



Implementation Completion Memorandum

Project Number: 38098 **JFPR: KGZ 8098**
Grant Number: **JFPR 9059-KGZ**

January 2009

Kyrgyzstan: Rural Livelihood Development Project
(Financed by the Japan Fund for Poverty Reduction)

**JAPAN FUND FOR POVERTY REDUCTION (JFPR)
IMPLEMENTATION COMPLETION MEMORANDUM (ICM)¹**

I. BASIC INFORMATION			
1. JFPR Number and Name of Grant: JFPR 9059 - KGZ: Rural Livelihood Development Project			
2. Country (DMC): The Kyrgyz Republic		3. Approved JFPR Grant Amount: \$1,000,000.00	
4. Grant Type: <input checked="" type="radio"/> Project / <input type="radio"/> Capacity Building		5-A. Undisbursed Amount \$335,532.00	5-B. Utilized Amount \$664,467.00
6. Contributions from other sources			
Source of Contribution:	Committed Amount	Actual Contributions:	Remark - Notes:
DMC Government	\$4,600.00	\$6,400.00	Facilities, services and other resources
Other Donors (please name)	\$ 0	\$ 0	
Private Sector/NGO	\$20,000.00	\$41,564.00	Contributions of participating 6 NGOs under the component.
Community/Beneficiaries	\$98,600.00	Est. \$181,587.00	These were contributions in terms of materials, excluding labor inputs. Opportunity costs for the use of part of farmers' farms for demonstration plots as well as other contributions in implementing business projects and paid interests which have not been included in the reports of the implementing agencies.
Total	\$123,200	Est. \$229,551	
7-A. GOJ Approval Date: 15 December 2004		7-B. ADB Approval Date: 15 December 2004	7-C. Date the LOA was signed (Grant Effectiveness Date): 2 May 2005
8-A. Original Grant Closing Date: 1 May 2008		8-B. Actual Grant Closing Date: 01 October 2008	8-C. Account Closing Date: 14 September 2009
9. Name and Number of Counterpart ADB (Loan) Project: Loan 1726-KGZ(SF): Agricultural Area Development Project (AADP)			
10. The Grant Recipient(s)			
<ul style="list-style-type: none"> The Government of the Republic of the Kyrgyz Republic Mr. Marat Sultanov Minister of the Ministry of Finance of the KR 58, Erkindik Str., Bishkek, the Kyrgyz Republic 			

¹ This ICM has been prepared under the responsibility of concerned ADB staff with contributions from the Recipient, EA/IAs, and the grant project manager/coordinator at the PIU.

11. Executing and Implementing Agencies:

Executing Agency:

- The Community Development and Investment Agency (Agentstvo Razvitiya I Investirovaniya Soobsheshtv (ARIS)
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4th Floor, 137 Bokonbaeva Street, Bishkek, the Kyrgyz Republic
Fax No. (996-312) 247-650

Implementing Agencies:

Local nongovernment organizations (NGOs) and a wholesale MCC:

- Micro Lending Company "Frontiers" LLC,
Mr. Ulugbek Khusanov, CEO,
201, Abdrakhmanova Str,
720011, Bishkek,
The Kyrgyz Republic

Chui Oblast:

- Violence Prevention Centre "Darshaiym",
Mrs. Kumushay Ismailova, President,
Room 1, House 140, Usenbaev Str.,
Bishkek, the Kyrgyz Republic
- Women Organization "Alga",
Mrs. Olga Janaeva, Director,
35, Aidarbekov Str., Jer-Kazar village
Issyk-Ata rayon, the Kyrgyz Republic
- "RDC-Elet" – Mr. Baktybek Shamkeev, Director
286, Abdymomunov Str., Bishkek,
the Kyrgyz Republic, Tel/fax: (996-312) 32-38-87 (89, 91)

Osh Oblast:

- "Agro Foundation for Development",
Mr. Alexander Poltavtsev – Executive Director,
73, Masaliev Str., Osh, the Kyrgyz Republic,
Tel/fax: (996-773) 717-402
- "Mekhr-Shavkat" – Mrs. Makharam Tilevaldieva – Executive Director,
Aravan village, Aravan rayon, Osh oblast, the Kyrgyz Republic,
Tel/fax: (996-3231) 26-26-5
- "Chernomyltsy of Nookat in 21 Century",
Mr. Tolkun Toichiev – Director,
1a, Lenin Str., Nookat town,
Nookat rayon, the Kyrgyz Republic

II. GRANT PERFORMANCE ASSESSMENT

12. Description

Poverty in Kyrgyzstan remains high although extreme poverty is moderate. The Kyrgyz Republic is predominantly agricultural and poor: in 2002 – 44% of the people were living in absolute poverty (or below the poverty line), and 13.8% in extreme poverty, in 2005 – 43.1% of the people were living in absolute poverty, and 11.1% in extreme poverty. While rural poverty declined over 1998 – 2001, largely due to the better performance of the agricultural sector, it continues to be significantly higher than urban poverty, with about three quarters of the poor living in rural areas (2001).

There are 7 regions (oblasts) in the Kyrgyz Republic and regional differences in poverty are significant: Naryn Oblast has the highest incidence of poverty, the least poor is in Chui. Much of the population lives close to the margin between poor and non-poor, thus creating a significant degree (about 39% in 2001) of transient poverty. 51% of the rural population lives in poverty compared with 30% of the urban population.

The agriculture sector remains extremely important to the economy. It accounts for over 33% of GDP (average for 2000-2004), 50% of employment (75% in rural areas), and 11% of exports. Of the total land area of 19.6 Million hectares, pastureland accounts for the largest area, 47%. Only 7% of the country is arable land, of which about 80% is irrigated.

The evident high degree of poverty in the Kyrgyz Republic particularly in rural areas was the rationale for undertaking this JFPR project. The Project was to address factors contributing to rural poverty by pilot testing innovative modalities for on- and off-farm poverty oriented interventions that could be reviewed, evaluated and scaled up in the countryside. The Project areas covered 13 districts (rayons) in two main regions (oblasts) in the North – the Chui oblast, in the South – the Osh oblast, for a total of 120 villages with target poor population of 44,000 (14,000 in Chui and 30,000 in Osh).

The main rationale of the JFPR project was to complement Loan 1726-KGZ(SF): Agriculture Area Development Project (AADP)¹. The AADP's long-term development goal was to increase the incomes of farmers in Chui by focusing on farm productivity and profitability. The AADP focused on larger farmers whereas the JFPR project focused on small and poor farmers that have difficult access to credit. However, AADP and Loan 2314(SF) and Grant 0073-KGZ: Southern Agriculture Area Development Project² (SAADP) focused on irrigated farms and development of agricultural services for larger farmers or groups of farmers. Some AADP benefits cannot reach the poorer farmers who have less access to credit because of the lack of collateral guarantees and smaller farms. This JFPR project focused on these farmers and contrary to AADP, gave priority to household plots owners. The combined projects were expected to strengthen support to all levels of farming and increase benefits to the poorer farmers. The JFPR project used local NGOs' resources and experience, unlike AADP thus provided more locally generated experience and benefits, and supported the sustainability of self-help and community-based efforts.

