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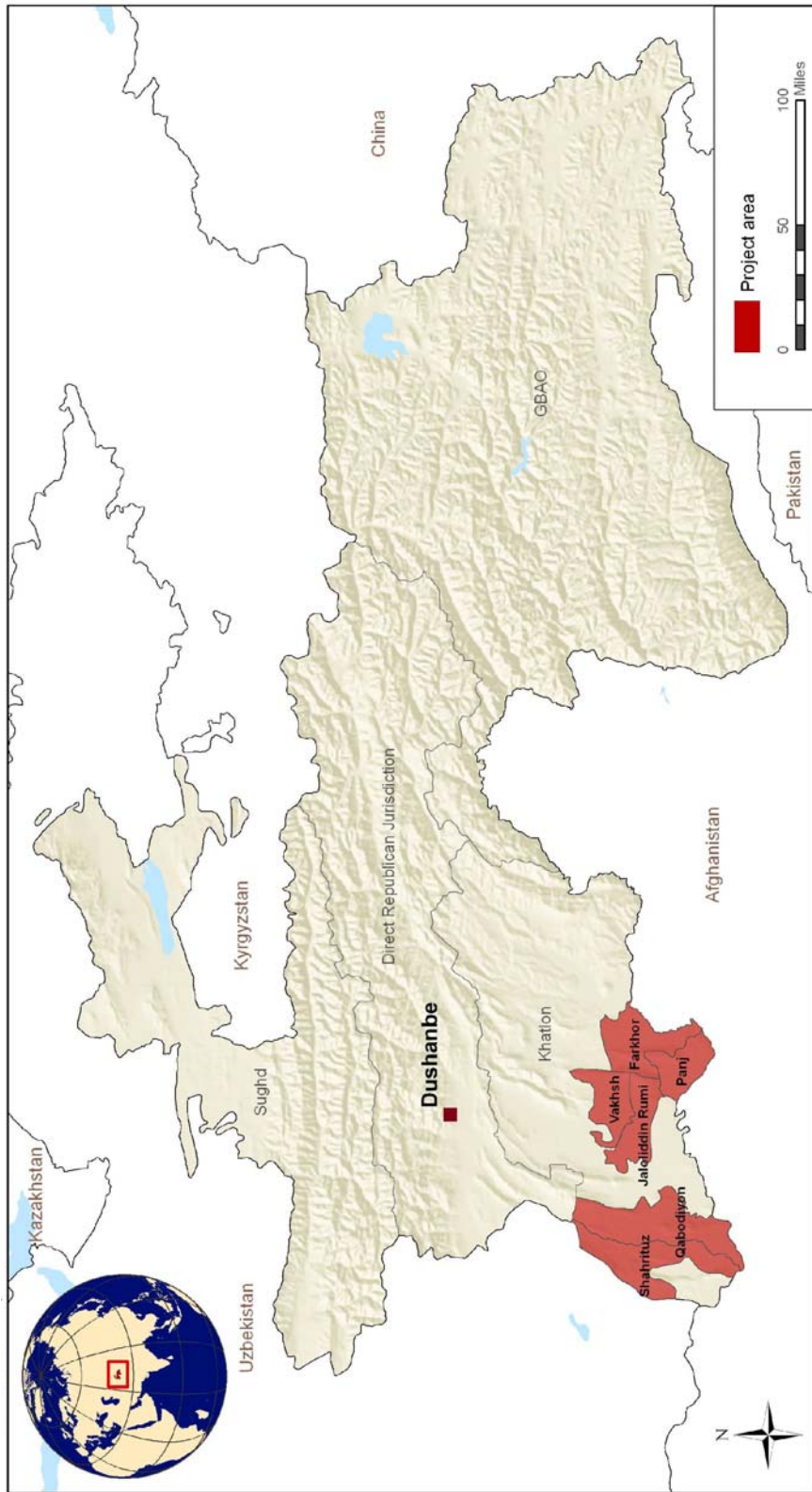
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## **Negotiated financing agreement: "Livestock and Pasture Development Project"**

