

Kyrgyz Republic

LMDP II Supervision Report 2017

Mid-term Review report

Main report and appendices

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Abbreviations and acronyms

AKJ	Association of Pasture User Unions “Kyrgyz Jaiyty”
AHSC	Animal Health Sub-Committees
AISP	Agricultural Projects’ Implementation Unit
AO	Ayl Okmotu (municipality executive body)
APIU	Agricultural Projects Implementation Unit
CPMLDP	Community Pasture Management and Livestock Development Plan
CPM	Country Programme Manager
CSF	Community Seed Fund
FAO	Food and Agriculture Organization
GIZ	German Agency for International Cooperation
GOK	Government of Kyrgyz Republic
IFAD	International Fund for Agricultural Development
KNAU	Kyrgyz National Agrarian University
KSRLPI	Kyrgyz Scientific Research Livestock and Pasture Institute
LMDP	Livestock and Market Development Project
MAFIM	Ministry of Agriculture, Food Industry and Melioration
MOF	Ministry of Finance
NFCSF	National Federation of Community Seed Funds
NGO	Non-Governmental Organization
PC	Pasture Committees
PD	Pasture Department
PROG	Pasture Reforms Outreach Group
PUU	Pasture User Union
PV	Private Vet
RDAD	Rayon Department for Agrarian Development at the MAFIM
SIVPS	State Inspectorate for Veterinary and Phytosanitary Security
UNDP	United Nations Development Programme
VC	Veterinary Chamber
WFP	World Food Programme

A. Introduction¹

1. An IFAD mission visited Kyrgyzstan from 16 July – 10 August 2017 to undertake a mid-term review of and provide support to the Livestock and Market Development Project-II (LMDP-II, IFAD Grant No. 2000000439, ASAP Trust Grant No. 2000000440 and Loan No. 2000000438). Until now, during the period 2014-2016 the following missions were held: a mission to launch the project, one supervision mission and three implementation support missions. The mid-term review (MTR) goal was to assess the continued relevance of the Project, the effectiveness in achieving objectives, the effectiveness of the Project targeting and gender mainstreaming strategy, the Project implementation efficiency, the impact on food security and income of the rural poor to reduce the poverty level in the Project area. In addition, the mission provided the following: (i) support to improve the Project progress; and (ii) recommendations for dealing with unresolved implementation issues and getting the agreements on further action. The MTR was carried out in parallel with the supervision of the Livestock and Market Development Project-I (LMDP-I) (IFAD Grant No. G-I-DSF-8113-KG, IFAD Loan No. L-I-891-KG).²

2. This Aide-Memoire reflects the mission's main findings and recommendations, and records the agreements reached with concerned authorities as discussed at wrap-up meetings with the Deputy Minister for Agriculture, Food Industry and Melioration, the APIU Director, the LMDP Coordinators in the APIU and ARIS as well as staff of the APIU and ARIS on 1 and 3 August 2017. The issues on targeting, impact, sustainability and lessons learned as well as the mission's findings and recommendations are largely the same for both phases of the LMDP and therefore repeated in the reports for LMDP-I supervision and LMDP-II MTR. This document is subject to confirmation by IFAD Management.

B. Overall assessment of project implementation

3. The Project became effective on 6 August 2014, and constitutes an investment of USD 39.5 million (KGS 1.96 billion), of which the IFAD Grant amounts to about USD 11 million (SDR 7 200 000) or 28% of total project costs; the Adaptation for Smallholder Agriculture Programme (ASAP) Trust Grant to about USD 10 million (SDR 6 500 000) or 25% of total project costs; the IFAD Loan to about USD 11 million (SDR 7 200 000) or 28% of total project costs; a contribution by the Government to about USD 0.27 million (6% of total costs) in taxes. Approximately USD 7.3 million (17%) would be provided by the beneficiaries as co-financing of the Community Pasture Management and Livestock Development Plans and other grants. The project, scheduled for completion 30 September 2019 has been officially operational for 34 months or 55% of its 62-month implementation period. The disbursement rates for the

¹ Mission composition: Mr. Frits Jepsen, IFAD Country Programme Manager (CPM), Ms. Anara Jumabayeva, Senior Economist, Team Leader/Project Management; Ms. Asyl Undeland, Community Development and Institutions Specialist; Ms. Zainab Kenjaeva, IFAD Country Presence in Tajikistan; Ms. Aigerim Malik, Procurement Specialist; Mr. Mikael Kauttu, IFAD Programme Officer; Mr. Ago Partel, Veterinary Specialist; Mr. Nodar Mosashvili, Financial Management Specialist; Mr. Sorboni Karimzoda, Pasture Monitoring Specialist, and Mr. Kuvanchybek Ismailov, IFAD Country Presence in Kyrgyz Republic.

² The mission had meetings and discussions with Mr. Janybek Kerimaliev, Deputy Minister of Agriculture, Food Industry and Melioration (MAFIM) and Chairman of Project Coordination and Reference Group (PCRG), Mr. Almazbek Azimov, Deputy Minister of Finance (MOF), Mr. Kalys Jumakanov, Director of the State Inspectorate for Veterinary and Phytosanitary Security (SIVPS), Mr. Urmatbek Myrzakmatov, Director of the Department of Pastures, Livestock and Fisheries (DPLF) under the MAFIM, Mr. Mairambek Tairov, Director of the Agricultural Projects' Implementation Unit (APIU), Mr. Arystan Muktarov, ARIS Executive Director, Mr. Abdumalik Egemberdiev, Chairman of the Association of Pasture User Unions "Kyrgyz Jaiyty" (AKJ), Mr. Almazbek Irgashev, First Vice-President on Academic Affairs of Kyrgyz National Agrarian University (KNAU), and other heads of the implementing agencies, including the State Agency for Environmental Protection and Forestry (SAEPF), Kyrgyzhydromet, the Department for Disease Prevention and State Sanitary and Epidemiological Surveillance under the Ministry of Health (DDPSESS), the Centre for Registration and Certification of Veterinary Drugs, Animal Feed and Additives (CRCVDFA), Veterinary Chamber (VC), the Kyrgyz Scientific and Research Livestock and Pasture Institute (KSRLPI) and the Kyrgyz Scientific and Research Veterinary Institute (KSRVI). The mission visited all five regions of the LMDP-I and LMDP-II, namely Batken, Jalalabad, Issyk-Kul, Naryn and Osh regions during 19-23 July and 27-28 July and held discussions with officials of *aiyl okmotu* (local government body) and *aiyl kenesh* (local elected council), ARIS regional and district staff as well as with representatives of 88² Pasture User Unions (PUUs) and their groups (incl. 12 women groups), out of which 44 PUUs located in the LMDP-II's project area. Altogether, the mission spent seven days in the field travelling in three groups to ensure a wider coverage. In addition, meetings were also held with the representatives of donor agencies in Kyrgyzstan, including GIZ, FAO and Camp Alattoo, to agree on coordination of various initiatives. Please refer to Appendix 9 for the mission schedule and persons met including the mapping of visited communities.

IFAD Loan, Grant and ASAP Grant as of 31 July 2017 are 18%, 32% and 25% respectively. The strengthening of USD against SDR since entry into force has caused a USD 5mIn finance shortage (for the whole LMDP) compared to long term spending plans anchored in USD at time of start up. This requires close follow up of cost of micro-projects within the CPMLDPs to keep the allocations within available budget.³

4. The project's development objective is to contribute to the reduction in poverty and enhanced economic growth in Batken Jalal-Abad and Osh regions. The project's objective is to improve livestock productivity and to enhance climate resilience of pasture communities reflected in improved and equitable returns to livestock farmers. The project has the following components: 1) Community-Based Pasture Management and Vulnerability Reduction; 2) Livestock Health and Production Services; 3) Diversification and Market/Value Chain Initiatives; and 4) Project Management. Embedded in these components, LMDP-II includes a range of climate change adaptation interventions and approaches funded by ASAP.

5. The project has managed to undertake largely all key activities up to day, including the following ones: (i) mobilization and capacity building of 189 Pasture User Unions (PUUs), including on animal health and climate change adaptation aspects; (ii) improvement of 189 Community Pasture Management and Livestock Development Plans (CPMLDPs); (iii) completion of 205 micro-projects on pasture infrastructure and animal health; (iv) further development of pasture management and animal health educational programmes, including upgrading KNAU teachers' knowledge and supporting students' education and improving their practical skills; and (v) continuous preparation of project materials for knowledge management (KM).

6. After only two years of full-scale implementation, the project appears to be generating a wide range of improvements in nutrition and food security, quality of life, and control over physical and natural assets. Key benefits highlighted by the beneficiaries themselves to the mission were and confirmed by the mid-term survey: (i) better management of their resources; (ii) improved animal health and productivity; and (iii) improved coordination and collaboration in solving the problems of the community; (iv) mortality rate from diseases has decreased with 86.2% for sheep and goats, and 98.8% for cows; a 74% increase in assets in terms of livestock units.

7. Overall the project has been making good progress. However, recent legislative reforms pose a serious risk to the PUUs as a functioning institution. Furthermore, component 3 remains behind schedule. On balance, the project's overall performance is rated as **Moderately Satisfactory**. The following key actions should be undertaken (in line with LMDP-I):

C. Outputs and outcomes

Component 1: Community-Based Pasture Management and Vulnerability Reduction (Moderately Satisfactory, 4)

8. The disbursement of the IFAD Loan under Component 1 is at the rate of 3%, or about USD 0.34 million out of the total of USD 10.2 million, of IFAD Grant at the rate of 19% or about USD 1.49 million out of the USD 7.75 million, and of ASAP Grant at the rate of 11% or about USD 1.11 million out of the USD 9.78 million. Activities have been largely conducted satisfactory. However, recent legal reforms pose a serious threat to the PUUs as an institution.

9. **Sub-Component 1.1 – Developing risk-mitigation pasture and animal health plans** is focused on supporting the initiatives that are required to improve pasture resilience and productivity, use and access to pastures.

10. *Preparation and updating the CPMLDPs.* The mission noted in discussion with visited PUUs, that many of them still don't have working digital maps with information on infrastructure, pasture conditions, carrying capacity and location of the monitoring plots. *These maps need to be prepared and given to all target PUUs to be used for elaboration of the pasture improvement and use plans by end of December 2017.*

³ The framework agreements signed between ARIS and PUUs have already included a clause for this.

11. It is evident that the PUUs still need technical support in updating CPMLDP and pasture management work. *The mission agreed with the APIU and ARIS to recruit technical specialists at the district level and train them to provide such support to PUUs by end October 2017. Young specialists of the Rayon Department for Agrarian Development (RDADs) should be assisting the technical specialists. ARIS with technical specialists to be recruited by the APIU will be working with the remaining PCs to enhance their capacity to ensure that pasture assessment is undertaken in all PUUs by end February 2018.*
12. ARIS should prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD by end October 2017.
13. Pasture boundary demarcation and inventory. The DPLF and APIU should review various options to undertake such an assessment and provide suggestion to IFAD by the end of 2017.
14. **Sub-component 1.2 – Prioritizing Investments in resilient pasture management plans.** Social mobilization and capacity building of the PUUs. It was agreed that in addition to starting the information campaign immediately, ARIS would enhance awareness and engagement of community members through village meetings and dissemination of information through community clusters. The mission noted a need to improve the institutional assessment methodology, as well as the trainings to PUUs on sustainability of microprojects. *The mission agreed with ARIS that all PUUs would be trained on sustainability of micro-projects and on monitoring of use of machinery in September-December, 2017.*
15. Awareness raising. The APIU and ARIS were to launch a communication campaign. *Considering that the pasture users are on the pastures till September, it was agreed to extend the broadcasting of the prepared materials till November - December 2017. The mission emphasized again the importance of the communication campaign for raising awareness on the improvement of the pastures and issues on the ground and agreed to prepare a revised plan and budget for the information campaign and submit to IFAD by mid August 2017. The campaign to be started immediately after IFAD's approval.*
16. Legal trainings. The APIU and DPLF conducted the ToT for CDSOs on pasture management related legislation in May-June 2017 who conducted training on legal issues for the PUUs. *It was agreed that when the temporary arrangements for implementation of the Budget Code will be issued, ARIS with support from the APIU will conduct trainings for the heads of the aiyl okmotu and aiyl kenesh jointly with the relevant experts of the RDADs on the pasture management legislation, pasture improvement, project activities and other issues till the end of 2017.*
17. Study tours. Project's experience has shown the huge positive effect of study tours of PCs members to successful peers for capacity building organized by ARIS and AKJ. *The mission agreed with ARIS and AKJ to increase scope of such study visits between PCs in the North, as well as between PCs along the North-South. Study visits will be implemented by the AKJ with logistical support from the CDSOs in the third quarter of 2017.*
18. Community Fodder Seed Programme (CFSP). *It was agreed, that AKJ with support from the APIU would provide its proposal on the Fodder Seed Programme and budget for approval to IFAD by mid August 2017. It was agreed that the AKJ with support from the APIU would provide a revised Operational Manual and budget for approval to IFAD by mid September 2017.*

Agreed action	Responsibility	Agreed date
To update digital community pasture maps and transfer them to all target PUUs to be used for elaboration of the pasture plans	ARIS	End December 2017
To recruit technical specialists at the district level and train them to provide support to PUUs	APIU	End October 2017
To finalize pasture assessment training of the PUUs	ARIS, technical specialists	End February 2018
Prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD	ARIS	End October 2017
To provide suggestion on pasture inventory to IFAD	DPLF, APIU	End December 2017
Start the information campaign and enhance awareness and engagement of community members through village meetings and dissemination of	ARIS	Immediately

information through community clusters.		
To review various options for prompt delivery of early warnings to the PCs till the EWS is installed and fully running	DPLF, APIU	Immediately
To train all PUUs on sustainability of micro-projects and on monitoring of use of machinery	ARIS	End December 2017
Increase scope of such study visits to PCs in the North	AKJ, ARIS	End September 2017
To extend the broadcasting of the prepared PR materials till November - December 2017	APIU	Immediately
Submit communication strategy and budget for 2017 to IFAD for approval. The campaign to be started immediately after IFAD's approval.	ARIS	Mid August 2017
To conduct trainings for the heads of the <i>aiyl okmotu</i> and <i>aiyl kenesh</i> jointly with the relevant experts of the Rayon Department for Agrarian Development (RDADs) on the pasture management legislation, pasture improvement, project activities and other issues	ARIS/APIU/DPLF	End December 2017
Develop proposal and budget on Women Run Natural Fodder Seed Fund for approval to IFAD	AKJ and KSRLPI with support from APIU	Mid August 2017
Develop a programme on Community Cultivated Fodder Seeds Funds, revise Operational Manual and budget for approval to IFAD	AKJ with support from APIU	Mid September 2017

19. **Sub-Component 1.3 – Knowledge Management, Capacity Building and Policy Support.**

20. **Institutional Strengthening of Department of Pastures, Livestock and Fisheries.** The Pasture Reform Outreach Group (PROG) operates in the DPLF under the project support. The DPLF and PROG underwent large staff turnover in 2015-2016, affecting implementation. *It was agreed that the APIU would recruit required consultants to work with the PROG on legal issues in pasture management.*

21. **Legal and regulatory reforms in area of pasture management.** Significant changes were made to the Budget Code related to the pasture management, which pose a risk on the ability of the LMDP-I and LMDP-II to reach its development objectives. *The MoAFIM will inform IFAD on temporary arrangements adopted by the MoF on this issue by mid September 2017.*

22. *The mission agreed that the plan and budget for the development of the strategy for Pasture Management and Livestock Development (SPMLD) 2017-2022 would be elaborated by the APIU and submitted to the IFAD by end August 2017.*

23. **The state monitoring of the pastures conditions.** *The APIU will inform IFAD on the GIS study tour to Mongolia by mid October 2017.*

24. **Climate Change Adaptation.** It was agreed that the APIU set up a stakeholder forum to develop a suitable mechanism for disseminating the early warning to PUUs, farmers and shepherds.

