



Investing in rural people

Kyrgyz Republic

LMDP II Supervision Mission Report

Supervision 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	Aiyl 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	Kyrgyz Republic for PD, 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 14 November to 14 December 2016 to undertake a supervision of and provide support to the Livestock and Market Development Programme-II (LMDP-II, IFAD Grant No. 2000000439, ASAP Trust Grant No. 2000000440 and Loan No. 2000000438). This was a first supervision mission in addition to start-up and implementation support activities carried out since effectiveness. The main focus of the mission was to review the status of LMDP-II, effectiveness in achieving the objectives, effectiveness of the project's targeting and gender mainstreaming strategy, efficiency in project implementation, identify key issues and constraints, and propose further steps. The supervision was carried out in parallel with the supervision of the Livestock and Market Development Programme-I (LMDP-I) (IFAD Grant No. G-I-DSF-8113-KG, IFAD Loan No. L-I-891-KG). The mission also coincided with the Negotiations of the Access to Market Project (ATMP) held during 7-8 December.
2. The mission had meetings and discussions with Mr. Nurbek Murashev, Minister of Agriculture, Food Industry and Melioration (MAFIM), Mr. Janybek Kerimaliev, Deputy MAFIM and Chairman of Project Coordination and Reference Group (PCRG), Mr. Kubat Murzaev, Head of the Public Investment Program' Division in the Ministry of Finance (MOF), Mr. Ulan Torogeldiev, Director of the Pasture Department (PD) under the MAFIM, Mr. Kalys Jumakanov, Director of the State Inspectorate for Veterinary and Phytosanitary Security (SIVPS), Mr. Mairambek Tairov, Director of the Agricultural Projects' Implementation Unit (APIU), Mr. Kubanychbek Ismailov, ARIS Executive Director, Mr. Abdumalik Egemberdiev, Chairman of the Association of Pasture User Unions "Kyrgyz Jaiyty" (AKJ), Mr. Almazbek Irgashev, First Vice-President - Vice-President on Academic Affairs of Kyrgyz National Agrarian University (KNAU), and other heads of the implementing agencies, including Veterinary Chamber, and Kyrgyz Scientific and Research Livestock and Pasture Institute (KSRLPI). The mission visited all five oblasts of the LMDP-I and LMDP-II, namely Batken, Jalalabad, Issyk-Kul, Naryn and Osh regions during 14-17 November and 29 November-4 December 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 47 Pasture User Unions (PUUs) and their groups, including 24 PUUs located in the LMDP-II's project area (Batken, Jalalbad and Osh). Altogether, the mission spent ten 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 WB, GIZ, FAO and WFP, to agree on coordination of various initiatives. Please refer to Appendix 9 for Mission schedule and persons met including the mapping of visited communities.
3. This Aide-Memoire reflects the mission's main findings and recommendations, and records the agreements reached with concerned authorities as discussed at wrap-up meetings with the Minister of Agriculture, Food Industry and Melioration, Directors of the APIU and ARIS, the LMDP Coordinator and staff of the APIU and ARIS on 9 December. This document is subject to confirmation by IFAD Management.
4. The mission expresses its sincere appreciation for the cooperation and hospitality extended by the MAFIM, MOF, APIU and ARIS as well as beneficiaries and local governments of the project regions.

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; Ms. Sarina Abdysheva, IFAD Country Presence in Kyrgyz Republic; Mr. Ago Partel, Veterinary Specialist; Mr. Mikael Kauttu, IFAD Programme Officer; Mr. Aziz Hamoud Othman Al-Athwari, IFAD Finance Officer; and Mr. Sorboni Karimzoda, Pasture Monitoring Specialist.

B. Overall assessment of project implementation

5. 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 28 months or 45% of its 62-month implementation period. The disbursement rates for the Loan, IFAD and ASAP Grant as of 30 November 2016 are 12%, 16% and 8% respectively. The strengthening of the USD against SDR (the basket currency in which the undisbursed financing is held) since entry into force has given rise to a finance shortage of USD 3.5 million compared the long term spending plans anchored in USD at the time of start up. The project is adapting the AWPB 2017 and long term spending plans to this.

6. The development goal of the Project is to contribute to the reduction in poverty and enhanced economic growth in pasture communities of Batken Jalalabad 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 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, LMDPII includes a range of climate change adaptation interventions and approaches funded by ASAP.

7. Since the project became effective, it has managed to undertake the following key activities: mobilization and capacity building of 189 Pasture User Unions (PUUs) including on animal health and climate change adaptation aspects; preparation of 189 Community Pasture Management and Livestock Development Plans (CPMLDPs); entry into 115 framework agreements with PUUs for the financing of 174 micro projects; taken initial steps to establish an Early Warning System for weather related risks. The project progress in implementation of Component 3 is however behind schedule. On balance, the project's overall performance is rated as **Moderately Satisfactory (4)**.

8. It has been agreed that the following key actions would be undertaken (jointly with the LMPD-I):

Agreed action	Responsibility	Agreed data
Inform IFAD on proposed legal changes to pasture related legislation	PD/APIU	Continuously
Inform IFAD on next steps on demarcation of external pasture boundaries	PD and APIU LMDP Coordinator	1 March 2017
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
Conduct training for PUUs on sustainable maintenance and management of investments	ARIS LMDP Coordinator	15 March 2017
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
Implementation of micro-projects as per agreed schedule	ARIS LMDP Coordinator	Continuously
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
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
Finalize pasture legal issues modules and technical guidelines for PUUs, AOs	AKJ	15 January 2017
Conduct TOT on legal issues for CDSOs and selected PC Chairperson	ARIS, AKJ	15 March 2017

Agreed action	Responsibility	Agreed data
Conduct legal training for 189 PUUs	AKJ, ARIS	30 April 2017
Guidelines for implementation of the women enterprises support programme developed and submitted to IFAD	ARIS	30 January 2017
Monitor regularly the SDR balances available for disbursement and USD equivalent	ARIS Financial Manager and APIU Financial Manager	Continuous
Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	ARIS Coordinator and Financial Manager APIU and ARIS Financial and Procurement Managers	Continuous
Launch the procurement for external audit firm for the year 2017		1 June 2017
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
Submit overall 2017 AWPB to IFAD for no objection	APIU Director	31 Dec 2016

C. Outputs and outcomes

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

9. **Description:** This component aims to support approximately 191 PUUs in the project area in upgrading Community Pasture Management and Livestock Development Plans (CPMLDPs), engaging different target groups in the planning, prioritization and decision making process. This Component has two subcomponents: 1.1 Community Risk-mitigation Pasture Management and Investments shall provide for the initiatives that are required to improve the resilience and productivity, use and access to pastures; and 1.2 Pasture Institutional Strengthening shall expand to the Programme Area the activities initiated under LMDP-I including ones for climate change adaptation.

10. **Sub-component 1.1 Community Risk Mitigation Pasture Management and Investments** is implemented through supporting legal and regulatory reform, dialogue on climate change adaptation; boundary demarcation and pasture inventory, upgrading CPMLDPs, implementing CPMLDP investment projects, and implementing the Community Fodder Seed Programme (CFSP). Performance is **Moderately Satisfactory (4)**.

11. **Legal and regulatory reforms in area of pasture management** constitute the foundation of the project's concept, since bulk of IFAD grant and soft loan investments aimed to support pasture management reforms in a way as stated in Pasture Law adopted in 2009. Pasture Reforms Outreach Group (PROG) under the Pasture Department (PD) and funded by the LMDP-I elaborated changes to existing pasture related legislation, which would may risk to democratic principles of election of the chairperson of the Pasture Committee (PC) by the communities, put an additional pressure on the PC in collection of land taxes which in reality should be a shared responsibility of PC with *aiyl okmotu*, and divert third of collected revenue from pasture fees to local budgets and thus decreasing expenditures on maintenance and improvement of pasture conditions. *The mission observes that such significant changes to Pasture Law pose risk for LMDP-II reaching its development objectives, and requests the MAFIM PD to submit all proposed legal changes to IFAD for assessment of such risk before submission to the Jogorku Kenesh (Parliament).*

12. The mission noted that there is still no full understanding of major principles of the pasture management reforms among key stakeholders at both central and regional level.² APIU has been implementing strong and high quality communication campaigns, whose effectiveness have been

² This is partly due to a very high turnover of officials at all levels – central, regional, district levels, as well as in the Parliament with the recent elections of the *Jogorku Kenesh*. There will be also local council's elections conducted in Kyrgyzstan on December 11, 2016, which may result in significant turnover of members of local councils, *aiyl okmotu* and even among members of PCs.

hampered by huge delays in procurement process due to bundling with other PR product. *The mission agreed with the APIU that such bundling be discontinued.* The mission discussed and agreed with the APIU and ARIS communication specialists that they would continue to collaborate in preparation of TORs and conducting campaign. *The APIU will send TORs to IFAD for pasture related communication products for review and approval till March 15, 2017.*

13. The APIU and PD with support of two legal consultants developed Technical Guidelines and Training Module for legal issues on pasture management and use in the Kyrgyz Republic for PD, Rayon Department for Agrarian Development at the MAFIM (RDAD), Local Self Government Bodies (LSGB) and PUUs. The preparation of these documents has been delayed for more than a year. The mission reviewed and provided comments requiring e.g. better focusing of the modules, and reducing scope of practical information on key issues for LSBs and PUUs (“less is more”). *It is expected that these modules and technical guidelines for PD, RDAD would be finalized by February 1, 2017. The mission agreed with the APIU that training of PUUs, PCs, and ayil okmotu’s (AOs) on legal issues would be conducted by ARIS and Association of Pasture User Unions “Kyrgyz Jaiyty” (AKJ).* Since AKJ has developed a Handbook for PCs, which contain all legal framework related to pasture management, there is no need for PROG to elaborate such legal compendium in order to avoid duplication of efforts and use of resources.

14. **Boundary demarcation and pasture inventory.** There have been significant delays in finalization of pasture external border demarcation. The mission understands that full documentation for external pasture boundaries for 408 PUUs nationwide have been prepared and are in process of approval. As demarcation is one of the outputs agreed in the Financing Agreement and significant IFAD funds have been utilized for elaboration of CPMLDPs and funding investment proposals within these boundaries, noting the risk for further delays, *the mission requests the PD and APIU to inform IFAD on next steps on demarcation of these boundaries by March 1, 2017.* The PD intends to hire consultant to develop guidelines to mitigate pasture border conflicts between PUUs, and facilitate agreement on the 42 cases where border conflicts currently occur.

15. **Pasture fee collection** has decreased in the last years (down from KGS 130 million in 2014 to KGS 89 million for 9 month of 2016). Such a trend of fees was explained by the PD as raising funds for beneficiary contributions for micro-projects, substituting pasture fee collection. At the same time, the mission would like to note, that it is important to maintain practice of collection of pasture fees separately for sustainability and transparency purposes.

16. **Upgrading CPMLDPs** progresses satisfactorily. ARIS has completed the first stage of focus groups on identifying the priority problems of pastures and institutional assessment in PC/PUU work, with participation from 35,038 people including 11,963 women. PC/PUU members have prepared 189 CPMLDPs in total as of 30 November 2016.