¹ This is an ADB-financed Project which was made effective on 1 September 2000 for a total amount of SDR26,159,000.00 (net amount of US\$38,832,435.24). Loan closing date was on 30 June 2009 and is now in the process of financially closing the account.

² This ADB-financed Project was made effective on 10 September 2007 for SDR9,925,000.00 (net amount of US\$15,844,078.87). This Project was cancelled on 27 January 2009 at the request of the Borrower. It is now in the process of financially closing the account.

13. Grant Development Objective and Scope

The Project's goal was to improve livelihoods of poor households in Chui and Osh oblasts while its purpose was to increase productivity and diversification of economic activities. The outputs and activities included:

Three Outputs of the Project were identified:

- 1) **Expansion of economic livelihood opportunities** consisting of 3 subcomponents:
 - 1.1. Improved farming practices on household plots and small private farms;
 - 1.2. Project partnerships established;
 - 1.3. Micro-credit schemes appropriate to the rural poor are operational and viable.
- 2) **Capacity Building** consisting of one subcomponent:
 - 2.1. Increased capacity of beneficiary household groups.
- 3) **Project management** consisting of 2 subcomponents:
 - 3.1. Effective project management and coordination;
 - 3.2. Monitoring and evaluation (M&E) system effective.

For each Output there were identified specific **Activities** to be done to achieve the indicators:

Activities for Output 1:

- 1.1. Improved farming practices on household plots and small private farms – (a) Demonstration crop and livestock technologies, (b) Conduct training on appropriate farm and livestock technologies and practices, (c) Conduct training on building creditworthiness and accessing formal financial services, and (d) Evaluate training and modify program accordingly;
- 1.2. Project partnerships established – (a) Participate in external funding forums; (b) External funding partners and other relevant agencies share costs, subcontract training, and give technical advice; (c) Establish formal links with AADP in Chui Oblast Administration for activities in common villages; and (d) Develop mechanisms for cooperation with local government organizations;
- 1.3. Micro-credit schemes appropriate to the rural poor are operational and viable – (a) Assess availability and accessibility to financial services as part of village assessment, and (b) Develop links to existing services and/or expand or establish appropriate financial services.

Activities for Output 2:

2.1. Increased capacity of beneficiary household groups – (a) Conduct training on social mobilization and participatory approaches in planning, implementation, and M&E of economic activities, and (b) Evaluate training and modify program accordingly.

Activities for Output 3:

- 3.1. Effective project management and coordination – (a) Select consultants and staff, (b) Select villages using agreed-on criteria, (c) Select beneficiary households from village list of poor, (d) Assess needs and draw up an action plan for each village, (e) Select local NGOs in Chui and Osh regions on a bid base.
- 3.2. M&E system effective – (a) Develop an appropriate M&E system compatible with ARIS MIS, (b) Establish baseline information on villages and participating households, and (c) Conduct regular monitoring and periodic survey to monitor progress and measure impact.

The primary beneficiaries of the Project were households with household plots and small farmers with allocated land, including women. The Project's paramount focus was assistance to poor households and poorer farmers that have no access to conventional rural credits due to lack of collateral guaranties.

There was difficulty developing micro-credit in the North as the Project could not identify appropriate MCAs for implementing that role, so the Project decided on using the in-kind revolving fund as an alternative. In late 2007 the beneficiaries for NGO "ALGA" selected the ELET Capital as MCA for micro credit standing by the start of 2008.

14. Goal	Key Performance Indicators	Accomplishments Rating (HS,S, PS,U ³)	Evaluation of Indicator
Improve livelihoods of poor households in Chui and Osh	The poverty incidence will reduce by 15 % in the selected villages (in two years after the project maturity)	S	<p>The total population of the 120 selected villages by the Project is 212,176 people making 47,021 households. The percentage of poor households at the beginning of the Project was 37% or 17,619 poor households. The average population per village is 1,768 people; the proportion of beneficiaries per village is 55 people or 3% from village population.</p> <p>The assessment on poverty levels is based on the results of an independent survey undertaken at the end of the Project which concluded that half of the persons surveyed (among those who were identified as poor at the beginning of the Project) earned less than \$600 per year (which is presently the GDP per capita in KR) or less than \$2 per day. This would indicate that the percentage of poor households may have decreased from 37.5% to 18.5%</p> <p>Taking into consideration that this indicator was to be reached 2 years2 years after Project, the percentage of achievement may still evolve. .</p>
	The real incomes in direct beneficiary households will increase at average by 20 % (in two years after the project maturity).	HS	<p>Direct beneficiaries' income was enhanced, thanks to improved capacity and access to capital (either micro-credit or in kind revolving schemes). The households that benefited from these schemes opted either for an on-farm or off-farm business development. This included livestock raising (cattle, goat or even sheep); agriculture diversification (potato or sugar bean) or business development. Below is an example:</p> <p>After "RDC-Elet" conducted the training on "Production of confectionery products" in 3 villages (Kumaryk, Cholokaryk, and Bukara), 7 new women groups were formed on the manufacture of felt products, traditional products from kurak, bakery and confectionery products at home not only for domestic use but for sell as well.</p> <p>According to the NGOs' report and from the independent assessment conducted at the end of the Project (surveys made on random samples of beneficiaries), the real income (annual income with correction to inflation) increased at an average by about 50% (40% in Chui and 65% in Osh oblasts) despite severe drought in 2008. Considering that the target indicator is expected to be reached 2 years after project closure, this percentage can grow further. The achievement of this indicator can be considered already as highly satisfactory.</p> <p>Since the beginning of the Project implementation 804 cattle, 3,000 sheep and goats, 6 horses, and 171 poultries have been purchased for direct beneficiaries.</p>

³ HS=Highly Satisfactory; S=Satisfactory; PS=Partly Satisfactory; U=Unsuccessful. The accomplishments for each key performance indicator were rated on the basis of the following criteria: (i) in terms of achieving the targets as set out in the Project design; (ii) their relevance on increasing the capacity of vulnerable households to meet their needs by improving agriculture production and increasing incomes; and (iii) the quality of achievements meaning their (a) extent of being replicable, and (b) implications on sustainability.

