

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Mission Dates: 31/03/2025 30/04/2025

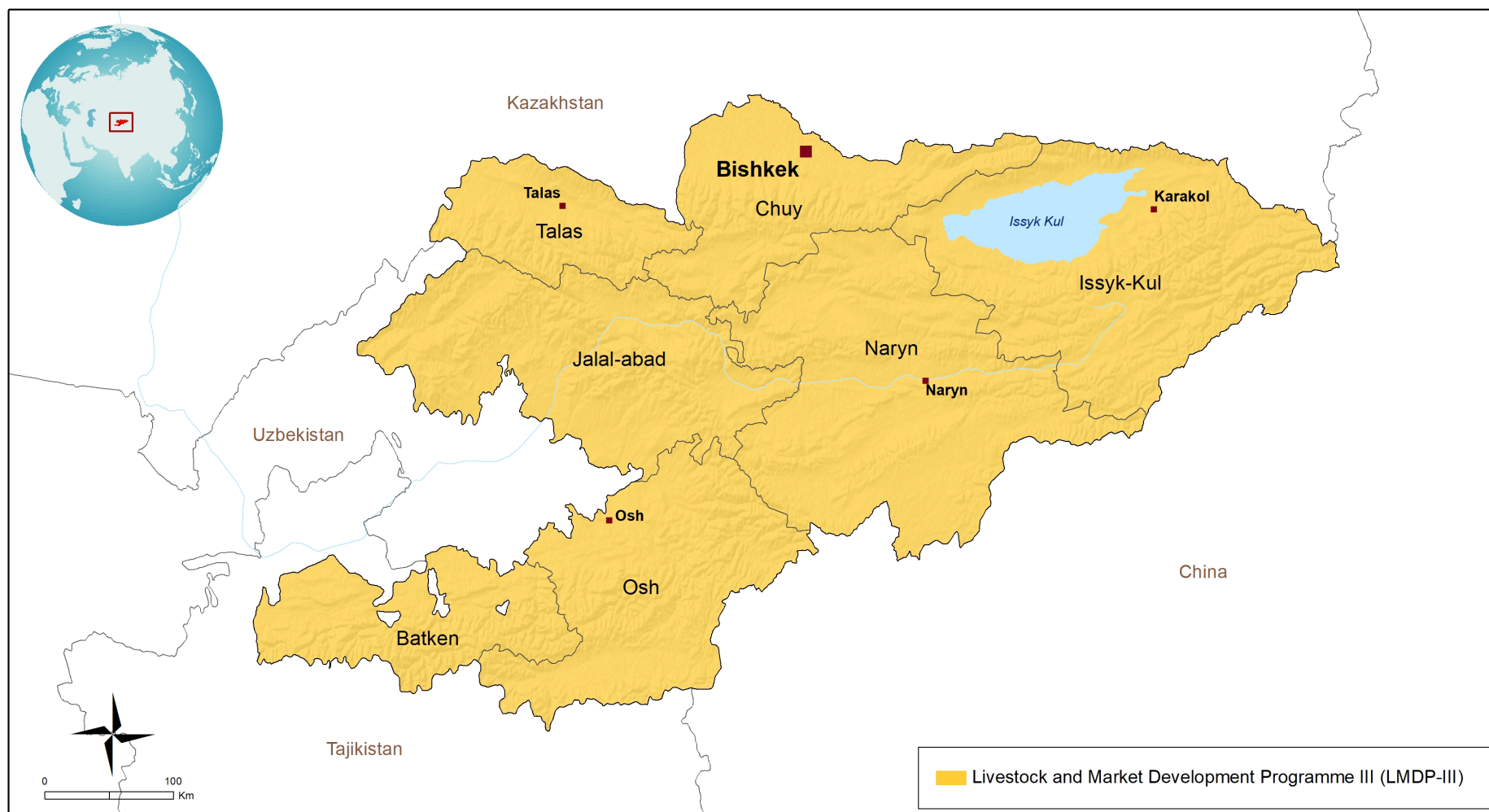
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Programme Management Department

Map of the Project Area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 02-10-2025

Abbreviations and Acronyms

A/R	Afforestation/Reforestation
AI	Artificial Insemination
APIU	Agricultural Projects Implementation Unit
ARIS	Community Development and Investment Agency
ATMP	Access to Markets Project
AWPB	Annual Work Plan and Budget
CBD	UN Convention on Biological Diversity
CC	Climate Change
CCCC	Coordination Commission on Climate Change
CFC	Climate Financing Center
CFSF	Community Fodder Seed Fund
CLMG	Community Landscape Management Groups
COSOP	Country Strategic Opportunities Programme
CS-FOR	Carbon Sequestration through Climate Investment in Forests and Rangelands Project
CSO	Civil Society Organizations
CUK	Cooperative Union of Kyrgyzstan
CVO	Chief Veterinary Officer
DLP	Dynamic Land Productivity

DPLF	Department of Pastures, Livestock and Fisheries
DW	Dry Weight
EAEU	Eurasian Economic Union
EBRD	European Bank for Reconstruction and Development
ESRI	Environmental Systems Research Institute
ESS	Environmental and Social Safeguards
EU	European Union
FAO	Food and Agriculture Organization of the UN
FAO-TCP	FAO Technical Cooperation Project
FC	Forest Code
FMD	Foot and Mouth Disease
GALS	Gender Action Learning System
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas Emissions
GoK	Government of Kyrgyz Republic
GPS	Global Positioning System
HACCP	Hazard Analysis Critical Control Points

HDI	Human Development Index
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFEMP	Integrated Forest Ecosystem Management Project
INDC	Intended Nationally Determined Contribution
INRMCRP	Integrated Natural Resource Management and Climate Resilience Plans
IsDB	Islamic Development Bank
JIA	Young Entrepreneurs' Association
JICA	Japan International Cooperation Agency
KLPRI	Kyrgyz Livestock and Pasture Research Institute
KNAU	Kyrgyz National Agriculture University
KSRVI	Kyrgyz Scientific Research Veterinary Institute
KVA	Kyrgyz Veterinary Association
LMDP	Livestock & Market Development Programme
M&E	Monitoring and Evaluation
MAWRRD	Ministry of Agriculture, Water Resource and Regional Development
MES	Ministry of Emergency Situations
MNRET	Ministry of Natural Resources, Ecology and Technical Supervision
MoEC	Ministry of Economy and Commerce

MOF	Ministry of Finance
MOU	Memorandum of Understanding
MWRAP	Ministry of Water Resources, Agriculture and Processing Industry
NAP	National Action Plan
NBKR	National Bank of the Kyrgyz Republic
NDA	National Designated Authority
NDVI	Normalized Difference Vegetation Index
NGO	Non-governmental Organization
NIMAS	National Integrated Micronutrient and Anthropometric Survey
NRM	Natural Resource Management
NSC	National Statistical Committee
NSSD	National Strategy for Sustainable Development
NTFP	Non-Timber Forest Product
OECD	Organization for Economic Cooperation and Development
OIE	World Organization of Animal Health
PCR	Project Completion Report
PEFA	Public Expenditure and Financial Accountability
PLMP	Pasture and Livestock Management Plan
PMU	Programme Management Unit

PPR	Peste des petits ruminants
PSC	Programme Steering Committee
PUU	Pasture Users Unions
QGIS	Quantum GIS Software
RDF	Rural Development Fund
RKDF	Russian-Kyrgyz Development Fund
SAEPF	State Agency for Environment Protection and Forestry
SALSGIR	State Agency for Local Self Government and Interethnic Relations
SDG	Sustainable Development Goals
SECAP	Social, Environment, and Climate Assessment Procedures
SEDP	Socio Economic Development Plan
SFF	State Forest Fund
SFM	Sustainable Forest Management
SIVPSS	State Inspectorate for Veterinary and Phytosanitary Security
SLF	State Land Fund
SOP	Standard Operating Procedure
SPS	Sanitary and Phyto-sanitary Agreement Measures
TA	Technical Assistance
TNC	Third National Communication

UN	United Nations
UNCCD	UN Convention to Combat Desertification
UNDAF	UN Development Assistance Framework
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	UN Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
US\$	United States Dollar
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WOAH	World Organisation for Animal Health
WP	Working Paper
WTO	World Trade Organization
WUA	Water User Associations

In line with IFAD mainstreaming commitments, the project has been validated as:

☒ Be gender transformative ☒ Be youth sensitive ☒ Be nutrition sensitive ☐ Prioritize persons with disabilities ☐ Prioritize indigenous peoples ☒ Include climate finance ☒ Build adaptive capacity

Executive Summary

1. **Programme in brief.** The Livestock and Market Development Programme III (LMDP-III) will address three major challenges facing rural communities: the degradation of pastures and forest land, weak veterinary and food-safety systems (i.e. hygiene and product safety standards across meat, dairy and select non timber forest produce value chains), and poor market access for smallholders. These constraints limit productivity, income, and nutrition, while increasing vulnerability to climate shocks. LMDP-III will support rural households to take part in community-led pasture rehabilitation activities including pastures in the forest lands. These include reseeding degraded areas, building water-saving and erosion-control structures, and managing rotational grazing to help restore local ecosystems, improve livestock productivity, strengthen animal health services, and connect households to markets, thereby enhancing incomes, food security, and climate resilience.

2. The programme is expected to establish an umbrella framework that will serve as the national roadmap for sustainable pasture and forest management over 10-15 years ultimately covering all 271 pasture and forest management territories. The current operation is designated as Phase 1, marking the starting point of this roadmap and providing a basis for future projects to be presented as successive steps in its expansion. Thus, although this design sets out the long-term vision it covers Phase 1 only. Any future operations along this national roadmap would be prepared as separate self-contained projects subject to Phase 1 performance, Government priorities and the available financing.

3. In Phase 1 (2027-2031), around 100 selected Aiyl Okmotus (AOs) and 41 leskhozoes, the local government authorities responsible for pasture management, and leskhozoes, the designated forest management authorities, will be supported to prepare and implement Pasture and Livestock Management Plans (PLMPs), Socio-Economic Development Plans (SEDPs) and Natural Resource Management Plans (NRMPs). Phase 1 is fully planned based on confirmed funding allocation from IFAD 13 and clear implementation arrangements. It is designed for five years and will serve as the model for subsequent phases. The targeted 100 AOs and 41 leskhozoes in this phase will be selected nationwide through a competitive process based on criteria that include prioritisation of areas with higher levels of pasture and forest degradation, higher poverty rates, greater concentrations of vulnerable households. Selection will give due weight to locations where earlier LMDP I and II investments can be consolidated to safeguard and scale up their results, while ensuring that areas not previously covered also have the full opportunity to participate. Mapping tools, such as EO4SD and other climate vulnerability assessments will be used to ensure effective targeting and selection during implementation. **The rest of this PDR refers to Phase 1 only unless otherwise specified.**

4. Phase 1 will deliver results through three components: (1) sustainable forest and pasture management, including 350 (initial target, subject to upward revision at MTR) climate-resilient infrastructure subprojects across the 100 participating AOs and 41 leskhozoes (e.g. watering points, erosion controls, fodder banks); (2) improved animal health and food safety systems, including mobile vet clinics and upgraded facilities; and (3) support for inclusive value chains through a dedicated fund and cooperative development. To crowd-in private investment, the programme will facilitate arrangements such as public-private-producer partnerships (4P) and, contract farming arrangements between cooperatives and lead firms to enable competitiveness and market access. Together, these components will directly benefit 30,000 rural households, positively impacting 141,000 household members overall including herders, forest users, and smallholder producers. Strong emphasis will be placed on the inclusion of women (40% of direct beneficiaries) and youth (30%). The Ministry of Water Resources, Agriculture and Processing Industry (MWRAPI) will lead implementation through its Agriculture Projects Implementation Unit (APIU), working in coordination with local authorities, veterinary networks, forestry services, and cooperatives.

5. **LMDP I and II.** LMDP-III will draw directly from the experience of its two predecessor programmes, LMDP 1 and II, which were two separate but complementary programmes implemented in parallel under a common programme framework. LMDP I (2013–2019) operated in Issyk-Kul and Naryn oblasts, while LMDP II (2014–2021) covered Osh, Batken, and Jalal-Abad oblasts. Both applied the same model of pasture management, veterinary outreach, and value chain support. LMDP-III will build on these results and expand these proven model nationwide, while also responding to new institutional changes by supporting Aiyl Okmotus to take over pasture management responsibilities previously held by PUUs. It will also address emerging priorities and strengthen areas where performance was limited under LMDP I and II. These areas are discussed in the following sections.

6. LMDP I and II reached over 122,000 households, improving the livelihoods of more than 700,000 rural people. Over 300 PUUs were established or strengthened, supporting communities to rehabilitate more than 38,000 hectares of degraded rangeland and adopt better grazing practices. The PUU model was nationally recognized as a best practice in pasture governance. Pasture fees collection improved. Veterinary services transitioned from state-led to privatized systems, with hundreds of community veterinarians trained and the new Veterinary Law implemented in line with OIE standards. Livestock disease control improved, with wider vaccination coverage benefiting leading to 75% reduction in brucellosis cases in the programme areas. In LMDP II areas, household incomes increased by 43% and poverty rates dropped by 25 percentage points. Dietary diversity improved, meat and dairy consumption rose, and child malnutrition rates declined. The programmes also created seasonal jobs (286 in LMDP II, 43% held by women) and significantly advanced women's empowerment through increased participation in PUUs and access to income-generating activities and labour-saving technologies.

7. Despite strong results, key challenges have persisted and new ones have emerged, justifying a third phase.

- LMDP I and II placed less than 50,000 hectares under climate resilient practices, but Kyrgyzstan has over 9 million hectares of pasture, more than half of which is severely degraded. This highlights the need for a national-scale response under LMDP-III including in forest-pasture areas that were previously not covered. Moreover, rural poverty has increased sharply—from 22%

in 2018 to around 30% in 2023—driven by economic shocks and climate stress. Winter pastures remain severely degraded, with 82% affected and herd sizes have continued to rise in the absence of effective control measures, placing additional strain on already degraded grazing lands. Veterinary service outreach remains limited, particularly in remote areas as the number of veterinarians have reduced from 2,400 to 1,600 over the past 6 years despite earlier institutional support.

- Simultaneously governance reforms have reassigned pasture management responsibilities from PUUs to Aiyl Okmotus, many of which lack the capacity and resources to manage these functions effectively. These trends risk reversing earlier gains and highlight the urgent need for national-scale support to restore pastureland, strengthen veterinary systems, and equip Aiyl Okmotus to fulfil their new mandates.
- Market conditions have also evolved, with greater need for value addition and diversification (e.g. honey, herbs, wool) to buffer pastoral households from shocks. LMDP-III will therefore broaden the scope to value-chain development, ensuring higher-value market integration. It will also shift from grant-based support to a revolving fund mechanism under AVCDF, ensuring affordable and sustainable access to finance and reducing dependency on one-time grants.

8. Key development challenges. The Kyrgyz Republic faces a complex set of development challenges including rising rural poverty, widespread degradation of winter pastures, falling livestock productivity, declining veterinary coverage, weak farmer cooperatives, poor access to finance, and increasing climate-related risks—all of which are undermining rural incomes, food security, and resilience. Rural poverty has increased sharply, rising from 22.4% in 2018 to nearly 30% in 2023, and reaching as high as 48.1% in Batken and 38.1% in Naryn driven by declining livestock productivity, widespread degradation of winter pastures, a sharp reduction in the number of active veterinarians, and limited access to affordable finance. Most rural households rely heavily on livestock for their livelihoods, but over 82% of winter pastures are severely degraded. Productivity is low—milk yields dropped by 2% and carcass weights by 5% between 2015 and 2023—mainly due to poor breeds, limited veterinary services, and frequent disease outbreaks. The number of active veterinarians declined from 2,569 in 2018 to about 1,600 in 2024, and brucellosis rates remain three times above international alert levels. Cooperative development is weak, with only 700–750 out of 4,000 registered cooperatives actively functioning. Farmers also struggle to access affordable finance, and agriculture's share of GDP declined from 12.3% in 2017 to 9.65% in 2023, although it still employs 23.9% of the workforce. Climate change adds further pressure—temperatures are expected to rise by 2–3°C by mid-century, with more frequent floods, mudslides, and droughts. These combined challenges limit incomes, reduce food security, and increase vulnerability in rural communities.

9. Strategic alignment. LMDP-III aligns closely with IFAD's COSOP (2025–2030) by improving smallholder livestock productivity and incomes, promoting climate-resilient pasture and forest management, and diversifying rural livelihoods through support to high-value value chains. It builds directly on the achievements of LMDP I, II and ATMP and will also work in synergy with other development partner programmes, including RRPCP-ADAPT, ADB's CRAVCD, and the World Bank's One Health initiative, to enhance veterinary services, livestock value chains, and resource governance. LMDP-III will also coordinate and collaborate with other development partners, UN agencies and local stakeholders through joint planning, knowledge sharing and participation in national coordination platforms to support gender equality, youth-led enterprises, and nutrition-sensitive interventions. The programme is fully aligned with national strategies and sectoral laws, and it will promote policy reforms to strengthen pasture governance, food safety, veterinary systems, and cooperative financing, reinforcing IFAD's strategic role in inclusive rural development.

10. Lessons learned. LMDP-III will apply clear lessons from past IFAD programmes and projects to promote sustainable pasture management, improve veterinary outreach, strengthen cooperative governance, advance gender-transformative methodologies, and integrate nutrition-sensitive approaches, ensuring greater sustainability, inclusion, and measurable results. It will avoid creating new, top-down institutions, shown to be unsustainable, and instead promote existing structures through policy dialogue and capacity building. To address pasture overuse seen in earlier phases, the programme will include herd size planning and introduce pasture fee incentives to promote smaller, more productive herds. It will shift from relying solely on institutional reforms in veterinary services to ensuring monitored, practical outreach to poor households. To reduce grant dependency and promote financial discipline, the programme will phase in simple, zero-interest repayable financing. Cooperatives and target households will receive early and continuous technical support, while access to zero-interest loans from revolving funds – introduced in place of matching grants in previous projects – will progressively increase financial discipline and sustainability. The programme will also set robust M&E and tracking systems to measure improvements in productivity. Finally, instead of relying only on quotas, LMDP-III will use proven gender-transformative approaches like GALS and BALI to empower women and youth meaningfully in all relevant programme activities and governance. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women.

11. Problem statement. Rural poverty in the Kyrgyz Republic has sharply increased, rising from 20% in 2019 to 30% in 2023, driven by declining livestock productivity, degraded pastures, and weak veterinary and food safety systems. Around 70–80% of the country's pastureland is degraded, reducing forage availability and harming animal health, with milk yields per cow falling by over 2% since 2019. This rise in rural poverty is closely linked to the country's heavy reliance on livestock production as the mainstay of the rural economy making households especially vulnerable to shocks affecting animal health, feed availability, and market access. Poor rural households, especially women and youth, face growing exclusion due to limited livelihood opportunities, climate change impacts, and restricted access to land and services. Recent governance reforms have altered local arrangements for natural resource management, particularly in pasture and forest areas. While earlier programmes strengthened the capacities of Pasture Users Unions and their human resources, these capacities have not yet been formally integrated into the Aiyl Okmotu system, creating institutional gaps that constrain the effective and inclusive management of natural resources.

12. LMDP-III presents a strong case for IFAD investment by directly addressing the Kyrgyz Republic's urgent rural challenges through tested, scalable solutions that align with IFAD's mandate and strengths. Rural poverty is rising, natural resources are rapidly degrading, and recent reforms related to territorial reorganisation and pasture governance have altered the institutional landscape — potentially affecting the continuity and effectiveness of IFAD's past investments and models. By investing in LMDP-III, IFAD can safeguard and build upon over a decade of work in pasture rehabilitation, participatory governance, and veterinary systems. The programme will transition successful approaches from LMDP I and II into new territorial structures, ensuring continuity and

sustainability. It also responds to gaps from earlier phases, such as weak private sector engagement, low value addition, and limited outreach to women and youth. IFAD's field presence, technical credibility, and trusted partnerships with government and communities give it a clear comparative advantage to lead this next phase. With strong government ownership, co-financing opportunities, and an established programme management structure through the existing Agriculture Projects Implementation Unit (APIU) already in place, LMDP-III offers the strategic opportunity for IFAD to deepen impact, safeguard previous investments, and catalyse inclusive and climate-resilient rural transformation.

13. Theory of change. Smallholder farmers in the Kyrgyz Republic face interconnected challenges of degraded pastureland, limited access to veterinary services, and weak integration into markets. These issues have been compounded by recent administrative-territorial reform which revoked the delegation of pasture management from local self-government bodies (Aiyl Okmotus) to Pasture Users' Unions and reassigned full responsibility back to the Aiyl Okmotus. However, many Aiyl Okmotus remain under-resourced and lack the capacity to manage vast areas of pasture ecosystems effectively. To address these challenges, the programme will act on three interlinked areas. If local authorities develop Pasture and Livestock Management Plans (PLMPs), Socio Economic Development Plans (SEDPs), and Natural Resource Management Plans (NRMPs) developed by leskhozoes, reflecting the needs of the local communities, if communities adopt sustainable herd management practices, and if water points, erosion control systems, and fodder reserves are built, then pasturelands will recover, forage availability will improve, and ecosystem resilience will be strengthened. If technical equipment is provided, mobile outreach expanded, and a new generation of trained veterinarians and paravets is deployed, then vaccination rates will rise, livestock health will improve, and food safety standards will be strengthened. If cooperatives receive tailored financial and technical support—including access to affordable finance, business training, and market certification—then these cooperatives and their members (including women and youth) will adopt improved business and governance practices, quality food-safety standards, and the regular use of affordable finance, which in turn will enable women and youth will take up leadership in value-adding enterprises, reach better markets, and improve their incomes. Together, these investments will reinforce each other to raise productivity, build resilience, and increase incomes for the Kyrgyz Republic's smallholder livestock producers.

14. Target groups and targeting strategy. Phase I will competitively select 100 Aiyl Okmotus and 41 leskhozoes from across the country, rather than concentrating in a single region. This nationwide approach is essential because the challenges addressed by LMDP-III are present in all regions, and without continued support, earlier investments risk becoming inactive or lost. It also responds directly to the Governments Cabinet-approved position that the programme must be national in scope, consistent with policies that aim to improve smallholder livestock systems countrywide without a fixed geographic focus. Selection will follow a transparent, science-based framework that overlays climate vulnerability mapping with economic vulnerability data, while also considering AO capacity, the extent of adjacent forest and pasture land. Moreover, selection will give due weight to locations where earlier LMDP I and II investments can be consolidated to safeguard and scale up their results, while ensuring that areas not previously covered also have the full opportunity to participate. Updated EO4SD climate assessments (available December 2025) and socio-economic indicators from the ongoing ADAPT project will be used to support the selection of the Phase 1 administrative territories.

15. The programme will focus on poor and vulnerable groups, including mobile herders, forest product collectors, fodder producers, and small rural farmers and entrepreneurs. Women and youth are key target groups, with outreach targets of at least 40% women and 30% youth. LMDP-III will use multiple targeting methods, such as geographic selection based on poverty and hazard risks, tailored services to attract vulnerable households, and incentives for cooperatives that prioritise marginalised members. The programme will also promote youth-friendly financial products and strengthen women's roles in climate resilient and nutrient-dense foods (such as fruits, vegetables, dairy, and legumes) value chains and decision-making. Key Phase I results will include 25% of households reporting improved resilience, 30% reporting higher incomes, 10% lower livestock morbidity and mortality, and 2,000 jobs^[1] are created benefiting 40% women and 30% youth. Nutrition awareness, food safety, and behaviour change training will be integrated to improve household dietary diversity and health outcomes. Given regional disparities in poverty, the programme will use a weighted eligibility approach to prioritise poorer households and lagging areas. Weighting will draw on official poverty/deprivation data and consider markers such as female-headed households, youth, remoteness and smallholder status, in line with IFAD's Targeting Policy.

16. Programme goal. The overall goal of the LMDP-III is the reduction of rural poverty in the Kyrgyz Republic through increased resilience, incomes, and enhanced economic growth in rural farming communities.

17. Programme objective. Its Development Objective is to increase the incomes of smallholder livestock farmers, achieved through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities.

18. Components, subcomponents and activities. LMDP-III will be delivered through three interlinked components.

19. Component 1. This component will focus on resilient management of pastures and forest land to improve the condition of ecosystems and support households and cooperatives in increasing their incomes. Phase I will support the preparation of PLMPs, SEDPs, and NRMPs by approximately 200 AOs and leskhozoes. PLMPs will focus on Aiyl Okmotus improving pasture governance, introducing sustainable grazing practices, and increasing livestock productivity through better pasture use and fodder access. SEDPs will support Aiyl Okmotus to identify and prioritize productive infrastructure and income-generating activities that reduce dependence and pressure on pastures. NRMPs will guide leskhozoes in the sustainable management of pasture areas in forest lands, focusing on ecological conservation, regulated grazing, erosion control as well as non-timber forest product (NTFP) use, where relevant. To ensure sustainability, all infrastructure financed under PLMPs, SEDPs and NRMPs will require an operations and maintenance plan, backed by multi-year budgets and earmarked pasture fee revenues. Release of programme funds will depend on an approved O&M plan and reporting system, with clear custodianship assigned to Aiyl Okmotus through signed MoUs. Given the time since LMDP I/II, and the shift from PUUs to AOs, the programme will assess continuity in former LMDP I/II areas where relevant. This will identify which practices and assets have been sustained, map the new AO-based governance, and pinpoint capacity gaps, providing a baseline for targeted support.

20. From these plans, about 100 AOs and 41 leskhozoes will be competitively selected for implementation, enabling rehabilitation

across roughly 2 million hectares of pasture. Selected AOs and leskhozoes will receive infrastructure financing, up to US\$ 100,000 per AO and up to US\$ 35,000 per leskhoz, to deliver protective (e.g. solar-powered wells, check dams,) and productive (e.g. milk coolers) investments aligned with their approved plans.

- For AOs, LMDP-III will finance up to 75% of eligible public infrastructure investments identified in the PLMP and SEDPs, up to a maximum of US\$ 100,000. An additional 25% (minimum) will be contributed by the qualifying AO.
- Moreover, approximately 70% of the LMDP-III funding to the AOs will support PLMP related investments and 30% will support SEDP related investments, LMDP-III will finance up to 100% of the eligible infrastructure investments specifically for the improvement of forest pastures identified in the NRMPs, up to a maximum of US\$ 35,000 per leskhoz. Leskhozoes are exempt from co-financing due to their limited mandate for revenue collection, which constrains their ability to provide matching funds.

21. This sub component will also strengthen the capacity of local and national institutions (e.g. the Veterinary, Livestock Development, Pastures and Fodder Service and the Department of Agrochemical Application, Plant Protection and Quarantine under the Ministry of Water Resources, Agriculture and Processing Industry (MWRAPI), Aiyi Okmotu administrations, the Forest Service under the Ministry of Emergency, Kyrgyz Veterinary Research Institute), Veterinary Statutory Body – Veterinary Chamber (VC), Republican Association of Veterinarians (RAV), Kyrgyz Livestock and Pasture Research Institute (KLPI), regional and central structures of the MWRAPI) — training over 1,000 staff mainly from the AOs and leskhozoes, introducing digital planning tools, and providing performance-based incentives to improve pasture and forest land condition. At least 350 (initial target, subject to upward revision at MTR) climate-resilient infrastructure subprojects will be delivered across the 100 participating AOs and 41 leskhozoes (e.g. watering points, erosion control measures, fodder banks), contributing to creating about 2,000 jobs at the programme level and offering new opportunities for women and youth. This component will lay the foundation for relevant policy uptake and scaling up across the Kyrgyz Republic.

22. **Component 2** will improve animal health and food safety systems so that livestock producers can access better markets and deliver safer food. It will expand rural veterinary coverage by setting up community vet points and mobile clinics and supporting 500 young vets and para-vets with training that combines classroom workshops, field demonstrations, mentoring, and digital learning tools, all tailored to beneficiaries' needs and incentives. Around 40% households will adopt improved technologies and practices, reducing livestock disease by at least 10%, and 12,000 households will receive targeted nutrition support (refer to PIM for details of such activities). The programme will also help provide assistance to improve food safety certification by supporting a simplified, risk-based system that reduces costs and delays for small producers.

23. **Component 3** will support value chain diversification by identifying promising rural products—such as non-timber forest products, honey, berries, and niche livestock goods—and building capacity among cooperatives. It will establish a dedicated Agricultural Value Chain Development Fund to provide interest-free, repayable financing for climate-smart cooperative investments. At least 100 cooperatives and 9,000 members and non members will benefit from financing, training, and market linkages, enabling 2,500 households to secure supply contracts. This component will reduce pressure on pastures by creating new sources of income and showcasing climate-smart, inclusive value chain models. To increase value-chain inclusiveness, the AVCDF will also pilot a financing window for individual farmers and rural entrepreneurs from within the programme's target group.

24. **Key impact indicators.** The key impact indicators are as follows:

- 25% of beneficiary households report increased resilience to climatic and economic shocks;
- 30% report increased income;
- 20% of participating households reporting that they have influenced at least one decision by local authorities (AOs/leskhozoes) or programme-supported service providers (veterinary, extension, or market facilities) related to PLMP, SEDP, or NRMP planning, budgeting, or service delivery
- 40% report adoption of environmentally sustainable and climate-resilient technologies and practices;
- 2,000 persons gain new jobs or employment opportunities;
- 10% reduction in livestock morbidity and mortality;
- 30% women and 20% men are empowered.

25. **Sustainability scaling up and exit.** LMDP-III will ensure sustainability, scaling, and exit through strong local ownership, embedded governance systems, and sustainable financing mechanisms. The programme will build lasting capacities in Aiyi Okmotus and Leskhozoes to plan, implement, and maintain investments, while integrating development plans into national pasture and forestry legislation. Proven approaches—such as integrated land use, climate-resilient infrastructure, and cooperative-led enterprises—will be scaled horizontally through peer learning and vertically through policy integration, regulatory updates, and public budgets. The exit strategy will ensure that local governments take full responsibility for maintaining infrastructure and services, cooperatives reinvest revenues into productive assets, and national institutions embed key innovations—like pasture monitoring, livestock traceability, and veterinary services—into their operational systems to continue delivering long-term benefits. The exit strategy will also allow for a gradual evolution of lending terms and institutional arrangements, with scope for introducing concessional interest rates and engaging private financial institutions as operational partners where conditions permit. The exit strategy will also explore potential engagement of private financial institutions to take on operational functions or co-management roles, thereby reducing dependence on government allocations and ensuring the Fund contributes to the growth of the rural finance sector. The ICT4D action plan will use digital tools—such as geo-tagged asset registers, photo checks and dashboards to track fee collection, O&M and asset condition, with clear roles for AOs and corrective actions where needed.

26. **Programme costs and financing.** The total investment and incremental recurrent Programme costs, including physical and price contingencies, are estimated at about US\$ 21.490 million. Physical and price contingencies are low at 1 per cent of the total Programme costs. This is mostly due to the fact that they were introduced only to Civil Works and Goods, Equipment and Materials, which represent only 16.5 per cent of the programme cost. IFAD Financing amounts to a total of US\$ 21.054 million, with US\$ 16.843 million under Super highly concessional terms (SHCT) and US\$ 4.210 million under Highly concessional terms (HCT) from IFAD13 PBAS allocation. The SHCT Loan (78.4 per cent of total programme costs) will finance 79.4 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 11.71 million); 71.9 per cent of the Strengthening the Food Safety System

component (US\$ 2.21 million); 80 per cent of the of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 2.29 million) and 78.9 per cent of the programme management component (US\$ 0.62 million). The HCT Loan (19.6 per cent of total programme costs) will finance 19.8 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 2.92 million); 18 per cent of the Strengthening the Food Safety System component (US\$ 0.55 million); 20 per cent of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 0.57 million) and 19.7 per cent of the programme management component (US\$ 0.15 million).

Table 1. Financing plan by component

	IFAD Loan PBAS		IFAD Loan PBAS		Ben Contribution		GOVT: Taxes		Total	
	Super HC		HC		Amount	%	Amount	%	Amount	%
A. Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management										
1. Subcomponent 1.1 Pasture, forestry and livelihood management plans prepared	335	72.2	84	18.0	46	9.8	-	-	464	2.2
2. Subcomponent 1.2 Climate-resilient institutional processes and capacities strengthened	2 229	78.2	557	19.5	-	-	65	2.3	2 852	13.3
3. Subcomponent 1.3 Pasture and forestry management plans implemented	9 148	80.0	2 287	20.0	-	-	-	-	11 435	53.2
Subtotal Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management	11 712	79.4	2 928	19.8	46	0.3	65	0.4	14 751	68.6
B. Component 2. Strengthening the Food Safety System										
1. Subcomponent 2.1 Country's capacity for food safety strengthened	1 639	72.0	410	18.0	-	-	227	10.0	2 276	10.6
2. Subcomponent 2.2 Modernized food safety certification system established	577	71.4	144	17.9	-	-	87	10.7	808	3.8
Subtotal Component 2. Strengthening the Food Safety System	2 216	71.9	554	18.0	-	-	314	10.2	3 083	14.3
C. Component 3. Climate-Resilient Value Chains for Livelihoods Diversification										
1. Subcomponent 3.1 Priority climate resilient value chains identified and developed	176	80.0	44	20.0	-	-	-	-	220	1.0
2. Subcomponent 3.2 Agricultural Value Chain Development Fund (AVCDF) established	2 000	80.0	500	20.0	-	-	-	-	2 500	11.6
3. Subcomponent 3.3 Cooperatives financed and linked to markets	115	80.0	29	20.0	-	-	-	-	143	0.7
Subtotal Component 3. Climate-Resilient Value Chains for Livelihoods Diversification	2 291	80.0	573	20.0	-	-	-	-	2 863	13.3
D. Project Management										
Project Management	625	78.9	156	19.7	-	-	11	1.3	792	3.7
Total PROJECT COSTS	19 643	78.4	4 211	19.6	46	0.2	390	1.8	21 489	100.0

27. Economic and financial returns. LMDP-III is a technical and economically viable investment. The programme economic net present value discounted at 10%, is US\$ 16 million) producing an economic rate of return (ERR) of 20.7% for the base case scenario.

28. Key benefits. LMDP-III Phase 1 will directly benefit 30,000 rural households—or approximately 141,000 people—across 100 Aiyl Okmotus and 41 leskhozoes. It will bring 2 million hectares of pasture and forest under improved management and support the rehabilitation of around 350 (initial target, subject to upward revision at MTR) climate-resilient infrastructures for grazing, water, and fodder. At least 1,000 government staff will be trained to support integrated forest–pasture governance and ecosystem monitoring, strengthening local capacity for sustainable natural resource management. These investments will lead to concrete improvements in livelihoods and resilience. At least 25% of households are expected to report greater resilience to climate and economic shocks, 30% will report increased incomes, and 40% will adopt sustainable, climate-smart technologies. Veterinary outreach and improved animal health services will reduce livestock morbidity and mortality by 10%, while 40% households will adopt improved inputs and practices such as better husbandry. LMDP-III's investments in veterinary infrastructure, mobile outreach, and vaccination coverage will help reverse the sector's decline and improve herd productivity.

29. The programme will also create 2,000 new jobs—30% targeted for youth—and provide training to 12,000 cooperative members and non members to strengthen business management, governance, and value addition capacities. To improve food security, 12,000 households will receive targeted nutrition support resulting in improved dietary diversity (target to be set based on baseline survey results) for women through household-level training and diversified value chain engagement. Additionally, 2,500 households will benefit from formal marketing agreements facilitated by cooperatives linked to lead enterprises, helping smallholders access higher-value markets.

Chapter 1: Context

1.1 Project in brief

1. In the Kyrgyz Republic, livestock is the backbone of the rural economy, yet many pastoral communities face significant challenges. Overgrazed pastures, livestock diseases and limited market access have kept productivity low and rural poverty high, while climate change exacerbates land degradation. The Livestock and Market Development Programme III (LMDP-III) is a five-year initiative (2026–2030) to address these issues. Building on previous phases, LMDP-III aims to increase livestock productivity, promote sustainable resource management, strengthen climate resilience, and raise the incomes of vulnerable herder households.
2. A key priority of the programme is sustainable management of pasture lands. Livestock is an integral part of the Kyrgyz Republic's economy, culture, and rural livelihoods, and reversing pasture degradation is critical to sustaining its productivity. At the same time, the programme recognises the importance of supporting economic diversification as part of the country's broader development priorities. LMDP-III will work with the local self government bodies known as Aiyl Okmotus, which are responsible for pasture management, to improve grazing practices and rehabilitate degraded pastures, thereby restoring pasture productivity and rangeland health. LMDP-III will also partner with the district forestry authorities, called leskhozoes, to support the restoration of forest lands by improving pastures located within forest areas. In parallel, LMDP-III will improve livestock health and food safety systems by improving disease surveillance, and training private vets to reach remote communities. It will support upgrading food safety standards so that meat, dairy and other selected value chain products are safer and meet market requirements. Another pillar of LMDP-III is the development of climate-resilient value chains and expansion of access for agricultural producers to concessional financing. LMDP-III will help target group producers – especially women and youth – improve market access and diversify their livelihoods by providing training, and financing for cooperatives to pursue value-added activities. Component 3 contributes to this diversification agenda, complementing ongoing efforts by the Government and other development partners to promote rural enterprises, strengthen small processing industries, and expand access to non-farm employment opportunities.

3. LMDP-III will be implemented by the Agriculture Projects Implementation Unit (APIU) of the Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI) which will engage private partners (veterinary services and agribusinesses) to ensure producers have better services and market outlets. By the end of LMDP-III approximately 30,000 households are expected to have higher incomes and better food security from increased livestock productivity and access to markets. Pasture conditions are expected to improve, including inside forest lands strengthening ecosystems and resilience to climate shocks. Livestock mortality and disease rates will decline with better veterinary care, resulting in healthier herds and safer animal products. Women and youth will gain greater economic opportunities and a stronger voice in their communities. Overall, these outcomes will contribute to reducing rural poverty and build a more sustainable, climate-resilient livestock economy in the Kyrgyz Republic.

1.2 National or Regional Context

Geography and ecological profile

4. The Kyrgyz Republic is predominantly mountainous, with over 93% of its land above 1,000 meters. This terrain compels seasonal livestock movement between lower winter pastures and high-altitude summer ranges to access abundant grazing. Pastures cover nearly 45% of the country but about 40% of high-altitude areas are underused due to deteriorated infrastructure, leading to insufficient seasonal livestock mobility and underuse of distant pastures. Pastures overlap significantly with forest ecosystems (34% of the 2.62 million-hectare State Forest Fund)^[2] and national nature parks, demanding careful coordination to balance community and ecological needs.

Political, governance and administrative landscape for pastures and forests

5. Since 2021, the Kyrgyz Republic adopted a presidential governance model, leading to a restructuring of local self government bodies. In 2023, smaller local self government bodies were consolidated into fewer, larger such entities. The executive body of the local self-government authorities represented by the Ayil Okmotu (AO) is now responsible for broader resource The administrative-territorial reforms also revoked the delegation of pasture management from Aiyl Okmotus to Pasture Users' Unions and reassigned full responsibility back to the Aiyl Okmotus. While this new institutional approach aims to strengthen formal governance by relying more on local government staff, it has also created capacity gaps that affect effective pasture management. The programme will therefore focus on addressing these gaps, by improving staffing and staff capacities, clarifying procedures, and building technical expertise, while ensuring that people-centred approach, is maintained and adapted to the new governance structure. However, many Aiyl Okmotus remain under-resourced with fewer staff, unclear procedures, and minimal expertise and lack the capacity to effectively manage vast areas of pasture lands.
6. Forest governance has been restructured, assigning operational and conservation responsibilities to separate ministries, requiring stronger coordination mechanisms. Forested pasture areas face challenges like poor governance, limited budgets, and weak institutional coordination, causing further pasture degradation within forests. Effective management suffers due to poor monitoring and insufficient implementation of pasture improvements such as erosion control and rotational grazing.

Economy and labour market dynamics

7. The Kyrgyz Republic's economy demonstrated robust growth in 2024, with real GDP expanding by 9.0%^[3], driven primarily by strong performances in gold exports and construction. Although the country's per capita GDP has nearly doubled from US\$ 1,284 in 2018 to US\$ 2,418 in 2024 improvements in real incomes and living standards have been constrained by high inflation which rose from 2% to 7.1%^[4] eroding purchasing power and limiting the tangible benefits of higher incomes. With an average GNI per capita of US\$ 1,700^[5] (2023), the Kyrgyz Republic is classified as a lower middle-income country. Official unemployment rate is reported low at 1.8% as at the end of 2024^[6], but rural unemployment is significantly higher at 8%^[7]. However, the economy remains heavily dependent on labour migration with roughly 700,000 Kyrgyz citizens were working abroad in 2024, mainly in Russia and Kazakhstan^[8]. As a result personal remittances reached almost \$2.5 billion in 2024, constituting 17.1% of GDP.

Social and demographic context

8. The Kyrgyz Republic's population reached approximately 7.28 million at the end of 2024^[9]. The rural population share is 65.1% in 2024. Life expectancy for men is 67.2 years and for women 75.4 years. In 2024, the average household size was 4.2 members^[10]. Human-development outcomes have inched upward. The 2025 Human Development Report assigns the Kyrgyz Republic an HDI of 0.720, ranking 117 of 193 countries, up from 0.672 (rank 122) in 2017^[11]. National internet penetration reached 88 % in 2023, yet signal quality and affordability lag in upland areas^[12].

Rural poverty and its key drivers

9. Rural poverty in the Kyrgyz Republic increased markedly from 22.4% in 2018 to nearly 30% in 2023^[13], with even higher rates in remote and high-altitude regions such as Batken (48.1%) and Naryn (38.1%). Rural poverty is driven by households' heavy reliance on livestock, coupled with limited economic diversification. Severe pasture degradation and climate-induced stresses reduce fodder availability, undermining animal productivity and food security. Poor rural infrastructure, limited financial access, and inadequate market linkages further restrict economic opportunities, increasing dependence on livestock and vulnerability to economic and environmental shocks.
10. Poverty is exacerbated by fragmented natural resource governance, recent administrative reforms diminishing accountability, and unclear pasture management responsibilities. Weak market infrastructure, inadequate food safety standards, and the absence of structured cooperatives limit smallholder access to higher-value markets. Additionally, declining veterinary services, inadequate breed improvement, and recurrent animal disease outbreaks significantly reduce livestock productivity, further pressuring degraded pastures and rural livelihoods.

Smallholder agriculture and rural development context

11. Agriculture now represents 9.65 % of GDP^[14] (2023) (down from 12.3 % in 2017) and absorbs 23.9 % of total employment (2023)^[15], remaining the dominant source of work in rural areas. Most agricultural output (over 95%) is from small family farms under 0.5 hectares, primarily producing for subsistence. Due to limited arable land (only 6.7% of total area), livestock continues to be crucial for rural households' food security and savings.
12. **Livestock productivity** faces significant challenges, primarily due to severe pasture degradation, persistent winter feed shortages averaging 1.2 tonnes of dry matter per herd, and rising feed costs. The sector remains heavily dependent on unimproved breeds—over 70% of cattle and 80% of sheep—and suffers from limited veterinary services, resulting in high disease prevalence such as brucellosis rates three times above international alert thresholds^[16]. These productivity issues are closely interconnected: degraded pastures reduce feed quality and availability; feed shortages and higher prices lead to chronic undernutrition; and poor animal health, driven by limited veterinary coverage, further depresses yields. Consequently, productivity per animal has declined: average annual milk yields per cow dropped from 1,998 kg to 1,959 kg (–2%) between 2015 and 2023^[17], and average carcass weights decreased by around 5%, indicating chronic undernutrition. Despite overall production increases driven by herd expansion, 82% of winter pastures are severely degraded^[18], negatively impacting traditional pasture-dependent products and highlighting the vulnerability of rural livelihoods to climate events. Incomes are further affected by limited diversification of markets, with much of production consumed domestically and subject to price volatility, while some segments face competition from cheaper imported products.
13. **Challenges in accessing quality veterinary services.** Access to veterinary services remains severely limited in the Kyrgyz Republic, particularly affecting poor rural households. Although veterinary reforms were initiated, the cost of essential animal-health services shifted to farmers without adequate support mechanisms. The veterinary workforce declined sharply from approximately 2,569 in 2018 to about 1,600 active vets in 2024, mainly due to an ageing pool of practitioners, the retirement of experienced vets without sufficient replacement, the migration of skilled professionals, and low financial incentives to attract and retain new graduates in rural areas. Most veterinary service providers operate within systems that are constrained by limited diagnostic capabilities, fragmented disease surveillance, and inadequate infrastructure. Poor veterinary services have led to high prevalence of livestock diseases, such as brucellosis, undermining productivity and market access. In addition, suboptimal hygiene and inadequate milk and meat processing infrastructure further exacerbate food safety risks and constrain smallholder competitiveness. Amongst other solutions, emerging ICT4D solutions, including the potential use of artificial intelligence for disease detection, real-time data analysis, and mobile-based reporting, can improve accuracy, strengthen surveillance, and speed response. The programme will explore piloting such tools with frontline veterinarians, coupled with training and simple data-protection protocols.
14. **Cooperatives and farmers organisations.** Rural cooperative development remains limited, despite government reforms promoting cooperatives. Of roughly 4,000 registered cooperatives, only 700–750 remain active, hindered by persistent distrust rooted in past collectivization experiences, weak governance, limited aggregation capacity, insufficient technical knowledge, and inadequate market integration. Limited affordable finance and restricted access to quality certification standards further prevent cooperatives from successfully entering higher-value markets, perpetuating rural poverty and vulnerability.

Rural finance landscape and experiences

15. The rural finance sector remains characterized by limited access to affordable financing. Although the Kyrgyz Republic has multiple financial institutions, agricultural lending constitutes only 13% of total lending, constrained by high interest rates (12–36%), stringent collateral requirements, and complicated procedures. Government-subsidized loan schemes have limited impact due to restrictive eligibility criteria, short loan terms, and bureaucratic inefficiencies, leaving smallholders unable to invest sustainably. Previous IFAD projects highlighted rural reluctance toward formal loans, resulting in dependency on grants. A critical need exists for transitioning toward revolving financial instruments to sustainably integrate rural households into mainstream financial systems.
16. Economic development funds such as the Regional Development Funds (RDFs), centralized in 2024 under the Ministry of Finance, provide low-interest loans (2%) targeting highly creditworthy borrowers who can offer liquid collateral and bank guarantees. Similarly, the Social Partnership Fund for Regional Development (established in 2019) supports economic projects across various sectors including agriculture, offering repayable financing and grants up to 5 million KGS with 10-year terms.
17. However, these funds are largely unsuitable for IFAD's targeted smallholders due to broad mandates that often prioritize politically favoured sectors over agriculture. Their limited integration with essential agricultural services—particularly veterinary support, pasture management, and input provision—creates operational inefficiencies. Governance structures remain oriented towards broad economic objectives rather than specific agricultural outcomes, restricting flexibility to address sector-specific challenges like market fluctuations, input shortages, or evolving smallholder needs, thereby limiting their effectiveness for targeted rural households.

Demand supply gap in high value rural value chains

18. The Kyrgyz Republic has substantial but underutilized opportunities to diversify rural incomes through high-value agricultural products. Significant domestic supply gaps exist, highlighted by large import volumes. For example, walnut imports reached 25,500 tonnes in early 2023, while exports to China totalled only 4,700 tonnes in 2024^[19],^[20], reflecting a major production shortfall. Similarly, fruit-and-nut imports from China alone reached US\$ 500 million in 2024^[21], and vegetable imports quadrupled, covering over 50 product lines. Although the country exported about 23,00 tonnes of fresh apricots, limited processing reduced their market value^[22]. Despite meat production reaching 230,000 tonnes in the first eight months of 2024^[23], it met only 79% of domestic demand^[24].
19. These supply-demand gaps indicate significant potential for targeted programme interventions in cooperative-based processing,

quality enhancement, and market linkages, particularly in non-timber forest products (NTFPs), nuts, fruits, berries, and dairy. Prioritizing women and youth-led producer groups can further optimize returns from underexploited resources, reduce import dependency, and support inclusive rural growth and food security.

Special aspects relating to IFAD's corporate mainstreaming priorities

20. Youth comprise roughly 32% of the Kyrgyz Republic's population, with approximately two-thirds residing in rural areas. Limited rural employment, low wages, and inadequate market access drive significant youth migration to urban areas and abroad. Youth unemployment (15–24) reached 6.8% in 2024, significantly higher than the national average, with higher rates for young women (9.2%). Nearly 18.6% of youth were neither employed nor in education or training, disproportionately affecting young women (28%) compared to young men (11.9%).
21. Gender inequalities persist in rural Kyrgyz Republic, notably in land ownership and economic leadership. Only 21% of registered farms were led by women in 2024, and women face significant barriers in accessing financial capital, technical agricultural knowledge, and decision-making roles. Labour migration has increasingly feminized agriculture, amplifying women's responsibilities without corresponding increases in resource access or authority. Traditional norms confine women largely to farm labour rather than agribusiness leadership, limiting their economic empowerment.
22. It remains a critical concern, with persistent micronutrient deficiencies affecting nearly half of young children and pregnant women. Stunting impacts 14% of children under five, reflecting limited dietary diversity. Rural diets are predominantly starchy, lacking nutrient-rich foods due to poverty, with poorest households spending around 70% of income on basic foods. The Kyrgyz Republic is also experiencing rising rates of overweight and obesity, with 48.3% of adults overweight and 16.6% obese. This trend reflects a national dietary transition increasingly affecting both urban and rural populations, putting pressure on traditional food systems and calling for more integrated and context-specific nutrition responses.
23. **Environment and Climate.** Pasture degradation and climate change represent significant environmental challenges in the Kyrgyz Republic, critically affecting rural livelihoods. More than 40% of agricultural land is seriously degraded, and approximately 85% of the country's total area is at risk of erosion. Increasing livestock numbers—cattle up by 37%, sheep by 68% between 2007–2016—due to low animal productivity, limited economic alternatives, cultural norms, and low rural financial literacy, continue to exacerbate overgrazing and pasture deterioration.
24. Climate projections indicate temperatures will rise by 2–3°C by mid-century, alongside more variable precipitation, with significant rainfall increases during autumn and winter but reduced rainfall during summer—the crucial grazing period. This seasonal variability will intensify degradation risks and vulnerability of pastures, reducing livestock productivity and climate resilience. Forests and pastures can face heightened sensitivity to climate-induced hazards, including increased mudslides, floods, and avalanches driven by unsustainable agricultural practices, deforestation, and compromised vegetative cover. Currently, 3–4 severe weather events, 7–10 mudflows or avalanches, and regular seasonal floods occur annually, intensifying rural poverty.

1.3 Strategic Alignment

25. **Alignment with the COSOP strategic objectives.** LMDP-III will directly support IFAD's COSOP (2025–2030) for the Kyrgyz Republic by enhancing smallholder livestock productivity and incomes (SO1) through improved veterinary services, better breeds, feed management, pasture access, and livestock hygiene. It will foster climate-resilient pasture resource management (SO2) by strengthening Aiyl Okmotus' pasture governance capacities and investing in regenerative pasture and forest-pasture infrastructure. Additionally, LMDP-III will promote rural livelihoods and income diversification (SO3) by promoting alternative value chains such as fruits, nuts, beekeeping, and non-timber forest products reducing dependence on traditional livestock production. The programme contributes directly to SDGs 1 (no poverty), 2 (zero hunger), 5 (gender equality), 13 (climate action) & 15 (life on land) while addressing IFAD's mainstreaming themes and UNSDCF Priority 1 on sustainable, inclusive growth. No fundamentally new policy agenda is introduced beyond the COSOP however, complementary gaps in areas such as food-safety governance and sustainable cooperative financing is included to fully achieve COSOP objectives.
26. **Correlation and interaction with other IFAD programmes.** LMDP-III will serve as the logical next step in IFAD's livestock-pasture programme cycle in the Kyrgyz Republic. In all seven regions of the Kyrgyz Republic, pasture management plans under LMDP-III will be built directly upon existing plans developed during LMDP I and II, consolidating pasture governance within the newly consolidated and restructured local self governments. Selection will give due weight to locations where earlier LMDP I and II investments can be consolidated to safeguard and scale up their results, while ensuring that areas not previously covered also have the full opportunity to participate. These upgraded plans will assess the condition of previously established (under LMDP I and II) infrastructure and include measures to strengthen the AOs capacities to sustainably manage both existing assets and new investments, to enhance the overall impact on livestock-pasture development. Where relevant, LMDP-III will also leverage the Access to Markets Project's (ATMP) livestock value-chain clusters, linking lead enterprises with cooperatives, producers, to increase the agricultural products.
27. **Synergies with other development partner programs.** LMDP-III will establish clear synergies with three other projects managed by the Agricultural Project Implementation Unit (APIU), with overlapping implementation periods. Specifically, LMDP-III will scale up the enhanced Pasture and Livestock Management Plans (PLMP) and the Natural Resources Management Plans (NRMP) developed under the ongoing Adaptation Fund-supported RRPCP-ADAPT project. It will align relevant investments with the Asian Development Bank's Climate-Resilient Agricultural Value Chain Development (CRAVCD) project to strengthen agribusiness linkages for cooperatives supported by LMDP-III. Additionally, LMDP-III will coordinate with the World Bank's Central Asia One Health initiative to enhance veterinary laboratory capacities and surveillance systems, avoiding duplication. Finally, in future phases LMDP-III anticipates financing from the Adaptation Fund and IFAD14 for scaling up.
28. Additionally, LMDP-III will collaborate closely with FAO's National Biosafety Framework (2022–2027) to align livestock production

protocols and institutionalize biosafety practices through joint workshops and targeted capacity-building sessions. Strategic partnerships will be established with WFP and with the JIA Business Association, a non-profit organization supporting entrepreneurs, to support youth-led agribusiness development. LMDP-III will also coordinate with UN Women, UNDP, and FAO, harmonizing activities related to gender equality, nutrition-sensitive value chains, and community-level economic empowerment, ensuring full alignment and complementarity with these agencies' ongoing development interventions.

29. **Alignment with key national policies.** LMDP-III will closely align and coordinate with the Kyrgyz Republic's key national strategies, particularly the National Development Strategy 2040, the National Development Programme 2022–2026, and climate commitments outlined in the updated Nationally Determined Contribution (2021) and National Adaptation Plan (2024–2030). Specifically, it will advance sustainable pasture and forest management priorities mandated by the amended Law on Pastures (2024), relevant updated Land Codes and the Concept for Forest Sector Development to 2040. Additionally, LMDP-III will actively promote veterinary and food-safety policies, including Law No. 175 on Veterinary Practice (2023), EAEU HACCP regulations (2024), and the National Food Security and Nutrition Strategy 2024–2027. The programme will also align with national cooperative and rural finance targets outlined in the Kyrgyz Republic's agricultural cooperation programme (2023–2027), Presidential Decree on agro-industrial development (2024), National Export Programme (2025–2028), and National Financial Inclusion Strategy. Cross-cutting mandates from the National Strategy for Gender Equality (2022–2030) and Youth Policy Concept (2020–2030) will guide inclusion efforts.
30. **Key policy engagement areas.** LMDP-III will advocate clear policies for example to ensure transparent, ring-fenced pasture-fee management and reinvestment, addressing the gaps and concerns arising from the administrative reforms that reassigned pasture management responsibilities from Pasture Users' Unions back to the Aiyl Okmotus. Further, LMDP-III will advocate reforms that incentivize livestock productivity rather than herd expansion, revitalize the rural veterinary workforce, strengthens livestock traceability, assist the implementation of the National Action Plan on the Antimicrobial Resistance, and streamlines the fragmented food-safety responsibilities across regulatory agencies. Finally, LMDP-III will promote dedicated policies ensuring sustainability of the Agricultural Value Chain Development Fund (AVCDF) within MWRAPI, providing cooperatives with affordable, long-term financial and technical support for integration into higher-value markets, alongside support for harmonising food safety standards, implementing the new Organic Law, and assisting with certification and export registration. Policy advocacy will be supported by evidence from programme implementation, distilled into concise policy briefs, and applied in structured dialogues across all levels of government, starting from Aiyl Okmotus and leskhozoes. This will be reinforced through AO-level tools such as public noticeboards e.g. for public disclosure of pasture fees, and performance-based funding for AOs based on MIS data to track results.
31. **Key actors and implementation partners.** LMDP-III will be led by the MWRAPI, which will oversee the Agricultural Project Implementation Unit (APIU) responsible for day-to-day programme management. Within MWRAPI, the Service of Veterinary Affairs, Livestock Development, Pastures and Feeds will guide livestock genetics and pasture productivity; the Service of Veterinary and Phytosanitary Supervision will support animal health, food safety, and phytosanitary compliance and coordination with the Department of Cooperation, Mechanisation and Innovation and the Department for Agrochemical Application, Plant Protection and Quarantine will be explored as relevant. Complementing these efforts, the APIU will explore coordination mechanisms with the Small-Business Development Agency under the Ministry of Economy and Commerce (MoEC) to facilitate strengthening market linkages, trade promotion, and value addition through technical collaboration and policy-level coordination
32. Veterinary service delivery will involve a nationwide network of licensed private veterinarians, supported institutionally by the Veterinary Chamber and the Kyrgyz Veterinary Association (KVA). Technical capacity building and applied research will be led by specialized national institutions, including the Kyrgyz National Agrarian University (KNAU), the Kyrgyz Livestock and Pasture Research Institute (KLPR) and the Kyrgyz Veterinary Research Institute (KVRI). Additionally, sector-specific associations such as the Kyrgyz Union of Beekeepers and the Dairy Union of the Kyrgyz Republic, together with NGOs like the Kyrgyz Association of Forest and Land Users (KAFLU), will actively represent and engage stakeholder groups across agricultural and natural resource management sectors.

1.4 Portfolio and Lessons Learned

33. **LMDP I and II.** LMDP-III will draw directly from the experience of its two predecessor programmes, LMDP 1 and II, which were two separate but complementary programmes implemented in parallel under a common programme framework. LMDP I (2013–2019) operated in Issyk-Kul and Naryn oblasts, while LMDP II (2014–2021) covered Osh, Batken, and Jalal-Abad oblasts. Both applied the same model of pasture management, veterinary outreach, and value chain support. LMDP-III will build on these results and expand these proven model nationwide, while also responding to new institutional changes by supporting Aiyl Okmotus to take over pasture management responsibilities previously held by PUUs. It will also address emerging priorities and strengthen areas where performance was limited under LMDP I and II. These areas are discussed in the following sections.
34. LMDP I and II reached over 122,000 households, improving the livelihoods of more than 700,000 rural people. Over 300 PUUs were established or strengthened, supporting communities to rehabilitate more than 38,000 hectares of degraded rangeland and adopt better grazing practices. The PUU model was nationally recognized as a best practice in pasture governance. Pasture fees collection improved. Veterinary services transitioned from state-led to privatized systems, with hundreds of community veterinarians trained and the new Veterinary Law implemented in line with OIE standards. Livestock disease control improved, with wider vaccination coverage benefiting leading to 75% reduction in brucellosis cases in the programme areas. In LMDP II areas, household incomes increased by 43% and poverty rates dropped by 25 percentage points. Dietary diversity improved, meat and dairy consumption rose, and child malnutrition rates declined. The programmes also created seasonal jobs (286 in LMDP II, 43% held by women) and significantly advanced women's empowerment through increased participation in PUUs and access to income-generating activities and labour-saving technologies.
35. **Access to Markets Project (ATMP, 2018–2024)** covered all seven oblasts of Kyrgyzstan emphasizing livestock value chain strengthening through cooperative and enterprise development and upgraded the national veterinary infrastructure by

establishing artificial insemination stations and rehabilitating regional laboratories. Managed by APIU with ARIS leading community engagement, ATMP partnered closely with national veterinary bodies, research institutes, and private veterinarians. By project closure, ATMP had notably enhanced livestock market integration, raised sanitary standards to improve product competitiveness, and sustainably boosted economic returns across the livestock sector.

Lessons

36. **Gender-transformative methodologies significantly enhance women's empowerment and cooperative sustainability.** ATMP demonstrated that using gender-transformative methodologies—particularly GALS and BALI—effectively empowered women and youth, strengthened cooperative cohesion, and enhanced sustainability. LMDP-III will build on these successes by integrating GALS and BALI into cooperative development, reinforcing climate-smart practices, supporting business innovation, and promoting quality-focused livestock systems aligned with national climate goals. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women.
37. **Integrating nutrition-sensitive approaches into economic empowerment interventions effectively enhances household food security.** Experiences from IFAD's Joint Programme on Rural Women's Economic Empowerment demonstrated that combining economic empowerment with targeted nutrition-sensitive interventions, such as promoting nutrient-rich food production, crop diversification, and household dietary improvement, significantly enhanced food security and nutritional outcomes. LMDP-III will adopt this integrated approach, strengthening both economic empowerment and nutritional well-being among rural households, especially through women engaged in. For example, Component 1 will add activities such as nutrition gardens, fruit and nut tree plantings to SEDPs and, where relevant, in PLMPs/NRMPs; Component 2 will pair veterinary outreach with household food-safety and hygiene training; and Component 3 will promote nutrition-sensitive value chains (dairy, meat, fruits, berries, honey) to embed nutrition in women- and youth-led business plans.
38. **Institutional support without clear outreach strategies limits veterinary service effectiveness.** Previous experiences, such as ATMP, demonstrated that extensive institutional support alone did not adequately translate into increased veterinary service outreach. Recognizing that substantial institutional groundwork already exists, LMDP-III will prioritize practical, monitored outreach efforts from the outset to ensure veterinary support effectively reaches targeted households.
39. **Inadequate timing and absence of structured technical support weakens cooperative sustainability.** Previous experiences show cooperatives often struggle to remain viable due to delayed and insufficient ongoing technical support. Recognizing this, LMDP-III will integrate tailored technical assistance—including business training and institutional strengthening—early in the project cycle, while establishing structured partnerships between cooperatives, government, and specialized service providers.
40. **Over-reliance on grants creates dependency and discourages credit uptake.** Previous projects, such as ATMP, provided extensive grant support, inadvertently fostering a dependency on grants among rural households. The completion survey showed reluctance among smallholders to seek formal credit, driven by perceptions of high interest rates, complex procedures, and repayment burdens. To shift this mindset, LMDP-III will gradually introduce simplified, non-interest-bearing repayable finance mechanisms through a dedicated revolving fund. At a later stage an interest bearing window may be explored as a part of the graduation strategy.
41. **Absence of clear herd management measures can undermine pasture improvement benefits.** Previous LMDP phases lacked concrete herd control mechanisms which strained ecological carrying capacities. LMDP-III will address this by integrating in the Pasture and Livestock Management Plans (PLMPs) measures such as pasture capacity planning, and differentiated pasture fees for incentivizing smaller, more productive herds, and livelihood diversification.
42. **Weak M&E systems and absence of early productivity evaluation hinder accountability and adaptive management.** Previous experiences demonstrated that incomplete Management Information Systems (MIS) and inadequate agricultural productivity evaluations significantly limited project transparency, accountability, and the ability to measure impacts, such as milk yield and livestock weight improvements. To address these gaps, LMDP-III will finalize and streamline MIS and establish clear, measurable indicators from project outset to ensure accurate tracking of productivity and other relevant outcomes.
43. **Fragmented responsibilities among implementing agencies reduce efficiency and accountability.** Previous experience under ATMP demonstrated inefficiencies due to overlapping roles between multiple implementing agencies (APIU and ARIS). Recognizing this, LMDP-III will streamline implementation by centralizing monitoring, evaluation, and procurement—within APIU to enhance coordination, accountability, resource efficiency, and timely project delivery.
44. **Quotas alone are insufficient to ensure women's meaningful participation and impact.** Previous experience highlights that while quotas for women's participation in pasture-user institutions have helped ensure representation, these measures alone are insufficient to deliver meaningful engagement and empower women, particularly through nutrition-sensitive agriculture. Although LMDP-III will have limited control over selection of staff (women or youth) in the Aiyl Okmotus for pasture management functions, it will carry out strong and targeted awareness-raising, tailored capacity-building programs, and economic incentives specifically designed to empower women, ensuring their active and effective participation in pasture governance and enhancing nutrition outcomes.
45. **Establishing new institutional structures as project requirements can lead to top-down, unsustainable arrangements.** Previous experiences, such as the Public Private Partnerships stakeholder platforms created in the ATMP project as platforms for cooperation between government agencies and private producers, demonstrate that institutional arrangements created upfront to meet project requirements often result in top-down structures lacking genuine stakeholder support and sustainability. Recognizing limited stakeholder appetite upfront for additional committees or councils for pasture and forestry governance,

LMDP-III will avoid mandating new institutional entities as conditions in the designs. Instead, the design will strategically use evidence-based policy dialogue to progressively advocate the strengthening of such governance structures, aligning institutional development more closely with local need. This will be supported by knowledge products such as policy briefs, case studies (e.g. on transparent pasture-fee reinvestment), impact assessments drawing on MIS and GIS data, and concise print or audiovisual materials to inform and enrich these dialogues.

Problem Statement

46. Poverty in The Kyrgyz Republic has surged from 20% percent in 2019 to 30% percent in 2023[25]. Around 70–80 percent of the nation's nine million hectares of pasture are now classified as degraded, squeezing forage supplies and livelihoods[26]. Livestock productivity is reducing with average milk yield per cow falling from 2 005 kg in 2019 to 1 959 kg in 2023, a 2.3 percent drop that signals worsening herd nutrition and health[27]. Real rural household incomes have stagnated, and half of families cite “no jobs” as their top economic concern. These outcomes are driven by structural and institutional challenges that disproportionately affect poor, livestock-dependent households—particularly women and youth. These households face growing vulnerability and declining productivity from the degraded pastures, worsening animal and human health conditions linked to under-resourced veterinary and food safety systems, and persistent economic exclusion reinforced by limited livelihood opportunities and skills gaps in rural areas. Climate change is intensifying land degradation and forage scarcity, while traditional norms and practices continue to limit women's access to land, services, and income-generating opportunities.
47. These vulnerabilities are compounded by recent administrative-territorial reform which revoked the delegation of pasture management from local self-government bodies (Aiyl Okmotus) to Pasture Users' Unions and reassigned full responsibility back to the Aiyl Okmotus. However, many Aiyl Okmotus remain under-resourced and lack the capacity to manage vast areas of pasture and forest ecosystems effectively. Simultaneously, governance of interconnected forest–pasture ecosystems remains fragmented, leaving pastures within forest areas poorly managed and limiting households' access to quality grazing land. The lack of landscape-level planning increases forest-edge vulnerability to uncoordinated grazing, further eroding the productivity and resilience of the rural poor.

1.5 Rationale and IFAD's comparative advantage

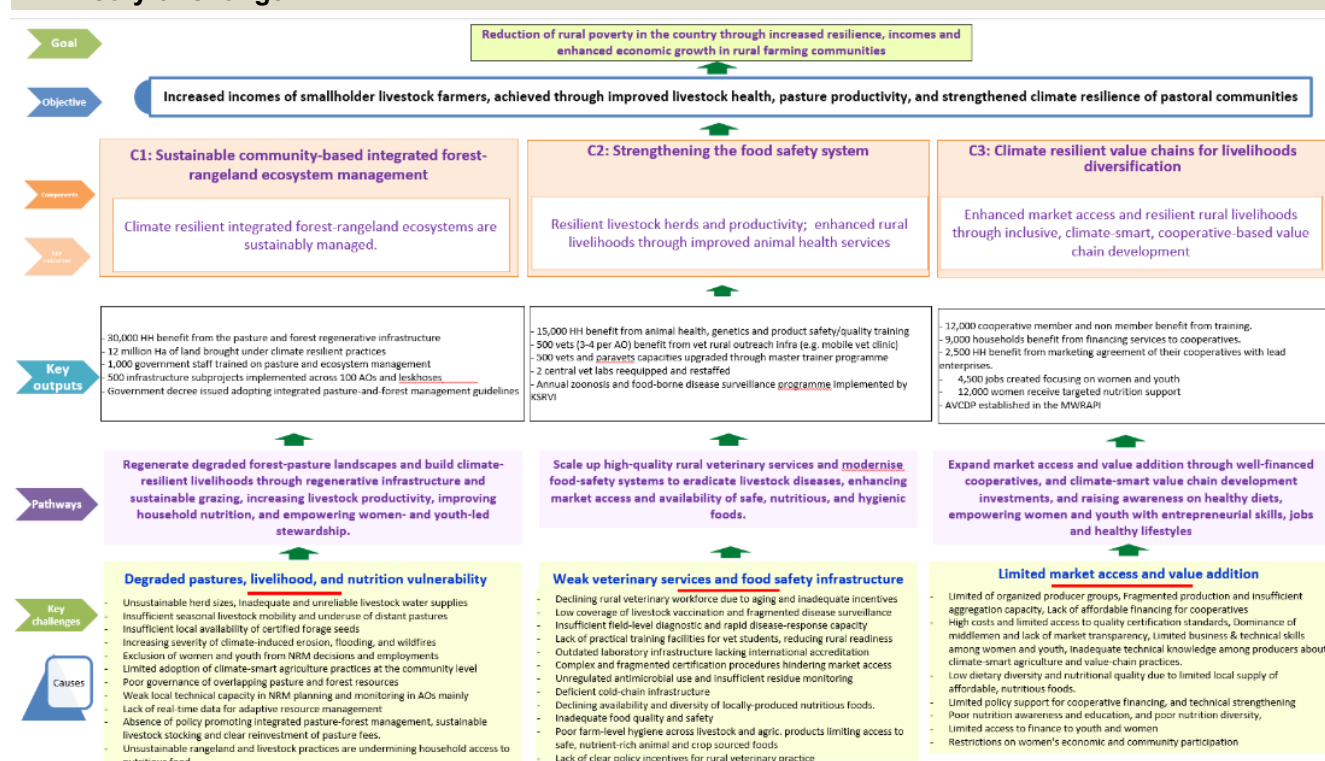
48. **LMDP-III brings IFAD's proven experiences and partnerships to deliver effective and sustainable solutions to The Kyrgyz Republic's Kyrgyzstan's systemic rural challenges.** IFAD is uniquely positioned to address the challenges facing The Kyrgyz Republic's rural poor due to its long-standing engagement in the country, proven technical expertise, and credibility with both government and non-government bodies and development partners. Over more than a decade, IFAD has played a pivotal role in establishing community-based pasture governance (PUUs), supporting private veterinarians, and facilitating inclusive livestock development models. Building on this accumulated experience IFAD is uniquely placed to support the Kyrgyz Republic to address the interconnected challenges of degraded natural resources, weakened institutions, and rising rural poverty. IFAD's trusted partnership and tested models offer immediate value in restoring participatory and integrated natural resource governance, expanding the outreach and effectiveness of veterinary services, and enabling inclusive livelihood strategies that directly respond to the needs of the target households.
49. **LMDP-III will scale up pasture rehabilitation and assist the transition of LMDP I and II gains into freshly restructured institutional structures (AOs), thereby safeguarding IFAD's past investments in sustainable pasture management.** Despite nearly US\$48 million invested through LMDP I and II, the Kyrgyz Republic continues to face a significant and widening gap in sustainable rangeland management, with over 4.5 million hectares—half of the national pasture estate—still degraded. Earlier efforts in pasture rehabilitation were incomplete as these did not address the full ecological or social scope of degradation. Most infrastructure concentrated on accessible communal lands and winter pastures while degradation in ecologically fragile zones such as summer highlands, erosion prone areas and forest pastures remained largely untreated mainly due to limited coverage and underfunding. Other development partners, while active in policy dialogue, have made only modest physical investments in pasture restoration and lack IFAD's embedded field presence and delivery track record. LMDP-III will respond directly to these challenges by focusing on the rehabilitation of pasture lands including pasture areas in forest lands, introducing integrated forest–pasture planning, and strengthening pro-poor, market-oriented approaches limited to these pasture systems.
50. Moreover, territorial and constitutional restructuring have removed the authority previously granted to Pasture Users' Unions (PUUs) developed under previous IFAD support and returned full pasture governance and operational duties to Aiyl Okmotus (AOs). Many AOs, however, are under-resourced and lack the staff, skills, and funding needed to manage the country's extensive pasture resources. This reassignment of pasture governance and operational responsibilities to under-capacitated AOs has put at risk US\$34–48 million in past IFAD investments, while and weakening the participatory planning models, rotational grazing systems and infrastructure oversight mechanisms that those investments were built on. In response, LMDP-III will enable IFAD to build the capacities of AOs, transition and consolidate past gains within the new governance structures and that not only safeguard the asset base already created but also preserve the institutional knowledge and participatory practices developed under previous phases. No other development partner brings the same depth of knowledge, trust, and operational continuity in the Kyrgyz Republic's livestock and rangeland sectors.
51. **LMDP-III will leverage the multi-donor APIU platform and utilize IFAD's comparative advantage to convene partners and coordinate investments in pasture, animal health, and pro-poor value chains.** The Government's formal request in December 2024 for IFAD to redesign and finance LMDP-III provides a clear endorsement of IFAD's technical leadership and comparative advantage in pasture governance, animal health, and pro-poor livestock development. This request also reflects strong national ownership and the Government's intention to deepen collaboration in the context of recent institutional and territorial reforms. The government has also mandated LMDP-III to be implemented by the Agricultural Projects Implementation Unit (APIU) which also manages, the Adaptation Fund–financed RRPCP-ADAPT, the ADB agribusiness value-chains project, and the World Bank's planned One Health operation. Future phases are expected to attract new partners such as the Eurasian

Fund for Stabilization and Development (EFSD), further broadening the financing platform. This co-location of complementary investments will enable IFAD to deploy its comparative advantage in integrating climate-resilient pasture governance with pro-poor value chains, positioning LMDP-III as a convening mechanism that catalyses joint planning, reduces fragmentation, and maximises synergies across multiple funding streams through shared governance structures and harmonised delivery systems.

52. **LMDP-III offers IFAD the opportunity to strengthen its comparative advantage by addressing past limitations and demonstrating institutional learning.** LMDP-III offers IFAD a strategic opportunity to strengthen and refine its comparative advantage by directly addressing gaps identified in earlier phases (LMDP I, II, ATMP), such as growth in herd size and livestock numbers faster than carrying capacity; erosion of veterinary outreach; limited focus on value addition; marketing and private sector integration; weak pro-poor outreach; inconsistent gender and youth inclusion; and limited learning and policy feedback. By embedding solutions to these challenges in LMDP-III, IFAD will demonstrate its capacity for institutional learning, adaptive design, and distinctive approach. This will not only safeguard prior investments but also consolidate IFAD's position as a dependable, solutions-driven partner for the Government and development agencies operating in the Kyrgyz Republic, reinforcing its role as a convener of inclusive, climate-smart, and scalable rural development models.

Chapter 2: Project/Programme Description

2.1 Theory of Change



53. **Challenges facing the Kyrgyz Republic's smallholder farmers.** Smallholder livestock farmers in the Kyrgyz Republic face interconnected challenges of resource degradation, weak veterinary and food safety systems, and limited market integration, which together constrain income growth, undermine resilience, limit dietary diversity and perpetuate rural poverty.
54. **Key drivers of pasture degradation.** Resource degradation in the Kyrgyz Republic is driven by unsustainable herd sizes, with significant increase cattle and sheep from 2015 to 2024, leading to overgrazing and degrading 70-80% of the country's pasture, while up to 40% of remote summer pastures remain unused due to broken tracks, bridges, and insufficient water points. Climate stress including 2-3°C temperature increases, 12-18% rise in rainfall, and 7-10 mudflows annually further escalate erosion, flooding, wildfires and pasture deterioration. Governance reforms consolidating pasture management in 231 larger AOs with only 3-4 pasture management staff each, minimal real-time monitoring, inadequate forage-seed availability and limited adoption of climate-smart practices, compound these resource management challenges.
55. **Gaps in veterinary capacity and food safety infrastructure.** The Kyrgyz Republic's veterinary workforce declined sharply from 2,569 registered private vets in 2018 to about 1,600 in 2024, most aged over 50, with only 60-80 new veterinarians graduating annually and minimal ongoing training. This factor along with limited public funding and inadequate infrastructure, has led to low vaccination coverage, persistent outbreaks of brucellosis, anthrax, and echinococcosis, alongside critical diagnostic shortfalls. Moreover, weak veterinary capacity and fragmented food safety certification result in most domestic livestock products failing to meet Eurasian Economic Union standards.

56. **Barriers to market integration and value addition.** Limited market access and value addition in The Kyrgyz Republic result from weak producer organization (under 10% of family farms in cooperatives, with only ~700 of 4,000 cooperatives active), insufficient affordable credit (only 13% agricultural sector loans, interest rates 12–36%), and costly EAEU certification standards. Consequently, large supply gaps persist (2024 imports: US\$500 million fruits/nuts, 13,000 tons dairy, 21% meat shortfall), while limited participation by women and youth (6.8% unemployment) further constrain value-chain growth.
57. **Pathway 1: Restoring pastures and forest pastures through integrated planning.** If pasture and livelihood investment plans (PLMP, SEDP and NRMPs) developed by Aiyl Okmotus and leskhozos strategically combine pasture, forest, and economic development priorities, and reflect the needs of target households, and are followed by timely investments in regenerative and productive infrastructure that involve women and youth in operating and maintaining these assets,
- **and IF** communities adopt climate-smart livestock management practices,
 - **and IF** AO and leskhoz staff received tailored capacity building training in participatory NRM planning,
 - **and IF** cost-effective and timely investments are made in regenerative and productive infrastructure that lower production costs; in locally produced certified forage seed supply chains; and in digital range-monitoring platforms that provide real-time data for adaptive management monitoring and enforcement,
 - **THEN at the pasture level**, this will result in improved grazing practices that rebalance stocking rates with ecological capacities, ensuring reliable forage and water supplies, improved ecosystem health, and enhanced climate resilience, while
58. **At the household level**, it will optimize herd management and lower production costs resulting in a sustainable increase in livestock productivity and household incomes. Additionally, investments in rehabilitated and climate-adaptive pasture and forest infrastructure will primarily benefit women and youth by strengthening their roles in resource management, enhancing inclusive stewardship and participation in decision-making, and increasing leadership and economic empowerment opportunities.
59. This pathway will be supported by evidence-based policy dialogue aided by knowledge products such as policy briefs, case studies (e.g. on transparent pasture-fee reinvestment), impact assessments and audiovisual materials, that promotes transparent reinvestment of pasture fees and incentives for sustainable stocking rates and measurable regeneration outcomes. This pathway will lead to the intended outcome: ***Climate-resilient integrated forest-rangeland ecosystems are sustainably managed.***
60. **Assumption:** This logic assumes that households are willing and able to collaborate effectively with AOs and leskhoz, local stakeholders adequately maintain infrastructure investments, and policy dialogue successfully leads to transparent governance and effective reinvestment of pasture fees, aligning local incentives with ecosystem regeneration and sustainable livestock productivity.
61. **Pathway 2: Strengthening rural veterinary and phytosanitary services and infrastructure.** If targeted households gain timely and reliable access to veterinary services through upgraded rural veterinary infrastructure, mobile outreach, and improved diagnostic and vaccination and phyto-sanitation capacities, complemented by practical training and accreditation programs for veterinary personnel, **then** this will result in: improved coverage and timeliness of vaccinations and enhanced cold-chain infrastructure for vaccine effectiveness; strengthened disease surveillance, rapid-response capacity; upgraded diagnostic laboratories with regulated antimicrobial use and a skilled rural veterinary workforce.
62. The combined effect will lead to reduced livestock morbidity and mortality, increased livestock productivity, ensuring healthier, more productive herds that increase market competitiveness, and improve household incomes and nutrition. Additionally, improved veterinary infrastructure and disease-management practices along with practical veterinary capacities and accreditation frameworks will create new economic opportunities, especially for youth and women pursuing careers in animal health. Additionally, it will be underpinned by evidence-based policy dialogue promoting incentives for rural veterinary service providers, and protocols for veterinary certification aligned with international standards.
63. **Assumption:** this logic assumes that veterinarians will respond positively to new incentives and choose to serve rural areas, upgraded veterinary infrastructure will be consistently maintained and staffed, and disease surveillance and rapid-response systems will function effectively and sustainably over time.
64. This pathway will catalyse transformative changes at the household levels, leading to the intended outcome 2: ***Resilient livestock herds and productivity; enhanced rural livelihoods through improved animal health services.***
65. **Pathway 3: Empowering cooperatives and enhancing market linkages.** IF targeted households, especially women and youth, receive technical and entrepreneurial training to increase their participation and leadership within the value chains while being effectively supported through strengthened producer cooperatives,
- **AND IF** they gain access to market-quality certifications.
 - **AND IF** they adopt climate-smart agricultural and processing technologies that enable effective aggregation, value-addition, and marketing services;
 - **AND IF** nutrition-sensitive training and awareness-raising are integrated into cooperative capacity building framework
 - **THEN at the cooperative level** this will result in enhancing rural enterprises' competitiveness and profitability by increasing local production, improving market linkages, enabling access to finance, strengthening cooperative governance, and improving quality certifications, while
66. **At the household level** it will result in diversified income opportunities, higher household incomes, economic resilience, and nutritional level by improving local production of nutrient-dense foods (such as fruits, vegetables, dairy, and legumes), combined with increased incomes, will enhance households' ability to access and purchase a more diverse diet. At the same time, stronger market linkages for these locally produced, nutrient-rich foods—such as dairy, eggs, fruits, and vegetables—will increase their availability and affordability in rural areas, benefiting both producer and non-producer households. This will be further reinforced through nutrition-sensitive training and awareness-raising integrated into cooperative and extension platforms, encouraging

better intra-household food choices and nutrition practices, particularly among women and caregivers.

67. This pathway will be supported by evidence-based policy dialogue aided by knowledge products such as policy briefs, case studies and impact assessments reports to ensure conducive conditions for cooperative-based enterprise growth. Empowered women and youth entrepreneurs will become key drivers of inclusive rural economic growth, collectively achieving the intended outcome 3: **Enhanced market access and resilient rural livelihoods through inclusive, climate-smart, cooperative-based value chain development.**
68. **Assumption:** This logic assumes that cooperatives can access and manage affordable financing effectively, certification processes become streamlined and affordable for producers, and that women and youth are meaningfully engaged in and benefit from strengthened cooperative structures and inclusive value chain opportunities.
69. **Combined impacts:** Together, healthy and sustainably managed pastures and forests (outcome 1) will provide the ecological foundation for productive, resilient livestock herds which when supported by improved animal health services (outcome 2), will lead to higher livestock productivity, reduced disease-related losses, and increased household incomes and climate resilience. At the same time, stronger cooperatives and improved market linkages (outcome 3) will enable households diversify income sources, access value added markets and - where food availability and income use allow – improve dietary diversity and nutritional outcomes. These combined impacts will contribute to the programme objective **“Increased incomes of smallholder livestock farmers, achieved through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities.”**

2.2 Targeting Strategy

Phased approach for national coverage and geographic targeting

70. LMDP-III is expected to establish an umbrella framework that will serve as the national roadmap for sustainable pasture and forest management over 10-15 years ultimately supporting 231 Aiyl Okmotus (AOs) and 40 Leskhozoes, a total of 271 government territorial authorities responsible for pasture and forest management as well as the national parks in the country. The current operation is designated as Phase 1, to mark the starting point of the roadmap and provide a basis for future programmes to be presented as successive steps along the roadmap. Thus, although this design sets out the long-term vision it covers Phase 1 only. Any future operations along this national roadmap would be prepared as separate self-contained programmes subject to Phase 1 performance, Government priorities and the available financing.
71. In Phase 1 (2027-2031), around 100 selected Aiyl Okmotus (AOs) and 41 leskhozoes, will be supported to prepare and implement Pasture and Livestock Management Plans (PLMPs), Socio-Economic Development Plans (SEDPs) and Natural Resource Management Plans (NRMPs). Phase 1 will serve as the model for subsequent phases and is fully planned based on confirmed funding allocation from IFAD 13 and clear implementation arrangements. **Unless otherwise specified, this PDR provides details for Phase 1 only. Throughout the document, references to “LMDP-III” or “the programme” refer specifically to Phase 1.**
72. Phase 1 will competitively select the 100 Aiyl Okmotus and 41 leskhozoes from across the country, rather than concentrating in a single region. This nationwide approach is essential because the challenges addressed by LMDP-III are present in all regions, and without continued support, earlier investments risk becoming inactive or lost. It also responds directly to the Governments Cabinet-approved position that the project must be national in scope, consistent with policies that aim to improve smallholder livestock systems countrywide without a fixed geographic focus.
73. The programme will competitively select the 100 AOs and 41 Leskhozoes through a structured call-for-proposals process, based on criteria including resource degradation, poverty levels, unemployment rates, and the concentration of target households with low dietary diversity and limited access to nutrient-rich food, geographic adjacency of AOs and Leskhozoes sharing common pasture and forest boundaries, institutional capacity for effective natural resource management, and equitable regional representation to ensure that provinces not previously covered by LMDP I and II also have the opportunity to participate. At the same time, the process will give due weight to areas where earlier LMDP I and II investments can be consolidated to safeguard and scale up their results (refer to Component 1 for details). Phase 1 investments in the Leskhozoes will specifically focus on pasture improvement activities within forest pastures, while forest restoration measures will be addressed in subsequent phases. Selection will follow a transparent, science-based framework that overlays climate vulnerability mapping with economic vulnerability data, while also considering AO capacity, the extent of adjacent forest and pasture land, ensuring a fair balance between expanding to new areas and strengthening results from earlier LMDP I and II investments. Updated EO4SD climate assessments (available December 2025) and socio-economic indicators from the ongoing ADAPT project will be used to support the selection of the Phase 1 administrative territories.
74. **Programme duration.** The duration of the LMDP-III, Phase I is five years.
75. **Programme outreach.** Phase I will directly reach at least 30,000 target households, benefiting approximately 60,000 individuals through programme services, with a total of 141,000 household members expected to benefit overall. Phase I will aim to ensure that 40% of the beneficiaries are women and 30% are youth.
76. **Key impact indicators.** The key impact indicators are as follows
- 25% of beneficiary households report increased resilience to climatic and economic shocks;
 - 30% report increased income;
 - 20% of participating households reporting that they have influenced at least one decision by local authorities (AOs/leskhozoes) or programme-supported service providers (veterinary, extension, or market facilities) related to PLMP, SEDP, or NRMP planning, budgeting, or service delivery

- 40% report adoption of environmentally sustainable and climate-resilient technologies and practices;
- 2,000 persons gain new jobs or employment opportunities;
- 10% reduction in livestock morbidity and mortality;
- 30% women and 20% men are empowered

77. **Target groups.** The programme target group comprises a) mobile livestock herders, b) forest product collectors, and c) fodder producers. Women and youth are key target groups, with targets of at least 40% and 30% respectively. Within these groups, LMDP-III classifies beneficiaries as follows:

- **Peasant Farms/farms(including cooperatives) (40%):** sized between 1–10 ha[28], produce 69.7% of crops (mainly cereals and vegetables) on 87.2% of arable land.
- **Household Farms (60%)[29]:** Small family farms under 0.5 ha, producing mainly for subsistence and selling surplus, contribute 28.3% of crops, focusing on fruits, berries, and vegetables. They own approximately 2.9 sheep/goats. Most are managed by rural residents, including pensioners and rural service workers. Most rural families also rear 1–3 cows and 10–50 sheep. Livestock is a crucial source of income, food security, and resilience. Households also collect and sell non-timber forest products such as fruits, nuts, and medicinal herbs. They are vulnerable to climate change impacts, face limited access to productive assets, services, resources and finance and live in high poverty rates. Though 92% of rural households are male-headed, women and youth[30] make up nearly half the national population and are among the most vulnerable[31]. Peasant and households' farms produce 98.5% of the country's agricultural output and vast majority (92 percent) of the households are male headed.[32] Sustainable management of rangelands and forests is essential to lift households out of poverty.
- In 2021, more than 462,000 agriculture-related entities were registered, with peasant farms making up 75.5% and individual entrepreneurs 24.3%.
- The target groups hold the keys to sustainable management of forest-rangeland ecosystems through better grazing and herd management, forest conservation and production of sufficient fodder needed to bridge feed shortages in winter.
- **Individual Entrepreneurs:** With no more than 50 sheep/goats. An important category, relatively better-off beneficiaries are involved in agricultural services like mechanized work, veterinary care, logistics, agri-processing, and packaging. Although not all are directly land-based, they are key aggregators who improve market access for smallholders, particularly women and youth. Their registration system is simple, and tax rates are low, making this form of enterprise common. This group will benefit from the pasture, infrastructure, and veterinary service improvement leading to indirect impact on LMDP-III target groups in aggregation, value chains upgrade, market access, and new employment opportunities.
- A high proportion of the beneficiaries would be reached by pasture management activities with the largest programme investment part going directly to the beneficiaries in the form of competitive pro-poor grants, training and technical assistance prioritising districts and integrating LMDP-III poverty, vulnerability, and women and youth quotas and criteria. The benefits accruing to these primary target population will be reflected in infrastructure and built knowledge capacities.

78. **Targeting Strategy** applies multiple targeting methods (described in detail in the PIM):

- **Geographic Targeting:** selection of districts and AOs will be based on different climate and socio-economic factors. A programmatic approach will be maintained and mapping tools will be put in place to manage targeting and selection of AOs during implementation.
- **Self-Targeting:** tailored services and trainings that meet the needs for the most vulnerable groups.
- **Direct Targeting:** Incentivizing cooperatives that prioritize vulnerable groups with added support. Prioritizing selection of inclusive implementing partners (IPs) with long field experience with marginalized groups, and premium access to vulnerable groups for improved infrastructure and services.
- **Enabling Measures:** These promote youth and gender empowerment through inclusive policies, capacity-building of IPs, and institutional support.

79. **Youth[33].** LMDP-III will support the development and uptake of a broader range of economic pathways and employment generation opportunities. This will enable the youth to be equipped with the technical and financial skills needed to develop profitable rural enterprises and diversify their incomes, improve their livelihoods, and reduce pressure on fragile lands. Youth-centric financial services through RDF will foster self-employment. This will go in tandem with increasing youth participation in decision-making, and with job creation in rural and agricultural VCs.

80. Based on the employment trends in agriculture and MSMEs, and planned interventions, LMDP-III activities are expected to generate 2,000 new jobs for the youth.

81. **Gender:** LMDP-III will mainstream gender to: (i) Increasing women economic empowerment through enhanced access to financial services and capacity building; (ii) balanced and reduced workloads for women enabling them procure women-friendly equipment and technologies as well as labour; (iii) increasing women's representation, voice and role in decision-making, at household and community levels in LMDP-III such as cooperatives, as female community mentors, etc. The programme will build on ATMP experience in GALS and BALI training for cooperative members and will incorporate a strategy to ensure women's inclusion in value chains and equitable access to opportunities. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women. Such gender strategy would include identification of nontraditional livestock products which will primarily benefit female producers; promotion of women's employment especially at higher levels of the value chains (processing, retailing, etc.); and active communication campaigns on potential, new roles of women in livestock value chains.

82. **Nutrition:** LMDP-III will contribute to improved nutrition outcomes by addressing both supply- and demand-side. On the supply side, the programme will promote food safety and hygiene practices in livestock production and processing, supporting safer

animal-source foods through trainings, infrastructure, and veterinary services under Component 2. On the demand side, the programme will engage with smallholder farmers and rural households to promote healthy diets and improved nutrition awareness. This will be achieved through tailored nutrition-sensitive trainings, including behaviour change communication (e.g. counselling mothers on the importance of nutritious food in young children's diets), and the use of Household Methodologies under Components 1 and 3. These efforts aim to increase consumption of diverse and safe foods, particularly among women and children, while empowering households to make informed decisions about food, health, and care practices.

2.3 Project/Programme Objectives

83. The overall goal of the LMDP-III is the reduction of rural poverty in the Kyrgyz Republic in through increased resilience, incomes, and enhanced economic growth in rural farming communities.
84. Its Development Objective is to increase the incomes of smallholder livestock farmers, achieved through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities.

2.4 Component, Sub-component and Activities

85. LMDP-III will be implemented through three interconnected components designed to sustainably manage pasture resources, improve veterinary and food safety systems, and strengthen climate-resilient value chains.

Component 1: Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management

86. Component 1 will establish sustainable management of pastures including pastures in forest lands, resulting in healthier ecosystems and more resilient rural livelihoods. It will address root causes such as overgrazing by excessive herd sizes, scarce water and fodder resources, weak governance of pasture and forest lands, and low adoption of climate-smart practices, as well as the past exclusion of women and youth from decision-making.
87. By empowering AOs and leskhozoes to manage land use, the programme will promote pasture governance, contributing to improved implementation of pasture legislation and natural resource governance. All interventions will be climate-smart, reducing vulnerability to droughts, erosion, wildfires, and other climate risks while improving land use. Women and youth will be engaged as active participants and beneficiaries, ensuring inclusive governance and new livelihood opportunities. The approaches piloted under this component will generate models and evidence to guide national policy on integrated resource management, laying the groundwork for scaling up climate-resilient ecosystem management countrywide.
88. **Subcomponent 1.1: Pasture, forestry and livelihood management plans prepared.** Every AO will formulate a Pasture and Livestock Management Plan (PLMP) and a Socio Economic Development Plan (SEDP) and each district leskhoz will formulate a Natural Resources Management Plan (NRMP), aligned with local development objectives covering rehabilitation investments planning across about 2 million hectares of land. The development of these plans is essential to ensure sustainable land use, reduce overgrazing, restore degraded ecosystems, and diversify income sources for rural households. Each plan will have clearly defined goals and objectives:
 - PLMPs will focus on improving pasture governance, introducing sustainable grazing practices, and increasing livestock productivity through better pasture use and fodder access.
 - SEDPs will aim to identify and prioritize local infrastructure, service delivery, and income-generating activities, particularly those that reduce dependence on fragile natural resources.
 - NRMPs will guide the sustainable management of forest pasture areas, focusing on ecological conservation, regulated grazing, erosion control, and non-timber forest product (NTFP) use.
89. These plans will be developed by the Aiyl Okmotus (AOs) and district leskhozoes, in consultation with local communities and resource users, to ensure that local needs and priorities are reflected in the planning process. They will map local resources, resolve land-use overlaps, and set out actions such as grazing rotations, improved water points, and fodder production areas. The planning process will follow guidance provided in the Programme Implementation Manual (PIM) and will be coordinated with the broader Socio-Economic Development Plans (SEDPs) of the AOs, ensuring alignment with local development priorities. The plans will guide investments to rehabilitate degraded pastures (e.g. reseedling, water supply improvement) and to manage pastures inside forests sustainably, while also identifying alternative livelihood opportunities that reduce pressure on grazing. With these plans in place, communities will have a clear roadmap for balancing livestock production with land conservation and income diversification.
90. **Subcomponent 1.2: Climate-resilient institutional processes and capacities strengthened.** This subcomponent will build the capacity of institutions at national and local levels to implement the plans. Nationally, the programme will equip and train the Service of Veterinary Affairs, Livestock Development, Pastures and Feeds in the MWRAP and the State Forestry Service of the Ministry of Emergency Services to better support and oversee community-based resource management—by strengthening pasture monitoring, coordinating integrated forest-pasture management, and promoting climate-smart practices—ultimately resulting in the training of at least 1,000 government staff (drawn mainly from the supported AOs and leskhozoes) in ecosystem management, monitoring, and forest reforestation. Locally, AOs and leskhozoes will receive training, technical assistance and tools for data-driven, transparent decision-making. Standard planning templates and digital dashboards will be introduced to help them monitor pasture and forest conditions and adapt management practices proactively. Digital planning (ICT4D) toolkits for example a geo-tagged asset register, mobile photo verification and MIS dashboards will also be used to track pasture-user fee collection, O&M allocations and the condition of financed assets. Release of infrastructure financing will be conditional on an approved O&M plan and subsequent quarterly O&M reporting; non-compliance will trigger corrective actions and time-bound remedial plans. Capacity building will cover sustainable land management, reinvestment of pasture fees into maintenance, participatory governance and related skills. The programme will also introduce performance-based incentives: if an AO or leskhoz achieves

clear improvements in land health (such as restored vegetation cover) and meets its plan targets, it will earn recognition or additional support. By closing gaps in skills, coordination and accountability, this output will enable local institutions to enforce grazing rules, maintain infrastructure, and respond to climate risks. The programme also recognizes the institutional shift from PUUs to AOs and the loss of institutional memory during the gap since LMDP I & II. To address this, during AO selection, the programme will carry out a continuity and institutional transition assessment in former LMDP areas to: (i) identify which practices and assets (e.g., pasture access tracks, watering points, fee systems, grazing rules) have been sustained or discontinued; (ii) map current governance arrangements after the reform; and (iii) pinpoint capacity gaps and reasons (technical, financial, institutional). Findings will set the baseline and shape targeted support. The strengthened institutional model will provide a basis for national improvements in pasture and forest governance.

