

## **Islamic Republic of Afghanistan**

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### **Community Livestock and Agriculture Programme**

#### **Mid-Term Review report**

Main report and appendices

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## Abbreviations and acronyms

ANPDF	Afghanistan National Peace and Development Framework (2017-2021)
AREP	Afghanistan Rehabilitation Education Programme
ASIO	Afghanistan Social Improvement Organization
AWP&B	Annual Work Plan and Budget
BRS	Bank Reconciliation Statements
BVW	Basic Veterinary Worker
CADF	Comprehensive Agricultural Development Framework
CDC	Community Development Council
CDU	Central Dairy Union
CLAP	Community Livestock and Agriculture Programme
CPI	Community Physical Infrastructure
DCA	Dutch Committee for Afghanistan
FAO	Food and Agriculture Organization
FFS	Farmer Field Schools
IA	Irrigation Association
ICARDA	International Centre for Agricultural Research in the Dry Areas
ID	Irrigation Directorate
IFAD	International Fund for Agricultural Development
KM	Knowledge Management
M&E	Monitoring and Evaluation
MAIL	Ministry of Agriculture, Irrigation and Livestock
MISFA	Microfinance investment Support Facility for Afghanistan
MOD	Ministry of Defence
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MRRD	Ministry of Rural Rehabilitation and Development
MTR	Mid-Term Review
MT	Metric Tonne
NGO	Non-governmental Organization
NOL	No Objection Letter
NPP	National Priority Programme
NSP	National Solidarity program
OFWM	On-Farm Water Management
PIM	Project Implementation Manual
PDR	Project Design Report
PD	Programme Director
PMU	Project Management Unit
PST	Programme Support Team
RB-MOA	Result Based Memorandum of Agreement
RMLSP	Rural Microfinance and Livestock Support Programme
SHG	Self Help Group
SNAPP2	Support to National Priority Programme 2
SP	Service Provider
TOR	Terms of Reference
USD	US Dollar
VBSE	Village-Based Seed Enterprise
VFU	Veterinary Field Unit
WA	Withdrawal Application
YPC	Young Professional Consultants

## A. Introduction<sup>1</sup>

1. Community Livestock and Agriculture Programme (CLAP) is a SDR 37.65 million (equivalent to approximately USD 58 million) initiative financed through an IFAD DSF grant. CLAP was approved by IFAD Board in December 2012 and came into force on 08 April 2013. CLAP is due to be completed on 30 June 2019.
2. The overall goal of the project is “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. CLAP also aims to reduce gender disparities, in line with the COSOP, by empowering the women and improving their social and economic status in project activities.
3. A joint IFAD-Government Mid-Term Review Mission for CLAP has been conducted from 24 November to 4 December 2016 to: (i) assess the progress towards achieving CLAP objectives; (ii) review CLAP’s effectiveness and efficiency; and (iii) make recommendations to address CLAP’s operational issues and recommend corrective measures.
4. The mission consulted government officials, members of the Programme Support Team (PST), Programme Management Unit (PMU), Service Providers (SPs) (AREP, ASIO, FAO, ICARDA, and DCA), beneficiaries and key stakeholders at both central and provincial/district levels. In addition, the mission conducted field visits in three districts<sup>2</sup> in two provinces (Kabul and Parwan).
5. Following a pre-wrap up meeting with H.E. Assadullah Zamir, Minister, MAIL on 30 November 2016, the mission’s main findings and recommendations were recorded in an Aide Memoire submitted to MAIL for a wrap-up meeting held in Kabul on 3 December 2016, chaired by H.E. Assadullah Zamir, Minister, MAIL.
6. The mission would like to thank H.E. Assadullah Zamir, Minister, MAIL for his support and leadership and Mr. Abdul Latif Zahed, Programme Director, Mr. Shahzar Zadran, CLAP Project Manager, the partner organizations, and their respective teams for the support received in organizing and carrying out the mission. The mission would, in addition, like to thank the Government officials and all the people consulted during the mission for their availability and for their frank assessment and constructive feedback.

## B. Overall assessment of CLAP implementation

7. The overall assessment of the project is **Moderately Satisfactory [4]**. Physical progress is **Moderately Satisfactory [4]**. CLAP suffered a delayed start-up for the first 3.5 years due to security challenges and change of the Government. With 2.5 years remaining until the project completion, CLAP has made a significant implementation progress and is in a position to deliver its objectives. The disbursement rate as at the MTR mission is 38% and is expected to reach 50% in the coming weeks as the Service Providers (SPs) justify their 2016 advances. The pace of implementation has notably increased, with a level of 2015 AWPB execution of 18% (USD 3.4 million) to that of 38% in 2016 (USD 9.5 million). By tripling its disbursement in one year, CLAP has demonstrated its capacity in clarifying with key SPs the way the programme should be delivered to reach its objectives.
8. Today, about 86,000 ha of irrigation schemes to be rehabilitated have been identified and the work will be completed by September 2017, which will benefit 161,000 rural households with an average cost of USD 250/ha. The Irrigation Associations (IAs) are being established to ensure

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1 Mission composition: Hubert Boirard (country programme manager), Yurie Naito (programme analyst), Dr. Khaista Yousafzai (agribusiness and livestock specialist), Alok Kumar (value chain and enterprise development specialist), Ganila Paranavithana (infrastructure specialist), Claudio Mainella (finance officer) and Arsalan Vardag (FM and procurement specialist).

2 Due to a shortage of time and security considerations, the team visited various sites (dairy cooperatives, backyard poultry beneficiaries, irrigation schemes and village based seed enterprises) in one group: (i) Deh Subz, Kabul and (ii) Jabal Seraj and Charikar, Parwan.

sustainable maintenance, water management, increased agricultural productivity and additional income generation of the rural poor.

9. To date, 3,000 households have been organized into 33 dairy cooperatives. If the commercialization of the milk remains the key constraint for the farmers, the Kabul Dairy Union, currently processing more than 1.2 million litres per year and generating net profit since 2013 without external support, is offering a solid opportunity to evolve itself into the Kabul Central Union with a capability to absorb and market more than 30,000 litres per day. The market analysis and a business plan elaborated by the SPs demonstrate a sustainable and promising model, which will allow increase of incomes of CLAP's target groups with an incremental AFN 20,000 per month. All conditions are met to make this transformation of the Kabul Dairy Union by the end of June 2017.

10. About 6,700 female beneficiaries, including women-headed households, have been supported by the backyard poultry programme that generates an incremental monthly income of AFN 1,600 on average. It is expected that total of 25,000 households will be supported by this sustainable and tried-and-tested poultry model by the end of 2017, thanks to the two local NGOs, AREP and ASIO. The other project activities related to improved and certified seed production are also very promising: 65 MT of certified seed produced in 2016, and 7 new Village Based Seed Enterprises (VBSEs) established and profitable. In addition, two existing seed companies (Parwan-e-Bastan in Parwan and Mirwais Karnmal in Logar) are also supported technically by CLAP upon request. As for the support to the Kuchi, (semi-) nomadic herders, livestock development activities have been carried out satisfactory (almost two million animals vaccinated, 27 veterinary field units or VFUs have been refurbished and supported, and four Feed Banks have been established as of today).

11. To continue these promising trends in 2017 and beyond, the PST needs to drastically improve its efficiency in financial management, such as stronger oversight of the SPs, improved understanding and implementation of IFAD's financial management policies and procedures, improved and regular reporting to IFAD, maintaining cash flow forecasts, reduction in cash expenditure, timely submission of un-audited and audited financial statements of CLAP including those of the SPs. The project staff will also need to be better assessed based on their performance and delivery and for that, the PST/CLAP human resource management tools will need to be adapted in 2017.

12. To maintain its potential for CLAP to achieve most of its objectives in 2017, the PST will need to be more proactive and results oriented, piloting and monitoring in a more dynamic way with its partners. The synergy with Support to National Priority Programme 2 (SNaPP 2) will also need to be strengthened by capitalizing the good practices and lessons learnt from RMLSP and CLAP.

13. **Likelihood of achieving the development objectives:** The likelihood of achieving development objectives of CLAP in three provinces are rated **Moderately Satisfactory [4]**. The mission appreciates the efforts made by the PST/PMU, MAIL, and SPs in moving forward the project activities based on the Project Design Report (PDR) and the annual work programme. There is a scope of expanding the target areas to additional districts within the initial three provinces as well as to new provinces in order to increase the impact and synergy of the project activities and with the third IFAD-financed project, SNaPP2.

14. **Impact of the security situation:** The security situation continues to be an important challenge in project progress. However, despite the volatility and uncertainty of the security situation in some project target areas, it goes to the credit of PST/PMU and SPs that programme implementation and quality remained on track.

## C. Outputs and outcomes

15. **Component 1: Community Development: Productive Infrastructure and Institutional Strengthening (USD 25.4 million).** This Component is rated **Moderately Satisfactory [4]**. 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 (USD 23.1 million), (1.2) Institutional Strengthening (USD 1.1 million), and (1.3) Gender Mainstreaming and Capacity Building (USD 1.2 million).

**16. Sub-component 1.1 Productive Infrastructure (USD 23.1 million): Moderately Satisfactory [4].** This sub-component's objective is to finance approximately 1,032 small and medium scale infrastructure schemes, as prioritized by the communities. The schemes are expected to benefit around 115,000 households (i.e. 690,000 individuals) of 542 CDCs.

**17.** In 2015, based on the request of the Government and after no objection of IFAD, it was agreed to concentrate the investment on rehabilitation of irrigation schemes. The implementation of this sub-component has been shared between MAIL's On-Farm Water Management (OFWM) and MRRD's National Solidarity Programme (NSP) with slightly different approaches.

**18. Irrigation schemes by Irrigation Directorate (MAIL):** Out of 100 irrigation schemes initially identified through in-house satellite imagery and GIS system, Irrigation Directorate (ID) of MAIL has selected 25 schemes which meet the selection criteria outlined in PDR. In addition to these schemes, there has been 6 new schemes out of which 5 were designed by On-Farm Irrigation Engineers of OFWM funded by the World Bank under the supervision of ID. The survey and design work of these 31 schemes has been completed. Out of 31 schemes, the construction work has begun in 12 schemes, while 10 schemes are under procurement, and 9 schemes are ready for procurement. The IAs have been formed for all these schemes and formally registered under MAIL. Table 1 below gives detail of 31 schemes by province and district by MAIL/ID.

**Table 1: OFWM present status of the Irrigation schemes**

Province	District	No	Command Area	Beneficiaries		Developed Length (m)	Cost (USD)	Cost/C. Area (USD/Ha)
				Direct	Indirect			
Status: On progress								
Kabul	Qarabagh	3	542	430	3010	7771	368,724	680
	Deh Sabz	3	1103	684	4788	9905	594,201	539
Parwan	Markaz	2	282.5	648	4536	3100	298,267	1,056
	Jabal Saraj	1	166	312	2184	1500	95,066	573
Logar	Mohammad Agha	3	430	620	22320	4570	229,040	533
Status: Under procurement								
Kabul	Deh Sabz	2	604	210	1470	7953	379,342	628
Logar	Mohammad Agha	1	170	300	10800	3196	266,834	1,570
Parwan	Markaz	3	403	360	2520	10240	392,543	974
	Bagram	4	642	1140	7980	9184	503,062	784
Status: Ready for procurement								
Kabul	Chaharasyab	2	205	157	1099	4180	178,964	873
	Qarabagh	1	352	160	1120	5489	371,453	1,055
Logar	Mohammad Agha	1	65	52	1800	2600	154,731	2,380
	Markaz	2	908	620	16380	7597	415,668	458
Parwan	Markaz	1	191	75	525	3661	190,854	999
	Jabal Saraj	1	100	100	700	2410	150,827	1,508
	Bagram	1	130	210	1470	3336	170,756	1,314
Total							4,760,331	756

Source: MAIL/ID

**19. Quality of construction work of MAIL/ID:** With the limited observations made in the field during short visits in Kabul and Parwan provinces, the mission noted that the quality of physical work of two sites inspected are of acceptable standards. However, the mission is of the opinion that 1:3 cement mortar plastering is required for specific locations such as drop structures and bends to prevent scoring of random rubble masonry work.

**20. Expected outcome of schemes under MAIL/ID:** Through proposed 31 irrigation schemes, it is expected to increase the overall command area by 20% (additional command area of 1,259 ha) which is highly beneficial for the farmers to increase their incomes. In addition, it is expected that the farmers who perform shifting cultivation within the same command area will be able to cultivate all of their lands due the extra water savings created by the project.

**21. Community Physical Infrastructures (CPIs) by NSP (MRRD):** With the change of political leadership in Afghanistan, there is a renewed emphasis on irrigation development to enhance agricultural productivity. NSP/MRRD has accordingly been directed to realign its development activities with the priority of the Government and to focus more on rehabilitating irrigation infrastructure in the country. MRRD has approached IFAD for a change of its scope of work from simple CPIs to mere irrigation schemes. A Memorandum of Understanding (MOU) has been signed between MRRD and MAIL, after IFAD's NOL. In addition, due to current Government policies, both Ministries have agreed to utilize USD 19.6 million allocated to NSP solely for irrigation schemes over other options initially included.

**22.** Initially, NSP commenced preparatory work on a selection of irrigation schemes (based on an initial list of 90 schemes shared by ID) and preliminary surveys for 46 irrigation schemes – with raw data shared with the IFAD mission. But with amended agreements aligned with government policies, the number of schemes has increased up to 142. The Table 2 below illustrates a summary of progress of the NSP irrigation schemes by province with irrigated area and beneficiary villages.

**Table 2: Summary of Irrigation Schemes – MRRD/NSP**

Province	No. of project	Budget in USD	Initial command area/(ha)	Final command area/(ha)	Incremental command Area/(ha)	No. of Families	Cost/c. area (USD/Ha)	Cost/Family (USD/Family)
<b>Summary of schemes under implementation (65/142)</b>								
Parwan	33	2,194,576	8906	10610	1704	26428	207	83
Kabul	15	1,452,421	9006	10990	1984	27760	132	52
Logar	17	5,101,807	11930	13360	1430	53110	382	96
<b>Designed schemes entered in NSP system, budget has not been disbursed so far (12/142)</b>								
Parwan	6	114,663	1995	2305	310	6929	50	17
Kabul	6	438,523	2070	2373	303	7560	185	58
Logar	0	-	0	0	0	0	0	0
<b>Summary of new schemes that are designed in 3 provinces up to date and ready for entry in the NSP system (26/142)</b>								
Parwan	20	1,114,070	5580	6226	646	17710	179	63
Kabul	3	302,201	290	316	26	450	956	672
Logar	3	1,031,363	3192	3438	246	8014	300	129
<b>Summary of new schemes that are under design (39/142)*</b>								
Parwan	18		1520	1790	270	2520	N/A	N/A
Kabul	7		17912	21600	3688	8300	N/A	N/A
Logar	14		5870	6542	672	3141	N/A	N/A
<b>Total</b>	<b>142</b>	<b>11,749,623</b>	<b>68271</b>	<b>79550</b>	<b>3903</b>	<b>161922</b>	<b>N/A</b>	<b>N/A</b>

\* Command areas are obtained from ongoing designs and will be higher than the indicated values

N/A- Not Applicable

Source: MRRD/NSP



**23. Quality of construction work MRRD/NSP:** The mission was not able to visit the schemes under MRRD/NSP during MTR. However, regular field inspection visits are being conducted by CLAP project staff. An additional external quality/quantity assessment of the irrigation work will be organized.

**24. Status of NSP sub-component:** The coordination issues between CLAP and NSP have been resolved to some extent by adapting several actions proposed by the previous IFAD missions. A coordinating mechanism has been established through an MoU signed between two parties, and engineers are designated from both parties to establish a proper channel of communication.

**25. Expected outcome of schemes under MRRD/NSP:** Through proposed irrigation schemes, it is expected to increase the overall command area by 26% (or 3,903 ha), which is highly beneficial for the farmers to increase their incomes. The coverage area will further increase with upcoming 39 irrigation schemes by MRRD/NSP.

Agreed action	Responsibility	Agreed date
Completion of procurement works of remaining irrigation schemes under MAIL/ID	CLAP	Mar 2017
Completion of all physical work of the schemes under MAIL/ID	CLAP	Sept 2017
Completion of all design for remaining 39 schemes under MRRD/NSP	MRRD/NSP	Jan 2017
Establishing 142 CDCs for the schemes under MRRD/NSP	MRRD/NSP	May 2017
Completion of all physical work of 142 schemes under MRRD/NSP	MRRD/NSP	July 2017
Provide a nominative census of the beneficiaries for each irrigation scheme, their current production and incomes (baseline) and their 2017 agricultural plan and incomes	CLAP	Aug 2017
Quarterly External technical and financial assessment of the MAIL and NSP irrigation schemes before final certification of work	CLAP	Jan 2017
Provide a mapping of all irrigation scheme to each Irrigation association	CLAP	May 2017
Provide a mapping per province with all irrigation scheme, functional one, rehabilitated one per donors and remaining one	CLAP/MAIL	Mar 2017

**26. Sub-component 1.2 Community Development (USD 1.1 million): [Moderately Satisfactory**

**4].** This sub-component, implemented by NSP, is to 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.

**27.** NSP has concentrated its capacity building activities on the 142 Community Development Councils (CDC). These CDC have been contracted by NSP to implement the 142 irrigation rehabilitation schemes. After signing the contract, they have received 90% advance of the agreed budget. They handled the procurement and all the field work under NSP supervision. NSP also provide them required trainings.

**28.** NSP informed MAIL and the MTR mission, as per their competency area, that they will not be in a position to establish and provide capacity building of 142 IAs or other producer groups that need to be developed in order to ensure: (i) adequate water management, (ii) maintenance and (iii) economic development of these schemes. The engineering unit of MAIL/ID has taken the responsibility of training NSP staff on these aspects so that NSP staff can establish IAs and provide them with training on above aspects.