17. **Institutional assessment (IA).**³ IA results indicate that majority of PUUs receive a score higher than 60% (<40%: 12 PUUs; 40-50%: 19; 50-60%: 31; 60-70%: 61; 70-100%: 66).⁴

18. **Social mobilization** progresses well. ARIS continued social mobilization in 191 target communities with participation of 32,894 people, including 10,962 women, providing extra support where new institutions were formed (PC, Revision Commission of PUU, AHSC). The mission noted

³ With participation of heads of *ayil okmotu*, members of PCs conducted 1,015 first village meetings (37,734 persons incl 9,990 women) to elect PC members, discuss priorities, institutional assessment results, address bottlenecks identified in the IA, and inform about LMDP-II activities.

⁴ The participatory assessment of PUUs and PCs was conducted along the following criteria: i) adherence to open, inclusive and transparent elections of PC members and Chairperson; ii) active functioning of the PC; iii) inclusiveness of PC and participation of communities in the PC activities; iv) level of awareness and participation of community in elaboration of the CPLPs, on annual pasture use plan, general functioning and decisions made by PC; v) level of conflicts around pastures; vi) financial management and sustainability of PUU; vii) satisfaction of community by work of PC. CDSOs conducted 5 Focus Group Discussions (FGD) in each PUU representing i) local authorities, ii) women, iii) poor or small livestock holders, iv) shepherds and large livestock holders, and v) members of the PCs. The results showed that PUUs are progressing very well and their performance is positively assessed by the beneficiaries. Assessment scores on each PUU served as reference data for developing and prioritizing capacity building programme for PUUs, tracking the improvement of major aspects of their work and performance.

that all visited PUUs have information on budgets, on pasture plans and implementation of investment plans accessible. ARIS procured and handed relevant office equipment and will hand over GPS navigation devices, computer equipment and modems after appropriate training.

19. However, there is still a lack of information on various aspects of pasture management reform. ARIS will conduct a communication campaign at regional and local levels, focusing on remote areas e.g. preparing and disseminating thematic films at the regional level. ARIS Communication and Gender Specialists will provide support to AKJ in elaboration, issuance and dissemination of quarterly newsletters to PCs, AOs and other local stakeholders, especially in regards to special information targeting women livestock farmers. *ARIS will send its communication strategy and budget for 2017 to IFAD for approval by February 1, 2017.*

20. **CDSOs.** ARIS trained CDSO in procurement, who in turn conducted training sessions on the community based procurement, elaboration of the CPMLDP, pasture conditions assessment and monitoring with participation of 2,758 people including 293 women. In order to strengthen capacity of the CDSOs, ARIS developed and conducted an interactive training program (webinar) for them on GIS technologies and PRA methods. All CDSOs will undergo testing on these training courses through the MIS system in January-February 2017.

21. **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.*

22. **Micro-projects.** 115 framework agreements for implementation of micro-projects were signed between *ajyl kenesh* (AK), AO, PUU/PC and ARIS, allowing investments. Currently, 174 micro-projects are being implemented. In this context, the mission would like to reiterate, that ARIS and PUUs need to pay more attention to activities, which are aimed at improvement of pasture vegetation. *In that regards, the mission agreed that ARIS with support of international consultant would develop a proposal on addressing this issue and submit it to IFAD by March 15, 2017.*

23. The mission also noted issues related to support required by PUUs in terms of preparation and implementation of some investments, as well as technical and financial sustainability of investments already made by PUUs. Guidelines for micro-project were prepared with a significant delay and after micro-projects were implemented. In that regards, the mission agreed with ARIS, that additional trainings would be provided to all PUUs on maintenance and use of investments. *This training will be included in work plan for 2017 and provided to PUUs by March 15, 2017.*

24. **Community Fodder Seed Programme.** The LMDP 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. The National Federation of Community Seed Funds informed the APIU in June 2015, that due to internal problems, it could not continue to implement CFSP. However, if PUUs decide to use micro grants to establish such seed revolving funds, ARIS would ensure technical support to such initiatives.

Agreed action	Responsibility	Agreed date
Inform IFAD on proposed legal changes to pasture related legislation	PD/APIU	Continuously
Send TORs to IFAD for pasture related communication products for review and approval	APIU	15 March 2017
Finalize pasture legal issues modules and technical guidelines for PD, RDAD and PUUs	APIU	1 February 2017
Inform IFAD on next steps on demarcation of external pasture boundaries	PD and APIU	1 March 2017
Submit communication strategy and budget for 2017 to IFAD for approval	ARIS	1 February 2017
Assessment of additional training needs for PUU on pasture management plans, and other topics to be reflected in workplan and submitted to IFAD	ARIS	15 January 2017
Develop proposal on addressing the issue of pasture improvement at the PUU level and submit it to IFAD	ARIS	15 March 2017
Training for PUUs on sustainable maintenance and management of investments	ARIS	15 March 2017

25. **Sub-component 1.2. Pasture Institutional Strengthening** is aimed to build and strengthen the capacity of national level institutions to help develop a cadre of technically qualified specialists in pasture management and improvement. Major partners in implementation of this sub-component are the following: (i) the Pasture Department (PD); (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). Performance is **Moderately Satisfactory (4)**.

26. **Pasture Department Institutional Strengthening.** The Pasture Reform Outreach Group (PROG) operates in PD under the project support. The group was established to enhance the capacity of Pasture Department at MAFIM. In 2015 PD and PROG underwent large staff turnover which affected the project implementation.

27. One of the most critical areas for project implementation remains state monitoring of the pastures conditions, management and use. In accordance with the Land Code the Kyrgyz Government tasked SE “Kyrgyzgiprozem” with doing this work. The limited funds for this purpose are allocated from the national budget. The PD 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. Draft regulation was discussed with the IFAD mission. *It was agreed that IFAD will provide assistance if needed to finalize the regulation.* When regulation is approved, the PD and APIU plan to implement pilots under the PLMIP, results of which will be shared with IFAD for further discussions.

28. ARIS invited international expert on the pasture monitoring and assessment based on remote sensing technology from the Texas A&M, USA who highlighted following difficulties: lack of baseline data on soil and vegetation, extremely diverse terrain, as well as distribution of functions in different state organizations functions with poor collaboration (PD, Kyrgyzgiprozem, State Agency for Environmental Protection and Forests, State Ecological and Technical Inspectorate for Safety, Land Inspectorate). The specialist suggested to pilot remote sensing based fodder availability in few locations and after analyzing results upscale it to the target areas.

29. The GIS Specialist within the PROG has also been experimenting remote sensing approach to evaluation of fodder availability (NDVI) as it was recommended by the International consultant on climate change. *The mission recommends exploring possibility to provide more training to this end.* PROG jointly with the KSRLP and ARIS will implement a small pilot based on recommendations of the international expert on remote sensing as a continuation of that effort to use remote sensing for fodder evaluation. *It was agreed, that the PD jointly with ARIS and KSRLP would prepare a plan for such pilot with the budget not exceeding USD 10,000 and submit it to IFAD by January 30, 2017.*

30. The mission was informed that the MAFIM was reorganized in November 2016. As a result of, the PD is merged with the State Breeding Center and Department of Fisheries into Department of

Pastures, Livestock and Fisheries. *The reorganization process is not completed yet and the mission agreed that the APIU would provide information to IFAD on a new structure, staffing and functions of this department, as well as a proposal on PROG composition and tasks by January 30, 2017.*

31. **AKJ** has started its activities to support the project only in 2016, but already achieved significant results. Among others, it provided important input on policy and legal framework for pasture management, conducted information awareness campaign, especially on the regional and local levels, and trained CDSOs on institutional diagnostics principles.

32. AKJ has elaborated own training module on legal issues, which was used for capacity building of 20 PUUs in Issyk-Kul and Naryn regions. *The mission reviewed this module and agreed that AKJ would finalize this training module by using/adapting module developed by the PD by January 15, 2017.* ARIS and AKJ will select among CDSOs and advanced chairpersons of PCs group of trainers on legal issues. ARIS and AKJ will conduct training of trainers on legal issues till January 30, 2017. *AKJ will provide technical back up support to trained trainers, who will conduct legal training of 127 PUU in Naryn and Issyk-Kul regions till the end of April 2017.*

33. AKJ has agreed to provide intensive support to 25 PUUs under LMDP-II in capacity building in regards to institutional strengthening, conflict resolution, preparation of the CPMLDPs. AKJ has also prepared a Handbook for Pasture Committees, which contains all crucial information needed for pasture management, including legal documents. The mission reviewed this handbook and *agreed with ARIS and AKJ to publish at least 1,500 copies and distribute to PUUs, LSGBs, and RDADs.* All CDSOs and PUUs will also receive electronic version of this handbook. *Handbook will be printed and disseminated till February 1, 2017.*

34. **Institutional strengthening of the Kyrgyz Scientific and Research Livestock and Pasture Institute (KSRLPI).** The KSRLPI underwent restructuring due to shortage of state funding in 2016. As a result, Pasture Unit was merged with Fodder Breeding Unit and Laboratory of Fodder Production into Pasture and Fodder Unit with 13 staff. The mission discussed and agreed with the KSRLPI/LMDP team possibility to undertake activities jointly with the AKJ on collection and re-seeding of natural pasture plants in selected climate change prone areas. *It was agreed that KSRLPI and AKJ would prepare plan for such works and budget not exceeding USD10,000 for 2017 and submit it to the APIU and IFAD till January 30, 2017. The APIU will review possibility to procure field vehicle for KSRLPI and inform IFAD by January 15, 2017.*

35. **Climate Change Adaptation.** The APIU hired a national Specialist on Climate Change Adaptation (SCCA) in April 2016 to spearhead activities on policy dialogue and capacity building among relevant government institutions, and setting up of an Early Warning System (EWS). The SCCA has undertaken a review of climate related policies and investment projects in Kyrgyzstan and supported the preparation of the Third National Communication to UNFCCC, finalised in September 2016. Activities pertaining to policy and capacity building yet to be implemented comprise: i) support the Pasture Department in the development of a sectoral strategic paper for the adaptation of the livestock and pasture sector; and ii) initialize a capacity building programme for the PD staff to effectively deal with climate adaptation and disaster risk reduction related to pasture management. *The mission recommends that these activities be resumed after the restructuring of the MAFIM and PD is finalized.*

36. For the EWS, the PIU has conducted negotiations with the Kyrgyzhydromet (KHM) and the Kyrgyz-Russian Slavic University (KRSU) that will eventually result in a MOU that foreseen: i) KHM be designated as the entity that assumes the responsibility of implementing the EWS and recipient of relevant project supported capacity building, and ii) KRSU be designated as the entity that will support KHM in setting up an automated forecasting system and which will develop integrated models of derived variables.⁵

⁵ Both entities have sufficient capacity as assessed by the SCCA and International Consultant.