25. It was agreed that ARIS with support of the international consultant, would develop a module to intensify the adoption of pasture resting and introduce intensive rotation that results in launching activities in season 2018. *The mission recommends that ARIS develop a module to intensify the adoption of climate friendly technologies as part of the third tranche of grant funding⁴.*

Agreed action	Responsibility	Agreed date
Inform IFAD on temporary arrangements adopted by the MoF on the implementation of the Budget Code by the PUUs	APIU/DPLF	Mid September 2017
Develop a plan and budget for elaboration of the Strategy for Pasture Management and Livestock Development and submit to the IFAD	APIU	End August 2017
Organize study tour to Mongolia on remote sensing fodder assessment	APIU	Mid October 2017
Finalise and implement capacity building programme for DPLF staff	SCCA, DPLF, KRSU	Continuous
Finalise recruitment of the CCS	ARIS coordinator	Mid August 2017
Allocate sufficient budget for supporting the specialists, notably CCS and PS working on climate related activities.	ARIS LMDP coordinator	Immediate, continuous
Finalise the blueprint for the pasture management module, and launch a tender for consultant for module design and description	KNAU, APIU	End August 2017

Component 2: Livestock Health and Production Services (Satisfactory, 5)

⁴ Comprising: i) enrichment of pasture with grasses, leguminous plants, and small bushes adapted to a changing climate; ii) water management (to increase water storage and infiltration, and to prevent or reduce erosion); iii) restoration and/or protection of riverine vegetation; iv) planting of multi-purpose trees (shade, fodder, timber, fruit, etc.); v) agricultural machinery to produce/harvest/store fodder; vi) fencing to facilitate intensive rotations; and vii) shelters for animals and facilities for shepherds.

26. OIE involvement. Under the LMDP-I, a 5-year contract with the OIE has been concluded to support implementation of the component for the whole LMDP (for the period 2014-2018). The component is progressing well. So far, USD 0.054 million have been disbursed from the allocated USD 0.2 million of IFAD Loan or about 27% and USD 0.72 million from the allocated USD 2.24 of IFAD Grant or 32%.

Sub-component 2.1. Strengthening Veterinary and Community Animal Health Services

27. Strengthening the Animal Health Sub-Committees (AHSC). The mission confirmed that in all visited PUUs AHSC's are operational.

Sub-component 2.2. Animal Health Education and Capacity Building

28. Student Incentive Programme. An OIE PVS evaluation mission conducted in February 2016 assessed the KNAU veterinary curriculum and suggested several amendments, which have been only partly implemented (new courses on animal welfare, bioethics, veterinary public health and food hygiene, epidemiology have been implemented. There has been a delay in submission of the proposal for distant and continuous education programme for private veterinarians. *It has been agreed that both activities would be completed by end of September 2017.*

29. Institutional Strengthening of the Kyrgyz Scientific and Research Veterinary Institute (KSRVI). The comments and recommendations received from the OIE experts were corrected and taken into account. Currently, the KSRVI is performing preparatory work to carry out the research programme.

30. Veterinary Chamber. The private veterinarians are registering in the VC Register on a constant basis. As of June 1, 2017, in total 2,370 private veterinarians were registered, including 831 (35%) veterinarians, 1,213 (51.1%) veterinarian technicians, 13.7% veterinary attendants, including 154 women (6.5%).

Agreed action	Responsibility	Agreed date
To recruit consultants for the SIVPS (as per TORs prepared by the SIVPS)	APIU	Immediately
Preparation and submission of a proposal on the distant learning and continuous education programme in KNAU (veterinary and pasture management)	APIU/KNAU	End Sep 2017
Implement OIE PVS Mission's recommendations for modifying veterinary curriculum	APIU/KNAU	End Sep 2017
Implementation of the dogs' deworming identification programme (purchase of collars with unique identification number and removable clips for dogs treated against Echinococcosis)	SIVPS/ARIS	End Dec 2017
Vaccination strategy and post vaccination/post-treatment monitoring brought in line with recommendations from OIE Draft Mid-term Review Report	SIVPS	End Dec 2017

Component 3. Diversification and Market/Value Chain Initiatives (Moderately Satisfactory, 4)

31. The component consists of the following activities: 1). Small Grants for Livestock Women Group (SWG); 2) Support to Milk Collection and Cooling Centers (MCCCs); 3) Income Diversification Grants (IDGs).

32. SWGs: SWGs will submit business plans and other required documentation to ARIS by August 2, 2017 for final selection by the specially established Selection Committee comprised of experts of ARIS, representatives of the PCs and processing enterprises. All milk processing groups face difficulties in meeting the Eurasian food safety requirements, which become mandatory to adhere to starting from August 17th, 2017. *It was agreed that ARIS would review their technical and financial proposals and would consult groups on funding scope to ensure sustainability of investments and inform IFAD by mid September 2017.*

33. MCCCs: ARIS has conducted meetings with the dairy processing enterprises and explained terms and conditions of LMDP support to the MCCCs. ARIS is developing an approach to align milk collection with the new EAEU food safety standards, including calculations to determine a reasonable beneficiary contribution share, and is expected to finalise it by 1st October 2017.

34. **IDGs.** It was agreed that ARIS would be working closely with the Kyrgyz Russian Development Fund (KRDF) to ensure access of selected diversification enterprises to its credit resources. These enterprises focus on commercial fruit production, dairy processing and organization of logistical centres. ARIS will select such enterprises jointly with the KRDF for capacity building support and extending credit resources by end October 2017.

Agreed action	Responsibility	Agreed date
To inform IFAD on funding scope and procedures of the selected groups	ARIS	Mid September 2017
To select enterprises jointly with the Kyrgyz Russian Fund for capacity building support and extending credit resources under the IDG programme	ARIS	End October 2017

D. Project implementation progress

35. **Project Management Performance (Satisfactory, 5).** All of the envisaged elements of project management continue to be in place. The planning, budgeting and reporting process follow the established system of implementing IFAD projects, including the preparation of Annual Work Plan and Budgets (AWPBs). Capacity of the key APIU and ARIS staff has been enhanced through the various training courses.

36. In accordance with conditions of the Financing Agreement, a **Project Coordination and Reference Group (PCRG)** has been established to provide guidance for Project management. So far, seven meetings of the PCRG have taken place. The mission regrets to note that moderately satisfactory rating of Components 1 and 3 is partly due to oversight by Project Management, specifically for not sharing the revisions to pasture related legislation with IFAD.

37. **Monitoring and evaluation is Satisfactory.** The mid term survey was shared with IFAD in July and satisfactory. The logframe was updated to include the new IFAD RIMS indicators. ARIS is storing its output level data e.g. on trainings, village investments and mobilization activities in the 1C accounting system, linking it with expenditures. ARIS has a GIS database of all PUUs. It was agreed that *ARIS i) develop such database further to include geolocation of vet clinics all project financed micro-projects and ii) share all pasture map contours with IFAD in shape file format that is compatible with Google Earth.* ARIS has commenced outcome level data collection on milk yields and weight gains of livestock as proxy indicators on pasture condition. 1C configuration *should be finalised to include a modality on weight gains, including an entry window for livestock headcount for purposes of correlating the unit productivity increases with changes in the overall headcount and load on pastures.* The mid term survey for LMPD-II was shared with IFAD in July 2017 and is of satisfactory quality.

Agreed action	Responsibility	Agreed date
Update the GIS database on vet clinics and micro-projects	ARIS M&E unit	15 October 2017, ongoing
Share pasture map contours with IFAD in shape file format compatible with google earth.	ARIS GIS specialist	15 October 2017
Finalise the 1C configuration for including data on weight gains and nr of livestock.	ARIS M&E unit and programmer	15 October 2017

38. **AWPB is Moderately Satisfactory.** IFAD approved the AWPB of 2017 on 15 February 2017. The Year to date actuals versus 2017 AWPB shows an execution rate of 19% by end July. The mission expects expenditure is to converge on target by end year; the biggest expenditure item consisting of micro-projects is on track. The mission recommends that project management commence the preparation of the 2018 AWPB in time to make sure it submitted by the deadline of 60 days prior to beginning of a fiscal year. The mission notes that the AWPB does not outline the activities and finance by component; such outline is recommended for the 2018 AWPB.

39. **Gender focus is Satisfactory.** The Gender Strategy and Action Plan for LMDP-I, II for 2017-2018 was developed jointly by APIU and ARIS and approved by IFAD. The strategy aims to increase women's participation in veterinary education and in the work of the PCs to up to 30 percent. To date, in average more than 20 percent of members of the PCs are women, women make about half of the Animal Health Sub Committees of the PCs and about 20-25 percent of the total number of participants in social mobilization events. Component 3 is aimed at providing technical and financial support to women engaged in processing of livestock products.

40. **Poverty focus is Satisfactory.** The LMDP targets all livestock holders in participating communities. The benefit sharing from grants to all community members is one of the indicators for selection of micro-projects. Verification of poverty level is conducted based on 'social passports' of such households, which are maintained in the local government bodies.
41. **Effectiveness of targeting approach is Satisfactory.** The mission's assessment through field visits and meetings with PUUs, PCs and other stakeholders has confirmed that envisaged investments under the project are responding to the needs of the IFAD target group. ARIS developed Guidelines for Sustainability of micro projects to avoid 'elite capture' of project resources and investments.
42. **Knowledge Management is Satisfactory.** The elaborated KM matrix serves as a point of reference for the KM strategy and its implementation. The public awareness campaigns by the SIVPS are well organized and information has been made available on social media e.g. Facebook. The Veterinary Chamber is developing app with relevant information for the private vets.
43. **Innovation and learning is Satisfactory** The Project has implemented several innovations: CPMLDPs that take climate change into account; on line training (webinars) with testing of CDSOs on GIS, PRA methods.
44. **Climate and environment focus in implementation is Satisfactory.** The central pillar of the project – improved pasture management – is expected to increase the carrying capacity of PUU pastures.
45. **Partnerships is Satisfactory** The LMDP has established a strong partnership with various government and donor agencies alike, working actively in pasture and forest management field in Kyrgyzstan.

Agreed action	Responsibility	Agreed date
Include a table in AWPB 2018 that outlines activities and financing by component	APIU, ARIS	End October 2017

E. Fiduciary aspects

Financial Management

46. **Financial management is considered Satisfactory (5).** The financial management (FM) of the project is considered **satisfactory (5)**. Both the APIU and ARIS are staffed with sufficient experience and with clear work distribution. However, the APIU FM Manager has just left his position. It is recommended APIU to select a new FM Manager ASAP.
47. **AWPB and financial reporting.** As per recommendation of previous mission financial managers of both the APIU and ARIS provide management with monthly financial reports with analysis of significant variances to facilitate sound corrective actions. 1C accounting system that is used by both agencies is capable of providing different types of useful financial reports. With current devaluation of SDR against USD, Finance Managers also monitor regularly the available balances for disbursement in USD.
48. **Flow of funds.** No changes to the flow of funds arrangements as compared to the previous year supervision report
49. **The authorized allocations.** The mission discussed the adequacy of the liquidity of the current Pool Designated Account threshold with the Finance Managers based on current and future expenditures trends. Following the amendment of the Letter to Borrower/Recipient Designated Account threshold were increased for ARIS from USD 1,300,000 to USD 2,750,000 (Loan from USD 500,000 to USD 1,000,000; IFAD Grant from USD 500,000 to USD 750,000 and ASAP Grant from USD 300,000 to USD 1,000,000). No increase is envisaged to the current thresholds of APIU Designated Account.
50. **Counterpart funds.** The counterpart fund contribution is rated **Satisfactory (5)**. The GOK contributions arrive with slight delays. During the year 2017, i.e. as of 31 July 2017, the GOK has transferred an amount of KGS 6.8 million to cover taxes to both APIU and ARIS (KGS 4.8 million for APIU and KGS 2.0 million to ARIS) and the balance as of the same date is KGS 2.01 million (KGS 1.46 million for APIU and KGS 0.55 million). The non-utilised balances will be returned to MOF by end of the fiscal year.

51. **Disbursement rate.** The disbursement rate is assessed as **moderately unsatisfactory (3)**. The disbursement rates for the Loan, IFAD and ASAP Grant as of 31 July 2017 are 18%, 31% and 25% respectively (25% in total).

52. Below is the status of the previously agreed actions:

Agreed action	Responsibility	Agreed date	Status
Monitor regularly the SDR balances available for disbursement and USD equivalent	ARIS Financial Manager (FM) and APIU FM	Continuous	Done
Prepare monthly financial reports for management with the analysis of significant variance.	ARIS FM and APIU FM	Continuous	Done
Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	ARIS Coordinator and FM	Continuous	Done
Complete the procurement process for external audit firm for 2017-2018	APIU and ARIS Financial Manager and Chief Procurement Specialist	31 December 2017	In progress
Increase the authorised allocation for ARIS Loan and Grant Designated Accounts through an amendment to the Letter to Borrower/Recipient	IFAD Finance Officer	31 Dec 2016	Done
Increasing the level of qualifications and knowledge of procurement staff through different training courses on procurement	APIU Director, ARIS Director and Procurement Units	Continuous	Done
Monitor regularly the SDR balances available for disbursement and USD equivalent	ARIS Financial Manager (FM) and APIU FM	Continuous	Done

53. **Use of SOE and adequacy of supporting documentation.** On a sample basis, the mission examined the expenditures claimed under SOE at both the APIU and ARIS and noted the following: (i) all POs are duly authorized and entered into the accounting system and (ii) the supporting documents are complete and properly filed. During the review, some mostly minor issues were found. Respective recommendations were discussed with specialists of APIU and ARIS. The key ones are included into the new actions to be implemented.

54. **Internal controls.** Internal controls exist with more than one person involved in any financial transaction. Bank reconciliations are carried out on monthly basis and fixed asset registers are regularly updated and physical count is carried out annually.