91. **Subcomponent 1.3: Pasture and forestry management plans implemented.** Phase I will support the preparation of PLMPs, SEDPs, and NRMPs by approximately 200 AOs and leskhozoes from which this subcomponent will competitively select and support around 100 AO and 41 leskhozoes with infrastructure financing up to US\$ 100,000 per AO and US\$ 35,000 per Leskhoz to finance protective (solar wells, check-dams, firebreaks) and productive (milk coolers, seed nurseries) infrastructure as summarised in the table below. In relation to AOs, LMDP-III will finance up to 75% of the public infrastructure investments identified in the PLMP and SEDPs, up to a maximum of US\$ 100,000. The remaining 25% will be contributed by the respective AO. Moreover, approximately 70% of the LMDP-III funding to the AOs will support PLMP related investments and 30% will support SEDP related investments. In relation to leskhozoes LMDP-III will finance up to 100% of the public infrastructure investments only for the improvement of forest pastures identified in the NRMPs, up to a maximum of US\$ 35,000. Leskhozoes are exempt from co-financing due to their limited mandate for revenue collection, which constrains their ability to provide matching funds.
92. Particular attention will be paid to the risks of grazing on steep slopes and encroachment into forested areas, which can accelerate soil erosion, reduce grass cover, and negatively affect water balance. To address this, the programme will integrate a land use planning process into PLMPs and NRMPs, involving slope, soil type, and vegetation mapping to identify areas where grazing should be restricted or prohibited and where targeted reforestation or ecological restoration will be undertaken. On steep slopes, reforestation will follow erosion-control best practices to avoid further degradation.

Table: Summary menu of investments

Category	Aiyl Okmotu (AO)	Leskhoz (Forest Enterprise)
Protective / Restorative Infrastructure	- Pasture water supply: wells, reservoirs, solar/gravity-fed systems - Rehabilitation of pasture infrastructure: roads, bridges - Erosion control and land rehabilitation: check dams, drainage ditches, soil and water conservation <u>works</u>, terracing on slopes - Mudslide/flood control: slope stabilization, runoff management - Rainwater harvesting ponds, fodder banks, livestock shelters - Water stream protection and fencing of regenerating areas (especially near forest interfaces) - Windbreaks, shelterbelts (in coordination with Leskhoz) - Seeding/planting of indigenous grasses and shrubs to restore degraded pasturelands - Mobile seed <u>harvesters</u> - Creation of certified forage-seed nurseries and community-managed seed production plots to ensure local availability of improved forage seed varieties, reducing reliance on distant suppliers.	Soil and water conservation and other infrastructure investments for improvement of forest pastures
Productive Infrastructure	- Livestock market yards, slaughter areas, meat/milk processing units - Community orchards, greenhouses, polytunnels - Agricultural and specialised machinery: tractors, balers, mowers for shared community use - Fodder plots, drought-resistant forage seed nurseries, fodder seed banks - Non-timber product workshops: wool, honey, handicrafts - Eco-tourism infrastructure: trails, signage, campsites, picnic areas - Beekeeping apiaries and product <u>centers</u>	- Agroforestry and <u>silvopastoral</u> demonstration plots - Fruit and nut tree planting (walnut, wild apple, apricot) for community use or income - Forest apiaries for honey production - Leasing forest land for community NTFP use (e.g. herbs, mushrooms, etc.) - Small infrastructure to support sustainable foraging, processing <u>centers</u> for NTFPs, and forest-based training sites

93. The on-the-ground investments in each territory will be identified in the plans leading to the rehabilitation planning of at least 350 (initial target, subject to upward revision at MTR) infrastructure sub-projects across the programme area. During Phase 1, the investments in the leskhozoes will be prioritised only for supporting the improvement of the forest pastures and subsequent phases will support the full range of forest restoration activities. Key activities will include restoring pastures and forests through climate-resilient measures – for example, installing or rehabilitating livestock watering points, replanting degraded areas with climate-tolerant fodder and trees, and building small check-dams or firebreaks to reduce erosion and wildfire risks. An integrated and sustainable approach to water resource management approach will be adopted through the following measures.
- Water points will be strategically planned by Aiyi Okmotus based on mapping existing water sources to prevent overuse, land degradation, and pressure on water tables.
 - Climate-smart technologies, e.g. solar-powered pumps and surface water harvesting systems will be prioritised to avoid placing pressure on deep aquifers.
 - Where relevant automatic shut-off systems will be used to prevent over-pumping during dry periods.
 - The Environmental and Social Management Plan will identify unsustainable livestock water use as a key risk and includes safeguards to ensure each watering point is aligned with the area's natural recharge capacity.
 - Water abstraction will be measured, monitored, and reported.
94. Improved grazing management will be put into practice by establishing community fodder banks, applying rotational grazing in designated areas, and setting aside "reserve" pastures for use during droughts or harsh winters. The programme will also train community members in these new practices to ensure they are adopted widely. Women and youth will benefit from at least 2,000 new jobs created through investments in accordance with the PLMP, SEDC and NRMPs in areas such as land restoration, operation and maintenance of new infrastructure. These measures will directly rehabilitate natural resources and improve forage and water availability, making communities more resilient to climate extremes. As pastures recover, the government is expected to formalize this integrated approach (for instance, by issuing a decree to endorse the joint pasture–forest management model). Such policy uptake will embed the programme's innovations into national practice and enable replication beyond the programme areas.
95. Remote summer pastures have historically been underused because access and water infrastructure was not maintained, local institutions lacked resources, and investments favored near-village areas. To avoid repeating these problems, O&M will be a core requirement in every PLMP, SEDP and NRMP. Each plan must include a multi-year O&M budget, with a defined share of pasture fee revenues earmarked for maintenance. Release of programme funds will be conditional on approval of an O&M plan and submission of quarterly O&M reports. For every asset created, such as tracks, bridges, watering points or shelters, ownership and custodianship will be assigned to the Aiyi Okmotu through signed MoUs, and recorded in a GIS-based asset register with annual maintenance schedules. Infrastructure designs will also be adapted to local terrain and climate risks, using agreed standards for drainage, erosion control and winter access, while ensuring simple upkeep through spares, toolkits and routine maintenance contracts.
96. An ICT4D Action Plan will be developed by the programme during the start-up phase to guide the expansion of digital tools to strengthen planning, monitoring, and adaptive management in pasture, forest, and livelihood management. Building on planned MIS enhancements, GIS-based monitoring, and NDVI tracking, the programme will extend digital applications to support production, resource monitoring, and decision-making. Mobile-enabled data collection, online map portals, and standardized digital planning toolkits will be introduced for AOs and leskhozoes, enabling real-time tracking of PLMP, SEDP, and NRMP implementation. Digital literacy and skills development for youth, women, and community members will be embedded in capacity-building activities to ensure effective use.

Component 2: Strengthening the Food Safety System

97. Component 2 will modernize veterinary and food safety systems so that smallholder livestock producers can deliver safe, hygienic products to consumers and markets. This will improve public health and enable rural families to access higher-value outlets for their meat dairy and other agricultural products, increasing incomes. The component will address root causes of limited food safety and market exclusion – such as the deterioration of veterinary services in remote areas, weak disease surveillance, and cumbersome food safety certification procedures for small producers. It will also integrate climate-smart risk management into animal health and food handling, as climate change is increasing livestock disease, contamination, and spoilage risks. By revitalizing rural veterinary networks and streamlining food safety certification, the programme will reduce climate-sensitive health hazards and pave the way for policy updates in veterinary and food safety governance. The new approaches demonstrated (community-based vet services and risk-based food certification) will guide national reforms ultimately strengthening veterinary public health and resilience in the livestock sector.
98. **Subcomponent 2.1: Country's capacity for food safety strengthened.** This subcomponent will expand and improve veterinary and phytosanitary services as the foundation of safe livestock and agricultural production and public health. The programme will establish community veterinary points and deploy mobile clinics to extend regular animal health services into underserved villages. The community veterinary points will be set up within existing public buildings—such as AO offices or livestock markets—and will be equipped with basic infrastructure for routine services like vaccinations, deworming, first aid, and minor treatments. These points will be staffed by local private veterinarians or trained para-veterinarians and supplied through linkages with AO-level agro-vet stores. In parallel, mobile veterinary clinics, consisting of fully equipped vehicles (only equipping, not purchasing) with refrigeration units, examination kits, and communication tools, will operate on scheduled routes coordinated with AOs and community leaders to reach remote settlements on a rotational basis. These mobile units will also support outbreak surveillance and emergency response. This subcomponent will also facilitate public–private collaboration by supporting AOs to coordinate with authorized state veterinary authorities in mobilizing private veterinarians to deliver vaccinations, treatments, and basic disease surveillance services for remote herder communities.
99. Ongoing training will build the skills of vets in herd health management, hygienic milk and meat handling, and recognition of

climate-sensitive diseases leading to at least 10% reduction in livestock morbidity and mortality determined through sample surveys in the programme areas. Herders and farmers will also learn better animal husbandry and biosecurity practices to reduce disease spread, leading to the adoption of new or improved inputs, technologies, or practices by 40% households. Simultaneously, at least 12,000 households will receive targeted support to improve their nutrition. In parallel, the programme will strengthen veterinary public health surveillance by supporting the national veterinary research institute to monitor zoonotic diseases and food-borne pathogens in livestock, providing data for timely response. It will help develop a national action plan for prudent use of antimicrobials in livestock, introducing guidelines and awareness efforts to curb overuse of antibiotics. By the end of the programme, livestock health and vaccination coverage in target areas will improve, and outbreaks of preventable diseases should decrease. This community-oriented, preventive veterinary service model will inform national veterinary policy and programs.

100. Subcomponent 2.2: Modernized food safety certification system established. This subcomponent will make the national food safety certification system for animal products, making it more efficient, transparent and climate-informed. Modernization will include technical support to upgrade inspection protocols, enhance laboratory testing capacity, and digitize certification processes to improve traceability and efficiency. The programme will help clarify the mandates of the various agencies involved and improve their coordination to ensure cohesive oversight. It will simplify and unify certification procedures for meat, dairy and other livestock products for example by consolidating inspections under a single-window system, replacing overlapping approvals with a coordinated, risk-based process that prioritizing high-risk products. Redundant paperwork and duplicate inspections will be eliminated standardizing forms, digitizing submission and tracking processes, and ensuring that documentation complies with unified national requirements, thereby reducing the burden on producers while maintaining regulatory integrity. Essential safety tests (for pathogens, residues, etc.) will be retained and strengthened as needed. The modernized system will emphasize risk management and include climate-related precautions – extra attention to refrigeration and hygiene during warmer climate periods to prevent spoilage. These reforms will make it easier and less costly for small producers and cooperatives to certify their products, encouraging more of them to enter formal markets. Consumers will benefit from safer food. By demonstrating a streamlined and reliable certification process, the programme will support the government in adopting the necessary regulatory changes and inter-agency agreements to institutionalize this system. This will embed a more adaptive approach in national food safety policy, aligning it with international best practices and expanding market access for Kyrgyz livestock products.

101. ICT4D interventions in the component will strengthen animal identification and traceability systems. Livestock registration, veterinary services, and the pilot traceability initiative will be integrated into a national digital traceability platform to enable real-time disease surveillance, certification, and export compliance. Field-level staff will be equipped with mobile-enabled data capture tools, and the system will be aligned with EAEU-compliant e-certification requirements.

Component 3: Climate-Resilient Value Chains for Livelihoods Diversification

102. Component 3 will help rural households diversify their livelihoods beyond livestock by developing inclusive, climate-resilient value chains for high-value products. By linking producers to better markets and strengthening cooperatives, this component will increase incomes and reduce over-reliance on herding. This shift addresses root causes of pasture degradation (excessive grazing pressure) and rural poverty (lack of market access). Climate adaptation is mainstreamed throughout – for example, by promoting drought-tolerant crops, sustainable wild resource harvesting, and climate-smart processing and storage – so that new enterprises can thrive despite changing weather patterns. As households earn more from new products, grazing pressure on pastures will ease. The programme will demonstrate a climate-smart rural development model focused on value addition rather than herd expansion. Successes and lessons from these initiatives will be systematically documented and translated into evidence-based policy products, which will inform national policy, encouraging the government to replicate climate-resilient value chain approaches and to shift livestock development strategies toward diversified, sustainable practices.

103. Subcomponent 3.1: Priority climate-resilient value chains identified and developed. The programme will collaborate with local stakeholders to identify and prioritize promising value chains in each target area. Examples include non-timber forest products (medicinal herbs, nuts, mushrooms), beekeeping and honey production, horticulture (fruits and berries), and specialty livestock products, selected based on criteria of market demand, high value addition, inclusion of women/youth, and climate resilience. These examples are illustrative and will be developed further during the preparation of the SEDPs.

104. The design of this component is based on a detailed analysis of market opportunities presented in the PIM (annex ix). The analysis shows strong and growing demand for processed and higher-value livestock products, which cooperatives can profitably supply with the right support. For example, per capita milk consumption remains well below nutritional norms, and only 19% of milk is currently processed indicating clear scope to expand value-added dairy products. Similarly, the domestic meat market has grown by 56% in value over five years, while imports remain high, pointing to opportunities for import substitution through local processing. In the fruit and berry sector, Kyrgyzstan imported 93,000 tonnes of fruit in 2023—three times more than it exported—suggesting significant market potential once cold storage and processing improve. In addition, more than 130 enterprises in the dairy, meat, and honey sectors already hold export licenses to EAEU and Chinese markets but face supply shortages, not lack of demand. The programme's support to cooperatives will directly addresses this constraint by improving quality, consistency, and volumes.

105. For each selected value chain, an action plan will be prepared outlining how to improve production, aggregate products, and develop market linkages. Each value-chain action plan will include a simple 4P engagement roadmap that: (i) identifies prospective lead enterprises and service providers; and (ii) sets out contract farming templates (quality specifications, delivery schedules, price/penalty clauses, and payment terms) along with coordination arrangements to unblock standards, certification, logistics and finance issues. These instruments will be tailored to women- and youth-inclusive cooperatives and aligned with EAEU market requirements. Producer groups and emerging cooperatives will receive training and technical support tailored to their value chain - covering climate-smart production methods, quality standards, and basic business management. To prevent elite capture, the programme will apply lessons from the ATMP project by requiring a major proportion (e.g. 70%) of cooperative

members from poor households in addition to other criteria for example 50% of office-bearing positions held by members from poor households. These efforts will lay the foundation for investments that diversify rural incomes and build climate resilience at the community level. The diversification activities will also include nutrition-sensitive training and household-level capacity building, resulting in improved dietary diversity for women. (target to be set based on baseline survey results).

106. **Subcomponent 3.2: Agricultural Value Chain Development Fund (AVCDF) established (Refer to PIM for full details on AVCDF).** This subcomponent will establish a dedicated financing mechanism to support cooperative investments in value addition. The programme will set up an Agricultural Value Chain Development Fund within MWRAPI to provide interest-free, repayable financing (loans) to eligible cooperatives. Eligible cooperatives will be selected based on criteria including active presence in the selected AOs/leskhozoes, having active membership base (e.g. 25+ members at start), commitment to inclusive membership (women and youth), demonstrated governance capacity (e.g. regular meetings, records, elected representatives), viable business plan aligned with programme-supported value chains, transparent financial records, readiness to contribute 10-20% cofinancing, and compliance with IFAD's environmental and social safeguards. Land can be counted as a non-cash contribution where it is directly used for the subproject, provided ownership/use rights are verified and documented. AVCDF will directly complement Subcomponent 3.1, which focuses on building the capacity of cooperatives in governance, business planning, and market linkages. Once cooperatives have strengthened their operational and managerial capacities under Subcomponent 3.1, they will be eligible to apply for AVCDF financing to implement their business plans. a Steering Committee, comprising representatives from the government, private sector, producer groups, and development partners, will oversee the operations of the fund. The APIU will be responsible for managing the AVCDF until the end of the programme, after which the fund will be transitioned to the appropriate department in the ministry.
107. To increase value-chain inclusiveness, the AVCDF will also pilot a financing window for individual farmers and rural entrepreneurs from within the programme's target group. This window will complement the cooperative financing line and address the financing needs of viable individual actors who demonstrate strong integration with cooperative or value-chain activities. Financing will be based on sound business plans and robust credit appraisal, applying appropriate risk management standards. Priority will be given to proposals that generate local employment, particularly for women and youth, or strengthen backward and forward linkages with cooperatives and processors. The operational design of this window, including eligibility criteria, loan limits, and collateral mechanisms, will be developed during the preparatory phase of the Fund within the first two years of implementation.
108. During implementation, the APIU will potentially engage qualified financial institutions to provide technical support in designing and strengthening credit systems, and to act as disbursement and account agents for AVCDF transactions. In this role, such institutions could execute supplier payments for approved loans and manage designated AVCDF accounts with proper controls, reconciliations, and reporting, thereby embedding banking discipline in fund operations while ensuring continued access for first-time and low-collateral borrower. The AVCDF will prioritize funding for proposals that incorporate climate adaptation measures and benefit vulnerable groups - for example, purchasing solar-powered drying equipment or milk-chilling units for cooperative use. AVCDF will remain accountable to the MWRAPI and the Ministry of Finance for operational oversight, financial control and fiduciary compliance.
109. The fund will be capitalized by the programme and designed to revolve, so that loan repayments are recycled into new loans. By giving cooperatives access to affordable capital, the fund will enable them to acquire equipment, build processing facilities, improve storage, and otherwise upgrade their value chains in ways that were previously out of reach. Depending on AVCDF's performance and recovery experience once lending has commenced, and subject to the overall financing environment and guidance of the Governing Steering Committee, the possibility of gradually introducing an interest-bearing loan window will be explored. Such an adjustment would potentially enhance AVCDF's sustainability while continuing to safeguard access for first-time and low-collateral borrowers.
110. The funds allocated by the Programme for the AVCDF shall be transferred on the basis of a separate Subsidiary Grant Agreement to be concluded between the Ministry of Finance of the Kyrgyz Republic, the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic, and the Agricultural Value Chain Development Fund. The Agreement shall clearly stipulate that these funds are provided exclusively as grants and shall be used solely for supporting agricultural cooperatives, individual farmers, and entrepreneurs involved in the development of priority value chains.
111. In line with the programme design, these funds will be provided exclusively as grants for targeted use in supporting cooperatives, farmers, and entrepreneurs in priority value chains. Over time, the AVCDF is expected to become permanent, demonstrating how targeted public finance can drive climate-smart rural enterprise growth and providing a blueprint for replication in other regions. LMDP-III exit strategy for the AVCDF involves the formal transfer of its management and assets from the APIU to a designated long-term host, most likely a department within MWRAPI, with alternatives including a foundation or financial institution. As part of this transition, consideration will also be given to involving qualified private financial institutions in Fund operations, thereby reducing reliance on government budget allocations and embedding financial-sector discipline. AVCDF's sustainability will be supported by progressively shifting operating costs from programme financing to cost-recovery mechanisms (such as commissions, processing fees, and interest earned from placing idle funds in secure foreign currency deposits) while managing financial and credit risks through innovative approaches, including credit guarantee linkages (with the guarantee fund institution called Guarantee Fund OJSC) and exchange-based lending if found relevant.
112. Experience from similar mechanisms, such as the Rural Finance Facility (RFF) in Armenia, shows that such funds often require a long gestation period. To accommodate this, the first 2–3 years of the programme will focus on establishing the Fund, with operations starting after the mid-term review. Another lesson from the RFF is that these funds are most effectively sustained when supported through multiple projects, which aligns with the long-term programmatic approach of LMDP-III.
113. **Subcomponent 3.3: Cooperatives financed and linked to markets.** The programme will help at least 100 cooperatives to benefit from AVCDF financing and reach sustainable markets (refer to PIM for more details). Cooperatives will receive training

before funding (to strengthen their governance, financial management, and business planning) and mentorship after funding as they procure equipment, set up facilities, and adopt new technologies or practices with these trainings benefiting at least 9,000 cooperative members and non members. The programme will help cooperatives, their members, and other target households in the programme area establish strong financial linkages, enabling them to access credit and other financial support from banks, microfinance institutions, and government funding programmes. In parallel, the programme will facilitate buyer linkages by supporting cooperatives' participation in trade fairs, organizing buyer meetings, and assisting with product certification with at least 2,500 households benefiting from marketing agreements established by their cooperatives with lead enterprises. AVCDF-financed business plans will, where feasible, be underpinned by pre-agreed off-take contracts or framework agreements with buyers. Standard agreements will cover volumes, quality, delivery and payment milestones, with basic risk-mitigation (e.g. phased payments against verified delivery). APIU will facilitate these agreements, monitor performance indicators, and escalate corrective actions where slippage occurs.

114. The APIU has strong experience in developing such market linkages. Under the ATMP project, it successfully connected 99 cooperatives with 16 livestock processors, each formalising agreements to provide technical assistance and purchase produce from the ATMP supported cooperatives at the end of the production cycle. Building on this proven model, the APIU will actively mobilise private-sector processors and support them to establish similar agreements with the LMDP-III supported cooperatives. APIU will also leverage its experience as the implementation unit of the ADB-financed CRAVCD project, which is linking over 25 agribusinesses to bank credit lines. Although CRAVCD will overlap with LMDP-III for only 1–2 years, the APIU will tap into the CRAVCD supported agribusiness network and connect them to the LMDP-III supported cooperatives wherever relevant to the LMDP-III value chains and AO/leskhozoes supported.

115. The value chain study conducted at design has also identified a range of opportunities to as the potential private sector partnership entry points under this subcomponent. For example,

- In the dairy sector, 44 export-licensed processors are operating at only around 60% capacity due to shortages of high-quality raw milk. This opens opportunities for private sector linkages by supporting village-level milk collection, cold chain logistics, feed production, veterinary services, and integrated medium-scale farms run by the cooperatives.
- In the meat sector, certified processors currently handle only 16% of total output. There is strong potential for programme investments through cooperatives in certified slaughterhouses, contract feedlots, feed mills, and cold storage facilities.
- The honey sector includes 80 SMEs and 68 export-licensed firms, many of which report seasonal shortages of antibiotic-free raw honey. This creates space for cooperatives to supply quality honey to these firms through programme support to adopt hive equipment, queen breeding services, and quality forage crops.
- For berries and fruits, more than 100 processors are already active, but losses remain high due to lack of storage and grading. Commercial farms and exporters are expanding rapidly, with the Berry Growers Association aiming for 50,000 hectares of production and \$1 billion in exports by 2030. This presents clear entry points for investment through the cooperatives in increasing production as well as investments in cold storage, packhouses, juice processing, supported by certification services.

116. By the end of the programme, many cooperatives are expected to be selling processed, higher-value goods – for example, aggregated and refrigerated milk instead of raw milk, or dried fruit instead of fresh – under contracts. This will raise incomes and reduce dependence on livestock sales, while having fewer but more productive animals will help keep herd sizes sustainable. The success of these ventures will show policymakers that investing in value addition and diversification improves livelihoods and conserves resources. This will encourage national policymakers to adopt more climate-smart, market-oriented approaches to livestock and rural development (Refer to PIM for more details on components 1, 2 and 3).

2.5 Sustainability, Scaling Up and Exit Strategy

117. **Sustainability (for more details refer to the 'sustainability' section in the PIM – chapter X).** LMDP-III's sustainability vision is to strengthen self-reliant institutions responsible for pasture resources management to pursue inclusive economic growth, and sustainably manage natural resources. Outcomes and benefits will thrive independently through robust local participation, durable financial mechanisms, and scalable practices integrated into national frameworks. (refer to PIM for more details).

118. Sustainability is anchored across socio-economic, institutional, technical, environmental, and financial dimensions. **Socio-economic sustainability** will be achieved through the reflection of the target groups needs in the planning process (PLMPs, SEDPs, NRMPs), targeted investments within priority zones most relevant to target group livelihoods, mandatory local co-financing, and revenue management via ring-fenced fee systems, whereby revenues collected (e.g. pasture use fees or veterinary service charges) are kept separate from general budgets and reinvested exclusively into maintaining and operating the related services or infrastructure, by programme closure. Institutional sustainability will be secured by the existing official integration of the natural resources and livelihood development plans in the national pasture and forestry legislation, clearly defining roles and responsibilities of AOs and Leskhozoes, supported by continuous capacity-building. Technical sustainability will occur through structured operational and maintenance plans, strong public-private veterinary partnerships, and comprehensive local technical training. Climate and environmental sustainability will involve ecosystem restoration measures, adaptive grazing, afforestation with native species, and climate-resilient infrastructure like solar-powered water systems. Financial sustainability will rely on user-fee-funded maintenance, structured market linkages, professional veterinary services financed by affordable fees, and diversified local income sources.

119. **Scaling up (for more details refer to the 'scaling up' section in the PIM – chapter IX).** The scaling-up strategy aims to mainstream successful LMDP-III practices nationwide, transforming pasture and forest management, veterinary services, and cooperative-led enterprises into standard practices. Horizontal scaling will replicate proven approaches from initial success story sites through structured peer learning, digital training, and performance incentives. Vertical scaling focuses on institutionalizing innovations within national policy frameworks, local governance budgets, and regulatory standards, particularly aligning with EAEU requirements. Strong community demand, government and private-sector champions, and clear market incentives will

provide the driving support for the scaling-up process.

120. To enable effective scaling, LMDP-III will systematically established essential institutional, financial, market, and knowledge spaces. This includes updated national regulations, strengthened local governance capacity, sustainable funding mechanisms like AVCDF and user fees, robust market linkages, and comprehensive knowledge-sharing tools such as digital dashboards and national policy dialogues. These prepared spaces will ensure that programme innovations are not only sustained but systematically documented and scaled up to maximize their long-term impact.
121. **Exit strategy (for more details refer to the 'exit strategy' section in the PIM – chapter XII).** The exit strategy ensures systematic transition of programme responsibilities and assets to permanent actors. Local governments (AOs and Leskhozoes) will formally assume ownership and budget responsibilities for maintaining all programme-supported infrastructure, including pasture roads, public veterinary clinics, and agro-processing facilities. Transparent management of locally collected pasture and forest-use fees will ensure continuous asset maintenance funding. Cooperatives and community enterprises will independently manage productive infrastructure, reinvesting generated revenues to ensure sustainability.
122. National-level institutions, particularly the MWRAPI, will institutionalize key programme elements such as the AVCDF revolving fund, GIS-based pasture monitoring, and electronic livestock traceability within their operational frameworks and budgets. The exit strategy will also allow for a gradual evolution of lending terms and institutional arrangements, with scope for introducing concessional interest rates and engaging private financial institutions as operational partners where conditions permit. Multi-year veterinary service agreements will be sustained through public-private arrangements, coordinated with competent state authorities and supported by locally generated revenues (e.g. service fees), which will be managed through ring-fenced mechanisms to ensure funds are reinvested into continued veterinary service delivery. Furthermore, inclusive governance policies and community participation frameworks introduced by LMDP-III will be formalized, ensuring lasting integration of community voices, particularly those of women and youth, into local decision-making processes.

2.6 Project financing

123. The programme costs are estimated based on data collected during the April 2025 design mission and cover a five-year implementation period from 2027 to 2031. An annual inflation rate of 6.3% has been applied for local costs, and 2.5% for international costs, reflecting official medium-term forecasts. The exchange rate is set at 87 KGS per US dollar, based on the 2024 average. A 12% VAT and 17.25% employer social insurance contribution have been included, while the Government will cover any remaining tax obligations through budget provisions or exemptions. Standard physical and price contingencies have been added to account for possible changes in quantities and prices. The cost structure covers three technical components and programme management, with implementation led by the Agricultural Project Implementation Unit under the Ministry of Agriculture.
124. **Programme costs.** The total investment and incremental recurrent Programme costs, including physical and price contingencies, are estimated at about US\$ 21.490 million. Physical and price contingencies are low at 1% of the total Programme costs. This is mostly due to the fact that they were introduced only to Civil Works and Goods, Equipment and Materials, which represent only 16.5% of the programme cost.
125. **Programme financing.** LMDP-III Phase 1 will be financed by an IFAD Loan of US\$ 16.843 million under Super highly concessional terms (SHCT) and an IFAD Loan of US\$ 4.210 million under Highly concessional terms (HCT) from IFAD13 PBAS allocation. The SHCT Loan (78.4 per cent of total programme costs) will finance 79.4 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 11.71 million); 71.9 per cent of the of Strengthening the Food Safety System component (US\$ 2.21 million); 80 per cent of the of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 2.29 million) and 78.9 per cent of the programme management component (US\$ 0.62 million). The HCT Loan (19.6 per cent of total programme costs) will finance 19.8 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 2.92 million); 18 per cent of the Strengthening the Food Safety System component (US\$ 0.55 million); 20 per cent of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 0.57 million) and 19.7 per cent of the programme management component (US\$ 0.15 million).
126. **The government contribution is estimated at US\$ 390,000 (1.8 per cent of the total cost) and includes contributions from its budget mostly to cover taxes.**
127. The Government contribution would cover all taxes and duties on all Programme inputs that involve funding from the IFAD Loan or any other external source of funding associated with the IFAD Loan. The estimate of taxes and duties is based on the rates in effect prevailing at the time of the design. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD Loan, any future changes in the rates and/or structures of taxes and duties would have to apply to the Programme.
128. Tables 1 and 2 below provide summaries by the Programme components and expenditure accounts of the proposed financing arrangement. The other summary financing tables and the COSTAB file are available on Programme file.
129. Implications for Government Budget. Apart from repayment of the IFAD Loan, implications for Government's budget are limited in terms of its contribution to the Programme costs: the MOF will need to make annual allocations in the state budget to cover taxes and duties.
130. The programme currently does not foresee any co-financing for its initial phase. However, several opportunities for co-financing have been explored and may materialize during subsequent phases:
- **Adaptation Fund (AF):** Discussions are ongoing, and a letter from the Designated Authority — the Ministry of Natural Resources, Ecology and Technical Supervision — confirming its willingness to receive US\$ 20 million in grant financing was

received in July 2025. However, due to the timeline required for the preparation and approval of an AF-supported project (estimated at 2 to 2.5 years), this funding is foreseen later through a separate self-contained design process without creating budgetary gaps in the initial design.

- **Aga Khan Foundation (AKF):** AKF has expressed interest in supporting future phases of the programme. However, like other potential financiers, a formal request must be initiated by the Ministry of Finance in line with national procedures.

Table 1: Financing Plan by Components - including contingencies ('000 US\$)

	IFAD loan 1 Super HC		IFAD loan 2 HC		Beneficiary Contribution		Government Taxes		Total		For.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.		
A. Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management													
1.1 Pasture, forestry and livelihood management plans prepared	335	72.2	84	18.0	46	9.8	-	-	464	2.2	-	464	-
1.2 Climate-resilient institutional processes and capacities strengthened	2 229	78.2	557	19.5	-	-	65	2.3	2 852	13.3	-	2 787	65
1.3 Pasture and forestry management plans implemented	9 148	80.0	2 287	20.0	-	-	-	-	11 435	53.2	-	11 435	-
Subtotal	11 712	79.4	2 928	19.8	46	0.3	65	0.4	14 751	68.6	-	14 686	65
B. Component 2. Strengthening the Food Safety System													
2.1 Country's capacity for food safety strengthened	1 639	72.0	410	18.0	-	-	227	10.0	2 276	10.6	-	2 048	227
2.2 Modernized food safety certification system established	577	71.4	144	17.9	-	-	87	10.7	808	3.8	-	721	87
Subtotal	2 216	71.9	554	18.0	-	-	314	10.2	3 083	14.3	-	2 770	314
C. Component 3. Climate-Resilient Value Chains for Livelihoods Diversification													
3.1 Priority climate-resilient value chains identified and developed	176	80.0	44	20.0	-	-	-	-	220	1.0	-	220	-
3.2 Agricultural Value Chain Development Fund (AVCDF) established	2 000	80.0	500	20.0	-	-	-	-	2 500	11.6	-	2 500	-
3.3 Cooperatives financed and linked to markets	115	80.0	29	20.0	-	-	-	-	143	0.7	-	143	-
Subtotal	2 291	80.0	573	20.0	-	-	-	-	2 863	13.3	-	2 863	-
D. Project Management													
Project Management	625	78.9	156	19.7	-	-	11	1.3	792	3.7	-	781	11
Total	16 843	78.4	4 211	19.6	46	0.2	390	1.8	21 489	100.0	-	21 100	390

Table 2: Expenditure Accounts by Financier ('000 US\$)

	IFAD loan 1 Super HC		IFAD loan 2 HC		Beneficiary Contribution		Government Taxes		Total		For.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.		
I. Investment Costs													
A. Civil Works	582	71.2	145	17.8	-	-	90	11.0	817	3.8	-	727	90
B. Equipment, Goods and Vehicles													
Goods, Equipment and Materials	1 940	71.2	485	17.8	-	-	300	11.0	2 725	12.7	-	2 425	300
Vehicles	120	80.0	30	20.0	-	-	-	-	150	0.7	-	150	-
Subtotal Equipment, Goods and Vehicles	2 060	71.7	515	17.9	-	-	300	10.4	2 875	13.4	-	2 575	300
C. Technical Assistance, Studies, Training and Workshops													
Training and workshops	174	80.0	44	20.0	-	-	-	-	218	1.0	-	218	-
International TA	25	80.0	6	20.0	-	-	-	-	31	0.1	-	31	-
National TA	351	80.0	88	20.0	-	-	-	-	439	2.0	-	439	-
Subtotal Technical Assistance, Studies, Training and Workshops	550	80.0	138	20.0	-	-	-	-	688	3.2	-	688	-
D. Financing													
Credit and Funds	13 127	79.8	3 282	19.9	46	0.3	-	-	16 455	76.6	-	16 455	-
Total Investment Costs	16 320	78.3	4 080	19.6	46	0.2	390	1.9	20 835	97.0	-	20 445	390
II. Recurrent Costs													
A. Salaries and Allowances	424	80.0	106	20.0	-	-	-	-	530	2.5	-	530	-
B. Social Fund	75	80.0	19	20.0	-	-	-	-	94	0.4	-	94	-
C. Other Operating Expenses													
Office	24	80.0	6	20.0	-	-	-	-	30	0.1	-	30	-
Total Recurrent Costs	524	80.0	131	20.0	-	-	-	-	655	3.0	-	655	-
	16 843	78.4	4 211	19.6	46	0.2	390	1.8	21 489	100.0	-	21 100	390

Table 3: Programme costs by component and sub-component by programme year ('000 US\$)

Component/ Sub-component	2027		2028		2029		2030		2031		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management	-	-	-	-	-	-	-	-	-	-	-	-
1.1 Pasture, forestry and livelihood management plans prepared	464.0	3	-	-	-	-	-	-	-	-	464.0	2
1.2 Climate-resilient institutional processes and capacities strengthened	1 405.5	8	340.9	21	341.4	65	340.9	67	388.4	56	2 852.3	13
1.3 Pasture and forestry management plans implemented	11 435.0	63	-	-	-	-	-	-	-	-	11 435.0	53
Subtotal	13 304.5	74	340.9	21	341.4	65	340.9	67	388.4	56	14 751.3	69
B. Component 2. Strengthening the Food Safety System	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Country's capacity for food safety strengthened	1 280.4	7	874.2	53	16.3	3	16.5	3	16.7	2	2 275.5	11
2.2 Modernized food safety certification system established	510.0	3	267	16	-	-	-	-	-	-	607.9	3
Subtotal	1 892.8	10	1 141.2	69	16.3	3	16.5	3	16.7	2	3 083.5	14
C. Component 3. Climate-Resilient Value Chains for Livelihoods Diversification	-	-	-	-	-	-	-	-	-	-	-	-
3.1 Priority climate-resilient value chains identified and developed	110.0	1	110	7	-	-	-	-	-	-	220.0	1
3.2 Agricultural Value Chain Development Fund (AVCDF) established	2 500.0	14	-	-	3	-	-	-	-	-	2 500.0	12
3.3 Cooperatives financed and linked to markets	25.0	0	50	3	39.4	8	14.4	3	14.4	2	143.2	1
Subtotal	2 635.0	15	160	10	39.4	8	14.4	3	14.4	2	2 863.2	14
D. Project Management	-	-	-	-	-	-	-	-	-	-	-	-
Project Management	258.9	1	-	-	127.2	24	135.2	27	270.4	39	791.7	4
Total	18 126.4	100	1 642.1	100	524.3	100	507	100	689.9	100	21 489.6	100

Disbursement

131. LMPD-III will include one SHCT Loan of US\$ 16.843 million and one HCT Loan of US\$ 4.210 million. The programme categories include civil works, equipment, goods and vehicles, technical assistance, trainings & workshops, credit & funds, salaries and allowances, and operating costs. The recurrent cost of the programme comprises 3% of total programme cost whereas the investment cost comprises 97% of total programme costs. The programme implementation period will be 5 years.
132. Flow of funds and disbursement arrangements: APIU can request funds from IFAD directly by submitting withdrawal applications in IFAD Client Portal (ICP). Funds will be paid to the programme designated account (DA) that will be opened at a bank identified by the MOF and acceptable to IFAD. The DA will receive proceeds and disbursement from both IFAD loans as well as accounting and financial reporting will be carried out by the APIU using pari passu method (80 per cent/20 per cent) between SHCT and HCT loans.
133. Equally, one Operating account in local currency will be opened by APIU to receive transfers from the corresponding Designated account. In addition, the programme will open two dedicated bank accounts in local currency in which the government contribution and beneficiary contribution will be deposited. A dedicated Interest Account will be opened in US\$ for the purposes of receiving interest on the designated accounts (proceeds in these accounts to flow back to MoF). Furthermore, a dedicated tender account will be opened in US\$ (and other currencies) for the purposes of receiving tender related payments (purchase of bids documents).
134. The Programme will be withdrawing funds from IFAD using the Report-based disbursement mechanism. Advances will be withdrawn based on cash forecasts that will be submitted for a 6-month period. Withdrawal applications will include the Quarterly Interim Financial Reports (IFRs) and other reports as mentioned in the Financial Management and Financial Control Arrangements Letter (FMFCL). The report-based disbursement mechanism will serve also as an analytical tool for assessing the programme's periodic and overall/cumulative performance. Furthermore, the programme will require adequate cash forecasts on a quarterly basis that reflect the cash needed for the subsequent reporting periods, to be aligned with the AWPB.

2.7 Economic and Financial Analysis

135. The Economic and Financial Analysis (EFA), summarized here and detailed in Annex 4, provides strong evidence of the programme's viability and its expected benefits to smallholder livestock farmers and rural communities in the Kyrgyz Republic. LMDP-III targets increased productivity, diversification, and climate resilience in livestock production, forest and pastureland management, and rural enterprises, with clear financial and economic returns.
136. **Outreach and Beneficiaries.** The programme targets 30,000 rural households across all seven regions, with particular emphasis on mobile herders, forest product collectors, and fodder producers. Women and youth represent at least 40% and 30% of direct beneficiaries, respectively. LMDP-III will support 100 Aiyl Okmotus (AOs) and 41 leskhozoes during Phase 1, with activities expected to generate approximately 2,000 new jobs for youth. Beneficiaries include peasant farms (40%), household farms (50%), and individual entrepreneurs (10%).
137. **Financial Analysis.** The financial analysis draws on 12 representative investment models reflecting programme-supported activities. These models cover pasture restoration, livestock development, orchard establishment, greenhouse cultivation, and value-added processing. Farm and activity-level models were developed based on data from ongoing IFAD projects, interviews, and local price and cost structures. The average discount rate of 14% was applied, in line with prevailing local interest rates and inflation trends.
138. Profitability indicators across models are strong:
- The FIRR ranges from 16.9% (cold storage) to 91.3% (2-head cattle fattening).
 - NPVs are positive across all models, with highest returns in walnut and apricot orchards, cattle fattening, and greenhouse tomato cultivation.
139. For example, the two-cow farm model shows a FIRR of 18.2% and an NPV of KGS 41,000 over 10 years. The greenhouse model delivers an FIRR of 50.7% and NPV of KGS 718,786 over 15 years. These models reflect real-world conditions and

expected returns when farmers adopt better inputs, practices, and technologies with programme support.

140. **Economic Analysis.** The economic analysis aggregates the expected benefit streams from investment activities over a 20-year period. It incorporates an average conversion factor of 0.86 to derive economic prices, with specific factors of 0.87 for milk and 0.86 for meat. A 10% discount rate was used to estimate the programme's economic indicators.

141. The results are robust:

- The Economic Rate of Return (ERR) is 20.7%, well above the discount rate.
- The Economic Net Present Value (ENPV) is US\$ 16 million.
- The analysis assumes an 80% success rate for investments, based on experience with similar programmes and conservative risk adjustments.

142. **Environmental and Social Benefits.** Several models are specifically aligned with GHG reduction and climate resilience objectives, including orchard establishment and greenhouse technologies. These investments are expected to reduce pressure on pasturelands and contribute to mitigation goals. Though not fully quantified, expected environmental and social benefits include improved pasture governance, enhanced food safety, reduced land degradation, and greater inclusion of women and youth.

143. **Sensitivity Analysis.** The ERR remains above the 10% threshold under all tested scenarios, confirming economic viability:

- A 20% increase in costs or 20% reduction in benefits reduces ERR to 20.0% and 19.0%, respectively.
- A two-year delay in realizing benefits results in an ERR of 18.8%.
These results align with risks identified in the programme's Logical Framework, particularly regarding implementation delays, adoption rates, and input cost fluctuations.

144. The EFA aligns with the Logframe's adoption rates, outreach targets, and expected outcomes. Financial models confirm the viability of proposed interventions and their capacity to contribute to the programme's development objective of increasing incomes and resilience among rural livestock producers.

145. The analysis demonstrates that LMDP-III is both financially and economically viable, with high expected returns for beneficiaries and positive externalities in terms of climate resilience, social inclusion, and sustainable land use. The robustness of results under sensitivity scenarios confirms that the programme is a sound investment and well-positioned to achieve its development goals.

Programme benefits

146. LMDP-III Phase 1 will directly benefit 30,000 rural households—or approximately 60,000 people (141,000 HH members)—across 100 Aiyl Okmotus and 41 leskhozoes. It will bring 2 million hectares of pasture and forest under improved management and support the rehabilitation of around 350 (initial target, subject to upward revision at MTR) climate-resilient infrastructures for grazing, water, and fodder. At least 1,000 government staff will be trained to support integrated forest–pasture governance and ecosystem monitoring, strengthening local capacity for sustainable natural resource management.

147. These investments will lead to concrete improvements in livelihoods and resilience. At least 25% of households are expected to report greater resilience to climate and economic shocks, 30% will report increased incomes, and 40% will adopt sustainable, climate-smart technologies. Veterinary outreach and improved animal health services will reduce livestock morbidity and mortality by 10%, while 40% households will adopt improved inputs and practices such as better husbandry and biosecurity. LMDP-III's investments in veterinary infrastructure, mobile outreach, and vaccination coverage will help reverse the sector's decline and improve herd productivity.

148. The programme will also create 2,000 new jobs—30% targeted for youth—and provide training to 9,000 cooperative members and non members to strengthen business management, governance, production, and value addition capacities. To improve food security, 12,000 households will receive targeted nutrition support, resulting in improved dietary diversity (target to be set based on baseline survey results) for women through household-level training and diversified value chain engagement. Additionally, 2,500 households will benefit from formal marketing agreements facilitated by cooperatives linked to lead enterprises, helping smallholders access higher-value markets.

Chapter 3: Organisation and Management

3.1 Organisational set-up and Governance

149. The Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI) will have overall responsibility for LMDP-III on behalf of the Government of the Kyrgyz Republic.

Programme oversight

150. **Programme Steering Committee.** Strategic oversight will be ensured on a national level via **Programme Steering Committee (PSC)** chaired by the MWRAPI.

151. The other members of the PSC will include representatives from key ministries and agencies – for example

- Ministry of Natural Resources, Ecology and Technical Supervision (MNRET) which is responsible for implementing environmental policies and overseeing environmental monitoring and compliance
- Ministry of Emergency Situations which oversees forest operations including supervision of the 41 leskhozoes
- Ministry of Finance
- Additional ministries and agencies will be identified and included in the PSC as the programme moves closer to implementation, based on evolving thematic priorities and inter-agency coordination needs.
- The Steering Committee will include, as observers, representatives of NGOs and Associations representing stakeholders in the forestry and agricultural sector as well as national academia and the research sector representatives as relevant.

152. The Steering Committee will have the following main functions: i) provide political and strategic guidance; ii) secure good inter-institutional coordination; iii) promote and enhance coordination within the donors' community; and iv) review and approve the annual work plans and budgets.

Executing agency

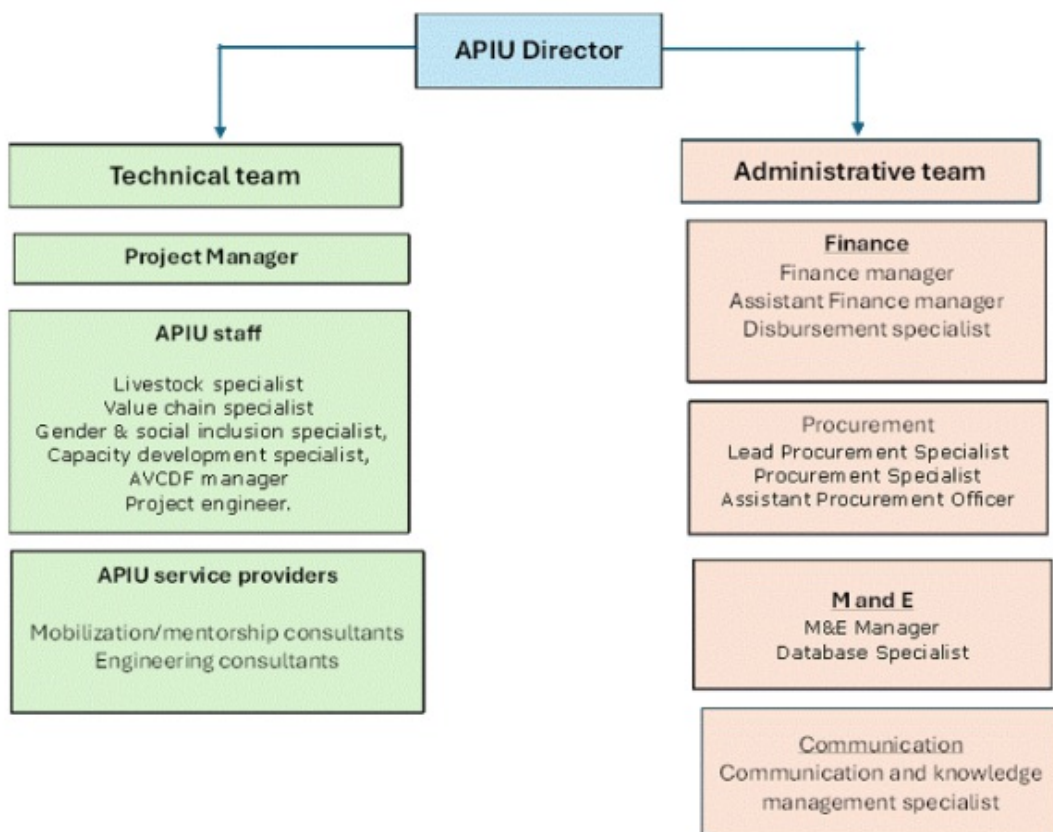
153. **Agricultural Projects Implementation Unit.** Day-to-day programme management and implementation will be carried out by the Agriculture Projects Implementation Unit (APIU), which operates under the MWRAPI. The APIU will serve as the central programme management unit for LMDP-III, building on its experience managing previous IFAD-financed projects.

154. The APIU is headed by a Programme Director, appointed by the MWRAPI, who oversees programme coordination across all sectors and reports directly to both the Ministry and IFAD. The Programme Director is supported by an administrative team and a technical team.

155. **Administrative team.** The administrative team will consist of a Financial Manager supported by an Assistant Financial Manager, a Lead Procurement Specialist supported by a Procurement Specialist and an Assistant Procurement Officer, along with an M&E Manager, a Database Specialist, a Disbursement Specialist, a Communication and Knowledge Management Specialist, and two Interpreters. In total, the team will comprise 10 staff members, providing core administrative and operational support to the programme.

156. **Technical team.** The APIU technical team will be headed by a programme manager supported by a team of technical staff comprising livestock specialist, value chain specialist, Gender and social inclusion/mobilization specialist, capacity development specialist, AVCDF manager and engineer. They will be supported by mobilisation, mentorship and engineering consultants for technical support.

157. **Organisation structure.** The LMDP-III basic organisational structure is presented below.



Field coordination structure

158. To ensure strong field-level support despite not maintaining permanent regional or district offices, the APIU will rely on its

planned team of consultants and technical staff outlined above, deploying them as a mobile team under LMDP-III. Mobilisation consultants, already foreseen as part of the programme's technical support structure, will act as liaisons between the central APIU and local authorities—Aiyl Okmotus and Leskhozoes—providing on-site guidance, facilitating community engagement, and overseeing planning and implementation activities. Each consultant will be based in the field and assigned to a cluster of territorial units to ensure regular support. This will be complemented by the technical assistance team described earlier, including APIU head office specialists who will undertake regular missions to train, monitor, and troubleshoot; APIU field experts responsible for day-to-day coordination and ensuring alignment with programme guidelines; and contracted service providers engaged to deliver specialised technical inputs.

Overall implementation arrangements

159. MWRAPI will provide overall leadership, with the APIU managing day-to-day implementation. Within MWRAPI, the Service of Veterinary Affairs, Livestock Development, Pastures and Feeds will guide pasture policy, the Service of Veterinary and Phytosanitary Supervision will oversee animal health and food safety regulation. At the local level, service providers will support AOs and leskhozoes to prepare PLMP, SEDP and NRMPs using standard templates aligned with national legislation. In animal health, private veterinarians will deliver services, the Veterinary Chamber will manage accreditation and professional development, the Kyrgyz Veterinary Association will provide technical support, and SIVPSS will ensure regulatory compliance. The Agricultural Value Chain Development Fund (AVCDF) will operate under MWRAPI policy oversight with APIU as secretariat, with a central committee approving investments.

160. **Key capacity gaps to address.** Effective and timely implementation of the programme will depend on closing a number of institutional and operational capacity gaps within the implementing partners. At the local level, AOs face staff shortages and limited technical expertise in pasture management following administrative consolidation, will require targeted on-the-job mentoring, provision of clear standard operating procedures, and structured training. In animal health services, the ageing veterinary workforce and limited rural coverage must be addressed through supporting young veterinarians and para-vets, supported by continuous professional development through the Veterinary Chamber and Kyrgyz Veterinary Association. Veterinary laboratories need upgrades in quality assurance systems to progress towards standards compliance, and livestock traceability systems require modernisation to improve disease control and market compliance. Many cooperatives also lack strong governance and business planning skills, which will be strengthened through governance eligibility criteria, inclusive leadership measures, and tailored advisory services for preparing climate-smart investment proposals. Addressing these gaps early will be essential to ensure smooth start-up and sustained programme delivery.

Cooperation between the APIU and implementing partners

161. The APIU will develop implementation agreement with the MWRAPI Service of Veterinary Affairs, Livestock Development, Pastures and Feeds to support the implementation of pasture related activities and monitoring in component 1. The Service department will receive capacity building to strengthen the capacity of its staff who will then support the LMDP-III implementation in the areas of pasture management, pasture monitoring, community mobilisation and GRM, environment and GIS services. This department will also implement activities related to the recognition of the Kyrgyz sanitary system by EAEU countries, support the central veterinarian laboratories and animal identification and traceability systems. Agreements will also be in place between the APIU and the AOs and leskhozoes for the implementation of the PLMP, SEDP and NRMPs. Additionally, the APIU will develop an implementation agreement with the Ministry of Emergency Situations to support the capacity building of forestry services staff, which will play a key role in supporting LMDP-III forest management activities in the areas of forestry ecosystem monitoring and forestry operations.

162. The other major implementation partner will be the Kyrgyz veterinary association which through its district level chapters will support the veterinary outreach activities of LMDP-III. The programme will also sign an agreement with the veterinary chamber leading to the veterinarian chambers capacity building toward strengthening the veterinary accreditation system.

163. For component 3, the APIU will mobilise the process within the MWRAPI for the establishment of the AVCDF. The AVCDF will be managed by the APIU till the programme end when it will be migrated outside to another designated MWRAPI department or according to the exit strategy defined guidelines.

Financial management and governance

164. The financial management (FM) arrangements for LMDP-III are anchored in the capacities of the APIU, which operates within the Ministry of Water Resources, Agriculture, and Processing Industry (MoWRAPI) and has over two decades of experience managing externally funded programmes. While the overall FM risk is rated Substantial, mainly due to country-level governance challenges, the establishment of a revolving fund, and complex implementation arrangements—the APIU has demonstrated a solid track record in managing IFAD and other donor-financed operations. Key mitigation measures include: the recruitment of dedicated FM staff, regular monthly financial monitoring, periodic audits covering the revolving fund, and an introduction of internal audit arrangements to oversee activities carried out by decentralized entities.

165. *Organization and staffing.* APIU will manage all financial arrangements, and will competitively recruit a Disbursement Officer and a dedicated Accountant for the programme, in addition to its current Finance Manager who oversees all donor funded projects. All finance staff are required to complete IFAD's e-learning FM training to ensure knowledge of IFAD procedures and standards. The programme will work through multiple implementing partners; for Component 1, funds will be disbursed directly to vendors, with oversight from local authorities (Aiyl Okmotus and Leskhozoes); Component 2 activities will be led by entities such as the Veterinary Statutory Body and Kyrgyz Veterinary Association, with APIU retaining financial oversight; and under Component 3, a revolving fund will provide zero-interest loans to cooperatives, managed by dedicated Coordinator.

166. *Budget and Flow of Funds.* Budgets will include all activities for the year, segregated by quarter, component, category and by financier. IFAD's report-based disbursement method will be applied, whereby APIU will submit Interim Financial Reports (IFRs)

and Withdrawal Applications (WAs) on a quarterly basis to justify expenditures and request advances. Fund flows will be structured through designated US\$ accounts, with operational transfers made to local currency transit accounts based on daily liquidity needs, minimizing exposure to exchange rate losses. The Ministry of Finance will allocate funds for the AVCDF through a subsidiary agreement with MWRAP. In line with the programme design, these funds will be provided exclusively as grants for targeted use in supporting cooperatives, farmers, and entrepreneurs in priority value chains.

167. The programme will follow IPSAS Cash Basis for accounting and will utilize an integrated and customizable accounting software to generate timely, reliable financial reports. The software will track expenditures by financier, category, component, and sub-component, and will allow automated generation of all required financial reports. APIU will also maintain a comprehensive Fixed Asset Register, carry out monthly reconciliations, and ensure regular asset verifications.
168. *Financial reporting.* FM reporting will include quarterly IFRs (due within 45 days of period-end), unaudited annual financial statements (within four months of year-end), and externally audited statements (within six months of year-end). Implementing agencies will operate under detailed financial protocols outlined in their contractual agreements, including responsibilities for submitting transaction summaries, supporting documents, and bank reconciliations if applicable. The APIU will oversee financial performance and reporting for all implementing partners and will ensure that all reporting templates are standardized.
169. *External audit.* In terms of audit arrangements, external audits will be conducted annually by a private audit firm with relevant donor experience, applying international standards and IFAD guidelines. The auditor's scope will cover all financial operations, with special emphasis on the revolving fund and cooperative infrastructure investments.
170. *Internal audit.* Given the absence of an internal audit function within APIU, it is recommended that either an internal auditor be appointed or that an external firm be contracted to perform internal audits. These audits will focus on decentralized implementation and fund use, with findings reported to the Programme Steering Committee to preserve independence.
171. *Anti-corruption measures.* Regarding anti-corruption measures, the programme will adopt IFAD's zero-tolerance policy alongside the anti-corruption framework established by the Cabinet of Ministers of the Kyrgyz Republic. Contractual provisions will clearly define the responsibilities of all actors in relation to fraud and corruption risks. While dedicated whistle-blower protection legislation is not yet in place in the Kyrgyz Republic, IFAD's grievance and reporting mechanisms will be made available to all stakeholders.

3.2 IFAD Supervision

172. IFAD will retain full supervisory responsibility for LMDP-III implementation, providing strategic oversight, technical guidance, and fiduciary assurance. Supervision will be conducted through a combination of annual supervision missions, implementation support missions, and technical backstopping.
173. Annual Supervision Missions (ASMs) will be conducted jointly with the government and key partners. These missions will review implementation progress, assess financial performance, review the AWPB, and monitor results against the logical framework and COI indicators. ASMs will also assess alignment with government priorities, COSOP objectives, and synergies with other development partner programmes.
174. Implementation Support Missions (ISMs) will be used flexibly to address emerging issues, support procurement and FM processes, or provide thematic support (e.g., climate, gender, M&E). Mid-Term Review (MTR) will be planned at the end of Year 3 to assess relevance, efficiency, and results, and make adaptive management adjustments as needed.
175. IFAD will work closely with the Ministry of Finance (MoF) on loan restructuring, disbursement issues, and policy-level coordination, while maintaining close engagement with the MWRAP of the Kyrgyz Republic on technical and implementation matters.
176. Regular virtual meetings, quarterly reviews, and ad hoc technical exchanges will supplement in-country missions. The IFAD Country Team will also support the APIU in preparing high-quality documentation, managing risks, and ensuring compliance with fiduciary and safeguards standards.

3.3 Planning, Monitoring and Evaluation

177. **Programme Planning.** Programme planning will be jointly conducted by the APIU, implementing partners at the district, provincial, regional, and central levels, and in consultation with and participation by the beneficiaries to the extent possible. The activities and expected knowledge management (KM) products (themes may include best practices and lessons learned from pasture management planning, models for sustainable rural finance such as AVCDF, gender and youth inclusion approaches, market linkage development strategies and climate-smart production techniques) to be produced by component will be described in the annual work plan and budget (AWPB). APIU will lead the preparation and finalisation of the AWPB ensuring that all activities and corresponding budgets, the physical and financial targets and expected outputs, as well as the timelines and responsibilities for implementation are included. The AWPB will be submitted to IFAD according to the established timeline.
178. **Monitoring and evaluation.** APIU will have overall responsibility for the Programme M&E function. The main tasks will include the following:
 - impact research, knowledge management and communication;
 - reporting on all programme activities by all implementing agencies;
 - maintaining a performance evaluation system for partner organizations using established rules and forms;
 - all programme level documentation and reporting;

- technical, financial, managerial support to implementing agencies;
- targeting poverty reduction with focus on gender and other social indicators of programme performance and impact;
- and assistance in IFAD supervision.

179. All IFAD-specific guidance on M&E, including during design, can be accessed through the 'Overview of IFAD guidance to strengthen programme-level M&E' [\[34\]](#).

180. The M&E system will be based on the logical framework (logframe) and will generate verifiable information on programme performance in a form that assists the APIU and other partners with key management functions, such as planning, budgeting and operational oversight. The ultimate purpose of the M&E system is to provide APIU, IFAD, and key stakeholders with reliable data and evidence on progress and results, as a basis for informed decision making and remedial actions.

181. **M&E Plan:** The APIU, together with its partners, will develop a specific M&E plan when launching LMDP-III, and establish a common management information system (MIS) with GIS functionality, which will be managed by the M&E specialists in APIU. The plan will outline the role and responsibility of each partner, data collection methods, sources and frequency, reporting requirements. The M&E plan will contain monitoring indicators that can be updated periodically. The M&E plan is a systematic plan for collecting and analyzing all the data needed for an effective M&E and result-based management. The M&E plan will cover all the logframe indicators, as well as additional specific indicators such as those included in the Gender Action Plan and in the Environmental Plan.

182. **M&E System:** The APIU has already developed an electronic MIS designed for ATMP and currently being used for RRPCP-Adapt. The well-established M&E system from previous IFAD-funded programmes will be used for LMDP-III to monitor physical and financial progress, provide timely management information, assess achievements, and identify opportunities for policy dialogue, innovation, and knowledge management. The Programme's logframe will be the foundation for this results-based M&E system, including performance monitoring and impact assessment. A customized module will be developed to address the specific requirements of LMDP-III in the first year of implementation. The M&E system will also track the Programme outreach and maintain an accurate record of the beneficiaries receiving the programme services or benefitting from its infrastructures. The M&E system will help track if the intended beneficiaries, especially poor women and young smallholder farmers, are being effectively reached. The ICT4D toolkit will be used from start-up to geo-tag assets, track pasture use, monitor fee collection and O&M execution, and display results on simple dashboards. Implementation will be closely monitored through quarterly reviews, spot checks backed by corrective action.

183. **M&E Budget and staffing.** APIU will oversee the Programme M&E with its current staffing already including a dedicated M&E Specialist and a KM/Communication specialist. The LMDP-III budget will finance the integration of the GIS feature to closely monitor critical environmental indicators for this programme. Opportunities to finance a part-time GIS specialist in cost sharing with the ADB or the World Bank-funded projects will be explored. Electronic devices for data collection will also be purchased to improve efficient data collection, the flow of data information and including real-time information reporting.

184. **Periodic Surveys:** Outcome level results will be measured at three points in time at baseline, midline and endline, mainly through quantitative household surveys and complemented by qualitative assessment. The Programme will recruit a qualified external service provider on a competitive basis to conduct periodical Household Surveys at three points in time during the programme life, which methodology and questionnaire will be guided by the IFAD COI measurement guidelines. The survey results will be analyzed to provide management with information about the effectiveness and efficiency of quality and usefulness of Programme activities, enabling the Programme to plan and take corrective actions to address any implementation issue.

185. The APIU will submit semi-annual and annual progress reports, according to a format acceptable to IFAD. Reports will measure both physical and financial implementation progress and achievements against annual targets, including for activity, output and outcome (after mid-term) indicators. Progress Reports record implementation progress against AWPB targets and objectives, and confirm compliance with the financing agreement conditions. Additionally, the APIU will prepare technical reports as relevant and in line with specifications in the PIM.

3.4 Knowledge Management and Country Level Policy Engagement (CLPE)

186. An integrated KM and Communication Strategy will be developed to define its strategic objectives and main areas of focus for the KM-related work and KM products, with clear linkages to improving programme performance, documenting and promoting innovations. LMDP-III will invest in evidence-based knowledge management to contribute to policy development processes. An adequate M&E and KM budget will be earmarked in the programme costs. Monitoring programme activities will be connected to information on forest and rangeland health to assess the effectiveness of different intervention strategies, and to steer programme interventions during programme implementation.

187. KM will be integrated with the Country-Level Policy Engagement (CLPE) strategy to effectively capture, disseminate, and apply insights and lessons learned across the programme areas. Aligned with IFAD's COSOP objectives, this strategy will generate actionable knowledge, inform national policy dialogues, and ensure that successful programme innovations are replicated and scaled nationwide. Governance-level impacts will be tracked through a dedicated monitoring system, including periodic policy reviews, stakeholder surveys, and documentation of changes in local and national regulatory frameworks, to complement the programme's results framework

188. The programme will systematically produce and manage diverse knowledge products, including detailed case studies documenting successful community-driven innovations such as effective pasture rehabilitation, women's participation in governance, and integrated forest-pasture management. Policy briefs will distill key programme findings into clear recommendations addressing priority national issues—transparent pasture fee reinvestment, veterinary workforce revitalization, and shifting policy focus from livestock quantity to productivity. Impact assessments and monitoring data from the programme's

robust M&E system will quantify and verify outcomes to support evidence-based decision-making. All generated knowledge will be archived in accessible repositories at programme and government levels, facilitating easy retrieval and use by policymakers and stakeholders.

189. For dissemination, LMDP-III will employ targeted national channels to maximize uptake. Regular regional knowledge-sharing workshops in the programme provinces will bring together AOs and leskhoz representatives, local officials, veterinarians, and farmers to exchange practical experiences and solutions. At the national level, annual stakeholder meetings in Bishkek will present key findings to government agencies, development partners, and civil society, fostering informed policy dialogue. To broaden reach, concise print and audiovisual materials highlighting programme successes will be produced in Kyrgyz and Russian, complemented by proactive engagement with local media and government communication platforms, thus ensuring broad and accessible knowledge sharing.
190. The knowledge generated will directly support scaling and replication of proven models in four critical thematic areas. First, improved pasture governance practices, including transparent pasture fee reinvestment, will inform national pasture management guidelines and legislation. Second, successful models of revitalizing rural veterinary services will contribute to shaping national veterinary policies and strategies. Finally, climate-smart livestock practices piloted in programme areas will promote a national shift from herd expansion to sustainable productivity enhancement, influencing national livestock sector strategies and programs.
191. LMDP-III will actively address identified policy gaps through robust evidence. By documenting effective use of pasture fees, impacts of veterinary service improvements, and outcomes of productivity-focused livestock practices, the programme will provide credible, practical knowledge to inform and enhance national policy instruments. These contributions will feed directly into policy formulation processes via established policy dialogue forums, involving key government ministries and development partners.
192. The programme will implement a detailed Knowledge Management Action Plan, developed within the first year of programme implementation. This plan will specify activities, timelines, roles, responsibilities, and budgets to ensure structured, effective knowledge management and policy engagement throughout the programme lifecycle.

3.5 Target group engagement

193. Target group engagement will take place at different levels and phases. Engagement with beneficiaries (individuals and institutions) will involve capacity building, community sensitisation, consultations, and periodic monitoring. Community-level public meetings will convey the programme objectives, presenting different products/services, criteria, and expectations for maximum participation in the programme.
194. Target group engagement will include value chain research to assess beneficiary needs and government priority areas, enabling tailored services delivery. These meetings will be conducted in local language with arranged accommodations allowing maximum participation by women, men, youth, and PwD (such as female trainers, women-only FGDs, accessible venues) and announced through different various outreach outlets.
195. LMDP-III will facilitate access to information in culturally appropriate language, enabling communities to utilize these internal systems whenever possible. It will ensure proper contextualisation of interventions to meet local cultural and acceptable practices.
196. Other channels for target group engagement and feedback include supervision missions, monitoring visits by the M&E and other APIU staff. Furthermore, surveys will collect and analyse the level of satisfaction with programme services and challenges. Feedback from these mechanisms will inform periodic assessment through annual reviews and semi-annual progress reporting. Quantitative household surveys and qualitative assessments will provide feedback for corrective actions if needed.
197. All interventions are managed and monitored by APIU. Through the targeting strategy, participants will be selected across the Kyrgyz Republic adhering to IFAD's mandate to engage less advantaged and marginalised groups, especially women, youth, and PwDs. Social inclusion and gender capacity building will be provided to implementing partners, ensuring appropriate and standardized service delivery, reporting, communication, and inclusion of target beneficiaries.
198. In compliance with SECAP 2021, LMDP-III has developed ESCMP, GRM, and Stakeholder Engagement Plan (see separate annexes in the PIM).
199. The Grievance Redress Mechanism (GRM) will address potential complaints arising from LMPD-III implementation through a structured, three-tiered approach: a community-based system (e.g., community mentors assigned by the programme, AOs), a formal system (APIU), and the IFAD Complaints Procedure as a last resort. Complainants with grievances may opt for either the community-based or formal routes. The community-based GRM will leverage existing traditional structures to resolve issues locally, ensuring accessibility through culturally sensitive communication. This process will emphasize negotiation, consensus-building, and potential escalation to traditional leaders or courts when necessary. If satisfaction is not reached, the formal route can be pursued (detailed GRM explained in the PIM).
200. Targeted beneficiaries will be made aware of these mechanisms through scoping and mobilization exercises at early programme stages and reminded regularly through client feedback provision. The GRM will transparently record and address complaints arising during programme implementation promptly and transparently with no negative impacts (cost, discrimination) for reporters. The APIU will maintain a grievance register documenting actions and statuses, monitored by IFAD and the programme steering committee.
201. A Grievance Redress Committee, comprising the Social Inclusion Specialist in of the APIU, a district/province representative, and a community representative, will investigate the validity and severity of grievances and resolve them. Besides proposed GRM

approaches, aggrieved individuals can use additional channels such as the IFAD Complaints Procedure. The objective of the IFAD Complaints Procedure is to ensure appropriate mechanisms for individuals and communities to directly contact IFAD if adversely affected by non-compliance with IFAD's Social and Environmental Policies and mandatory SECAP aspects. Affected parties can contact IFAD via SECAPcomplaints@ifad.org. IFAD has zero tolerance for Sexual Exploitation and Abuse, directing related complaints to IFAD's Ethics Office. Complaints should only concern environmental, social, and climate issues, excluding accusations of fraud or corruption handled by IFAD's Office of Audit and Oversight.

202. The Stakeholder Engagement Plan (SEP) documents stakeholder engagement requirements for the ESCMP. Key stakeholders have been identified aligned with the Organisational capabilities matrix and Target group typology, priority needs, and potential response. The SEP's primary objective is enhancing decision-making processes and cultivating inclusivity by actively involving affected individuals and stakeholders, providing ample opportunities to express their views and concerns, thereby influencing programme decisions and ensuring a collaborative programme implementation approach.

3.6 Strategic partnerships

203. The APIU will coordinate strategic partnerships to ensure maximum impact during LMDP-III implementation. It will lead close collaboration with the World Bank's Central Asia One Health Initiative, prioritizing clear roles and distinct targeting of veterinary laboratories to fully avoid duplication. APIU will maintain a detailed plan to ensure separate laboratories receive rehabilitation support, optimizing resource allocation and promoting efficient use of investments.
204. Additionally, APIU will strategically manage coordination with ADB's Climate-Resilient Agricultural Value Chain Development. This will involve creating robust market connections between cooperatives supported through LMDP-III's AVCDF and agricultural enterprises under the ADB project. Regular joint market-linkage events and integrated monitoring frameworks will potentially enhance market opportunities and economic sustainability for cooperatives.
205. APIU will explore coordination with the World Bank's Resilient Agri-food Clusters Project to establish structured pathways for successful LMDP-III cooperatives to scale up into larger agricultural clusters. APIU will organize joint appraisal sessions and targeted capacity-building programs, preparing cooperatives effectively for this scaling transition.
206. Operational partnerships with FAO's National Biosafety Framework and Innovative Horticulture Project is also focus and will potentially foster coordinated development of joint biosafety protocols and horticulture techniques. APIU will conduct technical exchanges and promote nutrition-sensitive agricultural practices among targeted cooperatives.
207. Furthermore, APIU will actively coordinate with the JIA Business Association, UN Women, WFP, and UNDP. This engagement will facilitate structured mentorship, gender-inclusive business practices, youth entrepreneurship, and nutrition awareness. APIU will host regular joint workshops and collaborative meetings to enhance integration, harmonize activities.

3.7 Financial Management

208. The Kyrgyz Republic faces a high governance and financial management (FM) risk, as indicated by its 2024 Corruption Perceptions Index score of 25 (ranked 146/180), showing a decline from 31 in 2020. Despite this, the 2021 PEFA assessment noted improvements in transparency, budget classification, procurement, and audit functions.
209. The financial management (FM) arrangements for LMDP III are anchored in the capacities of the APIU, which operates within the Ministry of Water Resources, Agriculture, and Processing Industry (MoWRAP) and has over two decades of experience managing externally funded projects. While the overall FM risk is rated Substantial, mainly due to country-level governance challenges, the establishment of a revolving fund, and complex implementation arrangements—the APIU has demonstrated a solid track record in managing IFAD and other donor-financed operations. Key mitigation measures include: the recruitment of dedicated FM staff, regular monthly financial monitoring, periodic audits covering the revolving fund, and an introduction of internal audit arrangements to oversee activities carried out by decentralized entities.
210. Organization and staffing. APIU will manage all financial arrangements, and will competitively recruit a Disbursement Officer and a dedicated Accountant for the programme, in addition to its current Finance Manager who oversees all donor funded projects. All finance staff are required to complete IFAD's e-learning FM training to ensure knowledge of IFAD procedures and standards. The programme will work through multiple implementing partners; for Component 1, funds will be disbursed directly to vendors, with oversight from local authorities (Aiyl Okmotus and Leskhozoes); Component 2 activities will be led by entities such as the Veterinary Statutory Body and Kyrgyz Veterinary Association, with APIU retaining financial oversight; and under Component 3, a revolving fund will provide zero-interest loans to cooperatives, managed by dedicated Coordinator.
211. Budget and Flow of Funds. Budgets will include all activities for the year, segregated by quarter, component, category and by financier. IFAD's report-based disbursement method will be applied, whereby APIU will submit Interim Financial Reports (IFRs) and Withdrawal Applications (WAs) on a quarterly basis to justify expenditures and request advances. Fund flows will be structured through designated USD accounts, with operational transfers made to local currency transit accounts based on daily liquidity needs, minimizing exposure to exchange rate losses.
212. The programme will follow IPSAS Cash Basis for accounting and will utilize an integrated and customizable accounting software to generate timely, reliable financial reports. The software will track expenditures by financier, category, component, and sub-component, and will allow automated generation of all required financial reports. APIU will also maintain a comprehensive Fixed Asset Register, carry out monthly reconciliations, and ensure regular asset verifications.
213. Financial reporting. FM reporting will include quarterly IFRs (due within 45 days of period-end), unaudited annual financial statements (within four months of year-end), and externally audited statements (within six months of year-end). Implementing

agencies will operate under detailed financial protocols outlined in their contractual agreements, including responsibilities for submitting transaction summaries, supporting documents, and bank reconciliations if applicable. The APIU will oversee financial performance and reporting for all implementing partners and will ensure that all reporting templates are standardized.

- 214. **External audit.** In terms of audit arrangements, external audits will be conducted annually by a private audit firm with relevant donor experience, applying international standards and IFAD guidelines. The auditor's scope will cover all financial operations, with special emphasis on the revolving fund and cooperative infrastructure investments.
- 215. **Internal audit.** Given the absence of an internal audit function within APIU, it is recommended that either an internal auditor be appointed or that an external firm be contracted to perform internal. These audits will focus on decentralized implementation and fund use, with findings reported to the Programme Steering Committee to preserve independence.
- 216. **Anti-corruption measures.** Regarding anti-corruption measures, the programme will adopt IFAD's zero-tolerance policy alongside the anti-corruption framework established by the Cabinet of Ministers of the Kyrgyz Republic. Contractual provisions will clearly define the responsibilities of all actors in relation to fraud and corruption risks. While dedicated whistle-blower protection legislation is not yet in place in the Kyrgyz Republic, IFAD's grievance and reporting mechanisms will be made available to all stakeholders.

3.8 Procurement

- 217. The overall procurement risk has been assessed as Moderate. The evaluation of the regulatory and institutional framework identified structural challenges, including fragmented institutional responsibilities and limited strategic procurement capacity. The Public Procurement Law aligns with international practices in general but does not contain explicit provisions for sustainable procurement and shows gaps in implementation, particularly regarding enforcement, independent complaints review, and contract monitoring. Transparency is supported to some extent; however, its mechanisms are not fully implemented across all procurement methods. Oversight and audit systems are present but are primarily reactive and do not consistently result in sanctions or systemic improvements.
- 218. At the programme level, the assessment highlighted capacity limitations within grant implementation based on previous projects. Delays in procurement planning have affected the timely delivery of services and works. Additionally, documentation practices and inconsistent archiving increase the programme's exposure to audit and fiduciary risks, while high staff turnover impacts institutional memory.
- 219. To address these issues, procurement for LMDP-III will adhere strictly to IFAD Procurement Guidelines and the IFAD Procurement Handbook. A consolidated Procurement Plan will be regularly maintained and updated, supported by the OPEN platform. Procurement capacity will be developed through targeted training programs and on-the-job support, including certification via BuildProc. All procurement documentation, such as evaluation reports and contracts, will comply with IFAD's documentation requirements and be subject to prior or post review based on defined risks and thresholds. Sustainability clauses and IFAD's zero-tolerance policy towards fraud, corruption, and SEA/SH will be incorporated into all procurement and contractual documents. The revised Programme Implementation Manual (PIM) will address previous shortcomings and consolidate procurement rules, templates, and workflows to promote compliance and accountability throughout the programme cycle.

3.9 Risks and Risk Management

- 220. The key external and programme-specific risks and the mitigation measures in the programme design, are as follows.
- 221. **External risks.** These arise from the Kyrgyz Republic's broader context and are largely beyond programme control. The country's economy is vulnerable to external shocks, given its dependence on remittances, imports of fuel, and gold exports. Natural disasters and climate extremes pose additional risks. These create a high inherent risk that could negatively impact the programme. Mitigation is achieved by aligning with government initiatives for resilience, such as disaster preparedness and diversified income generation strategies. Nevertheless, these risks remain high residually and require continuous monitoring.
- 222. **Policy and sector strategy risks** present moderate inherent challenges. The policy framework aligns well with programme objectives, but implementation gaps due to limited capacity and resources pose substantial inherent risks. To address this, LMDP-III will build institutional capacities at national and local levels, such as training AOs and veterinary personnel, and will engage actively in policy dialogue through established government mechanisms. These measures will significantly reduce policy-related residual risks to a moderate level.
- 223. **Environmental and climate-related risks are substantial.** Overgrazing, land degradation, erosion, drought, and flooding present considerable inherent threats. LMDP-III mitigates these through ecosystem restoration, climate-smart pasture management, small-scale water harvesting, drought-resistant fodder crops, and strengthened early warning systems. All measures comply fully with IFAD's SECAP guidelines, ensuring impacts remain reversible. Through these interventions, environmental and climate residual risks are reduced to moderate levels.
- 224. **Programme risks.** These directly impact implementation success and thus require active mitigation. Institutional implementation capacity presents a moderate inherent risk due to the complexities involved in coordinating multiple stakeholders and programme locations. LMDP-III employs a streamlined programme management structure, managed centrally by the APIU. Clearly defined roles, extensive capacity-building, regular steering committee meetings, and proactive start-up arrangements significantly mitigate these risks. The residual institutional capacity risk is moderate and manageable.
- 225. **Procurement** processes in the Kyrgyz Republic carry moderate inherent risks related to efficiency and transparency, influenced by a challenging corruption environment. LMDP-III will reduce procurement-related risks through a comprehensive Procurement

Plan, adherence to IFAD procurement standards, use of transparent e-procurement platforms, prior reviews of major contracts, grievance mechanisms, and continuous staff training. Residual procurement risks remain moderate, requiring ongoing vigilance.

226. **Financial management** poses substantial inherent risks, particularly during initial programme set-up, fund flow management, and revolving fund oversight. Key mitigation actions will include proactive recruitment of qualified finance staff, installation of robust financial software, clear reporting mechanisms, and establishment of internal control functions, including internal audits. Despite these strong measures, residual financial management risks remain substantial due to inherent complexity, necessitating regular oversight and corrective action when needed.
227. Stakeholder engagement initially presents moderate risks due to diverse actor involvement, including ministries, local government, communities, and private entities. Mitigation strategies encompass participatory planning, clearly defined stakeholder roles through memoranda of understanding, regular coordination meetings, and an accessible grievance redress mechanism.

3.10 Implementation Readiness

228. Implementation readiness is strategically planned to ensure timely and efficient programme start up, proactively addressing typical delays encountered during the start-up phase. Central to this readiness is the existing APIU which already manages IFAD-funded and other donor-supported agricultural projects, equipped with well-functioning financial management, procurement, safeguards, and monitoring systems. Therefore, only incremental staffing, will be recruited to rapidly integrate into the existing structure.
229. Between programme design finalization around Aug/Sep 2025 and programme effectiveness (early 2027), key preparatory activities will be implemented. These include piloting and refining PLMP and NRMP, in several territories under the ongoing RRPCP-ADAPT initiative. In parallel, APIU will develop a digital training toolkit, organize orientation workshops, and deploy peer-support teams to strengthen local stakeholder capacities before effectiveness.
230. Critical implementation guidelines for the preparation of the PLMP, SEDP and the NRMPs are already provided in the PIM and can be straight away tested and refined by the APIU during the ongoing RRPCP-ADAPT implementation. Moreover, the other manuals such as the PIM, Financial Management Manual, and Procurement Manual, will be finalized and formally approved by IFAD and the Government before programme effectiveness. Concurrently, the AVCDF will be legally established through a Government Resolution, its operational manual finalized, and the Fund Manager recruited to allow prompt operations by the MTR. Additionally, APIU's existing financial management system will be configured with a dedicated LMDP-III module, and the financial staff trained during the preparatory period.
231. To further expedite start-up, proactive financing arrangements will be utilized immediately following IFAD Board approval (expected December 2025) and government ratification. Approximately US\$ 1 million under IFAD-approved start-up costs will finance incremental staff salaries, essential equipment (vehicles and IT infrastructure), orientation workshops, and 1C financial system configuration. Additionally, US\$ 300,000 in retroactive financing will cover early activities such as piloting planning templates and environmental and social safeguard assessments. Given these financing arrangements, use of IFAD's Facility for faster Implementation of Programme Start-up (FIPS) is unnecessary, although it remains a potential option if required.
232. LMDP-III's initial AWPB will be submitted to the Ministry of Finance by October 2026, strategically aligning with the national budget cycle beginning 1 January 2027. The programme will leverage the existing government budget allocation for the RRPCP-ADAPT project, which the Ministry of Finance in coordination with the Ministry of Economy as relevant will continue and augment to ensure timely availability of counterpart funds.
233. The implementation timeline factors all statutory environmental and social safeguards requirements. APIU will ensure that the SECAP Review Note, grievance redress mechanisms, and environmental screening checklists are publicly disclosed at least 30 days prior to initiating any field-level A detailed 18-month procurement plan, developed and ready for immediate use upon programme effectiveness, will further reduce implementation risks related to procurement delays.
234. Additionally, legal dependencies and covenants critical to the implementation timeline have been clearly identified. Programme effectiveness conditions will include the opening of dedicated Designated Accounts, formal adoption of the PIM and Financial Management Manual, and the Government Resolution establishing the AVCDF by the time of the MTR. Agreements (MOUs) with key implementing entities such as the Veterinary Chamber, Kyrgyz Veterinary Association, and Guarantee Fund will also be finalized and approved prior to effectiveness. The MOUs with the key implementing entities will be prioritized immediately following effectiveness, to ensure timely coordination and implementation of specialized activities.
235. Institutional capacity development will be proactively addressed. Training programmes and equipment packages (vehicles, GIS technology) will be delivered to essential national agencies, such as the Service of Veterinary Affairs, Livestock Development, Pastures and Feeds and the Forestry Service, before start up ensuring their readiness to immediately support programme implementation. Maintenance and operation budgeting is integrated into AO and leskhoz level planning from inception, safeguarding sustainability and ownership of programme-supported assets.

Footnotes

[1] This figure reflects a minimum achievable target of 2,000 jobs based on current assessments. During implementation, the APIU will use 4,500 jobs as a soft benchmark to orient the territorial investment proposals towards more job creation. Progress will be

tracked, and the target may be raised at MTR to 4,500 or more if field results confirm higher employment potential.

[2] <https://documents1.worldbank.org/curated/en/550371468263989781/pdf/P147416-Communities-Forests-and-Pastures-Kyrgyz-Rep-FINAL.pdf>

[3] <https://tradingeconomics.com/kyrgyzstan/full-year-gdp-growth>

[4] <https://www.imf.org/en/Countries/KGZ>

[5] <https://www.macrotrends.net/global-metrics/countries/KGZ/kyrgyz-republic/gni-per-capita>

[6] <https://tradingeconomics.com/kyrgyzstan/unemployment-rate#:~:text=Unemployment%20Rate%20in%20Kyrgyzstan%20averaged%202.69%20percent%20from.2025.%20source%3A%20National%20Bank%20of%20the%20Kyrgyz%20Republic>

[7] https://www.ifad.org/documents/48415603/49455874/Kyrgyzstan%2B2000001232%2BATMP%2BSupervision%2BReport%2BDecember%2B2023.pdf/0bf2e407-94fc-82ca-651a-870477faa56e?t=1726605169896&utm_source=chatgpt.com

[8] https://migrants-refugees.va/country-profile/kyrgyzstan/?utm_source=chatgpt.com

[9] <https://www.stat.gov.kg/en/>

[10] https://www.ecoi.net/en/file/local/2118545/Kyrgyzstan%2B2023%2BMICS_English.pdf

[11] https://hdr.undp.org/data-center/country-insights?utm_source=chatgpt.com

[12] https://datahub.itu.int/data/?e=1&i=11624&utm_source=chatgpt.com

[13] <https://stat.gov.kg/en/opendata/category/120/>

[14] <https://www.theglobaleconomy.com/Kyrgyzstan/>

[15] https://tradingeconomics.com/kyrgyzstan/employment-in-agriculture-percent-of-total-employment-wb-data.html?utm_source=chatgpt.com

[16] <https://openknowledge.fao.org/server/api/core/bitstreams/f390eb1c-7541-4c86-94da-a9573b12938b/content>

[17] <https://stat.gov.kg/en/opendata/category/5698/>

[18] <https://stat.gov.kg/en/opendata/category/91/>

[19] <https://www.tridge.com/news/kyrgyzstan-dramatically-increased-walnut-imports-f?utm>

[20] <https://www.freshplaza.com/asia/article/9638288/kyrgyzstan-s-walnut-exports-to-china-reached-4-700-tons/?utm>

[21] <https://www.freshplaza.com/asia/article/9690936/kyrgyzstan-quadruples-vegetable-imports-from-china-in-2024/?utm>

[22] <https://www.freshplaza.com/europe/article/9688270/three-quarters-of-kyrgyzstan-s-apricot-exports-go-to-russia/>

[23] <https://www.americanbeefclub.com/en/stranica-1/events/kyrgyzstan-produces-230000-tons-meat-8-months/?utm>

[24] <https://stat.gov.kg/en/opendata/category/120/>

[25] <https://www.ifad.org/en/w/publications/pasture-condition-maps-in-kyrgyzstan>

[26] <https://stat.gov.kg/en/opendata/category/5698/>

[27] *created outside the corporate framework under post-1992 legislation on land allocated from state reserves to qualified applicants*

[28] Peasant farms defined as sized 1-10 ha, created outside the corporate framework under post-1992 legislation on land allocated from state reserves to qualified applicants; mainly commercial farming with predominance of crop production.

[29] Household farms defined as less than 0.5 ha family farms producing mainly for subsistence and selling their surplus output in the market; managed by rural residents (employees of corporate farms, employees of rural services, pensioners)

[30] It was estimated that slightly over 1 million men aged 16 to 34 were in the country. National Statistical Committee, 2019.

[31] Rural population is 66% of the national population (66% of 6.39 million, or 4.2 million). National Statistical Committee, 2019.

[32] [Gender, Poverty and Environment in Rural Kyrgyzstan \(2017\) | United Nations Development Programme](#)

[33] Youth are officially defined as persons between the age of 14-35

[34] <https://www.ifad.org/documents/38711624/47767776/overview-ifad-guidance-m%26e.pdf/16f4ef0f-868a-635d-6e27-3b7b1d220191?t=1689841353302>

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 1: Key Files

Mission Dates: 31/03/2025 30/04/2025

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Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department

Annex 1: Key Files

National responsibilities. During the process of national consultations with all stakeholders, the following problems were identified that hinder the progressive development of the capacity of family farming:

1. Difficulties in accessing and sustainably managing natural resources.
2. Inadequate policies and legislation for the development of family farming.
3. Insufficient access of family farmers to agricultural services and training in modern technologies.
4. Difficult access to product markets.
5. Insufficient awareness of government agencies and society in general about the importance of family farms for the country's food security.
6. Lack of quality agricultural inputs, machinery and assets.
7. Insufficient social support and underdeveloped public infrastructure in the village.
8. Lack of accounting data and publications of studies on family farmers.
9. Difficulties in accessing preferential (concessional) financial resources.
10. Weak institutional development of farmer organizations

Table 1: Rural poverty and agricultural sector issues (key file table 1)

Priority area	Affected groups	Major Issues	Actions needed
Rural poverty	Economically Active Rural Poor (households and peasant farms) with more impact on women and youth	- Increased poverty rates - Limited opportunities - Vulnerability to climate change - Limited access to financial services - Limited market linkages - Poor food safety and livestock health and hygiene	- Improved pasture and veterinarian infrastructure and services - Improved resilience to climate change impacts and hazards. - Better market linkages and export opportunities - Improved equitable/ preferential access to pasture services - Diversified income opportunities
Food security	Smallholder farmers engaged with food production	- Low productivity in the livestock sector with poor breeds, poor feed quality and quantity, high rates of animal fertility and morbidity. - Limited awareness of modern animal husbandry practices. - Limited access to veterinary services - Poor capacity of institutions dealing with animal health, breed, feed and management.	- Providing access to improved inputs, technology and modern techniques for crop and livestock production. - Providing access to improved breeds, feed resources and improving the productivity of the livestock sector. - Increase the capacity and access to supporting services. - Provide access to technologies that help address the problems of short growing season and deal with climate risks.
Improving the productivity of the livestock sector	Livestock farmers	- Low productivity in the livestock sector with poor breeds, poor feed quality and quantity, high rates of animal fertility and morbidity. - Limited awareness of modern animal husbandry practices. - Limited access to veterinary services - Poor capacity of institutions dealing with animal health, breed, feed and management.	- Access to improved animal production and husbandry techniques for the small farmers. - Strengthen the capacity of institutions dealing with the livestock sector to improve breeds, animal feed, fodder availability. - Encourage the youth to join the veterinary services through opportunities for training and appropriate incentives. - Improved access to production, processing and storage facilities. - Build partnerships with private sector for strengthening the dairy and meat value chains.
Sustainable natural resource governance and management and degradation of pastures.	Small herders dependent upon pasture resources.	- Depletion of the pasture resources of the country. - Weak pasture management institutions and poor implementation of existing laws. - Ambivalent Government attitude towards governance of the pastures.	- Strengthen the pasture user committees for improved pasture management and introduction of innovative institutional arrangements. - Access to improved techniques for pasture development through improved infrastructure, seed and eco-system rehabilitation. - Share lessons from the experience of the committees with Government to refine existing regulation for improved pasture management. - Exposure visits to learn from experience in other similar environment and SSTCs.

Priority area	Affected groups	Major Issues	Actions needed
Building resilience to climate risks	Crop and livestock farmers	• Low crop yields and high losses due to increase in temperature and variability in precipitation • Degradation of pastures due to droughts. • High animal morbidity and mortality rates due to vector borne diseases. • Limited farmer capacity to adapt to weather changes.	• Build resilience to climate risks through improved techniques and inputs such as adaptive seeds, green house production, etc. • Invest in improved breeds and access to veterinary services. • Invest in production, storage, processing and transport infrastructure to prevent losses. • Diversify production and livelihoods.
Access to markets	Small producers	• Small-scale and scattered production. • Relatively weak organization of farmers and limited arrangements for aggregating produce. • Lack of access to production technology for collection, grading,	• Strengthen producers' organizations and aggregate produce to attract private sector. • Building value chains of selected agriculture produce for strengthening links with factor and output markets.
Access to Finance	Rural population	• Limited risk appetite of financial institutions to lend to the agriculture sector. • Lack of collateral and mechanisms to guarantee loans. • High transactions cost and processing requirements for lending in rural areas for both borrowers and lenders. • High rates of interest.	• Establish value chain financing arrangement through lead enterprises. • Establish links with financial institutions with a mandate for rural lending. • Establish links with avenues for concessional lending. • Access to existing arrangements for credit guarantee mechanisms. • Access to digital financial services for reducing transaction costs.
Empowerment and gender equality	Women	• limited access to resources and decision-making. • lower literacy rates than men • discriminatory social norms • Women undertake 80% of domestic tasks including fuelwood collection. • 70% of farmers are women, but only 10% of women have control over credit use. • Women get lower remuneration than men. • Limited decision-making power at all levels (household, community, etc..) • Poor participation in community and pasture committees	• Access to skills training • Access to finance • Access to producer groups • Nutrition training • Access to markets • Alternative income-generating activities • Diversified income
Employment creation	Youth	• lack of access to quality education, technical skills, employment, Drop-out from education. • Limited access to finance, and market linkages • Informal employment and low wages. • Return migration from Russia and Ukraine • Urban migration and strong dependence on HHs and families	• Skills development • Financial and digital literacy development • Access to employment opportunities (e.g. green jobs, eco-tourism, etc.) • Access to credits and finance • Business skills in value chain development. • Access to ICT4D technologies

Priority area	Affected groups	Major Issues	Actions needed
Participation and decision making	Women and youth	- Youth, and especially young women, are poorly represented and lack access to participate in decision-making. - youth's civic participation is insufficient, especially in social and political activities	- Community consultations - Participation in producer organisations - Leadership and capacity building - Economic empowerment
Improved nutrition	Children and household members	- Limited knowledge of healthy diets - Low consumption of nutrient-dense foods - Poor food hygiene and handling practices in households and along the livestock value chain - Limited dietary diversity - Weak food safety control systems and infrastructure - Inadequate nutrition-sensitive extension services	- Integrating nutrition capacity building through community engagement and interventions - Integrating nutrition in LMDP-III value chains' selection criterion - Capacity building to shift to healthy diets - Improve food hygiene and safety standards in livestock agribusinesses and market infrastructure - Strengthen veterinary and food safety services

Table 2: Organisational capabilities matrix (key file table 2)

Organisation	Strengths	Weaknesses	Opportunities	Threats
Ministry of Economy Ministry of Finance	- MoE and MoF have a broad mandate, covering multiple areas of economic and financial policy, including budgeting, taxation, public debt management, and investment promotion. - Well-established system for managing public finances, including a modern accounting system and a comprehensive budgeting process - The Ministry has been successful in attracting foreign investment into the country, particularly in the mining and energy sectors.	- Limited fiscal space. - The Ministry has limited capacity to enforce tax compliance, resulting in a large informal economy and a low tax-to-GDP ratio - The Ministry faces significant challenges in implementing reforms due to political instability. - The Ministry has been criticized for a lack of transparency in its budgeting process, which has led to allegations of mismanagement of public funds.	- Directing critical resources to the agriculture sector. - Develop an incentive system that supports investments and growth of rural transformation. - Actively involved in implementing economic reforms in the country and grow the Creative Economy in the country. - Strong orientation to provide incentives for rural growth - Provide concessional funds for investment and diversification of rural livelihoods.	
Ministry of Agriculture	- The MoA has implemented policies and programs to promote sustainable agricultural practices, such as crop diversification, soil conservation, and irrigation systems. - The MoA has established partnerships with international organizations and donors to improve the country's agricultural sector, including food security and rural development. - The MoA has developed a comprehensive database on agricultural production and market trends, which helps policymakers to make informed decisions	- The MoA faces challenges in promoting modernization and mechanization in the agricultural sector, which remains largely dominated by small-scale subsistence farmers. - The MoA has limited resources to address the challenges faced by rural communities, including access to markets, credit, and infrastructure. - The MoA has struggled to address the issue of land reform, which has led to conflicts between farmers and landowners. - The Ministry has limited capacity to enforce regulations on the use of pesticides and fertilizers, leading to environmental degradation and health risks.	- The Ministry of Agriculture in Kyrgyz Republic has a vital role in the country's economy, as agriculture is one of the most important sector. - The MoA has strong institutional memory as all IFAD projects so far have been implemented by the Agriculture Projects Implementation Unit (APIU) under the MoA.	The World Bank which initially set up the APIU to implement agriculture sector projects does not use the APIU any longer.

