



# Technical Assistance Report

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Project Number: 54012-002  
Transaction Technical Assistance (TRTA)  
May 2020

## Islamic Republic of Afghanistan: Preparing the Climate-Resilient Livestock Value Chain Enhancement Sector Project

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Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 13 April 2020)

Currency unit	–	afghani/s (AF)
AF1.00	=	\$0.01307
\$1.00	=	AF76.475

## ABBREVIATIONS

ADB	–	Asian Development Bank
IFS	–	investment feasibility study
TA	–	technical assistance

## NOTE

In this report, "\$" refers to United States dollars unless otherwise stated.

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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Number:</b> 54012-002
<b>Project Name</b>	Preparing the Climate-Resilient Livestock Value Chain Enhancement Sector Project	<b>Department/Division</b> CWRD/CWER
<b>Nature of Activity Modality</b>	Project Preparation Regular	<b>Executing Agency</b> Ministry of Finance
<b>Country</b>	Afghanistan, Islamic Republic of	
<b>2. Sector</b>	<b>Subsector(s)</b>	<b>ADB Financing (\$ million)</b>
✓ Agriculture, natural resources and rural development	Agricultural policy, institutional and capacity development	0.80
		<b>Total</b> <b>0.80</b>
<b>3. Operational Priorities</b>		<b>Climate Change Information</b>
✓ Addressing remaining poverty and reducing inequalities		Climate Change impact on the Project Low
✓ Accelerating progress in gender equality		
✓ Promoting rural development and food security		
✓ Strengthening governance and institutional capacity		
<b>Sustainable Development Goals</b>		<b>Gender Equity and Mainstreaming</b>
SDG 2.4		Effective gender mainstreaming (EGM) ✓
		<b>Poverty Targeting</b>
		General Intervention on Poverty ✓
<b>4. Risk Categorization</b> Low		
<b>5. Safeguard Categorization</b> Safeguard Policy Statement does not apply		
<b>6. Financing</b>		
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>
<b>ADB</b>		<b>0.80</b>
Transaction technical assistance: Technical Assistance Special Fund		0.80
<b>Cofinancing</b>		<b>0.00</b>
None		0.00
<b>Counterpart</b>		<b>0.00</b>
None		0.00
<b>Total</b>		<b>0.80</b>
<b>Currency of ADB Financing:</b> US Dollar		

## I. THE ENSUING PROJECT

1. The proposed project will help strengthen livestock value chain development in key intensive livestock industries (dairy and poultry) in selected regions of Afghanistan. It will strengthen the value chain by targeting input suppliers, intensive producers (fodder producers and commercial poultry and dairy farmers), product aggregators, and agro-processors involved in adding value to livestock products. The project will finance the development and refinement of Afghanistan's regulations to improve the quality and safety of production inputs. It will provide grant assistance for the establishment and upgrading of agro-processing facilities to enhance quality, hygiene and food safety of processed livestock products while promoting backward linkages with producers to more efficiently relay market signals through the price mechanism.

2. The proposed project will have two outputs: (i) regulatory and institutional capacity in the livestock subsector strengthened; and (ii) livestock farm and agribusiness enterprise facilities established and/or upgraded. These outputs will result in the following outcome: production, productivity, and marketing of livestock products increased in selected regions of Afghanistan. The project will be aligned with the following impact: incomes of intensive livestock producers and agribusiness enterprises increased and poverty reduced.<sup>1</sup>

3. The project is estimated to cost \$141 million. The Asian Development Bank (ADB) will finance \$75 million from its Special Funds resources (Asian Development Fund grant), private sector beneficiaries will finance \$65 million by way of counterpart contributions to subproject investments, and the government, \$1 million through in-kind support facilities for project implementation.

4. The sector modality is considered most appropriate for the proposed project since it will provide support to the implementation of the National Livestock Intensification Program as the sector development plan. The project will support diversifying and intensifying livestock production and processing. It will enhance capacities of farmers/producers and agribusinesses for value addition, and realizing import substitution and export opportunities. The project is consistent with ADB's country partnership strategy, 2017–2021 for Afghanistan and is included in ADB's country operations business plan, 2020–2022.<sup>2</sup>

## II. THE TECHNICAL ASSISTANCE

### A. Justification

5. The transaction technical assistance (TA) will support the government prepare the project. Particularly, the TA will: (i) conduct the investment feasibility study (IFS), and (ii) assist in project processing and implementation startup for the ensuing grant to the Islamic Republic of Afghanistan for the Livestock Value Chain Enhancement Sector Project.

### B. Outputs and Activities

6. **Output 1: Investment feasibility study conducted.** This will include: (i) a sector analysis, (ii) an institutional analysis, (iii) a demand analysis, (iv) proposed project scope, (v) proposed

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<sup>1</sup> Government of Afghanistan, Ministry of Agriculture, Irrigation and Livestock. 2016. *National Comprehensive Agriculture Development Program 2016–2020*. Kabul.

