
Unallocated	3,500	3,500	
Total	11,675	11,681	

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		Table 8. Project Management Unit																						
		Detailed Costs (US\$ '000)																						
		Quantities							Unit	Base Cost							Totals Including Contingencies							
		Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
I. Investment Costs																								
A. Project Support Unit (PSU)																								
1. PSU Staff																								
	Project Director	1000 LS	50.4	54.2	58.2	62.6	67.3	72.4	365.1	/LS	50	54	58	63	67	72	365	50	54	58	63	67	72	365
	KM Specialist	1000 LS	22.7	24.4	26.2	28.2	30.3	32.56	164.36	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	M&E Specialist	1000 LS	22.7	24.4	26.2	28.2	30.3	32.56	164.36	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Procurement Specialist	1000 LS	22.7	24.4	26.2	28.2	30.3	32.56	164.36	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Gender Specialist	1000 LS	22.7	24.4	26.2	28.2	30.3	32.56	164.36	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Female Employees Support fund	1000 LS	5.92	7.58	8.15	8.76	9.42	10.13	49.96	/LS	6	8	8	9	9	10	50	6	8	8	9	9	10	50
Subtotal PSU Staff											147	159	171	184	198	213	1,073	147	159	171	184	198	213	1,073
2. Vehicles & Equipment																								
	Vehicles	1000 No	2	-	-	-	-	-	2	/No	80	-	-	-	-	-	80	80	-	-	-	-	-	80
	Procurement of Electronic equipment	1000 LS	7	-	-	6.4	-	-	13.4	/LS	7	-	-	6	-	-	13	7	-	-	6	-	-	13
	Fuel & vehicle maintenance	1000 LS	24	25.8	27.7	29.8	32.1	34.5	173.9	/LS	24	26	28	30	32	35	174	24	26	28	30	32	35	175
Subtotal Vehicles & Equipment											111	26	28	36	32	35	267	111	26	28	36	32	35	268
3. Surveys																								
	Baseline Survey	1000 LS	60	-	-	-	-	-	60	/LS	60	-	-	-	-	-	60	60	-	-	-	-	-	60
	Impact Studies	1000 LS	-	88	96.8	106.5	117.1	128.8	537.2	/LS	-	88	97	107	117	129	537	-	88	97	107	117	129	537
	Policy Support Fund	1000 LS	100	100	100	100	100	-	500	/LS	100	100	100	100	100	-	500	100	100	100	100	100	-	500
Subtotal Surveys											160	188	197	207	217	129	1,097	160	188	197	207	217	129	1,097
Subtotal Project Support Unit (PSU)											418	373	396	427	447	376	2,437	418	373	396	427	447	376	2,438
B. Project Management Unit																								
1. PMU Staff																								
	Project Manager	1000 LS	44.1	47.4	51	54.8	58.9	63.3	319.5	/LS	44	47	51	55	59	63	320	44	47	51	55	59	63	320
	MIS Officer	1000 LS	11.34	12.2	13.1	14.1	15.1	16.28	82.12	/LS	11	12	13	14	15	16	82	11	12	13	14	15	16	82
	MIS Associate	1000 LS	8.196	8.8	9.5	10.2	10.9	11.77	59.366	/LS	8	9	10	10	11	12	59	8	9	10	10	11	12	59
	M&E Associate	1000 LS	8.196	8.8	9.5	10.2	10.9	11.77	59.366	/LS	8	9	10	10	11	12	59	8	9	10	10	11	12	59
	Livestock Specialist	1000 LS	22.68	24.4	26.2	28.2	30.3	32.56	164.34	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Poultry Specialist	1000 LS	22.68	24.4	26.2	28.2	30.3	32.56	164.34	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Infrastructure Specialist	1000 LS	22.68	24.4	26.2	28.2	30.3	32.56	164.34	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Food, Forage & Vegetable Specialist	1000 LS	22.68	24.4	26.2	28.2	30.3	32.56	164.34	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Finance Officer	1000 LS	22.68	24.4	26.2	28.2	30.3	32.56	164.34	/LS	23	24	26	28	30	33	164	23	24	26	28	30	33	164
	Admin Officer	1000 LS	11.34	12.2	13.1	14.1	15.1	16.3	82.14	/LS	11	12	13	14	15	16	82	11	12	13	14	15	16	82
	Logistic Officer	1000 LS	11.34	12.2	13.1	14.1	15.1	16.3	82.14	/LS	11	12	13	14	15	16	82	11	12	13	14	15	16	82
	Young Professional Consultants, 10#	1000 LS	57.6	61.9	66.6	71.6	76.9	82.69	417.29	/LS	58	62	67	72	77	83	417	58	62	67	72	77	83	417
	Female Employees Support fund	1000 LS	6.28	6.75	7.26	7.8	8.39	9.02	45.5	/LS	6	7	7	8	8	9	46	6	7	7	8	8	9	46
Subtotal PMU Staff											272	292	314	338	363	390	1,969	272	292	314	338	363	390	1,969
2. Vehicles, Equipment, Trainings & Other																								
	Vehicles	1000 No	2	-	-	-	-	-	2	/No	80	-	-	-	-	-	80	80	-	-	-	-	-	80
	Procurement of Electronic equipment	1000 LS	30.8	-	-	28	-	-	58.8	/LS	31	-	-	28	-	-	59	31	-	-	28	-	-	59
	Fuel & vehicle maintenance	1000 LS	24	25.8	27.7	29.8	32.1	34.5	173.9	/LS	24	26	28	30	32	35	174	24	26	28	30	32	35	175
	Monitoring visits to field	1000 LS	54	58.1	62.4	67.1	72.1	77.52	391.22	/LS	54	58	62	67	72	78	391	54	58	63	67	73	78	393
	Communication & transport	1000 LS	14.4	15.5	16.6	17.9	19.2	20.63	104.23	/LS	14	16	17	18	19	21	104	14	16	17	18	19	21	105
	Trainings - International	1000 LS	40.5	43.5	46.8	50.3	54.1	58.14	293.34	/LS	41	44	47	50	54	58	293	41	44	47	51	54	59	295
	Trainings - local	1000 LS	10	10.8	11.6	12.4	13.4	14.36	72.56	/LS	10	11	12	12	13	14	73	10	11	12	12	13	14	73
Subtotal Vehicles, Equipment, Training											254	154	165	206	191	205	1,174	254	154	166	206	192	207	1,179
Subtotal Project Management Unit											525	446	479	543	554	595	3,143	526	446	480	544	555	597	3,148

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		Table 8. Project Management Unit																					
		Detailed Costs (US\$ '000)																					
		Quantities							Unit	Base Cost							Totals Including Contingencies						
	Unit	2013	2014	2015	2016	2017	2018	Total	Cost	2013	2014	2015	2016	2017	2018	Total	2013	2014	2015	2016	2017	2018	Total
C. PSU/ PMU Joint																							
1. Finance & Administration																							
Finance Manager	1000 LS	18.9	20.32	21.84	23.48	25.24	27.13	136.91	/LS	19	20	22	23	25	27	137	19	20	22	23	25	27	137
Office Cleaners - 2#	1000 LS	4.54	4.88	5.24	5.64	6.06	6.51	32.87	/LS	5	5	5	6	6	7	33	5	5	5	6	6	7	33
Guards - 3#	1000 LS	2.27	2.44	2.62	2.82	3.03	3.26	16.44	/LS	2	2	3	3	3	3	16	2	2	3	3	3	3	16
Drivers - 3#	1000 LS	7.56	8.13	8.74	9.39	10.1	10.85	54.77	/LS	8	8	9	9	10	11	55	8	8	9	9	10	11	55
Female Employees Support fund	1000 LS	1.66	1.79	1.92	2.07	2.22	2.39	12.05	/LS	2	2	2	2	2	2	12	2	2	2	2	2	2	12
Subtotal Finance & Administration										35	38	40	43	47	50	253	35	38	40	43	47	50	253
2. Vehicles & Equipment																							
Office furniture	1000 LS	70	-	-	25.41	-	-	95.41	/LS	70	-	-	25	-	-	95	70	-	-	25	-	-	95
Generator	1000 LS	20	2.2	2.42	2.66	2.93	3.22	33.43	/LS	20	2	2	3	3	3	33	20	2	2	3	3	3	33
Internet equipment	1000 LS	10	1.1	1.21	1.33	1.46	1.61	16.71	/LS	10	1	1	1	1	2	17	10	1	1	1	1	2	17
Subtotal Vehicles & Equipment										100	3	4	29	4	5	146	100	3	4	29	4	5	146
3. Operation cost																							
Stationery	1000 LS	8	8.8	9.68	10.65	11.71	12.88	61.72	/LS	8	9	10	11	12	13	62	8	9	10	11	12	13	62
Utility bills	1000 LS	4	4.4	4.84	5.32	5.86	6.44	30.86	/LS	4	4	5	5	6	6	31	4	4	5	5	6	6	31
Generator Fuel consumption	1000 LS	6	6.45	6.93	7.45	8.01	8.61	43.45	/LS	6	6	7	7	8	9	43	6	6	7	7	8	9	43
Office maintenance	1000 LS	5	5.38	5.78	6.21	6.68	7.18	36.23	/LS	5	5	6	6	7	7	36	5	5	6	6	7	7	36
Internet fees	1000 LS	14.4	15.48	16.64	17.89	19.23	20.67	104.31	/LS	14	15	17	18	19	21	104	14	15	17	18	19	21	104
Softw are i/c tgoners, maintgenance	1000 LS	20	2.2	2.42	2.66	2.93	3.22	33.43	/LS	20	2	2	3	3	3	33	20	2	2	3	3	3	33
Support staff overtime - Kabul	1000 LS	18	19.35	20.8	22.36	24.04	25.84	130.39	/LS	18	19	21	22	24	26	130	18	19	21	22	24	26	130
Support to MAIL Line Departments	1000 LS	6	6.45	6.93	7.45	8.01	8.61	43.45	/LS	6	6	7	7	8	9	43	6	6	7	7	8	9	43
Subtotal Operation cost										81	69	74	80	86	93	484	81	69	74	80	86	93	484
4. Audit, Allowances etc																							
External Audit	1000 LS	20	21.5	23.11	24.85	26.71	28.71	144.88	/LS	20	22	23	25	27	29	145	20	22	23	25	27	29	145
Staff allow ances	1000 LS	75	80.63	86.67	93.17	100.16	107.67	543.3	/LS	75	81	87	93	100	108	543	75	81	87	93	100	108	543
Relevant Directorate Capacity Buildin	1000 LS	100	107.5	115.56	124.23	133.55	143.56	724.4	/LS	100	108	116	124	134	144	724	100	108	116	124	134	144	724
Subtotal Audit, Allowances etc										195	210	225	242	260	280	1,413	195	210	225	242	260	280	1,413
Subtotal PSU/ PMU Joint										411	319	343	395	398	428	2,295	411	319	343	395	398	428	2,295
D. Government Contribution																							
Office rent & Other support	1000 LS	25	25	25	25	25	25	150	/LS	25	25	25	25	25	25	150	25	25	25	25	25	25	150
Contribution to Govt Staff salaries	1000 LS	25	25	25	25	25	25	150	/LS	25	25	25	25	25	25	150	25	25	25	25	25	25	150
Subtotal Government Contribution										50	50	50	50	50	50	300	50	50	50	50	50	50	300
E. Unallocated																							
Unspecified	LS	600	600	600	600	600	500	3,500	1	600	600	600	600	600	500	3,500	600	600	600	600	600	500	3,500
Total										2,005	1,788	1,868	2,015	2,049	1,950	11,675	2,005	1,789	1,869	2,016	2,050	1,951	11,681

9. Expenditure Account

The Expenditure account presented in below Table shows a Baseline cost of USD 62.74 million. The total cost including contingencies (amounting to USD 2,640 thousand) is US\$ 65.5 million.

Table 9: Expenditure Accounts by Components - Base Costs											
	(US\$ '000)								Total	Contingencies	
	Community Development	Gender mainstreaming	Productive Infrastructure	Dairy Development	Poultry Development	Kuchi Development	Food, Forage, Vegetable	Project Management		%	Amount
I. Investment Costs											
A- Community development and Physical infrastructure											
Community Development	1,124	-	-	-	-	-	-	-	1,124	-	-
Gender mainstreaming	-	1,210	-	-	-	-	-	-	1,210	-	-
Productive infrastructure	-	-	20,904	-	-	-	-	-	20,904	10.0	2,090
Sub total	1,124	1,210	20,904	-	-	-	-	-	23,239	9.0	2,090
B- Agriculture and Livestock											
Dairy development	-	-	-	10,342	-	-	-	-	10,342	1.1	118
Poultry development	-	-	-	-	4,991	-	-	-	4,991	-	-
Kuchi development	-	-	-	-	-	4,699	-	-	4,699	6.0	282
Food/Forage/Vegetable	-	-	-	-	-	-	7,791	-	7,791	1.9	149
Sub total	-	-	-	10,342	4,991	4,699	7,791	-	27,824	2.0	549
C - Project Management	-	-	-	-	-	-	-	11,675	11,675	-	-
Total BASELINE COSTS	1,124	1,210	20,904	10,342	4,991	4,699	7,791	11,675	62,738	4.2	2,640
Physical Contingencies	-	-	2,090	118	-	282	149	-	2,640	-	-
Price Contingencies	2	2	40	32	9	18	26	6	135	4.1	6
Total PROJECT COSTS	1,126	1,213	23,034	10,492	5,000	4,999	7,967	11,681	65,513	4.0	2,645
Foreign Exchange	58	63	1,189	1,145	259	516	905	150	4,286	4.4	190
B- Million Afs											
A- Community development and Physical infrastructure											
Community Development	56.2	-	-	-	-	-	-	-	56.2	-	-
Gender mainstreaming	-	60.5	-	-	-	-	-	-	60.5	-	-
Productive infrastructure	-	-	1045.2	-	-	-	-	-	1045.2	10.0	104.5
Sub total	56	61	1,045	-	-	-	-	-	1,162	9.0	105
B- Agriculture and Livestock											
D. Dairy development	-	-	-	517.1	-	-	-	-	517.1	1.1	5.9
E. Poultry development	-	-	-	-	249.6	-	-	-	249.6	-	-
F. Kuchi development	-	-	-	-	-	235.0	-	-	235.0	6.0	14.1
G. Food/Forage/Vegetable	-	-	-	-	-	-	389.6	-	389.6	1.9	7.5
Sub total	-	-	-	517	250	235	390	-	1,391	2.0	27
C - Project Management	-	-	-	-	-	-	-	583.8	583.8	-	-
Total BASELINE COSTS	56	61	1045	517	250	235	390	584	3137	4.2	132
Physical Contingencies	-	-	104.5	5.9	-	14.1	7.5	-	132.0	-	-
Price Contingencies	0.1	0.1	2.0	1.6	0.5	0.9	1.3	0.3	6.8	4.1	0.3
Total PROJECT COSTS	56	61	1152	525	250	250	398	584	3276	8.3	132

10. Project Components by Year

The total expenditure is phased over a period of 6 years. The expenditure is around 20% during each of the first three years, and then slowly decreases in subsequent years. The cost for Component II (Livestock and Agriculture Development) is highest at 46.3% followed by 30.6% for Component I (Community development, including Productive Infrastructures and Institutional Strengthening) as shown in Table 10 below:

Table 10: Project Components by Year -- Base Costs - '000'\$

	2013	2014	2015	2016	2017	2018	Total
A- Community development and Physical infrastructure							
Community Development	187	187	187	187	187	187	1,124
Gender mainstreaming	168	229	279	251	180	103	1,210
Productive infrastructure	3,137	5,225	6,271	4,181	1,045	1,045	20,904
Sub total	3,492	5,641	6,738	4,620	1,413	1,335	23,239
B- Agriculture and Livestock							
Dairy development	3,099	3,352	1,271	1,170	933	519	10,342
Poultry development	756	1,143	1,127	1,093	573	299	4,991
Kuchi development	1,190	948	691	668	623	578	4,699
Food/Forage/Vegetable	2,296	1,765	1,446	926	731	627	7,791
Sub total	7,340	7,209	4,535	3,857	2,860	2,023	27,824
C- Project Management	2,005	1,788	1,868	2,015	2,049	1,950	11,675
Total BASELINE COSTS	12,837	14,638	13,141	10,492	6,322	5,308	62,738
Physical Contingencies	520	675	688	471	142	142	2,640
Price Contingencies	16	29	26	26	19	18	135
Total PROJECT COSTS	13,374	15,342	13,855	10,989	6,484	5,468	65,513
Foreign Exchange	1,088	1,192	749	598	366	293	4,286

C. Financing Plan

11. IFAD will contribute a sum of US\$ 58.0 million to the total cost (88.5%) of US\$ 65.5 million (including contingencies) through a Grant. The contribution of the Government of Afghanistan and the project beneficiaries is 3.57 million (5.5%) and 3.48 million (5.3%) respectively. FAO will co-finance the project with its share in total cost as US\$ 460,000 (0.7%).

12. The cost figures are segregated by following expenditure categories:

- Civil works/ Community infrastructures;
- Vehicles and Motorcycles;
- Equipment and Materials;
- Technical assistance, training and Studies;
- Salaries and Allowances;
- Incremental Operating costs;
- Contingencies or and unallocated amount.

13. The project cost is summarised in various Tables listed below:

- Project Costs by Project Components (in both US\$ and local currency)
- Project Costs by Expenditure account (in both US\$ and local currency)
- Project financing by Financer and Components
- Project financing plan by Financer and expenditure account
- Project financing plan by year and component/ expenditure account
- Project financing plan by component and expenditure account

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Table 12: Project costs by Component - US\$/ Afs

Component/ Sub component	Cost		% of
	000' US\$	Million Afs	Component
A- Community Development, Gender mainstreaming & Productive in			
Community Development	1,126	56	4.4%
Gender mainstreaming	1,213	61	4.8%
Productive infrastructure	23,034	1,152	90.8%
Sub total	25,373	1,269	100.0%
B- Agriculture, Livestock and Vegetable			
Food/Forage/Vegetable	7,967	398	28.0%
Dairy Development	10,492	525	36.9%
Poultry Development	5,000	250	17.6%
Kuchi Development	4,999	250	17.6%
Sub total	28,459	1,423	100.0%
C- Project management			
Project management	11,681	584	100.0%
Total	65,513	3,276	

Table 13: Project costs by Expenditure Account - US\$/ Afs

Expenditure Account	Base cost			Total cost		
	000' US\$	Million Afs	Percent	000' US\$	Million Afs	Percent
Civil works/ Community Infrastructures	21,123	1,056.13	34%	23,275	1,163.76	36%
Vehicles and Motorcycles	714	35.69	1%	739	36.97	1%
Equipment and Materials	3,578	178.92	6%	3,792	189.61	6%
Technical Assistance, Trainings and Studies	12,892	644.58	21%	13,038	651.88	20%
Salaries and Allowances	11,116	555.81	18%	11,138	556.91	17%
Incremental Operating Costs	6,671	333.55	11%	6,886	344.29	11%
Contingencies/unallocated	6,642	332.09	11%	6,642	332.10	10%
Total	62,735	3,137	100%	65,510	3,276	100%

Table 14: Project financing by Financer and Components

Financer	000' USD				Million Afs			
	Community development & Productive infrastructures	Agriculture / Livestock	Project management	Total	Community development & Productive infrastructure	Agriculture / Livestock	Project management	Total
IFAD	21,388	25,247	11,377	58,012	1,069	1,262	569	2,901
Government	1,682	1,582	304	3,568	84	79	15	178
Beneficiaries	2,303	1,176	-	3,479	115	59	-	174
FAO	-	451	-	451	-	23	-	23
Total	25,373	28,456	11,681	65,510	1,269	1,423	584	3,276

Table 15: Project financing plan by Financer and expenditure account

	Base cost					Cost with contingencies				
	IFAD	Government	Beneficiaries	FAO	Total	IFAD	Government	Beneficiaries	FAO	Total
Civil works/ Community Infrastructures	17,815	1,397	1,907	3	21,123	19,630	1,540	2,101	4	23,275
Vehicles and Motorcycles	646	35	24	8	714	669	37	25	9	739
Equipment and Materials	3,194	193	139	53	3,578	3,384	204	148	57	3,792
Technical Assistance, Trainings and Studies	11,572	665	504	150	12,892	11,702	673	510	152	13,038
Salaries and Allowances	10,187	505	319	105	11,116	10,206	506	320	106	11,138
Incremental Operating Costs	6,021	333	243	73	6,671	6,212	345	252	76	6,886
Contingencies/unallocated	6,209	261	124	48	6,642	6,209	261	124	48	6,642
Total	55,645	3,391	3,259	441	62,735	58,012	3,568	3,479	451	65,510

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Table 16: Project Financing plan by year and Component/ Expenditure Account

Expenditure account	Expenditure in year for Base cost							Expenditure in year for Total cost						
	1	2	3	4	5	6	Total	1	2	3	4	5	6	Total
A- Component 1- Community development and Productive infrastructure development														
Civil works/ Community Infrastructures	3137	5225	6271	4181	1045	1045	20904	3453	5755	6910	4610	1153	1153	23034
Vehicles and Motorcycles	3	4	4	4	4	3	20	3	4	4	4	4	3	20
Equipment and Materials	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Technical Assistance, Trainings and Studies	204	210	215	214	207	195	1244	204	210	215	214	207	196	1246
Salaries and Allowances	74	90	117	102	69	36	487	74	90	117	102	69	36	488
Incremental Operating Costs	75	113	131	119	89	57	583	75	113	132	119	89	57	584
Contingencies/unallocated	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub total	3492	5641	6738	4620	1413	1335	23239	3809	6171	7378	5049	1522	1445	25373
B- Component II (Agriculture/ Livestock)														
Civil works/ Community Infrastructures	0	182	36	0	0	0	219	0	201	40	0	0	0	241
Vehicles and Motorcycles	428	105	0	0	0	0	533	454	105	0	0	0	0	559
Equipment and Materials	1403	1302	301	165	114	77	3361	1514	1380	309	173	118	80	3574
Technical Assistance, Trainings and Studies	1964	2374	1916	1727	923	557	9460	2002	2412	1940	1748	933	566	9602
Salaries and Allowances	1007	1210	1228	1240	1155	801	6641	1008	1212	1231	1245	1160	806	6662
Incremental Operating Costs	972	924	749	718	663	585	4611	1016	960	783	752	694	616	4821
Contingencies/unallocated	1565	1111	306	6	6	3	2997	1565	1111	306	6	6	3	2997
Sub total	7340	7208	4535	3856	2860	2023	27822	7559	7382	4608	3923	2912	2072	28456
C- Component III -Project management														
Civil works/ Community Infrastructures	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicles and Motorcycles	160	0	0	0	0	0	160	160	0	0	0	0	0	160
Equipment and Materials	138	3	4	64	4	5	218	138	3	4	64	4	5	218
Technical Assistance, Trainings and Studies	311	350	371	393	418	345	2188	311	350	371	394	419	345	2189
Salaries and Allowances	554	595	637	684	733	786	3988	554	595	637	684	733	786	3988
Incremental Operating Costs	223	219	233	250	267	286	1477	223	219	234	250	268	287	1481
Contingencies/unallocated	620	622	623	625	627	529	3645	620	622	623	625	627	529	3645
Sub total	2005	1788	1868	2015	2049	1950	11675	2005	1789	1869	2016	2050	1951	11681
D- All Components														
Civil works/ Community Infrastructures	3137	5407	6307	4181	1045	1045	21123	3453	5956	6951	4610	1153	1153	23275
Vehicles and Motorcycles	591	109	4	4	4	3	714	617	109	4	4	4	3	739
Equipment and Materials	1541	1305	304	228	119	81	3578	1652	1383	312	237	123	85	3792
Technical Assistance, Trainings and Studies	2478	2933	2501	2334	1547	1097	12892	2517	2972	2526	2356	1559	1108	13038
Salaries and Allowances	1635	1895	1982	2026	1956	1622	11116	1636	1897	1985	2031	1962	1628	11138
Incremental Operating Costs	1270	1256	1114	1086	1018	927	6671	1314	1292	1148	1121	1051	959	6886
Contingencies/unallocated	2185	1732	929	631	632	532	6642	2185	1732	929	631	632	532	6642
Sub total	12837	14637	13141	10491	6322	5308	62735	13373	15342	13855	10989	6483	5468	65510

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Table 17: Project financing plan by component and expenditure account - '000'\$

	Base cost				Cost with contingencies			
	Community Development & Physical Infrastructure	Agriculture/ Livestock	Project management	Total	Community Development & Physical Infrastructure	Agriculture/ Livestock	Project management	Total
Civil works/ Community Infrastructures	20,904	219	-	21,123	23,034	241	-	23,275
Vehicles and Motorcycles	20	533	160	714	20	559	160	739
Equipment and Materials	-	3,361	218	3,578	-	3,574	218	3,792
Technical Assistance, Trainings and Studies	1,244	9,460	2,188	12,892	1,246	9,602	2,189	13,038
Salaries and Allowances	487	6,641	3,988	11,116	488	6,662	3,988	11,138
Incremental Operating Costs	583	4,611	1,477	6,671	584	4,821	1,481	6,886
Contingencies/unallocated	-	2,997	3,645	6,642	-	2,997	3,645	6,642
Total	23,239	27,822	11,675	62,735	25,373	28,456	11,681	65,510

ANNEX 10: ECONOMIC AND FINANCIAL ANALYSIS

I – Overview

1. The financial models presented in this Technical Annex indicate that a beneficiary household given a direct asset creation grant or a Productivity Enhancement training package could increase their annual income substantially. These models and their subsequent indications are based upon the project design objectives and similar activities carried out in the country. These interventions have the potential to increase beneficiary livelihoods and income over time, given the massive emphasis on projected social/community mobilisation trainings and provision/improvement of physical infrastructure.

2. Under each of the project sub-components, there are significant opportunities to either lead or capitalise upon possible benefits. In the case of rural infrastructure, increased irrigation water availability leads to increased production. Easy access to necessities like drinking water, sanitation etc. result in time saving, improved health and a reduction in medical expenses. Under Component 2, improved cereal seed and better crop husbandry lead to increased crop production and self-sufficiency in food. Better quality fodder and vegetable seed tend to produce higher food/ forage availability for livestock. Traditional and commercial poultry farming increase the income substantially and empower the females by way of their contribution to household income. Finally, an assured market for milk, coupled with improved health/ breed improvement, has been proven to lead to higher income and women's empowerment. Current calculations bear out the fact that weighted average returns for all project components is estimated at an aggregated Economic Rate of Return (ERR) of 25.6% and a Financial Rate of Return (FRR) of 25.7%.

II - Project Development Objective

3. Based upon the mission parameters, the IFAD mandate and the Ministry of Agriculture, Irrigation and Livestock (MAIL) priorities, the main project objective will be to assist in poverty reduction through the provision of equitable, sustainable socio-economic development of rural communities. This will be achieved through improved food security and agricultural/livestock production and strengthening value chains in the provinces of Kabul, Parwan and Logar. Hence, the benefits that the project will offer can best be described by making use of the relevant background for each component followed by the derivation of benefits for each.

III – Background Information

4. Seventy-four percent of the rural households have access to irrigated land, followed by urban (65%) and Kutchi (55%) households. Nationwide the size of irrigated plots averages 7.5 jeribs (3.75 acre) for those households involved in irrigated agriculture against 2.0 jeribs (1.0 acre) of rain-fed land. Overall, the most common source of water is through irrigation canals (49%), karez¹²⁶ (20%) and springs (9%)¹²⁷. The most commonly grown crops in garden plots are fruit trees, grapes, wheat, fodder and vegetables, among others. The garden plots play a key role in diet diversification either for home consumption or commercialization whenever there are some surpluses.

Crop Area and Yield potential

5. The project will be implemented in six districts of three provinces - crop area data for selected districts are already available in existing Provincial Profiles. The crop area given in Table 1 has selected five possible districts that would not only be suitable for improved food, fodder and vegetable interventions, but also show wide variations that will need to be accounted for and factored into any selection consideration. High value crops like fruits and vegetables constitute 59% of total area under crops in the selected districts of Kabul compared with only 2% in Logar and 18% in Parwan. The yields are much less than the optimal yield levels for all crops even when compared with progressive farmers of the area. Average wheat yield is only 1.5 tons/ha compared with 2.5 tons in neighbouring

¹²⁶ Traditional system to collect subsoil water (through gravitational pull) within tunnels in the foothills.

¹²⁷ The National Risk and Vulnerability Assessment 2005: Afghanistan, Ministry of Rural Rehabilitation and Development and the Central Statistics Office, Kabul

Pakistan. There is also great potential for converting rain-fed area into irrigated cropping by saving the existing water supplies and improving crop husbandry techniques.

Table 1: Area in selected Districts – ha

Crop	Kabul		Logar	Parwan		Total	% of total cropped
	Deh Sabz	Char Asiab	Pul-e-Alam	Begrami	Charikar		
Spring wheat	300	2590	2062	800	120	7934	24%
Fall Wheat	424	1200	3040	400	4130	12234	37%
Fall Onion	0	180	0	20	0	200	1%
Barley	150	30	222	20	290	934	3%
Maize	80	332	331	0	980	2054	6%
Red beans	0	0	238	0	0	476	1%
Apple	0	0	0	50	0	50	0%
Grapes	1270	0	128	200	3900	5626	17%
Potato	40	200	0	0	0	240	1%
Onion	30	320	0	0	0	350	1%
Tomato	0	0	0	0	435	435	1%
Other vegetables	25	150	0	20	1201	1396	4%
Alfalfa	0	0	22	20	0	64	0%
Other fruits	10	0	0	0	265	275	1%
Other Industrial crops	0	0	93	0	0	186	1%
Cotton	0	0	0	0	120	120	0%
Other grains	0	0	0	0	256	256	1%
Total	2329		6136	1530		32830	100%

Source: Accelerating Sustainable Agriculture Programme Kabul, Parwan and Logar Provinces, USAID, 2008, prepared by the National Agriculture Information System (NAIS)/ AgNet for MAIL

Note: Figures for 2nd District of Logar province not available, hence figures for Pul-e-Alam counted twice.

Livestock

6. Livestock is yet another important element of the Afghan economy, both for home consumption and for sale as surplus product. For a large proportion of the rural population, cattle are the most important animal species and an increase in milk production for sale and home consumption is seen by many farmers as an important development opportunity. Eighty-seven percent of all livestock holders are in rural areas, having a mean number of livestock of 14.4 head per HH. Average number of cattle in selected provinces is 1.23 per HH¹²⁸. For those families with the ability to purchase livestock, Cattle rearing is the major activity undertaken by rural women resulting in their financial empowerment. With an increasing population living in the cities and growing incomes, there is also an increasing demand for livestock products, which offers a good opportunity to invest in the sector and to produce for demanding urban markets.

7. Backyard poultry is an important source of income generation and access to improve dietary inputs for rural women. There is scope for introducing commercial poultry farming gradually, involving piloting, M&E/learning and scaling-up. Scaling-up will take place through gradual learning, assistance to progressive entrepreneurs and replication from one area to another.

¹²⁸ Livestock data (2003 Survey) for selected districts of Centre-East Agro-ecological Region

IV - Project Costs, Financing and Benefits

Project Costs

8. Overall, the proposed programme Base Cost is US\$ 62.7 million over a six-year implementation period. The cost increases to US\$ 65.5 million including physical contingencies. The cost is 20% in year 1, 23% in year 2, 21% in year 3, 17% in year 4, 10% in year 5 and 8% in year 6.