<p>Increase productivity and diversification of economic activities</p>	<p>An increase in the productivity of the existing farm and non-farm activity in 75% of the beneficiary households</p>	<p>S</p>	<p>Increased on-farm and non-farm productivity was to be achieved by the provision of agriculture and livestock extension services, trainings and targeted loans. On-farm higher productivity was achieved through the adoption of improved agricultural or animal husbandry practices, use of high yielding varieties and associated farm inputs packages, high value crops or even livestock development.</p> <p>The project M&E and the independent assessment conducted at the end of the Project concluded that farm productivity of the project beneficiaries had significantly increased. At the end of the project, it was estimated that wheat productivity of beneficiary farmers had increased by 50% in the South (Osh Oblast) or from 1.8 mt/ha in 2005 to 2.7 mt/ha in 2007; and by 30% in the North (Chui oblast) or from 2.0 mt/ha in 2005 to 2.6 mt/ha in 2007. But the yield substantially declined in 2008 due to the drought. The adoption of new high-yielding crops by poor farmers was also fostered by the Project. In 2008, for example, the production of high-yielding vegetables and potatoes in the demonstration plots increased by 70% and 40%, respectively. The farmers, who participated in these innovations, were able to harvest more than one type of crop per year; produced higher value crops; and sold these at off-season, hence getting higher prices and better incomes. Similarly in the Chui oblast, beneficiaries adopted high value crops such as strawberries and raspberries which are well adapted to the climate and soil conditions of the area.</p> <p>Productivity was also increased in livestock production as beneficiaries could reduce animal mortality and morbidity, and increase milk production by up to 47% from 1,500 liters/years and per cow in 2006 to 2,200 liters per in 2008.</p> <p>The following statistics were recorded by the project M&E system :</p> <p>(i) 85% of Darshaym's beneficiaries in Chui oblast increased their productivity in farm and non-farm activity.</p> <ul style="list-style-type: none"> - About 80% of the AFD beneficiaries in the Osh Oblast increased the productivity of their farm and non-farm activities. - About 70-75% of RDC-Elet beneficiaries in Chui oblast increased their productivity in farm and non-farm activity. - About 85% of Mekhr-Shavkat beneficiaries in Osh oblast increased their productivity in farm and non-farm activity.
<p>Increase productivity and diversification of economic activities</p>			<p>For beneficiaries of Chernobytsky of Nookat in 21 Century who borrowed money to improve their kitchen plot production, yields of potatoes jumped from 8.5mt/ha to 30.0 mt/ha. Cropping intensity increased from 2-3.</p> <p>Productivity of non-farm activity increased almost in all beneficiary households at the expense of flowing generated cash to trade and own supermarkets. Both in the South and North, beneficiaries increased the sales of their mini-shops by 70-90%. Mostly these sales were related with food products not only from their farms but also felt products, traditional products from kurak, bakery and confectionery products at home.</p>

	Diversification of sources of incomes and/or improved asset base in 50 % of beneficiary	S	<p>Over 50% of interviewed beneficiaries confirmed the increase of their income diversification and improved asset base. In particular, some interviewed households indicated the increase of their new income resources and on their possibility to purchase new assets at the expense of micro-credits or remittances from their relatives working in Russia.</p> <p>Below are indicators illustrating the improved asset base of some of Darshaym project beneficiaries:</p> <ul style="list-style-type: none"> 11 households purchased DVD players; 3 young families bought TV sets; 5 families bought new TV sets instead of old ones; 1 family could buy a used car; 28 families could buy cell phones; 2 families could construct fence for their houses.
Improved farming practices on household plots and small private farms	Increased crop diversification	S	<p>Diversification of agricultural crops increased both through the introduction of new varieties and new crops.</p> <p>For instance “AFD” NGO introduced new sorts of seeds of potatoes (“Aghave”, “Belugha”, Akapella”, “Molli”). Yield of grown potatoes reached 3.4-3.8 ton/ha or for 30-40% higher than yield from other used sorts of potatoes. Young plants were given and planted, such as: apple-trees, pear-trees, peach-trees, apricot-trees, cherry-trees, almond-trees. Seeds of winter wheat of varieties such as “Jasmin”, “Gneis”, “Polovchanka” were planted in 5 villages. Similarly the dry wheat variety “A dyr” was also introduced in several villages. The average yield of the varieties “Jasmin”, “Gneis”, “Polovchanka” reached 3.2-3.5 ton/ha and “A dyr” 1.8 ton/ha.</p> <p>In addition, tomatoes were planted, their yield reached 25.0 ton/ha, cabbage – 35.0 ton/ha, pepper – 12.0 ton/ha and onion – 24.0 ton/ha. In 2008 “AFD” NGO provided 1,700 kg of seeds of German potatoes “Belugha”, Akapella”, “Salome” and “Pirol”, their yields reached 31,8-35.0 ton / ha.</p> <p>16 beneficiaries of “Darshaiym” grew strawberries and 3 out of them also grow raspberries.</p>
	Increased crop and livestock integration		<p>There was some integration between crop and livestock with the support of NGOs explaining to beneficiaries' use of such interaction.</p> <p>For example, the south side of Sokuluk rayon in the Chui Oblast, in particular areas of Kyzyl-Tuu, Karasakal, and Novoe villages are more suitable for growing berry crops, especially strawberries, as well as livestock farming. Residents of villages of Baitik aiyl kenesh possess mostly rainfed land and they are mainly engaged in the cultivation of perennial grasses and livestock farming.</p> <p>Villages of Zhany-Pakhta aiyl kenesh are primarily engaged in vegetable and grain crops, the villages of Ak-Suu aiyl kenesh have extensive experience of growing perennial grasses, potato, and livestock keeping. As a result, the beneficiaries have received the knowledge of their areas of interest in agriculture. Participants passed an opinion that the knowledge gained will be used for further development of their farms.</p>

	Increased livestock and milk production per household	S	<p>Thanks to both new trainings and consultations delivered by NGOs and access to micro-loans, the beneficiaries achieved the increased production of livestock and milk.</p> <p>This is particularly obvious in the North where Project applied in-kind revolving schemes. The milk production increased in more than 50% of households. The livestock production increased in all Northern households and no mortality for the project period was reported in the beneficiary's flocks. It was also achieved at the expense of consultations and trainings delivered by NGOs and also purchase of qualitative fodder.</p> <p>In the South, the beneficiaries had an access to micro-credits and thanks to the intensive trainings provided by the project (NGOs), they could reach more than 50% increase of livestock production.</p>
	Adoption of new farming technology	S	<p>The staff of PA "Agro Foundation for Development" held demonstrations on high-yielding varieties of potato and vegetable crops in 7 pilot villages which increased the beneficiaries' potato field yield by 30-40%. Similarly, demonstration of chickens of oviparous variety has led to an increase in the number of households involved in poultry farming. Also, field days on "Trimming fruit trees" were held by PA "Agro Foundation for Development" staff. In several villages' three varieties of winter wheat – were introduced as well as a variety of rainfed wheat in a couple of villages not benefiting from irrigation.</p> <p>The staff of PA "Agro Foundation for Development" has conducted replication activities for beneficiaries to apply in practice the knowledge which they have obtained. Operating chicken breeding incubators were identified, prices negotiated with suppliers and the dates of the sale of chicken of oviparous variety "Rodonit", the beneficiaries were provided with the assistance in the procurement and delivery of chickens. 160 chickens were procured using funds provided for the Project groups and about 800 chickens using own means of beneficiaries. In 2008, the number of replication activities totaled to 428, and as a result the beneficiaries have learned technology of growing seedlings of vegetable crops in greenhouses, application of premixes and veterinary medicines for chickens, planting seedlings of high-yielding varieties of agricultural crops and planting fruit trees.</p> <p>PF "Mekhr-Shavkat" held demonstrations for the beneficiaries on drying apricots; fruit processing; preparation of Bordeaux mixture (Copper Sulfate); production of cheese at home; and planting of raspberries, tomatoes, Bulgarian peppers, and cabbage.</p> <p>Project paid careful attention to the training needs of the beneficiaries under the Project, with the end-view of maximizing the benefits that should accrue to them. To ensure wider but focused outreach, different approaches were used by the IAs. (i) new products and seedlings in demonstration plots; and (ii) trainings that are held at village organization levels.</p> <p>Project paid careful attention to the training needs of the beneficiaries under the Project, with the end-view of maximizing the benefits that should accrue to them. To ensure wider but focused outreach, different approaches were used by the IAs. (i) new products and seedlings in demonstration plots; and (ii) trainings that are held at village organization levels.</p> <p>During the project 215 demonstrations and trainings in 142 subjects related to crop rotation and land preparation, integrated pest management, fertilizer management, and new techniques for growing wheat, potatoes, and vegetables were held by the participating NGOs.</p>