Agreed action	Responsibility	Agreed date
MAIL/ID staff would train and give technical support to NSP staff to enable them to: (i) establish IA for each scheme; and (ii) train them as desired.	ID/PMU/NSP	Jan 2017

Develop a model for the establishment of the 142 irrigation associations including, roles, responsibility, organizations, functions, budget, sustainability and exit strategy.	CLAP/MAIL	Jan 2017
Integrate in the revised 2017 AWPB the modalities and budget necessary to develop the 142 irrigation association in a sustainable manner.	CLAP	Jan 2017

**29. Sub-component 1.3 Gender Mainstreaming (USD 1.2 million): [Moderately satisfactory 4].**

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.

**30.** These activities were included in the NSP Memorandum of Agreement. As of today, nothing has been engaged. In a common understanding, NSP and MAIL agreed to transfer these activities and budget to CLAP for implementation.

Agreed action	Responsibility	Agreed date
Revise the MoU with MRRD/NSP and transfer budget related to Gender Mainstreaming and Capacity Building to CLAP	PST/PMU/PD	Dec 2016
Develop a comprehensive concept note model for increasing women skills and capacity, and leadership in the irrigation scheme supported (such as the economic development of the irrigation schemes).	PMU/MAIL	Jan 2017

**31. Component 2: Livestock and Agriculture Development (USD 28.5 million)** This Component is rated **Moderately Satisfactory [4]**. 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 (USD 10.5 million), (2.2) Poultry Development (USD 5 million), (2.3.) Improved Food, Fodder, and Vegetable Crops (USD 8 million), and (2.4) Livestock Development among the Kutchi (USD 5 million).

**32. Sub-component 2.1 Dairy Development (USD 10.5 million): [Moderately satisfactory 4].** This sub-component aims at increasing dairy milk production and productivity, and improve dairy milk processing and marketing. It is expected that at least 3,000 HHs (i.e. 9,000 rural poor) will benefit from the sub-component, by supplying milk to the to-be established 30 milk collection centres, 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.

**33.** The principal constraint faced by the rural dairy farmers is the access to market. None of the producers of the primary producers cooperative visited by the mission in the Kabul and Parwan provinces are able to sell milk. Some of the chilling centres established in the past by other projects are non-functional as they are not connected to broader market. Some of the cooperatives in Kabul province, which sold milk to private collectors, have huge debts with them. The retail market is flooded with UHT milk from Iran and Pakistan, mostly smuggled into Afghanistan. The fresh milk products are mostly from the informal market. Lack of access to a stable market provides little incentive for farmers to increase the production/yield of milk. Nonetheless, the mission also notes that if the farmers have access to markets, the income level of the households could considerably be raised. The cooperative members in Kabul province could earn AFN 1,500 profit to AFN 6,000 per week. The need for a

reliable market is paramount, which would then justify additional support on increased production and quality.

**34.** The mission reviewed the three proposed options to increase the market access: (i) installing smaller processing plants to produce pasteurized milk in Parwan and Logar provinces: (ii) to explore private sector investment through matching grant arrangement: and (iii) up-scaling the Kabul Dairy union (KDU) pasteurized processing facility from 5 MT to 30 MT. The mission notes that the shelf life of pasteurized products are less than a week. In addition, most households do not have facility to preserve pasteurized milk products. People prefer to buy UHT milk product, which has a longer shelf life and is easy to store. Setting up of a small pasteurizing processing plant based upon a private sector approach through a matching grant will not be sustainable considering the above factors as well as the limited available time to pilot this new approach, as CLAP only has 2.5 years prior to project completion.

**35.** The most feasible option could be to expand the KDU to produce the UHT processed milk. The KDU has been successfully running its operation profitably (average OSS of 105%) since 2011 without any external assistance. The KDU has a 5MT processing plant based in the Kabul city for pasteurized milk and other products such as yoghurt, butter, cream and sour milk. On an average the KDU is collecting 1.2 million litres per annum from the Logar and Wardak provinces since 2011. Recently, the KDU commenced milk collection from some Primary Producers', Cooperatives in Parwan province. The KDU is selling its' products to 8 supermarkets, through its own shops and directly to some institutions such as the Arg (Office of the President). The Ministry of Defence (MoD) and other institutions have shown interest in buying the KDU products provided it is UHT. An estimated demand of UHT milk from the MoD alone is over 20 MT per day. (detail in Appendix 8)

**36.** Setting up of a 30MT capacity UHT milk-processing plant for an estimated USD 2 million at KDU could provide a stable market access for 3,000 households as well as other dairy farmers in the three target provinces. The mission undertook a rapid financial modelling to assess the viability of the venture to compete with the UHT milk from Iran and Pakistan, which is around AFN 75 to AFN 85 per litre. Based on the projection, the milk collection cost of AFN 31.2 (farm-gate price of AFN 27), factory gate price of AFN 45.45, which also includes the profit mark up of 20% for the KDU, corporate tax of 20% and 7% sales tax, it is possible to have an UHT milk product at AFN 80 at the retail price. The daily minimum milk collection requirement during the peak season would be 20,000 litres and 13,000 litres during the lean season. The proposed processing plant would increase the farmers' incomes by minimum AFN 4,900 per month on average. (detail in Appendix 8)

**37.** The mission recommends undertaking a detailed market research and developing a full business plan for the proposed UHT plant to validate the financial model. The business plan should also include the direct and indirect sales channel plans. The KDU governance should be changed to reflect the aspirations of other provinces. The mission recommends converting the KDU to the Central Dairy Union (CDU). To increase the efficiency and accountability, the CDU will be required to have an external annual audit in addition to cooperative's directorates as well as the standard MIS system.

**38. Policy Issue.** The high tax, i.e. 20% on the net profit of cooperative and 7% sales tax, makes the cooperative products less competitive with other imported products that mostly come through shadow market. To provide a fair playing level for the cooperative products, it is recommended to engage with the Government of Afghanistan to lower the taxes to make the cooperative products competitive.

**39.** 2,975 out of targeted 3,000 households have been participating to CLAP activities through 33 cooperatives in Kabul, Logar, and Parwan provinces. The direct beneficiaries are 17,336 of which 48% are women. The number of cows of the target HH is estimated to be 69,52<sup>3</sup>. In Parwan and Kabul provinces, milk production increased by at least 20%, and in Logar province it increased from 5.15 litres to 12.8 litres. Nevertheless, due to lack of access to market, the increase in yield does not

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3 Estimation based on the data provided by the FAO on cattle

correspond to increase in the income. Consequently, the proposed plan, the UHT processed milk model, will allow the target farmers to achieve 200% income increase as stated in LFA.

Agreed action	Responsibility	Agreed date
Finalize the Kabul Dairy Union Market study and Business Plan to have minimum 30mt/day KDU processing capacity by June 2017	PMU/MAIL/FAO/KDU	Dec 2016
Procure all UHT and other equipment for and with KDU	PMU/FAO/KDU	Mar 2017
Provide for IFAD no objection the sustainable and exit strategy 30mt/day KDU new organization for collection, processing and marketing	PMU/FAO/KDU	Jan 2017
Provide for IFAD no objection the new governance and management KDU structure as well as staffing (including young professional) and capacity building plan	PMU/FAO/KDU	Feb 2017
Review and submit for IFAD No Objection the current FAO MoU without cost implication in order to integrate the new objectives/approach until completion date.	PMU/PST/FAO	Jan 2017
Propose a chilling centre model, including budget, break-even point, exit strategy that satisfy KDU new requirement	PMU/FAO/KDU	Dec 2016
Propose for IFAD No objection a technical and financial package for farmers to increase the quality and quantity of milk which will include regular advisory visit and monitoring of animal performance (to be done by existing structure like chilling centre, VFUs).	PMU/FAO/VFUs	Jan 2017
Develop a Policy issue paper for MAIL to simplify and make cooperative potentially competitive on the Afghan market (including problem related to taxes, reporting, mandatory format for business plan, modality of management of cooperatives..)	PMU/FAO/KDU	Feb 2017

#### **40. Sub-component 2.2: Poultry Development (USD 5 million): [Moderately satisfactory 4].**

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 method, and, on the other hand, developing small-scale commercially viable systems with progressive female poultry rearers. It is expected that about 25,000 HHs (i.e. 150,000 rural poor) will benefit from the programme.

**41.** The two national NGOs (AREP and ASIO) selected through a competitive process, are implementing the poultry sub component in Kabul, Logar and Parwan provinces. As of today, 6,666 women beneficiaries has been supported in the three target provinces out of a 25,000 total planned. All beneficiaries have received a package comprising 15 vaccinated chickens ready to produce eggs (almost 100,000 chicken distributed) as well as training in poultry management, 75 Kg of feed for the first three months and training in diseases identification. Regular monitoring is done by the two NGOs and PMU staff.

**42.** Most of the packages have been delivered since March 2016, and eggs production has reached a reliable level since July 2016. For each of the 6,666 households, an average of 10 eggs are produced daily. Around two to three eggs are self-consumed and the remaining seven eggs are sold, generating a monthly average incremental net profit for women of AFN 1,500 by spending about 1-2 hours per day (10% of the total households average monthly budget needs). The income is mainly used for children's health and education, which demonstrates that women have decision making power over their incomes. Based on the field visit and after exchange on the methodology, it appears that the targeting of the beneficiaries has been well handled by the two NGOs. The model is highly appreciated and sustainable. All production inputs are available locally through private sector. The income can be sustained by just investing the 10% of the income back into poultry.

**43.** In addition, for the households who want to increase the income through backyard poultry, support could be provided to help them to be linked with the MFIs for debt financing. As well, the mission recommends the beneficiaries to be further categorised into women-headed household and male-headed household. The mission notes that CLAP will need to expand its current geographical coverage to achieve its targets.

Agreed action	Responsibility	Agreed date
PMU to provide an assessment of AREP and ASIO performance. Amend the contract of ASIO for 2017-2018 with a significant objective (submit to IFAD for No objection). Analyse if AREP can improve and how and eventually request an amendment of its contract for consolidation (eventually small additional objective) Advertise in parallel and recruit additional SPs.	PMU/AREP/ASIO	Dec 2016
Provide quarterly comprehensive monitoring on the logical framework indicator and especially on production, consumption and sales/net income.	PMU/AREP/ASIO	Jan 2017
Provide a mapping per province of the % of poorest HHs reached.	AREP/ASIO	Mar 2017
Census the HHs interested to increase their poultry business with MFI	PMU (CLAP/SNaPP2) /AREP/ASIO	June 2017

**44. Sub-component 2.3: Improved Food, Fodder, and Vegetable Crops (USD 8 million):**

**[Moderately satisfactory 4].** 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) 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, (ii) Establishment of and support to farmer-led VBSEs, (iii) Participatory demonstrations to accelerate adoption of newly released high-yielding varieties; and (iv) Capacity Development.

**45.** The mission visited two VBSEs in Kabul and Parwan provinces and had a working sessions with the beneficiaries and ICARDA. Despite a slight delay at the beginning, this sub-component is currently on track. The mission was impressed with the progress made so far and by the active and important role of women in Parwan VBSEs.

**46. For Adaptive research for fast-track release of high-yielding varieties,** 2,700 lines in 79 trials in 9 research station have been conducted, data is currently collected and analyzed, and 6 new high yielding and resistant varieties have been identified. Next year, after 3 years of testing, these varieties will be confirmed and potentially disseminated.

**47. For Establishment of and support to farmer-led Village Based Seed Enterprises (VBSEs):** All the 7 planned VBSEs have been established, trained and received a package that have allowed them to produce the first 65 MT of certified seeds. These seeds have been sold to MAIL that has ensured the distribution to the poorest farmers (25 Kg by farmers). After one campaign, all the 7 VBSEs have been able to generate profit. Based on the information received, the average yield ratio was 32 from the foundation seed. All VBSEs have received 420 Kg of foundation seed for the first campaign. The production cost varies from AFN 14 to AFN 24 per Kg with selling price to MAIL of AFN 30 per Kg for certified seed.

**48. For Participatory demonstrations to accelerate adoption of newly released high-yielding varieties,** 510 demos have been established and around 1,000 farmers (male and female) have been trained.

**49. For Capacity Development**, activities have been implemented as planned. The mission observed that in the case of the VBSE, training in enterprise and financial management and how to report to the Government will need to be developed.

Agreed action	Responsibility	Agreed date
Build the capacity of the VBSE in record keeping to meet the reporting requirement	ICARDA/PST	Immediately
Produce the 80MT foundation seed and 2000MT of the certified seeds to reach out to 80,000 households.	ICARDA/PST	Dec 2017
Certify VDSE seed not later than August every year.	ICARDA/PMU	Dec 2017
ICARDA to ensure that, under the current contract, the machinery and equipment will be protected, and these investments are secured under community and/or ongoing contract budget.	PST/PMU/ICARDA	Immediately
VBSEs to maintain sales record of the household purchased the certified seeds for verifying the outreach indicator of 80,000 households	VBSE/ICARDA	Immediately
Develop an exit strategy for VBSE model with a clear roll-out plan.	ICARDA/PMU	Jan 2017

**50. Sub-component 2.4: Livestock Development among the *Kutchi* (USD 5 million):**

**[Moderately satisfactory 4].** 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 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 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 systems; 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.

**51.** As of today, 60 extension groups (40 male and 20 female) have been established, 15 para-vets and 31 basic veterinary workers (BVWs) have trained and supported, 27 VFUs have been refurbished and supported, 2,500 Kuchi Livestock keepers have been trained, 1.9 million animals have been vaccinated, treated and de-wormed through DCA and VFUs, 4 feed banks have been established, livelihood opportunities have been created for 15 female self-help groups and 6 Kuchi community boards have been established.

**52.** The mission met the Kuchi representatives who expressed their satisfaction with CLAP support. They requested CLAP to: (i) increase the outreach of the beneficiaries by extending the CLAP geographic area as they are nomad, and CLAP is currently covering only few districts in the 3 provinces, (ii) provide some support related to water facilities for animals along the migration routes; and (iii) provide support related to the pasture and increasing conflict they are facing with farmers.

**53.** Based on the MTR mission, DCA provided a map with the national major transhumance roads (see annex). Following the exchange, VFU and food banks for animals are key for the Kuchis and need to be strengthened in order to ensure sustainable services. This implies coordination by MAIL in order to harmonize the approaches between the on-going and future interventions on health and food services. The restocking approach of the Kuchi is also highly sensitive to implement.

**54.** The MTR mission recommends to work on 2 unit of transhumance (see map in annex), to better clarify the exit strategy for VFUs and animal food banks and to strengthen the M&E system in order to report on the outcomes and not only on the outputs.



Agreed action	Responsibility	Agreed date
Submit the amendment of DCA 2017 AWPB incorporating new areas, removing restocking and adjusting its cost to the new proposed activities.	PMU/DCA	Jan 2017
Provide a mapping of the VFUs and food banks for animal in the 2 agreed transhumance unit	PMU/DCA	Feb 2017
MAIL to lead a workshop with clear results expected in order to harmonize different donors interventions in VFU (methodology, coverage areas etc.)	PMU/DCA/MAIL	Feb 2017

## D. CLAP implementation progress

**55. Project Management Performance.** Quality of project management is rated **Moderately Satisfactory [4]**. The two-tier project management teams supporting all IFAD-financed projects (PST) and the PMU have generally responded proactively and adjusted to the challenges faced by CLAP. However, roles and responsibility need to be better clarified and human resource management tools need to be sharpened in order to increase the relevance and efficiency of the PST/PMU project management structure.

**56.** Today, the PST human resource payroll finance under IFAD funds 104 staff (for all three IFAD-financed projects) including 46 staff put at the disposal of different Directorates of MAIL (of which 1 staff under Directorate of Irrigation and 4 staff with Policy Development). These 46 staff do not report to CLAP but to their Directorates and their contributions to CLAP (or other IFAD-funded projects) achievement have not been visible and seem difficult to assess. The MTR mission recommends that CLAP enters into a Result Based Memorandum of Agreement (RB-MOA) with each Directorate. Each RB-MOA should clarify the results expected from the member of staff, the budget allocated, the reporting and evaluation modalities and salaries should be released based upon pre-agreed targets being achieved.

**57.** The 58 remaining staff are composed by 30 staff and 28 support staff. The synergies between CLAP and SNaPP2 need to be improved and reflected in the PST/CLAP/SNaPP2 management structure. Every year, the approved AWPB should be used as a basis to determine the annual objectives of the staff as well as the basis to evaluate the performance at mid and end of the year. The profiles of each staff need to be, in some case, better aligned with the need of the position.

Agreed action	Responsibility	Agreed date
Develop RB MOA with each directorate and submit it for IFAD no objection.	PD/HRD	Dec 2016
Develop a staff annual Performance evaluation system including results to be achieved during the year.	PD/HRD	Jan 2017
Develop a programme of supervision of the different service providers with reporting.	PST	Jan 2017
Review the entire CLAP/SNaPP2/PST organigram and submit it to IFAD for NOL.	PST	Jan 2017
Review the ToRs to adapt them with the CLAP and SNaPP2 objectives.	PST	Jan 2017

**58. Coherence between AWPB and Implementation.** The coherence between AWPB and implementation is rated **Moderately Unsatisfactory [3]**. The rate of implementation progress is delayed in both Components. The disbursement rate, based on 2015 AWPB and 10 months of 2016 figures, of Component 1 Community Development is at 36.7% while the Component 2 Livestock and Agriculture Development remains at 34.5%. The Component 3 Project Management is at 60.0% which is slightly higher than the expected disbursement rate at MTR for CLAP which is 55%.

**59.** The expected disbursement/implementation progress by the end of 2017 for CLAP is 80%, which is communicated with the project to be reflected in the preparation of 2017 AWPB.

