

The Republic of Tajikistan

Khatlon Livelihoods Support Project

Supervision report

Main report and appendices

Mission Dates: 9 October to 3 November 2015
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Near East, North Africa and Europe Division
Programme Management Department

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Abbreviations and acronyms

A. Introduction¹

1. An IFAD mission visited Tajikistan from 9 October to 3 November to undertake a supervision of and provide support to the Khatlon Livelihoods Support Project (KLSP, IFAD Grant No. DSF-8026-TJ). This was a forth supervision mission in addition to a start-up, a mid-term review and five implementation support missions carried out during 2009-2015. The supervision t was conducted in parallel with the mid-term review of the Livestock and Pasture Development Project (LPDP, IFAD Grant No. G-I-DFS-8083-TJ). This was the last IFAD supervision mission and its main focus was to establish enabling conditions for an efficient finalization of KLSP, identify any constraints, and obtain agreement on further steps.
2. The mission had meetings and discussions with Mr. Sadi Karimov, Director of the Project Management Unit (PMU) and his staff, Mr. Davlatali Hotamov, the First Deputy Minister of Agriculture (MOA) and his staff, Mr. Kodiri Kosim, Chairman of the State Committee on Investments and State Property Management (SCISPM) and his staff, and Mr. Ahliddin Nuriddinzoda, the Head of Department on Foreign Investments/Projects of the Ministry of Finance (MOF) and his staff. The mission visited five districts, namely Baljovan, Khovaling, Muminobod, Shurobod and Temurmali, and held discussions with the local administrations, regional staff of LPDP/KLSP and 41 community organisations (project beneficiaries), including 10 participating in KLSP's Muminobod and Shurobod districts. Altogether, the mission spent 11 days in the field. In addition, discussions were held with the representatives of donor organisations in Tajikistan, including the ADB, EU, EBRD, GIZ, JICA, WB, WFP, and the FAO Office in Tajikistan. Please refer to Appendix 9 for Mission schedule and persons met including the mapping of visited communities.
3. This Aide-Memoire reflects the mission's main findings and recommendations, and records the agreements reached with concerned authorities as discussed in a wrap-up meeting on 2 November 2015 with the PMU Director and his staff. As this was the last IFAD supervision mission, a greater attention was paid to the issues on impact, sustainability and lessons learned. This document is subject to confirmation by IFAD.
4. The mission expresses its sincere appreciation for the cooperation and hospitality extended by Government Authorities, and in particular to the PMU.

B. Overall assessment of project implementation

5. The Khatlon Livelihoods Support Project is the first IFAD project in Tajikistan. KLSP was approved by the IFAD Executive Board in December 2008 and declared effective on 17 April 2009 with completion on 31 December 2015. The grant financing for the project was suspended in February 2012 due to non-submission of audited financial statements. The project was resumed with the signing of agreed amendments to the Project Grant Agreement by both IFAD and the Government on 24 July 2013. Also, a Government Decree on resumption of project implementation under the management of the PMU of LPDP was signed on 2 November 2013. The other key approved amendments are: (i) the project to be carried out in two districts, namely Muminobod and Shurobad of the Khatlon region; and (ii) the total amount of eligible expenditures financed by the IFAD Grant is SDR 6.2 million (approx. USD 9.3 million).
6. The project purpose is to increase small farm (including household plots) profitability across the project area. The project has two principal inter-related components as well as the required support for project management and implementation as follows: (i) Institutional Support; (ii) Enhancement of Agricultural Productivity and Profitability; and (iii) Project Management. The Institutional Support component has two sub-components: (i) Development of Community Organisations; and (ii) Capacity Building of Project Partners. The second component also has two sub-components: (i) On-farm Technology Validation and Demonstration; and (ii) Community Development Fund. The provision for

¹ Mission composition: Mr. Frits Jepsen, IFAD Country Programme Manager (CPM); Ms. Anara Jumabayeva, Senior Investment Support Officer, Team Leader/Project Management; Ms. Inna Punda, Agribusiness Specialist; Mr. Brien Norton, Pasture Management Specialist; Mr. Mikael Kauttu, IFAD Programme Officer; Mr. Leon Williams, Impact Monitoring Specialist; Mr. Malek Sahli, IFAD Senior Finance Officer and Regional Team Leader; Mr. Tom Anyonge, IFAD Lead Technical Specialist on Institutions and Organisations; and Mr. Harold Liversage, IFAD Lead Technical Specialist on Land Tenure. The mission was accompanied by Ms. Zainab Kenjaeva, IFAD Country Presence Officer in Tajikistan.

Project Management is presented as two sub-components: (i) Project Management; and (ii) Monitoring and Evaluation

7. The project is successfully completing its activities, and since it resumed its operations 1.5 years ago it has managed to undertake all the planned activities, including the following key ones: (i) delivery of 98 agricultural/ construction machinery subprojects (from both the first and second rounds of priority subprojects). The total income received by VOs in two districts from the machinery rental services during 2014 - September 2015 amounts to about TJS 800 000 while the savings equals to approximately TJS 2 million; (ii) construction of 4 water supply lines resulted in provision of pure drinking water to 10 000 villagers; (iii) rehabilitation of 8 000 m of roads (3 subprojects plus use of supplied machinery) leading to a better access to market and services to 2 800 rural residents; and (iv) rehabilitation of 27.5 km of power lines resulted in regular provision of electricity to 5 000 rural inhabitants. In addition, the following subprojects are under completion: (i) provision of agrochemical laboratory equipment to the Tajik Agrarian University (amounting to about USD 160 000); (ii) technical support and provision of laboratory equipment for development of artificial insemination in Tajikistan (ca. USD 460 000); (iii) procurement and management of purebred cattle (12 heads from the outside and 40 heads within the country, at amount ca. USD 273 000). With the purpose to improve cattle breeding capacity in the project area, in cooperation with the MOA, 40 heads of purebred bulls have been distributed among the population in the Khatlon region. According to the reports from the MOA as of 1 September 2015, about 560 cows have been inseminated. Delivery of additional 12 purebred bulls will be completed by November 2015.

8. Below is the status of the key actions agreed during the implementation support mission in October 2014:

Agreed action	Agreed date	Status
Submit AWPB in accordance with grant terms i.e. no later than 60 days before the start of the reporting period	31 October 2014	Completed
Submit a revised PIM to IFAD and PSC for approval	End November 2014	Completed
Submit a baseline survey report to IFAD and complete establishing the project MIS	End December 2014	Completed
Contract signing with FAO (UTF agreement) for implementation of Sub-components 1(b) and 2(a)	End November 2014	Completed
Launch activities under the FAO contract	Mid December 2014	Completed
Settlement of debts incurred under the PCU (previous KLSP management)	End of December 2014	Completion phase
Continue tendering and implementation of the remaining community sub-projects	Continuous	Completion phase

9. As of 31 October 2015, IFAD grant disbursement amounts to SDR 5 341 549 (ca. USD 7.9 million), accounting for 86% disbursement of the current IFAD Grant of SDR 6.2 million. It is estimated that project funds will be almost fully disbursed before the closing date of 30 June 2016. Thus, the overall financial performance of the project is rated as **moderately satisfactory** (see below in the section on fiduciary aspects).

10. Given the excellent progress that has been made by the PMU in the implementation of community subprojects and technology transfer activities, and taking into consideration the expected full disbursement, the project's overall performance is rated as **satisfactory**.

11. It has been agreed that the following key actions would be undertaken:

Agreed action	Responsibility	Agreed date
Finalize the impact survey TOR and start the tender	M&E Consultant, Sr. Procurement Officer	Mid November 2015
Finalize the TOR for an international consultant to prepare KLSP final report, and her/his recruitment	M&E Consultant, Sr. Procurement Officer	End November 2015
Finalize the TOR for audit and start the tender	Chief Accountant, Sr. Procurement Officer	End November 2015
Ensure an effective handover of the responsibility for VO monitoring from the PMU to the Jamoat administration with VO monitoring officers appointed promptly in the Jamoat, and VOs making monthly payments to the Jamoat to cover the costs.	PMU/Local Government	30 Jun 2016. Report progress at end Dec. 2015

C. Outputs and outcomes

Component 1: Institutional Support (satisfactory, 5).

12. The aim of this component is twofold. Firstly, the component would develop and empower grassroots organizations. These organizations would be the key vehicle for expressing community demands and for enabling efficient delivery of project services. Secondly, this component would build institutional capacity of selected project partners so that they are familiar with project objectives and approaches. Accordingly, this component consists of two sub-components: (a) Development of Community Organisations; and (b) Capacity Building of Project Partners.

13. **Development of Community Organisations Sub-component (satisfactory, 5).** The project will help participating communities prioritise their needs for investments that would assist their economic development and will help those communities to plan, finance, and manage the implementation of supporting investments and their subsequent operation and maintenance. The project will also support the mobilization of farmers' associations and groups within communities and build their capacity to initiate and sustain a locally led development process. Thus, the project would assist with development of Common Interest Groups (CIGs) of rural poor people that could be either based on existing Mohallas and Village Organizations (VOs)², or be created around commodities (for example crops, fruit, vegetable, milk, etc.) or common natural resources (such as irrigation water). VOs would define their medium to long-term vision of a sustainable economy reflected in a formal Community Action Plan (CAP) prepared based on MSDSP's Village Development Planning Process (VDPP). The component would provide the necessary institutional and technical support in assisting participating VO/CIGs.

14. Under this sub-component the project would finance the following specific items: (i) training workshops and study tours for VO members and Government staff from Jamoats and Hukumats; (ii) technical assistance for tasks such as conducting district workshops for chairmen of 82 VOs of Muminobad and Shuroobad districts about revisions for KLSP; preparation, printing and dissemination of a revised community handbook; assistance to completion of proposals for sub-projects in 82 VOs; and (iii) the contract for the Community Facilitator (MSDSP). In line with the Grant Agreement MSDSP was hired as a Community Facilitator under the Contract DSF 8026 TJ CS-001 dated January 13, 2014. In accordance with the work plan developed by MSDSP all necessary activities were conducted aimed at the establishment and development of VOs and Common Interests Groups (CIG) as well as trainings and support to VOs and CIGs in the implementation of sub-projects.