			<p>Beneficiaries were demonstrated in practice how the hotbeds are made. In hotbeds the seeds of vegetables were planted: onion, tomatoes, Bulgarian pepper, and cabbage. There were also demonstrations on preparation of compost; as a result the beneficiaries can in practice receive cheap organic fertilizer in domestic conditions. Beneficiaries also learned to receive fodder of improved concentration by soaking straws by urea. Beneficiaries learned to grow seeds of potatoes before planting, cutting and grafting of fruit-trees, cutting vegetable crops.</p> <p>“Mekhr-Shavkat” NGO introduced the newest technologies – cheese preparation in domestic conditions, technology of drying tomatoes and fruits, processing fruits and vegetables, crop protection. In mountain villages “Chogom”, “Kichik-Alai”, “Kojo-Kelen” seedlings of tomatoes, bell pepper, cabbage were planted for the first time.</p> <p>In total, more than 6,650 farmers or 75% of the projected beneficiaries have been trained and evaluation surveys conducted during the Project’s term have revealed that about 90% of farmers practiced what they learned.</p>
Project partnerships established	Network of local NGOs active in Chui and Osh established (NGO centers)	S	<p>Three NGOs in the North and three NGOs in the South were selected by the Project at the beginning of the Project.</p> <p>Chernobyl Veterans staff, organized exchanges visits for members of groups with other NGOs working in Nookat area (Osh oblast). These NGOs mainly work in the field of crediting self-help groups. Such groups are active mostly in the western part of Nookat raion (Yntymak, Toolos AKs). The event was attended by 13 members of groups from 3 ayil okmotu. They familiarized themselves with the activities of groups that work with micro-crediting in the past 4-5 years. Team members described in details their activities, their work with the group loans, etc. Similarly, exchange visits between businessmen that benefited from micro-credits for the development of livestock were organized. Members of 12 teams from 3 ayil okmotu participated in those exchange visits and a few of them have since started commercialized their production.</p> <p>“Mekhr-Shafkat” team organized exchange visits to the Self Help Groups’ (SHG) federation offices of several villages in Osh oblast. Participants were informed on the principles of forming the federation. PF “Mekhr-Shafkat” also conducted exchange visits among members of SHGs formed by the RLD Project. They undertook a study visit in the village Kichik-Alai, where they got acquainted with the living conditions of mountain villages, their occupations, and spoke about their achievements as well.</p> <p>Exchange visits were also organized between NGOs. These included: (i) visit to Chui for studying the experience of revolving funds of NGO RDC-Elet and (ii) exchange visit to the Osh oblast for the NGOs’ staff working under the Project. During these meetings, NGOs’ staff became familiar with the organizations-partners under the Project in the Osh oblast, as well as with the progress of Rural Livelihood Development Project implementation process.</p> <p>The NGOs’ staff of Chui oblast had the opportunity to ask their questions, tell about the experiences of target communities in their region; (iii) In Chui oblast, an exchange visit of NGO and SHG leaders of Osh oblast took place. Participants got familiarized with the system of commodity loans, and the establishment of revolving fund, (iv) As part of the exchange visit, the team of “Darshaiym” also organized visits and meetings with the SHGs and communities of three target villages.</p>

			<p>The program of exchange visits in the target villages was very interesting and informative because SHGs in each of the villages have gained various experiences in the disbursement of commodity loans, and the development of SHG. In general, exchange visits have been very instructive and useful in terms of social mobilization, organization and conducting trainings, as well as tools of building local capacity.</p>
Project partnerships established	Network of SHGs in targeted villages established	S	<p>Project beneficiaries were selected and groups formed for implementation of project activities following the meetings with poor households.</p> <p>A key criterion for joining a group was the beneficiaries' willingness to get together, learn to identify their weaknesses, improve knowledge and skills for efficient farm keeping, and address together the problems and objectives for higher income. Each NGO elaborated on the participants' questionnaire to obtain better information from each household and undertook group social mobilization.</p> <p>In total, the Project NGOs formed 193 SHGs involving 2,562 beneficiaries in 48 villages. The groups expressed their willingness for livestock and crop production. Later, the established groups also expressed their willingness to work on other businesses (non-farm activities) like bakeries, making leather goods and so on.</p> <p>In the course of the project period, some changes took place in structure and quantity of groups. As some members went to Russia and Kazakhstan for remittances and due to unavailability of loans on required period, the number of group members was reduced and some groups even broke up.</p>
	Local NGOs establish and maintain links with villages, district, and region administrations	S	<p>In all selected villages, NGOs conducted meetings with ayil okmotu heads/staff, village headmen, ayil kenesh members, local CBOs, activists and villagers where the people obtained information on the project goals and objectives. The main purpose of these meetings was to present the Project and to get consent of AO heads for close cooperation with local governments. Heads of all AOs expressed willingness to actively support the project activities. Agreements were signed between NGOs and AO heads for cooperation and mutual assistance for implementation of the Project. NGO work plans were discussed in detail, and time and periods for meetings with villagers' agreement.</p> <p>During the Project's last year of implementation, NGOs also held meetings with project beneficiaries, MCAs, AO officials, village headmen, AK members, and ordinary villagers. The participants discussed graduation strategy and sustainability of groups established under the Project. In total, 2,625 villagers including 2,132 group members participated in the meetings.</p>
	External funding partner in Chui and Osh cooperate to minimize overlap, ensure efficient use of resources through common activities, and increase operational outreach.	S	<p>MCA capacity building was not included initially in the Project design; however it is a precondition for ensuring sustained access of beneficiaries to the credit proceeds. Therefore, a crediting mechanism with participation of the MCC "Frontiers" was chosen and used under the Project. According to the Agreement, Frontiers is not only a gross credit supplier, but it also assesses the capacity and sustainability of selected micro-credit institutions and develops recommendations for their capacity building. Such recommendations were provided for all MCA involved in the Project.</p>