37. The APIU recruited an international consultant⁶ in 2016 for designing the overall architecture for the EWS, prepare technical specifications for relevant equipment and training for KHM, and suggest options for information dissemination to end users. This design, work on which was ongoing at time of mission, will next be presented to stakeholders for comments. However, all oblasts need to indicate, by communication through the APIU to the international consultant, their most important pasture areas where accurate weather information is of prioritized relevance for risk mitigation. The oblasts of Issyk-Kul, Jalalabad and Osh have not yet shared this information, delaying progress; the APIU has sent official letter to said oblasts to obtain such information. The final design work is expected to complete with agreement of all stakeholders in second quarter of 2017, and the tender(s) for relevant equipment to start in early May 2017 and contract(s) to be entered into in November 2017.

38. 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;⁷ iii) Pasture Seed Facilities (see para 34); and iv) Component 3 on Diversification and Market/Value Chain Initiatives.

39. ARIS sought in November 2016 to hire a Climate Change Specialist (CCS) to spearhead its climate related activities but the tender process failed due to lack of qualified contenders. It is recommended *that ARIS explore the following alternatives: i) convert the position into a part time position so as to increase its attractiveness, and readvertise without delay; ii) revise the TORs of a suitable ARIS staff member/consultant to convert such position to cover the tasks of a part time CCS.* The appointee must meet requisite qualifications, and TORs and appointment are subject to IFAD no objection.

40. ARIS has hired a Climate and Value Chain Development Coordinator who spearheads the coordination of the Component 3 including its climate aspects; and cooperates with an international consultant on pasture management (ICPM); one mission undertaken in November 2016, another foreseen in May 2017. The international consultant (IC) will also cover the climate activities related to short/long term pasture carrying capacity.⁸ *It is recommended that the project with support of the international consultant, drawing on experience from traditional rotation schemes, explore introduction of intensive pasture rotation methods where appropriate.* Recognizing the challenge of diverse ecologies and current practices, the mission anticipates a potential to reduce pressure e.g. in areas that remain heavily grazed near population centres and water/transport infrastructure.

41. 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 six roundtables with research institutions, NGOs and other relevant partners,⁹ is about to launch a last one, after which contents of the module will be outlined. It is expected that a consultant can commence drafting the detailed module description based on this blueprint in early 2017, after a selection process administered by the APIU.

⁶ Mr. Ernesto Lopez-Baeza, Professor of Applied Physics, Valencia University.

⁷ These are: i) restoration of degraded pastures through rotation and fencing, and improvement of vegetation cover/pasture yield/ha with highly diverse native plant species/genetic varieties; ii) infrastructure that allow/facilitate the revival of traditional management; iii) water management measures to favour pasture resilience through increased water retention; iv) measures to prevent soil erosion, mudslides and floods, including the plantation of bushes and trees; v) Infrastructure to enhance the value of spring/autumn pastures in view of the longer grazing season allowed by increased temperatures and shorter winter season e.g. shelters; vi) agricultural machinery to produce/harvest/store fodder (grass cutters, hay making machines, silage choppers, etc.); vii) restoration of riverine vegetation.

⁸ The original design foresaw that the international consultant advice on i) pasture demarcation and ii) pasture inventory (for details on these see para 14). These activities are now handled by the PD and need for support from an international consultant dedicated to this topic is not foreseen at time of mission.

⁹ ARIS, Camp Alatau, AKJ, the Kyrgyz Turkish Manas University, PD and KNAU veterinary faculty.

Agreed action	Responsibility	Agreed data
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
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
Finalize pasture legal issues modules and technical guidelines for PUUs, AOs	AKJ	15 January 2017
Conduct TOT on legal issues for CDSOs and selected PC Chairperson	ARIS, AKJ	30 January 2017
Conduct legal training for 189 PUUs	AKJ, ARIS	30 April 2017
Print and disseminate Handbook for PUUs	AKJ	1 February 2017
Submit plan to APIU on collection and re-seeding of natural pasture plans	KSPLRI, AKJ	30 January 2017
Review possibility to procure a field vehicle for KSRLPI and inform IFAD	APIU	15 January 2017
Assess the need for PD sectoral strategic paper for adaptation of the livestock and pasture sector, and commence work for its development.	SCCA, PD	After MAFIM and PD reorganisation; 30 April 2017
Assess the need for and initialize capacity building programme for PD staff to effectively deal with climate adaptation and disaster risk reduction related to pasture management	SCCA, PD	After MAFIM and PD reorganisation; 30 April 2017
Re-initialize recruitment of the CCS, with TORs and appointment subject to IFAD no objection	ARIS coordinator for LMDP	18 December 2016
Explore introduction of intensive pasture rotation methods where appropriate.	ARIS coordinator for LMDP, ICPM	31 May 2017
Finalise the blueprint for the pasture management risk-mitigation module, and launch a tender for consultant who will write the detailed module design and description	KNAU, APIU	1 April 2017

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

42. **Description:** 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.

43. **Animal Health Sub-committees (AHSC)** are being strengthened. An action plan to achieve the objectives on allocation of grant to private veterinarians (PVs) and Operational Guidelines with methodology for allocation of funds for PVs have been developed. ARIS Veterinary Consultant and Veterinary Specialist of the Veterinary Chamber contributed to guidelines for trainees and trainers on planning and monitoring of animal health activities at the level of *aiyl aimak*. ToT were conducted for 18 consultant-trainers who in their turn conducted training for communities on topics: “Adult Education”, “Planning and monitoring of Animal Health activities at the level of *aiyl aimak*”; “Functions and objectives of AHSCs and public monitoring of veterinary activities”. Training for PVs and AHSC will be held in 2017.

44. **Animal Health Education and Capacity Building.** The APIU together with KNAU developed the Guidelines for selection and training of students at the Veterinary Medicine and Biotechnology Faculty (VMBF) of Kyrgyz National Agrarian University. 71 students including 7 girls were admitted at the Veterinary Medicine and Biotechnology Faculty of the KNAU for 2014-2015 academic year. In 2016, 69 students including 6 girls study under the LMDP-II support. During March 14 – 17, 2016 the excellent 2nd year students (3 students including 1 girl) participated in the 69th International Student Scientific and Practical Conference based on the Russian State Agrarian University.

45. An OIE PVS evaluation mission conducted 1-11 February 2016 assessed the KNAU veterinary curriculum and has suggested several amendments that were only partly implemented

46. **Kyrgyz Scientific and Research Veterinary Institute (KSRVI).** Under the mid-term plan, KSRVI has developed epidemiological monitoring plan for diseases FMD, sheep pox, PPR, equine

disease, pasteurellosis. 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 programs (short-term and mid-term) were sent to review by the OIE. The OIE experts also carried out expertise of the KSRVI research works on four diseases. Currently, KSRVI is finalizing the mid-term survey programs on the diseases taking into account the comments and recommendations received from the OIE experts.

47. **Veterinary Chamber.** In accordance with the new Veterinary Law of the Kyrgyz Republic the Veterinary Chamber was re-registered as “Veterinary Statutory Body of the KR – Veterinary Chamber”. The work on development and finalization of regulatory legal acts is underway based on the new Veterinary Law. The draft Law “On amendments and additions to the “Veterinary Law” and the Administrative Responsibility Code of the Kyrgyz Republic are being finalized. The draft law was submitted to Jogorku Kenesh (Parliament) of the Kyrgyz Republic and placed on the website of Jogorku Kenesh for discussion. The guidelines on registration and issuance of veterinary certificates by private veterinarians were developed. The mission was pleased to learn that the Veterinary Statutory Body of the Kyrgyz Republic became a full member of the World Association of veterinarians on 2 October 2016. The Veterinary Chamber developed a business plan and development strategy.

48. The Veterinary Chamber developed the training modules on the topics “Planning and monitoring of animal health activities at *aiyl aimak* level”, “Artificial insemination of cows”, “Animal fasciolosis and dicroceliasis”. The consultants of VC updated the training modules on Brucellosis and Echinococcosis, conducted 2-day ToT on “Basic principles of adult training”, “Echinococcosis and Brucellosis and their control measures”. As a result, 13 participants-trainers were trained and received related certificates (13-14 January 2015). Trainers trained the veterinary specialists participated in Echinococcosis control activities, which participated by 1,494 people, including 135 women throughout the country. ToT training was also conducted for trainers selected by ARIS on the topics “Basic principles of adult training”, “Echinococcosis and its control measures”, “Brucellosis and its control measures”, etc. (7-8 December 2015). Cards on infectious diseases of farm animals were prepared taking into account the OIE standards.

49. **Veterinary and Pasture Management continuous education.** The project design has envisaged numerous training activities, including development of training modules and curriculums, TOT, continuous education, distant learning, twinning programmes, etc. Last year the APIU has proposed merging all these activities under umbrella of the KNAU’s Institute of International and Distant Education. The mission made a rapid assessment of the Institute’s capacity and found out that it is fully equipped and has sufficient core staff and already providing online courses and webinars to the students, post-graduates and teachers. Thus, it was decided that KNAU would submit a proposal to IFAD for review and no objection by March 2016. Unfortunately, this has not been done. Because of an unreasonable delay in preparation of necessary documents, the APIU decided to suspend the implementation of this activity.

Agreed action	Responsibility	Agreed date
Provide support to AHSCs to improve cooperation with private vets to ensure that animals accessing spring pastures are vaccinated	ARIS	15 February 2017
Ensure public safety in AH micro-projects	ARIS	Immediately
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
Implement OIE PVS Mission's recommendations for modifying veterinary curriculum	APIU/KNAU	30 Sep 2017
Encourage private vets to include modern field testing equipment into their veterinary grant packages (as per SIVPS requirements)	SIVPS/ARIS	30 April 2017

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

50. 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. In this regards, the Project aims to achieve three interrelated outputs: i) output 3.1: Higher quality and volumes of milk being produced for assured markets; ii) output 3.2: Women's group sustainably processing milk, and other products for market; and iii) output 3.3: Additional income-generating activities supported to enhance risk-coping mechanisms

51. During the last mission, it was agreed that LMDP-I and LMDP-II would follow one approach in implementation of Component 3 and aim at increasing the income of dairy products and other additional activities in all five target regions. During designing the LMDP-II it was found that diversification of income in rural areas would positively affect strengthening the resilience to climate change in rural communities, as well as improving the living conditions, especially for women and women-headed households. Recent political and economic changes with the country joining the Eurasian Union, Kazakhstan's ban of import of dairy products from Kyrgyzstan, led to significant decrease of volumes of milk processed by dairy processing enterprises. The procurement of milk from farmers in 2015 has decreased almost by 40%. During the last IFAD mission in order to avoid confusion caused by different modalities of two projects it was agreed to develop one joint approach aimed at the same Outcome.

52. Towards this, ToRs for consultant on business marketing was designed and approved by IFAD. At the end of January 2016, a consultant was contracted who prepared a report and program for development of dairy value chains as well as the organization of income-generating activities. Along with the report the consultant prepared ToRs for the local business service provider, which have been cleared by IFAD.