15. In line with the Grant Agreement MSDSP was hired as a Community Facilitator under the Contract DSF 8026 TJ CS-001 dated January 13, 2014. In accordance with the work plan developed by MSDSP all necessary activities were conducted aimed at the establishment and development of

² MSDSP was established in 1993 by the Aga Khan Foundation to implement its rural development programmes. To mobilize and empower rural communities, MSDSP has established Village Organizations (VOs) at village level. All development projects implemented by MSDSP are channelled through VOs.

VOs and Common Interests Groups (CIG) as well as trainings and support to VOs and CIGs in the implementation of sub-projects.

16. Specifically, the following activities were carried under the sub-component: (i) establishment of 82 VOs; (ii) conduct of two regional level workshops in Shurobad and Muminobod to inform people about the KLSP re-launching; (iii) preparation and approval of 82 Community Action Plans for each of the participating VOs and, based on them, 13 Jamoat Development Plans; (iv) preparation of a community handbook on operation of agricultural machinery; (v) community assessment of 82 VOs; (vi) signing of 82 Memoranda of Understanding (MoU), Letters of Expressions of Interest (LEI) and Community Grant Agreements (CGA) on implementation of sub-projects; (vii) update of 82 Community Action Plan (CAPs); (viii) conduct of 82 trainings on economic development topics with participation of 1 687 persons (681 women and 1 006 men); and (ix) provision of 162 trainings on demand driven topics with participation of 3 315 persons (1 060 women and 2 255 men).

Component 2. Enhancement of Agricultural Productivity and Profitability (satisfactory, 5)

17. **Capacity Building of Project Partners Sub-component (satisfactory, 5).** Under this sub-component, in order to orientate project partners to the bottom-up, demand-driven participatory approach of the project, capacity building assistance would be provided to government agencies, including research institute scientists and district level staff of the line departments (e.g. Agriculture, Irrigation), entrepreneurs, service providers and local organizations directly involved in supporting project activities. Under this sub-component, the project would finance the following specific items: (i) orientation training sessions at regional level; (ii) technical training for project partners such as the Government's agricultural agencies; (iii) orientation sessions for the project steering committee; and, (iv) costs associated with project steering committee meetings. It has been agreed that the technical training (mainly study tours for governmental staff) should become a part of the contract with FAO (UTF agreement, see below).

18. The aim of this second component is twofold. Firstly, the project districts offer significant potential for poverty reduction through increased agriculture (crop, horticulture, livestock) productivity. The project would help participating communities to access improved agricultural and livestock technologies and inputs. It would assist communities to prioritise their agricultural development needs and facilitate service provision from Government agricultural institutes to respond to these needs. Secondly, the project would enable communities to develop sub-project proposals for funding by a Community Development Fund (CDF). Proposals would cover both technological and productive infrastructure needs. The project would help communities to plan, finance, and implement sub-projects, including their subsequent operation and maintenance. Accordingly, this component consists of two sub-components: (a) On-farm Technology Validation and Demonstration; and (b) Community Development Fund.

19. **On-Farm Technology Validation and Demonstration (satisfactory, 5).** This sub-component would help with validation and transfer of improved agricultural technologies in response to priority needs of the participating communities. Research-Extension-Farmer linkages would be strengthened by adopting a Participatory Technology Development approach and promoting closer collaboration between research institutes, the district level Department of Agriculture staff and the farming community. Under this sub-component, the project, through a servicing contract with the Technical Facilitator (FAO), would finance the following specific items: (i) vehicles, facilities and equipment for the staff of institutes of the National Academy of Agricultural Sciences for project implementation; (ii) training and other extension activities for farmers; (iii) costs associated with participatory technology development (both demand identification and adaptive research trials); and (iv) service fee of FAO as a Technical Facilitator for this sub-component.

20. In line with the Grant Agreement, FAO has been contracted for implementation of this sub-component. At present, all the activities are at a completion phase. Specifically, the following have been undertaken:

- 2 hectares of demonstration plots on intensive orchards of dwarf and semi-dwarf varieties of apples have been established in Muminobod and Shuroobod districts with involvement of highly qualified specialists (1 ha per each district);
- 10 hectares were planted with 15 types of cereals, legumes, oilseeds and fodder crop varieties to demonstrate pasture rehabilitation techniques;

- Training of 405 farmers (148 women or 36%) on timely production of agricultural products and pasture management;
- Training of 40 women (from poor families) on beekeeping management and development. Also, they were provided with all necessary accessories for beekeeping and 10 beehives each (in total 400 hives). During this summer season the beneficiaries received 1800 kg of honey;
- 32 veterinarians in two project districts have been trained in animal health issues and provided with motorbikes and veterinary equipment;
- A study tour to China has been organized for 10 government staff and project partners to learn about sustainable land management.

21. Within the same sub-component the following subprojects been developed and are under finalization: (i) provision of agrochemical laboratory equipment to the Tajik Agrarian University (amounting to about USD 160 000); (ii) technical support and provision of laboratory equipment for development of artificial insemination in Tajikistan (ca. USD 460 000); (iii) procurement and management of purebred cattle (12 heads from the outside and 40 heads within the country, at amount ca. USD 273 000). With the purpose to improve cattle breeding capacity in the project area, in cooperation with the MOA, 20 heads of purebred bulls have been distributed among the population in the Khatlon region. According to the reports from the MOA as of 1 September 2015, about 560 cows have been inseminated. Delivery of additional 32 purebred bulls will be completed by November 2015.

22. **Community Development Fund (CDF) (satisfactory, 5).** The CDF finances investments in physical infrastructure such as improvements to link-roads, water supplies for irrigation, drinking water, improvement to existing electricity supply infrastructure and low cost storage and marketing facilities. The CDF also finances on-farm/off-farm activities that support agricultural operations, involving farmer groups/associations and small and medium-scale rural enterprises, such as agro-processors, marketing organisations and input suppliers. Under this sub-component, IFAD now allocates around USD 4.4 million (at the current SDR/USD exchange rate). Due to the increase of prices and change of priorities, the community sub-projects cost considerably more than when they were originally formulated in 2009-10. In view of this, it has been decided to increase the grant allocation per household to about USD 500 (at the current SDR/USD exchange rate). This allocation will also ensure the almost full disbursement of the CDF. The participating communities are required to contribute a minimum of 5% in cash (10% for income generation sub-projects) from their own resources, as well as a storage shed or garage if the purchase involves agricultural machinery. Each investment proposal includes details of the sub-project activities and implementation mechanism, including arrangements for operation and maintenance.

23. As of 31 October 2015, 98 subprojects were implemented on provision of agricultural and construction machinery, 4 subprojects on construction of water supply lines and 3 subprojects on road rehabilitation. The total amount of these subprojects is USD 4.08 million of which USD 3.88 million financed by the project and USD 0.2 million provided by the project beneficiaries. Currently 13 community infrastructure subprojects are under implementation (after approval by IFAD and the PMU). The estimated total amount of these subprojects is about USD 0.43 million of which USD 0.41 million to be financed by the project and USD 0.02 million to be provided by the project beneficiaries. These subprojects include rehabilitation of electricity lines, road rehabilitation, construction of drinking water supply systems and construction of water boreholes for livestock. Thanks to the already implemented subprojects the following have been achieved:

- Delivery of 80 tractors, 10 front loaders/dump truck, 71 trailers, 31 threshers, 340 harrows, 79 ploughs, 3 potato planters and 2 potato harvesters, 7 shovels/buckets for tractors, 1 hay cutter, 18 grain combines and 6 sprayers. The total income received by VOs in two districts from the machinery rental services during 2014 - September 2015 amounts to about TJS 800 000 while the savings equal to approximately TJS 2 million;
- Supply of electrical power to approximately 2 100 rural inhabitants;
- Supply of pure drinking water to about 10 000 villagers;

- About 8 000 m of roads were rehabilitated providing improved access to markets and services to about 2 800 rural residents.

24. There are no issues, and the only follow-up step is to complete implementation of the ongoing community and technology transfer subprojects.

D. Project implementation progress

25. **Project management performance.** In line with the revised Project Gant Agreement, implementation of KLSP has been transferred to the LPDP PMU and all the procedural actions have been taken accordingly. All the agreed personnel and consultants have been recruited, and have an outstanding performance. The mission is pleased with a very **satisfactory** performance of the PMU and of the MOA as the Lead Implementing Agency. Overall, both the MSDSP and FAO have performed in a satisfactorily manner.

26. The PSC established for LPDP has been engaged on a regular basis as a steering committee for KLSP. Its status and composition are deemed sufficiently suitable to undertake an overall supervision of KLSP.

27. Following the Government liquidation commission's decision, there has been an official closure of the PCU (previous project management) and transfer of the KLSP assets and documents to the PMU. Moreover, the payment of all the outstanding debts incurred under the PCU is being concluded **(Physical/financial assets, Satisfactory, 5)**.

28. **Monitoring and Evaluation is satisfactory (5).** The structure of M&E consists of three layers: (i) village level organizations; (ii) district officers who collect the information from village level organizations, synthesize, validate and submit to the (iii) PMU M&E Consultant for validation and consolidation in the PMU's MIS. The baseline study's qualitative and quantitative data have been recorded in the project logframe. The project regularly updates M&E data on physical progress on output and outcome level, including RIMS indicators. The M&E Consultant is finalizing the TOR for an impact survey to be conducted in 2016, which will provide needed output, outcome and impact data for the Project Completion Report.

29. **AWPB.** Coherence between AWPB & implementation is **satisfactory (5)**. After low disbursement during the initial years, the project has during the ongoing year caught up and set itself well on track to achieve the cumulative targets set at redesign, and full disbursement. The AWPB first draft was sent to IFAD on 1 November, approved and subsequently revised in February 2015. The AWPB includes both physical and financial measurements of performance and outlines the cumulative cost of activities, components and categories of expenditure; however, it does not automatically links the financial plan with the procurement plan and outputs.

30. **Gender focus in implementation.** The project's gender focus is **satisfactory**. The PMU and implementing partners are committed to addressing gender issues and women's empowerment and sufficient human and financial resources have been allocated to these aspects of the project, including capacity building of community organisations on gender issues and dedicated activities for women. The project M&E system adequately captures gender disaggregated data and all RIMS indicators are disaggregated. Due to the difficulties experienced during initial project implementation most activities have been implemented over the last 18 months but the overall target of 50% women beneficiaries has been met, with higher participation in some activities and lower in others. All VO's meet the target of 3 women members and CIGs are almost exclusively led by women, as per the targeting strategy. While women's leadership roles in community organisations remain somewhat quota driven, there has been one case of a women elected Chairperson of a VO and such cases would be expected to increase as project's broader impact on women's empowerment takes effect.