		<p>Loans from other sources</p> <p>Due to delayed issuance of credits in 2006, the Project beneficiaries started taking credits from other sources. Thus, in 2006, staff of the PA «Chernobyl veterans» received 224 business ideas, and 97 business plans were developed based on these ideas. 74 business plans were selected to compete for credits from the MCA «Jamaattar kireshesi». Due to limited credit portfolio of the MCA «Jamaattar kireshesi.» only 8 business plans to the total budget of 100.0 thousand Som were approved: 80.0 thousand Som out of the amount were used for livestock development and 20.0 thousand Som for entrepreneurship development. Credit period constituted 6 months.</p> <p>Specialists of PA «Chernobyl veterans» held meetings with the management of the Nookat office of the micro-credit company «Companion» and discussed prospects for cooperation on crediting of group members.</p> <p>24 households from 6 groups of PA «AFD» received credits for fattening of cattle from the own resources of MCA «Agrocredit-Plus» in the amount of 280.0 thousand Som for a 6-month period in 2006. In the fourth quarter of 2007, 36 beneficiaries of the PA «Agro Foundation for Development» received 410.0 thousand Som for livestock development purposes out the own resources of the MCA «Agrocredit-Plus». Loans were issued for a 12-month period with monthly payment of interest, and repayment of the principal credit amount in the end of the credit period.</p> <p>Due to great demand for credits, the PF «Mehr-Shafkat» held negotiations and meetings with the crediting organizations and reached an agreement with the MCC «Bay Tushum and Partners.» Following the results of the negotiations, micro-credits were issued for groups members without any security, based only on the recommendations of the NGO.</p> <p>Since the start of Project implementation, 306 beneficiaries trained under the Project have received a total of 4129.0 thousand Som for agriculture and small business development from other financial sources.</p>
	<p>Strong links are established and maintained with ADB's AADP and technical assistance project in Chui Oblast Administration for efficient and effective exchange of knowledge, information, advice, and support.</p>	<p>In December 2005, a Memorandum of Understanding and Cooperation was signed with the Agricultural Area Development Project funded by the ADB.</p> <p>The objective of this Memorandum was to establish strong relationships and their support the between the Parties for effective and efficient exchange of knowledge, information, advice and support as well as for possible usage of the lessons learned by the "Rural Livelihood Development Project" and AADP in the design of the second AADP in the Southern Region. In Chui oblast the RLD Project focused on the villages where the AADP is active and where the Village Investment Project implemented by ARIS was carrying out its activities or was planning to. It was expected that the joint efforts of the Parties reinforced support to farms at all levels and increase benefits gained by poor farmers.</p> <p>For the purpose of ensuring programs and projects effectiveness and using the resources in coordination, the two projects undertook the following activities:</p> <ul style="list-style-type: none"> (i) exchange of experience and lessons learned from programs and projects implementation; (ii) timely notification of the changes in implementation procedures and mechanisms;

			<p>(iii) involvement of other party beneficiaries in training programs /workshops; (iv) shared inputs (financing), when required within one of the projects which other party beneficiaries can be involved in; (v) provision of information upon request of the parties; (vi) involvement of other partners into the fields of related training programs/workshops.</p>
	<p>Beneficiary households sustain credit access through community group and individual borrowing.</p>	<p>S</p>	<p>Cash loans:</p> <p>An agreement between the ARIS and the MCC “Frontiers” for the amount of 12 Million Soms was signed under the cash crediting framework.</p> <p>Considering the fact that the assessment of MCA was started much earlier, Frontiers decided to allocate owns funds in the amount of 500.0 thousand Soms for MCA “Mekhr –Shavkat Sakhovati” by the end of 2006. Out of the received amount, 182.9 thousand Som were used to procure 28 tons of mineral fertilizers that were distributed among the members of 12 groups of Manghyt and Kerme-Too Aiyl Okmotu. 215 beneficiaries, including 18 men and 197 women were provided with mineral fertilizers. 107 beneficiaries of 6 groups of Papan aiyl okmotu received 312.1 thousand Soms in cash. Loans were issued for a one year period for purposes of agriculture and livestock breeding.</p> <p>In the end of March of 2007 the MCA “Mekhr –Shavkat Sakhovati” received a 2,000.0 thousand Som loan from the Project funds from the MCC Frontiers. The MCA “Jamaattar kireshesi” which competed for participation in the micro-crediting under the Project in Nookat Raion of Osh Oblast was found not sustainable enough and was provided with recommendations on improvement of performance indicators and was promised reconsideration in 2008.</p> <p>Therefore, the MCA “Agrocredit Plus” received a 3,325.0 thousand Som loan from the Project funds from Frontiers, both for beneficiaries of the NGO AFD and the NGO «Chernobyl veterans».</p> <p>In 2008, following the repayment of funds provided in the previous year and monitoring of fulfillment of recommendations and MCA capacity assessment, Frontiers will provide the following loan amounts to the following micro-credit institutions: MCA “Agrocredit-plus”–7000 thousand Som; MCA “Mekhr-Shavkat Sakhovati”– 3000 thousand Soms; and MCC “Elet –Capital”–2000 thousand Soms. Representatives of the MCA “Agrocredit Plus” in 2008 held meetings with the Project beneficiaries in Osh Oblast. During these meetings they spoke about the loans issued in 2007, interests repaid and the delays in repayment. The members of the groups that had received loans in 2007 told how loans were used, achievements accomplished and the challenges encountered in the process.</p> <p>Representatives of the MCA “Agrocredit Plus” told about revised conditions of crediting to be applied in 2008. Thus, unlike the year of 2007, in 2008 loans would be issued at 27% per annum, the loan amount ceiling was increased: thus new group members would be eligible for 20.0 thousand Soms, while borrowers who apply for the subsequent loan would be eligible for 25.0 thousand Som. Increased interest rates raised the indignation of group members. Some groups refused to get loans at all. For example, all groups in Kokbel aiyl kenesh refused to take loans, as according to them using a loan issued for a one-year period for livestock development is not profitable, at least a two–year period would be desirable, moreover, a 27% interest per annum is too high.</p>