Table 2: Project Components by Year – Base Costs							
(US\$ '000)							
Base Cost							
	2013	2014	2015	2016	2017	2018	Total
1. Community Development	187	187	187	187	187	187	1,124
2. Gender mainstreaming	168	229	279	251	180	103	1,210
3. Productive infrastructure	3,137	5,225	6,271	4,181	1,045	1,045	20,904
4. Dairy development	3,099	3,352	1,271	1,170	933	519	10,342
5. Poultry development	756	1,143	1,127	1,093	573	299	4,991
6. Kuchi development	1,190	948	691	668	623	578	4,699
7. Food/Forage/Vegetable	2,296	1,765	1,446	926	731	627	7,791
8. Project Management	2,005	1,788	1,868	2,015	2,049	1,950	11,675
Total BASELINE COSTS	12,837	14,638	13,141	10,492	6,322	5,308	62,738
Physical Contingencies	520	675	688	471	142	142	2,640
Price Contingencies	16	29	26	26	19	18	135
Total PROJECT COSTS	13,374	15,342	13,855	10,989	6,484	5,468	65,513
Foreign Exchange	1,088	1,192	749	598	366	293	4,286

Component-wise costs

9. The cost for various components is given in following Tables with costs shown for various categories of expenditure for each component/ sub component.

Component I - (Community development, including Productive infrastructure and Institutional Strengthening)

10. This Component has 3 sub components with cost for each one given in Table 3.

Table 3: Cost for Component - I								
	2013	2014	2015	2016	2017	2018	Total	%
A.1 - Community Development								
Staff training	55	55	55	55	55	55	329	29%
Community training	10	10	10	10	10	10	62	6%
Vocational Training P	122	122	122	122	123	123	735	65%
Sub total	187	188	188	188	188	188	1,126	100%
A.2 - Gender Development								
Leadership training	45	64	74	68	52	26	328	27%
Gender Mainstreamin	12	22	24	22	10	7	95	8%
Literacy, Numeracy &	112	143	182	163	119	71	789	65%
Sub total	168	229	280	252	181	103	1,213	100%
A.3 - Infrastructure development								
Irrigation schemes	863	1,438	1,728	1,152	288	288	5,757	25%
Water schemes	1,297	2,158	2,591	1,729	432	433	8,639	38%
Drainage & Sanitation	517	863	1,037	691	173	173	3,456	15%
Other schemes	776	1,295	1,555	1,037	259	259	5,182	22%
Sub total	3,453	5,755	6,910	4,610	1,153	1,153	23,034	100%
Total	3,809	6,171	7,378	5,049	1,522	1,445	25,373	

Component II - Livestock and Agriculture Development

11. This component has 4 sub-components with a total cost of USD 28.5 million including the contribution by Government, Beneficiaries and Co-financing by FAO. The share of Dairy development in total cost is (37%), Poultry (18%), Kutchi development (18%) and Food/ Forage & Veg (28%). Year wise expenditure is 27% in PY1, 26% in PY2, 16% in PY3, 14% in PY4, 10% in PY5 and remaining 7% in PY6.

Table 4: Agriculture and Livestock component cost

	2013	2014	2015	2016	2017	2018	Total	%
Dairy development	3131	3421	1286	1185	944	525	10492	37%
Poultry development	756	1145	1129	1096	575	300	5000	18%
Kutchi development	1280	1015	733	706	657	610	4999	18%
Food/ Forage	2393	1802	1461	937	737	638	7967	28%
Total	7560	7383	4608	3924	2912	2073	28459	100%

Component III - Project Management, Policy Support, and Young Professional Program

12. Total cost is USD 11.68 million including an un-allocated amount of USD 3.5 million. A sum of USD 0.5 million is kept as 'Policy Support Fund' out of the Project management expenditure. The annual expenditure, including Government support is stated in Table 5 below:

Table 5: Cost for Project Management

	2013	2014	2015	2016	2017	2018	Total
PSU	418	373	396	427	447	376	2,438
PMU	526	446	480	544	555	597	3,148
PSU/PMU Joint	411	319	343	395	398	428	2,295
Govt support	50	50	50	50	50	50	300
Sub Total	1,405	1,189	1,269	1,416	1,450	1,451	8,181
Unallocated	600	600	600	600	600	500	3,500
Total	2,005	1,789	1,869	2,016	2,050	1,951	11,681

Project benefits

13. The programme aims to raise the incomes and quality of life of rural households of the selected CDCs falling in 6 districts – 2 from each province. There is enough information available at provincial level but unfortunately the information at district level is sporadic and scattered. Every effort is however made to have a realistic assessment based on the information available.

14. Most of the activities likely to result in increased income generation for the beneficiaries are included in various sub-components of the Livestock and Agriculture Development component and in the Productive infrastructure sub-component. The cross-cutting activities like Gender development and Capacity building is not to yield increased income directly but will be an important tool in achieving the sustained results of activities leading to direct income generation. The benefits accrual for each sub-component is detailed as follows:

Dairy Development

15. This sub-component comprises: (i) provision of a milk processing plant; (ii) the establishment of a feed mill; (iii) improved livestock husbandry awareness; (iv) establishment of milk collection centres; (v) provision of kits/ equipment; and (iv) training.

16. Based upon the existing cattle breeds found in the area (i.e. Kandhari, Kunari, Sistani or Watani), the milk yield of the Kandhari breed is the highest (6 to 9 litres) with a lactation period of 183 days, and a calving interval of 448 days on average. The yield for other breeds is 3 to 5 litres, calving period of about 230 days and a calving interval of 380 days. In view of the above information, the lactation period is taken as 210 days for 'Without' project compared with 275 days under a 'With' project situation. The lactation period taken for both scenarios is 400 days.

17. In the light of the above mentioned premise and the following assumptions made to estimate benefits, Table 6 encapsulates the comparative gains for this sub-component:

- a. Average number of cattle per family is 1.25¹²⁹ and will increase to 1.75 given the assured lucrative price of milk.
- b. In view of precarious security situation, only milk lactated in the morning is supplied to Milk plant. High proportion of evening milk is wasted - taken as 15% of milk produced.
- c. Male calves represent 50% of the total calves born and are sold after a year.
- d. The price of feed is Afs 1500 per 50 kg bag.
- e. The number of beneficiaries increases steadily – 600 in year 1 to 2250 in year 3 and 3000 by year 6.

Table 6: Comparative gains for Dairy related activities

		Present	After Intervention
1	Beneficiary HHs	3000	3000
2	Animals lactating/HH	1.25	1.75
3	Daily milk yield/cow - lit	3.5	8
4	Lactation period - days/ year	210	275
5	Milk produced all HHs (1*2*3*4) - tons	2756	11550
6	Milk price/lit	15	22
7	Milk supplied to Dairy plant		60%
8	Milk wasted	15%	
9	Weighted milk price per liter* - Afs	12.75	19.20
10	Milk value/annum (5*9)- '000' Afs	35142	221760
11	Manure produced annually- tons	11.25	15.75
12	Manure value/ year for all beneficiaries- '000' Afs	14.67	20.54
13	Calving interval (400 days) - years	1.10	1.10
14	Calves born annually (1*2/interval) - No	3422	4791
15	Mortality - %	1%	0.75%
16	Deaths/ annum (14*15)- No	34.2	35.9
17	Male calves value (1 yr old) - Afs	7000	10000
18	Value of surviving male calves - '000' Afs	11977	23953
20	Feed given to milking cows - kg/day	0.25	0.75
21	Feed cost @ 50Afs/ kg for all HHs - '000' Afs	9844	54141
22	Total benefits (10+12+18-21)	37290	191593
23	= '000' USD(\$=50 Afs)		3086

Note: The costs like fodder, labour assumed as before, hence not considered

* Weighted milk price for 'With Project' derived after adjusting local sale and milk wastage

18. Total benefits are estimated to increase from Afs 37290 to 191593, hence USD 3086 annually.

Poultry benefits

19. The Project aims at gender empowerment by providing poultry to women. Out of a total of 25,000 beneficiary HHs, 5,000 HHs are likely to be commercial farmers rearing birds in varying lots of

¹²⁹ Livestock data (2003 Survey) for selected districts of Centre-East Agro-ecological Region.

25 to 1000 chicks. The benefits are taken from 2 counts: i) increased egg production, and ii) reduced mortality. The assumptions made to work out the benefits are as follows:

- The number of beneficiary HHs will increase steadily in accordance with the implementation phasing.
- The increased egg production for traditional birds will be 12 eggs per hen per annum against 13 to 14 hens for the commercial farmers.
- The proportion of laying birds is 90% with 10% cocks.
- Egg price is \$ 0.14 each on average throughout the year.
- Mortality will be reduced from 3% to 1.5% due to project interventions.
- Value of saved birds is \$ 3 each, irrespective of the age of the bird.
- The benefits will be cumulative over the project implementation period.

20. Based on the above assumptions, the benefits will reach USD 3.2 million by year 5 starting from a mere 0.172 million in year 1 and USD 0.79 million in year 2.

Table 7: Benefits from Poultry Investment

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
No. of Beneficiaries - 000 HHs						
Beneficiaries of Improved traditional farming	2000	4000	6000	5000	2000	1000
Beneficiaries of Improved Commercial farming	275	900	1825	1300	520	180
Households rearing 25 pullets/ HH	250	750	1500	1000	400	100
Households rearing 250 pullets/ HH	25	100	200	100	50	25
Households rearing 500 pullets/ HH		50	100	150	50	50
Households rearing 1000 pullets/ HH			25	50	20	5
Birds reared						
Traditional farmers @ 4 hens/ HH	8,000	16,000	24,000	20,000	8,000	4,000
Improved commercial having 25 pullets	6,875	22,500	45,625	32,500	13,000	4,500
Improved commercial having 250 pullets	62,500	187,500	375,000	250,000	100,000	25,000
Improved commercial having 500 pullets	12,500	50,000	100,000	50,000	25,000	12,500
Improved commercial having 1000 pullets	-	50,000	100,000	150,000	50,000	50,000
Total birds - 000 No	90	326	645	503	196	96
Increased eggs laid per annum (10% cocks)						
Traditional farmers @ 10 eggs/ hen	72,000	144,000	216,000	180,000	72,000	36,000
Improved commercial -25 pullets @ 12 eggs	74,250	243,000	492,750	351,000	140,400	48,600
Improved commercial -250 pullets @ 13 eggs	731,250	2,193,750	4,387,500	2,925,000	1,170,000	292,500
Improved commercial -500 pullets @ 14 eggs	157,500	630,000	1,260,000	630,000	315,000	157,500
Improved commercial -1000 pullets @ 14 eggs	-	630,000	1,260,000	1,890,000	630,000	630,000
Total No. of increased eggs - million No	1.04	3.84	7.62	5.98	2.33	1.16
Value of increased eggs @ \$0.14 each - 000 \$	145	538	1,066	837	326	163
Mortality (3%) at present - No of birds	2.70	9.78	19.34	15.08	5.88	2.88
Mortality reduction @ 50% - No of birds	1.35	4.89	9.669375	7.5375	2.94	1.44
Value of birds saved (average all ages) @ \$ 3 each	0.04	0.15	0.29	0.23	0.09	0.04
Cumulative benefits - 000 \$	145	683	1,749	2,586	2,912	3,075

Livestock Development among the Kutchi

21. The direct beneficiaries are 20,000 HHs, although there will be some 0.5 million indirect beneficiaries. The benefits are primarily on account of reduced mortality attributed to vaccination campaigns and awareness, and some increased milk production. The assumptions made to calculate benefits are as follows:

- Average number of shoats or the herd size is 100 with one cattle per HH.
- The prevailing mortality rate is 20% for shoats and 5% for cattle (irrespective of age), which will be reduced by 10% thanks to the project.
- The price of a shoat is \$ 50 and that of a cattle is \$ 500.
- One-fourth of the shoats are milking at one time and the average lactation period is 75 days (increased by 2 times to account for substitution of lactating animals).
- Milk increase is 0.05 liters per day and milk price is 10 Afs per liter (much cheaper than settled farmers).

Table 8: Benefits from Kuchi Development related activities

		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
Kuchi families benefitted directly- No	20,000	1000	2000	4000	6000	5000	2000
No of Indirect Beneficiaries	500,000						
Cattle owned per family - No	1						
Shoats owned per family - No	100						
Mortality rate for cattle - %	5%						
Mortality rate for shoats -%	20%						
Mortality reduction - %	10%						
Price per cattle - \$	500						
Price per shoat (avg all age groups) - \$	50						
Value of animals dying annually, per family, per annum - \$	1,025						
Benefits due to reduction in mortality, per family, per annum - \$	103						
Benefits accruing due to reduced mortality for all beneficiaries - 000 \$		103	205	410	615	513	205
Shoats milking per herd (per family) - %	25%						
Increased milk yield attributed to vaccination & better livestock	0.05						
Value of increased milk yield @ Afs 10/Lit, 5 months/year (2.5 000 \$		0.75	1.80	3.60	5.40	4.50	1.80

22. The benefits are accumulated in accordance with the increase in number of beneficiaries. However, after completion of the project, the benefits are assumed to decrease by 15% compared to the previous year, for a period of 3 years, attributed to the withdrawal of government financial support. Subsequently the benefits are held constant at USD 1.27 million annually. The benefits are given in above Table 8.

Improved Food, Forage & Vegetable Production

23. The Project plans to import Basic seed of major crops, to multiply it at the farms of pre-selected farmers, and to lay out field trials and demonstration plots for awareness' purpose. The activity will be carried out in the CDCs where a supply of irrigation water is assured or where irrigation channels are rehabilitated or improved. The certified seed produced from the Basic seed will be distributed amongst progressive farmers of the area through VBSEs, along with the advocacy of improved husbandry techniques so as to have a much higher yield, though little less than the 1st year crop¹³⁰ produced from Basic seed. The produce from the 2nd crop will subsequently be planted over vast area. The sub-component also envisages testing and releasing the improved crop varieties on a sustained basis rather than relying on import of Basic seeds.

24. The benefits from this sub-component are grouped with the activity related to irrigation water channels rehabilitation. The benefits for these two sub-components are primarily on account of gains in area and productivity due to planting of Basic seeds coupled with interventions like demonstration plots/ trials, advocacy on required crop inputs etc. The assumptions made to quantify the benefits are as follows:

- a. The Basic seed will be planted at the farms of selected VBSE farmers who are cooperative to the recommendations of the Service Provider (SP) regarding seed rate, input use, cultural practices etc.
- b. Bulk of wheat produced from Basic seed will be used as seed (70%) for subsequent planting in 2nd year.
- c. The proportion of seed for crops like tomatoes or onions will be much less in subsequent years.
- d. The seed share as % of production will decrease substantially in 3rd year.
- e. The yield and price of subsequent crops after the 1st year crop planted with Basic seed will decrease to 70% of its preceding crop, owing to degeneration of genetic characteristics.
- f. The production foregone in the crop produce value from area replaced by improved seed will be constant throughout the project life period.
- g. Mung bean planted in between two wheat crops is taken as an additional crop.

¹³⁰ The subsequent crops will slowly and gradually lose its genetic characteristics resulting in decreased yield.

- h. The incremental crop production cost is taken on account of intensive application of chemical fertilisers, higher seed price and increased plant protection costs. However, the cost of cultural practices is assumed to be the same than for the traditional crop.
- i. As there will be no capital investment in this sub-component from year 5th onwards, an amount equal to 10% of the capital cost is added as operational cost to cater for the needs of developing new varieties.

25. Income from planting of improved crop seeds is calculated in Table 9. The income foreseen is calculated in Table 10 based on existing use of inputs and yield levels. The yield for wheat, the major crop produced under irrigated as well as rain-fed conditions, is taken as 1.5 tons/ha. By year 5 of project implementation, the incremental value of production increases significantly to USD 4.6 million for the 1st planting made with the produce of Basic seed, and to USD 11.6 million for the 2nd planting made with the seed of the 1st planting..

26. The seed cost of improved varieties is comparatively costly. Also, the crops produced from these seeds need intensive chemical fertilizer applications. The incremental cost of production is therefore adjusted to arrive at the net production value. The incremental value of production by year 5 of project implementation, as shown in Table 10 (last line), is USD 0.9 million for Basic seed, USD 4.6 million for 1st planting and USD 11.6 million for 2nd planting.

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Table 9: Returns from Food, Forage & Vegetable and Irrigation Channel Improvement

A- Area planned to be cropped - ha																			
Crop	Seed rate/ha - kg	Basic seed planted over an area of:- ha					Yield/ ha - tons	used as Seed-%	Certified seed planted over an area of: ha						used as Seed-%	Subsequent Planting with Certified seed - ha			
		1st Yr	2nd Yr	3rd Yr.	4th Yr	5th &>Yr			1st Yr	2nd Yr	3rd Yr.	4th Yr	5th &>Yr			1st Yr	2nd Yr	3rd Yr.	4th Yr
1	2	3	4	5	6	7	8	9	10=3*8*9/2	11=4*8*9/2	12=5*8*9/2	13=6*8*9/2	14=7*8*9/2	15	16=10*8*15/2	17=11*8*15/2	18=12*8*15/2	19=13*8*15/2	
Wheat	125	24	48	72	96	130	4	70%	538	1075	1613	2150	2912	25%	4301	8602	12902	17203	
Lentil	35	6	12	18	24	30	0.6	20%	21	41	62	82	103	10%	35	71	106	141	
Chickpea	70	6	12	18	24	30	1.15	30%	30	59	89	118	148	20%	97	194	291	389	
Mungbean	25	12	24	36	48	60	1.1	40%	211	422	634	845	1056	25%	2323	4646	6970	9293	
Potato	2500	6	12	18	24	30	22.5	85%	46	92	138	184	230	60%	248	496	744	991	
Tomato	10	6	12	18	24	30	45	0.03%	7	14	20	27	34	0.03%	8	15	23	30	
Onion	6	6	12	18	24	30	37.5	0.03%	9	19	28	38	47	0.03%	15	29	44	59	
Beans	85	6	12	18	24	30	0.8	10%	6	11	17	23	28	10%	5	11	16	21	
Total		72	144	216	288	370			867	1733	2600	3466	4557		7032	14064	21096	28127	
B- Produce value - 000 USD																			
	Unit price	for Crop planted with Basic seed					Yield/ha	Price	for 1st Crop Planted with Certified seed*					Yield/ha	Price	2nd Crop Planted with Certified seed			
21	22	23=3*8*22	24=4*8*22	25=5*8*22	26=6*8*22	27=7*8*22	28=8*85%	29=22*85%	30=10*28*29	31=11*28*29	32=12*28*29	33=13*28*29	34=14*28*29	35=28*85%	36=29*85%	37=16*35*36	38=17*35*36	39=18*35*36	40=19*35*36
Wheat	715	69	137	206	275	372	3.4	608	1111	2222	3333	4443	6017	2.55	517	5665	11331	16996	22662
Lentil	800	3	6	9	12	14	0.5	680	7	14	21	29	36	0.38	578	8	16	23	31
Chickpea	450	3	6	9	12	16	1.0	383	11	22	33	44	55	0.73	325	23	46	69	93
Mungbean	850	11	22	34	45	56	0.9	723	143	285	428	571	713	0.70	614	1000	2001	3001	4002
Potato	300	41	81	122	162	203	19.1	255	224	448	672	895	1119	14.34	217	771	1541	2312	3082
Tomato	275	74	149	223	297	371	38.3	234	60	121	181	241	302	28.69	199	43	87	130	173
Onion	275	62	124	186	248	309	31.9	234	70	140	210	279	349	23.91	199	70	139	209	278
Beans	800	4	8	12	15	19	0.7	680	3	5	8	10	13	0.48	578	1	3	4	6
Total		266	533	799	1065	1360			1628	3257	4885	6514	8605			7582	15164	22745	30327
C- Incremental production cost - 000 USD																			
	Cost/ha	for Crop planted with Basic seed							for 1st Crop Planted with Certified seed							2nd Crop Planted with Certified seed			
Wheat	125	3.0	6.0	9.0	12.0	16.3			67.2	134.4	201.6	268.8	364.0			537.6	1075.2	1612.8	2150.4
Lentil	40	0.2	0.5	0.7	1.0	1.2			0.8	1.6	2.5	3.3	4.1			1.4	2.8	4.2	5.6
Chickpea	45	0.3	0.5	0.8	1.1	1.4			1.3	2.7	4.0	5.3	6.7			4.4	8.7	13.1	17.5
Mungbean	38	0.5	0.9	1.4	1.8	2.3			7.9	15.8	23.8	31.7	39.6			87.1	174.2	261.4	348.5
Potato	370	2.2	4.4	6.7	8.9	11.1			17.0	34.0	50.9	67.9	84.9			91.7	183.4	275.1	366.8
Tomato	40	0.2	0.5	0.7	1.0	1.2			0.3	0.5	0.8	1.1	1.4			0.3	0.6	0.9	1.2
Onion	35	0.2	0.4	0.6	0.8	1.1			0.3	0.7	1.0	1.3	1.6			0.5	1.0	1.5	2.1
Beans	45	0.3	0.5	0.8	1.1	1.4			0.3	0.5	0.8	1.0	1.3			0.2	0.5	0.7	1.0
Total		6.9	13.8	20.7	27.6	35.8			95.1	190.2	285.3	380.4	503.5			723.3	1446.5	2169.8	2893.1

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Table 10: Returns from Traditional seeds

A- Area planted - ha																	
Crop	Area replaced by Basic seed - ha						Yield/ ha-	Area replaced by Certified seed - ha						placed by Subsequent Certified seed			
	1st Yr	2nd Yr	3rd Yr.	4th Yr	5th &>Yr			1st Yr	2nd Yr	3rd Yr.	4th Yr	5th &>Yr		1st Yr	2nd Yr	3rd Yr.	4th Yr
1	2	3	4	5	6	7		8	9	10	11	12		13	14	15	16
Wheat	24	48	72	96	130	2		538	1075	1613	2150	2912		4301	8602	12902	17203
Lentil	6	12	18	24	30	0.35		21	41	62	82	103		35	71	106	141
Chickpea	6	12	18	24	30	0.6		30	59	89	118	148		97	194	291	389
Mungbean																	
Potato	6	12	18	24	30	12		46	92	138	184	230		248	496	744	991
Tomato	6	12	18	24	30	20		7	14	20	27	34		8	15	23	30
Onion	6	12	18	24	30	18		9	19	28	38	47		15	29	44	59
Beans	6	12	18	24	30	0.35		6	11	17	23	28		5	11	16	21
Total	60	120	180	240	310			655	1311	1966	2622	3501		4709	9417	14126	18835
B- Produce value - 000 USD (Yield held constant)																	
	Unit price	for Crop planted with Basic seed						for 1st Crop Planted with Certified seed*						2nd Crop Planted with Certified seed			
	18	19=2*7 *18	20=3*7 *18	21=4*7 *18	22=5*7 *18	23=6*7 *18		24=8*7 *18	25=9*7 *18	26=10* 7*18	27=11* 7*18	28=12* 7*18		29=13* 7*18	30=14* 7*18	31=15* 7*18	32=16*7* 18
Wheat	475	23	46	68	91	124		511	1021	1532	2043	2766		4086	8172	12257	16343
Lentil	450	1	2	3	4	5		3	6	10	13	16		6	11	17	22
Chickpea	275	1	2	3	4	5		5	10	15	20	24		16	32	48	64
Mungbean																	
Potato	150	11	22	32	43	54		83	165	248	330	413		446	892	1338	1785
Tomato	150	18	36	54	72	90		20	41	61	81	101		23	46	68	91
Onion	175	19	38	57	76	95		30	59	89	118	148		46	92	138	185
Beans	500	1	2	3	4	5		1	2	3	4	5		1	2	3	4
Total		73	147	220	294	377		652	1304	1957	2609	3474		4623	9247	13870	18493
C- Incremental value of production (GPV 'With project' - Incremental cost - Income foregone from existing cropping)																	
Wheat		43	86	129	171	232		533	1066	1599	2132	2887		1042	2084	3126	4168
Lentil		2	3	5	7	8		3	6	9	12	15		1	2	2	3
Chickpea		2	4	6	7	9		5	10	15	19	24		3	6	8	11
Mungbean		11	22	32	43	54		135	270	404	539	674		913	1827	2740	3654
Potato		27	55	82	110	137		124	248	373	497	621		233	465	698	931
Tomato		56	112	168	224	280		40	80	119	159	199		20	40	61	81
Onion		43	86	128	171	214		40	80	120	160	200		23	46	69	92
Beans		3	5	8	10	13		1	3	4	5	7		0	1	1	1
Total		186	372	558	744	947		881	1762	2643	3524	4627		2235	4470	6706	8941

27. The area planted with improved seeds increases from a mere 72 ha to 28 thousand ha by year 6. Net incremental value of produce increases gradually from USD 0.19 million to USD 13.6 million by the end of the project implementation period. Area, gross and net production values, and incremental crop production are summarised in following Table.

Table 11: Matrix for Crop income increase due to Agriculture/ Irrigation activities

	1st Yr	2nd Yr	3rd Yr.	4th Yr	5th Yr	6th Yr	7th Yr
A- Area planted with Basic seed							
1st crop	72	144	216	288	370		
2nd crop		867	1733	2600	3466	4557	
3rd crop			7032	14064	21096	28127	36951
B- Production value - USD '000'							
1st crop	266	533	799	1065	1360		
2nd crop		1628	3257	4885	6514	8605	
3rd crop			7582	15164	22745	30327	40270
Total	266	2161	11638	21114	30619	38932	40270
C- Incremental production cost - USD '000'							
1st crop	6.9	13.8	20.7	27.6	35.8		
2nd crop		95.1	190.2	285.3	380.4	503.5	
3rd crop			723.3	1447	2170	2893	3840
Total	6.9	108.9	934.2	1759	2586	3397	3840
D- Income foregone							
1st crop	73	147	220	294	377		
2nd crop		652	1304	1957	2609	3474	
3rd crop			4623	9247	13870	18493	24819
Total	73	799	6148	11497	16856	21967	24819
Incremental value (B-C-D)- USD '000'							
	186	1253	4555	7857	11177	13568	11610

Water Supply and Sanitation

28. A water supply scheme is likely to serve the drinking water needs of 80 HHs. Two main benefits are quantified from such a scheme: i) time saving over fetching water from a distant source, and ii) productive use of saved time (partially). There will however be additional benefits of reduced illness and consequently lesser health expenditure. The annual benefits are estimated as USD 4.38 thousand.

Table 12: Benefits per Water Supply scheme

HHs served/ Scheme	80
Time saving per HH/days- minutes	30
Time saved/ annum – days	22.81
% time used productively	30%
Wage rate/ day (women) – Afs	400
Time saved value/ annum per scheme- 000 Afs	219
= 000 USD	4.38

Drainage and Sanitation

29. Provision of drainage for the household sewage is likely to reduce illness and hence to reduce health expenditure. The annual savings are estimated as USD 6.72 thousand per scheme.

Table 13: Benefits for Drainage/Sanitation & other schemes

HHs served/ Scheme	80
Annual saving/HH on account of reduced illness - Afs	150
Income lost due to illness/annum/HH – Afs	200
Annual savings per Scheme - 000 Afs	336
= 000 USD	6.72

Cost Benefit Analysis

30. The objectives of this Cost Benefit analysis are:

- to assess the financial viability of the improved production and the value addition technologies and systems promoted by the project for the beneficiaries;
- to examine the impact of project interventions on cash flows and incomes; and
- to use financial models to demonstrate that there is sufficient financial incentive for typical targeted beneficiaries to participate in the project. The purpose of financial modelling is to illustrate how the project interventions will bring about increasing and positive returns to labour, as well as to illustrate the incremental value of specific input mixes.

31. The Cost benefit analysis compares project costs with project benefits as a measure of efficiency. Common types of comparison include the benefit cost ratio, present value of costs and benefits or internal rate of return. Because costs and benefits do not occur at the same time, the comparison is not straightforward and therefore the discount rate reflecting the opportunity cost of investing money is applied and the future benefits are estimated using constant 2012 prices. The assumptions made for the cost benefit analysis of this project are as follows:

- All costs and benefits are calculated at 2012 prices.
- The project life is taken as 20 years and replacement costs are added where required.
- The Standard Conversion Factor or SCF (ratio of the value of all exports and imports at border prices to their value at domestic prices) is taken at par with the financial cost, calculated in US\$.
- In the absence of wage rate by its type of operation, Standard Wage Rate or SWR (weighted average rate for labour after adjusting the earnings for peak and slack periods) is taken as 0.7 to assess adjustments in costs or benefits, for use in economic analysis.

Operation and Maintenance Cost

32. Upon completion of the Project, operation and maintenance (O&M) will remain the responsibility of beneficiaries or of the government (MAIL), dependent upon the nature of the investment/activity. Maintenance or operation of water supply and Drainage/ Sanitation schemes is for instance the responsibility of beneficiary communities. O&M has been added at 10% for maintenance of irrigation channels and at 10% for all other sub-components. High cost for Food/ Forage is for purposes of continuation/ follow up of research trials aimed at releasing high yielding crop varieties. In addition, recurring cost is added for the operation of Dairy/ Feed plant for a period of 5 years, after which the Dairy plant will be in a financially sustainable position.

Standard Conversion Factors

33. Standard conversion factors are used to convert financial values to economic values. In the absence of itemised cost estimates for various works to be executed, the share of labour is assumed

to vary from 10% for poultry to 35% for food/forage. Overall SCF for costs and benefits for various sub components are as follows in Table 14:

Table 14: SCF Used fro Economic Analysis

Sub component	Costs				Benefits			
	Labour sh	Weighted	Weighted	Total SCF	Labour sh	Weighted	Weighted	Total SCF
	1	2=1*0.7	3=1*0.9	4=2+3	5	6=5*0.7	7=5*0.9	8=6+7
Dairy	25%	0.175	0.68	0.85	30%	0.21	0.63	0.84
Poultry	10%	0.07	0.81	0.88	40%	0.28	0.54	0.82
Kuchi	25%	0.175	0.68	0.85	30%	0.21	0.63	0.84
Agri/Livestock	30%	0.21	0.63	0.84	15%	0.105	0.77	0.87
Water supply/ Drainage	35%	0.245	0.59	0.83	90%	0.63	0.09	0.72

Note: SWR fro labour (generally unskilled) is taken as 0.7 and SCF as 0.9

Financial/ Economic Analysis

34. In the light of the parameters mentioned above, Financial/ Economic analyses have been carried out over a 20-year timeline and with no salvage value. Since irrigation water availability is a must to have optimal yields and bring new area under cultivation, the cost for irrigation infrastructures is included in the Food/ Forage sub-component. The analyses are given in following Tables 15 to 19 for various components. Overall analysis for the project as a whole is given in Table 20. Summarised results of financial and economic analyses are given in Table 21. The FIRR is calculated as 23% and EIRR is 22.2% for the project as a whole.