53. Within the upcoming Access to Market Project (ATMP) it has been agreed with IFAD to organize pilot activities under this component to test and prepare detailed implementation procedures for the ATMP. In its turn, it would be also advantageous for speeding the implementation of Component 3. It was agreed that ARIS would recruit a national consultant to develop a proposal for such a pilot activity. As of today, this consultant has been closely cooperating with the Russian-Kyrgyz Development Fund (RKDF) for defining the potential pilot businesses.

54. ARIS has developed a proposal for support of income diversification and income generation of women groups in the target area. The mission discussed with ARIS team and agreed that such support to women groups will be aiming at small scale dairy processing enterprises/ cooperatives and small scale crafts enterprises/cooperatives. Technical and financial support will be provided to enterprises/cooperatives, which have been active during at least last three years and meet other requirements. The mission agreed with ARIS that Gender Specialist and Business Consultant would develop detailed guidelines for that programme and submit them to IFAD for review and approval by January 30, 2017.

Agreed action	Responsibility	Agreed date
Guidelines for implementation of the women enterprises support programme developed and submitted to IFAD	ARIS	30 January 2017

D. Project implementation progress

55. **Project Management Performance is satisfactory (5).** All of the envisaged elements of project management are in place. The proposed arrangements continue and build on the implementation arrangements for the AISP. The APIU Director takes responsibilities including but not limited to project management, financial management, accounting, *etc.* *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 the key APIU and ARIS staff have been enhanced through the various training courses.*

56. *The project is seeking support from two existing bodies when and as required, namely the MAFIM Steering Committee and the ARIS Supervisory Body. In addition, 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, six meetings of the PCRG have taken place.*

57. In line with the Financing Agreement and the PIM, Memoranda of Understanding have been signed between the APIU and all the implementing partners. Overall, all the partners have been performing in a satisfactory manner.

58. The mission regrets to note that moderately satisfactory rating of Component 1 is partly due to oversight by Project Management, specifically for not sharing the revisions to pasture related legislation with IFAD.

59. **Monitoring and evaluation is satisfactory (5).** The APIU consolidates project reporting to IFAD and Government institutions. The APIU M&E unit comprises a Chief M&E and Gender Specialist, a M&E and Knowledge Management Specialist and a M&E assistant. The APIU databases comprise the following: i) DOGS for containment of echinococcosis; ii) NADIS, RADIS for brucellosis, and iii) database for collecting key parameters on PUUs for use by Pasture Department. The PUU database is still under development; the final version should among others include pasture maps and allow PUUs to generate the essential tables for CPMLDPs. Currently a team of “young specialists” feed data into the PUU database¹⁰; as next steps the *young specialists should train PUUs to fill in data themselves.* The APIU conducts a number of ad hoc surveys from time to time collecting its data in hardcopy. The mission *recommends that the APIU M&E unit explore means to use electronic data collection platforms.*

60. 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. The mission *recommends that ARIS develop such database further to include vet clinics, and all project financed micro-projects;* the mission provided ARIS with such draft database drawing on data stored in 1C for validation and updating. ARIS has commenced outcome level data collection on milk yields and weight gains of livestock as proxy indicators on pasture condition for LMDP 1. *It was agreed that this practice be expanded to LMDP 2.*

61. The *baseline* survey for LMPD-II was shared with the mission in November 2016 and is of satisfactory quality.

¹⁰ There is one in each oblast.

Agreed action	Responsibility	Agreed date
Train PUUs to operate the PUU database independently	APIU young specialists	15 May 2017
Explore suitability of electronic data collection platforms for collection of data for surveys, and if suitable commence process for adoption	APIU M&E unit	15 March 2017
Validate and update the GIS database on PUUs, vet clinics and micro-projects	ARIS M&E unit	15 January 2017, ongoing
Commence collection of milk yields and weight gains following the example of LMDP-I	ARIS M&E unit	15 January 2017

62. **AWPB is moderately satisfactory (4).** IFAD approved the AWPB of 2016 in February 2016. The Year to date actuals versus 2016 AWPB shows a low execution rate of 26%. In particular considerably low execution rates are noted under Components 2 and 3. The accumulated actual expenditures against total budget as per design are equally low 6%. The AWPB was purposely setting ambitious targets so as to allow implementation within a wide framework. Given that the LMDP 2 follows the blueprint of the LMDP 1, this was considered acceptable, and the team deemed that the project is on track on successful disbursement in line with LMDP 1.

63. The first draft of 2017 AWBP was submitted during on 23 November 2016 for the APIU and its implementing partners while ARIS AWPB is yet under preparation. The mission recommends that project management to finalise and submit a consolidated and achievable AWPB for the year 2017 soon.

64. **Gender focus** in implementation of the LMDP is rated as **satisfactory (5)**. The Project has in house two gender specialists: M&E and Gender Specialist at the APIU and Gender/Poverty Specialist in ARIS. To encourage women's engagement in livestock and pasture management, ARIS is preparing a book on Women in Livestock with stories of 48 women from all LMDP-I and LMDP-II target regions.

65. A draft Gender Strategy established a target for women's participation e.g. at least 30% of PC members and veterinary students under project's scholarship should be women. However, currently only 10% of scholarship students are women (due to lack of interest in a traditionally male profession). *The mission discussed these targets with the APIU and ARIS and it was agreed that a revised Gender Strategy would be submitted to IFAD by the end of February, 2017.* ARIS will also issue a leaflet for women – members of the PCs to be disseminated further to women engaged in livestock rearing to be incorporated into AKJ quarterly newsletter.

66. **Poverty focus (satisfactory, 5).** The LMDP targets all livestock holders in participating communities. There are several key entry points for the Project to target poor segments of communities. ARIS engages small livestock holders in social mobilization, in identification of micro projects for investment grants. The other window to reach poor is through Institutional Assessment of PUUs, where disadvantaged groups have a voice in assessing how inclusive is process of development of CPMLDPs for PUUs, how well PC informs community members on decisions to be made on various issues, including on micro-projects. The investment plans and prioritization of micro-projects process and procedures ensure that interests of poor, women, youth and other vulnerable segments of communities are considered. 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. Component 3 will have a Poverty and Gender Targeting Strategy to ensure that it aims mostly to provide support to these households, which are most prone to climate change. *The mission agreed that such a targeting strategy would be elaborated by ARIS by end of January 2017.*

67. According to ARIS survey, Institutional Assessment of PUUs and LMDP-I mid-term survey (that has relevance for LMDP-II as well), women still have limited access to information on work of PCs, on pasture management issues in general, as well as on different animal health issues. ARIS will encourage all PUUs to send information on annual performance to all members of PUU through school children. There are still facts that better off livestock holders do not pay for pasture use or pay in reduced amounts. This is a very important issue and it might affect attitude to reforms from all

layers of communities. *In this regards, the mission agreed with ARIS and AKJ to review this issue and suggest approaches to IFAD to be incorporated in projects implementation till end of February 2017.*

68. **Effectiveness of targeting approach (satisfactory, 5).** 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 revised social mobilisation strategy and process to ensure better engagement of poor and vulnerable households in PUUs to have a strong representation and participation in the decision making in the PCs.

69. **Knowledge Management (satisfactory, 5).** The APIU has a Knowledge Management (KM) specialist, who jointly with the APIU and ARIS communication specialists, as well as with M&E and gender teams, implement the KM activities. The elaborated KM matrix serves as a point of reference for the KM strategy and its implementation. The APIU and ARIS make efficient use of a broad range of high quality KM and communication products produced during LMDP and AISP. These comprise gender sensitive video material on best practices to contain zoonotic diseases, and model PUU administration; brochures and guidelines on containment of zoonotic diseases; and newsletters on the projects achievements. This information reaches the target audience through mass media; project staff and volunteers of VHC and AHSC, workshops and seminars. The APIU plans to provide access into its MIS to key stakeholders when development is complete.

70. **Innovation and learning has been satisfactory (5).** The Project has implemented several innovations specifically in terms of KM, especially in ARIS for conducting on line training (webinars) with testing of CDSOs on GIS, PRA methods. *ARIS will develop and conduct three additional courses in 2017, such as Pasture Management related legal issues, Gender Mainstreaming and Pasture Monitoring and Assessment.*

71. Important innovations on dissemination of information on pasture management reforms and systems, as well as work of PCs has been successfully tried through school children by AKJ. ARIS and AKJ will upscale such practice and encourage all PCs to spread annual report information through schools. Remarkable innovation implemented by ARIS is undertaking institutional diagnostics of PCs by five representative groups – members of community and linking it to amount of grant funding. This assessment has proved to be very effective in dissemination of information on PUUs and PCs work, identification of weak points of PCs and targeting capacity building program to strengthen these PCs, as well as providing incentives for PCs to work openly, effectively and inclusively, since grant program is directly linked to performance of the PC.

72. **Climate and environment focus in implementation (moderately satisfactory, 5).** The central pillar of the project – improved pasture management – is expected to increase the carrying capacity of PUU pastures; as data from LMDP-I mid-term survey clearly indicates. Nonetheless, a decrease in productivity per livestock unit in some Naryn's PUUs suggests that the project needs to stay alert and on sustainable stocking rates and grazing so as to address issues of land degradation, reduce soil erosion, improve biodiversity, and strengthen resilience to drought.

73. **Partnerships.** The LMDP has established a strong partnership with various donor agencies and their projects, working actively in pasture and forest management field in Kyrgyzstan, such as GIZ, USAID. The project formed a partnership with local NGOs in designing various methodologies and tools for pasture management, such as elaboration of CPMLDP, institutional assessment of PUUs, community based mapping of pastures. It was agreed that the APIU and ARIS would need to implement Component 3 in partnership with experienced local organizations. IFAD missions and the project management meet major country donors on a regular basis for knowledge and information sharing.

Agreed action	Responsibility	Agreed date
To submit Gender Strategy to IFAD for review and approval	APIU, ARIS	28 Feb 2017
Submit Poverty and Gender Strategy for Component 3	ARIS	31 Jan 2017
Submit approach to be implemented under the LMDP on payment of pasture fee by better off farmers to IFAD	ARIS, AKJ	28 Feb 2017
Develop and implement on line courses for CDSOS on Pasture Monitoring and Assessment, Gender Mainstreaming, and legal issues	ARIS	30 June 2017

E. Fiduciary aspects

74. **Financial management** is considered **Satisfactory (5)**. Both APIU and ARIS FM staff have sufficient experience, with clear work distribution. APIU's structure consists of a Finance Manager and a Disbursement Officer responsible for LMDP I and II. ARIS' structure consists of a Finance Manager and a dedicated Disbursement Officer for LMDPII. The recruitment process is underway of an additional Accountant dedicated for community grants accounting and the jobholder is expected to be on board in January 2017.

75. **AWPB and financial reporting.** The budget controls remains a weak area and the mission recommends that financial managers of both the APIU and ARIS to play a proactive role by providing 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 will have to monitor regularly the available balances for disbursement in USD. See para 62 for performance in 2016 and planning for 2017.