Agreed action	Responsibility	Agreed date
Update the 2017 AWPB to reflect changes agreed with the MTR mission and submit to IFAD for NOL.	PD/PST	Jan 2017

**60. Monitoring and Evaluation.** The performance of M&E is rated **Moderately Satisfactory [4]**. The mission appreciates that all four agreed actions from the 2015 supervision mission have been addressed in a timely manner. In early 2016, the project contracted a consultant to streamline the M&E system and revise the logical framework of CLAP. Some concerns such as (i) lack of female M&E staff; (ii) delay in M&E staff recruitment; and (iii) simplify CLAP logical framework have been addressed and completed.

**61.** Some of the reports produced by the M&E unit, such as annual outcome report, have been used to make management decisions to take corrective actions. However, the mission notes that M&E unit needs to strengthen its role in advisory support and alerting function to the management and PMU staff. The M&E unit needs to reach out to other PST members and PMU staff to share information, flag risk areas in achieving annual target and overall project objectives and actively participate to PST and PMU periodic meetings. The M&E unit including Gender Specialist and KM Officer need to have a clear field programme to monitor and assess the field activity implemented by the partners.

Agreed action	Responsibility	Agreed date
Provide quarterly report on the output and outcome of CLAP interventions.	PST	Jan 2017
Integrate in the AWPB 2017 the CLAP outreach per activities achieved in 2016 and expected at the end of 2017.	PST	Jan 2017
Provide an 2016 annual report in line with the CLAP revised logical framework.	PST	Jan 2017
Develop a concept note on how and when to monitor CLAP field activities.	PST	Jan 2017

**62. Gender focus.** Rated as **Moderately Satisfactory [4]**. All of CLAP's components are linked to empowering women in different social and economic contexts. At the MTR stage, 6,666 households (or 26.7% of total) have been identified through participatory approach and trained under Component 2.

**63.** The training programmes are proceeding as planned, however, the full benefit of trainings can only be capitalized as the Component 2 activities become fully operational, the concept of empowering women will be further mainstreamed among the beneficiaries and at organizational level. The Component 2 interventions, such as dairy development, backyard poultry and VBSE business model have been engaging both women and men to increase women's capacity in managing business and income generating activities. The mission observed during the field visits that activities targeting women are showing positive results.

**64.** Compared with the previous supervision mission in 2015, the female staff ratio has decreased to 13% (or 6 staff) while in 2015 the ratio was 21% of overall CLAP programme staff. As per the logical framework, the target of at least 25% female professional level staff is a challenge for CLAP to achieve without an action plan. The mission continues to encourage PST's effort in identifying suitable female candidates through recruitment processes and, in addition, develop mechanisms to achieve the target.



Agreed action	Responsibility	Agreed date
Develop an action plan with timeframe to increase the female professional level staff to at least 25% by the end of 2018.	PD, HR, Gender Specialist/PMU	Jan 2017

**65. Poverty focus.** Rated as **Satisfactory [5]**. The selection of project areas has been poverty focused, and the participatory approach was followed during the identification processes of beneficiaries. First the community leaders provide a list of proposed beneficiaries to CDCs based on their assessment. The CDCs, then, conduct an initial review through meetings to exclude households that are above the selection criteria. The final list is verified by the SPs and project staff together with the community members through observation, consultation and surveys.

**66. Effectiveness of targeting approach.** Rated as **Satisfactory [5]**. Under the Component 1, the total target household is 115,000 (or 690,000 beneficiaries) based on the PDR, while the current forecast shows total of 176,718 households (or 1,060,310 direct and indirect beneficiaries) from the selected irrigation schemes by MAIL/ID and MRRD/NSP.

**67. Climate and environment focus.** Rated as **Moderately Satisfactory [4]**. CLAP is aligned with both IFAD's ENRM policy. ECD has endorsed the project as Category B as far as its environmental classification is concerned, and recommended for continuous monitoring of land and water management and climate change related aspects during project implementation. Joint assessment with the project will take place in 2017.

**68.** Most of sub-components focus on the small dairy processing and subsistence agricultural production for the poor who have no/limited access to hazardous chemicals or environmental awareness. The activities are aligned to the "do no harm" policies as these are implemented by service providers are strictly adherent to the environmental safety policies. The productive infrastructure work such as irrigation is mainly renovations of existing facilities.

Agreed action	Responsibility	Agreed date
Initiate data collection on land and water management and impact of climate change.	PMU/PST/PD	Jan 2017

**69. Partnerships.** Rated as **Moderately Satisfactory [4]**. CLAP has partnership with three international organizations (FAO, ICARDA and DCA), two national NGOs (ASIO and AREP) and two key MoUs with MAIL/ID and MRRD/NSP. Overall the quality of implementation by partners has been moderately satisfactory with few lessons learnt emerging at the MTR stage.

**70.** One of the key lessons learnt, which also became evident from the project completion review of the first IFAD-financed project RMLSP, is the selection criteria should be based on the strengths of each partner. In addition, to clarify the accountability and deliverables, the mission recommends the relevant project staff to review the signed MoUs as part of effective contract management and overall project implementation management.

Agreed action	Responsibility	Agreed date
MoUs and related documents should be made available and reviewed by the relevant project staff.	PST/PMU	Dec 2016

**71. Innovation and learning.** Rated as **Moderately Satisfactory [4]**. Based on the lessons learnt from RMLSP and in line with the Government's effort in enhancing the growth of private sector, CLAP aims to lay foundation for 4P model in Afghanistan. It is still too early to make a full assessment, however, it is encouraging to note that the mission has identified a proposal to enhance the 4P model under sub-component 2.1 Dairy Development by supporting the existing dairy union to increase outreach to beneficiaries thus increasing their incomes.

## E. Fiduciary aspects

**72. Financial management.** Rated as **Moderately Unsatisfactory [3]**. Overall, financial management needs considerable improvement. Key areas for improvement include improved and stronger oversight over SPs, improved understanding and implementation of IFAD's Financial Management policies & procedures, improved and regular reporting to IFAD, preparing & updating cash flow forecasts, reduction in cash expenditure, timely submission of un-audited and audited financial statements of the project including its SPs. An improvement plan has been prepared, discussed and agreed with the Project Director, Senior Finance Manager and Finance Manager.

**73.** The Finance and Accounts unit consists of 1 Senior Manager Finance (SFM), 1 Finance Manager (FM) responsible for RMLSP, CLAP & SNaPP2 projects, with 3 Finance Officers dedicated to each project backed up by 1 Finance Assistant and 1 Cashier. The Project Fiduciary Risk is assessed at Medium (FMAQ and Summary Risk Assessment are at Appendix II and III respectively).

**74. Accounting and Financial Reporting:** The project follows a cash basis of accounting and no accruals are taken into account. A Double Entry accounting software (QuickBooks) is being used by the project but the software is designed for commercial entities and not for projects. It is not designed to manage Procurement, Commitments, M&E, preparation of WA etc. The project has obtained quotation for a specially designed software for projects called TOMPRO for the three project (RMLSP, CLAP and SNAPP22) amounting to EUR 85 k (USD 95 k). The mission reviewed the quotation and is of the view that on the one hand the quotation could be reduced through negotiations with the supplier (e.g. RMLSP is completed so license for only two projects is needed etc.) while on the other hand the project also needs to consider whether it can benefit from the modules of Procurement and M&E of TOMPRO. The project also needs to thoroughly evaluate functionalities of TOMPRO through meeting /presentations by the supplier (maybe online), communication with or study tour to IFAD funded projects where TOMPRO has been implemented since a few years.

**75. Staffing.** As mentioned above, the Finance team of the three project comprises of seven team members headed by a Senior Finance Manager. Although, as recommended in the SV report of RMLSP in 2016, the HR function has been moved under procurement, it was still noted that the Senior Finance Manager is still partially involved in HR and Administrative functions and accordingly, higher level financial responsibilities are not focused upon. Further, there is a need for the complete finance team to repeat IFAD's FM e-learning and submit the certificates to IFAD. As mentioned above, an improvement plan has been prepared, discussed and agreed with the Project Director, Senior Finance Manager and Finance Manager. The contents & targets of the improvement need to be included in the annual objectives of the finance team while renewing their contracts in December 2016.

**76. Internal controls.** The project has put in place appropriate internal control procedures including proper segregation of duties, expenditure authorisation processes, bank reconciliations, etc. Bank Reconciliation Statements (BRS) are prepared on a monthly basis and no issues arose in this regard. Financial Reports are prepared by extracting information from the accounting software to Excel and preparing reports in Excel.

**77.** It was noted that the project obtains large amounts of cash advance from the MoF. The cash advance is used for travelling expenses and is also transferred to staff bank accounts for expenditure incurred in the provincial offices. It is strongly recommended that the amount of advance cash be substantially reduced through various measures including having contracts and bank payments with regular suppliers, obtaining quarterly advances instead of yearly advances and exploring possibility of payments through MoF provincial offices to project team.

**78. Administrative management.** Controls over fixed assets, consumable stores and petty cash, monitoring of fuel consumption and travel claims is satisfactory. Fixed Assets registers have been maintained with distinctive numbers for identification and verification. Physical verification of fixed assets is conducted by the Project periodically and no issues were identified.

**79.** Personnel files have been maintained and annual appraisals are also conducted. However, it was noted that annual objectives for personnel are not defined and accordingly annual appraisals are subjective rather than objective. It was discussed that annual objectives for each department & accordingly each personnel would be developed from AWPB and annual appraisals made on the basis of such objectives.

**80.** AWPB execution. The table below shows performance against annual budgets for 2015 and ten months of 2016 (amounts in USD '000):

**Table 3: Performance against Annual Budgets**

	Community Development	Livestock & Agriculture Development	Project Management	TOTAL
<b>2015</b>				
Budget	8,719,992	8,212,307	1,276,439	18,208,738
Actual	14,940	2,808,574	592,198	3,415,712
% execution	0.17%	34.20%	46.39%	18.76%
<b>2016</b>				
Budget	16,582,240	7,889,279	1,240,056	25,711,575
Actual (10 months)	6,085,386	2,719,735	744,459	9,549,580
% execution	36.70%	34.47%	60.03%	37.14%

**81.** Execution rates were quite low for 2015 especially for Community Development component which was less than one percent while for Livestock & Agriculture component it was around 34% and in total it was only 18.7% for AWPB of USD 18 million. In 2016 the AWPB was increased to USD 25.7 million and the execution rate for Community Development component increased substantially to 36% due to disbursements by NSP/MRRD, while Livestock & Agriculture component remained at 34% and the total execution rate increased to 37% despite increase in the AWPB for 2016.

**82.** Treasury and funds flow. The project has a Special Account in US Dollars, fully controlled by the Ministry of Finance (MoF) where the disbursements of IFAD flow in and from where all the payments are made. For every payment, the transaction is initiated by the FO, followed by review by the FM and the SFM and approved by the Project Director. This is followed by a review of the MAIL finance department and internal audit unit and the final approval of the MAIL Deputy Minister (Admin and Finance) for onwards forwarding to MoF for payment from the Special Account upon further review of the supporting documents. The project makes entry in the books of account maintained in QuickBooks software on receiving the bank statements. Authorizations and authentication at appropriate levels were observed in respect of any kind of payment made. Payments to IPs are made through Direct Payment method, which also goes through the same process of approval i.e. MAIL and MoF.

**83.** The project has been submitting WA for periods covering twelve months and six months and that also with substantial delays and accordingly has experienced cash shortage in November 2016. The mission recommends preparation of three to six months cash flow forecasts which should be updated monthly. The mission also recommends submission of regular WAs - upon disbursement of 20% of Initial Advance or three months, whichever is earlier and the submission of WA within one month of the period/quarter end.

**84.** Service Providers (SPs) Most of the CLAP implementation is being conducted through SPs (NSP/MRRD USD 19.6 million, FAO USD 8.5 million, ICARDA USD 7.9 million, DCA USD 4.99 million, ASIO USD 900 k, AREP 463 k, Total IPs 42.3 million) therefore it is quite important that it is ensured that the quality of financial management and procurement of the SPs is satisfactory, compliant with IFAD requirements and compliant with agreements with CLAP.

**85.** The mission reviewed agreements/MOUs with SPs and noted the following:

- Requirements related to regular reporting (financial and programmatic), AWPB, audit, procurement, fixed assets etc. are not consistent across the IPs;
- Regular reporting formats have not been specified/agreed upon and accordingly regular reports are not obtained;
- The payment terms specified in the agreements are not adhered to (e.g. advance equal to yearly activities based on AWPB);
- Project has not yet developed contract monitoring/compliance mechanism and compliance with contract terms is not ensured.
- Invoices/WAs submitted by partners are for different/varying periods and are submitted quite delayed.

**86.** The mission conducted meeting with the finance department of NSP/MRRD and DCA and discussed/resolved matters of regular reporting, audit, payments etc. Minutes of the meetings were prepared and agreed with the IPs.

**87.** In order to ensure improvement in financial management and procurement, the following measures are recommended:

- Review and revision of agreements with SPs through amendment/annexure to ensure that appropriate and consistent clauses related to regular reporting (financial and programmatic), AWPB, audit, procurement and fixed assets;
- Payment terms in the agreements with SPs to be modified through amendment/annexure to reflect the practical situation;
- Reporting formats (financial and programmatic) to be designed and agreed with the SPs;
- Development of compliance checklist and follow-up mechanism for agreements with SPs and quarterly reporting on compliance.
- Detailed Statement of Expenditure (SOE) as per IFAD SOE template should be submitted by SPs to PST on a quarterly basis;
- List of non-expendable items should be provided annually by SPs;
- Major procurements (consultants, audit firm, service providers, key project staff) to be conducted by SPs with prior review of PST;
- PST to provide NOL to the TORs of external auditors of SPs which should include opinion on SOE, Financial Statements, compliance with Contract, provision of Management Letter, specific evaluation of internal controls and procurement, list of Fixed Assets etc.
- Management Letters should be provided by the auditors of SPs and these should be reviewed by the PST and discussed with the management of SPs and their auditors;
- Audit Reports of SPs are submitted to the Project before the audit of the Project starts so that the Project auditors are able to take into consideration the Audit Reports & Financial Statements of SPs.

Agreed action	Responsibility	Agreed date
Contents & targets of the finance improvement plan to be included in annual objectives of the finance team.	PD	Dec 2016
The Project should also consider and evaluate the modules of Procurement and M&E of TOMPRO and negotiate with the supplier to reduce the price.	PD, Procurement Manager, M&E	Mar 2017
Annual objectives for 2017 for each department and each personnel to be developed in line with AWPB and annual appraisal to be made on the basis of such objectives.	PD	Dec 2016
Substantial reduction in cash advances	Sr. Finance Manager	Jan 2016
Preparation & regular updating of Cash Flow forecasts	Sr. Finance Manager	Dec 2016 and ongoing
Review & revise of agreements with SPs through amendment/annexure to ensure appropriate/consistent clauses related to reporting, AWPB, audit, procurement and fixed assets.	PD, Sr. Finance Manager	Jan 2017
Developing compliance checklist and follow-up mechanism for agreements with SPs and quarterly reporting on compliance.	Procurement Manager, Sr. Finance Manager	Jan 2017 and ongoing

**88. Disbursement** is rated **Moderately Unsatisfactory [3]**. By 30 Oct 2016, IFAD had released an aggregate amount of SDR 14.12 million (USD 20.24 million) while pending WA amount to SDR 937 k (USD 1,265 k) and expenditure paid but not yet claimed amount to SDR 1.013 million (US 1.38 million) and the total disbursements come to SDR 16.07 million (USD 22.885) and approx. 42.7%. However, the mission had a meeting with NSP/MRRD, who informed that it would be submitting a WA of approx. USD 6 million by 10th December while DCA also informed that they would be submitting an invoice of more than USD 200 k. If the expenditure of NSP and DCA is also considered after deduction of part of the advance, the total would increase to approx. SDR 19 million / approx. 50%.

**89.** It was further noted that FAO had not submitted invoice for the period April to October 2016 and ICARDA had not submitted an invoice for the period January to October 2016. The following table shows disbursements from the IFAD grant as of 30 October 2016 (amounts in SDR):

**Table 4: Disbursements from the IFAD Grant**

Category description	Original Allocation	Disbursement	W/A Pending	Not Claimed	Total Disbursement	Balance	Per cent disbursed
Civil works, Community Infrastructure	12,750,000	2,365,921	13,037	20,588	2,399,546	10,350,454	18.8
Vehicles, Motorcycles, Equipment	2,640,000	518,258	99,123	64,641	682,022	1,957,978	25.8
Technical Assistance, Training/Studies	7,600,000	605,465	271,883	561,510	1,438,858	6,161,142	18.9
Salaries and Allowances	6,620,000	1,629,230	390,631	203,775	2,223,636	4,396,364	33.6
Incremental Operating Costs	1,430,000	963,901	129,272	94,624	1,187,797	242,203	83.1
Policy Support Fund	320,000	62,060	33,509	68,820	164,389	155,611	51.4
Special Financing Facility	2,270,000	-	-	-	-	2,270,000	-
Unallocated	4,020,000	-	-	-	-	4,020,000	-
Initial Advance	-	1,704,073	-	-	1,704,073	(1,704,073)	-
Advance - FAO	-	866,879	-	-	866,879	(866,879)	-
Advance - ICARDA	-	677,459	-	-	677,459	(677,459)	-
Advance - MRRD	-	4,171,878	-	-	4,171,878	(4,171,878)	-
Advance - DCA	-	554,987	-	-	554,987	(554,987)	-
Total	37,650,000	14,120,111	937,455	1,013,957	16,071,524	21,578,476	42.7

**90.** FAO has contributed USD 675 k - 148% of the appraisal amount. Government contribution has not been fully recorded, only the contribution for PST office has been recorded amounting to USD 116 k - 3% of the appraisal, while Government contribution in NSP/MRRD has not been recorded. Mechanism for recording and reporting beneficiary contribution has not yet been developed.