<sup>2</sup> ADB. 2017. *Country Partnership Strategy: Afghanistan, 2017–2021*. Manila; and ADB. 2019. *Country Operations Business Plan: Afghanistan, 2020–2022*. Manila.

implementation arrangements, (vi) subproject implementation workflow (from identification to completion), (vii) feasibility studies for three representative livestock related subprojects, (viii) an operation and maintenance strategy and plan for the entire project, (ix) risk assessment, (x) economic and financial analysis, (xi) financial management assessment, (xii) strategic procurement planning and packaging assessment, (xiii) social and gender analysis, (xiv) safeguards assessment and plans (including environmental and social safeguards [land acquisition and resettlement]), (xv) a list of pre-screened candidate subprojects in the project areas for financing consideration by the project, and (xvi) applicable climate resilience measures to address impacts of livestock on climate changes and impacts of climate change on livestock (climate adaptation and mitigation). Close consultation, discussions, and surveys of potential users and/or stakeholders will be conducted to ensure the project design identifies needs and has a high likelihood of sustainability.

7. **Output 2: Grant processing and implementation startup expedited.** Two project design and startup specialists (one international and one national) will be engaged on an intermittent basis prior to the grant fact-finding mission to undertake the following: (i) address critical technical gaps. These will include sector and market assessment, financial, business and market risks, and financial and economic evaluation, among other aspects of due diligence during the loan processing stage; and (ii) provide implementation startup support. These activities are to ensure that (i) required ADB Board documents are prepared and technical revisions are made during grant processing; and (ii) early disbursement is expedited.

### C. Cost and Financing

8. The TA is estimated to cost \$0.8 million, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 6). The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of office space for TA consultants, counterpart staff, data and information access, and liaison with stakeholders during the feasibility study. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

### D. Implementation Arrangements

9. The Ministry of Agriculture, Irrigation and Livestock will be the executing agency for the TA. The Environment, Natural Resources, and Agriculture Division of ADB's Central and West Asia Department will act as the focal point and coordinator of consulting inputs and activities. The proposed TA will be implemented from May 2020 to April 2024. Disbursements will be made in accordance with ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). The implementation arrangement schedule is summarized in Table 1.

**Table 1: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	May 2020–April 2024 (48 months)		
Executing agency	Ministry of Agriculture, Irrigation and Livestock		
Implementing agency	Environment, Natural Resources, and Agriculture Division Central and West Asia Department		
Consultants	To be selected and engaged by ADB:		
	Firm: QCBS	43.0 person-months	\$550,000
	Individual: ICS	10.0 person-months	\$120,000
Procurement	None.		

Aspects	Arrangements
Advance contracting and retroactive financing	None.
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).
Asset turnover or disposal arrangement upon TA completion	None.

ADB = Asian Development Bank, ICS = individual consultant selection, QCBS = quality- and cost-based selection, TA = technical assistance.

Source: Asian Development Bank.

10. **Consulting Services.** The TA will require two packages of consulting services: (i) Package 1: A consulting team led by an international team leader to conduct the IFS (output 1), selected using quality- and cost-based selection procedures with 90:10 quality-cost ratio and simplified technical proposals;<sup>3</sup> (ii) Package 2: Two individual consultants (one international and one national) to be recruited to assist grant processing and implementation startup (output 2).<sup>4</sup> Consultants will be engaged in accordance with ADB's Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.<sup>5</sup> The indicative expertise and corresponding person-months are in Table 2.

**Table 2: Summary of Indicative Consulting Services Requirement**

Positions	International (person-months)	National (person-months)	Key or Non-Key Position
<b>Output 1: Investment feasibility study conducted</b>			
Livestock Value Chain Specialist (Team Leader)	5.0	0	Key
Institutional Development Specialist (Deputy Team Leader)	0	5.0	Key
Veterinarian	2.0	0	Key
Agro-processing Specialist	0	3.0	Key
Food Safety Specialists	1.5	4.0	Key
Financial Specialist and Economist	2.5	0	Key
Financial Analyst and Financial Management Specialist	0	3.0	Non-key
Procurement Specialists	1.5	3.0	Non-key
Environmental Specialists	1.5	4.0	Key
Social Development and Gender Specialist	0	3.0	Non-key
Resettlement Specialists	1.0	3.0	Non-key
<b>Subtotal (1)</b>	<b>15.0</b>	<b>28.0</b>	
<b>Output 2: Grant processing and implementation startup expedited</b>			
Project Design and Implementation Startup Specialists	5.0	5.0	Not applicable
<b>Subtotal (2)</b>	<b>5.0</b>	<b>5.0</b>	
<b>Grand Total (1+2)</b>	<b>20.0</b>	<b>33.0</b>	

Source: Asian Development Bank estimates.

<sup>3</sup> Quality- and cost-based selection is essential to ensure quality of the consultant's deliverables for smooth project startup and successful implementation.

<sup>4</sup> Individual consultant selection is proposed as experiences and qualifications of the individuals are the paramount requirements.

<sup>5</sup> The terms of reference for consultants by consulting service package are accessible from the list of linked documents in Appendix 2.

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

<b>Item</b>	<b>Total Cost</b>
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	480.0
ii. National consultants	120.0
b. International and local travel	60.0
c. Reports and communications	20.0
2. Training, Seminars, and Conferences <sup>b</sup>	20.0
3. Miscellaneous administration and support costs <sup>c</sup>	40.0
4. Contingencies	60.0
<b>Total</b>	<b>800.0</b>

Note: The government will provide counterpart support in the form of office space for technical assistance consultants, counterpart staff, data and information access, and facilitation of liaisons with stakeholders during project preparation.

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 6).

<sup>b</sup> Including at least three consultation workshops.

<sup>c</sup> Including translation and interpretation expenses.

Source: Asian Development Bank estimates.



**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=54012-002-TARreport>

1. Terms of Reference for Consulting Services