(Negotiations concluded on 29 March 2011)

Grant Number: \_\_\_\_\_

Project Title: Livestock and Pasture Development Project (LPDP) (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

The Republic of Tajikistan (the "Recipient")

(each a "Party" and both of them collectively the "Parties")

### **WHEREAS**

the Recipient has requested a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement,

**NOW THEREFORE**, the Parties hereby agree as follows:

### **Section A**

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009 as may be amended from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein.
3. The Fund shall provide a grant to the Recipient (the "Grant"), which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### **Section B**

1. The amount of the Grant is the equivalent of nine million three hundred thousand Special Drawing Rights (SDR 9 300 000).
2. Designated grant account.
  - (a) There shall be one (1) designated grant account (the "Designated Grant Account") for the purposes of receiving the Grant and financing the Project.
  - (b) The Designated Grant Account shall be opened by the Recipient in a bank acceptable to the Fund and on terms and conditions satisfactory to the Fund, including but not limited to appropriate protection against set off, seizure or attachment. The Project Management Unit (PMU) referred to in paragraph 5 of Schedule 1 hereto, on behalf of the Recipient, shall be fully authorized to operate the Designated Grant Account in accordance with its procedures for the administration of accounts.

## 3. Project account.

There shall be one (1) Project account (the "Project Account") to receive resources from the Designated Grant Account for the benefit of the Project, opened by the Recipient in a bank acceptable to the Fund.

## 4. The Recipient shall bear all taxes that may be due in connection with the Project.

**Section C**

## 1. The Lead Project Agency shall be the Ministry of Agriculture (MOA).

## 2. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement.

**Section D**

The Grant shall be administered and the Project supervised by the Fund.

**Section E**

## 1. The following are designated as additional grounds for suspension of this Agreement:

(a) Any competent authority has taken action without the prior consent of the Fund for institutional changes to the Project Steering Committee (PSC) referred to in paragraph 4 of Schedule 1 hereto, and/or institutional and key personnel changes to the PMU, including but not limited to modification of the membership composition, dissolution and merger; and the Fund has determined that any such event listed above is likely to have a material adverse effect on the Project.

(b) The Project Director referred to in paragraph 5 of Schedule 1 hereto has been removed from the Project without the prior concurrence of the Fund.

## 2. The following are designated as additional conditions precedent to withdrawal:

(a) The PMU has been established and the Project Director appointed.

(b) The IFAD no-objection on the first Annual Work Plan and Budget (AWPB) and the Procurement Plan for the first 18 months of the Project has been obtained.

## 3. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Fund:

International Fund for Agricultural Development  
Via Paolo di Dono, 44  
00142 Rome, Italy

For the Recipient:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

This Agreement, dated \_\_\_\_\_, has been prepared in the English language in six (6) original copies, three (3) for the Fund and three (3) for the Recipient.

\_\_\_\_\_  
For the Fund

\_\_\_\_\_  
For the Recipient

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* The primary target group of the Project includes in selected Districts in the Khatlon Oblast (the "Project Area"): (i) smallholder livestock farmers; (ii) private veterinary service providers and small scale entrepreneurs with the potential to provide services to smallholder farmers; and (iii) women-headed households and women belonging to poor households.

2. *Goal and Objectives.* The goal of the Project is to contribute to poverty reduction in the Project Area. The objective of the Project is to increase the nutritional status and incomes of around 22 400 poor households by enhancing livestock productivity in a sustainable manner. The outcomes expected from the Project include: (i) enhanced livestock productivity and production; (ii) enhanced productive capacity of pastures; and (iii) increase in women's ability to process and market livestock products.