31. In terms of project management, female staff are mainly in roles relating to finance, procurement and M&E. The TOR of all project staff clearly outline their responsibilities with regard to gender mainstreaming and ensuring outreach to women in target communities. There was no requirement for Community Facilitators to provide female field staff but this does not appear to have affected the project's ability to reach out to and empower women's groups in the communities. During field visits the PMU M&E Officer often holds separate meetings with women, as well as meeting with men and women together and confirms, as noted by the mission, that women are engaged in the activities of the VOs and supportive of the priorities agreed by the community. The State Committee for Women's Affairs and Families participated actively in the PSC throughout the life of the project. Overall mission meetings with female beneficiaries showed clearly that the project activities are highly relevant to their needs, are yielding significant benefits, and are strengthening the position of women in their communities and will continue to do so after completion. **(Satisfactory, 5)**.

32. **Poverty focus in implementation.** The project is effectively reaching out to poor rural women and men, and activities correspond to target group needs and interests. The majority of project funds are dedicated to investments, which benefit the entire communities, rather than just the poorest HHs but effective geographic targeting and the inclusion of specific activities targeting the poorest HHs in ensure that the overall poverty focus is **satisfactory**. Priority subprojects selected by the VOs are generally recognised as priorities by all HHs, regardless of income level. All VOs met by the mission clearly expressed their sense of obligation to support the poorest HHs in these communities, and thanks to the capacity building support of the project, and the funds generated by project investments, most VOs are now in a position to provide an extremely valuable emergency social assistance function in their communities, increasing their resilience to shocks

33. **Effectiveness in targeting.** The project has clear targeting mechanisms in place, and is reaching its intended target groups. Monitoring of targeting performance could be better integrated within the PMU's M&E system, but at the level of communities it is closely monitored with appropriate systems in place to identify and address issues if they arise. The difficulties faced by the project at the beginning forced it to restrict its activities to two of the original five districts selected, meaning the overall outreach target had to be cut from 18 750 to 8 782 HHs, a target which has now been slightly exceeded. The detailed targeting strategy developed by the project included geographic targeting based on indicators of poverty and agricultural production, together with enabling measures, capacity building, self-targeting and direct targeting (based on participatory HH wealth ranking exercises). This strategy has been implemented rigorously and effectively and monitored closely at the community level with clear documentation of the very poor households receiving direct targeted support. During distribution of beekeeping packages the PMU noticed that FAO had not followed the agreed targeting criteria but the PMU undertook visits to all HHs which had received the packages and confirmed that they met the project targeting criteria. The mission noted that the inclusive approach of working through VOs appears to have helped to build community cohesion and solidarity, from which the major beneficiaries will be the poorer HHs in the community, even if the majority of Village Council members tend to be from HHs which are mid-ranking in the village wealth ranking (i.e. teachers, vets, dekhani farmers) (**Satisfactory, 5**).

34. **Innovation and learning.** Detailed information on innovation and learning in the project is provided in Appendix 7. Overall, the project innovations are mainly adaptations of existing approaches and technologies, but this approach has been successful. The PMU focus of the remaining time until closing should be on capturing lessons learned and ensuring they are shared effectively to maximise opportunities for scaling up and replication. (**Satisfactory, 5**).

35. **Climate and environment focus in implementation.** The project design has not had an explicit focus on climate and environment issues. However through its investments it has improved the resilience of the communities to climate shocks through improved road infrastructure which will be usable in a wider range of conditions, improved access to water even in drought periods, electricity to provide heating in cold winters and significantly reduce use of firewood for light, heat and cooking, and agricultural machinery which can be used to make emergency repairs to river banks and improve flood protection. Strengthening of VOs will also enable communities to better identify and address environmental and climate problems as they arise, and institutional strengthening is widely recognised as key to boosting adaptive capacity. (**Satisfactory, 5**)

Agreed action	Responsibility	Agreed date
Finalize the impact survey TOR and start the tender	M&E Consultant, Sr. Procurement Officer	Mid Nov 2015
Finalize the TOR for an international consultant to prepare KLSP final report, and her/his recruitment	M&E Consultant, Sr. Procurement Officer	End Nov 2015
Undertake a rapid assessment of knowledge products which can be produced before project closure, covering topics such as machinery services, social assistance functions of PUUs, additional information on income generating activities	M&E Consultant KLSP Coordinator	30 Nov 2015
Develop a clear learning strategy for the orchard demonstrations and identify potential adopters to reach out to, as well as carry out training for extension staff who could facilitate farmer groups in adopting of the technologies over time. FAO to confirm continued support to the demonstrations after the completion of KSLP	KLSP Coordinator/FAO	30 Nov 2015

E. Fiduciary aspects

36. **Financial management.** The mission identified some minor areas where FM-practices could be further improved and the risk mitigated. Overall, the project financial management is rated **satisfactory (5)**.

37. The Financial Management (FM)-unit of the PMU is responsible for budgeting, accounting, maintaining internal controls, preparation of withdrawal applications, execution of payments, financial reporting and ensuring compliance with external audit requirements.

38. According to the last supervision mission recommendations, the PMU hired an accounting consultant. The accounting team is led by the Chief Accountant who supervises LPDP financial activities.

39. **Internal audit.** The PMU has no internal audit function in place. However, the project is subject to internal review by the State Agency on Anti-Corruption on an annual basis, and by the Accounting Chamber and Revision Commission of the MOF on an ad hoc basis. A review was taken place in March 2015 and the State Agency's report didn't show major findings.

40. **Fixed Asset Register.** The FM-unit records all assets in the 1-C software. This information is used by the Administrator to create a fixed asset listing with serial number, location, custodian, historical cost etc. All assets are tagged and a commission is created yearly to physically verify the assets before year end. The last physical count was February 2015 with no major issues regarding the assets status of use.

41. The project applied previous supervision mission recommendation related to the set-up of vehicles maintenance log.

42. The Government of Tajikistan has constituted a Liquidation Commission to determine the value of assets and liabilities to be transferred from the previous PCU to the new PMU. Based on the Liquidation Commission' conclusions, bank accounts should be closed and transferred to the new PMU. The DA balance amounts to USD 58 and without transactions since 2013. The mission recommends to close this bank account and transfer the balance to the active DA.

43. **Information back-up and filing.** The accounting data is password protected and backed up on weekly basis into an external flash drive and on the Chief Accountant's computer. All supporting documentation is filed in the PMU and correctly archived.

44. **Financial reporting.** The PMU prepares its financial statements in accordance with IPSAS cash. In accordance with best practice, the PMU prepares and submits to IFAD Interim Financial Reports (IFRs) semi-annually and annual financial statements as well as a reconciliation of the Designated Account.

45. Payments are managed so that they do not occur at month end. Hence the balance in the accounting records of the bank accounts agrees to the bank statements. Monthly Bank reconciliation is correctly designed, processed and approved.

46. **Accounting.** The PMU uses IPSAS-cash as basis for accounting. The project transactions are recorded in the accounting software 1-C. This has been modified so that all the financial reporting requirements of the project are automatically generated by the system, including the Designated Account reconciliation and withdrawal applications.

47. **Internal controls.** Despite the limited number of FM staff, the mission notes the sufficient level of segregation of duties and authorization with regards to transactions. The PMU maintains a Financial Management Manual, which is kept substantially up to date. The assistant accountant/FM Consultant prepares payment orders together with all the relevant supporting documentation. The Chief Accountant checks and then provides to the PMU Director for signature. At the end of each period, the Chief Accountant reviews all transactions for the month, ensuring validity and accuracy. Any corrections required are made at this point and then the accounting records are closed off. Once a period is closed it cannot be reopened.

48. **Budget Monitoring.** The FM-unit undertakes budget monitoring at the stage of payment. Budget monitoring functionality is correctly implemented in 1-C software and linked to the accounting module. A monthly report is prepared for the different departments of MOF and MOA explaining the trend of the operational activities and indicating the reasons the deviation.

49. In the re-launching of the project the scope of the assistance has been reduced to cover only two districts (Muminobod and Shurobod) as opposed to the five districts cited in the original Grant Agreement. This means that only 82 villages are now targeted compared to the original 250. As a result the amount financed by IFAD has been reduced from SDR 7.9 million to SDR 6.2 million.

50. The PMU is reporting based on the design Costabs and not the final amount of the Grant Agreement. This situation shows deviation between IFAD statistics and the PMU in terms of disbursement and operations progress.

51. The mission recommends the PMU to prepare the reports with updated figures in connexion with the Grant Agreement.

52. **AWPB.** The AWPB was prepared by the end of the year and submitted to the Project Steering Committee for approval and subsequently to IFAD for its no objection on October 31, 2014. Later, the 2015 AWPB was revised in February, and IFAD provided its non-objection. As of September 30, 2015 the project spent USD 3.1 million of annual project funds against the planned USD 3.4 million yielding an execution rate of 90%. For 2015 the AWPB includes both financial and physical targets as well as financing from all sources and attribution of activities to each financing partner.

53. **Flow of funds.** Currently the project operates three accounts in a commercial bank (Tajprombank Zao): (i) the IFAD designated account denominated in USD, (ii) the IFAD project account denominated in TJS and (iii) the funds from beneficiaries denominated in TJS. The mission undertook a reconciliation as at March 31, 2015; June 30, 2015 and September 30, 2015. Monthly Bank reconciliations reviewed were correctly designed, processed and approved.

54. **Disbursement rate.** The disbursement rate is assessed as **moderately satisfactory (4)**. From September 2014 to date 7 WAs for replenishment and 8 WA for Direct Payments have been processed under the IFAD Grant for a total amount of USD 3.33 million, yielding a total disbursement rate of 86%. The 21th WA amounting to USD 112 251 for Direct Payment will be processed shortly. Considering that project's completion date was extended from 30 June 2015 to 31 December 2015, the disbursement rate is considered as moderately satisfactory with disbursement factor of 0.99³.

Disb Rate	PY5-Rural Target	Coeff	1st Rating	Def rating	Comment
86%	87%	0.99	Satisfactory*	Moderately Satisfactory	1 point lost due to extension

* It is expected that the project funds would be fully disbursed before the closing date

³ "The number of extensions also needs to be taken into account. Those projects extended once or twice lose 1 point on the rating [...]" - IFAD's Guidance Note for Supervision Aide Memoire, (p. 11).