76. **Flow of funds.** The project has two pool designated USD accounts opened in commercial bank (Kyrgyz Investment and Credit Bank, KICB) to receive IFAD Loan, IFAD Grant and ASAP Grant proceeds, one pool account for the APIU and the other account for ARIS. The funds transferred from the pool designated accounts to the respective project account based on the needs (3 for APIU and 3 for ARIS) opened for each source of financing in local currency in the same bank. There are another three accounts associated with project accounts, which are automatically opened by the bank in case there would be transactions in other popular currencies (Euro, RUR, and KZT). In addition, there are two accounts (1 for APIU and 1 for ARIS) associated with the USD designated pool accounts for accumulating accrued interests. The project accounts are used to pay for the eligible expenditures incurred by the APIU and ARIS, while the designated accounts are mainly to transfer funds to the project accounts and for a small number of expenditures that are claimed in USD.

77. **The authorized allocations.** The mission discussed the adequacy of the liquidity of the current Pool Designated Account threshold with the Finance Managers based on 2016 and future expenditures trends. Therefore, it was agreed to amend the Letter to Borrower/Recipient to increase ARIS Designated Account threshold 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 was envisaged to the current thresholds of APIU Designated Account.

78. **Counterpart funds.** The counterpart fund contribution is rated **Satisfactory (5)**. The GOK contributions arrive with slight delays. During the year 2016, i.e. as of 30 November 2016, the GOK has transferred an amount of KGS 5.8 million to cover taxes to both APIU and ARIS (KGS 2.1 million for APIU and KGS 3.7 million to ARIS) and the balance as of the same date is KGS 2.53 million (KGS 1.55 million for APU and KGS 0.98 million). The non-utilised balances will be returned to MOF by end of the fiscal year.

79. **Disbursement rate.** The disbursement rate is assessed as **moderately unsatisfactory (3)**. The disbursement rates for the Loan, IFAD and ASAP Grant as of 30 November 2016 are 12%, 16% and 8% respectively.

80. **Use of SOE and adequacy of supporting documentation.** The mission examined on a sample basis expenditures claimed under SOE at both 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. Going forward, the mission recommended including concise and clear description of claimed expenditures under SOE to facilitate quick processing of WAs by IFAD. This is also important with the launch of new IFAD Client Portal (ICP) for e-disbursement that is planned to be rolled out in Kyrgyzstan during Q1 or Q2 of 2017.

81. **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 on annual basis.

82. **Grant to PUUs.** The amount disbursed by ARIS for implementation of micro-project grants since the start of the project until 30 November 2016 is KGS 302,620 (equivalent to USD 4,407) from the IFAD financing.

83. **Compliance with loan covenants.** The compliance with the loan covenants is rated **moderately 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 with could be found in Appendix 6 of the Supervision report.

84. **Internal audit.** The APIU has no internal audit (IA) function in place. However, the project is subject to internal reviews by the Accounting Chamber 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 has a plan to audit LMDP II as part of 2016 plan starting second week of December 2016.

85. **Quality and Timeliness of External Audit** is rated **as satisfactory (5)**. The Project Consolidated Financial Statements for the period 4 August 2014 to 31 December 2015 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 2016. 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. IFAD provided No Objection to hire SOS to conduct the audit work for the 2016 accounts under Single Source Selection. The mission recommends that the APIU and ARIS to coordinate and launch timely a full procurement for an audit firm for the year 2017 onwards.

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

Agreed action	Responsibility	Agreed date
Monitor regularly the SDR balances available for disbursement and USD equivalent	ARIS Financial Manager and APIU Financial Manager	Continuous
Prepare monthly financial reports for management with the analysis of significant variance.	ARIS Financial Manager and APIU Financial Managers	Continuous
Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	ARIS Coordinator and Financial Manager APIU and ARIS Financial	Continuous
Launch the procurement for external audit firm for the year 2017	and Procurement Manager	1 June 2017
Increase the authorised allocation for the Pool Designated Account for ARIS through an amendment to the Letter to Borrower/Recipient	IFAD Finance Officer	31 Dec 2016

Procurement

87. Overall, the performance of procurement is considered **satisfactory (5)**. Project procurement activities are implemented by procurement units in APIU and ARIS separately. There is a formal Procurement Manual for both LMDP-I and II in place, which has been prepared with support from IFAD. Procurements are implemented according to the IFAD Procurement Guidelines and signed Financing Agreement between IFAD and GOK.

88. There is an adequate procurement capacity: 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.

89. Since October 2015, the APIU has to date concluded 19 contracts to a total sum of around USD 223 thousand; ARIS has 73 contracts with a total sum of around USD 1.2 million. The mission reviewed in detail the tender process and related documents for the main part of the conducted tenders. No violations were found.

90. 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.

F. Sustainability

91. **Institutional sustainability (moderately satisfactory, 4)**. The project has strong embedded mechanisms for sustainability with the design organically built into GOK's pasture management reform; the sustainability of the project depends on changes to the pasture law and related legislation as these influence the capacity of these stakeholder institutions to manage pastures in a sustainable, effective way with collection of pasture use fees to support implementation of investment plans. Recent changes, which were made to pasture related legislation, 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.

92. The PUU management is transparent and accountable to LSGBs, general village assembly, and PUU members. PCs conduct two annual reporting meetings to communities, where they provide information on CPMLDPs, budgets and investments micro-projects. Comprehensive capacity building and institutional strengthening programme conducted under the LMDP further enhances sustainability. The MAFIM and ARIS, as well as AKJ have to make efforts to enhance institutional sustainability through maintaining favourable legal and regulatory environment.

93. **Social sustainability (Empowerment) (satisfactory, 5)**. The project philosophy is based on empowerment of community institutions to manage pastures, improve animal health and prevent zoonotic diseases through capacity building, information dissemination and raising awareness. The social mobilization process engages poor, women, youth as well as other livestock holders in elaboration of CPMLDPs, in implementing investment plans, participatory monitoring and evaluation of CPMLDP implementation, and in assessing performance of PCs. The capacity of poor and women headed households is developed in regards to prevention of zoonotic diseases, through affordable and simple means of communications, such as mobile phone text messages, announcements on TV. Empowered PUUs will monitor and participate in activities of PCs and benefit from the better access to pastures, to fodder seeds and to investment grants. ARIS has introduced participatory assessment of PUUs with engagement of different focus groups of stakeholders. Such approach strengthens cohesion of PC and members of PUU and provide feedback channel from the beneficiaries. The capacity-building programme is tailored to the needs of beneficiaries identified through the IA. Beneficiaries elaborate own CPMLDPs with investment plan and make decisions on investments

openly at village meetings. To ensure commitment and ownership of all micro-projects, all community members contribute in cash and in labor to the implementation of micro-projects. At the end of each year, ARIS facilitates participatory M&E with community members reviewing progress and results of CPMLDPs and investment plans. Interests of all PUUs are to be advocated by their Association of PUUs (AKJ), which is starting to provide services to its members.

94. **Economic and financial sustainability (moderately satisfactory, 4).** PUUs and PCs receive substantial support from the project to build their own economic and financial sustainability. The mission noted that many PCs do not have yet vision and clear plan on use of investments for their maintenance and PUUs sustainability.

95. **Exit strategy (satisfactory, 5).** The project enjoys a high level of ownership of capacity building programme, investments, and institutional development by PUU members. The sustainability of PUUs is being strengthened from the start of the project with establishing legal framework for PUUs for right to collect pasture use fees, allocate pasture use rights and enforce CPMLDPs, and monitor implementation of use of pastures by PUU members. Increasing pasture use fee and collection of these fees is a foundation for sustainability of PUUs and should be strictly followed as one of the mechanisms of the Exit Strategy. The mission would like to raise the issue of exit strategy for communities engaged in LM DP, which would need to be elaborated by August 31, 2017.

96. **Scaling up and replication (highly satisfactory, 6).** The LM DP has been testing its approaches in eight model PUUs in Issyk-Kul and Naryn regions (under the LM DP-I). The institutional assessment held in model PUUs has been already upscaled in all target areas of LM DP-II. This approach allows modifying and refining methodologies to successfully achieve objectives. It is evident that approaches in social mobilization, such as mobilizing users at the village level and delegating elected representatives to the Association of PUUs, elaboration of the CPMLDPs through Focus Groups of small livestock holders, large livestock holders and shepherds, formal community leaders, and women ensure participation and inclusion of wide segments of community. The WB PLMIP, which is being implemented in two other regions – Chui and Talas, also follows similar to the LM DP objectives, approaches and activities, and covering all other regions outside of the LM DP-I/II project area. The developed products, such as training modules, guidelines, are complementary and shared between projects.

Agreed action	Responsibility	Agreed date
Training on financial and economic sustainability of investments conducted for all PUUs	ARIS	31 March 2017 and ongoing
Exit Strategy for LM DP-I is elaborated and submitted to IFAD	APIU, ARIS	31 August 2017

G. Impact

97. The LM DP-I and II have already 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. Pasture management policy has been guiding other GOK's policy documents in agriculture, such as animal identification, veterinary support to livestock holders, as well as on going policy dialogue on forests management. The project baseline has been completed but no data on the field level exists due to the early stage of the project. ARIS' data collection on milk yields and weight gains will provide the project with relevant proxy outcome level indicators by third quarter of 2017.

98. **Quality of natural assets improvement (satisfactory, 5).** The central pillar of the project – improved pasture management – is expected to increase the carrying capacity of PUU pastures; as data from LM DP-I mid-term survey clearly indicates. Nonetheless, a decrease in productivity per livestock unit in some Naryn's PUUs suggests that the project needs to stay alert and on sustainable

stocking rates and grazing so as to address issues of land degradation, reduce soil erosion, improve biodiversity, and strengthen resilience to drought.

H. Conclusion

99. 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. 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.

100. Specifically, the following activities should be carried out within the next six months: (i) inform IFAD on next steps on delimitation of external pasture boundaries; (ii) conclude the recruitment of an External Auditor in accordance with IFAD guidelines; (iii) develop a proposal on addressing the issue of pasture improvement at the PUU level and submit it to IFAD; (iv) conduct training for PUUs on sustainable maintenance and management of investments; and (v) make the agreed revisions to the PIM.