Organisation	Strengths	Weaknesses	Opportunities	Threats
Kyrgyz Science Pasture and Livestock Institute	- Scientific work on improving pastures - Pilot projects in different areas. - An assessment of the areas that need to be seeded and the appropriate varieties. - Have capacity to monitor the conditions of pastures together with Pasture Committees. - The Pasture Institute has a good understanding of the types of varieties that need to be planted in different parts of the country. - Good system for monitoring pastures through geo-botanic survey. - Work closely with pasture committees and cooperatives.	There are limited facilities for seed testing and production in the country.	- The Pasture Institute has developed a strategy for over-seeding which can be used effectively for development of pastures. - Develop elite seed which can then be produced for distribution. - To develop and organize training programmes for farmers.	- IFAD has been supporting the Institute. - Farmers will need machinery and tools for collecting pasture seeds.
Veterinary Services	- Development of a Cadre of private sector veterinary service has shown considerable promise. - Livestock morbidity and mortality rates have been decreasing. - Expansion in the use of deworming drugs for brucellosis and Echinococcosis. - Infectious diseases have reduced. - Private Veterinary Services contractual basis. A sustainable basis for the growth and development of private veterinary services has been demonstrated.	- Need support for next 3 to 5 years. - Need much larger numbers of veterinarians. - Poor communication about animal diseases. - Private vets around 60% have average age of 60 plus, youth are not being attracted. - Private vet services are very unevenly available.	- The Government is willing to consider supportive measures to support the cadre. - District associations and Republican Veterinary Associations are growing in strength. - A sustainable model of private veterinarians has been demonstrated.	Veterinary Services

Organisation	Strengths	Weaknesses	Opportunities	Threats
Community Development and Investment Agency ARIS	• ARIS is responsible for implementing community development projects in rural areas, with the goal of improving living standards and promoting sustainable development. • ARIS has a wide range of programs that focus on different aspects of community development, including agriculture, education, health, and infrastructure. • ARIS has established partnerships with international organizations and donors, which has helped to secure funding for its programs and projects. • It has a strong network of community-based organizations and local authorities,	• ARIS has limited resources and capacity to address the diverse needs of rural communities, which often require tailored approaches and long-term investments. • ARIS's programs have faced challenges in ensuring the sustainability of their interventions, as many projects have struggled to generate long-term benefits and impact after the initial implementation phase. • There is a risk that ARIS programs could create dependency on external aid and undermine the self-	• ARIS has gained considerable experience of working at the community level and is well placed to implement projects in rural areas.	• ARIS has been implementing projects not only for IFAD but other donors working with the Kyrgyz Government
Agro-Processors and MSMEs involved in dairy, meat, fruit, vegetable and honey production.	• MSMEs contribute 42 percent of GDP and 42 percent of exports and employ 95 percent of the work force. • Considerable potential for job creation, promotion of incomes and value addition. • Private sector is well poised to support economic diversification and improve productivity with additional policy support. • Due to demographic momentum and improvements in the business environment, the number of individual entrepreneurs has doubled over the past decade to an estimated 400,000, while small firms grew by 45 percent, to 15,000.	• Low competitiveness and stagnant productivity. • lack of adequate access to finance, skilled labour and regional trade links • challenging business environment, including complicated tax administration, a weak rule of law and enforcement of contractual obligation. • Not able to aggregate produce from the large number of small producers. • Access to concessional funding is limited. • Many small firms are considered unbankable due to their weak management skills and poor financial reporting	• O: The joining of the EAEU has opened possibilities for export. • The opening of the economy, the reduction of state control, and factor market deregulation. • Government is promoting the cluster approach by providing concessional lending and providing policy support. • Commitment to digital transformation promises rapid growth.	• IFAD has been promoting the cluster approach by identifying value chains such as dairy, meat, honey and high value crop production for further support under its projects

Organisation	Strengths	Weaknesses	Opportunities	Threats
Pasture User Unions Pasture User Committees Co-operatives and Producer Groups Meat Union, Milk Union, Union of Associations of Kyrgyzstan, Kyrgyz Veterinary Association, cooperatives	- Formation of community member based financial institutions - Aggregation of groups to SACCOS - Member-based institution with wide outreach to MFIs	- As apex body, could have multiplier effect - Despite tasked to supervise SACCOS, moral hazard problem since SACCOS are members - Limited power after the restructure of pastoralism and establishment of Municipal Enterprises	- Pasture User Unions - Pasture User Committees - Co-operatives and Producer Groups - Meat Union, Milk Union, Union of Associations of Kyrgyzstan, Kyrgyz Veterinary Association, cooperatives	- Role of Municipal enterprises limit the power of PUUs - Formation of community member based financial institutions - Aggregation of groups to SACCOS - Member-based institution with wide outreach to MFIs
Financial service providers	- The Kyrgyz financial system is a bank-based system, where banks account for 87% of financial system assets and provides about 80% of credit to the private sector. - Despite substantial growth in credit to the private sector in recent years, access to formal financial services in the Kyrgyz Republic remains limited. - Although bank lending to the agricultural and rural areas has increased in recent years, it remains limited. - Nonbank financial institutions (NBFIs) are filling some of the gaps in access to finance for smaller borrowers, the poor, and the agricultural and rural areas	- Despite some positive trends, the level of savings mobilization and credit to GDP is still low relative to the Caucasus and Central Asian regions, - NBFIs remain small and face operational and funding costs, as well as legal, regulatory, and institutional constraints, which inhibit their expansion. - Kyrgyzstan receives large inflows of remittances from migrant workers, but only a minority of it is channelled through the financial sector as nearly 40 percent is estimated to escape the formal financial system. - The mountainous geography of the country makes it difficult to reach the agricultural and rural areas. - Interest rates are amongst the highest in ECA and constitute one of most significant constraints for borrowers. - Collateral requirements have improved in recent years, but collateral registration and execution is costly and lengthy.	To bolster agricultural financing in the Kyrgyz Republic, a variety of financing instruments are being proposed by development partners in collaboration with the Government. These instruments include (i) Scaling Up Agricultural Value Chain Finance, (ii) improving Agricultural Insurance to Deal with Climate Change, (iii) introducing new Risk Transfer Mechanisms, (iv) agricultural Factoring, (v) scaling up agricultural	

Table 3: Complementary donor initiatives / partnership potential (key file table 3)

Donor/Agency	Project	Geographical Area	Remarks
World Food Programme (WFP) ¹	- Improving Healthy Diets for Preschool Children - Enhancing Farmer Resilience with Conservation Agriculture Techniques - Policy: Advancing Partnerships for Enhanced Social Protection, Food Security and Nutrition - Supports the Government in strengthening climate-adaptive and nutrition-sensitive social protection, disaster risk management, and climate change adaptation. - Complementing national Active Labour Market Programmes - providing technical support for the Government's poverty graduation programme, - piloting climate insurance and anticipatory actions and strengthening vulnerability analysis and climate forecasting to inform civil and social protection measures.	- Yssyk-Kul, Jalal-Abad, Osh, and Naryn provinces. - northern At-Bashy district	- LMDP-III components include synergies with WFP interventions including improving healthy diets, climate adaptive/resilient value chains and national labour programmes - Alignment with WFP's work on school meals and local food procurement to enhance market linkages for smallholders - Coordination on national food security and nutrition policy dialogue and capacity building - Integration of WFP's community-based nutrition messaging into household methodologies used by LMDP-II
UNDP ²	Youth entrepreneurship and create sustainable livelihood opportunities. Young entrepreneurs receive support through access to microfinance, business incubation programs, and market linkages. UNDP supported more than 113 youth led small businesses with a budget around 18 million soms.		- Potential cooperation in capacity building, RDF, and diversifying income for the youth (under component 3) - Involvement of youth in veterinary jobs/careers
FAO ³	Supporting the capacity development of official controls and food producers on food control and food safety management systems Enhancing the financial and investment awareness among farmers and national financial institutions		2024-2026 LMDP-III can build on this project and existing investments in food safety and hygiene to capitalize the benefit under component 2 2024-2025 Use of FAO tools and methodologies (e.g. nutrition-sensitive value chains, nutrition education materials) to complement LMDP-III training modules
FAO	Integrated Water Resources Management for Agroforestry Restoration	The Syrdarya River Basin (PPG)	2024-2025
FAO	Support the government in implementation a national biosafety framework as per Cartagena Protocol (MSP)		2022-2027 Collaboration on strengthening food safety systems, particularly in livestock value chains Ensuring that biosafety - measures contribute to improved food quality and consumer health outcomes

¹ [WFP Kyrgyz Republic Country Brief](#)

² [UNDP'S REMARKABLE WORK ON YOUTH IN THE KYRGYZ REPUBLIC | United Nations Development Programme](#)

³ [FAO Country Profiles: Kyrgyzstan | Food and Agriculture Organization of the United Nations](#)

Donor/Agency	Project	Geographical Area	Remarks
FAO	- Introduction and Promotion of Innovative Methods for Applying Best Technologies in Horticulture."⁴ - Developing horticulture by improving seedling quality, increasing yields, and introducing advanced practices and innovative solutions into Kyrgyzstan's horticultural sector.	Chui and Issyk-Kul regions	Capacity building for smallholders on the nutritional value of diverse crops alongside livestock-based food Opportunities to promote integrated livestock–horticulture systems for household nutrition
FAO	Small farmers as agricultural innovators for resilient agrifood ecosystems"		
UNDP ⁵	Social and economic recovery from the negative consequences of Covid-19	to foster social cohesion, including through promoting entrepreneurship skills and supporting startups to increase employment among young men and women in rural areas,	Osh, Jalal-Abad, Batken provinces.
UNDP ⁶	Economic empowerment of youth and developing sustainable solutions for youth's entrepreneurship at the local level for fostering greater social cohesion and resilience"	experimental pathways towards youth-oriented sustainable and integrated development of entrepreneurial ecosystem supporting green growth in rural context	2022-2025 Building youth capacity for the adoption of nutrition-sensitive approaches in the livestock sector
GIZ	Development of the first River Basin Plan in Kyrgyzstan based on a methodology specifically designed for Central Asia.	The Isfara River Basin (Kyrgyzstan and Tajikistan).	
GIZ	Improving the livelihoods of the population in Southern Kyrgyzstan through integrated rural development ⁷	Jalal-Abad	2018-2023
GIZ ⁸	Green Economy and Sustainable Private Sector Development in Kyrgyzstan ⁹	BISHKEK Jalal-Abad region Osh region Batken region Issyk-Kul region With nationwide engagement in Policy development, Green Economic Modelling (GEM), Green Finance Social Behavioral Change, and Green Innovation Facility	2020-2026

⁴ [FAO Country Profiles | The results of the FAO horticultural development project were summarized in Kyrgyzstan | Food and Agriculture Organization of the United Nations](#)

⁵ [Rapid assessment: Stimulating youth entrepreneurship in Kyrgyzstan | United Nations Development Programme](#)

⁶ [04_Project Document_Signed.pdf](#)

⁷ [giz2023-en-IRDP-impactsheet.pdf](#)

⁸ [giz2024-en-green-portfolio-central-asia.pdf](#)

⁹ [giz2023-en-green-economy-and-sustainable-private-sector.pdf](#)

Donor/Agency	Project	Geographical Area	Remarks
The World Bank ¹⁰	Resilient Agri-food Clusters Development Project		2023-2029
Asian Development Bank ¹¹	Climate-Resilient Agricultural Value Chain Development Project The project will provide a loan to the Kyrgyz Republic to channel through qualified participating financial institutions who will on-lend to horticulture-related value chain businesses for investments in refrigerated vehicles, cold storage facilities, primary processing equipment (grading and/or sorting platforms, washing facilities, packaging equipment) and value addition processing equipment together with associated fixed assets such as warehouses and buildings.	Nationwide	2024-2029
Asian Development Bank	Climate-Resilient Agricultural Value Chain Development Project		
Asian Development Bank	RESILAND CA+ Program: Kyrgyz Republic Resilient Landscape Restoration Project ¹²	• The southern oblasts of Jalal-Abad and Osh within the transboundary (with Uzbekistan) • Kara-Darya River basin, in particular within the Kara-Unkur River sub-basin • The Kugart River sub-basin, and the northern oblasts of Naryn, Issyk-Kul - bordering Kazakhstan. • The majority of the intervention sites (13) are in Osh and Jalal-Abad oblasts	2024-2029

¹⁰ [Development Projects : Resilient Agri-food Clusters Development Project - P178120](#)

¹¹ [51276-001: Climate-Resilient Agricultural Value Chain Development Project | Asian Development Bank](#)

¹² [two Development Projects : RESILAND CA+ Program: Kyrgyz Republic Resilient Landscape Restoration Project - P177407](#)

Table 4: Target group typology, priority needs and potential response (key file table 4)

Priority area	Affected groups	Major Issues	Actions needed
Mobile extensive livestock keeping	Households in this economic sector	- Numerous and found in all rural areas - Livelihoods depend strongly on mobile extensive livestock keeping on rangelands under control of PUUs and Leskhozoes - Livestock used for food, income and savings - Various subgroups including herders, rural women, youth - In most cases also practise small-scale crop farming - Seasonal migration of herds to summer pastures in many cases by professional herders - Members of PUUs; represented by AJK at national level - People and livestock assets most affected by land degradation and disasters such as storms, mudslides and floods - High levels of poverty	- Strengthening of capacities of pasture institutions - Promotion of sustainable herd and grazing management - Integrated planning and monitoring of PUU and FMU areas - Strengthening market access and livestock value chains (including food safety) - Promotion of fodder production - Investments in pasture infrastructure and rehabilitation of degraded areas
Extracting forest products	Households practising this sector	- Practise extensive mobile livestock keeping and crop farming, as well as collect products from forest - Several thousand households living in and next to forested areas, mostly in southern Kyrgyzstan, especially in the region of Jalal-Abad - Extraction of forest products (e.g. timber, fruit, nuts, medicinal herbs) contributes to household income - High levels of poverty - Represented by Kyrgyz Association of Forest and Land Uses (KAFLU); members of PUU	- Involvement in integrated planning and monitoring of AOs and FMU areas - Training and finance to initiate and expand businesses - Strengthen value chains of non-timber forest products e.g. through marketing and local processing - Identify mechanisms to incentivize good management practices
Producing fodder production	Households producing fodder	- Rely mainly on crop-growing - Numerous and found in all rural areas with arable land - Growing and selling crops (including fodder crops) contributes to household income - Own from 0,2 to 5 ha of farmland, often under poorly managed irrigation schemes - Members of PUU - High levels of poverty - Received support from IFAD projects LMDP II	- Supporting community-based seed funds for fodder seed production and distribution - Involvement in integrated planning of pastures to respond to fodder needs - Training and finance to initiate and expand businesses in the production, transport and storage of fodder - Improving coordination of water user groups for more efficient irrigation

Priority area	Affected groups	Major Issues	Actions needed
Rural poverty	Household and peasant farmers	- Poverty is concentrated in rural and mountain areas - Climate-induced vulnerability and resource degradation is a major development issue. - Low productivity, which is driven by lack of veterinarian support and poor access to sustainable diversified income generation packages. - Rural labour markets present limited opportunities. Employment in agriculture and forestry is seasonal, insecure and poorly paid. - Farmers are poorly organised and with limited access to extension and financial services.	- Geographic targeting, including the definition of poverty-focused criteria to identify poverty pockets and climate vulnerable areas and define spatially calibrated approaches. - Selection of pro-poor value chains with climate resilience - Training - Access to finance - Access to markets through raising capacities for obtaining export certificates, enhanced food safety, linkages for export markets. and organising farmers in groups and cooperatives and building inclusive and climate-resilient value chains.
Non-inclusive value chains	Poor farmers	Limited access to resources: Smallholders often lack access to essential resources like credit which limits their productivity and ability to meet market demands and integrate in expanded markets Outdated farming practices: Many smallholders rely on traditional farming methods and over-grazing that may contribute to environmental degradation Climate change impacts: Increasingly erratic weather patterns, droughts, and water scarcity pose significant challenges to agricultural production, affecting yields and income stability. Institutional and Policy Challenges: Lack of access to finance: Smallholders often struggle to secure loans and financial services due to lack of collateral and credit history, limiting their ability to invest in their farms and businesses. Technological Challenges: Limited access to technology: Many smallholders lack access to modern technologies and digital tools that can improve productivity, market access, and information sharing. Lack of digital literacy: Even when technology is available, many smallholders lack the skills and knowledge to use it effectively.	Improving infrastructure: Promoting sustainable agricultural practices: Encouraging the adoption of climate-resilient and sustainable agriculture practices can improve resilience to climate change and increase productivity. Enhancing access to finance: Strengthening farmer collective actions:

Typology	Poverty level and causes	Coping strategies	Priority needs	Support from other programmes	Potential response
Include a socio-economic typology of the full population in the project area, including the categories (e.g. urban better-off) that would not benefit from the project; and categories that would benefit, though not being considered part of the target group(s). Also mention the special target categories (e.g. women-headed households, youth, disabled, etc.). Consider the possibility that part of the poor smallholders would opt out of farming, if given the option.	•	•	•	•	- Identify potential response in line with the COSOP strategies; - Where a potential response is highly relevant but not backed by the COSOP, add a remark to this effect.
Youth 24% of the population is youth with the lack of access to education, skills, employment, finances and opportunities Informal employment and low wages. Return migration from Russia and Ukraine will put additional pressure on the domestic labour market in Kyrgyzstan	•	•	- Access to education and skills - Access to finance and financial literacy. - Access to job and employment opportunities - Access to rights and entitlements - Decision-making and meaningful community participation	• UNDP	- Income diversification interventions - Financial literacy - Capacity building - Access to finance - Access to organisations - Access to livelihood opportunities - Access to credits, - Business skills in value chain development. - Access to ICT4D technologies
Women Women have limited access to resources and decision-making. Women have lower literacy rates than men Women undertake 80% of domestic tasks including fuelwood collection. 44% of farmers are women, but minority of them have control over credit use. Women get lower remuneration than men.	•	•	- Access to skills training - Access to finance - Access to producer groups - Nutrition training - Access to markets - Alternative income-generating activities	•	- Community sensitisation on women's role and empowerment positive impact - Access to skills training - Access to finance - facilitate membership in cooperatives and producer groups - Nutrition awareness and trainings - Facilitate access to markets - Alternative/diversified income-generating activities

Table 5: Project actors and roles (key file table 5)

Outcome	Activity	Principal institution(s) involved	Supporting institution(s)	Other Possible Partners in Execution
Note that Project Management is neither an outcome, nor a component! Use outcomes consistent with the Logframe.				

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 2: Logframe

Mission Dates: 31/03/2025 30/04/2025

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Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department

Livestock and Market Development Programme III (LMDP-III)

Logical Framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach Estimated outreach of the project based on an av. HH size of 4.7 members (4.2-5.3 range in the project area) - considering only 1st phase	1 Persons reached by project-supported activities				M&E system: Beneficiary database	semester/annual		
	Males (number)	0	14400	36000				
	Females (number)	0	9600	24000				
	Young (number)	0	7000	18000				
	Not Young (number)							
	Non-Indigenous people (number)							
	Total number of persons receiving services (number)	0	24000	60000				
	Male (%)		60	60				
	Female (%)		40	40				
	Young (%)		30	30				
	1.a Corresponding number of households reached				M&E system - beneficiaries data base			
	Women-headed households (number)	0	1200	3000				
	Non-women-headed households (number)		11800	27000				
	Households (number)	0	12000	30000				
	1.b Estimated corresponding total number of households members				M&E system			
	Household members (number)	0	56400	141000				
	Percentage increase in the HH assets' ownership index (including productive assets)				COI HH Survey	BL, MT, Endline	PCU	
	Households (%)	0	7	15				
	Women-headed HHs (%)	0	5	10				

Results Hierarchy	Indicators					Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Project Goal Contribute to rural poverty alleviation through increased resilience, incomes and enhanced economic growth in rural farming communities.	Percentage of beneficiary Households reporting an increase in resilience to shock (climatic and economic)				HH surveys	BL, MT, Endline		
	Households (%)	0		25				
	Women headed HHs (%)	0		15				
	Percentage of benefiting livestock farmers reporting an increase in income				HH survey	BL, MTR, Endline		
	income increase (%)	0	15	30				
Development Objective Increase the incomes of smallholder livestock farmers, through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities	2.2.1 Persons with new jobs/employment opportunities				HH outcome surveys and M&E system	BL, MTR, PCR		
	Males (number)	0	300	1000				
	Females (number)	0	300	1000				
	Young (number)	0	600	2000				
	Total number of persons with new jobs/employment opportunities (number)	0	600	2000				
	3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered				FAO Method	BL, endline		
	Hectares of land (ha)	0	0	226901.43				
	tCO2e/20 years (number)	0	0	3948880				
	tCO2e/ha (number)	0	0	17.4				
	tCO2e/ha/year (number)	0	0	0.87				
	Outcome 1. Climate-resilient integrated forest-rangeland ecosystems are sustainably managed by the rural communities	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers				COI HH outcome surveys	BL, MTR, Completion	
Household members (number)		0	5640	28200				
Non-indigenous households (number)								
Non-women-headed households (number)								
Women-headed households (number)		0	120	600				
Households (%)		0	10	20				
Households (number)		0	1200	6000				

Results Hierarchy	Indicators					Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices				COI HH Survey	BL, MT, End	M&E Unit and Service provider	
	Total number of household members (number)	0	11280	56400				
	Households (%)	0	20	40				
	Households (number)	0	2400	12000				
	Percentage change in average Normalized Difference Vegetation Index (NDVI) in project-supported pasture and forest areas,				GIS		ACPIU	
	% change (%)	0		10				
Output 1.1. Pasture, forestry and livelihood management plans are prepared	Number of Pasture and Livelihood Management Plan (PLMP) prepared by the participating Aiyl Okmotu (AO) communities in the 1st Phase				M&E system	annual	PCU	i) PUUs remain actively involved in consultation processes, contributing to every aspect of pasture governance and management and ii) the PLMP are designed inclusively, providing economic opportunities—especially for women, youth, and poor households to improve their livelihoods.
	No PLMP (number)	0	60	100				
	3.1.4 Land brought under climate-resilient practices				M&E System and GIS mapping	annual	PCU	
	Hectares of land (ha)	0	750000	2000000				
	People reached (number)		56400	141000				

Results Hierarchy	Indicators				Source	Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target		Frequency	Responsibility	
Output 1.2. Climate resilient institutional processes and capacities strengthened.	Number of governmental staff (mainly AOS and Lekhose) trained on ecosystem management (Pasture, Livestock and Forestry) and monitoring, forest reforestation				M&E system	semestrial/annual	PCU	Effective inclusive governance and equitable financial management are in place to further reinforce pro-poor outcomes, with mechanisms to guarantee representation for women, youth, and vulnerable groups, ensuring their participation through mandated membership quotas and dedicated forums.
	Government staff trained (number)	0	500	1000				
Output 1.3 Pasture and forestry management plans implemented	Number of pasture and forestry infrastructure rehabilitated				M&E system		PMU	
	No of infrastructures (number)	0	150	350				
Outcome 2. Improved animal health services ensure productive, resilient livestock herds and enhanced rural livelihoods	SF.2.1 Households satisfied with project-supported services				COI HH survey	BL, MTR, PCR	PCU	i) veterinarians respond positively to new incentives and choose to practice in rural communities, ii) upgraded veterinary infrastructure are consistently maintained and staffed, and iii) disease surveillance and rapid-response systems function effectively and sustainably.
	Household members (number)		16920	98700				
	Non-indigenous households (number)							
	Non-women-headed households (number)							
	Women-headed households (number)	0	360	2100				
	Households (%)	0	30	70				
	Households (number)	0	3600	21000				
	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				COI HH survey	BL, MT, End		
	Total number of household members (number)	0	28200	56400				
	Households (%)	0	20	40				

Results Hierarchy	Indicators					Means of Verification		Assumptions		
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility			
	Households (number)	0	6000	12000						
	Percentage reduction in livestock morbidity and mortality									
	reduction (%)	0	5	10						
	1.2.8 Women reporting minimum dietary diversity (MDDW)				COI Outcome Survey	BL, MT and endline	APIU			
	Women (%) (%)	0	65	80						
	Women (number) (number)	0	6240	19200						
	Households (%) (%)	0	65	80						
	Households (number) (number)	0	7800	24000						
	Household members (number)	0	36660	112800						
	Non-women-headed households (number)									
	IE.2.1 Individuals demonstrating an improvement in empowerment								COI Outcome survey	BL, MT, Endline
	Total persons (%)		7.5	25						
	Total persons (number)		4500	15000						
	Females (%)	0	30	50						
	Females (number)		2250	7500						
	Males (%)	0	30	50						
	Males (number)		2250	7500						
	Output 2.1 Output: Country's capacity for food safety is strengthened (public-private veterinary system)	1.1.4 Persons trained in production practices and/or technologies				M&E system - training records	semester/annual			
		Total number of attendances to training sessions (number)	0	6000	15000					
Men trained in livestock (number)		0	3600	9000						
Women trained in livestock (number)		0	2400	6000						
Young people trained in livestock (number)		0	1800	4500						
Total persons trained in livestock (number)		0	6000	15000						

Results Hierarchy	Indicators					Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Number of veterinaries benefiting from improved rural outreach infrastructures (mobile vet clinics, etc.)				M&E report		PMU	
	Vets (number)	0	200	500				
	Number of vets and paravets benefiting from capacity building trainings				Project M&E system	semester/annual		
	Male (number)	0	120	300				
	Females (number)	0	80	200				
	1.1.8 Persons provided with targeted support to improve their nutrition							
	Total persons participating (number)	0	4800	12000				
	Males (number)	0	0	0				
	Females (number)	0	4800	12000				
	Households (number)	0	4800	12000				
	Household members benefitted (number)	0	22560	56400				
	Young (number)		0	0				
	Output Output 2.2. Modernized food safety certification system is established	Number of central vet labs reequipped and restaffed				M&E system	semester/annual	
vet labs (number)		0	1	2				
Annual zoonosis and food-borne disease surveillance programme implemented by KSRVI				M&E System - KSRVI reporting				
Annual program (number)		0					1	
Outcome 3. Enhanced market access and resilient rural livelihoods through inclusive, climate-smart, cooperative-based value chain development.	1.2.5 Households reporting using rural financial services				COI HH survey	BL, MT, End	APIU	
	Total number of household members (number)		16920	28200				
	Households (%)	0	9	20				
	Households (number)	0	3600	6000				
	2.2.2 Supported rural enterprises reporting an increase in profit				COI HH survey	BL,MT, End	APIU	
	Number of enterprises (number)	0	35	70				
	Percentage of enterprises (%)	0	35	70				

Results Hierarchy	Indicators				Source	Means of Verification		Assumptions
	Name	Baseline	Mid-Term	End Target		Frequency	Responsibility	
Output Output 3.1 Priority climate resilient value chain are identified and developed	1.1.5 Persons in rural areas accessing financial services				M&E system			
	Total number of accesses to financial services (number)	0	1600	4000				
	Men in rural areas accessing financial services - credit (number)	0	960	2400				
	Women in rural areas accessing financial services - credit (number)	0	640	1600				
	Young people in rural areas accessing financial services - credit (number)	0	480	1200				
	Total persons accessing financial services - credit (number)	0	1600	4000				
	Enterprises (number)		30	1000				
	2.1.2 Persons trained in income-generating activities or business management				M&E system			
	Males (number)		2070	5400				
	Females (number)		1380	3600				
	Young (number)	0	1035	2700				
	Persons trained in IGAs or BM (total) (number)	0	3450	9000				
Output Output 3.2 Agricultural value chain development fund (AVCDF) is established and functional	Number of Households benefiting from marketing agreement of their cooperatives with lead enterprises							
	Households (number)	0	1000	2500				
Output Output 3.3 Eligible cooperatives access financing from the Agricultural Value Chain Development Fund on a sustainable basis.	2.1.1 Rural enterprises accessing business development services				M&E system			AOs integrate employment and entrepreneurship targets explicitly for the most vulnerable groups into their PLMP, SEDP, and NRMP planning processes
	Size of enterprises (number)	0	750	1500				
	Rural enterprises (number)	0	50	100				
	Women in leadership position (number)	0	300	600				

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 3: Project Cost and Financing

Mission Dates: 31/03/2025 30/04/2025

Document Date: 26/11/2025

Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department

Annex 3: Programme Cost and Financing

Introduction

This section describes the assumptions underlying the derivation of Programme costs, estimated Programme costs and financing plan. The Programme costs are based on parameters collected during the design mission in April 2025. Some of the key parameters are presented below.

Programme Period. The expected duration of the proposed programme is five years.

Inflation. The inflation rate has been significantly volatile in recent years, partly due to fluctuations in the exchange rate of the Kyrgyz Soms (KGS) against the US Dollar (US\$). After peaking at 10.8% in 2023, inflation declined to 5.0% in 2024, but increased again to approximately 6.9% by March 2025. According to the World Bank, inflation is expected to remain below 7.0% at the end of 2025 and stabilize around 6.0% in the medium term. The Asian Development Bank (ADB) forecasts an inflation rate of 6.0% for 2025, rising to 7.8% in 2026, driven by domestic demand and adjustments in utility tariffs.

For the purpose of the LMDP-3 cost analysis, a constant annual inflation rate of 6.3% was considered a sufficiently conservative and balanced estimate for the programme implementation period (2027–2031), reflecting the range of official forecasts. The international inflation rate is set at 2.5% per year, in line with medium- to long-term projections by the Economist Intelligence Unit (EIU) and the World Bank for the US Dollar.

Exchange Rate. In 2024, the exchange rate of the Kyrgyz som remained relatively stable, averaging around 87 KGS per US\$1 throughout the year. For the purpose of LMDP-3 cost calculations, the base exchange rate has been set at 87 KGS per US\$1.

Taxes and Duties. Overall, the items to be imported for the Programme do not attract any import and excise duties. However, there is VAT of 12% levied on all imported and locally procured goods and services. For directly recruited local staff, international and national technical assistance, the Programme will cover the employer's insurance of 17.25% (Social Fund). The Government would cover the cost of all taxes on goods and services procured under the Programme either through provisions in the state budget or tax exemption.

Programme Investment Component Structure. The programme will have three principal inter-related components as well as another one for the required support for programme management and implementation as follows:

- Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management;
- Strengthening the Food Safety System; a
- Climate-Resilient Value Chains for Livelihoods Diversification; and
- Project management.

Programme Organisation and Management. The implementation responsibility will rest with the Agricultural Project Implementation Unit (APIU) in the Ministry of Agriculture, in line with the similar arrangements established under the ongoing IFAD-funded Livestock and Pasture Development Programme (Phase III).

B. Programme Costs

The total investment and incremental recurrent Programme costs, including physical and price contingencies, are estimated at about US\$ 21.490 million. Physical and price contingencies are low at 1% of the total Programme costs. This is mostly due to the fact that they were introduced only to Civil Works and Goods, Equipment and Materials, which represent only 16.5% of the programme cost.

C. Financing

IFAD Financing amounts to a total of US\$ 21.054 million, with US\$ 16.843 million under Super highly concessional terms (SHCT) and US\$ 4.210 million under Highly concessional terms (HCT) from IFAD13 PBAS allocation. The SHCT Loan (78.4 per cent of total programme costs) will finance 79.4 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 11.71 million); 71.9 per cent of the of Strengthening the Food Safety System component (US\$ 2.21 million); 80 per cent of the of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 2.29 million) and 78.9 per cent of the programme management component (US\$ 0.62 million). The HCT Loan (19.6 per cent of total programme costs) will finance 19.8 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 2.92 million); 18 per cent of the Strengthening the Food Safety System component (US\$ 0.55 million); 20 per cent of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 0.57 million) and 19.7 per cent of the programme management component (US\$ 0.15 million). The government contribution is estimated at US\$ 390,000 (1.8 per cent of the total cost) and includes contributions from its budget mostly to cover taxes.

The Government contribution would cover all taxes and duties on all Programme inputs that involve funding from the IFAD Loan or any other external source of funding associated with the IFAD Loan. The estimate of taxes and duties is based on the rates in effect prevailing at the time of the design. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD Loan, any future changes in the rates and/or structures of taxes and duties would have to apply to the Programme.

Tables 1 and 2 below provide summaries by the Programme components and expenditure accounts of the proposed financing arrangement. The other summary financing tables and the COSTAB file are available on Programme file.

Implications for Government Budget. Apart from repayment of the IFAD Loans, implications for Government's budget are limited in terms of its contribution to the Programme costs: the MOF will need to make annual allocations in the state budget to cover taxes and duties.

Table 1: Financing Plan by Components – including contingencies ('000 US\$)

	IFAD loan 1 Super HC		IFAD loan 2 HC		Beneficiary Contribution		Government Taxes		Total		For.	Local	Duties &
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	(Excl. Taxes)	Taxes
A. Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management													
1.1 Pasture, forestry and livelihood management plans prepared	335	72.2	84	18.0	46	9.8	-	-	464	2.2	-	464	-
1.2 Climate-resilient institutional processes and capacities strengthened	2 229	78.2	557	19.5	-	-	65	2.3	2 852	13.3	-	2 787	65
1.3 Pasture and forestry management plans implemented	9 148	80.0	2 287	20.0	-	-	-	-	11 435	53.2	-	11 435	-
Subtotal	11 712	79.4	2 928	19.8	46	0.3	65	0.4	14 751	68.6	-	14 686	65
B. Component 2. Strengthening the Food Safety System													
2.1 Country's capacity for food safety strengthened	1 639	72.0	410	18.0	-	-	227	10.0	2 276	10.6	-	2 048	227
2.2 Modernized food safety certification system established	577	71.4	144	17.9	-	-	87	10.7	808	3.8	-	721	87
Subtotal	2 216	71.9	554	18.0	-	-	314	10.2	3 083	14.3	-	2 770	314
C. Component 3. Climate-Resilient Value Chains for Livelihoods Diversification													
3.1 Priority climate-resilient value chains identified and developed	176	80.0	44	20.0	-	-	-	-	220	1.0	-	220	-
3.2 Agricultural Value Chain Development Fund (AVCDF) established	2 000	80.0	500	20.0	-	-	-	-	2 500	11.6	-	2 500	-
3.3 Cooperatives financed and linked to markets	115	80.0	29	20.0	-	-	-	-	143	0.7	-	143	-
Subtotal	2 291	80.0	573	20.0	-	-	-	-	2 863	13.3	-	2 863	-
D. Project Management													
Project Management	625	78.9	156	19.7	-	-	11	1.3	792	3.7	-	781	11
Total	16 843	78.4	4 211	19.6	46	0.2	390	1.8	21 489	100.0	-	21 100	390

Table 2: Expenditure Accounts by financier ('000 US\$)

	IFAD loan 1 Super HC		IFAD loan 2 HC		Beneficiary Contribution		Government Taxes		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
I. Investment Costs													
A. Civil Works	582	71.2	145	17.8	-	-	90	11.0	817	3.8	-	727	90
B. Equipment, Goods and Vehicles													
Goods, Equipment and Materials	1 940	71.2	485	17.8	-	-	300	11.0	2 725	12.7	-	2 425	300
Vehicles	120	80.0	30	20.0	-	-	-	-	150	0.7	-	150	-
Subtotal Equipment, Goods and Vehicles	2 060	71.7	515	17.9	-	-	300	10.4	2 875	13.4	-	2 575	300
C. Technical Assistance, Studies, Training and Workshops													
Training and workshops	174	80.0	44	20.0	-	-	-	-	218	1.0	-	218	-
International TA	25	80.0	6	20.0	-	-	-	-	31	0.1	-	31	-
National TA	351	80.0	88	20.0	-	-	-	-	439	2.0	-	439	-
Subtotal Technical Assistance, Studies, Training and Workshops	550	80.0	138	20.0	-	-	-	-	688	3.2	-	688	-
D. Financing													
Credit and Funds	13 127	79.8	3 282	19.9	46	0.3	-	-	16 455	76.6	-	16 455	-
Total Investment Costs	16 320	78.3	4 080	19.6	46	0.2	390	1.9	20 835	97.0	-	20 445	390
II. Recurrent Costs													
A. Salaries and Allowances	424	80.0	106	20.0	-	-	-	-	530	2.5	-	530	-
B. Social Fund	75	80.0	19	20.0	-	-	-	-	94	0.4	-	94	-
C. Other Operating Expenses													
Office	24	80.0	6	20.0	-	-	-	-	30	0.1	-	30	-
Total Recurrent Costs	524	80.0	131	20.0	-	-	-	-	655	3.0	-	655	-
	16 843	78.4	4 211	19.6	46	0.2	390	1.8	21 489	100.0	-	21 100	390

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 4: Economic and Financial Analysis

Mission Dates: 31/03/2025 30/04/2025

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Near East, North Africa and Europe Division
Programme Management Department

Annex 4: Economic and Financial Analysis

Expected results and benefits

1. The overall goal of the LMDP III is the reduction of rural poverty in Kyrgyzstan through increased resilience, incomes, and enhanced economic growth in rural farming communities. Its Development Objective is to increase the incomes of smallholder livestock farmers, achieved through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities. LMDP III will also partner with forest administration authorities to extend support to restore forest areas starting with improving the pastures inside the forests. In parallel, LMDP III will improve livestock health and food safety systems by expanding vaccinations, improving disease surveillance, and training private vets to reach remote communities. It will upgrade food safety standards so that meat, dairy and other selected value chain products are safer and meet market requirements. Another pillar of LMDP III is market development and inclusive value chains. LMDP III will help livestock producers – especially women and youth – improve market access and diversify their livelihoods by providing training, and financing for cooperatives to pursue value-added activities.
2. **Project results.** It is expected that the project interventions would increase the (i) farm-level livestock production/productivity; (ii) quantity and quality of livestock input to processing and consumption; (iii) products diversification; (iv) commercialisation of the sector providing expanded employment and increased incomes among the beneficiaries; (v) capacities and livelihoods of women and youth; (vi) GHG mitigation and resilience to climate change.
3. **Project outreach.** LMDP-III will, from inception, target nationwide coverage across all seven regions of Kyrgyzstan, ultimately aiming to manage the entirety of pastureland and forestland by supporting 231 Aiyl Okmotus (AOs) and 40 Leskhozoes, totaling approximately 271 government territorial authorities responsible for pasture and forest management. LMDP-III Phase 1 (2027–2031), financed by IFAD-13, will support approximately 100 territorial authorities. The project aims to directly benefit an estimated 50,000 rural households, focusing on a) mobile livestock herders, b) forest product collectors, and c) fodder producers. Women and youth are key target groups, with quotas of at least 40% and 30% respectively. Within these groups, LMDP-III classifies beneficiaries as follows: Peasant Farms (40%), Household Farms (50%) and Individual Entrepreneurs (10%). Based on the employment trends in agriculture and MSMEs, LMDP-III activities are expected to generate 4950 new jobs for the youth.

Key Assumptions

4. The parameters for the models are based on information gathered during the design mission: interviews with farmers and entrepreneurs, information from the donor agencies operating in Kyrgyzstan and the ongoing LMDP II, ATMP projects. In particular, information on labour and input requirements for various operations, capital costs, prevailing wages, yields, farm gate and market prices of commodities, input and farm-to-market transport costs were collected. Conservative assumptions were made both for inputs and outputs, and take account of possible risks.
5. Prices for commodities/inputs reflect annual average and those actually paid/received by the farmer/entrepreneur, and imply potential risks.
6. The average interest rate of 14% that is currently prevailing for agricultural short-term loans in Kyrgyzstan was used in the analysis.
7. The length of the seasonal or short-term loans is up to one year. Long-term loans are expected to be repaid in equal instalments over an up to a five-year period, depending on the investment. The long-term loans were assumed to have a one-

year grace period. Interest on the entire amount outstanding would be paid during the grace period.

8. The models show only incremental revenues and costs generated by the new investment. In each case, the result of the investment translates into additional demand for produce from primary producers and new permanent jobs.
9. A discount rate of 14% was used in the financial models to assess the viability and robustness of investments. This rate reflects the opportunity cost of capital in Kyrgyzstan, based on the current refinancing rate (9%) and expected inflation trends (estimated at 6–7% over the coming years). While the theoretical sum of these two components would suggest a higher rate, a 14% discount rate was selected as a conservative and reasonable proxy, aligned with local financial market conditions and widely accepted practice in similar investment appraisals. Projects with an internal rate of return (IRR) above this threshold are considered viable. The IRR is also used to assess the models' sensitivity to changes in investment costs, operating costs, and revenues.

Financial analysis

10. Since IFAD's projects implementation, the pasture users in Kyrgyzstan have created 454 Pasture User Unions (PUUs) of which IFAD supported 125 PUUs under LMDP-I, covering 3 286 000 Ha and 189 PUUs under LMDP-II, covering 2 773 000 ha. Both projects cover 66% of pastureland of the country (9 million ha). Pasture users were full members of the PUUs, each with an executive body, the Jaiyt (local) Committee (JC).
11. Since 2021, Kyrgyzstan has adopted a presidential governance model, reshaping local administrations. In 2023, smaller municipalities merged into fewer, larger Aiyl Okmotus (AOs) responsible for broader resource management. Pasture governance shifted from Pasture Users' Unions (PUUs) to these consolidated AOs, weakening user participation, technical capacity, and governance of overlapping pasture and forest resources.
12. LMDP III, implemented in the provinces of Batken, Osh, Naryn and Talas, will improve pasture and forest management by supporting 100 Aiyl Okmotus and 41 leskhozoes to carry out pasture and forest management planning, ensure sustainable use of pastures and forests over the medium to long term.
13. The primary objective of the financial analysis is to determine the financial viability and incentives for the Project target group as a result of their engagement in Project activities, and hence to examine Project's impacts on family labour, financial flow and household incomes.
14. The economic activities selected for the analysis correspond to the ones with good adoption potential by the value chain stakeholders in the Project area in the ongoing phase of diversification from the fodder and livestock production. The analysis presents several sets of models:
 - The first set represents the AO grants related to fodder and pasture improvement models. This includes a demonstration site for sainfoin production and an AO pasture improvement model. All incremental benefits have been estimated in comparison to a scenario WOP, which has no economic activity.
 - A second set represents three livestock models, including cow breeding, cattle fattening (2-heads and 4 heads), and beekeeping. Incremental benefits in this case are measured compared to without the project scenario with no economic activity.
 - The third set presents a variety of representative models aimed at enhancing livelihood diversification through grants. These models include apricot orchards, walnut orchards, sea buckthorn collection, cold storage model, solar drying model, and vegetable greenhouse cultivation, represented by Tomato production.

- The fourth set includes models that showcase greenhouse gas (GHG) reduction initiatives associated with diversification grants. Notably, these initiatives are represented by the Apricot and Walnut Orchards Models.
15. Twelve illustrative models were prepared to demonstrate the financial viability of potential investments. All models show the prospective benefits and rate of return derived from the access to required financing, training, demonstration and advisory services.
 16. *Two cows farm model.* The financial model illustrates the incremental benefits that a smallholder farmer with 2 cows who specializes in milk would gain within the project activities. It is assumed that a smallholder farmer had an old shed with feedlots for livestock, that is still suitable for further use, but it needs some further improvement and modernization. The primary benefit is expected to come from increased milk production due to better breeding practices, improved quality of feed (including hay, concentrate, and minerals), enhanced feeding techniques, and better veterinary services. The milk produced will be sold in local markets or supplied to a nearby dairy processing plant. The model indicates a financial Net Present Value (NPV) of KGS 41,000 over a ten-year period, along with a financial Internal Rate of Return (IRR) of 18.2%, suggesting that the project is financially viable.
 17. *Fattening cattle models.* This financial model illustrates the incremental benefits that a smallholder farmer with 2 cattle heads and 4 cattle heads who specializes in beef production would gain within the project activities. The anticipated main benefit would occur from the increased production of beef due to the improved breeds, feeding practices and veterinary services, which will be sold on the local markets and/or supplied to a local meat processing plant. The model shows a financial NPV of KGS 64,628 and KGS 50,823 over a ten-year period and a financial IRR of 91.3% and IRR of 48%, for 2-cattle-head and 4-cattle-head models respectively, which is financially viable.
 18. *Bee-keeping model.* The financial model illustrates the incremental benefits from bee-keeping activity. The project investment focuses on the establishment of a bee-keeping plant, which represents the essence of the investment costs. To support the establishment and operational expenses during the initial year, funding will be sourced through a credit contract covering 70% of the costs, supplemented by beneficiary contributions making up the remaining 30%. This small rural entrepreneur would specialize on sales of honey and wax. The model shows a financial NPV of KGS 408,328 over a fifteen-year period.
 19. *Walnut orchard model.* The financial model demonstrates the incremental benefits of a 1-hectare walnut orchard compared to a scenario without any economic activity. It outlines a situation where the orchard is established from scratch and begins to produce yields in year four. The primary investment expenses include planting, seeding, labour costs, maintenance, and transportation. This small business will focus on selling walnuts either in the local market or to processors. The model indicates a net present value (NPV) of KGS 1,260,737 over a twenty-year period and an internal rate of return (IRR) of 25.2% before considering financing scenarios, which suggests that the model is financially viable. The financing is assumed to come equally (50% each) from the beneficiary's resources and credit lines, with a projected NPV of KGS 2,632,839 over the same twenty-year period and an IRR of 34.7%.
 20. *Greenhouse model.* The financial model illustrates the incremental benefits from establishment of 1 Ha greenhouse that could be one of the joint competitive grant projects for GHG emissions reduction pilots supported by the project. Such greenhouse has a potential to create a climate sensitive value chain which would reduce the pressure on pasturelands. A group of farmers would specialize in sales of vegetables (in the given case – tomatoes) to local market, processors or for export. The model shows a financial NPV of KGS 718,786 over a fifteen-year period and a financial IRR of 50.7% before applying financing scenario.

Fruits, berries and herbs VCs

21. *Apricot orchard model.* The financial model illustrates the incremental benefits from 1 Ha apricot orchard that could be one of the competitive grant projects for GHG emissions reduction pilots supported by the project. This small entrepreneur would specialize in sales of apricot on local market/fruit drying plant/cold storage. The model shows a financial NPV of KGS 1,953,402 over a fifteen-year period and a financial IRR of 31.6% before applying financing scenario, which is financially viable.
22. *Cold storage model.* The financial model illustrates the incremental benefits from establishment of a cold storage facility with the total capacity of 80 tons that could be one of the joint competitive grant projects for low-carbon pilots supported by the project. Such greenhouse has a potential to create a climate sensitive value chain which would reduce the pressure on pasturelands. This facility would specialize on purchase of fresh fruits and berries and resale of them after the harvest season by enjoying the seasonal prices, which are twice higher the original ones. The model shows a financial NPV of KGS 1,388,312 over a fifteen-year period and a financial IRR of 16.9% before applying financing scenario, which is financially viable.
23. *Solar dryer model.* The financial model illustrates the incremental benefits from establishment of a solar dryer facility with the total capacity of 12 tons that could be one of the diversification grant projects for women and youth supported by the project. This facility would specialize on purchase of fresh fruits and berries, their drying and reselling. The model shows a financial NPV of KGS 57,684 over a fifteen-year period and a financial IRR of 19,1% before applying financing scenario, which is financially viable.
24. *Sea buckthorn model.* The financial model illustrates the incremental benefits from 20 Ha sea buckthorn collection site that could be one of the elements of fruits, berries and herbs VCs proposed for women and youth for their income diversification. This individual would specialize on wild sea buckthorn collection and selling it to processors (for e.g. solar drying facility). The model shows a financial NPV of KGS 232,603 over a fifteen-year period and a financial IRR of 69,1%. The model does not need significant investments and special financing.
25. The summary table on results of all financial models described in the analysis is provided below:

Kyrgyzstan: Livestock and Market Development Programme III (LMDP-3)												
F I N A N C I A L A N A L Y S I S	CATEGORY	Estimated Investment Costs (US\$)			Annual Net Benefits (US\$)			Annual inc. net benefits per 1US\$ of inv.	IRR (%)	NPV (US\$)	Return to labour, US\$/day	Return to family labour, US\$/day
		LMDP-3	Beneficiary Contrib.	Total	Without Project	W. Project - Full Dvt	Incremental					
	Two cows farm model	0	663	663	498	2 373	1 875	2,8	18%	467	6,3	6,3
	Two cattle heads intensive farm model	0	460	460	0	220	220	0,5	91%	743	3,1	5,3
	Four cattle heads intensive farm model	0	690	690	0	228	228	0,3	48%	584	1,1	3,2
	Bee-keeping model	4 410	1 890	6 299	0	2 227	2 227	0,4	37%	6 340	N/A	N/A
	Walnut orchard model	4 133	4 535	8 668	0	8 934	8 934	1,0	25%	14 491	3,7	3,7
	Greenhouse model	3 093	7 217	10 310	4 674	9 144	2 539	0,2	51%	8 262	N/A	N/A
	Apricot orchard model	4 133	4 133	8 267	0	13 392	13 392	1,6	32%	22 453	N/A	N/A
	Cold storage model	104 963	104 963	209 925	0	26 368	26 368	0,1	17%	15 958	N/A	N/A
	Solar dryer model	4 214	4 214	8 428	0	936	936	0,1	19%	663	N/A	N/A
	Sea buckthorn model	0	1 034	1 034	0	768	768	0,7	69%	2 674	N/A	N/A

Economic analysis

ENPV = USD 16 million; ERR = 20.7% (base-case scenario).

26. The period of economic analysis is 20 years to account for the phasing and gestation period of the proposed interventions. The conservative scenario is presented in the analysis and it is indicative and demonstrates the scope of profitability originated from the conditions prevailing at the time of the preparation (June-July, 2025).
27. **The shadow exchange rate (SER)** has been calculated at 1 USD = 93.4 KGS. Overall conversion factors for inputs and outputs vary between 0.85 and 0.88. An average conversion factor of 0.86 has been applied when converting financial prices into economic prices. The conversion factors have been estimated for the main outputs – milk (CF is 0.87) and meat (CF is 0.86). Moreover, the Kyrgyz economy is relatively open and not

distorted by subsidies or tariffs. Calculation of the economic prices of these two commodities has confirmed this assumption.

28. **Opportunity Cost of Labour. An average daily wage rate of KGS 925 has been assumed as the opportunity cost of labour (including both hired and family labour) in the Economic Analysis.**
29. A discount rate of 10% was applied for the economic analysis, as it is commonly used for development projects in Central Asia. This rate aligns with the current refinancing rate of 9% and is consistent with prevailing inflation trends, reflecting local economic conditions.
30. The analysis identifies the quantifiable benefits that relate directly to the activities undertaken following implementation of the project components, or that can be justifiably attributed to the project's implementation.
31. The illustrative models described above have been used for the calculation of the overall benefit stream, on the basis of economic prices. The overall benefit stream has been generated based on the phasing of grants provided to AOs and competitive grants that would be provided for GHG reducing pilots and diversification projects of women and youth. Table 4 below provides assumptions for phasing of grants provided under the project.
32. It was assumed that at least 80 percent of the investments would achieve the estimated returns, i.e. an 80% success rate was applied to the models. Financing flows have not been undertaken in the calculations as they are already reflected in the project costs or represent transfer payments (duties and taxes).
33. Given the benefit and cost streams, the base-case ERR of the Project is estimated at 20.7%. The base-case ENPV of the project's net benefit stream, discounted at 10%, is USD 16 million. This proves that the project is economically viable and justified and recommended for financing from the economic point of view. Table below presents net benefit and cost streams of the project, while Figure 1 shows the overall economic analysis LMDP-3.

	Values in '000 USD	Net Inc. Benefits	Incr. Costs	Net Cash Flow
ECONOMIC ANALYSIS	PY1	0	3012	-3012
	PY2	-7111	1224	-8335
	PY3	-8193	216	-8409
	PY4	1410	199	1211
	PY5	3438	382	3057
	PY6	5415	112	5303
	PY7	5476	112	5364
	PY8	7008	112	6896
	PY9	7672	112	7560
	PY10	7746	112	7634
	PY11	8729	112	8617
	PY12	8582	112	8470
	PY13	5983	112	5871
	PY14	5985	112	5873
	PY15	5983	112	5871
	PY16	5985	112	5873
	PY17	3677	112	3565
	PY18	3677	112	3565
	PY19	3677	112	3565
	PY20	3677	112	3565

34. **Sensitivity analysis.** Economic returns were tested against changes in benefits and costs and for various lags in the realization of benefits. In relative terms, the ERR is equally sensitive to changes in costs and in benefits. In absolute terms, these changes do not have a significant impact on the ERR, and the economic viability is not threatened by both a 20% decline in benefits nor by a 20% increase in costs, since the ERR in both cases

remains well above the discount rate. A two-year delay in project benefits reduces the ERR to 18,5%. The results are presented in the following table:

Sensitivity Analysis (20-year period)	Base case	Costs Increase			Increase of Benefits		Decrease of Benefits			Delay of Benefits	
		+10%	+20%	+50%	+10%	+20%	-10%	-20%	- 30%	1 year	2 years
ERR	20,7%	20,2%	19,7%	18,3%	21,2%	21,6%	20,1%	19,4%	18,6%	19,6%	18,5%
ENPV (USD mln)	16,0	15,5	15,0	13,6	18,1	20,2	13,9	11,8	9,8	13,6	11,4

Discount rate 10%

35. To evaluate the project's economic and financial sustainability, scenarios incorporating the concurrent impact of two to three negative factors were analyzed. Even under a conservative stress scenario with a 20% increase in costs, a 20% decrease in benefits, and a two-year delay in benefit realization, the project remains economically viable, achieving an EIRR of 15.9%.

Additional scenarios (combination of 2):																			ERR	ENPV (USD mln)		
Costs +10% and benefits delayed 1 years	-3,3	-1,3	-7,3	-8,4	1,0	3,3	5,3	5,4	6,9	7,5	7,6	8,6	8,5	5,9	5,9	5,9	3,6	3,6	19,0%	13,1		
Costs +20% and benefits delayed 2 years	-3,6	-1,5	-0,3	-7,3	-8,7	1,3	3,3	5,3	6,9	7,5	7,6	8,6	8,4	5,8	5,9	5,8	5,9	3,5	3,5	17,4%	10,5	
Benefits -10% and benefits delayed 1 years	-3,0	-1,2	-6,6	-7,6	0,9	3,0	4,8	4,8	6,2	6,8	6,9	7,7	7,6	5,3	5,3	5,3	3,2	3,2	19,0%	11,8		
Benefits -20% and benefits delayed 2 years	-3,0	-1,2	-0,2	-5,9	-6,9	1,0	2,6	4,2	4,3	5,5	6,0	6,1	6,9	6,8	4,7	4,7	4,7	4,7	2,8	2,8	17,1%	8,2
Additional scenarios (combination of 3):																						
Costs +10%, Benefits -10% and benefits delayed 1 years	-3,3	-1,3	-6,6	-7,6	0,8	3,0	4,8	4,8	6,2	6,8	6,8	7,7	7,6	5,3	5,3	5,3	3,2	3,2	3,2	18,4%	11,3	
Costs +10%, Benefits -10% and benefits delayed 2 years	-3,3	-1,3	-0,2	-6,6	-7,8	1,1	3,0	4,8	4,8	6,2	6,8	6,8	7,7	7,6	5,3	5,3	5,3	5,3	3,2	3,2	17,3%	9,3
Costs +20%, Benefits -20% and benefits delayed 2 years	-3,6	-1,5	-0,3	-5,9	-7,0	1,0	2,6	4,2	4,2	5,5	6,0	6,1	6,8	6,7	4,7	4,7	4,7	4,7	2,8	2,8	15,9%	7,2

36. Table below represents findings of the risk analysis:

	Δ%	Link with the risk matrix	EIRR
Base scenario			20,7%
Project benefits	-10%	Combination of risks affecting output prices, productivity and adoption rates	20,1%
Project benefits	-30%		18,6%
Project costs	10%	Increase of goods costs	20,2%
Project costs	20%		19,7%
1 year lag in ben.		Risks affecting adoption rates and low implementation capacity	19,6%
2 years lag in ben.			18,5%

Table 4: Phasing of grants

Kyrgyzstan: Livestock and Market Development Programme III (LMDP-3)

Working Paper: Economic analysis

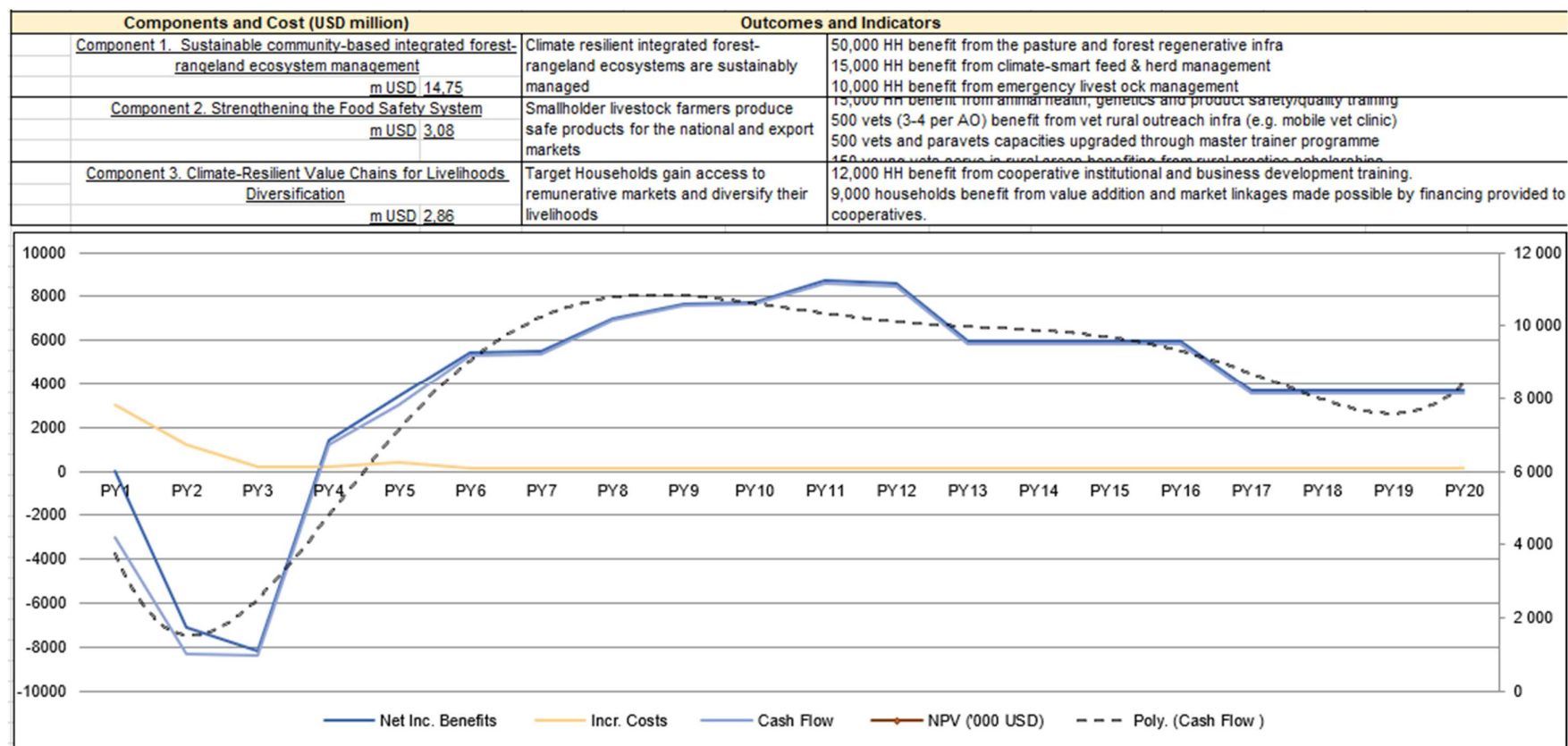
Table 1: Phasing

(constant 2024 year values)

		Ex rate	93,4								
AO grants											
Success rate	80%										
	Project Year	1	2	3	4	5	6	7	8	9	10
Incremental net benefits per 1 AO, 000'USD		-51,9	-38,0	8,8	9,3	10,2	10,6	11,9	12,4	12,6	12,8
Grants for AO of PY1											
Grants for AO of PY2		100	100	100	100	100	100	100	100	100	100
Grants for AO of PY3			100	100	100	100	100	100	100	100	100
Grants for AO of PY4				1 000	100	100	100	100	100	100	100
Grants for AO of PY5						63	63	63	63	63	63
Incremental net benefits of PY1, 000'USD		0	0	0	0	0	0	0	0	0	0
Incremental net benefits of PY2, 000'USD		-	4 155,6	-	3 036,5	705,4	746,9	816,1	850,7	954,5	989,1
Incremental net benefits of PY3, 000'USD				-3036,5	705,4	746,9	816,1	850,7	954,5	989,1	1009,8
Incremental net benefits of PY4, 000'USD					705,4	746,9	816,1	850,7	954,5	989,1	1009,8
Incremental net benefits of PY5, 000'USD						470,6	514,2	535,9	601,3	623,1	636,2
Total incremental net benefits from crediting, 000'USD		0,0	-4155,6	-6073,1	2116,3	2711,4	2962,5	3088,1	3464,8	3590,3	3665,7
Diversification grants (GHG reducing pilots)											
Success rate	80%										
	Project Year	1	2	3	4	5	6	7	8	9	10
Incremental net benefits per 1 div grant (GHG reduc pilot), 000'USD		-14,9	-8,3	-3,2	1,5	7,3	7,3	11,4	12,9	12,9	16,6
Diversification grants (GHG reducing pilots) of PY1											
Diversification grants (GHG reducing pilots) of PY2			150	150	150	150	150	150	150	150	150
Diversification grants (GHG reducing pilots) of PY3				100	100	100	100	100	100	100	100
Diversification grants (GHG reducing pilots) of PY4					50	50	50	50	50	50	50
Diversification grants (GHG reducing pilots) of PY5											
Incremental net benefits of PY1, 000'USD											
Incremental net benefits of PY2, 000'USD			-1789,9	-992,0	-379,5	180,4	875,3	875,3	1367,7	1553,0	1553,0
Incremental net benefits of PY3, 000'USD				-661,3	-253,0	120,2	583,6	583,6	911,8	1035,3	1035,3
Incremental net benefits of PY4, 000'USD					-126,5	60,1	291,8	291,8	455,9	517,7	517,7
Incremental net benefits of PY5, 000'USD											
Total incremental net benefits from crediting, 000'USD			-1789,9	-1653,4	-759,0	360,7	1750,7	1750,7	2735,3	3106,0	3106,0

Livelihoods Diversification grants											
Success rate	80%										
	Project Year	1	2	3	4	5	6	7	8	9	10
Incremental net benefits per 1 div grant (W&Y), 000'USD		-14,9	-3,9	0,2	2,5	4,9	4,4	5,6	6,7	6,7	7,0
Livelihoods Diversification grants of PY1											
Livelihoods Diversification grants of PY2			90	90	90	90	90	90	90	90	90
Livelihoods Diversification grants of PY3				60	60	60	60	60	60	60	60
Livelihoods Diversification grants of PY4					25	25	25	25	25	25	25
Livelihoods Diversification grants of PY5											
Incremental net benefits of PY1, 000'USD											
Incremental net benefits of PY2, 000'USD			-1070,3	-283,8	16,9	178,1	350,9	316,4	402,4	479,9	479,9
Incremental net benefits of PY3, 000'USD				-189,2	11,3	118,7	233,9	210,9	268,3	319,9	319,9
Incremental net benefits of PY4, 000'USD					4,7	49,5	97,5	87,9	111,8	133,3	133,3
Incremental net benefits of PY5, 000'USD											
Total incremental net benefits from crediting, 000'USD			-1070,3	-473,0	32,8	346,3	682,3	615,2	782,5	933,1	933,1
Livestock models											
Success rate	80%										
	Project Year	1	2	3	4	5	6	7	8	9	10
Incremental net benefits per Livestock investment, 000'USD		-1,3	0,1	0,3	0,3	0,3	0,3	0,4	0,6	0,6	0,6
Livestock Investments of PY1											
Livestock Investments of PY2			90	90	90	90	90	90	90	90	90
Livestock Investments of PY3				60	60	60	60	60	60	60	60
Livestock Investments of PY4					25	25	25	25	25	25	25
Livestock Investments of PY5											
Incremental net benefits of PY1, 000'USD											
Incremental net benefits of PY2, 000'USD			-95,4	9,4	20,7	20,9	20,5	23,1	27,4	44,6	43,2
Incremental net benefits of PY3, 000'USD				6,2	13,8	14,0	13,7	15,4	18,2	29,7	28,8
Incremental net benefits of PY4, 000'USD					5,8	5,8	5,7	6,4	7,6	12,4	12,0
Incremental net benefits of PY5, 000'USD											
Total incremental net benefits from investment, 000'USD			-95,4	15,6	40,3	40,7	39,8	45,0	53,2	86,7	83,9
Total											
	Project Year	1	2	3	4	5	6	7	8	9	10
Incremental net benefits of PY1, 000'USD		0	0	0	0	0	0	0	0	0	0
Incremental net benefits of PY2, 000'USD		0	-7111,2	-4312,3	342,8	1105,4	2042,3	2042,4	2724,6	3021,9	3042,7
Incremental net benefits of PY3, 000'USD		0	0,0	-3880,8	477,5	999,9	1647,3	1660,6	2152,8	2374,0	2393,8
Incremental net benefits of PY4, 000'USD		0	0,0	0,0	589,4	862,3	1211,1	1236,8	1529,8	1652,4	1672,8
Incremental net benefits of PY5, 000'USD		0	0,0	0,0	0,0	470,6	514,2	535,9	601,3	623,1	636,2
Total incremental net benefits from crediting, 000'USD		0	-7111,2	-8193,2	1409,6	3438,1	5414,8	5475,8	7008,4	7671,5	7745,5

Figure 1: Economic Analysis



Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 6: First (Annual) Work Plan and Budgets

Mission Dates: 31/03/2025 30/04/2025

Document Date: 26/11/2025

Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department

Annex 6: First (Annual) Work Plan and Budgets

Annual Work Plan and Budget (AWPB) for LMDD-3 for 2027

Description of activity by Category	Description of activity by Component/Subcomponent	Unit	Quantity	Expenditure (000'USD) for 2027			Expenditure by financing sources (000'USD)		
				Plan	Actual	%	IFAD Loan	Ben Contribution	GOVT: Taxes
Component 1. "Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management"									
Subcomponent 1.1 "Pasture, forestry and livelihood management plans prepared"									
CREDIT_AND_FUNDS	Advancement of Pasture & Livestock Management Plans /a	per plan	100	100.0			75.0		25.0
CREDIT_AND_FUNDS	Advancement of Natural Resources Management Plans /b	per plan	41.0	82.0			61.5		20.5
CREDIT_AND_FUNDS	Mobilization and mentoring activities /c	SG/Leskhoze	141.0	141.0			141.0		-
CREDIT_AND_FUNDS	Communication	number	141.0	141.0			141.0		-
Total for Subcomponent 1.1 "Pasture, forestry and livelihood management plans prepared"							418.5		45.5
Subcomponent 1.2 "Climate-resilient institutional processes and capacities strengthened"									
CREDIT_AND_FUNDS	Social Mobilisation/Social Inclusion Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Capacity Development Specialist (North and South)	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	VC Development Specialist (North and South)	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Communications Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Consultants for Mobilization and Mentorship	pers-month	144.0	144.0			144.0		
CREDIT_AND_FUNDS	Engineer	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Engineers for Technical Supervision	pers-month	96.0	96.0			96.0		
CREDIT_AND_FUNDS	Social Insurance (17.25% for local staff)	lumpsum		165.6			165.6		
CREDIT_AND_FUNDS	Per diem and travel expenses	per annum	1.0	30.0			30.0		
CREDIT_AND_FUNDS	Operational costs	per annum	1.0	6.0			6.0		
CREDIT_AND_FUNDS	Contingencies	per annum	1.0	3.0			3.0		
EQ_EA	Publications, printing, etc	lumpsum	5.0	100.0			94.6		11.7
EQ_EA	Office equipment /a	set	30.0	60.0			56.8		7.0
VE_EA	Vehicle 4x4	number	1.0	50.0			50.0		-
TRA_EA	Study tours for beneficiaries (exchange visits)	package	2.0	6.0			6.0		
TRA_EA	Trainings and seminars for staff	package	2.0	2.0			2.0		
TRA_EA	Training (venue, materials, participants of the trip)	package	2.0	2.0			2.0		
CREDIT_AND_FUNDS	Pasture Management and Monitoring Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Pasture Monitoring Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Environmental Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Communications Specialist	pers-month	4.8	5.3			5.3		
CREDIT_AND_FUNDS	GIS Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	IT maintenance	month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Social Insurance (17.25% for local staff)	pers-year	1.0	3.9			3.9		
CREDIT_AND_FUNDS	International Expert on M&E Georeferencing	mission	1.0	15.0			15.0		
CREDIT_AND_FUNDS	Travel expenses, daily allowance, hotel, fuel	per annum	1.0	15.0			15.0		
CREDIT_AND_FUNDS	Internet, office supplies, etc.	per annum	1.0	8.0			8.0		
EQ_EA	Software and georeferencing of project activities, integration into GIS-based Project Atlas, pastureland monitoring	lumpsum		200.0			189.2		23.4
EQ_EA	Office equipment /d	set	20.0	40.0			37.8		4.7
EQ_EA	Publications, printing, etc	lumpsum	3.0	9.0			8.5		1.1
VE_EA	Vehicle 4x4	number	-	-			-		-
TRA_EA	Trainings and seminars for staff	package	2.0	2.0			2.0		
TRA_EA	Seminars on capacity needs assessment of stakeholders in the field of pasture/forest management/ecosystems	package	2.0	2.0			2.0		
TRA_EA	Training on evidence-based coordination using GIS/georeferencing	package	1.0	1.0			1.0		
TRA_EA	Knowledge exchange on promoting climate-resilient and diversified pasture-based livestock farming / High-level	per annum	5.0	15.0			15.0		
CREDIT_AND_FUNDS	Forestry and forest ecosystem monitoring specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Forestry Operations Floating Specialist	pers-month	4.8	5.8			5.8		
CREDIT_AND_FUNDS	Social Insurance (17.25% for Local Staff)	per annum	1.0	4.6			4.6		
CREDIT_AND_FUNDS	Travel Expenses, Per Diem, Accommodation, Fuel	per year	1.0	15.0			15.0		
CREDIT_AND_FUNDS	Internet, Stationery, etc.	per year	1.0	4.0			4.0		
EQ_EA	Software and georeferencing of project activities and investments, recording in GIS-based Project Atlas /f	lumpsum		100.0			94.6		11.7
EQ_EA	Office equipment /g	set	20.0	40.0			37.8		4.7
EQ_EA	Publications, printing, etc	lumpsum	3.0	9.0			8.5		1.1
VE_EA	Vehicle 4x4	number	5.0	100.0			100.0		-
TRA_EA	Trainings and seminars for staff	package	17.0	17.0			17.0		
ITA_EA	Remote sensing ITA /h	pers-month	1.0	7.5			7.5		
ITA_EA	International training specialist (including travel) /j	pers-month	-	-			-		-
ITA_EA	International ICT Systems Analyst (including travel) /k	pers-month	-	-			-		-
NTA_EA	IT Technical Support and Maintenance	pers-month	-	-			-		-
EQ_EA	Software - Department of Pasture and Breeding Livestock /l	lumpsum		-			-		-
EQ_EA	Software - Forest Service under the MES /m	lumpsum		-			-		-
TRA_EA	Training (venue, material)	package	1.0	0.5			0.5		
NTA_EA	Travel Expenses, Per Diem, Accommodation, Fuel	per annum	1.0	10.0			10.0		
NTA_EA	Internet, Stationery, etc.	per annum	1.0	8.0			8.0		
NTA_EA	Baseline, Midterm, and Final Impact Assessments	per annum	1.0	40.0			40.0		
Total for Subcomponent 1.2 "Climate-resilient institutional processes and capacities strengthened"							1 375.5		65.3
Subcomponent 1.3 "Pasture and forestry management plans implemented"									
CREDIT_AND_FUNDS	Leskhoze public infrastructure investments	lumpsum	41.0	1 435.0			1 435.0		
CREDIT_AND_FUNDS	Public infrastructure investments for LSG to improve pastures	lumpsum	100.0	10 000.0			10 000.0		
Total for Subcomponent 1.3 "Pasture and forestry management plans implemented"							11 435.0		
Total Component 1							13 229.0		110.8

Component 2. "Strengthening the Food Safety System"									
Subcomponent 2.1 "Country's capacity for food safety strengthened"									
NTA_EA	Sustained EAEU recognition of KR sanitary system — personnel costs for assessment /a	package	1.0	4.0			4.0		
NTA_EA	Change management — action plan for responsible antimicrobial use	per year	2.0	2.0			2.0		
NTA_EA	Support for last year students in the faculty of veterinary in KNAU	lumpsum		50.0			50.0		
TRA_EA	Study tour on SPS Agreement (6 persons)	lumpsum		20.0			20.0		
EQ_EA	Server and Unified Information System, Identification and tracking of animals	lumpsum	1.0	100.0			94.6		11.7
EQ_EA	Equipment and furniture for district veterinary labs	lumpsum	-	-			-		-
EQ_EA	Field equipment for each raion Veterinary Inspector	package	-	-			-		-
EQ_EA	Publication - issues & options paper	package	1.0	2.0			1.9		0.2
EQ_EA	Publication - SOP	package	1.0	5.4			5.1		0.6
EQ_EA	General lab equipment, supplies, kits & reagents	package	10.0	300.0			283.9		35.1
EQ_EA	Serology Dept - Lab equipment	lumpsum	-	-			-		-
EQ_EA	Chemo Toxicology Dept - Lab equipment & chemicals	package	-	-			-		-
EQ_EA	Virology Dept - Lab equipment	package	-	-			-		-
EQ_EA	Bacteriology & Lepto Dept - Lab equipment	package	-	-			-		-
CIVIL_WORKS	Repair and reconstruction of district veterinary laboratories	lumpsum	10.0	350.0			331.2		40.9
NTA_EA	Technical support for Department of Plant Protection, Quarantine and Chemicalization	package	2.0	2.0			2		
CIVIL_WORKS	Repair and reconstruction of district phytosanitary laboratories	lumpsum	-	-			-		-
TRA_EA	Overseas training — national lab technicians /b	per person	5.0	15.0			15.0		
EQ_EA	General phytosanitary laboratory equipment, consumables, kits and reagents	lumpsum		150.0			141.9		17.5
NTA_EA	Animal ID & Traceability (TA including travel)	pers-month	-	-			-		-
NTA_EA	Quality Assurance survey by SIVSPS Animal ID Unit /c	lumpsum	-	-			-		-
NTA_EA	Pilots/incentives to increase vet field outreach /d	lumpsum	-	-			-		-
TRA_EA	Participation of field vets in 4 regional workshops /e	package	-	-			-		-
NTA_EA	Change Management /f	pers-month	-	-			-		-
ITA_EA	International consultant (TA including travel)	pers-month	-	-			-		-
TRA_EA	Workshops (2 in total)	package	-	-			-		-
NTA_EA	TA for VC (recruitment of 2 consultants and support for thr private vet accreditation system)	pers-year	1.0	15.0			15.0		
TRA_EA	Participation in educational exchange visits / study tours	per annum	5.0	10.0			10.0		
TRA_EA	Trainings aimed at capacity development / enhancement /g	per annum	5.0	15.0			15.0		
EQ_EA	Publications, printed materials, etc.	unit	-	-			-		-
NTA_EA	TA to the KVA (including the recruitment of two consultants and operational support for the accreditation system)	contract	1.0	15.0			15.0		
TRA_EA	Executive Board expenses /h	lumpsum	-	-			-		-
TRA_EA	Participation in WVA annual conferences /i	per person	-	-			-		-
TRA_EA	Participation in WVA semi-annual conferences /j	lumpsum	-	-			-		-
EQ_EA	Establishment of district mobile veterinary clinics with equipment (ultrasound, veterinary instruments, cattle crush)	number	7.0	210.0			198.7		24.6
EQ_EA	Publications, printing, etc	lumpsum	1.0	15.0			14.2		1.8
VE_EA	Vehicle	lumpsum	-	-			-		-
Total for Subcomponent 2.1 "Country's capacity for food safety strengthened"							1 219.5		132.4
Subcomponent 2.2 "Modernized food safety certification system established"									
CREDIT_AND_FUNDS	Research contracts (plants, feeding, breeding) /a	per contract	1.0	20.0			20.0		
EQ_EA	Import quality bulls	head	-	-			-		15.0
EQ_EA	Import quality bull semen - dairy and meat breeds	lumpsum	-	-			-		14.4
EQ_EA	Products and equipment	lumpsum	1.0	350.0			331.2		
EQ_EA	Purchase of equipment - Support for district departments of agricultural development	set	40.0	80.0			75.7		
CIVIL_WORKS	Civil Work: Renovation and refurbishing of MoAg (half of 5th floor and event hall)	lumpsum		60.0			56.8		
Total for Subcomponent 2.2 "Modernized food safety certification system established"							483.6		29.4
Total Component 2							1 703.1		161.8

Component 3. "Climate-Resilient Value Chains for Livelihoods Diversification"									
Subcomponent 3.1 Priority climate-resilient value chains identified and developed									
CREDIT_AND_FUNDS	Institutional and business capacity building for specialized cooperatives /a	lumpsum	100.0	100.0				100.0	
CREDIT_AND_FUNDS	Evaluation of public infras. investment proposals	lumpsum	100.0	10.0				10.0	
CREDIT_AND_FUNDS	Farmer trainings on business planning, agricultural technologies, cooperative development strategies, CDC (Co	study	-	-				-	
CREDIT_AND_FUNDS	Participation in study tours (travel and per diem)	per annum	-	-				-	
CREDIT_AND_FUNDS	Project staff trainings under Component 3	per annum	-	-				-	
Total for Subcomponent 3.1 "Priority climate-resilient value chains identified and developed"								110.0	
Subcomponent 3.2 "Agricultural Value Chain Development Fund (AVCDF) established"									
CREDIT_AND_FUNDS	Support for agricultural cooperatives	number	100.0	2 500.0				2 500.0	
Total for Subcomponent 3.2 "Agricultural Value Chain Development Fund (AVCDF) established"								2 500.0	
Subcomponent 3.3 "Cooperatives financed and linked to markets"									
NTA_EA	Project Manager	contract	-	-				-	
NTA_EA	Mobilization	lumpsum	1.0	25.0				25.0	
TRA_EA	Capacity building	lumpsum	-	-				-	
Total for Subcomponent 3.3 "Cooperatives financed and linked to markets"								25.0	
Total Component 3								2 635.0	
Project Management									
APIU									
EQ_EA	Goods and Equipment on demand	set	-	90.0				85.2	10.5
NTA_EA	Short-term TA /a	per annum	-	-				-	
NTA_EA	Accounting software	lumpsum	-	15.0				15.0	
ITA_EA	Audit	contract	-	-				-	
SAL_EA	APIU Director	pers-month	-	-				-	
SAL_EA	Project Manager	pers-month	-	-				-	
SAL_EA	Financial Manager	pers-month	-	-				-	
SAL_EA	Lead Procurement Specialist	pers-month	-	-				-	
SAL_EA	Livestock Specialist	pers-month	-	-				-	
SAL_EA	VC Specialist	pers-month	-	-				-	
SAL_EA	Community Mobilization Specialist	pers-month	-	-				-	
SAL_EA	M&E Manager	pers-month	-	-				-	
SAL_EA	Database specialist	pers-month	-	-				-	
SAL_EA	Disbursement Specialist	pers-month	-	-				-	
SAL_EA	Procurement Specialist	pers-month	-	-				-	
SAL_EA	Communication and knowledge management specialist	pers-month	-	-				-	
SAL_EA	Interpreter (russian-english)	pers-month	-	-				-	
SAL_EA	Interpreter (kyrgyz-english)	pers-month	-	-				-	
SAL_EA	Assistant Procurement Officer	pers-month	-	-				-	
SAL_EA	Assistant Financial Manager	pers-month	-	-				-	
SAL_EA	Office Manager	pers-month	-	-				-	
SAL_EA	Driver	pers-month	-	-				-	
SAL_EA	Travel expenses	lumpsum	-	24.0				24.0	
SOCIAL_EA	Social Fund	per annum	-	94.2				94.2	
OOM_EA	Utilities /c	per annum	-	30.0				30.0	
Total for APIU								248.3	10.5

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 7: Financial Management Assessment

Mission Dates: 31/03/2025 30/04/2025

Document Date: 26/11/2025

Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department



Annex 7: Detailed FM arrangements in the Project Design Report (PDR)

I. Summary of Financial Management arrangements

APIU is currently staffed with a Finance Manager and an ADB Financial Management Officer. The Finance Manager shall supervise all donor funded projects and the finance staff recruited under each project. Under LMDP III, there shall be a dedicated Disbursement Officer and a dedicated accountant working full time on this IFAD project. Both positions would be filled with qualified and experienced staff. A training on IFAD FM arrangements and requirements will be delivered to the finance staff at project start-up.

An accounting software that meets the project needs would be fully functional at start-up. This would facilitate the preparation and submission of reliable auto-generated financial reports. The budget would be integrated in the accounting software to allow for timely and proper monitoring. One designated account will be opened at the central bank for IFAD Loan. The project will be withdrawing advances on quarterly basis based on the cash forecasts prepared for six months. In addition, the project will be justifying actual expenditures on quarterly basis.

The external audit will be conducted on annual basis in accordance with the International Standards of Auditing by a private audit firm in line with IFAD Financial Reporting and Auditing Handbook.

II. Project financial profile

Total project budget is US\$ 21.49 million, which includes an IFAD loan of US\$ 21.054 million, beneficiary contributions of US\$ 0.046 million, and government contribution of US\$ 0.390 million. IFAD loan is provided under the Performance-Based Allocation System (PBAS) resources. Under the investment cost, main project categories are civil works, goods, equipment & materials, technical assistance & trainings and credit & funds. The investment cost to recurrent cost ratio is 97:03.

Project has several options of pre-financing tools to ensure that there are funds available for implementation readiness such as (i) retroactive financing where the government can pre-finance, with its own resources, project related expenditures before project approval; (ii) project pre-financing facility (PFF) where pre-financing agreement is signed between the borrower and IFAD to initiate project activities prior to entry into force and first disbursement and (iii) start-up cost where funds could be withdrawn immediately upon the

entry of force of the Financing Agreement to fund readiness activities. In case the government will decide to use any of these tools, this must be agreed in the final version of the Project Design Document. The implementation readiness activities should include cost of configuring LMPD III modules in the existing 1C software and recruitment of dedicated project FM staff within APIU for IFAD project.

III. Implementation Arrangements

The Agricultural Projects Implementation Unit (APIU) operates under the Ministry of Water Resources, Agriculture, and Processing Industry (MoWRAPI) of the Kyrgyz Republic. It serves as the central body responsible for coordinating, managing, and executing agriculture-focused development initiatives funded by international partners such as the International Fund for Agricultural Development (IFAD), Asian Development Bank (ADB) and the World Bank. APIU has its own systems for managing finances and also has experience of working on IFAD projects. Nevertheless, key finance staffing and an accounting software that meets projects needs and IFAD requirements will be established before the project start up to ensure proper management, implementation and monitoring of project funds and activities.

IV. Financial Management Risk Assessment

A. Inherent risks assessment pillars

- 1) **Country level.** The country inherent risk is high. The Kyrgyz Republic has a score of 25 on the 2024 Transparency International Corruption Perceptions Index. The score has been deteriorating gradually since 2020 as it was 31 back then. By that Kyrgyzstan has ranked 146 out of 180 countries in 2024. As per the latest PEFA in 2021, there were some improvements in some areas which included enhanced transparency and budget documentation, strengthened external audit functions, improved internal controls and audit, advancements in procurement processes, better budget classification and documentation and enhanced revenue administration.

The Kyrgyz Republic faced high inflation in early 2023, peaking at 16.2% due to global food and energy price shocks and regional instability. In response, the National Bank kept interest rates steady at 9%, helping inflation fall to 7.2% by year-end. While core inflation remained elevated due to strong domestic demand, the local currency (Kyrgyz Som) stayed relatively stable, appreciating slightly thanks to targeted central bank interventions. Continued monetary discipline and reforms remain key to maintaining economic stability.

- 2) **Entity level.**

The project will be implemented by APIU. Within APIU, there will be key staff working on all donor funding projects and dedicated staff recruited for each donor funded project. Key staff mainly includes the Project Director and the Finance Manager. APIU has only one office

located in Bishkek. APIU has previous experience working with IFAD through several projects such as LMDP, LMDP II, ATMP and RRPCP Adapt.

3) **Project level.**

The Project financial management risk rating is “Substantial” but could be reduced to “Moderate” by implementing: (i) the conditions precedent to disbursement that will form part of the Financing Agreement; and (ii) the mitigation actions that are included in this PDR. The project will include public infrastructure investments to cooperative and revolving fund facility under two different components. Residual FM risk will be reduced once and if mitigation actions are implemented.

B. Project Control Risks

Table 1. Summary of FM Risks and mitigating actions:

Summary	Brief description of issues	Inherent Risk at design H/S/M/L	Covenants precedent to disbursement	Residual Risk H/S/M/L	Agreed Mitigation Measures
A. Inherent risk assessment pillars					
i. Country level	Kyrgyz Republic ranked 146/180 with a rating of 25/100 as per 2024 Transparency International Index.	H		N/A	
ii. Entity level	APIU under MoWRAPI will be managing the project, they have previous experience working with IFAD	M		N/A	
iii. Project level	Set up of project FM arrangements as per design is key for mitigating project risk	S		N/A	
B. Control risk assessment pillars					
1. Organization and Staffing	APIU is growing in terms of the number of donors funded projects it is implementing. With LMDP III, the unit will be working on four investment projects	S	-Recruitment of S key staff (including the finance staff)		- The Finance Manager shall supervise all donor funded projects and the finance staff recruited under each project. There shall be a dedicated

	funded by IFAD, WB and ADB. This could create risk of incomplete staffing or overload on the finance team to work and deliver the project financial requirements. -There will be various implementing agencies included in the project. Under some components, funds will be decentralized to implementing partners especially under the financing public infrastructure investments and the revolving fund facility.				Disbursement Officer and a dedicated accountant working full time on this IFAD project. - APIU currently manage an ADB project, IFAD RRPCP Adapt project and an upcoming new World Bank project. The unit has long experience implementing IFAD funded projects and it has the required financial management systems and procedures. Clear roles and responsibilities should be developed in the MOUs/agreements with all implementing agencies with focus on the reporting requirements, frequency, templates and deadlines. In addition, APIU finance staff should include clear roles and responsibilities on managing the implementing agencies to ensure timely monitoring and tracking of the investments and the revolving fund.
2. Budgeting	-Delays in the preparation and submission of the annual work plan and budget (AWPB). -Risk of irregular monitoring of the AWPB and untimely decisions on budget variances due to irregular of preparation and submission of the variances reports to project management.	S	N/A	S	-Ensure more accurate and reasonable budget estimates. -Monitor budget versus actual performance on monthly basis. -Upload the budget in the accounting software for timely and efficient monitoring. -Analyse budget planning on annual basis to avoid committing same

	-Risk of overstated budgets that do not include reasonable plan due to over-ambitious planning that does not consider updates and changes at country and project level.				shortcomings for next year planning.
3. Funds flow and Disbursement Arrangements	-Delays in opening DA for IFAD loan which could affect project liquidity. This could be due to delays in preparedness for project at APIU. -Project will be disbursing using the report-based disbursement mechanism, hence there is a risk of inadequate cash forecast due to lack of cash forecast skills. -Exchange rate losses experienced by other Kyrgyz projects due to loans/grants being denominated in SDR.	S	Opening of DA for IFAD loan	S	-Provide training to finance staff on the report based disbursement mechanism at project start-up -Analyse cash forecasts versus actual cash outflow for each quarter to enhance cash management skills. -PMU to work as a team to prepare the cash forecasts each quarter (procurement, project coordinator and finance) - The IFAD loan will be denominated and disbursed in USD.
4. Internal Controls	-Risks of weak internal control measures identified for the Revolving Fund Facility. This risk could result from untimely or incomplete reporting on the credit and repayment to APIU or from not following the criteria and arrangements identified in the developed manual. -Lack of internal audit function within APIU. -Establishing a revolving fund facility for the second phase of the project with the aim to keep it sustainable after project closure. Some of the risks	S	Finalization of the PIM	S	-Draft and finalize the finance manual section of the PIM at design. -APIU to draft and add to the internal control section so it is tailored to provide more details on the APIU internal control measures to control payments including the Revolving Fund. -APIU should consider to either establish an internal audit unit to work on all donor funded projects or to seek the services from an external firm which could be appointed to perform internal audit functions,

	that might arise would include: -Risk of weak institutional set up of the revolving fund including legal, operational and governance aspects. -Risk of weak oversight by APIU (and the ministry at later stage), this could be impacted by weak financial management system and technical expertise to manage the fund. -Risk of weak tracking, monitoring & evaluation system to track principal payments and repayment. -Absence of grievance redress mechanisms to allow for community feedback. -Weak capacity by the cooperatives to manage the borrowed funds and the repayments. -Risk that there is no clear sustainability strategy that would allow the ministry to keeping the revolving fund operational.			specifically focussed on activities of the down streamed funds, investments and revolving funds. APIU is subject to a review by the Chamber of Accounts which considers compliance with systems and processes. -The overall process of managing the revolving fund should be clear and established within an independent unit within the ministry with possibility of engaging a financial institution to support in the fund management (disbursement and repayments). -APIU should work on setting up a sound financial management system that clearly defines the arrangements of disbursement, repayments, collaterals, etc. -There shall be monthly financial reporting on the revolving fund facility monitored by both the Component Manager and the Finance Manager at APIU. -The project audit should include some tasks to check and review transactions under the revolving fund facility. -There should be clear eligibility criteria identified on who can access the revolving fund mechanism. -While establishing the facility, financial literacy

Detailed FM Arrangements in the Project Design Report (PDR)

					& business development training to the cooperatives should be considered (if needed) to reduce risk of default risk and to maximize the fund impact. -Ensure that there is long-term sustainability plan to ensure gradual handover and transitioning of the facility to the ministry toward the project completion.
5. Accounting and Financial Reporting	-Late installation and/or procurement of an accounting software due to delays at in APIU preparedness. -Low reliability of the project financial reports due to lack of new staff experience. -Delayed submission of IFRs. -Risk of delayed reporting on the revolving fund credit and repayments.	S	installation of an accounting software	S	-Training to the new finance staff on the IFRs preparation at project start-up -Automation of the IFRs templates in the accounting software at the time of purchase. -Project to follow accounting standards acceptable to IFAD. -Agree on the accounting software specifications with IFAD. -Finalize accounting software set-up at project start-up. -There shall be monthly financial reporting on the revolving fund facility monitored by both the Component Manager and the Finance Manager at APIU.
6. External Audit	IFAD funded projects are audited by a private audit firm selected on competitive basis. Normally, the audit reports are submitted on time	M		M	Clear the audit TOR at project start-up to ensure understating of audit scope and requirements.

	(within 6 months of the year-end). However, there is always a risk of new auditors that are not informed of IFAD guidelines and procedures.				Share and discuss the cleared audit TOR with the auditors and include it as an annex to the contract.
Overall FM Risk @ design¹	Overall, main risks would result from delayed preparedness of the APIU at start-up; delays in recruiting finance staff; delays in setting up the accounting software; delays in preparation and submission of the (AWPB); no coverage by MoWRAPI internal audit and risk in the effective management of the revolving fund facility.	S		S	In order to mitigate the risk, government may opt to benefit from the retroactive financing or the project pre-financing facility (PFF) to ensure that arrangements start earlier for the project (recruiting staff, set up of the accounting software, etc.). This would allow for early submission of the AWPB once the Financing Agreement is signed. The internal audit department at MoWRAPI should consider including IFAD projects within the ministry internal plan or the function could be established at APIU.

V. Financial Management and Disbursement Arrangements

Financial management organization and staffing

1. APIU will function as the central project management unit and will use its own existing, well-functioning centralised financial management structures. APIU was established in 1998 within the Ministry of Agriculture to implement international funded projects in Kyrgyzstan. For the last 5 years, the unit has been implementing IFAD funded projects only. Starting 2024, the unit has resumed implementing projects funded by other donors such as the ongoing Climate-Resilient Agricultural Value Chain Development Project (CRAVCDP) funded by the Asian Development Bank (ADB) and the upcoming project One Health funded by the World Bank, which is expected to start in September 2025.

2. The project will include several types of implementing agencies (IAs) and agreements under each component:

- I. Component 1: implementing partners will be the territorial authorities which are governmental bodies, they will be managing procurement directly under the oversight

¹ The Final Risk at design should reflect a combined consideration of inherent and control risks for the project.

and support of APIU, however, funds will flow directly from APIU to the suppliers or service providers. In addition, component 1 will include a sub-component for financing public infrastructure investments up to USD 120,000 to Aiyl Okmotus (AOs)/Leskhozoes for which the APIU will pay the investment amount after receiving and approving an investment plan & budget submitted by the AOs/Leskhozoes for each territorial authority. APIU have to track physical and financial progress on each investment, the finance team should monitor expenditure through expense reports submitted by the AOs/Leskhozoes against each investment to make sure that the amount is used for the intended purport and that no refund for any unspent amounts is applicable;

- II. Component 2: there will be governmental and non-Governmental organization acting as partners under this component such as Veterinary Statutory Body of the Kyrgyz Republic & Kyrgyz Veterinary Association. There will be a MOU signed between APIU and these cooperatives to clarify the terms of implementation in the targeted areas. These cooperatives will be managing the procurement directly with support from APIU. However, funds and payments will flow directly from APIU to the suppliers or service providers.
 - III. Component 3: there will be a revolving fund established under this component in the Ministry of Agriculture. The project will provide support to establish the revolving fund facility and to start its implementation which is aimed after the mid-term. There shall be a dedicated Component Coordinator managing this component in the APIU. The revolving fund's target group shall be the cooperatives with the aim of providing support in agriculture for IFAD targeted group. The loans will be for maximum 3-year period without an interest. The revolving fund shall be established in a way that ensure its sustainability after the project closure through transferring its management to another entity within MOA.
3. The roles and responsibilities of the IAs should be clearly outlined in MOUs and agreements (finalized subject to IFAD no-objection) to be established between the APIU and the IAs. In addition, the MOUs/agreements will require all agencies to perform FM self-assessments on an annual basis and provide this to APIU with the intention of confirming the soundness of FM arrangements of all involved agencies. If needed, APIU (with IFAD assistance) will identify and address identified shortcomings. In addition, the MOUs will stipulate the requirement that IAs employ qualified/ experienced accountants for the duration of the project (if applicable).
 4. *Staffing* - APIU is currently staffed with a Finance Manager and an ADB Financial Management Officer. The Finance Manager shall supervise all donor funded projects and the finance staff recruited under each project. Under LMDP III, there shall be a dedicated Disbursement Officer and a dedicated accountant working full time on this IFAD project. These recruitments will be done on a competitive basis in line with the TORs as outlined in the Financial Manual. APIU Central Office FM staff to complete the IFAD FM e-learning course within one month of project start-up.

Budgeting

Budgets will include all activities for the year, segregated by quarter, component, category and by financier. The AWPB format and preparation guidelines are defined in the LMDP III Financial Manual. The AWPB should be submitted for IFAD no-objection 60-day before the

financial year start to allow for enough time to review and send the feedback before the approval.

Disbursement Arrangements and Flow of Funds

The IFAD loan will be denominated in the borrowing currency and will be advanced to the designated accounts (DA) in Kyrgyzstan (based on lessons learnt, SDR denominated facilities will not be used - exchange rate losses). The project will use IFAD report-based disbursement mechanism. The project will be required to submit quarterly Withdrawal Applications (WA) and Interim Financial Reports (IFRs) in ICP to justify the reporting quarter expenditures and to request additional advances based on their cash needs. Daily transfers will be made from the USD accounts to the local transit accounts based on the daily cash flow requirements. Funds will not be retained in local currency for extended periods of time in order to avoid exchange rate losses.

The revolving fund facility will be design during the first phase of LMDP III with the aim to start its implementation after the med-term. Detailed flow of funds arrangements, in addition to the involved parties shall be clarified at later stage during its design.

Internal Controls and Internal audit arrangements

In order to ensure proper internal control measures in place, the APIU shall implement following actions during project implementation:

- Segregation of duties over payment and payment authorization process and access to the accounting system.
- Monthly bank reconciliation must be performed and record thereof maintained;
- Budgetary controls must be ensured for each transaction at the APIU. Further on monthly basis, budget v/s actual report must be prepared by the FMs and shared with the PD and Project Steering Committee for continuous project oversight;
- Fixed Asset Register shall be maintained. These assets shall be tagged and physically verified periodically by the admin section of the APIU. Accuracy and completeness of the fixed assets register shall be verified independently periodically;
- FM team shall maintain complete documentation for each category of expenditure and it shall also conduct periodic/random inspection of partner organizations' project record to ensure that project activities/expenditure are properly documented and factually reported. Specific documentation requirements/guidance for different partner organizations are provided in the PIM.

The project will include several implementing partners, hence implementation arrangements and flow of funds should be carefully studied and followed as included in the project design document and the project implementation manual.

Internal Audit. The APIU is not included in the internal audit programme of the Ministry of Water Resources, Agriculture, Processing Industry (MoWRAPI). It is therefore recommended that the APIU establish its internal audit unit given the increasing number of donor-funded projects implemented by the unit or that services of an external firm be procured for the

purposes of performing annual internal audit services. The internal audit will be required to develop a programme which focusses mainly on the activities of the other implementing agencies which report to APIU. To maintain independence, the internal audit firm will report to the Project Steering Committee.

APIU will be subject to an annual review performed by the Chamber of Accounts. This review is focussed on compliance with financial management processes and procedures. It is required that APIU implement recommendations in a timely manner.

Accounting Systems and Financial Reporting mechanisms

The Project transactions shall be recorded based on acceptable accounting standards such as IPSAS Cash Basis. The accounting system shall permit allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds. The APIU shall: (a) maintain full set of accounts in accordance with the IFAD's requirements; (b) conduct monthly reconciliation of accounts so project accounts are reliable; (c) maintain updated Fixed Asset Register on prescribed format and conduct periodic physical inspection of assets; and (d) take appropriate mitigation actions against fraud risk in its work subject to IFAD's Anti-corruption policy.

The APIU shall ensure that they are using a reliable accounting software that meets the project needs. The accounting system should reflect all sources and uses of funds separately, project categories expenditures, components and sub-components.

As for the financial reports, the project shall submit (1) Interim Financial Reports (IFRs) on quarterly basis within 45 days of the period end; (2) unaudited financial statements within 4 months of the financial year-end; and (3) audited financial statements within 6 months of the financial year-end. The financial statements shall be prepared in full alignment with the accounting standards and as per the prevalent accounting system and would fulfill IFAD's financial reporting and auditing requirements. The finance unit at the APIU would prepare monthly management reports in order to monitor the physical and the financial performance of the project. The APIU will be responsible for the preparation and finalization of the financial reports and for the submission of the reports on quarterly and annual basis to IFAD. The format and content of the reports will be outlined in the FMFCL and the Financial Manual.

The format and content of the reports are outlined in the Financial Manual and comply with IFAD requirements. The Interim financial reports will mainly include a cash forecast statement, sources of uses of funds statement for the DAs, DA activity statement and variances statements per quarter, year and cumulative. On the other hand, the financial statements will mainly include a Sources and Uses of Funds Statement, classified by categories and components, sub-component and comparisons against approved budgets, statement and reconciliation of Designated Accounts and statement of Withdrawal Applications.

All financial reports shall be automatically generated from the accounting software. To this end, the APIU would work with the accounting software service provider on customizing the reports at start up. Customization of financial reports should be included in the list of the accounting software specifications at procurement stage. It is important to have flexibility in

adding and modifying reports templates in order to ensure that reliable and useful reports are being produced automatically during the project implementation period considering any changes or needs of reporting requirements.

Contractual agreements with implementing agencies shall establish responsibility for proper accounting, documentation, financial reporting, and anti-corruption actions in line with IFAD policies, as if applicable. For IAs, funds will be disbursed to IAs based on written requests and recorded as advances until such time that related expenses are justified. Based on the type of agreement and advances paid, IAs will be required to justify expenses on a monthly basis by submitting a summary of transactions with supporting documentation and an accompanying bank reconciliation. Detailed procedures are outlined in the LMDP III Financial Manual.