			<p>In Isanov aiyl kenesh, the majority of groups also refused to take loans due to the high interest rates. Only 13 groups (69 people, 40 received a subsequent loan). In total they received 1,670.0 thousand Som. All these loans were issued for livestock breeding. In Kenesh aiyl kenesh, the majority also refused to take loans on the same grounds. As a result, only four groups (30 people, 9 received a subsequent loan) received 665.0 thousand Som in total.</p> <p>During the meeting, representatives of the MCA "Agrocredit Plus" spoke about further work with the group members after completion of the Project.</p> <p>In total, 2 retail MCAs in Osh, 1 retail MCC in Chui, and 1 wholesale MCC were involved in the micro-credit scheme of the Project. The sustainability of the poor rural households' access is ensured by the rather high repayment rate of more than 99% in all participating MCAs/MCCs, Frontiers undertook actions to improve loan operations of the MCAs, and the agreed Exit strategy provides Frontiers with loan fund of about \$300,000 to continue micro-credit schemes for project beneficiaries.</p>																																																													
<p>Micro-credit schemes appropriate to the rural poor are operational and viable.</p>	<p>Beneficiary households sustain credit access through community group and individual borrowing.</p>	<p>S</p>	<p>Many groups organized in 2007 did not take credit from the MCA "Agrocredit Plus" considering their interest rates too high. Despite of this, the MCA "Agrocredit Plus" issued micro credits to the beneficiaries of the PA "AFD" and «Chernobyl veterans» in the amount of 3,610.0 thousand Soms and 2,335.0 thousand Soms accordingly. The received loan proceeds were used to procure livestock. Beneficiaries of the PF "Mehr-Shafkat" received micro-credits in the amount of 2,222.7 thousand Soms through MCA "Mekhr-Shavkat Sakhovati", and used 778.2 thousand Soms for livestock breeding and 1,444.5 thousand Soms for crop production.</p> <p style="text-align: center;">Number of borrowers over the period 2006-2008 (People)</p> <table border="1" data-bbox="722 1024 1526 1451"> <thead> <tr> <th rowspan="2">NGO</th> <th rowspan="2">Groups</th> <th colspan="5">Beneficiaries</th> </tr> <tr> <th>Total</th> <th>Men</th> <th>Women</th> <th>% of men</th> <th>% of women</th> </tr> </thead> <tbody> <tr> <td>Agro foundation for Development (AFD)</td> <td>51</td> <td>290</td> <td>184</td> <td>106</td> <td>63.4</td> <td>36.6</td> </tr> <tr> <td>Chernobyl veterans</td> <td>44</td> <td>210</td> <td>38</td> <td>172</td> <td>18.1</td> <td>81.9</td> </tr> <tr> <td>Mekhr-Shavkat</td> <td>140</td> <td>1,351</td> <td>340</td> <td>1,011</td> <td>25.2</td> <td>74.8</td> </tr> <tr> <td>RDC-Elet</td> <td>46</td> <td>156</td> <td>69</td> <td>87</td> <td>44.2</td> <td>55.8</td> </tr> <tr> <td>Darshaiym</td> <td>29</td> <td>98</td> <td>39</td> <td>59</td> <td>39.8</td> <td>60.2</td> </tr> <tr> <td>Alga</td> <td>20</td> <td>97</td> <td>26</td> <td>71</td> <td>26.8</td> <td>73.2</td> </tr> <tr> <td>Total</td> <td>330</td> <td>2,202</td> <td>696</td> <td>1,506</td> <td>31.6</td> <td>68.4</td> </tr> </tbody> </table> <p>In total, 2,202 people from 330 groups received credits. Women borrowers constituted 1,506 or 68.4% of the total number, and men constituted 31.6% or 696 persons. As the table indicates, women constituted the majority of project borrowers. The figure of borrowers from PF "Mekhr-Shavkat" is higher because the same beneficiaries were issued several loans in subsequent years. Starting from April 2007 the PA «Chernobyl veterans» commenced work with the PF "Working group for eradication of child labor in tobacco industry" localized in Bishkek. According to the agreement, the borrower commits not to use child labor (children younger than 18 years old) on tobacco plantations. In case of violation of the agreement, the credit will to be returned. Starting from May 2 to May 12 in 2007, MCA "Jamaattar kireshesi" provided loans in the amount of 10.0 thousand Soms each to 36 members of four groups (360.0 thousand Soms in total).</p>	NGO	Groups	Beneficiaries					Total	Men	Women	% of men	% of women	Agro foundation for Development (AFD)	51	290	184	106	63.4	36.6	Chernobyl veterans	44	210	38	172	18.1	81.9	Mekhr-Shavkat	140	1,351	340	1,011	25.2	74.8	RDC-Elet	46	156	69	87	44.2	55.8	Darshaiym	29	98	39	59	39.8	60.2	Alga	20	97	26	71	26.8	73.2	Total	330	2,202	696	1,506	31.6	68.4
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			<p>Respectively the credit period is 7 months, and interest is 8% per annum. Interests and the principal amount will be repaid in two installments: in the middle and end of the credit period.</p> <p><i>In-kind loans:</i></p> <p>The methodology of a Revolving Fund for the provision of earmarked commodity loans for needy families in Chui Oblast was developed under the framework of the RLDP Revolving Fund focused on livestock breeding. RDC–Elect provided commodity loans to 156 beneficiaries of 46 established groups to a total amount of 1,143 thousand Soms in 2007-2008. In 2007-2008 189.9 thousand Soms worth of commodity loans earlier issued for crop production were repaid, transformed, and provided to the Project beneficiaries as commodity loans for livestock breeding due to low performance. In 2007, the team of Darshaiym trained 22 Peer Support Groups (PSG) with total membership of 127 people to be provided with in-kind loans. They were provided with commodity loans in the form of cattle worth 1,400.0 thousand Som in the first quarter of 2008.</p> <p>In total, 2 NGOs in Chui were involved in the in-kind scheme of the Project. The sustainability of access by the poor rural households is ensured by rather high repayment of cattle inside self-help groups of 100%. ARIS handed over in-kind loan funds to local-community based Committees like TICs established during Project life by SHGs. These TICs manage the in-kind funds in the amount of about \$70,000 to continue micro-credit schemes for project beneficiaries.</p>
Increased capacity of beneficiary household groups	New self-help groups operational	S	<p>During the Project's mid-term, many groups, originally formed as training groups, have stabilized their memberships and the process of qualitative changes and forming self-help groups started. Groups started to get together to discuss common problems and undertake measures to address them. Groups proceeded to establish "savings funds." Beneficiaries identified key areas of work such as livestock development, poultry, and crop production.</p> <p>During project period, a total 359 training groups were established and are operational covering 4,096 people.</p> <p>More detailed about established self-help groups is provided in Appendix B to the Report.</p>
	Active self-help groups merge into large groups or associations	S	<p>More developed groups started to transform in 2007-2008 into the large community based organizations like Federations (Associations) on level villages, especially since it was demonstrated in the South thru the beneficiaries of "Mekhr-Shavkat" and "Chernobylytsy of Nookat in 21 Century".</p> <p>There was also a tendency to establish a base of self-help groups new trade-service cooperatives (it was demonstrated with beneficiaries of "AFD"). In the North, there was no tendency of merging self-help groups into large ones or associations.</p>
	Project implemented on schedule	S	<p>The Project Agreement became effective at the beginning of May 2005, however, due to political events Project implementation only started in the beginning of October 2005. A 5-month extension was granted by ADB to adjust to the original time frame. The Project was completed in October 2008 or exactly 3 years after its starting date. The activities were conducted as per DMF and 66% of the JFPR funds used.</p>