IFAD and the Government of Kyrgyz Republic endorsed the findings of supervision 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:	6-Mar-18	Last Supervision		Financing terms	HCT/Grant	
Supervising Inst.	IFAD	No. of Supervisions				
					USD million	Disb. Rate
Approval	17-12-2013			Total costs		
Agreement	07-04-2014	Effectiveness lag		IFAD loan	11.0	12%
Effectiveness	06-08-2014	Problem project	No	IFAD grant	11.0	16%
MTR				ASAP grant	10.0	8%
Current completion	30-09-2019	Last Amendment		Domestic	7.3	25%
Current closing	31-03-2020	Last Audit	2015	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	1. Quality of project management		5
2. Acceptable disbursement rate		3	2. Performance of M&E		5
3. Counterpart funds		5	3. Coherence between AWPB & implementation		4
4. Compliance with loan covenants		4	4. Gender focus		5
5. Compliance with procurement		5	5. Poverty focus		5
6. Quality and timeliness of audits		5	6. Effectiveness of targeting approach		5
			7. Innovation and learning		5
			8. Climate & Environment focus		5

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

C. Overall Assessment and Risk Profile

	Last	Current
C.1 Physical/financial assets		5
C.2 Food security		5
C 1 Overall implementation progress (Sections B1 and B2)		4
<i>Justification for rating</i>		
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. 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
<i>Justification for rating</i>		

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>		
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 these stakeholder institutions to manage pastures in a sustainable, effective way with collection of pasture use fees to support implementation of investment plans. Recent changes, which were made to pasture related legislation, 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 2017 AWPB	31 December 2016
	Submission of revisions to the PIM to IFAD and PCRG for approval	Immediately
Satisfactory programme implementation and performance	Monitor regularly the SDR balances available for disbursement and USD equivalent	Continuous
	Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	Continuous
	Inform IFAD on proposed legal changes to pasture related legislation	Continuous
	Inform IFAD on next steps on demarcation of external pasture boundaries	1 March 2017
	Implementation of micro-projects as per agreed schedule	Continuous

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)	Frequency	Means of Verification	Responsible agency	Methods of collection	Notes	
				5	6	7								
1	2	3	4		BS	RIMS	7	8	9	10	11	12	13	
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	Third level	Land ownership	Irrigated arable land in the 1st quintile. The biggest land plot.	0,3 ha		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	It is possible to assess the impact of the project using this indicator. This indicator is measurable. Basic values obtained through the baseline survey are consistent with RIMS data. It should be noted that RIMS does not embrace all indicators proposed by us, so, the future studies must take into account all parameters.	
			Cattle ownership in the 1st quintile (average)	Sheep:	13 head									
				Goat:	8 head									
				Cattle:	2 head									
			Access to sanitation	Cars	45%	46%								
				Satellite antenna	23,4%									
				Bedroom furniture	55,0%									
				Sitting room furniture	53,6%									
				Fridge	76,0%	76,0%								
				Washing machine	71,2%									
	Television	97,7%		98,0%										
	Electricity	Barn or shed	8,2%	8,0%										
		Street standpipe/well in the yard	40,1%	43,0%										
		Tap inside the house	25,2%	27,0%										
		No access	23,5%	13,0%										
	Indoor sanitation	Indoor sanitation	2,0%	2,0%										
		Access to electricity in the HH	98,0%	99,0%										
	G.2. 25% of targeted population with increased climate resilience (ASAP)	Third level	Batken		0,0%		25%							
			Jalal-Abad		0,0%		25%							
Osh				0,0%		25%								
G.3. 10% reduction in the prevalence of children's malnutrition	Third level	Batken	Acute malnutrition	6,8%		10%								
			Chronic malnutrition	27,6%										
			Underweight	6,6%										
		Jalal-Abad	Acute malnutrition	6,8%		10%								
			Chronic malnutrition	21,7%										
			Underweight	7,7%										
		Osh	Acute malnutrition	1,7%		10%								
			Chronic malnutrition	17,9%										
			Underweight	5,1%										
Development Objective Improved livestock productivity and enhanced climate resilience of	O.1 .The volume of livestock and livestock product sale covered by the project households		Batken	Cattle	Oxen	45 000	som		15%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	APIU	Surveys	The basic values will be ambiguous. It is necessary to collect additional data at the main pricing markets and break down cattle by category and by age. For example, we cannot
					Cows	36 400	som							
					Young stock	16 500	som							
				Sheep	Under 1 year old	3 000	som							
					1- 2 years old	3 500	som							

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				BS	RIMS											
1	2	3	4	5	6	7	7	8	9	10	11	12	13			
pasture communities reflected in improved and equitable returns to livestock farmers.	increased on average by 15% in comparison with the pre-project level of sales (identified as a result of initial situation survey)		Jalal-Abad		2-3 years old	4 250	som		15%				provide general average data on cattle and give only one value, it is necessary to divide it into bulls, cows and calves. The table contains data by type and age of cattle livestock. There was used the data collected by KAMIS. It is also important, in subsequent studies, to collect these data at the same pricing markets.			
					Over 3 years old	5 700	som									
				Goat	1-1,5 years old	1 800	som									
					2-3 years old	3 000	som									
					Over 3 years old	8 400	som									
				Horse	1-2 years old	25 000	som									
					2- 5 years old	40 000	som									
					Over 5 years old	65 000	som									
				Milk	35,0	som	15%									
				Meat	300	som	15%									
				Osh	Cattle	Oxen	55 000							som		15%
						Cows	38 000							som		
						Young stock	25 000							som		
					Sheep	Under 1 year old	3 600							som		
			1- 2 years old			4 500	som									
			2-3 years old			6 300	som									
			Goat		Over 3 years old	6 800	som									
					1-1,5 years old	4 450	som									
					2-3 years old	5 500	som									
			Horse		Over 3 years old	7 000	som									
					1-2 years old	35 000	som									
					2- 5 years old	54 000	som									
			Over 5 years old		75 000	som	15%									
			Milk	35	som	15%										
			Meat	280	som	15%										
			Cattle	Oxen	50 000	som	15%									
				Cows	32 000	som	15%									
Young stock	20 000	som		15%												
Sheep	Under 1 year old	4 900	som	15%												

Results	Indicators	RIMS code	Indicator/territory	Baseline value			Mid-term target (PY2)	Final Target (PY5)	Frequency	Means of Verification	Responsible agency	Methods of collection	Notes		
				BS	RIMS										
1	2	3	4	5	6	7	7	8	9	10	11	12	13		
				Cattle	1- 2 years old	7 000	som		15%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	APIU	Surveys	This indicator is measurable. It is recommended for ease of comparison to take annual consumption per capita.	
					2-3 years old	7 450	som		15%						
					Over 3 years old	7 800	som		15%						
				Goat	1-1,5 years old	4 300	som		15%						
					2-3 years old	5 100	som		15%						
					Over 3 years old	5 800	som		15%						
				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)			Batken province: annual consumption per capita	Meat	18,63	kg		+xx%	BL, MT, IA	APIU Surveys: Baseline, mid-term review, project completion.	APIU	Surveys	This indicator is measurable. It is recommended for ease of comparison to take annual consumption per capita.	
					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%						
				Osh province: annual consumption per capita	Dairy	28,39	kg		+xx%						
					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 Milk yields per year (liter / cow / year) (+15% of BL value)		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.	Similar to LMDP-1 the indicator is reduced from 25% to 15%. The baseline survey data show that the average lactation period does not exceed 180 days (39,2%), 270 days (10,5%), and from 270-330 days only in 1,3% of the surveyed HHs. There are cases when the lactation period does not exceed 100 days (29,4%). Given this data,		
				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	6	liters/a day	10% from BL value	15% from BL value							

Results	Indicators	RIMS code	Indicator/territory	Baseline value		Mid-term target (PY2)	Final Target (PY5)	Frequency	Means of Verification	Responsible agency	Methods of collection	Notes	
				5	6								7
1	2	3	4	5	6	7	8	9	10	11	12	13	
C.1.1.b Average live weight (Kg) of cattle, horses, sheep and goats sold in local markets (+15% of BL value)	Osh		Per year per cow by NSC data	days								we suggest reconsidering this indicator, because the lactation period of 300 days, in the context of the country, is not realistic and could greatly distort the picture of the milk yield. In this connection, it is suggested to take the averaged data per one cow per day, based on the period of lactation indicated by the respondents, break down by province. The table shows the mean baseline values. In principle, it is possible to measure this indicator and obtain benchmarks; as it is stipulated by the logical frame, in the future, some additional cross-checks or data on milk collectors will be needed. Additionally, there was used the data collected by NSC in 2014 for comparison	
				Per year per cow, lactation - 300 days	1 800	liters/a year							
				Batken	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					
	Batken			Per year per cow by NSC data	1 750	kg/a year	10% from BL value	15% from BL value					National Statistics disaggregated by rayon provides complementary information. Milk: cross-checked with data from milk collectors. Weight: cross-checked with local markets data.
					Cattle	Oxen	300	kg			15% from BL value		
						Cows	175	kg					
						Young stock	140	kg					
					Sheep	Under 1 year old	25	kg			15% from BL value		
						1- 2 years old	28	kg					
2-3 years old						35	kg						
Goat					Over 3 years old	43	kg			15% from BL value			
					1-1,5 years old	18,5	kg						
					2-3 years old	28	kg						
Horse	Over 3 years old	31	kg			15% from BL value							
	1-2 years old	155	kg										

Results	Indicators	RIMS code	Indicator/territory	Baseline value			Mid-term target (PY2)	Final Target (PY5)	Frequency	Means of Verification	Responsible agency	Methods of collection	Notes
					BS	RIMS							
1	2	3	4	5	6	7	7	8	9	10	11	12	13
			Jalal-Abad	Cattle	2- 5 years old	210	kg		15% from BL value				of cattle.
					Over 5 years old	300	kg						
					Oxen	300	kg						
					Cows	175	kg						
				Young stock	100	kg							
				Sheep	Under 1 year old	25	kg		15% from BL value				
					1- 2 years old	30	kg						
					2-3 years old	33	kg						
					Over 3 years old	48	kg						
				Goat	1-1,5 years old	16	kg		15% from BL value				
					2-3 years old	25	kg						
					Over 3 years old	0	kg						
				Horse	1-2 years old	180	kg		15% from BL value				
					2- 5 years old	270	kg						
					Over 5 years old	320	kg						
			Osh	Cattle	Oxen	300	kg		15% from BL value				
					Cows	200	kg						
					Young stock	100	kg						
				Sheep	Under 1 year old	33	kg		15% from BL value				
					1- 2 years old	39	kg						
					2-3 years old	50	kg						
					Over 3 years old	60	kg						
				Goat	1-1,5 years old	22	kg		15% from BL value				
					2-3 years old	32	kg						
					Over 3 years old	33	kg						
				Horse	1-2 years old	110	kg		15% from BL value				
					2- 5 years old	150	kg						

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				5	6	7							
1	2	3	4	5	6	7	7	8	9	10	11	12	13
				Over 5 years old	330	kg							
	C.1.2.a Additionally 225 MT of high quality/ refined barley available in project communities by the end of the project period				0		100 т	255 т	Annual	Reports from National Federation of Community Seed Funds	PU CSF	Public Union - Community Seed Fund reports Surveys with CSF and members beneficiaries to cooperate with the Project.	Improved approaches for developing feed production and stocking winter fodders are being designed due to the refusal of PU CSF to cooperate with the Project.
	C.1.2.b 45 000 MT fodder available in project communities by the end of the project period (40% barley/60% fodder)				0		100 т	45 000 т					
	C.1.2.c. 20% reduction of mortality rate caused by disasters (ASAP)				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. 190 approved pasture management and animal health plans in the project area effectively integrating climate risk mitigation and adaptation measures (ASAP)	1.1.13.			0		40	190	Annual	Annual Surveys	PD	Surveys	At present, 189 plans were approved.
	1.1.2. Disputes regarding access to pastures reduced by 10% from BS.		Batken		31,1%		5%	10%	Annual	Annual reporting, questionnaire, minutes of focal groups, CPMP	ARIS	Questionnaire, Survey	Similar to LMDP-1 the indicator is reduced from 30% to 10%. This indicator is based on the survey conducted in HH, which indicated one or another type of conflict in the use and
			Jalal-Abad		19,5%		5%	10%					
			Osh		16,0%		5%	10%					
			Parties to conflict:	Pasture Committee – Forestry (Leskhoz)		18,7%							
			Between Pasture Committees		17,1%								