55. **Use of SOE and adequacy of supporting documentation.** The mission examined on post review fifteen (15) WAs that have been submitted to IFAD aggregating USD 3.33 million covering expenses for the period September 2014 to September 2015. The mission examined the calculations and the documentation in respect of WAs and found these to be satisfactory on aspects as (a) the logic used (b) arithmetical accuracy of the Special Account Reconciliations (c) application of correct rate of exchange (d) tallying of balances in designated accounts with bank statements (e) exclusion of non-eligible claims and (f) supporting documents.

Categories	Amount USD	Scope covered USD	Scope
Civil works, Equipment, Goods, materials and vehicles	586 644	552 541	94%
Technical assistance and studies	1 045 941	876 163	84%
Training and workshops	7 626	0	0%
Community Development Fund	1 624 144	1 321 320	81%
Operating costs	74 073	9 754	13%
Total	3 338 428	2 759 778	83%

56. **Justification of the Initial Deposit.** The recovery of the Initial Deposit already started and 56% were justified as of 31 October 2015. During the mission, a recovery plan was agreed with the PMU and detailed below:

WA No.	Date	Estimated WA value (USD)	Proposed Recovery %	Recovery Amount (USD)	Cumulative Recovery Amount (USD)	Cumulative Unjustified balance (USD)
						970 930.78
19	20-Aug-15	434 902.98	15%	65 235.45	65 235.45	905 695.33
22	10-Oct-15	599 587.43	15%	89 938.11	155 173.56	815 757.22
24	10-Nov-15	408 150.00	20%	81 630.00	236 803.56	734 127.22
25	15-Jan-16	573 877.50	85%	487 795.88	724 599.44	246 331.34
26	15-Jun-16	245 830.78	100%	245 830.78	970 430.22	500.56

57. **Counterpart funds (Satisfactory, 5).** Contributions from the government are provided by way of VAT exemption. In accordance with the Tajikistan tax law, projects managing grant funds are not subject to duties and taxes. Hence, invoices from suppliers, which would normally include VAT are issued to the project without VAT. The project submits a report on a monthly basis to the tax authorities of the VAT exemptions, which are being claimed. The contributions are recorded by way of a journal debiting expenditure (under government contributions) and crediting income. The VAT reports are submitted on a timely basis. Government contribution exceeded the budgeted amount and totaled USD 300 904. The FY 15 budgeted Government contribution amounts to USD 209 600. This over contribution is due to the VAT exemption on Agricultural machineries acquired for Community's need. As of September 30, 2015 the beneficiaries' contribution (NGO contribution and Community contribution) achieved 48% of budgeted amount for FY15 and totalize USD 63 497.

58. **Compliance with loan covenants.** The compliance with the loan covenants is **satisfactory (5)**. Except for the following one, the project has complied with all the loan covenants:

- The auditors for the fiscal year 2015 were not appointed till the end of this mission although Article VIII of Section 9.03(a) of the General Conditions and paragraph 23 of the Letter to the Borrower require that the auditors for a fiscal year be appointed within 120 days from the beginning of such financial year.

59. **Audit.** The project is rated as **satisfactory (5)** in terms of quality and timeliness of Audit report submission. External Audit report was timely submitted to IFAD. The FY14 external audit was conducted by Baker Tilly International, which is included in the World Bank list of approved auditors. In general, it is observed that audit work throughout the project's life has been completed following IFAD's Project Audit Guidelines. The audit report for FY 2014 was conducted using International Standards of Auditing (ISA), and the project used IFAD external auditors TORs upon CFS no objection. The 2014 Audit report was unqualified. The management letter disclosed the issue related to the possibly ineligible expenditures of vehicles contracted with "Niagara-a" for a total amount of USD 120 765. This disclosure was based on the findings of the 2010 IFAD supervision report. This issue was considered as a qualification by the auditors in their report FY13. They removed it to the

Management Letter for FY14 as they considered the net value of the equipment not significant and material to impact their opinion.

60. The auditor has assessed the IC systems as good i.e. all expected controls available; no significant issues arising; evidence shows control is working; and evidence is retained and documented.

61. Furthermore, the Audit Guidelines of IFAD provide that the appointment of the External Auditor be completed before the end of the reporting period, which is to be audited and that the shortlist for appointment should be cleared by IFAD. As the completion date is 31/12/2015, the mission recommends an extension of the period to be covered by the external auditors from January 1st, 2015 to June 30, 2016. The deadline for the submission of the final audit report to IFAD will be August 31, 2016.

62. Agreed Next Steps:

Agreed action	Responsibility	Agreed date
Prioritise the hiring of an External Auditor in accordance with IFAD guideline	Chief Accountant/ PMU Director	As soon as possible Continuous/As soon as possible but not later than 31 August 2016
Audit report including management letter for 18 months to be submitted to IFAD.	Chief Accountant/ PMU Director	On-going
To follow the expenditure related to Budget software and include it in the Assets Register.	Chief Accountant	On-going
Close the bank account of DA related to the previous PCU and transfer the balance to the actual bank account.	Chief Accountant	As soon as possible

63. **Procurement.** Overall, the performance of procurement is considered **satisfactory (5)**. The PMU implements both LPDP and KLSP, and a Unified Procurement Unit carries out the procurement activities. Considering that the KLSP implementation period is drawing towards completion (31 December 2015), the key recommendations presented in this section shall be taken into account in implementing LPDP.

64. The PMU prepares annual procurement plans (PP), which are submitted to IFAD approval as an integral part of AWPB. Since the beginning of 2014 and until October 2015, the PMU had been concluded a total of 81 contracts for a total amount of USD 5 576 488 including 30 contracts for procurement of goods amounting to USD 2 906 523, 24 contracts for procurement of construction and repair works of USD 1 227 675, and 27 contracts for services of US 1 442 290. It is expected that all the remaining contracts would be signed and completed before the end of this year.

Key outcomes/issues and recommendations

65. The procurement capacity is adequate. Both Procurement Consultants have sufficient proficiency in the IFAD procurement procedures and participated in a number of workshops on procurement. In addition, the PMU Senior Procurement Officer, who is in charge of the PMU Procurement Unit, and the LPDP Procurement Assistant, are also involved in implementation of KLSP. The mission has recommended to strengthen the procurement personnel potential capacity and to continue to improve the knowledge in various training courses on procurement.

66. The mission has noted that the procurement personnel are periodically involved in performing functions beyond their Terms of Reference (TOR, Technical Specifications). It is recommended to engage individual experts or to attract the final beneficiaries in development of such documents.

67. Procurement Plan (PP). The applied template meets the required parameters, reflects the process of implementation of procurement activities and is able to perform procurement monitoring. It was noted the inconsistencies between the PP and the actual data on procurement conducted, although these amendments have been approved by IFAD. It was recommended to ensure compliance of the PP with the above comments and provide it to IFAD formal approval. The PP template was discussed in detail with the procurement personnel.

68. Project Procurement Manual (PPM). There is a Manual, which describes in detail the procurement procedures to be applied in implementation of LPDP and KLSP. However, it is necessary to make changes and adapt the project activities to the present circumstances, it has been agreed

that the Senior Procurement Officer is association with the mission would make amendments to the present PPM with a further submission to the IFAD approval.

69. It was noted that the project considers the requirements of national legislation in its efforts to procure goods, works and services, namely the Tajikistan Government Resolution №500 dated 02.10.2010. According to the document, the State Committee on Investments and State Property Management (SCISPM) participates in the bid opening and evaluation processes and prepare separate documents along with the PMU. At the same time, the results of these steps of procurement carried out by the PMU are not considered as completed or valid without conclusions of the SCISPM. This leads to a delay of procurement activities as the provision of documents from the SCISPM takes an undefined period of time. The mission held a meeting with the SCISPM regarding the joint preparation of documents and creation of a Joint Tender Committee in order to avoid duplication. It was revealed that the implementation of this proposal is not feasible because: according to the national legislation requirements, the language of these documents shall be Tajik; the SCISPM does not participate in the bid evaluation process, instead provides its conclusion on the evaluation conducted by the PMU; accordingly, these documents can not be signed by the Tender Committee to be created by the SCISPM. Following the meeting a joint decision was taken that the Bid Opening Minutes could be submitted to the IFAD without the expectation of such document from the SCISPM.

Procurement procedure and contract implementation review results

70. The mission inspected in detail all the procurements undertaken up to day. It was found that the IFAD Procurement Guidelines requirements have not been respected regarding the publication of a General Procurement Notification (GPN) on the UNDB website before the start of procurement activities. It was recommended to take into account this condition in the future activities of the PMU.

71. When analyzing the procurement conducted, it was found that the PMU had some difficulties in attracting a sufficient number of bidders. It is recommended to create a registration database of eligible companies that would help to save time in attracting bidders.

72. The performance of the document filing system is assessed to be satisfactory. The main documents are available and classified accordingly on the shelves. It was given further recommendations on improvement of the record keeping system, including introduction of an electronic database of key procurement documents.

73. *Goods and Works:* The mission reviewed in detail the tender process and related documents for the main part of the conducted tenders. No irregularities were found. There is a practice of drawing up short lists of suppliers prepared on the basis of advertisements of expression of interests for the Shopping method. Further, according to the short list, companies were provided with ITQ. To save the time, it was recommended to publish advertisements in a standard form together with ITQ and registration of the receipt. In order to attract more bidders, the PMU should create a database compiled based on the previous experience or market analysis, other providers could be invited additionally.

74. With reference to the procurement subject to prior review, it was noted that all the evaluation reports have been sent to IFAD approval. In order to save time, it was recommended to follow the procurement plan, i.e. sending only the documents needed IFAD's prior review.

75. In many cases there were advance payments amounting to 40-60% of the contract amount, while usual practice recommends the ceiling of not exceeding 20%; the maximum amount of penalty was 20% of the contract amount, while the maximum penalty amount shall not exceed 10% of the contract amount. These terms were agreed with IFAD and have a forced nature due to the short implementation duration of KLSP.

76. *Consulting services:* The mission reviewed in detail the tender process and relevant documents for the main part of conducted tenders. The findings are of the same nature. No violations were found. In particular, it was noted: some procurement formats are distinguished from the commonly used practice. Also, the SSS method was actively used as an exceptional measure related to the limited duration of KLSP. The application of procedures, the forms of documents and the possibility of competitive bidding have been discussed.