55. **Grant to PUUs.** Since the start of the project until 31 July 2017 the amount disbursed by ARIS for implementation of micro-project grants is KGS 75.951 million (equivalent to USD 1.113 million) from the IFAD source of which KGS 74.297 million (USD 1.089 million) has been already justified/reported for.

56. **Compliance with loan covenants.** The compliance with the loan covenants is rated **satisfactory (5)**. The project is in compliance with Financing Agreement legal covenant with exception of (i) timely submission of AWBP; and (ii) insurance of project assets. The details are be found in Appendix 6 of the MTR report.

57. **Internal audit.** The APIU has no internal audit (IA) function in place. The MOA has the IA unit which is not involved in the projects' audit. However, the project is subject to internal reviews by the Chamber of Accounts usually on an annual basis, and by the State Agency on Anti-Corruption, Revision Commission of the MOF and General Prosecutor's Office on an ad hoc basis. Moreover, and in line with its Charter, ARIS has an independent IA Unit staffed with three auditors that operates outside the regular hierarchical structure and reports directly to the Supervisory Board (SB) and Executive Director. ARIS IA audited LMDP-II as part of 2016-2017 plans. The mission met with the IA manager and the specialist involved in the audit of the project. The IA unit provided audit of 23 PUUs and one special investigation as of 31 July 2017. Based on these audits 3 recommendations were issued. All of them were implemented.

58. **Quality and Timeliness of External Audit** is rated **as satisfactory (5)**. The Project Consolidated Financial Statements for the financial year ended 31 December 2016 have been audited by SOS Audit Ltd. The auditors conducted their audit in line with the International Standards of Auditing (ISA). The audit report and management letter were received before the due date of 30 June 2017. Auditors expressed an unmodified opinion on the consolidated financial statements, designated accounts, and eligibility of SOEs. The auditor's performance and financial statement were rated satisfactory. The auditors did not identify any significant weakness in the internal control systems. The previous mission recommended that APIU and ARIS to coordinate and lunch timely a full selection for an audit firm for the year 2017 onwards. The selection process is ongoing.

59. The actions required and the plan for achieving the recommendations are noted below:

Agreed action	Responsibility	Agreed date
Select a new FM consultant	APIU Director	ASAP
Incorporate into the PIM changes in accordance with amended Guidelines for VC contribution	APIU Director	End September 2017
Complete the procurement process for external audit firm for 2017-2018	APIU Director, ARIS Director and Procurement Units	End December 2017
If utility or similar payments covers offices where other than IFAD funded projects are realized such costs should be shared among all projects	APIU FM & disbursement consultants	Immediately
When payment from IFAD source exceeds eligible percentage indicated in Schedule 2 of the Financing Agreement respective indisputable proof that remaining amount was definitely used should be kept in the office	ARIS Executive Director, FM & disbursement consultants	Immediately
In case of amendment and/or reallocation of finds in a Financial Agreement all percentage of eligible expenditures in Schedule 2 of the FAs should be amended as 100% less of beneficiaries' contribution and taxes. Current percentage should be kept elsewhere and monitored outside of Schedule 2.	ARIS Executive Director & IFAD	ASAP
Submit AWPB to IFAD's No Objection	APIU Director & ARIS Executive Director	End October 2017

Procurement

60. Overall, the performance of procurement is considered **satisfactory**. Project procurement is implemented by procurement units in APIU and ARIS separately. A formal Procurement Manual for both the LMDP-I and II has been prepared with support from IFAD. Procurements are implemented according to the IFAD Procurement Guidelines and Financing Agreement. Procurement capacity is adequate: both ARIS and APIU procurement unit are adequately staffed with professionals with long term experience in WB/IFAD procurement procedures. The mission recommends the APIU and ARIS continuing to improve the knowledge in various training courses on procurement, including ITC ILO in Turin.

61. Since October 2015, the APIU has to date concluded 30 contracts to a total sum of around USD 365 thousand, including 15 contracts for procurement of goods at the amount of about USD 191 thousand and 15 contracts for rendering consulting services at the amount of about USD 174 thousand. Since October 2015 up to date, ARIS has 184 contracts with a total sum of around USD 2,073,418, including 22 contracts for procurement of goods to a total sum of around USD 1,067,988 and 162 contracts for rendering consulting services at the amount of about USD 1,005,430. It is expected that all the remaining contracts will be signed at the end of this year. The mission reviewed in detail the tender process and related documents for the main part of the conducted tenders. No violations were found.

62. The document filing system is assessed to be highly satisfactory. The main documents are available and classified accordingly on the shelves. A spot check on the procurement files for various procurement methods (goods and services) revealed no weaknesses. The Procurement Plan fully reflects the process of procurement activities, there are procurement monitoring tools complying with PP and updated data on the ongoing procurements. However, the ARIS procurement plan given to the mission was not updated with actual dates. The mission *recommends the ARIS unit to maintain an updated plan on monthly basis*.

Agreed action	Responsibility	Agreed date
Maintain an updated procurement plan (both planned and actual dates)	ARIS procurement unit	Continuous

F. Sustainability

63. **Institutional sustainability** is **Moderately Unsatisfactory**. Recent changes made to the Budget Code pose a serious threat to sustainability of the PUUs.

64. **Social sustainability (Empowerment)** is **Satisfactory**. The project has shown that when properly empowered, PUUs members monitor and participate in activities of PCs and benefit from the better access to pastures, to fodder seeds and to investment grants.

65. **Economic and financial sustainability is Moderately Satisfactory.** The mission noted that many PCs do not have yet vision and clear plan on use of investments for their maintenance and PUUs sustainability.

66. **Exit strategy is Moderately Satisfactory.** The project enjoys a high level of ownership of capacity building programme, investments, and institutional development by PUU members. The sustainability of PUUs is however pending a satisfactory solution to the risks caused by the recent legal reforms. *The mission agreed with the APIU and ARIS to develop project's exit strategy and submit to IFAD by end February 2018.*

67. **Scaling up and replication is Moderately Satisfactory.** The potential of the project can be determined conclusively only upon containment of the risks caused by the recent legal reforms.

Agreed action	Responsibility	Agreed date
Training on financial and economic sustainability of investments conducted for all PUUs	ARIS	October-November 2017
Exit Strategy for LMDP-II is elaborated and submitted to IFAD	APIU, ARIS	End February 2018

G. Impact

68. The LMDP-I and II have made a significant impact on policy in management of state pasture resources. Legal and regulatory support to the Government has been instrumental in further elaboration of laws, normative documents and legal guidelines. Policy supported by the project is pro poor ensuring access to pastures for all livestock holders and other users, its gender neutral, and it's aimed at sustainable use of natural resources.

69. The MT survey results convey a positive picture of impact, despite that that it was undertaken relatively early in implementation: i) assets have significantly increased, with livestock ownership up on 74% in livestock units. Mirroring this however is a drop in weight gains and milk yields. This highlights the importance of pasture resting and rotation during the remaining project years; ii) mortality rate from diseases has decreased with 86.2% for sheeps and goats, and 98.8% for cows; iii) conflict over pasture areas has reduced in Batken (from 30% of PUUs to practically zero) and Osh. In Jalal-Abad there is a sharp temporary increase, coaxed by the pasture demarcation process. This is expected to drop once the process is finalised; iv) awareness of CPLMPs had increased from roughly a quarter to a half of the population between 2016 and 2017. While a good improvement, the mission nonetheless notes need for improvement.

H. Conclusion

70. Although the disbursement rates are lower than planned, and there is a delay in implementation of some activities, the project is already generating an increase in livestock productivity and a decrease in mortality, thus boosting target beneficiaries' food security and increasing climate resilience. However, legal reform poses a risk. For future sustenance of successful implementation the following issues are of key relevance:

- **Legal reform.** The recent changes to the Budget Code has required the PUUs to transfer their budget to the Ayil Okmotu's account, thus making it difficult for payment of salaries or projects. As a result many PUU staff are resigning, work is halted: the institution of PUUs is threatened. Decrees and legislation to support the PUUs should be passed with greatest urgency.
- **Climate and environment.** ARIS has been understaffed and has under budgeted its activities in regard of climate. The upcoming recruitment of an ARIS climate change specialist, and targeted awareness and training programmes together with other suitable activities should lead to a wider diversification in micro projects, such as enrichment of pastures grasses, improved water management, restoration of riverine vegetation and planting of trees, and shelters.
- **Pasture resting and rotation.** Pasture resting has been introduced and is practiced by several PUUs, but adoption rates can still be significantly improved. Intensive rotation planning is not yet practiced at PUU level. A awareness campaigns and training programmes together with other suitable activities be developed with support of an international consultant should lead to a wider adaptation in the season 2018.

IFAD and the Government of Kyrgyz Republic endorsed the findings of the Mid-term Review.

Appendix 1: Summary of project status and ratings

A. Basic Facts

Country	Kyrgyz Republic		Project ID	1709	Loan/Grant No.	2000000438/ 2000000439
Project	Livestock and Market Development Programme-II (LMDP-II)				Supp. Loan/Grant (ASAP)	2000000440
Date of Update:	7-Mar-18	Last Supervision	Nov 2016		Financing terms	HCT/Grant
Supervising Inst.	IFAD	No. of Supervisions	1			
						USD million Disb. Rate
Approval	17-12-2013			Total costs		
Agreement	07-04-2014	Effectiveness lag		IFAD loan	11.0	18%
Effectiveness	06-08-2014	Problem project	No	IFAD grant	11.0	32%
MTR				ASAP grant	10.0	25%
Current completion	30-09-2019	Last Amendment		Domestic	7.3	5%
Current closing	31-03-2020	Last Audit	2016	Co-financing		
No. of extensions	0			<u>Co-financiers</u>		

B. Project Performance Ratings

B.1 Fiduciary Aspects	Last	Current	B.2 Project implementation progress	Last	Current
1. Quality of financial management	5	5	1. Quality of project management	5	5
2. Acceptable disbursement rate	3	3	2. Performance of M&E	5	5
3. Counterpart funds	5	5	3. Coherence between AWPB & implementation	4	4
4. Compliance with loan covenants	4	4	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 & Environment focus	5	

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

C. Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets	5	5
C.2 Food security	5	5
C 1 Overall implementation progress (Sections B1 and B2)	4	4

Justification for rating

Although the disbursement rates are lower than planned, and there is a delay in implementation of some activities, the project is already generating an increase in livestock productivity and a decrease in livestock mortality, thus boosting target beneficiaries' food security and increasing climate resilience. However, the recent changes to the Budget Code have required the PUUs to transfer their budget to the *ayil okmotu*'s account, thus making it difficult for payment of salaries or projects. As a result, many PUU staff are resigning, work is halted: the institution of PUUs is threatened. Decrees and legislation to support the PUUs should be passed with greatest urgency. Nevertheless, the mission is confident that the LMDP-II, despite some delays in implementation, is on a sustainable development path to meet the targets set for the project given that the project would timely implement mission's recommendations provided throughout the aide-memoire.

C 2	Likelihood of achieving the development objectives (section B 3)	4	4
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Justification for rating

The programme's progress towards achieving its development objectives is satisfactory.

C 3	Risks	<i>Short description of major risks for each section and their impact on achievement of development objectives and sustainability</i>		
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Fiduciary aspects	No major risks
Project implementation progress	No major risks
Outputs and outcomes	No major risks
Sustainability	The project has strong embedded mechanisms for sustainability with the design organically built into GOK's pasture management reform; the sustainability of the project very depends on changes to the pasture law and related legislation as these influence the capacity of PUUs to manage pastures in a sustainable, effective way with collection of pasture use fees to support implementation of investment plans. Recent changes to the Budget Code, pose some level of risk to sustainability of these institutions. It is very important that PD, APIU, AKJ and ARIS jointly continue advancing rights and interests of the PUUs at the national level, disseminating information on reforms and its results among the representatives of the Government and Parliament.

D. Follow-up Action (critical)

Issue/problem	Recommended Action	Status/Timing
Fiduciary aspects	Finalisation and submission of 2018 AWPB	End October 2017
Satisfactory programme implementation and performance	Develop proposal and budget on Natural Fodder Seed Fund for approval by IFAD	Mid August 2017
	To prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD	End November 2017
	Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	Continuous
Sustainability	To inform IFAD on temporary arrangements adopted by the MoF on implementation of the new Budget Code by the PUUs	Mid September 2017
	Conduct training for PUUs on sustainable maintenance and management of investments	End December 2017
	To conduct trainings for the heads of <i>aiyl okmotu</i> and <i>aiyl kenesh</i> jointly with the relevant experts from the Rayon Department for Agrarian Development (RDADs) on the pasture management legislation, pasture improvement, project activities and other issues	End December 2017

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

Results	Indicators	RIMS code	Indicator/territory	Baseline value			Mid-term target (PY2)	Final Target (PY5)	Frequenc y	Means of Verification	Responsible agency	Methods of collection
					BS	RIMS						
1	2	3	4	5	6	7	7	8	9	10	11	12
Goal. Contribute to poverty reduction and enhanced economic growth in pasture communities.	G1. In 95 000 households (25% of the total number of target population) family budget index additionally will increase	NA	Land ownership	Irrigated arable land in the 1st quintile. The biggest land plot.	0.3		10%	25%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion. National statistics (National Statistical Committee of KR). Studies to complement indicator based data	APIU	See RIMS methodology
			Cattle ownership in the 1st quintile (average)	Sheep:	13							
				Goat:	8							
				Cattle:	2							
				Cars	45%	46%						
				Satellite antenna	23.40%							
				Bedroom furniture	55.00%							
				Sitting room furniture	53.60%							
				Fridge	76.00%	76.00%						
				Washing machine	71.20%							
				Television	97.70%	98.00%						
			Barn or shed	8.20%	8.00%							
			Access to sanitation	Street standpipe/well in the yard	40.10%	43.00%						
				Tap inside the house	25.20%	27.00%						
	No access	23.50%		13.00%								
	Indoor sanitation	2.00%		2.00%								
	Electricity	Access to electricity in the HH	98.00%	99.00%								
G.2. 25% of targeted population with increased climate resilience (ASAP)	NA	Batken		0.00%			25%					
		Jalal-Abad		0.00%			25%					
		Osh		0.00%			25%					