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					BS	RIMS							
1	2	3	4	5	6	7	7	8	9	10	11	12	13
				Inside a Pasture Committee	32,5%								management of pastures
	1.1.3. Increase in collected pasture fees by 20% by the end of the project		Batken	% of pasture user fee collection	70%		10%	20%	Annual	BL, MT, IA Surveys PD M&E records Pasture Committee records	PD	Reporting from Pasture Department	Information of all 189 JC was provided by PD. There is no additional data for validation. This indicator is measurable
Jalal-Abad			60%			10%	20%						
Osh			55%			10%	20%						
Output 1.2 Resilient and sustainable investments prioritized in community pasture management and animal health plans presented and used	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)	1.1.16.			0			648 000	Quarter	ARIS M&E records Annual Work Plans and Budgets PUUs' records	ARIS	Annual Surveys	
	1.2.2. 17 000 ha of pasture is rehabilitated through ecosystem restoration approaches (ASAP)	1.1.14.			0		17 000						
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)				0			315	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	2.1. Population's satisfaction								Annual	Project M&E records	APIU, SIVPSS, KSRIV	Surveys	The Outcome.2 was changed with IFAD approval (December

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				5	6							
1	2	3	4	5	6	7	8	9	10	11	12	13
improved	with veterinary services											2016).
Output 2.1 Community vets provide animal health and production services on a regular basis	2.1.1. 380 PVs trained	1.5.3.			0	80	380	Quarter	SIVPPS report Project M&E records	ARIS	Regular reporting of CDSO (ARIS)	
	2.1.2. 380 veterinary packages provided to PVs				0	80	380	Quarter				
	2.1.3. 75 AI businesses being operated by PVs by the end of the project				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	1.1.10.			0	40	190	Quarter	District project quarterly reports Project M&E records	ARIS	Regular reporting of CDSO (ARIS)	189 members of AHSC were selected
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	1.2.3.			0	70	120	Annual	Project M&E records Kyrgyz Agrarian University annual statistics	KNAU	Regular monitoring	There were 71 students enrolled. Currently, 69 students are studying, 6 of them are girls. 2 students expelled for various reasons.
Component 3. Diversification and Market Initiatives/ Initiatives on Value Chain												
Outcome 3. 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)				0		20%	Annual	Project M&E records Beneficiaries	ARIS	Surveys	
	C.3.2. 25 partnerships between farmer groups and processors/market intermediaries formed	1.4.7.			0		25	Annual	Project M&E records MT Survey Annual Surveys	ARIS	Surveys	
Output 3.1	3.1.1.a. 10 milk	1.4.7.			0		10	Quarter	Project M&E	ARIS	Surveys	

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				BS	RIMS							
1	2	3	4	5	6	7	8	9	10	11	12	13
Higher quality and volumes of milk available for assured markets	collection/cooling centers established								records, Records from milk processing plants			
	3.1.1.b. 15 women's processing groups operating in the Project area				0		15		Beneficiaries			
	3.1.2 Price per liter of milk gained by producer increases by 15%				0		15%					
	3.1.3. Value added in milk improves by 20%				0		20%					
Output 3.2 Additional income-generating activities supported to enhance risk-coping mechanisms	3.2.1.a. 25 additional groups established engaged in economic activities	1.4.7.			0		25	Quarter	Project M&E records Survey of women's milk processing group financial records	ARIS	Surveys	
	3.2.1.b. At least 40% of them being women led groups				0		10					
	3.2.2.a. 25 grants for economic diversification disbursed to new enterprises established	1.4.7.			0		25					
	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	Inform IFAD on proposed legal changes to pasture related legislation	PD/APIU	Continuously	
	Inform IFAD on next steps on demarcation of external pasture boundaries	PD and APIU LMDP Coordinator	1 March 2017	
	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	
	Conduct training for PUUs on sustainable maintenance and management of investments	ARIS LMDP Coordinator	15 March 2017	
Sustainability	Implementation of micro-projects as per agreed schedule	ARIS LMDP Coordinator	Continuously	
	Guidelines for implementation of the women enterprises support programme developed and submitted to IFAD	ARIS	30 January 2017	
	Conduct training for PUUs on sustainable maintenance and management of investments	ARIS LMDP Coordinator	15 March 2017	
Fiduciary Aspects	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	
	Monitor regularly the SDR balances available for disbursement and USD equivalent	ARIS Financial Manager and APIU Financial Manager	Continuous	
	Closely monitor and follow up on the timely implementation and justifications of grants by PUUs	ARIS Coordinator and Financial Manager	Continuous	
	Launch the procurement for external audit firm for the year 2017	APIU and ARIS Financial and Procurement Managers	1 June 2017	
	Submit overall 2017 AWPB to IFAD for no objection	APIU Director	31 Dec 2016	

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

		Results	Unit	Period ending: 31.12.2015			Period ending: 30.11.2016			Cumulative			Sum of actuals of previous years
				AWP&B	Actual	% of AWPB	AWP&B	Actual	% of AWPB	Appraisal	Actual	% of Appraisal	
Total Outreach		People receiving project services	Number	100 000	96 527	97%	105 000	76 526	73%	503 500	96 528	19%	
		People receiving project services	Male	70 000	64 776	93%	73 500	59 719	81%	352 450	64 777	18%	
		People receiving project services	Female	30 000	31 751	106%	31 500	19 807	63%	151 050	31 752	21%	
		Households receiving project services	Number	18 868	18 213	97%	20 192	15 305	76%	95 000	18 213	19%	
		Communities receiving project services	Number	190	190	100%	190	189	99%	190	189	99%	
Component	Sub Component												
Component Name	Sub Component Name												
1. Community Based Pasture Management and Vulnerability Reduction	Community Risk-mitigation Pasture Management and Investments	Environmental management plans formulated	Number	0	0	0%	190	189	99%	190	189	99%	
		People trained in natural resources management	Number	0	0	0%	1 890	1 553	82%	1 140	1 553	136%	
		People trained in natural resources management	Female	0	0	0%	378	187	49%	114	187	164%	
		People trained in community management topics	Number	0	0	0%	1 323	1 205	91%	570	1 205	211%	
		People trained in community management topics	Female	0	0	0%	130	106	82%	57	106	186%	
	Pasture Institutional Strengthening	Government officials and staff trained	Number	0	0	0%	250	251	100%	380	251	66%	
		Government officials and staff trained	Female	0	0	0%	15	13	87%	25	13	52%	
		Land under improved management practices	Ha	0	0	0%	0	0	0%	17 000	0	0%	
		Households covered by new or improved climate information services (c)	Number	0	0	0%	0	0	0%	122 500	0	0%	
		Other productive infrastructure constructed/rehabilitated	Number	0	0	0%	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%	0	0	0%	380	0	0%	
		People trained in business/entrepreneurship	Female	0	0	0%	0	0	0%	20	0	0%	
		Groups involved in NRM formed/strengthened	Number	0	0	0%	190	189	99%	190	189	99%	
		People in natural resources management groups	Number	0	0	0%	0	0	0%	190	0	0%	

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

		formed/strengthened											
		People in natural resources management groups formed/strengthened	Female	0	0	0%	0	0	0%	19	0	0%	
		Natural resources management groups with women in leadership position	Female	0	0	0%	0	0	0%	10	0	0%	
	Animal Health Education and Capacity Building	People trained in livestock production practices and technologies	Number	71	70	99%	71	69	97%	120	139	116%	
		People trained in livestock production and technologies	Female	7	7	100%	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%	0	0	0%	10	0	0%	
		People trained in post-production, processing and marketing	Number	0	0	0%	0	0	0%	305	0	0%	
	Milk Value Chains Investment	People trained in post-production, processing and marketing	Female	0	0	0%	0	0	0%	244	0	0%	
		Marketing groups formed/strengthened	Number	0	0	0%	0	0	0%	40	0	0%	
		People in marketing groups formed/strengthened	Number	0	0	0%	0	0	0%	230	0	0%	
		People in marketing groups formed/strengthened	Female	0	0	0%	0	0	0%	155	0	0%	
	Womens Milk Processing Groups	Marketing groups with women in leadership position	Number	0	0	0%	0	0	0%	25	0	0%	
		Processing facilities constructed/rehabilitated	Number	0	0	0%	0	0	0%	15	0	0%	
		People trained in income generating activities	Number	0	0	0%	0	0	0%	125	0	0%	
		People trained in income generating activities	Female	0	0	0%	0	0	0%	50	0	0%	
4. Project Management		Government officials and staff trained	Number	10	10	100%	20	17	85%	70	10	14%	
		Government officials and staff trained	Female	6	6	100%	10	5	50%	15	6	40%	

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	473 814	4%
IFAD grant	11 000 000	1 173 953	11%
ASAP grant	10 000 000	564 575	6%
Ben Contribution	7 084 000	0	0%
Government	270 000	68 799	25%
Pasture User Unions	175 000	50 050	29%
Total:	39 529 000	2 331 191	6%

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	325	3.19%	7 751	964	12%	9 780	565	6%	6 256		0%	214	60	28%	175	50	29%	34 349	1963	6%
(B) Livestock Health and Production Services	200		0%	2 242	130	6%				570		0%	37	1	4.0%				3 049	131	4%
(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	149	24%	262	80	30%							17	8	45%				906	237	26%
Total:	11 000	474	4.3%	11 000	1 173	11%	10 000	565	6%	7 084		0%	270	69	25%	175	50	29%	39 529	2 331	6%

Table 5C: Budget versus Actuals by financier by component (USD '000) for the year 2016 as of 30 November 2016

Component	IFAD loan			IFAD grant			ASAP grant			Ben Contribution			Government			Pasture User Unions			Total		
	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
(A) Community-based Pasture Management and Vulnerability Reduction	417	262	63.01%	1 634	589	36%	2 460	565	23%				87	43	49%	919	50	5%	5 516	1509	27%
(B) Livestock Health and Production Services	111		0%	534	86	16%							14	1	9.7%	270			929	88	9%
(C) Diversification and Market/Value Chain Initiatives (ARIS)				200		0%	40		0%				13		0%	51		0%	304	0	0%
(D) Project Management (APIU)	161	129	80%	94	70	74%							9	6	60%				265	205	77%
Total:	689	392	56.9%	2 463	745	30%	2 500	565	23%	-	-	-	123	50	40%	1 239	50	4%	7 013	1 801	26%

Table 5D: IFAD loan disbursements (SDR, as at 30 November 2016)