77. The mission noted that an incomplete RFP version has been used in some selection processes, in particular for some forms of financial proposals. The stages of procurement procedures,

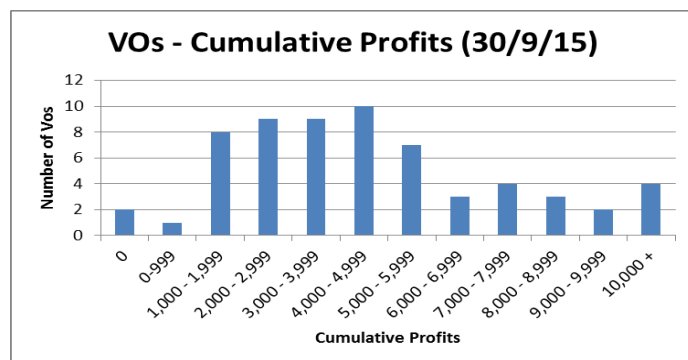
the RFP forms, the payment terms of contracts and other issues have been discussed with the project staff..

Agreed action	Responsibility	Agreed date
Adjust the Procurement Plan for 2014-2015 to already provided approvals, and submit to IFAD for formal review	Sr. Procurement Officer	As soon as possible

F. Sustainability

78. **Institution building.** The VOs met by the mission had benefitted from considerable capacity building under the project, both through training and 'learning-by-doing' with regard to preparation of plans and subprojects, collection of beneficiary contributions, management of the assets provided by the project, including tractor services and maintaining detailed financial and administrative records. A rapid assessment of VO capacity will be undertaken by end 2015 in order to produce a categorisation of VOs with regard to their capacity and level of activity. This should include identification of key success factors for successful VOs and key challenges and constraints to be aware of in future which should be documented and shared with relevant stakeholders. In general services to clients are most likely to continue in those VOs which have obtained machinery or other assets which enable them to generate funds which they can use to sustain their activities, finance other development priorities or implement social assistance for poor households in the village. VOs cannot distribute profits but can use accumulated funds to address development problems in the village and provide emergency assistance to very poor families. The income from machinery services will therefore enable VOs to continue providing support to the poorest HHs, and all VOs met by the mission were committed to do so, using various approaches. The latest project records indicate that of 62 VOs, which have received machinery, 60 are already reporting profits, with 4 VOs achieving cumulative profits of over USD 10 000 in less than 12 months. Ensuring that less mature VOs receive some additional training and support to manage their agricultural machinery profitably, before the project completes, could be key to their longer term sustainability.

Table 1: Cumulative Profits of VOs Machinery Enterprises (30/9/15)



79. All assets and infrastructure provided by the project are transferred to the VO as a legal entity, appearing in their asset registers. They are legally responsible for their maintenance, collect user fees where relevant, and have assigned responsibility for O&M. One incident of suspected misuse of agricultural machinery financed by the product was recently identified by the PMU through this monitoring system and is currently being addressed through the procedures established by the project, in coordination with the MOA and local administration. Electricity subprojects have been handed over the state electricity supplier, which is responsible for maintenance of electricity infrastructure and bills users and carries out repairs. **(Satisfactory, 5).**

80. **Empowerment.** The project has effectively supported the target group to develop and strengthen their organizations and communities, and to gain control over economic relations, natural assets and institutions. The VOs report once a year to the community in a general assembly, explaining the achievements of the past year and confirming the priorities for the coming year. It was reported to the mission that an important change brought by the project had been to change the focus of the VO from social issues (health and education) to economic activities (infrastructure and agriculture), and the provision of machinery has enabled the communities to take responsibility for many of their own development needs (i.e. repair roads) and agricultural requirements (preparation, cultivation, harvesting etc.) which they previously relied on others for. Most VOs met were able to

clearly express their own plans for their future and to mention several initiatives which they had planned, such as water supply projects and establishment of WUAs. They felt strongly that the project support had been critical in building their capacities and were confident they would be able to sustain their work after the end of the project. **(Satisfactory, 5).**

81. **Quality of beneficiary participation.** All HHs are members of the VO, and typically about 80% of HHs in each community participate in the quarterly general meetings of the VOs. Beneficiary contributions have been collected and used for project activities and all beneficiaries met were generally happy with the support provided. The communities are clear about their priorities and ensuring that the activities are sufficiently demand driven is a key concern of the PMU during field visits. This ensures that the CFs are not simply delivering packages to the HHs which meet the criteria but to HHs which are genuinely interested receive them.

82. The project has been very successful in recovering the trust of target communities. The 82 target communities were mobilised in 2009. Some had deposited their beneficiary contributions in the project accounts already when the project was suspended and feared the project would not return. However, since the project was re-launched with a new PMU, the effectiveness of the project approach has been clearly demonstrated, and VOs have been satisfied with the speed at which their subprojects are being implemented and by the immediate flow of benefits which they have experienced in most cases, especially in the case of projects on water, electricity or agricultural machinery. **(Satisfactory, 5).**

83. **Responsiveness of service providers.** The community facilitator, MSDSP, has worked with both the PCU and the PMU since 2009, maintaining strong collaboration, responding to the demands of the communities, meeting targets and providing comprehensive monitoring and reporting on project activities. Ensuring that target communities understand the project is a Government project is central to the long term sustainability of the activities through recognition by the communities that they are expected to treat project funds as government funds, that they are subject to monitoring and audit by the Government agencies, and that they must collaborate closely with local government. Government also has the right to take back any assets provided by the project and assign them to another VO if they are found to be misused.

84. The PMU officers have been in close contact with the VOs during implementation, supervising the work of the CF and addressing any issues, which arose. One example was underestimation of the cost of subprojects by the CF, which resulted in some tensions with VOs when the true cost of subprojects (up to 4 times original estimates) was realised. Suspicions by VOs that the project was exaggerating cost to increase beneficiary contributions were dealt with by fully involving the VO representative in the procurement process, including ensuring they attended the bid opening and co-signed documents awarding the tender and approving the final cost.

85. FAO, as a technical facilitator, has implemented activities concerning On-farm technology validation and demonstration, including bee keeping, veterinary services, intensive orchard demo plots; and though the mission expressed some concerns regarding the learning strategy applied to the demo plots and the project targeting strategy was not followed precisely in some cases (see above), the PMU is satisfied with their performance as a service provider. The project is also a good example of effective collaboration between IFAD and the FAO Investment Centre, which has been closely involved in design, supervision and implementation support for the project. Furthermore, the project management considers such cooperation as a key to success of KLSP. **(Satisfactory, 5).**

86. **Exit strategy (readiness and quality).** The project exit strategy revolves around the post-project sustainability of the VOs. Originally it was intended to encourage the formation of district level associations of VOs and CIGs called "Social Union for Development of Village Organizations" (SUDVOs), which would eventually take over the role of the Community Facilitator in the project. The delays experienced in initial implementation have made this exit strategy impracticable, and in the last 12 months the PMU has developed a new exit strategy, both for practical reasons of the time required establishing SUDVOs, and more importantly in order to better align with Government strategy for integration of the VOs into the local Government structure. The VOs now come under the authority of the local government at Jamoat level, and each subproject is implemented based on a tripartite agreement between the PMU, VO and Jamoat Administration, and VO priorities are integrated in the Jamoat Development Plan. All VO Chairmen attend monthly meetings at the Jamoat to discuss ongoing issues.

87. From the end of 2015 until project closing there will be a period of phasing out of PMU monitoring of VOs. To initiate the exit strategy, in early December the PMU will send a letter to the District Government, with the final details of all subprojects which the project has financed, detailing the responsibilities of the Jamoat for future monitoring of the VOs and subprojects, and asking the District Government to formally appoint a person in each Jamoat whose will be responsible for the monitoring of the VOs. In order to finance the cost of this position the VOs will begin to make small monthly payments to the Jamoat. The VOs will continue submitting monthly reports on their activities to the PMU until closing, but will also submit them to Jamoat directly; and the PMU and Jamoat administration will jointly undertake visits to VOs in order to build their capacity in VO monitoring. The PMU will continue monitoring of KLSP beyond the project closing for at least three years. Given the delays in implementation this is considered a satisfactory solution to ensure sustainability of project benefits and will also provide PMU staff with an important learning experience regarding ensuring post-project sustainability of community organisations and lessons which they can apply to the LPDP and subsequent phases. **(Satisfactory, 5).**

88. **Scaling up and replication.** The project approach to rural development has very high potential for scaling-up in Tajikistan and elsewhere in the region. Two key aspects of the project, which have particularly high potential are: (i) the approach to capacity building of VOs; and (ii) the system for VO management of agricultural/construction machinery services.

89. The Rural Development Agency recently established under the President of Tajikistan is looking closely at the example of KSLP as a model for the future development of VOs across Tajikistan and plans to revise the existing VO policy and regulations using the lessons learned and experiences of KSLP. Key elements of the KSLP methodology is already being utilised in LPDP and LPDP II, and MSDSP is also using the KSLP approach in proposals to donors for new projects. Critical factors to consider in scaling up of VOs include: (i) finance/resources, (ii) purpose/legitimacy; (iii) horizontal networks/mentoring relationships; (iv) vertical linkages to local administration; (v) access to knowledge and information; and (vi) good governance, including strong accounting systems, regular transparent elections with high participation to encourage accountability and results orientation of VO Councils, and a high level of transparency in decision making processes.

90. The project has also been in contact with Tajik Agroleasing, the largest agricultural machinery leasing company in Tajikistan, which was impressed by the approach of the project and by the results achieved by the VOs, which have received farm machinery. There is strong potential to build a partnership with Tajik Agroleasing in LPDP to pilot leasing of agricultural machinery by community based organisations to be run for the benefit of their members. This would build on the experiences of KSLP and could reach out to KSLP VOs who are interested in leasing additional machinery. The major benefits of this would be the lower upfront capital investment (which in the context of LPDP and LPDP II would release additional funds to invest in other community priorities) and the access the community would have to technical support and assistance from Tajik Agroleasing for the duration of the lease. VOs and PUUs established by the project are ideal clients for leasing companies, having been provided training and having experience in managing tractor services, and they generally lack access to the large medium to long term loans which would be required to purchase them themselves. **(Satisfactory, 5 – with potential to be highly satisfactory if additional information is available regarding steps already taken to start the scaling up process).**

Agreed action	Responsibility	Agreed date
Complete rapid assessment of VO capacity and urgently address any specific needs, particularly in cases where agricultural machinery is not yet generating the expected level of income for the VO. Share results with District and Jamoat administration.	PMU	31 Dec 2015
Ensure an effective handover of the responsibility for VO monitoring from the PMU to the Jamoat administration with VO monitoring officers appointed promptly in the Jamoat, and VOs making monthly payments to the Jamoat to cover the costs.	PMU/Local Government	30 Jun 2016. Report progress at end Dec. 2015

G. Other

91. **Impact.** Despite the short period of effective implementation, the project is already generating an increase in the physical and financial assets owned by rural poor women and men, boosting their food security and increasing climate resilience. Project investments in water provided drinking water for 10 000 people, electricity to about 5 000, and improved road infrastructure to around 2 800 people. It should be highlighted that KSLP has electrified the last 3 villages in Tajikistan to be without electricity. In communities benefiting from electricity the impact on quality of life has been dramatic, particularly for women and children. Women reported that they now use electricity for light, heat and cooking, instead of firewood, their children are able to study at night and women are able to undertake income generating activities such as wool processing, or sewing using electric machines. Ability to heat homes and more frequent hot meals are reported to have improved health of children. Availability of electricity is also stimulating private investment with all communities reporting plans for the establishment of grain mills for processing of local grains.