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Table 15: Financial/ Economic analysis for Dairy Development

	1	2	3	4	5	6	7	8	9	10	11-20	PV @ 15%
A- Financial Analysis												
Project cost	3,133	3,413	1,282	1,181	939	523	523	523	523	523	523	8,810
Value of additional cows @ USD	180	450	675	810	855	900	-	-	-	-	-	-
Operational cost	-	-	-	-	-	-	-	-	-	-	-	-
Staff	12	29	44	58	58	58	58	58	58	58	58	291
Utility bills (electricity, gas etc)	4	9	13	18	18	18	18	18	18	18	18	88
Fuel for vehicles, Plant/ Machine	19	48	72	96	96	96	96	96	96	96	96	482
Taxes	1	3	5	6	6	6	6	6	6	6	6	31
Packing material	8	21	32	42	42	42	42	42	42	42	42	211
Milk transportation cost	6	14	21	28	28	28	28	28	28	28	28	141
Selling shops expenses	1	2	3	4	4	4	4	4	4	4	4	21
Misc	5	13	19	25	25	25	25	25	25	25	25	126
Total cost	3,369	4,001	2,165	2,268	2,071	1,700	800	800	800	800	800	12,420
Benefits - '000' USD	617	1,543	2,315	3,086	3,086	3,086	3,086	3,086	3,086	3,086	3,086	15,496
Loss/ Gain	(2,751)	(2,458)	149	818	1,015	1,386	2,286	2,286	2,286	2,286	2,286	3,076
	B:C =	1.2	-	FIRR =	23.2%							
B- Economic Analysis												
Project cost	2,663	2,901	1,090	1,004	798	444	444	444	444	444	444	7,489
Value of additional cows	225	563	844	1,013	-	-	-	-	-	-	-	-
Operational cost	-	-	-	-	-	-	-	-	-	-	-	-
Staff	11	28	41	55	55	55	55	55	55	55	55	277
Utility bills (electricity, gas etc)	3	8	12	16	16	16	16	16	16	16	16	79
Fuel for vehicles, Plant/ Machin	16	41	61	82	82	82	82	82	82	82	82	410
Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Packing material	7	18	27	36	36	36	36	36	36	36	36	179
Milk transportation cost	5	13	19	25	25	25	25	25	25	25	25	127
Selling shops expenses	1	2	3	4	4	4	4	4	4	4	4	21
Misc	5	11	17	23	23	23	23	23	23	23	23	114
Total cost	2,936	3,584	2,114	2,257	1,039	685	685	685	685	685	685	10,450
Benefits - mil USD	518	1,296	1,944	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	13,017
Loss/ Gain	(2,418)	(2,287)	(170)	336	1,554	1,908	1,908	1,908	1,908	1,908	1,908	2,567
-	B:C =	1.2	-	EIRR =	22.7%							

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Table 16: Financial/ Economic analysis for Poultry Development

		1	2	3	4	5	6	7	8	9	10	11-20	NPV @ 15%
A - Financial Analysis													
Capital cost - IFAD share - 000 \$		756	1,146	1,130	1,096	573	299						
Vaccination & other costs @ 0.01\$ each		0.75	67	312	795	1,172	1,319	1,319	1,319	1,319	1,319	1,319	5,898
Total cost		756	1,214	1,442	1,892	1,745	1,618	1,319	1,319	1,319	1,319	1,319	8,947
Benefits		0	145	683	1,749	2,586	2,912	3,075	3075	3075	3075	3075	13,471
Net		-756	-1,069	-759	-142	841	1,294	1,756	1,756	1,756	1,756	1,756	4,525
				B:C @ 1	1.51		FIRR - %	31%					
B - Economic Analysis													
Capital cost - IFAD share - 000 \$	0.88	665	1,009	995	965	504	263	-	-	-	-	-	2,683
Vaccination & other costs @ 0.01\$ ea	1.2	1	81	374	954	1,407	1,583	1,583	1,583	1,583	1,583	1,583	7,078
Total cost		666	1,090	1,369	1,919	1,911	1,846	1,583	1,583	1,583	1,583	1,583	9,760
Benefits	0.82	0	119	560	1,434	2,121	2,388	2,522	2,522	2,522	2,522	2,522	11,047
Net		-666	(971)	(809)	(485)	210	542	939	939	939	939	939	1,286
				B:C @ 1	1.13		FIRR - %	18%					

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Table 17: Financial/ Economic analysis for Kuchi Development

		1	2	3	4	5	6	7	8	9	10-20	NPV @ 1
A - Financial Analysis												
Cumulative benefits - 000 \$	85%	103	310	724	1344	1861	2068	1758	1494	1270	1270	\$6,787
Capital investment - 000 \$	5,000	1287	1018	731	704	654	606					
Vaccination cost (cumulative	4	4	12	28	52	72	80	80	80	80	80	\$329
O & M cost after completion - 000 \$	10%	0	0	0	0	0	0	500	500	500	500	\$1,238
Total cost - 000 \$		1291	1030	759	756	726	686	580	580	580	580	\$4,926
Net benefits - 000 \$		-1188	-720	-36	588	1135	1381	1178	914	690	690	\$1,861
					B:C @ 15% =		1.38		FIRR - %	30%		
B- Economic Analysis												
Cumulative benefits - 000 \$	0.84	87	260	608	1,129	1,563	1,737	1,476	1,255	1,067	1,067	\$5,701
Capital investment - 000 \$	0.85	1,094	865	622	599	556	515	-	-	-	-	\$2,855
Vaccination cost (cumulative	1.2	5	14	34	62	86	96	96	96	96	96	\$395
O & M cost after completion - 000 \$	0.9	-	-	-	-	-	-	450	450	450	450	\$1,114
Total cost - 000 \$		1,099	879	655	661	642	611	546	546	546	546	\$4,364
Net benefits - 000 \$		(1,012)	(619)	(47)	468	921	1,126	930	709	521	521	\$1,337
					B:C @ 15% =		1.31		EIRR - %	28%		

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Table 18: Financial/ Economic analysis for Food, Forage & Vegetable production

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	PV @ 15%
A - Financial Analysis																					
Cost of	784	1,306	1,568	1,045	261	261															3,540
O&M of	-	78	209	366	470	496	523	523	523	523	523	523	523	523	523	523	523	523	523	523	2,147
Cost for	2,393	2,393	2,393	2,393	2,393	2,393	2751	3110	3469	3828	3828	3828	3828	3828	3828	3828	3828	3828	3828	3828	17,787
Total cost	3176	3777	4169	3803	3124	3150	3274	3633	3992	4351	4351	4351	4351	4351	4351	4351	4351	4351	4351	4351	23,474
Gross value of produce																					
1st Plant		186	372	558	744	947	186	372	558	744	947	186	372	558	744	947	186	372	558	744	2,719
2nd Plant			881	1762	2643	3524	4627	881	1762	2643	3524	4627	881	1762	2643	3524	4627	881	1762	2643	11,109
3rd Plant				2235	4470	6706	8941	11610	2,235	4,470	6,706	8,941	11,610	2,235	4,470	6,706	8,941	11,610	2,235	4,470	24,077
Total		186	1253	4555	7857	11177	13754	12863	4555	7857	11177	13754	12863	4555	7857	11177	13754	12863	4555	7857	37,905
Gain/ Loss	-3176	-3591	-2916	752	4733	8027	10480	9230	563	3507	6827	9404	8513	205	3507	6827	9404	8513	205	3507	14,431
	FIRR - %		36%		B:C @ 15% =		1.61														
Economic analysis																					
Cost of	682	1136	1364	909	227	227															3,080
Cost for	2010	2010	2010	2010	2010	2010	2311	2613	2914	3216	3216	3216	3216	3216	3216	3216	3216	3216	3216	3216	14,941
Total cost	2692	3146	3373	2919	2237	2237	2311	2613	2914	3216	3216	3216	3216	3216	3216	3216	3216	3216	3216	3216	18,021
Gross value of produce																					
1st Plant		162	324	485	647	824	162	324	485	647	824	162	324	485	647	824	162	324	485	647	2,366
2nd Plant			767	1533	2300	3066	4026	767	1533	2300	3066	4026	767	1533	2300	3066	4026	767	1533	2300	9,665
3rd Plant				1945	3889	5834	7778	10101	1945	3889	5834	7778	10101	1945	3889	5834	7778	10101	1945	3889	20,947
Total		162	1090	3963	6836	9724	11966	11191	3963	6836	9724	11966	11191	3963	6836	9724	11966	11191	3963	6836	32,978
Gain/ Loss	-2692	-2984	-2283	1044	4599	7487	9655	8578	1049	3620	6509	8750	7975	747	3620	6509	8750	7975	747	3620	14,957
	EIRR - % =		40%		B:C @ 15% =		1.83														

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Table 19: Financial/ Economic analysis for Water Supply & Drainage/ Sanitation schemes												
	1	2	3	4	5	6	7	8	9	10	11-20	PV @ 15%
A - Financial Analysis												
Cost - Water supply	1,176	1,959	2,351	1,568	392	392						5,310
Cost - Drainage/ Sanitation	470	784	941	627	157	157						2,124
Other Infrastructures	705	1,176	1,411	941	235	235						3,186
O&M	-	235	627	1,097	1,411	1,489	1,568	1,568	1,568	1,568	1,568	6,442
Total cost	2,351	4,154	5,330	4,232	2,195	2,273	1,568	1,568	1,568	1,568	1,568	17,063
Benefits												
Water supply	-	322	858	1,502	1,931	2,038	2,038	2,038	2,038	2,038	2,038	8,552
Drainage/ Sanitation etc.	-	494	1,317	2,304	2,963	3,127	3,127	3,127	3,127	3,127	3,127	13,121
Total benefits	-	816	2,175	3,806	4,894	5,165	5,165	5,165	5,165	5,165	5,165	21,673
Gain/ Loss	(2,351)	(3,338)	(3,155)	(426)	2,699	2,893	3,598	3,598	3,598	3,598	3,598	4,610
				FIRR =	23%			B : C =	1.27			
B - Economic Analysis												
Cost - Water supply	1,058	1,763	2,116	1,411	353	353	-	-	-	-	-	4,779
Cost - Drainage/ Sanitation	423	705	846	564	141	141	-	-	-	-	-	1,912
Cost -Other Infrastructures	635	1,058	1,270	846	212	212	-	-	-	-	-	2,868
O&M	-	212	564	988	1,270	1,340	1,411	1,411	1,411	1,411	1,411	5,798
Total cost	2,116	3,738	4,797	3,809	1,975	2,046	1,411	1,411	1,411	1,411	1,411	15,356
Benefits												
Water supply	-	274	729	1,277	1,641	1,733	1,733	1,733	1,733	1,733	1,733	7,269
Drainage/ Sanitation	-	420	1,119	1,959	2,518	2,658	2,658	2,658	2,658	2,658	2,658	11,153
Total benefits	-	693	1,849	3,235	4,160	4,391	4,391	4,391	4,391	4,391	4,391	18,422
Gain/ Loss	(2,116)	(3,045)	(2,948)	(574)	2,184	2,345	2,980	2,980	2,980	2,980	2,980	3,065
				EIRR =	21%			B : C =	1.20			

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Table 20: Overall Financial/ Economic Analyses for CRCDP

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	PV @ 15%
A- Financial Analysis																					
Costs																					
Community Development	187	187	187	187	187	187															709
Gender Development	169	262	323	262	173	-															794
Dairy Development	3,369	4,001	2,165	2,268	2,071	1,700	800	800	800	800	800	800	800	800	800	800	800	800	800	800	12,420
Poultry Development	756	1214	1442	1892	1745	1618	1319	1319	1319	1319	1319	1319	1319	1319	1319	1319	1319	1319	1319	1319	8,437
Kuchi Development	1,291	1,030	759	756	726	686	580	580	580	580	580	580	580	580	580	580	580	580	580	580	4,926
Food/ Forage & Vegetable	3,176	3,777	4,169	3,803	3,124	3,150	3,274	3,633	3,992	4,351	4,351	4,351	4,351	4,351	4,351	4,351	4,351	4,351	4,351	4,351	23,474
Water supply/ Drainage	2,351	4,154	5,330	4,232	2,195	2,273	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	1,568	17,063
Project management	2,013	1,796	1,876	2,024	2,057	1,900															7,344
Total	13,313	16,422	16,252	15,425	12,279	11,514	7,541	7,899	8,258	8,617	8,617	8,617	8,617	8,617	8,617	8,617	8,617	8,617	8,617	8,617	75,166
Benefits																					
Dairy Development	617	1543	2315	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	3086	15,496
Poultry Development	0	145	683	1749	2586	2912	3075	3075	3075	3075	3075	3075	3075	3075	3075	3075	3075	3075	3075	3075	11,714
Kuchi Development	103	310	724	1344	1861	2068	1758	1494	1270	1270	1270	1270	1270	1270	1270	1270	1270	1270	1270	1270	6,787
Food/ Forage & Vegetable	0	186	1253	4555	7857	11177	13754	12863	4555	7857	11177	13754	12863	4555	7857	11177	13754	12863	4555	7857	37,905
Water supply/ Drainage	0	816	2175	3806	4894	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	5165	21,673
Total benefits	720	3000	7149	14541	20284	24409	26838	25684	17152	20454	23774	26351	25460	17152	20454	23774	26351	25460	17152	20454	93,575
Gain/ Loss	-12593	-13422	-9103	-884	8006	12894	19298	17784	8893	11837	15157	17733	16842	8534	11837	15157	17733	16842	8534	11837	18,409
				FIRR =	23.00%			B:C @ 15% =	1.24												
Economic Analysis																					
Costs																					
Community Development	178	178	178	178	178	178	0	0	0	0	0	0	0	0	0	0	0	0	0	0	674
Gender Development	161	249	307	249	165	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	754
Dairy Development	2,936	3,584	2,114	2,257	1,039	685	685	685	685	685	685	685	685	685	685	685	685	685	685	685	10,450
Poultry Development	666	1,090	1,369	1,919	1,911	1,846	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	9,066
Kuchi Development	1,099	879	655	661	642	611	546	546	546	546	546	546	546	546	546	546	546	546	546	546	4,364
Food/ Forage & Irrigation	2,692	3,146	3,373	2,919	2,237	2,237	2,311	2,613	2,914	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	18,021
Water supply/ Drainage	2,116	3,738	4,797	3,809	1,975	2,046	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	1,411	15,356
Project management	1,812	1,617	1,689	1,821	1,851	1,710	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,609
Total	11,659	14,481	14,481	13,813	9,998	9,312	6,536	6,837	7,139	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	7,440	65,294
Benefits																					
Dairy Development	518	1,296	1,944	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	2,592	13,017
Poultry Development	0	119	560	1,434	2,121	2,388	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	2,522	9,606
Kuchi Development	87	260	608	1,129	1,563	1,737	1,476	1,255	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	5,701
Food/ Forage & Irrigation	0	162	1,090	3,963	6,836	9,724	11,966	11,191	3,963	6,836	9,724	11,966	11,191	3,963	6,836	9,724	11,966	11,191	3,963	6,836	32,978
Water supply/ Drainage	0	693	1,849	3,235	4,160	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	4,391	18,422
Total benefits	605	2,530	6,051	12,354	17,272	20,832	22,947	21,950	14,534	17,407	20,296	22,537	21,762	14,534	17,407	20,296	22,537	21,762	14,534	17,407	79,723
Gain/ Loss	(11,054)	(11,951)	(8,431)	(1,460)	7,274	11,520	16,411	15,113	7,396	9,967	12,856	15,097	14,322	7,094	9,967	12,856	15,097	14,322	7,094	9,967	14,429
				EIRR =	22.2%			B:C @ 15% =	1.22												

35. The summarised results as detailed in above tables are set out in Table 21 below:

Table 21: Summarised results of Financial/ Economic Analyses

Sub component	Financial			Economic		
	NPV	B:C	FIRR	NPV	B:C	EIRR
Productive Infrastructures	1,468	1.12	18%	629	1.06	17%
Dairy Development	3,076	1.25	23%	2,567	1.25	23%
Poultry Development	4,525	1.51	31%	1,286	1.13	18%
Improved Food, Fodder, and Vegetable Crops	14,431	1.61	36%	14,957	1.83	40%
Kutchi Development	1,861	1.38	30%	1,337	1.31	28%
Overall	18,409	1.24	23.0%	14,429	1.22	22.2%

Sensitivity Analysis

36. A Sensitivity Analysis has been carried out for three scenarios in Table 22 (10% increased cost, 10% decreased benefits, and simultaneous 10% increase in cost with 10% decreased benefits). The project EIRR is 15% under worst conditions of 10% reduced benefits with simultaneous 10% increased cost. The summarised results of Sensitivity analysis are as in Table 23 below:

Table 23: Sensitivity Analysis

	Financial			Economic		
	NPV	B:C	FIRR	NPV	B:C	EIRR
Overall for the Project	18,409	1.24	23.0%	14,429	1.22	22.2%
Cost increased by 10%	10,892	1.13	19.4%	7,899	1.11	19%
Benefits decreased by 10%	9,052	1.12	19.1%	6,456	1.10	18%
Cost/ Benefits +10%/-10%	1,535	1.02	15.6%	(73)	1.00	15%

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Table 22: Sensitivity Analysis

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	PV @ 15%	IRR	B:C
Financial																							
Costs increased by 10%	14,644	18,064	17,877	16,968	13,506	12,666	8,295	8,689	9,084	9,479	9,479	9,479	9,479	9,479	9,479	9,479	9,479	9,479	9,479	9,479	82,683		
Benefits reduced by 10%	648	2,700	6,434	13,087	18,256	21,968	24,155	23,115	15,437	18,409	21,397	23,716	22,914	15,437	18,409	21,397	23,716	22,914	15,437	18,409	84,218		
Net stream																							
Costs increased by 10%	-13,924	-15,064	-10,728	-2,427	6,778	11,743	18,544	16,994	8,068	10,975	14,295	16,872	15,981	7,673	10,975	14,295	16,872	15,981	7,673	10,975	10,892	19.4%	1.13
Benefits reduced by 10%	-12,665	-13,722	-9,818	-2,339	5,977	10,454	16,614	15,216	7,178	9,791	12,779	15,098	14,297	6,819	9,791	12,779	15,098	14,297	6,819	9,791	9,052	19.1%	1.12
Cost & Benefits +/-10%	-13,996	-15,364	-11,443	-3,881	4,749	9,302	15,860	14,426	6,352	8,930	11,918	14,237	13,435	5,958	8,930	11,918	14,237	13,435	5,958	8,930	1,535	15.6%	1.02
Economic Sensitivity																							
Costs increased by 10%	12,825	15,929	15,929	15,195	10,997	10,244	7,189	7,521	7,852	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	8,184	71,824		
Benefits reduced by 10%	545	2,277	5,446	11,118	15,544	18,749	20,652	19,755	13,081	15,666	18,266	20,284	19,586	13,081	15,666	18,266	20,284	19,586	13,081	15,666	71,751		
Net stream																							
Costs increased by 10%	-12,220	-13,399	-9,879	-2,841	6,274	10,589	15,758	14,430	6,682	9,223	12,112	14,353	13,578	6,350	9,223	12,112	14,353	13,578	6,350	9,223	7,899	18.7%	1.11
Benefits reduced by 10%	-11,114	-12,204	-9,036	-2,695	5,547	9,437	14,117	12,918	5,942	8,226	10,826	12,844	12,146	5,641	8,226	10,826	12,844	12,146	5,641	8,226	6,456	18.3%	1.10
Cost & Benefits +/-10%	-12,280	-13,652	-10,484	-4,076	4,547	8,505	13,463	12,235	5,228	7,482	10,082	12,100	11,402	4,897	7,482	10,082	12,100	11,402	4,897	7,482	-73	15.0%	1.00

Project Beneficiaries

37. The beneficiaries of the various sub-components of Component 2 are given in Table 24 in order to display the overall spread of benefits. The number of beneficiaries given pertains to direct beneficiaries without considering any diffusion effect. The assumptions made to arrive at the overall beneficiaries are as follows:

- The phasing of beneficiaries of Dairy Development numbering to 3000 livestock owners, is taken as 20% in year 1, 50% in year 2, 75% in year 3 and achieving the target figures of 3000 by year 6.
- The beneficiaries of Basic seed are based on per hectare seed rate, total quantity of seed imported and an average area of 1.5 ha per farmer.
- Certified seed produced by planting Basic seed will be subsequently used for 2 seasons. For wheat 70% of produce of Basic seed will be used for 1st planting and subsequently only 25% will be used – by that time seed would have lost its genetic superiority. The proportion for other crop produce to be used as seed is however less.
- The beneficiaries for Poultry and Kutchi development are the direct beneficiaries of the Project, in various years.
- Water supply and Drainage/ Sanitation beneficiaries are in accordance with the implementation phasing taking the total number of schemes. Also average number of HH beneficiaries per scheme is 88.

Table 24: Matrix for Direct Beneficiary HHs for various activities

Sub-component	Beneficiary HHs in Year							Total
	1	2	3	4	5	6	7	
Dairy Development	600	1,500	2,250	2,700	2,850	3,000	-	3,000
Food, Forage & Veg cum Irrigation Productive Infrastructures								
Basic seed	48	96	144	192	247	-	-	727
Certified seed - 1st plant	-	578	1,155	1,733	2,311	3,038	-	8,815
Certified seed - 2nd plant	-	-	4,688	9,376	14,064	18,752	24,634	71,513
Sub total	48	674	5,987	11,301	16,621	21,790	24,634	81,055
Poultry development								
Improved traditional farmers	2,000	4,000	6,000	5,000	2,000	1,000	-	20,000
Commercial farmers	275	900	1,825	1,300	520	180	-	5,000
Sub total	2,275	4,900	7,825	6,300	2,520	1,180	-	25,000
Kuchi Shokat owners	1,000	2,000	4,000	6,000	5,000	2,000	-	20,000
Water supply	6,469	17,250	30,188	38,813	40,969	43,125	-	43,125
Drainage & Sanitation	6,469	17,250	30,188	38,813	40,969	43,125	-	43,125
Total	16,861	43,574	80,437	103,926	108,929	114,220	24,634	215,305

N.B: The above table may include double counting as some beneficiaries will benefit from multiple activities.

Conclusion

38. The above results indicate that the Project is sound enough to withstand the shocks of increased cost or decreased benefits and that it deserves implementation.

ANNEX 11: DRAFT PROJECT IMPLEMENTATION MANUAL

PART I: INTRODUCTION

1. This draft Project Implementation Manual (PIM) is a guideline for implementation of the Community Livestock and Agriculture Project (CLAP). The PIM also provides a brief description of each of the main components of the project as well as key aspects of project management including implementation responsibilities. The PIM outlines the financial management arrangements including the flow of funds, financial management, procurement, audit and accounting aspects. It also provides guidance on the structure and operations of the planning, monitoring, evaluation and knowledge management functions which will be put in place by the project.
2. The PIM is to be read in conjunction with the main Project Design Report (PDR), its Working Papers, the NSP Operational and Technical Manual (for community mobilisation and implementation of Productive Infrastructure Schemes) and the Technical Manual of On Farm Water Management Department of MAIL (large irrigation schemes under the Productive Infrastructure sub component)
3. This document is only a preliminary draft and will need to be carefully reviewed by the Project Management Unit (PMU) in consultation with all major stakeholders of the project, and changes will be made where appropriate. Any changes proposed as a result of such a review shall be submitted for concurrence of IFAD before the document is finalised.
4. Finalisation of the PIM is one of the conditions of effectiveness of the project and its finalisation is therefore a matter of high priority.

PART II: GEOGRAPHIC AREA, COMMUNITIES, HOUSEHOLD AND GENDER TARGETING

II.1 The project area:

5. The project area comprises Kabul (Dehsabz, Char-asiab and Bagrami districts), Parwan (Baghram, Charikar and Jabalussaraj districts) and Logar (Mohammad Agha, Pul-e-Alam and Charkh districts) provinces. These provinces were selected in consultation with the Government, on the basis of resource constraints in light of current and planned priorities of the Ministry of Agriculture, Irrigation and Livestock (MAIL) (such as comparative status of development and needs and other sources of funding available) and taking into consideration IFAD priorities and operational considerations. The operational criteria taken into consideration to select the project area were: (i) Accessibility: the project area should be easily accessible; (ii) Security: the project area should guarantee a level of security that allows regular and safe access; and (iii) Contiguity: the project area should include geographically contiguous provinces, to minimise administrative and logistical constraints.

II.2 Communities/Villages:

6. The planning and implementation of project activities and selection of beneficiaries will be carried out through existing formal, informal and activity-based decision-making community groups such as Farmer Cooperatives, Dairy Unions, Producer Groups, women self-help groups, etc. within the frame work of Community Development Councils (CDCs) established under the National Solidarity Program (NSP). With the advancing sub-national governance agenda of the GoIRA, CDCs are likely to become legal entities (i.e. Village Council) with a mandate in rural development/poverty alleviation.

II.3 Selection of CDCs:

7. In view of 1) the long time required for institutional maturity of community organisations and for the planned transfer of the planning, implementation, operation and maintenance responsibilities to communities and other respective stakeholders and 2) the funding gap at NSP for a second round of block grant for community-based activities, preference for implementation of CLAP activities - including strengthening and capacity building - will be given to the communities already established and eligible for NSP's repeater block grant. The CDCs eligible for repeater grant have indeed met the maturity and efficiency criteria, including having fully utilised and recorded the disbursement of their initial Block Grant.

8. The lists of CDCs for planning and implementation of CLAP activities on the basis of their eligibility for repeater grant as per the NSP criteria will be agreed between the NSP and the PSU of CLAP. The project will carry out its different interventions in approximately 542 CDCs.

II.4 Target Group:

9. The target group will be approximately 169,500 resource-poor rural households, which is equivalent to 1,017,000 individuals in about 542 rural Community Development Councils (CDCs) within the nine districts. The Project will work with CDC members who may also belong to different groups¹ such as common interest groups, seed producing associations, dairy union etc. However, in each case, linkages will be made to the CDCs to which members of each of the above groups belong. Thus, while the project will retain the flexibility to work with different types of interest groups set up by communities and to develop modalities to work with them, benefits will also be shown to accrue to interest group/enterprise members' CDCs so that a pool of resources and skills can be transferred to communities and regions.

10. The Project will target the following three groups: (a) **Small farmers² and livestock-keepers** including the landless and those who lost their livestock and/or aspire to keep livestock or restock; (b) **Women and female-headed households³**; (c) **Resettled and nomadic Kutchis**. In addition the project will strengthen the planning, implementation and monitoring capacity of the provincial and district level staff of MAIL and will also target the **field level staff of DAIL** for both technical and managerial capacity building.

11. It is expected that the great majority of the programme's direct beneficiaries will be small farmers, landless and/or livestock owners but because of the public good nature of most of the productive infrastructure schemes beneficiaries may include entire community population and the project may also target some micro-entrepreneurs for activities like village based seed enterprise, commercial poultry and horticulture. Landless, vulnerable households and unemployed educated youth will be targeted for skill and vocational training interventions to enable them for better employment opportunities.

II.5 Targeting Criteria:

12. Depending on the nature and technical requirements of the sub-component, a range of specific selection criteria for the selection of direct beneficiaries will be applied for different project components and subcomponents. Although the Service Providers (SPs) targeting methodologies may include technical criteria for selection of beneficiaries, the following general rules will apply:

- Landless, vulnerable households and unemployed educated youth will specifically be targeted for skill and vocational training interventions to enable them for better employment opportunities.
- The selection process will follow a direct targeting approach whereby CDCs will validate profiles of Community Development Plans or, if required, will conduct poverty profiling for its members in a participatory manner and will be assisted to fine-tune eligibility criteria for the identification and final selection of programme participants.
- The poverty profiling will be based on local poverty and vulnerability criteria, and will be defined in a participatory manner by each CDC, in light of the specific situation in each targeted community and on the basis of the Projects expressed preference to serve specific target.

¹ Some might be formally registered, others not or not yet.

² Whenever reference is made to farmer/s, livestock keeper/s, land owner/s, pastoralist/s, nomads, it implies women and men; i.e. fe/male farmer, f/m livestock keeper, etc.

³ Women generally possess fewer assets, receive less education and have fewer employment opportunities due to traditional restrictions on their activities outside the home, and will be targeted as primary beneficiaries for most of the project investments.

- The project will also be encouraged to introduce a Poverty Score Card methodology for identification of the poor and vulnerable members of communities as part of the baseline survey.
- As a general principle, poor households identified through poverty profiling and poverty score card exercise will form the basis for selection of beneficiaries for project interventions.

II.6 Gender Targeting:

13. The CLAP targeting strategy for women will also ensure enhancement of women's participation and the strategy proposes a number of specific activities reserved for female beneficiaries. It also seeks to mainstream women's access and participation across all components of the project from extension work to project evaluation, and across all thematic areas (horticulture, livestock, infrastructure and community institutions) of the project activities. The Service Providers extension staff and PSU/PMU will undertake regular field surveys in order to ensure compliance with the Project targeting strategies.

14. Women and female-headed households are expected to represent a combined percentage of at least 50% of the project's beneficiaries, across the different components. Women will be targeted through existing, organized groups, primarily producer groups, and also through cooperatives and associations where they exist. The project will not endeavour to create new groups, but rather to strengthen and expand existing groups. For most components, female-headed households and female members of landless households will be prioritised as beneficiaries. The project will coordinate with NSP to ensure that female CDC members in all target areas receive the standard training packages for CDC. It will also enforce the requirement that female CDCs are consulted for the selection, placement and implementation of infrastructure projects, and that funds allocated for women's infrastructure and other activities are channelled to the CDCs directly through a female CDC representative, such as an older member who can freely travel to the district centre. In general, groups of beneficiaries will be identified by the service providers in each of the target districts, using the following process:

1	Ensure baseline survey includes sex-disaggregated data, as well as specific questions on women, such as number of female-headed households and number and size of female producer groups, in order to facilitate female beneficiary selection.
2	Assemble relevant data including project's baseline survey results, NRVA, CSO data, district profiles, etc.
3	Using secondary data as well as the project's baseline survey, identify target groups that meet the criteria specific to each target area.
4	Record names, locations and other data for individual beneficiaries and for groups of beneficiaries.
5	Seek approval from female CDCs only on proposed female beneficiary groups, as per criteria for selection.
6	Organize finalised lists of beneficiaries according to categories (by location, income, types of products produced, educational and training needs, other).

15. A beneficiary selection gender criterion includes the following:

Dairy Development Sub-component	<ul style="list-style-type: none"> • Female members of existing producer groups • Women managing milk collection centres (primary level) • Women interested in participating in project activities and willing to attend literacy, numeracy and business skills classes • Priority given to women-headed households • Priority given to female members from poor, share-cropping, and/or landless households • Geographical targeting: women in areas of poor access to infrastructure
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Poultry Development Sub-component	<ul style="list-style-type: none"> • All women interested in strengthening their traditional poultry systems • Female members of poor households who have not previously received poultry inputs through other projects • Women who have no or fewer than five chickens, and interested in up-take of small scale commercial poultry • Poultry inputs and training provided in combination with Triple Model of household economy inputs (three means of home-based income generation) • Experienced female poultry rearers interested in up-take of 100% market oriented poultry rearing; advanced system • All women involved in strengthening traditional poultry will be assisted in keeping flock and hen card records (can be combined with literacy classes)
Improved Food, Forage and Vegetable Development Sub-component	<ul style="list-style-type: none"> • Female members of existing producer groups • Priority given to women-headed households • Priority given to female members from poor, share-cropping, and/or landless households • Geographical targeting: women in areas of poor access to infrastructure • Women with small farms and involved in horticultural production, willing to attend literacy, numeracy and business skills classes
Livestock Development among the Kutchi Sub-component	<ul style="list-style-type: none"> • Of basic veterinary workers, at least ¼ female members • Formation of women groups for improving traditional processing and marketing (wool, milk products, etc.) • Involvement of women when working on improving access to grazing areas • Interested women can up-take dairying activities including marketing (goats, cattle)
Productive Infrastructure Sub-component	<ul style="list-style-type: none"> • CDCs identify female-heads of households for employment in local infrastructure projects based on need. A direct targeting approach will be followed whereby CDCs will be assisted by project personnel to establish and apply eligibility criteria for the identification and selection of beneficiaries. • Female CDCs identify infrastructure projects related to female farmers' empowerment and engage another group of women in formulation, execution, monitoring and evaluation of women related projects. • As second priority, offer employment opportunities to other women in the target areas based on needs.

16. The project's performance measurement framework will also need to include sex-disaggregated indicators that reflect the gender selection criteria.

PART III: COMMUNITY DEVELOPMENT INCLUDING PRODUCTIVE INFRASTRUCTURE AND INSTITUTIONAL STRENGTHENING (COMPONENT 1)

17. The project will be implemented through a tried and tested participatory approach, successfully demonstrated in on-going IFAD financed RMLSP in Afghanistan and in the region. CDCs established under NSP will be the main vehicle for project interventions. The Project will work with

CDC members, who may also belong to different groups¹ such as common interest groups, seed producing associations, dairy union etc. However, in each case, linkages will be made to the CDCs to which members of each of the above groups belong.