	G.3. 10% reduction in the prevalence of children's malnutrition	NA	Batken	Acute malnutrition	6.80%			10%				
				Chronic malnutrition	27.60%							
				Underweight	6.60%							
			Jalal-Abad	Acute malnutrition	6.80%			10%				
				Chronic malnutrition	21.70%							
				Underweight	7.70%							
			Osh	Acute malnutrition	1.70%			10%				
				Chronic malnutrition	17.90%							
				Underweight	5.10%							
Development Objective. Improved livestock productivity and enhanced climate resilience of pasture communities reflected in improved and equitable returns to livestock farmers.	O.1 .The volume of livestock and livestock product sale covered by the project households increased on average by 15% in comparison with the pre-project level of sales (identified as a result of initial situation survey)	NA	Batken	Cattle	Oxen	45 000	som	15%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	APIU	Surveys
					Cows	36 400	som					
					Young stock	16 500	som					
				Sheep	Under 1 year old	3 000	som	15%				
					1- 2 years old	3 500	som					
					2-3 years old	4 250	som					
					Over 3 years old	5 700	som					
				Goat	1-1,5 years old	1 800	som	15%				
					2-3 years old	3 000	som					
					Over 3 years old	8 400	som					
				Horse	1-2 years old	25 000	som	15%				
					2- 5 years old	40 000	som					
					Over 5 years old	65 000	som					
				Milk		35	som	15%				
				Meat		300	som	15%				
			Jalal-Abad	Cattle	Oxen	55 000	som	15%				
					Cows	38 000	som					
					Young stock	25 000	som					
				Sheep	Under 1	3 600	som	15%				

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				Horse	1-2 years old	19 000	som		15%				
					2- 5 years old	40 000	som		15%				
					Over 5 years old	85 000	som		15%				
				Milk		27.5	som		15%				
				Meat		300	som		15%				
	O.2. Monthly consumption of meat and dairy products increased by xx% for 15% of targeted poor HHs (KG or L per month)	NA	Batken province: annual consumption per capita	Meat		18.63	kg		+xx%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	APIU	Surveys
				Meat products		11.74	kg		+xx%				
				Milk		95.72	л		+xx%				
				Dairy		58.38	kg		+xx%				
			Jalal-Abad province: annual consumption per capita	Meat		21	kg		+xx%				
				Meat products		13.78	kg		+xx%				
				Milk		40.9	л		+xx%				
				Dairy		28.39	kg		+xx%				
			Osh province: annual consumption per capita	Meat		24.8	kg		+xx%				
				Meat products		11	kg		+xx%				
				Milk		104	л		+xx%				
				Dairy		44	kg		+xx%				
Component 1. Community Based Pasture Management and Vulnerability Reduction													
Outcome 1. More productive and climate change resilient pastures and increased additional fodder accessible to livestock	C.1.1.a Percentage of persons/households reporting an increase in production (Milk yields per year (liter / cow / year))	2.2.3	Batken	On average: one cow per day, average lactation period of 190 days		4	liters/a day	10% from BL value	15% from BL value	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	ARIS	Annual surveys as main information source.
				Per year per cow, lactation - 300 days		1 200	liters/a year						
			Jalal-Abad	On average per cow per day, the average lactation period of 190 days		6	liters/a day	10% from BL value	15% from BL value				
				Per year per cow, lactation - 300 days		1 800	liters/a year						
			Osh	On average per cow per day, the average lactation period of 190 days		6	liters/a day	10% from BL value	15% from BL value				

C.1.1.b Percentage of persons/households reporting an increase in production (Average live weight (Kg) of cattle, horses, sheep and goats sold in local markets)	2.2.3	Batken	Per year per cow, lactation - 300 days		1 800	liters/a year							
			Batken	Per year per cow by NSC data	1 481	kg/a year	10% from BL value	15% from BL value					
			Jalal-Abad		1 918	kg/a year	10% from BL value	15% from BL value					
			Osh		1 750	kg/a year	10% from BL value	15% from BL value					
	2.2.3	Batken	Cattle	Oxen	300	kg	0%	15% from BL value					National Statistics disaggregated by rayon provides complementary information. Milk: cross-checked with data from milk collectors.
				Cows	175	kg	0%						Weight: cross-checked with local markets data.
				Young stock	140	kg	0%						
			Sheep	Under 1 year old	25	kg	0%	15% from BL value					
				1-2 years old	28	kg	0%						
				2-3 years old	35	kg	0%						
				Over 3 years old	43	kg	0%						
			Goat	1-1,5 years old	18.5	kg	0%	15% from BL value					
				2-3 years old	28	kg	0%						
				Over 3 years old	31	kg	0%						
			Horse	1-2 years	155	kg	0%	15% from BL value					

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				stock									
				Under 1 year old	33	kg	0%	15% from BL value					
				1- 2 years old	39	kg	0%						
				2-3 years old	50	kg	0%						
				Over 3 years old	60	kg	0%						
				1-1.5 years old	22	kg	0%	15% from BL value					
				2-3 years old	32	kg	0%						
				Over 3 years old	33	kg	0%						
				1-2 years old	110	kg	0%	15% from BL value					
				2- 5 years old	150	kg	0%						
				Over 5 years old	330	kg	0%						
	C.1.2.a Additionally 225 MT of high quality/ refined barley available in project communities by the end of the project period	NA			0		100 т	255 т	Annual	Reports from National Federation of Community Seed Funds	PU CSF	Public Union - Community Seed Fund reports	
	C.1.2.b 45 000 MT fodder available in project communities by the end of the project period (40% barley/60% fodder)	NA			0		100 т	45 000 т				Surveys with CSF and members beneficiaries to complement information.	
	C.1.2.c. 20% reduction of mortality rate caused by disasters (ASAP)	NA			0		0%	20%	Annual	Annual reporting (after MT)	ARIS	Annual Surveys	

Output 1.1 Climate risk-mitigation pasture and animal health management plans incorporating needs and priorities of the poor and women	1.1.1. 189 approved pasture management and animal health plans in the project area effectively integrating climate risk mitigation and adaptation measures (ASAP)	NA			0		40	190	Annual	Annual Surveys	PD	Surveys
	1.1.2. Disputes regarding access to pastures reduced by 10% from BS.	NA	Batken		31.10%		5%	10%	Annual	Annual reporting, questionnaire, minutes of focal groups, CPMP	ARIS	Questionnaire,
			Jalal-Abad		19.50%		5%	10%				Survey
			Osh		16.00%		5%	10%				
			Parties to conflict:	Pasture Committee – Forestry (Leskhoz)	18.70%							
				Between Pasture Committees	17.10%							
				Inside a Pasture Committee	32.50%							
	1.1.3. Increase in collected pasture fees by 20% by the end of the project	NA	Batken	% of pasture user fee collection	70%		10%	20%	Annual	BL, MT, IA Surveys	PD	Reporting from Pasture Department
			Jalal-Abad		60%		10%	20%		PD M&E records		
			Osh		55%		10%	20%		Pasture Committee records		
Output 1.2	1.2.1. 648 000 men and women (30% of target population) have access to infrastructure (water; shelter; connectivity roads) that is climate resilient and environmentally sound (ASAP)	NA			0			648 000	Quarter	ARIS M&E records	ARIS	Annual Surveys
Resilient and sustainable investments prioritized in community pasture management and animal health plans presented and used										Annual Work Plans and Budgets		
	1.2.2. Number of hectares of land brought under climate-resilient management (ASAP)	3.1.4			0			17 000		PUUs' records		

Output 1.3 Institutions involved in pasture management are strengthened and have capacity to integrate climate risk management into management plans and policy making	1.3.1. 315 Pasture Users’ Unions (PUUs) benefiting from a functional early warning system for extreme climate events, hazards (heat and cold waves, floods, frost and drought) (ASAP)	NA			0			314	BL, MT, IA	BL, MT, IA surveys	PD, APIU, ARIS	Reporting from Pasture Department
												Cross Checking with communities
Component 2. Animal Health and Production Services												
Outcome 2. Veterinary care of animals improved	Percentage of persons/households reporting adoption of new / improved inputs, technologies or practices (veterinary services)	2.2.1							Annual	Project M&E records	APIU, SIVPSS, KSRIV	Surveys
Output 2.1 Community vets provide animal health and production services on a regular basis	Number of persons trained in production practices and/or technologies (PVs trained)	1.2.3			0		80	378	Quarter	SIVPPS report Project M&E records	ARIS	Regular reporting of CDSO (ARIS)
	2.1.2. 380 veterinary packages provided to PVs	NA			0		80	378	Quarter			
	2.1.3. 75 AI businesses being operated by PVs by the end of the project	NA			0		20	75	Quarter			
Output 2.2 Animal Health Committees providing support to Pasture Committees on animal health concerns	2.2.1. Number of functioning AHSC to the end of the project	NA			0		40	189	Quarter	District project quarterly reports	ARIS	Regular reporting of CDSO (ARIS)
										Project M&E records		
Output 2.3 Educational support for animal health services operating more efficiently	2.3.1. 120 new vets entering veterinary practice and PVs upgrading their skills	NA			0		70	120	Annual	Project M&E records	KNAU	Regular monitoring
										Kyrgyz Agrarian University annual statistics		
Component 3. Diversification and Market Initiatives/ Initiatives on Value Chain												

Outcome 3.										Project M&E records		
Income from additional income generation activities benefits communities prone to climate change	C.3.1. Beneficiaries' household income increased at least by 20% from additional income activities (ASAP)	NA			0			20%	Annual	Beneficiaries	ARIS	Surveys
	C.3.2. Number of rural producer organizations engaged in formal partnerships/agreements or contracts with public or private entities (partnerships between farmer groups and processors/market intermediaries formed)	2.1.3			0			25	Annual	Project M&E records	ARIS	Surveys
										MT Survey		
										Annual Surveys		
Output 3.1										Project M&E records,		
Higher quality and volumes of milk available for assured markets	3.1.1.a. Number of rural producer organizations supported (milk collection/cooling centers established)	2.1.3			0			6	Quarter	Records from milk processing plants	ARIS	Surveys
	3.1.1.b. Number of rural producer organizations supported (women's processing groups operating in the Project area)				0			9		Beneficiaries		
	3.1.2 Price per liter of milk gained by producer increased	NA			0			15%				
	3.1.3. Value added in milk improved	NA			0			20%				
Output 3.2 Additional income-generating activities supported to enhance risk-coping mechanisms	3.2.1.aa. Number of rural producer organizations supported (groups established engaged in economic activities-handicrafts)	NA			0			9	Quarter	Project M&E records	ARIS	Surveys
	3.2.1.ab. Number of rural producer organizations supported (groups established engaged in economic activities-kurut)							9				

	3.2.1.ac. Number of rural producer organizations supported (groups established engaged in economic activities-horticulture processing)						9			
	3.2.1.b. Number of rural producer organizations supported (women led groups)			0			10		Survey of women's milk processing group financial records	
	3.2.2.aa. Grants for economic diversification disbursed to new enterprises established-handicrafts	2.1.3		0			9			
	3.2.2.ab. Grants for economic diversification disbursed to new enterprises established-kurut						9			
	3.2.2.ac. Grants for economic diversification disbursed to new enterprises established-horticulture processing						9			
	3.2.2.b. At least 40% of grants to women groups			0			10			

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

Action Area	Action Agreed	Whom	Date	Progress
Project Implementation Outputs	To develop a plan and budget for elaboration of the Strategy for Pasture Management and Livestock Development and submit to the IFAD	APIU	End August 2017	
	To recruit technical specialists at the district level and train them to provide support to PUUs	APIU	End October 2017	
	Develop proposal and budget on Natural Fodder Seed Fund for approval by IFAD	AKJ and KSRLPI with support from APIU	Mid August 2017	
	Develop a programme on Cultivated Fodder Seeds Funds, revise Operational Manual and budget for approval by IFAD	AKJ with support from APIU	Mid September 2017	
	To provide suggestion on pasture inventory to IFAD	DPLF, APIU	End December 2017	
Sustainability	To inform IFAD on temporary arrangements adopted by the MoF on implementation of the new Budget Code by the PUUs	APIU/DPLF	Mid September 2017	
	Conduct training for PUUs on sustainable maintenance and management of investments	ARIS LMDP Coordinator	End December 2017	
	To prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD	ARIS	End November 2017	
	To conduct trainings for the heads of <i>aiyl okmotu</i> and <i>aiyl kenesh</i> jointly with the relevant experts from the Rayon Department for Agrarian Development (RDADs) on the pasture management legislation, pasture improvement, project activities and other issues	ARIS	End December 2017	
	Develop the project's exit strategy	APIU Director and ARIS Coordinator	End February 2018	
Fiduciary Aspects	Incorporate into the PIM changes in accordance with amended Guidelines for VC contribution	APIU Director	End September 2017	
	Complete the procurement process for external audit firm for 2017-2018	APIU Director, ARIS Director and Procurement Units	End December 2017	
	Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	ARIS Coordinator and Financial Manager	Continuously	
	Submit overall 2018 AWPB to IFAD for no objection	APIU Director	End October 2017	

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

FIRST LEVEL RESULTS

		Results	Unit	Period ending: 30.11.2016			Cumulative			Sum of actuals of previous years
				AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
Total Outreach		People receiving project services	Number	105 000	76 526	73%	503 500	96 528	19%	
		People receiving project services	Male	73 500	59 719	81%	352 450	64 777	18%	
		People receiving project services	Female	31 500	19 807	63%	151 050	31 752	21%	
		Households receiving project services	Number	20 192	15 305	76%	95 000	18 213	19%	
		Communities receiving project services	Number	190	189	99%	190	189	99%	
Component	Sub Component									
Component Name	Sub Component Name									
1. Community Based Pasture Management and Vulnerability Reduction	Community Pasture Management and Investments	Environmental management plans formulated	Number	190	189	99%	190	189	99%	
		People trained in natural resources management	Number	1 890	1 553	82%	1 140	1 553	136%	
		People trained in natural resources management	Female	378	187	49%	114	187	164%	
		People trained in community management topics	Number	1 323	1 205	91%	570	1 205	211%	
		People trained in community management topics	Female	130	106	82%	57	106	186%	
	Pasture Institutional Strengthening	Government officials and staff trained	Number	250	251	100%	380	251	66%	
		Government officials and	Female	15	13	87%	25	13	52%	

		staff trained								
		Land under improved management practices	Ha	0	0	0%	17 000	0	0%	
		Households covered by new or improved climate information services (€)	Number	0	0	0%	122 500	0	0%	
		Other productive infrastructure constructed/rehabilitated	Number	50	1	2%	190	1	1%	
2. Livestock Health and Production Services	Strengthening Veterinary and Community Animal Health Services	People trained in business/entrepreneurship	Number	0	0	0%	380	0	0%	
		People trained in business/entrepreneurship	Female	0	0	0%	20	0	0%	
		Groups involved in NRM formed/strengthened	Number	190	189	99%	190	189	99%	
		People in natural resources management groups formed/strengthened	Number	0	0	0%	190	0	0%	
		People in natural resources management groups formed/strengthened	Female	0	0	0%	19	0	0%	
		Natural resources management groups with women in leadership position	Female	0	0	0%	10	0	0%	
	Animal Health Education and Capacity Building	People trained in livestock production practices and technologies	Number	71	69	97%	120	139	116%	
		People trained in livestock production and technologies	Female	7	6	86%	7	13	186%	
3. Diversification and Market/Value Chain Initiatives	Programme Development and Implementation	Marketing facilities constructed/rehabilitated	Number	0	0	0%	10	0	0%	