External Audit

The services of a private firm with donor project experience will be procured to perform the annual statutory audit of LMDP III in line with International Auditing Standards and following the requirements as outlined in the IFAD Handbook on Financial Reporting and Auditing of IFAD-funded projects under TOR cleared by IFAD. The appointed auditor will be required to test expenses incurred by all project parties (APIU, other implementing agencies, community groups, etc.) with a specific requirement to focus on the eligibility of expenditure incurred under the revolving fund and the public infrastructure investments. A recommended auditor TOR is included in the Financial Manual.

VI. Implementation Readiness

Table 3: FM Actions Summary: The actions needed to mitigate FM risks are summarised below:

	Action	Responsible Party / Person	Target Date / Covenants
1	Recruit key project staff after getting clearances from IFAD where needed	APIU	Before project start-up
2	Purchase an accounting software that meets the project needs and that is acceptable to IFAD	APIU	Before project start-up
3	Coordinate with IFAD for on-boarding (training) plan for new staff	APIU	At project start-up
4	Finalize and submit to IFAD the first AWPB for clearance	APIU	Once FA is signed
5	Open the Designated Account for IFAD loan rr	APIU	Once FA is signed

FM Supervision plan

The IFAD's PFM will be following up and monitoring the financial progress of the project on quarterly basis. In addition to this, PFM will be conducting an assessment on the financial management arrangements during the project implementation. A follow up on the mitigation actions identified at design and on the mitigation actions that will be identified during implementation will be done on quarterly basis.

Anticorruption and good governance framework

IFAD's anticorruption and good governance framework will be applicable to the project. Details thereon are included in the Financial Manual. IFAD will ensure that project staff will take the anticorruption training during the missions or online.

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 8: 18-month Procurement Plan

Mission Dates: 31/03/2025 30/04/2025

Document Date: 26/11/2025

Project No. 2000005336

Report No. 7331-KG

Near East, North Africa and Europe Division
Programme Management Department

Procurement Plan SUMMARY				
Country:	Kyrgyzstan			
Project Name:	Livestock and Market Development Programme III [LMDP-III]			
Project ID:				
Version	1.0			
Version Date	07-Jul-25			
Prepared by:				
Approved by:				
Procurement Category	Plan		Actual	
Currency	USD	LCU	USD	LCU
Goods	-	-	-	-
Works	-	-	-	-
Consulting Services	-	-	-	-
Non-Consulting Services	-	-	-	-
Grants	-	-	-	-
TOTAL	-	-	-	-

The threshold tables below are based on the new LTB Template 2020.
Please fill in the fields that are applicable based on the provisions in the LTB for the project.

Prior Review Thresholds					
Category	Goods and goods-related Non-Consulting Services	Works and works-related Non-Consulting Services	Consulting Services and related Non-Consulting Services and/or MoU/Agreements	Individual Consultants	Decisions concerning Abnormally Low Bids shall be subject to the No Objection of IFAD:
Threshold	>= US\$ 70,000	>= US\$ 150,000	>= US\$ 60,000	> US\$ 30,000	For all procurement activities

All Direct Contracting and Single-Source Procurements are **Prior Review** (in alignment with IFAD Procurement Handbook), or based on the thresholds stipulated in the LTB

The exchange rate at time of submission will be used for reviews.

Procurement Method Thresholds						
	CQS	QBS/LCS/FBS	QCBS	Shortlisting	SSS - Firms	SSS - Individuals
Consulting Services and related Non-Consulting Services	<= US\$ 70,000	QBS: any value FBS & LCS: < US\$ 150,000	>= US\$ 150,000	>= US\$ 70,000	<= US\$ 1,000 (subject to post review. Justification required if above threshold)	<= US\$ 500 (or with a contract duration of 3 months or less; subject to post review)
	Direct Contracting	Shopping	NCB	ICB	Other Procurement Methods or Arrangements	
Goods and goods-related Non-Consulting Services	> US\$ 1,000 (subject to prior review. Justification required if above threshold)	<= US\$ 100,000	< US\$ 200,000	>= US\$ 200,000	Force Account	Not Allowed
Works and works-related Non-Consulting Services	> US\$ 2,000 (subject to prior review. Justification required if above threshold)	<= US\$ 250,000	< US\$ 1,000,000	>= US\$ 1,000,000	Community Participation	Allowed

1558

[illegible]

Procurement Plan - WORKS

REF1
REF1
REF1
REF1
REF1

	USD	USD	
Total Amount	455 881.25	0.00	Plan
	0.00	0.00	Actual
Non-Consulting	455 881.25	0.00	Plan
	0.00	0.00	Actual

Procurement
Methods
NS: National
DS: Domestic
IS: International
DS/IS: Domestic
NS/IS: International
Competitive Bidding
L1: Least Cost
(International)

Work/Component Ref	Ref		Description	Risk Consulting	Funding	Est No/Description	Project Area or Procuring Entity	Bids Status				Procurement Method	Envelope	Amount (USD)	Amount (USD)	Plan vs. Actual	Pre Qualification				Bidding Process				Bid Evaluation				Plan vs. Actual	Issue of MOTM/Contract	Date Contract Award	Submission of Draft Contract	No objection Date	Date Contract Signed
	No							Plan vs. Actual	Plan or Post Qualification	Plan or Post Review	Submission of Pre-qual Data						No Objection Date	Pre-qual Invitation Date	Pre-qual Closing Date	Submission of Pre-qual Report	No Objection Date	Submission of Bid	No objection Date	Bid Invitation Date	Bid Closing Opening	Submission Tech Eval Rpt	No objection Date	Submission Combined Eval Rpt						
DC_1.1	A	4. Civil work	Yes (1)	R&D and Beneficiary		MORON	Plan		Post Review	NSR			270 065.75		Plan											Plan								
							Actual																			Actual								
DC_1.2	B	2. Civil works	Yes (1)	R&D and Beneficiary		MORON	Plan		Post Review	NS			42 787.50		Plan										Plan									
							Actual																			Actual								
							Plan								Plan										Plan									
							Actual								Actual										Actual									
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Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 9: Project Implementation Manuals

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Annex 9: Programme Implementation Manual

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Annex 9: Programme Implementation Manual

I. Country Context

1. Geography and ecological profile

1. Kyrgyzstan is a mountainous, landlocked country, with over 93 percent of its territory above 1,000 meters. This mountainous landscape requires herders to seasonally move livestock between lower-altitude winter pastures – used when heavy snow blocks access to the highlands – and high-altitude summer pastures, where abundant, nutritious grass enhances livestock health and productivity. Pasturelands occupy approximately 9.15 million hectares, representing nearly 45 percent of Kyrgyzstan’s total area.

2. Recent field surveys and satellite-based assessments indicate that about 60 percent of Kyrgyz pastureland is grazed in a typical year, while up to 40 percent – mainly remote, high-altitude summer pastures – remains under-utilised, reflecting insufficient seasonal livestock mobility to distant pastures due to deteriorated infrastructure, which raises herding costs. Additionally, pasture areas are embedded within Kyrgyzstan's forest ecosystems, covering approximately 34 percent of the country's 2.62 million hectares of the State Forest Fund. Further complexity comes from significant pasture zones within 13 national nature parks (spanning an additional 724,700 hectares) that also host seasonal grazing activities, requiring a balance between ecological conservation and community needs.

2. Political, governance and administrative landscape for pastures and forests

3. In 2021, Kyrgyzstan (formerly a mixed-parliamentary republic) replaced its system with a full presidential model, greatly expanding executive authority over the cabinet and parliament and launching a wave of constitutional and territorial reforms. The country still operates a three-tier sub-national structure (7 regions, 40 districts, and local self-governments known as *Aiyl Okmotus*, AOs). However, the lowest tier was reshaped dramatically in 2023, when the government merged 453 AOs into 235 larger consolidated AOs – roughly doubling their average size – and assigned the new AOs wider responsibilities, including natural resource management. This consolidation concentrated authority at the local level but also strained local governance capacity given the larger jurisdictions and expanded mandates.

4. **Pasture governance and administration.** A 2022 government resolution reassigned statutory pasture management powers – previously held by community-based Pasture Users’ Unions – to the newly consolidated AOs, leaving PUUs only an advisory role. This shift weakened user participation, ecological monitoring and technical capacity at the community level, effectively undermining inclusive, accountable pasture governance. Under the new arrangement, pasture governance structures flow from the central Ministry of Agriculture, Forestry and Water Resources (through its Department of Pastures, Livestock and Fisheries) to regional and district branches, which oversee and support pasture management activities implemented by each AO.

5. In general, each local self-government has an elected local council (*Aiyl Kenesh*) responsible for policy oversight and an AO administration managing executive functions. A typical AO has a small core staff – a head (and deputy), an accountant, a land-cadastre surveyor, a civil registration officer, and an engineer for local infrastructure. Additionally, AOs have set up municipal enterprises as operational arms to manage services such as drinking water supply, sanitation, and waste management, with pasture management

recently added to these duties. Typically, municipal enterprises employ 10–12 staff, of whom 3–4 focus specifically on pastures. However, most trained PUU pasture specialists were not absorbed into these units. Consequently, the new AO municipal enterprises now oversee far larger pasture territories with just a handful of staff, minimal field expertise, unclear procedures and aging infrastructure that they struggle to maintain.

6. **Forest governance and administration.** Kyrgyzstan's state-owned forest estate, the State Forest Fund (SFF), covers approximately 6 percent of the country's territory, including forests, adjacent pastures, and reserve lands. Following significant governance reforms between 2021 and early 2024, operational responsibility for forests – including supervision of 41 leskhozoes (state forest enterprises) – shifted from the State Agency for Environmental Protection and Forestry to the Ministry of Emergency Situations. Meanwhile, strategic environmental oversight and biodiversity conservation responsibilities moved to the Ministry of Natural Resources, Ecology and Technical Supervision (which now manages 13 nature parks). While separating operational management (under the emergency ministry) from policy oversight (under the natural resources ministry) provides clearer institutional roles, it requires strengthened coordination to ensure coherent forest planning and implementation at field level.

7. **Pasture management within forests.** The bifurcation between forest and pasture authorities creates additional difficulties for managing pastures that lie within forested areas. Forest pastures managed by leskhozoes face significant challenges due to their remote locations, inadequate infrastructure, and limited operational budgets. Although leskhozoes issue grazing permits, they lack sufficient resources for monitoring livestock movement, maintaining critical infrastructure, or implementing necessary pasture improvements (e.g. reseedling, erosion control, rotational grazing). Recent territorial-administrative reforms have further entrenched these issues by placing pasture governance under AOs (reporting to the agriculture ministry) completely separate from the forest management hierarchy. As a result, institutional coordination between forestry and pasture authorities remains weak, with each operating in isolation. This disconnect hampers integrated planning and investment in shared infrastructure and perpetuates pasture degradation within forest areas. There is still no unified policy for integrated pasture-forest management or sustainable stocking rates, which exacerbates resource overuse in these overlapping domains.

3. Rural poverty and its key drivers

8. Rural poverty has increased significantly, from 22.4% in 2018 to 29.8% in 2023, and an additional 10% of the population remains highly vulnerable to shocks – with poverty rates especially high in remote high-altitude provinces. The factors driving rural poverty in Kyrgyzstan are deeply interconnected with households' heavy reliance on livestock and limited economic diversification. Severe pasture degradation and climate-induced resource stress are reducing fodder availability, undermining animal productivity and herd resilience, and ultimately depressing rural incomes and food security. Additionally, scarce off-farm employment opportunities – due to poor infrastructure, insufficient private investment, inadequate market linkages, and limited financial access – increase reliance on livestock, making households more vulnerable to economic and environmental shocks. Poverty is further exacerbated by fragmented natural-resource governance and institutional weaknesses. Recent administrative reforms have complicated resource management by diminishing accountability, perpetuating the exclusion of women and youth from local resource governance, and generating resource conflicts and unclear pasture management responsibilities. Underdeveloped value chains and weak market infrastructure – accompanied by inadequate food safety and quality infrastructure (e.g. fragmented

certification and product standards) – restrict farmers' access to higher-value markets, confining rural economies to low-margin local activities. The absence of strong, structured producer organizations (cooperatives) capable of aggregating output, investing in quality improvements, and obtaining certifications significantly limits smallholders' access to remunerative markets and long-term sustainability. Additionally, limited access to quality veterinary services and improved breeds results in recurrent animal disease outbreaks and low livestock productivity, which intensify pressure on already degraded pastures.

4. Smallholder agriculture and rural development context

9. Agriculture contributed about 9.65% of GDP in 2023 (down from 12.3% in 2017) but still employs 23.9% of the workforce, remaining the dominant source of livelihood in rural areas. As of 2021, the country had 354,654 registered peasant (family) farms – typically 1–10 ha family-based units focused on market crops – plus several hundred larger corporate farms and former state farms. Household plots under 0.5 ha (mainly for subsistence) still generate over 95% of national agricultural output. However, the World Bank's "Listening to Kyrgyzstan" rural panel survey shows that as of late 2023, farming accounted for only about 12–14% of total rural household income (versus wages 35% and non-farm self-employment 27%). This indicates that much of what rural families produce is for home consumption or animal feed rather than sale. Land constraints persist – permanent cropland covers just 0.4% and arable land 6.7% of total area (2022) – limiting grain output and making livestock the principal food-security buffer and "savings account" for poor rural households.

10. **Key challenges facing livestock productivity.** Livestock farming dominates rural livelihoods but faces substantial productivity challenges due to severe pasture degradation, persistent winter feed shortages averaging 1.2 tonnes of dry matter per herd, and rising feed costs, exacerbated by limited access to quality forage seeds for fodder production. These issues are compounded by widespread use of unimproved animal breeds – over 70% of cattle and 80% of sheep are local low-yield varieties – and by limited veterinary services, resulting in continued high disease prevalence (brucellosis rates are roughly three times international alert thresholds). Small-scale, family-based operations have low adoption of modern technologies and inadequate market access, which leaves them highly vulnerable to climate events; periodic droughts, harsh winters, and other shocks further suppress productivity and threaten the long-term resilience of rural livelihoods.

11. Between 2015 and 2023, Kyrgyzstan's livestock sector experienced stagnant or declining productivity trends, despite increases in overall production volume driven primarily by herd expansion rather than gains in individual animal yields. Average annual milk yield per cow declined from 1,998 kg to 1,959 kg (–2%), even though total cow milk production rose by about 17% (from 1,481 to ~1,735 thousand tonnes) due to increased herd sizes. This indicates unsustainable herd expansion beyond the pastures' carrying capacity as a compensation for low per-animal productivity. Similarly, total meat production grew from 208.3 kt to 252.5 kt (+21%), yet average carcass weight per slaughtered animal decreased by roughly 5%, reflecting premature culling due to fodder scarcity. In parallel, average cattle live weight at sale fell from around 300 kg to less than 285 kg (–5%), indicating chronic under-nutrition linked to severe pasture degradation – with 82% of winter pastures classified as severely degraded by 2024. Traditional pasture-dependent products like *kumis* (fermented mare's milk) have also seen declining yields (estimated national *kumis* output dropped from ~14,000 litres in 2015 to ~12,000 litres in 2023, –14%), highlighting deteriorating alpine pasture health.

12. **Challenges in accessing quality veterinary services.** Access to veterinary services for poor rural households remains severely constrained by multiple interconnected

challenges. Reforms supported by IFAD and other donors led to the 2015 Veterinary Medicine Law and creation of a Veterinary Chamber to separate public regulatory functions from private practice. However, this shift transferred much of the cost of essential animal-health services (vaccinations, deworming, identification) directly onto livestock owners without adequate public financing or safety nets. As a result, many poor farmers find basic veterinary care unaffordable, and veterinarians have little incentive to serve low-income villages. The national veterinary workforce has also declined significantly – from roughly 2,569 registered private veterinarians in 2018 to about 1,600 active practitioners in 2024 – due to an ageing cohort, low rural earnings, rapid urban migration, and insufficient incentives for young vets to work in remote areas. Most remaining vets are over 50 years old, and only 60–80 new veterinarians graduate annually from Kyrgyz National Agrarian University – far fewer than the country needs. Moreover, new graduates often have minimal field-based training, and there is virtually no structured continuing education in critical competencies such as cold-chain logistics, antimicrobial stewardship, livestock traceability, food safety management, or zoonotic-disease surveillance and response.

13. Geographic isolation further complicates service provision: two-thirds of Kyrgyzstan's rural population lives in remote mountainous regions with poor roads and infrastructure, many communities being seasonally cut off by snow, mudflows, or landslides. Additional constraints include administrative burdens and even legal penalties that private veterinarians face when performing uncompensated public-good tasks, deteriorating field equipment (much of it originally supplied by donor projects), and significant gaps in diagnostic laboratory capacity and disease surveillance (as identified in the OIE's 2016 Performance of Veterinary Services evaluation). Beyond limited veterinary coverage, the overall food safety infrastructure and hygiene standards in the livestock sector remain weak and fragmented, significantly affecting smallholders' competitiveness. Production and processing practices are largely informal: farm-level hygiene during milking is poor, milk-handling infrastructure is rudimentary and insufficient cold-chain facilities exist, and slaughtering/meat processing conditions are suboptimal. These shortcomings lead to compromised food safety and persistent public health risks. Recurrent outbreaks of zoonotic diseases – particularly brucellosis, anthrax, and echinococcosis – are driven by low vaccination coverage, unhygienic practices, and inconsistent disease surveillance. Collectively, these systemic gaps in veterinary and food safety services perpetuate animal diseases and post-harvest losses that reduce livestock productivity and rural incomes, thereby intensifying rural poverty.

14. **Cooperatives and farmers organizations.** Isolated smallholder farms currently lack collective bargaining power, adequate services, and organized market access. Recognizing this gap, the government since 2017 has transitioned from merely allowing cooperatives to actively promoting them. Several supportive measures have been introduced, including amendments to the 2004 Cooperative Law (in 2018) to ease registration and allow cooperatives to lease state land without competitive bidding, and plans for concessional loan products for cooperatives at 6–10% interest. Some cooperatives have already demonstrated tangible improvements in livelihoods and economic diversification. For example, collective cold-storage facilities in Nookat-Almasy have extended the fruit marketing season; dairy processing clusters in Chüy Province meet Eurasian Economic Union food safety standards; and women-led cooperatives (e.g. Ishker KG) have successfully transformed local forest products into profitable branded exports. Experiences from IFAD's Access to Markets Project (ATMP) likewise show that cooperatives, when given targeted support, can significantly boost rural incomes, generate off-farm employment, and foster diversified, resilient rural economies.

15. Despite these government initiatives, success stories, and ambitious targets to establish 1,000 functional cooperatives by 2030, the cooperative sector remains

underdeveloped. Of approximately 4,000 registered cooperatives nationwide, only an estimated 700–750 are active. Cooperative operations face several constraints: fewer than 10% of Kyrgyz family farms participate in a cooperative, owing to persistent distrust rooted in negative Soviet-era collectivization experiences, weak governance and managerial capacity in many coops, and a narrow focus on basic production rather than value addition or marketing services. **Women and young people are particularly under-represented in cooperative membership and leadership, reflecting their broader exclusion from formal producer organizations and decision-making bodies.** Access to finance is also limited – banks perceive cooperatives as high-risk borrowers (due to collective liability structures and insufficient collateral). The Ministry of Justice handles cooperative registration, while oversight and sector development fall under the Ministry of Agriculture.

5. Rural finance landscape and experiences.

16. Kyrgyzstan’s rural financial landscape is diversified but remains constrained for smallholders. The country has numerous financial institutions (21 licensed banks, ~109 microfinance institutions, and 84 credit unions), yet formal agricultural lending accounts for only around 13% of total bank credit. Interest rates are prohibitively high for most farmers – commercial bank loans typically carry 12–18% annual interest (tenors under 3 years), and microfinance loans range from 30–36%. Stringent collateral requirements, high borrowing costs and complex application procedures heavily discourage small-scale rural borrowers, effectively putting formal credit out of reach for the poor. Government-run banks (e.g. Aiyl Bank, RSK Bank, and newly Eldik Bank) do offer some subsidized agriculture loans at 6–12% interest and provide partial credit guarantees through the Guarantee Fund, but these schemes remain insufficient. They suffer from restrictive eligibility criteria, short loan tenors unsuitable for agriculture, limited budget allocations, and bureaucratic inefficiencies, so relatively few smallholders benefit in practice.

17. Demand–supply gap in high-value rural value chains

18. Kyrgyzstan’s resource-rich landscape offers sizeable but under-exploited opportunities for poor rural households to diversify income. For instance, annual walnut imports were about 25,500 tonnes in the first four months of 2023 alone, whereas Kyrgyzstan’s exports to China were just 4,700 tonnes in 2024 – indicating a domestic supply gap of roughly 20,000 tonnes. Similarly, domestic vegetable and horticultural production fails to meet market needs, and imports of many staples are rising sharply. In 2024, vegetable imports from China quadrupled (spanning more than 50 product lines), and fruit-and-nut imports from China alone reached around US\$500 million (a 70.5% year-on-year increase). At the same time, the country’s production potential is evident. Kyrgyzstan exported approximately 23,000 tonnes of fresh apricots in 2024, but lost value since only a fraction was properly dried and graded. On the dairy side, processors still imported 159 tonnes of pasteurised milk in January–September 2024 and about 13,000 tonnes of other dairy products over that nine-month period, indicating quality shortfalls in local supply. Likewise, despite producing an estimated 230,000 tonnes of meat in the first eight months of 2024, domestic output covered only ~79% of national demand. These figures highlight clear opportunities for investment in cooperative-level processing, product quality improvement, and stronger market linkages. Targeted interventions in non-timber forest products (NTFPs), nuts, fruits and berries, and other promising value chains can reduce import dependency, tap unmet market demand, and optimize returns from underutilized natural resources. Prioritizing women- and youth-led producer groups will further ensure inclusive rural growth and enhanced food security.

6. Special aspects relating to IFAD's corporate mainstreaming priorities

Youth

19. Youth (defined as 14–28 years old) ¹ make up roughly 32% of the population, and about two-thirds of them live in rural areas. However, lack of local job opportunities and low wages drive significant out-migration of young people from rural communities to urban centres (Bishkek, Osh) and abroad in search of work. Young people and women have limited economic opportunities due to constrained market access, inadequate skills training, underdeveloped cooperative structures, and insufficient representation in local resource governance decisions. This exclusion restricts their participation in higher-paying activities and reduces their resilience to economic shocks. Youth unemployment is nearly 7% (about three times the national average), with young women facing even higher joblessness. Women's overall labour-force participation is only ~53% versus 79% for men, underscoring persistent gender gaps in employment.

Gender

20. Gender equality in the Kyrgyz Republic has improved on some fronts, but women in rural areas remain disadvantaged in asset ownership, decision-making, and economic opportunity. Men are far more likely to be sole landowners (22% of men were sole owners of land in 2024) and women head only about 21% of peasant farms and individual enterprises. Women's employment is also low (around 44% vs. 79% for men) and they are concentrated in lower-paid jobs – about 64% of working women are in the informal economy – reflecting a persistent gender pay gap and barriers to advancement into management or higher-paying roles. Due to male labour migration, agriculture has become increasingly “feminized,” with women now at the forefront of both farm management and household responsibilities, though without proportional access to resources or authority. The share of female-headed households is high at 28.4% (2024), down from 34% in 2014. Livestock rearing is generally viewed as a male domain, whereas women are more involved in processing of livestock products and saddled with childcare and domestic chores. Key challenges for rural women include a lack of protection of their land and property rights, limited access to financial services and technical training, and traditional norms that keep women in supporting roles on the farm rather than as owners or leaders of agribusinesses.

Nutrition

21. Kyrgyzstan has a relatively low overall hunger level (2023 Global Hunger Index score 6.8), but malnutrition and poor diet quality remain concerns. Stunting affects about 14% of children under five (MICS 2023), and micronutrient deficiencies are widespread – for example, roughly half of young children and pregnant women are anaemic or iron-deficient. Diets are often monotonous: only 26% of children 6–23 months receive the minimum diet diversity, and national surveys show diets dominated by starchy foods (cereals and potatoes). The poorest rural households still spend up to 70% of their income on food, leaving little room to purchase diverse, nutrient-rich items. This results in a persistent “hidden hunger” even as nearly 48% of adults are now overweight (and 17% obese), reflecting a growing double burden of under-nutrition in poor areas alongside rising over-nutrition in more affluent or urban populations.

¹ According to the Concept of Youth Policy for 2020-2030

Environment and Climate

22. Land degradation and climate change are two main environmental challenges that this programme aims to tackle. Pasture and forest resources are under increasing threat due to poor pasture management practices and climate-induced degradation. More than 40% of agricultural land is classified as seriously degraded, and over 85% of the country's total land area is exposed to soil erosion. Climate projections indicate that mean temperatures will rise by about 2–3°C by mid-century, with precipitation expected to increase by roughly 12% in the west and 18% in the northeast. However, historical data show that rainfall patterns are shifting in a problematic way – overall precipitation is increasing, but it is falling more in autumn and winter and significantly less during summer, the main grazing season (FAO 2018). Between 2007 and 2016, cattle numbers grew by 37% and sheep numbers by 68%. Rural households have been pushed toward owning more livestock because of low productivity per animal, a lack of alternative income sources, cultural preferences for larger herds, and low financial literacy (leading families to view livestock as both income and a savings asset). As a result, herd sizes in many communities have expanded beyond the sustainable carrying capacity of local pastures. Forests and pastures, already under stress from human pressures, are among the natural resources most vulnerable to climate change impacts. With more intense spring and autumn rains and with hillsides and waterways losing protective forest cover, continued degradation of land and vegetation from unsustainable agricultural practices will further increase the frequency and intensity of mudslides and floods. Without improved, community-based ecosystem management, climate change will exacerbate natural resource degradation – resulting in more frequent disasters and heightened rural poverty in affected areas.

II. National strategies and policies

23. Kyrgyzstan's National Development Strategy 2040 and the National Development Programme 2022–2026 provide the overarching policy framework anchoring LMDP-III firmly to national commitments for climate-resilient growth, competitive agri-food exports, and inclusive rural development. The programme's sustainable pasture and forest management activities directly implement priorities detailed in the updated Nationally Determined Contribution (2021) and the forthcoming National Adaptation Plan (2024–2030). These climate commitments are further reinforced by the Concept for Forest Sector Development to 2040 and the recently amended Law on Pastures (2009, amended 2024), both of which mandate sustainable pasture governance and the reinvestment of pasture-use revenues—key interventions directly supported by the programme.

24. The veterinary and food-safety components of LMDP-III align closely with the National Food Security and Nutrition Strategy 2024–2027, guided specifically by the consolidated Law No. 175 on Veterinary Practice (2023), Cabinet Decision No. 517 (2023) on epizootic welfare, and mandatory EAEU HACCP technical regulations (2024). Collectively, these establish explicit requirements for vaccination programmes, laboratory accreditation, and digital traceability, fully consistent with programme-supported interventions. Additionally, Kyrgyzstan's Programme for the Development of Agricultural Cooperation 2023–2027, the Presidential Decree on the further development of the agro-industrial complex (2024), the National Export Programme 2025–2028, and the National Financial Inclusion Strategy establish clear targets for cooperative development, concessional rural financing, and investments aimed at rehabilitating low-productivity pasture areas, providing further strategic grounding for the programme. Finally, cross-cutting social inclusion mandates outlined in the National Strategy for Gender Equality 2022–2030 and the Youth Policy Concept 2020–2030 will guide measurable participation by women and youth.

III. Key policy issues and gaps

25. Recent territorial administrative reforms have shifted operational powers of Pasture Users' Unions (PUUs) to AOs raising concerns about maintaining participatory and inclusive pasture governance and management going forward. Previously, pasture fees were transparently allocated with two-thirds retained with the PUUs and dedicated for pasture rehabilitation and one-third covering AO operational costs. However, following the removal of the PUUs from the operational arrangement the mechanism for two-thirds allocation to pasture rehabilitation is no longer clearly defined. Clear policy guidance is now required to ring fence pasture fees to ensure that they transparently cover actual operational costs and maximize reinvestments, thereby preventing their usage for unrelated AO expenditures. At a national level, the absence of formal protocols for coordinated natural resources management between local governments (AOs) and state-managed Leskhozoes limits coordinated governance of forest-pasture landscapes. Current livestock subsidies also perpetuate herd-size expansion rather than incentivizing improved productivity, directly contributing to ongoing pasture degradation.

26. In veterinary and food-safety services, critical policy gaps include the rapid ageing and insufficient replacement of rural veterinarians, weak enforcement of accreditation standards and continuous professional development, and inadequate veterinary laboratory infrastructure, which has yet to achieve full ISO accreditation. Additionally, the national livestock traceability system remains outdated and ineffective for real-time disease management, while the draft National Antimicrobial Resistance (AMR) Action Plan is unfunded and largely unenforced. Food safety responsibilities are fragmented across multiple national agencies (SIVPSS, MAWRRD, and MoH) further diminishing efficiency and regulatory coherence. Existing cooperative legislation concentrates on registration formalities but omits robust governance and accountability standards, leaving many rural cooperatives exposed to elite capture and weak financial oversight. Policies likewise provide no dedicated mechanisms for cooperative access to dedicated affordable long-term finance or tailored technical support, limiting their capacity to scale services for smallholders and integrate them into higher-value markets.

IV. Key actors and institutional arrangements

27. LMDP-III will be led by the Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI), which will oversee the Agricultural Project Implementation Unit (APIU) responsible for day-to-day programme management. Within MWRAPI, the Department of Breeding Livestock, Pastures and Feeds will guide livestock genetics and pasture productivity; the Service of Veterinary and Phytosanitary Supervision will support animal health, food safety, and phytosanitary compliance and the Department of Cooperation, Mechanisation and Innovation will support cooperative development and producer groups. Complementing this is the Small-Business Development Agency under the Ministry of Economy and Commerce (MoEC), focused on strengthening market linkages, trade promotion, and value addition. Additionally, specialized sector associations such as the Kyrgyz Union of Beekeepers and the Dairy Union of Kyrgyzstan, as well as specialized NGOs like the Kyrgyz Association of Forest and Land Users (KAFLU), actively represent and engage with key stakeholder groups across various agricultural and natural resource management sectors.

28. At the local level, statutory responsibilities for pasture governance reside with 231 consolidated Aiyl Okmotus (AOs), whereas the 41 leskhoses manage all forestry operations on the ground. Veterinary service delivery is supported by a countrywide network of licensed private veterinarians. The Veterinary Chamber manages accreditation and

professional development, while the Kyrgyz Veterinary Association (KVA), organized through district-level chapters, actively promotes veterinarians' professional interests and veterinary service quality. Additionally, institutions such as the Kyrgyz National Agrarian University (KNAU), Kyrgyz Livestock and Pasture Research Institute (KLPRI), and other agricultural research entities provide training, applied research, and technical expertise in veterinary medicine, livestock management, and pasture productivity enhancement.

29. Other relevant institutional actors include the recently reorganized Department of Cooperation, Mechanisation and Innovation within MWRAPI, which has a mandate to support cooperative development and producer groups. Complementing this is the Small-Business Development Agency under the Ministry of Economy and Commerce (MoEC), focused on strengthening market linkages, trade promotion, and value addition. Additionally, specialized sector associations such as the Kyrgyz Union of Beekeepers and the Dairy Union of Kyrgyzstan, as well as specialized NGOs like the Kyrgyz Association of Forest and Land Users (KAFLU), actively represent and engage with key stakeholder groups across various agricultural and natural resource management sectors.

30. Alignment with IFAD COSOP 2025-2030. LMDP-III is the COSOP 2025-30 delivery instrument for Kyrgyzstan, advancing all three strategic objectives: SO1 – higher smallholder productivity and incomes; SO2 – climate-resilient natural-resource management; and SO3 – diversified, value-added rural livelihoods.

31. LMDP-III will directly enhance smallholder livestock productivity and incomes (COSOP SO1) through improved veterinary services, breed enhancement, better feed and fodder management, expanded access to higher-quality pastures, and strengthened livestock hygiene and food-safety practices. It will also address COSOP SO2, fostering climate-resilient natural resource management, by strengthening pasture management capacities of the newly restructured Aiyl Okmotus, making protective and regenerative pasture and forest infrastructure investments and reducing grazing pressure on pastures. LMDP-III will also address the COSOP SO 3, diversifying rural livelihoods, by supporting fruits, nuts, non-timber forest products, beekeeping, and other alternative enterprises reducing pasture users dependence on traditional dairy and meat production.

32. Alignment with other IFAD projects. LMDP-III will serve as the logical next step in IFAD's livestock-pasture programme cycle in Kyrgyzstan, consolidating the investments and best practices established under LMDP I and II. In Batken, Osh, and Naryn, pasture management plans previously developed under LMDP I and II will provide the foundation to upgrade and consolidate pasture governance at the level of the newly consolidated AOs. The upgrading process will also assess the current status of LMDP I and II infrastructure investments while directly strengthening the AOs' capacities to manage these existing assets alongside new investments, thereby enhancing the overall effectiveness, sustainability and impact on livestock-pasture development. Where relevant, LMDP-III will also leverage the Access to Markets Project's (ATMP) livestock value-chain clusters, linking lead enterprises with cooperative producers, to increase beneficiaries' milk and meat marketing.

33. Alignment with other partners. LMDP-III will establish clear synergies with three other projects managed by the Agricultural Project Implementation Unit (APIU), with overlapping implementation periods. Specifically, LMDP-III will scale up the enhanced natural resource management plans developed under the ongoing Adaptation Fund-supported RRPCP-ADAPT project. It will align relevant investments with the Asian Development Bank's Climate-Resilient Agricultural Value Chain Development (CRAVCD) project to strengthen agribusiness linkages for cooperatives supported by LMDP-III.

Additionally, LMDP-III will coordinate with the World Bank's Central Asia One Health initiative to enhance veterinary laboratory capacities and surveillance systems, avoiding duplication. Finally, during its second phase (refer to phasing details), LMDP-III will explore partnerships with the Eurasian Fund for Stabilisation and Development (EFSD), which has expressed interest in future co-financing.

V. Strategic partnerships and collaborative operational arrangements

Strategic partnerships and collaborative operational arrangements for LMDP-III

34. LMDP-III will proactively establish targeted strategic partnerships with selected ongoing projects in Kyrgyzstan. The following narrative outlines practical operational arrangements, ensuring clarity, easy implementation, and sustainable coordination mechanisms throughout the project life cycle. These arrangements are structured to maximize synergy, avoid duplication, and significantly enhance overall outcomes.

Animal health, food safety, and One Health resilience

35. LMDP-III will closely coordinate with the **World Bank Central Asia One Health Initiative (2024–2028)**, which will be implemented concurrently by the Agricultural Projects Implementation Unit (APIU). Having the same implementing agency will considerably streamline administrative and operational collaboration. The APIU will explicitly delineate roles, responsibilities, and resource allocations between the two projects from the outset to guarantee efficient use of funds and technical resources.

36. To explicitly avoid duplication, APIU will prepare a detailed asset and infrastructure inventory for targeted veterinary laboratories and diagnostic centers early in the programme. Each laboratory targeted for rehabilitation or upgrading will be uniquely assigned to either the LMDP-III or the One Health Initiative based on clearly documented and transparent selection criteria, reflecting regional needs and technical requirements. This clear division of responsibilities, recorded formally through internal memoranda, will prevent overlapping investments and optimize utilization of both projects' resources. Furthermore, the APIU will implement integrated scheduling of joint training modules and workshops on zoonotic disease detection, AMR monitoring, laboratory diagnostics, and disease-response protocols, ensuring coherent delivery without redundancy.

37. Additionally, LMDP-III will collaborate with the **FAO National Biosafety Framework (2022–2027)** through exploratory, non-financial engagements. Regular consultative meetings will be held to align livestock production protocols with nationally established biosafety standards. APIU will facilitate joint workshops to develop and disseminate clear biosafety guidelines tailored for pasture-based livestock production. Capacity-building sessions will provide consistent training for local inspectors and extension workers, further embedding biosafety practices into community-level livestock management.

Climate-resilient value chain development and cooperative financing

38. LMDP-III will collaborate operationally with the **ADB Climate-Resilient Agricultural Value Chain Development Project (CRAVCD, 2023–2029)**, leveraging the common implementation structure provided by APIU. Collaboration will specifically focus on developing robust market relationships between agricultural cooperatives supported by the LMDP-III Agricultural Value Chain Development Fund (AVCDF) and the market actors supported by the ADB initiative. APIU will organize joint value-chain linkage events, cooperative fairs, and market matchmaking sessions to facilitate direct interactions and

business arrangements between beneficiaries of both initiatives. Coordinated monitoring and joint evaluations will ensure transparent tracking of collaborative outcomes.

39. Similarly, LMDP-III will forge close operational collaboration with the **World Bank Resilient Agri-food Clusters Development Project (2023–2029)**, establishing clearly defined transition mechanisms. APIU will create formal cooperative graduation pathways, enabling smooth transfer of cooperatives demonstrating high performance under AVCDF into the World Bank-supported agri-food clusters. Shared training and capacity-building initiatives will equip cooperative members with requisite technical, managerial, and operational skills, significantly enhancing sustainability and long-term growth. Additionally, regular joint project-review meetings and integrated progress-reporting will be institutionalized to ensure cohesive management and oversight.

Youth, women, and social enterprise development

40. Strategically, LMDP-III will collaborate closely with the **JIA Business Association** to strengthen youth-led entrepreneurship. APIU will organize regular mentorship and business-development workshops, linking young entrepreneurs supported by LMDP-III to JIA's established networks. This operational partnership will include joint implementation of entrepreneurial accelerator programs, business incubation, and structured market-linkage initiatives to sustainably develop youth-led, climate-smart agribusiness enterprises.

41. Exploratory collaboration with the **World Food Programme's (WFP) Climate Insurance and Labour-market Pilot** will primarily involve coordination meetings and knowledge exchanges. APIU and WFP teams will meet quarterly to explore practical integration of WFP's anticipatory financing and climate-risk insurance models into LMDP-III's community mobilization and employment initiatives. Potentially, joint pilot schemes in selected communities may be tested, aiming to practically link labour-market interventions to climate-smart agricultural employment opportunities.

42. Collaboration with the **UN Women, WFP, and UNDP Nutrition and Economic Empowerment Teams** will focus on harmonizing gender equality, nutrition awareness, and economic empowerment. APIU will facilitate quarterly coordination meetings and joint workshops to ensure consistent implementation of gender-sensitive training methodologies such as Gender Action Learning Systems (GALS) and Balanced Literacy and Income (BALI). These partnerships will also explore complementary community dialogue sessions, promoting inclusive decision-making and cohesive nutritional messaging across programme locations. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women.

Nutrition-sensitive value chains

43. Engagement with the **FAO Innovative Horticulture and Nutrition-Sensitive Value Chain Project** will be exploratory, primarily centered on technical knowledge sharing and collaborative capacity building. APIU will arrange regular coordination meetings to explore joint demonstration plots highlighting effective horticulture and nutrition-sensitive practices. The partnership will include joint technical workshops to exchange methodologies, reinforce practical horticultural knowledge, and integrate nutrition-sensitive approaches within LMDP-III's cooperative business-planning frameworks.

Implementation management and partnership coordination

44. Effective implementation of these strategic partnerships will be overseen by a dedicated Partnership Coordination Unit within the APIU. This unit will systematically coordinate operational arrangements, hold regular strategic planning sessions, document clear partnership frameworks, and monitor partnership activities closely to prevent duplication and resource overlap. A comprehensive joint monitoring and evaluation system will track progress, ensuring transparency, accountability, and adaptive partnership management throughout the programme's lifespan.

45. Through this carefully structured approach, LMDP-III will ensure strategic partnerships effectively contribute to achieving programme goals, optimizing the impacts of combined resources, technical capacities, and expertise. The clearly outlined operational arrangements will facilitate seamless implementation and lasting sustainability, significantly enhancing Kyrgyzstan's rural economic resilience, agricultural productivity, and climate adaptation capacities.

VI. Details of IFAD portfolio

46. The Livestock and Market Development Programme I (LMDP-I, 2013–2019), was implemented in Issyk-Kul and Naryn oblasts, with later expansion into Toguz-Toru district of Jalal-Abad. It prioritized community-driven pasture rehabilitation, enhancing livestock health services through private veterinarians, and facilitating market access via milk collection and agro-processing. Implementation was coordinated by APIU, supported by ARIS for grassroots mobilization, and institutionally involved Pasture Users' Unions, Kyrgyz Jaiyty, Veterinary Chamber, and key government agencies.

47. Managed operationally by the Agricultural Projects Implementation Unit (APIU), LMDP-I significantly improved pasture conditions, livestock health, and rural incomes, providing a replicable model for sustainable livestock-based growth.

48. Livestock and Market Development Programme II (LMDP-II, 2014–2021), scaled up the LMDP I benefits to Batken, Jalal-Abad, and Osh oblasts in southern Kyrgyzstan.

49. By its completion, LMDP-II had implemented extensive pasture rehabilitation, supported veterinary professionalization, and strengthened the market linkages crucial for resilient rural livelihoods.

50. Access to Markets Project (ATMP, 2018–2024) covered all seven oblasts of Kyrgyzstan emphasizing livestock value chain strengthening through cooperative and enterprise development and upgraded the national veterinary infrastructure by establishing artificial insemination stations and rehabilitating regional laboratories.

51. Managed by APIU with ARIS leading community engagement, ATMP partnered closely with national veterinary bodies, research institutes, and private veterinarians. By programme closure, ATMP had notably enhanced livestock market integration, raised sanitary standards to improve product competitiveness, and sustainably boosted economic returns across the livestock sector.

VII. Programme area, target groups and targeting strategy

Programme area, target groups and targeting strategy

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Acronyms

AO	Aiyl Okmotus
AC	Agricultural Cooperatives
AWPB	Annual Workplan and budget
CBFIs	Community Based Financial Institutions
GALS	Gender Action Learning System
BALI	Business Action Learning for Innovation
GEWE	Gender Equality and Women Empowerment
KM	Knowledge Management
LFS	Labour Force Survey
M&E	Monitoring and Evaluation
MFIs	Microfinance Institutions
MSMEs	Micro, Small, and Medium Enterprises
DCO	Department of Country Operations
PwD	Persons with Disabilities
SI	Social Inclusion
SECAP	Social, Environmental and Climate Assessment Procedures
TOC	Theory of Change
VCs	Value Chains

Key country context

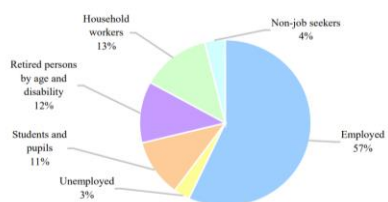
1. Economic Situation

Demographics

1. The Kyrgyz Republic is a landlocked mountainous country with a population of 7.3² million people, marked by a relatively young population. In 2023, around 62.2% of Kyrgyzstan's population resided in rural areas.³ This trend of urbanization is increasing by 2.5% annually, indicating a shift in population distribution towards urban areas.
2. The country has medium human development based on the 2021 HDI ranking. The poverty rate significantly increased in 2021, reaching 33.3%. In 2020, 25.6% of the population lived below the national poverty line. The poverty rate is higher in rural areas, and higher among households headed by women.
3. Migration: up to 1 million Kyrgyz citizens, 40 percent of the labour force, work abroad. Remittances accounted for 31 percent of gross domestic product (GDP) in 2020, the third highest share in the world. In 2021, 80 percent of remittances originated from the Russian Federation. Due to the war between Russia and Ukraine, remittances are expected to decline, and many Kyrgyz may return home. As remittances are almost entirely spent on immediate consumption, this reduction may compromise households' capacity to meet essential needs⁴

Employment:

4. Labour force participation rate is 79% among men comparing to 53.3% for women. ⁵
5. The labour market faces several challenges, including high levels of informality in the labour market, which excludes many workers from formal social protection mechanisms. Approximately 73% of the working-age population falls into this "missing middle," lacking access to both employment-based entitlements and social assistance.
6. Female vulnerable employment increased since 1991 where workers do not enjoy access to formal work arrangements, social protection, and safety nets to be equipped against economic shocks; therefore, they are more likely to fall into poverty. Vulnerable employment among women recorded 28% and 33.5% among men in 2023. ⁶
7. Investment in labour market programs is notably low, accounting for just 0.2% of GDP in 2019. These programs are designed to enhance employment opportunities and include initiatives like vocational training and public works projects. However, their limited funding constrains their effectiveness and reach. ⁷
8. The main occupations of the population in 2022 (15 years and older) were:⁸



² [National Statistical Committee of the Kyrgyz Republic - Statistics of the Kyrgyz Republic](#)

³ [FAOSTAT](#)

⁴ [Kyrgyz Republic country strategic plan \(2023–2027\)](#)

⁵ [ILO | Social Protection Platform](#)

⁶ [Kyrgyz Republic | World Bank Gender Data Portal](#)

⁷ [Social Protection](#)

⁸ [National Statistics Committee. В статистическом ежегоднике широко представлены данные о социально-экономическом положении Кыргызской Республики в 1996г. в сравнении с предыдущими годами.](#)⁸

9. The government has initiated reforms to achieve a sustainable social protection framework. These reforms focused on improving coverage, adequacy of benefits, and access to social care services in cooperation with international organizations, such as the OECD and the ILO.⁹ At the local levels, citizens enrolled in the social protection systems are provided by in-kind livelihood necessities such as cattle and seeds and being coached and mentored for three years until their businesses are stabilised which provides an entry point for generating employment opportunities and encourage enterprise under component 1.
10. Kyrgyzstan's social protection system addresses risks and vulnerabilities among the population. It encompasses social insurance, social assistance, and labour market programs, each targeting specific demographic groups and needs.
 - The social insurance component focuses on providing income security during retirement. The contributory pension system is the most substantial program within this category, covering nearly all elderly citizens. However, the system faces sustainability challenges due to demographic shifts and economic factors.¹⁰
 - Social assistance programs aim to support vulnerable groups, including low-income families with children and individuals with disabilities. The "Ui-Bulogo Komok" (UBK) program, provides cash benefits to families with children living below the poverty line. Despite these efforts, effective coverage remains limited as in 2020, only 41.7% of the population received at least one social protection cash benefit which highlights significant gaps in reaching all those in need.¹¹

Poverty

11. 2.23 million people lived below the poverty line in 2022, of which about 62% were residents of rural areas (32,6% of rural population lived under general poverty, and 6.2% under extreme poverty).¹² In 2023, the overall poverty rate recorded 29.8%. There are significant disparities across different regions, breaking it down to regions as follows:
12. Regional Disparities: Batken, Jalal-Abad, and Naryn have the highest poverty rates, Batken and Naryn host approximately 2.68 million people—over 37 percent of Kyrgyzstan's total population—of whom more than 60 percent reside in rural communities reliant on pastoral systems. Poverty rates in Batken and Naryn considerably exceed the national rural average of 29.8 percent, placing them among the three poorest provinces in the country. Although Osh and Talas have relatively lower poverty percentages, Osh has the largest absolute number of rural poor residents (approximately 1.46 million), underscoring its significance for poverty-reduction efforts. Talas's remote location, accessible only via high mountain passes, significantly limits market access and essential services, perpetuating rural poverty. The data underscores the pronounced regional disparities in poverty levels within the country. Targeted interventions under component 2 will be focusing on the poorest and most regions affected by climate change to ensure equitable economic growth, poverty alleviation, and improved living standards across all regions.
13. The rural poor in Kyrgyzstan are characterized by their dependence on vulnerable agricultural livelihoods, limited access to essential services, and exposure to environmental and economic shocks. Addressing these challenges requires targeted interventions that enhance infrastructure, diversify income sources, and strengthen social protection mechanisms to improve resilience and reduce poverty in rural communities.

⁹ https://www.social-protection.org/gimi/gess/ShowCountryProfile.action?iso=KG&utm_source=chatgpt.com

¹⁰ Social ProtectionOECD

¹¹ IMF eLibrary/World Bank+1Social Protection+1International Labour OrganizationSocial Protection

¹² National Statistics Committee, available at [В статистическом ежегоднике широко представлены данные о социально-экономическом положении Кыргызской Республики в 1996г. в сравнении с предыдущими годами.](#)

Region/ District	Poverty in 2023	Main crops ¹³	Future hazards related to Climate change	Women	Youth	Unemployment ¹⁴		IFAD
						Men	Women	
Batken Oblast	48.1%	Apricot (dried)	Flash floods and snow melting in summer are due to the increase in temperatures together with the increase in winter, spring and autumn rainfall (snow at higher altitudes). Livelihoods will be more affected by these hazards, because there will be less access to pastures, damage to infrastructure and so forth. Higher altitudes (and in some degree also medium) are more susceptible to this hazard	Rural women involved in livestock farming often deal with cross-border trade issues and limited access to resources. Efforts are underway to support women's cooperatives to enhance their economic resilience.	Youth engage in diverse agricultural practices, including fruit and vegetable farming, tobacco cultivation, and livestock rearing. Employment Patterns: Higher rates of self-employment and informal labor among youth are observed. Many young people participate in cross-border trade and seasonal agricultural work.	55.9%	44.1%	LMDP-I LMDP-II ATMP
Batken District								
Kadamjay District								
Leylek District								
Talas Oblast	23.2%	Kidney and soya beans	Heat stress in summer. Livestock will suffer more heat stress rainfall will be more intense in spring, increasing the risk of mudslides that could affect the access of livestock Flash floods and snow melting in summer are due to the increase in temperatures together with the increase in winter, spring and autumn rainfall (snow	Rural women here are engaged in sheep and cattle herding. They often rely on traditional knowledge for livestock management but face challenges in accessing modern veterinary services and markets.	Crop cultivation, including wheat, barley, and vegetables. Livestock farming, especially cattle and sheep. Employment Patterns: A significant number of young people work as family laborers on small farms. The region has better access to education and infrastructure, facilitating youth participation in formal	50.9%	49.1%	ATMP
Bakay-Ata District								
Kara-Buura District								
Manas District								
Talas District								

¹³ [Key Industries – Инвестиционная карта](#)

¹⁴ National Statistics Committee, [В статистическом ежегоднике широко представлены данные о социально-экономическом положении Кыргызской Республики в 1996г. в сравнении с предыдущими годами.](#)

			at higher altitudes). Livelihoods will be more affected by these hazards, as there will be less access to pastures, damage to infrastructure and so forth. Higher altitudes (and in some degree also medium) are more susceptible to this hazard		agricultural enterprises.			
Naryn Oblast	38.1%					49.7%	50.3%	LMDP-I ATMP
Ak-Talaa District		Cattle farming		Rural women are deeply involved in herding and dairy production. However, they face significant barriers, including limited access to veterinary services, markets, and financial resources.	Crop cultivation, including wheat, barley, and vegetables. Livestock farming, especially cattle and sheep. Employment Patterns: A significant number of young people work as family laborers on small farms. The region has better access to education and infrastructure, facilitating youth participation in formal agricultural enterprises.			
At-Bashy District								
Jumgal District								
Kochkor District								
Naryn District								
Osh Oblast	20.4%					59%	41%	LMDP-II ATMP
Alay District		Cotton and walnut		Rural women are engaged in livestock farming, particularly in dairy and poultry. While some have formed cooperatives to improve market access, many still struggle with inadequate infrastructure and	Youth engage in diverse agricultural practices, including fruit and vegetable farming, tobacco cultivation, and livestock rearing. Employment Patterns: Higher rates of self-employment and informal labor among youth are observed. Many young people participate in			
Aravan District								
Chong-Alay District								
Kara-Kulja District								
Kara-Suu District								
Nookat District								
Özgön District								

				limited training opportunities.	cross-border trade and seasonal agricultural work.			
Jalal-Abad Oblast	36.1%					62.9%	37.1%	LMDP-II ATMP
Aksy District		Cotton and walnut	Rainfall will be more intense in spring, increasing the risk of mudslides that could affect the access of livestock	Rural women participate in mixed farming systems, combining crop cultivation with livestock rearing. They often manage household farms and contribute significantly to family incomes. Challenges include limited access to modern farming techniques and financial services.	Youth engage in diverse agricultural practices, including fruit and vegetable farming, tobacco cultivation, and livestock rearing. Employment Patterns: Higher rates of self-employment and informal labour among youth are observed. Many young people participate in cross-border trade and seasonal agricultural work.			
Ala-Buka District								
Bazar-Korgon District								
Chatkal District								
Nookan District								
Suzak District								
Toguz-Toro District								
Toktogul District								
Chuy Oblast	26.6%					46.9%	53.1%	ATMP
Alamüdün District		Sugar beet	1. Rainfall will be more intense, affecting areas more susceptible to flooding Heat stress in summer. Livestock will suffer more heat stress in summer, as maximum temperatures will be more frequently over 30°C Flash floods and snow melting in summer are due to the increase in temperatures together with the increase in winter, spring and autumn rainfall (snow at higher altitudes). Livelihoods will be more affected by these	Actively involved in dairy farming and small-scale livestock rearing. Urban expansion has led to land fragmentation, reducing available grazing areas.	Crop cultivation, including wheat, barley, and vegetables. Livestock farming, especially cattle and sheep. Employment Patterns: A significant number of young people work as family laborers on small farms. The region has better access to education and infrastructure, facilitating youth participation in formal agricultural enterprises.			
Chüy District								
Jayyl District								
Kemin District								
Moskva District								
Panfilov District								
Sokuluk District								
Ysyk-Ata District								

			hazards, because there will be less access to pastures, damage to infrastructure and so forth. Higher altitudes (and in some degree also medium) are more susceptible to this hazard					
Issyk-Kul Oblast	30.9%	Apples and pears	Flash floods and snow melting in summer are due to the increase in temperatures together with the increase in winter, spring and autumn rainfall (snow at higher altitudes). Livelihoods will be more affected by these hazards, because there will be less access to pastures, damage to infrastructure and so forth. Higher altitudes (and in some degree also medium) are more susceptible to this hazard	Rural women engage in sheep and cattle herding, often combining traditional practices with eco-tourism initiatives. Access to markets is facilitated by the region's tourism infrastructure, yet women still face challenges in scaling their operations.	Crop cultivation, including wheat, barley, and vegetables. Livestock farming, especially cattle and sheep. Employment Patterns: A significant number of young people work as family labourers on small farms. The region has better access to education and infrastructure, facilitating youth participation in formal agricultural enterprises.	44.2%	55.8%	LMDP-I ATMP
Ak-Suu District								
Issyk-Kul District								
Jeti-Ögüz District								
Tong District								
Tüp District								
Bishkek City	32.4%					37.3%	62.7%	ATMP
Birinchi May District								
Lenin District								
Oktyabr District								
Sverdlov District								
Osh City	13.9%					51.1%	48.9%	LMDP-II ATMP

Agriculture in Rural Kyrgyzstan

14. The livelihoods of the rural population depend to a significant degree on agriculture livestock and agriculture related services such as food processing, trade transport, marketing, processing, and aggregation.
15. Agriculture is the largest pillar of employment in the country (main source of income and livelihoods in rural areas) but is dominated by smallholders both upstream and downstream. The sector contributes about 12 percent to GDP and employs nearly 17.9 percent of all labour in the country. The sector consists mainly of small-scale production systems with over 470,000 farm units and more than 700,000 rural households that collectively produce over 95 percent of the total agricultural products in the country
16. Women and men share similar needs in accessing knowledge on agricultural technologies, however, men are more interested in information on animal husbandry, while women are more interested in information on high yield crops and marketing.
17. The main produced agricultural products are corn cereals, leguminous crops, potatoes, tobacco, vegetables, raw cotton, in addition to meat, raw milk, eggs, and wool.¹⁵

Farmer segmentation

18. Kyrgyzstan's national laws do not explicitly define "smallholder" or "family farm," functional classifications exist within policy and statistical frameworks. The government's recent initiatives indicate a move toward formal recognition and support of family farming, aiming to enhance their contribution to sustainable rural development.
19. According to the National Statistical Committee definition, all economic agents in agriculture are divided into the following categories:¹⁶
 - State enterprises, approx. 0.6%
 - Collective farms (including cooperatives), 2.7%
 - Private rural household activity,
 - Individual peasant farms.

The last two types are target groups of economic agents, which can be defined as a smallholder (often mixed) in agriculture in Kyrgyzstan
20. Smallholders usually play a set of different roles. Therefore, the definition of a smallholder in the context of Kyrgyzstan includes three types of economic agents operating in agriculture: rural households, peasant farms and individual entrepreneurs. The Ministry of Agriculture has not developed a separate definition of smallholder farmer besides the classification adopted by the National Statistical Committee (NSC) and the official legislation noted earlier¹⁷
21. Rural household activity is a farming operation based on a family-located kitchen garden land plot, where rural inhabitants work with their own labour to raise livestock and produce crops and livestock products.
22. The private peasant farm is an independent economic entity with the status of a legal entity that carries out its activities without registration as a legal business entity. The economic activity of peasant farms is based on the main production factors: land and

¹⁵ National Statistics Committee, available at: [В статистическом ежегоднике широко представлены данные о социально-экономическом положении Кыргызской Республики в 1996г. в сравнении с предыдущими годами.](#)

¹⁶ [Smallholders and family farms in Kyrgyzstan](#)

¹⁷ [Smallholders and family farms in Kyrgyzstan](#)

labour (the farmers themselves and the members of the household). The definition is derived from the Civil Code of the Kyrgyz Republic.

23. Household based peasant farms typically do not register as legal entities. Most of them pay only land tax and are exempt from most of the direct and indirect taxes related to economic activities. Besides the households and peasant farms, there also exists another form of agricultural agents: individual entrepreneurs. These individual entrepreneurs are citizens engaged in entrepreneurial agricultural activities who have passed state registration and operate based on patent fees paid regularly, usually every month. Registration by the State Tax Inspection on a patent base is easy and doesn't require the provision of bookkeeping, and rates are flat and low. Therefore, this form of business is prevalent. The category of individual entrepreneurs includes people who work in activities that are not directly linked to the land, such as service of mechanized works, harvesting, fertilizer supply, veterinary works, logistic services, agri-products processing, sorting, packing and other operations
24. Households own on average 2 parcels of land with an average total area of 1.33 hectares per household. Vast majority (92 percent) of the households are male headed.¹⁸
25. Most agriculture is family-based on small plots of land. Larger production, particularly in apples, apricots, cherries, sugar beets, beans, cotton, tobacco, and walnuts, is regional and still small-scale compared to Western standards.
26. Most families grow small amounts of fruits and vegetables that are consumed locally, though the Kyrgyz Republic did export \$119 million of vegetables and edible root/ tuber crops in 2022. There are opportunities for small-scale operations in a variety of areas: orchards, dried fruits, improved seed, fertilizer, small-scale farm equipment, food processing equipment and slaughterhouses, improved storage, and packaging.¹⁹

Financial Inclusion:

27. In 2021, 43.8% of women and 46.5% of men in the Kyrgyz Republic had an account. The female rate in the Kyrgyz Republic is lower than both Europe & Central Asia and the lower middle-income group. Account ownership denotes the percentage of respondents who report having an account (by themselves or together with someone else) at a bank or another type of financial institution or report personally using a mobile money service in the past 12 months.²⁰
28. Men more often than women take loan from a bank when they need extra financing, while women take more loans from micro-credit companies, comparing to men²¹

2. Social Inclusion analysis

Gender

29. Kyrgyzstan's Gender Inequality Index value is the highest in Central Asia due in part to the resurgence of conservative gender norms since the Soviet era. This has resulted in women's exclusion from decision-making processes and their being responsible for a significant amount of unpaid domestic and farm labour. The new Constitution

¹⁸ [Gender, Poverty and Environment in Rural Kyrgyzstan \(2017\) | United Nations Development Programme](#)

¹⁹ [Kyrgyz Republic - Agriculture](#)

²⁰ [Kyrgyz Republic | World Bank Gender Data Portal](#)

²¹ [eng-gender-poverty-env.pdf](#)

promotes human rights for all. Some formal mechanisms, such as the revised domestic violence legislation and the introduction of the 30% quota for women's political representation demonstrate a clear commitment to addressing gender-based inequalities. However, inadequate financial and human resources and gender norms challenge progress.

30. Over 20% of marriages in Kyrgyzstan occur through Ala Kachuu (bride kidnapping), and women hold only 22% of parliamentary seats, despite existing gender quotas,²² only 20% of seats in the parliament in 2023 were for women, and 36.8% of those employed in senior and middle management in 2022.²³ On average, women earn 25% less than men, as they are predominantly employed in low-paying sectors such as education, healthcare, and social services.²⁴
31. Leadership and decision making: The proportion of seats held by women in the Kyrgyz Republic has decreased since 2010. The current rate is lower than the average rate in lower middle-income economies.²⁵
32. **Gender-Based Violence (GBV)** including domestic violence, bride kidnapping, trafficking, and physical abuse, is widespread and pervasive issue affecting women in Kyrgyzstan. The country has the highest maternal mortality rate in the region. Practices such as early and forced marriages and domestic violence are prevalent in some communities, undermining women's rights and well-being. Legal inequalities and insufficient enforcement of protective laws exacerbate the situation, leaving many women without adequate recourse or support.²⁶ 29 of every 1,000 girls ages 15-19 gave birth in the Kyrgyz Republic in 2022²⁷ and 23% of women ages 15-49 have experienced GBV from their intimate partner²⁸
33. The labor force participation rate among females is 53.1% and among males is 78.6% for 2023. The labor force participation rate is the proportion of the population ages 15 and older that is economically active. Since 1990, female labor force participation has decreased. Compared with labor force participation in the lower middle-income group, the gap between men and women is lower in the Kyrgyz Republic.²⁹
34. **Women in agriculture.** Rural women in Kyrgyzstan play a pivotal role in the nation's agriculture and rural economy. Despite their substantial contributions, they face numerous challenges in employment, education, exposure to gender-based violence (GBV), participation in agriculture, and access to land and financial resources.
35. Rural women constitute a significant portion of the agricultural labour force engaging in various farming activities; however, they often lack recognition as key stakeholders in the sector. Their employment is often characterized by informality and low wages. Many women are involved in unpaid family labour which limits their economic independence, empowerment, and social security benefits. Women spend 1.8 times as much time on unpaid domestic and care work than men. Women also spend 4 hours and 20 minutes a day on domestic work, while men spend only 55 minutes.³⁰ ³¹ Rural have limited access to agricultural inputs, training, and extension services, which hampers their productivity and ability to adopt innovative farming techniques. Addressing these gaps is crucial for enhancing food security and promoting sustainable

²² [Kyrgyzstan presents preliminary findings and recommendations of the Country Gender Equality Profile | UN Women – Europe and Central Asia](#)

²³ [Kyrgyz Republic | World Bank Gender Data Portal](#)

²⁴ [Kyrgyzstan presents preliminary findings and recommendations of the Country Gender Equality Profile | UN Women – Europe and Central Asia](#)

²⁵ [Kyrgyz Republic | World Bank Gender Data Portal](#)

²⁶ [apwld.org/Women2030](#)

²⁷ [Kyrgyz Republic | World Bank Gender Data Portal](#)

²⁸ [Kyrgyz Republic | World Bank Gender Data Portal](#)

²⁹ [Kyrgyz Republic | World Bank Gender Data Portal](#)

³⁰ [Gender data quiz reveals lived realities of women and girls in Kyrgyzstan | UN Women – Europe and Central Asia](#)

³¹ [Kyrgyz Republic | World Bank Gender Data Portal](#)

agricultural development. Gender inequality is a significant challenge in the agricultural sector. Women in rural areas have limited access to productive resources, including land, credit, and technology, which hinders their ability to engage in profitable agricultural activities. Women are often excluded from decision-making processes and lack representation in agricultural cooperatives and organizations.

36. The Food and Agriculture Organization (FAO) highlights that discriminatory gender norms often relegate women to roles as farm workers rather than farm owners or decision-makers, perpetuating economic disparities.³²
37. There is an interest of women to join green investments, however, they get faced by challenges such as traditional values limiting women's economic role and access to finance, information, and services, the housework load barrier, land inheritance traditional/cultural restrictions.
38. Women do not participate in agriculture on the same terms as men. The livestock, rearing, veterinary and pasture management sector is male dominated. Men tend to carry out activities that require heavier physical labour, such as shearing, lambing and breeding. Women are more strongly involved in processing livestock products; work that can be done nearer the home where they have domestic and childcare responsibilities. This includes milking, milk processing and selling dairy products, preparing wool and making handicrafts. Because of their role in managing livestock, men generally control the income that results from the sale of animal products. Along with gender-inclusive outreach to promote their involvement in the sector, limitations due to lack of interest need to be taken into consideration. Opportunities to promote dairy farming, milk processing and value addition to dairy products should be thought-out
39. Substantial challenges include the lack of protection of their rights to ownership of land and other resources, limited access to financial capital, a lower level of technical agricultural knowledge, and the constraints of tradition and culture that reinforce women's role as farm workers rather than as leaders of agribusiness. They also face significant barriers to accessing markets and selling their products at fair prices. Additionally, women farmers are more likely to be engaged in subsistence farming than commercial farming, which limits their income potential. The Percentage of women receiving education in agriculture, Forestry, Fisheries and Veterinary in 2024 was 25.89% comparing to 74.11% for men ³³
40. Lack of representation in pasture institutions. Current measures for women's engagement in pasture users' institutions are insufficient. Quotas must be accompanied by awareness-raising, capacity building and economic incentives to ensure women's meaningful participation in pasture users' institutions.
41. Access to quality education remains a challenge for rural women and girls. While primary education enrolment is relatively high, dropout rates increase at secondary and tertiary levels due to socio-economic factors, early marriages, and traditional gender roles. Limited educational attainment restricts women's opportunities for skilled employment and entrepreneurship, reinforcing cycles of poverty and dependence ³⁴
42. **Access to Land and Financial** resources is critical for the economic empowerment of rural women. However, patriarchal inheritance practices and legal constraints often impede women's land ownership rights. Even when laws permit female ownership,

³² [Open Knowledge FAO](#)

³³ [WEF GGGR 2024.pdf](#)

³⁴ [Open Knowledge FAO+25UNDP+25Open Knowledge FAO+25](#)

cultural norms may discourage women from claiming their entitlements. Additionally, limited access to credit and financial services restricts women's ability to invest in land, equipment, and other productive assets. Initiatives aimed at providing gender-responsive financial services and ensuring equitable land rights are essential for overcoming these barriers³⁵

43. Although women account for about 44.5% the workers in agriculture, most of them participate as family workers or are engaged in informal and seasonal activities which challenges economic and financial stability. (92%) of the households are male headed.³⁶ Furthermore, benefits from economic activities in agriculture are often controlled by men despite the active participation of women and youths in providing most of the labour for smallholder agriculture production. Women in male-headed households have a low-decision making power: decisions on management of fields, selling crops and products, and children's nutrition.³⁷
44. Rural Kyrgyz women could benefit substantially from investments in the sector by closing gender gaps in agricultural productivity and access to finance and land, technology, and markets. Women farmers face significant challenges as they are less likely to receive training and tend to make less use of extension services than men, they prefer to invest in less risky value chains and livestock productions. Women are less likely than men to be paid for their labour, a factor underscored by social norms that hinder economic empowerment. LMDP-III gender strategy is explained in a later section in this document.

Youth

45. The Law of the Kyrgyz Republic on Youth Policy defines youth as 14 - 35 years of age. Young people make up nearly one-third of the population. Kyrgyzstan's Youth Participation Index ranking recorded 0.41 in 2022. Around 20 per cent of youth are not in education, employment or training (NEET) 29.4% young women versus 12% young men³⁸. Gender disparities and social norms further restrict girls' active engagement in society.
46. Two thirds of the country's young people live in rural areas, from where there is a widespread internal migration to urban areas, especially Bishkek and Osh, and abroad in search of work. Lack of employment is by far the biggest concern among rural youth. They are affected by limited economic opportunities, poor access to public services and limited opportunities to voice their needs. Female youth are facing higher unemployment rates than male youth. As much of the economy is informal, many young workers do not pay into pension funds and are likely to have no formal social protection in their old age. Young women are mostly stay-at-home mothers. Many aspire for a wider range of occupations but are confined to self-imposed and socially desired traditional roles, once they marry. The programme aims to promote youth entrepreneurship through a competitive grant scheme that will finance green businesses. Particular attention will be given to female youth who face higher unemployment rates and youth who are not in employment, education or training. Youth engagement is also a critical part in developing pasture management plans and shaping a community vision for sustainable rangeland management.
47. Youth entrepreneurship is an important resource for the development of MSMEs. Young entrepreneurs are more receptive to innovation and have a greater propensity

³⁵ [Women2030UN Women ECA](#)

³⁶ [Gender, Poverty and Environment in Rural Kyrgyzstan \(2017\) | United Nations Development Programme](#)

³⁷ [RURAL Agriculture Livelihood Survey RALS 2019, IAPRI](#)

³⁸ [Adolescents and youth | UNICEF Kyrgyzstan](#)

to take risks in business. Most young people in Kyrgyzstan show an unpreparedness to start their own businesses. Among the reasons that prevent young people from starting and successfully running their own businesses, the most important are the lack of skills and technical knowledge, challenging access to credit (e.g. due to lack of collaterals etc.), and legal illiteracy. Youths are engaged in housekeeping, work at enterprises, employment, or are employees. Young people of school age (15-17) mostly work in family businesses or as employees. Older youth (18 and older) are more likely to be employed in businesses, or to be employees. Poverty is the main reason for youth dropping out from education.³⁹

48. Informal business is a key challenge as of 2021, approximately 84.7% of young people in Kyrgyzstan were employed informally.⁴⁰ This indicates that a substantial majority of youth work without formal contracts, social protections, or labor rights.
49. **Limited economic opportunities.** Rural youth in Kyrgyzstan face significant unemployment due to limited economic opportunities, poor access to public services, and few avenues for civic participation. Female youth are particularly disadvantaged. Women are mainly employed in the public sector (health, education, social services) or in hospitality, while technical fields like construction, transport, energy, and mining remain male-dominated. Many young women are stay-at-home mothers, though they value education and aspire to diverse careers. These ambitions often clash with traditional roles expected after marriage.
50. Roughly 35.5% of youth rely on agriculture as their main income source, and many are engaged in informal work lacking protection. Migration is widespread: nearly one-quarter of all Kyrgyz migrants are youth aged 14–28, primarily moving to Russia and Kazakhstan. Recently, return migration has increased in the context of the Russia–Ukraine conflict.
51. Kyrgyz youth, comprising 25-30% of the population, have the potential to transform the country's future. However, they face challenges in accessing financial services, labour markets, and access to capital. The government has implemented legal, institutional, and policy frameworks to empower the youth, but more action is needed to ensure their full potential.
52. Youth are also interested in technology and digitalisation, they are eager to learn more about it, entrepreneurship, participate in and eco-tourism which provides a convenient entry point to different youth engagement and outreach interventions in LMDP-III (component 3) that will be explained in the details of the targeting mechanism.
53. Youth access to financial services remains a key challenge, due to collateral requirements, high interest rates and limited financial literacy. Smallholder farmers, particularly women and youth, lack access to financial services that meet their specific needs for economic growth and coping with adverse events.
54. In conclusion, women and youth face:
 - Access to Resources: Limited access to quality seeds, fertilizers, and modern farming equipment hampers productivity.
 - Financial Constraints: Difficulty in obtaining credit and financial services restricts their ability to invest in farm improvements.
 - Market Access: Challenges in accessing markets lead to reduced income and hinder the growth of their farming enterprises.

³⁹ [youth-policy-concept-2020-2030.pdf](#)

⁴⁰ [Economy | Kyrgyz Republic | World Bank Human Capital](#)

- These chronic challenges contribute to persistent poverty levels among rural farmers.
- Limited knowledge base, technological gap, and limited access to high-quality inputs.
- Vulnerability to environmental issues and climate change

Nutrition and healthy diets

55. Despite recent improvements, malnutrition remains a significant concern in Kyrgyzstan, particularly among children and women. According to the Global Hunger Index (2023), Kyrgyzstan scored 6.8, indicating a low level of hunger. However, food insecurity is widespread: the World Food Programme (WFP) estimates that 60 percent of the population are either food insecure or marginally food secure, and two in five households cannot afford a nutritious diet.
56. The nutrition of children under five has improved over the past 20 years, but many still face challenges due to the triple burden of malnutrition: stunting, overweight and obesity, and lacking essential nutrients. Half of children aged 6-23 months do not receive a minimum acceptable diet, and most have unhealthy eating habits.⁴¹ More than 70 percent of children aged 6-59 months do not meet minimum dietary diversity, and 47 percent of them along with adolescent girls are deficient in iron and other micronutrients.⁴²
57. Stunting remains a moderate but persistent challenge in Kyrgyzstan, affecting 14 percent of children under five nationwide. The prevalence is significantly higher among children from the poorest households (16 percent) and in specific regions such as Batken (23 percent) and Jalal-Abad (17 percent) oblasts. At the same time, childhood obesity is emerging as a growing public health concern, with nearly one in ten children under five classified as overweight. Dietary patterns among young children are suboptimal: approximately 75 percent of children aged 6–23 months consume unhealthy foods, and 78 percent regularly consume sweetened beverages. Alarming, 16 percent of children in this age group did not consume any fruits or vegetables the previous day.⁴³ Cultural norms and household decision-making dynamics also play a role in poor nutritional outcomes.
58. Non-communicable diseases (NCDs) have emerged as the leading cause of mortality in the Kyrgyz Republic, accounting for approximately 83% of all deaths. Cardiovascular diseases are the predominant contributor. The increasing prevalence of these conditions imposes a substantial burden on the healthcare system and the economy (according to the WB, the total economic impact of NCDs is estimated at US\$284 million annually, nearly 4% of the country's GDP.⁴⁴
59. LMDP-III addresses these challenges through a comprehensive, nutrition-sensitive approach that is embedded across all programme components. The programme will promote behavior change and informed decision-making around food, health, and caregiving through the application of participatory household methodologies such as the Gender Action Learning System (GALS) and Business Action Learning for Innovation (BALI). However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with

⁴¹ [WFP, Kyrgyz Republic Country Brief, 2025](#)

⁴² [Kyrgyz Republic | World Food Programme](#)

⁴³ [Nutrition | UNICEF Kyrgyzstan](#)

⁴⁴ The World Bank, Primary Health Care Quality Improvement Program (P167598), 2019

Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women. These tools will support intra-household dialogue and empower women and men to adopt healthier practices. In tandem, the programme will expand nutrition education efforts, targeting both women and men with knowledge on balanced diets, child feeding, food hygiene, and safe food preparation

60. LMDP-III will strengthen food safety awareness among smallholder livestock producers by promoting hygienic production standards that enhance both health outcomes and economic returns. Modern food safety practices will be introduced through inclusive training, which will also leverage traditional veterinary knowledge and integrate it with contemporary hygiene and quality standards.
61. The programme will prioritize the development of value chains that are inherently nutrition-sensitive, such as dairy, red meat, fruits, berries, honey, and nuts. These products not only provide key sources of micronutrients but also offer income-generating opportunities for rural households. Through targeted capacity building on food processing, quality control, and safe storage practices, women and youth will be supported to establish or expand small-scale food businesses that contribute to both household nutrition and market resilience.

People living with Disabilities (PwDs)

62. In 2024, more than 217,000 PwDs in Kyrgyzstan received pensions and disability benefits, or 3 per cent of the total population. PwDs increased by 11.8 % from 2019 to 2021. Out of the total number of PwDs, receiving pensions and disability benefits, 53.5 per cent are men, or more than 96,000, and women, respectively, 46.5 per cent, or more than 83,000. Compared to 2019, the number of men with disabilities increased by 10 per cent and the number of women by 11.4 per cent. The number of children with disabilities under the age of 18 amounted to more than 37,000, or 1.4 per cent of the total number of children in this age group. Compared to 2019, the number of children with disabilities increased by 11.7 per cent. The greatest number of persons with disabilities receiving pensions and disability benefits is in Jalal-Abad more than 48,000⁴⁵. The main disability causes among the adult population are diseases of the circulatory system - they accounted for 21 per cent in 2023, malignant neoplasms accounted for 12.4 per cent, diseases due to injuries, poisoning and other effects of external causes - more than 11 per cent.
63. The programme will include persons with disabilities (PwDs) and individuals living with health conditions, ensuring their meaningful participation and equitable access to programme benefits through inclusive outreach and service delivery.

3. Policy framework and LMDP-III Alignment

LMDP-III aligns with policy framework, and national laws (see SECAP section).

64. The National Development Strategy of the Kyrgyz Republic for 2018–2040 emphasizes that Kyrgyzstan shall ensure women’s full and equal participation in all levels of decision-making in political, economic and public life. State programmes aimed at achieving gender equality and eliminating the imbalance between men’s and women’s opportunities are being implemented.⁴⁶
65. Kyrgyzstan has made significant strides in promoting gender equality and women's empowerment, particularly through key national frameworks such as the National

⁴⁵ [24e2023b-62d4-4e77-a088-79dd6d1524e1.pdf](#)

⁴⁶ [Kyrgyz-SDG-gender.pdf](#)

Gender Equality Strategy until 2030, the State Programme on Women's Leadership, and the State Programme on Women's Entrepreneurship. The 42% representation of women in local councils marks a significant step forward, reflecting the country's commitment to inclusive governance.⁴⁷

66. **The National Strategy for Achieving Gender Equality** 2023 has objectives to: a) ensure equal rights and opportunities for all genders in political, economic, and social spheres. b) Eliminate discrimination and gender-based violence, c) Promote women's participation in decision-making processes. The main priority areas of the strategy are: a) Enhancing women's economic empowerment, b) Improving access to quality education and healthcare for women and girls, c) strengthening legal protection frameworks against gender discrimination. IFAD and LMDP-III gender objectives are strongly aligned with these objectives as the programme aims at improving a) women economic empowerment b) women's equal voice and leadership c) women balanced workload.
67. State youth policy is primarily aimed at providing opportunities for youth to develop human potential, the formation of youth as a major resource for the development of the state and society, the promotion of youth initiatives in the political, economic and social spheres, the formation of a responsible attitude of young citizens to their health, ancestral heritage, interaction with the world around them and their own decisions. LMDP-III aligns with and contributes to the objectives of the policy through a structured youth empowerment plan (see the youth targeting strategy and empowerment pathways).
68. LMDP-III supports the government's objectives to reduce malnutrition and build healthier, more resilient rural communities. LMDP-III is closely aligned with the Food Security and Nutrition Programme (2019–2023) and the Concept for the Development of the Agro-Food Sector (2021–2025) which emphasize the need to ensure access to safe, diverse and nutritious food, particularly for vulnerable rural populations and provide a solid foundation for integrating nutrition-sensitive approaches into rural development investments. Kyrgyzstan is also a member of the global Scaling Up Nutrition (SUN) Movement, reinforcing its commitment to multi-sectoral action on malnutrition.

Target Groups and outreach

69. LMDP-III supports vulnerable rural households relying on rangelands and forests. It will directly benefit an estimated 50 000 rural households (representing approximately 225,000 household members, avg. 4.2-5.3 members each)
70. LMDP-III Phase 1 will be implemented in Batken, Osh, Talas, and Naryn provinces. These provinces are strategically selected based on high poverty incidence, significant beneficiary populations, severe pasture degradation, and strong institutional readiness. Together, these provinces host approximately 2.68 million people—over 37 percent of Kyrgyzstan's total population—of whom more than 60 percent reside in rural communities reliant on pastoral systems.
71. The total programme outreach in phase 1 will benefit households from around 100 AOs and 41 leskhoses. 60,000 persons will directly benefit from programme services. A high proportion of the target population would be reached by pasture management activities with the largest programme investment part going directly to the beneficiaries in the form of competitive grants, training and technical assistance. The

⁴⁷ [Kyrgyzstan presents preliminary findings and recommendations of the Country Gender Equality Profile | UN Women – Europe and Central Asia](#)

benefits accruing to these primary target population will be reflected in physical productive assets and built knowledge capacities.

72. Target Groups: The programme would focus on contributing to rural poverty alleviation through increase resilience, incomes and enhanced economic growth in rural farming communities by targeting the following groups:
1. households practicing mobile extensive livestock (herders).
 2. households practicing collecting forest products.
 3. households producing fodder
 4. Women constitute at least 40 per cent and youth (18–35 years) at least 30 per cent of all beneficiaries.

Within this classification beneficiaries are divided into 3 categories

60 % Household farms (<0.5 ha): Subsistence-oriented, producing 28.3% of crops. Own approximately 2.9 sheep/goats

40 % Peasant farms (1–10 ha): Cultivating 87.2% of arable land and producing 69.7% of crops. Own up to 20 sheep/goat

Individual Entrepreneurs (MSMEs): Engaged in mechanized services, agri-processing, and logistics. Though better off, their market access creates employment and aggregation benefits. Their engagement will be primarily linked to components 1&2 generating further market linkages and employment opportunities for LMDP-III target groups.

73. In general, most rural households in the first two categories keep livestock (1-3 cows and 10-50 sheep) and grow crops. Accessible, resilient and productive rangelands and forests is a necessary precondition for these households to increase their livestock assets and productivity, allowing them to lift themselves out of poverty. The target groups hold the keys to sustainable management of forest-rangeland ecosystems through better grazing and herd management, forest conservation and production of sufficient fodder needed to bridge feed shortages in winter. Rural women and youth constitute some of the largest vulnerable social groups in the country, together comprising close to half of the entire population.
74. LMDP-III's outreach will carefully distinguish between households directly targeted and the broader population benefiting indirectly.
75. To ensure consistent, pro-poor selection across regions, the programme will apply a weighted eligibility system aligned with IFAD's Targeting Policy, using official geographic poverty and climate-risk layers to set weights. Applicants will be scored across dimensions such as household vulnerability, livelihood constraints (small land/herd size, remoteness), inclusion factors (group participation/readiness), and climate/hazard exposure—with initial weights (e.g. 40/25/15). Beneficiaries will be selected by total score, thus favouring higher-poverty areas and women- or youth-led applications.

Targeting and Social Inclusion Strategy

76. The Targeting, Gender and Social Inclusion strategy will provide a reference document for programme staff and implementing partners to address socio-economic challenges that LMDP-III target groups face, and design tailored solutions to address their needs for financial inclusion, improving livelihood, and equity in accessing and benefiting from all programme activities.

77. Dedicated Social Inclusion (SI) staff will be appointed at the APIU to ensure proper implementation of the targeting approach. Having a Gender and Social Inclusion specialist will provide targeted information and capacity building to all stakeholders on gender and youth empowerment well as on nutrition.
78. All components will benefit men, women and youth and financing instruments as well as dedicated activities will be tailored to the different groups and vulnerability level.
79. The main pathway under the proposed programme for empowering the vulnerable is to equip them with business skills and knowledge and further to provide income and business opportunities. Business training will be given to the communities whose vision includes changes in the everyday roles of women and the youth, including the minority communities. Without a community vision, their new activities are unlikely to be supported by other members of the communities and lead to economic development of the village. To ensure ownership and sustainability, the final beneficiaries will be chosen through their business plans which women and youth formulate.
80. LMDP-III will apply a combination of geographical targeting, self-targeting, and direct targeting measures to reach the target households effectively (targeting mechanisms is explained in a later section in this document).
81. Targeting will consider: (i) Analyzed key characteristics of the target groups, including prioritizing those under and close to the poverty line, with high unemployment rates and low diversity diets; (ii) farmers who lack access to land and opportunities; (iii) prioritising woman youth, returning migrants and unemployed along with cross-cutting groups for continuity from IFAD current programme portfolio; and (iv) include Ethnic minorities and target HHs with persons with disabilities, where possible.(v) women and youth
82. Nutrition-sensitive interventions will be targeted toward the most vulnerable, including women of reproductive age, children, persons with disabilities, and marginalized ethnic groups. Through the household methodology, the programme will promote improved nutrition and dietary practices by raising awareness on healthy eating, food preparation, and childcare practices.
83. Nutrition-sensitive value chains — such as fruits, berries, dairy, red meat, and bee products — will be prioritized in areas with limited access to diversified food. The programme will also enhance access to safe and quality food by improving food safety systems and supporting training on food quality standards. These activities will ensure that rural households not only improve their incomes but also have the knowledge and means to improve their nutritional outcomes. Furthermore, the integration of nutrition education with business planning and community empowerment processes (such as GALS and BALI) will help drive behavioral change and foster long-term improvements in food and nutrition security. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women.

Component	Subcomponent	Measure for Social Inclusion	Estimated Cost
Component 1 - Sustainable community-based integrated forest-rangeland ecosystem management	1.1 Climate resilient forest-rangeland ecosystem planning and monitoring	1. Targeting strategy requires each beneficiary village, MEs/ cooperatives to have an inclusive common vision. Each community needs not only to reach a consensus on how the ecosystems should be in the long term and how to attain that state, but also have strong motivations to work together toward the goal and willingness to discuss and adapt as the ecological and socioeconomic conditions evolve. This necessitates a solid common vision among the villagers on natural resources management, as was also one of the lessons learned from the past projects in the country. Public consultation and finalization of the plans. AOs and leskhoses will lead creating the common vision including pasture and forest users, local communities, women, youth, and institutions—around a common long-term goal. Community consultation and local validation will be crucial for building local ownership: by the end, the plans should have the endorsement of both the local leadership and the broader community. 2. Target villages include those of ethnic minorities to closely reflect the minority composition of the national population. 3. AOs will integrate employment and entrepreneurship targets explicitly into their PLMP, SEDP, and NRMP planning processes. 4. Community-level assessments will identify underemployed women and youth, and tailored technical and entrepreneurial trainings—including methodologies such as the GALS—will equip them for successful participation. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women. 5. AOs will institutionalize support through local resolutions prioritizing women and youth employment, allocating municipal land or co-financing for cooperatives, and establishing permanent youth councils and women's committees to sustain these opportunities post-programme. 6. The PLMP, SEDP and NRMPs will function as ecosystem-specific operational roadmaps to address interconnected environmental degradation, rural poverty, and resilience gaps. Each plan will be tailored to its local context and will adhere to a set of core thematic areas including but not limited to a) Establishing local nurseries and community-managed forage seed plots to produce certified, drought-resistant varieties that support pasture restoration and climate resilience. B) Improving livelihoods and income of poor households through more productive and sustainable use of land and livestock, increased market linkages, small-scale enterprise development, and value-added production. C) Ensuring at least 30% participation of women and youth in pasture and forest management	1. Mainstreamed in component 1 budget 2. Engagement of a social inclusion specialist, who trains the programme and other government staff and oversees the mainstreaming efforts for the entire programme full time during the whole programme period 3. Community engagement, workshop and validation costs
	1.2 Green investments for forest and rangeland rehabilitation		

		committees and related paid employment, thereby creating inclusive job opportunities and enhancing their decision-making roles. D) Expanding access to veterinary services and animal healthcare, promoting better livestock management, improved animal productivity, and income generation for households. E) Improving community nutrition outcomes by increasing food safety awareness, promoting hygiene, clean milk handling, safe food processing practices, and enhancing dietary habits and nutrition awareness at the community level. F) Promoting local governance, transparency, and conflict resolution mechanisms in natural resource management, thereby fostering cooperation and sustainable outcomes at community and institutional levels. G) Strengthening financial literacy among households and linking them with rural financial institutions, government schemes, and potential private-sector financing to support economic activities and productive investments. H) Facilitating evidence-based decision-making through digital tools, participatory monitoring, and adaptive management practices, ensuring continuous improvement in resource utilization and community engagement 7. Employment in construction and maintenance: The programme will engage poor community members in implementation, providing short-term jobs and long-term maintenance contracts.	
		8. All assets created under Component 1 will be formally owned by the respective local institutions. In practice, day-to-day operation may be delegated whereby AOs delegate through contracts work with community user groups and cooperatives for routine upkeep of pasture infrastructure, and Leskhozoes may engage community forest volunteers or co-management groups to help monitor and maintain forest assets.	
Component 2 - Strengthening the Food Safety System	Strengthening the public-private veterinary system	1. Poor, vulnerable and remote households will access improved quality veterinary services and breed improvement inputs 2. The programme will develop and disseminate simple training modules among farmers (with a focus on vulnerable target groups) on topics such as hygienic milking and milk storage, food safety, conservation and food hygiene, safe handling of meat (especially during home slaughter), and prevention of zoonotic diseases through farm hygiene and proper use of veterinary drugs this will improve the smallholder farmers awareness and hygiene and nutrition behavior change 3. LMDP III will support scholarships for veterinary students (youth and women) from remote areas, establish para-vet training schemes for community members, and implement continuing education programs.	4. Engagement of a social inclusion specialist 5. Supporting veterinary scholarships 6. Training for community members 7. Training for informal veterinary nurses in each of 7 <i>oblasts</i> 8. Awareness raising in home hygiene, nutrition education and sustainable water use; coaching of the disabled on autonomy in personal hygiene in each of 7 <i>oblasts</i> Involving poor households in value addition of nutritious food by empowering families to process, preserve, and market nutritious foods, creating income-generating

			opportunities while ensuring access to healthy food
	Strengthening the supporting state food safety institutions	1. Government staff and veterinary professionals involved in policy formulation are trained on social inclusion intensively before the programme implementation and each year afterward for adaptive management on social inclusion.	9. Training for government staff and veterinary professionals
Component 3 - Climate Resilient Value Chains for Women and Youth	Climate-resilient value chains development	1. Targeting strategy requires each beneficiary village/PUU to have an inclusive common vision. 2. Inclusive enterprise development and market access: producer organizations and cooperatives will be promoted to manage value-added enterprises and ensure the poor can participate in income-generating activities. 3. <i>Inclusive cooperatives membership and outreach orientation.</i> Membership will prioritise inclusion, ensuring women, youth, and vulnerable households have equitable representation and benefit-sharing arrangements are in place specifically addressing the gap in business and technical skills among women and youth. 4. The cooperative executive board will have $\geq 40\%$ seats for women and $\geq 30\%$ for youth, backed by GALS coaching. 5. Cooperatives will receive extensive capacity-building through two complementary training streams with institutional and business development training: Institutional training comprising training on areas such as governance, financial management, procurement, business planning, and compliance; Technical skills training concentrating on training inputs related to production techniques, processing, certification, branding, food safety, healthy food processing, and climate-smart agriculture directly targeting existing gaps in producers' technical knowledge about climate-smart practices and value-chain operations. 6. GALS and BALI will be used to facilitate innovative, market-oriented business ideas. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women. 7. Community-level training in green technologies, innovative climate-change adaptation and mitigation, nutrition education and financial literacy will also be delivered.	10. Engagement of a social inclusion specialist 11. mainstreamed in component 3 budget 12. Community level training and awareness on nutrition education 13. Capacity building of cooperatives on food safety and hygiene and healthy food processing
	3.2. Agricultural value chain development fund is established and functional	1. Business proposals for programme financing require cash-income generating and decision-making opportunities for vulnerable groups. Small loan sizes will be provided to cooperatives depending on the business plan. These loans will be intended for productive investments in value chain upgrading	

	3.3 Eligible cooperatives access financing from the Agricultural Value Chain Development Fund on a sustainable basis	cooperatives comprising poor rural women and youth, successfully access affordable capital for investment in climate-smart technologies, certification, processing, and market expansion.	

Pathway to achieve the total outreach

	Beneficiary category	Key package of activities — and what they do NOT get	Households / share of 50 000
A	Full-package households	Benefit from the complete menu: • Pasture/forest/feed infrastructure (roads, water points, fodder banks, reseeding, erosion works) • Full veterinary & animal-husbandry services (vaccination, productivity training) • Cost-saving municipal assets (low-cost fodder production, communal machinery pools, orchards/greenhouses) • Value addition & market integration (AVCDF loans for cooperative-level processing & market linkages)	9,000 (30 %)
B	Everything in full package WITHOUT access to AVCDP reimbursable financing	Do NOT receive • reimbursable financing from AVCDF	21,000 (70%)
	Total		30,000 (100%)

Youth and women engagement opportunities

	Beneficiary category	Youth and women opportunities (indicative only)	Women and youth engagement mechanism
A	Pasture forest and feed infrastructure	Youth • Labour-intensive reseeding, tree-planting, erosion-control and track-repair contracts prioritise women & youth • Youth hired as herders, data collectors • Youth tree-nursery, seed-multiplication co-ops; • Cash-for-work paid jobs to landless youth • Youth co-ops operate and maintain solar pumps, earning maintenance fees Women • Women caretakers of water points; fee collection & hygiene oversight • Women manage fodder-bank, compost centres & nutrition gardens • women seed-collection teams	Civil-works contracts mandate ≥ 30 % women/youth labour from the target areas; wage parity audited AO maintenance contracts set gender/youth quotas and publish vacancies AO monitoring system track job creation and gender-youth share
B	Livestock health and husbandry	• Scholarships & internships for young vets / female paravets with rural-service bond • Women/youth trained as paravets, lab assistants and AMR champions • Women milk-quality testers & youth logistics support persons at bulking points	Mobile-vet service contracts show parity in para-vet hiring; sex-disaggregated vet registry
C	Cost saving productive municipal assets	• Women's groups manage fodder production activities and community orchards/greenhouses • Youth operate communal machinery pools; repair micro-enterprises for balers/mowers • Women/youth composting centres convert manure to fertiliser sold locally	• Municipal fodder/hay scheme discounts 5 % extra for women-headed households • Procurement gives bid preference to proposals with ≥ 40 % women and > 30% youth
D	Value addition and market integration	• Women/youth quotas (≥ 30 %) for co-op boards • Inclusive membership drives target home-based women producers • Youth handle traceability coding, social-media marketing • Women/youth milk collection/aggregation/delivery agent • Women lead cooperative linked home-based drying, grading & packaging units	AVCDF scoring matrix adds additional points for gender-youth employment plans • GALS & BALI mainstreamed in co-op capacity building, However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities,

			may be applied during implementation to improve participation and empowerment of women. • Co-op by-laws ensure quota in board, at least 40% women and 30% youth members, and low entry fees

Youth Strategy

84. LMDP-III youth strategy's objective is to enhance economic empowerment and resilient livelihoods of young people in rural areas. The development pathway focuses on employment opportunities and income-generating activities that are appropriate for young men and women; improved access to a broader range of youth-centric financial services; and digital and financial literacy training that would enable the youth to take advantage of these opportunities. This will go in tandem with improving youth participation decision-making and representation
85. Capacity building and access to finance will be entry points for addressing the youth's lack of interest in the agricultural sector.
86. Various outreach strategies should be used as well as alternative employment opportunities linked to access to capacity building and trainings, innovative technologies, promoting entrepreneurship opportunities and supporting young entrepreneurs with business development and access to finance.
87. Youth economic empowerment pathways will include
 - Capacity building and training programs to develop skills relevant to agriculture and other rural based activities will be combined with youth-led agricultural cooperatives to improve access to resources and markets and encourage motivation.
 - Vulnerable groups with multiple vulnerabilities i.e. young females' part of the ethnic group or HH with PwDs will be given preferences, including access to community meetings, training and access to matching grants along with linguistic and logistical considerations.
 - Youth will be engaged through the identification of activities that are of specific interest to them, such as enhancing their skills and competence in providing ancillary services (agriculture equipment operation, repair and maintenance), value addition through processing, transport and trade, etc.
 - LMDP-III will support developing youth-centric financial services and delivery mechanisms. This includes conducting market analysis using focus group discussions among component 3 graduates and other client-centred design techniques to understand the specific demand and opportunities for savings and loan products targeting rural youth in specific locations and value chains and develop specific product features (e.g., use of collateral substitutes, adequate repayment terms and interest rates).
 - Access to markets: youth will benefit from the improved access to veterinarian services under component 2 which will improve the livestock health and food safety in their areas which will build linkages with regional and international markets
 - LMDP-III will collaborate with **JIA Business Association** to strengthen youth-led entrepreneurship. Regular mentorship and business-development workshops will be conducted, linking young entrepreneurs supported by LMDP-III to JIA's established networks. This partnership will include joint implementation of entrepreneurial accelerator programs, business incubation, and structured market-linkage initiatives to sustainably develop youth-led, climate-smart agribusiness enterprises.
 - Diversifying income and providing opportunities for new innovative business areas such as specialized digital agribusiness and eco-tourism in addition to the exposure from study tours and scholarship, will benefit the target youth and contribute to youth outmigration solutions as they provide incentives for youth to establish businesses in

rural areas supported by component 3 interventions (youth-led cooperatives, and access to finance)

88. Social empowerment pathways will include:

- Youth will be empowered to take on key roles as facilitators, trainers, members in cooperatives leaders and drivers of change in producers 'groups and in their communities. They can be instrumental in linking groups to markets and value chains, and in training group members in the adoption of new agricultural and climate smart technologies. Youth can become facilitators of various groups and earn income through training and business linkages.
- Youth will be encouraged to upscale the level of economic empowerment they have achieved and take leadership roles in their groups, youth led enterprises, and youth in cooperatives as members and board members at community levels.
- Under component 3, specific policy, legal and regulatory barriers for youth access to financial services will be reviewed in collaboration with regulatory bodies, related ministries, financial service providers and youth organizations. Youth participation in this process through voicing their needs and challenges, taking part in consultations, and form youth led businesses and groups will be planned so the programme can contribute to achieving the youth objective on youth participation in decision making and representation.