**91. Withdrawal applications.** The project has submitted 14 WAs since August 2015 for the PST and SPs. The following were noted during review of WAs:

- WAs are submitted for a substantially longer period (e.g. 6 and 12 months in case of PST, 6 months in case of FAO, 4 and 8 months in case of DCA)
- and are submitted quite late from the close of the period claimed (WA 17 PCU - 7 months, WA 19 PCU - 4 months, WA 15 ICARDA - 5 months etc.)
- WAs for PST were not properly prepared; (i) one sheet included various categories; (ii) complete contract register was not attached; (iii) contract monitoring form was properly filled

**92. Special Account reconciliation.** The project's Special Account reconciliation as of 30 Oct 2016 is shown below (amounts in USD):

**Table 5: Special Account Reconciliation as of 30 Oct. 2016**

IFAD initial deposit (A)	2,500,000	
USD Special Account balance at 30 Oct 2016		47,735.74
Cash in hand /		18,325.48
Amount withdrawn from the Special Account and not yet claimed (Jul to Oct 2016)		1,380,301.11
WA submitted not yet reimbursed by IFAD (No 19) - Jan to June 2016 - dated 6 November 2016		1,053,612.67

Total advance accounted for (B)		2,499,975
Difference (A) - (B)		25

Agreed action	Responsibility	Agreed date
WA should be submitted for PST on a quarterly basis and within one month of the end of the quarter.	Sr. Finance Manager	31 Dec 2016 and ongoing
IPs to submit quarterly invoices and WA to be submitted within one month of the end of the quarter	Sr. Finance Manager	31 Dec 2016 and ongoing
WA to be properly prepared including contract register and contract monitoring forms	Sr. Finance Manager	31 Dec 2016 and ongoing
Mechanism for recording and reporting beneficiary contribution to be developed.	Project Manager & Sr. Finance Manager	31 Jan 2017

**93. Counterpart funds** is rated **Moderately Unsatisfactory [3]**. Mechanism for collecting and recording Government contribution has not yet been developed. Government contribution at appraisal was budgeted to be USD 3.57 million (see Appendix 5B), however, until October 2016 only USD 116 (3%) has been contributed by the Government.

**94.** The said contribution has been made in-kind in the form of office space, electricity, internet, water, and security expenses provided to PST/PMU. On a monthly basis a journal is raised and postings made in the financial management system to capture the in-kind contribution. However, the calculation of this contribution is based on an valuation made in 2013 by a Financial Management Specialist for RMLSP. According, the valuation of in-kind contribution by the Government needs to be updated. The following table shows counterpart funds as of 30 October 2016 (amounts in USD):

**Table 6: Government of Afghanistan Contribution since Project Start**

Year	Office Space	Electricity / Water	Security	Internet	Total
2013	12,760	2,760	2,760	3,840	22,120
2014	19,140	4,140	4,140	5,760	33,180
2015	19,140	4,140	4,140	5,760	33,180
2016 (upto Oct)	15,950	3,450	3,450	4,800	27,650
Total	66,990	14,490	14,490	20,160	116,130

Agreed action	Responsibility	Agreed date
Valuation of in-kind contribution by MAIL to PST/PMU office needs to be updated.	Sr. Finance Manager	Jan 2017
Mechanism for collecting and recording Government contribution, other than PST/PMU office, to be developed.	Project Director, Project Manager, Sr. Finance Manager	Feb 2017

**95. Compliance with loan covenants** is rated **Moderately Unsatisfactory [3]**. The Project has mostly complied with the Project Grant Agreement Covenants except the following:

- AWPB was submitted to IFAD after the end of the Fiscal Year while it should be submitted at least 60 days before the end of the Fiscal Year and before the document is reviewed and approved by the PSC;
- Unaudited financial statements have not been delivered to IFAD while they are required to be provided to IFAD within four months of the end of the fiscal year.
- Auditors for audit of fiscal year 2016 have not yet been appointed, while the auditors should have been appointed within 90 days of the beginning of the fiscal year, with the prior approval of the Fund. However as per standard practice in Afghanistan and owing to restrictions / practical procurement difficulties, the auditors for a particular fiscal year are appointed only on the completion of the relevant financial year;



- Taxes have been deducted from Salaries and Suppliers for goods & services and deposited in the Government Treasury As per the Grant Agreement, the proceeds of the financing should not be used for the payment of taxes including (but not limited to) any taxes levied on the importation, procurement or supply of any goods, civil works or services financed by the Grant.

Agreed action	Responsibility	Agreed date
AWPB to be submitted to IFAD at least 60 days before the end of the Fiscal Year and before the document is reviewed and approved by the PSC.	Project Director	15 Dec 2016 21 Oct 2017
Unaudited financial statements to be submitted to IFAD within four months of the end of the fiscal year.	Sr. Finance Manager	21 April 2017
Auditors should be appointed within 90 days of the beginning of the fiscal year, with the prior approval of the Fund.	Sr. Finance Manager, Procurement Specialist	Jan 2017
The proceeds of the financing should not be used for the payment of taxes.	Project Director, Sr. Finance Manager	Immediate

**96. Procurement is rated Moderately Satisfactory [4].** The procurement of equipment, goods, works and consultancies are in accordance with the Public Procurement Laws of Afghanistan, which are consistent with the IFAD Procurement Guidelines. Procurement plan is regularly updated with actual procurements conducted. The mission's observations and recommendations are following:

- Major procurements (consultants, audit firm, service providers) to be conducted by SPs with prior review of PST;
- Contract Register to be prepared as per IFAD requirements;
- Contract Payment Monitoring Forms to be prepared as per IFAD requirements;
- Contract monitoring mechanism to be developed and compliance with agreements ensured.
- Engage a short term procurement specialist to assist the procurement department

Agreed action	Responsibility	Agreed date
Major procurements (consultants, audit firm, service providers) to be conducted by SPs with prior review of PST	Procurement Manager	Jan 2017
Contract Register and Contract Payment Monitoring forms to be prepared as per IFAD requirements.	Procurement Manager	Dec 2016
Contract monitoring mechanism to be developed and compliance ensured.	Procurement Manager	Dec 2016

**97. Audit is rated Moderately Unsatisfactory [3].** The mission reviewed the financial statements and audit reports of CLAP for the year 2014 and 2015 and noted that (a) disbursement of USD 3.808 million to NSP/MRRD in 2014 were not recorded in the financial statements of 2014 and 2015 and (b) the disbursement of USD 1.1 million in 2015 to CLAP for increase in initial advance was misclassified as replenishment to special account instead of increasing the amount of initial advance in the financial statements. The mission discussed these observations with the project finance team and with the external auditor and it was agreed that the financial statements would be revised and audit report would be issued again. The external auditors of CLAP for the year 2016 needs to be appointed immediately.

**98.** The mission's recommendations regarding audit of implementing partners are following:

- The project should provide No Objection on the TORs of the external auditors of the SPs;
- The project needs to appoint the auditor to conduct audit of the funds provided under the project to NSP.
- Audit Reports of SPs should be submitted to the Project before the audit of the Project starts so that the Project auditors are able to take into consideration the Audit Reports & Financial Statements of SPs;

- Management Letters should be provided by the auditors of SPs and these should be reviewed by the PST and discussed with the management of SPs and their auditors;
- Audit Log has been prepared during the mission, it should be updated and submitted to IFAD.

Agreed action	Responsibility	Agreed date
The project to provide No Objection on the TORs of the external auditors of the SPs.	Sr. Finance Manager	Jan 2017
The project needs to appoint the auditor to conduct audit of the funds provided under the project to NSP.	Procurement Manager / Sr. Finance Manager	Jan 2017
Audit Log to be updated and submitted to IFAD.	Sr. Finance Manager	21 June 2017

## F. Sustainability

**99. Institution building** is rated **Moderately Satisfactory [4]**. Under the sub-component 2.1 Dairy Development, the establishment of primary cooperatives and support to Kabul Dairy union (KDU), an operational dairy union, to transform into a central dairy union with UHT processing plant has a potential to strengthen institutions and sustainability in dairy intervention. In addition, complementary approach between CLAP and SNaPP2's microfinance component would facilitate access to credit to meet the working capital and investment needs of target beneficiaries. The business model of VBSE under CLAP is still premature. However, it has shown some promising signs. Two VBSEs visited by the mission were in the first and second year of operation but with positive retained earnings. The VBSEs visited demonstrated the need for capacity building in record keeping and accounting to ensure transparency in their operations.

**100. Empowerment and social sustainability** is rated **Moderately Satisfactory [4]**. It is yet too early to assess empowerment-related activities, however, CLAP mainly focus on women beneficiaries and development of community institutions. The establishment of dairy cooperatives include female members and the backyard poultry activity purely targets women beneficiaries. The mission notes that women largely having control over incomes generated by the poultry business model.

**101. Quality of beneficiary participation** is rated **Satisfactory [5]**. CLAP has employed participatory processes to mobilize households to participate in project activities and implementation. The interim AOS 2016 reports beneficiaries' satisfaction with the project activities. The mission also notes that SPs and project staff regularly visit the beneficiaries and the field visit reports are shared with the relevant staff.

**102. Responsiveness of service providers** is rated **Moderately Satisfactory [4]**. SPs are finding flexible project implementation approaches to adapt to emerging challenges. In the case of insecurity in Logar province, AREP has conducted assessment of other districts and developed a concept note to increase the outreach in the target districts of two other provinces. In the case of unforeseen constraints, SPs have either mustered their own resources or developed solutions and requested the advice of the project to ensure seamless project implementation.

**103. Exit strategy** is rated **Moderately Satisfactory [4]**. It is still early to assess the project exit strategy. However, the project and SPs should initiate the process of exit strategy development in the coming year. The exit strategy will need to be based on the enterprise model, addressing the institutionalization, governance and income/profit generation.

**104. Potential for scaling-up** is rated **Satisfactory [5]**. CLAP is fully in line with the CADF and other development strategies of the Government and covers several key priority areas such as irrigation schemes to boost agricultural production, development of value chains and enhancing the linkage between farmers and the private sector. The discussion with the Government on possible additional financing of CLAP was initiated during the current mission.



Agreed action	Responsibility	Agreed date
VBSEs to receive capacity building in record keeping and accounting – to be periodically monitored.	ICARDA/PMU	Mar 2017

## G. Other

**105. Impact on physical and financial assets.** Rated as **Moderately Satisfactory [4]**. The dairy development, VBSE business model, Kuchi development through livestock and self-help group (SHG) interventions and backyard poultry programme are effectively serving to deliver critical physical assets to the target groups in the form of equipment, inputs, extension services, and livestock. The linkage with SNaPP 2's microfinance component would be complementary to CLAP beneficiaries to provide working capital and investment funds.

**106. Impact on food security.** Rated as **Satisfactory [5]**. The project has reached more target areas under Component 2 to provide trainings and distribute chicken to the beneficiaries during 2016. During the field visits, the mission held various meetings and interviewed the beneficiaries. The feedback of the beneficiaries showed improvement in their diet by adding more dairy (increased milk consumption from 1.5 liter to 2.5 liter per day) and protein to their meals and conserving vegetables using simple and economical method as part of the training. CLAP's Components follow a sequenced and integrated approach to facilitate beneficiaries' graduation from subsistence farming and a low level of nutrition to that of petty commodity or surplus production to increase income over the life of the project.

**107. Impact on incomes.** Rated as **Satisfactory [5]**. As at the MTR stage, despite some delays in project implementation, the initial impact on incomes shows encouraging results. On average all indicators related to income shows 30% achievement. While it is still low at MTR, as the rest of project activities, including irrigation schemes, initiate/complete implementation, the impact on incomes is expected to reach the overall target.

**108. Impact on quality of natural asset improvement and climate resilience.** Rated as **Moderately Satisfactory [4]**. At this stage, impact on quality of natural assets and climate resilience is limited. However, the mission recommends that climate resilience of existing systems has to be addressed at the beginning of any work, particularly for sub-component 1.1 Productive Infrastructure, as it is difficult to address these issues as the implementation progresses into mature stage.

**109. Policy impact.** Rated as **Satisfactory [5]**. The policy support sub-component has funded the authoring of the Comprehensive Agricultural Development Framework (CADF) which forms a key pillar of the ANPDF (2017-2021). Main features of the CADF includes support to local institutions, innovative approaches to rural finance and inclusive development, which fully compliments the ANPDF.

Agreed action	Responsibility	Agreed date
Climate resilience of existing systems to be addressed at the beginning/early stage of implementation.	PST/PMU/SPs	Ongoing

## H. Conclusion

**110.** In 2016, CLAP has been able to overcome some major challenges and to significantly accelerate the pace of implementation of the project by almost tripling the level of disbursement between 2015 and 2016.

**111.** Nevertheless, 2017 will be a key year to ensure the success of this project. Despite the fact that CLAP activities are well in line with the IFAD target group, the CLAP management team need to strengthen the supervision of its implementing partners, improve its financial management and reporting and to develop a more results-based contract approach. The success of the implementation of the remaining irrigation scheme does not pose as a real challenge (subject to confirmation of the

quality of the work by an external audit), however, the implementation of the Kabul Dairy Union business plan will have to be monitored closely.

**112.** To be in line with the needs and requests of the target groups and to ensure a solid synergy among IFAD-funded projects in Afghanistan (RMLSP, SNaPP2 and CLAP) and the four sectorial project activities (irrigation, income development through agriculture and livestock, microfinance and public/private institutional development), CLAP needs to expand its geographic target areas to 7 provinces. An amendment of the CLAP Financing Agreement will be necessary to implement a programmatic approach of IFAD-financed projects.

**113.** Additionally, certain constraints at policy level have arisen during the Mission. The high tax, i.e. 20% on the net profit of cooperative and 7% sales tax, makes the cooperative products less competitive with other imported dairy products. To provide a fair playing level for the dairy cooperative products, it is recommended to engage with the Government of Afghanistan to initiate a discussion, including lower the taxes, to make the cooperative products competitive.

**114.** The success of CLAP is realistic and will be confirmed in 2017 subject to the PST and PMU make the necessary effort to improve the financial management and the reporting and implement agreed actions. The project performance will determine the level of the future investment by IFAD in the country (allocation based on performance) as well as the possibility of additional financing in 2017 or 2018.

**115.** The findings of this mission are subject to the final validation by IFAD management.

## Appendix 1: Summary of project status and ratings

### Basic Facts

Country	Afghanistan			Project ID	1637 [1100001637]	Loan/DSF/Grant/ASAP FI No.	1000004454
Project	Community Livestock and Agriculture Project					Top-up Loan/DSF/Grant/ASAP FI No.	
Date of Update	27-Dec-2016						
Supervising Inst.	IFAD						
No. of Supervisions	3	No. of Implementation Support/Follow-up missions	2				
Last Supervision	4-Dec-2016	Last Implementation Support/Follow-up mission	25-Sep-2016				

					USD million	Disb. rate %
Approval	13-Dec-2012			Total financing	65.51	
Agreement	08-Apr-2013	Effectiveness lag	3.9	IFAD Total	58.00	
Entry into force	08-Apr-2013	PAR value	-----	IFAD loan	0.00	0
First disbursement	12-Nov-2013			DSF grant	58.00	39
MTR		Last amendment		IFAD grant		
Original completion	30-Jun-2019	Last audit		ASAP grant	0.00	0
Current completion	30-Jun-2019			Domestic Total	7.06	
Current closing	31-Dec-2019			Beneficiaries	3.48	0
No. of extensions	0			National Govern	3.58	0
				External Cofinancing Total	0.46	
				FAO	0.46	0

### Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	3	1. Quality of project management	5	4
2. Acceptable disbursement rate	3	3	2. Performance of M&E	3	4
3. Counterpart funds	5	3	3. Coherence between AWPB & implementation	4	3
4. Compliance with financing covenants	4	3	4. Gender focus	4	4
5. Compliance with procurement	5	4	5. Poverty focus	4	5
6. Quality and timeliness of audits	3	3	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	4	4
			8. Climate and environment focus	4	4
B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Community Dev	4	4	1. Institution building (organizations, etc.)	4	4
2. Livestock & Agric Dev	4	4	2. Empowerment	4	4
			3. Quality of beneficiary participation	4	5

4. Responsiveness of service providers	4	4
5. Exit strategy (readiness and quality)	4	4
6. Potential for scaling up and replication	4	5

#### B.5 Justification of ratings

The CLAP has been caught up in the security concerns in Logar province as well as Government's initiative in streamlining ministries' policy changes which slowed down the implementation speed especially the Component 1. However, the MTR mission observed most of the activities are demonstrating promising progresses that the project objectives are estimated to be achieved by the project completion.

### Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	4
C.2 Food security	4	5
C.3 Quality of natural asset improvement and climate resilience	4	4
C.4 Overall <b>implementation progress</b> (Sections B1 and B2)	4	4

#### Rationale for implementation progress rating

The overall implementation progress has been slow despite the fact that some physical activities have progressed well. Field visits confirm that the delayed construction of internal infrastructure has been started and undergoing. The agricultural support, and social and livelihood support subcomponents have continue to progress satisfactorily.

C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	4
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#### Rationale for development objectives rating

Implementation for all project components is progressing in a more coordinated manner towards achieving the objectives. The main constraint had been a the finalisation of an agreement between MAIL and MRRD on Component 1, and this is progressing well.

#### C.6 Risks Short description of major risks for each section and their impact on achievement of development objectives and sustainability

Fiduciary aspects	• Non-preparation of Cash Flow projections can lead to cash flow issues/constraints (this actually happened in Nov 2016) • Non-receipt of timely Invoices/WA & regular reports (including detailed SOE) from SPs. • Non development of mechanism for collecting, recording and reporting Government and Beneficiary contribution. • Delay in submission of AWPB to IFAD for approval would impact the activities in the beginning of the fiscal year.
Project implementation progress	CLAP activities have been satisfactorily implemented as per the PDR, however, at this mid-term of the project cycle, CLAP started to face some limitations in the target areas. During the MTR mission, it was discussed and agreed with the Government to expand the target areas from selected districts in PDR to provincial approach, which also allows flexibility when security issues arise.
Outputs and outcomes	The logical framework was revised in early 2016 by clarifying the targets for the project to monitor and deliver. Both outputs and outcomes are more or less on target at the mid-term project cycle
Sustainability	no major risks at this point.

### Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
Increase efficiency of project teams	Review the entire RMLSP/CLAP/SNaPP2/PST organigramme and submit it to IFAD for NOL.	January 2017	
Increase effectiveness of SPs	Develop RB MOA with each directorate and submit it for IFAD no objection.	December 2016	
Strengthen FM performance	Contents & targets of the finance improvement plan to be included in annual objectives of the finance team.	December 2016	
Increase synergies among IFAD-financed projects (geographic areas and sectorial project activities)	An amendment of the CLAP Financing Agreement to include additional provinces and other relevant changes.	January 2017	

#### Additional observations

## Appendix 2: Updated logical framework: Progress against objectives, outcomes and outputs

Result Hierarchy	Indicators and targets	Method of data collection / Data source	Assumptions
Goal: To contribute to reduce poverty in rural Afghanistan	10% decrease in population below the poverty line (from 2012 baseline) 5% decrease in child malnutrition (chronic & acute malnutrition, children underweight) ( from 2012 baseline)	RIMS impact survey	
Development Objective: To increase agriculture and livestock production and improve food security of 169,500 rural households in selected districts in the provinces of Kabul, Parwan, and Logar	% decrease in the number of beneficiaries reporting food insecurity % of beneficiary households reporting an increase in income of at least 30% at completion (from 2012 baseline) from agriculture or livestock 10% increase of agriculture productivity for key crops 129% increase in milk production (per lactating cow) 100% of beneficiary households reporting an increase in agriculture or livestock productivity and production	Impact survey Crop surveys Impact survey; AOS AOS	- No major security problems in the project target areas - No major natural disasters - No major drought
Component 1: Enhanced capacities of local communities and local institutions for the participatory planning and operation of small-scale community infrastructure	80% of beneficiaries expressing satisfaction with the quality of services provided by local government agencies staff % of new infrastructure still functional 3 years after their completion 10% increase in agriculture productivity (yield/ha)	AOS Thematic study CDCs' records; AOS	- No major security problems in the project target areas - No socio-cultural barriers for the participation of poorest and marginalized households in local planning processes
Component 1.1. Increased availability of irrigation and safe drinking water, and improved sanitary conditions in rural communities.	115,000 of hhs benefiting from new/improved sanitation, water supply or irrigation schemes 30% increase in nb of ha of land irrigated 8% reduction in water-borne diseases	Groups' records; SP records Groups' records; SP records Secondary sources (health centers)	- No resistance from traditional leaders vis à vis women participation in local planning and decision-making processes - Clear roles and responsibilities between MRRD and MAIL for irrigation development
Output 1.1.a. CDC mobilization undertaken, Community Plans formulated and infrastructure selection & design completed	542 of CDC selected and mobilized, and nb of members (M/F) in these CDC Nb of Community plans formulated in a participatory manner*	CDCs' records; SP records CDCs' records; SP records	
Output 1.1.b. Drinking water supply, drainage/sanitation and other small and medium scale infrastructure completed	1,032 of drinking water schemes constructed or rehabilitated*	CDC/Groups' records; SP records	
Output 1.1.c. Small and medium-scale irrigation infrastructure completed	Nb of irrigation schemes rehabilitated or constructed Nb of km of canal lining completed	CDC/Groups' records; SP records CDC/Groups' records; SP records	
Component 1.2. Enhanced capacity of CDCs and local government staff to identify and complete infrastructure sub-projects, and to manage water resources	80% of CDC functional and having regular meetings 80% of CDC members expressing satisfaction with the quality of management of community organizations and Irrigation Associations	CDC/Groups' records; SP records AOS	

Output 1.2.a. CDC members trained and capacitated in infrastructure operation and maintenance (O&M) and other relevant subjects	Members of 542 CDC trained (M/F) 20% of community members (M/F) obtaining temporary employment through community-based infrastructure schemes	SP training records SP records	
Output 1.2.b. Landless, vulnerable hhs and unemployed educated youth provided with on-farm/off-farm vocational training	% of trainees finding long-term employment Nb of persons trained (F/M)	SP training records Thematic study	
Output 1.2.c. Local government agencies staff trained in participatory development, finance procurement and accounting, extension and water management	Nb of persons trained (F/M)	SP training records	
Component 1.3: Enhanced women role or involvement in productive activities	% women membership in established cooperatives % of women part of a self-help group At least 30% of women beneficiaries feeling empowered socially and economically At least 25% of female professional among MAIL/DAIL and SP	CDC/Groups' records; SP records AOS MAIL and SP records	- No major security problems in the project target areas - No resistance from traditional leaders and male community members vis à vis women participation in productive activities
Output 1.3.a. Women trained in backyard poultry, dairy processing, marketing, animal husbandry or enterprises development	3,000 of persons trained (F/M) 119 of leadership workshops conducted	SP training records SP training records	
Output 1.3.b. Literacy courses for women organized	240 of village literacy classes conducted for female producer group members Nb of women attending literacy courses % of women graduating from literacy courses	SP training records SP training records SP training records	
Output 1.3.c. Women provided with technical skills in dairy, livestock, marketing or horticulture; or trained as Basic Veterinary Workers	Nb of persons trained (F/M)	SP training records	
Increased agriculture and livestock productivity and incomes, in particular for women-headed households and vulnerable and marginalized rural communities	20% to 200% increase in average household income from project-supported activities % of beneficiary households reporting increase in incomes 150% increase in dairy milk production 25% increase in the average number of animals per family % of beneficiaries households satisfied with quality of extension services % of women-headed and vulnerable households in total direct project beneficiaries	Impact survey; AOS; Groups' records AOS AOS SP records	- No major security problems in the project target areas - No major natural disasters in the project target areas - Sufficient rainfalls - Irrigation infrastructure is used for growing legal crops - No major animal disease outbreak (such a bird flu disease)

Component 2.1 – Dairy development: Improved local capacities, services and conditions for livestock rearing, fodder production, dairy processing and dairy marketing	% of beneficiaries reporting a decrease in the occurrence of animal diseases and mortality	AOS	<ul style="list-style-type: none"> <li>- No major security problems in the project target areas</li> <li>- Sufficient demand for dairy products in Kabul</li> <li>- No protracted procurement process for dairy plant material</li> </ul>
	Nb of additional liters of marketable milk produced daily at household level (+7 liters/hh/day)	Impact survey?	
	% increase in the annual revenue of dairy processing plant	Processing plant records	
	% of dairy producers' organizations functional	Thematic study	
	% of women members among producers' organizations and in the executive bodies of such organizations	Groups' records; SP records	
Output 2.1.a. A system for the provision of animal health services is established	3,000 persons trained in livestock rearing*	SP records	
	Nb of VFU and AI technicians trained and equipped	SP records	
	Nb of hhs receiving animal insemination services and other animal health services	SP records	
	Nb of animals vaccinated, dewormed and treated	SP records	
Output 2.1.b. Support provided for increased fodder production	People trained in fodder production or receiving inputs*	SP records	
	Nb of tons of fodder seeds and fertilizers distributed	SP records	
	Number of fodder demonstrations plots established	SP records	
	Nb of ha of land with fodder crops grown*	SP records	
Output 2.1.c. A dairy Federation established and the Kabul dairy factory is strengthened	New livestock production groups established/strengthened*	SP records	
	Nb of people in livestock group established*	Groups' records; SP records	
	Nb of women trained in milk processing and hygiene	SP records	
	% of women members in dairy groups and Federation	SP records	
	100% of planned equipment provided to the Kabul dairy factory	SP records	
	Nb of marketing campaigns for dairy organized	SP records	
Component 2.2 – Poultry development: Improved food and nutritional security and enhanced livelihood options through enhanced poultry production and productivity in three provinces	% of VPPGs that are functional	Thematic study	<ul style="list-style-type: none"> <li>- No major security problems in the project target areas</li> <li>- No major animal disease outbreak (such a bird flu disease)</li> <li>- No resistance from traditional leaders and male community members vis à vis women participation in productive activities</li> </ul>
	% of women reporting an increase by 40% in sales from small scale commercial poultry production	AOS	
	% of pullets surviving after one year	Thematic study	
	% of beneficiaries satisfied with availability and quality of inputs and services	AOS	
	% of beneficiary households reporting in increase in nutritious food intake	Thematic study	
	Nb of Village poultry trainers and VGL selected and trained	SP records	
Output 2.2.a. Rural women trained in traditional poultry husbandry or small-scale semi-commercial poultry rearing	Nb of Women Poultry Production Groups created and/or strengthened	SP records	

	20,000 rural women trained in poultry husbandry and provided with inputs	SP records	
Output 2.2.b. A system for input supply, veterinary services provision and product marketing is established and institutionalized	Nb of input suppliers linked with VPPGs	SP records	
	Nb of VGL selected, trained and provided with pullets health kits	SP records	
	Nb of pullets vaccinated with project support	SP records	
Component 2.3. New, drought resistant and high yielding improved varieties of wheat, forage legumes and vegetables developed, promoted and adopted	81,000 of farmers adopting new seeds and related best practices	AOS	<ul style="list-style-type: none"> <li>- The research activities/trials are successful</li> <li>- Relevance of new varieties to farmers' needs</li> <li>- No competition from subsidized seeds' distribution programmes and sufficient farmers' demand for payable inputs</li> <li>- The benefits of improved seeds are clearly visible by farmers</li> </ul>
	+25-40% increase in food, fodder and vegetable production	AOS	
	At least 9 of VBSE producing 1000-2000 MT of certified seeds per year	VBSE records	
	At least 25% of poor and landless famers (M/F) in VBSE	Thematic study	
	Nb of kg of certified seeds produced per hectare during the 1 <sup>st</sup> and 2 <sup>nd</sup> planting season	Crop cut surveys	
	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)		
	25% to 40% increase in the production of target crops		
Output 2.3.a. Demonstration and dissemination of high yielding crop varieties organized through participatory approaches	4% of farmers reporting storage losses reduced by more than 80%	AOS	
	People trained in crop production and technology	SP records	
	1,200 highly visible participatory demonstrations plots established	SP records	
Output 2.3.b. Village Based Seed Enterprises (VBSE) established in 12 districts and 3 provinces	25 Farmers' Field Schools established with 120 to 180 participants (at least 3,000 farmers trained)	SP records	
	7 VBSE established, supported and registered with GoA	SP records	
	Nb of VBSE members trained in seed production, processing and marketing	SP records	
	81,000 additional farmers accessing improved varieties and certified seeds	SP records	
Output 2.3.c. MAIL teams (research, extension) trained in PVS and FFS approaches	1,000-2,000 MT of certified seeds produced by VBSEs	SP records	
	Extension workers and selected farmers (M/F) trained in the use of improved seeds, fertilizer, manure and water management	SP records	
	15 researchers trained in the application of PVS approach	SP records	
	Extension workers trained in FFSs and entrepreneurship promotion	SP records	



		25 FFSs conducted	SP records
		% of pastoralist, Kuchi households reporting satisfaction with the quality and availability of animal health services	AOS
Component 2.4. Livestock development among the Kuchis: Enhanced livelihoods and resilience against predictable livestock emergencies of the pastoralists and agro-pastoralists communities in three provinces			<ul style="list-style-type: none"> <li>- No major security problems in the project target areas</li> <li>- No major animal disease outbreak</li> <li>- No persisting or major droughts in the target area</li> <li>- Kuchi pastoralists accept to pay for veterinary services</li> <li>- Livestock owners clearly see the benefits of veterinary and vaccination services</li> </ul>

## Appendix 3: Summary of key actions to be taken within agreed timeframes

Action Area	Action Agreed	Date	Whom	Progress
Project Implementation	Develop RB MOA with each directorate and submit it for IFAD no objection.	Dec 2016	PD/HRD	
	Develop a staff annual Performance evaluation system including results to be achieved during the year.	Jan 2017	PD/HRD	
	Develop a programme of supervision of the different service providers with reporting.	Jan 2017	PST	
	Review the entire CLAP/SNAPP2/PST organigram and submit it to IFAD for NOL.	Jan 2017	PST	
	Review the ToRs to adapt them with the CLAP and SNaPP2 objectives.	Jan 2017	PST	
	Update the 2017 AWPB to reflect changes agreed with the MTR mission and submit to IFAD for NOL.	Jan 2017	PD/PST	
	Provide quarterly report on the output and outcome of CLAP interventions.	Jan 2017	PST	
	Integrate in the AWPB 2017 the CLAP outreach per activities achieved in 2016 and expected at the end of 2017.	Jan 2017	PST	
	Provide an 2016 annual report in line with the CLAP revised logical framework.	Jan 2017	PST	
	Develop a concept note on how and when to monitor CLAP field activities.	Jan 2017	PST	
	Develop an action plan with timeframe to increase the female professional level staff to at least 25% by the end of 2018.	Jan 2017	PD, HR, Gender Specialist/PMU	
	Initiate data collection on land and water management and impact of climate change.	Jan 2017	PMU/PST/PD	
	MoUs and related documents should be made available and reviewed by the relevant project staff.	Dec 2016	PST/PMU	
	Completion of procurement works of remaining irrigation schemes under MAIL/ID	Mar 2017	CLAP	
	Completion of all physical work of the schemes under MAIL/ID	Sept 2017	CLAP	
Outputs	Completion of all design for remaining 39 schemes under MRRD/NSP	Jan 2017	MRRD/NSP	
	Establishing 142 CDCs for the schemes under MRRD/NSP	May 2017	MRRD/NSP	
	Completion of all physical work of 142 schemes under MRRD/NSP	July 2017	MRRD/NSP	
	Provide a nominative census of the beneficiaries for each irrigation scheme, their current production and incomes (baseline) and their 2017 agricultural plan and incomes	Aug 2017	CLAP CLAP	
	Quarterly External technical and financial assessment of the MAIL and NSP irrigation schemes before final certification of work	Jan 2017		
	Provide a mapping of all irrigation scheme to each Irrigation association	May 2017	CLAP	

Provide a mapping per province with all irrigation scheme, functional one, rehabilitated one per donors and remaining one	Mar 2017	CLAP/MAIL
MAIL/ID staff would train and give technical support to NSP staff to enable them to: (i) establish IA for each scheme; and (ii) train them as desired.	Jan 2017	ID/PMU/NSP
Develop a model for the establishment of the 142 irrigation associations including, roles, responsibility, organizations, functions, budget, sustainability and exit strategy.	Jan 2017	CLAP/MAIL
Integrate in the revised 2017 AWPB the modalities and budget necessary to develop the 142 irrigation association in a sustainable manner.	Jan 2017	CLAP
Revise the MoU with MRRD/NSP and transfer budget related to Gender Mainstreaming and Capacity Building to CLAP	Dec 2016	PST/PMU/PD
Develop a comprehensive concept note model for increasing women skills and capacity, and leadership in the irrigation scheme supported (such as the economic development of the irrigation schemes).	Jan 2017	PMU/MAIL
Finalize the Kabul Dairy Union Market study and Business Plan to have minimum 30mt/day KDU processing capacity by June 2017	Dec 2016	PMU/MAIL/FAO/KDU
Procure all UHT and other equipment for and with KDU	Mar 2017	PMU/FAO/KDU
Provide for IFAD no objection the sustainable and exit strategy 30mt/day KDU new organization for collection, processing and marketing	Jan 2017	PMU/FAO/KDU
Provide for IFAD no objection the new governance and management KDU structure as well as staffing (including young professional) and capacity building plan	Feb 2017	PMU/FAO/KDU
Review and submit for IFAD No Objection the current FAO MoU without cost implication in order to integrate the new objectives/approach until completion date.	Jan 2017	PMU/PST/FAO
Propose a chilling centre model, including budget, break-even point, exit strategy that satisfy KDU new requirement	Dec 2016	PMU/FAO/KDU
Propose for IFAD No objection a technical and financial package for farmers to increase the quality and quantity of milk which will include regular advisory visit and monitoring of animal performance (to be done by existing structure like chilling centre, VFUs).	Jan 2017	PMU/FAO/VFUs
Develop a Policy issue paper for MAIL to simplify and make cooperative potentially competitive on the Afghan market (including problem related to taxes, reporting, mandatory format for business plan, modality of management of cooperatives..)	Feb 2017	PMU/FAO/KDU
PMU to provide an assessment of AREP and ASIO performance. Amend the contract of ASIO for 2017-2018 with a significant objective (submit to IFAD for No objection). Analyse if AREP can improve and how and eventually request an amendment of its contract for consolidation (eventually small additional objective) Advertise in parallel and recruit additional IPs.	Dec 2016	PMU/AREP/ASIO