Effective project management and coordination	Reports on project status, contracts and audits submitted on time	S	All project reports, contracts and audits were submitted in due time
	Staff performance monitored	S	Staff performance was adequately monitored.
Monitoring and evaluation (M&E) system effective	M&E system effectively integrated with ARIS MIS		<p>Project specialists have developed a project Management Information System (MIS). A seminar on the adoption of management information systems (MIS) for purposes of the implementation of MIS in practice was conducted for the NGO's staff. After the seminar, this system was installed in the NGOs offices. It has enabled the Project staff to receive on-line information on NGOs activities.</p> <p>In addition, in June 2008, consultations with the NGOs Staff of Osh oblast on operating ARIS MIS modules were held. Problem of filling out previously installed modules of MIS under the Project and solutions were discussed as well. The MIS specialist described in details and showed in practice the operation of MIS system of ARIS.</p> <p>The Management Information System (MIS) developed by the Project was installed in each participating NGO and was integrated with the central office of ARIS and all necessary information (reporting, statistics) collected by NGOs was inputted into the system and as such ARIS specialists could immediately receive all relevant information. The MIS included all essential reporting formats to be filled up by the NGOs. NGOs could fill in the forms and submit quarterly to the Project all required information.</p>
	Reliable and regular reports support efficient decision making		<p>MIS modules on household and group profiles, trainings, and credits were developed to improve the efficiency of the Project Monitoring and Evaluation System. Throughout the project implementation, period meetings between the Project staff and the NGOs were held to discuss the project implementation progress, challenges and ways of overcoming them, and the achievements accomplished. On-site consultations on reporting, and difficulties in organizing and conducting the trainings were provided to NGOs. NGOs submitted monthly, quarterly and annual activity reports, including financial reports.</p> <p>The Project staff and the NGOs regularly monitored the project implementation in pilot communities by paying direct visits to these communities. During these visits they met with the members of the groups established in villages, exchanged information, and monitored the use of credit proceeds issued under the Project framework.</p> <p>The Project staff prepared annual and quarterly reports for ADB, the Ministry of Finances, and other interested parties throughout the project implementation period. Besides this, information materials were prepared for the ARIS Supervisory Board.</p>

	<p>Lessons learned can be incorporated into the design of the second AADP in the southern regions</p>	<p>During the trainings, NGO staff learned that every village has its own characteristics, beneficiaries of different levels of knowledge, and different experience in agriculture. There are villages where the knowledge and the experience of beneficiaries is more than the trainer could provide, and there are villages where the lack of basic knowledge is general (e.g. livestock farming development, agricultural crops pests control). Therefore, it was decided that it was necessary to take account of these information in the preparation and conducting of training programs.</p> <p>With confidence, we can state today that schemes of cash and commodity credits developed and tested under the framework of the Project proved to be efficient tools for the alleviation of poverty in rural areas.</p> <p>The majority of credits were used for livestock development (see the chart below). This indicates that the risks associated with crop production are considerably higher due to sharp continental climate conditions (example: drought in 2008).</p> <p>Unfortunately, these lessons could not be incorporated in the project design of the second AADP in the southern regions (AADP-II) as this project was processed in 2006 when RLDP was only in its first year implementation.</p>
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15. Evaluation of Inputs

The JFPR grant was adequately formulated with substantial flexibility in the inputs provision modality that enabled the implementation to adapt to local circumstances. This was particularly the case for the micro-credit provision which was changed into in-kind revolving fund in the North due to the lack of suitable MCAs. A significant impact on diversifying income sources and increasing income sources from on-farm activities was achieved through the provision of wide and intensive trainings and workshops on agricultural know-how and practices. This motivated an increase in the provision for training with adequate financial relocation. Overall the inputs allocation/use and its responsiveness to achieving the end-objectives of the Project is satisfactory.

ADB provided satisfactory support to the EA. At inception in 2006, regional workshops were held to introduce the project objectives, design, and scope to beneficiaries, local authorities and other stakeholders, using appropriate participation tools such as poverty rankings, oral histories and trend analysis, and seasonal calendars. Similarly, ADB conducted 3 review missions to support the project implementation and monitor progress. ADB was efficient in responding to all requests from Government and the Executing Agency in their intent to improve the project design and its performance.

The 6 recipient IA NGOs, "Darshaiym", "RDC-Elet", "Alga", "AFD", "Mekhr-Shavkat" and "Chernobyltsy of Nookat in 21 Century" can be rated highly satisfactory in their performance. They were highly competent in fostering community participation, providing appropriate services as agreed with beneficiaries, and in ensuring synergies between components. The IA NGOs, however had difficulties in performing the following tasks: (i) monitoring and evaluation; and (ii) liaising with government, and documenting and exploring ways to institutionalize the changes they introduced. One particular area where the IAs should have been more competent was in their relations with the national government. Regular feedback and not just through the very few meetings of the EA could have been initiated by the IAs so that the central government would have had a better understanding and appreciation of the innovative measures that were being pilot tested in the Project areas.

The Government can be rated satisfactory in its performance, especially the local governments that provided support in the technical extension services. The engagement of the Ministry of Finance however was limited, its meetings sporadic, and seemingly less focused on the overall achievements than on specifics of irrigation rehabilitation. The Executing Agency (ARIS) was a main representative of the Government, and as such, with its activities, ensured the successful performance of the project. Such participation of the Government in the future will optimize the use of such grants and ensure their effective and efficient utilization for the goals and purposes expected by donors.

16. Evaluation of Outputs and Results

Overall, the Project was effective in achieving its objective of increasing the capacity of vulnerable households to meet their basic needs by increasing agricultural production and incomes. Direct beneficiaries of the Project are equal to 6,654 or 75% of projected indicator, while indirect beneficiaries numbered about 32,000, according to IA estimates.

Poverty incidence was reduced. Incomes, especially among those who belonged in the lowest income rung, improved significantly, enabling majority to become food secure and providing for some additional assets to use in case of emergency situations. In addition, the Project (i) promoted the development of individual skills among the beneficiaries, both technically as well as in field of business, an outcome that is expected to create long-term impact in the target areas: (ii) consolidated the male and female groups with organizational skills in the target areas, which is considered useful for future individual and community development initiatives.

Specific outcomes by IA are summarized below:

- (i) Target beneficiary livelihoods in two oblasts (Chui and Osh) improved and sustainable beneficiary groups established;
- (ii) Six one-of-a-kind approaches developed for households in need of involvement and capacity building for their own livelihood improvement. It was planned by the project to outreach 6 NGOs selected on a bid basis and there was deviation on these plans.
- (iii) Improved capacity of six local NGOs in implementation of development projects;
- (iv) Arrangement for sustainable access of beneficiaries to cash credit resources was developed and introduced;
- (v) A methodology of in-kind credit delivery through revolving funds was developed and introduced;
- (vi) Improved capacity of four local micro-credit institutions;
- (vii) Partnership established with local self-government institutions, government structures, development agencies and projects etc; and
- (viii) Implementing agency's capacity strengthened for implementation of similar projects.

Beneficiaries according to the interviews made are satisfied with the project's activity. Impact of the Project was demonstrated with the significant performance of indicators described above.