		People trained in post-production, processing and marketing	Number	0	0	0%	305	0	0%	
	Milk Value Chains Investment	People trained in post-production, processing and marketing	Female	0	0	0%	244	0	0%	
		Marketing groups formed/strengthened	Number	0	0	0%	40	0	0%	
		People in marketing groups formed/strengthened	Number	0	0	0%	230	0	0%	
		People in marketing groups formed/strengthened	Female	0	0	0%	155	0	0%	
	Womens Milk Processing Groups	Marketing groups with women in leadership position	Number	0	0	0%	25	0	0%	
		Processing facilities constructed/rehabilitated	Number	0	0	0%	15	0	0%	
		People trained in income generating activities	Number	0	0	0%	125	0	0%	
		People trained in income generating activities	Female	0	0	0%	50	0	0%	
4. Project Management		Government officials and staff trained	Number	20	17	85%	70	10	14%	
		Government officials and staff trained	Female	10	5	50%	15	6	40%	

Note: Indicators reported on a sex-disaggregated basis
N/A - not available

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

Table 5A: Financial performance by financier

Financier	Appraisal (USD)	Actuals (USD)	Per cent actuals
IFAD loan	11 000 000	674,798	6%
IFAD grant	11 000 000	2,387,069	22%
ASAP grant	10 000 000	1,117,680	11%
Ben Contribution	7 084 000	222,677	3%
Government	270 000	134,746	50%
Pasture User Unions	175 000	0	0%
Total:	39 529 000	4,536,969	11%

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

Component	IFAD loan			IFAD grant			ASAP grant			Ben Contribution			Government			Pasture User Unions			Total		
	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%	Appraisal	Actual	%
(A) Community-based Pasture Management and Vulnerability Reduction	10,173	341	3%	7,751	1561	20%	9,780	1,118	11%	6,256	222.67	0%	214	69	32%	175		0%	34,349	3,312	10%
(B) Livestock Health and Production Services	200	54	27%	2,242	718	32%				570		0%	37	54	147%				3,049	826	27%
(C) Diversification and Market/Value Chain Initiatives (ARIS)				745		0%	220		0%	258		0%	2		0%				1,225	0	0%
(D) Project Management (APIU)	627	281	45%	262	109	42%							17	11	63%				906	400	44%
Total:	11,000	675	6%	11,000	2,387	22%	10,000	1,118	11%	7,084	223	3%	270	134	50%	175	0	0%	39,529	4,537	11%

Table 5C: Budget versus Actuals by financier by component (USD '000) for the year 2017 as of 31 July 2017

	IFAD loan			IFAD grant			ASAP grant			Ben Contribution			Government			Pasture User Unions			Total		
Component	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
(A) Community-based Pasture Management and Vulnerability Reduction	1,733,200	13,756	1%	2,205,457	507,842	23%	3,969,000	522,076	13%	992,250	170,438	17%	16,500	9,273	56%				8,916,407	1,223,386	14%
(B) Livestock Health and Production Services	135,000	53,807	40%	737,040	584,863	79%							78,100	52,773	68%				950,140	691,443	73%
(C) Diversification and Market/Value Chain Initiatives (ARIS)				494,400		0%													494,400	0	0%
(D) Project Management (APIU)	208,850	119,955	57%	82,500	27,608	33%							9,830	2,881	29%				301,180	150,444	50%
Total:	2,077,050	187,519	9%	3,519,397	1,120,313	32%	3,969,000	522,076	13%	992,250	170,438	17%	104,430	64,926	62%	0	0		10,662,127	2,065,272	19%

Table 5D: IFAD loan disbursements (SDR, as at 31 July 2017)

Category	Category description	Original	Revised	Disbursement	W/A pending	Balance	Per cent disbursed
		Allocation	Allocation				
I	Equipment, Goods and Vehicles	320,000		139,618		180,382	44%
IV	a) Pasture/Livestock Improvement	6,330,000		124,120		6,205,880	2%
V	Operating Expenses	400,000		140,550		259,450	35%
	Unallocated	150,000				150,000	0%
	Authorized Allocation (APIU/ARIS)			902,296		-902,296	
	Total:	7,200,000		1,306,584		5,893,416	18%

Table 5E: IFAD grant disbursements (SDR, as at 30 November 2016)

Category	Category description	Original	Revised	Disbursement	W/A pending	Balance	Per cent disbursed
		Allocation	Allocation				
II	Consultancies	4,350,000		912,881		3,437,119	21%
III	Training and Workshops	900,000		138,501		761,499	15%
IV	b) Value Chain and Diversification Grants	300,000				300,000	0%
IV	c) Other Grants	1,500,000		469,089		1,030,911	31%
	Unallocated	150,000				150,000	0%
	Authorized Allocation (APIU/ARIS)			718,255		-718,255	
	Total:	7,200,000		2,238,726		4,961,274	31%

Table 5F: IFAD ASAP grant disbursements (SDR, as at 30 November 2016)

Category	Category description	Original	Revised	Disbursement	W/A pending	Balance	Per cent disbursed
		Allocation	Allocation				
I	Equipment, Goods and Vehicles	370,000				370,000	0%
II	Consultancies	30,000				30,000	0%
III	Training and Workshops	5,000				5,000	0%
IV	a) Pasture/Livestock Improvement	5,860,000		797,034		5,062,966	14%
IV	b) Value Chain and Diversification Grants	145,000				145,000	0%
V	Operating Expenses	55,000				55,000	0%
	Unallocated	35,000				35,000	0%
	Authorized Allocation (APIU/ARIS)			834,474		-834,474	
	Total:	6,500,000		1,631,508		4,868,492	25%

Appendix 6: Compliance with legal covenants: Status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.6b	Separate Ledger shall be setup and maintained within each Designated Account	Continuous	Complied with	Separate Ledger are maintained
Section E.1.a	The Programme Implementation Manual approved by IFAD	Disbursement condition	Complied with	Updated PIM was approved by IFAD
Section E.1.b	The Programme Coordination and Reference Group (PCRG) has been duly established	Disbursement condition	Complied with	PCRG was established by the MOA order
Section E.1.c	The APIU and ARIS have been fully staffed to the satisfaction to the Fund	Disbursement condition	Complied with	
Section E.1.d	Subsidiary agreement between ARIS and MOF acceptable to IFAD should be concluded	Disbursement condition	Complied with	
Section E.1.e	The Designated and Programme Accounts shall have been duly opened	Disbursement condition	Complied with	Two Designated Accounts have been opened with Kyrgyz Investment and Credit Bank and Project bank account for each source of finance have been opened with same bank
Section E.1.f	Financial Management system and accounting software shall have been operational	Disbursement condition	Complied with	
GC Section 4.08	Eligible Expenditures	IFAD financing proceeds to be used exclusively to finance Eligible Expenditures	Complied with	
GC Section 7.01	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 delay	Draft AWPB of 2017 was submitted in December 2016 and approved by IFAD in February 2017
GC Section B.8	Availability of Grant Proceeds and Counterpart Funds	Continuous	Complied with	
GC Section 7.05	Procurement of goods, civil works and services in accordance with the IFAD Procurement Guidelines	Continuous	Complied with	
GC Section 7.08	Lead project agency shall insure all goods and buildings used in the project against such risks and in such amounts as shall be consistent with sound commercial practice	Continuous	Partially complied with	Only ARIS has insurance but not APIU
GC Section 8.02	Monitoring, establishment of information management system	Continuous	Complied with, but requires update	
GC Section 8.03	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	
GC Section 8.03	A Mid-Term Review to be carried out jointly by Borrower and IFAD	No later than 36 months after the Effective Date	Complied with	MTR has been carried out during 16 July – 10 August
GC Section 9.02	Submission of Financial Statements	Within 4 months after the end of each fiscal year	Complied with	.
GC Section 9.03	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

Knowledge management is an integral part of all components, reflected in capturing lessons learned in various forms and disseminating them continuously within and outside of the project. Innovative nature of many project activities generates experience relevant not only for Kyrgyzstan but globally. IFAD continues exchange between Kyrgyzstan and Tajikistan initiated last year, when IFAD supervision missions to both countries include national counterparts and specialists as consultants, so they learn while doing and from each other.

Institutional Assessment conducted for Pasture Committees by various community groups (women, shepherds, livestock owners and local leaders) gives insight information on the knowledge gap and needs of communities, as well as direction for capacity building of PCs.

The APIU has organized a summer internship for students studying in the Kyrgyz National Agrarian University on project funded scholarships to work with private veterinarians, Pasture Committees (PC) and PUUs members. They will not only learn about practical work of the PCs but also will help them to learn basic computer skills.

The Animal Health Component supports wide information dissemination campaign on best practices and methods on prevention and containment of zoonotic diseases. The Village Health Committees together with private veterinarians, which were integrated into PCs as part of the Sub Committees on Animal Health have been trained on prevention of brucellosis and echinococcosis.

ARIS jointly with the Association of PUUs engaged most advanced PC chairpersons in Peer to Peer programme, when they train other PUU members on legal issues related to pasture management and use.

The Department of Pastures, Livestock and Fisheries (DPLF) has developed a database on all PUUs and their activities in pasture management. ARIS maintains its own Management Information System (MIS), which contains information on all PUUs, their institutional information, capacity building programmes and their respective Community Pasture Management and Livestock Development Plans. It was agreed that ARIS and the DPLF would establish joint informational platform to share this information.

The SIVPS has also launched a new database for bovine animals' registration and identification in March 2017. The identification of animals is essential pre-requisite for all efficient disease monitoring/control programmes. This database with information on registered animals is expected to be completed by the end of 2017.

The level of understanding of CDSOs on decentralized pasture management continues to play crucial role in their support to PUUs. The mission recommended ARIS to continue to train these community experts on core social mobilization skills, gender sensitivity as well as on specific issues related to pasture improvements. It was agreed that the ARIS project management team would prepare a solid training programme for CDSOs to be undertaken during the capacity building camp to be organized in October 2017. In addition, short educational films prepared by the contracted PR company on pasture assessment will be disseminated to all CDSOs and PCs.

Knowledge management is an integral part of all components, reflected in capturing lessons learned in various forms and disseminating them continuously within and outside of the project. Innovative nature of many project activities generates experience relevant not only for Kyrgyzstan but globally. IFAD continues exchange between Kyrgyzstan and Tajikistan initiated last year, when IFAD supervision missions to both countries include national counterparts and specialists as consultants, so they learn while doing and from each other. The Department of Pastures, Livestock and Fisheries (DPLF) has developed a database on all PUUs and their activities in pasture management. ARIS maintains its own Management Information System (MIS), which contains information on all PUUs, their institutional information, capacity building programmes and their respective Community Pasture Management and Livestock Development Plans. It was agreed that ARIS and the DPLF would establish joint informational platform to share this information.

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Innovation:

The innovation on reaching PUUs with information through schools has been scaled up in Issyk Kul and Naryn regions. ARIS needs to mainstream this approach in its activities in all regions in order to improve awareness of community members on the PCs activities.

The mission noted a creative approach of the SIVPS and the APIU to information dissemination through social networks. A Facebook page opened for fictional veterinarian 'Doctor Azamat' is attracting more and more attention from vets, livestock owners and general public.

Appendix 8: Audit Log

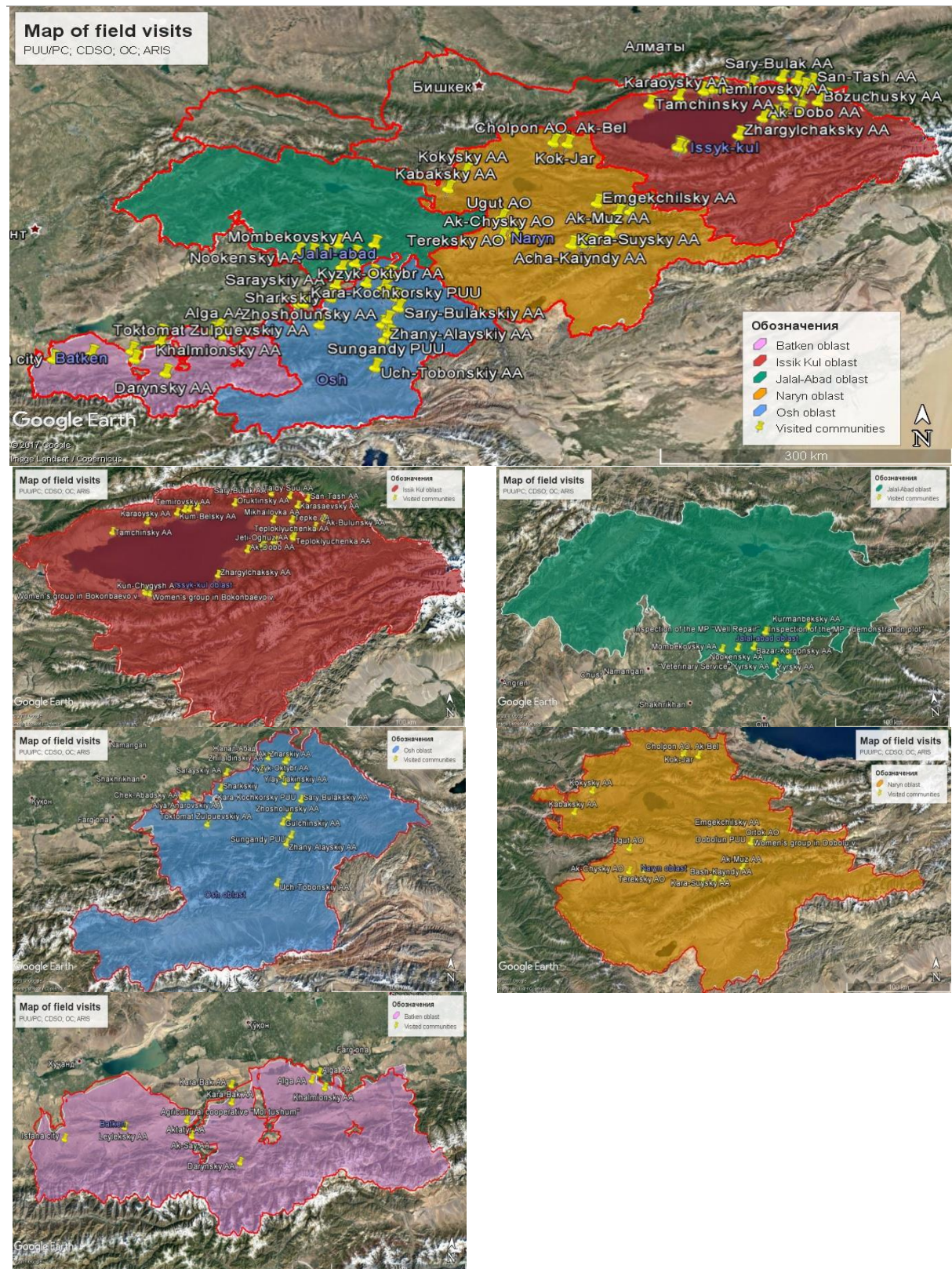
The Project Consolidated Financial Statements for the year 2016 have been audited by SOS Audit Ltd (second project audit). The auditors conducted their audit in line with the International Standards of Auditing (ISA). The audit report and management letter were received before the due date of 30 June 2017. Auditors expressed an unqualified opinion on the consolidated financial statements, designated accounts, and eligibility of SOEs. The auditor's performance and financial statement were rated satisfactory. The auditors did not identify any significant weakness in the internal control systems.