3. *Components.* The Project shall consist of the following Components:

#### Component 1 – Institutional Development

3.1. This Component shall be achieved through the following two sub-components:

- (a) Sub-component 1: Development of Community Organizations. The Project will work primarily through existing organizations at the village level including *inter alia* the *Mahallah* committees. New organizational entities would be established through democratic procedures to facilitate the function of existing organizations and thus the implementation of the Project. These new organizations will include *inter alia* Village Development Groups, Pasture Users Associations and Common Interest Groups.
- (b) Sub-component 2: Institutional Strengthening. This sub-component will focus on Project orientation activities and activities for strengthening public services. With regard to Project orientation there will be a National and a Regional Workshop as part of Project start-up. They will serve to present the Project and discuss Project-related targeting, gender and knowledge management issues at the national and regional levels. Activities to strengthen public services consist of: (i) pasture management policy strengthening; (ii) training and international study tours to build pasture management capacity; and (iii) support to locust management, including developing a long-term, regional locust control strategy and supply of equipment and materials as part of locust control measures. Legal technical assistance will also be provided to related parties. The support to the MOA to discharge its policy, regulatory and support roles will be initiated by the development of a comprehensive assistance plan.

#### Component 2 – Livestock and Pasture Development

3.2. This Component will have two sub-components as follows:

- (a) Sub-component 1: Strengthening Private Sector Services. The sub-component will support four activities: (i) fodder promotion and production; (ii) improving sheep breeding; (iii) strengthening private veterinary services; and (iv) strengthening private farmers and entrepreneurs.



- (b) Sub-component 2: Improving Pasture Management. This sub-component will support two main activities: (i) development of Pasture Management Plans (PMPs); and (ii) PMP investments (pasture improvement grants).

### Component 3 – Income Generation for Women

3.3. The main objective of this Component is to help enhance the nutritional status and increase the incomes of women from poor households, especially women-headed households in the Project Area. It will be composed of four categories of activities: (i) poultry packages; (ii) bee-keeping packages; (iii) small ruminant packages; and (iv) livestock processing and marketing activities.

### Component 4 – Project Management

3.4. This Component will finance the incremental costs associated with Project management, in particular, staff salaries, short term technical assistance, vehicles, office equipment, allowances and travel for the Project staff, office operation and maintenance, financial management, routine monitoring and evaluation, and external audits.

## **II. Implementation Arrangements**

### 4. Project Steering Committee (PSC)

4.1. *Establishment and Composition.* The Recipient shall establish a PSC. The PSC shall be composed of *inter alia* the Minister/Deputy Minister of the MOA as the Chair, senior representatives of the Ministry of Finance, the State Committee of Investment and State Property Management, the Ministry of Water Resources and Land Reclamation, the State Committee for Land Management and Geodesy, the National Academy of Agricultural Science and the Governor of the Project region, a representative of the State Committee for Women's Affairs and Families, and representatives of the participating communities and the private sector. The PSC membership may be amended upon Project requirements, with the prior approval of IFAD.

4.2. *Responsibilities.* The PSC shall provide overall guidance for the implementation of the Project activities at the national level and shall be responsible for the approval of the AWPBs as well as other key policy decisions.

### 5. Project Management Unit (PMU)

5.1. *Establishment.* A well staffed PMU shall be established by the Government of the Republic of Tajikistan under the supervision of the MOA. The PMU will be based in Dushanbe and also have a sub-office in Kurgan Tube which is in close proximity to the Districts of the Project Area. The PMU shall operate under the leadership of the Project Director.

5.2. *Composition.* All staff of the PMU will be contracted, under procedures acceptable to the Fund, on an open, transparent and competitive basis and have qualifications and experience commensurate with their duties. Recruitment of the Project Director and other PMU professional staff will be subject to no-objection from IFAD. In addition to the Project Director, the PMU will comprise: a Livestock Development Specialist; a Pasture Development Specialist; a Community Development Specialist; a Women's Income Generation Specialist (who will be a woman); three District Project Officers; a Monitoring and Evaluation (M&E) Officer; a Chief Accountant; a Procurement Officer; an Assistant Procurement Officer; an Assistant Accountant; two Secretaries; four drivers and three other support staff. The terms of reference of the PMU and its staff shall be outlined in the Project Implementation Manual (PIM) (see below) together with a job description for each of the key staff members.