92. Most VOs requested agricultural or construction machinery as their first, and often second priorities and with this machinery they have already generated around USD 290 233 in profits on revenue of USD 742 095 from providing valuable services for 10 258 smallholder farmers in the communities and in neighbouring communities.

93. Agricultural machinery has also reduced the cost of tractor services from 100TJS/ha plus 40 litres of fuel and 1 litre of oil to 70-80TJS/ha plus 30 litres of fuel and 1l of oil. Assuming fuel at USD1/litre, and oil at USD5/l the total cost for plough services was previously USD60 per hectare and is now USD47 per hectare, a drop of around 20%. Using these figures it can be roughly estimated that the total savings to the beneficiaries from the machinery financed by KSLP, has reached around USD 200 000 in one season, not to mention the benefits of more timely supply of services, higher quality, and the overall economic boost of keeping this money within the community instead of paying outside service providers.

94. VOs met by the project estimated that the timely availability of tractor services during harvest and better equipment with lower waste had resulted in a doubling of yields in some cases (but at least a 20-30% increase), and a doubling of the profits of agricultural enterprises in the village. The increased availability of food in the village meant they did not have to purchase food from neighbouring communities with big savings in cost and transport and increased availability of fodder will ensure improved livestock productivity. Tractors also enable them to move equipment and materials up to pasture areas to fix roads and equipment.

95. The above numbers have been confirmed by joint field monitoring visits by CPO and the PMU that were undertaken in September 2015 to a sample of 20 randomly selected VOs. This is being documented and to be used for the Project Completion Report.

96. The mission expects that the impact of KSLP will continue to compound for the foreseeable future. VOs are already using the profits from their activities and the machinery obtained through the project to address other community priorities such as repairing roads, improving water supplies and addressing erosion problems (i.e. river bank erosion) which threaten their communities.

97. It is expected that the Impact Survey currently being planned will demonstrate significant impacts on poverty and food security, despite the short period of actual implementation of the project. The impact survey needs to be carefully designed to produce specific figures for the number of people lifted out of poverty and to capture the full range of impacts on physical and financial assets, food security, institutional development and empowerment, and overall quality of life. IFAD will review the proposed TORs for the impact assessment study and provide detailed comments and recommendations. **(Physical and Financial Assets and Food Security, Satisfactory, 5; Quality of natural asset management and climate resilience, Satisfactory, 5).**

Agreed action	Responsibility	Agreed date
Review the Impact Study TOR and provide detailed comments and suggestions to the PMU.	IFAD	Mid Nov 2015

H. Conclusion

98. The Khatlon Livelihoods Support Project is the first IFAD-financed project in Tajikistan. KLSP was approved by the IFAD Executive Board in December 2008 and declared effective on 17 April 2009 with completion on 31 December 2015.

99. The project is successfully completing its activities, and since it resumed its operations 1.5 years ago it has managed to undertake all the planned activities. Despite the short period of effective implementation, the project is already generating an increase in the physical and financial assets owned by rural poor women and men, boosting their food security and increasing climate resilience. It is expected that KLSP will exceed the targets for outputs and outcomes set during the re-launching. However, it is very important that the project management keep up momentum for a timely conclusion of the remaining activities, especially with respect to harvesting the knowledge generated during implementation, and effective implementation of the exit strategy to ensure sustainability of benefits.

100. To this end, the following activities should be carried out before project completion: (i) completion of the impact survey TOR and start of the tender; (ii) completion of the TOR for an international consultant to prepare KLSP final report; (iii) completion of the TOR for audit and start of the tender; and (iv) ensuring an effective handover of the responsibility for VO monitoring from the PMU to the Jamoat administration with VO monitoring officers appointed promptly in the Jamoat, and VOs making monthly payments to the Jamoat to cover the costs.

101. IFAD and the PMU endorsed the findings of the supervision mission.

Appendix 1: Summary of project status and ratings

Basic Facts

Country	Tajikistan			Project ID	1408	Loan/DSF Grant No.	8026
Project	Khatlon Livelihoods Support Project					Top-up Loan/DSF Grant	
Date of Update	07-Nov-2015						
Supervising Inst.	IFAD/IFAD						
No. of Supervisions	6	No. of Implementation Support/Follow-up missions	5				
Last Supervision	30-Apr-2014	Last Implementation Support/Follow-up mission	25-Aug-2015				

USD million Disb. rate %

Approval	17-Dec-2008			Total financing	10.6	
Agreement	27-Jan-2009	Effectiveness lag	4.0	IFAD Total	9.65	
Entry into force	17-Apr-2009	PAR value	Not at risk	IFAD loan		
First disbursement	02-Sep-2009			DSF grant	9.65	85
MTR	06-Feb-2013	Last amendment		IFAD grant		
Original completion	30-Jun-2015	Last audit	28 Apr 2015	Domestic Total	0.95	
Current completion	31-Dec-2015			Beneficiaries	0.25	75
Original closing	31-Dec-2015			Government (National)	0.7	121
Current closing	30-Jun-2016					
No. of extensions	1			External Cofinancing Total		

Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	4	4	1. Quality of project management	5	5
2. Acceptable disbursement rate	3	3	2. Performance of M&E	4	5
3. Counterpart funds	4	5	3. Coherence between AWPB & implementation	4	5
4. Compliance with financing covenants	4	5	4. Gender focus	5	5
5. Compliance with procurement	5	5	5. Poverty focus	5	5
6. Quality and timeliness of audits	5	5	6. Effectiveness of targeting approach	5	5
			7. Innovation and learning	5	5
			8. Climate and environment focus	4	5

B.3 Outputs and outcomes	Last	Current	B.4 Sustainability	Last	Current
1. Institutional support	5	5	1. Institution building (organizations, etc.)	5	5
2. Agricultural productivity	4	5	2. Empowerment	5	5
			3. Quality of beneficiary participation	5	5
			4. Responsiveness of service providers	5	5
			5. Exit strategy (readiness and quality)	4	5
			6. Potential for scaling up and replication	5	5

B.5 Justification of ratings

The project is successfully completing its activities, and since it resumed its operations, during a 1.5 year period it has managed to undertake all the planned activities, including the following key ones: (i) delivery of 98 agricultural/ construction machinery subprojects (from both the first and second rounds of priority subprojects). The total income received by VOs in two districts

from the machinery rental services during 2014 - September 2015 amounts to about TJS 800 000 while the savings equals to approximately TJS 2 million; (ii) construction of 4 water supply lines resulted in provision of pure drinking water to 10 000 villagers; (iii) rehabilitation of 8 000 m of roads (3 subprojects plus use of supplied machinery) leading to a better access to market and services to 2 800 rural residents; and (iv) rehabilitation of 27.5 km of power lines resulted in regular provision of electricity to 5 000 rural inhabitants. In addition, there have been developed and under finalization the following subprojects: (i) provision of agrochemical laboratory equipment to the Tajik Agrarian University (amounting to about USD 160 000); (ii) technical support and provision of laboratory equipment for development of artificial insemination in Tajikistan (ca. USD 460 000); (iii) procurement and management of purebred cattle (12 heads from the outside and 40 heads within the country, at amount ca. USD 273 000). With the purpose to improve cattle breeding capacity in the project area, in cooperation with the MOA, 40 heads of purebred bulls have been distributed among population in the Khatlon region. According to the reports from the MOA as of 1 September 2015, about 560 cows have been inseminated. Delivery of additional 12 purebred bulls will be completed by November 2015.

Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	4	5
C.2 Food security	4	5
C.3 Quality of natural asset improvement and climate resilience	4	5
C.4 Overall implementation progress (Sections B1 and B2)	4	5
Rationale for implementation progress rating The project is successfully completing its activities with satisfactory assessment of all aspects. Despite the short period of effective implementation, the project is already generating an increase in the physical and financial assets owned by rural poor women and men, boosting their food security and increasing climate resilience.		
C.5 Likelihood of achieving the development objectives (section B3 and B4)	4	5
Rationale for development objectives rating It is expected that KLSP would be exceeding the outputs and outcomes set during the re-launching.		

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

Fiduciary aspects	No major risks.
Project implementation progress	No major risks.
Outputs and outcomes	No major risks.
Sustainability	No major risks.