Sustainability	Provide quarterly comprehensive monitoring on the logical framework indicator and especially on production, consumption and sales/net income.	Jan 2017	PMU/AREP/ASIO
	Provide a mapping per province of the % of poorest HHs reached.	Mar 2017	AREP/ASIO
	Census the HHs interested to increase their poultry business with MFI	June 2017	PMU (CLAP/SNaPP2) /AREP/ASIO
	Build the capacity of the VBSE in record keeping to meet the reporting requirement	Immediately	ICARDA/PST
	Produce the 80MT foundation seed and 2000MT of the certified seeds to reach out to 80,000 households.	Dec 2017	ICARDA/PST
	Certify VDSE seed not later than August every year.	Dec 2017	ICARDA/PMU
	ICARDA to ensure that, under the current contract, the machinery and equipment will be protected, and these investments are secured under community and/or ongoing contract budget.	Immediately	PST/PMU/ICARDA
	VBSEs to maintain sales record of the household purchased the certified seeds for verifying the outreach indicator of 80,000 households	Immediately	VBSE/ICARDA
	Develop an exit strategy for VBSE model with a clear roll-out plan.	Jan 2017	ICARDA/PMU
	Submit the amendment of DCA 2017 AWPB incorporating new areas, removing restocking and adjusting its cost to the new proposed activities.	Jan 2017	PMU/DCA
	Provide a mapping of the VFUs and food banks for animal in the 2 agreed transhumance unit	Feb 2017	PMU/DCA
	MAIL to lead a workshop with clear results expected in order to harmonize different donors interventions in VFU (methodology, coverage areas etc.)	Feb 2017	PMU/DCA/MAIL
	VBSEs to receive capacity building in record keeping and accounting – to be periodically monitored.	Mar 2017	ICARDA/PMU
	Contents & targets of the finance improvement plan to be included in annual objectives of the finance team.	Dec 2016	PD
	Update on finance improvement plan to be provided to IFAD Finance Officer and CPM on monthly basis.	Jan 2016 on ongoing	PD, Senior Finance Manager
Fiduciary Aspects	The Project should also consider and evaluate the modules of Procurement and M&E of TOMPRO and negotiate with the supplier to reduce the price.	Mar 2017	PD, Procurement Manager, M&E
	Annual objectives for 2017 for each department and each personnel to be developed in line with AWPB and annual appraisal to be made on the basis of such objectives.	Dec 2016	PD
	Substantial reduction in cash advances through various measures including including having contracts and bank payments with regular suppliers, obtaining quarterly advances instead of yearly advances and exploring possibility of payments through MoF provincial offices to project team.	Jan 2016	Sr. Finance Manager

Preparation & monthly updating of Cash Flow forecasts and submission to IFAD Finance Officer.	Dec 2016 and ongoing	Sr. Finance Manager
Review & revise of agreements with SPs through amendment/annexure to ensure appropriate/consistent clauses related to reporting, AWPB, audit, procurement and fixed assets.	Jan 2017	PD, Sr. Finance Manager
Developing compliance checklist and follow-up mechanism for agreements with SPs and quarterly reporting on compliance.	Jan 2017 and ongoing	Procurement Manager, Sr. Finance Manager
SPs to submit quarterly invoices and WA to be submitted within one month of the end of the quarter	31 Dec 2016 and ongoing	Sr. Finance Manager
Reporting formats (financial and programmatic) to be designed and agreed with the SPs.	31 Dec 2016 and ongoing	
Detailed Statement of Expenditure (SOE) as per IFAD SOE template should be submitted by SPs to PST on a quarterly basis.	31 Jan 2016 and ongoing	Sr. Finance Manager
List of non-expendable items should be provided annually by SPs	31 Jan 2016 and ongoing	Sr. Finance Manager
Management Letters should be provided by the auditors of SPs and these should be reviewed by the PST and discussed with the management of SPs and their auditors	30 April 2016	Sr. Finance Manager
Audit Reports of SPs are submitted to the Project before the audit of the Project starts so that the Project auditors are able to take into consideration the Audit Reports & Financial Statements of SPs	30 April 2016	Sr. Finance Manager
WA should be submitted for PMU on a quarterly basis and within one month of the end of the quarter.	31 Dec 2016 and ongoing	Sr. Finance Manager
WA to be properly prepared including contract register and contract monitoring forms	31 Dec 2016 and ongoing	Sr. Finance Manager
Mechanism for recording and reporting beneficiary contribution to be developed.	31 Jan 2017	Project Manager & Sr. Finance Manager
Valuation of in-kind contribution by MAIL to PST/PMU office needs to be updated.	Jan 2017	Sr. Finance Manager
Mechanism for collecting and recording Government contribution, other than PST/PMU office, to be developed.	Feb 2017	Project Director, Project Manager, Sr. Finance Manager
AWPB to be submitted to IFAD at least 60 days before the end of the Fiscal Year and before the document is reviewed and approved by the PSC.	15 Dec 2016 21 Oct 2017	Project Director
Unaudited financial statements to be submitted to IFAD within four months of the end of the fiscal year.	21 April 2017	Sr. Finance Manager
Auditors should be appointed within 90 days of the beginning of the fiscal year, with the prior approval of the Fund.	Jan 2017	Sr. Finance Manager, Procurement Specialist
The proceeds of the financing should not be used for the payment of taxes.	Immediate	Project Director, Sr. Finance Manager
Major procurements (consultants, audit firm, service providers) to be conducted by SPs with prior review of PST	Jan 2017	Procurement Manager
Contract Register and Contract Payment Monitoring forms to be prepared as per IFAD requirements.	Dec 2016	Procurement Manager

Other	Contract monitoring mechanism to be developed and compliance ensured.	Dec 2016	Procurement Manager
	PST to provide NOL to the TORs of external auditors of SPs which should include opinion on SOE, Financial Statements, compliance with Contract, provision of Management Letter, specific evaluation of internal controls and procurement, list of Fixed Assets etc.	Jan 2017	Sr. Finance Manager
	The project needs to appoint the auditor to conduct audit of the funds provided under the project to NSP.	Jan 2017	Procurement Manager / Sr. Finance Manager
	Audit Log to be updated and submitted to IFAD.	31 Jan 2017	Sr. Finance Manager
	Climate resilience of existing systems to be addressed at the beginning/early stage of implementation.	Ongoing	PST/PMU/SPs

## Appendix 4: Physical progress measured against AWP&B, including RIMS indicators

Objective Hierarchy Goal: To contribute to reduce poverty in rural Afghanistan	Indicator		Period: Jan-Oct 2016			Cumulative Actual	Apprai sal Target 10%	%
			AWP&B	Actual	%			
<b>Development objective:</b> 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.	% decrease in population below the poverty line (Target: 10% decrease from 2012 baseline)		4			0		
	% decrease in child malnutrition (under 5 yrs old, chronic, acute-underweight) (Target: 5% decrease from 2012 baseline)		5			0	5%	
	% increase of agriculture/livestock productivity (measured as quantity of milk/cow, n. of eggs/chick, yield/ha) among households targeted by the project							
	▪ Targets:							
	- 100% increase in milk/cow		25	25	100%	50% <sup>6</sup>	100%	50%
	- 100% increase in annual milk production/hh		25	25 <sup>7</sup>	100%	75 <sup>8</sup>	100%	50%
	- 16 m eggs produced by beneficiary hh in Yr 6		3M	2.4 M	80%	2.4 M	16M	15%

4 We have overall target for this indicator while it is not included in the ANWP&B as it is cannot be measured annually. will be measured at RIMS impact survey

5 We have overall target for this indicator while it is not included in the ANWP&B as it is cannot be measured annually

6 The AOS report indicate 6.50 liter per day as average milk production

7 3 liters

8 The target was 7 liters while and AOS data showed 2.7 liter increment annually bases.

	- Yield/ha (kg) of certified seeds (1 <sup>st</sup> and 2 <sup>nd</sup> 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)		20	30	150%	30 <sup>9</sup>	15-45%	66%
	- No. of households with increased agriculture/livestock productivity (Target: 169,500)		0 <sup>10</sup>	0	0	0	169,500	
<b>Outcome 1 (Community Development)</b> Capacity of local communities and local institutions enhanced, cultivable land increased, agriculture production/productivity increased, health condition improved and water-borne diseases decreased.	- % increase in agriculture productivity (yield/ha) (Target: +10%)		0 <sup>11</sup>	0	0	0	10%	
	- No of households benefiting from productive infrastructures (Target: 115,000).		23000	6000 <sup>12</sup>	26%	6000	115,000	5%
<b>Output 1.1 (Productive Infrastructures)</b> Crop yield increased, income opportunities increased, health conditions improved (thanks to the construction of small-scale productive infrastructures).	- % reduction in water-borne diseases (Target: 8% reduction from baseline)		0	0	0	0	8%	
	- % increase in No. of hh having access to drinking water and sanitation facilities (Target: 1.3% increase from baseline).		0	0	0	0	1.3%	
<b>Output 1.2 (Community Development and Institutional Strengthening)</b> Capacity of beneficiary communities/community organizations and local government agencies	- % of beneficiaries expressing satisfaction on the quality of services provided by local government agencies staff (measured through questionnaires) ▪ (Target: at least 80%) -		0	0	0	0	80%	

9 Yield comparison between improved and local variety (data recorded in demonstration plots)

10 The data will be provided once the construction work is completed.

11 None of the irrigation infrastructure completed. data will be provided once the construction has been completed

12 Under progress as none of the irrigation scheme has been completed.



strengthened.	- % of organization members expressing satisfaction on the quality of management of community organizations (measured through questionnaires) (Target: at least 80%) <sup>b</sup>		0	0	0	0	80%	
<b>Output 1.3 (Gender Mainstreaming)</b> Role/Involvement of women in productive activities and productive potential increased.	- % increase of women who have control of productive assets		6666 <sup>13</sup>	6666	100%	6666	TB <sup>14</sup>	
	- % increase in net income among women <sup>c</sup>		50 <sup>15</sup> %	50%	100%	0	TB <sup>16</sup>	50%
	- % of female professional staff (among MAIL/DAIL and SPs) (Target: at least 25%).		0 <sup>17</sup>	0	0	14%	25%	56%
<b>Outcome 2 (Livestock and Agriculture Development)</b> Increased agriculture and livestock productivity	- Increase in average hh income from dairy - Target: +200%) (Expected n. of beneficiary hh: 3,000)*		25%	25%	100%	40%	200%	40%
	- Increase in net income of poultry keeping hh ▪ (Target: +400%) (Expected n. of beneficiary hh:20,000)		100	50	50%	0	400%	25%
	- Increase in net income of adopters Target: at least 100%) (Expected n. of beneficiary hh: 81,055)		0 <sup>18</sup>	0	0	0	100%	0
	- Increase in net income of livestock keepers - Target: +25%) (Expected n. of beneficiary hh: 20,000)		5	5	100%	15%	25%	56%

13 The data only presented for Backyard poultry project.

14 appraisal is missing in the log-frame

15 Only for the poultry project

16 No appraisal target in the project log-frame

17 No new staff was recruited

18 We don't have data from the adopters

<b>Output 2.1 (Dairy Development)</b> Milk production and productivity increased; dairy milk processing and marketing improved	- Increase in milk consumption at hh level (Target: 1.5 l/day)		1.5	2.5	150%	2.5	1.5 l/day	150%
	- Nb of demonstration plots		600	179	30%	863	3000	29%
	- Seeds distributed (Kg)		3000	1302.5	43%	3120	15000	20%
	- Number of cattle vaccinated		2000	3278	100%	15914	12000	100%
	- Number of cattle de-wormed		2000	6266	100%	9141	12000	76%
	- Treatment of individual cattle		500	5419	100%	8604	2500	100%
	- Number of dairy cows regularly monitored for fertility.		500	1162	100%	1499	6000	25%
	- Nb of inseminated cows		3000	4922	100%	7627	23000	33%
	- Nb Dairy kite distributed to Women		600	849	100%	1109	3000	37%
	- No of beneficiaries selected & trained (female only)		6666	6666	100%	6666	20000	33%
	- No of beneficiaries receiving pullets		6666	6666	100%	6666	20000	33%
	- No of pullets distributed		99990	99990	100%	99990	300000	33%
<b>Output 2.3 (Improved Food, Fodder, and Vegetable Crops)</b> New drought resistant and high yielding improved varieties of wheat, food and forage legumes, and vegetables developed and adopted.	- % increase of food, fodder, and vegetable production (Target: +30-60% over existing rates)		0 <sup>19</sup>	0		0	30-60%	
	- Number of participatory evaluations Trials conducted		45	151	100%	223	222	100 %
	- No. of participatory demonstrations with improved crop cultivars and with good agricultural practices laid out.		255	255	100%	510	1200	42%
	- No. of farmers visited the demonstration fields during field days.		500	595	100%	1368	2400	57%
	- No. of Field days conducted		5	3	60%	10	24	42%
	- No. of FFS organized		3	3	100%	6	6	100 %

19 This activity recently started

<b>Output 2.4 (Livestock Development among the Kutchi)</b> Livelihoods among Kutchi enhanced	- Number of VBSEs that developed linkages with market agencies (bags, testing)		8	8	100%	8	9	100 %
	- No. of VBSEs registered		2	1	50%	6	7	86%
	- % reduction in prevailing mortality rates for shoats and cattle (Target: +10%)		5%	5	100%	5%	10%	50%
	- Vaccination		360,000	413,735	100%	996,693	2,000,000	50%
	- Treatment		105,000	94,810	90%	292,699	600,000	47 %
	- De worming		141,000	225,471	100%	660,246	800,000	82 %
	- Farmers trained in extension by sessions			5624		14,240	4,500	100 %
	- VFU monthly Support Package (Report Writing, Rent etc) \$40 pm		15	24	100%	33	35	94%
	- Need assessment Survey		1	0	0%	2	2	100 %
	- Refurbishments of selected VFUs		5	9	100%	22	15	100 %
	- Train VFU staff and field extension workers on extension package		30	12	40%	69	150	46%

## Appendix 5: Financial: Actual financial performance by financier; by component and disbursements by category

**Table 5A: Financial performance by financier on 30 Oct. 2016**

Financier	Appraisal	Disbursements	Per cent disbursed
IFAD grant	58,002	20,242	35
Co-financier	456	675	148
Government	3,574	116	3
Beneficiaries	3,481	-	-
<b>Total</b>	<b>65,513</b>	<b>21,033</b>	<b>32</b>

**Table 5B: IFAD loan disbursements (SDR, as at 30 Oct 2016)**

No	Category description	Original Allocation	Disbursement	W/A Pending *	Not yet Claimed **	Total Disbursement	Balance	Per cent disbursed
I	Civil works, Community Infrastructure	12,750,000	2,365,921	13,037	20,588	2,399,546	10,350,454	18.8
II	Vehicles, Motorcycles, Equipment and Materials	2,640,000	518,258	99,123	64,641	682,022	1,957,978	25.8
III	Technical Assistance, Training and Studies	7,600,000	605,465	271,883	561,510	1,438,858	6,161,142	18.9
IV	Salaries and Allowances	6,620,000	1,629,230	390,631	203,775	2,223,636	4,396,364	33.6
V	Incremental Operating Costs	1,430,000	963,901	129,272	94,624	1,187,797	242,203	83.1
VI	Policy Support Fund	320,000	62,060	33,509	68,820	164,389	155,611	51.4
VII	Special Financing Facility	2,270,000	-	-	-	-	2,270,000	-
	Unallocated	4,020,000	-	-	-	-	4,020,000	-

Initial Advance	-	1,704,073	-	-	1,704,073	(1,704,073)	-
Advance - FAO	-	866,879	-	-	866,879	(866,879)	-
Advance - ICARDA	-	677,459	-	-	677,459	(677,459)	-
Advance - MRRD	-	4,171,878	-	-	4,171,878	(4,171,878)	-
Advance - DCA	-	554,987	-	-	554,987	(554,987)	-
<b>Total</b>	<b>37,650,000</b>	<b>14,120,111</b>	<b>937,455</b>	<b>1,013,957</b>	<b>16,071,524</b>	<b>21,578,476</b>	<b>42.7</b>

\* WA Pending are WA 18 DCA amounting to USD 214,024 and WA 19 PMU amounting to USD 1,053,612.

\*\* Not yet claimed is PMU expenditure from July to October 2016.

## **Appendix 6: Compliance with legal covenants: Status of implementation**



Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Grant Agreement Section B – Para 3, Section E Para 2(d)	The recipient shall open and maintain a Designated Grant Account denominated in USD in a bank acceptable to the Fund for purpose of receiving Grant Financing for the project. The Designated Grant Account shall be operated by the Ministry of Finance .	On Grant effectiveness	Complied	
Grant Agreement Section B – Para 4	The Recipient shall provide in-kind contribution financing for the project in the amount of USD 3.57 million.	Throughout the project	Not Complied	The Government has only contributed USD 116 (3%) until Oct 2016
Grant Agreement Section B – Para 4	The beneficiaries shall contribute to the Project up to the amount of USD 3.48 million in the form of cash, in kind and/or through labour.	Throughout the project	Not Complied	The project has not developed mechanism to collect, record and report information on beneficiary contribution.
Grant Agreement Section E – Para 2 Sub Clause (a) and Section 7.11 of the General Conditions.	The National Project Director shall have been appointed	Condition precedent to withdrawal	Complied	
Grant Agreement Section E Para 2 Sub Clause (b)	The Programme Support Team (PST) must have been established	Condition precedent to withdrawal	Complied	
Grant Agreement Section E Para 2 Sub Clause (c)	The Project Steering Committee shall have been established	Condition precedent to withdrawal	Complied	
Grant Agreement Section E – Para 2	The PIM shall have been adopted by the Lead Project Agency, substantially in the form approved by the Fund	Condition precedent to withdrawal		

## Appendix 7: Knowledge management: Learning and Innovation

### Learning

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**116.** One of the key lessons learnt, which also became evident from the project completion review of the first IFAD-financed project RMLSP, is the selection criteria should be based on the strengths of each partner. In addition, to clarify the accountability and deliverables, the mission recommends the relevant project staff to review the signed MoUs as part of effective contract management and overall project implementation management.

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### Innovation: Describe any interesting innovation noted during supervision

**117.** Based on the lessons learnt from RMLSP and in line with the Government's effort in enhancing the growth of private sector, CLAP aims to lay foundation for 4P model in Afghanistan. It is still too early to make a full assessment, however, it is encouraging to note that the mission has identified a proposal to enhance the 4P model under sub-component 2.1 Dairy Development by supporting the existing dairy union to increase outreach to beneficiaries thus increasing their incomes.