Youth Empowerment Pathways

Aim	Increased youth empowerment and employment opportunities	
Outreach	At least 30 percent of the beneficiaries will be youth (14-35 years)	
Pathways	- Enhancing access to youth-centric financial services - Strengthening youth integration & participation in producers and community pasture groups for economic empowerment and voice. - Supporting youth integration into climate-resilient VCs through entrepreneurship and decent employment creation. - Enhancing youth access to markets and market organisations - Enhanced skills and technical knowledge	
Objectives	Economic empowerment	Decision-making and representation
Activities	- Promoting youth-led enterprises groups - Supporting cooperatives, PUUs and municipal enterprises to develop and roll out youth-centric services and delivery mechanisms - Financial and digital literacy trainings - Technical capacity-building for youth-led groups and cooperatives helping them to improve access to finance through RDF - Diversified income generation opportunities and access to climate resilient value chains - Improved youth access to finance - Improved youth market linkages and export opportunities - Better market linkages and export opportunities - Improved infrastructure and therefore access to pasture services - Improved food safety and hygiene services and therefore, improved market linkages - Scholarships to young veterinarian - Supporting partnerships between government, the private sector and development youth empowerment programmes - Labour-intensive reseeding, tree-planting, erosion-control and track-repair contracts prioritise women & youth - Youth hired as herders, data collectors - Youth tree-nursery, seed-multiplication co-ops; - ~~Cash-for-work paid jobs to landless youth~~	- Strengthen youth leadership in pasture and producers' groups and establishment of youth led groups - Supporting youth leadership and representation at community and policy level (e.g common vision, youth led cooperatives, etc..) - Supporting youth representation in PUUs, cooperatives, MEs, local councils, and community decision-making process - JIA (Young Entrepreneurs" Association) are encouraged to participate as leading entities (LE) under component 3
Targeting	- Self-targeting through youth-centric financial services (through RDF) reflecting their needs, capacities, and priorities - Empowering measures through youth capacity building, leadership and participation, digitization, - Direct targeting through prioritizing experienced AOs, cooperatives, PUUs, and IPs working with youth and vulnerable groups and willing to introduce youth-centric financial services. 30% quotas of youth beneficiaries, component 3 beneficiaries are youth and women - Enabling measures through community consultations, policy dialogues and capacity building for project staff and IPs	
M&E	C.I2.2.1	

Gender and women empowerment.

The Gender strategy aims specifically at promoting gender equality and women's livelihood, decision making, and resilience by:

89. LMDP-III Gender strategy aligns with the Government's Gender Policy and will be working in policy coordination. Therefore, findings, lessons learned, and policy recommendations will be presented to the government of Kyrgyzstan for future Gender Empowerment. Additionally, decision-making & representation and Institutional change & enabling environment are key pillars for LMDP-III gender strategy. Through household methodologies and men engagement, women will be able to participate in decision making on finances, nutrition and future of their families. Furthermore, LMDP-III will encourage women taking leadership positions in their

groups, communities, and take part in participatory planning and representing their communities in policy consultations.

90. **LMDP-III builds on ATMP experience and extensive lesson learned will be applied. Community-led and gender-transformative approaches can drive inclusive participation and behavioural change.** Adopting community-led and gender-transformative approaches, specifically through the GALS and BALI, has proven highly effective in fostering inclusive participation and behavioural change within the ATMP. These frameworks will be adopted in LMDP-III focusing on participatory planning, financial literacy, and innovative business strategies that resonate with community members, empowering them to play active roles in the programme. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women. This approach significantly enhanced women's and youth's involvement in cooperative governance, illustrating the powerful impact of inclusive, community-centered methods. The influence of these methods on programme operations and community dynamics has been transformative.
91. GALS and BALI pilots under ATMP will be used to reinforce women empowerment initiatives, thus increasing labour force participation and productivity in the food system, particularly for woman-headed households. The programme components will provide economic and social empowerment pathways for youth resulting in generation of employment opportunities.
92. **LMPD-III** impact on gender is expected to be positive. The programme will contribute to changing to positive social norms that reduces inequalities between men and women. It aims to promote women entrepreneurship through trainings and a competitive grant scheme that will finance green businesses. The aims also to create avenues for women to voice their views and be fully involved in the integrated management plans of rangeland-forest resources. Activities will ensure gender community sensitization, equitable measures to women economic empowerment and elimination of GBV.
93. **GEWE SO 1: Economic Empowerment:** LMDP-III gender approach supports the government strategy through building women entrepreneurial and digital literacy skills, engage men and community members in addressing unbalanced household relations and challenging harmful norms that hinder women economic empowerment and gender equality. Moreover, improving access to markets and finance would enable them to improve their livelihoods and take control over their income, assets, and participate in the decision making.
94. IFAD projects in Kyrgyzstan have empirically proved economic empowerment to women which leads to steady steps toward the gender transformative programming that LMDP-III aims at achieving.
95. **SO 2: Equal voice:** The livestock, veterinary and pasture management are male dominated. Along with gender-inclusive outreach to promote their involvement in the sector, limitations due to lack of interest need to be taken into consideration. Opportunities to promote dairy farming, milk processing and value addition to dairy products should be thought-out.
96. All community consultations will be gender-responsive and inclusive. Training will be adapted to the needs of women, youth and PwDs, female leaders and membership in cooperatives and producer groups will be encouraged with quotas for women in cooperatives boards.

97. Under component 1, communities will conduct a needs assessment that identifies underemployed women and youth and maps opportunities in pasture/forest management where they can be engaged. Tailored training programs will be delivered to prepare women and youth for their new roles. This includes technical training (such as nursery management, carpentry for building infrastructure, veterinary para-professional skills, food processing and safety) and business skills (entrepreneurship, bookkeeping, marketing). The programme will use proven methodologies like the Gender Action Learning System (GALS) to build confidence and entrepreneurial capacity among women. However, since the APIU team already has experience and materials related to GALS and BALI, LMDP-III will not make the use of GALS and BALI mandatory in their original form; rather, selected elements may be adapted where relevant. Alternative locally appropriate approaches, such as partnerships with Business Women Associations or similar entities, may be applied during implementation to improve participation and empowerment of women.
98. LMDP-III will support client centered financial services which will help women and men expand and strengthen their business activities. Furthermore, providing them with links to markets and strengthen the role and capacity of aggregators, they get better access to markets and insurance which is crucially needed in light of the climate change shocks.
99. LMDP-III will encourage the formation of women's self-help groups and use existing ones to improve their bargaining power in accessing resources and markets in the sector.
100. **SO3: Balanced Workload** LMDP-III will build on ATMP experience to achieve a full gender transformation through engagement with male participants for a more balanced household dynamics, livelihood and value chain development for increasing income, production and access to markets, and challenging negative social norms around gender at community and institutional levels.
101. Household methodologies GALS (Gender Action Learning System) and BALI (Business Action Learning for Innovation) will be introduced to empower and achieve sustainability of AOs, Agricultural Cooperatives (ACs) and support their active participation in VCDs in such areas as milk, meat, honey, wool processing. They will also advance healthy household dynamics, address negative social norms and improve shared household and work responsibilities between women and their husbands. Empowering measures and use of household methodologies will build on and scale-up existing women economic empowerment activities under ATMP and by development partners. ATMP has established a strong foundation for GALS and BALI and created a cadre of trainers.
102. Women improved technical knowledge about climate-smart practices and value-chain operations will support reducing their time spent at work and contribute to a balanced workload.
103. After improving pasture, veterinarian services, and food safety infrastructure and improved institutional capacities, receiving financial and digital literacy, women will be able start their business, take leading roles in their groups, get access and control over their income, and participate in decision making around spending and investing the income in favour of their families' future.
104. Easing women's workload and promoting a more equitable workload balance. This will be done primarily by providing sensitizing women and men on issues of workload distribution, using adequate and innovative gender tools, participation household trainings targeting both men and women, and introduction and promotion of green and time saving technologies

105. **Policy engagement and advocacy on GEWE** will address the gender norms, empowerment, improved women and household nutrition as well as gender issues related to the economy. The programme will also assess gendered barriers in the regulatory environment that limit women's ability to register their home-based businesses and access more markets, financial and non-financial service.
106. **Monitoring GEWE outcomes.** A TA will be contracted to carry out the baseline study for the Empowerment Indicator.

Gender Empowerment Pathways

Aim	Strengthening gender equality and empowering women in climate adaptation and food system transformation.			
Outreach	At least 40 percent of the beneficiaries will be women			
Objectives	Economic empowerment	Institutional change & enabling environment.	Decision-making & representation	Equitable workload balance and well-being
Activities	- Supporting AOs, and cooperatives to develop and roll out women-centric financial and non-financial services and delivery mechanisms - Leverage on women networks for awareness creation and behaviour change on gender empowerment, male engagement, and healthy household dynamics - Financial and digital literacy trainings - Access to finance - Premium access to improved pasture infrastructure and services	- Partnerships with development actors and complementarity activities for LMDP-III gender empowerment objectives - Gender sensitization integrated in training packages, targeting and outreach mechanism - Policy engagement and dialogues - Policy coordination and institutional capacity development - Implementation of BALI at the institutional level (component 1) - Gender policy and community dialogues	- Women leadership in producer groups and cooperatives - Household methodologies integrated in community level interventions. - Validation and support Gender trainers and female community leaders - Direct targeting to men in household methodologies	- GALS Trainings to household members (including husbands) - Linkages with markets - Training modules will include sessions on gender equality and promote equitable division of labour in the household and in the community. - Promotion of labor-saving VCs and alternative income generation opportunities
Targeting Mechanism	Self-targeting through HH methodologies, women-specific, social mobilization, and RDF services offered respond to their needs and priorities Direct targeting: selection of experienced and aligned AOs, NGOs, and IPS, designated component for women and youth, and women quotas Empowerment measures through capacity building, leadership in cooperatives and community groups, and introducing labor-saving VCs			
M&E	I.E 2.1 Evaluation will include analysis of changes in the ability of beneficiaries, women and men, to make strategic choices; their autonomy in income; attitudes about partner violence; decision making about financial services, means of production and use of income; and group membership and influence in groups. simplified approach to assessing improved resilience as a result of using financial services.			

Nutrition strategy

107. Nutrition will be mainstreamed across all components of LMDP-III as a cross-cutting priority that reinforces the programme's inclusive, poverty-reducing, and climate-resilient development objectives. In line with national priorities to promote healthy diets and strengthen human capital, the programme will support the advancement of nutrition-sensitive agriculture and rural food systems. Particular attention will be given to enhancing dietary diversity and promoting improved nutrition practices among groups with specific nutritional needs.
108. Under Component 1, communities will be empowered to create inclusive visions for sustainable forest-pasture ecosystem management that account not only for ecological and economic goals, but also for household food and nutrition security. The shift from "quantity to quality" in livestock management will help reduce overgrazing and improve animal productivity, thereby increasing the availability of high-quality animal-source foods — a key source of micronutrients for rural diets.
109. Component 2 will play a critical role in strengthening food safety systems and raising awareness among smallholder livestock farmers on hygienic production standards and their link to nutrition and income generation. As household hygiene directly affects food safety outcomes, inclusive training on hygiene practices and standards will be extended to all family members, especially women, who are typically responsible for food preparation and caregiving. The programme will also target communities with traditional veterinary knowledge to bridge local practices with modern food safety requirements.
110. Component 3 will directly support nutrition-sensitive value chains — such as fruits, berries, dairy, meat, and bee products — that contribute to both income generation and improved household diets. Through inclusive training on food quality, safety, and value addition, women and youth will gain the knowledge and skills to engage in sustainable agri-food businesses that promote health, local consumption, and market competitiveness. Nutrition education will also be integrated into household-level methodologies to promote behavioral change in food choices and caregiving practices.

Nutrition pathways.

Aim	Enhance food and nutrition security by mainstreaming nutrition across ecosystem management, livestock production, food safety, and value chain development, with a focus on vulnerable rural populations.
Outreach	Nutritionally vulnerable groups, including women of reproductive age, young children, persons with disabilities (PwDs), poor rural households, and marginalized ethnic communities in food-insecure areas.
Pathways	- Integration of nutrition-sensitive value chains (dairy, meat, berries, fruits, honey, nuts) - Climate-resilient and sustainable livestock production improving availability of animal-source foods - Ecosystem restoration and sustainable pasture use to enhance long-term food production capacity - Strengthened food safety systems to improve hygiene and quality of livestock-derived foods - Nutrition and hygiene behavior change through household methodologies and inclusive training - Women and youth empowerment in nutrition-sensitive agri-food systems
Objectives	Increased healthy food availability and consumption for diversified diet and sustainable food systems
Activities	- Support to improved livestock breeds and feeding practices for higher productivity and better-quality protein - Community visioning and planning incorporating food security and dietary diversity - Nutrition and hygiene awareness-raising through household methodologies - Training on safe food handling, processing, and hygienic standards at farm and household level - Development and upgrading of nutrition-sensitive value chains and food safety systems - Capacity building for women and youth on food quality, dietary practices, food processing, and nutrition-sensitive business planning - Inclusion of nutrition in business planning tools (e.g. BALI, GALS) - Linking smallholders to markets for nutritious, safe food products - Promoting nutrient-dense crops and livestock for both home consumption and sale
Targeting	- Geographical targeting of poor and food-insecure regions based on poverty, undernutrition, and pasture degradation - Direct targeting of women, youth, PwDs, and vulnerable producers - Self-targeting through household engagement in value chains and community planning - Enabling environment through inclusive community consultations and capacity building for government, project staff, and implementing partners - Prioritization of cooperatives and plans demonstrating nutrition relevance and outreach to vulnerable groups
M&E	C.I. 1.1.8. and 1.2.8.

Targeting mechanisms and approaches

111. LMDP-III applies a combination of geographical targeting, self-targeting, and direct targeting measures to reach the target households effectively.

112. Geographical targeting:

113. LMDP-III, will engage 141 territorial authorities (100 AOs and 41 leskhozoes) within the seven provinces. Investment decisions in each location will be guided by locally developed natural resource management and economic development instruments. The AOs will prepare (i) Pasture and Livestock Management Plans (PLMPs), and (ii) Socio Economic Development Plans while the leskhoses will prepare (iii) Natural Resource Management Plans. LMDP-III's targeting strategy will be fully embedded within these plans, incorporating poverty, gender, and youth considerations according to the guidelines below.
114. Thereafter, Phase 1 investments in the Leskhoses will specifically focus on pasture improvement activities within forest pastures, while forest restoration measures will be addressed in subsequent phases.
115. LMDP III, Phase 1 will competitively selected AOs and Leskhoses through a structured call-for-proposals process, based on criteria including the following
- Poverty rate,
 - Unemployment rate
 - Food security and nutrition needs,
 - Vulnerability to climate change shocks and hazards
 - Market potential and access,
 - Associations/groups readiness,
 - Potentials for integration with IFAD's projects and/or LMDP-III components
 - adjacency of AOs and Leskhoses sharing common pasture and forest boundaries
 - institutional capacity for effective natural resource management,
 - Households with low dietary diversity
 - Districts/areas with potential for agricultural development where VCs can serve as a pull factors. In relation to selection of VCs, the programme will work closely with the MWRRD to complement ongoing efforts in financing value chain related activities.
 - opportunities arising from LMDP 1 and 2 investments
 - The existence of a village vision or ability to create one, livelihood fragility, actors in the value chains of livestock-derived foods and non-timber forest products, and social vulnerability.
116. Mapping tools, such as EO4SD and other climate vulnerability assessments, will be put in place to maintain a consistent programmatic approach across the programme cycle and phases to ensure effective geographical targeting and selection during implementation.
117. Under the current RRPCP-Adapt project, by December 2025, the updated Earth Observation for Sustainable Development (EO4SD) climate vulnerability assessment will be finalized. This will help providing more up-to-date evidence to support area prioritization. The outputs of this assessment will inform a science-based approach in selection of the grant receiving AOs.

118. Participatory planning and decision making:

- Common Vision: under the three programme components, the targeting strategy requires each beneficiary village/PUU to have an inclusive common vision. A community-driven approach and inclusive consultations have proved to be effective ways to identify the priorities of rural communities and provide them with investments to improve their pastures and livestock resources. The experience of IFAD projects shows that empowered communities can successfully manage their resources and make appropriate investment choices for improving degraded pastures and opening up formerly inaccessible summer pastures. Community engagement is also important in

helping to forge a shift from the prevailing approach of maximizing the extraction of biomass from pastures to a long-term approach of proactively nurturing and enhancing pasture quality sustainably.

- Under component 1: AOs and leskhoses will lead community consultation which will involve 1) circulating the document to all stakeholder groups, inviting written feedback, and 2) convening one or more consultation/ validation workshops to agree on any last adjustments before formal submission. This local validation step will be crucial for building local ownership: by the end, the plan should have the endorsement of both the local leadership and the broader community.
- The identification of specific areas, client groups, value chain(s) or livelihoods activities and respective financial service response will be left to applicants who have a better knowledge on specific local conditions, constraints and opportunities, and are bearing a substantial part of the costs and risks of financial service provision

119. **Direct Targeting:**

The following self-targeting measures will be used:

- The pasture and natural resource management plans will prioritize pasture and forest rehabilitation investments that promote greater inclusion of target households.
- Direct targeting measures will reward plans demonstrating higher outreach to vulnerable households with additional public infrastructure investment support.
- The cooperative by-laws will include inclusive membership rules (e.g. reserving a quota for the poorest and socially disadvantaged members) and profit-sharing arrangements that favor small producers.
- Cooperatives seeking support from the Local Development Funds will be selected based on their presence in fragile areas with a higher share of target group and vulnerable households.
- Cooperatives with more target group members can also qualify for higher levels of financial support. These incentives will incentivize cooperatives to include and benefit from the membership and outreach to target group households.
- Approximately 40% of all programme beneficiaries will be reached and supported which mainly consist of poor rural women and 30% youth.
- IPs must have long-standing experiences with LMDP-III target groups in areas such as financial literacy and business training, youth and women empowerment including through household approaches. Working with poverty-focused local councils, AOs, and cooperatives: LMDP-III will support grant proposals which are already targeting poor rural people (component 1), and some of which mainly target women.

120. **Empowering and Capacity building.**

- Beyond basic financial and digital literacy training and strengthening group financial management skills, LMDP-III will support community participation where community members (with women and youth are prioritised) to take part in the decision-making process (component 1) members' capacity to invest in climate smart agriculture technologies, renewable energy, adopt improved agricultural practices, and better integrate into markets and value chains. This will include:
 - (i) Using household methodologies targeting women and their husbands for specific trainings and social mobilization to change social norms and power relations taking household financial management as an entry point;
 - (ii) Enhancing resilience through livelihoods diversification and access to markets and value chains.

- Social Vulnerability: The main pathway under the proposed programme for empowerment of the socially vulnerable is to equip them with business skills and knowledge and further to provide business opportunities. Business training will be given to the communities whose vision includes changes in the everyday roles of women and the youth, including the minority communities.
- Building a community vision will support community ownership and leading economic development of the village. To ensure ownership and sustainability and build community capacity for planning and budgeting
- Encouraging greater participation of underrepresented groups such as young males and PWDs and mitigating risks of "elite capture"
- Employing community participatory processes to engage vulnerable pasture population, youth and women in community planning, mobilisation, consultation, and decision making
- Mobilising women and youth to participate through informal channels Awareness-raising and consultation with community members
- Inclusive and simplified process format will be in place to avoid elite capture in category 1 through lower required contribution to saving groups, promoting membership in local councils and cooperatives among the younger youth and marginalised population.
- Build capacity of marginalised groups and ensure an inclusive outreach plan is properly implemented
- Build financial literacy at community level through direct and in-direct interventions

121. Self-targeting

- Self-targeting measures play an important role in the targeting strategy. The main measures are providing interventions (i.e. trainings, financing instruments viable for all target groups with focus on/quotas for the most vulnerable and financially excluded, facilitation of investments by women and youth) to boost their economic development status and social capital; these interventions/ services are tailored to meet the needs and priorities of the target groups with a special focus on youth and women.
- support the development of women-friendly and women centred financial products and delivery mechanism. The latter may include for example assisting RDF to recruit and train female loan officers to service female clients, as well as conducting a gender assessment as part of the product design process, in order to understand barriers to women's access to financial services and recommend solutions through the gender strategy.

Enabling measures:

- LMDP-III will promote a conducive policy and institutional environment among stakeholders that enable the empowerment of target groups and efficient achievement to the gender transformative approach, so the programme activities expand beyond youth, women and community empowerment to the institutional level.
- Policy strengthening through working with different policy makers to address legal and regulatory constraints hindering income diversification, youth and women enterprise access to finance and productive assets.
- Sensitization and capacity building of APIU and relevant official staff on social inclusion, gender empowerment, policy recommendation, and policy dialogues
- Localization of training content and interventions to meet the cultural and institutional context Kyrgyzstan and meet the needs of vulnerable groups (specially women) to be able to fully participate in the programme interventions.
- Capacity building of programme staff and implementing partners on inclusion gender equality, and youth empowerment
- Social Inclusion staffing at APIU-level and implementing partners
- Allocated budget for social inclusion interventions and staffing

Budget, Financial and human resources needs

Adequate financial and human resources should be allocated to deliver targeting, gender and social inclusion activities across programme's sub-components. To this end, a Gender and Social Inclusion Officer will be recruited at the APIU level. If feasible, Implementing Partners are requested to appoint a Gender and Social Inclusion Expert, who will be responsible to ensure social inclusion dimensions are considered and addressed. Staff Terms of Reference (ToR) will be annexed to the PIM.

Adequate financial allocation shall be duly integrated in the AWPB and budget. This includes activities under different components and gender related expenses such as gender audit and/or assessment of existing gender sensitization curricula, sensitizing workshops and trainings, TOTs and validation, and ensure localization and contextualization. This will be through engaging relevant departments, implementing partners and target beneficiaries for a transparent and participatory approach.

Most of the expenses related to gender and youth empowerment are embedded in the lump-sum cost estimates for component 3 and, to a lesser extent, in other sub-projects under the component 1 & 2. The share of such expenditures will vary by subproject and depend on the specific context.

The programme encourages the recruitment of a gender-balanced APIU staff and will provide capacity building on cross-cutting themes and gender-responsive budgeting and monitoring and evaluation. With enhanced awareness and capacities, PMU will drive social inclusion in programme management, oversight, monitoring and evaluation and knowledge management.

Monitoring and evaluation

1. The already existing robust M&E system as set-up in successive pas IFAD-funded project, will be replicated for LMDP-III as a management tool for monitoring the physical and financial progress of implementation, and mainstreaming themes providing timely information for effective programme management, assessing achievements, and for identifying opportunities to support social inclusion, policy dialogue, innovation and knowledge management.
2. The Programme's Logical Framework will be the foundation for this results-based M&E system, including performance monitoring and impact assessment. APIU will have the overall responsibility for Programme M&E as with its current staffing that already includes a dedicated M&E staff for M&E and a KM/Communication specialist. The APIU has indeed already developed an electronic MIS designed for ATMP and is currently being used for RRPCP-Adapt. A customized module will be developed to address the specific requirements of LMDP-III in the first year of implementation. The LMDP-III budget will finance the integration of the GIS feature to closely monitor critical environmental indicators for this programme. Opportunities to finance a part-time GIS specialist in cost sharing with the ADB or the World Bank-funded project will be explored. Electronic devices for data collection will also be purchased for the regional coordinators and field staff to improve efficient data collection, the flow of data information and including real-time information reporting.
3. The Programme will conduct periodical Household Surveys at three points in time during the programme life (baseline, midline, and endline), which will be guided by the IFAD COI measurement guidelines. The survey results will be analyzed to provide management with information about the effectiveness and efficiency of quality and usefulness of Programme activities, enabling the Programme to plan and take corrective actions to address any

implementation issue. LMDP-III will invest in evidence-based knowledge management to contribute to policy development processes. An adequate M&E and KM budget will be earmarked in the programme costs. Monitoring of programme activities will be connected to information on forest and rangeland health to assess the effectiveness of different intervention strategies, and to steer programme interventions during programme implementation.

4. Complementary to the M&E system and reporting, and data provided by the use of Gender Transformative approach and household methodologies, LMDP-III will undertake poverty and gender studies at baseline/ for the start-up phase to inform the programme interventions and refine activities to reflect the findings, combining qualitative and quantitative tools. The Gender Empowerment Indicator will be used as the main measurement tool to indicate women's control over critical parts of their lives in the household, community, and economy. It will assess how women can be disempowered (especially women headed households and young women) and understand how to increase autonomy and decision-making to benefit from the dairy value chain development. Each study will measure the roles and extent of women's engagement in: (1) decisions about saving and expenditure, (2) access to and decision-making power over productive resources, (3) control over use of income, (4) leadership in the community, and (5) time use. It will also measure women's empowerment relative to men within their households and include case studies from GALS implementation in original or improvised formats.

Logframe monitoring – At baseline, mid-line and endline, the programme will conduct large surveys to measure key indicators of the impact and effectiveness of the programmes. Complementary qualitative information will be collected through focus group discussions, including groups of women and groups of youths. Additionally, a monitoring system will be in place to assess the implementation of activities. Within this framework, two aspects should be considered:

- o All data should be disaggregated by gender, age,
- o Key indicators are included in the logframe to measure target groups' empowerment and achievement of objectives of the mainstreaming themes

Indicator	Unit	What it measures	Baseline	End target
2.2.1	Number of youths getting new jobs	Beneficiaries with new jobs/employment opportunities ⁶	Zero	2000 ⁴⁸
IE.2.1: Individuals demonstrating an improvement in empowerment (IFAD empowerment index):		Individuals demonstrating an improvement in empowerment (IFAD empowerment index):	Zero	12,500
CI: 1.1.8. Households provided with targeted support to improve their nutrition	Number of Households	This indicator refers to the number of households that have directly benefited from programme-supported activities designed to help improve nutrition either during the past 12	zero	To be tracked by the programme M&E system regularly and recorded on ORMS

⁴⁸ This figure reflects a minimum achievable target of 2,000 jobs based on current assessments. During implementation, the APIU will use 4,500 jobs as a soft benchmark to orient the territorial investment proposals towards more job creation. Progress will be tracked, and the target may be raised at MTR to 4,500 or more if field results confirm higher employment potential.

Indicator	Unit	What it measures	Baseline	End target
		months (annual reporting) or since programme start-up (cumulative reporting).		
CI: 1.2.8: Percentage of women reporting minimum dietary diversity (MDDW)	% Women	The Minimum Dietary Diversity for Women (MDD-W) is a low-cost food-based indicator for assessing dietary diversity. MDD-W is a simple yes/no indicator of whether or not women of reproductive age (aged 15 to 49 years) have consumed at least five out of ten defined food groups in the previous 24 hours. It is also a proxy to gauge the adequacy of nutrition intake of the household members.	To be assessed at baseline	To be assessed at completion

VIII. Goals and Objectives

1. The overall goal of the LMDP III is the reduction of rural poverty in Kyrgyzstan through increased resilience, incomes, and enhanced economic growth in rural farming communities.
2. Its Development Objective is to increase the incomes of smallholder livestock farmers, achieved through improved livestock health, pasture productivity, and strengthened climate resilience of pastoral communities.
3. LMDP III, Phase 1 will be implemented nationwide to support around 141 competitively selected territorial authorities to carry out pasture and forest management planning, ensure sustainable use of pastures and forests over the medium to long term. LMDP III will also expand access to veterinary services by establishing community veterinary points and mobile units, improving herd health and productivity for higher incomes. Additionally, community infrastructure for water and feed supply will be upgraded: the programme will finance investments such as watering points, fodder storage facilities, and reserve pastures to secure reliable feed and water, reducing vulnerability to drought and harsh winters.
4. LMDP III will further expand the income opportunities for women and youth thereby empowering these groups and increasing their roles in local economic development. Climate adaptation is integrated throughout, with measures such as community fodder banks, rainwater-harvesting ponds, erosion control structures, and early warning systems to boost climate resilience and safeguard pastoral livelihoods from shocks. Collectively, these outcomes follow the programme's Theory of Change pathways, align with the Logical Framework, and are consistent with the IFAD COSOP framework. Mainstreaming themes are addressed: interventions are gender-transformative (e.g. increasing women's leadership in resource governance), nutrition-sensitive (promoting improved food safety, hygiene and dietary diversity), youth-sensitive (creating jobs and building skills for youth), and climate-smart (promoting climate-resilient practices).
5. Clear linkages are maintained between local vulnerabilities, programme activities, and outcomes – to address feed and water shortages, the programme invests in fodder reserves and water storage that directly increase climate resilience; in this way, improvements in livestock health, resource management, and incomes will lead to lasting reductions in rural poverty. The programme is designed for a six-year implementation period plus an additional six months for administrative closure, allowing sufficient time to complete all activities and ensuring a smooth handover of results.

IX. Components and subcomponents

Component 1. Sustainable community-based integrated forest and rangeland ecosystem management

1. The interventions in this component will directly contribute to the sustainable management of climate resilient, integrated forest and rangeland ecosystems by addressing the key problems identified in the theory of change. These problems include unsustainable herd sizes, limited livestock water supplies, insufficient seasonal movement of animals, inadequate supply of quality forage seeds, increased erosion, flooding, and wildfires due to climate change, exclusion of women and youth from natural resource management (NRM)

decisions, weak governance of overlapping pasture and forest areas, limited adoption of climate-smart practices, low technical capacity in Aiyl Okmotus (AOs), absence of reliable real-time data for managing resources, and lack of clear government policies connecting pasture fees to reinvestment in pasture management.

2. The component is supported by three subcomponents. Subcomponent 1.1 Pasture, forestry, and livelihood management plans are prepared. Subcomponent 1.2 Climate resilient institutional processes and capacities strengthened and subcomponent 1.3 Pasture and forestry natural resource and livelihood management plans are implemented. Together these sub components aim to reduce vulnerability and improve adaptive capacity in areas exposed to climate change impacts such as drought, land degradation, and soil erosion. The intent is to increase the resilience of rural systems and institutions to climate-related risks and improve climate-sensitive land use planning.

3. The key outputs of the components from the implementation of the activities in the above subcomponents will be as follows

- Establishment of infrastructure to regenerate pastures and forests.
- Adoption of climate-smart feed and herd management methods.
- Emergency livestock management plans, including fodder banks, refuge pastures, and contingency procedures.
- Delivery of community-level training in food hygiene.
- Creation of productive public infrastructure, such as affordable fodder supply points.
- Employment opportunities for women and youth in managing and maintaining pasture, forest, and feed infrastructure.
- Issuance of a Government decree supporting integrated pasture and forest management guidelines.

1.1 Subcomponent 1.1. Pasture, forestry and livelihood management plans are prepared

4. LMDP III Phase 1 will support around 100 AOs and 41 Leskhoz selected nationwide through a competitive process to prepare Pasture and Livelihood Management Plan (PLMP), Socio-Economic Development Plans (SEDP) and Natural Resources Management Plans (NRMP).

5. LMDP III will require each participating Aiyl Okmotu (AO) to prepare a Pasture and Livelihood Management Plan (PLMP), which will guide investments in protective and regenerative pasture infrastructure. Each AO will also prepare a Socio-Economic Development Plan (SEDP) to identify and support productive investments, both within and beyond the rangelands, in infrastructure related to livestock and non-livestock activities that increase productivity, improve target households' livelihoods and contribute to reducing grazing pressure on pastures. Each Leskhoz will prepare a Natural Resources Management Plan (NRMP). The names of these plans have been retained from previous programmes to ensure consistency with the terminology used in earlier LMDP phases and the RRPCP-ADAPT project. Likewise, the title 'Economic and Social Development Plan' reflects the established practices of the AOs. All these plans (PLMP, SEDP, NRMP) will integrate targeted investments, inclusive governance arrangements, and climate-resilient practices to sustainably manage pasture and forest resources while improving rural livelihoods and expanding economic opportunities—especially for women, youth, and poor households.

6. The PLMP, SEDP, and NRMP will each serve as the roadmap for pasture management, livelihood development, and forest management respectively within each AO or Leskhoz.

Following the territorial reforms, multiple smaller AOs have been merged into larger, consolidated administrative units. As a result, the existing pasture and forest management plans, which were originally developed for the smaller, pre-reform AOs, are now fragmented and geographically limited in scope. Therefore the PLMP, SEDP and NRMP under LMDP III phase 1 will not be entirely new. Instead, they will consolidate, update and upgrade existing plans into a single, territory-level using a standardized IFAD-approved template. This approach will ensure coherence across legacy plans and will guide effective resource management and livelihood investments under LMDP-III. Additionally, these plans will serve as the unified pathway for integrated investments to address environmental shocks, climate vulnerability, and degraded resource conditions across components to achieve higher impact at the household and landscape levels.

7. **Structure of PLMP, SEDP and NRLPs.** Each PLMP, SEDP and NRLP will follow a structured format comprising five core sections: (i) Situation Analysis, (ii) Development Vision and Objectives, (iii) Governance, Management, and Operational Arrangements, (iv) Investment Plan, and (v) Monitoring, Learning, Scaling up and Policy Linkages. These five sections will complement one another. The situation analysis will provide the evidence base; the development vision will guide the design of governance systems; the governance systems will enable effective implementation of investments; and the monitoring framework will ensure transparency, learning, and adaptation throughout the process. Detailed guidelines on how to develop the content for each of these sections is presented in Annex 1.

8. **PLMP, SEDP and NRLPs thematic areas of focus.** The PLMP, SEDP and NRMPs will function as ecosystem-specific operational roadmaps to address interconnected environmental degradation, rural poverty, and resilience gaps. Each plan will be tailored to its local context but will adhere to a set of core thematic areas to ensure consistency, alignment with LMDP III priorities, and responsiveness to the needs of LMDP III target households.

9. The thematic areas covered by each PLMP, SEDP and NRMP include:

- Restoring and sustainably managing pasturelands, forests, and water resources by adjusting herd sizes to match pasture carrying capacity, supported by climate-smart feed practices and rotational grazing schedules.
- Ensuring reliable livestock water supplies through the construction of new wells, reservoirs, and installation of solar-powered pumps in both accessible and remote pastures.
- Enhancing seasonal livestock mobility by upgrading grazing routes, establishing shelters, and improving access to remote grazing areas to optimize the use of distant pastures.
- Establishing local nurseries and community-managed forage seed plots to produce certified, drought-resistant varieties that support pasture restoration and climate resilience.
- Implementing comprehensive erosion-control, flood protection, and wildfire prevention measures, including terracing, check dams, firebreaks, and organized community fire patrols to mitigate climate-induced risks.
- Improving livelihoods and income of poor households through more productive and sustainable use of land and livestock, increased market linkages, small-scale enterprise development, and value-added production.
- Ensuring at least 30% participation of women and youth in pasture and forest management committees and related paid employment, thereby creating inclusive job opportunities and enhancing their decision-making roles.
- Expanding access to veterinary services and animal healthcare, promoting better livestock management, improved animal productivity, and income generation for households.

- Improving community nutrition outcomes by increasing food safety awareness, promoting hygiene, clean milk handling, safe food processing practices, and enhancing dietary habits and nutrition awareness at the community level.
- Clarifying overlapping forest and pasture boundaries through formal joint agreements between Aiyi Okmotus (AOs) and Leskhozoes, clearly defining management responsibilities and equitable benefit-sharing arrangements.
- Enhancing technical capacities of AOs for participatory planning, GIS monitoring, and adaptive resource management using real-time data, supported by a publicly accessible digital dashboard providing updated land-condition data.
- Promoting local governance, transparency, and conflict resolution mechanisms in natural resource management, thereby fostering cooperation and sustainable outcomes at community and institutional levels.
- Strengthening financial literacy among households and linking them with rural financial institutions, government schemes, and potential private-sector financing to support economic activities and productive investments.
- Facilitating evidence-based decision-making through digital tools, participatory monitoring, and adaptive management practices, ensuring continuous improvement in resource utilization and community engagement.
- Engaging private sector stakeholders to leverage their participation and investments in enhancing the quantity and quality of natural resource-derived products, thereby boosting local economic opportunities and improving livelihoods.
- Supporting the government to formalize integrated pasture-forest management guidelines, clearly defined sustainable livestock stocking rates, and mandatory reinvestment of pasture fees through official decrees, ensuring sustainability and replicability of programme achievements.
- Facilitating policy dialogue and integration with complementary government programs, donor initiatives, and private-sector partnerships to scale up proven, successful practices across broader contexts.
- This structured, integrated list succinctly addresses all the requested points in a clear, professional manner suitable for direct inclusion in programme reports (refer to Annex 1 for more details).

10. These interconnected themes will ensure comprehensive, sustainable improvements in the resilience, productivity, and livelihoods of LMDP III target communities. One of the key responsibilities of the APIU will be to work closely with local authorities and community-level stakeholders to enhance their understanding of the importance of the different thematic areas covered in each PLMP, SEDP and NRMP, and to agree on practical solutions to tackle these issues, drawing from local knowledge and consultation processes. LMDP III's training and capacity-building activities will directly support this effort by building the skills, awareness, and readiness of local institutions and communities to plan, deliver, and manage activities effectively—including resolving local conflicts, monitoring progress, and learning from experience.

11. **Legal and institutional anchoring.** The PLMP, SEDP and NRMPs will be anchored within Kyrgyzstan's updated legal and institutional framework for natural resource management, aligning with the country's ongoing decentralisation and territorial restructuring reforms. Under this framework, AOs and Leskhozoes will hold formal authority to prepare, approve, and oversee the implementation of PLMP, SEDP and NRMPs, in line with their expanded mandates following the 2021 constitutional amendments and administrative reorganization. The plans will build on existing legislation—specifically the 2009 Law on Pastures and the revised Forestry Code—by adapting them to the new territorial boundaries and governance structures. This legal anchoring will ensure consistency with national priorities, clarify roles at the local level, and strengthen institutional capacity for integrated, accountable, and locally driven resource governance.

1.1.1 Fine tuning the PLMP, SEDP and NRLP preparation templates and guidelines.

12. Fine tuning the PLMP, SEDP and NRLP preparation templates and guidelines will take place as a part of the readiness activities implemented before the full launch of LMDP-III which is estimated around the first quarter of 2027. During this preparatory period, the APIU will implement key readiness activities building upon the ongoing activities of the RRPCP-ADAPT project, which aims to support 48 territories (23 AOs and 25 Leskhozoes) to develop natural resources management plans similar to the PLMP, SEDP and NRLPs. Therefore, during the preparatory period the APIU will make use of the planning experiences from the RRPCP-ADAPT territories to refine the PLMP, SEDP, and NRMP planning tools and strengthen local capacities. These readiness measures will facilitate the rapid rollout of the planning processes across the LMDP-III phase 1 regions immediately after startup.

13. The APIU will field test and pilot the draft PLMP, SEDP and NRMP templates and guidelines under the RRPCP ADAPT project in 48 territories. Feedback and lessons from these pilots will be used to fine-tune the templates and guidelines prior to wider rollout across all the LMDP III territories. This piloting will also double as a capacity-building exercise allowing APIU, AO and leskhozoes staff and community members in the RRPCP-ADAPT areas gain first-hand experience, which will help them serve as resource persons later in LMDP-III. IFAD technical advisors (e.g. through supervision missions of RRPCP-ADAPT) will review the final guidelines and provide support as needed to make them practical and context specific.

1.1.2 Selection of model plans.

14. The APIU will select a representative set of RRPCP-ADAPT plans, developed using the same processes to be applied in LMDP III, as model plans which will illustrate the expected content and quality of a completed PLMP, SEDP and NRMPs. Alongside the finalised templates and guidelines, these model plans will serve as the foundation for preparing digital training toolkits at the start of LMDP III.

1.1.3 Orientation and dissemination of planning guidelines and templates.

15. The APIU will disseminate the final planning guidelines and templates to all 140 LMDP III targeted territorial authorities (123 AOs and 17 leskhozoes) in the 4 regions. APIU will also carry out basic orientation of these territorial authorities regarding LMDP-III's objectives, investments and implementation details. Each territorial authority will be encouraged to begin assembling data and drafting sections of their plan in advance, using the provided template and toolkit and making use of support from the trained resources in the 48 RRPCP-ADAPT supported territories. This process will develop a high level of implementation readiness at programme launch.

1.1.4 Focal point teams and local capacity-building.

16. The APIU will support each of the 48 participating territorial authorities in RRPCP-ADAPT to designate a small team of 3-5 trained personnel (such as AO staff, Leskhoz specialists) as the focal point team to provide peer mentoring to other LMDP III supported territorial authorities. These focal point teams will potentially receive additional training and mentoring during the RRPCP-ADAPT period, so that they can better assist other AOs/Leskhozoes during LMDP-III plan preparation.

1.1.5 Demonstration AOs and Leskhoses

17. The RRPCP-ADAPT territories within the four LMDP-phase 1 regions will be designated as demonstration sites, allowing LMDP-III to channel early investment into visible, high-impact interventions. At a later stage these territories will host study tours, open demonstration days, and peer-learning activities that spotlight investment quality, targeting quality, and measurable regeneration and livelihood gains. They will regularly release progress videos, data dashboards, along with policy briefs and scaling agreements as relevant. The demonstrations will showcase operational assets and the broader learning, policy and scaling up level impacts, potentially accelerating adoption across territories.

18. At the end of the preparatory activities described above LMDP-III is expected to initiate a series of activities for supporting the actual preparation of the plans. The preparation of the plans will involve data collection, community dialogues and finalizing the PLMP, SEDP and NRMP documents as described below. During the plan preparation process the AOs and Leskhoses will be the lead actors supported closely by the APIU's head office and field experts and contracted service providers. The following activities will be implemented.

1.1.6 Digital training toolkit.

19. As soon as the programme budget is available (if not sufficiently covered under RRPCP-ADAPT) APIU will produce a digital training toolkit with the support of a service provider to facilitate self-paced learning by all local stakeholders. These toolkits will provide section-by-section guidance for preparing the PLMP, SEDP and NRMP, delivered through instructional videos and interactive digital modules. Training materials will be made available using digital platforms where they can be freely downloaded or streamed at any time, ensuring maximum accessibility and use.

1.1.7 Orientation workshops.

20. The APIU will organize orientation workshops for all participating AOs and Leskhoses in the seven regions. These workshops will revisit the updated PLMP, SEDP and NRMP templates and walk local officials through the planning process steps.

- Emphasis will be placed on cost-effective delivery by using digital channels wherever feasible, for example, video conferences, webinars, and other virtual platforms to reduce travel costs and enable broader participation.
- The trained focal point teams from the preparatory stage will be introduced during these sessions as peer mentors.
- Territorial authorities which had not participated under RRPCP adapt will be encouraged to form their own focal point team to anchor the PLMP, SEDP and NRMP planning process and function as PLMP, SEDP and NRMP planning committees in these territories.
- The APIU will introduce the PLMP, SEDP and NRMP appraisal criteria in the form of a checklist presenting the criteria that will be used by the APIU for reviewing and approving PLMP, SEDP and NRMPs for partnership and investment support from LMDP III.

1.1.8 Invitation for Expressions of Interest (EOI).

21. Immediately following orientation, the APIU will publish a public call for proposals and will invite all the AOs and Leskhoses to submit an Expression of Interest along with a draft proposal indicating their readiness to participate in LMDP III and commence PLMP, SEDP and NRMP preparation. The EOI will serve to formalize each local authority's

commitment to the planning process and to identify any preliminary work done. AOs/Leskhozes that took initiative during the preparatory stage (for example, those that already drafted parts of their plan using the toolkit) will be encouraged to attach their draft or outline with the EOIs. The APIU, will review the EOIs and prioritize support to the “ready” communities (i.e. those that have made progress on drafts or have high capacity) so that their plans can be mobilized first.

1.1.9 Selection of territorial authorities

22. Immediately following orientation, the APIU will publish a public call for proposals and will invite all the AOs and Leskhozes to submit an Expression of Interest along with a draft proposal indicating their readiness to participate in LMDP III and commence PLMP, SEDP and NRMP preparation. The EOI will serve to formalize each local authority’s commitment to the planning process and to identify any preliminary work done. AOs/Leskhozes that took initiative during the preparatory stage (for example, those that already drafted parts of their plan using the toolkit) will be encouraged to attach their draft or outline with the EOIs. The APIU, will review the EOIs and prioritize support to the “ready” communities (i.e. those that have made progress on drafts or have high capacity) so that their plans can be mobilized first.

119. LMDP III, Phase 1 will competitively select AOs and Leskhozes for further support based on criteria to assess the EOI and draft proposals based on the following criteria

- Poverty rate, food security, nutrition needs, and livelihood fragility.
- Resource degradation and vulnerability to climate change shocks and hazards.
- Market potential, market access, and readiness of associations/groups.
- Geographic adjacency of AOs and Leskhozes sharing common pasture and forest boundaries.
- Institutional capacity for effective natural resource management.
- Clear potential for leveraging or sustaining infrastructure and institutional capacities (such as Pasture Users Unions) developed under LMDP I and II (refer to Component 1 for details).
- Potential for integration or complementarity with ongoing IFAD projects and/or LMDP-III components.
- Districts or areas with strong agricultural development potential, where value chains could serve as pull factors, including collaboration with MWRRD to complement ongoing financing of value-chain related activities.
- Existence or ability to develop a clear village vision, strength of actors involved in livestock-derived food and non-timber forest product value chains, and social vulnerability.

1.1.10 Mobilize technical assistance.

23. The APIU will mobilise field level Technical Assistance (TA) to support the selected territorial authorities to prepare their plans. The different channels of field level technical assistance which will be available are as follows:

- APIU contracted service provider/s will support PLMP, SEDP and NRMP development by mobilizing local technical facilitators to directly support relevant territorial authorities.
- APIU head office specialists and field experts will oversee activities in their area, liaise between the service provider and the APIU central office, and ensure adherence to the guidelines.
- The peer mentors from the RRPCP-ADAPT supported AOs/Leskhozes will provide on-call advice and experiences sharing.
- APIU head-office specialists (forestry, pasture management, livelihoods, gender, etc.) will provide overall guidance and backstopping.

24. All these actors will coordinate closely to avoid duplication and fill capacity gaps. Each participating AO and Leskhoz will be introduced to their support team at the start of the process. A clear communication and problem escalation channel will be established for quick problem-solving. The APIU will also ensure that all specialists including climate and environment, livelihood, gender and social inclusion are part of the TA teams so that stakeholders representing each of these areas are effectively consulted throughout the process.

1.1.11 Secondary data collection and analysis.

25. With support from the TA teams, each AO and Leskhoz will first compile all secondary data required for the PLMP, SEDP and NRMP situation analysis. They will draw on: (i) natural-resource information—existing pasture and forest inventories, land-use maps, remote-sensing imagery; (ii) socio-economic statistics—population, livestock numbers, poverty rates; and (iii) earlier studies or plans—pasture and forestry management plans, climate-risk maps. Service providers will then supply standardised data sets such as regional climate-hazard layers and satellite land-cover analyses, ensuring consistency across territories. Local officials will enrich these data with community-level inputs and indigenous knowledge, for example water-point locations, traditional grazing routes, and conflict hotspots. The focal groups or local planning committees, working with technical experts, will jointly analyse this information to produce draft profiles of natural resources, demographics, livelihoods, value-chain activities, and governance structures thus establishing the evidence base in advance to enhance the quality focus of subsequent community consultations.

1.1.12 Primary data collection using community, focus group and personal consultations.

26. Each AO/Leskhoz, with support from APIU's field level technical assistance will conduct extensive participatory consultations to gather input from the community. This will typically involve organizing community level consultations, focus group discussions, as well as individual discussions with local resource persons. Focus group discussions will involve e.g. pasture user households, forest users, herders, farmers, women's groups, youth, local cooperatives, and other resource users. The goal will be to ground-truth the secondary data and capture local knowledge on resource conditions, usage patterns, and challenges. Facilitators will use participatory rural appraisal tools, mapping exercises, problem-ranking activities as well as participatory wealth ranking as relevant to identify the target group households. Special attention will be paid to ensuring pasture users and forest-dependent households voice their needs and priorities.

27. These consultations will identify issues like overgrazing areas, fodder shortages, conflicts over resource access, opportunities for new livelihood activities, and the community's vision for sustainable management. The outputs of the primary consultations

will be documented and will feed directly into the plan. By the end of this step, a broad base of community input would have been collected, reflecting a bottom-up approach in line with IFAD's target group focus.

1.1.13 Cross-boundary stakeholder dialogues.

28. In areas where pasture and forest lands intersect or former AO administrative boundaries meet, the planning process will include consultations process to ensure that the PLMP, SEDP and NRMPs consider landscape-level linkages and do not conflict with each other. For example, if two adjacent AOs share a common pasture or migration route, or if an AO's pasture plan affects a bordering Leskhoz's forest use, solutions to these issues will be agreed upon and reflected in the respective plans. Similarly, upstream-downstream interactions (like forest watershed protection benefiting downstream pasture and vice versa) will be discussed and outcomes will be incorporated into each plan.

1.1.14 Preparation of the first draft of the PLMP, SEDP and NRMPs.

29. The territorial authorities with support from the APIU's field level technical assistance will prepare the first draft of the PLMP, SEDP, NRMP. The territorial authorities will check the drafts against APIU's PLMP, SEDP and NRLP appraisal checklist to ensure every assessment requirement is adequately met.

1.1.15 PLMP, SEDP and NRLP refinement and finalization

30. After each draft PLMP, SEDP and NRLP is completed, every AO and Leskhoz will enter a structured refinement cycle, while the APIU will conduct a parallel assessment against its PLMP, SEDP and NRLP review checklist. This two-tier process will ensure every plan meets local needs and complies with APIU standards. Plans that pass will result in a formal partnership agreement between the APIU and the respective AO/leskhoz making the territory eligible for financing from LMDP-III for the planned investments in the relevant PLMP, SEDP and NRMPs.

1.1.16 Internal review by the territorial authorities.

31. Each AO and Leskhoz will form an internal review committee (as per APIU guidelines) to scrutinize the draft plan. Using the PLMP, SEDP and NRLP appraisal criteria provided by the programme, the committee will verify that the plan is complete and meets required standards (all sections filled, data accurate, gender/inclusion aspects addressed, etc.). They will suggest any corrections or additions. Once the internal committee is satisfied, the AO/Leskhoz will organize a public consultation (public hearing) on the draft plan.

1.1.17 Public consultation and finalization of the PLMP, SEDP and NRLPs.

32. The AOs and leskhozoes will lead community consultation which will involve 1) circulating the document to all stakeholder groups, inviting written feedback, and 2) convening one or more consultation/validation workshops to agree on any last adjustments before formal submission. This local validation step will be crucial for building local ownership: by the end, the plan should have the endorsement of both the local leadership and the broader community.

The validation workshops amongst other stakeholder will also include

- Community members – especially the pasture users, forest users, and cooperative members who participated in earlier focus groups. They will be invited to the meeting where the key points of the draft PLMP, SEDP and NRLP are presented in local language.

The community can ask questions, provide feedback, or voice concerns. All feedback from the public consultation will be documented, and the planning team must respond to each point ensuring that there is an “audit trail” of comments to ensure transparency.

- Other stakeholders – other stakeholder invited to the consultative meetings will include representatives from other government departments relevant to natural resources management and pro poor livelihoods, relevant private sector representatives, as well as civil society representatives who are relevant.
- These public consultation forums will also serve as critical platforms for addressing the overlapping forest and pasture management issues in the PLMP and NRMPs. During these discussions, AO and leskhoz representatives will agree on the mechanisms each will adopt to address these shared natural resource management issues (e.g. management of pastures within leskhoz boundaries). The agreed management arrangements will then be reflected in the respective individual plans (PLMP and NRMP, as applicable).

1.1.18 External review and APIU approval

33. After incorporating the outcomes of the local validation, the PLMP, SEDP and NRLP will be submitted for external review and approval. The APIU will convene a screening committee to quality-check the plans.

- Screening committee. The APIU will constitute a PLMP, SEDP and NRLP screening committee including APIU representations and senior representatives for example from MWRAPI’s department related to pasture management and veterinary services; Ministry of Emergency Situations, Ministry of Natural Resources, Ecology and Technical Supervision and Ministry of Economy. Additionally, it could include rangeland or forestry academic, value-chain specialist from agribusiness body, and a civil-society representative with gender-inclusion expertise, representatives of donors active in the sustainable NRM space.
- The committee will review each plan’s content – ensuring it aligns with national policies and programme objectives – and provide any recommendations for improvement. The AOs/Leskhozes will address the committee’s suggestions with the support from APIU’s field level technical assistance.
- Once a plan is deemed satisfactory by the screening committee, it will be provisionally approved by the APIU

1.1.19 IFAD no objection and formal implementation agreement

34. The APIU will then forward a summary of the plan (including key proposed investments and justifications) along with the full details to IFAD for a “no objection” clearance. Upon IFAD’s no-objection, a formal implementation agreement will be executed between the APIU and the respective AO/leskhoz making the territory eligible for financing from LMDP-III for the planned investments in the relevant PLMP, SEDP and NRMPs. The implementation of activities will commence immediately after this step.

35. **Time horizon.** Building on momentum from RRPCP-ADAPT, LMDP-III will start with strong readiness. The APIU will roll out an outreach plan that launches PLMP, SEDP and NRLP preparation across all territories simultaneously. Each plan should move from drafting to approval in roughly six-to-eight months—three to four months for preparation and three to four months for quality review and sign-off.

1.2 Subcomponent 1.2. Climate resilient institutional processes and capacities strengthened

1.2.1 Capacity building of the Service of Veterinary Affairs, Livestock Development, Pastures and Feeds

36. The Service of Veterinary Affairs, Livestock Development, Pastures and Feeds will provide critical technical services to the LMDP-III stakeholders, primarily the AOs, in the areas of pasture management, pasture monitoring, and environmental management. It will also contribute to monitoring and evaluation (M&E) of pasture-related activities, providing remote sensing and spatial analysis services through geographic information systems (GIS) and georeferencing. Drawing upon the specialized knowledge of these departmental staff, DPBL will contribute directly to the planning, implementation, and oversight of pasture and livestock-related programme activities.

37. To enable DPLB to effectively deliver on its role, the APIU will provide targeted capacity-building support. This includes equipping the department with essential office equipment and a dedicated 4x4 vehicle to facilitate field monitoring, data collection, and supervision. Furthermore, the APIU will finance key publications and printing materials to support dissemination and stakeholder engagement efforts. Complementing these tangible resources, a structured training program will enhance departmental capacities through tailored staff training, stakeholder capacity-needs assessments for improved pasture and ecosystem management, specialized instruction in evidence-based coordination utilizing GIS and georeferencing, and high-level knowledge exchanges aimed at promoting climate-resilient, diversified livestock systems. These comprehensive capacity-building efforts will ensure DPBL is fully equipped to guide and sustain the interventions under LMDP-III.

1.2.2 Capacity building of forestry services under the Ministry of Emergency Services

38. The Forestry Service under the Ministry of Emergency Situations (MES) serves as the central institutional body responsible for managing and overseeing the network of leskhozoes, which are the primary field-level entities responsible for forestry operations and forest ecosystem management through the implementation of the NRMPs. Through its specialized staff, including forest restoration, IT, and monitoring and evaluation (M&E) specialists, MES will provide essential technical guidance, coordination, and oversight support to ensure effective implementation of forestry-related interventions under LMDP-III across all leskhozoes.

39. To enable MES to effectively perform this critical oversight and coordination role, the programme will deliver targeted capacity-building support. This includes necessary office equipment and publication materials. Furthermore, MES staff capacities will be strengthened through dedicated training and seminars, designed to enhance their technical skills and competencies in forest restoration, monitoring, ecosystem management, and evidence-based decision-making. These measures will collectively strengthen MES to lead effective management and supervision of leskhozoes, aligning forestry practices with the programme's overarching climate resilience and environmental sustainability objectives.

1.2.3 Capacity building for state monitoring of pasture and rangeland resources

40. LMDP III will also strengthen the way pasture and forest health is monitored and incentivized. The programme will establish (or enhance) a GIS-based land cover and pasture condition monitoring system in collaboration with national technical agencies. This system will generate unbiased, geo-referenced data – for instance, updated vegetation cover maps, pasture productivity indices, and soil erosion indicators – on an annual basis for all programme areas. The APIU, working with an independent institution (to ensure objectivity), will train local and national staff to use this monitoring tool and will publicly

disseminate the findings (e.g. through an online map portal accessible to communities and decision-makers). Building on these data, LMDP III will pilot a performance incentive scheme to reward sustainable management: if a participating AO or Leskhoz achieves clearly verifiable improvements in land condition (such as increased vegetative cover or restored pasture productivity) and meets its PLMP, SEDP and NRMP targets, the programme – in coordination with the government – may provide additional benefits. These benefits could include recognition awards, priority access to supplemental programme resources, or future budgetary preferences for well-performing communities. The incentive scheme will be developed in detail during implementation (using lessons from the monitoring results) and documented in a handover strategy to the Government. By tying measurable environmental outcomes to tangible incentives, the programme will encourage local institutions to maintain long-term stewardship of pastures and forests beyond the life of LMDP III.

1.2.4 Capacity building of AOs and leskhozoes.

41. AOs and Leskhozoes will play central roles in developing and implementing the PLMP, SEDP, and NRMPs. To effectively execute these responsibilities, APIU will support their comprehensive capacity-building support delivered through structured approaches. Capacity-building activities will use a combination of physical outreach methods and digital tools. Physical methods, such as workshops, training events, study tours, and information exchange visits, will be used selectively, depending on their relevance and effectiveness. Digital tools will be given higher priority because they allow constant and easy access to information and training materials. These digital tools will ensure that stakeholders consistently receive technical support, training, and capacity-building inputs to maximize programme outcomes. The areas covered through technical support to these territorial authorities will include the following.

42. Firstly, tailored technical training will equip AO and Leskhoz personnel with practical expertise in key thematic areas, such as pasture restoration, sustainable forest management, climate resilience, livelihood diversification, veterinary service expansion, food safety, nutrition awareness, financial literacy, and market integration. Training sessions will prioritize practical skills, enabling staff to conduct effective planning, community engagement, conflict resolution, and implementation. Refer to Annex 1 for detailed guidelines on the contents of the capacity building support in each thematic area.

43. Secondly, standardized IFAD-approved planning templates and guidelines will be disseminated to AOs and Leskhozoes, accompanied by digital training toolkits designed for self-paced, continuous learning. These resources will ensure consistent adherence to standardized planning methodologies and practices.

44. Thirdly, structured orientation workshops and knowledge exchange events will be held, leveraging experienced focal point teams from RRPCP-ADAPT-supported territories as mentors. These exchanges will facilitate peer learning and capacity enhancement in participatory data collection, local resource mapping, conflict management, evidence-based decision-making, and inclusive governance. In addition, the programme will conduct a continuity and institutional transition assessment in former LMDP-supported territories. This will help AOs understand which pasture assets and practices have been sustained, what has lapsed, and where targeted capacity-building is needed to restore and improve local service delivery.

45. Moreover, AOs and Leskhozoes will receive targeted technical assistance from APIU-contracted specialists who will assist the development of the PLMP, SEDP and NRMPs in secondary data analysis, participatory consultations, drafting, and refining of their plans.

Field-level technical facilitators, APIU specialists, and peer mentors will work in close coordination to ensure a thorough, participatory, and evidence-based planning process.

46. Capacity-building will include practical training in using GIS-based dashboards to ensure effective, real-time monitoring of pasture and forest conditions, facilitating timely adaptive management.

47. AOs and leskhoses as relevant will also receive institutional development training. This will include capacity-building on financial management and budgeting, particularly focusing on transparent handling, reinvestment, and reporting of pasture fees to ensure accountability and community trust. AOs will also benefit from training in governance and decision-making processes, conflict resolution mechanisms, and participatory monitoring to enhance community engagement and ensure equitable and inclusive management of resources. Additional training in performance management, results-based monitoring frameworks, data collection, and reporting methods will strengthen their ability to effectively track and communicate progress. Finally, focused capacity-building sessions on local regulatory compliance, policy integration, and coordination with government programs and private-sector partners will be provided to institutionalize sustainable and accountable management practices within AO and leskhoses operations.

48. Significant emphasis will be placed on strengthening procurement and implementation capabilities of AOs and Leskhozoes. Each AO and Leskhoz will assume responsibility for executing investments identified in its respective PLMP, SEDP, and NRMP, including procurement and contract management. To support this decentralized implementation, comprehensive training will be provided on IFAD procurement standards, financial management practices, environmental and social safeguards, as well as Kyrgyz procurement legislation. The APIU will organize specialized capacity-building workshops covering tendering processes, bid evaluation, contract supervision, and transparent financial management. Drawing from successful experiences in earlier IFAD-funded initiatives, such as the Access to Markets Project (ATMP), LMDP-III will replicate proven models where local communities effectively managed procurement after intensive training. Each AO/Leskhoz will designate a small Procurement and Implementation Unit consisting of trained focal points who will receive focused mentorship and ongoing support from APIU procurement specialists.

Future role and arrangements of the Pasture Users Unions

49. In 2024, the Government transferred responsibility for pasture planning, fee collection, and enforcement from pasture users unions (PUUs) to local councils (Aiyl Okmotus – AOs). This decision was made because pasture conditions continued to decline despite previous efforts involving PUUs. Since this transfer is recent, clear collaborative arrangements between AOs and PUUs have not yet fully emerged. While PUUs no longer hold formal decision-making power, they currently maintain informal roles such as organizing herders, resolving grazing conflicts, and tracking livestock movements.

50. LMDP-III will primarily support AOs in strengthening their engagement with local communities for effective pasture management. The programme will provide AOs with training, support participatory pasture planning, and promote transparency in managing pasture-use fees. These measures will ensure that local communities can see tangible improvements, such as restored water points, pasture reseeding, and better-organized grazing systems. If appropriate, AOs may choose to involve experienced community members, potentially including former PUU representatives, in facilitation or monitoring roles. Insights gained from these actions will help establish evidence-based collaborative practices between AOs and communities.

51. As institutional roles continue to evolve, it is currently too early to determine the exact future of PUUs. During implementation, LMDP-III, in collaboration with the Ministry of Agriculture, will conduct assessments to clarify this issue. Potential scenarios could involve transforming PUUs into advisory entities under AO oversight, integrating their former roles into broader producer organizations supported by AOs, or phasing them out completely, with essential functions absorbed by AO-managed community committees. The programme will ensure that capacity-building efforts, delivered through the AOs, enhance community participation, promote women's involvement, and increase local accountability. The guiding principle will remain community-based, evidence-driven pasture management aimed at long-term sustainability.

52. Key messages on the core themes addressed during capacity building and implementation (refer to Annex 1 for more details)

53. Targeting to ensure pro poor outcomes.

54. LMDP-III's targeting strategy will ensure pro-poor outcomes by deliberately prioritizing investments that directly benefit poorer and vulnerable households. The PLMP, SEDP, and NRMP will specifically identify and prioritize poor resource users based on existing social registers, participatory wealth ranking, and validated community consultations. Investments will focus on priority zones such as near-village pastures and forests essential to the livelihoods of the poor. This will ensure that infrastructure improvements—such as pasture rehabilitation, water access points, and sustainable forest management—specifically benefit poorer community members, complemented by broader ecological initiatives that indirectly sustain these gains.

55. Inclusive governance and equitable financial management will further reinforce pro-poor outcomes. Governance mechanisms will guarantee representation for women, youth, and vulnerable groups, ensuring their participation through mandated membership quotas and dedicated forums. Community consultations will be designed to accommodate poorer residents. Revenue management from pasture and forest-use fees will be transparently ring-fenced to finance communal infrastructure and services benefiting all, particularly the disadvantaged, including preferential fee structures for poorer households. Lastly, the programme will support local cooperatives and municipal enterprises employing inclusive membership rules and grievance redress systems, strengthening collective action and ensuring equitable distribution of programme benefits (refer to Annex 1 for more details).

56. Effective and sustainable natural resources management

57. Each AO will implement rotational grazing, seasonal resting of heavily used pastures, and gradual reduction of excessively large herds, alongside upgrading distant pastures through improved water infrastructure. Pasture use plans, bylaws and digital grazing calendars will regulate where and when herds move, and fee revenues will be transparently reinvested in maintaining wells, water points and routes. Community grazing committees, pasture inspectors and herders will monitor vegetation cover, erosion and fee use, while small seed-multiplication plots will supply high-quality forage for reseeding degraded areas. Herd size and composition will be gradually aligned with the carrying capacity of local pastures so that healthier rangelands support more productive livestock.

58. To rebalance grazing pressure, AOs will make remote pastures more attractive by repairing access roads, footbridges and seasonal campsites, setting clear livestock-shift targets, and offering fee discounts for herders—especially poor households—who use distant areas. Women and youth cooperatives will receive maintenance contracts for new structures, providing local livelihoods and ensuring upkeep. Climate resilience measures will

include community-managed fodder banks, plots of drought-resistant forage, rainwater-harvesting ponds, refuge pastures reserved for emergencies and real-time links with the national hydro-meteorological service for early warning. Dedicated committees will maintain fodder stores, water facilities and contingency protocols, activating them when drought, extreme winters or other natural stresses threaten livestock and pasture health. To ensure availability of high-quality forage seed, community-run forage-seed nurseries and seed-production agreements will be established to supply restoration efforts continuously.

59. Leskhoz-level implementation of the NRMPs will contribute to stopping forest degradation and strengthen climate resilience. Each plan will zone forests for strict conservation, regulated use and active restoration; degraded areas will be fenced and replanted with native, mixed-species seedlings tended by reforestation teams. Transparent rules and permits will govern non-timber forest product and fuelwood collection, with community forest guards—often women—overseeing compliance. Co-management agreements will reward local groups that help guard and replant high-value groves. Climate-smart actions will include protective forest belts on erosion-prone slopes, well-maintained firebreaks, volunteer firefighting groups and, under strict control, temporary emergency grazing when external pastures fail. Forest health, regeneration rates and canopy cover will be tracked through ground surveys, satellite or drone imagery (refer to Annex 1 for more details).

60. Strengthening Climate Resilience

61. The pasture and forest activities described in the management plans will specifically address the limited adoption of climate-smart practices within communities. The pasture and forest interventions outlined in the PLMP, SEDP, and NRMPs will address existing land degradation and significantly enhance ecosystem resilience to climate extremes. Large-scale ecosystem-based adaptation activities will include constructing check-dams, terraces, and contour trenches on erosion-prone slopes, alongside reforesting degraded hillsides and gullies using climate-resilient trees and shrubs to stabilize soils and prevent erosion. Adaptive pasture management will incorporate rotational grazing practices, climate-informed stocking rates, and community-driven early warning systems to maintain pasture health and productivity during drought conditions. Fire risk will be mitigated through establishing community-managed firebreaks, training local firefighting volunteers, and maintaining essential protective infrastructure to reduce disaster risks from floods and landslides.

62. To further safeguard livelihoods against climate-induced shocks, the PLMP, SEDP, and NRMPs will diversify and strengthen production systems. This includes promoting climate-resilient fodder crops, agroforestry practices that yield supplementary income (e.g., fruits and nuts), and integrating non-timber forest products such as mushrooms and medicinal herbs. All physical works under LMDP III will adhere to climate-smart technical standards, ensuring infrastructure designs account for future climate scenarios, including higher flood capacities, drought-adaptive water storage systems, and resilient pasture reseedling. Solar-powered pumping systems and drainage-enhanced roads will further reinforce the sustainability and resilience of pastoral communities and ecosystems (refer to Annex 1 for more details).

63. Management of pastures inside forest land

64. Effective management of forest-based pastures has been hindered by unclear mandates and weak coordination between AOs and Leskhoses. To address governance and management in such overlapping areas the AOs and the leskhoses will adopt a consultative process as a part of the preparation of the PLMP and NRMPs. These consultations will identify the key challenges in the overlapping areas, agree on measures to address these

issues and include these agreed measures in the plans of each of the territorial authorities. These areas will be further reviewed and revised during the public consultations. For example one mechanism for resolving the issue of effective pasture management inside the leskhoses will be the leasing of these pasture areas by the AOs from the Leskhoses. These agreements will provide the responsibility of pasture access and pasture management fully to the AOs which will result in the implementation of adequate pasture management practices, protection and regeneration and sustainable use of these pastures (refer to Annex 1 for more details).

65. Benefit-sharing and income generation pathways for target households

66. The PLMP, SEDP and NRMP will embed a strict pro-poor benefit-sharing principle: every sum derived from pasture and forest use fees, ecotourism receipts or cooperative profits will be potentially ring-fenced in dedicated local accounts and reinvested in services that most help the poorest users. Territorial authorities must publish itemised statements and apply clear financial rules that channel these revenues into maintenance of community infrastructure, scholarships for youth from herding families, reduced grazing or firewood fees for vulnerable households and similar pro-poor measures. Differential fee policies, targeted subsidies and transparent oversight will ensure that poorer livestock keepers, landless labourers, women and youth are first in line for the gains generated by local natural-resource economies.

67. Complementary income pathways will be created throughout implementation. Labour-intensive works activities will hire local under-employed residents and award maintenance contracts to youth and women's groups; municipal enterprises emerging from these contracts will provide steady wages and build local management capacity. Where the programme funds productive assets such as milk-cooling centres or fodder mills, inclusive cooperatives or municipal enterprises operate them under by-laws that guarantee membership and profit-sharing for poorer producers, enabling them to move up the value chain. In parallel, subsidised veterinary days, input packages and feed banks will reduce production costs for vulnerable households, while community assemblies, participatory monitoring and an accessible grievance mechanism will safeguard fair access and allow rapid course-correction (refer to Annex 1 for more details).

68. Employment and entrepreneurship opportunities for women and youth

69. PLMP, SEDP, and NRMPs under LMDP-III will explicitly prioritize job creation and entrepreneurship for women and youth through targeted investments in pasture and forest management activities. AOs and Leskhoses will implement labor-intensive restoration contracts, hiring local women and youth for activities such as reseeding pastures, erosion control, nursery management, and trail maintenance, building upon successful experiences from LMDP-II. Additionally, women and youth will be prioritized as local service providers in roles like community rangers, watering point technicians, and para-veterinary specialists, thereby developing a cadre of skilled professionals. Community enterprises managed by women and youth cooperatives will be supported to sustainably operate nurseries, compost facilities, fodder banks, water-harvesting infrastructure, and vegetable gardens. Co-management agreements with Leskhoses will also enable these groups to sustainably utilize forest resources, such as fruit-and-nut harvesting and ecotourism services, further reinforcing livelihood opportunities.

70. To ensure sustainable impact, AOs will integrate employment and entrepreneurship targets explicitly into their PLMP, SEDP, and NRMP planning processes. Community-level assessments will identify underemployed women and youth, and tailored technical and entrepreneurial trainings—including methodologies such as the Gender Action Learning

System (GALS)—will equip them for successful participation. Infrastructure investments will be contingent upon completion of these trainings, ensuring readiness and sustained engagement. Additionally, AOs will institutionalize support through local resolutions prioritizing women and youth employment, allocating municipal land or co-financing for cooperatives, and establishing permanent youth councils and women's committees to sustain these opportunities post-programme. Long-term financing of maintenance roles and services will be facilitated through strategic earmarking of pasture-use fees, securing continuity and sustainable income streams for these groups (refer to Annex 1 for more details).

71. Promoting shift from quantity to quality in livestock production

72. LMDP III will promote a fundamental shift from livestock quantity to quality, fostering behavioral change through participatory pasture planning, targeted investments, and practical demonstrations. Participatory planning processes involving herders, pasture users, and local authorities will define sustainable stocking rates based on carrying capacity and community consensus. Strategic investments will focus exclusively on productivity enhancements—such as improved veterinary services, milk cooling tanks, silage storage, and genetic improvements—explicitly discouraging herd expansion and incentivizing smaller, more productive herds. Community demonstrations, peer-learning exchanges, and successful farmer testimonials will further reinforce adoption by visibly showcasing the benefits of improved animal health, productivity, and management practices.

73. Complementing these approaches, LMDP III will facilitate economic diversification to reduce household dependence on livestock numbers, investing in activities such as beekeeping, orchards, eco-tourism, and small-scale processing to create alternative income streams without additional grazing pressure. Comprehensive training and advisory services will equip herders with skills in sustainable pasture use, animal husbandry, fodder production, and basic economic literacy, supported by pasture research institutions and veterinary experts. Economic modeling and evidence-based messaging will illustrate tangible financial benefits of reduced herd sizes coupled with improved quality, further shifting perceptions toward productivity-focused livestock management as economically viable and beneficial (refer to Annex 1 for more details).

74. Addressing malnutrition and health outcomes

75. The PLMP, SEDP and NRMP will mainstream nutrition-sensitive planning into all pasture, forest and livelihood investments so that resource management directly improves diets and health, especially for women, children and poor households. Each plan will promote diversified production by integrating nutrition gardens into pasture areas, inter-seeding fodder legumes that can supplement human diets, and including fruit and nut trees in forest restoration. Dual-purpose infrastructure will provide safe drinking water, hygienic livestock and crop markets with cold storage, and milk collection centres equipped for food-safety testing, while organic-compost initiatives will convert manure into fertiliser that enriches kitchen gardens and reduces disease. Climate-smart design and behaviour-change campaigns will reinforce food safety and hygiene, further lowering malnutrition and water-borne illness.

76. Livelihood interventions supported by component 3 provide financial support to cooperative enterprises to for community nutrition solutions. For example, women's dairy cooperatives can supply schools and clinics with affordable yoghurt and cheese; bakery cooperatives can fortify bread with iron and vitamins; creating reliable markets while improving diets. Leskhozoes will issue free permits for poor families to collect nuts, berries and wild fruits, propagate fruit-tree seedlings for community agroforestry, and support

beekeeping that enhances crop pollination and honey production (refer to Annex 1 for more details).

77. Improving access to quality veterinary services for poor and remote households and breed improvement inputs

78. The programme will improve access to quality veterinary services for poor and remote households by financing fixed community veterinary service points and mobile veterinary units, strategically located to ensure widespread geographic coverage. Although these will be planned in component 1, their implementation will be through component 2 interventions. These facilities will provide essential diagnostic and treatment services, equipped with cold-chain capabilities and clinical tools to maintain treatment quality. Public-private service contracts at the AO level will further enhance accessibility, with private veterinarians contracted for last-mile service delivery under clear performance obligations, compensation structures, and accountability mechanisms. Additionally, LMDP III will address rural veterinary workforce shortages by supporting veterinary scholarships, para-vet training schemes, continuing education programs, and mentorship facilitated by national veterinary institutions.

79. Service quality will be ensured by equipping veterinary points with standardized clinical tools, sanitation supplies, and reliable cold-chain infrastructure. A "Model Veterinary Practice" standard, developed with national veterinary authorities, will reinforce professional excellence by recognizing compliant service providers. Complementing veterinary care, the programme will promote breed improvement through artificial insemination (AI) points, training technicians, and distributing superior breeding stock. Where AI is impractical, community-based elite bull schemes will be piloted. Breed enhancement efforts will integrate veterinary health checks and productivity inputs, such as fodder seeds and mineral supplements, ensuring sustainable improvements in livestock productivity (refer to Annex 1 for more details).

1.3 Subcomponent 1.3. Pasture and forestry natural resource and livelihood management plans are implemented

80. LMDP-III will support investments in the restoration of the pastures and forests through the PLMP, SEDP and NRMPs for each participating AO and Leskhoz.

I. Investment framework and performance-based financing

81. Each AO will be eligible for USD 100,000 and each Leskhoz will be eligible to receive up to USD 35,000 from LMDP-III for financing public infrastructure investments under Component 1.

82. This amount will also cover initial investments directly tied to infrastructure establishment, including technical installation support, operational readiness preparations, commissioning procedures, functional setup of user management structures, and equipping costs. The initial investment costs should not exceed 10% of the amount financed by LMDP. Any costs exceeding this limit must be borne directly by the territorial authority.

83. The specific financing arrangements are as follows:

- **AOs:** LMDP-III will finance up to 75% of the public infrastructure investments identified together in the PLMP and SEDPs, up to a maximum of USD 100,000. The remaining 25% will be contributed by the respective AO. This co-investment policy is expected strengthen local ownership and commitment.
- **Leskhoz:** LMDP-III, Phase 1 will finance up to 100% of the public infrastructure investments related only to the improvement of forest pastures identified in the

NRMPs, up to a maximum of USD 35,000. Subsequent phases will finance the other forest improvement infrastructure investments which are identified in the NRMPs. Leskhozos are exempt from co-financing due to their limited mandate for revenue collection, which constrains their ability to provide matching funds.

II. Menu of eligible investments

84. LMDP III will support a menu of eligible investments tailored to local needs, aligned with LMDP-III objectives. Investments are categorized by implementing entity – AOs (local governments) or Leskhozos (forestry enterprises) as well as by their protective/restorative and productive value.

2 AO investments

Table: Summary menu of investments

Category	Aiyl Okmotu (AO)	Leskhoz (Forest Enterprise)
Protective / Restorative Infrastructure	- Pasture water supply: wells, reservoirs, solar/gravity-fed systems - Rehabilitation of pasture infrastructure: roads, bridges - Erosion control and land rehabilitation: check dams, drainage ditches, soil and water conservation works, terracing on slopes - Mudslide/flood control: slope stabilization, runoff management - Rainwater harvesting ponds, fodder banks, livestock shelters - Water stream protection and fencing of regenerating areas (especially near forest interfaces) - Windbreaks, shelterbelts (in coordination with Leskhoz) - Seeding/planting of indigenous grasses and shrubs to restore degraded pasturelands - Mobile seed harvestors - Creation of certified forage-seed nurseries and community-managed seed production plots to ensure local availability of improved forage seed varieties, reducing reliance on distant suppliers.	Soil and water conservation and other infrastructure investments for improvement of forest pastures
Productive Infrastructure	- Livestock market yards, slaughter areas, meat/milk processing units - Community orchards, greenhouses, polytunnels - Agricultural and specialised machinery: tractors, balers, mowers for shared community use - Fodder plots, drought-resistant forage seed nurseries, fodder seed banks - Non-timber product workshops: wool, honey, handicrafts - Eco-tourism infrastructure: trails, signage, campsites, picnic areas - Beekeeping apiaries and product centers	- Agroforestry and silvopastoral demonstration plots - Fruit and nut tree planting (walnut, wild apple, apricot) for community use or income - Forest apiaries for honey production - Leasing forest land for community NTFP use (e.g. herbs, mushrooms, etc.) - Small infrastructure to support sustainable foraging, processing centers for NTFPs, and forest-based training sites

85. The AO investments will include community-level protective or restorative assets aimed at restoring natural resources and reducing climate and disaster risks. Examples include:

- **Pasture water supply.** Establishing or rehabilitating livestock watering points, wells, and small water reservoirs on pastures (often with solar pumps or gravity systems) to improve grazing distribution and protect pasture health by preventing overuse of limited water spots.
- **Pasture access and rangeland infrastructure.** Improving pasture roads, installing footbridges across streams, and building modest herder shelters/campsites in distant pastures. These investments will enable herders to use under-utilized remote pastures, easing pressure on village lands and reducing degradation near settlements.
- **Erosion control and land rehabilitation.** Constructing check dams in gullies, drainage ditches, and terracing on steep slopes to halt soil erosion, and reseeding degraded pasture with grass/legume mixtures. Small-scale afforestation or windbreak planting on pasture margins (in coordination with leskhoz) is also included to stabilize soils and improve microclimates.
- **Climate resilience structures.** Rainwater harvesting ponds or cisterns to capture run-off for livestock use during droughts, and creating fodder storage facilities (fodder banks) where hay or silage can be stockpiled from good years for use in winter/feed crises. In areas prone to harsh winters or flash floods, AOs may invest in community livestock shelters or raised evacuation corrals to protect animals during extreme weather.
- **Community forest and landscape protection** – for AOs that border forests, eligible works include planting protective forest belts (in coordination with leskhoz) to serve as shelterbelts against wind and mudslides, and setting up basic firebreaks or fuel reduction zones at the pasture–forest interface. While major forest interventions are under Leskhoz, AOs can invest in measures like fencing off regenerating areas or signage to prevent grazing in young forest plots.

86. Each PLMP, SEDP and NRMP shall include a mandatory O&M section with a multi-year budget. At least a defined portion of pasture fee revenues must be allocated to this purpose. No programme financing will be released until an O&M plan is approved and registered. Quarterly O&M reports must be submitted to APIU. For all infrastructure, custodianship will be formalized through an MoU with the Aiyl Okmotu and an entry in the GIS-based asset register. Designs must apply agreed standards for drainage, erosion control, and climate resilience, and ensure ease of routine upkeep through spare parts, toolkits, and local maintenance contracts

87. **Productive Infrastructure (Revenue-Generating Potential):** These investments are aimed at enhancing livelihoods and local economic activity. They can have an income aspect (through fees, sales, or savings generated) and may be managed by the AO directly or by community groups/cooperatives under AO oversight. Examples include:

- **Veterinary and animal husbandry facilities** – setting up veterinary service centers or clinics (e.g. renovating a room in the AO center or constructing a small clinic building) to be leased to a local vet. Some plans may include veterinary pharmacies or vaccine storage units as part of these facilities. Also eligible are mobile vet clinics (equipping veterinarians with portable kits or even a vehicle/motorcycle for outreach) to expand animal health coverage in remote villages. These investments will generate revenue via service fees and improve livestock quality and herd health.
- **Livestock markets and processing facilities.** Establish or upgrading livestock market yards or animal loading ramps where animals can be traded safely. Simple slaughter slabs or meat processing units for hygienic butchery, or milk collection and cooling

centers to aggregate dairy from farmers, can be financed if the PLMP, SEDP and NRMP identifies demand. While often operated by private sector or cooperatives, the AO can invest in the basic infrastructure (e.g. a market enclosure or a building with water/electricity) and then rent it out or manage fee collection. Such facilities can become revenue sources for the community/AO and enable value addition locally.

- **Irrigated community gardens and orchards.** Development of greenhouses, polytunnels, or open-field orchards on community land to produce fruits and vegetables. The AO may allocate land and finance a greenhouse or irrigation system to be run by a women's group or youth group, for example. The produce (vegetables, orchard fruits, seedlings) can improve local nutrition and be sold for income, while the facility eventually pays for its operation through sales. This also aligns with diversification into horticulture for better diets.
- **Fodder production and machinery services.** Investments to increase fodder supply and agricultural services, such as municipal fodder plots (with irrigation, fencing, and sheds) where high-yield grasses or silage crops are grown for sale to herders, or community seed nurseries for drought-tolerant forage seed. Additionally, an AO could acquire small agricultural machinery (e.g. a tractor with mower, seeder, or a mobile hay baler) as a shared asset: the equipment would be rented out to farmers and pasture user groups for a fee. This will effectively create a local machinery station offering services (road grading, hay cutting, transport, etc.). User fees from machinery services or fodder sales will contribute to the AO's budget and support maintenance costs, while improving productivity for farmers.
- **Non-timber product and craft centers.** In some contexts, AOs might invest in facilities to support beekeeping (apiaries) or handicrafts that use local natural resources (wool, felt, medicinal herbs). For instance, a simple honey processing room or a wool washing and pressing workshop could be built as a community enterprise site. These provide employment (often to women or youth) and generate income through product sales, strengthening livelihood diversification.
- **Eco-tourism and recreation infrastructure (where relevant).** If an area has eco-tourism potential (scenic pastures, trekking routes, or cultural sites), the AO can develop modest infrastructure such as trail markings, a campsite or yurt camp with basic amenities, small visitor information points, or roadside picnic areas. These can be managed by community groups or the AO's municipal enterprise, with fees charged to visitors. The revenue will help to maintain the sites, and local households can gain new income opportunities (guiding, homestays, selling local products). This category is context-specific but can be an innovative way to monetize natural assets sustainably for community benefit.
- **Support for affordable fodder production and preparation.** LMDP-III will assist AOs to ensure affordable, high-quality fodder is consistently available, particularly during harsh winters. Drawing from successful IFAD experiences in Kyrgyzstan, AOs will establish local seed nurseries and community-managed plots to produce certified, drought-resistant forage seeds tailored to local conditions. This approach will make quality seeds affordable and readily accessible, significantly lowering costs for smallholder livestock keepers. Additionally, the programme will help AOs create communal machinery stations offering essential fodder-processing equipment, such as balers, forage choppers, and silage-making machinery, on a shared-use basis. Farmers, especially poorer households, will access this equipment at minimal cost, greatly reducing fodder preparation expenses. AOs will also promote alternative fodder production, including silage, haylage, and drought-resistant perennial grasses like

sainfoin and alfalfa, complemented by targeted training and demonstrations. Centralized fodder banks managed by AOs will further ensure fodder availability during emergencies, prioritizing distribution to vulnerable households. These approaches are illustrative and not exhaustive; other suitable mechanisms may be adopted depending on local contexts and needs.

3 Leskhoz (Forest Enterprise) investments

88. Leskhozes will implement forest-related investments under their NRMPs. These activities focus on rehabilitating and productively managing forest resources, with co-benefits for local communities.

89. Phase 1 will only support infrastructure investments in forest pasture improvement. Subsequent phases will support all investments related forest land improvement including the following

- **Reforestation and afforestation initiatives.** establishing or expanding forest tree nurseries and seed orchards to produce saplings of endemic species (and fast-growing species for fuelwood). This could involve constructing nursery beds, greenhouses, irrigation systems, and fencing at Leskhoz sites. It also covers the purchase of seedlings, tools, and nursery equipment, and funding labor for large-scale tree planting on degraded lands. Leskhozes will prioritize reforesting degraded hillsides, watershed areas prone to erosion, and forest and pasture interface zones to restore ecosystem balance.
- **Erosion control and watershed protection.** Implementing soil and water conservation structures in forest areas, for example, building check dams in forest gullies, terraces or contour trenches on steep deforested slopes, and planting grasses/shrubs for slope stabilization. These measures reduce landslide and flood risks downstream (benefiting villages and pastures) and protect the long-term productivity of forest lands.
- **Forest infrastructure and equipment.** Rehabilitating or building forest access tracks and firebreaks to improve management and emergency response. Installing watchtowers or lookout posts in strategic locations for early fire detection, and providing basic fire-fighting equipment (such as water tanks, hoses, fire beaters, and radios) to local forest brigades. In high-risk areas, Leskhozes may also construct guard stations or small ranger field cabins to ensure presence in remote forest tracts.
- **Agroforestry and forest livelihood support.** Establishing demonstration plots for agroforestry (integrating trees with pasture or crops) where Leskhoz and AOs cooperate to pilot silvopastoral practices. Also, planting fruit and nut trees (e.g. walnut, wild apple, apricot) in suitable forest areas that can both restore forest cover and later provide income (through harvested nuts/fruits) for community or Leskhoz. Another eligible investment is beekeeping development in forest areas – for instance, creating a designated forest apiary site with beehive stands and access improvements to encourage local honey production (Leskhoz can lease sites to beekeeper groups).
- **Biodiversity and land management measures.** Supporting seedling distribution and planting for shelterbelts around settlements (to reduce wind erosion and dust) in collaboration with AOs, or protective fencing of young forest regeneration plots to keep livestock out until saplings are established. Leskhoz plans might also include setting up small information centers or training facilities at forest parks to educate the public on sustainable foraging, NTFP (non-timber forest product) harvesting, and fire prevention.

- Priority will be given to fire prevention and control, erosion management, and early-warning equipment to mitigate increasing climate-induced wildfire risks.

90. *The above menu is not exhaustive.* PLMP, SEDP and NRMPs will allow other context-specific investments that fit within Component 1's scope of natural resource rehabilitation, climate resilience, and rural infrastructure. All proposed investments must be technically and economically justified in the PLMP, SEDP and NRMP, environmentally sound, and beneficial to the community at large.

III. Sustainability arrangements for investments

91. Ensuring that the benefits of infrastructure and equipment last well beyond the programme is a top priority. The PLMP, SEDP and NRMP investment section will define clear sustainability arrangements for each intervention, covering ownership, operation and maintenance (O&M), capacity building, and exit strategy.

92. **Ownership and maintenance responsibilities:** All assets created under Component 1 will be formally owned by the respective local institutions. For AO-led investments, the Aiyl Okmotu will hold ownership of infrastructure (e.g. a water supply, a vet clinic building, a machinery unit). Leskhoz-led investments will be owned by the Leskhoz or the State Forestry Agency as appropriate. The responsible owner will assign a specific unit or officer to oversee maintenance. For example, an AO's technical specialist might be tasked with maintaining a rehabilitated road or water point. In practice, day-to-day operation may be delegated whereby AOs delegate through contracts work with community user groups and cooperatives for routine upkeep of pasture infrastructure, and Leskhoz may engage community forest volunteers to help monitor and maintain forest assets. Clear maintenance roles will be described for each investment. Ownership and custodianship shall be confirmed through an AO decision and a signed MoU; each financed asset will be entered in a geo-tagged asset register with an annual maintenance schedule and a named responsible unit.

93. **Operationalizing investments:** This will include initial investments directly tied to infrastructure establishment, including technical installation support, operational readiness preparations, commissioning procedures, assignment of maintenance responsibilities, functional setup of user management structures, and equipping costs. These elements are integral to ensuring full functionality and sustainability of the infrastructure assets, and must therefore be financed collectively as part of the complete infrastructure investment package. They may include activities like preparation of technical design and engineering plans, construction supervision, equipment installation and testing, preparation and setup of operational protocols and manuals, initial stocking of essential materials, training local maintenance technicians, signage and information boards, equipping of facilities.

94. **Maintenance protocols and budgeting:** The PLMP, SEDP and NRMP will include a maintenance plan for each investment, outlining the required maintenance activities, frequency, and responsible parties. The AOs will be trained to introduce simple maintenance protocols (checklists, user manuals, schedule charts) for community infrastructure. AOs will be encouraged (and trained) to budget for O&M costs of programme-financed assets in their annual local budgets. Similarly, Leskhoz will allocate part of their operational budget to sustain programme investments (e.g. buying fuel for fire equipment, nursery upkeep costs). Where appropriate, specific user fee systems will be established to fund maintenance for example, a cooperative operating a greenhouse will set aside some revenue for greenhouse upkeep. Disbursement of programme resources for infrastructure will be conditional on (i) approval of the O&M plan and budget, and (ii) timely submission of quarterly O&M execution reports. AOs will ring-fence a defined share of pasture-user fee revenues to finance routine

maintenance; APIU will review compliance and require corrective actions and time-bound remedial plans where variances arise.

95. **Exit strategy and sustainability mechanisms:** From the outset, PLMP, SEDP and NRMP investments will be planned with the post-programme period in mind. The “exit strategy” for each investment will ensure that by programme completion (or shortly thereafter), the local system can continue without LMDP III support. In general the key elements in LMDP III that will contribute to the exit strategy are

- Institutional anchoring whereby investments are embedded in existing institutions (AO departments, leskhoz units) that will endure beyond the programme.
- Training of staff of territorial authority. Local staff and relevant community members and groups/cooperatives will be trained following a training of trainers approach creating a pool of expertise (para-vets, mechanics, nursery specialists) available locally in the future.
- Maintenance funds using either local budget lines or specific infrastructure usage fees funds will be in place to cover recurrent costs.
- Policy/regulatory support whereby AOs will be encouraged pass local bylaws or agreements (where needed) to institutionalize management rules (e.g. a bylaw that any revenue from a community orchard must go into a maintenance fund).
- Replacement planning. For assets with a finite lifespan (pump equipment, nursery stock), the PLMP, SEDP and NRMP will outline how they can be replaced or renewed when needed (including through government programs, or future projects).

IV. Implementation and procurement arrangements

96. The implementation of Component 1 investments will be led by the local institutions (AOs and Leskhoz) themselves, with strong capacity-building and oversight from LMDP III. AOs/Leskhozes will carry out procurement and investment management in line with IFAD standards and key implementation and procurement arrangements.

97. **Decentralized implementation with training:** Each AO and Leskhoz will be responsible for executing the investments in its PLMP, SEDP and NRMP, meaning they will plan, procure, and manage the contractors/suppliers for works and goods. To prepare for this role, comprehensive training will be provided in IFAD’s procurement guidelines, financial management, and environmental/social standards. The APIU will organize capacity-building workshops for local officials on how to conduct tender processes, evaluate bids, and supervise works in compliance with both Kyrgyz procurement law and IFAD requirements. This capacity support will be modeled on successful approaches from earlier IFAD projects – for example, under the Access to Markets Project (ATMP), community cooperatives received training and then managed procurement of infrastructure and equipment on their own, with solid results. LMDP-III will replicate and adapt such best practices, ensuring that local teams have the know-how to handle procurement transparently and efficiently. Each AO/Leskhoz may designate a small Procurement and Implementation Unit (a few staff or committee members) who will be the focal points for managing the investments; these focal points will undergo intensive mentoring by the programme’s procurement specialists.

V. Integration and synergies with other components

98. Component 1 investments via PLMP, SEDP and NRMPs will not be isolated interventions; they will be conceived as part of a broader territorial development strategy, linking with other programme components, other programs, and technical support systems to maximize impact. The PLMP, SEDP and NRMP is essentially the territorial action plan under which various resources (from LMDP-III and potentially other sources) converge. Several additional aspects will ensure PLMP, SEDP and NRMP investments are well-integrated and supported:

- PLMP, SEDP and NRMPs as Territorial Implementation Tools: Each PLMP, SEDP and NRMP will serve as the single, integrated roadmap for natural resource management and livelihood development in that AO/Leskhoz. This means Component 1 investments are not stand-alone projects, but part of a cohesive plan that also coordinates with Component 2 (veterinary and food safety) and Component 3 (value chain development) activities in the area. For example, if an AO's PLMP, SEDP and NRMP includes a new milk cooling center under Component 1, that plan will also reference training of dairy cooperative members or quality certification support under Component 3. Similarly, a veterinary clinic built with Component 1 funds will be linked to service delivery improvements financed under Component 2 (such as vaccine supply or vet training). The PLMP, SEDP and NRMP ensures all these efforts complement each other territorially. It also aligns investments with the national decentralization framework – empowering AOs and Leskhozes per their enhanced mandates post-2021 – thereby institutionalizing the programme's approach in local governance. As a territorial tool, the PLMP, SEDP and NRMP can be used to attract and coordinate additional funding: local governments can show the PLMP, SEDP and NRMP to other donors or government programs to solicit support for unfunded priorities, ensuring everyone is working off the same plan rather than fragmenting efforts.

Component 2: Strengthening the Food Safety System

99. The interventions in this component will directly contribute to the outcome - smallholder livestock farmers produce safe products for all markets. As climate change intensifies risks such as zoonotic disease outbreaks, water contamination, and livestock stress, food safety becomes increasingly important for protecting both public health and rural incomes. The component is expected to contribute to reducing vulnerability to climate-sensitive animal health threats while strengthening national systems for safe food production and market integration. Thus, this component will support smallholder livestock producers deliver safe, hygienic food products to domestic consumers and markets, improving rural household health and enabling access to higher-value markets. The component is supported by two subcomponents. Subcomponent 2.1, Country's capacity for food safety is strengthened in a one health approach. Subcomponent 2.2 Modernized food safety certification system established.

2.1 Subcomponent 2.1: Country's capacity for food safety is strengthened in a one health approach

100. This subcomponent will improve the quality, reach, and sustainability of veterinary services as a foundation for livestock food safety. These services also play a critical role in climate adaptation, by supporting livestock producers in responding to increased disease pressures linked to rising temperatures and shifting vector habitats. The programme will support both the developmental and regulatory arms of Kyrgyzstan's veterinary system in line with recent institutional reforms (e.g. the 2022 transfer of livestock support functions to the Ministry of Agriculture and creation of a separate State Veterinary Inspection Service for veterinary public health). The programme will work with the Ministry's veterinary services/department and the Veterinary Inspection Service to enhance public-private veterinary service delivery, especially in poor and remote communities.

2.1.1 Improving rural veterinary services

101. Recognizing the aging rural veterinary workforce and limited incentives, the programme will introduce targeted incentive schemes and actively promote rural veterinary practice among younger professionals. Formal partnerships with AOs will also help address

the current low vaccination coverage and fragmented disease surveillance by establishing systematic data collection on vaccination outreach and livestock health status. Mobile vet clinics and improved field equipment will strengthen field-level diagnostic capacity and rapid disease-response capability, particularly critical in climate-sensitive livestock health situations. Households across programme communities will benefit from enhanced animal health, genetics, and product safety and quality training delivered through updated Master Trainer programs and farm-level demonstrations

102. To address the decline of veterinarians in rural areas and their limited outreach, the programme will introduce measures to make rural veterinary practice more attractive and accessible. It will facilitate formal partnerships between private veterinarians and AOs to expand coordinated veterinary services and community vaccination campaigns in remote or underserved areas, including those particularly vulnerable to climate-related livestock health risks. The AOs will help to mobilize farmers and recover service fees, which will increase vaccination coverage and vet income. These zones often face increased exposure to climate extremes (e.g. harsh winters, droughts), making timely veterinary access a key part of climate resilience. The programme will pilot innovative initiatives e.g. an incentive scheme in some AOs, providing veterinarians with tapering bonuses or travel-cost reimbursements to reach high-mountain pastures and, where needed, subsidizing critical services—such as brucellosis vaccination—for resource-poor farmers. Once the approach is proven, participating AOs will embed these incentives in their budgets, financed through pasture-use fees or targeted central transfers, securing both sustainability and future scale-up.

103. The programme will reactivate and expand the Master Trainer program (initiated under previous programmes) to upgrade the skills of rural vets and paravets. A cadre of experienced veterinarians (Master Trainers) will be supported to deliver regular refresher trainings across all seven regions. Updated curricula will cover practical topics: clinical diagnosis and treatment of common diseases, preventive herd health (vaccination schedules, parasite control, reproductive management), on-farm food hygiene practices (milk handling, clean slaughter techniques), and small business management for vet practices. Emphasis will also be placed on climate-sensitive livestock health issues, such as seasonal disease outbreaks linked to shifting rainfall patterns and rising temperatures. The target is to reach 100 veterinarians/paravets per year with training, thereby continuously improving service quality.

104. **Veterinary education and staffing:** Veterinarians and paravets will benefit significantly from improved rural outreach infrastructure such as mobile veterinary clinics, expanding their capacity to deliver timely services to rural areas.