III.1 Community Development/Institutional Strengthening:

18. A key objective of this component is to build the capacities of community-based organizations – producer groups, cooperatives, seed producer associations, Common Interest Groups (CIGs), poultry groups, etc. for local self-governance as well as to initiate and sustain economically viable activities and livelihoods. A well-defined organizational and capacity enhancement pathway (“graduation path”) has been developed which includes 3 stages – (i) Mobilisation and Sensitisation; (ii) Formation and Development; and (iii) Enterprise Selection, Development and Need-based aggregation. This approach was adopted based upon existing good practices and evidence-based approaches currently in use by the NSP and advocated by MAIL departments.

19. The lack of capacity and resources of MAIL staff at provincial and district level remains very high. This knowledge, skills and capacity deficit is a key preventative factor for full ownership and coordination of activities by MAIL at the sub-national and village levels. To date, there is considerable dependency on SPs - some of whom, especially NGOs, remain vulnerable to the uncertainties of funding’s availability.

20. An important aspect of the project is therefore to build capacities at the provincial, district and local levels with the intent to transfer responsibilities for planning and implementation of activities to the provincial and district level staff of MAIL, and reduce dependency on SPs within 4 years from the start of project period. The project will facilitate and strengthen ministry staff in the IFAD programme area through a combination of demand-driven skills-based (technical and managerial) training packages supported by field-based learning-by-doing events. This approach will help strengthen the interface between government service delivery channels and community/ interest-based groups. It will also foster a stronger service delivery ethos and help link mobilised communities in a demand-driven partnership aimed at promoting inclusive economic growth. This would allow the GoIRA and the concerned stakeholders take ownership and ensure sustainability of interventions during and beyond the life of the project.

21. The project will also provide technical assistance through contracting consultants and SPs to identify needs and capacity gaps among project related personnel in regard to mobilisation, organizational, managerial and technical competencies² as well as to develop appropriate training packages, learning events, a training calendar and a list of persons/ agencies who could organize and conduct these capacity building events.

22. For the CDCs, the project will, in addition to the trainings already provided for under the NSP, make provision for capacity building in Community Development Planning, Community Facilitation Skills for Consensus Building, Book and Record Keeping, Building Productive Linkages for Resource Mobilisation with government, NGOs and other agencies, Enterprise Development and Management.

23. **Climate Change Adaptation:** Rural communities are already experiencing the consequences of Climate Change (extreme meteorological events such as floods, cloud bursts, dry spells, irregularity in rainfall and snow patterns, extreme heat and cold waves,...). Afghanistan, being a mountainous and economically under-developed country is extremely vulnerable to these emerging trends. Communities will have to be informed about these unfolding developments and supported by specific informational, technical, and organisational measures that promote adaptation, increase resilience and reduce risks. The Project staff will be trained at all levels in regard to climate change adaptation issues and equipped with the necessary didactic and promotional material.

¹ Some might be formally registered, others not or not yet.

² A recent nationally conducted Training Needs Assessment of MAIL staff can be also drawn upon for this purpose.

III.2 Gender Development

24. In response to security constraints and to the cultural context of the target areas, the gender strategy emphasises the need for female-only workspaces (in secure districts) and for home-based training and employment opportunities that will limit women's mobility requirements (in insecure districts). In secure areas, women are seeking opportunities to work outside their homes and to expand beyond home-based production. At the institutional level, capacity for **gender mainstreaming** include training and contracting of additional female extension workers, as well as the development of MAIL's capacity for gender training and for gender evaluation. The project's baseline study and its performance measurement framework will also include gender specific indicators, and gender-specific proposed outcomes and impacts to measure against.

25. At the project level, **literacy and numeracy instruction** can be delivered within a **Basic Business Skills** training package focused on enhancing women's productive capacity and income opportunities. Further, women require negotiation skills to effectively make the case for their expanded involvement in agriculture, including for entry into new stages and types of production. Therefore leadership trainings will be provided for members of women's Producer Groups in the three target areas. Finally, significant capacity building is needed for women to acquire technical skills in processing and production. Women's learning needs will need to be integrated into training activities in the project's proposed dairy, livestock, poultry, improved food and infrastructure development sub-components. For instance, women can be trained to manage and operate milk collection centres, and to manage and operate vegetable product processing facilities. The strategy identifies specific training activities and access to inputs in each thematic area wherein women should be the primary beneficiaries.

III.3 Vocational Training:

26. For landless, vulnerable households and unemployed educated youth, non-farm certifiable vocational courses are being offered such as skills construction (masonry, carpentry, etc.), mechanical maintenance and repair (generator, and vehicle repair), welding, etc. This will increase employability and opportunities to start micro-enterprises, with the aim to reduce migration from rural areas to urban centres and to potentially increase cash into the local economy. Vocational training complementing the activities envisaged under Component 2 will be encouraged (such as certificate of Basic Animal Health Worker, certificate of cooperative bookkeeping, etc.).

III.4 Productive Infrastructure

27. Due to diverse community needs, the agricultural infrastructure interventions are aimed at supporting and enhancing agricultural productivity to result in a positive socio-economic benefit. This component also incorporates a strong element of capacity building aimed at strengthening and supporting local institutions to address future issues of ownership and sustainability.

28. The Project will finance approximately 1,032 priority small and medium scale infrastructure projects of the communities, which will be managed by MRRD through NSP and MAIL through "On Farm Management (OFWM)" respectively, involving about 542 CDCs eligible for repeater grants. The selection of schemes will be based primarily on the criteria of cost per beneficiary HH. The Project will offer an option to address basic infrastructure needs of the communities that would have direct impact on increased water conveyance efficiency, higher cropping intensity and better yields. The average scheme cost, derived on the basis of infrastructure sub-projects recently completed by NSP, is USD 16,000 per scheme for small-scale infrastructure and, through MAIL, a ceiling of USD 100,000 for irrigation infrastructure improvements and watercourse lining in particular. An indicative per beneficiary cost limit of USD 200 per beneficiary household would provide a ceiling for formulating schemes and would encourage CDCs to cluster on a demand-basis to address larger priorities at sub-valley level and above.

29. Communities will be required to contribute about 10% of the scheme cost in the shape of locally sourced materials and/or site for the establishment of the scheme. No free labour will be contributed to scheme and all wage labour opportunities in the scheme will be primarily targeted at the poorest households.

30. Indicative list of schemes include farm to market roads, irrigation improvement works, small diversion bunds, intake structures, drinking water supply and karez rehabilitation etc. These schemes will be implemented under four broad categories of Irrigation/Agriculture, Drinking water supply, link roads and Drainage & Sanitation. Various subtypes of projective infrastructure projects will be implemented under the following four broad categories:

Infrastructure Subtypes by Project Category

S.No.	Project Category / Subtypes	Implementing Agency
1	Irrigation/Agriculture Watercourse Lining Small Diversion Bunds (Spat Irrigation) Protection Walls Intake structure Gabion Wall Water Reservoir	OFWM (MAIL)
2	Water Supply Dug Well Water Supply Network Water Supply Reservoir/Tank Hand Pumps Spring Development	NSP (MRRD)
3	Drainage & Sanitation Public Toilet/Latrines Small Drains	
4	Other Infrastructure Schemes Rain Water Harvesting (where possible) Cold Storage (on pilot basis) Small scale Irrigation related schemes Drip / Sprinkler Irrigation (on pilot basis)	

31. **Selection Criteria for Small Productive Infrastructure Schemes:** The identification and selection of schemes under category 2-4 will follow NSP process (regarding community needs assessment/preparation of Community Development Plan) and criteria as elaborated in the NSP Operational Manual and Technical Manual. However, in addition to the identification and selection/prioritisation criteria of schemes for NSP, the following selection criteria for selection of community schemes shall also be considered:

- Conform to NSP criteria of public infrastructure category
- Should have close linkages with agriculture and farms (water, land, crop productivity, market access etc.)
- Should benefit a large majority of beneficiary communities
- Should be identified by a democratically elected CDCs and women representative in particular.
- Should be free of any dispute and do not trigger any social dispute (water or land rights etc.)
- Should be within the technical, implementation and operational capacity of CDCs (avoid complex and high O&M cost projects)
- Should preferably be labour intensive encouraging temporary employment and expand livelihood opportunities (use of labour against machinery in earth work for instance)

- CDCs must be willing to contribute with counterpart funding (cash, kind or labour) as earmarked by project
- Should have potential to accommodate practical and strategic gender needs of women and girls (like respecting relative ease for use and siting of hand pumps, wells latrines, etc.)
- Should have potential to benefit poorer and disadvantaged sections of the community
- Should have ability to demonstrate sustainable medium and longer term impacts on reduction of existing poverty and social inequality
- Should not have potential of adverse or negative environmental impact.

32. Selection Criteria for Irrigation/Agriculture Productive Infrastructure

In addition to above, the following selection criteria should be observed for Irrigation/Agriculture Infrastructure:

- The flow rate in the irrigation channel to be lined/rehabilitated should be less than 500 litres/second (lps).
- The scheme should cover at least about 300 ha.
- Farm size distribution should be such that pro-poor targeting is guaranteed.
- The area should preferably be confronted with water scarcity.
- High water losses prevail for the proposed water channel to be lined / rehabilitated.
- The community indicates need for the intervention.
- Farmers are willing to form an Irrigation Association (IA/CDC).
- There is no on-going water right dispute / conflict among the users.
- The watercourse is located in a secure area.

33. Design Quality/Specifications and Cost Basis: All infrastructure schemes under CLAP would be designed and implemented as per standard design manuals already available with both NSP and OFWM. The NSP Technical Manuals provide engineering specifications for a range of infrastructure subprojects (irrigation, water supply, renewable energy, drainage and buildings, etc.). These manuals further provide guidelines on preparing standard bill of quantities (BoQs) with illustrations and technical designs/drawings. They are regularly updated by NSP HQ Technical Support Department (TSD) and are available to all NSP FPs to physically implement infrastructure projects in field. The NSP FPs are encouraged and obliged to follow NSP Technical Manuals closely when preparing subproject proposal documentations. For achieving consistency in cost basis for forming estimates/BoQs, TSD also maintains Project Cost Database with inputs from various regions/provinces. FPs are encouraged to adjust the specifications if needed to accommodate local conditions - with prior approval of NSP engineering staff stationed at Provincial offices.

34. Most of the schemes under Irrigation would be of watercourse linings. Various technologies are currently in use and include: brick lining, concrete lining, pre-cast parabolic lining and in-situ lining. The choice of lining technology would mainly depend upon various factors such as; (i) technically sound and hydraulically more efficient, (ii) use of local materials, (iii) fabrication in local yards, (iv) availability of skilled labour, (v) transportability to site, (vi) the ease of quality assurance, (vii) cost effectiveness and above all (viii) farmers' acceptability.

35. Implementation Arrangements – CDC Productive Infrastructure: Overall project implementation responsibility will rest with Project Management Unit (PMU) through its Infrastructure Specialist. Project will be implemented through a tried and tested participatory approach, successfully demonstrated by the on-going IFAD project in Afghanistan Rural Micro-finance and Support to Livestock Programme (RMLSP), and by other projects in the region. The infrastructure component will be implemented by MRRD through NSP CDCs for small productive infrastructure schemes and through MAIL for irrigation /OFWM schemes, in close coordination and collaboration with the On-Farm Water Management Unit. CDCs eligible for repeater grants will be the main vehicle for project interventions, with technical backstopping from NSP Facilitating Partners (FPs) and MAIL.

36. Except for the larger infrastructure projects where government implementation methodology is proposed (like employing contractors), all other infrastructure projects will be identified, prioritised, implemented, operated and maintained by CDCs themselves as per the NSP processes and criteria. Community Development Plans of CDCs will be revalidated and/or updated for the purpose of

selection of productive infrastructure schemes under CLAP. All the identified infrastructure projects should have strong links with agriculture related activities to improve livelihoods of poor and marginalized farmers.

37. An Infrastructure specialist of CLAP PMU office will ensure quality assurance, setting targets and monitoring progress. The specialist would also contribute in assuring transparency in procedures, processes and financial transactions. He would also monitor the community infrastructure projects being implemented by NSP or OFWM and provide technical guidance for any infrastructure that would be implemented under other components of CLAP.

38. **Monitoring & Evaluation:** NSP has a comprehensive monitoring system encompassing a range of tools/methods and processes including pre, post and process monitoring. A wide range of stakeholders are also involved in the process with clear roles and responsibilities. The M&E Department is responsible for coordinating all required M&E tasks, and for liaising with other stakeholders in collection and reporting of required data. The primary purpose of the M&E Department is to collect and report on data on agreed indicators. The M&E data are continuously updated and consolidated monthly and quarterly and are made available to coincide with the other relevant processes on-going within NSP. The table below illustrates various entities and corresponding responsibilities.

Entity	Responsible For
CDC	All activities related to NSP block grant utilization either directly or through the Project Management Committee
CDC Project Management Committee	All activities related to the planning, implementation and closure of NSP block grant financed subprojects
Members of community serving in the Community Participatory Monitoring system	All development activities undertaken at community level focusing on inputs, processes, outputs and quality of the sub projects, as well as performance of CDC members and of FPs
FP social organisers and monitors	All non-infrastructure subprojects' related NSP activities in the communities
FP engineers	All infrastructure subprojects' related NSP activities in the communities
FP Master Trainer	All capacity building/ training/ HCD activities of both FP staff and community members
FP NSP Manager	Contractual performance of the FP
NSP PMUs	All NSP related activities in Province
NSP RMUs	Main NSP related activities in Region
NSP FP Management Department	Contractual performance of FPs
NSP HRD & Training Department	NSP Cascade Down Training System
NSP Procurement Department	Audits of CDC Procurement
NSP Finance Department	Audits of CDC Financial Management
NSP M&E Department	NSP field activities both directly as part of Post-Implementation Monitoring focusing on short term effect and sustainability of completed sub projects, and indirectly as part of Implementation Monitoring, focusing on the inputs, processes and performance of the various stakeholders during the implementation
NSP Operations Directorate	Performance of NSP HQ Departments and field offices
NSP Executive Directorate	Overall performance of all NSP stakeholders
Office of the MRRD/ Deputy Minister for Programs	Overall NSP progress
MRRD Finance Department	Timely NSP financial budgeting & reporting
World Bank NSP Task Team	NSP management and implementation progress
All NSP donors	NSP's adherence to grant agreements
NSP Steering Committee	NSP's progress in overall objectives and goals

39. **Project Implementation – Irrigation/Agriculture Infrastructure:** As indicated earlier the project is being implemented by the Ministry of Agriculture, Irrigation and Livestock (MAIL) through the General Directorate of Irrigation (GDI) and the General Directorate for Programmes (GDP). The project staff, along with the beneficiary communities, are responsible for identifying potential sites and for carrying out surveys and designs which are then reviewed and approved by the Implementation Support Consultants Team (ISCT). As these projects are relatively of higher costs and require more technical skills, the contractors/ Facilitating Partners (NGOs) will execute the civil work activities with the active involvement of beneficiary communities throughout project implementation. Selection of contractors/NGOs shall be done through an open bidding process as detailed in the OFWM Operational Manual.

40. **Project Implementation Unit:** A Project Implementation Unit (PIU) headed by a Project Director has already been established and staffed at the central level in Kabul. This unit will have a close liaison with PMU of CLAP in implementing the infrastructure activities. The PIU also includes five Area Teams whose staff have also been recruited. The recruitment of an international Implementation Support Consultants Team (ISCT) will also be in place in due course. The ISCT will provide technical assistance and support to the PIU for smooth and trouble free implementation of the project. The General Directorate of Irrigation (GDI) will supervise technical aspects of project implementation whereas the project coordination and other/non-technical aspects will be overseen by the General Directorate for Programmes (GDP).

41. **Key Roles of PIU:** Role and responsibilities of the Project Implementation Unit would include:

- Registration of Irrigation Associations (IAs)
- Prequalification of NGOs (FPs)/contractors
- Selection of Project Consultants
- Identification of Watercourses in consultation with beneficiary communities.
- Implementation of Project Execution Plan
- Release of Payments to the contractors.

42. **Irrigation Associations¹:** Water users' involvement and participation act as a catalyst for successful implementation as well as sustainability of any irrigation related development undertaking. It is, therefore, planned to mobilise farmers to actively participate in all implementation and post completion stages of the OFWM project. Social mobilisation will be imperative in execution of all envisaged interventions. There will be one IA for each scheme to assume the following functions for watercourse improvement. The responsibilities of IA would include, but are not limited to:

- a) Assist OFWM staff in undertaking various social and engineering surveys for scheme preparation and design.
- b) Monitor quality and quantity of materials for watercourse improvement with support of the field staff of the Area Team.
- c) Settle disputes among water users regarding alignment of watercourses, installation of water control structures etc.
- d) Make alternate arrangements for passage of water during watercourse improvement.
- e) Provide support to OFWM field staff in ensuring that works are carried out in accordance with standards and specifications.
- f) Regularly undertake O&M of completed/ improved schemes/ watercourses.

43. **Contractors/NGOs:** As the irrigation related projects involve relatively higher costs (average cost is US\$ 100,000, compared to US\$ 16,000 for other small scale infrastructures); the physical execution of civil works activities will be carried out by the contractors/NGOs. The contractor engagement approach is well established in civil works projects both in MRRD and in MAIL. It has many benefits since the MAIL has presently no such capacity to execute these activities through OFWM staff or the farming communities. The contractors/NGOs will be selected following the standard guidelines/procedures of the World Bank².

¹ Irrigation Associations (IAs) and Community Development Councils (CDCs) are synonymous and are used for sake of convenience as these terminologies have been adopted by MAIL and MRRD respectively.

² OFWM is already implementing a WB Project; as such the same procedures would continue to be followed unless and until these are congruent to IFAD's own procedures.

44. **Implementation Support Consultants Team (ISCT):** A team of technical assistance/ implementation support consultants would be engaged through International Competitive Bidding (ICB) for provision of technical support to OFWM field staff and to the core team in Kabul. Their main responsibilities will, inter alia, include technical assistance in the design and construction supervision/approval, as well as in the quality assurance and overall coordination of the project. The consultants' team shall primarily report to the Project Director but its major responsibilities would lie in the project regions. The ICST will comprise of the following experts:

- i) Water Management Specialist
- ii) Design Engineer
- iii) Irrigation Agronomist
- iv) Economist (M&E Specialist)
- v) Institutional Specialist
- vi) Safeguards Specialist
- vii) Field Engineers

45. The Operational Manual of OFWM describes the following roles and responsibilities of the ISCT:

- Review and check surveys carried out by the Area Teams.
- Review and approve plans and designs for civil works/watercourse improvement to assure compliance with agreed criteria.
- Check and authenticate cost estimates of all planned project works and equipment.
- Facilitate timely completion of works and recommend onsite design modifications.
- Spot check for quality of works during construction when at a minimum of one third of their value, and 100 per cent after completion.
- Certify quantities and quality of completed works.
- Verify financial resource withdrawal applications.
- Notify the Project Director of compliance / non-compliance of works with agreed criteria and standards.
- Submit monthly, quarterly and annual reports for project activities besides other periodic reports as per requirements of project management.
- Assist in collection, compilation and documentation of data regarding secondary and tertiary level canal water distribution networks in project regions.
- Formulate rules, regulations and by-laws for irrigation associations envisaged under the Afghan Water Law.
- Identify the weaknesses, risks and issues, develop and implement plans to mitigate the risks and coordinate with stakeholders for smooth implementation of the project.
- Provide assistance for training of staff, farmers and other stakeholders in various aspects.
- Extend backup support for adoption and promotion of water management interventions.

PART IV: LIVESTOCK AND AGRICULTURE DEVELOPMENT (COMPONENT 2)

46. The component aims to reduce poverty by enhancing food security, with a strong emphasis on women-headed households and the vulnerable and marginalised groups within the rural communities. The objective will be achieved by introducing appropriate livestock and agricultural practices and packages, and, to a limited extent, by supporting value-chain development and linkages to market. These activities will be linked to the productive infrastructure and community development/institutional strengthening activities (ref. Component 1) wherever possible to ensure a holistic and integrated approach. The component includes four sub-components: Dairy Development, Poultry Development, Improved Food, Forage and Vegetable production, and Livestock Development among the Kutchi.

IV.1 Sub-component 2.1 - Dairy Development

47. The objective of this sub-component is to increase dairy milk production and productivity, and to improve dairy milk processing and marketing.

48. **Implementation Arrangement:** The proposed Project will be implemented by the FAO, under the overall coordination and responsibility of the PSU. Detailed implementation arrangements

including staffing, consulting services, reporting mechanism, etc., will be outlined in the agreement between MAIL/CLAP and FAO. Other key partners for the planning and implementation of this sub-component will be the Dairy Unit of the Department for Animal Husbandry (with assistance from the Department for Veterinary Services for the coordinated implementation of Artificial Insemination and Herd Health activities), the Extension Department and the Research Department (for development of farmer field school approach which will include testing and promotion of fodder crops) and the Co-operative department. In accordance to CLAP's sets of rules, incentives will be provided to collaborating MAIL and DAIL teams for their contribution to and participation in the project implementation, monitoring and supervision - respecting the directives of the GoIRA of no topping up of salaries.

49. Due to lessons learned on access to beneficiaries, including security limitations, it is proposed to optimize the use of national service providers and institutions such as the existing Dairy Unions National service providers who could provide a range of services for the project including an 'Afghan Milk' promotional campaign; Feed storage construction; Dairy plant building construction and Market Linkages Enhancement. This will be done through direct contracting with strict monitoring and supervision by the project team, MAIL Dairy Unit and consultants, and it will be supervised by the PSU in Kabul and also the Lead Technical Unit (LTU) where relevant.

50. FAO will recruit qualified technical staff (mainly national and one international) to ensure the effective implementation of planned activities, and will cooperate with other relevant partners (national and international) in Afghanistan. The FAO team will be led by an experienced international Senior Dairy Advisor with background in cooperative dairy business and marketing and will be composed of a core team of technical staff consisting of a National Project Officer, two (2) National Livestock Production Officers (Dairy Industry, Inputs and Services) (NLPO), an Assistant Dairy Industry, a Knowledge Management/Communications officer, a Dairy Value Chain Officer, two (2) Master trainers, an Administrative and Finance Assistant and various support staff, drivers and guards. Terms of Reference for the professional staff positions have been drafted and are presented in the WP 'Dairy Development'. This expertise will be supplemented by short-term national expertise when need arises; i.e. product development, women and dairy business, market surveys, FFS, co-operative development and management, etc.

51. Many of the project activities are at district level where a competent SP (including two women trainers per district) will be mobilized in collaboration with district level government teams to support the development of functional and effective dairy co-operatives.

52. Relevant staff of MAIL's Dairy Unit at the central, provincial and district level will participate in the project implementation in line with MAIL's stipulated functions of monitoring, supervision and quality control.

53. **Approach:** It is planned to expand and strengthen the existing cooperative structure, which will gradually take over the management and operation of dairy scheme that should be fully privatized and operating independently towards the end of year three so that sufficient time is left to provide hand holding and coaching. Close interaction with the target communities will be important for the successful implementation of the proposed activities; attention to female farmers is particularly needed. The communities will be invited to take part in the decision-making and management of the dairy scheme, eventually leading to its full management by the co-operatives/enterprises.

54. The adopted integrated approach as per past and on-going (RLMSP) experiences will be further developed such as working with the farmer field school (FFS) approach, piloting with all women primary level dairy cooperatives (milk collection centres) and an increased focus on small and medium scale dairy industry development. A core team of highly qualified technical staff (the "project team"), with at least ¼ female professionals, will be recruited by FAO through competitive and transparent processes to ensure the delivery of quality services, tailored to the situation on the ground in Afghanistan.

55. It is foreseen that the project team will make use of the **Policy Support Fund**¹, which will be initiated to support the formulation, development, follow-up or completion of draft policies, strategies and legislations required by MAIL to nurture an enabling environment. In this regard, it is expected that technical expertise will be needed for key areas such as the National Dairy Policy/Strategy and consultations and Co-operative Law. As stipulated in the main document, the relevant MAIL actors should take the lead and on a demand-basis the project can bring in the expertise where appropriate.

56. The project will facilitate coordination between MAIL, in particular the Livestock Production (Dairy Unit) and Health, Cooperative and Extension Departments, and other ministries, in particular MRRD and MOPH. This will be done by ensuring MAIL Dairy Unit teams are integrated in relevant coordination mechanisms and by encouraging bilateral meetings and joint activities, particularly at field level. This will also include participation by the project team representative in regular (monthly) livestock sector meetings convened by MAIL. In line with MAIL's set-up, they should coordinate themselves the monitoring, supervision and quality control functions, to a maximum extent.

57. **Government Inputs:** The Government will ensure appropriate involvement of Dairy Unit staff at different levels. Involvement should lead to building up the needed capacity so as to ensure that monitoring, supervision and quality control can be fulfilled up-to-mark over time. In addition, the Government will ensure:

- that local, district, provincial, and central level teams are available to actively contribute. These teams will be supported and trained by FAO project staff in the relevant areas of monitoring, supervision and quality control but it also implies familiarisation with the technical knowledge and competencies needed for developing the dairy industry;
- to provide office accommodation in the MAIL Kabul compound and in project areas for the project team, YPP's and consultants;
- to grant exemption from any taxes, customs duties or other charges for the handover of ownership of equipment, vehicles or supplies from the executing agency to the project beneficiaries and/or service providers;
- to provide support staff, such as secretarial assistance and field labour, as and when needed, and local transportation as may be reasonably required and requested by the project;
- to provide 8 jirib of land to the farmer's groups/coops/unions, free of cost and within 6 months of signature of the project agreement, or a long-term lease to set up the feed and dairy processing plants;
- that the inputs and materials procured for improving the production, processing and marketing will be handed over to the cooperatives/unions before the project phases out;

58. **Training:** The training budget line will cover various training costs, including: logistic costs of local trainings organised in Kabul and the provinces; publications of training and extension materials as required; one or two study tours to be organized in the region (exact location and topic to be determined by project progress and opportunities).

Trainings will mainly focus on:

- development of milk producers' cooperative societies/associations/unions; incl. business training
- development, utilization and adoption of new training and extension materials² and methods;
- training and extension for producers' associations on total operation and management;
- training of technical staff - technical workshops and study tours;
- study tours in the region for different audiences (fe/male farmers, staff of local SPs, cooperative committees, etc.);
- innovations and how they can be facilitated through FFS approach.

59. **Monitoring and Reporting:** All SPs including FAO will submit their reports to PSU, which has the overall implementation coordination responsibility of the project. The reporting structure and formats as well as the frequency will be agreed between PSU and FAO and reflected in SP

¹ Amounting to \$ 500,000

² It is expected that all the current IDS training and extension materials will be reviewed and brought in line with the FFS approach, which is advocated by MAIL as its application has shown desirable results.

agreement. A monitoring and evaluation system will be developed jointly for all the project components and sub components, by PSU in collaboration with SPs. The SPs are however responsible for the technical monitoring of their respective activities. In addition, it is of utmost importance that the relevant MAIL and DAIL teams are in the M&E system as part of capacity building for planning and implementation.

60. **Knowledge management:** The project has made provisions for capacity development, innovation, enterprise development and women's involvement. The Knowledge Management Specialist of PSU will assist in collection of information on lessons learned and successes for dissemination and placement on the IFAD portal. A dedicated KM and communications officer will be engaged and will work in close cooperation with the KM of PSU to ensure that all project related materials, publications and communications are prepared and disseminated not only to project beneficiaries and the Government but also posted on relevant portals. Regular meetings and workshops will be organized at central and provincial levels on experiences and lessons learned while implementing the project.

IV.2 Sub-component 2.2 - Poultry Development,

61. The objective of this sub component is 'to improve food and nutritional security and provide viable livelihood options by developing and/or strengthening the current poultry (fowl) husbandry systems. This will be achieved through: a.) Strengthening traditional poultry systems, using Farmer Field Schools (FFS) b.) Supporting small scale commercially viable poultry rearing, using FFS, c.) Strengthening new/old Female Poultry Producer Organisations, and d.) Supporting other relevant opportunities not yet defined (investments, policy, strategy, poultry infrastructures,...).

62. **Implementation Arrangement:** The implementation of this sub-component will be contracted to a service provider to be selected through a competitive bidding process.

63. **Activities and Approach:** The sub-component will focus on the comprehensive and intensive extension work of the project beneficiaries and actors, which includes the establishment of the traditional, small to medium scale production units, market linkages and development of sustainable inputs and service delivery. The FFS extension activities will take place in a holistic, comprehensive and integrated manner where it will focus on more than one woman in a house, including their children, co-wives, elder women. In principle, each family is entitled to receive a set of inputs but the groups/association should play a key role in identifying the inputs. The quality input package will be provided to the project beneficiaries through the poultry groups/associations, who will be guided in ensuring quality and fair prices. In this regard, the project team will facilitate and advise, link them initially to the input providers, assist in assessing the quality and price bargaining, etc. In all cases, a **maximum of 50% of the total investments** should be provided by the project. In short, procurement is established through the poultry groups/associations, which might be demanding initially but paves the way for sustaining the activities.

64. In order to prevent failures, experimentation with flock size (layers, broilers) is foreseen, which implies that initially a small number of women - already experienced in small-scale commercial layer or broiler rearing - will expand their flock sizes. Depending on the results, it can be scaled up in year 3 and 4.

65. The strengthening of the traditional poultry systems needs specific attention as little experiences have been made so far in Afghanistan. In addition, the majority of the beneficiaries will fall in this category, as the entry is easy and accessible for all. Attention to marketing traditional poultry is also foreseen.

66. In case quality birds are not produced by the existing parent farms and hatcheries in the concerned Provinces, it can be considered to import fresh parent stock material with better adoptability under the village conditions. As most commercial parent stock farms and hatcheries are members of the Kabul poultry association, such importation can best be arranged through them. In this regard, it is important to strengthen the capacity of parent stock farms and hatcheries especially regarding poultry breeding and hatching capacities. The Jalalabad Poultry Association is already advanced in this field, among others, due to a full time international adviser, who could be hired for capacity building.

67. Procurement of the pullets and the other project inputs will thus take place through the poultry groups/associations whereby the project team supervises. Past experiences with procurement through implementing partners have been prone to favouritism as well as corruption. In the current set-up, the beneficiaries are themselves responsible, through the poultry associations/groups. It also forms a practical ground for women to climb the ladder of commercialisation, and sufficient experiences are present in the concerned area to opt for this approach (many previous poultry project were active in this area).

68. Up-till-now, the Kabul poultry association has only commercial poultry farmers as members. The poultry women groups/associations remain small and tend to fall dormant in the post project period. During this phase, the strengthening of the poultry groups (Village Level Poultry Groups) and their networks is a major activity. It should therefore be assessed how best they could join or benefit from the larger Kabul Poultry Association, for instance as a women wing or through contracts. Possibilities of linkages of VLPs with District Poultry Cooperatives (DPCs) shall also be explored.

69. It is foreseen that the Poultry Group Leaders (GLs) and the Women Basic Veterinary Worker (BVW), trained by the project, will operate in the framework of the VLPs. They need a feasible income in order to be sustained, thus business and organisational development training are important. Efforts will be focused on involving the key institutions, the MAIL, the potential service providers/stakeholders such as the CDCs, the local VFUs, the dairy schemes established by the FAO, feed sellers, local poultry association(s), marketers, microfinance organizations, banks, cooperatives and professional NGOs working in the fields of livestock production, community development and social organizations.