## Annex 8: KDU performance

The KDU is profitable since 2011. The revenue increased by 147% and (2 expenditure increased by 149% during the reviewed period. The depreciation coats has been include since 2014 and 2015. The two largest cost centers, which constitute on an average 68% and 8%, are cost of sales (i.e. money paid to farmers for the milk) and the salary expenses respectively. The profit and loss statement fo KDU is given below:

Table 1: KDU profit and Loss Statement

Kabul Dairy Union					
Revenue from sales of Products	2015	2014	2013	2012	2011
Pasteurize Milk	5,948,600.00	10,512,268.00	12,487,396.00	10,617,372.00	6,320,910.00
Open Milk	5,384,814.00	5,637,360.00	6,351,098.00	5,814,880.00	9,430,934.00
Open Milk					
Yoghurt Kg	9,358,933.00	7,093,067.00	3,678,476.00	2,181,865.00	3,269,038.00
Yoghurt cup 0.9Kg	2,625,138.00	8,353,732.00	6,205,783.00	3,570,670.00	3,744,454.00
Yoghurt cup 0.5Kg				101,500.00	342,622.00
Yoghurt cup 0.7Kg	5,884,360.00				
Yoghurt cup 0.4Kg	3,049,882.00	2,601,867.00	3,049,361.00	2,998,050.00	3,924,914.00
Yoghurt cup 0.2Kg	9,924,416.00	11,535,972.00	9,855,625.00	8,172,630.00	6,267,359.00
Cheese	1,847,050.00	2,999,060.00	2,616,350.00	1,330,750.00	613,300.00
Butter	2,105,000.00	2,257,030.00	1,884,850.00	1,345,500.00	1,791,500.00
Sour Milk	929,400.00	886,580.00	676,866.00	13,500.00	
Quark	4,056,764.00	4,551,140.00	4,160,990.00	1,443,040.00	379,600.00
Cream	1,995,720.00	2,644,520.00	2,472,600.00	802,500.00	
<b>Total Income</b>	<b>53,110,077.00</b>	<b>59,072,596.00</b>	<b>53,439,395.00</b>	<b>38,392,257.00</b>	<b>36,084,631.00</b>
Staff & Processing Salary	4,002,841.00	3,916,662.00	3,691,183.00	3,229,242.00	2,897,870.00
Refrigerated Vehicle Cost	186,594.00	201,490.00	132,081.00		
Maidan Province Vehicle Exp	399,905.00	530,120.00	622,058.00		495,545.00
Pickup Vehicle Exp.	215,225.00	268,363.00	253,997.00		475,373.00

Milk Transport cost				444,450.00	
Marketing & Transport cost				328,810.00	
Refrigerated Vehicle Cost	233,672.00	366,232.00	431,362.00		333,160.00
Croolla	298,849.00	432,489.00	410,901.00	365,255.00	303,114.00
Lougar Vehicle Exp.	530,059.00	790,515.00	903,750.00		912,750.00
Generator, westhop and Pasteurizer Exp.	973,244.00	3,181,562.00	2,854,092.00	2,412,212.00	1,809,900.00
Processing Exp.	1,567,029.00	5,096,414.00	2,271,599.00	1,128,847.00	1,296,899.00
Shops Exp.	547,258.00	543,450.00	238,849.00	158,971.00	208,090.00
Farmers Money	38,661,927.00	35,046,685.00	34,685,893.00	25,349,281.00	22,461,455.00
Refrigerator Vehicle Exp.	176,760.00				874,738.00
Electricity Exp.	845,831.00	791,593.00	805,867.00	890,985.00	
Exp. Youghurt room		141,280.00			
Motorbike running exp.			73,002.00		
Depreciation	280,000.00	240,000.00			
Packaging Material exp. +Wastage	3,208,235.00	3,662,018.00	3,411,288.00	1,200,771.00	2,901,876.00
<b>Total Expenditure</b>	<b>52,127,429.00</b>	<b>55,208,873.00</b>	<b>50,785,922.00</b>	<b>35,508,824.00</b>	<b>34,970,770.00</b>
<b>Net Income</b>	<b>982,648.00</b>	<b>3,863,723.00</b>	<b>2,653,473.00</b>	<b>2,883,433.00</b>	<b>1,113,861.00</b>

Note: The mission has requested for detailed balance sheet and cash flow statement for last five years which will be used to arrive at the assumptions. There is a need for KDU to increase the efficiency by reducing the cost and decreasing the wastages in ongoing operations. The profit margin has recued from comfortable 8% in 2012 to 3% in 2015. The OSS has been just over 100%. Nevertheless, The farm gate prices have increased from Af. 22.62 per liter in 2011 to Af. 27.5 in 2015. It reflects the increased in income for cooperative has been transferred to farmers. The key performance indicators have been given below:

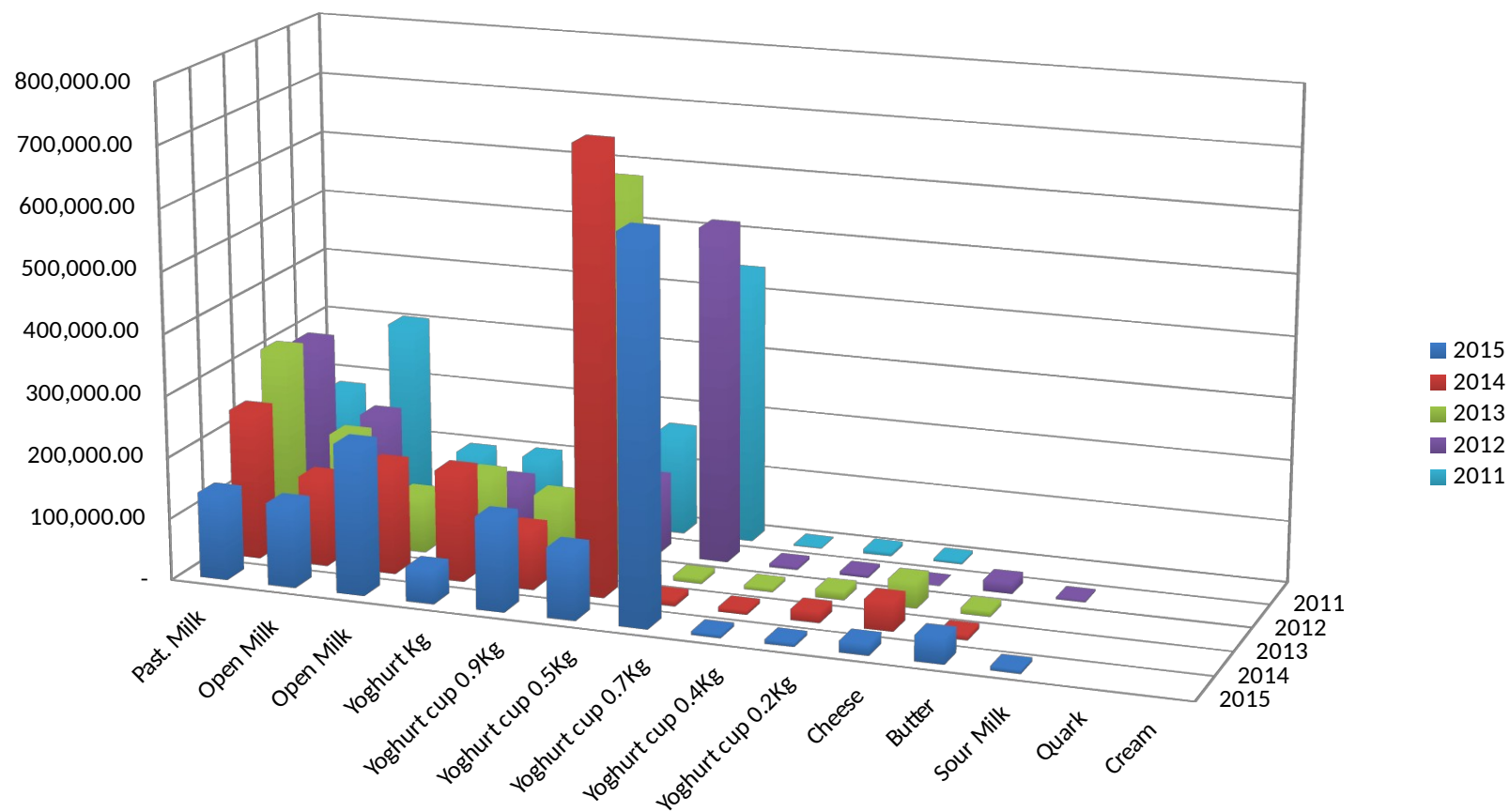
Table 2: Key performance indicators of KDU

	Key Performance Indicators- KDU				
	2015	2014	2013	2012	2011
Operational Self Sufficiency	102%	107%	105%	108%	103%
Net profit Margin	2%	7%	5%	8%	3%

Wastage	25,340.00	17,650.00	17,150.00	11,940.00	10,745.00
Farmer Gate Price per liter	27.5	25.51	27.36	23.88	22.62
Collector Fee per liter	2.5	2.59	2.45	2.65	2.51
Fat in %	3.87%	3.89%	3.88%	3.98%	3.77%
Milk Qty. in liter	1,363,290.00	1,261,063.00	1,232,485.00	983,687.00	893,810.39

The yogurt of 0.2 Kg has been the best selling products for the KDU in last five years. The pasteurize milk and open milk are another two products that have shown consistent demand for last five years. Nevertheless, the sales quantity reduced in 2015 compared to 2014, which is worrisome considering the milk quantity processed has increased from 2014 to 2015 as well as wastages. P

Graph 1: Sales product wise



## Annex B Financial Model of KDU

The collection cost is coming at 31.22 Af/Lt where as farm gate price is 27 Af/Lt. the Af. 4.22 is for the cost of collector, transportation, maintenance cost etc. the milk collection is projected at 13,333 liter/day and 16,000 lit/day for lean and pick season respectively for the first year respectively. The first 12 months projection is give below:

Table 3: Collection projection for 2017 for KDU

No	Milk collection cost	Cost/Unit	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
1	Milk collection	Liter	400,000	400,000	420,000	420,000	480,000	480,000	480,000	480,000	440,000	420,000	420,000	420,000
2	Fat percentage	%	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78	3.78
3	Payment to farmers	27 Afs/Lit	10,800,000	10,800,000	11,340,000	11,340,000	12,960,000	12,960,000	12,960,000	12,960,000	11,880,000	11,340,000	11,340,000	11,340,000
4	Running cost of cooperative (chilling center)	2 Afs/Lit	800,000	800,000	840,000	840,000	960,000	960,000	960,000	960,000	880,000	840,000	840,000	840,000
5	Paid to milk collector	1.28 Afs/Lit	512,000	512,000	537,600	537,600	614,400	614,400	614,400	614,400	563,200	537,600	537,600	537,600
6	Chemical reagents for laboratory	0.1118Af/Lit	44,720	44720	46956	46956	53664	53664	53664	53664	49192	46956	46956	46956
7	Feul cost of vehicles	0.78 Afs/Lit	283,200	283200	297360	297360	339840	339840	339840	339840	311520	297360	297360	297360
8	Maintenance cost	0.1215Afs /Lit	48,600	48600	51030	51030	58320	58320	58320	58320	53460	51030	51030	51030
9	<b>Milk collection sub-total</b>		<b>12,488,520</b>	<b>12,488,520</b>	<b>13,112,946</b>	<b>13,112,946</b>	<b>14,986,224</b>	<b>14,986,224</b>	<b>14,986,224</b>	<b>14,986,224</b>	<b>13,737,372</b>	<b>13,112,946</b>	<b>13,112,946</b>	<b>13,112,946</b>

Table 4: Milk collection Projection upto 2022

No	Milk collection cost	2017	2018	2019	2020	2021
1	Milk collection	5,260,000	6,312,000	7,574,400	9,089,280	9,998,208
2	Fat percentage	3.78	3.78	3.78	3.78	3.78
3	Payment to farmers	142,020,000	170,424,000	204,508,800	245,410,560	269,951,616
4	Running cost of cooperative (chilling center)	10,520,000	12,624,000	15,148,800	18,178,560	19,996,416
5	Paid to milk collector	6,732,800	8,079,360	9,695,232	11,634,278	12,797,706
6	Chemical reagents for laboratory	588,068	705,682	846,818	1,016,182	1,117,800
7	Fuel cost of vehicles	3,724,080	3,724,080	3,724,080	3,724,080	3,724,080
8	Maintenance cost	639,090	639,090	639,090	639,090	639,090
9	<b>Milk collection sub-total</b>	<b>164,224,038</b>	<b>196,196,212</b>	<b>234,562,820</b>	<b>280,602,750</b>	<b>308,226,708</b>
10	Collection cost/Lit ( Afs)	<b>31.22</b>	<b>31.08</b>	<b>30.97</b>	<b>30.87</b>	<b>30.83</b>

The personal requirement to run the UHT plan and the collection is projected at 1 plant manager, 3 animal health and AI supervisors for each provinces, 2 dairy lab technician, 10 dairy plant technician, 2 dairy plant mechanic, 5 shopkeepers, and 8 drivers. The below table shows the personnel cost month wise for the first year.

Table 5 Personnel cost for 2017

S.No	Personnel	Afs	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
1	Dairy Plant Manager	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
2	Animal health and AI supervisor (3)	25,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
3	Dairy lab technician (2)	15,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
4	Dairy plant technicians (10)	10,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
5	Dairy plant mechanic (2)	20,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000



6	Shopkeepers (5)	10,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
7	Drivers (8)	12,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000	96,000
8	Gaurds (4)	10,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
9	<b>Sub-Total Personnel</b>	<b>137,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>	<b>436,000</b>
10	Personnel cost/Lit		1.09	1.09	1.04	1.04	0.91	0.91	0.91	0.91	0.99	1.04	1.04	1.04

The requirement for the next five years for the UHT plant is projected to remain same. The below table gives the personnel cost projection for the next five years.

Table 6: Personnel cost projection – 2018-2022

S.No	Personnel	2017	2018	2019	2020	2021
1	Dairy Plant Manager	420,000	420,000	420,000	420,000	420,000
2	Animal health and AI supervisor (3)	900,000	900,000	900,000	900,000	900,000
3	Dairy lab technician (2)	360,000	360,000	360,000	360,000	360,000
4	Dairy plant technicians (10)	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
5	Dairy plant mechanic (2)	480,000	480,000	480,000	480,000	480,000
6	Shopkeepers (5)	240,000	240,000	240,000	240,000	240,000
7	Drivers (8)	1,152,000	1,152,000	1,152,000	1,152,000	1,152,000
8	Gaurds (4)	480,000	480,000	480,000	480,000	480,000
9	<b>Sub-Total Personnel</b>	<b>5,232,000</b>	<b>5,232,000</b>	<b>5,232,000</b>	<b>5,232,000</b>	<b>5,232,000</b>
10	Personnel cost/Lit	<b>0.99</b>	<b>0.83</b>	<b>0.69</b>	<b>0.58</b>	<b>0.52</b>

The processing cost is projected be around 2.3 Af/Lt to 2.1 Af/Lt. The processing cost projection for the first year month wise is given below:

Table 7: Projected Processing cost for 2017

Processing cost	Unit	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
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1	Feul cost of Generator	Afs	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
2	Maintenance cost of generator	Afs	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
3	Feul cost of steam boiler	Afs	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
4	Chemical reagent for laboratory	Afs	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
5	Chemicals cleaning of the plant (CIP)	Afs	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
6	Maintenance cost of dairy plant	Afs	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
7	Starter and cultures	Afs	220,000	220,000	231,000	278,250	318,000	318,000	318,000	318,000	291,500	231,000	231,000	231,000
8	Misscellaneous cost	Afs	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
9	Electricity cost	Afs	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000	180,000
10	<b>Sub-Total Process cost</b>	<b>Afs</b>	<b>900,000</b>	<b>900,000</b>	<b>911,000</b>	<b>958,250</b>	<b>998,000</b>	<b>998,000</b>	<b>998,000</b>	<b>998,000</b>	<b>971,500</b>	<b>911,000</b>	<b>911,000</b>	<b>911,000</b>
11	Prcess cost/Lit	Afs	2.3	2.3	2.2	2.3	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2

The projection up-to 2022 is given below:

Table 8 Projected Processing cost upto 2021

	<b>Processing cost</b>	<b>Unit</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
1	Feul cost of Generator	Afs	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
2	Maintenance cost of generator	Afs	240,000	240,000	240,000	240,000	240,000
3	Feul cost of steam boiler	Afs	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
4	Chemical reagent for laboratory	Afs	480,000	378720	454464	545357	599892
5	Chemicals cleaning of the plant (CIP)	Afs	360,000	360000	360000	360000	360000
6	Maintenance cost of dairy plant	Afs	600,000	600,000	600,000	600,000	600,000
7	Starter and cultures	Afs	3,205,750	3,846,900	4,616,280	5,539,536	6,093,490
8	Misscellaneous cost	Afs	120,000	120,000	120,000	120,000	120,000
9	Electricity cost	Afs	2,160,000	2,160,000	2,160,000	2,160,000	2,160,000
10	<b>Sub-Total Process cost</b>	<b>Afs</b>	<b>11,365,750</b>	<b>11,905,620</b>	<b>12,750,744</b>	<b>13,764,893</b>	<b>14,373,382</b>
11	Prcess cost/Lit	Afs	2.2	1.9	1.7	1.51	1.44

The packaging cost is projected at 7.85/ Liter. The breakdown of packing cost is given below:

Table 9: Projected packaging cost for 2018

	Packaging cost	Unit cost	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Milk pouch (Polyethylene film)	250/Kg	250,000	250,000	262,500	175,000	200,000	200,000	200,000	200,000	183,333	262,500	262,500	262,500
2	Yoghurt cup 400gr	3.5	525,000	525,000	551,250	551,250	630,000	630,000	630,000	630,000	577,500	551,250	551,250	551,250
3	Yoghurt cup 200gr	2.6	624,000	624,000	655,200	819,000	936,000	936,000	936,000	936,000	858,000	655,200	655,200	655,200
4	Bottle for butter milk (1.5 Lit)	5	-	-	-	137,200	156,800	156,800	156,800	156,800	143,733	-	-	-
5	Bottle for butter milk (0.5 Lit)	2.4	-	-	-	197,568	225,792	225,792	225,792	225,792	206,976	-	-	-
6	Cup for cream (0.2kg)	2.6	8,112	8,112	8,518	8,518	9,734	9,734	9,734	9,734	8,923	8,518	8,518	8,518
7	Cup for butter (0.2kg)	2.6	7,301	7,301	7,666	7,666	8,761	8,761	8,761	8,761	8,031	7,666	7,666	7,666
8	cheese packaging material (0.5 kg)	0.2	1,600	1,600	1,680	840	960	960	960	960	880	1,680	1,680	1,680
9	Cheese packaging material (200gr)	0.2	2,800	2,800	2,940	1,680	1,920	1,920	1,920	1,920	1,760	2,940	2,940	2,940
10	UHT Milk (1 Lit)	10	720,000	720,000	756,000	588,000	672,000	672,000	672,000	672,000	616,000	756,000	756,000	756,000
11	UHT Milk (0.2 Gr)	3	1,000,000	1,000,000	1,050,000	1,050,000	1,200,000	1,200,000	1,200,000	1,200,000	1,100,000	1,050,000	1,050,000	1,050,000
12	Total Packing cost		3,138,813	3,138,813	3,295,753	3,536,721	4,041,967	4,041,967	4,041,967	4,041,967	3,705,137	3,295,753	3,295,753	3,295,753
13	Packaging cost/Lit		7.85	7.85	7.85	8.42	8.42	8.42	8.42	8.42	8.42	7.85	7.85	7.85

The packaging cost for the whole period up-to 2021:

Table 10 Projected packaging cost up-to 2021

<b>Packaging cost</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Milk pouch (Polyethylene film)	2,708,333	3,250,000	3,900,000	4,680,000	5,148,000
Yoghurt cup 400gr	6,903,750	8,284,500	9,941,400	11,929,680	13,122,648
Yoghurt cup 200gr	9,289,800	11,147,760	13,377,312	16,052,774	17,658,052
Bottle for butter milk (1.5 Lit)	908,133	1,089,760	1,307,712	1,569,254	1,726,180
Bottle for butter milk (0.5 Lit)	1,307,712	1,569,254	1,883,105	2,259,726	2,485,699
Cup for cream (0.2kg)	106,673	128,007	153,609	184,331	202,764
Cup for butter (0.2kg)	96,006	115,207	138,248	165,898	182,487
cheese packaging material (0.5 kg)	15,480	18,576	22,291	26,749	29,424
Cheese packaging material (200gr)	28,480	34,176	41,011	49,213	54,135
UHT Milk (1 Lit)	8,356,000	10,027,200	12,032,640	14,439,168	15,883,085
UHT Milk (0.2 Gr)	13,150,000	15,780,000	18,936,000	22,723,200	24,995,520
<b>Total Packing cost</b>	<b>42,870,367</b>	<b>51,444,440</b>	<b>61,733,328</b>	<b>74,079,994</b>	<b>81,487,994</b>
Packaging cost/Lit	8.15	8.15	8.15	8.15	8.15

Table 11 Projected marketing cost up-to 2021

	<b>Marketing cost</b>	<b>Afs</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
1	Feul cost of vehicles	Afs	1,800,000	2,016,000	2,217,600	2,439,360	2,634,509
2	Maintenance cost of vehicle	Afs	432,000	483,840	532,224	585,446	632,282
3	Window shop rent (4)	Afs	600,000	672,000	739,200	813,120	878,170
4	Manucipility tax (4)	Afs	120,000	134,400	147,840	162,624	175,634
5	Cost of electricity of shops	Afs	180,000	201,600	221,760	243,936	263,451
6	Plastic pocket for Shops	Afs	24,000	26,880	29,568	32,525	35,127
7	Market promotion cost	Afs	2,400,000	2,688,000	2,956,800	3,252,480	3,512,678
8	<b>Total Marketing cost</b>	<b>Afs</b>	<b>5,556,000</b>	<b>6,222,720</b>	<b>6,844,992</b>	<b>7,529,491</b>	<b>8,131,850</b>
9	Marketing cost/Lit	Afs	1.06	0.99	0.90	0.83	0.81

Table 12 Projected Admin cost up-to 2021

	<b>Admin cost</b>		<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
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1	Top up card		120,000	134,400	147,840	162,624	175,634
2	Stationary		180,000	201,600	221,760	243,936	263,451
3	Meeting cost		180,000	201,600	221,760	243,936	263,451
4	Fuel and maintenane of vehicle		360,000	360,000	360,000	360,000	360,000
5	Miscellaneous		120,000	360,000	360,000	360,000	360,000
6	Total Administrative cost		960,000	1,257,600	1,311,360	1,370,496	1,422,536
7	Admin cost/Lit		0.18	0.20	0.17	0.15	0.14

Table 13 Projected wastage upto 2021

	Months		2017	2018	2019	2020	2021
1	Packed milk (0.5Lit)	15%	1,300,000	1,560,000	1,872,000	2,246,400	2,471,040
2	Packed Yog. 400gr	15%	1,972,500	2,367,000	2,840,400	3,408,480	3,749,328
3	Packed Yog. 200gr	12%	3,573,000	4,287,600	5,145,120	6,174,144	6,791,558
4	Butter milk (1.5 Lit)	7%	181,627	217,952	261,542	313,851	345,236
5	Butter milk (0.5 Lit)	7%	544,880	653,856	784,627	941,553	1,035,708
6	Cream	0.39%	41,028	49,234	59,080	70,896	77,986
7	Butter	0.39%	36,925	44,310	53,172	63,807	70,187
8	Cheese (500gr)	10%	77,400	92,880	111,456	133,747	147,122
9	Cheese (200gr)	7%	142,400	170,880	205,056	246,067	270,674
10	UHT (1lit)	18%	835,600	1,002,720	1,203,264	1,443,917	1,588,308
11	UHT (200ml)	20%	5,260,000	6,312,000	7,574,400	9,089,280	9,998,208
12	Wastage		127398	152878	183453	220144	242159
13	Total						

Table 14 Projected income cost upto 2021

	Income from dairy sold	Price /Unit (Afs)	2017	2018	2019	2020	2021
1	Packed milk (0.5Lit)	21	27,300,000	34,320,000	39,312,000	47,174,400	51,891,840
2	Packed Yog. 400gr	27	53,257,500	63,909,000	76,690,800	92,028,960	101,231,856

3	Packed Yog. 200gr	16	57,168,000	68,601,600	82,321,920	98,786,304	108,664,934
4	Butter milk (1.5 Lit)	50	9,081,333.33	10,897,600.00	13,077,120.00	15,692,544.00	17,261,798.40
5	Butter milk (0.5 Lit)	15	8,173,200	9,807,840	11,769,408	14,123,290	15,535,619
6	Cream	50	2,051,400	2,461,680	2,954,016	3,544,819	3,899,301
7	Butter	60	2,215,512	2,658,614	3,190,337	3,828,405	4,211,245
8	Cheese (500gr)	150	11,610,000	13,932,000	16,718,400	20,062,080	22,068,288
9	Cheese (200gr)	60	8,544,000	10,252,800	12,303,360	14,764,032	16,240,435
10	UHT (1lit)	60	50,136,000	60,163,200	72,195,840	86,635,008	95,298,509
11	UHT (200ML)	15	78,900,000	94,680,000	113,616,000	136,339,200	149,973,120
	<b>Wastage</b>		<b>3,977,539</b>	<b>4,454,844</b>	<b>4,900,328</b>	<b>5,390,361</b>	<b>5,821,590</b>
	<b>Total Income</b>		<b>308,436,945</b>	<b>371,684,334</b>	<b>444,149,201</b>	<b>532,979,042</b>	<b>586,276,946</b>

Table 15: Fixed asset investment cost

No.	Item	Unit	Price per Unit	Total Cost	Shelf life(Year)	Depreciation per unit	Total depreciation per month	Total depreciation per year
	<b>Construction of plant</b>	<b>1</b>	<b>300,000</b>	<b>300,000</b>	<b>50</b>	<b>6,000</b>	<b>500</b>	<b>6,000</b>
1	UHT plant (Aseptic Packaging)	1	2,800,000	2,800,000	20	140,000	11,667	140,000
2	Fresh pasteurized Plant	1	600,000	600,000	20	30,000	2,500	30,000
3	Lab equipment for dairy plant	1	15,000	15,000	10	1,500	125	1,500
4	Showcasse refrigerator	20	1,200	24,000	15	80	133	1,600
5	Cold Room (3X4M)	4	15,000	60,000	15	1,000	333	4,000
6	Generator/ 200kwa	1	38,000	38,000	15	2,533	211	2,533
7	Refrigerated Vehicle for Marketing	4	25,000	100,000	10	2,500	833	10,000
8	Milk can	500	65	32,500	10	7	271	3,250
9	Computer, printer, scanner and other office tool	1	5,000	5,000	10	500	42	500
10	Road milk tanker 5000 milk capacity	4	35,000	140,000	15	2,333	778	9,333
11	Vehicle Mazda truck for milk transportation	2	35,000	70,000	15	2,333	389	4,667

Table 16 Projected profit and loss cost upto 2021

			2017	2018	2019	2020	2021
1	Total Income	Afs	308,436,945	371,684,334	444,149,201	532,979,042	586,276,946
2	Milk Collection Cost	Afs	164,224,038	196,196,212	234,562,820	280,602,750	308,226,708
3	Process cost	Afs	11,365,750	11,905,620	12,750,744	13,764,893	14,373,382
4	Packaging cost	Afs	42,870,367	51,444,440	61,733,328	74,079,994	81,487,994
5	Market cost	Afs	5,556,000.00	6,222,720.00	6,844,992.00	7,529,491.20	8,131,850.50
6	Staff salary	Afs	5,232,000.00	5,232,000.00	5,232,000.00	5,232,000.00	5,232,000.00
7	<b>Variable Cost</b>	Afs	<b>229,248,155</b>	<b>271,000,992</b>	<b>321,123,884</b>	<b>381,209,128</b>	<b>417,451,934</b>
8	<b>Gross Margin</b>	Afs	<b>79,188,790</b>	<b>100,683,342</b>	<b>123,025,317</b>	<b>151,769,913</b>	<b>168,825,012</b>
9	<b>Fixed Cost/Depreciation cost</b>	Afs	<b>9,793,300</b>	<b>9,793,300</b>	<b>9,793,300</b>	<b>9,793,300</b>	<b>9,793,300</b>
10	<b>Operating Margin</b>	Afs	<b>69,395,490</b>	<b>90,890,042</b>	<b>113,232,017</b>	<b>141,976,613</b>	<b>159,031,712</b>
11	<b>Administrative costs of Union</b>	Afs	<b>960,000</b>	<b>960,000</b>	<b>960,000</b>	<b>960,000</b>	<b>960,000</b>
12	<b>Net Operating Margin</b>	Afs	<b>68,435,490</b>	<b>89,930,042</b>	<b>112,272,017</b>	<b>141,016,613</b>	<b>158,071,712</b>
	<b>Sale tax (Operation tax)</b>	Afs	<b>1,368,709.81</b>	<b>1,798,600.85</b>	<b>2,245,440.34</b>	<b>2,820,332.27</b>	<b>3,161,434.23</b>
	<b>Net income</b>	Afs	<b>67,066,780.54</b>	<b>88,131,441.57</b>	<b>110,026,576.56</b>	<b>138,196,281.21</b>	<b>154,910,277.42</b>
13	<b>Tax ( Net income )</b>	Afs	<b>13,413,356</b>	<b>17,986,008</b>	<b>22,454,403</b>	<b>28,203,323</b>	<b>31,614,342</b>
14	<b>Other Expenses of Union</b>	Afs					
15	<b>Net Saving</b>	Afs	<b>53,653,424</b>	<b>71,944,034</b>	<b>89,817,614</b>	<b>112,813,291</b>	<b>126,457,369</b>

The cost breakdown and margin for the UHT 1 liter milk product

	AF
<b>Farm gate price / Liter</b>	<b>27</b>
<b>Collection price / Liter</b>	<b>31.22</b>
Personnel cost / Liter	1.09
Processing Cost/ Liter	2.3
Packaging cost / Liter	7.85
Admin cost/ Liter	0.2
Depreciation cost / Liter	2.04
Wastage cost / Liter	0.75
<b>Factory gate price</b>	<b>45.45</b>
Profit Mark up for cooperative / Liter (20%)	9.09
Corporate tax/ /Liter (20%)	1.82
<b>Marketing cost / Liter- through own retail outlet</b>	<b>1.16</b>
<b>Retail gate price</b>	<b>57.52</b>
Sales Tax / Liter (7%)	4.02
<b>CNF margin (5%)</b>	<b>3.07</b>
<b>Wholesaler margin (6%)</b>	<b>3.69</b>
<b>Retailer Margin (7%)</b>	<b>4.30</b>
<b>Final consumer price (depending upon province and location)</b>	<b>72- 80</b>



### CLAP-Kuchi project indicators according to logframe

	Indicator	Baseline	Present data	Change/result	Details/Remarks
1	5% increase in the average number of livestock owned per HH against baseline	176.6 average total number of livestock kept	<b>Data will become available in December</b> through KAP survey, annual outcome survey		Average numbers per household disaggregated by livestock species (baseline): Total 176.6 of which: Sheep: 132 Goat: 21 Cow: 3 Donkey: 6 Camel: 4 Poultry: 9
2	5% increase in the income of livestock keeping households against baseline	Average total household income: Afs 292.749	<b>Data will become available in December</b> through KAP survey, annual outcome survey		Some data already available (SHG, see point 17)
3	Net changes in livestock production (milk)	-	<b>Data will become available in December</b> through KAP survey, annual outcome survey		This indicator was not part of the baseline survey, it was added later after revision of the logframe
4	Functional system exists to sustain successful intervention		VFU's and BVW are in place according to project objectives and workplan	Objective achieved	10 VFU's and 31 BVWs trained. 9100 households are covered by these VFUs and BVWs
5	30% of pastoralists and agro-pastoralists (Kuchi community (m/f) have used the services by the VFU's	11%	62.5%	+51.5% Objective achieved	Baseline: 36 out of 329 kuchi surveyed (11%) made use of the VFU services before project intervention At present: each VFU (plus BVW) services 500 Kuchi households on average. There are 10 (new) Kuchi VFU's in the targeted districts covering approximately 5000 households on a total of 10322 households in these districts (= 62.5%)
6	25% of pastoralists and agro-pastoralists (Kuchi community (m/f) who say that	-	<b>Data will become available in December</b> through KAP survey, annual outcome		This indicator was not part of the baseline survey, it was added later after revision of the logframe

	the health of their animals is satisfactory		survey		
7	Number of functional VFU's operating sustainably	11	30	+173%	The trained Paravets were able to provide veterinary services to 7322 families that own animals.
8	Number of m/f BVWs fully active and their service accessible to relevant tribe	0	27	+27	The trained BVWs were able to provide basic veterinary services to 3000 Kuchies families in the targeted districts.
9	40% decrease in livestock mortality	Overall mortality rate in adult small ruminants: 15% Overall mortality rate in lambs and kids (<6 months): 25%	Anecdotal information suggests near 0% of mortality in targeted districts Exact data will be available in December through annual outcome survey	We're confident that the objective has already been achieved but the supporting data will become available in December through the annual outcome survey	
10	50% of Kuchi (pastoralist and agro-pastoralists) have access to feed bank who say that they have no shortage of livestock feeds.	-	<b>Data will become available in December</b> through KAP survey, annual outcome survey		This indicator was not part of the baseline survey Around 1466 farmers would utilize feed for their animals from the feed banks. 43.82MT feed was provided to the 4 feedbanks since establishment
11	Number of trained pastoralists and agro pastoralists follow the pasture and rangeland management	0	The issue of rangeland management was removed from the project		This indicator was part of the baseline survey (0 out of 329 interviewed never received any training on pasture and rangeland management) but is not part of the present revised project logframe
12	Number of households that have adopted at least 50% of the lessons they learned through extension sessions	-	<b>Data will become available in December</b> through KAP survey, annual outcome survey		This indicator was not part of the baseline survey
13	Number of functional fodder banks in use	0	4	+4	Around 1466 Kuchies would utilize feed for their animals from the feed banks. 43.82MT was provided to the 4 feedbanks since establishment
14	25% of Kuchi pastoralists	-	<b>Data will become available</b>		

	and agro-pastoralists households who say that their income has improved due to adding value to their produce		in December through KAP survey, annual outcome survey		
15	Type and quantity of value added per product	Qurut: Afs 140-170/kg Chaka (cream): 80Afs/kg	Qurut: Afs 210-230/kg Chaka (cream) 100Afs/kg	Approx. 40-90 Afs value increase in Qurut and 20 Afs/in Chaka due to improved technique and hygiene	Information on additional products and value addition will become available as the project progresses with the SHGs and value-chain work
16	Percentage increase in the price of the product after value addition		Qurut: 24%-64% price against baseline increase Chaka (cream): 25% price increase against baseline		Information on additional products and value addition will become available as the project progresses with the SHGs and value-chain work
17	20% increment in income of settled female Kuchis	0	Average profit of Afs 1338 per female kuchi per lamb fattening season (3-4 months)		
18	% of female Kuchi with sustainable house-based business	0	3.7% of total number of Kuchi households in the targeted districts)		296 kuchi women involved in the self-help groups out of 8000 kuchi households in the targeted districts is approx. 3.7%
19	Number of female settled Kuchi that have started house-based income generating activities	0	296		
20	Herd Health package developed and in use	-	Package is developed		Package is developed but not in use yet. Distribution and use is planned for January 2017
21	Formalized Monitoring System to monitor VFUs in Place and DAIL involved	-	Monitoring system is in place		Regarding DAIL involvement: Monitoring system is in place but not utilized due to lack of financial incentive/resources
22	Number of animals vaccinated, dewormed and treated	-	1,000,006 animals vaccinated 300,702 animals treated 643,718 animals dewormed		

23	No of outbreaks recorded	-			VFUs report to government services in the field. Data should be available within DAIL
24	Number of Kuchi trained in silage making, urea treatment	-	600 Kuchi		