105. The programme will support an expanded pool of veterinary professionals by partnering with the KNAU in the North and Osh state University in the South to expand the supply of veterinary professionals in both the Northern and southern part of the country. In both universities the programme will support a mobile clinic program, equipping mobile veterinary units that take final-year students to work in villages (under supervision) as part of their training. The mobile veterinary clinics will directly address the current lack of practical training facilities by providing essential hands-on rural practice experiences to veterinary students, significantly enhancing their rural readiness. This will give students practical experience and provide free basic veterinary services to communities that might otherwise have none. The programme will also support scholarships or internship placements for veterinary graduates willing to work in underserved regions, building on earlier initiatives that incentivized young veterinarians to enter rural practice. Young veterinary graduates will directly benefit from targeted scholarships and internships specifically designed to attract and retain veterinary professionals in underserved rural

regions. These efforts will increase the number of veterinarians serving rural areas and ensure that even remote communities have regular access to basic animal health services. The programme will systematically document outcomes from improved rural veterinary services, clearly demonstrating their effectiveness and benefits. This evidence will be used to advocate with government policymakers to secure future financing, ensuring sustainability and enabling wider replication of these successful veterinary initiatives.

106. Farmer awareness and hygiene behavior change: The programme will develop and disseminate simple training modules (in local languages) on topics such as hygienic milking and milk storage, safe handling of meat (especially during home slaughter), and prevention of zoonotic diseases through farm hygiene and proper use of veterinary drugs. Training materials and demonstrations will explicitly cover improved cold-chain practices (such as proper milk cooling and meat storage) to address current deficiencies in cold-chain infrastructure at the household level. Master Trainers and community animal health workers will deliver demonstrations and distribute leaflets in villages to promote practical, low-cost measures that poor households can adopt (for example, boiling milk for home consumption, thoroughly cleaning milk containers, and ensuring full vaccination courses for livestock). These activities will improve household-level food safety and health outcomes and also build community adaptive capacity to manage climate-sensitive health risks..

2.1.2 Support for Kyrgyz Veterinary Association (KVA)

107. The programme will provide technical assistance for KVA's institutional development – helping prepare a sustainability-oriented business plan, mobilize resources (e.g. through service contracts or proposals), and establish a continuous professional education program for veterinarians. Limited material support (office equipment, training materials) will also be provided to enhance KVA's outreach capacity.

108. Piloting and scaling up the animal identification and traceability system. Under LMDP-III, the Kyrgyz Veterinary Association (KVA) will lead the crucial task of improving animal identification and traceability across the programme regions. The process will begin with comprehensive stakeholder consultations involving farmers, field veterinarians, slaughterhouse inspectors, livestock market officials, and local government recorders, to accurately identify practical issues and solutions in managing animal identification data. Following this consultation, KVA will pilot a refined methodology for routine data updating in selected programme areas. The piloting process will involve purchasing necessary equipment, including smartphones and mobile printers, to enable efficient and accurate field data collection. Subsequently, KVA, in coordination with government veterinary authorities, will deliver extensive field-level training for veterinarians, enabling them to proficiently utilize the new animal identification software and hardware. This will significantly enhance data quality, livestock traceability, and management practices.

109. Strengthening veterinary professional capacities and accreditation. LMDP-III will substantially invest in building professional veterinary capacities through KVA's Master Trainer initiative. Master Trainers will deliver practical and contemporary veterinary training programs designed to enhance clinical diagnosis, treatment practices, preventive medicine, reproduction management, and business skills critical for operating successful private veterinary practices. Crucially, Master Trainers will also lead a structured accreditation process for private veterinarians, officially certifying them to undertake specific tasks delegated by government veterinary authorities. This accreditation, backed by formal training and examinations, will ensure a standardized and professional veterinary service network capable of reliably meeting livestock health and productivity demands across rural Kyrgyzstan.

110. Community-based livestock breed improvement initiatives. Recognizing breed improvement as a pivotal element of livestock productivity, KVA Master Trainers will provide specialized guidance and extension advice to smallholders and Pasture Users' Unions (PUUs). Key activities include introducing effective livestock record-keeping techniques, advising farmers on selecting high-quality breeding animals from their existing herds, and promoting breed management practices such as timely castration of suboptimal males and restoration of seasonal breeding cycles, particularly for small ruminants. Additionally, advice will highlight strategic timing for dairy cow breeding, encouraging calving in periods when milk prices peak, thus directly increasing smallholders' incomes. Collectively, these breed improvement initiatives will sustainably elevate herd quality, productivity, and profitability. These breed improvement initiatives directly respond to the declining availability and diversity of locally-produced nutritious foods, aiming to sustainably increase the productivity and nutritional quality of local animal-sourced food supplies

111. Improving community-level dairy and meat hygiene practices. The KVA will play a central role in enhancing community-level awareness and adoption of improved dairy and meat hygiene practices. KVA Master Trainers, collaborating closely with local veterinarians, community-based providers, and Village Health Committees, will disseminate practical extension messages focused on milk handling hygiene, safe slaughtering practices, and hygienic meat processing. Regular monitoring of community adoption and adherence to improved hygiene practices will be integrated into these extension activities, ensuring tangible improvements in food safety, community health outcomes, and compliance with market standards. This initiative is expected to significantly strengthen local food safety practices and enhance the marketability of livestock products.

112. Facilitating national veterinary knowledge exchange through annual conferences. Under LMDP-III, the KVA will organize annual veterinary conferences aimed at elevating national veterinary standards, facilitating knowledge exchange, and showcasing innovations and best practices. These conferences will feature invited international experts delivering lectures, practical laboratory sessions, and hands-on demonstrations, addressing contemporary veterinary challenges and opportunities relevant to Kyrgyz veterinarians and paravets. Programme support for these conferences will include logistical assistance such as venue rentals, promotional activities, and funding for international experts' participation. Additionally, KVA will receive targeted technical assistance from LMDP-III to produce high-quality veterinary educational materials, manuals, and publications, further enhancing professional knowledge dissemination and supporting continuous professional development.

2.1.3 Support to the Veterinary Statutory Body of the Kyrgyz Republic (Veterinary Chamber - VC)

113. Accredited veterinarians scheme: To strengthen national veterinary governance, the programme will specifically support the Veterinary Chamber (VC) to implement an accredited veterinarians scheme. Under this scheme, the VC will provide specialized training and annual certification for at least 100 private veterinarians each year, establishing a reliable network with at least one accredited veterinarian per district by the end of the programme. Private veterinarians will benefit from structured accreditation schemes enhancing their professional competencies and formalizing their roles in delivering critical veterinary services. Accredited veterinarians will be authorized to carry out critical public veterinary duties, including state vaccinations, animal health certification, and meat inspections, significantly improving the quality and accountability of veterinary services nationwide. This targeted support will complement broader capacity-building measures described earlier under the Kyrgyz Veterinary Association (KVA).

114. Veterinary institutional capacity building: The programme will finance four national SPS and epidemiology specialists to reinforce the veterinary authorities (building on the unit established under the previous programme). These experts will assist the Chief Veterinary Officer and the State Veterinary Inspection Service in disease surveillance, food safety control, and technical negotiations with trading partners. They will help ensure that Kyrgyzstan meets WOA/EAEU standards and can remove the “provisional” designation on its sanitary system. Training and exposure will be provided through participation in Eurasian Economic Union evaluation missions and a study tour for key officials (from the Agriculture and Health ministries) to international standard-setting bodies (e.g. WOA, WTO), updating national decision-makers on modern food safety requirements and guiding policy and regulatory reforms.

2.1.4 Permanent recognition of the KG sanitary system by EAEU countries

115. The programme will support Kyrgyzstan’s efforts towards permanent recognition of its veterinary sanitary system by the Eurasian Economic Union (EAEU) through targeted capacity-building and resource support. Simulation exercises on transboundary and zoonotic diseases will be conducted to enhance the practical readiness and effectiveness of veterinary authorities in outbreak situations, directly contributing to meeting EAEU sanitary requirements. In parallel, the programme will develop and subsequently support a unified veterinary information system, enabling streamlined data management, surveillance, and traceability of animal health records, aligning with the information-sharing standards expected by EAEU countries.

116. Programme assistance will include covering staff costs associated with Kyrgyzstan’s participation in veterinary evaluations required by EAEU partner countries. Additionally, the programme will organize a study tour for six staff members from the Ministries of Agriculture and Health to international standard-setting bodies (WOA in Paris, WTO in Geneva) for high-level training on SPS agreements and international veterinary standards. The SPS/Epidemiology Unit at the inspectorate headquarters will be strengthened through provision of essential office equipment, while veterinary education centers will receive necessary furnishings and equipment. Field-level veterinary inspectors across raions will be provided with dedicated field kits, enhancing their capacity to perform timely and accurate disease surveillance, inspections, and data collection tasks. These combined measures will significantly bolster Kyrgyzstan’s veterinary sanitary credibility, thus paving the way for permanent recognition within the EAEU framework.

2.1.5 Support to the central republican veterinarian laboratory

117. Laboratory upgrades: The programme will strengthen the two Central Veterinary Laboratories (in Bishkek and Osh) by providing critical equipment, diagnostic kits, reagents, training, and minor facility improvements. This addresses gaps identified in previous WOA assessment – many of which still persist (for example, limited testing capacity for certain zoonoses and food pathogens). Enhanced labs will improve the timely and reliable detection of animal diseases and food-borne hazards (such as brucellosis, tuberculosis, parasite cysts, and antibiotic residues). This benefits public health and increases confidence in the safety of products sold by farmers. By programme end, the labs are expected to operate under updated protocols aligned with international standards, supporting both domestic food safety monitoring and export certification requirements. Laboratory upgrades will specifically include measures aimed at achieving international accreditation, addressing longstanding issues with outdated laboratory infrastructure and practices.

118. Additionally, the programme will undertake repair and reconstruction of selected district phytosanitary laboratories, thereby expanding diagnostic capabilities at the local level and facilitating faster response times to disease outbreaks.

119. Laboratory staff will participate in specialized training to ensure proficient use of new equipment and adherence to SOPs, ensuring sustainability and consistency in laboratory performance. These interventions will collectively improve the reliability, timeliness, and accuracy of disease detection and food safety analysis, boosting public confidence in animal-origin products and facilitating compliance with international certification requirements necessary for export markets.

120. Importantly, while the World Bank-supported One Health Project will concurrently support separate veterinary and public health laboratories, the LMDP-III-supported laboratories are distinct facilities. As both projects are implemented through the Agricultural Projects Implementation Unit (APIU), coordination mechanisms will be strictly enforced to avoid duplication, ensuring clear delineation of support, complementarities, and maximum efficiency in laboratory strengthening across Kyrgyzstan's veterinary and public health infrastructure.

2.1.6 Pilot test for updating electronic animal identification & traceability

121. **Animal identification and traceability system:** The programme will support full rollout of the national livestock identification and traceability system by the veterinary inspectorate to ensure animal movements and health statuses are properly recorded – a key requirement for both effective disease control and access to export markets. Nearly all cattle have been tagged since 2017, but field data updating (on births, sales, slaughter, etc.) remains inconsistent. In collaboration with the KVA and the Kyrgyz State Research Veterinary Institute (KSRVI), the programme will pilot an improved data collection methodology in two districts. Field veterinarians, slaughterhouse and market inspectors, and local officials will be trained and equipped (with digital tools such as smartphones, portable RFID readers, and mobile data apps) to submit real-time animal data to the central database. The programme will fund necessary software enhancements and equipment for these pilot areas. After implementation, the Veterinary Inspection Service will conduct a quality audit to identify remaining gaps (e.g. unreported animal movements) and recommend adjustments. A functioning traceability system will enable faster response to outbreaks (by pinpointing at-risk herds) and allow farmers to meet traceability requirements for higher-value markets.

2.1.7 Implementing an Action Plan for Responsible Use of Antimicrobials

122. **Combatting antimicrobial resistance:** Combatting antimicrobial resistance: The programme will also help develop and implement a National Action Plan for responsible use of antimicrobials in livestock. It will support improved regulations (e.g. stricter prescription controls on veterinary antibiotics and stronger surveillance of veterinary drug use) and prepare training materials on prudent use of antibiotics and other antimicrobials for veterinarians and farmers. The programme will also facilitate nationwide dissemination of the new guidelines (through workshops) and introduce simple monitoring tools (such as residue test kits for milk and meat) to strengthen enforcement. These measures will promote more judicious drug use in livestock, reducing drug residues in food products and slowing the spread of resistant infections that can affect animals and humans.

123. Meanwhile, the One Health project in Kyrgyzstan will advance broader AMR surveillance, multisectoral coordination, and workforce training within a regional framework.

To avoid overlap, LMDP-III will focus specifically on farm-level antibiotic stewardship and vaccine-linked residue monitoring in livestock, while the One Health program will support inter-agency surveillance systems and national governance frameworks. Because both projects are implemented through the APIU, active coordination mechanisms will ensure each project maintains its unique scope and achieves complementary impact.

2.2 Subcomponent 2.2: Modernized food safety certification system established

124. This subcomponent will strengthen the national food safety management system, focusing on regulatory frameworks, inter-agency coordination, and certification processes that ultimately benefit producers (including smallholders) and consumers. It addresses the fact that beyond the farm gate, multiple institutions are involved in food safety and quality control – historically leading to inefficiencies that can hinder market access and dilute accountability. The programme will help Kyrgyzstan update its institutional arrangements in line with international best practices, ensuring that roles and processes directly contribute to higher productivity, income, and health outcomes for the poor (for example, by reducing redundant bureaucratic hurdles for small agrifood businesses and improving oversight of foodborne disease risks). These improvements are particularly timely as climate change increases the risks of foodborne illnesses, spoilage, and zoonotic disease transmission, especially among vulnerable populations and in ecologically fragile areas.

2.2.1 Simplifying food safety certification procedures:

125. In tandem with clarifying roles, the programme will review the food safety certification process to make it more user-friendly, risk-based, and aligned with international standards. A comprehensive mapping of current certification requirements for key commodities (e.g. dairy, meat, crops) will be undertaken to identify unnecessary or outdated steps. Leveraging international best practices, the programme will help consolidate and streamline these procedures – for instance, if multiple certificates (veterinary, sanitary, quality) are currently required, moving toward a “single certificate” system accepted by all authorities. The focus will remain on critical control points: essential safety checks (such as pathogen or residue tests) will be retained or strengthened, while duplicative paperwork is eliminated. Improved risk-based certification will help target public health and food contamination threats that may be aggravated by climate variability, such as bacterial proliferation during heatwaves or floods. The outcome will be codified in a Standard Operating Procedure (SOP) manual for the new food safety certification system, clearly outlining each agency’s responsibilities at every step and the sequence of actions from production to final certification. The programme will print and distribute the SOP manual to all relevant offices and support any regulatory changes needed to enforce its use.

2.2.2 Capacity building of food safety inspectors

126. **Capacity building and training:** The programme will conduct practical training workshops across all provinces for the staff of the Veterinary Inspection Service, sanitary inspectors (MoH), food quality specialists (MoA), and laboratory technicians. These workshops will simulate the end-to-end certification process under the new system, reinforce inter-agency coordination, and address field-level questions. Quick reference guides and checklists summarizing the SOP will be distributed to local offices and laboratories. On the private sector side, an information campaign will inform producers, processors, and traders of the updated procedures (for example, explaining any newly introduced single application window and other requirements). The training will also emphasize the emerging risks to food safety from climate-induced stressors, such as

temperature-linked pathogen shifts, and highlight preventive responses that reduce vulnerability.

2.2.3 Strengthening surveillance and food safety research:

127. **Strengthening surveillance and food safety research:** Through a partnership with KSRVI (the veterinary research institute), the programme will support annual monitoring of priority zoonoses and food-borne diseases (such as tracking brucellosis vaccination outcomes, prevalence of echinococcosis, and maintaining Kyrgyzstan's PPR-free status). KSRVI will implement annual zoonosis and food-borne disease surveillance programs, systematically tracking key livestock health indicators and food safety parameters. Samples from the field (farms, slaughterhouses) will be collected and analyzed using programme-provided test kits. The data will help national authorities adjust disease control strategies and maintain compliance with international reporting requirements (WOAH/EAEU). Additionally, modest support will be provided to allied institutions (e.g. the veterinary drug and feed certification center and the plant protection department) to improve testing of veterinary inputs and the monitoring of chemical residues in feed and food crops, whose risks may rise with climate-driven pest and disease dynamics.

Component 3: Climate resilient value chains for livelihoods diversification

128. This component will enable target households gain access to remunerative markets and diversify their livelihoods by strengthening inclusive, climate-resilient value chains. The interventions will assist target households to aggregate their produce through cooperatives, upgrade product quality and certification, and link with buyers catering to local, national and export markets. Climate adaptation measures will be embedded through promotion of resilient agricultural practices and technologies. It will be delivered through three subcomponents. Operationally, the component will deploy a 4P approach: (i) mapping and onboarding of lead firms and service providers; and (ii) promote the use of standard contract-farming templates (quality/volume/delivery/price, with simple dispute and penalty clauses).

129. Subcomponent 3.1, identification and prioritization of value chains will identify the value chains along with the key actors and cooperatives which are relevant and active in these value chains. Subcomponent 3.2 will support the establishment of an agricultural value chain development fund (AVCDF). subcomponent 3.3 will enable eligible cooperatives access financing from AVCDF sustainably.

130. Together, these outputs will strengthen the ability of target households to access and compete in remunerative markets by improving the quality and marketability of their products, enhancing value addition, and supporting the development of efficient supply chains as well as increasing production efficiency and enterprise readiness. Climate adaptation strategies, such as climate-smart technologies and production systems, will be mainstreamed to enhance household resilience. In addition to enabling market access, these outputs will also help diversify rural incomes, reduce herd sizes and associated pressure on grazing lands, generate employment for women and youth, and improve local nutrition by expanding the availability of affordable, nutrient-rich foods.

3.1 Subcomponent 3.1: Identification and prioritization of value chains

131. This subcomponent will identify, prepare, and support inclusive, climate-resilient value chains, enabling target households to transition from subsistence-level production towards linkages with structured, remunerative markets.

132. The identification of priority commodities for climate-resilient value chain development will be undertaken at the territorial level, in close coordination with participating AOs. This process will take place as part of the preparation of the SEDPs. LMDP III will start by focusing on a group of priority value chains which will typically include non-timber forest products (NTFPs), nuts, fruits and berries and bee products which featured as higher priority commodities based on a ranking exercise carried out by the design team (refer annex XXX). To a very limited extent red meat and dairy products may be supported where these explicitly exclude any support or effect on herd expansion, focusing instead on productivity enhancements, breed improvements, and value addition.

133. As implementation continues, the programme will also consider supporting additional value chains (e.g., tourism development in forest ecosystems, yak farming, medicinal herbs and spices) based on local/territorial level opportunities and clear alignment with a set of eligibility criteria including: high market demand (local, regional and exports), high value-addition opportunities, recognizable presence of interested agribusinesses, financial viability, high profitability potential, significant cooperative development potential, strong potential for inclusion of women and youth, nutritional relevance for local diets, attractiveness to private-sector investment, environmental sustainability, existence or potential existence of established groups of producers (formally or informally), and potential for breakeven within a 2-3 years implementation horizon.

3.1.1 Territorial value chain mapping and investment planning.

134. **Territorial value chain mapping and investment planning.** Once commodities are prioritised, territorial-level value chain mapping will be conducted and incorporated in the PLMP-SEDP and NLMPs as relevant. The mapping will also profile anchor buyers and service providers and specify a 4P engagement pathway per value chain (roles, milestones etc). Contract farming templates will be prepared and pre-cleared by the APIU for use by eligible cooperatives, with brief orientation sessions at AO level. These will identify production clusters, estimate potential production volumes from target households, assess processing opportunities, and evaluate available market channels. Infrastructure gaps (e.g., collection points, storage facilities, processing units) will be identified clearly. Investments identified during the mapping exercise will distinguish clearly between public infrastructure needs (financed under Component 1) and cooperative-level investments (financed under Subcomponent 3.2). The PLMP-SEDP and NRMPs will clearly define the total number of potential beneficiary households, types of production-level support required, organisation of production processes, and specific infrastructure investments necessary (e.g., cooling facilities, warehouses, collective processing units). The SEDPs will outline how many cooperatives currently exist, how many will be supported in the future given the scaling up potential of the commodities production and value addition within the territories, and the detailed mechanisms that AOs and Leskhozoes will adopt to strengthen cooperatives. The mapping exercise will explicitly identify climate adaptation priorities, such as drought-resistant crop varieties, resilient infrastructure, and adaptive agricultural practices tailored to local climatic risks.

3.1.2 Promotion, establishment and strengthening of cooperatives.

135. **Promotion, establishment and strengthening of cooperatives.** Agricultural cooperatives will be the main institutional vehicles for aggregation, value addition, and collective marketing directly overcoming challenges related to fragmented production and insufficient aggregation capacity.

136. The territorial authorities will support two categories of cooperatives: (i) existing cooperatives already active prior to programme implementation, and (ii) newly formed cooperatives that have gained initial experience managing public infrastructure related to selected value chains at the AO/leskhoz level. Clear numerical targets will be established from the outset regarding how many cooperatives in the territory are targeted to receive financing from the Agricultural Value Chain Development Fund under Subcomponent 3.2. To maintain quality and competitiveness, approximately twice as many cooperatives as those expected to receive financing will initially be strengthened and supported. This strategy will ensure that only the most qualified, capable, and sustainable cooperative businesses receive direct financial investment. Selection criteria for cooperatives will prioritize those capable of adopting climate-resilient approaches, including adaptive farming methods and infrastructure designed to withstand climate variability.

137. The programme will actively support cooperative formation and strengthening, explicitly addressing the current limited number of organized producer groups, through mobilisation, registration, and activities to increase cooperative outreach. Existing cooperatives, including those previously supported under the ATMP (if relevant) will also be eligible for support, enabling them to diversify within targeted value chains.

138. *Inclusive membership and outreach orientation.* Membership will prioritise inclusion, ensuring women, youth, and vulnerable households have equitable representation and benefit-sharing arrangements are in place specifically addressing the gap in business and technical skills among women and youth. There will be strong emphasis on developing outreach-oriented, member-owned cooperatives which have low entry barriers for new members to join specifically those from the LMDP III target households. The cooperative executive board will have $\geq 40\%$ seats for women and $\geq 30\%$ for youth, backed by GALs coaching

139. *Capacity-building programmes.* Cooperatives will receive extensive capacity-building through two complementary training streams targeting substantial household coverage with institutional and business development training: Institutional training comprising training on areas such as governance, financial management, procurement, business planning, and compliance; Technical skills training concentrating on training inputs related to production techniques, processing, certification, branding, food safety, and climate-smart agriculture directly targeting existing gaps in producers' technical knowledge about climate-smart practices and value-chain operations. Participatory methodologies such as the Gender Action Learning System (GALS) and Business Innovation Learning Initiative (BALI) will be used to facilitate innovative, market-oriented business ideas. Broader community-level training in green technologies, innovative climate-change adaptation and mitigation, and financial literacy will also be delivered, benefiting even those not directly involved in cooperative activities. Technical training will explicitly integrate climate adaptation methods, such as improved water management practices, soil conservation techniques, resilient cropping systems, and enhanced livestock management tailored to changing climatic conditions.

140. The programme will deliver a comprehensive capacity-building programme designed to equip cooperatives and their members with critical skills for sustainable growth. Training will encompass farmer-focused modules on business planning, agricultural technologies, cooperative management and development strategies and financial literacy. Additionally, targeted study tours alongside specialized digital agribusiness and eco-tourism training specifically designed for return migrant youth, will provide cooperative leaders and active members with exposure to best practices, innovative business models, and successful cooperative operations. Programme staff will also receive specialized training to effectively support cooperative development, ensure robust financial oversight, and enhance their capacity to facilitate market linkages and adoption of climate-smart practices.

Complementing these core training inputs, tailored sessions will address emergent needs

identified during programme implementation, ensuring flexibility and responsiveness to evolving cooperative demands.

141. Past experiences demonstrate that sustained cooperative success relies heavily on continuous technical support and mentoring. Recognizing this critical need, from the outset, cooperatives will be strategically connected to dedicated service providers who will offer long-term, consistent support. This ongoing assistance will include regular advisory visits, tailored technical guidance, and hands-on mentoring in cooperative management, governance, market development, financial management, and production optimization. Service providers will also facilitate periodic performance reviews, identify capacity gaps proactively, and deliver specialized training inputs addressing these gaps promptly.

3.1.3 Establishment of structured market linkages

142. **Establishment of structured market linkages.** *Market linkages facilitation.* Structured market engagements will be facilitated by AOs, linking cooperatives to local retailers, agro-processors, and exporters through matchmaking events, structured dialogue, pre-order arrangements, and formal contracts explicitly reducing the dominance of middlemen and increasing market transparency.

143. For broader markets, cooperatives will be grouped into clusters to facilitate partnerships with lead processors and export-oriented enterprises. These partnerships will be formalised through contracts and agreements creating tangible household benefits from these cooperative-enterprise marketing agreements. The agreements will provide clear terms of trade, price guarantees, technical assistance, and potentially co-financing of certification processes (such as FSC, HACCP, Organic, GlobalGAP, ISO), addressing existing challenges of high certification costs and limited accessibility through the AVCDF. The cooperatives will also benefit from joint participation in national and regional marketing events such as trade fairs supported by the capacity building segment of LMDP-III's investment through the territorial authorities in component 1. Market linkage strategies will support cooperatives in adopting practices that enhance resilience to climate impacts, including flexible contracting arrangements and diversified market channels to reduce vulnerability to climate-induced disruptions.

144. Although the preference will be for more remunerative longer value chains involving partnerships with leading enterprises, local market demand will not be ignored. At the local market level, this will involve agreements with village-level retailers, restaurants, schools, and hospitals, potentially supported by simplified electronic ordering systems, coordinated delivery schedules, and clear prompt-payment arrangements. Cooperatives will be supported to improve packaging, branding, and labelling practices to meet domestic food-safety standards, thereby enhancing product appeal and consumer trust (supported through access to funds from the agricultural value chain development fund is described in subcomponent 3.2). The improved availability and affordability of nutrient-rich local products in rural markets, will also enhance dietary diversity and nutritional outcomes for local communities, especially women and children.

3.2 Sub component 3.2. Agricultural value chain development fund is established and functional

3.2.1 Establishment of Agricultural Value Chain Development Fund (AVCDF)

145. The Agricultural Value Chain Development Fund (AVCDF) will be a dedicated financing mechanism established in the MWRAPI primarily to support agricultural

cooperatives with interest free reimbursable financing leading to investments in strengthening rural value chains with explicit focus on financing climate-resilient investments that enhance agricultural adaptation and reduce vulnerability to climate risks. In Phase I, the Fund will be capitalized with an initial allocation of USD 2.5 million, targeting approximately 100 cooperatives (each preferably with 40–50 members providing benefits to an additional 40-50 non members) with financing of up to USD 25,000 per cooperative.

146.

147. To increase value-chain inclusiveness, the AVCDF will also pilot a financing window for individual farmers and rural entrepreneurs from within the programme's target group. This window will complement the cooperative financing line and address the financing needs of viable individual actors who demonstrate strong integration with cooperative or value-chain activities. Financing will be based on sound business plans and robust credit appraisal, applying appropriate risk management standards. Priority will be given to proposals that generate local employment, particularly for women and youth, or strengthen backward and forward linkages with cooperatives and processors. The operational design of this window, including eligibility criteria, loan limits, and collateral mechanisms, will be developed during the preparatory phase of the Fund within the first two years of implementation.

148.

149. The Ministry of Finance will facilitate the establishment and sustainability of the AVCDF within the MWRAPI. The Ministry of Finance will allocate funds for the AVCDF through a subsidiary grant agreement with MWRAPI. In line with the programme design, these funds will be provided exclusively as grants for targeted use in supporting cooperatives, farmers, and entrepreneurs in priority value chains. . The AVCDF will be set up and institutionalized during the first half of LMDP III, with actual disbursements commencing in the second half of LMDP III, once the Fund is fully operational. Depending on AVCDF's performance and recovery experience once lending has commenced, and subject to the overall financing environment and guidance of the Governing Steering Committee, the possibility of gradually introducing an interest-bearing loan window will be explored. Such an adjustment would potentially enhance AVCDF's sustainability while continuing to safeguard access for first-time and low-collateral borrowers. During implementation, the APIU will potentially engage qualified financial institutions to provide technical support in designing and strengthening credit systems, and to act as disbursement and account agents for AVCDF transactions. In this role, such institutions could execute supplier payments for approved loans and manage designated AVCDF accounts with proper controls, reconciliations, and reporting, thereby embedding banking discipline in fund operations while ensuring continued access for first-time and low-collateral borrower.

150.

151. Eligible cooperatives will be selected based on criteria including active presence in the selected AOs/leskhoses, having active membership base (e.g. 25+ members at start), commitment to inclusive membership (women and youth), demonstrated governance capacity (e.g. regular meetings, records, elected representatives), viable business plan aligned with programme-supported value chains, transparent financial records, readiness to contribute 10-20% cofinancing, and compliance with IFAD's environmental and social safeguards. Land can be counted as a non-cash contribution where it is directly used for the subproject, provided ownership/use rights are verified and documented.

152. The following sections detail the Fund's legal structure, governance, implementation arrangements, financial products, capitalization, risk management, sustainability, exit strategy, and its integration within Kyrgyzstan's institutional framework and IFAD's strategic priorities.

153. The programme will develop a tailored Environmental and Social Management System (ESMS) as part of the fund's operational design. The ESMS will include screening, categorization, and monitoring mechanisms to identify and manage environmental and social (E&S) risks associated with cooperative investments. It will also include internal procedures, capacity-building provisions for fund staff, and documentation and reporting protocols.

Legal structure under Kyrgyz law

154. **Legal form and registration:** The AVCDF will be established in compliance with Kyrgyz Republic law, ensuring it has a clear legal identity and mandate to provide financial services. The Fund will be set up as a government-endorsed development fund or foundation within the MWRAPI that allow the Fund to issue reimbursable financing without interest and recover repayments from cooperatives, hold revolving capital, and operate beyond the life of the programme. A formal Government Resolution or Charter will establish the Fund's creation, defining its purpose, governance structure, and oversight mechanisms in line with national legislation.

155. **Regulatory compliance:** As a provider of credit-like financial services, the AVCDF will comply with all relevant Kyrgyz regulations. While the Fund will not mobilize public deposits (operating instead with programme and government capital), or interest bearing loans, it will adhere to applicable financial laws and prudential norms to ensure sound operation. Legal agreements (loan contracts) between the Fund and beneficiary cooperatives (or individuals) will be vetted for enforceability under Kyrgyz civil and financial law, providing a clear framework for repayment and recourse in case of default.

156. **Ring-fencing and ownership of fund resources:** The legal structure will ring-fence the Fund's capital and repayments, insulating them from general public finances. This means that repayments of AVCDF loans will not revert to the general state budget but will remain within the Fund for recycling into new loans (per agreements under the programme financing). The legal instrument establishing the Fund will specify that its resources are dedicated to agricultural value chain investments, thus protecting the revolving nature. Ownership of the Fund's assets will initially lie with the programme (through the APIU implementing agency) on behalf of the Government, and eventually be transferred to a designated public entity at programme closure to continue the Fund's operations (see "Exit Strategy" below). All establishment and registration steps will be completed in the first half of LMDP III so that the Fund has a solid legal foundation by the time it starts disbursing mid-programme.

Governance and management structure

157. A robust governance structure will underpin the AVCDF to ensure accountability, transparency, and strategic alignment with LMDP III objectives explicitly strengthening policy support for cooperative financing, supervision, and technical capacity, including climate adaptation priorities and ensuring compliance with climate finance criteria. The Fund's governance will involve multiple stakeholders – principally the Ministry of Agriculture, the Agricultural Projects Implementation Unit (APIU), the Programme Steering Committee, and local authorities – with clearly delineated roles:

158. **Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI):** The MWRAPI will have overall oversight and custodianship of the Fund, given its mandate for agricultural development. As the Fund's sponsoring institution, the MWRAPI

will provide policy guidance and ensure alignment with national agricultural strategies. The Minister (or a designated Deputy) will likely chair the AVCDF's high-level oversight body, ensuring that the Fund's operations complement government programs and adhere to any conditions of the IFAD financing. The MWRAPI will also facilitate necessary government approvals and budgetary support (especially for covering any administrative costs or future capitalization from government sources).

- **AVCDF Steering Committee:** The APIU will facilitate the formation of an AVCDF Steering Committee or Fund Management Board. This board will be chaired by the MWRAPI and will include representatives from the Ministry of Finance, the AOs, relevant line departments and associations. The committee will provide strategic oversight, approve investment priorities, ensure alignment with programme objectives, and monitor fund performance. Private sector representatives and development partners may be invited as observers to ensure transparency and knowledge sharing.
- **Agricultural Projects Implementation Unit (APIU):** The APIU will serve as the day-to-day manager of the AVCDF during the life time of the LMDP III helping to startup and operationalize the fund with LMDP-III's support. At the end of the LMDP III APIU's role in AVCDF will be managed according to LMDP III's exit strategy. The exit strategy will transfer the AVCDF operations to a designated long-term host entity. This host entity will most likely be a designated département within the MWRAPI. However, other options such as spinning off the fund as an independent foundation or incorporating it into a financial institution will be explored as a part of the exit strategy finalization process.

During LMDP III, a dedicated AVCDF Fund Management Team will be established with trained staff responsible for the Fund's operations. The initial operations costs and necessary technical support to this fund management team will be provided by APIU. The fund management team will handle the AVCDF's outreach to cooperatives, appraising loan applications, presenting financing proposals for approval, disbursing funds, and supervising the loans through repayment. The team will comprise a fund manager supported by one financial officers during LMDP III phase 1.

- The APIU will ensure that Fund management is closely coordinated with other LMDP III components (such as cooperative capacity-building) so that financing is coupled with technical support. Clear operating procedures and internal controls will be in place: for instance, loan approval authorities will be defined (the Fund team may approve smaller loans, whereas larger or exceptional loans require Sub-Committee/Board approval). The APIU will also be responsible for preparing regular reports on the Fund (portfolio status, impacts, etc.) for the PSC and IFAD.
- **Territorial authorities (Aiyi Okmotus and leskhoses):** AOs and Leskhoses will be involved in promoting cooperatives formation and supporting the institutional and business training and capacity building of these cooperatives. They may also be involved in recommending some of the promising cooperatives in their territories to the AVCDF. Additionally, they will collaborate with the AVCDF to support the monitoring and implementation of the AVCDF resource on the ground.

159. **Decision-making process:** The governance framework will clearly outline how decisions are made and will be defined in the Fund Operational Guidelines (to be developed in the first year) which will state criteria and processes for approving financing which will include specific requirements for demonstrating climate adaptation benefits and resilience-

enhancing impacts. Typically, the process might be: (i) cooperative submits application and business plan to APIU; (ii) Fund Management Team conducts due diligence and prepares an appraisal report; (iii) an Investment committee (technical committee) reviews the appraisal and makes a recommendation; (iv) the competent authority (Fund Director within APIU for small loans, or the Fund's Board/Steering Sub-Committee for larger loans) gives approval; (v) APIU executes a financing agreement with the cooperative.

160. **Avoiding conflicts of interest:** Governance arrangements will include conflict-of-interest rules. Members of decision-making committees must declare any interest in applicant cooperatives and recuse themselves from related decisions. This will maintain fairness in fund allocation, especially as local officials or cooperative leaders might otherwise be both applicants and approvers.

Implementation arrangements and phased rollout

161. **Capitalization of the AVCDF.** In Phase I, the Fund will be capitalized with an initial allocation of USD 2.5 million. The Ministry of Finance will facilitate the establishment and sustainability of the AVCDF within the MWRAPI. For this purpose, The Ministry of Finance will allocate funds for the AVCDF through a subsidiary grant agreement with MWRAPI. In line with the programme design, these funds will be provided exclusively as grants for targeted use in supporting cooperatives, farmers, and entrepreneurs in priority value chains. .

162. **Phased rollout plan:** The initial 18–24 months of LMDP III are dedicated to setting up the Fund's structures and capacities. Key activities include finalizing the legal setup (as described above), developing the Fund Operations Manual and detailed procedures, recruiting and training the Fund management staff within APIU, and establishing the necessary systems (financial management software, loan tracking system, etc.). During this period, the Fund will also engage in outreach and pipeline development: identifying potential beneficiary cooperatives, guiding them in business plan preparation, and ensuring they meet eligibility criteria. No loans will be disbursed at this stage; however, a pipeline of cooperatives/sub-projects will be built so that the Fund can swiftly commence financing once fully operational.

163. **Operational and disbursement period (Programme years 3–5):**
Disbursement of loans will begin in the third year, once the mid-term review confirms that the necessary conditions are in place (legal structure, staff capacity, guidelines, etc.). The Fund might roll out financing in batches, starting with a first group of cooperatives in Year 3, a second group in Year 4, and so forth. By programme end, it is expected that around 150 cooperatives will have received financing (averaging roughly 40–50 cooperatives financed per year in Years 3–5).

164. **Geographical and thematic targeting:** The AVCDF will complement LMDP III's geographic focus areas.

Fund products and financial services

165. The AVCDF will offer tailored financial products to eligible entities. All financing will be designed to be demand-driven and needs-based, addressing the gaps that cooperatives face particularly in accessing financing for climate adaptation measures such as drought-resistant crop varieties, resilient infrastructure, and adaptive farming systems as well as agricultural production, processing, and marketing in general. Key features of the Fund's products and service modalities will be as follows:

- **Reimbursable financing / Loan products:** The primary product will be medium-term investment reimbursable financing or loans to cooperatives without interest. Each cooperative can receive up to USD 25,000 (approximately KGS 1.7 million)

under Phase I, though smaller loan sizes will be common depending on the business plan. These loans will be intended for productive investments in value chain upgrading – for example, purchasing processing equipment (milk coolers, cheese-making machines), efficient cook-stoves/solar dryers; labour-saving energy devices, small storage facilities, farm machinery for shared use, or inputs that add value and explicitly support climate adaptation measures such as efficient irrigation systems, water harvesting technologies, and resilient agricultural infrastructure, or establishing collective marketing infrastructure.

A limited portion of the loan could finance training and capacity building and certification and branding costs if these are integral to the value addition activity. Certification and branding initiatives will include voluntary international standards (FSC, HACCP, Fair Trade, Organic, GlobalGAP, ISO), enabling cooperatives direct access to higher-value markets. Necessary certification and labelling fees required to comply with food safety and quality standards will be partially covered. Partial co-financing of cooperative participation in international trade fairs and other networking and market linkage activities will also be covered. Cooperatives will also be supported to improve packaging, branding, and labelling practices to meet domestic food-safety standards, thereby enhancing product appeal and consumer trust.

The loans will not be for general consumption or non-farm use; their purpose will be explicitly tied to the cooperative's approved business plan and the fund will disburse against specific expenditures (e.g. supplier invoices for equipment). The duration of these loans will be up to 3 years, depending on the investment's payback period. Grace periods of up to 6 months may be offered. AVCDF disbursements and repayments will be routed through partnered mobile-money platforms to cut rural transaction costs based on the relevance of this arrangement at the time of implementation.

Processing fee: The Fund will not charge any interest rates to cooperatives, making the loans more affordable than commercial bank credit. However, a processing fee of 2-3% may be charged for cost coverage.

- **Eligibility criteria for cooperatives:** To access the Fund, cooperatives must meet clear eligibility criteria. They have to be formally registered agricultural cooperatives or associations of small producers engaged in livestock or other priority agricultural value chains supported by LMDP III. Likely criteria include: (i) the cooperative is legally registered in Kyrgyzstan and operates in the programme's target area; (ii) it has an active membership base (e.g. at least 30–40 active members) (iii) it demonstrates basic institutional capacity and good governance (e.g. elected leadership, regular meetings, some track record of collective activity); (iv) it can contribute a minimum co-financing – usually cooperatives will be expected to contribute either in cash or in kind a portion of the investment cost, e.g. 10–20%, to ensure ownership. This contribution could be from the cooperative's savings, members' equity contributions, or complementary financing (e.g. perhaps a bank loan or grant from another program, though in most cases the Fund loan plus some cash contribution will suffice); (v) the cooperative must present a viable business plan for a value chain activity that shows how the loan will be used and repaid. The business plan should detail the investment, expected increase in production or value addition, market linkages (e.g. off-take agreements or demand evidence), and projected cash flows to repay the loan. Environmental and social eligibility criteria will also apply: proposals must be in line with IFAD's social and environmental

standards. The Fund will avoid sectors or activities considered high-risk or not aligned with the programme's poverty reduction mandate.

- **Appraisal and due diligence:** Every eligible loan application will undergo rigorous due diligence by the Fund Management Team (APIU). This includes a financial and economic appraisal of the business plan (assessing profitability, cash flow adequacy for repayment, sensitivity to risks such as price fluctuations), an organizational assessment of the cooperative (management capacity, governance, existing debt if any), and field verification. The due diligence will also examine collateral or security arrangements (if any – see Risk Mitigation below), and ensure compliance with environmental guidelines (e.g. an environmental screening to ensure the sub-project doesn't cause adverse impacts). Only proposals that meet the predefined approval criteria (financially viable, socially inclusive, environmentally safe, etc.) will be recommended for financing.
- **Risk mitigation measures in lending:** The Fund's lending terms will incorporate measures to mitigate risks. For example, the loan agreement may require that financed assets (like equipment or livestock) be insured if possible (against perils like fire, theft, disease etc.), with the cooperative as beneficiary but the Fund as loss payee to secure the investment. Members of the cooperative might be asked to cross-guarantee the loan – i.e. a form of collective guarantee where all members sign onto the loan as guarantors, to foster joint responsibility for repayment. In some cases, limited collateral might be taken: while many cooperatives lack traditional collateral, the Fund could take a lien on equipment purchased (so it cannot be sold off before loan repayment) or even accept warehouse receipts or livestock as security, where feasible. In addition, as described below, the Fund will collaborate with the national Guarantee Fund for partial credit guarantees, with emphasis on backing climate adaptation investments to encourage cooperatives to adopt resilient practices, to cover the most risky portion of the loan exposure.

Fund capitalization and recycling mechanisms

166. **Initial capitalization:** In Phase I (LMDF III period), the AVCDF will be capitalized at USD 3 million, primarily financed by the IFAD loan. This amount will constitute the revolving fund pool for lending to cooperatives. The Government of Kyrgyzstan may also contribute to the capitalization, through direct budget allocation. The entire USD 3 million will be placed in a dedicated programme account (or accounts) managed by the APIU, segregated from other programme funds, to be used exclusively for AVCDF lending and related activities.

167. **Revolving fund and recycling:** The AVCDF will be structured as a revolving fund, meaning that as cooperatives repay their loans without interest, those funds become available to "recycle" into new loans. This recycling mechanism will ensure financing multiple cycles of cooperative investments.

168. **Collaboration with Kyrgyz Guarantee Fund:** The Kyrgyz Republic's OJSC "Guarantee Fund" (KF) is an established public credit guarantee scheme aimed at improving SME access to finance. The AVCDF will actively collaborate with this Guarantee Fund to enhance its capitalization efficiency and risk coverage. While AVCDF loans themselves are funded by programme capital, the Guarantee Fund can issue partial credit guarantees to cover a portion of each loan (for instance, guaranteeing 50% of the loan amount in case of default). This partnership will have multiple benefits: (i) it will reduce the net loss risk to the AVCDF capital from any single loan default, effectively safeguarding the revolving fund; (ii) it will encourage co-financing by other lenders. The programme will likely sign a Memorandum of Understanding with the Guarantee Fund outlining the terms of cooperation:

e.g. the Guarantee Fund could provide guarantees to AVCDF loans at a preferential guarantee fee (possibly paid by the programme or the cooperative). Under such an arrangement, when the AVCDF approves a loan, it could simultaneously secure a guarantee certificate for, say, 50–70% of the loan value from KGF. If the cooperative repays successfully, only a small fee is paid; if it defaults, KGF compensates the Fund for the covered portion, thus preserving much of the Fund's capital.

169. **Additional funding and scaling pathways:** The initial USD 2 million is a pilot capitalization. The programme envisions significantly increasing the capital base of the AVCDF through several pathways subsequently:

- **Additional donor financing:** IFAD itself may provide additional loan/grant resources in a follow-up programme or additional financing to LMDP III specifically earmarked for expanding the Fund specifically to enhance its ability to finance climate-adaptive agricultural solutions at scale. Other development partners could be invited to co-finance; for example, the World Bank's IFC or the Asian Development Bank might be interested in channeling funds for agricultural value chain finance if a proven mechanism exists. The Global Agriculture and Food Security Program (GAFSP) or Green Climate Fund could also be potential sources if the Fund's objectives align (climate-resilient agriculture investments, etc.).

Risk Management Framework

170. Managing risks is vital to protect the AVCDF's capital and ensure its sustainability. The Fund will implement a comprehensive risk management framework covering financial, operational, and strategic risks. Key risks and corresponding mitigation measures include:

- **Credit risk (Default by cooperatives):** The most immediate risk is that a cooperative fails to repay its loan (in part or whole), thus depleting the revolving fund. To mitigate this default risk, the Fund will employ several layers of defense:
 - **Rigorous appraisal:** As noted, only cooperatives with viable, well-vetted business plans will receive loans. This front-end screening will reduce the likelihood of default by ensuring the cooperative has the capacity to generate income for repayment.
 - **Collateral and guarantees:** Where possible, loans will be secured by programme assets or collective guarantees. More importantly, the Kyrgyz Guarantee Fund's involvement will cover a significant portion of any defaulted amount, compensating the AVCDF for losses. This external guarantee greatly reduces net exposures.
 - **Portfolio diversification, including diverse climate adaptation activities to mitigate systemic climate-related risks:** The Fund will diversify its portfolio across different regions, value chains, and cooperative types to avoid concentration risk. For example, not all loans will go into one commodity that could be hit by a price crash.
 - **Ongoing monitoring and support:** After disbursement, the Fund team (with local authorities' help) will closely monitor the cooperatives' performance. Early warning indicators (e.g. missed payments, signs of internal cooperative disputes, or production problems) will trigger prompt support actions – such as advising the cooperative, restructuring the repayment schedule if needed, or engaging local leaders to resolve issues.
 - **Enforcement mechanisms:** In the unfortunate event of a default, the Fund will have legal remedies: loan agreements will stipulate steps for recovery, which might include seizing collateral (e.g. reclaiming equipment to possibly reassign to another cooperative or sell), and pursuing recovery through legal proceedings if necessary. While litigation will be a last resort (given costs and time), the mere presence of enforceable contracts and a government-backed fund's authority can encourage repayment. Moreover, cooperatives in default

may lose access to other programme benefits or future financing opportunities, which will serve as a deterrent.

171. **Inflation and currency risk:** Since the AVCDF's capital (IFAD funds) is in foreign currency (USD), and loans will be in local currency (KGS), there is a risk that high inflation or currency depreciation erodes the Fund's value. The mitigation strategy includes:

- **Active fund management:** The Fund could hold a portion of its idle capital in interest-bearing accounts or KGS-denominated government securities (where allowed) to earn some return that offsets inflation until disbursement. Close consultation with the Ministry of Finance will guide safe investment of any temporarily surplus liquidity.
- **Government backstopping:** In extreme scenarios (hyperinflation or major devaluation), the Government may consider topping up the Fund to its original real value as part of its commitment to the mechanism. While not expected under normal conditions, such an understanding provides an extra layer of security to the Fund's continuity.
- **Shorter loan cycles with priority given to climate adaptation investments that offer rapid returns or risk reduction benefits:** By not giving excessively long loan tenors and by staggering lending cycles, the Fund can limit how long its money is "locked" in one value. Faster rotation through revolving can allow the fund to recalibrate terms for new loans if macroeconomic conditions change.

172. **Operational risks:** These include risks of mismanagement, fraud, or error in fund operations. Mitigation measures:

- **Strong internal controls:** The APIU will strengthen the capacity of the fund to implement strict financial management procedures. For example, dual signatures for disbursements, regular reconciliation of loan accounts, and separation of duties (as noted in governance) will be instituted to reduce fraud risk. All transactions will be recorded in an accounting system integrated with the programme's accounts, ensuring transparency.
- **Training and capacity:** Staff managing the Fund will be trained in credit management and fraud awareness. An operations manual will detail every step to follow, reducing ambiguity. IFAD supervision missions will also check adherence to procedures periodically.
- **External audits:** Annual independent audits (see Monitoring & Audit section) will scrutinize the Fund's financial statements and operations, likely catching any irregularities early. A robust grievance mechanism will allow whistleblowers (including cooperative members or staff) to report any suspected malfeasance confidentially.

Fund sustainability and long-term institutionalization

173. Ensuring the sustainability of the AVCDF will be a key design consideration – the Fund is intended to continue serving cooperatives beyond the life of LMDP III, eventually becoming a permanent instrument of agricultural finance in the country. Several mechanisms will be built in to achieve financial, institutional, and operational sustainability:

- **Cost recovery and operational sustainability:** During the programme period, many of the Fund's administrative costs (staff salaries, outreach expenses, training, etc.) are covered by the programme budget as part of implementation support. However, for the Fund to sustain itself afterwards, it should move towards covering its operating costs from its own revenues (e.g. through tailored commissions, and processing charges).

- **Linkages to government budget:** To anchor the Fund institutionally, it will be connected with the Government's budgetary and planning processes. By programme's end, the aim is for the AVCDF to have a recognized place in the national agricultural support system, possibly as a budget program or a sub-fund of a Ministry. The Ministry of Agriculture (with Ministry of Finance) could allocate an annual operating grant to the Fund to underwrite any gap between its costs and income.
- **Institutional anchoring and staffing:** As part of sustainability, there will be a plan for integrating Fund staff and management into a long-term institutional home. As the APIU is a project-specific unit, by programme completion the Fund's responsibilities will be transferred to an existing institution (like the MoA's regular structure). One option is to establish the Fund as a permanent Foundation or semi-autonomous Fund by law, overseen by a Board of Trustees that includes government and possibly private sector reps.

Exit Strategy and Long-Term Ownership

174. From the outset, AVCDF will operate with a clear exit strategy in mind, to ensure a smooth transition from a donor-supported pilot to a nationally owned, enduring fund. The exit strategy addresses what happens when IFAD's programme support winds down:

- **Graduation from programme support:** During the final year of LMDP III, an orderly handover plan will can be executed. This likely will involve **formal transfer of the AVCDF's management and assets** from the APIU (project implementation unit) to the designated long-term host entity. If the decision (by mid-term or later) is that the Fund will reside within the Ministry of Agriculture, then the MoA will formally designate a department or create a small unit to take over the Fund operations, with key APIU staff possibly moving into government contracts to continue their roles. If instead the Fund is spun off as an independent foundation or incorporated into a financial institution, legal agreements will be drawn for that transfer. Simultaneously, the exit strategy will explore the potential engagement of private financial institutions to take on operational functions or co-management roles, thereby reducing dependence on government allocations and ensuring the Fund contributes to the growth of the rural finance sector
- **Ownership of revolved funds:** A critical aspect is the **ownership of the fund capital and portfolio** after programme completion. Typically, since IFAD funds are extended to the government, the Government of Kyrgyzstan (through MoA or MoF) will be the owner of the capital in a legal sense. However, a specific assignment will be made that this capital (including all repayments so far and ongoing loan contracts) is allocated to the continued Fund mechanism. This might be documented in an official Government Order or in the programme Financing Agreement's provisions for post-programme disposition of revolving funds. The exit strategy will ensure no ambiguity that, for instance, repaid funds should remain for the same purpose. The Government would effectively **earmark the revolving fund as a permanent resource for smallholder development finance**, even as IFAD steps back from oversight.
- **Governance post-programme:** The interim governance structures (like the PSC sub-committee) will either be dissolved or transformed into the permanent governance of the Fund. If a new Board is formed (including possibly some of the PSC members but also new independent members), it will take charge. The exit strategy may include selecting or appointing these members, setting terms of reference, and scheduling the inaugural meeting of the post-programme board. Long-term governance could also include beneficiary representation (e.g. a

representative of cooperatives) to increase accountability – something to be considered as the Fund matures.

- **Performance benchmarks for exit:** The programme will define certain benchmarks to be met by exit, which serve as conditions to judge the Fund's readiness for full local ownership. These could include: an operational manual and MIS fully functioning; a competent team in place; and legal underpinning resolved. Meeting these benchmarks by programme end will signal that the Fund can sustain itself.

3.3 Subcomponent 3.3. Eligible cooperatives access financing from the Agricultural Value Chain Development Fund on a sustainable basis.

175. This output will translate the cooperative strengthening, capacity-building, and market preparation efforts implemented under Subcomponent 3.1 into tangible, sustainable access to financing from the AVCDF leading to widespread household benefits in value addition and market linkage. The approach will ensure that cooperatives comprising poor rural women and youth, successfully access affordable capital for investment in climate-smart technologies, certification, processing, and market expansion.

3.3.1 Pre-qualification assessment and credit-readiness.

176. All cooperatives strengthened under Subcomponent 3.1 will undergo a pre-qualification assessments covering areas such as cooperative governance, institutional capacity, quality of financial and production records, gender and youth inclusivity, target group outreach orientation, market linkages potential, and preliminary financial viability. Cooperatives meeting the basic qualification thresholds will be formally placed in the "AVCDF financing pipeline." Those not immediately qualifying but showing potential will receive targeted capacity-building support, for an additional 6-12 months before re-assessment. To maintain quality and competition, approximately twice as many cooperatives as the final number intended to receive AVCDF financing will be prepared and maintained in the pipeline. This will ensure that only the most capable cooperatives, demonstrating sustainable potential, receive direct financing.

3.3.2 Business-plan development and technical support.

177. Once pre-qualified, selected cooperatives will be supported by APIU supported service providers to prepare detailed, robust business plans. The service providers will guide cooperatives to identify realistic investment needs aligned with cooperative equity contributions (minimum 20% of total investment) and the USD 20,000 financing ceiling; incorporate climate-smart practices and technologies (e.g., solar dryers, improved livestock breeds, drip irrigation, greenhouse production systems) into the business plans; Embed realistic repayment schedules reflecting cooperative cash flows and seasonality of production and sales; Quantify clearly the projected economic and social benefits, particularly emphasising gender equality, youth employment, and improved nutritional outcomes; Identify viable collateral options, guarantee arrangements, and insurance coverage, where appropriate; Operationalize and document outreach oriented measures that clearly implement pathways for each cooperative benefiting a larger groups target households preferably as members but also as suppliers.

178. The business plans will undergo credit appraisal protocols of the AVCDP before advancing to the AVCDF management for approval. AVCDF will operate quarterly financing application cycles, with transparent timelines publicly communicated. Loan applications will be electronically logged, assessed, and scored using a robust matrix evaluating financial

viability, repayment capacity, climate-smart investments, nutritional outcomes, gender and youth employment impacts, and social inclusion criteria. The evaluation process will engage technical experts and consultants to thoroughly appraise each business proposal, conduct site visits and field validations, and provide detailed feedback to cooperatives. Additionally, capacity-building workshops will be conducted to guide cooperatives in preparing robust business plans aligned with AVCDF's criteria, ensuring clarity, transparency, and the targeted allocation of financial resources.

3.3.3 Loan disbursement, ongoing monitoring, and cooperative mentoring.

179. Approved cooperatives will enter into formal loan agreements and asset-pledge contracts clearly stating repayment terms and asset-collateralisation conditions. The following table summarizes the targeted outreach of the cooperatives by the end of LMDP III phase 1. Disbursements for investments may be sequenced against evidence of buyer engagement (e.g. letters of intent or signed off-take terms).

Entities financed	Purpose	Amount ceiling (US\$)	No of entities accessing loans	Outreach	Youth	Women	Climate finance
Cooperatives	Diversification	25,000	100	Av coop members (50X100)=6,000 Av non member (30X100)=3,000 Total outreach = 9,000	30%	40%	40%

180. APIU finance specialists, supported by AO staff, will conduct quarterly site visits to cooperatives receiving financing, employing structured monitoring checklists covering investment progress, compliance with climate and environmental conditions, gender and youth participation levels, and adherence to agreed repayment schedules. Cooperatives will also benefit from a dedicated financial and operational advisory support from the LMDP technical team addressing emerging challenges promptly, such as procurement issues, taxation queries, or unforeseen market disruptions.

181. Approved cooperatives that successfully access financing from the AVCDF will receive specialized technical assistance tailored specifically towards the practical implementation and operational success of their funded projects. Unlike the broader capacity-building previously delivered to the full pool of cooperatives, this targeted support will address the specific technical and operational requirements associated with the financed investments. It will include hands-on guidance in procurement processes, efficient management of purchased assets, adoption of climate-smart production technologies, certification compliance, and effective marketing strategies. Additionally, tailored mentoring and troubleshooting assistance will be provided through regular on-site advisory visits by technical specialists, ensuring cooperatives overcome operational challenges promptly and achieve the intended outcomes from their AVCDF-financed projects.

X. Sustainability

1. LMDP-III will embed specific design measures aimed explicitly at ensuring that socio-economic benefits for targeted households continue well beyond the programme period. Socio-economic sustainability under LMDP-III will depend primarily on participatory planning

and local ownership, targeted asset placement, local financial accountability, community-led operation and maintenance, institutional capacity development, and the strengthening of local cooperatives to sustain economic activities.

2. Participatory planning processes will form the foundation for lasting socio-economic benefits. Pasture and Livestock Management Plans (PLMPs), Socio-economic Development Plans (SEDPs), and Natural Resource Management Plans (NRMPs) will be developed through community consultations, wealth-ranking exercises, and open hearings involving women, youth, and poorer households. This inclusive approach will ensure that investments match genuine local needs, guaranteeing continued usage, ownership, and willingness among community members to sustain these assets. As these plans reflect local priorities, community members will maintain engagement, investment, and upkeep, ensuring long-term socio-economic benefits.

3. To reinforce local ownership and continuous economic benefit, LMDP-III will strategically target investments within clearly defined Priority Investment Zones (PIZs). These zones will align programme-financed infrastructure—such as watering points, livestock shelters, and access routes—directly with areas heavily utilized by poorer households. By focusing investments precisely where socio-economic returns are most immediate and visible, communities will have direct incentives to maintain and continuously utilize these assets, ensuring ongoing socio-economic returns.

4. Socio-economic sustainability will further be strengthened through mandatory local co-financing. Participating municipalities (Aiyi Okmotus, AOs) and forest management units (Leskhozes) will contribute at least 25 per cent of infrastructure investment costs. This condition ensures these local governments integrate maintenance and operation costs into their regular budgeting cycles. As a result, programme assets will be financially supported by local funds after programme closure, promoting the long-term economic viability and continued benefit flow to targeted beneficiaries.

5. The programme will also establish ring-fenced fee management systems at AO and Leskhoz levels. Grazing and forest usage fees will be channelled into dedicated sub-accounts, which will finance ongoing infrastructure maintenance. The transparent public disclosure of fee collections and expenditures will enable local communities to hold authorities accountable, ensuring these fees remain dedicated exclusively to asset upkeep. This mechanism will create a self-sustaining financial loop, continuously funding the assets critical to beneficiaries' socio-economic well-being.

6. Local cooperatives, predominantly managed by women and youth, will be directly responsible for ongoing infrastructure maintenance through formal contracts. Cooperatives will receive steady payments from local fee accounts, turning routine maintenance tasks into viable local employment and stable sources of income. By creating employment tied directly to asset sustainability, this arrangement will secure continuous economic engagement of targeted groups, ensuring cooperative members maintain a vested interest in preserving the functionality and economic utility of these assets.

7. LMDP-III will reinforce socio-economic sustainability through strategic support to cooperative-managed value-addition enterprises. Investments through the Agricultural Value Chain Development Fund (AVCDF) will establish facilities such as milk-cooling centres, meat processing units, and wool workshops. These enterprises will enable cooperatives to capture greater economic returns locally. Revenue from these facilities will sustain cooperative operations, finance ongoing maintenance, and create additional incentives for members to continuously use and maintain associated infrastructure. Thus, cooperatives will

form durable economic institutions, reinforcing socio-economic benefits within targeted communities over the long term.

8. Lastly, the programme will actively promote diversified livelihoods for rural households, including agroforestry, beekeeping, and eco-tourism, to provide reliable and diverse income sources. This diversification will enhance household economic stability, reducing their vulnerability to market and climate uncertainties. Consequently, households will maintain a vested economic interest in the continued use and maintenance of community-managed infrastructure and resources, further reinforcing socio-economic sustainability at the household and community levels.

9. Taken together, these targeted, integrated mechanisms—participatory planning, focused investment placement, mandatory local co-financing, transparent revenue management, cooperative-led maintenance contracts, economically viable value-addition facilities, and diversified livelihoods—will firmly anchor socio-economic benefits within local community structures, ensuring sustained impacts well beyond the lifetime of LMDP-III.

Institutional sustainability

10. Institutional sustainability under the LMDP-III programme will be secured by systematically integrating Pasture, Socio-Economic Development, and Natural Resource Management Plans (PLMP, SEDP, and NRMP) within Kyrgyzstan's existing legal and governance frameworks. These management plans will align closely with national laws and policies, particularly the Law on Pastures and the revised Forestry Code, ensuring formal recognition and adherence by local authorities over the long term.

11. Through clear legal anchoring, responsibilities for managing and maintaining programme-supported investments will be explicitly assigned to local governance institutions, primarily Aiyl Okmotus (AOs) and Leskhozoes. This alignment will provide continued government oversight, accountability, and compliance, significantly enhancing the durability of resource management practices beyond the programme's active phase. Institutional embedding will thus ensure that local authorities maintain and enforce sustainable management protocols, continuously adapting these practices based on evolving local needs and conditions.

12. The programme will further strengthen institutional sustainability by developing and implementing clear operational and maintenance protocols integrated into local governance structures. These protocols will detail specific responsibilities, routines, and budgeting processes that local institutions will follow, ensuring systematic and effective asset management. By embedding these roles within existing local governance mechanisms, LMDP-III will empower AOs and Leskhozoes to independently manage infrastructure, veterinary services, and natural resource management activities, thus reinforcing lasting institutional capacity and accountability.

13. Institutional sustainability will also benefit from ongoing capacity-building programs targeted at local governance bodies. Training and skills development in natural resource management, financial management, and monitoring procedures will be continuously provided, ensuring that local officials possess the necessary competencies for effective long-term management. This strengthened institutional capacity will ensure that local governance bodies remain fully equipped to oversee and sustain programme outcomes independently, promoting enduring socio-economic and environmental benefits.

Technical sustainability

14. Technical sustainability under LMDP-III will be systematically secured through deliberate measures designed to ensure lasting functionality, performance, and continued

operation of infrastructure and services introduced by the programme. Central to this approach will be the comprehensive Pasture and Livelihood Management Plans (PLMPs), Socio-Economic Development Plans (SEDPs), and Natural Resource Management Plans (NRMPS). These plans will be officially integrated within local governance structures—Aiyi Okmotus (AOs) and Leskhoz— and will define explicit responsibilities and procedures for ongoing technical management, thereby ensuring their sustained implementation after programme completion.

15. Each plan will include clearly defined operational and maintenance responsibilities, detailing routine upkeep, periodic maintenance schedules, and technical supervision of programme-supported infrastructure. Local government bodies, community user groups, and municipal enterprises will formally assume responsibility for ensuring the technical performance and ongoing functionality of investments such as pasture roads, livestock watering points, erosion control measures, veterinary infrastructure, and market facilities. Budgets and user-fee mechanisms will be established at the outset to finance recurrent costs and routine technical maintenance, thereby embedding technical sustainability directly within local administrative systems.

16. The programme will establish formalized public-private partnerships (PPPs) for veterinary services between local governments (AOs) and accredited private veterinarians. These contracts will define clear technical performance standards, minimum veterinary service requirements, outreach frequencies, and quality control mechanisms. Continuous technical service delivery will be supported by local revenue streams and modest service charges, ensuring that critical veterinary infrastructure and technical services such as animal health diagnostics, vaccinations, and disease treatments remain functional and reliably available. By permanently embedding veterinary care within structured contractual arrangements, the technical quality and continuity of animal health services will be sustained independently of ongoing external support.

17. To ensure sustained functionality of critical infrastructure, the programme will adopt explicit operational and maintenance arrangements for each infrastructure sub-programme. This will include detailed maintenance agreements outlining tasks, procedures, and technical schedules to maintain the physical and operational integrity of assets like pasture access roads, bridges, water points, veterinary clinics, and milk cooling centers. Municipal enterprises, AO technical staff, and designated community groups will manage regular technical inspections, routine repairs, preventive maintenance, and periodic rehabilitation. By formally assigning these roles, backed by annual budgeting and fee collection systems, the programme will guarantee continued technical performance and prevent asset deterioration after programme closure.

18. Comprehensive local capacity building will further reinforce technical sustainability by systematically enhancing local technical skills and know-how. The programme will deliver structured training in critical technical areas, such as pasture and forest rehabilitation techniques, infrastructure maintenance practices, veterinary service provision standards, livestock health management, and climate-smart agricultural practices. Capacity building will specifically target AO and Leskhoz technical personnel, local veterinary providers, community maintenance teams, and cooperative representatives. By building robust technical expertise at the local level, the programme will create a sustained human resource base capable of independently managing, troubleshooting, and maintaining technical interventions effectively after the programme concludes.

19. To reinforce accountability and ongoing improvement in technical management, the programme will establish a robust performance-based monitoring system. This GIS-based system will provide continuous tracking of technical performance indicators, such as pasture

conditions, infrastructure maintenance quality, and rehabilitation progress of forests and degraded lands. Transparent monitoring results will be linked to clear incentives, such as eligibility for small grants or prioritized support, motivating local institutions to adhere to technical standards and consistently maintain infrastructure and natural resource improvements. This monitoring mechanism will embed long-term accountability and a culture of performance-based management, ensuring continued technical effectiveness and adaptive management of programme investments.

20. Finally, a clearly articulated and structured exit strategy will explicitly outline a phased transfer of technical responsibilities and management functions from the Project Implementation Unit (APIU) to local institutions. This systematic handover will provide local teams with practical guidelines, technical documentation, and structured transitional support. Detailed performance benchmarks will confirm local technical readiness to assume full operational control before programme closure. This gradual and deliberate transfer process will guarantee that technical management capacity, maintenance responsibilities, and operational systems remain effectively functional within local institutional frameworks beyond the end of the programme.

21. Collectively, these interconnected institutional measures—formal anchoring of local plans, clearly defined infrastructure maintenance procedures, robust veterinary service arrangements, comprehensive technical capacity building, structured performance monitoring, and an explicit exit strategy—will establish a sustainable foundation for the continuous technical performance, ongoing functionality, and effective management of infrastructure and services introduced by LMDP-III. By permanently embedding robust technical skills, maintenance responsibilities, monitoring mechanisms, and institutional accountability within local systems, the programme will ensure lasting technical sustainability and ongoing effectiveness of programme outcomes long after external programme support has concluded.

Climate and Environmental Sustainability of the LMDP-III Programme

22. The LMDP-III programme will anchor climate and environmental sustainability through integrated ecosystem management planning and targeted climate-resilient infrastructure investments. Central to achieving lasting environmental outcomes will be the preparation of territory-level Pasture and Livelihood Management Plans (PLMPs), Socio-Economic Development Plans (SEDPs), and Natural Resource Management Plans (NRMPs). These plans will guide local authorities, pasture committees, and forestry institutions in identifying environmental priorities, establishing clear objectives, and coordinating actions for the sustainable use and conservation of natural resources. By embedding transparent governance and systematic monitoring frameworks into these plans, the programme will establish lasting local structures that continue to manage ecosystems sustainably beyond the programme period.

23. Climate-resilient infrastructure—including the construction of check dams, terracing, erosion-control measures, water supply points, and improvements in pasture access—will directly enhance the resilience of pasturelands and forest ecosystems to climate variability and extreme weather events such as drought, floods, and landslides. These durable infrastructural measures will significantly reduce environmental degradation, limit soil erosion, and protect critical water resources, ensuring long-term stability and regeneration of natural habitats.

24. The adoption of adaptive grazing management practices will further enhance the sustainability of rangelands. The programme will enforce rotational grazing schedules, introduce clearly defined pasture rest periods, and create grazing reserves. These practices

will maintain pasture health and ensure regeneration of vegetation cover, thus safeguarding pasture ecosystems from long-term degradation. Community-driven monitoring of pasture conditions and the regulation of herd sizes to match ecological carrying capacity will ensure balanced use of pasture resources, promoting ongoing ecological health and biodiversity.

25. Forest ecosystem restoration and afforestation activities will represent another critical pillar supporting long-term environmental sustainability. Leskhozoes will undertake targeted reforestation and afforestation with native, climate-resilient tree species, significantly improving forest cover, protecting soils against erosion, enhancing biodiversity, and stabilizing hydrological cycles. These restored forests will provide ongoing environmental services, including increased carbon sequestration, improved water retention, and reduced risk of natural disasters such as floods and landslides, ensuring ecosystem resilience over the long term.

26. To strengthen climate resilience in livestock management, the programme will support the establishment of fodder banks and community-managed feed reserves. These interventions will stabilize feed supplies during climatic stress periods, reducing overgrazing and pressure on fragile pasture areas during drought or harsh winters. Strategically placed fodder reserves will safeguard pasture health and biodiversity, protecting grassland ecosystems from long-term degradation due to overuse and climatic shocks.

27. Renewable energy solutions, such as solar-powered water pumping systems for remote pastures, will provide sustainable, climate-friendly infrastructure solutions. By reducing dependence on fossil fuels and decreasing operational costs and emissions, these renewable energy installations will mitigate environmental impacts and ensure continuous access to water in remote pasture areas. This will facilitate the equitable and sustainable distribution of livestock grazing pressure across the landscape, reducing the risk of localised ecosystem degradation and enhancing pasture recovery.

28. Institutional and financial sustainability arrangements embedded within the programme will reinforce these environmental benefits. Clearly defined local ownership, transparent governance, and dedicated revenue streams from pasture-use and forest-use fees will ensure the long-term maintenance and management of climate-resilient infrastructure. This will provide consistent local funding to maintain erosion-control structures, water infrastructure, reforestation efforts, and other critical environmental measures beyond the programme's duration.

29. Collectively, these integrated interventions—including territory-wide environmental planning, durable climate-resilient infrastructure, adaptive grazing practices, ecosystem restoration, renewable energy deployment, fodder reserve establishment, and robust local institutional frameworks—will comprehensively secure climate and environmental sustainability within the LMDP-III programme areas. These actions, implemented in a coherent and mutually reinforcing manner, will establish lasting resilience, ecological stability, and environmental stewardship, delivering sustained positive impacts long after programme completion.

Financial sustainability

30. The financial sustainability of LMDP-III will be ensured through a well-structured set of integrated mechanisms, systematically embedded within the programme design. A central pillar of this approach will be the establishment of the Agricultural Value Chain Development Fund (AVCDF). This Fund will provide interest-free, reimbursable financing to agricultural cooperatives to enhance productivity, market access, and profitability. Cooperatives will repay these loans directly into the AVCDF, allowing continuous recycling of capital for future investments. This revolving fund mechanism will secure a permanent and

self-sustaining source of financing, independent of external financial support. Furthermore, AVCDF resources will be legally ring-fenced, explicitly ensuring that repayments remain dedicated exclusively to rural economic development and cannot be diverted to general government expenditures. This arrangement will preserve financial resources, guaranteeing ongoing financial stability beyond the programme's completion.

31. To reinforce this financial sustainability, LMDP-III will require community co-financing for all local infrastructure investments. Each participating Aiyi Okmotu (AO) will contribute at least 25% of total infrastructure costs, fostering strong local fiscal accountability and prudent investment decision-making. This approach will build genuine financial ownership among local authorities and communities, thus promoting sustainable management of resources over time. Further strengthening this, community-managed maintenance funds will be established to sustain infrastructure assets. User fees, collected transparently from those utilizing infrastructure such as livestock watering points, pasture roads, or agricultural processing facilities, will fund these maintenance reserves. These locally governed maintenance funds will guarantee that sufficient financial resources remain available to continuously support upkeep and repairs, safeguarding infrastructure investments long after the conclusion of programme interventions.

32. Another critical element ensuring long-term financial sustainability will be structured market linkages and long-term contractual arrangements facilitated by the programme. LMDP-III will actively establish reliable contractual relationships between cooperatives and market actors such as processors, exporters, and institutional buyers. By providing targeted financial support from the AVCDF for activities like certification and branding, cooperatives will access higher-value markets and secure premium pricing. These stable market connections will generate predictable and sustained revenues for cooperatives, enhancing their long-term financial viability and ensuring their capacity to consistently repay AVCDF loans. Thus, structured market linkages will create a reinforcing cycle of financial stability and growth, securing cooperative sustainability and the financial longevity of the AVCDF.

33. Professionalized veterinary services will also significantly contribute to the financial sustainability of LMDP-III interventions. The programme will establish fixed and mobile veterinary service units, operated under public-private arrangements by accredited veterinarians who will charge affordable but cost-covering fees. Revenue generated from these veterinary fees will be sufficient to maintain operations, equipment, consumables, and staff costs, thus ensuring these services remain independently financially viable after the programme ends. Improved animal health and productivity from reliable veterinary services will also enhance household incomes and cooperative profitability, further strengthening financial self-sufficiency within beneficiary communities.

34. Finally, livelihood diversification and the establishment of revenue-generating community enterprises will serve as a cornerstone for sustained financial resilience. The programme will finance various community-managed income-generating activities including machinery services, fodder banks, orchards, vegetable gardens, honey production units, and eco-tourism facilities. These enterprises will be structured to generate regular income streams through service fees or product sales, enabling them to independently finance their operations and maintenance. Diversified income sources will stabilize household and community finances, allowing continuous local investment and financial self-reliance beyond programme support.

35. Taken together, these mechanisms—the revolving AVCDF, legally ring-fenced resources, local community co-financing, maintenance funds supported by user fees, stable market linkages, self-financing professional veterinary services, and diversified income-generating enterprises—will collectively ensure robust financial sustainability for LMDP-III.

Their synergistic implementation will ensure that financial resources established during the programme continue to circulate and expand sustainably, reinforcing the long-term economic stability of participating rural communities.

36. Do thorough research of the context of the LMDP-I three programme in Kyrgyzstan as it exists in 2024 and 25 and not before that. And then based on your research as well as based on the details that are presented in this document prepare a note on the scaling up strategy of the programme. Take the following guidelines into account but use your own logical and expert understanding of what IFAD you really want to see in the scaling up part and accordingly present your narrative.

XI. Scaling up

1. Scaling-up is an integral component of LMDP-III's programme design, strategically embedded from the outset to ensure that successful practices and innovations developed during implementation can be systematically replicated and institutionalised nationwide. Aligned with IFAD's updated scaling framework, the strategy clearly articulates the programme's vision for scale, outlines realistic pathways for achieving it, identifies key drivers to sustain momentum, and ensures the necessary policy, institutional, financial, market, and knowledge spaces are fully prepared.

2. The overarching vision for scaling is to mainstream integrated community-based management of pastures and forests, establish robust public-private veterinary and food safety systems, and nurture vibrant rural enterprises, particularly those led by women and youth. By the end of the programme, these approaches are expected to become standard practices across Kyrgyzstan, significantly improving rural livelihoods, environmental sustainability, and resilience to climate change.

3. Scaling will occur through two complementary pathways: horizontal replication and vertical institutionalisation. Horizontal replication involves expanding successful practices demonstrated in early programme territories across the country. The initial 48 demonstration sites under the RRPCP-ADAPT programme serve as real-life models, supported by digital training tools and structured peer-exchange visits that allow communities and institutions nationwide to adopt and adapt these models independently.

4. Vertical institutionalisation focuses on embedding these innovative practices into national policies, government budgets, and local administrative structures. Integrated pasture-forest management plans, strengthened veterinary and food safety services, and climate-resilient enterprise development approaches will be formally codified within ministerial regulations, budgetary frameworks, and local government procedures, ensuring their sustainability beyond programme closure.

5. Several drivers strongly support the scaling process. At the community level, strong demand exists for solutions addressing pasture degradation, improved veterinary services, and new economic opportunities. Simultaneously, external market incentives, particularly the requirement to comply with Eurasian Economic Union (EAEU) sanitary and quality standards, drive government and private sector engagement in adopting improved food safety and veterinary practices. Successful experiences of women and youth-led enterprises further inspire community-wide replication, providing tangible examples of profitability and climate resilience. Crucially, influential champions within the government and local authorities support and advocate for these innovations, while strategic partnerships with development partners and the private sector ensure collective ownership and sustained resources.

6. To enable scaling, LMDP-III ensures that critical spaces—policy, institutional, financial, market, and knowledge—are fully prepared and supportive. The programme operates within Kyrgyzstan's established legal and regulatory frameworks, including the 2009 Pasture Law, the revised Forestry Code, and updated food safety and veterinary regulations. It systematically builds institutional capacity within local governments (AOs and Leskhozses), national veterinary services, and state food safety agencies, creating strong administrative and technical foundations for long-term sustainability. Financial sustainability is secured through innovative mechanisms such as the Agricultural Value Chain Development Fund (AVCDF), designed as a revolving fund within the Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI), and by effectively utilising pasture-use fees. Market linkages, including public-private-producer partnerships and structured off-take agreements, provide essential market access and demand assurance for increased production. Comprehensive knowledge management efforts, including evidence-based documentation, digital dashboards, and national policy dialogues, reinforce continuous learning and policy adaptation.

7. The involvement and ownership of the government and private sector are core mechanisms facilitating seamless scaling beyond the programme lifecycle. Government agencies, especially the Ministry of Agriculture, local governments (Aiyi Okmotus), and veterinary and food safety authorities, actively participate in implementing and internalising programme innovations, ensuring their integration into official policy frameworks and recurrent budget lines. Private sector engagement complements government roles, with private veterinary providers, agribusinesses, and rural enterprises fully integrated into programme activities from inception, reinforcing sustainable service provision and market-oriented expansion. Collaboration with development partners and NGOs further enhances resources and strengthens the scaling-up process through shared responsibility and harmonised approaches.

8. The design and implementation approach of LMDP-III strategically positions all three components—natural resource management, veterinary and food safety systems, and climate-resilient value chains—for seamless scaling beyond the programme's end. This is achieved by embedding innovations within legally established institutional mandates, securing sustainable financial mechanisms like revolving funds and pasture-fee revenue structures, and establishing extensive networks of local technical and administrative expertise. Strong market-driven incentives, particularly through compliance with EAEU standards and demonstrated profitability of supported enterprises, provide continuous motivation for stakeholders to maintain and deepen these practices. Additionally, the programme's systematic generation and dissemination of evidence supports informed policy-making and continuous adaptation, ensuring long-term viability.

9. In conclusion, scaling-up in LMDP-III is a carefully integrated, realistic, and strategically designed process. Clear visions, well-defined pathways, strong drivers, and systematically prepared enabling spaces collectively ensure that the programme's innovations will continue to grow and multiply organically. By establishing deep-rooted institutional, policy, market, and community-level anchoring, the programme sets the stage for a sustainable, nationally adopted transformation, ensuring transformative impacts on Kyrgyzstan's rural economy, environmental sustainability, and community resilience long beyond the programme's lifecycle.

XII. Exit strategy

1. The exit strategy for the Livestock and Market Development Programme III (LMDP-III) clearly defines how programme outcomes and activities will continue to thrive after IFAD

support ends. It outlines who will assume responsibility, how activities will be financed and maintained, and what partnerships and policies are needed to sustain and scale the programme's impacts. The strategy ensures a smooth transition to permanent institutional ownership, supported by confirmed financial commitments and reinforced by clear, long-term policies at national and local levels.

2. **Institutional ownership and management responsibilities**

3. All programme activities and assets will transition systematically to local and national authorities. Specifically:

- **Local Authorities (Aiyi Okmotus - AOs and Leskhozoes)** will take ownership of all physical assets such as pasture infrastructure (water points, roads), veterinary service centers, nurseries, and agro-processing facilities. Formal agreements will confirm asset ownership and clearly outline responsibilities for their ongoing maintenance and operational management. Each AO will allocate budget resources annually, using revenues such as pasture user fees, to sustain these assets. This will be supported by local by-laws requiring the reinvestment of user fees into community infrastructure and services.
- **The Ministry of Agriculture** will take responsibility for the Agricultural Value Chain Development Fund (AVCDF). This revolving fund, which provides interest-free loans to cooperatives, will remain fully operational beyond the programme, with loan repayments recycled into future financing rounds. The ministry will formally adopt the fund's charter, ensuring continuous governance and oversight.
- **National Veterinary and Food Safety Institutions** will integrate programme-supported upgrades into their routine operations. The State Veterinary Inspection Service will maintain upgraded laboratories and use established electronic livestock traceability systems. They will adopt programme-initiated protocols officially, ensuring that these become permanent practices within the national veterinary and food safety system.

4. **Financial sustainability mechanisms**

5. The exit strategy prioritizes embedding financial mechanisms within national and local budgets to ensure continuous funding for maintenance and service delivery:

- **Local Revenue Management:** Local pasture and forest-use fees will be collected and transparently managed by AOs, specifically allocated to maintaining programme-financed infrastructure and services. A clear local budgeting process will confirm annual allocations for these purposes, ensuring that pasture improvements, veterinary clinics, and community facilities remain fully functional after programme closure.
- **National Budget Integration:** National institutions such as the Ministry of Agriculture and the State Veterinary Inspection Service will incorporate programme-supported activities (such as GIS-based pasture monitoring, veterinary traceability, and food safety certification) into their annual budgets. This formal inclusion ensures continued government financing for key services and monitoring systems developed during the programme.

6. **Capacity building and knowledge transfer**

7. To ensure local stakeholders are fully capable of managing programme activities independently, LMDP-III will implement extensive capacity-building and training:

- **Training-of-Trainers Model:** Master Trainers trained by the programme will continue to deliver ongoing veterinary training, pasture management training, and cooperative business skills development. Local focal teams established under the

programme will provide ongoing mentoring and support within their communities, sustaining skills and expertise at local levels.

- **Digital Tool Institutionalization:** Digital tools for pasture monitoring, veterinary traceability, and financial management introduced by the programme will be fully transferred to national agencies. These agencies will use these systems routinely, with trained local staff managing data collection and analysis beyond the programme period.

8. **Public-private partnerships and community-based enterprises**

9. Long-term sustainability of programme benefits will also be reinforced by strong public-private partnerships:

- **Veterinary Service Contracts:** Local governments (AOs) will establish multi-year service agreements with private veterinarians, ensuring continuous provision of veterinary care, especially in remote areas. These agreements will clearly define service responsibilities and financial terms, which local authorities will fund from their annual budgets.
- **Community Enterprise Management:** Cooperatives and community groups will manage and maintain productive infrastructure such as milk-cooling centers, orchards, and greenhouses. Agreements will specify that a portion of revenue from these enterprises is reinvested to ensure their sustainability.

10. **Policy anchoring and scaling-up potential**

The exit strategy emphasizes embedding programme results within national and subnational policies:

- **Formalizing Community Participation:** Policies ensuring balanced gender participation in local resource management committees and cooperative governance structures will be institutionalized at the local level, securing inclusive decision-making practices as a permanent feature.
- **Scaling-Up of Programme Approaches:** National and regional authorities will formally adopt the integrated planning processes piloted by the programme (such as PLMP, NRMP, and SEDP frameworks) as standard practices, potentially scaling these nationwide.
- **Performance-Based Incentives:** The Ministry of Agriculture will adopt performance-linked incentives based on the pasture monitoring system developed during the programme, rewarding AOs and Leskhozoes for good environmental management practices. This will institutionalize and scale positive behaviors across Kyrgyzstan.

11. **Partnerships for continued impact**

12. The exit strategy identifies key partnerships critical to sustaining programme achievements:

- **Local Multi-Stakeholder Councils:** Regularly convened councils at AO level involving local authorities, pasture and forest users, cooperatives, and private sector representatives will continue to oversee programme assets and services, ensuring accountability and community buy-in.
- **National Coordination Platforms:** The Ministry of Agriculture will maintain national platforms to monitor and support continued delivery of veterinary services, sustainable pasture management, and cooperative financing, ensuring that the integrated programme approach continues to inform and shape national policies.
- **Donor and Government Alignment:** The Ministry of Finance, with IFAD support, will convene periodic donor coordination meetings to leverage additional funding for

scaling-up successful LMDP-III approaches and tools, ensuring continued external support beyond programme completion.

XIII. Programme costs

Main assumptions

Total programme costs. Total programme costs are estimated at USD 21.490 million, which will be distributed over a five-year duration. Physical and price contingencies are low, representing only 1 per cent of total programme costs, as they were introduced only to Civil Works and Goods, Equipment and Materials, which account for just 16.5 per cent of the total programme cost.

Financing.

LMDP-III Phase 1 will be financed by an IFAD Loan of US\$ 16.843 million under Super highly concessional terms (SHCT) and an IFAD Loan of US\$ 4.210 million under Highly concessional terms (HCT) from IFAD13 PBAS allocation. The SHCT Loan (78.4 per cent of total programme costs) will finance 79.4 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 11.71 million); 71.9 per cent of the of Strengthening the Food Safety System component (US\$ 2.21 million); 80 per cent of the of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 2.29 million) and 78.9 per cent of the programme management component (US\$ 0.62 million). The HCT Loan (19.6 per cent of total programme costs) will finance 19.8 per cent of the Integrated Forest and Rangeland Ecosystem component (which amounts US\$ 2.92 million); 18 per cent of the Strengthening the Food Safety System component (US\$ 0.55 million); 20 per cent of the Climate-Resilient Value Chains for Livelihoods Diversification component (US\$ 0.57 million) and 19.7 per cent of the programme management component (US\$ 0.15 million).

The government contribution is estimated at US\$ 390,000 (1.8 per cent of the total cost) and includes contributions from its budget mostly to cover taxes.

The Government contribution would cover all taxes and duties on all Programme inputs that involve funding from the IFAD Loan or any other external source of funding associated with the IFAD Loan. The estimate of taxes and duties is based on the rates in effect prevailing at the time of the design. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD Loan, any future changes in the rates and/or structures of taxes and duties would have to apply to the Programme.

Tables 1 and 2 below provide summaries by the Programme components and expenditure accounts of the proposed financing arrangement. The other summary financing tables and the COSTAB file are available on Programme file.

Implications for Government Budget. Apart from repayment of the IFAD Loan, implications for Government's budget are limited in terms of its contribution to the Programme costs: the MOF will need to make annual allocations in the state budget to cover taxes and duties.

Tables 1 and 2 provide summaries of the proposed financing arrangement by programme components and expenditure categories. Additional summary financing tables and the COSTAB file are available in the programme documentation.

Programme costs and financing plan

The total programme costs are estimated at USD 21.490 million of 5 years implementation period. Component 1 (Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management) represents 68.6 per cent of the total programme costs (USD 14.751 million); Component 2 (Strengthening the Food Safety System) represents 14.3 per

cent of the total programme costs (USD 3.083 million); and Component 3 (Climate-Resilient Value Chains for Livelihoods Diversification) represents 13.3 per cent of the total programme costs (USD 4.648 million). A summary breakdown of the programme costs by components and by year is shown below.

Table 8: Programme costs by component (and sub-components) and financier
(Thousands of United States dollars)

	IFAD Loan PBAS		IFAD Loan PBAS		Ben Contribution		GOVT: Taxes		Total	
	Super HC		HC							
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management										
1. Subcomponent 1.1 Pasture, forestry and livelihood management plans prepared	335	72.2	84	18.0	46	9.8	-	-	464	2.2
2. Subcomponent 1.2 Climate-resilient institutional processes and capacities strengthened	2,229	78.2	557	19.5	-	-	65	2.3	2,852	13.3
3. Subcomponent 1.3 Pasture and forestry management plans implemented	9,148	80.0	2,287	20.0	-	-	-	-	11,435	53.2
Subtotal Component 1. Sustainable Community-Based Integrated Forest and Rangeland Ecosystem Management	11,712	79.4	2,928	19.8	46	0.3	65	0.4	14,751	68.6
B. Component 2. Strengthening the Food Safety System										
1. Subcomponent 2.1 Country's capacity for food safety strengthened	1,639	72.0	410	18.0	-	-	227	10.0	2,276	10.6
2. Subcomponent 2.2 Modernized food safety certification system established	577	71.4	144	17.9	-	-	87	10.7	808	3.8
Subtotal Component 2. Strengthening the Food Safety System	2,216	71.9	554	18.0	-	-	314	10.2	3,083	14.3
C. Component 3. Climate-Resilient Value Chains for Livelihoods Diversification										
1. Subcomponent 3.1 Priority climate-resilient value chains identified and developed	176	80.0	44	20.0	-	-	-	-	220	1.0

2. Subcomponent 3.2 Agricultural Value Chain Development Fund (AVCDF) established	2,000	80.0	500	20.0	-	-	-	-	2,500	11.6
3. Subcomponent 3.3 Cooperatives financed and linked to markets	115	80.0	29	20.0	-	-	-	-	143	0.7
Subtotal Component 3. Climate-Resilient Value Chains for Livelihoods Diversification	2,291	80.0	573	20.0	-	-	-	-	2,863	13.3
D. Programme Management										
Programme Management	625	78.9	156	19.7	-	-	11	1.3	792	3.7
	16,843	78.4	4,211	19.6	46	0.2	390	1.8	21,489	100.0

Expenditure and disbursement accounts. The programme will be rolled out through the Agricultural Programme Implementation Unit (APIU) - which will manage and coordinate the flow of funds and the expenditures incurred on account of the programme activities. A summary of the total costs by expenditure accounts per year is shown below.

Table 10: Programme costs by expenditure category and financier
(Thousands of United States dollars)

	IFAD Loan PBAS		IFAD Loan PBAS		Ben Contribution		GOVT: Taxes		Total	
	Super HC		HC							
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Civil Works	582	71.2	145	17.8	-	-	90	11.0	817	3.8
B. Equipment, Goods and Vehicles										
Goods, Equipment and Materials	1,940	71.2	485	17.8	-	-	300	11.0	2,725	12.7
Vehicles	120	80.0	30	20.0	-	-	-	-	150	0.7
Subtotal Equipment, Goods and Vehicles	2,060	71.7	515	17.9	-	-	300	10.4	2,875	13.4
C. Technical Assistance, Studies, Training and Workshops										
Training and workshops	174	80.0	44	20.0	-	-	-	-	218	1.0
International TA	25	80.0	6	20.0	-	-	-	-	31	0.1
National TA	351	80.0	88	20.0	-	-	-	-	439	2.0
Subtotal Technical Assistance, Studies, Training and Workshops	550	80.0	138	20.0	-	-	-	-	688	3.2
D. Financing										
Credit and Funds	13,127	79.8	3,282	19.9	46	0.3	-	-	16,455	76.6
	16,320	78.3	4,080	19.6	46	0.2	390	1.9	20,835	97.0
A. Salaries and Allowances	424	80.0	106	20.0	-	-	-	-	530	2.5
B. Social Fund	75	80.0	19	20.0	-	-	-	-	94	0.4
C. Other Operating Expenses										
Office	24	80.0	6	20.0	-	-	-	-	30	0.1
	524	80.0	131	20.0	-	-	-	-	655	3.0

16,843	78.4	4,211	19.6	46	0.2	390	1.8	21,489	100.0

XIV. Organisational set up and management

1. The Ministry of Water Resources, Agriculture, and Processing Industry (MWRAPI) will have overall responsibility for LMDP III on behalf of the Government of Kyrgyzstan.

Programme oversight

2. **Programme Steering Committee.** Strategic oversight will be ensured through a high-level **Programme Steering Committee (PSC)** chaired by the MWRAPI.
3. The other members of the PSC will include representatives from key ministries and agencies – for example
 - Ministry of Natural Resources, Ecology and Technical Supervision (MNRET) which is responsible for implementing environmental policies and overseeing environmental monitoring and compliance
 - Ministry of Emergency Situations which oversees forest operations including supervision of the 41 leskhozoes
 - Ministry of Finance
 - Additional ministries and agencies will be identified and included in the PSC as the programme moves closer to implementation, based on evolving thematic priorities and inter-agency coordination needs.
 - The Steering Committee will include, as observers, representatives of NGOs and Associations representing stakeholders in the forestry and agricultural sector as well as national academia and the research sector representatives as relevant.
4. The Steering Committee will have the following main functions: i) provide political and strategic guidance; ii) secure good inter-institutional coordination; iii) promote and enhance coordination within the donors' community; and iv) review and approve the annual work plans and budgets.

Executing agency

5. **Agricultural Programmes Implementation Unit.** Day-to-day programme management and implementation will be carried out by the Agriculture Programmes Implementation Unit (APIU), which operates under the MWRAPI. The APIU will serve as the central project management unit for LMDP III, building on its experience managing previous IFAD-financed projects.
6. Currently, the APIU is also implementing
7. the Adaptation Fund-supported Regional Resilient Pastoral Communities Project (RRPCP-ADAPT), supervised by IFAD, and
 - the Asian Development Bank-supported Climate-Resilient Agricultural Value Chain Development Project (CRAVCDP).
8. Both projects are expected to overlap with LMDP III for two years. The institutional structure and systems used for these ongoing projects will be adapted, strengthened and continued, as needed, to support the effective implementation of LMDP III and ensure coordinated delivery across programmes.
9. The existing structure, which will be strengthened as needed for LMDP III implementation, is organized as follows. The APIU is headed by a Programme Director,

appointed by the MWRAPI, who oversees programme coordination across all sectors and reports directly to both the Ministry and IFAD. The Programme Director is supported by an administrative team and a technical team.

10. **Administrative team.** ministrative team will consist of a Financial Manager supported by an Assistant Financial Manager, a Lead Procurement Specialist supported by a Procurement Specialist and an Assistant Procurement Officer, along with an M&E Manager, a Database Specialist, a Disbursement Specialist, a Communication and Knowledge Management Specialist, and two Interpreters. In total, the team will comprise 10 staff members, providing core administrative and operational support to the programme.

- Financial Management: Led by a Finance Manager, this will be responsible for budgeting, disbursements, accounting, and financial reporting, ensuring compliance with IFAD and government procedures.
- Procurement: Managed by a Procurement Manager, it will handle the procurement of goods, works, and services, convenes evaluation committees, oversees contracting, and ensures transparency and efficiency.
- Monitoring & evaluation (M&E) and knowledge management: Headed by an M&E manager, this will be responsible for baseline studies, continuous monitoring, participatory M&E at the community level, and knowledge management. This unit also maintains the programme's Management Information System (MIS) and results framework.

11. **Technical team.** The APIU technical team will be headed by a programme director and will be supported by a group of technical staff. These will compromise livestock specialist, value chain specialist, community mobilisation specialist, social inclusion and social mobilization specialist, capacity development specialist and a value chain development specialist. For the purpose of management these specialists will be structured under the three components with the following functions

- Climate responsive natural resources management. This pillar will lead the planning and implementation of SNRMPs, along with climate adaptation measures, to promote sustainable resource rehabilitation, use and strengthen the resilience of poor rural households.
- Veterinary, food safety and hygiene outreach. This pillar will focus on strengthening last-mile delivery of veterinary services, enhancing livestock and other product hygiene and food safety systems across value chain actors along with improving health outcomes and market access for smallholders.
- Gender/youth responsive livelihoods and value chain diversification. This pillar will promote inclusive income-generating opportunities by supporting youth and women-led enterprises, expanding diversification oriented value chains, and facilitating access to finance through the Agricultural Value Chains Development Fund and skills development.

12. These pillars will form a multidisciplinary technical assistance team that will work in an integrated manner to provide advisory and backstopping support to field-level operations and local implementation partners.

Field coordination structure

13. The APIU will not maintain permanent field (regional or district) offices. To bridge this gap in LMDP III, the APIU will deploy , and a set of consultants for mobilisation, technical supervision and mentoring to work directly in the target regions as a part of a group of mobile experts.

14. Mobilisation consultants/experts. These consultants will act as liaisons between the central APIU and the district level Leskhoses and Aiyl Okmutus. They will provide orientation, on-site guidance and backstopping to Aiyl Okmotus and Leskhoses, facilitate their community engagement, and oversee field activities and local stakeholder engagement by these territorial authorities during both planning and implementation. Each expert will be based in field and will cover a group of participating Aiyl Okmutus and Leskhoses organized districtwise, ensuring regular on-the-ground presence.

15. Technical Backstopping in the Field. Technical guidance and backstopping at the territorial level will be delivered by a dedicated technical assistance team assembled under LMDP III to ensure effective programme implementation. The technical assistance team will comprise the following core elements:

- **APIU head office Specialists.** Specialists from the APIU—covering key thematic areas such as climate, veterinary services, and value chains—will frequently conduct field missions to provide training, monitor progress, and resolve technical issues.
- **APIU field experts.** These experts will oversee day-to-day activities within their assigned regions, serving as the primary liaison between APIU specialists, contracted service providers, and territorial authorities. They will ensure a shared vision and adherence to LMDP III guidelines.
- **Contracted Need-Based Service Providers.** External service providers (specialized NGOs or consulting firms) will be engaged when required, to deliver targeted technical support in specific thematic areas.
- **Trained focal point teams from RRPCP-ADAPT supported aiyl okmotus/leskhoses.** These experienced local teams will provide peer-to-peer learning, facilitating a smooth transition into LMDP III activities.

Cooperation between the APIU and implementing partners

16. The APIU will develop implementation agreement with the MWRAPI Service of Veterinary Affairs, Livestock Development, Pastures and Feeds to support the implementation of pasture related activities and monitoring in component 1. The department will receive capacity building to strengthen the capacity of its staff who will then support the LMDP-III implementation in the areas of pasture management, pasture monitoring, environment and GIS services. Agreements will also be in place between the APIU and the AOs and leskhoses for the implementation of the PLMP, SEDP and NRMPs. Additionally, the APIU will develop an implementation agreement with the Ministry of Emergency Situations to support the capacity building of forestry services staff, which will play a key role in supporting LMDP-III forest management activities in the areas of forestry ecosystem monitoring and forestry operations..