Financial Year	Audit Observations as per Audit Report		Audit Observations Settled		Audit Observations Outstanding	
	Numbers	Value (KGS)	Number s	Value (KGS)	Numbers	Value (KGS)
2014-2015	NA	-	-	-	-	-
2016	NA	-	-	-	-	-
Total:	0	-	0	-	0	-

Appendix 9: Supervision Mission Schedule and Persons met

(Please see the attached map of field visits)

17-23 May 2017	Field visits to Osh, Batken oblast by Mr. Kuvanchybek Ismailov, IFAD Country Presence in Kyrgyz Republic
04-07 July 2017	Field visits to Naryn oblast by Mr. Kuvanchybek Ismailov
10-12 July 2017	Field visits to Issyk-Kul oblast by Mr. Kuvanchybek Ismailov
16 July 2017	IFAD Mission arrives in the country
17,18 July 2017	Meetings with the LMDP APIU and ARIS staff to discuss schedule of work, review implementation progress reports and consultants reports
19-23 July 2017	Field Visits to Issyk-Kul, Naryn, Osh, Jalal Abad, Batken oblasts
24 July 2017	Meetings with the members of the Mission to discuss implementation progress and next steps Meeting with the Kyrgyzhydromet staff Meeting with the Center for Registration, Certification of Veterinary Medicinal Products, Feed and Feed Additives Meeting with the Department on Pastures, Livestock and Fisheries under the Ministry of Agriculture, Food Industry and Melioration State Agency for Environmental Protection and Forestry under the Government of the Kyrgyz Republic Meeting with the Veterinary Statutory Bodies - Veterinary Chamber staff
25 July 2017	Meeting with the State Inspectorate for Veterinary and Phytosanitary Security (SIVPSS) Meeting with the Kyrgyz Livestock and Pasture Research Institute (KLPR)
26 July 2017	Meeting with APIU and ARIS Staff to discuss detailed implementation progress of the activities Meeting with project manager, FAOUN Kyrgyzstan Meeting with the Department on Pastures, Livestock and Fisheries under the Ministry of Agriculture, Food Industry and Melioration
27-28 July 2017	Field visits to Issyk-Kul oblast Meeting with the Kyrgyz Association of Pasture Users Meeting with the Kyrgyz National Agrarian University staff Meeting with the Kyrgyz Scientific Research Institute of Veterinary Meeting with the State Sanitary and Epidemiological Surveillance under the Ministry of Health of the Kyrgyz Republic staff
31 July 2017	Meeting with the Department of Ecology ARIS Meeting with management and staff of GIZ in Kyrgyzstan
01 August	Wrap-up meeting with the Deputy Minister of Agriculture, Food Industry and Melioration
02 August 2017	Meeting with the Deputy Minister of Finance
03 August 2017	Wrap-up meeting with staff of the APIU, ARIS, DPLF and SIVPS
04 August 2017	Working meeting with AJK
7-9 August 2017	Working meetings with ARIS, APIU and DPLF



Appendix 10: Summary of Implementation Support Provided by IFAD

So far, IFAD has undertaken a start-up, an implementation support and one supervision mission. The major inputs provided jointly with the LMDP-I include support to preparation of: first Programme Implementation Manual (PIM); unified PIM for the LMDP-I and LMDP-II; key TORs; first AWPB and PP, baseline survey's TORs, methodology and questionnaire; RIMS; financial management and procurement manuals together with all relevant forms; development of mobilization and targeting strategy; support to Pilot Phase in 8 PUUs; support to preparation of template Community Pasture Management and Livestock Development Plan; presentation of principals for rotational grazing and pasture conditions and their M&E; application of remote sensing tools; M&E guidelines together with electronic tools for MIS; and support to preparation of Gender Strategy and the strategy for Component 3. 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 APIU and ARIS on the mission's findings and implementation support activities as well as the proposed follow-up actions.

Working Paper 1: Pasture Management

WP 1: Community-Based Pasture Management and Vulnerability Reduction

71. This Component has two subcomponents: 1.1 Community Risk-mitigation Pasture Management and Investments and 1.2 Pasture Institutional Strengthening. Its outcome is to achieve more productive and climate change resilient pastures and increased additional fodder accessible to livestock. To achieve this, the project supports 189 PUUs in the Project area in upgrading Community Pasture Management and Livestock Development Plans (CPMLPs) and improved pasture management; supports demarcation of disputable pasture external boundaries leading to decrease of conflicts, and; supports the set-up of an early warning system.

72. The disbursement of the IFAD Loan under Component 1 is at the rate of 3%, or about USD 0.34 million out of the total of USD 10.2 million, of IFAD Grant at the rate of 19% or about USD 1.49 million out of the USD 7.75 million, and of ASAP Grant at the rate of 11% or about USD 1.11 million out of the USD 9.78 million. Activities have been largely conducted satisfactory. However, recent legal reforms pose a serious threat to the PUUs as an institution.

73. Below is the status of the key actions agreed during the last mission in November-December 2016:

Agreed action	Responsibility	Agreed data	Status
Inform IFAD on proposed legal changes to pasture related legislation	DPLF/APIU	Continuously	Not done
Inform IFAD on next steps on delimitation of external pasture boundaries	PD and APIU LMDP Coordinator	15 January 2017	Done
Develop a proposal on addressing the issue of pasture improvement at the PUU level and submit it to IFAD	ARIS LMDP Coordinator	15 March 2017	Done
Conduct training for PUUs on sustainable maintenance and management of investments	ARIS LMDP Coordinator	15 March 2017	Not done
Increase the ceiling of micro-projects implemented directly by PUUs from USD 5,000 to USD 10,000. Reflect this revision in the PIM and officially submit to IFAD for no objection	ARIS LMDP Coordinator	Immediately	Done
Implementation of micro-projects as per agreed schedule	ARIS LMDP Coordinator	Continuously	On going
Prepare plan for small pilot on pasture assessment with the use of remote sensing and submit it to IFAD	PD/ARIS/KSRLP	30 January 2017	In progress
Provide information to IFAD on a new structure, staffing and functions of the newly established department of Pastures, Livestock and Fisheries	APIU	30 January 2017	Done
Finalize pasture legal issues modules and technical guidelines for PUUs, AOs	AKJ	15 January 2017	Done
Conduct TOT on legal issues for CDSOs and selected PC Chairperson	ARIS, AKJ	15 January 2017	Done
Conduct legal training for 189 PUUs	AKJ, ARIS	30 April 2017	Done
Guidelines for implementation of the women enterprises support programme developed and submitted to IFAD	ARIS	30 January 2017	Done
Preparation and submission of a proposal on the development of community fodder seed funds (CFSF)	APIU	End April 2016	Not done

74. **Sub-Component 1.1 – Developing risk-mitigation pasture and animal health plans** is focused on supporting the initiatives that are required to improve pasture resilience and productivity, use and access to pastures.

75. Preparation and updating the CPMLDPs. ARIS provided support to all 189 PUUs in the three Southern regions to review and update pasture management, improvement and use plans. Training was conducted on the basics of the GIS and use of GPS; on monitoring and assessment of pasture condition; and elaboration of the pasture improvement plans with considerations of the climate change. It is task of the CDSOs to ensure that all PC chairpersons can use this equipment and knowledge for work undertaken in preparation and updating the CPMLDPs. However, the mission

noted in discussion with visited PUUs, that many of them still don't have working digital maps with information on infrastructure, pasture conditions, carrying capacity and location of the monitoring plots. The mission recommends that ARIS purchase the relevant computer equipment recruit additional GIS specialist on a short term basis to update and distribute said pasture maps. *These maps need to be prepared and given to all target PUUs to be used for elaboration of the pasture improvement and use plans by end of December 2017.*

76. More than a half of all PUUs in the South completed a pasture condition assessment in the course of updating their CPMLDPs with support from ARIS' community experts. These plans have been very successful in mobilizing/sensitizing communities and establishing a credible allocation process for limited pastoral resources. Shepherds and livestock owners accept that the PCs can indicate to them where to take their animals based on the CPMLDP, and they are willing to pay for that service. PC representatives generally attribute to the re-established rotation of livestock the improvements in pasture conditions observed over the past years. According to the data provided by ARIS, more than 60 percent of the PUUs in the LMDP-2 target areas grazed livestock based on the carrying capacity of pastures and following seasonal pasture rotation principle. This seasonal rotation allowed about 90,000 ha of pastures in 2016 and more than 100,000 ha in 2017 to rest and regenerate. Those PUUs where seasonal rotation is not exercised either have limited pasture areas or weak or new PC management. However, it is evident that the PUUs still need technical support in this work. *The mission agreed with the APIU and ARIS to recruit technical specialists at the district level and train them to provide such support to PUUs by end October 2017. Young specialists of the Rayon Department for Agrarian Development (RDADs) should be assisting the technical specialists. ARIS with technical specialists to be recruited by the APIU will be working with the remaining PCs to enhance their capacity to ensure that pasture assessment is undertaken in all PUUs by end February 2018.*

77. Some PUUs in addition to implementing micro projects funded by the project have started to undertake pasture improvement activities.⁵ However, there's limited availability of forage seeds and lack of technical knowledge in the PUUs. In order to increase awareness of PUUs on pasture improvement approaches, *ARIS should prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD by end October 2017.* The training programme for communities on such improvements accompanied with investments will be implemented in 2018 before the PUU annual plans and budgets are prepared and approved by the local councils. Technical specialists would provide backstopping support to PCs in preparation and updating pasture improvement plans.

78. Pasture boundary demarcation and inventory. The APIU is about to submit the documentation on the external pasture boundary delimitation for all *aiyl aimaks* to the State Commission for Pasture Boundary Delimitation for formalization of the borders. ARIS has contracted services to digitalize maps of pastures for 61 *aiyl aimaks* in Osh and Jalal-Abad regions. After these maps will be fully digitalized, they will be transferred to the Department of Pastures, Livestock and Fisheries (DPLF) for verification and approval.

79. There are still about 11 cases over disputed borders between neighboring *aiyl aimaks*, which are reviewed in the courts. At the same time, the participatory process and accepted results of the delimitation of external administrative boundaries of the pasture areas generated huge positive results in supporting decentralization reforms and strengthening local self-government bodies, and reducing conflicts between neighboring communities. The next step would be an inventory of the pasture areas within the administrative boundaries of the *aiyl aimaks*. All negotiations of the APIU and the DPLF with the State Land Management Institute *Kyrgyz Giprozem* could not be concluded so far. *The DPLF and*

⁵ More than 400ha of natural pastures in the LMDP II target areas were re-seeded in 2017; weeds were treated in 380ha, and on 1,500 ha watering of pastures was improved.

APIU are currently reviewing various options to undertake such an assessment and provide suggestion to IFAD by the end of 2017.

80. Sub-component 1.2 – Prioritizing Investments in resilient pasture management plans.

Social mobilization and capacity building of the PUUs. The Mission noted growing awareness of the communities on pasture management system and processes. Village meetings were conducted in all target communities with participation of more than seventeen thousand people, with about third of them women. Additional support was provided by ARIS to formation and strengthening pasture management institutions, such as the Revision Commission of PUU, Animal Health Sub-committees. However, results of the mid-term survey revealed that awareness of communities on pasture management processes is still not fully adequate. It was agreed that *in addition to starting the information campaign immediately, ARIS would enhance awareness and engagement of community members through village meetings and dissemination of information through community clusters.*

81. ARIS has facilitated an institutional assessment (IA) of the PUUs by the communities in 2016-2017. Work of 14 out of 189 PUUs was assessed as weak and scored less than 40 percent. The results of the assessment show positive dynamics in the capacity of the PCs, increased awareness of the communities on PCs activities. However, the IA methodology was not used properly with CDSOs facilitating the assessment in own target areas. An independent external monitoring which will be conducted with the help of the APIU would probably provide additional insights on the level of awareness, engagement of communities, and on institutional issues faced by the PUUs, which need to be addressed through the capacity building programme. All 189 PUUs signed framework agreements with ARIS, also approved by the heads of the local government bodies and district authorities. PUUs have been implementing 220 micro projects (MPs) totaling to about 27 million Soms (about USD 400 thousand). The major focus of these MPs have been on i) improvement of pasture infrastructure, such as rehabilitation of bridges, roads, stock drinking points (113 MPs); ii) on animal health, such as livestock dipping chutes, mobile sheep shearing equipment, Bekker's pits for dead animals (100 MPs). The remaining MPs addressed issues of pasture improvement (6 MPs) and purchase of small machinery. For the second tranche of grants, based on demand of all PUUs, ARIS is procuring 15 types of machinery, such as graders, bulldozers and trucks. The importance of machinery is justified by the necessity to ensure year-round road access to remote pastures as an essential condition for the rotation of livestock, which is itself a fundamental tenet of practically all CPMLDPs. Procurement of all machinery will be finalized in August 2017 and machinery is expected to be distributed to PUUs in September-October, 2017. Management and operation of machinery requires significant financial, organizational and technical capacity that not all PUUs have. This raises risks of "elite capture", sub-optimal or unsustainable use of the equipment. The mission noted that although ARIS has developed Guidelines on Sustainability of Micro Projects, and trained community experts in development, selection and sustainability of micro-projects, the PUUs and especially PCs have not been trained yet. In order to ensure a continued flow of benefits to pastoralists and a cost-efficient use of machinery, involving for instance the possibility of PUUs to obtain income from the rental of machinery and encouraging the sharing of equipment between PUUs, *the mission agreed with ARIS that all PUUs would be trained on sustainability of micro-projects and on monitoring of use of machinery in September-December, 2017.* In addition, ARIS will ensure implementation of safeguards on continuing access of PCs to machinery, such as signed agreements on machinery use between PC, AO and ARIS.