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Equipment, Goods and Vehicles	320 000		124 539		195 461	39%
IV	a) Pasture/Livestock Improvement	6 330 000		124 120		6 205 880	2%
V	Operating Expenses	400 000		65 632		334 368	16%
	Unallocated	150 000				150 000	
	Authorized Allocation (APIU/ARIS)			533 058		- 533 058	
	Total:	7 200 000		847 348		6 352 652	12%

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

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
II	Consultancies	4 350 000		484 488		3 865 512	11%
III	Training and Workshops	900 000		69 159		830 841	8%
IV	b) Value Chain and Diversification Grants	300 000		0		300 000	0%
IV	c) Other Grants	1 500 000		63 052		1 436 948	4%
	Unallocated	150 000				150 000	0%
	Authorized Allocation (APIU/ARIS)			533 058		- 533 058	
Total:		7 200 000		1 149 757		6 050 243	16%

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

Category	Category description	Original Allocation	Revised Allocation	Disbursement	W/A pending	Balance	Per cent disbursed
I	Equipment, Goods and Vehicles	370 000		0		370 000	0%
II	Consultancies	30 000		0		30 000	0%
III	Training and Workshops	5 000		0		5 000	0%
IV	a) Pasture/Livestock Improvement	5 860 000		218 056		5 641 944	4%
IV	b) Value Chain and Diversification Grants	145 000		0		145 000	0%
V	Operating Expenses	55 000		0		55 000	0%
	Unallocated	35 000				35 000	0%
	Authorized Allocation (APIU/ARIS)			317 541		- 317 541	
Total:		6 500 000		535 597		5 964 403	8%

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	Update 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 Kyrg, Investment and Credit Bank and Project bank account for each source of finance have been opened with same bar
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 2016 was submitted in December 2015 and approved by IFAD in February 2016.
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 is not due yet
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

1. Knowledge management plays an important role in project's design. All implementing partners make efficient use of a broad range of high quality KM and communication products produced under the Project. KM is embedded in all components and implemented on a continuous basis. Students from vulnerable families in rural areas got access not only to higher education in animal health, but also participate every summer in professional internship programme. Many of them will be engaged in summer internship of 2017 working with PCs in own villages, learning about work of the PCs in pasture monitoring and assessment, in allocating use rights to pasture users, and also helping PCs in own villages to enhance their computer skills. Since these students were selected and nominated by the PUUs in their respective *aiyl aimaks*, it would be mutually beneficial if they spend few weeks of summer internship supporting respective PUUs. *It was agreed that APIU KM specialist would develop programme for such summer internship jointly with ARIS and implement it in summer of 2017.*
 2. Animal Health Component produced gender sensitive video material, brochures and guidelines on best practices and methods on containment of zoonotic diseases, which have been disseminated through mass media, ARIS experts, PCs and volunteers of Village Health Committees, workshops and seminars. The APIU is finalizing its MIS system, which will be open to key stakeholders.
 3. The level of institutional development of PUUs supported by the LMDP varies. In order to further strengthening of PCs, to maximize learning from operations of successful PCs, ARIS and AKJ organized study visits of those PCs, which need additional support in institutional development to the most advanced PCs. This knowledge dissemination approach proved to be very effective and well received by beneficiaries and it was agreed to expand this programme of visits not only among LMDP communities, but also with LMDP-II PUUs. In addition, AKJ will engage most advanced PC chairpersons in Peer to Peer programme, training them to be able to conduct training on legal issues to other PUUs across the regions. This approach would not only help to make learning process more effective, but also build ties among PCs for further exchanges of lessons learned.
 4. The mission noted that dissemination of knowledge from the KSRLPI to beneficiaries have improved with selected PCs participating in demonstration plots on fodder improvement through pasture rotation and reseeded of pasture plots, as well as cultivating better varieties. However, for wider dissemination, the KSRLPI needs to collaborate closely with the AKJ, which is a major outreach agent to reach PUUs. It was agreed that the KSRLPI and AKJ would elaborate a joint programme on pasture improvement and engage in PUUs beyond demonstration plots areas.
 5. The LMDP and the LMDP-II faced constraint that many CDSOs working in ARIS are either newly recruited or have not been retrained for a long period of time. In order to train these experts on core skills needed to train PUUs, ARIS has started on line training course for CDSOs. Two courses were developed and implemented on Participatory Rural Appraisal and use of GIS in community mapping in 2016 and three more courses on Pasture Monitoring and Assessment, on Gender Mainstreaming, and Legal Issues in pasture management will be elaborated and delivered in 2017.
-

Innovation: Describe any interesting innovation noted during supervision

6. Information dissemination and raising awareness on pasture management still needs improvement. It has been difficult for PCs to reach all households in their respective PUUs with information on annual plans and reports to demonstrate use of funds and improvement undertaken under the project. This is largely due to long distances between villages, large number of villages in some PUUs, as well as weak participation of community members in village meetings. However, lack of information on PCs performance feeds mistrust among community members. AKJ has started disseminating key information on PCs work through disseminating leaflets in schools. That innovation is low cost and has significantly raised awareness among community members and especially among women. ARIS and AKJ will upscale such practice and encourage all PCs to spread annual report information through schools.
 7. A remarkable innovation implemented by ARIS is undertaking annual participatory Institutional Assessment (IA) of PCs by five representative community groups (smallholder farmers, women livestock holders, shepherds, local leaders and PC members) and linking it to the size of grant funding. This IA has already been conducted for two years and proved to be very effective not only in strengthening accountability of PCs to communities, but also in dissemination of information on PUUs and PCs work, identification of weak points of PCs and targeting capacity building program to strengthen these PCs, as well as providing incentives for PCs to work openly, effectively and inclusively. In order to decrease any possible conflict of interest, it was agreed that IA next year would be facilitated by CDSOs from different areas.
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Appendix 8: Audit Log

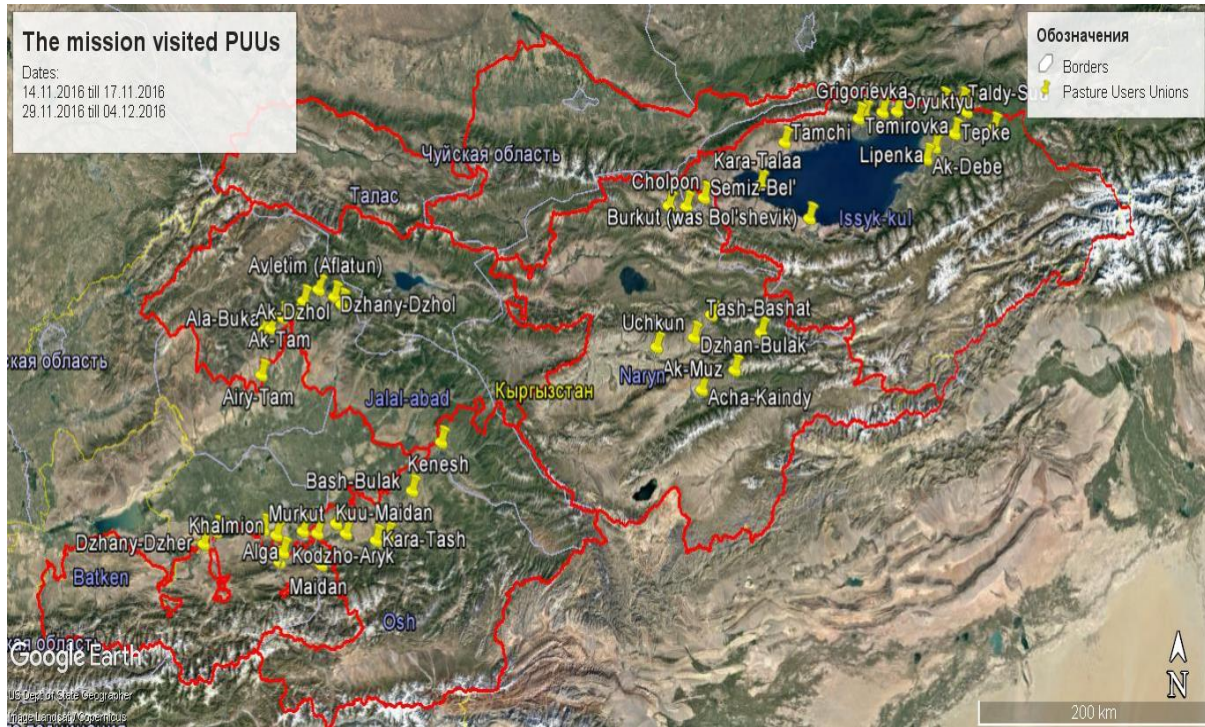
The Audit of the FY 2015 is the first audit to be undertaken, and it has been agreed to merge it with the FY 2014 due to the fact that the implementation of project started in August 2014. The Project Consolidated Financial Statements for the period 4 August 2015 to 31 December 2015 have been audited 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 2016. 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	-	-	-	-	-
Total:	0	-	0	-	0	-

Appendix 9: Supervision Mission Schedule and Persons met

(Please see the attached map of field visits)

14-17 November	Field visits to Jalalabad oblast
25 November	IFAD Mission arrives in country
26, 28 November	Meetings with the LMDP 1 APIU and ARIS staff to discuss schedule of work, review implementation progress reports and consultants reports Meeting with the Minister of Agriculture, Food Industry and Melioration
29 November – 4 December	Field Visits to Issyk Kul, Naryn, Osh, Jalalabad, Batken oblasts
5 December	Meetings with the LMDP APIU and ARIS staff Meeting with the Kyrgyz Association of Pasture Users staff Meeting with the Kyrgyz Livestock and Pasture Research Institute (KLPRI) Meeting with the State Inspectorate for Veterinary and Phytosanitary Security (SIVPSS) Meeting with the Kyrgyz National Agrarian University staff Meeting with the Department on Pastures, Livestock and Fisheries under the Ministry of Agriculture, Food Industry and Melioration
6 December	Meetings with the APIU and ARIS staff and consultants to review financial and procurement progress reports
7 December	Meetings with the Kyrgyz National Veterinary Research Institute Meeting with APIU and ARIS Staff to discuss detailed implementation progress of the activities
8 December	Meetings with the APIU and ARIS staff to discuss actions to be taken Meeting with management of The World Bank Country Office in Kyrgyzstan
9 December	Meeting with management and staff of GIZ in Kyrgyzstan Wrap Up with the Minister of Agriculture, Food Industry and Melioration Wrap Up Meeting at the APIU
12-16 December	Detailed discussion of proposed actions, road maps for project activities, 2017 AWPBs Preparation of MTR report for LMDP-I Preparation of Supervision report for LMDP-II



Appendix 10: Summary of Implementation Support Provided by IFAD

So far, IFAD has undertaken a start-up mission and an implementation support missions. 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 and support to preparation of template Community Livestock and Pasture Management Plan. For the last 12 months and during the current mission, the following key support activities were: (i) improved template of Community Livestock and Pasture Management Plan; (ii) presentation of principals for rotational grazing and pasture conditions and their M&E; (iii) application of remote sensing tools; (iv) M&E guidelines together with electronic tools for MIS; (v) draft Gender Strategy; and (vi) draft 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.