5.3. *Responsibilities.* The PMU shall be responsible for the day-to-day operational management of the Project including coordination of planning and monitoring of progress and impact. The PMU shall ensure that all Components are implemented in a timely, coordinated and coherent manner in order to meet the Project's stated objectives efficiently and effectively. To this end, the PMU shall (i) ensure that the Project is implemented in accordance with its design; (ii) submit AWPBs; (iii) organize start-up workshops in each District; (iv) ensure timely recruitment of all implementing agencies such as those required for baseline survey, IFAD Results and Impact Management System survey, community facilitation and technical facilitation; (v) ensure effective coordination of all activities and agencies involved; (vi) maintain appropriate accounts, including reports on withdrawal applications and disbursements; (vii) manage procurement in accordance with IFAD Procurement Guidelines; (viii) ensure compliance with environmental requirements and other safeguard measures; (ix) prepare quarterly progress and annual reports in formats agreed upon with IFAD; (x) coordinate with related agencies of the Recipient and keep them informed of progress; (xi) assist with participatory monitoring and evaluation together with local communities; and (xii) assist IFAD and the Recipient supervision and evaluation missions. The PMU will hold regular monthly coordination and planning meetings with all staff, including representatives of the implementing partners such as the Community Facilitator (CF) as and when required. In these meetings work plans, targets, performance, monitoring and report requirements will be discussed and agreed.

6. The PMU shall contract with a Non Governmental Organization (NGO) or an International Non Governmental Organization (INGO) or other suitable agency as the CF, which shall have experience of organizing communities and following a community based approach to Project implementation and management in rural Tajikistan. Apart from formation and strengthening of Community Organizations, Common Interest Groups, Pasture User Associations and Women's Income Generating Groups, the CF will assist the communities to undertake the implementation of the PMPs. The CF shall be selected in an open and competitive manner, based on considerations of required expertise, experience and cost, and from a short-list of qualified, eligible candidate organizations drawn up by IFAD. The CF will be recruited within the first three months of the implementation of the Project. A performance based contract will be negotiated between the PMU and the CF which will specify the outputs expected from the CF.

#### 7. Annual Work Plans and Budgets (AWPBs)

The PMU shall prepare a draft AWPB for each Project year, to be submitted to the PSC for review and approval. The draft AWPBs would include *inter alia* a Procurement Plan, a detailed description of planned Project activities during the coming Project year, and the sources and uses of funds. The draft AWPBs would be submitted to IFAD for comments and concurrence, no later than sixty days before the beginning of the relevant Project year. If required, the PMU, through the PSC, could propose adjustments in the AWPBs during the relevant Project year, which would become effective upon IFAD's approval.

#### 8. Project Implementation Manual (PIM)

The PMU shall, in fulfilling its mission, follow IFAD rules, regulations and guidelines as reflected in the PIM as approved by IFAD.

**Schedule 2***Allocation Table*

1. *Allocation of Grant Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Grant, the allocation of the amounts of the Grant to each Category and the percentages of expenditures for items to be financed in each Category:

Category	Grant Amount Allocated (expressed in SDR)	Percentage of Eligible Expenditures to Be Financed
I. Civil Works	130 000	100% net of taxes and net of beneficiaries' contributions
II. Equipment, Goods and Vehicles	320 000	100% net of taxes and net of beneficiaries' contributions
III. Training, Workshops, Technical Assistance and Studies	1 590 000	100% net of taxes
IV. Pasture Improvement Grants	5 605 000	100% net of taxes and net of beneficiaries' contributions
V. Income Generating Activity (IGA) Grants	635 000	100% net of taxes and net of beneficiaries' contributions
VI. Pasture Reserve Fund	130 000	100% net of taxes
VII. Operating Expenses	510 000	100% net of taxes
Unallocated	380 000	
<b>TOTAL</b>	<b>9 300 000</b>	