17. The APIU will also develop an agreement with the MWRAPI Department on Veterinary and phytosanitary inspection for activities related to the recognition of the Kyrgyz sanitary system by EAEU countries, support the central veterinarian laboratories and animal identification and traceability systems. The other major implementation partner will be the Kyrgyz veterinary association which through its district level chapters will support the veterinary outreach activities of LMDP-III. The programme will also sign an agreement with the veterinary chamber leading to the veterinarian chambers capacity building toward strengthening the veterinary accreditation system.
18. For component 3, the APIU will mobilise the process within the MWRAPI for the establishment of the AVCDF. The AVCDF will be managed by the APIU till the programme end when it will be migrated outside to another designated MWRAPI department or according to the exit strategy defined guidelines.

Terms of reference of key programme staff

Administrative Team:

1. Director of the APIU

The APIU Director will perform the following functions, but not be limited to them:

- manage the work and coordinate programme activities in close cooperation with the IFAD country team;
- **be directly responsible for the management of the activities and APIU staff;**
- **Ensure close coordination of communication between the MWRAPI and IFAD in terms of informing on the status and progress of the programme;**
- **be directly responsible for the programme activities are aimed at achieving the defined goals and objectives; take the initiative and ensure that all necessary actions and decisions are taken by the agencies implementing the programme to ensure further implementation of the programme;**
- **be directly responsible for achievement of programme objectives and sustainability of results achieved;**
- lead the process of developing regulatory and methodological materials to achieve the Programme objectives;
- **coordinate** develop, update and ensure proper implementation of the Annual Work Plan and Budget (AWPB); monitor implementation of programme indicators;
- **be directly responsible for all financial matters, disbursements and management of programme funds in accordance with proper accounting, budgeting, financial control and auditing procedures acceptable to the IFAD and the Cabinet of Ministers of the Kyrgyz Republic. Ensure timely preparation, approval, implementation of programme budgets plans and financial monitoring reports required as per IFAD guidelines/ and/or government regulations for submission to the MWRAPI and IFAD;**
- **be directly responsible for the process of preparing and updating the Procurement Plan (PP) in line with programme activities in accordance with the manuals and procedures of the IFAD;**
- **coordinate and direct all consulting and contracting activities, coordinate the execution of contracts with consultants and suppliers within the framework of the Programme; evaluate the performance of consultants;**
- **manage the monitoring, evaluation and reporting system of the programme and be responsible for preparation and timely submission of programme development reports and impact assessment reports on the implementation of the programme for the Steering Committee and IFAD, with the assistance of the relevant APIU staff;**
- **upon completion of the programme, prepare a report on the completion of the programme with the assistance of international consultants and specialists of the**

APIU, in accordance with the requirements of IFAD and the Cabinet of Ministers of the Kyrgyz Republic;

- ensure implementation of and compliance with the provisions of the agreements concluded between the Kyrgyz Republic and the IFAD and compliance with the requirements of the Programme Implementation Manual.

The APIU Director shall meet the following criteria and qualifications:

- Higher education is a mandatory requirement. Higher education in agriculture, agricultural economics, economics or public administration is an advantage;
- Programme management skills: at least ten years of experience in managing and monitoring the implementation of international donor-funded agricultural development programmes/programs, including extensive experience in work planning, budgeting, monitoring and evaluation.
- Knowledge of financial management and procurement processes of donor-funded programmes;
- Programme implementation team management: at least five years of experience in managing large multidisciplinary teams of staff; experience in coordinating cooperation with multiple agencies is an advantage;
- Experience of working with agricultural sector agencies: previous experience of working with agricultural sector agencies. In-depth knowledge of the agricultural sector, policies and institutions of this sector in the country. Good knowledge of the legal framework and the activities of local self-government bodies in the Kyrgyz Republic;
- Knowledge of languages: fluent in Kyrgyz and Russian; knowledge of English is an advantage;
- Knowledge of IT technologies and office equipment user at an advanced level

2. Financial Manager

The Finance manager will perform the following functions, but not be limited to them:

- **ensuring proper control over the management of programme financial flows and their disbursement, following accepted accounting procedures and policies, internal financial control of APIU procedures in accordance with International Financial Reporting Standards, which includes** segregation of duties, monthly bank reconciliations, budget vs. actual reports, and maintaining a fixed asset register with periodic verification. Complete documentation will be kept, and inspections of partner records will be conducted to ensure proper reporting.
- preparing an AWPB and submit it to IFAD along with the procurement plan 60 days prior the start of each financial year;

- preparing the Programme's quantitative financial and physical output data in 1C, which is accounting software with the features of Management Information System (MIS) in excel;
- responsible for the use of the 1C accounting software, which will be implemented for Programme after some adjustments;
- at the end of each fiscal year preparing a results-oriented Annual Progress Report, which is highlighted the results achieved with respect to annual and common goals.
- preparing quarterly interim financial reports and submit to IFAD.
- responsible for programme budgeting, which includes all activities for the year, segregated by quarter and by financier. To facilitate transparency in the budgeting, and facilitate implementation and monitoring of the budgeted activities, approved AWPBs will be accessible to all Programme and implementing partner staff.
- responsible for Annual Programme audit by an independent private auditor;
- **preparing the Terms of Reference for the annual external audit; technical and financial assessment of proposals from auditors; preparing annual financial statements and explanatory notes in accordance with the requirements of the IFAD, to an acceptable extent; agreeing with auditors on the format of their reports;**
- **preparing and obtaining approval for budgets based on the work plans of the programme subcomponents;**
- **periodically assessing the financial reporting schemes and internal controls for the programme subcomponents and making proposals for improvement;**
- **monthly review the overall programme general ledgers to identify and clarify any errors and anomalies, and particularly with respect to debtors and creditors that are overdue for a period of more than one month;**
- **regularly review the financial statements submitted by programme components and sub-components and agencies or organizations implementing or managing such components and sub-components to ensure that they are following established procedures and to make adjustments where necessary;**
- **monitoring the status of budget utilization by programme component and expenditure category and reporting to the Director any significant changes together with recommendations for appropriate action;**
- **liaising with officials of the Ministry of Finance, the MWRAPI and other relevant government bodies on financial matters pertaining to the APIU and the programmes for which s/he is responsible, and in particular on the timely disbursement of government counterpart funds;**
- **periodically visiting remote programme locations to review the operation of the internal control system and control of reporting by components;**
- **ensuring timely preparation of financial, performance and monitoring reports to the Government of the Kyrgyz Republic, donors and provision of international and local auditors with information, documentation and explanations necessary for audit purposes;**

- **preparing and submitting applications for replenishment of Special accounts of programmes in accordance with the Disbursement guidelines of IFAD and other donors in accordance with grant/financial agreements ratified by the Parliament of the Kyrgyz Republic;**
- **approving and updating the Financial Procedures Manual of the APIU and ensuring strict compliance with its provisions;**
- **organizing and conducting training seminars on accounting and financial management within the programme framework for the APIU staff and components;**
- **controlling the work of Special accounts and other transit accounts in accordance with IFAD and other donor procedures;**
- close communication, cooperation and coordination with IFAD Country Team, MWRAPI management and staff and other programme implementation agencies.
- **performing other relevant duties as required by the APIU Director.**

The Finance Manager shall meet the following criteria and qualifications:

- Master's degree in finance, economics or similar education in the field of accounting and finance of international standard;
- Extensive experience in working with procedures for budgeting, accounting and reporting of donors;
- Ability and practical experience in creating and maintaining a system for financial management of the programme and accounting information system in accordance with international best practice;
- Complete, practical management of bookkeeping;
- Ability to present financial information in a clear, concise form and in a form acceptable to non-specialists;
- Knowledge of Kyrgyz and Russian languages is a must, knowledge of English is an advantage;
- Experience in training local staff and subcontractors in payment procedures and accounting theory and practice;
- Computer literacy; knowledge of programs based on the Microsoft Office package, such as Word and Excel, PowerPoint, 1C accounting program and other MIS programs

3. Lead Procurement Specialist

The Lead Procurement Specialist will perform the following functions, but not be limited to:

- **Prepare and submit annual Programme Procurement Plan to IFAD and ensuring implementation and monitoring of procurement activities;**
- **Regularly review and make adjustments to the Programme's Procurement Plan in consultation with the APIU Director, Financial Manager, Programme**

Coordinator and the IFAD Country Team, and timely submit procurement plan for consideration by the IFAD;

- **Fulfillment of all responsibilities (preparation of tender documents, information, organization of tender committee meetings, provision of documents for necessary review, preparation of contracts, etc.) related to the procurement procedures for all types of works, goods, and services in accordance with the applicable IFAD Programme Procurement Manual and Procurement Handbook (2021), PIM and other programme documents;**
- **Ensure that the procurement under the Programme is undertaken in line with the Programme Design Report and IFAD Procurement Handbook;**
- **Conduct international and national competitive bidding for the procurement of works, goods and consulting services in accordance with the PIM and requirements of the IFAD for procurement;**
- **Prepare the General Procurement Notice (GPN) under the Programme and submit it to IFAD for approval, arrange for their publication in «UN Development Business», in local and international newspapers in accordance with the IFAD Programme Procurement Manual;**
- **Prepare documents to receive the IFAD's "no objection" for the proposed short list of consultants/consulting firms approved by the Tender Commission;**
- **Develop the tender documentation in conjunction with the appropriate technical experts in accordance with the standard bidding documents and a standard request for proposal in accordance with the procurement plan;**
- **Adhere strictly to the requirements of the IFAD Programme Procurement Manual during the procurement of all works, goods and services not subject to prior review by the IFAD;**
- **Arrange for the acceptance of proposals on the basis of the relevant requests;**
- **Receive technical and financial proposals and submit them to the Tender Commission;**
- **Coordinate the meeting for opening of bids, assist the Tender Commission in the preparation of assessment reports on the procurement of works, goods and consulting services in accordance with the standard format of the IFAD;**
- **Receive the IFAD's "no objection" for evaluation reports and recommendations for contract award;**
- **Comply with the requirement not to engage firms or individuals temporarily or permanently debarred from participating in tenders and not to sign contracts with them (the list of firms and individuals temporarily or permanently debarred from participating in tenders can be found on the website ;**
- **Ensure transparency in the tender process;**
- **Provide the absence of conflicts of interest in relation to the Programme staff involved in the procurement process, and members of tender commissions;**
- **Prepare the preliminary versions of contracts for approval;**
- **Assist in the organization of the delivery of goods to the relevant implementing agency or beneficiary;**

- **Inform supplier of any damage or defects in the goods supplied and ensure their elimination;**
- **Manage all activities in relation to disputes with consultants or suppliers and guarantors of the purchased goods;**
- **Monitoring and managing contracts signed with international and local consultants under the Programme;**
- **Responsible for entering all contracts/agreements signed by APIU and included in the PP into the CMT- Contract Monitoring Tool registry, along with the signing dates, and ensuring their accuracy;**
- **Consider complaints on procurement, including proper record keeping and registration, notification of the IFAD and preparation of responses;**
- **Facilitating and participating in procurement review missions by local and international observers, audits and other inspection bodies;**
- **Preparing procurement reports and status reports on procurement for the MWRAPI, and IFAD;**
- **Maintain documentation on procurement under the Programme in order to assist in conducting inspections by an independent auditor and the supervisory missions of the IFAD;**
- **Monitoring, maintaining accurate records, organizing and storing separate files for each procurement activity, including tender correspondence;**
- **Reviewing the Programme Procurement Plan at the community level.**
- **Supporting and processing procurement procedures, administering contracts;**
- **Close communication, cooperation and coordination with IFAD Team, MWRAPI management and staff and other programme implementation agencies.**
- **Other necessary duties as directed by the APIU Director.**

The Lead Procurement Specialist shall meet the following criteria and qualifications:

- Higher education in economics, management, law, technical or another relevant field;
- Work experience and technical ability related to the procurement of goods, works and services in accordance with the Procurement Guidelines of international organizations (IFAD, WB/IDA, etc.) for at least 3 years;
- Proven experience and in-depth knowledge of procurement issues in accordance with local and international practice;
- Experience of cooperation with government agencies and representatives of foreign organizations, non-governmental organizations and private enterprises;
- Good communication skills. Knowledge of Russian, Kyrgyz and English languages;
- Good analytical skills, ability to write reports and other materials;
- Ability to cope with heavy workloads and stress resistance;
- Computer literacy, knowledge of programs based on the Microsoft Office package.

4. Procurement Specialist

The Procurement Specialist will perform the following functions, but not be limited to them:

- **Fulfillment of all responsibilities related to the procurement procedures for all types of works, goods, and services in accordance with the applicable IFAD Programme Procurement Manual and Procurement Handbook (2021), PIM and other programme documents;**
- **Specifically – preparation of tender documents, information, organization of tender committee meetings, provision of documents for necessary review, preparation of contracts, etc.;**
- **Preparation and submission of procurement notifications and materials to local media;**
- **Assisting with and preparing annual procurement plans for programme and ensuring their timely implementation;**
- **Supporting proper monitoring of the entire procurement process;**
- **Preparing reports on the current procurement status;**
- **Monitoring and managing contracts signed with international and local consultants under the Programme;**
- **Maintaining, organizing, and archiving procurement files, including tender correspondence;**
- **Facilitating and participating in procurement review missions by local and international observers, audits and other inspection bodies;**
- **Maintain documentation on procurement under the Programme in order to assist in conducting inspections by an independent auditor and the supervisory missions of the IFAD;**
- **Other necessary duties as directed by the Programme Coordinator, the Lead Procurement Specialist or the APIU Director.**

The Procurement Specialist shall meet the following criteria and qualifications:

- Higher education in economics, management, law, technical or another relevant field;
- Work experience and technical ability related to the procurement of goods, works and services in accordance with the Procurement Guidelines of international organizations (IFAD, WB/IDA, etc.) for at least 3 years;
- Proven experience and in-depth knowledge of procurement issues in accordance with local and international practice;
- Experience of cooperation with government agencies and representatives of foreign organizations, non-governmental organizations and private enterprises;
- Good communication skills. Knowledge of Russian and Kyrgyz languages, knowledge of English is an advantage;
- Good analytical skills, ability to write reports and other materials;
- Ability to cope with heavy workloads and stress resistance;
- Computer literacy, knowledge of programs based on the Microsoft Office package.

5. M&E Manager

- The Monitoring and Evaluation Specialist will perform the following functions, but not be limited to them:
- Overall responsibility for ensuring the development of an effective monitoring and evaluation system that provides comprehensive monitoring and evaluation of information necessary for the implementation of the programme;
- Responsible for monitoring (a) the work plans and reports submitted by all programme consultants; (b) implementation of AWPB and for monitoring of the short-term and long-term results; (c) the results' correspondence analysis with the work plans and identification of problems and providing written recommendations on how to overcome these problems.
- Review reports produced by the LMDP I and II, ATMP project and other closed and on-going projects in the relevant areas and work plans/reports provided by all programme consultants and ensure there is no overlapping and duplication between them;
- Ensuring the consolidation of reports, submitted by all other programme consultants for inclusion into the monthly, quarterly, annual progress reports, final progress Report on programme completion in accordance with PIM.
- Collection and analysis of interim information, to be submitted to APIU Director for preparing regular analytical notes/reports, as needed, on the tasks related to programme components with a view to improving the programme implementation.
- Preparation of recommendations to APIU Director and Programme Coordinator for the next year's AWPBs with a particular focus on gender and pursuing other social goals and indicators of the programme performance and impact;
- Preparation of necessary materials for carrying out Programme Steering Committee meetings, and drafting of appropriate minutes and decisions.
- Preparation of materials for meetings of APIU Director and Programme Coordinator with consultants and APIU staff, involved in the components, with IFAD team and drafting of meetings' minutes;
- Monitor the execution of decisions taken by the Programme Steering Committee, MWRAPI, APIU and IFAD team meetings;
- Developing a specific Monitoring and Evaluation Plan that outlines the role and responsibility of each partner;
- Responsible for establishing and creating a reliable beneficiary databased, disaggregated by relevant dimensions (gender, age, poverty, residency) to keep track of the persons receiving the services provided by the programme.
- Responsible for the regular collection of data on key performance indicators, ensure outcome assessments at baseline, midline, and endline through household surveys and qualitative assessments, and analyze impact on income, assets, employment, regional economic activity, and government tax revenue.
- Improvement of the APIU MIS with GIS functionality including the M&E system in accordance with the terms and requirements of IFAD;
- Developing and defining measurable indicators to establish the effectiveness of each component and to direct efforts to address specific deficiencies during the implementation of the programme(s);

- Systematic collection, analysis and evaluation of information on the implementation of activities and the achievement of results from the implementing agencies, in accordance with the M&E framework, work plans and budget of the programme;
- Preparation of materials (report, presentation, etc.) for IFAD supervision and support missions; responsible for the implementation of the recommendations of the Aide-Memoire of IFAD missions;
- Preparation of materials (report, presentation, etc.) for regular meetings of the Programme Coordination Group;
- Monitoring progress and assessing achievements according to the Result Framework indicators in terms of short-term and long-term results, as well as success in achieving the objectives of the programme. Include these findings from the monitoring and assessment in the regular progress reports to IFAD;
- Monitoring the performance of staff duties in accordance with their respective terms of reference (before probationary period, until completion of the work period, completion of the contract); execution of short-term ITA, NTA contracts with provision of a conclusion;
- Preparation, organization and implementation of various studies on M&E of the programme; preparation of terms of reference for baseline, mid-term studies and a study on the completion of the programme in accordance with the Logical Framework of the programme and the IFAD Core Outcome Indicators (COI);
- Preparation of monthly, quarterly, semi-annual and annual progress reports and other analytical reports and information based on the results of M&E and the effectiveness of the programme in accordance with the conditions and requirements of IFAD for submission to: IFAD, MWRAPI, MoF, MEC, Parliament of the Kyrgyz Republic and other departments;
- Provision of assistance to partner organizations of the programme in the creation of a management information system (MIS) and M&E system; improvement of reporting formats between implementing organizations and APIUs;
- Support to conduct periodical standardized Field Surveys with Programme beneficiaries which will be guided by the IFAD COI measurement guidelines;
- Support field research at the outcome level to provide management with information on the quality and effectiveness of programme activities, enabling informed planning and corrective actions for emerging issues. Collect qualitative data on programme activities to identify success stories and models for replication;
- Assess the use and benefits of programme outputs at the beneficiary level, focusing on accessibility, impact on access to finance, services, and markets, as well as evaluating achievements in returns, added value, job creation (direct and indirect), and sustainability prospects;
- Close communication, cooperation and coordination with IFAD Team, MWRAPI management and staff and other programme implementation agencies.

6. Office manager

The Office secretary-assistant will perform the following functions, but not be limited to:

- Receiving calls and organizing meetings of the Director of the APIU/programme coordinators/financial manager;
- Office work (receiving incoming and outgoing correspondence);
- Administrative issues (transportation, travel requests,)

The Office secretary-assistant shall meet the following criteria and qualifications:

- Higher education in economics, agriculture and other related sciences;
- Experience in programme programs with international support is preferable;
- Experience in cooperation with government agencies and representatives of foreign organizations, non-governmental organizations and private enterprises;
- Possession of the ability to cope with heavy workloads and stress resistance;
- Fluent in Russian and Kyrgyz; knowledge of English is an advantage;
- Computer literacy: knowledge of programs based on the Microsoft Office package, such as Word, Excel, Power Point and other programs.

7. Database Specialist/IT specialist

The responsibilities of an Information Technology Specialist/System Administrator include, but are not limited to:

- Responsibly perform the work described in detail in the Terms of Reference;
- Continuous modernization and development of the computerized information management system (MIS-APIU) based on the 1C platform and support of the Financial Management System, as well as preparation of the report on the performance results;
- Design, development and implementation of mechanisms for exchanging data between the MIS-APIU and FM modules;
- Participation in the conceptualization and design of MIS-APIU and close work with the APIU staff to ensure compatibility of MIS-APIU with the unified financial management system;
- Preparation of appropriate documentation for the created modules, which will combine the logical schemes of the SFU, document flow, description of specific items, etc. The documentation must contain all information on the exchange mechanisms between the FM and MIS-APIU modules;
- Development of a User Guide for the FM system and MIS-APIU;
- Participation in the preparation and conduct of technical trainings on filling the database, consultations for stakeholders. Conducting training for specialists on the use of the information system, and daily technical support;
- Participation in the dissemination of knowledge and information, technical issues in the field of database management. Actively participate in trainings, consultations and other events;

- Assistance in the preparation and transfer of electronic reporting data from the database to the APIU, the Ministry of Agriculture of the Kyrgyz Republic and other interested parties, as well as conducting analyses, developing work plans and preparing relevant reports;
- And other tasks at the discretion of the APIU director.

8. Disbursement Specialist

The Disbursement Specialist will perform the following functions, but not be limited to them:

- Preparation of withdrawal applications, Statement of Expenditures (SOE), special commitments, and direct payments of the programme in accordance with the Disbursement Guidelines of IFAD;
- Maintenance of accounting records and ensuring proper control over the financial resources of the programme, including their movement and disbursement, following the accounting standards and regulations of the Kyrgyz Republic and in compliance with IFAD requirements;
- Processing payments for advances to programme components based on their requests, as well as covering APIU expenses from the programme's special accounts;
- Processing component reports and primary documents, entering all transactions and daily bank operations into the 1C accounting system in accordance with bank statements;
- Handling cash payments and advances from the programme cash office for operational and other programme expenses, entering all daily transactions into the 1C accounting system with proper classification and alignment of expenses according to their categories;
- Preparing all supporting and accompanying documents for programme expenses, related to withdrawal applications;
- Preparing monthly cash flow reports for all programme accounts;
- Preparing monthly and quarterly programme' reports and informational materials if Finance Manager requested;
- Preparing financial reports for auditors and assisting during programme audit processes;
- Processing accounting records for all temporary and permanent assets and participating in the annual inventory of programme equipment and its components;
- Substituting for the Financial Manager and performing certain duties in their absence (during annual leave, sick-leave, leave of absence).

The Disbursement Specialist shall meet the following criteria and qualifications:

- Higher education in accounting and finance;
- At least 5 years of experience in accounting;
- At least 3 years of experience in a similar position within international organizations;

- Strong knowledge of financial management procedures, accounting standards of the Kyrgyz Republic, tax policies, and other financial legislative norms;
- Familiarity with financial management procedures of international organizations such as IFAD and others;
- Proficiency in Russian and Kyrgyz is required; knowledge of English is preferred;
- Mandatory knowledge of the 1C accounting software;
- Mandatory proficiency in computer programs based on the Microsoft Office.

Technical Team:

9. Programme Coordinator

The Programme Coordinator's main responsibilities include, but are not limited to the following:

- Coordinate and be accountable for the achievements of the activities within programme components in accordance with the terms of the Financing Agreement, the Programme Implementation Manual, the programme design, approved work plans, budget and procurement plans, and other authorized documents.
- Prepare the TORs and specifications for the recruitment of service providers and contracting of vendors, as per the approved annual Procurement Plan. He/she will be responsible for seeking external expertise to draft bills of quantities for any infrastructure foreseen in the AWPB.
- Coordinate the work of hired local specialists in their respective areas, including the group of international and local consultants engaged to perform specific tasks as part of the overall programme.
- Monitor the implementation of memoranda of understanding between APIU and programme partners, as well as the recommendations from briefing notes; coordinate and assist implementing organizations in carrying out programme activities.
- Convene meetings of the Steering Committee (SC) as its secretary, in accordance with the regulations and composition of the group; prepare meeting minutes and implement recommendations; and convene additional SC meetings when necessary.
- Assist in identifying potential beneficiaries and programme participants, preparing the necessary documentation packages in line with established requirements and criteria, and developing business plans.
- Develop terms of reference for hiring local and international consultants, preparing training modules and conducting training sessions, and carrying out procurement activities specified in the programme design.
- Conduct monitoring and evaluation activities in line with the Monitoring and Evaluation (M&E) plan, including baseline, outcome and impact surveys, and knowledge management;

- Ensure data entry and tracking in the MIS, database, and client files.
- Foster strong communication and trust among all participants in the value chain.
- Identify and document success stories, innovative practices, and best practices within the programme and its components, and ensure their dissemination in collaboration with the relevant APIU specialists.
- Prepare annual work plans and budgets (AWPBs) for the programme and its components for subsequent approval and endorsement.
- Provide full support and participation in programme-related research (baseline, outcome and completion) and its components.
- Responsible for the implementation of the Programme at the community level.
- Responsible for managing all grant funds of the Programme in close cooperation with grant recipients.
- Responsible for managing the performance of the partner national organizations that are responsible for implementation of specific programme activities;
- Support and processing of procurement procedures;
- Evaluating correspondence of the results of the performance of service providers to the stated requirements;
- Prepare and submit programme progress reports on a quarterly, semi-annual, and annual basis, as well as any other information requested by APIU Director, MWRAPI management and IFAD country team.
- Close communication, cooperation and coordination with IFAD Country Team, MWRAPI management and staff and other programme implementation agencies.
- Perform any other tasks assigned by the APIU Director.

The Programme Coordinator shall meet the following criteria and qualifications:

- Higher education in agricultural economics, food industry, agriculture, economics, or management.
- Programme implementation management skills: at least 3 years of experience in managing and monitoring the implementation of programmes/programs related to agricultural development or value chain development funded by international donors.
- Proven experience of at least five years in managing and implementing agricultural programmes/programs utilizing modern technologies and practices.
- Knowledge of technologies and best practices in value chain development, agribusiness development, and income generation in rural areas.
- Familiarity with financial and procurement procedures of international organizations (IFAD, WB/IDA, etc.).

- Strong computer and communication skills (oral, written, and presentation skills).
- Skills in planning, management, and teamwork.
- Proficient in Russian and Kyrgyz languages; knowledge of English is an advantage.

10. Social Inclusion Specialist/Gender specialist

ToRs APIU Social Inclusion, Gender, and targeting officer

Roles and responsibilities

Under the general supervision of the programme director, the programme Gender, Youth and Social Inclusion Targeting Specialist will perform activities in five main areas to mainstream social inclusion:

Programme implementation

- Advise and support the programme manager, other members of the PMU and field officers in the effective mainstreaming of targeting, gender, youth and social inclusion in programme activities.
- In close collaboration with the APIU, develop full targeting and gender strategies and action plans to be updated regularly.
- Work with each specialist in the APIU in critically reviewing programme design to see how each component or subcomponent addresses gender issues and identify opportunities for strengthening implementation from a targeting/youth/gender perspective.
- Collaborate with the other Specialists to ensure that Gender, Youth and Poverty targeting objectives are properly reflected in the detailed implementation arrangements (including, templates for Expression of Interest and Calls for Proposal; eligibility and selection criteria for grants, etc).
- Review basic programme implementation processes to provide feedback and suggestions on how to achieve the best possible programme outcomes with respect to targeting, gender equality and women's empowerment, and youth inclusion.
- Identify and report bottlenecks in outreach of target groups (specially women, youth, people with disabilities), discuss with relevant internal and external stakeholders, and present solutions.
- Identify complementarity activities in other development programmes that allows LMDP-III create partnerships and implement SI interventions contributing to the SI objectives.
- Establish partnership with key institutional actors, through the development of MoU.
- Ensure that activities of the targeting and gender strategies are reflected in the following:

- ✓ Preparation of the AWP/B;
- ✓ Programme progress reports;
- ✓ Programme supervision.
- Participate in the development of detailed TORs and tender documents of national and local service providers to various programme components to ensure that target groups will be able to participate effectively in all components and meet the programme's targets.
- Carry out regular field visits to supervise and support gender/targeting and youth inclusion activities and detect potential targeting errors as well as adverse impact on women and youth.

M&E and knowledge management

- Together with M&E and knowledge management staff, establish an M&E system that captures and analyses disaggregated data on gender and social inclusion.
- Document and share M&E, learning and communication products.
- Analyse data, including from M&E GRM and Feedback Mechanisms, to ensure that there are no adverse impacts on target groups as a result of programme implementation, and suggest remedial measures if necessary.
- Identify existing knowledge and data gaps in the area of gender, targeting and social inclusion and develop measures to close data gaps.

Capacity-building

- Participate in gender, youth and social inclusion trainings and reflect the learning outcomes into actions
- Undertake regular capacity assessment on gender and social inclusion issues and provide capacity-building for staff at the field level, PMU, implementing partners and service providers.

Advocacy and policy-dialogue

Be familiar with gender policies of the institutions linked to the programme, including national policies and those of ministries, implementing institutions and financing agencies, including IFAD.

- Establish linkages with other gender, women's or social inclusion programmes implemented by national, international and intergovernmental agencies.
- Present evidence-based information on gender inequalities as well as good practices on how to address those inequalities in national forums.

Partnerships

- Work closely with different local and national partners on the gender and youth components of LMDP-III
- Ensuring full integration of IFAD gender approaches in interventions implemented by all implementing partners at different levels.

Qualifications and experience

- Master's degree in social sciences, rural development or related discipline.
- At least 7 years' experience working in gender and social inclusion issues.
- Experience with participatory methodologies
- Experience in agricultural and rural development programmes;
- Experience in programmes integrating targeting and gender considerations across components/activities and M&E;
- Experience in designing and delivering training modules;
- Highly motivated and committed to poverty alleviation and gender equality;
- Working knowledge of spoken and written native and English languages;

11. APIU programme Engineer

The Engineer will perform the following functions, but not be limited to them:

- Review of programme construction documentation, construction contracts, as well as other documents related to the execution of construction contracts;
- Evaluation of technical solutions proposed by contractors and their compliance with programme requirements.
- Review of contractors' and consultants' work programs and participation in the review of payment forecasts;
- Conducting analysis of estimated construction costs and proposals for cost optimization;
- Ensuring supervision of construction, monitoring the physical progress of works, identifying discrepancies between the approved plan and actual achievements in accordance with the programme documentation, adherence to deadlines and budget, and proposing solutions to address these discrepancies;
- Preparing progress reports to be submitted to the IFAD and government agencies;
- Maintaining necessary documentation for completed works during the construction phase;
- Preparing materials for consideration and approval of changes in programme decisions arising during construction, promptly addressing issues related to the replacement of materials, products, and structures (without compromising the quality of construction works), helping eliminate the causes of delays and deterioration of construction quality, and taking measures to prevent such issues;
- Overseeing the technical acceptance of completed construction works, assisting in the preparation of necessary technical documentation, and aiding in the preparation of data for reporting, periodically checking quality control systems, equipment, materials, contractor and engineer personnel at all stages of construction, etc., to ensure contract compliance;

- Assisting APIU procurement sector in preparing and developing the technical and engineering sections of tender documents;
- Participation in analysis of contracts, amendments to contracts, and additions to contracts for construction and repair works, equipment supply, and consulting services for all programme components;
- Advising on the integration of innovative technologies and improvements into the programme;
- Provide information on progress for quarterly, semi-annual, and annual progress reports of the programme and any other information as requested by management;
- Perform any other tasks assigned by the APIU Director and/or the Programme Coordinator.

The Engineer shall meet the following criteria and qualifications:

- Education: Bachelor's degree in Civil Engineering (a Master's degree or higher is a significant advantage);
- At least 5 years of overall work experience as a construction engineer for buildings, structures, or other infrastructure programmes, as well as possession of certificates and licenses for engineering and construction work;
- At least 3 years of experience in international programmes as a construction engineer, overseeing the progress of construction work;
- Proven experience in managing and implementing agricultural programmes/programs using modern technology and practices for at least five years;
- Knowledge of financial and procurement procedures of international organizations (MFSD, WB/IFC, etc.);
- Planning, management, and teamwork skills;
- Strong computer skills: proficiency in Microsoft Office applications, CorelDraw, AutoCAD is required;
- Good knowledge of Russian and Kyrgyz languages, knowledge of English is an advantage.

12. Community mobilization specialist/Regional specialist

The Community mobilization specialist/Regional specialist will perform the following functions, but not be limited to them:

- Provide support and consultation to local government structures, local self-government bodies (LSGs), agricultural processors, cooperatives, family farms, local community members, and other stakeholders on the principles, goals, objectives, and procedures of the program;

- Ensure wide dissemination of programme information;
- Ensure timely and high-quality implementation of all social mobilization activities and explains their role in the development of the value chains, as well as investment management within the programme framework;
- Prepare training plans and is responsible for the organization and logistics of all training events (trainings, seminars, roundtables, exchange visits, etc.) at the local level;
- Ensure equal participation of target groups, particularly women, youth, and vulnerable households, in all local-level activities;
- Participate in the ToT for target groups, and provides consultations on business plan development and value chain development;
- Plan, organize, conduct roundtables, presentations, training, consultations, exchange visits, and other activities to build local capacity in programme implementation across all three components of the program;
- Provide full support and participation in conducting programme research (baseline, mid-term, post-programme, field research) and its components;
- Provide quarterly, semi-annual, and annual progress reports on the programme and any other information as requested by management;
- Perform any other tasks assigned by the APIU Director or Programme Coordinator.

The Community mobilization specialist/Regional specialist shall meet the following criteria and qualifications:

- Higher education in economics, agriculture, or another relevant field;
- At least 5 years of experience in the management, monitoring, and evaluation of pastures, conducting social mobilization, and delivering agricultural training;
- Willingness and ability to travel frequently, spending a significant amount of time in rural areas, building trustful relationships with residents and leaders of target groups;
- Knowledge of financial procedures and procurement processes of international organizations;
- Familiarity with regulations governing relationships in the areas of agricultural production, pasture management, forestry, and product safety;
- Experience working with government agencies, representatives of non-governmental organizations, and private enterprises at the local level;
- At least 3 years of experience working in programmes funded by international donor organizations;
- Strong analytical skills and the ability to produce analytical reports;
- Good communication skills. Proficiency in Russian and Kyrgyz;
- Computer literacy, including knowledge of Microsoft Office programs such as Word, Excel, PowerPoint, and other MIS programs.

13. COM/KM specialist

The Knowledge Management and Communication Specialist will perform the following functions, but not be limited to them:

- **Develop a strategy for knowledge management and communication** for the programme.
- **Prepare a training plan**, which should include training topics, modules, programs, handouts, and an estimated budget.
- **Participate in training events** within the framework of the competitive grants program.
- **Conduct regular monitoring and evaluation** to ensure the sustainable development of target groups.
- **Plan, coordinate, and provide training and technical assistance** to local consultants and programme implementation partners within the competitive grants program.
- **Contribute to the development and improvement of standard procedures and mechanisms** related to enhancing sustainability and capacity-building of programme beneficiaries.
- **Participate in discussions** on budgets and procurement plans within the programme.
- **Consult with international experts** and involve them in the programme implementation process.
- **Facilitate the development of training and business management programs**, strengthening activities, and knowledge transfer, including detailed training modules and practical guidance within the programme.
- **Study and analyze lessons learned** from previous activities and prepare preliminary plans for transferring key programme achievements to existing institutions.
- **Collaborate with the team** to create communication and information products based on innovations and progress achieved in the programme, for dissemination via the internet and mass media.
- **Participate in knowledge-sharing events** organized by other partners and exchange new skills or best practices within the programme.
- **Prepare informational and analytical materials** in Kyrgyz and Russian, targeted at the local community and the general public, about the programme's goals, objectives, and approaches (posters, banners, brochures).
- **Organize and conduct press tours and round tables** as needed.
- **Prepare and submit required reports** in accordance with the APIU requirements, as well as reports for the programme, the Cabinet of Ministers of the Kyrgyz Republic, IFAD, donors, and the public.

- Perform any other tasks assigned by the APIU Director and/or the Programme Coordinator.

The Knowledge Management and Communication Specialist shall meet the following criteria and qualifications:

- A higher education degree in public relations, communications, journalism, marketing, or other relevant fields.
- At least 5 years of professional experience in public relations, media, or related fields.
- Preferably at least 3 years of experience working on programme programs with international support.
- Practical experience in developing and implementing information campaigns using various communication tools, as well as experience working with different social media platforms (Instagram, Facebook, etc.).
- Experience collaborating with government institutions, representatives of international organizations, non-governmental organizations, and private enterprises.
- Good communication skills - written and oral. Perfect knowledge of Russian and Kyrgyz languages; knowledge of English is an advantage;
- Computer literacy: knowledge of programs based on the Microsoft Office package, such as Word, Excel, Power Point and other MIS programs.

14. Translator

The Translator will perform the following functions, but not be limited to them:

- Translating/interpreting any information required by the APIU Director, Programme Coordinator, APIU staff, the leadership of the MWRAPI KR and, as needed, at meetings with international advisors, consultants, and donor representatives;
- Traveling for programme-related assignments to provide translation/interpretation services;
- Providing accurate translation of documents from English to Russian and/or Kyrgyz and vice versa;
- Providing interpretation during meetings with Kyrgyz and international partners, and translating documents to and from such partners;
- If necessary, being responsible for archiving, registering incoming and outgoing mail and documents, and general correspondence;
- Performing other duties as requested by the APIU Director.

The Translator shall meet the following criteria and qualifications:

- Higher education in philology or humanities;
- Proven experience in providing translation services (oral and written) within programmes or programs funded by international donors;
- Excellent proficiency in English, Kyrgyz, and Russian;
- Proficiency in written and spoken Kyrgyz is mandatory;
- Knowledge of agricultural, veterinary, financial, and other technical terminology in English, Russian, and Kyrgyz;
- Excellent knowledge of computer programs (Windows: Word, Excel, and PowerPoint).

15. Livestock Specialist

The Livestock Specialist's specific responsibilities include but not limited to:

- Guide the LSGBs in updating plans on livestock aspects;
- Identify beneficiary training needs as part of this activity including preparation of training plans and budget;
- Studying the issues impeding development of livestock breeding at village level, aiyl okrug/raion and introduction of proposals for their elimination;
- Establishment of long-term contacts with state institutions, scientific institutes implementing National Livestock Development Programs;
- Search for the opportunities of development of value added chain in livestock breeding at local level;
- Study methodology of calculation of animal population and make proposals for its improvement to the institute of the existing calculation system at the level of village/aiyl okrug;
- Assistance in community mobilization, selection of beneficiaries, broadening consultations and training in livestock feeding, and pasture use;
- Facilitate the process of identification of Programme beneficiaries for the fodder program of Community Seed Funds, mobilization and implement these activities in accordance with the Programme Implementation Manual;
- Cooperate with relevant partners and associations for control, monitoring, timely duly promotion of strategies, planning, organization of livestock breeding and implementation of veterinary preventing measures;
- Participate in the selection and hiring of partners to implement activities in livestock breeding, artificial insemination, feeding, and pasture use;
- Develop standard documents and procedures relating to above mentioned activities and arrangement of livestock at local level in general;

- Assist in developing a program of extension training on livestock management and improved production techniques for small holder farmers especially women who are responsible for the care of livestock;
- Assist in developing a special curriculum in conjunction with local livestock communities on aspects relevant for the smallholder livestock farmer in the Programme area;
- Assist in identification and provision of high-quality seeds for fodder crops;;
- Assist the Programme Coordinator in establishing cooperation with entities/associations involved in animal health protection activities; and;
- Perform other responsibilities as requested by the Programme Coordinator.

The Livestock Specialist shall meet the following criteria and qualifications:

- University degree in livestock breeding;
- Practical experience in arrangement of livestock breeding, feeding or in related areas;
- Experience of developing training curricula in livestock feeding/breeding, farming business, arrangement and development of value added chain;
- Experience of preparing, organizing and delivery of various training/extension, other information and technical assistance;
- Fluency in Kyrgyz and Russian, fluency in English will be an advantage;
- Experience of preparing and implementation of monitoring and evaluation for programs/programmes, individual actions/activities;
- Good knowledge of Microsoft Office;
- Sufficient experience with relevant public and private agencies, scientific research institutions;
- Experience with non-governmental and international organizations;
- Experience of preparing analytical reports; and
- Ability and willingness for frequent travels.

16. VCD specialist

The VCD specialist will perform the following functions, but not be limited to them:

- Participate in the development of a Competitive Grants Program (CGP), which will define the criteria and conditions for participation, the criteria for evaluating Grant Proposals, the amount of Grant Funds and the criteria for determining the winners of the CGP, the composition and functionality of the Selection Committee (SeC), and its working procedures, in accordance with the Programme Implementation Manual and the Financing Agreement;

- Develop the design of the business plan for the VC development, conduct trainings on business plan's preparation for target groups participating in the programme;
- Provide technical support and recommendations to beneficiaries in identify business ideas and conceptualize a business plan for income diversification (including financial forecasts, market research and growth strategies), based on the training received, give recommendations on technical specifications of equipment and materials;
- Prepare information on received grant applications, business plans for the selection committee in accordance with the Manual for the competitive grants package and the Programme Implementation Manual;
- Keep records and monitor the annual plan of activities for the VC development activities carried out to achieve the set objectives and provide data for the management information system (MIS);
- Facilitate the development of direct and trusting relationships between agricultural suppliers and processors;
- Coordinate the work on establishing a beneficiary value chain development platform to create business linkages with larger chain actors, business associations, providing market access;
- Lead the analysis of selected value chains;
- Identify successful stories and communicate it to programme specialists;
- Facilitate the preparation of Annual Work Plan and Budgets (AWPB) and progress reports;
- Provide information on progress for quarterly, semi-annual, and annual progress reports of the programme and any other information as requested by management;
- Perform any other tasks assigned by the APIU Director and/or the Programme Coordinator.

The VCD specialist shall meet the following criteria and qualifications:

- A degree in agricultural economics, food industry, agriculture, economics, or other related fields;
- At least 5 years of experience in a similar field, working in internationally supported programme programs, preferably;
- Experience in the private sector is an advantage;
- Demonstrated practical experience in supporting the development of livestock product value chains, including their analysis and capacity building for value chain participants. Practical experience in livestock product value chain development is an additional advantage;
- Knowledge of technologies and best practices in value chain development, agribusiness development, and rural income enhancement;
- Strong communication skills (verbal, written, and presentation). Perfect knowledge of Russian and Kyrgyz languages; knowledge of English is an advantage;
- Computer literacy: knowledge of programs based on the Microsoft Office package, such as Word, Excel, Power Point and other MIS programs.

17. Forestry and ecosystems specialist

The Forestry and Ecosystems Specialist (hereinafter referred to as the Consultant) will perform the following functions, but not be limited to them:

- Conduct training for Forest Service staff to support the establishment, which will include preparing seeds/cuttings for planting, preparing beds and marking beds (including pruning roots), norms and standards of seeds by type, methods and watering norms, transplanting seedlings from beds to main beds, norms for lifting seedlings and transportation. Training will also include forest planning processes to ensure seedling production (which should begin 1-2 years before seedlings are needed) matches demand, and developing feedback mechanisms to encourage high-quality production;
- If necessary, participate in the updating of relevant sections dedicated to the environment in the programme implementation manual;
- Participate in the development of technical specifications for the selection of consultants to prepare detailed programme estimates and studies, as well as in the acceptance of their work (environmental protection, specifications, quantity takeoffs, reports, etc.);
- Ensure the implementation of necessary environmental safety measures for the programme;
- Include mitigation measures and monitoring requirements, as well as a financial plan for each facility, organization and conduct environmental studies, monitor the implementation of environmental action plans (EAP) and environmental protection measures during programme implementation;
- Conduct training for forestry staff
- Oversee and monitor the implementation of environmental protection measures;
- Technical support to design afforestation, reforestation and enrichment plans in the target area through Natural Resource Management Plans (NRMPs) by Leskhozoes, identified as climate-vulnerable, and included in the programme zone; Assist Leskhozoes in preparing grant applications;
- Provide information on progress for quarterly, semi-annual, and annual progress reports of the programme and any other information as requested by management;
- Perform any other tasks assigned by the APIU Director and/or the Programme Coordinator.

The Consultant shall meet the following criteria and qualifications:

- Higher education in a relevant field (ecology, biology, geology, environmental protection, agriculture, food industry, economics, or other related fields);

- At least 5 years of experience in environmental and social assessment tasks and rational use of natural resources across a wide range of industries;
- At least 3 years of experience in programmes funded by international donor organizations;
- Experience in developing environmental protection, social security, and life safety documentation;
- Knowledge of the legislation of the Kyrgyz Republic in the field of environmental protection;
- Knowledge of the socio-economic and environmental conditions of the Kyrgyz Republic, as well as activities in the relevant fields funded by donors, is an advantage;
- Strong computer and communication skills (oral, written, and presentation skills);
- Planning, management, and teamwork skills;
- In-depth knowledge in the fields of forest regeneration, ecology, botany, and soil science;
- Analytical skills and decision-making abilities;
- Responsibility, attentiveness, and observance.

18. Pasture Management Specialist

The Pasture Management Specialist will perform the following functions, but not be limited to them:

- Work closely with APIU staff, Regional service providers/individual consultants, and other stakeholders involved in programme implementation, including participation in development of a comprehensive strategy for programme funded interventions aimed at mitigating climate-induced hazards and enhancing agricultural and livestock productivity;
- Technical support in development and update of Livestock Pasture Management Plans (LPMPs) at the LSGB level;
- Conduct training for LSGBs and Lezhkhoses, pasture users, and other natural resource users as needed and collaborate with regional programme specialists to support LSGBs in preparing and implementing LPMPs;
- Technical support in the preparing 23 grant proposals for LPMPs implementation, which include threat analysis, adaptation strategy, adaptation activities, sustainable herd management plans;
- Provide support in the development of programme's effectiveness assessment tools and monitor implementation in LSGBs, in collaboration with regional programme specialists;

- Assist with logistical activities and provide information related to the regions/districts within the programme's coverage area;
- Travel to LSGBs and district forestry departments to provide consultations, conduct training activities, and participate in various pasture and forest land management events;
- Prepare proposals for draft regulatory documents on local-level natural resource management (LSGBs, district forestry departments);
- Identify and incorporate proven methods and innovations to improve pasture production and productivity, and develop guidelines and methodologies for monitoring and assessing pasture conditions;
- Participate in the development of technical specifications for studies on pasture management;
- Identify and integrate climate adaptation measures into programme activities to enhance the resilience and productivity of pastures.
- Provide information on progress for quarterly, semi-annual, and annual progress reports of the programme and any other information as requested by management;
- Perform any other tasks assigned by the APIU Director and/or the Programme Coordinator.

The Pasture Management Specialist shall meet the following criteria and qualifications:

- Higher education in a relevant field (ecology, biology, geology, environmental protection, agriculture, food industry, economics, or other related fields);
- At least 5 years of experience in the management, monitoring, and evaluation of pastures and pasture improvement, with knowledge of regulations governing pasture management relationships;
- Experience in cooperation with government agencies, representatives of international organizations, non-governmental organizations, and private enterprises;
- At least 3 years of experience in programmes funded by international donor organizations;
- Strong analytical skills and the ability to prepare analytical reports;
- Good communication skills. Proficiency in Russian and Kyrgyz languages;
- Computer literacy; proficiency in Microsoft Office applications, such as Word, Excel, PowerPoint, and other GIS software.

19. Environmental specialist

The responsibilities of the Environmental Specialist will include, but are not limited to the following:

- Providing assistance and support to the PIU director in fulfilling the environmental obligations of the programme.
- Ensuring compliance with the requirements of the legislation of the Kyrgyz Republic in the field of environmental protection and in accordance with the environmental standards of the donor, based on the developed instruments for environmental protection: ESMP, Environmental Management Plans (EMP).
- Providing assistance and support to the PIU in the development of terms of reference (TOR) for the selection of consultants and contractors on environmental safety measures, when conducting tenders and drawing up contracts with consultants and contractors regarding compliance with measures on environmental issues.
- Ensuring that requirements for environmental protection measures are included in tender documents for the provision of services and in contracts for construction work;
- Ensuring that the ESMP is included in subcontractor contracts for construction work.
- Ensuring the implementation of environmental activities and measures provided for in the Environmental and Social Commitment Plan (ESCP), Programme Environmental and Social Measures Management Framework (ESMP), ESMP.
- Preparation, approval, disclosure, adoption and implementation of environmental safeguards documents in accordance with IFAD principles: Site-specific Environmental Management Plans (ESMPs), ESMFs and other relevant Good International Industry Practices (GIIP).
- Conducting public consultations on developed documents on environmental safety measures (posting information, announcements, discussion, if necessary).
- Conducting training activities on environmental protection, if necessary.
- Development of requirements for the Contractor's reports and monitoring of the implementation plan for environmental mitigation and environmental measures, the contractor's monitoring plan and analysis of the reports provided.
- Ensuring monitoring of contractors' compliance with environmental safety measures according to donor standards.
- Drawing up and sending reports on the fulfillment of environmental obligations, documents on environmental safety measures, and monitoring results.
- Visits to programme sites to monitor the contractor's implementation of the environmental management plan.
- Ensuring the implementation of the programme in accordance with the documents developed for the programme on environmental standards.
- Close interaction with a specialist in communications and social issues on the issue of access to environmental information and achieving maximum information openness, openness and transparency in the programme's activities.

- Participation in ensuring the disclosure of environmental information, development and implementation of a mechanism for redressing complaints on environmental issues.
- Response and documentation of environmental incidents/accidents.
- Providing and assisting contractors and supervisory consultants in documenting and maintaining records (written, photographic) for environmental safety monitoring.
- Maintain regular interaction with communications specialist.
- The environmental specialist is responsible and accountable to the management of the PIU.

The Environmental specialist shall meet the following criteria and qualifications:

- Higher education in environmental sciences (environmental protection, geography, biology)
- At least 5 years of professional experience in programmes funded by donor organizations
- Experience with the legislation of the Kyrgyz Republic in the field of environmental protection and the obligations of the Kyrgyz Republic in relation to the environmental and social policies
- Experience in developing documentation on environmental safety (sections of environmental protection, environmental impact assessment, environmental impact assessment, etc.)
- Excellent knowledge of Russian and Kyrgyz languages

20. GIS Specialist

The responsibilities of the GIS Specialist will include, but are not limited to the following:

- collecting and preparing base maps for the covered PMUs from the country's cadastral system etc.;
- preparing village resource maps at a scale of 1:5000 or 1:10000 as appropriate, identifying individual areas of pasture communities;
- extracting spatial information (area size, use, productivity), supporting the calculation of forage production;
- preparing village maps indicating the Programme investments and management arrangements suitable to support pasture management under the PMU;
- collaborating closely with other programme partners on community-based pasture mapping

- delivering training on community-based mapping, with a focus on the practical use of GPS in pasture planning, to the regional specialists and the various rural advisory service providers who will be supporting the PMUs in community-based pasture management planning. This will include training on: Community-based mapping and the practical use of GPS in pasture planning:
 1. what a community map looks like;
 2. what types of information can be included in the community map;
 3. use of GPS in pasture planning;
 4. general functioning of GPS;
 5. practical use of GPS;
 6. data transfer and input into the community map;
 7. data use;
 8. annual map updating.
- development of training materials and guidelines for providers to conduct training for PUU members;
- preparation of reports at the request of the Programme Coordinator;
- any other duties that may be assigned by the APIU Director and/or the Programme Coordinator.

The GIS Specialist shall meet the following criteria and qualifications:

- higher education in the field of geodesy, geoinformatics, land management, natural resource management, ecology, agronomy, biology or similar field;
- work experience (at least 5 years) in state cartography, pasture management, conducting research in the field of pastures, or livestock products.
- experience working with maps of various scales (scan, correct scanned maps, georeference),
- experience working with GIS software (commercial and non-commercial) (minimum ArcGIS, AutoCAD, QGIS)
- experience working with geodetic field instruments (minimum with GPS).
- experience in processing space images of medium and high spatial resolution
- good writing and speaking skills
- good interpersonal skills
- ability to work in a team
- good computer skills,
- knowledge of Russian and Kyrgyz languages. Knowledge of English is desirable.
- willingness to travel to the regions of the country.

ToR for service provider for developing PLMP, SEDP and NRMP

The service provider will support the APIU, Aiyl Okmotus (AOs) and leskhozoes to prepare high-quality Pasture and Livelihood Management Plans (PLMPs) and Natural Resource Management Plans (NRMPs). The work will follow standard templates refined through earlier pilot programmes, ensure compliance with national legislation, use participatory methods, and produce costed, practical investments with clear arrangements for governance, operation, maintenance and monitoring.

The main tasks will include:

1. Use the approved PLMP and NRMP templates and draw on model plans developed through earlier pilots to ensure quality and consistency across all territories.
2. As relevant Organise and document inclusive consultations with communities, ensuring active participation of women, youth and key resource users, and reflect their inputs in the plans.
3. Facilitate discussions where pasture and forest uses overlap to agree on shared management arrangements and include these in both AO and leskhoz plans.
4. Compile a detailed situation analysis, mapping local resources, grazing rotations, water points and fodder areas, and align the findings with AO socio-economic development plans.
5. Prepare complete plans using the agreed structure covering situation analysis, development vision, governance and operations, investment plan, and monitoring and learning arrangements.
6. Develop a prioritised and costed investment plan for each territory, including clear provisions for sustainability such as ownership, roles, maintenance protocols and budgeting.
7. Ensure plans meet APIU quality and appraisal criteria, and support their review, public validation and finalisation for financing.
8. Produce accurate maps and other visuals as required in the templates and contribute materials for a digital toolkit to help AOs and leskhozoes replicate the approach.
9. Coordinate with demonstration territories from earlier programmes to enable peer learning and deliver orientation workshops for AO and leskhoz staff.
10. Ensure all outputs are consistent with the national legal and institutional framework and reflect the decentralised responsibilities of AOs and leskhozoes for plan approval and oversight.

XV. Procurement

Programme Procurement Rules and Guidance

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Applicable Procurement Rules

As per the Procurement Arrangement Letter (PAL), the following procurement rules shall apply:

Procurement of goods, works and services shall be carried out in accordance with the provisions of the **IFAD Programme Procurement Guidelines**⁴⁹.

The **APIU** (Agricultural Programmes Implementation Unit) will fully abide by the provisions of the Financing Agreement, Programme Design Report, Procurement Arrangement Letter, and IFAD Programme Procurement Guidelines as well as with IFAD Procurement Handbook based on the above. The provisions of such references are generally not repeated in this Chapter, and the **APIU** shall persistently consult with the same. Whenever IFAD's Operational Policy and Results Division (OPR) issues a circular, guidance or clarification, the **APIU** will comply with the same and will amend the PIM accordingly.

The **APIU** will endeavor to recruit, train and sustain procurement staff in the required numbers and qualifications as specified in the Programme Design. The **APIU** will ensure that any procurement staff is well versed with this Manual and with National procurement rules and IFAD procurement Guidelines as well as with IFAD Procurement Handbook.

Procurement Methods, Thresholds and Prior Review

Procurement Plans (PP)

The PP shall be prepared using IFAD's template on OPEN, shall be fully aligned with the AWP&B, and shall be submitted for No Objection sufficiently in advance before the planned start of any procurement activity in the plan. No procurement activity shall start unless it is present in a PP that received a No Objection. The PP shall be updated with actual dates/figures and shall be upgraded for any changes in the procurement methods, addition of activities, elimination of others, increases in the budget, etc. Any upgrade to the PP shall also be submitted for No Objection. Procurement activities and their respective methods and timelines shall be strictly adhered to. Further guidance on estimation of costs and schedule is provided under Section 3.2 of this PIM Chapter. The PP template is available at www.ifad.org/programme-procurement.

The first PP shall be for an 18-months period and subsequent PP's shall be submitted on an annual basis shortly before the start of the fiscal year. At the end of each fiscal period, all outstanding procurement activities (i.e. not contracted yet) shall be transferred to the upcoming PP with its planned and achieved actual dates included as well.

⁴⁹ Any reference to IFAD Project Procurement Guidelines includes also the IFAD Procurement Handbook. Compliance with both the Guidelines and the Handbook is mandatory. For both the Guidelines and the Handbook, the latest versions shall always apply.

Regardless of the time limits established by National procurement rules (if applicable), the time limits pre-designed into the PP template and automatically generated by it will be fully respected.

IFAD's No Objection needs to be sought prior to publishing any General Procurement Notice (GPN). The GPN template is available at www.ifad.org/project-procurement. While the publication of an initial GPN (covering first 18 months of implementation) is mandatory, the subsequent publication of annual updated GPNs is highly recommended. The GPN should mandatorily include all open procurement methods in the upcoming period covered by the initial PP (i.e. REOI, Request for Prequalification, openly advertised consulting services, ICB and NCB) and preferably also other non-open procurement activities (e.g. prior-list based consulting services, shopping, Limited International Bidding, Direct Contracting and Single Source Selection).

The use of the PP for activities entrusted to Implementing Partners (goods, works, consulting services, non-consulting services, grants or loans) is subject to the provisions elaborated in sections 3.4 and 4.3 below.

Contract Register (CR) and Contract Monitoring Tool (CMT)

The CMT now fully integrated into the OPEN system, is a mandatory platform for the recording and monitoring of all contracts. It includes procurement contracts (goods, works, services, and non-consulting services): all contracts and purchase orders signed based on the PP covering all procurement methods and contract types; Grants (all first-level in kind and monetary grants). The procurement method for Grants will include competitive methods such as National Competitive Bidding (NCB); Shopping (Request for Quotations – RFQ); Direct Contracting (DC); Procurement involving Community Participation (use of this arrangement requires prior approval). Competitive methods are always recommended unless duly justified and exceptional;

The Contract Register will be extracted as a Report directly from the OPEN System CMT. It will be a cumulative document that is augmented progressively and automatically with the new contracts signed and inserted in the system.

The **APIU** will adopt the Contract Monitoring Tool deployed by IFAD and will dedicate sufficient resources to use and operate and generate reports from this system as instructed by IFAD. CMT Help section offers guidance and support on how to use this tool.

Tabular Summary of Applicable Methods and Thresholds

The default procurement method for goods, works and non-consulting services is the ICB; however, for procurement activities estimated to cost less than the ICB threshold, other procurement methods may be used as per the below table.

The default procurement method for consulting services (and non-consulting services similar to them) is the QCBS; however, for procurement activities estimated to cost less than the QCBS threshold, other procurement methods may be used as per the below table.

Procurement Methods, Thresholds and Time-limits ⁵⁰					
Procurement Methods ➔	DC (Direct Contracting)	Shopping (limited Request for Quotations)	NCB (National Open Bidding) ⁵¹	ICB (International Open Bidding)	PRIOR Review
Project Types and Time limits ↓					
Goods/NCS	Post Review: ≤ US\$ 1,000 per each purchase < US\$ 10,000 aggregated per annum	≤ US\$ 100,000	< US\$ 200,000	≥ US\$ 200,000	≥ US\$ 70,000
Works/NCS	Post Review: ≤ US\$ 2,000 per each purchase < US\$ 10,000 aggregated per annum	≤ US\$ 250,000	< US\$ 1,000,000	≥ US\$ 1,000,000	≥ US\$ 150,000
Minimum Time Limit to submit quotes/bids from launch	n/a	14 days	30 days	45 days	
Minimum Time limit for bidders to ask questions (measured from deadline)	Same day	7 days	15 days	25 days	
Minimum Time limit for APIU to answer questions (measured from deadline)	Same day	5 days	10 days	20 days	
	SSS	CQS⁵²	QBS, FBS, LCS	QCBS	PRIOR Review
Consulting Services / NCS - Firms	Post Review: ≤ US\$ 1,000 per each purchase	≤ US\$ 70,000	QBS: any value FBS & LCS: < US\$ 150,000	≥ US\$ 150,000	≥ US\$ 60,000

⁵⁰ The time limits in this table are minimum periods; the actual dates generated by the Procurement Plan for bid/proposal submission will be the ones adopted for each procurement activity.

⁵¹ A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification.

⁵² A waiver for the use of this method beyond this threshold can be requested for individual activities with proper justification.

	< US\$ 10,000 aggregated per annum				
Shortlisting	Shortlisting using REOI is mandatory for CQS and ICS; Shortlisting (REOI or Prior List) is mandatory for all other methods ≥ US\$ 70,000 Advertisement is mandatory for consultancy contracts estimated to cost US\$ 100,000 or more, regardless of the selection method				
Minimum Time Limit to submit proposals from launch	n/a	21 days (REOI) 21 days (RFP)	21 days (REOI) 45 days (RFP)	21 days (REOI) 45 days (RFP)	
Minimum Time limit for bidders to ask questions (measured from deadline)	Same day	10 days (REOI) 10 days (RFP)	10 days (REOI) 25 days (RFP)	10 days (REOI) 25 days (RFP)	
Minimum Time limit for APIU to answer questions (measured from deadline)	Same day	8 days (REOI) 8 days (RFP)	8 days (REOI) 20 days (RFP)	8 days (REOI) 20 days (RFP)	
Individual	Post Review: ≤ US\$ 500 per each purchase < US\$ 5,000 aggregated per annum	Competitive ICS <u>applies to contracts with individuals regardless of the value</u>			> 30,000 US\$
Minimum Time Limit to submit proposals from launch	n/a	21 days (REOI) 21 days (RFP)			
Minimum Time limit for bidders to ask questions (measured from deadline)	Same day	10 days (REOI) 10 days (RFP)			
Minimum Time limit for APIU to answer questions (measured from deadline)	Same day	8 days (REOI) 8 days (RFP)			
Post Review DC or SSS are cleared in advance as part of Procurement Plan approval. All other DC or SSS procedures are subject to Prior Review.					
The use of Force Account is not allowed					
Secondary Procurement (orders against existing Long-term Agreements, national e-catalogues etc.) follows the regulations and applicable thresholds of the national legislation. The prior review threshold of the respective procurement category (goods, works, consulting services and related non-consulting services) applies.					

TABLE 1 - APPLICABLE METHODS, THRESHOLDS AND TIME LIMITS

Special Procurement Arrangements

Based on the Financing Agreement, PAL and the Programme Design Report, the following procurement arrangements apply to procurement of grants:

TABLE 2 - APPLICABLE PROCUREMENT ARRANGEMENTS

Arrangement	Yes/No	Comments
Force Account (if applicable, insert total aggregate amount, specify what public entities and for what items)	No	
Procurement of Commodities (if applicable, specify what commodities)	No	
Procurement from UN Agencies (if applicable, specify what agencies and for what items)	No	
Procurement with Community Participation (if applicable, please elaborate the activities to be procured, the role of community, the community stakeholders, procurement methods, etc.)	Yes	Under the term “community participation”, as per Module Q. Procurement with Community Participation, the ART..... of IFAD Procurement Handbook, the community will play the following role during Programme implementation: - As implementing agency particularly grant components, of goods, works or services directly to the Programme Communities are permitted to undertake works or provide goods or services to the Programme provided that it is an implementation modality within the Programme design document. - Community as provider of goods, works or services is not allowed IFAD will also consider factors such as fostering ownership, the sustainability of Programme activities, effective operation and maintenance of a Programme facility, and the overall risk/reward equation. The extent to which the community involvement is permitted will be determined on a case-by-case basis. Factors to be considered as part of the assessment are defined in the Procurement Manual. Where the Programme’s beneficiary community does not have adequate institutional capacity to receive and account for or administer funds, relevant capacity building activities will be implemented by delivery of the community-level training measures.
Domestic Preference for ICB Works (if applicable, specify percentage)	Yes	Works and works-related Non-Consulting Services: (i) International Competitive Bidding (ICB): This procurement method applies to contracts estimated to cost US\$ 2,000,000 or more. Under ICB, the borrower/recipient may apply a margin of domestic preference to local contractors of 7.5% excluding industrial plants;
Domestic Preference for ICB Goods (if applicable, specify percentage)	Yes	(i) International Competitive Bidding (ICB): This procurement method applies to contracts estimated to cost US\$ 500,000 or more. Under ICB, the borrower/recipient may apply a margin of domestic preference of 15%;

Standard Procurement Documents (SPD) to be used

The PAL states which SPD's will be used; in case national templates need to be used, they need to be reviewed by IFAD in advance.

The following Standard Bidding Documents will be adopted by the Programme for all procurement activities:

Procurement Method/Process	Standard Procurement Documents
Procurement Plan	<i>IFAD template</i>
GPN	<i>IFAD template</i>
SPN	<i>IFAD template</i>
ICB Works/NCS	<i>IFAD template</i>
ICB Goods/NCS	<i>IFAD template</i>
NCB Goods/NCS	<i>IFAD template</i>
NCB Goods/NCS	<i>IFAD template</i>
Shopping Works/NCS	<i>IFAD template</i>
Shopping Goods/NCS	<i>IFAD template</i>
Direct Contracting	<i>IFAD template</i>
Request for Pre-qualification	<i>IFAD template</i>
REOI	<i>IFAD template</i>
QCBS	<i>IFAD template</i>
QBS, FBS, LCS	<i>IFAD template</i>
CQS, ICS	<i>IFAD template</i>
SSS	<i>IFAD template</i>
Prequalification Report	<i>IFAD template</i>
Shortlisting Report	<i>IFAD template</i>
Evaluation Report	<i>IFAD template</i>
Negotiation Report	<i>IFAD template</i>
NOITA	<i>IFAD template</i>
NoA	<i>IFAD template</i>

TABLE 3 - APPLICABLE STANDARD PROCUREMENT DOCUMENTS

IFAD's Standard Procurement Documents are available at www.ifad.org/project-procurement.

Guidance Offered in the IFAD Procurement Handbook

Application of the Handbook

The IFAD Procurement Handbook includes “best practice advice on all elements of the procurement process for any IFAD-financed operation. It serves as a guidance document when country systems are used, and as an operations’ manual when IFAD systems are solely used.”

In the implementation of this Programme:

The **APIU** will strictly adhere to the Handbook for implementing all procurement activities of the Programme.

Key Provisions of the Handbook

Based on the above, the **APIU** will refer to the Handbook following the below guidance on relevant sections for various procurement aspects:

TABLE 4 - MAPPING OF PROCUREMENT GUIDANCE IN THE HANDBOOK

Procurement Aspect	Reference in the Handbook
Procurement Planning and GPN	Module C
Procurement and Selection Methods	Goods, Works and NCS: Module F1 Consulting Services and NCS: Module F2
Direct Contracting and Single Sourcing	Goods, Works and NCS: Module F1 (Section 6) Consulting Services and NCS: Module F2 (Section 6)
Individual Consultants	Module F2 (Section 7)
Technical Specifications and Terms of Reference	Need identification: Module D Requirements & Specifications for Goods: Module E1 Requirements & Specifications for Works: Module E2 Terms of Reference: Module E3
Prequalification and Shortlisting	Module G
Preparation of Procurement Documents	Goods: Module H1 Works: Module H2 Consulting Services: Module H3 Contract Types: Module J
Bidding Process	Module I
Evaluation	General: Module K1 General Goods, Works and NCS: Module K2 Goods: Module K3 Works: Module K4 General Consulting Services: Module K5 QCBS: Module K6 LCS: Module K7 NCS: Module K8 Abnormally Low Bids (all methods): Module K9 Post-qualification (all methods): K10 Rejection of All Bids: Module O1
Formation of Evaluation committees	Module K1
Notifications for Intent to Award and for Award	NOITA: Module L1 NoA: Module L2
Standstill and Debriefs	Module M1
Protests and Appeals	Module M2
Negotiations and discussions	Negotiations (Consulting Services): Module N1 Discussions (Goods, Works and Services): Module N2
Contract Award	Module O2 and O3
Contract Management	Module P
Force Account	Module F1 (Section 7)
Community Participation	Module Q
Procurement from UN Agencies	Module F1 (Section 9)
Records Management	Module B

Prior Review Documentation

All prior review submissions shall be communicated and No Objections issued through the Online Programme Procurement End-to-End System (OPEN). Through OPEN, the APIU will

also upload all documentation for post review activities in a timely manner. The below are the No Objection requirements for all transactions listed in the PAL:

Procurement Plan (PP)

The **APIU** shall ensure IFAD's no Objection on each of the following:

1. The initial 18-months PP;
2. Annual PP's, subsequently; and
3. Any upgrade to the PP.

The General Procurement Notice(s) (GPN)

The **APIU** shall ensure IFAD's no Objection on each of the GPN's before publication.

ICB/NCB (Goods, Works, Non-Consulting Services)

Submission through OPEN for No Objection shall be for the following procurement files and documents:

1. Specific Procurement Notice (Announcement);
2. Prequalification documents (if applicable) as well as Announcement for Prequalification;
3. Prequalification report (if applicable);
4. Bidding documents inclusive of Technical Specifications (including cost estimates and, as applicable, drawings, Bills of quantities, and schedules of requirements);
5. Any amendments to the Bidding Documents;
6. Evaluation Reports (including Bid Opening Reports) inclusive of all clarifications; in case of two-envelope procedure, separate opening and evaluation reports for the Technical envelopes and the Financial Envelopes in addition to a Combined report combining both;
7. Draft Contract duly filled;
8. Signed contract (for information and record);
9. Major contract amendments;
10. Cumulative Contract amendments⁵³ exceeding 10% of the original contract value (Module P2, article 2 (v)); and

⁵³ Amendments to existing goods, works and non-consulting services contracts involving items of similar nature shall be made using DC up to a maximum of 10% of the original contract value (reference IFAD Handbook Module F1 article 6); amendments to existing contracts for additional quantities (of the same items) may exceed 10% subject to the N.O. of IFAD with no need to use DC (reference IFAD Handbook Module P2 article 2). In case of Consulting Services, SSS may be approved in cases of services that are deemed a natural continuation of previously delivered services for concluded contracts (reference IFAD Handbook Module F2 article 6); if the contract is ongoing, amendments are possible. Amendments increasing the contract price by more than 10% requires IFAD N.O. with no need for SSS (reference IFAD Handbook Module P2 article 2);

11. Cumulative Contract extensions exceeding 25% of the original contract duration (Module P2, article 2 (v)).

Shopping (Goods, Works, Non-Consulting Services)

Submission through OPEN for No Objection shall be for the following procurement files and documents:

1. Request for Quotations inclusive of Technical Specifications (including cost estimates and, as applicable, drawings, Bills of quantities, and schedules of requirements;
2. Any amendments to the RFQ;
3. Evaluation Reports inclusive of all clarifications; in case of two-envelope procedure (exceptionally used), separate opening and evaluation reports for the Technical envelopes and the Financial Envelopes;
4. Draft Contract or Purchase Order duly filled;
5. Signed contract or PO (for information and record);
6. Major contract amendments;
7. Cumulative Contract/PO amendments exceeding 10% of the original contract/PO value (Module P2, article 2 (v)); and
8. Cumulative Contract/PO extensions exceeding 25% of the original contract/PO duration (Module P2, article 2 (v)).

Consulting Services: QCBS, QBS, FBS, and LCS

Submission through OPEN for No Objection shall be for the following procurement files and documents:

1. Request for Expression of Interest (REOI) (if applicable), the Terms of Reference, and the detailed cost estimates;
2. Shortlist Report (if applicable);
3. Prior list (if applicable) including the rationale for selecting the firms;
4. Request for Proposals (RFP);
5. Any amendments to the RFP;
6. Technical Evaluation Report (inclusive of Proposal Opening Report) and any clarifications;
7. Combined Evaluation Report (inclusive of Financial Proposal Opening Report);
8. Draft Contract duly filled;
9. Minutes of Negotiations (inclusive of unsuccessful negotiations and intention to cancel or invite second ranked consultant);
10. Signed contract (for information and record);

11. Major contract amendments;
12. Cumulative Contract/MoU amendments exceeding 10% of the original contract value; and
13. Cumulative Contract/MoU extensions exceeding 25% of the original contract duration.

Consulting Services: CQS and ICS

Submission through OPEN for No Objection shall be for the following procurement files and documents:

1. Mandatory Request for Expression of Interest (REOI) and Terms of Reference (including cost estimates);
2. Mandatory Shortlist Report;
3. Request for Proposals (RFP);
4. Any amendments to the RFP;
5. Evaluation Report (inclusive of any clarifications);
6. Draft Contract duly filled;
7. Minutes of Negotiations (inclusive of unsuccessful negotiations and intention to cancel or invite second ranked consultant);
8. Signed contract (for information and record);
9. Major contract amendments;
10. Cumulative Contract amendments exceeding 10% of the original contract value; and
11. Cumulative Contract extensions exceeding 25% of the original contract duration.

Direct Contracting and Single Source Selection

Submission through OPEN for No Objection shall be for the following procurement files and documents:

1. Justification for Single Sourcing (including below the DC/SSS thresholds set above in Table 1) and rationale for selecting the particular firm/individual;
2. Technical Specifications or Terms of Reference;
3. Simplified Bidding Document or Request for Proposals;
4. Negotiation Report (inclusive of evaluation of submitted bid/proposal and its full negotiation);
5. Draft Contract duly filled;
6. Signed contract (for information and record);
7. Major contract amendments;
8. Cumulative Contract amendments exceeding 10% of the original contract value; and
9. Cumulative Contract extensions exceeding 25% of the original contract duration.

Other specific Prior Review requirements

The **APIU** shall additionally secure IFAD's No Objection for the following:

1. The recruitment of any Procurement staff and audit firms;
2. The templates of bidding documents and requests for proposals for all procurement methods (whether for post review or prior review) in case different from IFAD SPDs;⁵⁴
3. Recommendation to reject all bids or proposals or to cancel a procurement process;
4. Recommendations to terminate negotiations with a consulting firm/individual and proceed with negotiations with the next-ranked consulting firm/individual;
5. Recommendations to proceed to award the next ranked bidder in case the selected bidder failed to sign a contract;
6. Justifications for proceeding with opening of bids/proposals that are less than three;
7. Use of a performance guarantee other than in the form of an unconditional and irrevocable on-demand bank guarantee;
8. Decisions concerning Abnormally Low Bids;
9. Establishing a shortlist composed of less than three entities; and
10. Intention to terminate any contract.

Other procurement-related coordination with IFAD

The **APIU** shall coordinate in advance with IFAD on the following matters and issues:

1. Any changes to the PIM;
2. Any changes to the staffing of the **APIU**;
3. Composition of Evaluation committees;
4. Summaries of Debriefing requests and copies of Protests for all prior review procurement activities before a decision is issued (optional for post review procurement activities);
5. The **APIU** shall inform IFAD of any related Appeal filed to competent national authorities (if applicable) immediately upon becoming aware of such an appeal;
6. Procurement progress reports as well as special reports on critical issues;
7. Details of defaulting or corrupt vendors;
8. Debarment of a vendor who appears to be debarred by another MDB for validation by IFAD if cross-debarment should apply (for prior and post review); and
9. Any other matter specifically requested by IFAD.

In addition to the above, the Programme will provide full assistance to IFAD implementation support, supervision, MTR, and programme closing missions. The Programme will avail all

⁵⁴ If IFAD Procurement Guidelines must apply, IFAD SPD's must be adopted.

necessary staff and provide all required documents, records and files. The same applies for any IFAD audit or investigation.

Critical Procurement Issues

Areas of Inconsistency between National Law and IFAD Programme Procurement Guidelines⁵⁵

As stated in the IFAD Programme Procurement Guidelines 2019, article 7: “In cases where IFAD deems that a Borrower’s/Recipient’s national procurement system is not fully in line with these Guidelines, alternative provisions for procurement will apply as provided for in the Procurement Handbook.” Accordingly, this section elaborates the areas of inconsistency between National Procurement rules and those of IFAD (Section 3.1.1) and resolves this contradiction by specifying the applicable provisions (Section 3.1.2).

Comparison between National and IFAD Procurement

The table below summarizes main comparison between National (Borrower/Recipient) Procurement Rules (Laws & Regulations) and those of IFAD Procurement Guidelines; the aim is to highlight to the **APIU** the conflicting aspects that must be settled by applying IFAD Guidelines and Handbook as elaborated in Section 3.1.2:

TABLE 5 - COMPARISON BETWEEN NATIONAL PROCUREMENT RULES AND IFAD'S GUIDELINES

Procurement Aspect	National Procurement	IFAD Procurement Guidelines
Procurement Principles	Implementation of public procurement of the Kyrgyz Republic is based on the principles: 1) optimization of public procurement processes through the creation of a unified public procurement system and the formation of public confidence in it; 2) observance of the rights and legitimate interests of participants in public procurement; 3) openness, impartiality, publicity and transparency in public procurement; 4) acquisition of innovative and high-tech goods, works, services (Article 1 of PPL)	Ethics; Accountability; Competition; Fairness; Transparency; Efficiency, Effectiveness and Economy; and Best Value for Money.

⁵⁵ Include this section ONLY if the PAL specifies the use of National Procurement Rules as long as they do not contradict with IFAD Guidelines.

Default Procurement Method for Goods and Works	None	ICB
Default Procurement Method for Consulting Services	None	QCBS
Restrictions and discrimination	Procurement documentation should not contain requirements for the qualification level of suppliers that are discriminatory (Article 12 of PPL)	All procurement opportunities shall be based on full, fair and legitimate competition among eligible suppliers and contractors
Minimum number of quotations, bids, or proposals	None	Three quotations/bids/proposals below which a No Objection is required to proceed
Low value procurement, Direct Contracting & Single Sourcing	Article 17 of PPL defines 14 (fourteen) different cases for using SSS	Either advertised nationally or launched to a predefined list of vendors. DC/SSS may be used in very exceptional circumstances as per Handbook and Table 1 above.
Exclusions from competitive procurement	Article 17 of PPL defined 14 (fourteen) cases for exclusions from competitive procurement	IFAD does not tolerate any exclusions, discrimination, bias, prejudice, favoritism, etc.
Eligibility	Article 23 of PPL establishes requirements for the qualification level of suppliers, as well as requirements for documentary evidence of compliance with qualification requirements.	All countries and territories
Domestic Preference	In order to protect the domestic market of the Kyrgyz Republic, develop the national economy, support producers of the Kyrgyz Republic, decisions of the Cabinet of Ministers may establish preferences for goods of Kyrgyz origin, a ban on the admission of goods originating from foreign states, and restrictions on the admission of these goods (Article 4 of PPL).	Accepted under ICB only and on exceptional basis (if applicable a per Table 2 above).
Transparency	A state information system created by the authorized state body for public procurement in order to ensure a transparent, accessible and accountable public procurement process with the preservation of information for a period of at least 10 years (Article 3 of PPL)	Transparency necessitates the public dissemination of (i) availability of procurement opportunities; (ii) Where to access relevant data; (iii) The processes with which the procurement will be undertaken; (iv) The evaluation and award criteria; (v) Contract award data; and (vi) Appeal procedures (debriefs and protests). Procurement award decisions are made on set criteria in bidding documents.

Procurement Methods and processes	Public procurement of goods, works shall be carried out by the following methods: 1) unlimited; 2) limited; 3) request for quotations; 4) from one source. Procurement of consulting services is carried out by the following methods: 1) selection by qualification and cost; 2) selection by qualification; 3) selection at the lowest price; 4) from one source. (Articles 13 & 30 of PPL)	Methods and processes are determined based on the budget; Procurement processes should be “well organized and carried out correctly with regard to quantity, quality and timeliness, at an optimum price.”
Value for money	The purpose of PPL is the efficient and economical use of state resources by regulating relations related to ensuring the functioning of the activities of procuring entities (Article 1 of PPL).	Demonstrated by “(i) Applying sound, internationally recognized procurement principles; (ii) Ensuring that the goods, works or services procured meet the requirements of the activity; (iii) Ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and (iv) Ensuring that the provider of the goods, works or services is qualified, legally entitled and competent to enter into and execute the contract.”
Award basis	The procuring entity/Agent determines the supplier's winning bid that meets the substantive requirements of the procurement documentation: 1) with the highest score, if a scoring system is used; 2) with the lowest price, taking into account the established qualification and technical requirements. If, following the results of the assessment, suppliers submit proposals with the same prices and conditions that meet the requirements of the procurement documentation, the procuring entity/Agent sends a request through the web portal to the suppliers who submitted the same conditions and prices about the possibility of reducing	Lowest price evaluation basis as well as Most Economically Advantageous Bids (merit point evaluation basis with minimum of 80% for price or lowest life cycle cost basis). In consulting services, the maximum weight for price is 30% under QCBS.

	the price (providing a discount) from the size of the originally offered price. The offer of the supplier who provided the lowest price (the highest discount) is considered the winner. If after the price reduction (discount) the suppliers provided the same offers (price, discount), then the winner is determined by the web portal through a random selection. (Article 26 of PPL).	
Community Participation	Not Applicable	Possible arrangements for involving communities are detailed in the Guidelines (if applicable as per Table 2 above)
Standstill, Debriefing and Protests	When a complaint is filed, the web portal sends a notification to all interested parties and an independent commission suspends the award of the procurement contract for 3 business days. When a case is submitted, the web portal sends a notification to the vendor or consultant that received the case (Article 45 of PPL).	Before any award decision is made, B/R must notify its intention to award availing the opportunity for bidders to request debriefs and/or protest the decision within the standstill period as elaborated in the Handbook.

Extent of Application of the National Procurement rules under the Programme

Based on the above comparison, the following will be subjected to the IFAD Procurement Handbook:

Procurement of works, goods and non-consulting services

- International Competitive Bidding
- National Competitive Bidding
- National (Local) Shopping
- Direct Contracting
- Procurement with Community Participation (Not a distinct method of procurement)

Procurement of Consulting Services

- Quality and cost-based selection
- Quality based selection
- Least cost selection
- Selection based on consultants' qualifications
- Selection of individual consultants

- Single-source selection.

Cost and Schedule Estimate

The detailed cost and schedule estimates of each procurement activity will be accurately estimated during the elaboration of the requirements (specifications or TOR's) at the latest. These detailed estimates shall be submitted along with the requirements for prior review activities. Should the cost estimate exceed the allocated budget in the AWP&B and the PP, one of the following will be done:

- 1- Update the AWP&B and PP by reallocating the required funds; if the increase in originally approved budget exceeds 10%, the upgraded PP should be submitted to IFAD No Objection (as per the Handbook Module C, article 3);
- 2- Redesign the procurement activity to fit within the limits of available budget;
- 3- A mix of the two above options.

When packaging procurement activities, due consideration shall be given to pooling of needs and activities into packages that may be launched under one procedure split into several lots in order to achieve economies of scale, promote competition, facilitate access to small and medium enterprises, and reduce the transaction cost associated with procurement activities. When the procurement activity is split into lots, the total cost estimate of all lots will be used for identifying the correct procurement method. Artificially splitting procurement activities into smaller packages launched separately in order to escape the application of more open and competitive procurement methods is a breach of the procurement principles.

The schedule estimates for implementing contracts shall also be accurately estimated to ensure that the timeframe specified in solicitation documents are realistic and do not deter competition.

Publication of Notices

The GPN and all ICB procurement notices (SPN) shall be published on the following fora:

- IFAD Website;
- The designated Borrower/Recipient website: «www.tenders.kg» and «www.donors.kg».
- A local newspaper of wide circulation; and

NCB procurement notices (SPN) shall be published on the following fora:

- The designated Borrower/Recipient website: «www.tenders.kg» and «www.donors.kg».
- A local newspaper of wide circulation; and

- Other media as appropriate.

Notice of Award (NoA) for all contracts and purchase orders as well as results of shortlisting and prequalification and the decision to cancel a procurement activity and reject all bids/proposals shall be published on the following fora:

- IFAD Website;
- The designated Borrower/Recipient website: «www.tenders.kg» and «www.donors.kg».
- A local newspaper of wide circulation.

3.4 The municipal enterprise investments

This programme is currently piloting integrated forestry-pasture planning and implementation in 23 Aiyl Okmotus and 27 leskhoses before LMDP-III's start up, thus providing practical experience, tested approaches, and valuable lessons supporting LMDP-III implementation readiness. LMDP-III will provide public infrastructure and municipal enterprise investments. The municipal enterprise investments will be strategically guided to support pasture management and diversification themes with strong incentives and conditions to create job opportunities and offer other services (e.g. fodder and other inputs, machinery services, access to land, nutritious fruits and vegetables for family consumption) to the LMDP-III target group households.

LMDP-III will cover up to 75% of the public infrastructure investments outlined in the these natural resource governance and investment plans, with Aiyl Okmotus (AO) and leskhoses contributing the remaining 25%. These infrastructure investments will be treated as public expenditures directly by the AO/leskhoses without the constrain of direct financial payback. This financing mechanism aligns with the crisis-level pasture degradation in Kyrgyzstan, where over 70% of pastures are reportedly degraded in at least one season. Since these infrastructure investments will serve as public goods that provide broad ecosystem and social benefits and cannot always be directly monetised, funding them through public expenditure, without the constraint of direct financial payback, will ensure that the ecological and social advantages are realized in a timely manner.

If these investments are instead offered to AO/leskhoses through a loan-based mechanism, it could discourage poorer municipalities and those most in need from participating, thus undermining LMDP-III's nationwide coverage and equity. Aiyl Okmotus have very limited fiscal capacity, as evidenced by their low levels of local government debt, leaving little room to service additional loans. This hesitation and inability to take on debt implies that there is

a high risk that many communities and vulnerable regions would decline or be unable to participate and be left behind, while wealthier or less risk-averse regions might benefit, which is an outcome contrary to the programme's inclusive development goals. Although the Aiyl Okmotus and leskhozes will not directly repay the public investment financing, these investments are expected to generate significant indirect returns for both the local economy and the public sector. For example, user fees collection and new municipal enterprise opportunities will expand the local revenue streams, thereby strengthening the financial sustainability of the local government institutions. Over time, this growth in local revenue will reduce reliance on deficit financing from the national treasury, providing a practical alternative to a direct financial payback scheme and easing the burden on the central budget.

Procurement Principles and Ethics

The **APIU** will strictly adhere to the provisions of Section II of the IFAD Programme Procurement Guidelines (2019) covering the key Procurement Principles:

- Ethics;
- Accountability;
- Competition;
- Fairness;
- Transparency;
- Efficiency, Effectiveness and Economy; and
- Best Value for Money.

Furthermore, the **APIU** will strictly adhere to the provisions of **IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations** available at www.ifad.org/en/document-detail/asset/40738506. The Programme shall ensure that this policy is clearly stated in all procurement documents (solicitation documents and contracts) and that all vendors comply with this policy. All such documents shall clearly include also IFAD's Anti-corruption Hotline:

Office of Audit and Oversight (AUO)
Investigation Section (IS)
Via Paolo di Dono 44
00142 Rome, Italy
Email: **anticorruption@ifad.org**
Phone: +39 0654592888
Fax: +39 0654597888

Combatting Corruption and Sexual Harassment

The **APIU** will strictly adhere to the provisions of **IFAD's Policy to Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse** available at www.ifad.org/anticorruption_policy. The Programme shall ensure that this policy is clearly stated in all procurement documents (solicitation documents and contracts) and that all vendors comply with this policy. All such documents shall clearly include also IFAD's Ethics Hotline:

Ethics Office (ETH)
Via Paolo di Dono 44
00142 Rome, Italy
Email: ethicsoffice@ifad.org
Phone: +39 06 5459 2525
<https://www.ifad.org/en/ethics>

Anti-Money Laundering and Countering Financing of Terrorism

The **APIU** will strictly adhere to the provisions of **IFAD's Anti-Money Laundering and Countering the Financing of Terrorism Policy** available at www.ifad.org/en/document-detail/asset/41942012.

Record Keeping

As per the provisions of Module B of the Handbook, the **APIU** will retain procurement records and files (for 7 years) in an easily accessible and easily retrievable manner that facilitates review and audit even when conducted remotely. The table of records as extracted from the Handbook for ease of reference is available in Annex 2. To facilitate review, supervision and audit, all procurement and contract management records shall be archived under the responsibility of the procurement staff. Should other departments or teams or entities be entrusted with archiving some of the procurement documents, a copy should be retained by the procurement staff. Records shall also include all documentation associated with grants/loans to beneficiaries of the programme.

Where implementation is delegated to pre-approved third parties, the **APIU** shall maintain a full record of all documentation electronically while the full original set of documents are maintained by the implementing partner for 7 years also.

Procurement Transactions – Institutional Setup and RACI

Delegated Procurement Responsibilities to local entities

The subsections below elaborate on the operational procedures for Evaluation Committees, on the mechanism for staff recruitment and on the responsibilities of key stakeholders and staff.

Implementing Partners

Agricultural Projects Implementation Unit under the MWRAPI (APIU)

To build on the significant human and financial resources already mobilized for the overall design of RRPCP and considering the many similarities, an agreement was reached between IFAD and the Kyrgyz Government to revamp the Regional Resilient Pastoral Communities Project (RRPCP) into LMDP-III, aligning it with the evolving national and sectoral priorities. While not being a full project design, the endeavors still require technical updates to ensure compliance with IFAD's latest guidelines and the Kyrgyz Republic's strategic objectives.

The APIU will concurrently implement the LMDP-III alongside two other projects, the ADB-funded Agribusiness and Horticulture Value Chain Project and the RRPCP-ADAPT supported by the Adaptation Fund with IFAD as supervising entity, creating opportunities for collaboration and alignment but also requiring measures to avoid duplication. i) ADB-funded project. The USD 40 million ADB project includes a USD 36 million credit line to support up to 70 agribusinesses nationwide, through Ayil Bank (USD 23 million) and Eldik Bank (USD 13 million), offering 10-year loans at 8% interest and 2-3 years moratorium for capital investments in agro-processing infrastructure (e.g., cold storage, warehouses, logistics centers, processing equipment), alongside USD 4 million for capacity building of producers and agribusinesses to meet environmental, social, and food safety standards as well as training in business planning, investment readiness, and value chain operations. ii) RRPCP-ADAPT, initially aiming at complementing RRPCP, involves USD 9.2 million in grant financing to support climate-resilient pasture and forest management through four categories of competitive grants targeting local self-governments, forest enterprises, forest users, and agro-producers, supporting 27 leskhoses and 23 Aiyl Okmotus. The project excludes 4 districts where a similar FAO-GCF project is operating. These grants will support infrastructure (e.g., fencing, water points), climate-resilient fodder crops, and local-level restoration actions along with the formation of cooperatives and investments in their productive capacities and long-term institutional sustainability.

Unlike the original design, which had to build the integrated forestry-pasture planning systems from the ground up, LMDP-III will build on the foundations laid by an ongoing Adaptation Fund project. This project is currently piloting integrated forestry-pasture planning and implementation in 23 Aiyl Okmotus and 27 leskhoses before LMDP-III's start up, thus providing practical experience, tested approaches, and valuable lessons supporting LMDP-III implementation readiness. Finally, unlike the original design, which offered competitive grants to PUUs, LMDP-III will provide public infrastructure and municipal enterprise investments. The municipal enterprise investments will be strategically guided to support pasture management and diversification themes with strong incentives and conditions to create job opportunities and offer other services (e.g. fodder and other inputs, machinery services, access to land, nutritious fruits and vegetables for family consumption) to the LMDP-III target group households.

LMDP-III will cover up to 75% of the public infrastructure investments outlined in the these natural resource governance and investment plans, with Aiyl Okmotus (AO) and leskhoses contributing the remaining 25%. These infrastructure investments will be treated as public expenditures directly by the AO/leskhoses without the constrain of direct financial payback. This financing mechanism aligns with the crisis-level pasture degradation in Kyrgyzstan, where over 70% of pastures are reportedly degraded in at least one season. Since these infrastructure investments will serve as public goods that provide broad ecosystem and social benefits and cannot always be directly monetised, funding them through public expenditure, without the constraint of direct financial payback, will ensure that the ecological and social advantages are realized in a timely manner.

Accounting for Procurement by Local Entities and Partners

Whenever procurement responsibilities APIU, the following provisions shall apply:

- The procurement plans shall be prepared by APIU;
- The PP by APIU will be subject to prior review by IFAD; procurement activities managed by an APIU will be subject to prior/post review by IFAD as the case may be;
- All contracts will be entered in the CMT;
- APIU will supervise all procurement activities, subject to the prior review by IFAD as applicable;
- Where a procurement activity is subject to prior review by IFAD, the APIU will handle the reporting through OPEN;
- APIU shall ensure availability of and accessibility to all records and documentation for review operations.

Institutional Setup, Roles and Responsibilities

The subsections below elaborate on the operational procedures for Evaluation Committees, on the mechanism for staff recruitment and on the responsibilities of key stakeholders and staff.

Evaluation Committee

The Tender Committee for the evaluation of each procurement would be appointed and composed of persons qualified in terms of relevant expertise, seniority and experience, depending on the type, value and complexity of the procurement. The number of members of the Tender Committee would depend on the value and complexity of the procurement requirement, but would in all cases be a minimum of three. A member of the Tender Committee will always declare when he/she has a conflict of interest in the procurement, which may impact on impartiality in the evaluation process.

Responsibilities of Tender Committee:

- Bids, Prices and Proposals are received and registered by procurement unit / procurement specialist;
- Opening of tenders, technical and financial proposals by deadline specified in bidding documents or ITB;
- prepare notes on opening of tenders and send via procurement unit to IFAD (as needed) and bidders who timely submitted their bids upon request therefrom;
- prepare minutes of technical proposals opening;
- prepare minutes for financial proposals opening and send via procurement unit to IFAD (as needed) and consultants whose financial proposals were opened (upon request therefrom);
- evaluate tenders and proposals in accordance with procedures and criteria set forth in bidding documents or ITB;
- provide recommendations for identification of successful bidders or consultants or make other decisions on bidding outcomes;

Additional procedures:

A special Tender Committee session could be summoned by the procurement officer on the written instruction from the Director or on the written request of at least one third of Tender Committee members under the agenda and at the time specified by them. The procurement officer informs in written the Tender Committee members about summoning of a special session, its agenda and time, at least 24 hours prior to the session.

If the Tender Committee is not sufficiently capable and comprehensive experience is required for evaluation, additional qualified expertise may be invited including specialists

hired for preparation of technical specifications and Terms of Reference, upon tender committee's decision, to perform independent technical review of bids/technical proposals.

An independent observer is eligible to attend Tender Committee meetings but without authority to interfere with evaluation process.

Expert teams/specialists. Expert teams or individual specialists in certain goods, works and consulting services for procurement including representatives of beneficiaries specified in the procurement plan, will assist the procurement unit. Such experts will be competent and obliged to prepare technical specifications or TORs, relevant parts of bidding documents, shortlists, clarifications on technical subjects, responds to inquiries from contractors/consultants, if any, participate in pre-bid meetings and assist in acceptance of goods, works and services.

Such groups will be established by orders especially for any individual tender specifying names/positions of experts, team leaders and specialists etc.

Upon completion of the procurement procedures, the procurement sector files in a separate folder all the tender-related documents - bids, letters, decisions, minutes, consultants' opinions, other documents.

- The committee shall have the following authorities:
 - Independently evaluate each submission based on its own merits and on the basis of criteria included clearly in the solicitation documents;
 - Decide individually (each member) on the outcome of evaluation and collectively (committee jointly) where consensus is needed, without the recourse to any person or authority external to the committee;
 - Request the assistance of subject-matter experts to be appointed by the *[insert function of appointing and approving authority]*;
 - Decide on the deviations identified in each submission and classify each as minor or major based on the sole guidance of the Handbook, the content of the procurement documents while ensuring fairness, equal treatment, proportionality and transparency;
 - Decide on the need for and content of clarifications from bidders in line with the provisions of the solicitation documents and the Handbook;
 - Decide autonomously on the rejection of a submission with detailed justifications;
 - Decide autonomously on the rejection of all submissions and cancellation of the process if one of the conditions of cancellation in the Handbook is present;
 - Decide with due substantiation on the recommendations for award;
 - Report any attempt to influence the committee in the conduct of its work;
 - Refrain from disclosing any information related to its work to any person or entity until the proceedings of evaluation are completed; then, internal reporting as well as reporting to IFAD are required before the evaluation outcome can be made public;

- Provide detailed opinion and feedback for any complaint or debrief request;
- Where negotiations are permitted, manage the whole negotiation process within the limits allowed by the Request for Proposal and Handbook and within the validity period of proposals;
- In addition to appointing the committee, the *[insert function]* reviews and approves the outcome of evaluation; the *[insert function]* has the following authorities:
 - Replace a member of the committee for reasons of conflict of interest or other reasons and amend the committee formation decision accordingly;
 - Issue requests for bid validity extensions if duly substantiated by the committee;
 - Approve the recommendations as submitted by the committee in the signed report;
 - Upon receipt of the signed report, clarify from the committee aspects of the evaluation and request more elaboration and substantiation;
 - Reject the recommendation of the committee based on detailed justifications;
 - Approve the dissemination of the outcome of evaluation (e.g. NOITA, NOA, Cancellation notices, etc.)

IFAD-funded APIU staff selection

The procedure to recruit IFAD-funded staff to join the **APIU** will be the Individual Consultant Selection procedure (ICS) described in IFAD Procurement Handbook. This does not apply to staff seconded by government. As stated under section 2.8 (bullet 2), selection of **APIU** staff or changes to staff shall be coordinated in advance with IFAD. If the selection process exceeds the prior review threshold for individual consultants, the selection shall be also subject to the No Objection by IFAD through OPEN as per section 2.7.6 above. To identify whether the selection process is subject to N.O., the **APIU** shall estimate the cost covering the remuneration for the full remaining duration of the project as per the Financing Agreement. Some IFAD-funded **APIU** staff selections are subject to No Objection regardless of the value as per the PAL (including all procurement staff). All staff recruitment shall feature in the relevant Procurement Plan.