Proposed Follow-up

Issue / Problem	Recommended Action	Timing	Status
	Finalize the impact survey TORs and start the tender	Mid Nov 2015	
	Finalize the TORs for an international consultant to prepare KLSP final report, and her/his recruitment	End Nov 2015	
	Finalize the TORs for audit and start the tender	End Nov 2015	
	Ensure an effective handover of the responsibility for VO monitoring from the PMU to the Jamoat administration with VO monitoring officers appointed promptly in the Jamoat and VOs making monthly payments to the Jamoat to cover the costs.	30 June 2016	

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

	Hierarchy of objectives	Indicator	Baseline data	Target	Means of verification	Critical assumptions
	Overall Goal: Reduction in poverty for 8782 households	Nb of hh's with improved household assets index (RIMS level 3 - survey)	160 hhs	1,000 hhs	RIMS surveys (baseline, PC)	Overall political and economic situation remains stable.
		% of hhs with under 5's with reduced child nutrition status (RIMS level 3 survey)	23.15%	30% of hh's sampled show an improvement	RIMS surveys (baseline, PC)	Food prices remain affordable for those who are food deficit
		% of hhs with improved food security	20.31%	80%	RIMS surveys (baseline, , PC)	
PURPOSE	Project Purpose: Small farm profitability increased across the project area (including household plots)	Nb of farm hhs reporting an increase in income from farm production, by gender and sector	117	1,000 hhs	Outcome/Impact surveys (baseline, PC)	Stability of prices in agricultural commodities
		Average reported increase in annual income from farm production	0% (917.25 somoni in year)	10-30%	Outcome/Impact surveys (baseline, PC)	
OUTCOMES	Component 1 - Institutional support: Enhanced capacity (by community-based, jamoat, district-level and central-level institutions) to develop the natural resource base in a participatory manner	Percentage of hhs in project area participating have an improved capability to use their own and other resources and services to support their own priorities (including those of vulnerable groups) for sustainable economic development	2.60%	70%	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	Willingness of community members to participate in Village Organizations, Common Interest Groups etc.
		Nb of Village Organizations and Common Interest Groups (CIGs) functioning effectively two years after their establishment	6 14	82 VOs and 82 CIGs	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	
OUTCOMES	Component 2 - Agricultural productivity and profitability: Improved access by farmers and livestock owners to improved agricultural and livestock technologies and inputs, and to the required productive infrastructure	Nb of farm hhs reporting an increase in crop, livestock or horticulture production, by gender and sector	327	1,000 hhs	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	Climate conditions do not jeopardize the possibility for increased crop and livestock productivity
		Average increase in agricultural productivity, by year and main commodities	0%	10-30%	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	Local and regional markets for crop and livestock products can absorb incremental production
			917.25 (somon in year)			
		% of trained persons adopting the new technologies or production practices promoted, by gender and sector	2.30%	40%	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	

		Nb of farm hhs benefiting from new productive infrastructure, by gender and sector	7	8782 hhs	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	
		Livelihood of sustainability of the community infrastructure (functionality after 2 years)	10.70%	100%	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	
		% of infrastructure with proper mechanisms in place for Operation and Maintenance (O&M)	0	100%	- Outcome/Impact surveys (baseline, PC) - Participatory Monitoring and Evaluation annually	
	Component 3 - Project Management: The project is managed for development effectiveness and efficiency	Project Steering Committee (PSC) and District Development Committee (DDC) functioning properly	0		Project monitoring records and annual progress reports	Continued Government commitment and support to the project
		PMU functioning properly	0		Project monitoring records and annual progress reports	Key implementing agencies are committed to bottom up planning
		Average PSR scores on "Quality of Project Management"; "Quality of financial management" and "Quality of M&E"	0	"4" to "5"	IFAD PSRs	
OUTPUTS		Outputs		Target	Means of verification	Critical assumptions
	Component 1: Capacity of community-based institutions to develop their resource base enhanced	Nb of Village Organizations formed and strengthened	0	82 VOs	Project records/reports	Targeted communities are responsive
		Nb of Common Interest Groups formed and strengthened (of whom at least 50% women)	0	82 CIGs	Project records/reports	
		Nb of sub-project proposals are developed and approved.	0	200	Project monitoring records and annual progress reports	
		Nb VOs have contributed (income generation activities) to implementation of sub-project (first, second and third priority)	0	82	Project monitoring records and annual progress reports	
		Nb of persons provided with 1-3 day training on various subjects (of whom 40% women)	0	3280	Project monitoring records and annual progress reports	

	Component 2: Enhanced access by poor farmers to improved crop and livestock technologies	Nb of farmers trained in livestock development (of whom at least 40% women)	25-30	250	Project records/reports	
		Nb of farmers trained in crop development (of whom at least 40% women)	25-30	250	Project records/reports	
		Nb of men and women undertaking exchange visits.	20-10	75-80	Project records/reports	
		Nb of farmers participating in field days for livestock production techniques, and crop production techniques respectively (of whom at least 40% women).	20	200 livestock;	Project records/reports	
			20	200 crop		
		Nb of demonstration plots demonstrating new technologies.	3	20	Project records/reports	
		Nb of new technologies demonstrated and nb of new technologies developed through Participatory Technology Development Approach.	4;4	15 developed; 10 demonstrated	Project records/reports	
		Number of vets participated in the training	0	6	Project records/reports	
		Number of families, mainly female households are selected and trained	0	40	Project records/reports	
	Enhanced access by poor farmers to basic productive infrastructure	Nb of project proposals funded by the CDF, and implemented by communities.	0	200	Project records/reports	VO/CIG members can agree on priorities and willing to contribute community share
	Component 3: Project Management Structure established and functioning properly					
		Number of staff hired; Number of equipment purchased; Offices established	0	9; 25	Project records/reports	Government and line agencies committed to the project
		% of AWP&B, Progress Reports, thematic studies, impact surveys, financial reports prepared on time and with the required quality	0	80%	Project records/reports	
		Satisfactory financial management	0	Unqualified audit reports, minor issues in management letters from auditor	audit reports and management letters from the auditor	

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

Action Area	Action Agreed	Whom	Date	Progress
Project Implementation	Finalize the impact survey TORs and start the tender	M&E Consultant, Sr. Procurement Officer	Mid November 2015	
	Finalize the TORs for an international consultant to prepare KLSP final report, and her/his recruitment	M&E Consultant, Sr. Procurement Officer	End November 2015	
	Ensure an effective handover of the responsibility for VO monitoring from the PMU to the Jamoat administration with VO monitoring officers appointed promptly in the Jamoat and VOs making monthly payments to the Jamoat to cover the costs.		30 Jun 2016.	
Sustainability		PMU/Local Government	Report progress at end Dec. 2015	
Fiduciary Aspects		Chief Accountant, Sr. Procurement Officer	End November 2015	
Other	Finalize the TORs for audit and start the tender			

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

Period: October 2014 to October 2015

		(Physical) Targets					
Outputs by component	Indicator	AWP&B (planned)	Actual (achieved)	%	Appraisal (Global)	Cumulati ve (so far)	%
Component 1							
Capacity of community-based institutions to develop their resource base enhanced	Nb of Village Organizations formed and strengthened – 82	82	82	100%	82	82	100%
	Nb of Common Interest Groups formed and strengthened – 82	10	10	100%	82	82	100%
	Nb of sub-project proposals are developed and approved - 200	62	62	100%	200	118	59%
	Nb VOs have contributed (income generation activities) to implementation of sub-project (first, second and third priority) - 200	118	118	100%	200	118	59%
	Nb of persons provided with 1-3 day training on various subjects (of whom 40% women) - 3280	3280	3315 (1060w.)	101% (32%)	3280	3315	101%
Component 2							
Enhanced access by poor farmers to improved crop and livestock technologies	No of farmers given training in livestock and crop development (of whom at least 40 percent women). 1000	1000 (400w)	920 (366w)	92% (91.5%)	1000 (400w)	920 (366w)	92% (91.5%)
	Nb of farmers trained in livestock development (of whom at least 40% women) -250	250 (100w)	30 (0w)	12% (0%)	250 (100w)	30 (0w)	12% (0%)
	Nb of farmers trained in crop development (of whom at least 40% women) - 250	250 (100w)	205 (102w)	82% (102%)	250 (100w)	205 (102w)	82% (102%)
	Nb of men and women undertaking exchange visits. - 75-80	80	80	100%	80	80	100%
	Women (40%)	32	43	134%	32	43	134%
	Nb of farmers participating in field days for livestock production techniques, and crop production techniques respectively (of whom at least 40% women). - 200 livestock;	200	30	15%	200	30	15%
	200 crop	200	320	160%	200	320	160%
	Nb of demonstration plots demonstrating new technologies. - 20	20	10	50%	20	10	50%

Enhanced access by poor farmers to basic productive infrastructure Component 3	Nb of new technologies demonstrated and nb of new technologies developed through Participatory Technology Development Approach.-						
	15 developed;	15	10	67%	15	10	67%
	10 demonstrated	10	10	100%	10	10	100%
	Number of vets participated in the training - 6	6	30	500%	6	30	500%
	Number of families, mainly female households are selected and trained - 40	40	40	100%	40	40	100%
	Nb of project proposals funded by the CDF, and implemented by communities - 200	118	118	100%	200	118	59%
	Number of staff hired; Number of equipment purchased; Offices established – 9 staff	1	1	100%	9	9	100%
	% of AWP&B, Progress Reports, thematic studies, impact surveys, financial reports prepared on time and with the required quality - 100%				80%		
	Satisfactory financial management						

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

Table 5A: Financial performance by financier

Financier	Approval (USD '000)	Disbursements (USD '000)	Per cent disbursed
IFAD loan			
IFAD grant	9568,3	7752,76	81,0
Community	245,71	184,55	75,1
Government	699,78	847,1	121,1
Total	10513,79	8784,41	83,6

Table 5B: Financial performance by financier by component (USD '000)

	IFAD grant			Community			Government			Total		
Component	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%	Approval	Actual	%
1: Institutional Support	1185,92	1048,56	88,4					0,51		1185,92	1049,07	88,5
2: Enhancement of Agricultural Productivity and Profitability	6961,63	5432,88	78,0	245,71	184,55	75,1	599,03	761,97	127,2	7806,37	6379,4	81,7
3: Project Management	1420,75	1271,32	89,5				100,75	84,62	84,0	1521,5	1355,94	89,1
TOTAL	9568,3	7752,76	81,0	245,71	184,55	73,8	699,78	847,1	121,1	10513,79	8784,41	83,6

Table 5C: IFAD loan disbursements (SDR, as at [Insert date: dd-m-yy])

Category	Category description	Original Allocation	Disbursed amount as of 30/09/2015	W/A pending	Balance	Per cent disbursed
I	Civil Works, Equipment, goods, materials and vehicles	780,000	423,063.35		356,936.65	54.24%
II	Technical assistance and studies(TAS)	1,720,000	1,709,670.09		10,329.91	99.40%
III	Training and workshops (TRW)	65,000	27,364.32		37,635.68	42.10%
IV	Community Development Fund (CDF)	3,170,000	2,170,689.16		999,310.84	68.48%
V	Operating costs	465,000	327,706.10		137,293.90	70.47%
	Initial deposit		603,694.04		-603,694.04	
	Total	6,200,000	5,262,187.06		937,812.94	84.87%

Figure 1: IFAD loan/grant disbursement, comparisons between original and revised allocations and actual disbursement

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Schedule 2	Allocation of eligible expenditure in line with table, replaced by letter from IFAD to Government of Tajikistan on 12 July 2013	Continuous	Complied with	Account opened with Tajprombank ZAO
Section 2.03	Opening of the Special Account	Opening prior to Effectiveness	Complied with	
Section 3.02	Annual Work Plans and Budgets and Procurement Plans to be submitted to Fund	No later than 60 days before beginning of each Fiscal Year	Complied with	
Section 3.03	Opening of the Project Account	As soon as possible	Complied with	Account opened with Tajprombank ZAO
Section 3.04	Availability of Grant proceeds	Continuous	Complied with	
Section 4.02	Progress Reports to be submitted to IFAD on a six-monthly basis	No later than six weeks after the end of each six-month period	Complied with	
Section 4.03	A Mid-Term Review to be carried out jointly by Borrower and IFAD	No later than 36 months after the Effective Date	Complied with	
Section 5.01	Submission of Financial Statements	Within 4 months after the end of each fiscal year	Complied with	
Section 5.02	Audit Reports on project accounts of each year to be submitted to Fund	Within 6 months after the end of each fiscal year	Complied with	

Appendix 7: Knowledge management: Learning and Innovation

Learning

The project is making satisfactory efforts to ensure that project lessons are captured and shared. The PMU is preparing a series of success stories based on the experiences of leaders of VOs and has also collaborated with the state TV company to produce a series of short films, which were aired during the mission. These films showed successful examples of project investments including agricultural machinery, roads, orchards, beekeeping activities, boreholes for drinking water, and livestock water points. This has helped to raise the profile of the project at national level.