70. The local CDCs will be encouraged to support the Village Level Poultry Groups with their financial management of the saving schemes, meeting spaces, fund raising activities, storage facilities and marketing (when feasible). The DDAs at the district levels and the PDCs at the province levels are expected to provide similar supports to the poultry organizations in case resources and opportunities are available, but above all it is expected that they will lobby for improved regulatory and policy requirements. To ensure better sustainability and integration, the village level groups will be motivated to interlink and organize themselves into bigger community based organizations (the District Level Poultry Cooperative “DLPCs” and/or as wing of Kabul Poultry Association). The project, jointly with the Poultry Groups Leaders, needs to assess the viability of DLPCs as well as to explore the possibility of joining Kabul Poultry Association. Where opportune, the project will guide and build capacity in the field of working procedures, financial and organisational management, etc.

71. The feasibility of the idea to structure the 3 provincial poultry associations into a single framework of the Village Poultry farmers Society Centre (VLPSC) - called “**Anjuman-i- Morghdari Hai Dehaat**” - needs to be explored. The turn-over in terms of products and inputs will be quickly too small to run a viable VLPSC. Viability will partly depend on the number of women able to take up commercial poultry rearing. It is thus of utmost importance to assess the situation and, apart from the above mentioned option of women wing as part of the Kabul Poultry Association, joining the Dairy Cooperative movement should not be excluded - as selling of eggs and honey already takes place in the dairy cooperative outlets of the Kabul Dairy Union. At all costs the creation of too many structures should be prevented, since they might not be viable over time.

72. It is expected that the project team will make use of the **Policy Support Fund**¹, which will be initiated to support the formulation, development, follow-up or completion of draft policies, strategies and legislations required by MAIL to nurture an enabling environment. In this regard, it is expected that technical expertise will be needed for key areas such as consultation for finalizing the National Poultry Policy/Strategy, Poultry Breeding policy, standardization and quality control mechanism, taxation systems, etc. As stipulated in the main document, the relevant MAIL actors should take the lead and on a demand-basis the project can bring in the expertise where appropriate.

¹ Amounting to \$ 500,000

IV.3. Improved Food, Forage and Vegetable production

73. The sub-component aims at developing and promoting new drought resistant and high yielding improved varieties of wheat, food and forage legumes, and vegetables along with best practices. To achieve increasing food security, a four tier approach will be use: (1) *Adaptive research for fast-track release of high-yielding varieties* to provide a continued flow (release) of new, improved, high yielding and drought and disease resistant varieties of food, forage and vegetable crops; (2) *Establishment and support to farmer-led Village Based seed Enterprises (VBSEs)* to produce certified seeds of the new high yielding varieties, ensure their sustainable production and farmers' access to quality seed; (3) *Participatory demonstrations to accelerate* adoption of newly released varieties by farmers; and (4) *Individual and institutional capacity development* of stakeholders (MAIL researchers and extension workers, farmers,...)

74. **Implementation Arrangements:** ICARDA has been pre-selected for implementation of the sub-component on the basis of its long-standing presence in Afghanistan and experience in the areas. ICARDA undertakes agricultural research trials in fields relating to seed systems and crop improvement; soil and water management; livestock, feed and rangeland improvement; and horticulture.

75. **Activities and Approach:** The sub-component will be implemented through an integrated community based approach. CDC will play a crucial role in the implementation of the project, and in the selection of locations, participating farmers and other beneficiaries of the project. All the activities of this sub-component will be implemented in close cooperation and coordination with other sub-components. Subject to technical feasibility, preference for selected location will be given to villages/communities where the project productive infrastructure schemes have been constructed, particularly irrigation. The first sub-component of adaptive research to test and identify the high yielding improved varieties of food, forge and vegetable varieties, will be implemented at the research stations of MAIL. Depending upon the available facilities and feasibility, some of the trials may also be conducted in Logar and Parwan provinces.

76. In collaboration with CGIAR centres an adaptive research programme will be initiated which will specialise in developing high yielding and drought resistant varieties, and associated best practices to obtain optimum yields. This will replace low yielding, drought and disease susceptible crop, forage and vegetable varieties. Selected varieties will be released through the National Variety Release Committee of MAIL, and breeder/foundation seeds will be provided to Improve Seed Enterprise (MAIL)/ VBSEs for commercial multiplication and production of certified seeds to be used by farmers. Adopting such an approach, MAIL and ICARDA have already released varieties of wheat, chickpea, lentil, mung beans, potatoes - and others are in pipeline.

77. There is an urgent need to increase production of certified seeds of not only wheat but also of other staple food crops, forages and vegetables, and ensure farmers' access to certified seeds. Farmer led Village Based Seed Enterprise (VBSEs) have successfully been established in Afghanistan, and they are contributing to seed availability. These VBSEs are farmers' groups supported with technical training to produce certified seeds of crops, forages and vegetables following the guidelines stipulated in Afghanistan Seed Law.

78. Previous similar interventions by MAIL-ICARDA have proved that by the beginning of year 4, the newly established VBSEs will be able to function independently and sustainably and to produce much needed certified seeds for their respective communities and beyond. The major objective of the VBSE program is to promote market-oriented seed businesses at the village level to ensure availability of and access to quality seeds of adapted improved varieties of crop, forage and vegetable crops; and generate income and employment.

79. Based on the earlier successful intervention of MAIL-ICARDA-CIP, the project will introduce country stores to reduce storage losses, thus leading to increased farmer income and reduced dependency on cross-border expensive and inconvenient storage. These stores are simple semi-underground structures that help maintain desired level of temperature without using electricity.

80. To ensure accelerated adoption of newly released food, forage and vegetable crops, and building on the success of more than 2000 farmers' participatory demonstrations through MAIL-ICARDA projects funded by USAID (during 2003-2009) and IFAD (2009-2011), series of multi-location farmer participatory demonstrations of newly released improved varieties will be established in the target provinces. Through these, best practices and optimum use of resources (seed, water, and other inputs) will be popularized. Tools like mobile phones, print media (brochures, posters in local languages) and electronic media (radio and television) will be used to enhance the adoption of newly introduced crops and technologies. Previous MAIL-ICARDA joint projects successfully demonstrated that yields of wheat, potato, and mung bean can be increased between 40-60 % over the currently used/ local varieties.

81. **Capacity Development.** Afghan farmers are in urgent need of access to modern knowledge on improved crop varieties, new agro-technologies, judicious use of high quality agro-inputs, and access to quality seeds. In most countries of the region, such technologies are developed, tested and released by the researchers while extension workers transfer them to the farmers. However, Afghan researchers and extension workers remained isolated from the rest of the world due to conflict and war, and thus could not obtain knowledge to recent developments that led to green revolution in neighbouring countries. Afghan researchers and extension workers have therefore an essential need to go through integrated capacity development programs. This is a pre-requisite to any effort to establish agriculture as a viable, sustainable, and commercial industry in Afghanistan. Each set of activities of the proposed sub-component (adaptive research, VBSE, and enhanced adoption of newly released varieties and associated best practices) will have a strong component of capacity development for MAIL researchers and extension workers, progressive farmers, and relevant Afghan businesses. These trainings will be mostly organized inside the country with the help of national and international experts/ consultants. MAIL senior officials and policy makers will be sent to the international centre of excellence for study tour. In addition, farmer-to-farmer interactions will be arranged, such as Farmer Field Schools and Field Days organized at the farmer participatory demonstration plots, and knowledge sharing trips for farmers and VBSE members.

IV.4 Kutchi and Livestock Development

82. The objective of this sub component is to enhance livelihoods and resilience against predictable livestock emergencies of pastoralists and agro-pastoralists communities (i.e. Kutchi) in Parwan, Kabul and Logar Provinces. The project interventions will mitigate risks, improve food, feed and nutritional security of animals (directly) and humans (indirectly) and increase income through livestock and/or alternative livelihoods (e.g. settling of Kutchi communities who lost their herds).

83. **Implementation Arrangements:** The Dutch Committee for Afghanistan (DCA) has been pre-selected to assist implementation of the sub-component. The DCA has more than twenty-five years' experience working in Afghanistan on animal health and contributed substantially to setting National standards and systems for veterinary services. Under the overall implementation coordination of PSU of CLAP, relevant staff of MAIL's Kutchi Unit, Livestock Health Unit and Kutchi Directorate at the central, provincial and district level will participate in the project implementation in line with MAIL's stipulated functions of monitoring, supervision and quality control. The activities will also be coordinated with the Cooperative and Extension Departments and other ministries, namely MRRD and MOPH. This will be done by ensuring that MAIL Kutchi and Livestock Health Unit teams and representatives of the Kutchi Directorate are integrated in relevant coordination mechanisms and by encouraging bilateral meetings and joint activities, particularly at field level.

84. The partnerships thus would also include MAIL (Kutchi, Livestock Health) teams at Central, Province and District levels, MRRD (Central, Province and District), Kutchi Directorate, FAO (Dairy), ICARDA (Dairy Goats; Improved Food, Forage and Vegetable production), Community Leaders (Shura, CDC), Beneficiaries, and the Private sector (e.g. VFUs, VetServ, trades, dealers, shop keepers, etc.), Afghan Research Institutions (NARS and AREU), and NGOs (AVA, MADERA, Afghans for Tomorrow). Cooperation with the to-be selected Service Provider for Poultry Development' is also foreseen, in particular regarding the activity aiming to strengthen the traditional poultry systems.

85. **Activities and Approach:** The proposed activities are based upon the socio-economic constraints faced by the Kutchi. Many groups of Kutchi in Afghanistan are currently vulnerable and

experiencing many constraints in their traditional pastoral way of life. In many ways, they are dependent on the good will and cooperation of the local settled population at almost every stage of their migratory cycle, whether for fodder, for access to pastures and/or water, or for right-of-way. While a small proportion of Kutchi tribes are still able to lead a pastoral life, many are now without economically viable numbers of sheep and are increasingly dependent on the non-pastoral, urban and peri-urban economy for their livelihood (as casual workers, often unskilled).

86. The project interventions will deliver the following outcomes: (i) Improved access to quality veterinary services through a comprehensive community-based approach; (ii) Based on good practices and experiences made in the management of Afghan common lands (silvi- and agro-pasture systems), appropriate extension services will be provided, combined with herder-led research to contribute to year-around balanced feeding of small ruminant herds; (iii) Improved access to markets and value of concerned products through value chain development (milk, wool, hair, meat) based on producer cooperation; (iv) Deprived Kutchis are settled on the land plots allocated by the Government and new livelihoods allowing them a decent living are developed'; (v) Through credit-in-kind and other lending systems, successful restocking of interested Kutchis who lost their livestock, materialised and sustained'; and (vi) In order to arrive at sustainable and productive agro and silvi-pasture systems, research, studies and surveys will be conducted to complement and underpin the approaches and technology options deployed.

87. As the intention is to develop platforms to address field based problems and policy and strategy constraints - ultimately leading to the establishment of a Kutchi Board - those active in this field will be invited to participate and might turn into associates of this 'Kutchi and Livestock Development' project. In this regard, it is expected that the project team will make use of the **Policy Support Fund**¹, which will be initiated to support the formulation, development, follow-up or completion of draft policies, strategies and legislations required by MAIL and Directorate of Kutchi, to nurture an enabling environment.

PART V. FINANCIAL MANAGEMENT, AUDIT AND ACCOUNTING, PROCUREMENT

V.1 Financial Management

88. The main aim of this section is to ensure the adequate financial management of the project and to promote improved compliance with Operational Policies and IFAD Procedures on Financial Management, as well as to comply with the rules and regulations of the government.

89. The project financial management provides:

- essential information needed by those who manage, implement and supervise the project
- the reassurance needed by the GoIRA country and donor community that funds have been used efficiently and for the purposes intended; and
- a deterrent to fraud and corruption, since it provides internal controls and the ability to quickly identify unusual occurrences and deviations.

90. The Government of Islamic Republic of Afghanistan (GoIRA) is responsible for implementing the project according to the grant agreement and other agreements, while IFAD monitors the project and reviews its progress to ensure that the grant proceeds are spent as agreed upon.

91. **Key Project Documents for the Finance and Accounting Officer:** The major project documents of concern to the Finance and Accounting Officer are the project cost tables, the Project Design Report (PDR), and the legal documents².

92. **Fund Flows:** The Special Account (SA) opened for the Programme provides a mechanism somewhat like an imprest account or a revolving fund to assist GoIRA in financing eligible expenditures, as defined in the grant agreement, as payments fall due. IFAD funds are advanced to the SA to cover eligible expenditures for a limited period. While project implementation is under way,

¹ Amounting to \$ 500,000

² Grant Agreement; Loan and grant administration manual; IFAD guidelines on project audit; Procurement guidelines.

the SA is restored to its original level ('replenished'), normally every six months, if satisfactory evidence of the expenditures is received. If project completion is imminent, the SA is wound down through a gradual recovery of the advance. The Special Account will be in Da Afghanistan Bank (DAB). Financing from this account will be subject to the overall Grant Financing Agreement between IFAD and the GoIRA and the agreements signed with each of the SPs and the Ministry of Agriculture, Irrigation and Livestock (MAIL).

93. The Ministry of Rural Rehabilitation and Development (MRRD) and each of the SPs will open an account in their books for the IFAD funds for use for the activities that they are responsible for under the CLAP. They will develop acceptable standards and procedures to record each item of expenditure and ensure proper audit of these accounts by the Auditor General or by a recognised auditing firm on an annual basis. Funds from the IFAD Account will flow through the USD Special Account to specific SPs as delineated by the Ministry of Finance (MoF), in line with the Letter of the GoIRA describing the modalities of withdrawal of Grant proceeds.

94. The flow of funds will follow the laid down Government procedures and will be reflected in the annual budget of the GoIRA. The funds drawn by MoF from IFAD's Grant Account will flow from the Special Account directly to third parties for all major payments, and to MAIL in case of petty cash payments. Under Project Component 1 (Productive Infrastructure), should there be any tertiary road construction, this is to be implemented by the National Solidarity Program (NSP) working under MRRD. MAIL will enter into a Funding Agreement with its partner MRRD. MAIL will disburse the funds to MRRD in accordance with the budgetary allocation for disbursement to NSP. The expenditure made by NSP will be accounted separately in MRRD accounting books and reconciled with MAIL for subsequent replenishments. Ideally an amount equivalent to a one-year advance would be deposited in the MAIL account.

95. The Procurement Commission of Afghanistan has authorised MAIL to approve contracts of any amounts between MAIL and SPs. At the start of the Programme, each SP will be given an advance equivalent to cover the anticipated one-year expenditure. Direct Payments to the SP, if any in exceptional cases, will be defined in the respective Contract Agreements. The Grant amount will be used to finance expenditures in accordance with Annual Work Plans and Budget (AWP&B) for each Programme year. The payments in subsequent years will be on the basis of progress reports and a Statement of Expenditure (SOE), with respect to at least 75% of the previous advance.

96. Under Component 3, neither the PSU nor PMU will have an account of its own, as per normal practice in Afghanistan. Funds for this Component will be financed through the Special Account operated by the MoF. PSU and PMU staff will receive salaries directly into their personal accounts from the Treasury Department of the MoF. A rolling fund will be established for operational expenses of the PSU and PMU and will be the joint responsibility of the Project Director and the Finance Manager of the Project.

97. All implementing agencies (i.e. the SPs) will open and operate a specific bank account in USD currency. The clearance from foreign currency (US\$) will be converted to local currency (Afghani) on the basis of daily rate of exchange and not the date of transfer of funds. In case of government line agencies, these accounts would be opened in DAB. All these accounts would be dedicated for receipt and expenditure of IFAD funds alone. An initial deposit would be transferred from Designated Account to SP's account, based on estimated expenditure requirements for the first six months of respective SPs. The respective SP will be responsible to the PSU/PMU for all fiduciary duties relating to funds so transferred, including maintenance/submission of supporting documents of all expenditures for replenishment of these accounts by the PSU/PMU. All replenishments from IFAD would be centralised, i.e. all fund expenditures would be reported by SPs to the PMU, who would consolidate the expenditures and submit replenishment claims to IFAD. Similarly, fund receipts would also be centralised in PMU-operated Designated Account, with onward transfers to line agencies based on their reported expenditures. The total advance to each SP would be accounted for through an advance reconciliation statement, to be submitted by SPs with each replenishment application.

98. The accounting system will be configured to be able to generate financial information of the following dimensions:

- Expenditure trends by components by financier;
- Expenditure trends by categories by financier;
- Contractors statements of account with sufficient audit trail;
- Grants Module able to handle such anticipated magnitude of grants;
- Outstanding advances to contractors and others, to facilitate follow-up;
- Commitments made;
- Budgetary control information to ensure that the expenditures do not exceed set limits;
- Receivables in the form of replenishment applications in transit and any refunds that may be due from Government/ IFAD.

99. This system will be aligned with existing accounting systems being used in MAIL/ MoF in order to avoid duplication and enhance/add on to the existing government accounting mechanisms. Effort will be made to harmonise the accounting systems and records of CLAP with RMLSP, to enable generation of consolidation financial reports, preferably along with relevant programmatic data.

100. **Disbursements:** The GoIRA may from time to time request withdrawals from the Grant Account of amounts paid or amounts to be paid for Eligible Expenditures. The Grant agreement may specify minimum amounts for withdrawals, in which case the GoIRA shall finance Eligible Expenditures, less than such minimum amounts, by using the Special Account or its own resources.

101. Procedures for withdrawal of grant proceeds are standardized to facilitate disbursements under most grants. Disbursement procedures consist of four major types, described briefly as:

- a) Direct payment procedure where IFAD, at the GoIRA's request, pays a designated beneficiary directly;
- b) Commitment procedure where IFAD, at the GoIRA's request, provides an irrevocable undertaking to reimburse a commercial bank for payments made or to be made to a supplier against a LC financed from the grant account;
- c) Reimbursement procedure where IFAD pays from the grant account to the GoIRA's account or, in some cases, to the project account, for eligible expenditures which have been incurred and paid for by the project out of its budget allocation or its own resources; and
- d) Imprest fund procedure where IFAD makes an advance disbursement from the grant account for deposit to an imprest account (i.e. Special Account) to be used exclusively for IFAD's share of eligible expenditures.

102. **Actions to Be Taken by the GoIRA:** Precedent to withdrawal, the GoIRA shall meet the additional general conditions specified in the Grant Financing Agreement. These additional conditions generally relates to opening of accounts, appointment of key staff of project, subsidiary agreement with SPs, finalisation of PIM and its approval from IFAD, preparation of AWP&B including procurement plan and its approval from IFAD. To execute the disbursement, the GoIRA will:

- a) recruit qualified accountants and establish sound internal control and accounting systems within executing and implementing agencies;
- b) review Schedule 2 of the grant agreement. The Schedule provides details of IFAD financing such as amounts, percentages, items of financing, and applicable conditions of financing; and
- c) maintain records for all signed contracts in a contract ledger for reference.

103. **Recovery of Advances or Final Liquidation of the Account:** Advances are to be gradually reduced before the grant closing date or when the undisbursed balance of the grant, excluding outstanding commitments, is equal to twice the amount of advance, whichever comes first. This is to ensure that sufficient time is provided for the GoIRA to obtain supporting documentation for clearing the outstanding advances before the grant account is closed. The GoIRA must promptly refund to IFAD, in the currency of the Account, any balance of the advance not liquidated at the time of grant closing.

104. **Retroactive Financing:** At the request of GoIRA, IFAD will consider retroactively financing the setting up of the Project Support Unit before the start-up of the project, for undertaking of

preparatory activities like initial actions/preparation of draft agreements/ToRs for agreements with SPs, various consulting services, baseline survey etc., and initiating action on additional general conditions. The cost of preparatory activities will be pre-financed by the Government and reimbursed by IFAD after signature of the financing agreement, upon submission of a WA. The budget for the preparatory activities and a work plan will be discussed during negotiation for the Grant Agreement and will be spelled out in the financing agreement.

V.2 Audit and Accounting

105. The objective of a financial statement audit is to determine whether the statements are presented in conformity with acceptable International Accounting Standards (IAS) or other acceptable national standards. Each audit covers a specific period, usually the project fiscal year, and the cumulative accounts over the life of the project.

106. Within 90 days of the Effective Date, the GoIRA shall appoint, with the prior approval of the Fund, independent auditors selected by the GoIRA, in accordance with the procedures and criteria set forth in the Fund's "Guidelines on Project Audits", dated 2003, to audit the financial statements relating to the Programme. Thereafter, as soon as practicable but in no event later than 90 days after the beginning of each Fiscal Year, the GoIRA, with the prior approval of the Fund, shall confirm such auditors' appointment or so appoint new independent auditors for such Fiscal Year.

107. The GoIRA shall have the financial statements relating to the Programme audited each Fiscal Year by such auditors in accordance with the International Standards on Auditing and the Fund's "Guidelines on Project Audits". In accordance with Section 9.03 of the General Conditions, in addition to the audit report on the financial statements, the auditors shall provide: (i) an opinion on the certified statements of expenditure, the operation of the Special Account and the operation of the Programme Account, as well as an opinion on compliance with IFAD Procurement Guidelines for the goods and services procured by the PSU/PMU; and (ii) a separate management letter, addressing the adequacy of the accounting and internal control systems. The PSU shall deliver the above-mentioned items to the Fund within six months of the end of each such Fiscal Year together with the reply to the management letter of the auditors.

108. The agreement/contract of services of each SP shall specify that each SP will appoint an external independent auditor to audit their financial statements relating to the Programme. These audit reports will be submitted to the GoIRA, through the PMU, within five (5) months after the end of each Fiscal Year for subsequent submission to IFAD. UN SPs (FAO) shall submit their internal audit reports to the GoIRA, through the PMU, within five (5) months after the end of each Fiscal Year for subsequent submission to the Fund.

109. **Maintaining Financial Records:** A record is created for each financial transaction. Some are created by the project (e.g. orders for payment or for goods); others are created by entities with which the project deals (e.g. suppliers' invoices, bank statements). Records must be preserved and classified for easy access since they provide the paper trail on which the accounting system is based. A good record-keeping system facilitates financial accounting and reporting, internal control, project management and subsequent auditing.

110. 'Project accounts' refers to the financial statements of the project, usually for a fiscal year. They must show the financial status of the project and consist of:

- yearly and cumulative statements of sources and application of funds, which should disclose separately IFAD's funds, counterpart funds (government) if any; and
- the balance sheet, which should disclose bank and cash balances that agree with the statement of sources and application of funds, fixed assets and liabilities.

111. Where the project consists of several entities, financial statements should be consolidated.

112. **Bases of Accounting.** There are four generally recognized accounting bases and the Project will use cash accounting i.e. income (or expenditure) is recognized when cash is received (or paid), irrespective of when goods or services are received.

113. **Expenditure Reporting.** Expenditures report may include the following:

- actual expenditures for the quarter (or other agreed reporting period), for the year to date, and cumulative to date (from the beginning of the project);
- planned (or budgeted) expenditures for the quarter, for the year to date, and cumulative to date;
- variances between actual and planned expenditures for the quarter, for the year to date, and cumulative to date; and
- the expenditure figures appearing in the PDR for the life of the project, updated to reflect project changes including agreed revisions, and loan agreement amendments. The figures to be presented will be in local currency units.

114. **Procurement Management Reports.** These reports (Report for goods and works and Report for consultants' services) provide details on the status of procurement for the major steps in the bidding/proposal process for contracts above the prior review threshold.

115. **Contract Expenditure Report.** These reports provide details on amounts invoiced and paid for contracts above the prior review threshold. In addition to be used as project management/monitoring information, this data is also used to report expenditure by source of supply in the Bank's Annual Report.

116. **Annual Financial Statements.** As CLAP is a non-revenue-earning project that includes the financing of incremental current expenditures (e.g., salaries, wages) the financial reports should include separate statements of these expenditures and any related recurrent income of the EA. These statements should include annual budgetary provisions and allotments; supplementary budget provisions and allotments; and actual expenditures under each budget head and subhead. The budget heads and subheads of expenditures for which IFAD financing is furnished and the actual expenditures and amounts of IFAD disbursements claimed should be indicated.

117. The statements may take the following forms and may be produced in the local budgetary and accounting formats for the project and, where applicable, for the EA concerned:

- Statement of Income (or Cash Receipts);
- Statement of Expenses (or Cash Payments);
- Imprest Fund Account/Special Account;
- Statements of Expenditure (SoE);
- Balance Sheet; and
- Notes to the Financial Statements.

Statement of Income (or Cash Receipts).

It shows the year's complete financial information and cumulative data from project start-up to date. The opening and closing cash balances should be shown.

Statement of Expenses (or Cash Payments)

It shows the year's financial information, and cumulative totals from project start-up to the current date.

Cash Flow Statement

The Cash Flow (or project funds) Statement should include:

- sources of project financing (for example, IFAD, Government contribution, etc.);
- uses of funds summarized under project disbursement categories as per the loan agreement (for example: equipment, civil works, consultant services and training, and "Other" which may be further subdivided following the start of project implementation); and
- the opening and closing cash balances.

Special Account Statement: *This statement summarizes IFAD's advances and replenishments, less the amounts withdrawn by the project entity, showing the remaining cash balance in the Special Account duly supported by the Bank statements.*

Statement of Expenditures (SOE): *The Statement of Expenditures (SOE) procedure is an IFAD reimbursement procedure that does not require submission of supporting documentation. The SOE form should include certification, confirming existence of registration for mobilization and secured advances/deposits. The ADB Loan Disbursement Handbook describes the use of this method and associated reporting and auditing procedures.*

Income Statement and Balance Sheet: *Details of the financial position may be provided in a form of balance sheet, at the opening and closing of each fiscal year, to show the accumulated totals of transactions over the project period. Its preparation can take the form of an accumulation of data from income and expenditure statements for completed years, with adjustments to show closing balances of inventories and cash etc.*

Notes to Financial Statements: *The EA should provide Notes to the financial statements. These should be explanatory notes and/or supplementary financial statements that analyse or qualify important heads of account, or that present the information in conformity with generally accepted accounting practices of the country.*

Other Information: *IFAD expects to receive financial reports on a project that illustrate both performance in the fiscal year under review and accumulated transactions from project commencement, particularly with regard to sources of funds and expenditures i.e. the reported results of prior years may be included in the annual financial statements as of the last day of the reporting fiscal year, that summarizes and classifies all receipts and expenditures relating to the project from its commencement.*

Project Management Report (PMR) – Interim Financial Statements of the Project: *The information in the PMR should be provided in respect of: (i) the most recent completed financial period (normally a quarter or a semester of a year); (ii) the totals for the year to date; and (iii) cumulative totals to date from the beginning of the project. The PMR should also show, for each line item, the planned/budgeted amounts for comparison with the actual reported information, with variances shown between actual and planned. Explanations should be attached to the PMR with respect to significant variances.*

118. **Audited Project Financial Statement:** IFAD requires the borrower and the project EA to have the required financial statements for each year audited by an independent auditor acceptable to IFAD, and in accordance with standards on auditing that also are acceptable to IFAD.

119. The audit of financial statements includes:

- (i) an assessment of the adequacy of accounting and internal control systems with respect to project expenditures and other financial transactions, in order to ensure safe custody of project financed assets;
- (ii) a determination as to whether the borrower and project implementing entities have maintained adequate documentation on all relevant transactions;
- (iii) a confirmation that expenditures submitted to IFAD are eligible for financing, and the identification of any ineligible expenditures; and
- (iv) a compliance with loan covenants and IFAD's requirements for project management.

120. An auditor will need to examine, and where necessary, test:

- the procedures for making financial decisions, budgeting and authorizing expenditures;
- the design, management, and operation of the accounting system;
- the effectiveness of related systems and procedures such as inventory control and data processing;
- the efficiency of the systems of internal control and of internal audit;

- all financial transactions, verifying year-end balances - including an appropriate degree of physical verification;
- compliance with IASs and any other applicable accounting standards, including the adequacy of disclosures;
- events and their possible effect on the financial statements;
- overall comparators of actual costs and achievements subsequent against budgets and planned indicators, obtaining and reporting adequate explanations for significant variations;
- the timeliness and accuracy of the recording of assets and liabilities, and of the methods of their valuation;
- compliance with loan covenants and IFAD's requirements for project management; and
- adequacy and competence of accounting staff.

121. In the light of their findings, auditors will test the financial transactions of the project against documents or other evidence necessary to enable them to be satisfied with the authenticity and correctness of the transactions, their complete and proper entry in the books of account, and their effect on financial performance and status.

122. The audit of SOEs should be included as a part of the overall audit of the project. Particular attention needs to be paid to the internal control systems and the verification of documents relating to SOE expenditures, not only to ascertain proper financial accountability but also to ensure that expenditures are eligible for inclusion in the project. A special reference is required in the auditor's opinion with respect to the SOE portion of the audit.

V.3 PROCUREMENT

123. The procurement of goods, works or services will be undertaken in accordance with the provisions of the Grant Agreement and the Services Agreements with the Service Providers. The PSU/PMU will work under national rules and regulations and in particular the administrative rules established by the Procurement Law of Afghanistan dated July 2008. However in cases where the provisions of this law contradict IFAD Procurement Guidelines, the IFAD guidelines will prevail. The procurement of goods, works and consulting services under the project is to be undertaken by observing the following specific principles:

- Procurement is to be carried out in accordance with the respective grant agreement and any duly agreed amendments thereto;
- Procurement is to be conducted within the project implementation period;
- The cost of the procurement is not to exceed the availability of duly allocated funds as per the loan agreement;
- Procurement is to be consistent with the duly approved Annual Work Plan and Budget (AWP/B) including a procurement plan for at least 18 months; and
- Procurement is to result in the best value for money.

124. Different procurement methods (ranging from International Competitive Bidding to Direct Contracting) will be used for the different categories of procurement depending on nature, amount and other criteria. The guiding principle being economy and efficiency. The procurement methods will be specified in the 18 months procurement plans that will be part of each year's Annual Work Plan (AWP).

125. IFAD will undertake a prior-review for all consulting services contracts and for the first ten goods and works contracts regardless of the amounts; thereafter, prior-review will be required for procurements of goods and works above USD 50,000 and above USD 30,000 for all consulting services. In addition, procurement undertaken through direct contracting will be subject to IFAD's prior review.

126. **Small Procurements:** Small procurements such as lease of vehicles, purchase of equipment's and materials or purchase of stationery will be done by a purchase committee established at CLAP. The Purchase Committee for all procurements of PSU/PMU shall comprise of the following:

- Programme Director PSU;
- Programme Manager CLAP;
- Finance Manager CLAP.

127. **MAJOR PROCUREMENTS:** Major procurements such as awarding contracts or purchase of equipment's costing more than USD50,000/single item will be done by establishing ad hoc procurement committees. The Procurement Committee will convene for all procurements of PMU, PSU and other procurements performed by PMU/PSU, including competitive selection of service providers. This Committee shall comprise of the following:

- i. Director General MAIL (for procurements exceeding USD100,000);
- ii. Programme Director PSU;
- iii. Programme Manager CLAP;
- iv. Finance Manager CLAP.

128. The committee would ensure compliance with all pertinent requirements of the IFAD Project Procurement Guidelines, and the Afghanistan Procurement Law and Regulations (where applicable). This would include, among other things, ensuring competitive selection of all goods and services, including service providers for various components, as far as practicable.

129. The following specific technical criteria will be used to evaluate the quality of bidding service providers:

- Audited financial statements for the past two years,
- proof of adequate financial management capacity, e.g. Supplier should be able to provide proof that it has the adequate financial management capacity to manage and report on the funds transferred to it,
- past track record (and proof) for managing and reporting on externally funded projects, their size and details of complexity etc.,
- the FM assessment questionnaire to be attached in bidding document and required to be filled in by the bidder. This questionnaire shall include detailed financial assessment questions, including but not limited to, organizational structure, budgeting, accounting and reporting structure, qualification and experience of core finance staff, Internal and External audit function, Treasury function and Procurement function.
- Additional programmatic technical criteria depending on the specific nature of the programme.