82. *Awareness raising.* The APIU and ARIS were to launch a communication campaign via round tables, press tours organized for journalists, TV programmes, specialized newspapers materials.⁶ The companies to prepare informational materials were recruited at the end of May 2017 and the materials

⁶ The previous supervision mission noted that it is very important to disseminate information on the roles PUUs and PCs play in pasture management, as well as of the advantages of the decentralized pasture management for the reduction of conflicts and improved pasture conditions. The systematic dissemination of information has been especially critical considering that members of the local councils and heads of the local governments have been re elected in the fall of the 2016.

are planned to be prepared and disseminated in August-September 2017. *However, considering that the pasture users are on the pastures till September, it was agreed to extend the broadcasting of the prepared materials till November - December 2017.*

83. ARIS has developed a communication strategy and plan in 2015 which were approved by the IFAD. However, ARIS delayed its implementation since then. During last the mission in November 2016 it was agreed that due to the local elections and almost full turnover of the members of the *aiyl keneshes* and *aiyl okmotu* heads, ARIS will launch approved communication programme in January 2017. However, a further delay ensued. *The mission emphasized again the importance of the communication campaign for raising awareness on the improvement of the pastures and issues on the ground and agreed to prepare a revised plan and budget for the information campaign and submit to IFAD by mid August 2017. The campaign to be started immediately after IFAD's approval.*

84. Legal trainings. The APIU and DPLF conducted the ToT for CDSOs on pasture management related legislation in May-June 2017 who conducted training on legal issues for the PUUs. It was *agreed that when the temporary arrangements for implementation of the Budget Code will be issued, ARIS with support from the APIU will conduct trainings for the heads of the aiyl okmotu and aiyl kenesh jointly with the relevant experts of the RDADs on the pasture management legislation, pasture improvement, project activities and other issues till the end of 2017. All chairpersons of the PCs will also be informed on the temporary arrangements on the implementation of the Budget Code when they are introduced by the GoK.*

85. Study tours. Project's experience has shown the huge positive effect of study tours of PCs members to successful peers for capacity building organized by ARIS and AKJ. *The mission agreed with ARIS and AKJ to increase scope of such study visits between PCs in the North, as well as between PCs along the North-South. Study visits will be implemented by the AKJ with logistical support from the CDSOs in the third quarter of 2017.*

86. Community Fodder Seed Programme (CFSP). The LMDP II expected to establish 95 Community Fodder Seed Funds (CFSF) in targeted areas in order to produce sufficient amounts of feed and forage for winter feeding of animals. However, the National Federation of Community Seed Funds had to discontinue the activity in 2015 due to internal problems. Considering the vital importance of access to natural and cultivated fodder seeds,⁷ mission agreed with the APIU to implement two programmes: i) Women Run Natural Fodder Seed Funds(NFSFs) and ii) Cultivated Fodder Seed Funds (CFSFs). For NFSFs, the mission recommended to allocated a specific grant in areas selected by the Kyrgyz Scientific Research Livestock and Pasture Institute (KSRLPI) to recruit women and youth from the PUU communities and provide them with the required kit of start-up tools and supplies to select and collect natural seeds (e.g. from the established "demonstration plots") to be used for re-seeding in the PUU pastures and establish small nurseries that would produce common fodder seed and multi-purpose trees funds (e.g. mulberry and leucaena are known fodder trees, that also provide other environmental services such as shade, soil stabilization, carbon and nitrogen capture). This programme will be implemented by the AKJ with technical support from the KSRLPI, which would ensure that it deploys appropriate technical support and provides necessary training to the PUU members volunteering/interested to be involved in this activity. It is expected that some of the women and youth trained will be able to create successful micro-enterprises. To maximize the probability of profitable small businesses being created, the project could synergistically deploy some of the resources available under Component 3 (e.g. business development training for women). *It was agreed, that AKJ with support from the APIU would provide its proposal and budget for approval to IFAD by mid August 2017.*

⁷ Also brought up by several PC representatives, who mentioned that *Sainfoin* was the only pasture seed generally available and affordable (and to a lesser extent *Saxaul*). Hay and other wild/indigenous grass seed mixes (the preferred seeding option for pastoralists) can also be sourced on the market, but are more difficult to find and very expensive.

87. CFSF programme will also be implemented by the AKJ with support from the KSRLPI. This programme will be developed based on the experience and lessons of the NFCSF. It was agreed that the *AKJ with support from the APIU would provide a revised Operational Manual and budget for approval to IFAD by mid September 2017.*

Agreed action	Responsibility	Agreed date
To update digital community pasture maps and transfer them to all target PUUs to be used for elaboration of the pasture plans	ARIS	End December 2017
To recruit technical specialists at the district level and train them to provide support to PUUs	APIU	End October 2017
To finalize pasture assessment training of the PUUs	ARIS, technical specialists	End February 2018
Prepare training materials and modules on improvement, restoration of degraded land, water management and/or fodder production activities and submit it to IFAD	ARIS	End October 2017
To provide suggestion on pasture inventory to IFAD	DPLF, APIU	End December 2017
Start the information campaign and enhance awareness and engagement of community members through village meetings and dissemination of information through community clusters.	ARIS	Immediately
To review various options for prompt delivery of early warnings to the PCs till the EWS is installed and fully running	DPLF, APIU	Immediately
To train all PUUs on sustainability of micro-projects and on monitoring of use of machinery	ARIS	End December 2017
Increase scope of such study visits to PCs in the North	AKJ, ARIS	End September 2017
To extend the broadcasting of the prepared PR materials till November - December 2017	APIU	Immediately
Submit communication strategy and budget for 2017 to IFAD for approval. The campaign to be started immediately after IFAD's approval.	ARIS	Mid August 2017
To conduct trainings for the heads of the <i>aiyl okmotu</i> and <i>aiyl kenesh</i> jointly with the relevant experts of the Rayon Department for Agrarian Development (RDADs) on the pasture management legislation, pasture improvement, project activities and other issues	ARIS/APIU/DPLF	End December 2017
Develop proposal and budget on Women Run Natural Fodder Seed Fund for approval to IFAD	AKJ and KSRLPI with support from APIU	Mid August 2017
Develop a programme on Community Cultivated Fodder Seeds Funds, revise Operational Manual and budget for approval to IFAD	AKJ with support from APIU	Mid September 2017

88. **Sub-Component 1.3 – Knowledge Management, Capacity Building and Policy Support.**

This sub-component supports research, strengthens the knowledge base and builds the capacity of national level institutions, helping to develop a cadre of technically qualified specialists in pasture management and improvement, and integrating climate risk management into management plans and national policies. Major partners in implementation of this sub-component are the following: (i) the Department of Pastures, Livestock and Fisheries (DPLF); (ii) Kyrgyz National Agrarian University (KNAU); (iii) Kyrgyz Scientific Research Livestock and Pasture Institute (KSRLPI) for research, training and other related activities, and iv) Association of Pasture User Unions Kyrgyz Jaiyty (AKJ).

89. **Institutional Strengthening of Department of Pastures, Livestock and Fisheries.** The Pasture Reform Outreach Group (PROG) operates in the DPLF under the project support. The DPLF and PROG underwent large staff turnover in 2015-2016, which affected the project implementation. The group was established to enhance the capacity of the DPLF and currently is comprised of the GIS Specialist, Climate Change Specialist and Pasture Boundaries Demarcation Specialist. It was agreed that the APIU would recruit required consultants to work with the PROG on legal issues in pasture management.

90. **Legal and regulatory reforms in area of pasture management.** Pasture management reforms have started with the GoK adopting a Pasture Law in 2009, which devolved management of state pastures to the local government and further to the local territorial self government bodies such as PUUs. However, starting from 2015, the direction of the decentralization of the pasture management reforms has been changing with the aim to limit autonomy of the PUUs.⁸ Several changes were made

⁸ This shift was caused by the several factors: First, there was a change in the leadership in the Pasture Department (PD), with the champion of the pasture management reforms who led the PD from 2008 leaving the department that year. Second, under the overall GoK effort to optimize its structures, the PD itself was under the process of the reorganization. Finally,

to the Pasture Law in 2016, which were potentially undermining democratic principles of election of the chairperson of the Pasture Committee (PC) by the communities and introduced the provision that the chairperson is recommended by the head of the *aiyl aimak*. There was also a provision made to the Pasture Law stipulating that not less than a third of collected revenue from pasture fees, including land taxes to be transferred to the budgets of the local governments. A Department of Pasture, Livestock and Fishery has been formed and a new management appointed in December 2016.

91. The mission learned while in the country, that other significant changes were made to the Budget Code related to the pasture management, which pose a risk on the ability of the LMDP-I and LMDP-II to reach its development objectives. These revisions relate to the legal definition of the pasture use fees as revenue source of the local government and the requirement to maintain all local governments' budget funds on the one account of the *aiyl okmotu*. These changes have been enforced starting from January 1, 2017 and mean that all collected by the PCs funds for the pasture use should be remitted to the local governments' accounts, in which the PUUs cannot access them despite their mandate stipulated in the Pasture law:⁹ where provisions of the Budget Code and the Pasture Law are in conflict, the Budget Code prevails. The mission visited and met with more than 80 PUUs and discussed these issues with the representatives of the PUUs and local government. That legal collision led to the confusion on the ground not only among the PCs but also bodies of the local government and Treasury branches. Some PCs continue activities as before the Budget Code, and some PCs have transferred collected pasture fees to the local government accounts. Those who transferred funds were unable to access these resources so far due to the Treasury's legal requirements on withdrawal of funds (submission and approval of annual withdrawal plan, no allocation for salaries of the PC chairpersons and accountants, compliance with the central government's standards of accountability such as the use of the "Portal" for all procurement). That affected the autonomy of the PCs and their ability to use collected funds for on going activities, especially in addressing mitigation of the emergency situations, such as mudslides causing damage of bridges and roads. This situation has already resulted that many accountants and some chairpersons of the PCs have resigned, and motivation of the remaining PCs chairpersons to implement pasture management plans has dropped. It is expected that the collection rate of pasture fees might also be lower than in 2016.

92. These provisions of the new Budget Code place a tremendous risk on the project's ability to reach its objectives and if not urgently addressed by the GoK can make it improbable to continue Project's implementation as agreed in the Financing Agreement between the Kyrgyz Republic and IFAD. The mission met with the high level authorities in the MoAFIM and MoF, members of the Parliament to discuss the situation. The GoK has assured to make the necessary revisions to the Budget Code to guarantee fiscal autonomy of the PCs and ability to implement pasture management plans. However, since it would require time to make such changes, it was agreed to develop temporary arrangements to allow PCs access and use of the two thirds of collected pasture use fees for the tasks and expenditures defined in the annual Pasture Management Plans and approved by the local councils. *The MoAFIM will inform IFAD on temporary arrangements adopted by the MoF on this issue by mid September 2017.*

93. The mission agreed with the APIU that the LMDP I and LMDP II would provide support to the DPLF to further develop a Strategy for Pasture Management and Livestock Development (SPMLD) 2017-2022. ARIS and AKJ will provide data, analytical support and logistical support in organizing consultations with the stakeholders on the regional and district levels. This strategy will be aligned with the National Strategy for Sustainable Development (NSSD) and Strategy for Agricultural

there has been growing pressure from the individual heads of the local government on central government to subordinate PCs to them and direct pasture use fees into the local budgets.

⁹ These changes seem to be introduced to ensure transparency and effective use of the public funds but without consideration of the pasture management system and relevant legislation.

Development. *The mission agreed that the plan and budget for the development of the SPMLD would be elaborated by the APIU and submitted to the IFAD by end August 2017.*

94. *The state monitoring of the pastures conditions*, management and use remains a critical issue requiring urgent attention. In accordance with the Land Code the GoK tasked Kyrgyz *Giprozem* to monitor pastures. However, due to very limited funding allocated by the state budget to the *Giprozem* it is not able to conduct such monitoring on a large scale. The DPLF with the support of the PLMIP (WB funded project) recruited a consultant to develop Regulations on the Inventory of Pasture Areas and Infrastructure to be reviewed and approved by the relevant state body. The PROG GIS specialist jointly with ARIS GIS and Pasture Specialist have attempted to develop a GIS based fodder availability assessment. The mission recommends to the APIU and ARIS to connect with the GIS and pasture specialists in Mongolia to learn experience of the Green Gold Project on pasture assessment and monitoring. It is recommended that the relevant specialists visit Mongolia as soon as possible and if needed identify consultants there who can help to develop remote sensing based fodder assessment system in Kyrgyzstan. *The APIU will inform IFAD on the study tour to Mongolia by mid October 2017.*

95. **Association of the Pasture Users' Union Kyrgyz Jaiyty (AKJ).** The Handbook of Pasture Committee and informational bulletins issued by the AKJ were appreciated by the PCs. The AKJ has been working intensively with the 25 PUUs in three regions, which had relatively low Institutional Assessment scores. The mission visited number of such PUUs and was pleased with progress made in these PUUs in increased awareness of pasture users, in improved understanding of the PCs on pasture management and use procedures. The AKJ will facilitate PCs exchange visits to their peers in 2017 and 2018. Starting from early 2017 the Association conducted nine seminars and 41 working meetings with the PUUs. The AKJ participated in TOT of CDOs on legal issues of pasture management and use as well as powers, responsibilities and competencies of local self-governments and pasture user unions.

96. **Institutional strengthening of the Kyrgyz Scientific and Research Livestock and Pasture Institute (KSRLPI).** The KSRLPI underwent restructuring in 2016. As a result, the Pasture Unit was merged with Fodder Breeding Unit and Laboratory of Fodder Production into Pasture and Fodder Unit with 13 staff. As of today, the KSRLPI in coordination with AKJ conducts research throughout the country to determine the location of grazing grasses, and upon completion of these activities it will determine the territory of the pilot pasture committees. Upon completion of a research work the KSRLPI specialists will make a final selection of *aiyl aimaks* and agreements will be signed with *aiyl aimaks* and PCs. The KSRLPI has been undertaking research on best practices of pasture management, a final paper on which is due for completion in 2018.

97. **Climate Change Adaptation.** The APIU has hired a national Specialist on Climate Change Adaptation (SCCA) in 2016. The SCCA has i) undertaken a review of climate related policies and investment projects in Kyrgyzstan, ii) supported the preparation of the Third National Communication to UNFCCC¹⁰, iii) commenced supporting DPLF in the development of Strategy for Pasture Management and Livestock Development (SPMLD) 2017-2022, and iv) supported setup of a capacity building programme for DPLF staff to deal with climate adaptation related to pasture management¹¹.

For setup of the Early Warning System (EWS), the APIU has entered into an MOU with Kyrgyzhydromet (KHM) in which KHM is designated as the entity that assumes responsibility of implementing the EWS and recipient of project supported capacity building. A consultant¹² has prepared technical specifications for the relevant equipment, development of an automated forecasting system with integrated models of derived variables, and training for KHM. The tender is

¹⁰ Finalised in September 2016.