(b) The terms used in the Table above are defined as follows:

- I. Civil Works: For offices renovation and construction of Veterinary clinics.
- III. Training, Workshops, Technical Assistance and Studies: Include also training and workshops and contract(s) with Community/Technical Facilitator(s). The contract(s) involve(s) salaries and operational costs, provision of vehicles and other equipment as well as sub-contract(s) (if required).
- V. IGA Grants: Grants for women groups established under the Project.
- VI. Pasture Reserve Fund: To be used in emergency or contingency situations (like locust invasion or sudden increase of prices) with no-objection from IFAD.
- VII. Operating Expenses: Include salaries and allowances, social fund and incremental operating costs for vehicles and office.

## **Key reference documents**

### **Country reference documents**

National Development Strategy 2006-2015

National Food Security Programme

Poverty Reduction Strategy 2010-2012

### **IFAD reference documents**

Project design document (PDD) and key files

Administrative Procedures on Environmental Assessment

## Logical framework

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MONITORING MECHANISM AND INFORMATION SOURCES	ASSUMPTIONS/RISKS
<b>A. PROJECT GOAL</b> <b>Contribute to reduction of poverty in Khatlon region (78% of people in Khatlon are estimated as being below the poverty line)</b>	80% of targeted households with improvement in household asset ownership index; Reduction in the prevalence of child malnutrition by gender. <sup>1</sup>	RIMS Impact Survey Baseline Survey End line survey MTR and PCR reports	Political stability Appropriate CF, TF are selected Government continues its poverty reduction strategies
<b>B. PROJECT PURPOSE</b> <b>Increase the nutritional status of 22 400 poor households from the six project districts.</b>	At least 80% of targeted HHs reporting increased incomes from livestock by 25% or more.; At least 90% of women engaged in IGA report increased incomes.	Project surveys at baseline, mid-term and completion; Annual surveys of HHs	Favourable government policies Prices are relatively stable
<b>C. COMPONENTS AND OUTCOMES</b>			
<b>COMPONENT 1: INSTITUTIONAL DEVELOPMENT</b>			
<b>OUTCOME:</b> Public sector organisations which are more effective and efficient at pro-poor development	Increase in good governance, democratic accountability, transparency, financial management and gender equitability; Capacity of national and local government and beneficiary organisations increased; Pro-poor policy and legislation with regard to sustainable pasture management	Progress Reports Annual Reports M&E Reports VO, CF and TF Reports Public Records (e.g. of Parliamentary Proceedings)	Favourable government policies Community interest
<b>COMPONENT 2: LIVESTOCK AND PASTURE DEVELOPMENT</b>			
<b>OUTCOME:</b> Livestock production and productivity increased to the benefit of the assets and incomes of at least 22 400 poor and extremely poor rural households.	Livestock Productivity data.	Progress Reports Annual Reports M&E Reports RIMS survey CF/TF reports	Communities willing to participate in the project activities; Govt support is favourable
<b>COMPONENT 3: INCOME GENERATION FOR WOMEN</b>			
<b>OUTCOME:</b> Poor and extremely poor women's assets and incomes increased through provision of IGA skills and materials including livestock	At least 90% of women engaged in IGA report increased incomes	Progress Reports Annual Reports M&E Reports CF and TF Reports	Prices motivate producers
<b>COMPONENT 4: PROJECT MANAGEMENT</b>			
<b>OUTCOME:</b> Efficient, cost effective and gender sensitive use of project and complementary donor resources.	PMU established at Dushanbe/Kurgan Tube AWP&Bs prepared and presented Audit reports submitted	Progress Reports Annual Reports M&E Reports	Sufficient financial and human resources available; Districts take active role

<sup>1</sup> All 'people' indicators are to be disaggregated by gender.