PART VI. RESULTS BASED MONITORING & EVALUATION

130. The **primary objective** of the M&E system that will be put in place by the PMU and the implementing partners/SP will be to collect data and information to measure performance and progress towards objectives, and to be a learning tool to provide information for critical reflection on project strategies and operations. It will support decision-making at various levels and be a basis for results-based management. In addition, it will take into account the envisaged M&E function of MAIL and where opportune anticipate accordingly, hence contributing towards strengthening MAIL's M&E capacity. The collected information will be coordinated and synthesised to report on the progress on planned activities, targets, expenditures and assess the extent to which the intended results at the output, outcome and impact levels are being achieved.

131. **Key Aspects of the M&E System:** This section introduces the key principles related to the M&E system and provides three important tools for putting those principles into practice. These tools are:

132. **THE LOGICAL FRAMEWORK:** The Project Log-Frame will be the main reference document with regard to the outputs, outcomes and impact of the CLAP and should be used as the basis for designing the M&E system.

133. **ANNUAL WORK PLAN AND BUDGET:** On the basis of the individual, detailed Results-Oriented Annual Work Plan and Budget (RO-AWPB) prepared by each Service Provider, the PSU will prepare a consolidated AWPB at the beginning of each fiscal year that will clearly identify expected annual results in relation with clearly defined budget requirements. This RO-AWPB (with all detailed Service Provider's RO-AWPB annexed) will be sent to IFAD for no objection and to the PSC for approval. At the end of the fiscal year, the RO-AWPB - duly completed with annual and cumulative achievements – both programme-related and financial - will be annexed to the Annual Progress Report. Thus a link will be created between the annual planning exercise, the M&E activities and the annual reporting exercise. Internal and external M&E missions will use the Cumulative RO-AWPB as basis for measuring progress, effectiveness and efficiency. The Annual Progress Report, made based on the Annual Work Plan, will also include findings of the M&E results and recommendations.

134. **IFAD RESULTS AND IMPACT MANAGEMENT SYSTEM (RIMS):** Given that the principal elements under Component 1 of the project are going to be implemented by NSP and its Facilitating Partners, the performance and progress of the activities and outputs will be monitored by these agencies collaboratively. In the case of Component 2, the SPs will have devolved responsibilities for monitoring. They will all be assisted at an operational level by the PMU and guided and supervised by the PSU. An M&E plan within the overall M&E framework will be drawn up by the Project. The M&E unit of the NSP will support activity and output monitoring. In addition it will implement a programme of outcome and impact monitoring, as well as producing consolidated reports on project progress and results, and coordinating overall learning and knowledge management in the project format.

135. **The M&E plan:** The PSU/PMU will develop a specific M&E framework in order to provide a comprehensive and coherent system based upon the lessons learned from RMLSP and recent changes within IFAD – this includes data collected as disaggregated by gender and social groups, particularly those related to training, exposure and access to services. The plan will clearly identify the complete list of indicators to be monitored, the related data to be collected, the responsible staff/unit for data collection, the frequency of data collection, and the type of data analysis that will need to be performed.

136. The salient elements will comprise as follows:

- Output monitoring to measure the progress of activities and achievement of outputs against annual targets in the AWP&B for each project component. The output indicators in the project operational logical framework will form the basis for monitoring.
- Participatory Monitoring and Evaluation (PME) at the community level involving M&E managers and field staff, SPs and FPs (for NSP/MRRD). PME forums will be set up in villages with the support of CDCs, with simple tools to help the communities monitor their progress, evaluate performance, and identify implementation issues. Wherever possible, they will involve women and youth committees. The progress report of CLAP will contain a section on community and beneficiary feedback on Project activities. Feedback on the performance of all implementing partners will be obtained from the CDC with reference to the quality of the service provided. All supervision missions will also obtain community feedback.
- Process monitoring covers monitoring the processes leading to outputs and outcomes. Specific areas where progress monitoring will be useful in CRDCP include: mainstreaming gender, access to rural financial services, provision for technical services, the functioning of community based organisations such as producer groups, the adoption of FFS, value addition and marketing, as well as identifying Good Practices, which might form the basis for developing knowledge products.
- Outcome monitoring will measure changes occurring as a result of project interventions. In CLAP, this would entail annually measuring and assessing whether the project is moving towards

achieving the project objective of enabling rural households to strengthen or take up livestock and seed enterprises (small ruminants, dairy cattle and poultry, certified seeds) and form producer organisations to improve and sustain access to inputs, services and markets. The developments are to be integrated into the larger countrywide poultry, small ruminant and dairy value chain, while female livestock keepers should benefit most. With regard to producer organisations (village poultry groups, seed groups, dairy coops, etc.), the indicators might be reviewed on their appropriateness as lesson learnt showed that a positive assessment on sustainability of producer organisation is measured too quickly, but due to the fact that it concerned the project period, it tends to fall apart post project. The surveys will also collect data for 2nd level RIMS indicators.

- **Impact evaluation** will assess the contribution of CRDCP in achieving the overall goal of the project. It will consist of baseline, mid-term and end-of-project surveys. This survey will be coordinated by the M&E Unit, and contracted to an external agency. The baseline survey will also include Poverty Score Cards methodology for identification of poor households during selection of beneficiaries and subsequent monitoring of participation of the poor segments of communities in project activities. The PSU/PMU will ensure that the baseline study incorporates the IFAD RIMs framework and the Project Log-Frame for the purposes of establishing a baseline. The project's baseline study and its performance measurement framework will include gender specific indicators, and gender-specific proposed outcomes and impacts to measure against. Information to be collected will include the impact level indicators of IFAD's Results and Impact Monitoring System (RIMS). RIMS indicators, which represent only a sub-set of the complete list of CLAP indicators, will be included in the Log-frame and shall also be included in the M&E framework of each Service Providers. At the end of each year, each Service Provider will submit the related information (annual targets set at the beginning of the year and actual targets achieved at the end of the year), on the basis of which the PSU will prepare a consolidated RIMS report for submission to IFAD.

137. **PROJECT EVALUATION SYSTEMS:** CLAP will have an evaluation plan which will reflect the key evaluation questions and time line, and how the evaluation will be conducted periodically.

138. **MID TERM EVALUATION (MTR):** This evaluation considers the results and effects of a project at the local and national level and how it changed the life of beneficiaries. It should include an explicit appraisal of whether the project respected its stated objectives in terms of the CLAP focal area and operational programme (and if not an analysis of the reasons).

139. While the project proposal is being developed, special care shall be taken to ensure that measurable outputs and outcomes are detailed therein. All reporting will be done against these.

- It will be ensured that CLAP project should include a M&E plan with appropriate indicators.
- The reporting formats will have sections for feedback from the various stakeholders involved.
- The reporting formats will encourage introspection and reflections on learning by the stakeholders involved in programme.
- Evaluation of projects is generally done towards the end of the project implementation and should be included along with monitoring in project design.

140. **PROJECT COMPLETION EVALUATION:**

- The project shall prepare a report on completion of the project.
- The projects will be evaluated in terms of impact.
- CLAP/MAIL and IFAD, as the key partner organizations, will, together with the stakeholders, reflect on and evaluate the project, its outcomes and learning and prepare a report on this. The reflection may be done in a workshop mode.

141. The Final report will evaluate the impact of the project and will also reflect on issues like reliability, scaling up, sustainability, etc.

PART VII. PROJECT MANAGEMENT

142. The Ministry of Irrigation, Agriculture and Livestock (MAIL) would be the lead implementing agency for the project. MAIL will perform this task through two key institutions; a Project Steering Committee (PSC) at national level and a Project Management structure consisting of a Project Support Unit and a Project Management Unit at the implementation level. The Project Management structure will be closely based upon the existing and successful governance structure of the RMLSP and it also anticipate on MAIL's monitoring and evaluation needs and systems, so that whatever is developed can be continued by MAIL.

VII.1 PROJECT STEERING COMMITTEE

143. A **Project Steering Committee (PSC)** will be established for national level coordination, policy direction and guidance, legislative activities, approval of AWP&Bs, progress review and overall oversight. It thus concerns the decision-making body of CLAP. The PSC will comprise senior-level representatives of MAIL, Ministry of Finance (MoF), Ministry of Rural Rehabilitation and Development (MRRD) and selected Service Providers nominated on a needs basis. The PSC will provide a critical forum at which to place Project objectives and achievements in a broad rural development perspective alongside current policy, and that will allow information to be released to the Project on policy or institutional changes impacting upon beneficiaries, SPs or the Ministry itself. These issues could range from anticipated changes to the sub-national governance structure (thereby affected CDCs), transition of security (opportunities for stabilisation activities resulting in increased access to project districts), etc.

144. The IFAD Country Programme Manager (CPM) and/or the Country Programme Officer will attend these meetings as an observer when in the country.

145. PSC will convene its meetings at least every six months; with its first meeting to be held immediately after signing the grant agreement and receiving AWP&Bs from the Programme Support Unit (PSU). Ad-hoc meetings can also be organized based on any agenda proposed by the PSC members and the PSU. The CLAP PSU will serve as a Secretariat for the PSC and will facilitate the administrative and technical (policy related) affairs of the PSC.

VII.2 PROVINCIAL COORDINATION COMMITTEE

146. Provincial Coordination Committees (PCC) at all the three project provinces will be established under the chair of a representative of DAIL, and will have a membership comprising technical and field staff of the SPs and the Project through its Field Coordination Officer (FCO). The Provincial Management Unit of NSP will serve as a secretariat and convenor of PCC. At this level, the focus will be much more on operational level coordination for planning and implementation of project activities in an integrated manner, information sharing and linkages development between existing interventions and new developments on the ground.

VII.3 PROGRAMME SUPPORT UNIT (PSU)

147. A lean *Project Support Unit (PSU)* will be established for provision of overall steering, implementation coordination and technical support in the areas of gender and M&E including MIS and knowledge management to both the RMLSP and the CLAP. The PSU will be headed by a National Programme Director and one specialist in each of the following areas: Knowledge Management, M&E and Gender. A Finance Manager is also provided for overseeing financial management issues. The PSU will also be adequately provisioned in regard to transportation, office facilities, supplies and equipment, and support staff. The PSU will oversee and monitor compliance of each Service Provider with the terms of their contracts. In addition, it will facilitate linkages between the two projects and will ensure proper knowledge management, policy advocacy and smooth coordination with other donor-funded projects. The PSU will also facilitate the organization of IFAD missions.

Specific Responsibilities

- Overall programme planning including final selection/list of CDS with NSP;
- Preparation and execution of agreements with NSP;
- Oversight and monitoring of SPs and the Project Management Unit (PMU);
- Coordination at national and provincial level for integrating synergies between components and subcomponents of the project;
- Provide support and coordinate M&E, KM and gender related issues of CLAP and RMLSP;
- Act as secretariat for PSC, ensure regular PSC meetings and facilitate resolution of bottlenecks and difficulties that involve ministerial, inter-ministerial and departmental interventions;
- Knowledge Management (dissemination of lessons learnt, participation or organization of workshops, etc.);
- Coordination with other donor-funded projects and programmes or government programmes;
- Undertake baseline surveys etc.
- Fiscal oversight;
- Facilitate the organization of IFAD supervision.

VII.4 PROJECT MANAGEMENT UNIT (PMU)

148. A dedicated and empowered **Project Management Unit (PMU)**, as already existing in IFAD's financed on-going RMLSP, will be established for the day-to-day management of the Project. The main functions of the PMU will be to manage of the day-to-day project activities as well as to prepare consolidated annual work plans and budgets and withdrawal applications; prepare financial statements; ensure regular M&E of programme activities and conduct impact assessment surveys; as well as to produce quarterly, six-monthly and annual progress reports. The PMU will be headed by a Project Manager and will include a Community Development Officer, a Rural Infrastructure Officer, an Agriculture and a Livestock Officer. Additionally, a MIS Officer, a MIS Associate and a M&E Associate will be provided for M&E and KM, and 2 Finance Officers, an Administrator and a Logistics Officer will be recruited for financial management and administration. The PMU will also be adequately provisioned in regard to transportation, office facilities, supplies and equipment and support staff. As part of the strengthening MAIL institutional capacities and to contribute to a more sustainable capacity building effort, the technical staff of PMU (especially the Agriculture and Livestock officer) shall be seconded from MAIL.

Specific Responsibilities

- Prepare consolidated annual work plans and budgets, financial statements and withdrawal applications;
- Ensure regular M&E of programme activities and conduct impact assessment surveys;
- Provide on-site technical support and ensure quality of interventions and measures undertaken;
- Facilitate resolution of bottlenecks and difficulties that arise at the provincial, district and field levels;
- Identify capacity gaps, organize training events and ameliorative measures;
- Document and analyse experiences so as to draw lessons and "good practices";
- Produce quarterly, six-monthly and annual progress reports.
- Undertake contract management and monitor compliance of each Service Provider with the terms of their contracts.

VII.5 SERVICE PROVIDERS:

149. The project components and activities will be implemented by a combination of Government Ministries/agencies and selected Service Providers of which MRRD, FAO, ICARDA and DCA have

been pre-selected. The pre-selection was based on their mandate, unique skills, expertise, long experience in the country, as well as their performance and successful implementation of similar activities in the on-going IFAD-financed RMLSP or other bi-lateral donors.

150. MRRD, through the National Solidarity Programme, will be responsible for implementation of the Community Development component including small community based productive infrastructure; FAO, ICARDA and DCA will be engaged in the Livestock and Agriculture Development Component. In view of availability of a number of qualified international and local SPs engaged in community-level commercial poultry activities, selection of SPs for this purpose will be done through a competitive process in line with MAIL and IFAD regulations.

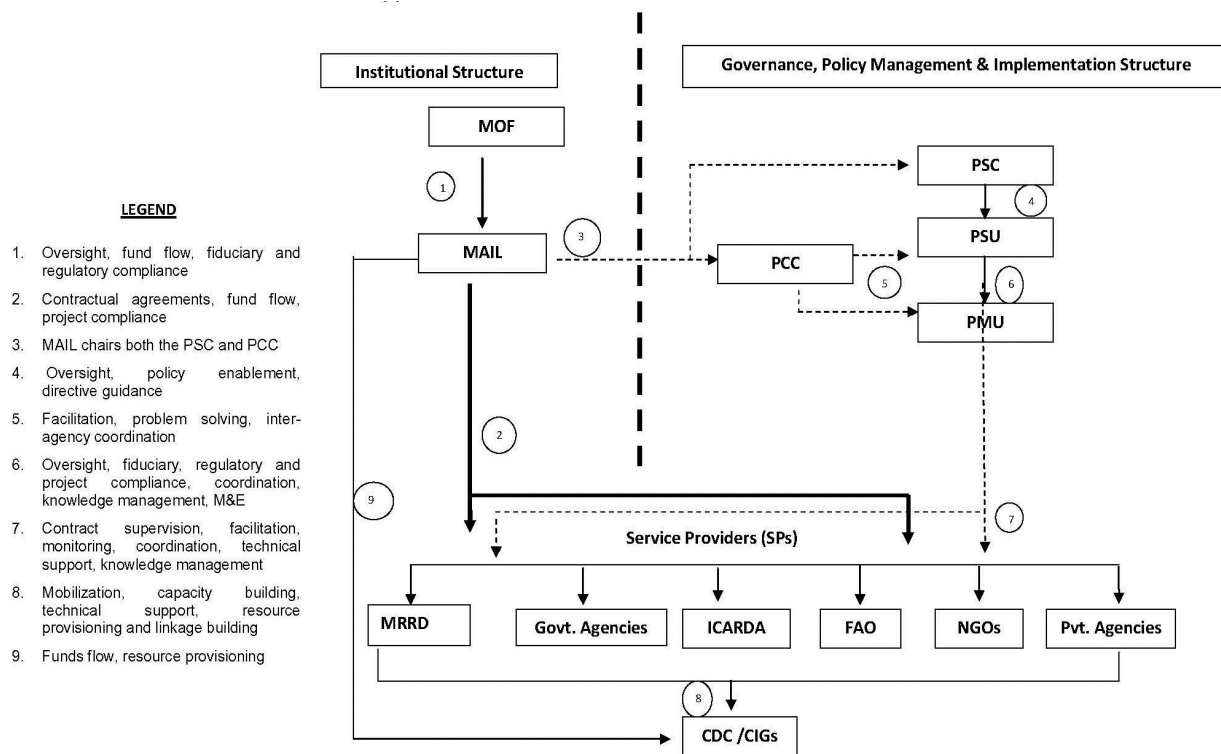
151. A Contract for Services will be signed between the MAIL and each of the SPs. These contracts will include the following: the component/sub-component objectives; target groups; methodologies for villages' and beneficiaries' selection; implementation approaches and arrangements; quantified outputs and deliverables; staffing requirements; M&E requirements; and a two-phased budget for (i) planning and implementation and (ii) handing over of responsibilities and consolidation. This latter restriction follows from the CLAP's institutional development objective which requires that reliance on Service Providers (SPs) be gradually phased-out by building capacity of MAIL staff, particularly at the provincial and district levels, in order to ensure transfer of responsibility to the government, beginning at the end Year 4. Draft contracts will be submitted to IFAD for review and clearance.

152. Based on the financial allocations of the respective components and sub-components, MAIL will negotiate the management cost including staff and other requirements for implementation of components and sub-components with the SPs. On the basis of these contracts, each SP will prepare at the beginning of each fiscal year a detailed AWP&B.

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APPENDIX 11.1: Institutional and Governance Framework



APPENDIX 11.2 – COMMUNITY MOBILISATION, PLANNING AND IMPLEMENTATION PROCESS

NSP Community Mobilisation and Planning and Implementation Process: The NSP project cycle, for CDC eligible for repeater grant, consists of the following process:

Phase I: Community Selection/ Identification. To qualify for a repeater block grant a community is required to have satisfactorily utilized its full first NSP block grant entitlement as defined in the NSP OM.

Phase II: Community Re-Mobilization. NSP/FPs undertake an intensive community remobilization for all eligible CDC through refresher trainings, core elements, implementation phases, CDC roles and responsibilities, the second NSP block grant entitlement, the requirement for women's participation throughout the project cycle, reservation of seats for women in the CDC, the requirement for office bearers to be comprised of two male and two female CDC members, the requirement for community contribution, etc.

Phase III: CDC Elections and Registration: Elections for CDC and CDC office bearer are held, and refresher trainings for previous members and more detailed trainings are provided on the roles and responsibilities of the CDC as a whole, with particular emphasis on capacity development of the women members.

Phase IV: CDC Capacity Development: As per the NSP approach the minimum training requirements for the CDCs and community members under NSP III is as defined below. (Note: a minimum of 50% of the trainees should be women, both among CDC members in CDCs where women are included, and among non-CDC members).

Module	Minimum # of training hours	Minimum # of CDC members to be trained	Minimum # of non-CDC members to be trained
Social mobilization and basic rural appraisal skills	12 hours	50%	10
CDC office bearer training	24 hours	All	0
Gender awareness and mainstreaming	24 hours	All	5% of the community
Financial management	24 hours	All	6
Procurement management	24 hours	All	6
Basic project cycle management	24 hours	All	6
CPM	24 hours	0	6
Social audit	12 hours	All	6
Environmental and social safeguards	24 hours	All	6
Conflict resolution/management	8 hours	All	6
Disaster/ risk mitigation/management	8 hours	All	6
Linkages	8 hours	All	6

Phase V: Community Development Planning and CDP Revisions. FP assists CDC to identify all development needs within the community. It includes an assessment of the community's development plan prepared prior to the first block grant entitlement, a list of all stated community needs prepared by the CDC (with the assistance of the FP), with special focus provided to the needs of the women, ethnic minorities, disabled men and women, and other vulnerable persons. The list of community needs also includes possible measures to mitigate risks posed by natural and/or other disasters. Detailed community profiling with regard to development and governance issues are also included in the Community Development Plan.

Phase VI: Subproject Proposal Preparation for Repeater Block Grant. Once the community development priorities to be funded using the NSP block grants are determined, the FP will work with the CDC in preparing subproject proposals by carrying out feasibility/ technical/ site surveys, preparing the bill of quantities, technical designs etc. A minimum of 1 complete subproject and a maximum of 2 complete subprojects may be considered for the NSP block grant entitlement, and these must fall under the public infrastructure category only. The subprojects selected should be such that a maximum of 2 subprojects can utilize the full block grant entitlement of the given community. The subprojects selected for the NSP must not fall under the NSP's "negative subproject menu" described in the OM main text.

Phase VII: Subproject Proposal Approval and First Instalments of the Repeater Block Grant: The proposal(s) submitted are reviewed and approved by the NSP PMU against the NSP criteria. Some of the key elements of these criteria are:

- It is not for the same subproject already financed by the NSP through the previous block grants and/or funded or committed for by other donors;
- It is endorsed by the community via the CDC;
- The subproject(s) provide(s) equitable access to benefits;
- The subproject is technically and financially sound (using the engineering specifications in the Technical Manuals, where appropriate);
- The subproject is compatible with social, environmental, and mine risk safeguards and have adhered to all NSP's land acquisition regulations;
- The community has committed, in writing, to contributing an amount equal to at least 10 per cent of the costs of proposed subproject;
- The proposal includes an O&M plan where required, which also includes cost recovery components when necessary;
- The proposal includes all the required approvals from the line ministries' provincial departments and the NSP mandated ESMF related forms;
- In the event of a joint CDC subproject, the proposal needs to include details of how the community procurement, community contributions and subproject implementation will be carried out; and
- Where permissible given security conditions, the subproject includes a signboard as per NSP Subproject Signboard specifications.

Phase VIII: Subproject Implementation The CDC is primarily responsible for the subproject implementation with the technical assistance, monitoring and oversight of the FP engineers, social organizers and Community Participatory Monitoring (CPM) teams. The CDC may choose to delegate their responsibilities in this regard to a project implementation sub-committee comprised of male and female community members. Payments to CDC are made in instalments based on the work completed.

Phase IX: Community Closure and Handover

APPENDIX 11. 3: CAPACITY BUILDING – INDICATIVE LIST

Indicative List of Identified and Proposed Training			
Staff Training			
	Type of Training and objective	No of days	No of Participants /event
1	Orientation Training Workshop: To enable participants to learn the basic concepts of social mobilization and participatory development and to develop a strong diversified team of community development practitioners capable of dealing with the field realities of rural areas.	30	40
2	Gender and Development: To enable the participants to understand the basic and fundamental concepts of gender awareness, sensitization and gender approaches, and to work with all kind of people.	18	40
3	Presentation and Communication Skills Training: To polish the presentation and communication skills of the participant in order for them to perform their job more effectively and efficiently and thus to increase the productivity of the organization.	15	40
4	Leadership Management Development Training: To enhance and improve soft skills of leaders and future leaders to get ahead in a competitive environment.	24	40
5	Conflict Resolution Training: To be able to resolve conflicts and build a climate of internal cooperation within their organization.	15	40
6	Art of Training Facilitation: To provide a whole person framework (philosophy and methodology) and experiential skills training in group facilitation.	10	40
7	Field Office Management Training: To enable the participants to manage all field office operations effectively.	15	40
8	Institutional Development Training: To enable the participants regarding the need, importance, approach and methodology of strengthening CO, VO, LSO and CBOs at grass-root level.	20	40
9	Social Mobilization Training: Involves Knowledge improvement and conceptualization of trainee about Community Mobilization, Participatory Development and its elements.	25	40
10	Training of Trainers on Disaster Risk Reduction: To enable the participants to understand all aspects of Natural and Men made Disasters and prepare them to become trainers for Disaster Risk Reduction sessions.	12	40
11	Training of Trainers: To improve the training skills of the trainers, enabling them to design and deliver training. Equip the trainers with the ability to cope with people of different attitudes/behaviours.	20	40
12	Workshop on Financial Management To orient and train finance staff on financial procedures and systems.	16	40
13	Monitoring and Evaluation: To orient M& E staff and managers about Monitoring and Evaluation procedures, tools and techniques for effective monitoring and reporting system.	12	40
14	Social Mobilization & Targeted poverty Reduction Initiatives: To understand the concept, approach and methodology of the three tier structure (CO, VO, LSO), social mobilization and the targeted poverty initiatives.	15	40
15.	Training in Knowledge Management and Managing Learning/Knowledge Events: To train personnel in how to undertake documentation of events, presentation for communication and how to manage learning events.	4	40
16	Training and Learning Events in Climate Change Adaptation + preparation of training & promotional material	4	40

Beneficiary/CDC Members Training

As per the NSP approach, the minimum training requirements for the CDCs and community members under NSP III is as defined below. (Note: a minimum of 50% of the trainees should be women both among CDC members in CDCs where women are included, and among non-CDC members)

Module	Minimum # of training hours	Minimum # of CDC members to be trained	Minimum # of non-CDC members to be trained
Social mobilization and basic rural appraisal skills	12 hours	50%	10
CDC office bearer training	24 hours	All	0
Gender awareness and mainstreaming	24 hours	All	5% of the community
Financial management	24 hours	All	6
Procurement management	24 hours	All	6
Basic project cycle management	24 hours	All	6
CPM	24 hours	0	6
Social audit	12 hours	All	6
Environmental and social safeguards	24 hours	All	6
Conflict resolution/management	8 hours	All	6
Disaster/ risk mitigation/management	8 hours	All	6
Linkages	8 hours	All	6

APPENDIX 11.4: IRRIGATION/AGRICULTURE INFRASTRUCTURE - DESIGN PROCESS

1. **Watercourse Design Process:** The design process begins with the organization of irrigation association and ends at material estimation and costing. Intermediate steps include reconnaissance survey, measurement of discharge, determination of Full Supply Level (FSL) of canal and watercourse and drawing water surface profile. The following data will be collected through engineering surveys for designing a watercourse:

- Flow rate entering the watercourse
- Full Supply Level (FSL) of canal
- Bed of canal
- Outlet type and respective data
- Highest elevation of command area at each turnout
- Old FSL and bed level of main and branch watercourses (if any) at each 30 meters
- Bed level of existing structures (if any)
- Adjoining field elevations
- Command area map showing watercourse route, location of turnouts, roads etc.

2. All requisite data will be collected by the surveyor while watercourse design will be prepared by the WMS/Field Engineer (ISCT)/Design Engineer (ISCT). The branch watercourses should be designed first, followed by the main watercourse in order to determine the required FSL at junctions of the branches with the main watercourse. Typically, the following steps are involved in watercourse design;

- Organization of Irrigation Association
- Environmental Site Assessment
- Flow measurement
- Carrying out of field surveys (reconnaissance, bench mark, topographic and profile) and determining canal and outlet hydraulic conditions (FSL in canal and watercourse, elevation of outlet crest and outlet dimensions)
- Making calculations for determining the design slope of water surface in the watercourse, estimation of designed discharge from flow conditions in canal and outlet dimensions or actual flow measurements, and dimensions for the watercourse X-section; and
- Preparation of design sheet and drawing of L-section of the profiles.
- Preparation of bill of quantities and cost estimates.

3. **Field Surveys:** Different types of surveys are crucial to put up a proper watercourse design (hydraulically efficient, socially acceptable, and economically viable). A reconnaissance survey would be the starting point. The designers would discuss with the beneficiary communities the existing watercourse conditions, would learn with regard to existing irrigation practices and acquaint themselves with the terrain and topography, command area, water source, irrigation practices, social setup of farmers, etc. The survey may lead the designers to a preliminary assessment of the scheme with regard to its qualifications to meet the criteria to receive the improvement. During the survey, various watercourse improvement options, role of farmers towards watercourse improvement, preferences/priorities and needs could be discussed with the farmers.

4. **Topographic Survey:** A topography survey consists of taking elevation shots at an intensity of at least one shot per unit of land with boundaries. The survey will give a general topography of the command area of watercourse, particularly regarding the highest field elevations governing the required FSL at each branch off-take point and turnout structure. It will help to decide the desired hydraulic grade line commanding all cultivable areas on the watercourse. The topographic map would be prepared by incorporating these elevations on a genuine command area plan, along with recording salient features of the command area.

5. **Benchmark Survey:** Benchmark levels are established with reference to mean sea level or an assumed level separately for each scheme. These levels are established on well-defined structures of permanent nature available within the command area of the watercourse at about 300 m intervals along the main one as well as along the branch watercourses. Reliable benchmarks should be

established to facilitate the construction process and the cross checks. To start with, any structure of a permanent nature such as top of outlet should be taken as reference datum whose value with respect to sea level should be determined or assumed as 100.0 m. Benchmarks should be well defined and noted in survey books/survey notes. Details of surveys, survey note books/ survey field books etc. should be properly maintained for future reference.

6. **Profile Survey:** A profile survey consists of determining a series of elevations at an equal interval of 30 m along the main watercourse as well as along the branch watercourse for old FSL, old bed, left and right side adjoining fields. Bed levels for all existing structures in the watercourse system will also be taken. Moreover, outlet hydraulic data shall be taken and recorded for discharge computations (i.e., FSL canal/stream/river, bed canal/stream/river, crest of outlet, lower tip of roof block (LRTB), throat width in case of open flume and adjustable orifice semi module and diameter of pipe in case of pipe outlet. Profile maps for the main watercourse as well as the branch watercourses shall be prepared in Ms-EXCEL by plotting the profiles, the location and elevations of all existing structures, FSL and the crest of the outlet etc. Slope of the existing watercourse can be determined from the drawn profile. Sample Profile survey sheet is available in OFWM Operational Manual for further details.