¹¹ First training in September 2017, subsequent trainings to be conducted after the EWS is set up at KHM. Currently, DPLF in cooperation with Kyrgyzhydromet is preparing a training module on climate change to raise awareness and accurately use the forecasts in the pasture farming

¹² Mr. Ernesto Lopez-Baeza, Professor of Applied Physics, Valencia University, recruited by the APIU.

expected to start in August/September 2017 and contract(s) to be entered into in January/February 2018. Funds remaining under the EWS would be used for purchase of automated weather stations. To link prognoses with farmers, it was agreed that the *SCCA support the set up of a stakeholder forum to develop a suitable mechanism for disseminating the prognoses to PUUs, farmers and shepherds.*

The key climate related activities led by ARIS comprise: i) improvement of CPMLDPs; including calculation of short/long term pasture carrying capacity; ii) investment for the implementation of the risk mitigation measures from pre-defined list of eligible activities;¹³ iii) Pasture Seed Facilities; and iv) Component 3 on Diversification and Market/Value Chain Initiatives.

ARIS' Pasture Specialist is coordinating a process to promote adoption of pasture resting and rotation at PUU level. An international consultant has been hired to support the process.¹⁴ It was agreed that *the project with support of the international consultant, would develop a module to intensify the adoption of pasture resting and introduce intensive rotation that results in launching activities in season 2018.*

After suspending efforts for hiring a Climate Change Specialist (CCS) for half a year, ARIS is now in the final stages of recruitment. The CCS will support the promotion of climate related activities. *The mission recommends that the CCS, together with the PS and other relevant experts, develop a module to intensify the adoption of climate friendly technologies as part of the third tranche of grant funding*¹⁵. The mission strongly emphasises the need for ARIS coordinator to allocate sufficient funds to support the work of the PS and CCS. The combined outcome should result in a strong diversification of activities funded by the micro-grants.

98. **KNAU.** The project design envisaged financial and technical support to KNAU for upgrading and delivering an educational module on risk-mitigation in pasture management, to be incorporated into the existing Bachelor degree on agriculture. KNAU has conducted roundtables with research institutions, NGOs and other relevant partners to develop a module on pasture management.¹⁶ Stakeholders are developing TORs for a company that would be recruited to draft the final module.

Agreed action	Responsibility	Agreed date
Inform IFAD on temporary arrangements adopted by the MoF on the implementation of the Budget Code by the PUUs	APIU/DPLF	Mid September 2017
Develop a plan and budget for elaboration of the Strategy for Pasture Management and Livestock Development and submit to the IFAD	APIU	End August 2017
Organize study tour to Mongolia on remote sensing fodder assessment	APIU	Mid October 2017
Finalise and implement capacity building programme for DPLF staff	SCCA, DPLF, KRSU	Continuous
Finalise recruitment of the CCS	ARIS coordinator	Mid August 2017
Allocate sufficient budget for supporting the specialists, notably CCS and PS working on climate related activities.	ARIS LMDP coordinator	Immediate, continuous
Finalise the blueprint for the pasture management module, and launch a tender for consultant who will write the detailed module design and description	KNAU, APIU	End August 2017

¹³ The consultant has thus far undertaken three missions.

¹⁴ The original design foresaw that the international consultant advice on i) pasture demarcation and ii) pasture inventory. These activities are now handled by the DPLF and need for support from an international consultant dedicated to this topic is not foreseen at time of mission.

¹⁵ Comprising: i) enrichment of pasture with grasses, leguminous plants, and small bushes adapted to a changing climate; ii) water management (to increase water storage and infiltration, and to prevent or reduce erosion); iii) restoration and/or protection of riverine vegetation; iv) planting of multi-purpose trees (shade, fodder, timber, fruit, etc.); v) agricultural machinery to produce/harvest/store fodder; vi) fencing to facilitate intensive rotations; and vii) shelters for animals and facilities for shepherds.

¹⁶ ARIS, Camp Alatau, AKJ, the Kyrgyz Turkish Manas University, DPLF and KNAU veterinary faculty.

Working Paper 2: Livestock Health and Production Services

99. The key objective for the component is to increase access to livestock and veterinary services for smallholder producers resulting in decreased mortality and increased productivity of sheep/goat flocks and cattle herds due to the reduced incidence and prevalence of diseases. The outcome is: healthier livestock with lower mortality.

100. OIE involvement. Under the LMDDP-I, a 5-year contract with the OIE has been concluded to support implementation of the component for the whole LMDDP (for the period 2014-2018). There have been so far five OIE missions resulting in detailed recommendations on veterinary legislation (incl. Veterinary Law and Veterinary and Food Safety Codex), quality of veterinary education (incl. Animal Health Educational Programme), strengthening Veterinary Chamber as a statutory body, veterinary laboratories, programmes to control echinococcosis and brucellosis, and certification of veterinary drugs. The OIE also has assisted in preparation of a Strategic Plan for Development of the Veterinary Service of the Kyrgyz Republic for 2017-2021.

101. The component is progressing well. So far, USD 0.054 million have been disbursed from the allocated USD 0.2 million of IFAD Loan or about 27% and USD 0.72 million from the allocated USD 2.24 of IFAD Grant or 32%.

102. Below is the status of the previously agreed actions:

Agreed action	Responsibility	Agreed date	Status
Provide support to AHSCs to improve cooperation with private vets to ensure that animals accessing spring pastures are vaccinated	ARIS	15 February 2017	Done
Ensure public safety in AH micro-projects	ARIS	Immediately	Done
Adopt the proposal on the Veterinary Chamber's financing modalities together with the projected financial flows (brief business plan)	VC/APIU	Immediately	Done
Preparation and submission of a proposal on the distant learning and continuous education programme in KNAU (veterinary and pasture management)	APIU/KNAU	30 Sep 2017	In progress
Implement OIE PVS Mission's recommendations for modifying veterinary curriculum	APIU/KNAU	30 Sep 2017	In progress
Implementation of the dogs' deworming identification programme (purchase of collars with unique identification number and removable clips for dogs treated against Echinococcosis)	SIVPS/ARIS	31 July 2017	In progress
Encourage private vets to include modern field testing equipment into their veterinary grant packages (as per SIVPS requirements)	SIVPS/ARIS	30 April 2017	Done
Develop and implement programme for summer internship of veterinary students in PCs		30 April 2017	Done

Sub-component 2.1. Strengthening Veterinary and Community Animal Health Services

103. Veterinary Legal Framework. The amendments to the Veterinary Law and the Code "On Administrative Liability" initiated by the LMDDP-I were adopted on May 24, 2017 and entered into force. These amendments allow the GoK to adopt regulatory legal acts on further establishment and development of the Veterinary Chamber (VC) and private veterinary practice in the country. This important legal change enables VC to collect registration fees and ensures its financial sustainability.

104. Strengthening the Animal Health Sub-Committees (AHSC). The mission confirmed that in all visited PUUs AHSC's are operational, albeit often their work is absorbed in general functions of the PCs, members of both being the same. To further develop the AHSC's role they should continue working closely with private veterinarians to ensure that all animals receiving a passport for spring pastures are vaccinated. Trained consultants-trainers conducted trainings on the ground according to the schedule on the topic. In total 956 people

participated in a training on “Planning and monitoring activities for animal health at the level of *aiyl aimak*”. A number of other trainings were conducted successfully on various topics with participation from TOTs, private veterinarians, AHSC and PUU members.

105. Private Veterinarians (PVs). The mission is pleased to confirm the delivery of 378 motorbikes and testing/vaccination equipment to private veterinarians selected and proposed by PCs.

Sub-component 2.2. Animal Health Education and Capacity Building

106. Student Incentive Programme. The APIU together with KNAU developed the Guidelines for selection and training of students at the Veterinary Medicine and Biotechnology Faculty (VMBF), and since 2014 69 students including 6 girls continue studies under the LMDP-II support, that includes support for excelling students for selected courses and conferences.

107. The APIU has discussed and agreed with the mission to start summer internship for veterinary students receiving scholarship in PCs of the their home villages. Since these students were selected and nominated by their respective PUUs, it would be mutually beneficial if they spend few weeks of summer internship supporting their PUUs. To date the APIU, KNAU and ARIS agreed to conduct summer internship for students during vacation. According to the preliminary data, 49 students among 108 (both the LMDP-I and II) agreed to pass the internship in their A/A under the coordination of CDSO on a voluntary basis.

108. An OIE PVS evaluation mission conducted in February 2016 assessed the KNAU veterinary curriculum and suggested several amendments, which have been only partly implemented (new courses on animal welfare, bioethics, veterinary public health and food hygiene, epidemiology have been implemented. There has been a delay in submission of the proposal for distant and continuous education programme for private veterinarians. *It has been agreed that both activities would be completed by end of September 2017.*

109. Institutional Strengthening of the Kyrgyz Scientific and Research Veterinary Institute (KSRVI). Under the mid-term plan, the KSRVI has developed epidemiological monitoring plan for diseases FMD, sheep pox, PPR, equine disease, pasteurellosis. The KSRVI conducts epidemiological monitoring for FMD, sheep pox, PPR, equine disease, pasteurellosis using classical (anamnesis) and modern methods (GPS), collects animal blood serum and whole blood, as well as pathological material to detect diseases by ELISA, PCR. It identifies the type of FMD virus serotype, equine disease to select a suitable vaccine. The documents of KSRVI in terms of two programmes (short-term and mid-term) were sent to review by the OIE. The OIE experts carried out expertise of the KSRVI research works on four diseases. The comments and recommendations received from the OIE experts were corrected and taken into account. Currently, the KSRVI is performing preparatory work to carry out the research programme.

110. Veterinary Chamber. The VC has developed the training modules on the topics “Procedure of registration and issuing the veterinary accompanying documents for supervised goods”, “Rules for keeping pets and poultry in the Kyrgyz Republic” (March-April 2017). The trainings on the topic “Farm animal species in Kyrgyzstan and ways to improve their breeding qualities”, “Modern methods of artificial insemination of farm animals” were held with participation of 70 PVs were held in April 2017. 300 additional questions have been developed in Kyrgyz and Russian languages and entered into the programme of independent assessment of the private veterinarian qualification, and a mobile application for this programme has been developed and launched. Ten specialists, representing the state veterinary authorities, the academic community, private veterinary and the VC participated in advanced training courses in Japan in March 2017. The private veterinarians are registering

in the VC Register on a constant basis. As of June 1, 2017, in total 2,370 private veterinarians were registered, including 831 (35%) veterinarians, 1,213 (51.1%) veterinarian technicians, 13.7% veterinary attendants , including 154 women (6.5%).

Agreed action	Responsibility	Agreed date
To recruit consultants for the SIVPS (as per TORs prepared by the SIVPS)	APIU	Immediately
Preparation and submission of a proposal on the distant learning and continuous education programme in KNAU (veterinary and pasture management)	APIU/KNAU	End Sep 2017
Implement OIE PVS Mission's recommendations for modifying veterinary curriculum	APIU/KNAU	End Sep 2017
Implementation of the dogs' deworming identification programme (purchase of collars with unique identification number and removable clips for dogs treated against Echinococcosis)	SIVPS/ARIS	End Dec 2017
Vaccination strategy and post vaccination/post-treatment monitoring brought in line with recommendations from OIE Draft Mid-term Review Report	SIVPS	End Dec 2017

WORKING PAPER 3: Diversification and Market/Value Chain Initiatives

111. The objective of this component is to enable livestock producers in the target area, especially women to increase their income from milk production to meet the market demand and thereby achieve improved returns from their dairy animals. Additional income-generating activities supported to enhance risk-coping mechanisms. ARIS agreed with IFAD for the LMDP I and LMDP II to follow one approach in implementation of Component 3.

112. Component implementation has been delayed due to various reasons, including difficulties with marketing of milk related to Kyrgyzstan's entry into the Eurasian Economic Union (EAEU). The procurement of milk from Kyrgyz farmers in 2015 decreased almost by 40% due to Kazakhstan's ban of import of dairy products in line with new food safety requirements. The component consists of the following activities: 1). Small Grants for Livestock Women Group (SWG); 2) Support to Milk Collection and Cooling Centers (MCCCs); 3) Income Diversification Grants (IDGs).

113. SWGs: information campaigns, regional roundtables have been conducted by ARIS Gender Specialist and Economist for leaders and members of small women groups (SWG), processing enterprises headed by women, community organizations (*Jamaats*), heads of agricultural cooperatives, livestock farmer, PC chairmen in Naryn and Issyk Kul regions. ARIS has developed guidelines on support to these groups, which were approved by the IFAD.¹⁷ Groups will be required to provide up to 7 percent of grant amount as own contribution. Up to now, 40 groups submitted applications to ARIS under the LMDP I. Those who applied were trained on Business Planning and Basics of Marketing conducted by ARIS in July 2017. Mission members met with the women groups and discussed their difficulties with meeting HACCP requirements and co financing requirements. These groups will submit business plans and other required documentation to ARIS by August 2, 2017 for final selection by the specially established Selection Committee comprised of experts of ARIS, representatives of the PCs and processing enterprises. Selected SWGs will go through intensive training on business planning and financial management, milk processing, marketing and food safety requirements by the selected TATC consulting company. All milk processing groups face difficulties in meeting the Eurasian food safety requirements, which become mandatory to adhere to starting from August 17th, 2017. *It was agreed that ARIS would review their technical and financial proposals and would consult groups on funding scope to ensure sustainability of investments and inform IFAD by mid September 2017.*

114. MCCCs. ARIS has conducted meetings with the dairy processing enterprises and explained terms and conditions of LMDP support to the MCCCs. For milk collectors, the conditions relate to availability of facilities for the centers, water and sanitation systems, experience and functioning milk collection operations, and the ability to contribute at least 20 percent of the total cost of the establishment of an MCCC. For dairy plants and processors, the conditions relate to the ability to contribute at least 20 percent of the total cost of the establishment of an MCCC, contractual arrangements with the MCCCs, ability to absorb collected milk and provide payment to collectors. It is expected that procurement of equipment and necessary trainings would be conducted by the end of 2017. Trainings will be conducted by the same recruited TATC consulting company.

115. ARIS is developing an approach to align milk collection with the new EAEU food safety standards, including calculations to determine a reasonable beneficiary contribution share, and is expected to finalise it by 1st October 2017.

¹⁷ Pursuant to the GLs: milk processing groups will receive grant support of up to USD 10,000, handicrafts groups will receive up to USD 5,000 and groups engaged in making *kurut* will receive an amount up to USD 3,000 for each group.

116. IDGs. An international consultant on income diversification visited country in May 2017. He met with the project specialists, head of the Agribusiness Competitiveness Centre, private entrepreneurs. His report is expected to be submitted soon. It was agreed that ARIS would be working closely with the Kyrgyz Russian Development Fund (KRDF) to ensure access of selected diversification enterprises to its credit resources. These enterprises focus on commercial fruit production, dairy processing and organization of logistical centres. ARIS will select such enterprises jointly with the KRDF for capacity building support and extending credit resources by end October 2017.

Agreed action	Responsibility	Agreed date
To inform IFAD on funding scope and procedures of the selected groups	ARIS	Mid September 2017
To select enterprises jointly with the Kyrgyz Russian Fund for capacity building support and extending credit resources under the IDG programme	ARIS	End October 2017