17. Overall Assessment and Rating (HS,S,PS,U):

Overall the project can be rated as successful on the basis of the following criteria: (i) the performance indicators set out by the Project at start of implementation have been met; (ii) The capacity of vulnerable households to meet their needs through improved agriculture production and increased and diversified source of incomes was increased, the relevance of project outputs in increasing the capacity of vulnerable households to meet their needs by improving agriculture production and increasing and diversifying incomes, and (iii) participating beneficiaries SHGs, NGOs, and MFIs became more sustainable with the support of the Project.

Project accomplishments surpassed the key performance indicators as set out by the Project (see Section 14), with ratings of mostly satisfactory. The measures pilot tested in the Project were strongly relevant and have been proven to help increase the capacity of vulnerable households to meet their basic needs. Participating families improved their agriculture production and increased their income sources both from on-farm and off-farm activities. Community-based organizations set up in the Project areas achieved the purposes not only of improving the outreach of project activities but also served as efficient and effective social networks. In these organizations, farmers actively participated in implementing the Project measures and in addressing village level issues. In addition, the project measures were adapted to local politico-economic-social conditions of vulnerable groups in Kyrgyzstan's rural areas, thus making them highly replicable not only in Kyrgyzstan but also potentially adaptable to other transition economies.

Lastly, the Project was successful in ensuring sustainability of the outputs. 359 self-help groups were established wherein members now resolve their problems and other issues together. NGOs strengthened their capacity by developing new approaches and training programs tailored for beneficiaries. MFIs developed new approaches and products for the beneficiaries.

The Project cannot be ranked as highly successful in terms of this criterion because of the short implementation period. The EA and IAs had insufficient time to pilot and test the mechanisms, evaluate which worked best and which had minimal impact on poverty, and subsequently establish longer-term arrangements that would enable the subprojects to continue being implemented after Project completion. To the credit of the IAs, they initiated steps that, if followed up by other stakeholders, can serve as a basis for sustainability. The local farmers are now much more aware of the potential for increased productivity using better inputs, and they have increased effective demand for agricultural inputs from the markets in the project areas.

Village and aiyl okmotu level organizations have developed the capacity to continue to engage in local development activities and operate on a community participation basis. Importantly, the development and presence of local community-based organizations allows for ongoing attraction of additional external financial resources to facilitate ongoing support to poverty alleviation efforts after the project is completed.

18. Major Lessons Learned:

Experience and lessons learned from the JFPR grant operations, which guided JFPR formulation and identification of ADB's forthcoming programs, include the following:




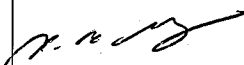

- (i) Design of new projects should include an outreach component to better explain the project objectives, expected outcomes with clear measures and indicators, and benefits to the public at large as well as potential beneficiaries of the project. Most of the questions and concerns of NGOs about ADB projects stem from lack of information or misinformation, and the outreach effort built in into the project design could go a long way to get the reliable information out.
- (ii) Poverty reduction measures should not only focus on reducing the number of poor households below the poverty threshold. More significantly, it should propose measures that address their lack of knowledge and competence and provision of credit (human capital and finance), these will address the case of poverty in the long run.
- (iii) Strong ownership by the Government and the executing/implementing agencies, and diligent administration by ADB are key to the project performance and its sustainability. Often, the productivity-enhancing and income augmenting measures that are pilot tested may have implications on the public sector services, such as, provision of extension or infrastructure development. With more active involvement of the government from the start of the Project, the advantages and merits of these measures can be better appreciated by the public sector and the decision for replication and up scaling after Project completion can be more effectively adopted;
- (iv) One of the guideline for JFPR projects is the clear link of the pilot testing activities with the ADB investment project. That linkage was weak in the project design due to disconnection in project processing times on the Government side. The JFPR project would have ensured more lasting impact if, as initially planned, the JFPR lessons could have been replicated under the AADP second generation, This was unfortunately impossible since when the AADP II was processed, it was still too early to incorporate the lessons learned from the RLDP Project.

19. Recommendations and Follow-up Actions:

- (i) To ensure the transparency and continuity of the project outputs, the executing agency needs to ensure regular monitoring of the in-kind revolving fund, as well as the performance of the micro-credit exit strategy. This also includes the establishment of the ARIS Consulting Training Centre which can take these monitoring measures as one of its tasks;
- (ii) Microfinance operations should be identified at the stage of the project design and their commencement should be in parallel with other project operations. This project was delayed with micro-credit operations and as such not all targeted beneficiaries could receive in-kind and cash micro-credits. This led to the partial performance of the microfinance component and less outreach of beneficiaries. The memorandum for understanding (MOU) for the handover of microcredit funds is finalized sooner to ensure ongoing sustainable benefits in project areas;
- (iii) JFPR projects with microcredit components must have clear handover arrangements embedded in the initial agreements to avoid problems at completion. It is also essential to continue other ADB lending programs with linkages to the wholesale MFIs identified during the project. ADB's support of the wholesale facilities for its other programs could strengthen wholesale facilities in the country and as such enabled supporting target poor groups in rural regions;
- (iv) Regular sharing of experiences on JFPRs with other donors' in-country provides rapid uptake of successes. The UNDP, SDC, EU, ICCO, Hivos, and other donors have subsequently followed, providing significant amounts of funding in this combination through local and international NGOs for implementation in village areas. Considering the fact there are lots of similar donor projects in the country supporting rural poor households, it would be recommended for JFPR follow-up projects coordinating its projects where possible and acceptable with relevant projects lead by other donors for achieving better outcomes;
- (v) Involvement of local based, owned and managed MFIs and NGOs in the project activity enable the continuation and replication of the project outputs and outcomes, and this also enables the Government to further support these organizations;
- (vi) The Executing Agency (EA) has to be provided with clear measurable indicators for poverty reduction and increase of income which to be reached in 2 years after the project maturity. At the start of the project the EA has not been provided with such indicators so they were unable to assess the level of poverty from the start, during and after project maturity. At present, to measure the poverty level it might be recommended to apply the World Bank's measurements of \$2 per day for poverty line in 1985 prices with correction to current real prices. The EA has to review of the poor households at the beginning of 2009 and then to reassess them after 2 years and provide the obtained figures to ADB.

20. Additional Remarks, Comments and Suggestions:

III. PREPARATION AND APPROVAL	Name of Person and designation / Name of Institution / Signature	Date
Prepared by:	Government of the Kyrgyz Republic	

1. Representative From the Recipient:	Nurbek Imakeev (ARIS) Project Manager Rural Livelihood Development Project	
2. Manager, JFPR-GIU ² : ADB	Binsar Tambunan Head, Project Administration Unit Energy and Natural Resources Division Central and West Asia Department	
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Approved	Name of Person and designation / Name of Institution / Signature	Date
1. Director General, Department, ADB:	Juan Miranda Director General Central and West Asia Department	 NOV 04 2009
2. Division/Country Director, ADB:	Pil-Bae Song Director Energy and Natural Resources Division Central and West Asia Department	
3. Head of the Recipient: ARIS	Mars N. Sakkaraev Executive Director, ARIS Government of the Kyrgyz Republic	

² GIU=grant implementation unit (formerly called PIU=project implementation unit)