Selection of Watercourse Lining Technology

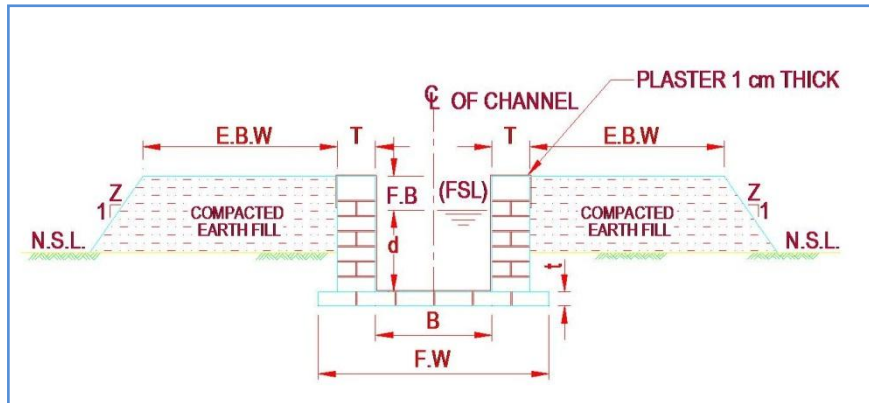
7. A particular watercourse may be designed for different shapes and their X-section will be determined by solving the Manning's Equation that essentially involves the cross-sectional area (A) and wetted perimeter (P) for the considered shape depending upon the type of improvement or construction. Different watercourse shapes (X-sections) and types would be considered while designing a particular watercourse. Different types of lining options include:

- Double Brick Lining
- Double Concrete Lining
- Concrete Lining (rectangular shape)
- Concrete Lining (trapezoidal shape)
- Precast Parabolic Lining (PCP)

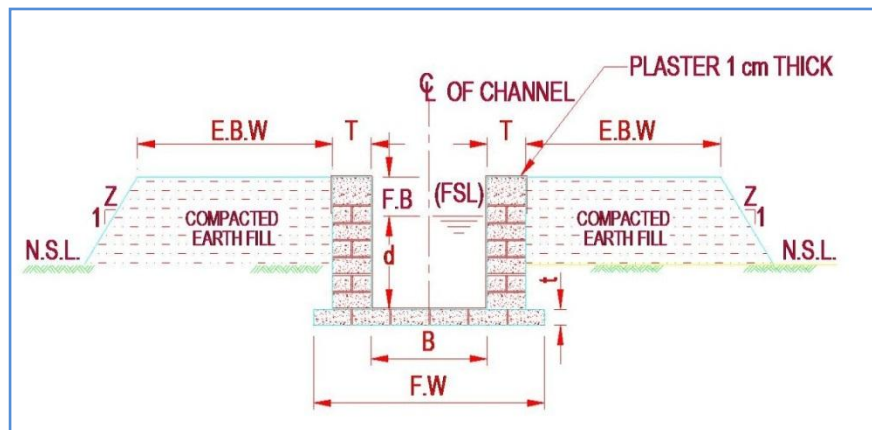
APPENDIX 11.5: IRRIGATION/AGRICULTURE INFRASTRUCTURE - TYPICAL CROSS-SECTION OF WATERCOURSE LINING

The typical cross-sections of some of the watercourse linings are given below:

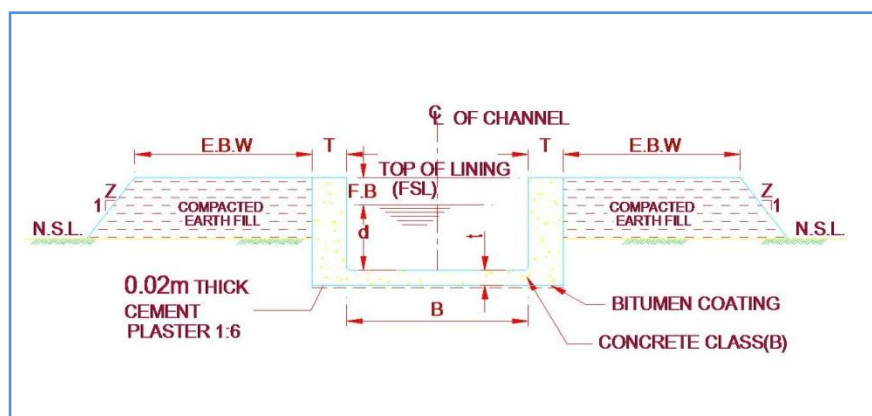
1. Double Brick Lining

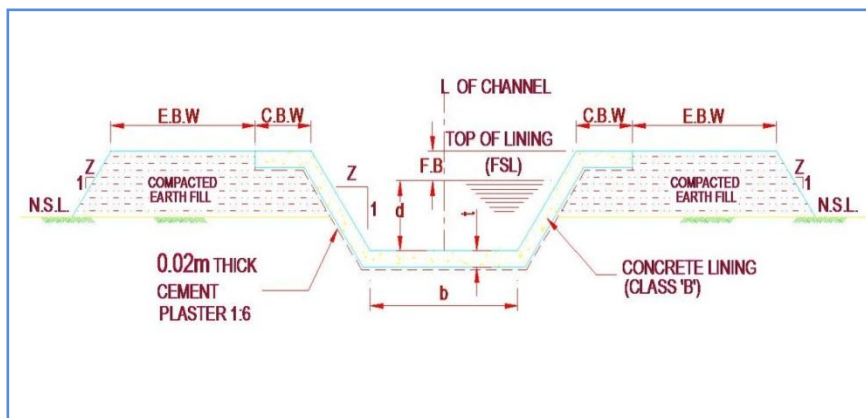


2. Double Concrete Lining



3. Concrete Lining (Rectangular Shape)





APPENDIX 11.6: IRRIGATION/AGRICULTURE INFRASTRUCTURE - PROJECT PROPOSAL, TENDERING PROCESS, CONSTRUCTION AND PAYMENTS

1 **Proposal Preparation and Clearance:** Complete project proposal showing all the activities to be demonstrated at the watercourse command area will be prepared by the PIU at the head office and will get approval from PMU for the first 10 proposals. The proposal will include all the interventions suggested under the project. This may include watercourse improvement, establishment of demonstration sites (drip irrigation system, bed and furrow irrigation system, precision land levelling, construction of water storage tank and adoption of other agronomic water saving technologies). A proposed template for proposal preparation is available in the Operational Manual of OFWM.

2 **Tender Documents:** Execution of civil works activities will be carried out by the contractors/NGOs. The contractor engagement approach is well established in civil works projects. It has many benefits as the MAIL does not currently have capacity to execute these civil works activities through its OFWM staff or through farming communities. The contractors/NGOs will be selected following the World Bank /IFAD procedure/guidelines involving at least the following steps:

3 **EOI for Selection of Contractors:** The detail of project activities would be published by the project management in newspapers & placed on the World Bank and MAIL websites to invite Expression of Interest (EOI) from the interested firms. Interested firms would be evaluated based on their financial position, their work experience in similar assignments and their general capacity to carry out proposed tasks. The list of pre-qualified firms would be circulated amongst concerned quarters. The fast track selection procedure may eliminate this step.

4 **Invitation of Bids and Bid Evaluation:** The firms fulfilling the criteria would be invited to submit their financial quotes on the prescribed bidding documents prepared by MAIL/ISCT. The bidding documents shall include BoQs based on engineer's estimate, standards and specifications to be followed, details of works, work schedule/plan, drawings, payment schedules, earnest money requirements, contractors' and client's liabilities/responsibilities, etc. In order to provide sufficient information to bidders and to clarify their queries, pre-bid conferences shall be held for each scheme/tender if needed. Bids received shall be examined with regard to their compatibility with the necessary conditions for the bidding. Bids found not in line with the conditions shall be declared as non-responsive and shall not be evaluated further. Only responsive bids shall be evaluated by the Bid Evaluation Committee, constituted specifically for this purpose. Contract shall be awarded to the lowest responsive bidder..

5 **Bidding Process:** The bidding documents shall be made available to the pre-qualified contractors/NGOs for bidding. The pre-qualified firms/NGOs will submit their item-wise rates and the total scheme cost inclusive of all expenses such as construction materials, transportation of construction material, handling, storage, removing of trees and shrubs, disposing of irrelevant material, provision of alternate routes for water during construction, back earth filling, etc.

6 **Tender Evaluation and Award of Contract:** The bids from the contractors/NGOs will be evaluated by the PIU and will be sent to PMU for their review and approval. The Bid evaluation report shall cover:

- Background
- Brief Information about Bidding Documents
- Bidding Process
- Bid Response and Bid Opening
- Clarifications Sought from the Bidders
- Preliminary Examination of Bids
- Evaluation of Responsive Bids
- Qualification of the Lowest Evaluated Bidder
- Recommendation for Award

7 PMU will review the bid evaluation documents received from PIU in the light of standard evaluation procedures and will send its comments or approval to PIU. Once the approval is received from PMU, the work will be awarded to successful bidder by PIU.

CONSTRUCTION OF WATERCOURSES

8 **General:** A well-established irrigation system network including watercourses is a prerequisite for irrigated agriculture. Tremendous operational water losses occur in old watercourses due to their deteriorated cross sections, silting up, weaker banks, overtopping etc. Complete demolishing of existing watercourses, their rebuilding according to engineering design, partial lining and provision of water control and other structures substantially reduce water losses and improve conveyance efficiencies. Construction of watercourse according to engineering design and use of materials as per pre-set standards and specifications are as imperative as is the properly prepared design. Therefore, construction works should conform to project standards & specifications and strictly adhere to the approved engineering design. Watercourse construction involves the following steps:

9 **Issuance of Work Order:** After approval of design by the project consultants and tendering process as per laid down procedures, the PIU will issue the work order to the contractors/NGOs for execution of work.

10 **Watercourse Construction Process:** It is the most important stage of the watercourse improvement process. A careful planning beforehand is required to assure a problem-free construction and to turn the design into a functional and sustainable irrigation facility. To achieve the desired objectives, it should be ensured that the materials and construction procedures meet standard specifications; that workmanship is carried out in a highly professional manner; and that the quality control of the construction process is maintained at a high standard. Prior to commencing construction the following items must be completed:

- A complete design with specifications, estimates, drawings for work to be done,
- A list of materials showing quantities of various items needed for construction,
- Arrangements made with the IA for their required inputs and a scheduled date to begin construction.

11 Watercourse improvement means demolishing the old watercourse and rebuilding it according to specific design, dimensions and grades, with compacted earth fill and/or lining and construction of pertinent structures. Various methods may be used to accomplish the work. However, the quality of construction and grade dimensions are of primary importance. The way it is done (the construction procedure) is secondary. For example; earth fill (loose earth) may be compacted with a hand tamper or a mechanical vibrating compactor or by passing tractor wheels uniformly across the pad. The primary concern is to obtain the proper amount of compaction, not how it was done. Similarly, concrete can be compacted by a mechanical vibrator or by hand Roding. The objective is to achieve good, dense concrete free of voids or honey combings.

12 The contractor will transport construction materials to the site under intimation to the PIU and the ISCT. The project team, IA and the Field Engineer of the consultants' team will be responsible for checking the quality of material by carrying out spot checks and random lab tests during the construction phase. The field staff of the Area Team (Water Management Specialist and Surveyor) will supervise the execution of civil works activities of the watercourse. Area Team staff and Field Engineer along-with members of IA and consultants will ensure that cement, sand, bricks, gravel, PCPS, concrete blocks and nakkas/turnouts etc. meet the project standards and specifications.

13 **Setting Out of the Watercourse:** Setting out of the watercourse should be done in cooperation with the farmers to ensure that it follows the centreline agreed to with the IA. Attention must also be paid to correctly locating the right-of-way limits. The plan and profile map for locations and elevations must be used when staking the watercourse for reconstruction. The legal centre line must be established and a centre line stake set up at 15 meters intervals with the use of a transit. The right-of-way must be delineated by measuring one half of the right-of-way width from the centre line and set stakes.

14 Women Washing Areas /Animal Drinking Troughs: Where appropriate; proper washing areas for women and animal drinking troughs should be provided at all traditional drinking places along the channel. At locations where large numbers of animals gather, it may be necessary to provide considerably longer structures or several of a smaller size, in order to provide sufficient space for the animals. Similarly washing areas should be so located where a large proportion of women population shall benefit from these structures.

PAYMENTS TO CONTRACTORS

15 Mobilization Advance: The contractor may be paid 20% of the total contract amount if the mobilization advance against bank guarantees from the bank(s) is acceptable to Project Director, PIU. Mobilization advance shall be adjusted from contractors' invoices at an agreed schedule. The contractor shall use a prescribed form to request the mobilization advance. All payment transactions against these works should be reported to PMU within the stipulated timeframe that will be agreed upon in due course.

16 Mid Term Payment: On completion of 60% of works, the contractor may request for release of funds (40% of the estimated cost) on the prescribed format giving details of executed/completed works and their percentage to total works. The Field Engineer of the ISCT will physically verify quantity of the executed works and check their quality in the light of design parameters (elevation, alignment, jointing etc.,) and project standards & specifications to recommend for release of payment (2nd instalment). Infrastructure Specialist of PMU will verify the payments and physical progress of work on sample but regular basis, in order to ensure the quality of work and to promote transparency and accountability in financial transactions.

17 Pre-requisite for Release of Mid Term Payment

- 60% civil works completed by the contractor as per approved design and standards.
- 100% earthen improvement and installation of all necessary water control structures.

18 Final Payment: The final payment (40%) of the project cost will be released on completion of all planned works as per approved design by the contractor. Upon receiving the completion report from the contractor/IA, the Consultants' Field Engineer will visit the site, physically measure lengths of lining, count the number of (standard) turnouts, measure dimensions of culverts/ buffaloes wallows and other structures to calculate their volume in order to determine quantity of materials consumed. The cost of the implemented works will be calculated by the Field Engineer and the remaining actual amount (40% or less of the estimated cost) will be recommended for release to the contractor.

19 Pre-requisite for Release of Final Payment

- Completion of 100% of the planned work as per approved design and project standards & specifications.
- Installation of all turnouts/water control and other structures.
- Completion of entire earthen improvement.
- Proper back filling of earth for watercourse and other structures.

HANDING OVER OF COMPLETED SCHEME TO IA/CDC

20 After successful completion of the scheme, it will be handed over to the IA for its operation and maintenance. The members of IA will be briefed about their obligations and role pertaining to operation and maintenance of the scheme. A formal meeting of all stakeholders will be held in a community place close to the watercourse to share comments/observations. The members of IA will sign a certificate confirming their satisfaction with regard to the quality, quantity and operation of the completed scheme on a prescribed format.

APPENDIX 11.7: DRAFT TERMS OF REFERENCE OF KEY PERSONNEL

National Programme Director (NPD)

Introduction: The Project Director will be appointed for the entire duration of the Project. S/He will report to the General Directorate of Programmes and provide leadership for coordination and result-oriented implementation of IFAD financed projects/programme. S/He will lead the Project Support Team and will coordinate and supervise all project activities and service providers. S/He is also expected to be familiar with governmental functioning and processes and is willing to travel to project areas.

Qualifications: The Project Director will have a University level degree with additional good knowledge in an area of relevance to his/her responsibilities, including such areas as finance, credit, economics, agricultural economics, and management. He/she will have at least 10 years of relevant professional experience in managing organizations or investment projects in the area of agriculture and rural development. S/He must have previous experience in leading and managing donor funded performance based participatory Agriculture and Rural development projects

Duties and Responsibilities:

- Be responsible for overall supervision and co-ordination of IFAD Country Programmes and provide coordination with other programmes, government and donor funded projects/programmes for synergies.
- Liaison within MAIL related directorates, departments and units as well as between MAIL, MRRD, PMUs, related Ministries and Service Providers (SPs) with a view to resolving bottlenecks, resolve difficulties and secure additional resources from on-going programmes.
- Support and facilitate cross-learning in areas such as Gender, Knowledge Management and M&E between CLAP and RMLSP; ensure compliance with IFAD guidelines and standards in this regard; and ensure documentation and widespread dissemination of best practices and learnings.
- Serve as the Secretariat of the PSC at the national level and ensure that similar bodies at the Provincial and District levels are set up and function effectively.
- Ensure that policy and governance related issues relevant to the project are tabled at the meetings of these bodies, as well as issues for shaping an enabling framework at the national and sub-national levels.
- Undertake periodic monitoring and reviews of IFAD Projects and of the PMUs so as to ensure that project goals and outcomes are on track to being achieved.
- Draft the contract for SPs, get it approved by IFAD, launch and administer a tender for the selection of SPs when they have not already been pre-selected, facilitate negotiations and execution of contracts between the MAIL and respective SPs, and ensure oversight of service delivery.
- Serve as liaison between IFAD, MAIL and SPs.
- Oversee the implementation of an M&E system in line with IFAD's RIMS system.
- Recruit and supervise the necessary project staff and support the PMU likewise; arrange for the recruitment and supervision of national and international consultants and consulting SPs (engaged for special studies and surveys) in accordance with the conditions of the IFAD financing agreement, the related Terms of Reference and the requirements of the AWP&Bs.
- Facilitate and finalise the AWP&Bs and get the same approved by MAIL and IFAD.
- Identify all staff training needs at the outset especially in areas such as management of performance based contracts, gender targeting and pro-poor approach, and ensure that the staff are sensitized to these key aspects of the Project. A Training Calendar shall be prepared by the PSU in collaboration with the PMU.
- Be responsible for ensuring that the staff of the PSU/PMU is sensitised to gender issues, that the monitoring of quotas specified for women is done and that the identification and resolution of gender issues is consistently undertaken in project meetings and reported through timely gender assessments.

- Oversee and ensure the completion of the procurement process and the full compliance with the IFAD and government procurement guidelines.
- Provide support to all supervision, monitoring, evaluation teams from IFAD, third party agencies or anyone else contracted to undertake these functions for the Project.

Project Manager (PM)

Introduction: The PM will head the Project Management Unit (PMU). S/he will be responsible for ensuring the project is managed efficiently and achieves its operational objectives and deliverables. The PM will report to the NPD. The PM's tasks and qualifications will be as follows:

Qualifications: The Project Manager will have a University level degree with familiarity and knowledge in areas such as finance, economics, agricultural economics, participatory development approaches and practices, and management. He/she will have at least 5-10 years of relevant professional experience in managing agriculture and rural development projects/programmes. Familiarity with governmental functioning, especially at the sub-national level and with field conditions, would be an advantage.

Duties and Responsibilities:

- Day-to-day project operations and management, ensuring timely recruitment of all staff, procurement of all equipment and establishment of the office of the PMU.
- Ensure close and effective collaboration at the provincial and district levels with MAIL functionaries and related service providers/ agencies so that project objectives and deliverables are timely and efficiently realised at the target group level.
- Ensure the adequate and timely preparation and submission of all Annual Work Plans & Budgets, withdrawal applications, disbursements; the preparation of all supporting documents, financial reports, travel claims, procurement and audit reports, together with timely preparation of quarterly and annual progress reports for submission to the Government and IFAD.
- Undertake regular monitoring and supervision visits to project areas and facilitate cross learning and sharing of experiences between project functionaries; ensure best practices are documented and disseminated within and beyond the project; insist that IFAD's policies and standards (transparency and accountability, gender sensitivity, inclusiveness, targeting) are complied with across all levels of the project; sanctioned plans are executed as envisaged; personnel and SPs are adequately resourced and equipped for the task; and arrange/conduct impact assessment surveys periodically.
- In collaboration with the PSU staff ensure that the staff of the PMU as well as project staff are sensitised to gender issues; that targeting and activities specified for women are regularly monitored; that gender issues are identified and resolved during project meetings, and that periodic gender assessments are done and reflected in reports to the PMU and PSU.
- Provide technical support and backstopping to communities/ common interest groups and service providers as needed, and ensure the implementation of the participatory and multi-faceted interventions of the programme are in line with the project strategy.
- Organise training and learning events for project staff so as to upgrade their competencies and capabilities in accordance with the approved Training Calendar.
- Provide support to all supervision, monitoring, evaluation teams from IFAD, third party agencies or anyone else contracted to undertake these functions for the Project.
- Supervise and undertake contract management, monitor compliance of Service Providers with the terms of their contracts, and keep the PSU informed accordingly.
- Any other project specific tasks assigned by the PSU, PSC or the PCC.

Gender Specialist

Introduction: The Gender Specialist will assist the Project Director and provide support to IFAD projects/programmes in ensuring that (i) the gender and poverty targeting criteria are met by the service providers of the project and (ii) the processes set out in the PDR and PIM are being followed to ensure the inclusion of the poor in the specified poverty bands and the quota set for women. She will report to the Project Director.

Qualifications: The Gender Specialist will be a woman and have, at minimum, a University level degree in Social Science with preference given to additional post-graduate training in gender or poverty studies. She will have at least 10 years of relevant professional experience in the field of gender and rural development and at least five years of experience in a management role in the area of rural development or a similar field. She should have good knowledge of participatory development approaches and practices, women development issues in Afghanistan and shall be willing to travel for monitoring and supervision.

Duties and Responsibilities:

- Assist the capacity needs assessment of staff of PSU/PMU and service providers, and assist the Project Director in preparation of training plan to ensure adequate capacities to meet the gender and poverty targets and deliver gender-sensitive services.
- Be responsible for overseeing that the service providers make adequate arrangements for sensitizing staff on gender and social inclusion of the poor.
- Build the capacity of the PSU and PMU staff by organizing sensitization and gender analysis training.
- Be responsible for monitoring the poverty and gender targeting through reviewing progress reports provided by implementing partners and via undertaking field visits to project districts.
- Ensure that sex-disaggregated data is provided, gender issues identified and strategies for addressing them articulated in reports provided by service providers.
- Ensure and supervise community level integration of gender issues.
- Assist the Livestock and Agriculture and M&E Specialist/Officer in monitoring gender issues.
- Supervise the Gender Assessment of M&E specialists and organize workshop to disseminate the findings.
- Review and assess the work plans and reports provided by service providers and write a quarterly and annual report identifying gender issues, achievements and actions to be undertaken.
- Any other tasks assigned by the Project Director.

Monitoring and Evaluation Specialist (for PSU)

Introduction: The M&E Specialist will report to the Project Director and will take responsibility for Monitoring and Evaluation activities of the Project. S/He will work closely with other PSU and PMU staff, service providers and with local communities/CDCs.

Qualifications: The Specialist will have at least a University level degree with additional post-graduate training in an area of relevance to his/her responsibilities, including such areas as management, operations analysis, economics and sociology. S/He shall have at least 10 years of relevant professional experience at management levels in development organizations or projects with at least 5 years in the area of planning, monitoring and evaluation in community based rural development projects. Experience with designing and managing log-frame-based planning and monitoring systems and results-based monitoring will be a distinct advantage.

Duties and Responsibilities:

- Prepare and design a comprehensive M&E strategy for the CLAP and help prepare the relevant sections of the Project Implementation Manual.
- Assist the project in designing and establishing an overall Management Information System (MIS) in accordance with the proposed M&E Framework, and keeping in view the SPPAP Log-Frame, RIMs indicators and the monthly, quarterly and annual progress reports. Ensure that gender issues, poverty aspects and smallholder farmers are given proper coverage.
- Ensure that all staff and service providers understand the reporting requirements of the Project and assist them in developing reporting formats disaggregated by sex, which provide the requisite information on a regular basis.
- Help the project and service provider staff understand RIMS and incorporate it in their M&E frameworks.
- Ensure timely preparation of quarterly and annual work plans and budgets by working with all service providers in the production of the Annual Work Plan and Budgets which specify the target and resource requirements in accordance with the IFAD format.

- Produce all quarterly and annual reports in coordination with all staff and service providers of the Project as well as periodic reports for submission to IFAD. All reports should provide sex-disaggregated data.
- Maintain close liaison with staff and service providers involved in monitoring, compiling and analysing monitored data.
- Design a system for participatory monitoring in collaboration with service providers and participating communities/CDCs.
- Assist and undertake regular site visits to the SPPAP field sites and ensure that M&E is in place
- Assist in conducting a baseline survey following the methodology of IFAD Results and Impact Monitoring System (RIMS) and undertake periodic impact and evaluation studies etc.
- Assist in strengthening the M&E capacity of the Project and the new established PICU unit within the Ministry of Agriculture, Irrigation and Livestock (MAIL);

Monitoring and Evaluation Officer (for PMU)

Introduction: The M&E Officer will report to the Project Manager and will assist the M&E Specialist of PSU to perform her/his responsibilities. S/He will be responsible for day-to-day monitoring and evaluation activities of the Project. S/He will work closely with other PSU and PMU staff, service providers and with local communities/CDCs.

Qualifications: The M&E Officer will have at least a University level degree with additional post-graduate training in an area of relevance to his/her responsibilities, including such areas as management, operations analysis, economics and sociology. S/He shall have at least 7 years of relevant professional experience at senior levels in development organizations or projects with at least 4 years in the area of planning, monitoring and evaluation in community based rural development projects. Experience with designing and managing log-frame-based planning and monitoring systems and results-based monitoring will be a distinct advantage.

Duties and Responsibilities:

- Review progress reports of Service Provider and ensure their compliance with requirements of the project.
- Organize and participate in regular monitoring field missions so as to validate, on a random basis, information provided by Service Providers. On that basis, update the project logbook/data base, focusing on the identification of any issues/problems that require follow-up and on possible next steps.
- Prepare quarterly, six-monthly and annual progress reports and assist the PSU in the preparation of any other programme reports as may be required.
- Help analyse data (both qualitative and quantitative) to identify significant trends requiring corrective action, assess possible causes, and help identify solutions.
- In collaboration with the M&E Specialist, identify important trends, particularly common problems that require a strategic response;
- Assist in the identification of best practices and lessons learnt.
- Compile relevant results data on a periodic basis for submission to IFAD.
- Conduct any outcome or impact survey that may be required in order to assess project success.
- Help organize and participate in the midterm and completion reviews of the CLAP conducted by external and/or internal evaluators;.
- Any other task assigned by the National Programme Director/ Project Manager

Knowledge Management and Policy Analyst (PSU)

Introduction: The Knowledge Management and Policy Analyst will report to the National Programme Director. S/He will be responsible for knowledge management activities and outputs and will assist the M&E Specialist of PSU in performance of her/his responsibilities. S/He is expected to provide leadership to ensure that knowledge management initiatives are embedded in the organization's work processes of PSU/PMU and service providers.

S/He will be responsible for day-to-day monitoring and evaluation activities of the Project. S/He will work closely with other PSU and PMU staff, service providers and with local communities/CDCs.

Qualifications: The Specialist will have at least a University level degree with additional training in an area of Communication or Information Sciences or a related field. S/He shall have at least 10 years of relevant professional, with a minimum of five years of KM experience in a management role in a social sector project or development organisation. Experience of producing documents for publication (samples will be required) is a must. The Specialist must possess excellent writing skills in local languages and in English, and produce print ready documentation in different styles and formats of a high standard.

Duties and Responsibilities:

- The KM Specialist will be responsible for development and implementation of IFAD country programme level's KM strategy.
- Provide assistance for Knowledge Management activities of service providers.
- In close collaboration with M&E sections of PSU/PMU and service providers, will ensure the gathering and dissemination of lessons learnt to influence decision-making and the promotion of best practices
- Maintain database and information management system for policy and decision making.
- On the basis of lessons learnt, identify issues for policy dialogue.
- Identify and establish linkages and sharing of information with interested ministries, donors, NGOS etc.
- Prepare/produce knowledge management products and take a lead role in arranging seminars, workshops and learning events.
- Ensure that the service providers regularly document its experience and lesson learnt, share these lessons with MAIL, IFAD and other relevant stakeholders.
- Keep track of development trends and prepare policy papers on issues relevant to project objectives, approach and activities.
- Conduct workshops/events for dissemination of lessons learnt.
- Provide assistance and supervise the setting up of a IFAD country programme website for knowledge sharing, dissemination, and posting of monitoring reports and data for wider circulation
- Any other duty assigned by the NPD/ PD.

Community Development Officer (PMU)

Introduction: The CD Officer will report to the Project Manager and will take responsibility for community mobilisation and development activities of the project. S/He will work closely with sector specialist, M&E and Gender staff of the project, service providers - particularly NSP - and with local communities/CDCs.

Qualifications: The Specialist will have at least a University level degree with additional post-graduate training in an area of relevance to his/her responsibilities, like participatory development. S/He shall have at least 10 years of relevant professional experience at management levels in development organizations or projects, with at least 5 years in the area of community development.

Duties and Responsibilities:

- Coordinate with NSP for the effective implementation of the Community development and the productive infrastructure plans.
- Coordinate and provide support to service providers responsible for agriculture, livestock and capacity building components in the interaction with communities/CDC for planning and implementation.
- Provide technical assistance to service providers, if required, for community based approached and practices.
- Ensure timely and effective implementation of the community development and productive infrastructure component of the project as the provisions of PDR and approved AWP&B, in consultation with the other PMU staff.
- Produce all quarterly and annual reports in coordination with all staff and service providers of the Project, as well as periodic reports for submission to IFAD. All reports should provide sex-disaggregated data.

- Assist the Gender Specialist in assessing the socio-economic and gender situation in each location, planning and designing training, supervising community level integration of gender issues, etc.
- Assist the Gender Specialist and M&E Section for monitoring the targeting and participation of the poor with particularly focus on gender targeting, through reviewing progress reports provided by implementing partners and undertaking field visits to project districts.
- Participate in monthly, quarterly and annual planning meetings of GLLSP to get acquainted with and to contribute towards the project direction and future plans.
- Monitor and document the community mobilization activities and the effectiveness of COs/VOs in contributing towards the project objectives.
- Submit monthly and detailed quarterly and annual progress reports against the Annual Work Plans, along with the necessary means of verification of work done by the end of the following month.
- In addition to the trainings provided by NSP, identify gaps and community technical and managerial capacity building needs, and provide support for implementation of trainings
- Assist in identification of staff training needs for participatory development approaches and practices and prepare action plan for implementation.
- In collaboration with M&E and KM staff, identify good community development practices and facilitate sharing through networking, promotion, publicity and training.

Agriculture Specialist

Introduction: The Agriculture Specialist will report to the Project Manager and take day-to-day responsibility for the agricultural related activities of the Project. S/He will co-ordinate and supervise agriculture activities of the project with service providers. The Specialist will spend a minimum of 20 days in the field on average.

Qualifications: The Agriculture Specialist will have a Master level degree in Agriculture or Agriculture Economics. S/He will have at least 5 years of relevant professional experience in agriculture development projects. Working experience with community-based organizations will be an advantage.

Duties and Responsibilities:

- Will assume the main responsibility for the Livestock and Agriculture, and the Capacity Building Components of the Project, in conjunction with the Livestock Specialist.
- Ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget.
- Be responsible for ensuring that gender is mainstreamed in all agriculture activities, for ensuring the implementation of all gender targets and the inclusion of activities of interest for women such as vegetable cultivation, processing, storage, etc.
- Assist the Monitoring and Evaluation Specialist in the design and implementation of the monitoring and evaluation strategy for Agriculture activities of the project.
- Will assist in identification of staff and beneficiary training needs and ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate.
- Undertake regular visits to the Project area and develop mechanisms for participatory monitoring of activities.
- Ensure the adequate and timely preparation of quarterly and annual progress reports.
- Ensure that all reports are dis-aggregated by sex. S/He will identify any gender related issues and highlight them in the Project meetings and reports.
- Assist the National Programme Director in establishing effective networks with all service providers as well as government line ministries.
- Any other tasks assigned by the Project Director.

Livestock Specialist

Introduction: The Livestock Specialist will report to the Project Manager and take day-to-day responsibility for livestock activities of the Project. S/He will co-ordinate and supervise the livestock

component of the project with the Service Providers. S/He will spend a minimum of 20 days/month in the field on average.

Qualifications: The Specialist will have a MSc. in Livestock. S/He will have at least 5 years of relevant professional experience in Livestock development projects. Working experience with community-based organizations will be an advantage.

Duties and Responsibilities:

- The Livestock Specialist will assume the main responsibility for all Livestock Development aspects of the Project.
- In collaboration with the Agriculture Specialist and the service providers, ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget.
- In collaboration with service providers and CDCs/communities, identify staff and communities training needs and assist with the trainings implementation.
- Ensure that all training events are organized in a manner which encourages participation of women and that the environment provided for the participation of women is safe, secure and appropriate.
- Be responsible for ensuring that gender is mainstreamed in all livestock activities, for ensuring the implementation of all gender targets and the inclusion of activities of interest for women such as feed preparation, milk production, processing, storage, etc.
- The Livestock Specialist will undertake regular visits to the Project area and in collaboration with the M&E section will develop mechanisms for participatory monitoring of activities.
- Ensure the adequate and timely preparation of quarterly and annual progress reports for submission to the Project Director.
- Ensure that all reports are dis-aggregated by sex. S/He will identify any gender related issues and highlight them in the Project meetings and reports.
- Any other tasks assigned by the Project Director.

Rural Infrastructure Officer

Introduction: The Rural Infrastructure Officer will assist the Project Manager to monitor the work of the Service Providers to ensure that quality infrastructure - identified through a community participatory approach - is provided to the target beneficiaries. S/He will spend a minimum of 20 days/month in the field on average.

Qualification: The Specialist will have, as a minimum, an engineering degree in Civil or Public health engineering. He/she will have at least 10 years of relevant professional experience and at least 3 years in the design and construction of small-scale community infrastructure. Experience working with community-based organizations would be an added advantage.

Duties and Responsibilities:

- Will assume the main responsibility for supervision and monitoring of the Productive Infrastructure component of the Project, to be implemented through the Community Organizations (CO) with the facilitation of the service provider and the OFWM Department of MAIL
- Ensure timely preparation of annual work plans, targets and outputs as an integral part of the Annual Work Plan & Budget.
- Review the Community Development Plans/proposals for compliance with service provider/NSP Operational and Technical Manual. S/He will ensure a physical check of at least 10% of all schemes to validate community selection, participation, eligibility criteria and other technical parameters.
- Review the baseline data on infrastructure schemes related to beneficiaries.
- Review the infrastructure schemes, particularly the large irrigation schemes' design, to ensure compliance with the Environment and Social Monitoring Framework and incorporation of any required mitigation measures in the design.
- Be responsible for supervising the work of the service provider/department by monitoring the reported data and making field visits to CPI scheme sites on a regular basis.