CF contracts also made them responsible for establishing training plans at district level, including a mix of pre-defined and demand-driven training courses, and for holding district level stakeholder workshops. Following completion, final workshops will be held in each district, with all VOs, local government and other stakeholders, to review the project results and lessons learned and a national conference will be held in Dushanbe to share the project experience with relevant Ministries, and national and international partners.

At the level of the PMU, the embedding of KSLP within the LPDP PMU will ensure that lessons learned in KSLP implementation will be used in LPDP I & II. The project has collected a significant amount of interesting and potentially useful data on the socio-economic conditions of the target communities, and their development priorities, as well as the project experiences and lessons learned. A final review of the available information and identification of knowledge products, which could be produced before project closure, should be undertaken.

Innovation: Describe any interesting innovation noted during supervision

The PMU has been very effective in drawing on past experiences of community-based development projects in Tajikistan, particularly the experience of MSDSP, and refining and improving these approaches. The result is that the KSLP approach is now becoming recognised as a model for community development in Tajikistan. Steps are being taken to share these lessons within the target districts, and to use them to support a review of Government strategy concerning VOs and rural development. The key innovation to VO development introduced by the PMU has been the greater investments into economic activities (machinery services and productive infrastructure) as well as the detailed monitoring system for VO activities. Requiring VOs to submit detailed monthly reports of income, expenditure and utilisation of project-funded assets such as agricultural machinery, and doing regular spot checks, imposed a high level of accountability on the VO Chairman and Council. This has built the capacity of the VOs to keep records of their activities, set high standards for governance and transparency, and ensured they take their responsibilities for the care of government-funded assets seriously.

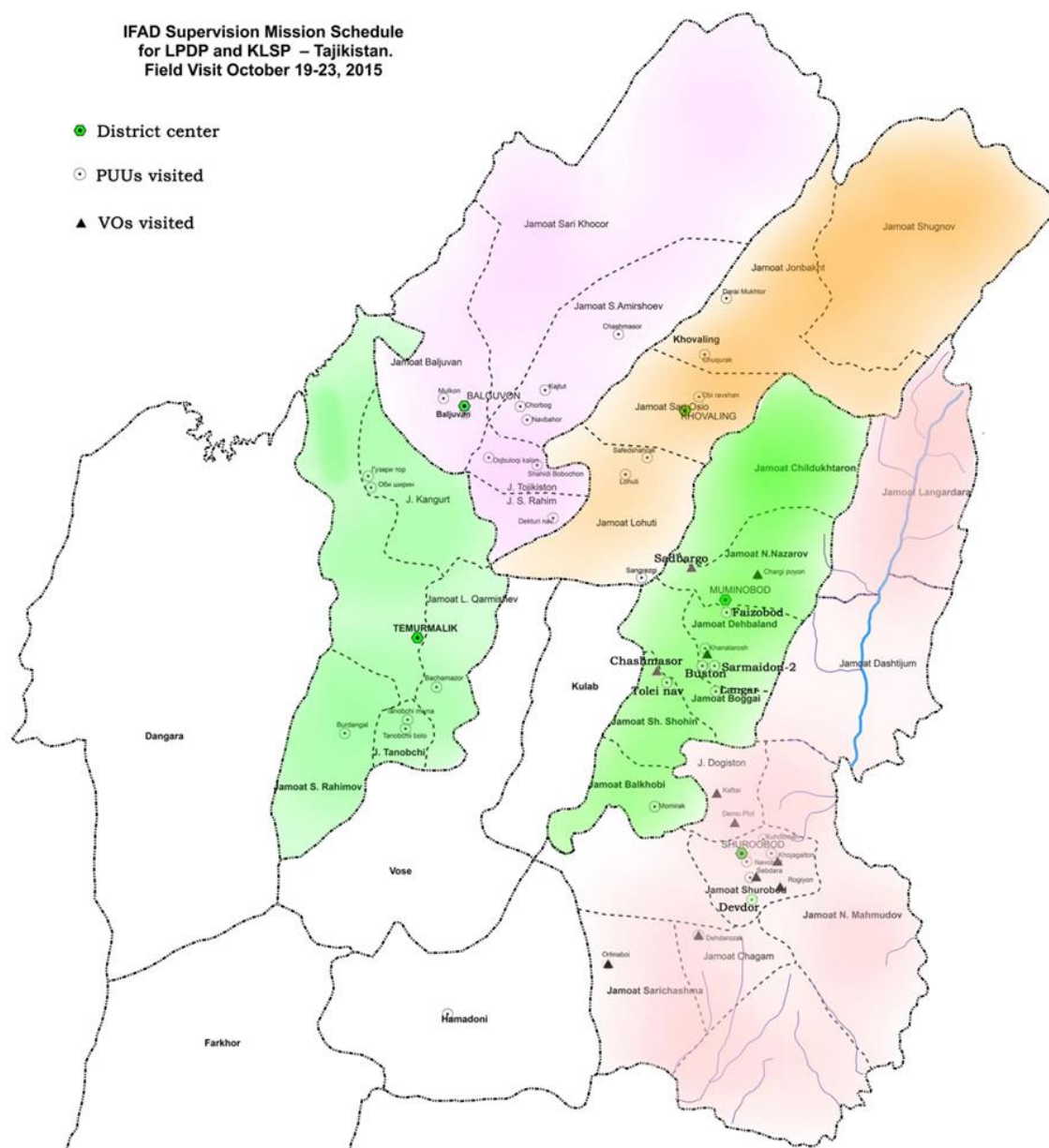
Appendix 8: Audit Log

The project is rated as **satisfactory (5)** in terms of quality and timeliness of Audit report submission. In general, it is observed that audit work throughout the project's life has been completed following IFAD's Project Audit Guidelines. The audit report for FY 2014 was conducted using International Standards of Auditing (ISA), and the project used IFAD external auditors TORs upon CFS no objection. The 2014 Audit report was unqualified. The auditor has assessed the IC systems as good i.e. all expected controls available; no significant issues arising; evidence shows control is working; and evidence is retained and documented.

	Audit Observations as per Audit Report		Audit Observations Settled		Audit Observations Outstanding	
	Numbers	Value (USD)	Numbers	Value (USD)	Numbers	Value (USD)
Financial Year						
2009-2011						
2012						
2013						
2014						
Total:						

Appendix 9: Supervision Mission Schedule and Persons met

9 October	Mission arrives in country
10-11 October	Field visit to Baljuvon and Temurmalik districts
12 October	Meetings with the LPDP PMU staff and KLSP consultants
13 October	Meetings with the LPDP PMU staff and KLSP consultants
14 October	Meetings with the LPDP PMU staff and KLSP consultants
15 October	Meetings with the LPDP PMU staff and KLSP consultants; meeting with the FAO Representative in Tajikistan
16-18 October	Reviewing projects' progress reports, consultants' reports, projects' plans and budgets; Meetings with the LPDP PMU staff and KLSP consultants
19-24 October	Field visit to Baljuvon, Khovaling, Muminobad, Shurobad and Temurmalik districts
24 October	Return to Dushanbe
25 October	Meetings with the LPDP PMU staff and KLSP consultants
26 October	Meetings with the representatives of the Delegation of the European Union in Tajikistan; European Bank for Reconstruction and Development Resident Office in Tajikistan
27 October	Meetings with the representatives of the United Nations World Food Programme Country Office in Tajikistan; World Bank Country Office in Tajikistan; Ministry of Finance of Tajikistan
28-30 October	Field visit to Muminobad and Shurobad districts
28 October	Meetings with the First Deputy Minister of Agriculture of Tajikistan; representatives of German International Cooperation (GIZ) Country Office in Tajikistan; Asian Development Bank Country Office in Tajikistan
29 October	Meeting with the Chairman of the State Committee on Investments and State Property Management; meeting with LPDP PMU to discuss initial mission findings; drafting Aide Memoires
30 October	Workshop with the project parties to discuss key findings and recommendations; drafting Aide Memoires
31 October	Drafting Aide Memoire
1 November	Discussion of draft Aide Memoire with LPDP PMU; finalization of Aide Memoires
2 November	Meeting with the representatives of JICA Country Office in Tajikistan; Wrap-up meeting with the Director of the Project Management Unit (PMU) and his staff
3 November	Discussions on the detailed plan of actions for next 6 month for both projects with the PMU staff



Appendix 10: Summary of Implementation Support Provided by IFAD

So far, IFAD has undertaken seven supervision and implementation support missions and the MTR (including this mission). The major inputs provided include preparation of: Project Implementation Manual; key TORs; first and last AWPB and PP, baseline survey's TORs, methodology and questionnaire (in 2009 and 2014); financial management and procurement manuals together with all relevant forms (in 2009 and 2014); improvements on M&E system; and refining project's case studies. Detailed discussions were held on the above topics with the related staff to provide on-the job training, concluded by the brainstorming seminar with the PMU on the mission's findings and implementation support activities as well as the proposed follow-up actions.