- Prepare on a timely basis monthly, quarterly and annual progress reports in close coordination with and with assistance of service provider, highlighting work plans, progress, key issues, achievements and corrective actions taken.
- Monitor any gender issues in consultation with the Gender Specialist and ensure that sex-disaggregated data is provided, that gender issues are identified and that strategies for addressing them are articulated in reports.
- Any other tasks assigned by the Project Director.

Finance and Accounts Specialist

Introduction: The principal role of the Finance and Accounts Specialist will be to ensure that all project accounts are correctly maintained and operated in accordance with the rules and regulations of the Government of the Islamic Republic of Afghanistan, and that they are in line with the procedures of IFAD. S/He will report directly to the Project Director. The F&A Specialist will be assisted by the Finance and Accounts Officer of PMU.

Qualifications: S/He must possess professional accounting qualifications, with a minimum of 10 years of experience in maintaining financial accounts and preparing financial reports, and with at least two years of responsibility for this role with respect to a unit, department or project. Familiarity with government and donors accounting and reporting systems is a key requirement.

Duties and Responsibilities:

- Prepare and monitor the Project Budget and AWP/B as per IFAD requirements.
- Prepare the summary sheets of re-imbursement and liquidation.
- Prepare on a timely basis withdrawal applications as per provisions of the grant agreement.
- Prepare quarterly consolidated statements of project accounts.
- Prepare separate account of expenditures of all implementing agencies involved in the project with regard to their activities undertaken within the project.
- Pre-audit of all financial transactions, and verify year-end balances, including an appropriate degree of physical verification.
- Arrange annual audit of expenditures incurred by all the components and obtain reports from the auditors for submission to IFAD as soon as possible, but not later than 6 months after the completion of each fiscal year.
- Assist PSU/PMU in preparing finance and accounts related summaries for the project progress reports.
- Check and verify the entries recorded in the Project stock register.
- Process cases for sanction of the authority.
- Assist the PSU/PMU in the procurement processes in compliance with IFAD Procurement guidelines.
- Any other tasks assigned by the Project Director

APPENDIX 11.8 - FINANCIAL RESPONSIBILITIES OF CLAP STAFF

The CLAP Financial staff is required to develop a system/Database for the accurate record of all financial transactions. This is to ensure timely reporting to MAIL as well as to IFAD. The database will provide the Statement of Expenditure, Inventory Record, Periodic/monthly/quarterly/Annual General expenditure tracking/reporting and Financial Statement of the CLAP.

a. General Responsibilities:

- Support the National Programme Director/Project Manager in preparing annual budgets for various components of the CLAP project;
- Review service providers' financial reports/statements of expenditures;
- Liaise with the finance departments at MAIL and the ministry of finance on the disbursement of project funds/allotments;
- Maintain accurate financial records of CLAP project expenditures particularly those made at MAIL;
- Provide financial reports/analysis of CLAP project as and when requested by the senior management;
- Prepare regular financial statements, as well as ad-hoc financial reports as and when needed for effective CLAP project implementation;
- Prepare and review all check requests, banking procedures, and fund transfers;
- Maintain an up to date burn rate of CLAP project expenditures;

FINANCIAL SUPERVISION

Day to day supervision of the PSU books and accounts will be subject to the control of the audit unit of MAIL. Moreover, PSU books and accounts will also be checked on an annual basis by IFAD Supervision Missions.

At level of Service Providers, the PSU Financial Manager may verify from time to time the following:

- Accuracy of financial reports
- Proper maintenance of accounting records
- Compliance with the internal control framework
- Safe custody and recording of project assets
- Smooth and transparent disbursement process
- Liquidation of advances
- Procurement transactions

ELIGIBLE AND INELIGIBLE EXPENDITURES

PSU will ensure that costs expended are eligible:

a. ELIGIBLE EXPENDITURES

IFAD monitors that the Grant proceeds are used:

- To finance Programme activities described in the approved Annual work Plans and Budgets and according to the Programme Financing Agreement (Schedule 2 in particular)
- In conformity with administrative, technical, financial, environmental, agricultural and rural development practice, as well as to good governance

b. INELIGIBLE EXPENDITURES

The following expenditures, if incurred by the PSU, will be considered ineligible expenditures. This will, however, NOT APPLY to service providers.

- Customs duties;
- Taxes;

- Goods/Works/Consulting services: (a) Acquired from non-member IFAD countries (list available on IFAD Website); (b) not acquired according to IFAD procurement guidelines (or applicable regulation/legislation); or (c) not consistent with programme/project descriptions or components, or categories committed before grant effectiveness or after project completion date.

PETTY CASH:

All Payments/cash transactions will be made from the project account. A small amount of money - not exceeding amount USD10,000 - will be retained by the admin/finance manager in the PSU to be used as petty cash. Petty cash will be used to pay for purchases such as:

- refreshments/meals for a workshop participants;
- vehicle repairs (paid to drivers);
- office maintenance costs;
- any other minor purchases.

INTERNAL CONTROL

Internal accounting control consists of the plan of the organization, procedures and records to safeguard the assets and to assure the reliability of financial reporting. An effective internal structure includes a series of checks-and-balances required for the appropriate authorization and recording of transactions and to ensure that access to assets is limited to authorized personnel. Each transaction should be divided into component tasks completed by different staff members in order to increase the likelihood of detecting unintentional errors and prevent misappropriation of CLAP assets.

APPENDIX 11.9: M&E DATA COLLECTION ROLES AND RESPONSIBILITIES

The following table defines the reporting frequency as well as the responsible units:

Level	Reporting Frequency	Responsible Unit
Impact and outcomes	Baseline, mid-term and completion	PSU and MAIL M&E department through: - CLAP Survey - Field Visits
Outcomes	Six months and Annual	Service Providers, through: - Groups records - Focus group discussions - Own surveys
Activities and outputs	Six months and annual	Service providers, through: - Staff records - Group records

M&E REPORTING REQUIREMENTS:

- SPs will prepare, monthly, quarterly and 6-monthly progress reports, which will be compiled by the PMU/PSU and forwarded to the IFAD. The PSU/PMU will design a standard format for SPs to report on the M&E findings.
- The annual progress report will include:
 - Results reporting based on the Indicators.
 - Expenditure report.
 - Information on operational aspects such as procurement, assets management etc.
 - Implementation constraints and challenges.

M&E PHASES

- Routine M&E activities will be the primary responsibility of each of the Service Provider, who shall establish and maintain relevant systems to collect and analyse data at the activity, output and outcome levels. Results data will be compiled by each SP and submitted on a six-month basis to the PMU M&E team. SPs will also provide quarterly progress report for MAIL internal use and information sharing.
- The PMU M&E will consolidate the individual reports of each Service Provider and produce one consolidated report on a six-monthly and annual basis, to be submitted to the PSU for onward forwarding to IFAD and the PSC. The PMU will fully integrate in its M&E Plan the programme Log frame indicators at all levels, and especially at the outcome level. The PSU will also share M&E consolidated reports with the PICU M&E unit for updating their MIS.
- The M&E results will be shared and discussed with the CLAP KM analysts for distilling knowledge notes and incorporating it in the CLAP MIS.
- The PMU, supported by the PSU, will also have the responsibility to ascertain and validate, at regular intervals, the reliability of results data provided by each service provider. This will be done through field visits by PMU/PSU staff, MAIL M&E department and through recruitment of specialized M&E consultancy firms established in Afghanistan. PMU will also be supported by a number of fresh university graduates who will also report the progress of the project to the PMU team. The PICU M&E team will be consulted before any monitoring missions. This consultation will help organize joint M&E missions in certain fields where outcomes and outputs of various MAIL projects will be assessed with minimum cost.
- In addition, the M&E team based in the ministry as well as in provincial MAIL offices will also be involved in M&E of project activities. The M&E team will share their findings to the PMU/PSU.

APPENDIX 11.10: SUPERVISION PLAN

Project Year 1:

1) Start-up mission and workshop in second quarter of 2013, upon signing of Grant Financing Agreement and execution of agreements with service providers. The main objective of this is to enhance awareness and reach common understanding, among all project stakeholders, on the project objectives and implementation arrangements, especially the role and responsibilities of the PSU/PMU and the service providers. Technical discussions will be conducted on aspects such as project financial management, component implementation, Gender, M&E, etc. The start-up event would be initiated by the government and, on IFAD side, would be led by the Country Programme Manager (CPM), with the participation of key technical experts for project implementation and financial management, as well as IFAD country office staff.

2) An inception supervision / implementation support mission in third quarter of 2013, led by the Country Programme Office (CPO), to take stock of initial progress in implementation and to help address emerging constraints if any. Main focus is on the establishment / function of project management set-up, operations of project financial management and M&E systems, AWPB, poverty and gender targeting, assessing capacity of PMU for performance-based contracting and recommending training, etc.

3) "Full" supervision mission in first quarter of 2014.

4) Follow-up Supervision Mission in the third quarter of 2014

Project Year 2:

1) Supervision / implementation support and follow-up missions in 2015. Time to be decided later

Midterm Review

Mid-term Review of the Project will be undertaken in 2016.

ANNEX 12: COMPLIANCE WITH IFAD POLICIES

I. COMPLIANCE WITH IFAD POLICIES

A. Brief description of Programme

1. The **project objective** is to increase the livelihood and income opportunities of poor households by enhancing their access to productive assets, skills, services and technologies for increasing agriculture and livestock productivity. The objectives will be achieved through (i) enhanced capacity and skills of local communities for sustainable livelihoods; (ii) increased agriculture and livestock productivity through provision of productive infrastructure, services and greater market access; (iii) strengthened local capacity for agriculture and livestock service provision; and (iv) sharper focus on gender mainstreaming to ensure direct benefits to women. The Project interventions are organized around three components: (1) Community Development, including Productive Infrastructure and Institutional Strengthening; (2) Agriculture and Livestock Development and (3) Project Management, Policy Support, and Young Professional Program.

2. The Project will be implemented in Kabul, Parwan and Logar provinces and will cover 3 districts in each of these provinces.

B. Programme design compliance with key IFAD policies

3. Rural households account for 77 per cent of the total population and rural poverty for 84 per cent of poverty nationwide. Accordingly, agriculture is critical to both economic development and poverty reduction. While the economic dependence on agriculture directly correlates with the low level of urbanization, it is worth noting that more than 50 per cent of households engaged in farming as their main income source do not produce for markets but are rather simply engaged in subsistence agriculture.

4. The Projects approach to targeting the poor is based first on an area targeting approach (i.e. preference for targeting villages/communities where new CDCs are formed and which have not received funding for development activities under NSP) and secondly, at the village level where direct and self-targeting method would apply for identification of beneficiaries, particularly for the Agriculture and Livestock Development component.

5. In line with the IFAD targeting policy and the COSOP for Afghanistan, the Project will target small farmers and livestock holders including the landless and those who currently have no livestock; Women and female-headed households and resettled and nomadic Kutchis who have the highest incidents of poverty. It is expected that the great majority of the programme's direct beneficiaries will be small farmers, landless and/or livestock owners. In the case of productive infrastructure schemes, beneficiaries may include entire community populations. Landless and vulnerable households will also be specifically targeted for skill and vocational training interventions in order to enable them for better employment opportunities.

6. Women in Afghanistan play an important role in all dimensions of agricultural production but they often lack ownership, control, and access to productive assets such as land, equipment and materials, and their legal right to inheritance is usually bypassed. To enhance women's participation and role in the agricultural sector and to increase their productive potential in a number of sub-sectors, including horticulture, livestock, processing of agricultural food products, the project's targeting strategy for women has a two-pronged approach. The Project proposes a number of specific activities reserved for female beneficiaries, and it also seeks to mainstream women's access and participation across all components of the project from extension work to project evaluation, across all thematic areas of the project activities. Women and female-headed households are expected to represent about 50 per cent of the programme's beneficiaries. They will be preferably targeted as group members (e.g. CDCs, Women's Associations), or as individuals in locations where such groups do not exist.

II. ENVIRONMENT AND SOCIAL REVIEW NOTE

A. Major site characteristics

7. CLAP is supporting interventions in the present production systems in an attempt to increase production, while making the systems more efficient and productive - through improved input supply and services, in particular productive infrastructure in combination with well-prepared investment profiles for the various livestock activities. The Project will emphasise the need for proper crop and fodder production, rehabilitation/construction of irrigation systems, efficient management and use of water and grazing management to protect the environment for water scarcity and overgrazing from dairy cows and goats.

8. Afghanistan is amongst the poorest countries in the world. The geography and climate of Afghanistan involves a wide range of ecological conditions and types of crop and livestock production systems. Mountains cover over 75 % of the total area, creating numerous isolated valleys with different conditions for agriculture. Afghanistan has no large ecological zones. Every valley is different from its neighbours. The land area of Afghanistan consists of about 64.5 million hectares in total, of which only 3.3 million ha (5.1 percent) is irrigated and intensively farmed; 4.5 million ha (7 percent) is under rainfed cultivation and 29.2 million ha (45 percent) is rangeland.

9. There are, basically, two farming systems practised in the country: the sedentary mixed crop/livestock system and the nomadic system which takes its name from the livestock owners, called the 'Kutchi'. Afghan agriculture is essentially a crop-livestock integrated system where farmers depend on growing crops and raising livestock, mostly small ruminants, which provide a safety net during economic emergencies. Thus, an accelerated pace of improvement in production and productivity of integrated crop-livestock systems is essential for the country in order to move towards food and nutritional security.

10. **Kabul Province:** Kabul region has a mainly dry, continental climate with four seasons and an annual rainfall of 400mm between May and November. The main vegetation is that of a semi dessert and steppe. Kabul Province comprises largely of rain-fed and very fertile rangeland that provides vital grazing grounds for the herds of Kutchi nomads over three months during the summer. However, due to rapid urbanisation and expanding population in and around Kabul city, the encroachment of the rangeland is increasing, following an ever increasing conversion of rangeland into mostly urban areas and less often agriculture land. Given the temperate climate, the average farming household owns between 2 to 3 cows, 2 to 4 goats and sheep, and 10 to 12 backyard poultry. Part of the required fodder for livestock is being produced locally, but a good part is being imported from other Provinces.

11. **Logar Province:** Logar province is located in the south of Kabul and covers an area of 3,955 km². More than one-third (37%) of the province is mountainous or semi-mountainous terrain while more than half (58%) of the area is made up of flat land. Irrigated and rain-fed agriculture lands are available. Share cropping and tenant farming systems are common and farmers mostly grow wheat, maize, onion and potato. Some also have fruit orchards of grape, apple, apricot, and rain-fed almond. Forty three per cent of rural households own or manage agricultural land or garden plots in the province. Livestock like milking cows, sheep, goat and chicken are an important part of the livelihood means. Eighty five per cent of rural households and 69% of Kutchi households in the province own livestock or poultry.

12. **Parwan Province.** Parwan Province is situated on the Salang road, the main trade route to the north. Good quality irrigated farmland and a traditionally diverse agriculture with significant horticulture and livestock production complement traditional field crops. The province has an excellent potential for economic growth, mainly due to its proximity to Kabul and to good infrastructure links. Parwan traditionally featured mixed and diverse farming systems. The main field crops include wheat, maize and barley, though other crops like potato, fodder (alfalfa, maize, barley, triticale) and vegetables (carrots, onion, tomatoes, okra etc.) are increasingly being cultivated on large areas of irrigated land. In the remote areas of Parwan, small ruminants are kept to sustain the traditional production of wool, meat and milk, mainly for household consumption. However, limited fodder availability from depleted pasturelands restricts this sub-sector.

B. Issues in Natural Resources Management

13. The following environmental and social issues are of key importance for CLAP:

14. Afghanistan's natural resource base and environment has undergone extensive deterioration over the past two decades as a direct result of wars, political instability, intensive natural resource exploitation, and widespread drought that has affected many parts of the country. Environmental conservation has remained at a relative standstill during conflicts and the exploitation of natural resources, in particular the rangelands and forests, continues unabated. The lack of environmental protection, combined with a burgeoning human population dependent upon a declining natural resource base, has driven many species of plants and animals to the brink of extinction.

15. The soils in Afghanistan ranges from the northern plains having extremely rich, fertile, loess like soils, to the south western part of the southern plateau having infertile desert soils with a high sand content - except along the rivers in the south west, where alluvial deposits can be found providing the necessary nutrients for agricultural production; these deposits are linked to the constant erosion processes occurring in the steep lands and fertility drift.

16. The scant precipitation and difficult climate conditions in many parts of the country are some of the factors that clearly reveal the hardship and resource poverty endured by Afghan farmers. Other main constraints in raising crop yields and agricultural outputs are small farm size and the unavailability of inputs like improved seeds and fertiliser. Nearly 70% of the farms have less than 5 hectares and, typically control 1.14 hectares of irrigated land and 0.5 hectares of rain-fed land. Since 1999, recurrent droughts have additionally and negatively impacted the livelihoods of rural households.

17. The environmental constraints in Afghanistan create a generally low potential for agriculture without the use of irrigation and fertiliser. Land use is largely determined by the availability of water from precipitation, groundwater or rivers. The dependency on irrigation systems is illustrated in that most agricultural areas lie along the rivers of Afghanistan. The high dependency on irrigation during the crop cycle makes the crop production very susceptible to fluxes in precipitation or failure in the irrigation system. The general conclusions among researchers are that the greatest weakness in the Afghan agricultural production system, and particularly the cause for the decline in agricultural production particularly during the drought years, is the lack of water during the crop cycle and generally the poor water management. Some of the reasons for shortages of water are also attributed to the decades of conflict, which destroyed much of the irrigation system infrastructure, and the inefficient use of the available water. Currently, national agricultural water utilisation is regarded by experts as being unable to meet current or future needs. This shortfall, estimated at 25-30 %, is partially attributed to badly maintained irrigation infrastructure and poor irrigation methods.

18. The heavy dependence on water and vulnerability of current Afghan agriculture became evident during the long drought of 1999 – 2004. Studies showed that the drought had an effect on a range of agricultural parameters. The lack of water cut back the crop diversity in some places from different crops to growing only staple food crop (i.e. cereals). It also forced many farmers into cultivation of illicit crops. Some of the region's fruit plantations and vineyards died out. Also, the cultivated area was reduced to minimise water loss due to evaporation during irrigation.

19. The degradation of natural resources is one of the most common weaknesses of agriculture in developing countries, which constrains sustainable development. As natural resources degrade, so does the possibility for agricultural production without the constant anthropogenic supplement of resources. In Afghanistan, the current environmental concerns consist of soil degradation caused by overgrazing. Rangeland, covering 45% of the total area, is used for the animal husbandry and is essential for Kutchi pastoralist, estimated to comprise 20% of the rural population. Because of the constraints towards crops production, most of the Afghan agriculture is based on livestock, using the large areas for rangeland.

20. Rangelands also represent crucial water catchment systems, supplying water for valley settlements and farming. The degradation of such lands leads to erosion and drops in the levels of aquifers, negatively affecting cultivated agricultural areas and water sources for urban uses. The

degradation of rangelands has also been accompanied by the conversion of some areas formerly used for pastures into rain-fed agricultural cultivation. This conversion during drought years and in low rainfall areas severely weakens the capability of the land to regenerate a stabilizing plant cover. The loss of rangeland for livestock reduced the rate of animal births, while the lack of water reduced the number of adult livestock.

21. **Climate change:** Climate change represents a risk for the country as a whole. Available data and trends indicate that the mean annual temperature has increased by 0.6°C since 1960, at an average rate of around 0.13°C per decade. Mean precipitation over Afghanistan has decreased (at an average rate of 0.5mm per month, or 2 % per decade) since 1960. The changes in climate from 1960 until now could explain some of the long drought periods that Afghanistan has experienced in the last decade, since the temperature increase happens during the autumn and the decrease in the spring, both important periods in the crop cycle from April to October. Droughts are likely to be regarded as the norm by 2030, rather than as a temporary or cyclical event. Floods due to untimely rainfalls and a general increase in temperature may be amplified due to more rapid spring snow melt as a result of higher temperatures, combined with the downstream effects of land degradation, loss of vegetative cover through increased reduction in forests and land mismanagement.

C. Potential social and environmental impacts and risks

22. The CLAP is not expected to have any significant negative impact on either social or environmental status. The project design is in fact largely oriented to address existing environmental and social conditions in the target area. The Project will therefore focus on more sustainable community-based NRM, underpinned by institutional and individual capacity development.

23. Specific relevant activities of the Project include improving irrigation system and management through productive infrastructure, capacity building for construction/rehabilitation of irrigation systems, efficient use of water resources, support for community-based sustainable livestock activities including capacity building of communities and government staff for sustainable management of rangeland, introduction of drought resistant agriculture technologies, farmer-to-farmer dissemination of information and training, and building rural population managerial capacities to organise independently around various activities and markets.

24. The programme is expected to have the following positive environmental and social impact:

25. The proposed infrastructure projects are environment friendly interventions because of the type of interventions proposed and their relatively small size. Most of these interventions are agriculture focussed, like irrigation infrastructure (inlets, canal lining, small diversion works) and on-farm watercourse lining and, as such, meant for natural (water) resource conservation and management. These interventions would not only control the excessive use of water at upstream but also contribute towards reducing the water conveyance losses thereby increasing water efficiency and productivity. Other related interventions like provision of potable water and drainage facilities within a village will improve the overall environment and contribute numerous positive health impacts.

26. Keeping in view the frequent and severe droughts, low and erratic rainfall, and dependency of more than 85 % agriculture (about 7 million ha) on scanty available moisture, it is extremely important to pay special attention to improving on-farm water management (high productivity/ drop of water). The project will therefore support the establishment of five On-Farm water Management (OFWM) in the project areas, comprising a total of around 50,000 ha, coupled with Institutional Strengthening and Capacity Building of the Irrigation Directorate of the Ministry of Agriculture, Irrigation, and Livestock (MAIL). This will promote improved water management practices amongst farmers for increasing land productivity (i.e. crop production per unit area) and water productivity (i.e. crop production per unit water) by establishing irrigation demonstration sites and trainings.

27. To improve food and nutritional security through increased crop-livestock production and augment incomes of farming communities, the Project will introduce new technologies consisting of high yielding improved and low water requiring (drought resistant) varieties of food, forage, and vegetable crops through community/Village-based activities. The interventions will ensure availability

of certified seeds; accelerated adoption of newly introduced crops, practices, and technologies; and the building of institutional and individual capacities.

28. The CLAP will follow the NSP Operational Manual and the Environmental and Social Safeguards guidelines when working with CDCs, based on critical social development principles of inclusion, participation and transparency.

29. The following table summarises some possible negative environmental and social impacts during programme implementation, as well as steps to address these as set out in the project document.

Potential impact	Steps to address impact
Soil erosion resulting from the construction of productive infrastructure, particularly in steep mountainous terrain	This will be ensured through improved technical quality and design, as well as continued operation and maintenance by the participating communities/CDCs. An Environmental Impact Assessment (EIA) checklist based on the Environmental and Social Safeguards Manual (ESMF) for NSP will be applied to ensure that Project financed activities does not have negative impacts on environment. Besides, the Community Development Councils, under the supervision of NSP, will actively participate in implementing, monitoring and sustaining the programme interventions.
Impacts such as pressure on rangeland and, erosion and water pollution, from expanded livestock production.	These impacts will be mostly localised and can be mitigated by community based integrated solutions and through the technical capacity building of participating farmers and their organisations.
New agriculture technologies and inputs will increase pressure on scarce water resources.	The combined effect of (i) improvement of irrigations system, (ii) introduction of technologies such as high yielding improved and low water requiring (drought resistant) varieties of food, forage, and vegetable crops and (iii) capacity building, will not only mitigate the environmental concerns through efficient use of water resources but will contribute to sustainable agriculture productivity enhancement.
Erosion of traditional social norms and relationships	The Programme focuses on participatory development through community-based planning and implementation. All interventions will be built on the traditional practices of collective decision-making and will support the creation and improvement of social capital. The capacity of local organisations such as CDCs, farmers' organisations and women groups will be built. These activities, together with the focus on gender equality, will strengthen social capabilities and networks for the Project target group of small famers and women.

D. Environmental category

30. While the programme may have some minor environmental and social impacts, these will be site-specific and less adverse than for a Category A project. As indicated in the table above, the programme's potential impacts are relatively minor, and the project design provides appropriate actions and mitigation measures. Any potential negative impacts related to infrastructure development (e.g. roads, water supply) and livestock development will be localised, and can be prevented by the proposed mitigation measures. The potential impact on social norms will be ameliorated through the focus on strengthening social capital. Concerning potential negative social impacts, the programme activities are specifically tailored for sustainable livelihood and income opportunities for small farmers and livestock keepers - including the landless and those who currently have no livestock; Women and female-headed households and resettled and nomadic Kutchis. Thus, in line with IFAD's Environmental and Social Assessment Procedures, the project is classified as Category B. The classification is based on the information gathered during the field visits and the review of literature from secondary sources.

31. Additionally, the “Environment & Social Safeguards Framework” and the “Operations Manual” of the National Solidarity Program (NSP) under MRRD – one of the project key/lead implementing organizations – have adequate check-lists on environmental impacts and corresponding mitigation measures for specific types of community-based infrastructure, which shall ensure compliance of environmental issues where arise. The manual also suggests and guides as how to document in case some land is obtained for particular subprojects. Similarly the other project implementing organization’s ‘On-farm water management unit” under MAIL follows and complies with the safeguard measures of the WB. These safeguards measures are in line and closely related to IFAD’s own safeguard guidelines.

32. Final parameters will be set by the Environmental Management Act promulgated in August 2006 to provide for the sustainable use and management of the country’s natural resources and the conservation and rehabilitation of its environment in order to (i) protect human health; (ii) improve livelihoods; (iii) maintain ecological functions and evolutionary processes; and (iv) facilitate the reconstruction and sustainable development of the national economy. The Act established the National Environment Protection Agency (NEPA) to protect the country’s environmental integrity and promote sustainable use and management of natural resources and conservation and rehabilitation of its environment through the provision of effective environmental guidance and management services.

E. Monitoring aspects

33. The primary responsibility for overall monitoring and evaluation activities will rest with the PSU and PMU of the Project. However, stakeholders and Service Providers will be responsible for their respective component/sub-component. In general, the monitoring of schemes in CLAP will be developed together with the beneficiaries to secure appreciation of the needs and appropriate use of the data collected. Since the Project is focused on community-based planning and implementation, participatory monitoring for all activities will be a key feature of the M&E system. CDCs, Farmers Groups, Diary Unions, Women Groups, etc., will actively participate in monitoring and sustaining the Project intervention.

34. Environmental monitoring will be part of the programme M&E system. Village maintenance groups will be set up, as well as water user groups for micro-irrigation schemes. Besides the relevant result and impact management system (RIMS) indicators, some additional indicators that may be used to assess, on a yearly basis, the progress and the impacts on poverty and on the environment are listed hereunder. The assessments may take the form of short surveys, focus group or structured interviews:

- Farmer adoption of recommended conservation and new agriculture technologies;
- Farmers’ organisations formed and effective;
- Access to clean drinking water year round;
- Village productive infrastructure in place, passable and being maintained;
- Land under irrigation schemes constructed/rehabilitated;
- Number/per cent of project target groups participating in activities.

F. Components requiring ESA

35. While none of the project components require a formal environmental and social impact assessment (ESIA), it is recommended that on-going environmental analysis is part of project implementation, as specified in IFAD’s ESA Procedures for Category B projects.

ANNEX 13: CONTENT OF THE PROJECT LIFE FILE

1. People

The country programme management team for the CLAP include the following:

- (a) Matteo Marchisio, CPM, APR
- (b) Qaim Shah, CPO, APR
- (c) Martina Huonder, Programme Assistant, APR
- (d) Antonio Rota, Sr. Technical Advisor, PTA
- (e) Michael Hamp, Sr. Technical Advisor, PTA
- (f) Mikael Andersson, Loan Officer, CSF (Claudio Mainella from September 1, 2012)
- (g) Charles Forrest, Counsellor, LEG
- (h) Chitra Deshpande, Portfolio Adviser, APR
- (i) Tawfiq El-Zabri, RBM Specialist, APR

The Project Development team include the following:

- (a) Karim Merchant, Team Leader
- (b) Lucy Maarse, Livestock Specialist
- (c) Lauryn Oates and Nabila Mursel (Gender and Women's Empowerment Specialists)
- (d) Haroon Nessar (Poultry Specialist)
- (e) Zahid Shakeel Ahmed (Community Infrastructure Engineer)
- (f) Ahmed Seyer (National Community Infrastructure Engineer)
- (g) Mohammad Asif (Economist)
- (h) Saif Abbas (Financial Management Specialist)
- (i) Matteo Marchisio, CPM, APR
- (j) Qaim Shah, CPO, APR

2. Project generated knowledge

The following project design related documents are available in the Programme Life File:

- (a) Project Concept Note
- (b) AM of Inception mission
- (c) Minutes CPMT Meeting
- (d) Minutes OSC Meeting
- (e) AM of design mission
- (f) Minutes Extended CPMT Meeting
- (g) AM Pre-Appraisal Mission
- (h) Project Detailed Design Report (including 8 Working Papers)
 - i. Working Paper 1: Gender Mainstreaming and Capacity Building
 - ii. Working Paper 2: Productive Infrastructure
 - iii. Working Paper 3: Dairy Development
 - iv. Working Paper 4: Poultry Development
 - v. Working Paper 5: Improved Food, Forage and Vegetable Production
 - vi. Working Paper 6: Kutchi and Livestock Development
 - vii. Working Paper 7: Financial Management and Disbursement Arrangements
 - viii. Working Paper 8: Institutional Development

3. Knowledge base

Other relevant documents include:

- (a) Results-Based Country Strategic Opportunities Programme (RB-COSOP) for Afghanistan 2008-2012;
- (b) The Afghan National Development Strategy (2008-2013), MoF
- (c) The National Agriculture Development Framework (NADF)
- (d) The National Action Plan for the Women of Afghanistan (NAPWA)

- (e) National Risk and Vulnerability Assessment (2008)
- (f) Mid-Point Survey, Afghan Central Statistical Office, 2006
- (g) Human Development Report 2011, UNDP
- (h) Fighting corruption in Afghanistan: a Road Map for Strategy and Action, 2007, World Bank, DFID and ADB
- (i) United Nations Office for Drugs and Crime, 2011
- (j) Internal Displacement in South and South-East Asia, IDMC/NRC, 2011.
- (k) Afghanistan Economic Update, 2011, World Bank
- (l) Agriculture Trade Report 2010-2011, MAIL/USAID
- (m) Afghanistan - FAO Country Brief, Dec 2011
- (n) Economic Incentives and development initiatives to reduce opium production, February 2008 WB and DFID
- (o) Agriculture and food production in post-war Afghanistan, Ministry of Agricultural and Animal Husbandry and FAO, August 2003.
- (p) Small farms: current status and key trends, IFPRI, June 2005
- (q) Jo Grace, Adam Pain, 2011. 'Rural Women's Livelihood: their position in the Agrarian Economy' in: Land of the Unconquerable: the lives of contemporary Afghan women (eds. Jennifer Heath and Ashraf Zahedi)
- (r) Roe, Livestock, Water Management and Opium
- (s) 'Inception Report and First Progress Report of Animal Health Development Programme. Landell Mills LTD, July 2011.
- (t) R.G. Alders, R.G., B. Bagnol and M.P. Young (2010): Technically sound and sustainable, Newcastle disease control in village chickens: lessons learnt over fifteen years (World's Poultry Science Journal, Vol. 66, September 2010).

A summary of some of these and other relevant key files for CLAP prepared or compiled during the design phase of the project are included in the working papers or placed in the project life file on XDESK.