The selection process shall follow the ICS procedure with the following highlights adapted for the particular case of selecting **APIU** staff:

- Preparation of TOR using IFAD SPD Template – TOR;
- Preparation of REOI using IFAD SPD Template – REOI Advertisement;
- If interviews with the shortlisted applicants are foreseen to help identify the most qualified applicant,
 - the interview as well as the related criteria should be explicitly specified in the REOI and TOR; this means that the interview requirement must be known in advance and announced to the public as well;
 - the interview competencies required should be assigned a weight in addition to the weights for other qualification criteria;

- competency criteria should be formulated in a clear and objective manner;
- interviews should be based on the same set of competency questions used with all candidates;
- all applicants passing the minimum score (for CV evaluation) shall be invited for interview;
- interviewees should be given sufficient time in advance;
- interviews should be held online in case of obstacles to physical meeting are present;
- In addition to competency questions, **APIU** may test interviewees to validate their knowledge and experience through one or more “technical questions” which also shall be standardized and common to all interviewees;
- **APIU** shall consult with IFAD in advance for setting up the competency-based interview questions as well as the technical questions for each position; apart from such a consultation, the questions shall remain strictly confidential;
- the interviews shall be fully documented as well as the resulting scoring within the evaluation report;
- for the recruitment of long-term **APIU** staff funded by IFAD, competency-based interviews [*shall consistently be required OR are recommended*];
- The flowchart below depicts the main steps in the ICS procedure.

In exceptional and duly justified cases identified in the Handbook, Individual Consultants may be selected on a sole-source basis:

- tasks that are a continuation of previous work that the consultant has done and for which the consultant was competitively selected;
- certain assignments expected to last less than three months;
- emergencies arising from natural disasters;
- when the individual is the only consultant qualified for the assignment; and
- when the individual consultant assignment budget is below the predefined low value threshold for SSS.
- In such cases, the **APIU** will launch a SSS through OPEN including detailed justifications.

Recruitment of Civil Servants is subject to IFAD’s policies. Whenever Operational Policy and Results Division (OPR) issues a new update, the PIM will need to be updated accordingly.

TERMS OF REFERENCE

PROCUREMENT SPECIALIST

Qualifications and Experience

A higher degree or an equivalent qualification in Law, Economy, Management or equivalent with sound knowledge of the procurement procedures applicable under the legislation of the Republic of Kyrgyzstan and foreign donors' funded Programmes. A minimum of three years working experience and technical capacity, and proven ability to work in a multi-disciplinary team. Familiarity with relevant legislation and procedures of the Republic of Kyrgyzstan, good analytical skills, skills to write reports and other materials. Fluent Russian and English, both spoken and written. Computer literate. The selected candidate will have a pragmatic, creative and energetic approach to problem solving and decision-making and the capacity to operate effectively with suppliers.

Job Description

Under the direct supervision of the APIU Director the Procurement Specialist would be responsible for procurement of goods, works and services in the framework of the LMDP-III. Within this overall role, the following tasks would be the specific responsibility of the APIU Procurement Specialist.

- To fulfill all obligations concerning the procurement of all kinds of works, goods and services in accordance with the applicable procurement guidelines of IFAD and other relevant project documents;
- Prepare the annual Procurement Plans in accordance with the Annual Work Plans and Budgets and ensure their timely implementation;
- Draft the public announcement for each tender;
- Prepare Bidding Documents for each contract in accordance with the approved Standard Bidding Documents;
- Coordinate bid opening, evaluation and preparation of required documentation such as minutes of bid opening ceremony, written proposals and recommendations for contract award;
- Participate in Bid Opening and Evaluation Committee meetings and prepare the minutes;
- Prepare and submit bid evaluation reports and recommendations for contract award to the Tender Committee for review and approval.
- Prepare and submit to IFAD all required information for prior review and no-objection for bids, evaluation, contracts award as per the Financing Agreement requirements.
- After agreement with IFAD for contract award initiate the contract signing procedure;
- Maintain a Contract Register for all the contracts signed under the project;
- Coordinate all procurement procedures within APIU regarding the LMDP-III implementation;
- Carry out proper monitoring of the procurement process;
- Administer contracts concluded under the projects managed by the SEPMU/CIIP CEP, as well as with the Government agencies for specific works and/or components of the projects;

- Keep, systematize and store procurement files including bid correspondence.

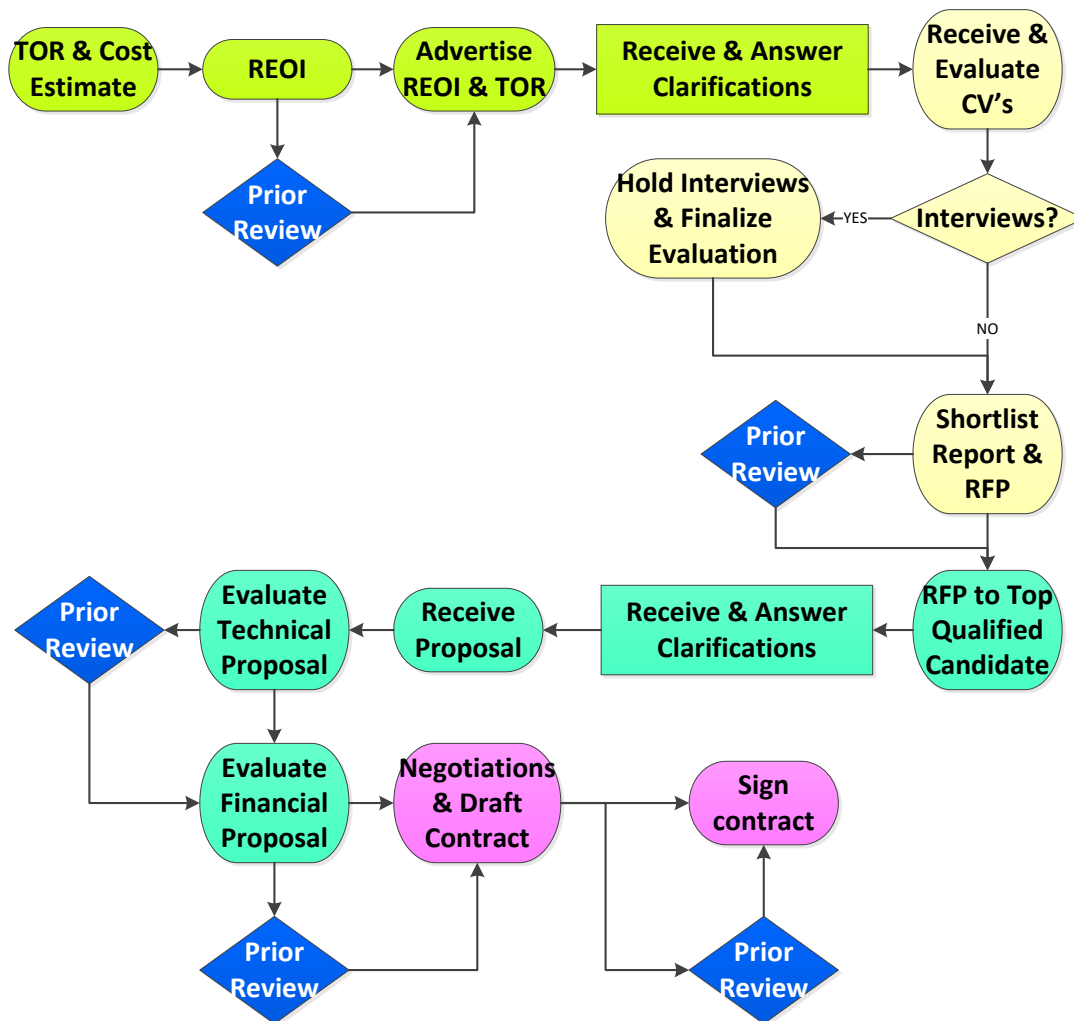


FIGURE 1- FLOWCHART FOR ICS PROCEDURE FOR SELECTING IFAD-FUNDED PROJECT STAFF

Roles & Responsibilities

The below two tables clarify the roles and responsibilities of all stakeholders especially those entrusted with one or more functions of the procurement cycle. The first table is a high level representation of organizational roles and responsibilities of high-level procurement functions among concerned entities while the second table (in Annex 1) is a detailed responsibility Assignment Matrix covering the majority of procurement functions and steps within the **APIU**.

	APIU	APIU	APIU	APIU	APIU
Prepare Procurement Plan (PP)	X	X			
Finalize and Approve PP	X				
Manage PP updates and upgrades	X				
Prepare Technical Requirements	X	X	X	X	X
Finalize and Approve Requirements	X				
Prepare Bidding Documents (B.D.)	X	X			
Finalize and Approve B.D.'s	X				
Publish Notices and Advertisements	X				
Evaluation committee Members	X	X			
Form Evaluation Committees	X				
Manage Bid/Proposal Opening	X				
Manage Bid/Proposal Evaluation	X				
Approve Evaluation Recommendations	X				
Manage Debriefs and Protests	X				
Prepare Draft Contract	X				
Sign Contract	X				
Technical Management of Contract	X	X			
Contract Management	X				
Acceptance committee members	X	X			
Form Acceptance Committee	X				
Prepare Payment Requests	X	X			
Check and approve payment requests	X				
Process Payments	X				
Archive all procurement-related files	X	X			
Correspond with IFAD for No Objection	X				

Annex 1: Responsibility Assignment Matrix (RAM - RACI) Template

This RAM clarifies the roles and responsibilities of units and staff in each phase/step of implementation of procurement and procurement-related activities within the IFAD project. It assigns for each step the person who is Responsible, Accountable, Consulted, or Informed. It facilitates internal workflow and inter-agency coordination, removes any ambiguity, and promotes accountability. In each cell against each activity, the letters “R”, “A”, “C”, or “I” are entered for the respective function as is applicable. The meaning of each is as explained in the Legend below:

Activity/Role	Project Steering Committee	Country Director	Project Director	Provincial Director	Project Component Lead	Project Proc. Staff	Project Tech. Staff	Project Financial Manager	Provincial Proc. Staff	Provincial Tech. Staff	Provincial Fin. Staff		
AWPB – elaborating activities		I		A			R	I				I	
AWPB - budgeting	R/A										R/A		
AWPB – other				A	R	I	I	I	C	I			
Procurement Plan – packaging (lots)				A	R	I	I	I	C	I			
Procurement Plan – scheduling (timing)				A	R	I	I	I	C	I			
Procurement Plan – procurement methods		R		A	R	I	C	R	R	I		R	
Procurement Plan – consolidation (final)		R		A	R	I	C	R	R	I		R	
Procurement Plan - update or upgrade		R		R/A								R	
All Requests for No Objections				A	R	R							
Initiation (request to start preparation)				A	C	R		I		R			
Market research				A	C	R		R	C	C			
Stakeholder consultation/coordination		I		A	R	R	R	I	R	R		I	
Cost and schedule estimation				A	R	R		C	R	R			
TOR/Technical Specifications		I	I	A	R	I	I	I	I	I		I	I
Requisitioning (request to launch procurement)				A	R	C		C	R	C			
Qualification criteria		R		A	R	I		I	R	I		R	
Request for Expressions of Interest		R		A	R	I		I	R	I		R	

Activity/Role	Project Steering Committee	Country Director	Project Director	Provincial Director	Project Component Lead	Project Proc. Staff	Project Tech. Staff	Project Financial Manager	Provincial Proc. Staff	Provincial Tech. Staff	Provincial Fin. Staff		
Pre-qualifications documents		R		A	R	C		I	R	C		R	
Bidding documents, Requests for Proposals, Requests for Quotations				A	R								
Invitation letters (for direct invitation)				A	R								
Publicity and dissemination			I	A	R	I	I	I	R	I			I
Formation of Committees				I	A	R		I	R	R			
Receipt and handling of clarifications				A	R	R			R	R			
Pre-bid conferences					R/A				R/A				
Receipt of bids					R/A				R/A				
Safekeeping of bids			R	A	R	C		C	R	C			R
Receipt and management of appeals		R	R/A	R/A	I	I	I	I	I	I		R	R/A
Approval of Evaluation Recommendations		R	R/A	R/A	I	I	I	I	I	I		R	R/A
Approval of Negotiation findings		R		R/A	I	I	I	I	I	I		R	
Contract signature up to 15%		R		R/A	I	I	I	I	I	I		R	
Contract signature more than 15%				A	R	C	I	I	R	C			
Contract monitoring Form				R/A	I	C	I	I	I	C			
Commencement order				A	R	C			R	C			
Access to site				A	R	C	I	A	R	C			
Suspension of works/supply/services		I		A	R	C	I	A	R	C		I	
Granting Extension of Time by less than or equal to 25% of original duration		I		A	R	C	I	A	R	C		I	
Granting Extension of Time by more than 25% of original duration		I		A	R	C	R	A	R	C		I	
Application of liquidated damages		R		R	C	R/A		R	C	R/A		R	
Changes in specifications/quality				I	C	R/A		I	C	R/A			
Changes in sequencing of activities		R		R/A	R	R	R	R/A	R	R		R	
Increasing quantities resulting in increasing contract value by less than or equal to 10%		R		R/A	R	R	R	R/A	R	R		R	
Increasing quantities resulting in increasing contract value by more than 10%		R		R/A	R	R	R	R/A	R	R		R	

Activity/Role	Project Steering Committee	Country Director	Project Director	Provincial Director	Project Component Lead	Project Proc. Staff	Project Tech. Staff	Project Financial Manager	Provincial Proc. Staff	Provincial Tech. Staff	Provincial Fin. Staff		
Adding new items not provisioned in the contract increasing contract value by less than or equal to 10%		R		R/A	R	R	R	R/A	R	R		R	
Adding new items not provisioned in the contract increasing contract value by more than 10%													
Payment validation													
Payment processing													
Review of submitted guarantees													
Forfeiture of a bank guarantee													
Safekeeping of bank guarantees													
Validation of Insurance Policies													
Receipt and processing of contract correspondence – day-to-day - technical				I	R/A				R/A				
Receipt and processing of contract correspondence – day-to-day - contractual				C/I	C	R/A		C	C	R/A			
Changes in contract terms and conditions (other than mentioned above)				C/I	R/A	C	C	C	R/A	C			
Amicable settlement proceeding		R		R/A	R	C	C	C	R	C		R	
Approving deliverables and outputs		I		A	R	R	C	A	R	R		I	
Certification of readiness for acceptance				R	R/A	R/A		R	R/A	R/A			
Formation of acceptance committees				A	I	R		A	I	R			
Approval of acceptance findings				R/A	I	I		R/A	I	I			
Vendor Assessment Form ⁵⁶		I		A	R	C	I	R	R	C		I	

⁵⁶ See Annex 5 for the template of the Vendor Assessment Form.

R: Responsible: Executes or approves or clears; the person(s) who is (are) entrusted with a task or process.

A: Accountable: Holds responsibility and is accountable; one person per RAM line; usually the senior authority of an organization or can be also middle management in case of empowerment and decentralized management.

C: Consulted: participates by reviewing/commenting on documents, deliverables, activities or processes; reviews and comments are documented but may or may not be taken into account depending on final decision of Responsible person or Accountable person.

I: Informed: copied on process/document “for information”. Whether action needs to be taken or not by the “Informed” person depends on the person’s role and organizational duties.

Annex 2: Procurement Records and Files

Document	Preferred Format
(i) a copy of the published REOI advertisement or shortlist (if applicable) *	Hard copy
(ii) a copy of the published pre-qualification and bidding documents and any amendments, extensions or clarifications requested and issued *	Hard copy
(iii) a record of the tender opening, signed by all TEC members and the bidders present	Hard copy
(iv) a full copy of each bid received and evaluated, plus clarifications requested and responses received	Hard copy
(v) a copy of the evaluation report *	Hard copy
(vi) signed minutes of all meetings related to the procurement, including pre-bid and negotiation meetings, when held	Hard or soft copy
(vii) a contract award notice *	Hard copy
(viii) any letter of tender acceptance to the supplier, contractor or consultant *	Hard copy
(ix) the signed contract document and contract acceptance *	Hard copy
(x) any contract amendments *	Hard copy
(xi) all contractual correspondence between the procuring entity and a supplier, contractor or consultant	Hard or soft copy
(xii) post-contract documents related to the fulfilment of contract obligations, especially photocopies of bank guarantees or payment guarantees	Hard copy
(xiii) signed minutes of any meetings related to contract management, including contract progress or review meetings	Hard copy
(xiv) signed delivery documents evidencing delivery of supplies, or signed completion certificates related to a contract for services or works under the contract, including any contract delivery records	Hard copy
(xv) a copy of all invoices for works, services or supplies, including working papers verifying the accuracy of payments claimed and details of the actual payment authorized	Hard copy
(xvi) a copy of cumulative payment worksheets/records evidencing management of all payments made	Soft copy
(xvii) all decisions of the concerned borrower's approval authority related to the procurement, including the approval of the bidding documents, the approval of the evaluation report(s), the contract award, the approval of contract documents and contract amendments and any decision to suspend or cancel procurement proceedings	Hard copy
(xviii) a copy of any claims made by the procuring entity with respect to any warranty, non-warranty, short supply, damage and other claims against the contracted vendor or the procuring entity	Hard or soft copy
(xix) in the case of IFAD prior review, all submissions and correspondence related to the seeking of IFAD's no objection (NO) and a copy of the respective IFAD NO letter.	Hard or soft copy
(xx) any other communications related to the procurement in question, including internal entity correspondence	Hard or soft copy

** Ideally, previous drafts (before the final version is issued) of these published documents and reports should also be retained for completeness and to provide a full picture of how the published document evolved. It is accepted, however, that in the case of space limitations, this is not always feasible in practice.*

Annex 3: Guidance on using the Procurement Plan

<https://vimeo.com/showcase/11346473/video/925756442>

Annex 4: Guidance on using the Contract Monitoring Tool

<https://vimeo.com/1034536048?share=copy>

Annex 5: Guidance on using OPEN

<https://open.ifad.org/help>

Annex 6: Vendor Assessment Form

VENDOR ASSESSMENT FORM⁵⁷ FOR WORKS/SUPPLIES/SERVICES CONTRACTS

Project Name:
Contract Name:
Location:
Contract Reference:
Name of Contractor:

1 PLANNED IMPLEMENTATION PERIOD

From	<i>Planned commencement date of the contract</i>	To	<i>Completion Date: End of Warranty:</i>

2 ACTUAL IMPLEMENTATION PERIOD

From	<i>Actual Commencement date of the contract</i>	To	<i>Completion Date: End of Warranty:</i>

3 CONTRACT VALUE (Currency)

Original		Updated	

⁵⁷ Adopted with modifications from <https://ec.europa.eu/europeaid/prag/annexes>

3 PERFORMANCE RATING OF VENDOR

Factor	Rating	Comments
Achievement of contract objectives (as per the technical specifications and drawings or terms of reference)		
Achievement of contract objectives (as per the required quantities)		
Achievement of contract objectives (as per the agreed time limits)		
Quality of work/supplies/services		
Good faith and cooperative attitude		
Risk management and mitigation measures		
Respect to contractual responsibilities and liabilities		
Litigation and claims-management: the tendency to engage in claims and disputes		
Beneficiary feedback on the vendor (e.g. trainees in training, target groups in awareness, municipality benefiting from construction, etc.)		
Other criteria: ...		
TOTAL VENDOR SCORE (average) ⁵⁸		

Rating scheme	
1	Do not reengage
2	Failure to perform
3	Below expectations
4	Meet

⁵⁸ The Total Score gives an overview of the overall performance of the Vendor; a score of 1, 2 or 3 should raise a red flag and should be justified with the measures taken by the Implementation Unit or Agency during or upon completion if applicable.

4 PERFORMANCE RATING OF KEY PERSONNEL

Name ⁵⁹	Client relations	Written communication	Verbal communication	Drive & determination	Job management	Personal effectiveness	Technical competence	Overall
TOTAL PERSONNEL SCORE (Average) ⁶⁰								

Rating scheme	
1	Do not reengage
2	Failure to perform
3	Below expectations
4	Meet expectations

5 REPRESENTATIVES (Technical and Contractual)⁶¹

Name	
Signature	
Date	

Name	
Signature	
Date	

6 APPROVED BY:

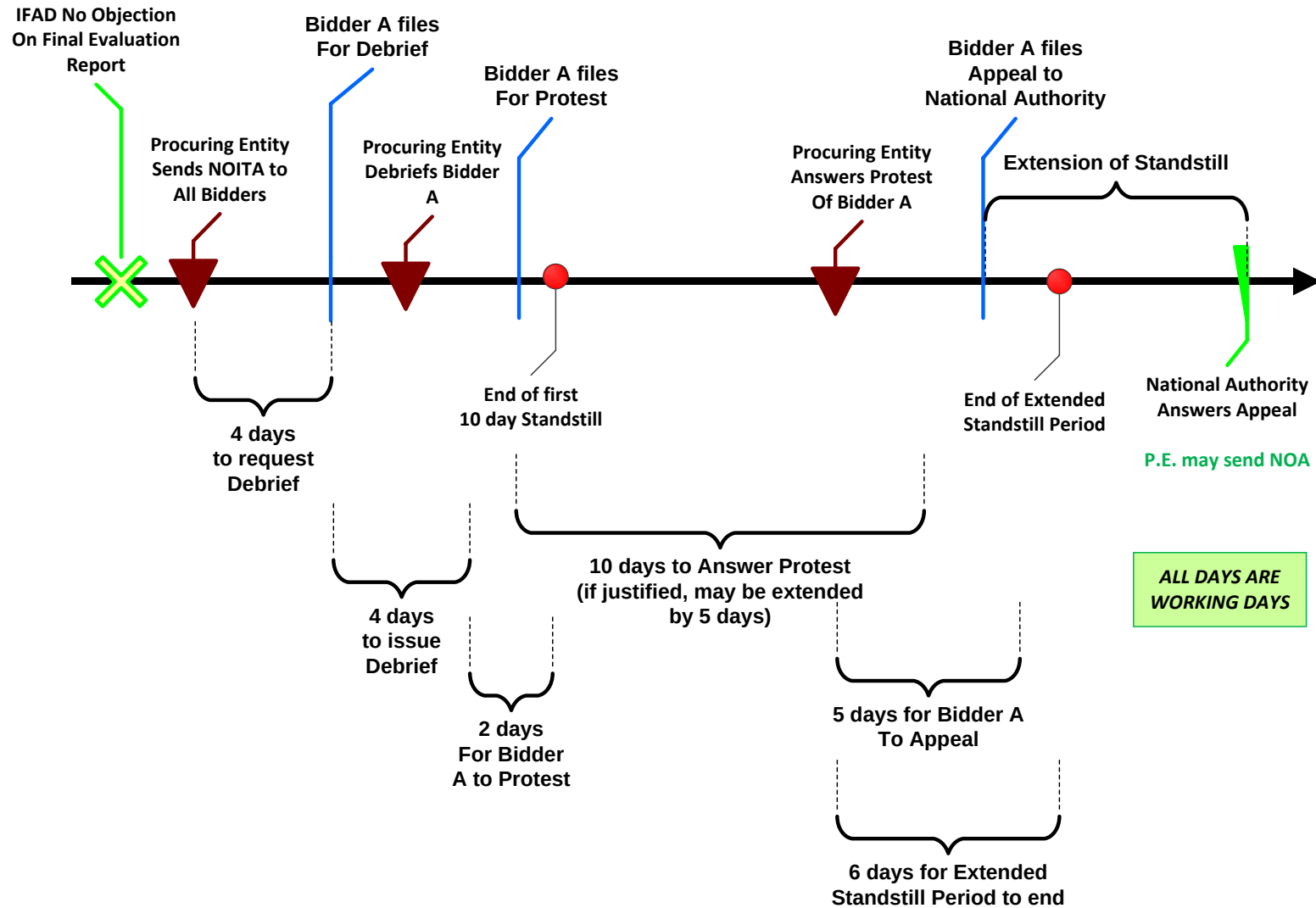
Name	
Signature	
Date	

⁵⁹ The Key personnel include: Vendor representative or project director; key experts nominated in the contract; other experts not specified in the contract, but were involved in implementation; and (for construction works) staff managing construction.

⁶⁰ The Total Personnel Score gives an overview of the performance of the vendor staff on the project; a score of 1,2 or 3 should raise a red flag and should be appended with clarifications on what measures were taken during implementation or upon completion, if applicable.

⁶¹ The staff supervising the contract during implementation and not the acceptance committee members.

Annex 7: Debrief, Protest and Appeal Timeline



XVI. Value chain analysis

Annex _____

Rapid analysis of the value chains selected to assess their importance for diversifying the income sources of the LMDP-3 target group

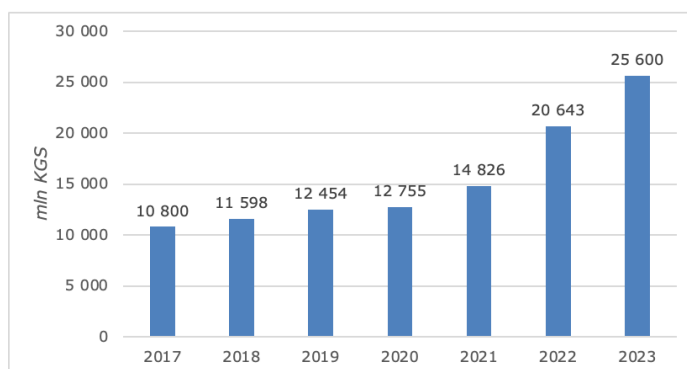
- A. milk
- B. meat
- C. honey
- D. berries
- E. fruits

A. RAPID VALUE CHAIN ANALYSIS OF MILK IN KYRGYZSTAN

The dairy processing industry of the country accounts for over 29% of the total food production, which amounts to 17.9 billion KGS. About 1.8 million tonnes of raw cow's milk is produced annually and about 50 dairy plants of different sizes are involved in its processing. With only 19 percent absorption, the dairy industry has a growing demand for quality milk throughout the year.

The domestic market growth over the last 5 years has been 105 percent, reaching 25.6 billion KGS (294 million USD) in 2023.

Figure 1. Retail turnover of dairy products, mln KGS



Source: National Statistical Committee of the Kyrgyz Republic

According to national statistics, per capita consumption of milk and dairy products in Kyrgyzstan is 91.2 kg/year (in terms of milk), which is below the established norm of consumption of basic foodstuffs, which is 200 kg/year per capita⁶².

Most of the raw milk produced is consumed by farmers themselves, some is processed at home (ayran, cottage cheese, kurut) and sold at bazaars, and some is industrially processed. Although official data are not available, it is important to realize that 40 percent of all milk consumed in Kyrgyzstan reaches the final consumer through non-corporate distribution channels (farmers' markets, backyards of residential areas and small workshops). This indicates a lack of consumer awareness of food safety. This figure is projected to decrease as retail sales channels develop and consumer preferences change toward healthier and more convenient foods.

⁶² Resolution of the Government of the KR dated February 19, 2010, No. 111 "On Approval of Average Physiological Norms of Consumption of Basic Foodstuffs for the Population of the Kyrgyz Republic".

Modern retail is developing rapidly, setting high quality standards for domestic producers. The HoReCa channel is also developing, accounting for about 7% of sales.

Consumers are not always able to understand what they are buying - information about the content of vegetable, protein components, flavorings, etc. is not always reflected on the product label, which misleads the consumer and does not allow a quality product to stand out on the shelf.

RAW MILK PRODUCTION

In 2024, 1.8 million tonnes of raw milk was produced, 81% of which was produced in four oblasts: Chui, Jalal-Abad, Osh and Issyk-Kul.

Of the total volume of raw milk produced in the country, 50.7% falls on peasant farms, 48.9% - personal subsidiary farms of the population and only 0.4% - collective and state farms. The commodity of produced milk is 73%.

Figure 2. Raw milk production, thousand tonnes

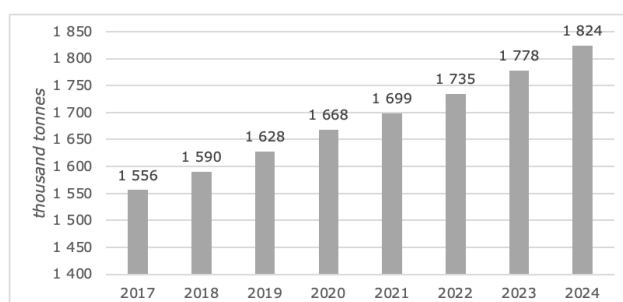
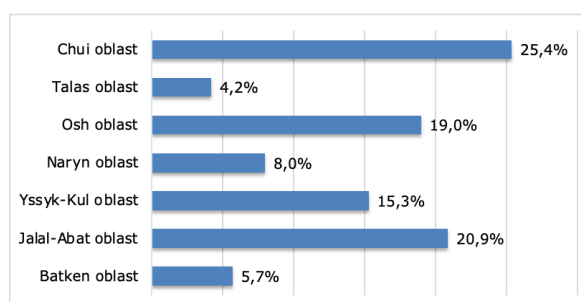


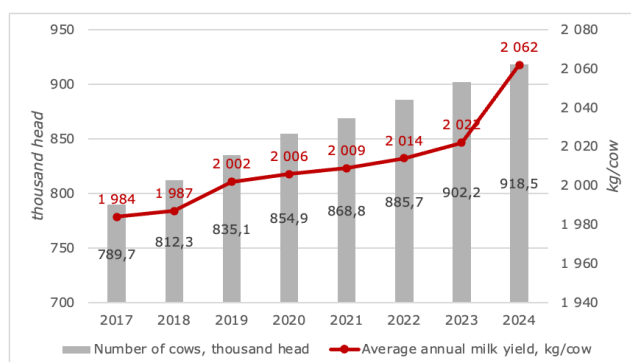
Figure 3. Production by regions, 2024



Source: National Statistical Committee of the Kyrgyz Republic

Raw milk production is gradually increasing with the development of the dairy industry. However, this growth from year to year is due to an increase in the number of livestock rather than livestock productivity - productivity growth is very low, and is characterized by excessive unmanaged use of pasture land for grazing. The average annual milk yield per cow was 2,062 kg, which is only 4% more than in 2017.

Figure 4. Population of cows and productivity



Source: National Statistical Committee of the Kyrgyz Republic

Most livestock households keep no more than 3 dairy cows, usually of local breed⁶³, use traditional distant cattle breeding, with a long period of grazing on summer pastures.

According to the Business Association "Dairy Association of Kyrgyzstan",

(i) there are 130,000 households engaged in livestock production in Kyrgyzstan, most of which keep less than 10 cows;

⁶³ According to the Issyk-Kul Oblast household survey conducted in 2021 as part of the Impact Assessment of the World Bank's Integrated Dairy Productivity Improvement Project, the majority of households (64.4 percent) have between 1 and 3 cows, 33.6 percent keep between 4 and 10 cows, and 1.9 percent of households keep more than 10 cows in the household. At the same time, about 92 percent of all respondents keep no more than 3 dairy cows in the household.

(ii) only 3% of households have 10 or more cows, are not marketable, but nevertheless produce more milk than necessary for their own consumption;

(iii) in the whole country there are 30 dairy commercial farms with 50 to 200 cows and 10 farms with more than 200 cows. The average annual milk yield per cow is 4 tons. MTFs are equipped with infrastructure for milking, milk collection, milk cooling and milk quality control, supply milk directly to processors, and have a veterinarian on staff to ensure disease prevention, calving and diet control. The commercial farms are well managed - including through development projects funded by the donor community and international financial institutions.

MILK COLLECTION

Milk is collected (i) by organizing a milk collection system by the processor itself, and/or (ii) by an intermediary - a legal or natural person, and/or (iii) large farms deliver milk directly to the plant.

To organize collection, milk collection points (MCPs) are established - fixed points provided with measuring devices to determine the quantity of milk received and a minimum set of tools to assess milk quality. A number of MCPs are equipped with facilities for cooling and storing chilled milk. This depends on the amount of milk aggregated in a given MCP, the distance from the processing points and the availability of water and electricity supply. Milk is pre-tested for quality (not always), usually milk purity and acidity, less often density, even less often somatic cell count. Milk from the MCP is transported to the processing plant by milk trucks or in flasks on specially equipped vehicles. Not all milk trucks and tanks for storage and transportation of milk meet the requirements of the Technical Regulations of the CU.

Most of the milk is collected by "mobile" collectors, either by going around farmers in pairs, using a tanker truck, or by collecting milk in 40-liter flasks. The flasks wear out quickly and there is a constant shortage of them. The small daily volumes of milk on average per household make its "mobile" collection very difficult - high transportation costs, poor cold chain and sanitation management, lack of time for quality checks, fierce competition, etc. Further, the "mobile" collector takes the collected milk to an aggregation point or directly to the processor's plant. This collection system does not allow for full traceability of the milk accepted for processing.

Milk deliveries from large farms are more organized, directly to the plant, with the conclusion of a contract stipulating the volume, price and quality parameters of milk. All large farms are equipped with cooling units.

Involvement of intermediaries in the value chain has a number of disadvantages: (i) the intermediary - milk collector can leave to another processor based on his own economic interests; (ii) the intermediary is not interested in the growth of farmers, large farms (with more than 300 liters per day) do not need milk collectors; (iii) the intermediary can average the quality of the accepted milk (even falsify), the main thing is to keep the minimum quality parameters.

PROCESSING

In 2024, the dairy industry of Kyrgyzstan produced more than 345 thousand tonnes of dairy products in the assortment in terms of milk.

Table 1. Production of main types of industrial products, tonnes

	2020	2021	2022	2023	2024	coeff*
Processed liquid milk	58 387	67 487	56 961	42 237	54 875	1,0
Milk or cream, not condensed, 6% or more fat	2 775	3 018	5 104	-	-	4,0
Butter	8 232	8 578	8 699	4 871	6 428	22,0
Cottage cheese	1 795	8 453	9 479	5 084	4 778	3,8
Cheese	8 302	6 953	7 242	5 427	7 269	9,8
Kefir	28 084	30 555	31 224	21 631	27 478	1,0
Yogurt	1 563	2 590	2 243	1 473	2 643	1,0
Ice cream	5 014	6 225	7 690	10 413	9 746	3,0
TOTAL in ME	383 453	420 363	432 278	276 246	345 043	

*Milk equivalent is the conversion coefficient of a product into milk

Source: National Statistical Committee of the Kyrgyz Republic

More than 50 dairy plants of different sizes are involved in milk processing. Top 10: "Bishkek Sut", "Kant-Sut", "Umut and Co", "Ak Bulak Plus", "Ak Zhalga", "Sut Bulak", "Emilia", "Talas Daamy", "Ala Too Sut", "Alaiku Organics". Large enterprises have introduced food safety management systems (HACCP, ISO 22000, FSSC 22000) and have their own laboratories that control incoming raw materials and manufactured products.

In Kyrgyzstan, the quality of raw cow's milk and dairy products is regulated by: Technical Regulations of the Customs Union TR CU 033/2013 "On the safety of milk and dairy products", TR CU 021/2011 "On the safety of food products", TR CU 022/2011 "Food products in terms of its labeling".

Milk processing plants of the republic have been working for many years in conditions of acute shortage of quality raw materials. Processing capacities are not loaded 100%, especially in the winter period, when the volume of milk production decreases ten times compared to the summer months. The maximum total daily volume of milk processing is 1,560.0 tonnes, with the estimated potential loading capacity of 2,560.0 tonnes of milk per day.

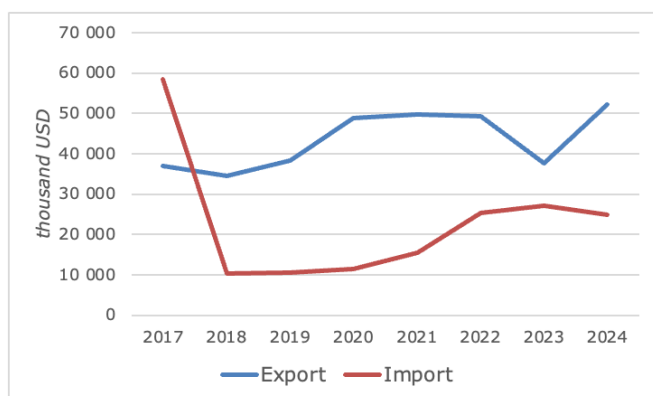
The sustainability of the business and the possibility of exporting dairy products depends on the quality of milk for processing and the need to meet the strict requirements of technical regulations of the Customs Union.

PROBLEMS

- (i) Severe shortage of quality milk (low fat and protein, including due to drought and inadequate feeding rations, antibiotic in milk, acidity);
- (ii) 49% of milk received for processing is from smallholder farms, which makes collection, quality control and traceability more difficult and expensive.

FOREIGN TRADE

Figure 5: Export/import of dairy products, thousand USD



Source: Global Trade Tracker

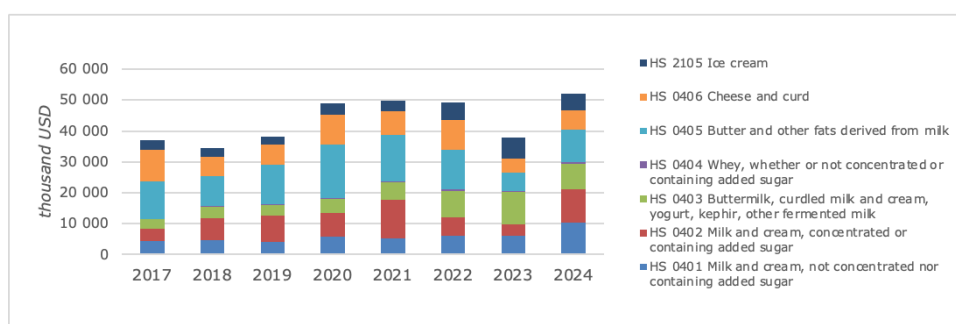
EXPORT

According to the Ministry of Agriculture of the Kyrgyz Republic, as of today 44 dairy enterprises have the opportunity to export their products to the EAEU countries, in particular to Russia and Kazakhstan (registered in the EAEU Register). 13 milk processing enterprises have the right to export to China, 18 milk processing enterprises are registered in the Register of the Republic of Uzbekistan.

Kyrgyzstan is a net exporter of dairy products. Exports of dairy products in 2024 amounted to 52.2 million USD, 31.9 thousand tonnes of dairy products (117.1 thousand tonnes in milk equivalent) were exported. Importing countries: Kazakhstan (65%), Russia (28%) and Uzbekistan (7%).

A significant decrease in exports in 2023 was due to deliveries to Russia (the Russian market was oversaturated with domestically produced dairy products, and experts noted a decrease in consumption in the Russia).

Figure 6: Exports of dairy products, thousand USD



Source: Global Trade Tracker

Table 2: Exports of dairy products, thousand USD

HS Code	Description	2017	2018	2019	2020	2021	2022	2023	2024
Total		36 934	34 481	38 295	48 861	49 758	49 226	37 736	52 171
0401	milk and cream, not concentrated nor containing added sugar	4 267	4 686	4 116	5 771	5 194	5 994	5 993	10 181
0402	milk and cream, concentrated or containing added sugar	3 947	7 012	8 430	7 712	12 524	6 064	3 803	10 989
0403	buttermilk, curdled milk and cream, yogurt, kefir, fermented milk	3 346	3 872	3 561	4 639	5 666	8 449	10 408	8 150
0404	whey, whether or not concentrated or containing added sugar	12	284	79	223	385	477	243	570
0405	butter and other fats derived from milk; dairy spreads	12 230	9 462	12 985	17 188	14 841	12 832	6 097	10 454
0406	cheese and curd	10 170	6 346	6 390	9 670	7 693	9 716	4 643	6 442
2105	ice cream	2 962	2 819	2 734	3 658	3 455	5 694	6 549	5 385

Source: Global Trade Tracker

IMPORT

Imports of dairy products in 2024 amounted to 25.0 million USD, 12.4 thousand tonnes of dairy products in assortment (33.8 thousand tonnes in milk equivalent) were imported. Countries-partners: Russia (44%), Kazakhstan (33%), Belarus (18%), Ukraine (2%) and Turkey (2%). The main imported products are cheese and cottage cheese (31%), yogurt and kefir (22%), and ice cream (21%).

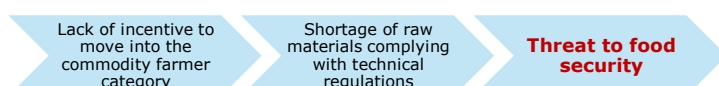
The jump in imports in 2017-2018 was due to the import of milk powder from Belarus and cheese from Ukraine as a result of sanctions imposed by Russia on a certain group of goods and producers of these countries.

FORMATION OF ADDED VALUE OF 1 KG OF MILK

Process	Cow's milk, 1 kg
RAW MILK PRODUCTION (fodder 70-75% of production cost, labor costs, veterinary drugs, veterinary services, amortization)	+ 25% margin 35 KGS
COLLECTION	+ 10% transportation, refrigeration, quality control, margin 39 KGS

PROCESSING	+ 10% production costs + 10% logistics, realization, certification, marketing, taxes + 10% margin 50 KGS
WHOLESALE	+ 5% value added, including margin 53 KGS
RETAIL	+10-40% trade markup, including margin 70 KGS

FACTORS HINDERING THE DEVELOPMENT OF THE INDUSTRY



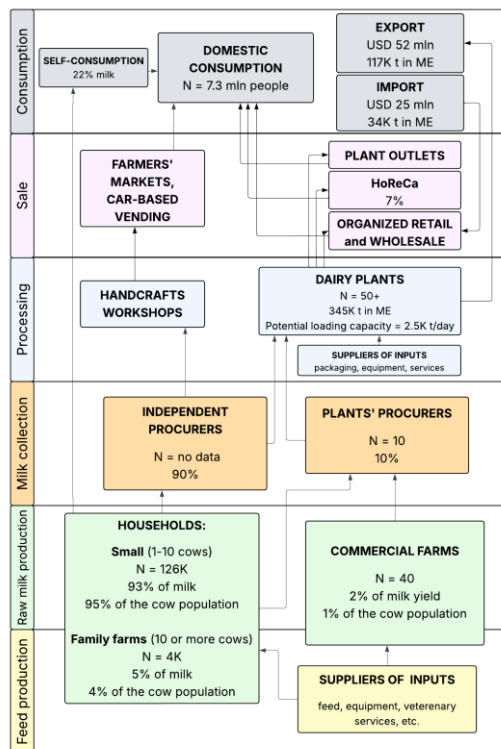
Factor analysis allows us to identify the narrowest link in the chain and this is a threat to food security, the main prerequisite for which is a shortage of raw materials that meet the requirements of the TR CU.

The deficit of quality raw materials is fraught with the loss of export markets (EU, China) and will aggravate the situation with unloaded processing capacities of domestic plants.

The problem of raw material quality cannot be solved without stimulating agricultural producers, and it is not only a question of increasing purchase prices for milk and subsidized financial support, but more about the development of commodity farming, the growth of competencies of milk producers, ensuring targeted access to resources.

The threat to food security cannot be avoided without establishing a mechanism of market regulation with uniform rules for all market participants without exception (quality control, labeling, etc.). The mechanism should be implemented in stages, work transparently and with the use of all possible resources of state support for milk producers and the business of the industry as a whole.

Scheme 1. VC mapping



Source: Author calculation

KEY OPPORTUNITIES

(i) **Lack of quality bulk and combined fodder** is the main problem of fodder supply and, as a consequence, low productivity of dairy herds. Almost 90% of farmland in the Kyrgyz Republic is pasture and hayfields, and the main roughage grown and harvested is alfalfa hay. The quality of fodder is often poor due to poor storage conditions, and feed losses are significant. There is a tendency to improve the provision of bulk fodder (growing corn for silage), particularly in Chui oblast where there is access to irrigated land.

The Kyrgyz Republic depends on imports of cereals, protein component of animal feeds (cake and meal), premixes and feed additives for mixed fodder production.

It is advisable

- development of feed centers as a self-sufficient third-party business and within the framework of integrated farmers' associations;
- Reforming the pasture management process (rehabilitation, reducing pressure due to overgrazing).

(ii) **The productivity of the Kyrgyz dairy sector is much lower than potentially possible.** The starting point for development is a conscious approach to milk production, i.e. increasing milk production through livestock productivity rather than increasing the number of livestock. Priority tasks: feed supply, prevention of animal diseases, access to veterinary services and breed improvement technologies (artificial insemination), access to modern practical knowledge in a convenient way for farmers, as well as access to the latest information and knowledge in the field of dairy farming.

(iii) **Improving milk collection infrastructure** - cold chain management and raw milk quality control. Raw milk collection should be farmer-producer oriented rather than procurer oriented in supply and marketing chains, allowing for a stronger link between processor and milk producers, including through pricing of raw milk based on its quality (microbiology and physico-chemical composition, min. premium for best performance - 15-20%)

(iv) A major sectoral challenge: securing the raw material base in a highly fragmented production. **The current situation in the value chain does not always ensure strict biosecurity and food safety.** The presence of antibiotic in milk is unacceptable, which requires the implementation of strict quality control of incoming milk for processing and, if detected, disposal.

(v) **Application of uniform requirements on food safety of milk and dairy products to all market participants - "uniform rules for all"**, including the informal channel, will certainly lead to consolidation of the industry and increase its competitiveness, because there is no alternative to working "outside the rules". Priority areas - antibiotics in milk, establishment of a state system of traceability of livestock products, including control over veterinary drugs (certification, sale, use).

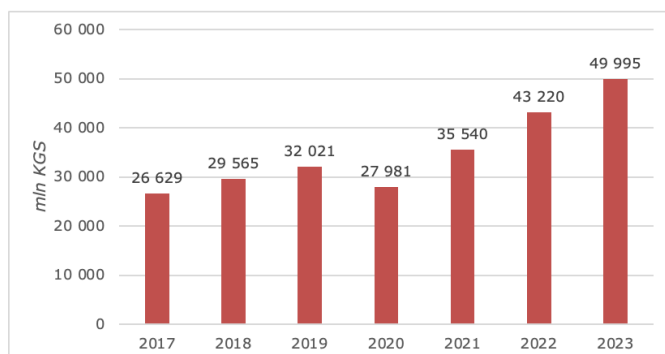
(vi) **The market volume of dairy products is growing** due to population growth (population growth of +1.6% per year in the KR). According to UN World Population Prospects (2022), the population of Kazakhstan, Kyrgyzstan and Uzbekistan will increase by 7 million people in the next 10 years. This will require the dairy industry to produce an additional 1.5 million tonnes of milk per year. High rates of urbanization will also influence the development of demand.

(vii) **Mastering the production of new types of products** (cheese and curd whey products, albumin curd, cheese from goat and yak milk), new types of packaging, will lead to inevitable technological re-equipment.

B. RAPID VALUE CHAIN ANALYSIS OF MEAT IN KYRGYZSTAN

The meat processing industry of the country accounts for 17% of the total food production, which is 10.4 billion KGS. The growth of the domestic market over the last 5 years amounted to 56%, reaching 50 billion KGS (575 million USD) in 2023.

Figure 1. Retail sales turnover of meat products, mln. KGS



Source: National Statistical Committee of the Kyrgyz Republic

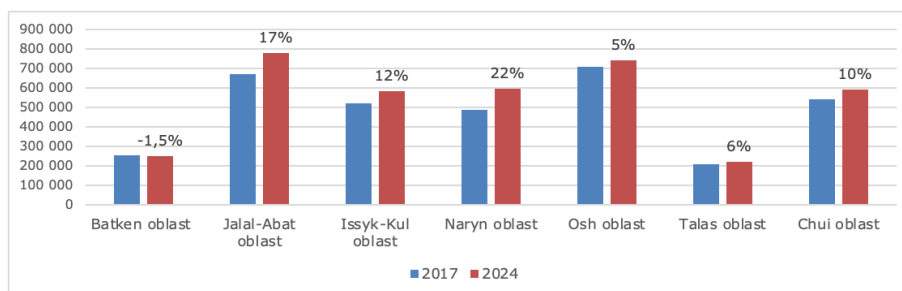
According to national statistics, per capita consumption of meat and meat products in Kyrgyzstan is 23.2 kg/year, which is below the established norm of consumption of basic foodstuffs, which is 61.3 kg/year per capita.

Table 1. Livestock and poultry in Kyrgyz Republic, thousand heads, at the end of the year

	2017	2018	2019	2020	2021	2022	2023	2024
Cattle	1 576	1 627	1 681	1 716	1 751	1 784	1 802	1 829
<i>incl. Cows</i>	790	813	835	855	869	886	902	919
Pigs	52	51	35	30	30	26	30	27
Sheep and goats	6 078	6 168	6 267	6 279	6 278	6 201	6 216	6 280
Horses	481	499	523	540	547	534	543	554
Poultry	5 910	6 010	6 211	6 070	5 925	6 369	6 989	7 731

Source: National Statistical Committee of the Kyrgyz Republic

Figure 2. Number of livestock (in conventional units) by oblast, share of growth 2024/2017



Source: National Statistical Committee of the Kyrgyz Republic

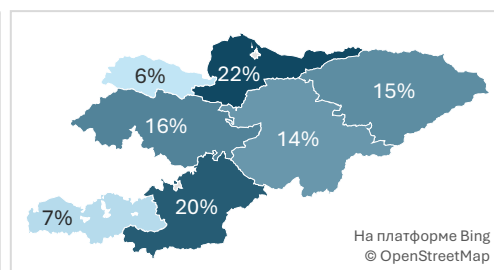
MEAT PRODUCTION

Figure 3. Production of meat, in thousand tonnes (at slaughter weight)



Source: National Statistical Committee of the Kyrgyz Republic

Figure 4. Production of meat by regions



In 2024, 253 thousand tonnes of meat in slaughter weight is produced. Production is distributed as follows: Chui oblast - 22%, Osh oblast - 20%, Jalal-Abat oblast - 16%, Issyk-Kul oblast - 15%, Naryn oblast - 14%, Batken oblast - 7% and Talas oblast - 6%.

Meat production is gradually increasing from year to year due to an increase in the number of livestock. Of the total volume of meat produced in the country in slaughter weight, 51% falls on peasant farms, 45% - private farms and only 0.4% - cooperatives and state farms.

99% of agricultural livestock (excluding poultry) is owned by small households, which keep livestock mainly for their own consumption, keeping up to 5 cattle, up to 20 small ruminants, 1-2 horses and up to 10 poultry, using traditional distant cattle breeding, with a long period of grazing on summer pastures.

Large farms engaged in livestock breeding and fattening own 1% of cattle and small ruminants, 90% of pigs and 50% of poultry. Large farms specialize either in breeding and fattening of cattle, or small ruminants, or poultry (there are 145 poultry farms in the country) or pigs. Large farms have 150-300 head of cattle or 200-300 head of small ruminants. Such farms are equipped with infrastructure for feeding and housing of livestock, have a veterinarian on staff to ensure prevention of animal diseases, control of calving and diet.

With the onset of fall, cattle return from the distant pastures. This is when the main slaughter or sale of cattle begins, before the animals lose weight accumulated over the summer. If steers are put on fattening, the period of their fattening directly depends on the stock of prepared feed, but usually steers are sold at the age of one and a half years. Dairy cows are culled for meat after 5-6 calvings.

The average cost for a farmer to fatten one steer up to 280 kg live weight is about KGS 40,000 (feed, additives, veterinary services, grazing costs, labor costs). The selling price of a steer weighing 280 kg live weight (~130 kg of beef) is 50,000 KGS, the hide costs from 1,500 to 2,000 KGS.

Small farmers almost never sell cattle in slaughtered form, but as cattle for slaughter at local livestock markets, to resellers/traders, rarely directly to processors.

The traders buy cattle in the fall, after the grazing season on distant pastures, resell them further, or fatten and sell them closer to spring. Fatteners provide the market with meat in winter and spring. Most of the value added in the sector remains in the hands of intermediaries when selling livestock.

Slaughtering. Slaughterhouses are an important element of the meat production chain. Large processors have their own slaughterhouses, providing veterinary control of animals entering the slaughterhouse and further cooling stages. There are several slaughterhouses specializing only in slaughtering, they are officially registered and have the necessary certification (there are about 15 of them in the country). They often purchase livestock themselves, slaughter and sell the meat through their own outlets. Other small slaughter points are located near livestock markets and most often operate without proper registration and certification.

Slaughtering service costs 1,000 KGS per head of cattle and 600 KGS per head of cattle. Farmers use the services of slaughterhouses for further own consumption of meat in the household or sale of meat at bazaars either on their own or through an intermediary. Small cattle are sometimes and poultry is always slaughtered on private farms by farmers themselves. Sanitary norms are not observed.

In the meat industry, a significant amount of meat production, processing and sales is not legalized (feed suppliers, slaughterhouses - the share of officially registered is a little more than a third, resellers, fatteners). About 20% of beef and small ruminant meat is sold non-market way from farmer to farmer by neighboring farmers.

PROCESSING

In 2024, the meat processing industry of Kyrgyzstan produced more than 40 thousand tonnes of meat products in assortment. The share of processed meat is only 16% of all meat produced in the country.

Table 2. Production of main types of meat products, tonnes

	2017	2018	2019	2020	2021	2022	2023	2024
Meat and edible offal of cattle	13 651	12 686	13 618	13 782	13 728	13 038	14 065	16 043
Meat and edible offal of poultry and other	198	650	394	258	184	148	65	772
Sausage products	3 905	5 595	7 475	8 957	10 729	12 622	17 684	23 428
TOTAL	17 753	18 931	21 486	22 997	24 640	25 807	31 814	40 243

Source: National Statistical Committee of the Kyrgyz Republic

According to the national statistic, the number of slaughterhouses and processing enterprise is 29 legal entities and 317 individual entrepreneurs.

About 30 enterprises of different scale are actively involved in meat processing. The largest of them are: "Adal Azyk", "Barkad", "Riha", "Reina Kench", "Toro", "Salih", "Ala Buka Kyrgyz Et", IE Turgunbaev. Large enterprises have introduced food safety management systems (HACCP, ISO 22000) and have their own laboratories that control incoming raw materials and manufactured products.

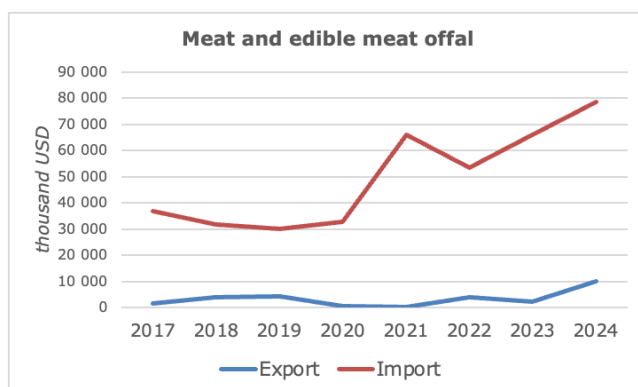
In Kyrgyzstan, the quality of meat and meat products is regulated by: Technical Regulations of the Customs Union TR CU 034/2013 "On the safety of meat and meat products", TR CU 021/2011 "On the safety of food products", TR CU 022/2011 "Food products in terms of labeling".

FOREIGN TRADE

According to the Ministry of Agriculture of the Kyrgyz Republic, to date, 21 enterprises for the production of meat products, 11 slaughterhouses, 35 companies for the cultivation and breeding of farm animals, 10 poultry processing enterprises, 166 companies for the storage and sale of animal products, 14 companies for the processing of animal raw materials (guts, wool, skin), have the opportunity to export their products to the EAEU countries, in particular to Russia and Kazakhstan (registered in the EAEU Register).

One company processing hides and one company producing poultry by-products have the right to export to China. There are 9 meat processing companies registered in the Register of the Republic of Uzbekistan.

Figure 5: Export/import of meat products, thousand USD

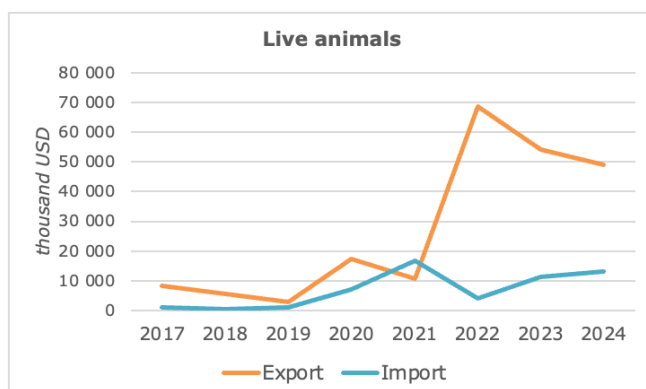


Source: Global Trade Tracker

Exports of **meat and meat products** in 2024 amounted to 10 mln USD, 3.4 thousand tonnes of meat products were exported. Mainly chilled or frozen beef is exported. Importing countries: Russia (76%), Iran (15%), Kazakhstan (5%) and Belarus (4%).

Imports of **meat products** in 2024 amounted to 79 mln USD, 74.0 thousand tonnes of meat products (98% poultry meat) were imported. Exporting countries: China (38%), Russia (19%), Kazakhstan (18%), Ukraine (17%), Belarus (4%) and Lithuania (3%).

Figure 6: Export/import of live animals, thousand USD

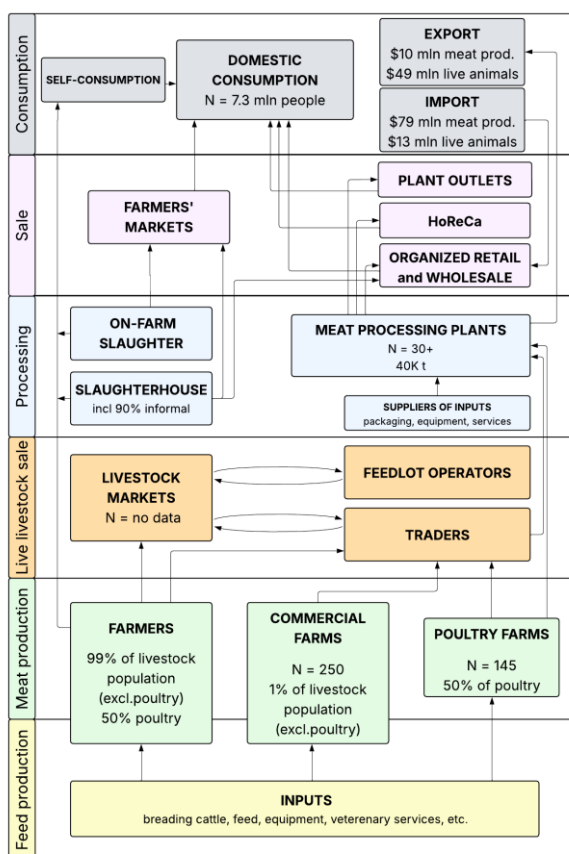


Source: Global Trade Tracker

In 2024, 34 thousand tonnes of large and small **livestock in live weight**, worth 49 million USD, were exported to Uzbekistan.

Imports of **live cattle** in 2024 amounted to 13 million USD (cattle, horses and poultry). The main exporting countries are Russia (51%), Kazakhstan (13%), and Poland (8%).

Scheme 1. VC mapping



Source: Author calculation

KEY OPPORTUNITIES

(i) **Lack of quality bulk and compound feeds.** Feed quality is often poor due to poor storage conditions and feed losses are significant. The KR depends on imports of cereals, protein component of animal feeds (cakes and meal), premixes and feed additives for compound feed production. It is advisable

- development of feed centers as a self-sufficient third-party business and within the framework of integrated farmers' associations;
- reforming the pasture management process (rehabilitation, reduction of pressure due to overgrazing).

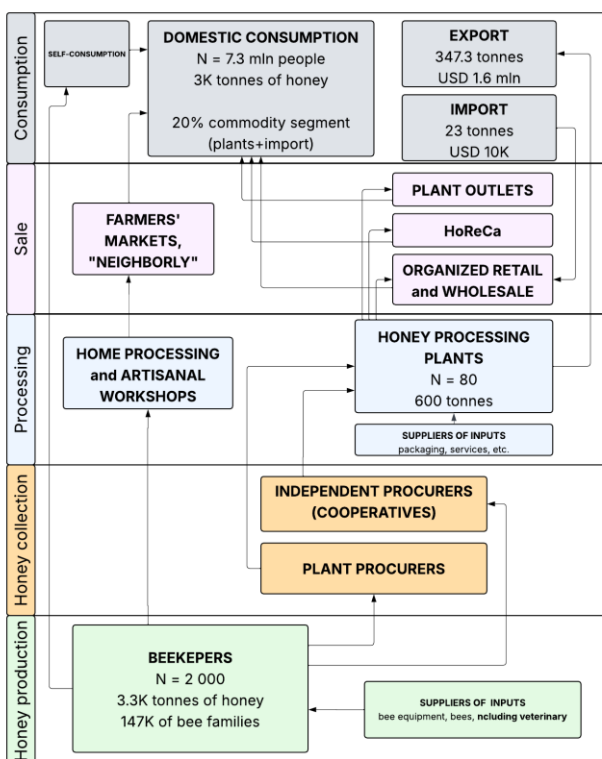
(ii) **Small-scale commodities** - vulnerability of supplies to shocks, expensive logistics and difficulties in direct market access. The solution - improvement of productive qualities of breeding livestock by targeted selection and breeding work through widespread introduction of artificial insemination and development of pedigree breeding; access to quality veterinary services and prevention of livestock diseases; access to modern practical knowledge in a farmer-friendly format.

(iii) **Prospective areas of development** are increasing the depth of processing of meat raw materials, introduction of new technological processes to organize slaughtering, processing of skins.

(iv) **Application of uniform requirements for food safety of meat and meat products to all market participants - "uniform rules for all"**, including the informal channel, will certainly lead to consolidation of the industry and increase its competitiveness, because there is no alternative to work "not according to the rules". Priority areas include control over the use of antibiotics for treatment of livestock, establishment of a state system of traceability of livestock products, including control over veterinary drugs (certification, sale, use).

C. RAPID VALUE CHAIN ANALYSIS OF HONEY IN KYRGYZSTAN

Scheme 1. VC mapping



Source: Author calculation

Main participants of the VC: suppliers of inputs and services (bee families, bee equipment, veterinarians); beekeepers (70% small, up to 50 hives); collectors (independent or affiliated with processing plants); honey processing plants (home processing, artisanal workshops are present); points of sale - organized retail and wholesale trade, farmers' markets, HoReCa; exporters/importers.

Uniqueness: 75% of the total honey collection in Kyrgyzstan is high quality mountain honey due to a diverse honey-bearing base (sainfoin, thyme, sage).

HONEY PRODUCTION

The volume of honey production (2023) is 3,311 tonnes per year. Natural resources of Kyrgyzstan have the potential to produce about 10 thousand tonnes of honey per year.

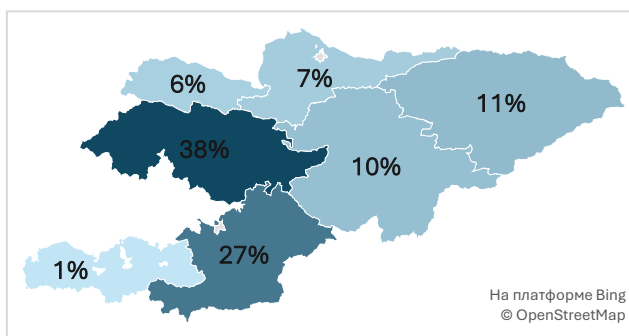
The growing season is 185-190 days, during which one bee family of local breed collects on average 30-60 kg of honey, and one hive of purebred pedigree bees (Karnika, Karpatka, Bakfast) is able to collect up to 60-100 kg of honey per season. Beekeepers start active honey collection from mid-June until October.

According to the Ministry of Water Resources, Agriculture and Processing Industry of the Kyrgyz Republic, about 2,000 beekeepers are engaged in beekeeping in the country, the number of bee families is about 147,000. The share of small beekeepers (up to 50 hives) is 70%, 20% are medium beekeepers (50-100 hives) and 10% are large beekeepers (more than 100 hives).

Figure 1. Honey production in Kyrgyzstan, incl. by category of farms



Figure 2. Distribution of honey production



Source: National Statistical Committee of the Kyrgyz Republic

HONEY PROCESSING

There are about 80 enterprises for the production and processing of honey in the country, providing 20% of the commodity market segment, mainly export-oriented (the share of exports in the total volume of production/processing is 50-95%). Leading enterprises: "Dary Tien-Shan," "Medovaya Artel Company," "Lesnoi Product," "Aman-Greenfood," "Ala-Too Khaniy," "Nur Balls," PE Galiev Askhat Abdullaevich. There is the Public Association "Kyrgyz Union of Beekeepers" (<http://www.sp.kg>) in the country, which is a member of the World Federation of Beekeeping Associations "Apimondia."

Most enterprises are aimed at the production and promotion of monoflor products on the market (the composition contains more than 60% of the nectar of one type of plant - esparceta, thyme, sage, etc.), since monoflor honey is valued higher, has a high demand in the market and is more expensive than polyflor (honey from forbs).

Processors buy honey from beekeepers directly or through procurers (all are in the form of cooperatives). If the quality of honey (physicochemical indicators and the absence of antibiotics) meets the required indicators (TR CU "On food safety" (TR CU 021/2011), honey is delivered to the plant for processing. Honey that has not passed quality control remains with the beekeeper and is sold at farmers' markets, confectionery shops, i.e. in an unincorporated canal.

The honey processing includes purification/filtration, decrystallization, cremation, addition of additives (nuts, dried fruits), packaging and labeling of products.

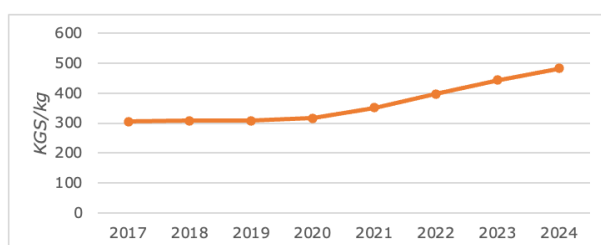
Leading enterprises have implemented food safety standards for HACCP, there is laboratory quality control (own accredited laboratories or a contract with independent/state laboratories), certified according to international standards (ISO 22000, ISO 17025, etc.)

RETAIL

A large share of the domestic market is occupied by honey, sold by the beekeepers themselves at the farmers' markets and/or in a neighborly way or through an intermediary in the bazaar, its price for the end consumer is lower than the price of the processing plant.

Retail honey is sold through retail chains (Asia, Narodny, Globus, Alma), branded stores of processing plants, farm produce format stores (this is a higher price segment designed for tourists), bazaars. Online trading is developing in large cities, and the HoReCa segment is growing at a slow pace.

Figure 3. Average consumer prices for honey in KR



Source: National Statistical Committee of the Kyrgyz Republic

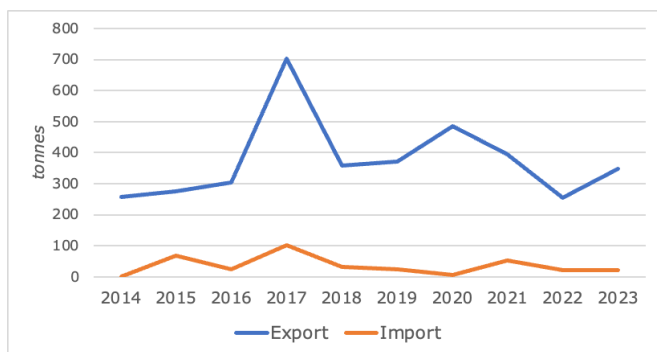
FOREIGN TRADE

According to the Ministry of Agriculture of the Kyrgyz Republic, today 68 enterprises for the production and processing of honey have the opportunity to export their products to the EAEU countries, in particular to Russia and Kazakhstan (registered in the EAEU Register). 11 Kyrgyz beekeeping enterprises have the right to export to China, 10 beekeeping enterprises are registered in the Register of the Republic of Uzbekistan.

Kyrgyzstan **exported** 347.3 tonnes of honey worth \$1.6 million in 2023. The main partner countries are China (28%), Kuwait (18%), Japan (13%) and the United States (11%). In total, Kyrgyz honey was exported to 20 countries in 2023.

The global honey export market was \$2.065 billion in 2023 and projected growth. Kyrgyzstan ranks 55th in the list of countries exporting honey, providing 0.08% of world exports.

Figure 4. Export/Import of honey



Source: Global Trade Tracker

Import of honey to Kyrgyzstan in 2023 amounted to an insignificant volume - 22.8 tonnes in the amount of 10 thousand USD. And only 3 partner countries: Kazakhstan (97%), Uzbekistan (3%) and Russia (less than 0.5%).

FORMATION OF ADDITIONAL COST OF 1 KG OF MONOFLOR HONEY

Process	Monoflor honey, 1 kg
RESOURCES (bee families, hives, bee inventory, veterinary services, work)	240 KGS
PRODUCTION/BEEKEEPERS	+ 20% margin 300 KGS
PROCUREMENT	+ transport costs, quality control + 5-10% margin 330 KGS
PROCESSING	+ 10% production costs + 10% logistic, marketing, certification, taxes + 15% margin 510 KGS
RETAIL	+15% min trade margin 600 com

MAIN CHALLENGES

Poor quality of raw honey. Non-compliance by beekeepers with sanitary and hygienic standards, worn-out or non-compliant bee inventory (hives, honey pickers, etc.), greatly affects the quality of products and the health of bees. The quality of honey can be lost at the stage of its procurement - inconsistency of containers for storing and transporting honey, non-compliance with the conditions for collection, storage and transportation, falsification.

Productivity is strongly influenced by bee breeding. It is required to carry out planned breeding work to improve the breed of bees, single deliveries of bees do not give an effect.

Lack of knowledge and skills among beekeepers on the correct organization of apiaries and keeping bees, prevention and treatment of bee diseases. In honey, there are often residues of antibiotics, which is categorically unacceptable from the point of view of ensuring the food safety of finished products.

Weak veterinary control associated with (i) lack of knowledge and skills, and sometimes the lack of veterinarians specializing in beekeeping, (ii) the lack of certified drugs for the prevention and treatment of bee diseases, (iii) uncontrolled movement of apiaries, there is a high level of bee disease in the season.

KEY OPPORTUNITIES

- Monoflor honey is in great demand on the international market, its share in honey exports is 60%. Beekeepers of the Naryn region mainly produce monoflor sainfoin white honey, which is recognized as one of the best in the world in terms of quality and taste. Therefore, the raw material base of this particular region is the most strategic and promising. However, there is a shortage of honey base - sainfoin fields in this zone, due to problems with irrigation, there is no possibility of sowing sainfoin in new areas.

It needs a strategy for the development of Kyrgyz monoflor raw materials, including a plan to increase the honey base and promotion on the international market (participation in international exhibitions and fairs).

- To enter the market of European countries, certification is required confirming the organic origin of the products. In 2023, Kyrgyzstan adopted the Law "On Organic Production," which should help promote beekeeping products on the world market.
- Against the background of constantly growing demand for products, the insufficient level of utilization of production capacities with raw materials (often due to quality discrepancies, the presence of antibiotics) does not allow to fully realize the potential in foreign markets.
- To ensure access to export markets and ensure food safety, the introduction of international food safety standards and modern laboratory methods of honey quality control (rapid tests for the determination of antibiotics, pollen analysis, etc.)
- The market is interested in bee products such as propolis, pollen, wax, the promotion and implementation of which can be a significant additional income for beekeepers.
- The need to improve the competence of beekeepers in the field of organization of apiaries, modern honey production technologies, and the prevention of bee diseases is obvious. Along with strengthening the quality of veterinary services and ensuring access to quality equipment for honey production.
- In recent years, the honey production and processing industry has received close attention from government authorities: (i) the pasture placement fee has been waived, (ii) a project has been initiated to map and create a pasture movement map for use as a planning tool and to incorporate the apiculture map into the Pasture Management Plan, (iii) in 2022, within the framework of the state project "Lending to the agro-industrial complex," the Honey agro-industrial cluster was created with the aim of supporting business entities of the beekeeping sector through concessional lending and leasing.

D. RAPID VALUE CHAIN ANALYSIS OF BERRIES IN KYRGYZSTAN

The climate of Kyrgyzstan is ideal for growing berries, the night temperature is less than 20 degrees during flowering, the air is not humid, 2700 hours of sunshine a year. Berry farming is an excellent opportunity to diversify sources of income for households dependent on the use of pastures for grazing.

The main participants in the VC of berries in Kyrgyzstan: farmers (laying berry plantations, plant care, harvesting, partially - primary sorting), farmers' cooperatives, procurers (sorting, providing logistics from farmer to market, resale to processors or exporters), processing enterprises, exporters/importers, wholesale and retail outlets, consumers (form the final demand).

PRODUCTION

The area of berry crops at fruiting age in all categories of farms tends to increase. In 2019, the area of berry crops was 1.9 thousand ha, then in 2024 it increased to 4.1 thousand ha.

The leaders in cultivation are strawberries and raspberries, the assortment also includes currants, blackberries, sea buckthorn (wild berry), gooseberries and even blueberries. Yields are low compared to other countries. The reason is that modern technologies for cultivating

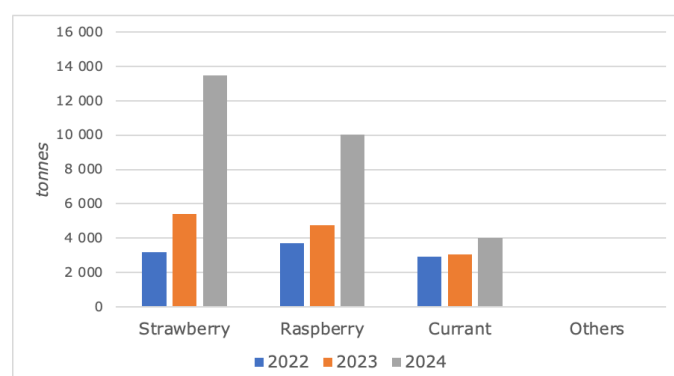
sweet berries are not developed, there is a shortage of irrigation water, and a shortage of specialists.

Table 1. Production of berries in KR

	2022			2023			2024		
	Plantations at fruiting age, ha	Gross harvest, t	Yield, c/ha	Plantations at fruiting age, ha	Gross harvest, t	Yield, c/ha	Plantations at fruiting age, ha	Gross harvest, t	Yield, c/ha
KYRGYZ REPUBLIC	3 030	9 905	32,7	3 038	13 226	43,5	4 094	27 529	67,1
Strawberry	1 261	3 198	25,4	1 209	5 409	44,8	1 829	13 468	74,0
Raspberry	1 078	3 695	34,3	1 189	4 759	40,0	1 543	10 039	64,8
Currant	619	2 945	47,6	616	3 050	49,5	699	4 003	57,3
Gooseberry	52	59	11,3	4	0	0,8	11	7	6,5
Blackberries and others	21	8	4,0	21	7	3,5	22	12	5,3

Source: National Statistical Committee of the Kyrgyz Republic

Figure 1. Gross berry harvest



Source: National Statistical Committee of the Kyrgyz Republic

The main berry growing areas are Chui (43%), Issyk-Kul (24%), Talas (9%) regions and Bishkek (16%).

About 20,000 farmers are employed in the berry crop production industry. On average, each has 30 acres of land. Although there are leaders among producers growing berries on plots of 200 hectares or more (part of the land is leased), there are more than ten such farms in the northern regions of the country.

Grown berries are sold fresh in domestic markets, retail outlets, food and processing enterprises for their further processing, freezing, storage and sale, for export. A small quantity remains for self-consumption in households.

There is an intermediary (procurer/distributor) between the berry farmer and the processor or exporter or trader, whose main function is to provide logistics "between." This is collection, sorting, packaging, storage and logistics. Producers receive a lower price, and pickers/distributors sell berries to wholesalers in bazaars, processors, retailers or exporters, while not always observing fair purchase prices, inflating margins.

In 2022, the Association of Berry Growers of Kyrgyzstan (270 members) was created. The ambitious plans of the Association are to increase the area of plantings to 50 thousand ha by 2030, to increase the gross harvest to 750 thousand tonnes, and the volume of annual exports of berries - to \$1 billion. This is expected to create 100,000 new jobs.

PROCESSING

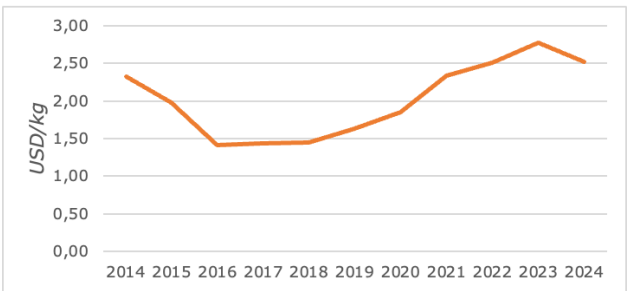
The main types of processing are shock freezing (IQF), drying, sublimation, production of jams, syrups, retail packaging (vacuum, thermo). Only 10-15% percent of the sweet harvest goes to processing, and there is no obvious increase in the volume of processing, since fresh berry is more expensive on the market than processed.

Among the leading processing enterprises of berry products in the Kyrgyz Republic: "Green Export KG", "Klubmalina", "Osko", "Kyrgyzcentrprodukt", "Agroprodukt Asia", "Kyrgyzbakhcha", "Lesnoi product", "Ethno product", "Issyk-Kul Organic".

RETAIL

Retail berry is sold mainly at farmers' markets/bazaars independently by farmers, or through a procurer by traders. A smaller volume is sold through retail chains (Asia, Narodny, Globus, Alma, etc.), stores, as a rule, pack berries themselves in retail plastic packaging of 200-400 grams.

Figure 2. Average consumer prices for strawberry in KR

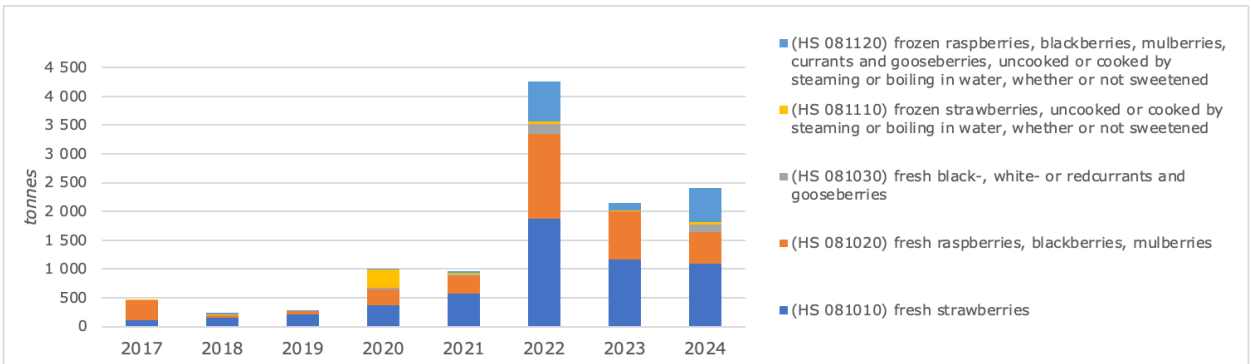


Source: National Statistical Committee of the Kyrgyz Republic

EXPORT

In 2024, the exports of berries and berry products was 2.4 thousand tonnes in the amount of 2.9 million USD. Partner countries: Russia (66%), Kazakhstan (32%) and Uzbekistan (2%).

Figure 3. Export of berries and berry products, tonnes



Source: Global Trade Tracker

Table 2. Export of berries and berry products, 2017-2024rr in tonnes

HS Code	Description	2017	2018	2019	2020	2021	2022	2023	2024
Total		467	235	285	1 001	957	4 256	2 145	2 408
081010	fresh strawberries	109	151	212	369	570	1 880	1 164	1 097
081020	fresh raspberries, blackberries, mulberries and loganberries	354	45	54	282	308	1 461	843	551
081030	fresh black-, white- or redcurrants and gooseberries	0	7	8	25	32	177	1	124
081110	frozen strawberries, uncooked or cooked by steaming or boiling in water, whether or not sweetened	4	4	0	311	28	47	15	44
081120	frozen raspberries, blackberries, mulberries, loganberries, black-, white- or red currants and gooseberries, uncooked or cooked by steaming or boiling in water, whether or not sweetened	0	28	11	14	19	691	122	592

in thousand USD

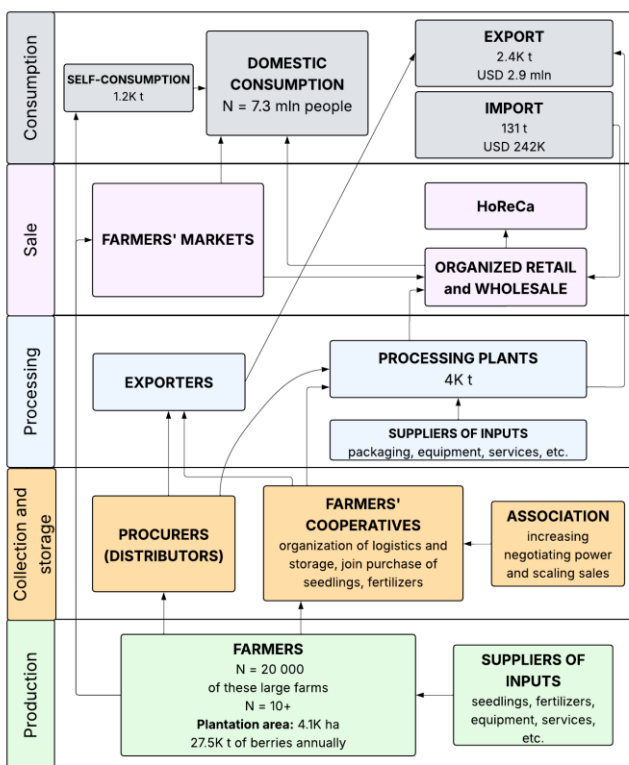
HS Code	Description	2017	2018	2019	2020	2021	2022	2023	2024
Total		487	122	278	193	348	4 093	1 674	2 885
081010	fresh strawberries	104	87	218	82	164	1 537	825	795
081020	fresh raspberries, blackberries, mulberries and loganberries	382	15	41	67	140	992	641	434
081030	fresh black-, white- or redcurrants and gooseberries	0	0	9	26	9	62	0	70
081110	frozen strawberries, uncooked or cooked by steaming or boiling in water, whether or not sweetened	1	2	0	5	14	24	21	63
081120	frozen raspberries, blackberries, mulberries, loganberries, black-, white- or red currants and gooseberries, uncooked or cooked by steaming or boiling in water, whether or not sweetened	0	18	10	13	21	1 478	187	1 523

Source: Global Trade Tracker

IMPORT

Imports of berries and berry products are insignificant, in 2024 – 131 tonnes (of which 122 tonnes are fresh strawberry) in the amount of 242 thousand USD. Exporting countries are Uzbekistan (32%), Turkey (31%), Egypt (23%), Kazakhstan (8%), Russia (7%) and China (0.4%).

BERRY VALUE CHAIN MAPPING



FORMATION OF ADDED VALUE OF STRAWBERRY

Process	Fresh strawberry, 1 kg	Frozen strawberry, 1 kg
INPUTS (land, seedlings, fertilizers, labor, irrigation)	68 KGS	68 KGS
PRODUCTION (sorting, margin 40%)	130 KGS	130 KGS
COLLECTION (30% collector' margin, logistics)	170 KGS	170 KGS
PROCESSING (losses during freezing 15% of weight, manufactured by expenses, margin 16-20%)	-//-	300 KGS
RETAIL (20-50% margin)	200 KGS*	500 KGS**

* Average consumer prices in KR in 2024, source - National Statistics Committee of the Kyrgyz Republic

** https://globus-online.kg/catalog/ovoshchi_frukty_orekhi_zelen/zamorozhennye_ovoshchi_frukty/

KEY RISKS

Lack of irrigation water. Among berry producers, the use of drip irrigation technologies is popularized, which significantly reduces the consumption of irrigation water.

The lack of local high-quality, high-yielding varieties of seedlings and a system of phytosanitary control of the incoming material, therefore, has to be purchased in other countries. Foreign varieties are high-yielding, disease-free, undergo several stages of checks, which is documented accordingly, suitable for cultivation in the climate of Kyrgyzstan. Seedlings should be treated as good equipment that will give goods without marriage, and not save on it.

Limited access to knowledge and technology for farmers. At the initiative of the Association of berry growers of the Kyrgyz Republic, a group of agronomists has been created from 50 specialists who undergo constant training and can bring knowledge to farmers.

Small-scale production of berry products. The industry is represented by peasant (farmer) farms with small and insignificant sown areas. The existing small-scale supply does not allow to fully use the economies of scale and achieve even higher yields and product quality.

Insufficient storage infrastructure, especially in remote areas. Leads to crop loss.

OPPORTUNITIES

- 1) A significant achievement of the Association of Berry Growers is **the conclusion of an agreement with the University of California UC Davis** on the transfer of genetic materials (5 varieties), which allows you to start growing seedlings officially approved and licensed by UC Davis in Kyrgyzstan. It is expected that cooperation will significantly increase yields. The average strawberry yield in Kyrgyzstan is 10 tons per hectare, and in California - 70 tons per hectare. The main reason for this performance is genetic materials.
- 2) **Entry into new markets.** Potentially attractive markets for berries from Kyrgyzstan are the European part of Russia (the Siberian part is currently covered, only 3 days of travel), China, Kazakhstan, the UAE. The Chinese market is experiencing an acute shortage of berries in the summer, and in Kyrgyzstan during this period the maximum volume of production. But at present, only cherries from Kyrgyzstan are open to the Chinese market, there are no agreements on strawberries. There is no access to many

markets (China, UAE, Japan, etc.) due to container mismatch (wooden boxes are unacceptable), lack of proper certification (HACCP, ISO, GlobalGAP, Organic, etc.).

In addition, for the development of exports, it is important to introduce the technology of cooling the berry (pre-cooling, within 2 hours after picking the berry is cooled to a temperature of + 1 + 2 ° C, the process takes 2-3 hours) in a special package that ensures air circulation, which provides longer storage.

- 3) **The creation of the first agricultural park** for growing strawberries is planned near Bishkek by the efforts of large berry growers - members of the Association of Berry Growers of the Kyrgyz Republic. The agricultural park will be equipped with modern technologies for growing, storing and transporting berries, which will improve the quality of products and increase exports.
- 4) Kyrgyzstan does not have a developed berry freezing industry, which serves as the most important springboard for **establishing large-scale production and exports**. Although there are investors interested in opening berry freeze-drying plants, for example, OsOO Kyrgyzbakhcha launched drying berries using innovative technology, and the production of berry powder for reconstituted natural juices.
- 5) The Government of the Kyrgyz Republic plans to **assist domestic producers**⁶⁴ to increase the production and export of berry products, by stimulating the integration of small berry producers into value chains (increased cooperation, cluster development)⁶⁵, promoting private investment in cold storage capacity, water-saving technologies, investment in food safety and quality control systems.

E. RAPID VALUE CHAIN ANALYSIS OF FRUITS IN KYRGYZSTAN

Kyrgyzstan has significant potential for horticultural development due to favorable soil-climate conditions and sustainable demand from neighboring countries such as Kazakhstan and Russia, as well as new potential markets such as China, Arab countries and the European Union. In Kyrgyzstan, horticulture accounts for 5% of the total agricultural output and 10% of crop production.

The total area used for growing fruits in the republic is 62 thousand hectares, or 0.6% of the total area of agricultural land in the country and tends to increase, compared to 2019, the growth was 30%.

The country has stands of wild fruit trees (apple tree, apricot, plum) located in forests, the area of which is approximately 20 thousand hectares. But the volume of wild fruit collection is small - 130 tonnes of fruits were harvested by forest users in 2023 (NSC KR).

The volume of fruit production in 2024 amounted to 314.5 thousand tons. Compared to 2019, the growth was 20%.

Table 1. Fruit production in KR

⁶⁴ The Program for the Development of Horticulture and Viticulture for 2025-2029 was approved (order of the Cabinet of Ministers of the Kyrgyz Republic No. 633-r of October 14, 2024).

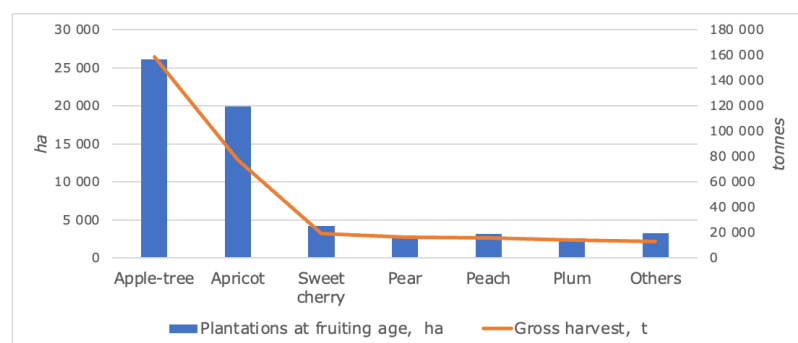
⁶⁵ On January 1, 2025, the Government of the Kyrgyz Republic launched the project "Financing of United Producers".

	2022			2023			2024		
	Plantations at fruiting age, thousand ha	Gross harvest, thousand t	Yield, c/ha	Plantations at fruiting age, thousand ha	Gross harvest, thousand t	Yield, c/ha	Plantations at fruiting age, thousand ha	Gross harvest, thousand t	Yield, c/ha
KYRGYZ REPUBLIC	47,2	262,4		56,6	261,5		62,2	314,5	
Apple-tree	24,3	142,6	58,7	25,5	141,0	55,3	26,1	158,4	60,7
Pear	2,1	13,2	62,4	2,5	12,9	51,7	2,8	16,4	59,0
Quince	0,3	1,8	61,7	0,3	1,8	63,6	0,4	1,8	42,7
Plum	2,3	11,9	51,5	2,3	10,9	47,0	2,7	14,3	54,1
Cherry	1,4	6,5	45,6	1,4	6,6	45,8	1,5	5,7	37,4
Sweet cherry	2,1	12,4	58,5	2,2	12,8	58,8	4,3	19,5	45,7
Apricot	12,6	56,9	45,2	18,4	59,9	32,5	19,9	77,3	38,7
Peach	1,1	10,7	90,6	2,9	10,7	36,2	3,2	15,8	49,5
Cherry plum	0,2	0,9	48,3	0,2	0,9	50,6	0,3	0,5	17,7
Fig	0,03	0,3	87,8	0,05	0,2	37,5	0,1	0,5	55,3
Persimmon	0,5	3,7	71,8	0,5	2,9	57,6	0,7	3,4	48,4
Pomegranate	0,3	1,5	58,9	0,3	0,9	34,0	0,3	1,0	33,2
Lemon, al.	0,0	0,03	263,7	0,0	0,01	162,9	0,0	0,0	138,4

Source: National Statistical Committee of the Kyrgyz Republic

The main territories where fruits are grown are Issyk-Kul (26%), Osh (24%), Batken (23%), Jalal-Abad (16%) and Talas (6%) regions. Apricot, cherry/cherries, peach and plum are popular fruit crops in the southern region of the country, the main fruit crops of the northern region are apple, pear and apricot.

Figure 1. Fruit production in KR, 2024



Source: National Statistical Committee of the Kyrgyz Republic

There are about 800 thousand households growing fruit crops, 94% of which are farms with small orchards ranging from 0.02 ha to 1.5 ha. There are gardens reaching an area of 50 ha, accounting for 6% of medium and large farms. In Kyrgyzstan, 95% of farmers are engaged in traditional gardening and only 5% in intensive gardening⁶⁶.

In the domestic market, grown fruits are sold fresh and dried in farmers' markets, supermarkets, processing enterprises for further processing, most of which remains for self-consumption in households.

PROCESSING

There are about 100 enterprises in Kyrgyzstan for the processing, logistics and storage of fruits and their processed products. The capacity range depends on the type of processing, and the capacity utilization is seasonal. Among the leading processing enterprises: Prodimpex, Farmers Organic Garden, Golden Sun, Osko, Koopromservice, Agroplast, Ecoproduct Asia,

⁶⁶ Gardening can be intensive and traditional, also specialized in growing only one plant species or mixed plantings. Features of an intensive garden: high planting density (more than 2000 units/ha, in a traditional garden 300 units/ha); use of herbicides, mineral fertilizers in increased doses and during vegetation; service life 10-12 years; fruiting resource 300-400 t/ha.

Ailana, Agroholding Sazanovsky, Azra Group, Interfrut, Alysh-Dan, Kyrgyzcentrprodukt, Green Export KG.

The range of products - juices, compotes, jams, jam, canned fruits, dried fruits and other products. The bulk of processed products are fruit juices. As a rule, direct pressing technology is used with further packaging in a "bag-in-box," glass container or tetra pack.

Table 2. The volume of processed fruits by processors

	2019	2020	2021	2022	2023
Processed fruit, t	4 621	5 653	5 980	8 119	9 614
Produced fruit juices from processed fruit, t	8 988	6 613	8 285	9 110	9 520

Source: Horticulture and viticulture development program for 2025-2029 (No. 633-r of October 14, 2024)

In Kyrgyzstan, farmers everywhere dry grown fruits, this creates an additional cost of the product, and then sell at farmers' markets, less often at retail, or to processing enterprises for recycling (cleaning, packaging) for further sale on the local market or for export, but already under the brand of a processor. A small part of dried fruits remains for self-consumption in households.

40% of apricot produced in the country, 40-45% of plums, 18% of apples are sent for drying. But it is necessary to take into account the peculiarities of the regions, so in the Batken region more than 80% of all grown apricots are dried.

EXPORT

In 2023, exports of fruits and fruit products – 25 thousand tonnes in the amount of 30 million USD. The main partner countries are Russia (56%), Kazakhstan (29%), Uzbekistan (6%), Germany (5%), Turkey (2%) and China (1%).

Table 3. Export of fruits and fruit products

in tonnes

HS Code	Description	2017	2018	2019	2020	2021	2022	2023	Jan-Nov 2024
Total		22 521	28 365	32 331	50 715	60 751	44 468	25 423	37 467
0804	dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	92	5	4	274	250	732	290	1 265
0805	citrus fruit, fresh or dried	0	162	273	504	446	209	191	1 675
0808	apples, pears and quinces, fresh	5 842	7 932	9 507	15 909	17 653	10 614	6 284	18 260
0809	apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	5 291	5 440	10 726	8 225	18 478	20 036	8 976	8 291
0811	fruit, uncooked or cooked by steaming or boiling in water, frozen	83	38	24	345	114	832	208	1 853
0812	fruit, provisionally preserved, but unsuitable in that state for immediate consumption	130	76	0	0	0	0	0	0
0813	dried fruit and mixtures of dried fruits	9 257	12 044	11 014	24 185	21 864	10 740	5 340	5 204
2007	jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	143	241	161	118	790	348	356	177
2008	fruits, nuts and other edible parts of plants, prepared or preserved	1 365	2 238	36	73	662	603	3 034	324
2009	fruit juices and vegetable juices (excl. HS 200950 - tomato juice)	318	189	586	1 082	494	354	744	418

in thousand USD

HS Code	Description	2017	2018	2019	2020	2021	2022	2023	Jan-Nov 2024
Total		24 000	20 702	22 175	26 559	59 580	46 318	30 292	26 010
0804	dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	205	5	3	135	114	246	220	776
0805	citrus fruit, fresh or dried	0	102	236	249	344	163	523	724
0808	apples, pears and quinces, fresh	3 711	4 031	6 218	5 066	4 304	2 868	1 290	1 479
0809	apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	4 716	4 788	6 544	2 626	4 687	7 419	6 027	5 296
0811	fruit, uncooked or cooked by steaming or boiling in water, frozen	40	32	21	38	78	1 566	297	3 258
0812	fruit, provisionally preserved, but unsuitable in that state for immediate consumption	133	65	0	0	0	0	0	0
0813	dried fruit and mixtures of dried fruits	14 590	10 711	8 435	17 527	47 953	32 265	18 025	13 223
2007	jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	245	300	312	352	696	961	1 310	659
2008	fruits, nuts and other edible parts of plants, prepared or preserved	189	575	106	157	1 094	553	2 009	274
2009	fruit juices and vegetable juices (excl. HS 200950 - tomato juice)	125	93	300	409	292	251	567	319

Source: Global Trade Tracker

IMPORT

In 2023, imports of fruits and fruit products amounted to 93 thousand tonnes in the amount of 64 million USD. This is three times the volume of exports. The main exporting countries are China (28%), Uzbekistan (20%), the Russia (18%), Turkey (9%), Kazakhstan (8%) and Iran (8%).

In the commodity nomenclature of imports, the largest volumes are citrus fruits (fresh and dried), fresh fruits (apricots, cherries, cherries, peaches, plums) and canned fruits.

Table 4. Import of fruits and fruit products

in tonnes

HS Code	2017	2018	2019	2020	2021	2022	2023	Jan-Nov 2024
Total	44 497	61 526	58 122	55 367	71 018	69 198	92 658	87 026
0804	dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	2 589	3 373	4 710	8 147	5 666	6 893	16 211
0805	citrus fruit, fresh or dried	7 384	12 665	9 481	5 488	11 107	14 364	22 906
0808	apples, pears and quinces, fresh	8 081	9 111	9 660	17 690	12 027	6 255	14 223
0809	apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	19 466	29 367	25 815	12 961	14 071	14 853	18 973
0811	fruit, uncooked or cooked by steaming or boiling in water, frozen	44	15	6	40	423	24	216
0812	fruit, provisionally preserved, but unsuitable in that state for immediate consumption	100	0	0	0	0	0	0
0813	dried fruit and mixtures of dried fruits	402	621	908	1 503	3 935	1 736	796
2007	jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	480	676	455	335	1 501	1 135	1 226
2008	fruits, nuts and other edible parts of plants, prepared or preserved	3 147	2 613	4 317	5 838	11 884	13 089	17 730
2009	fruit juices and vegetable juices (excl. HS 200950 - tomato juice)	2 804	3 085	2 770	3 365	10 404	10 849	9 866

in thousand USD

HS Code	2017	2018	2019	2020	2021	2022	2023	Jan-Nov 2024
Total	33 395	46 338	35 317	29 511	41 688	59 283	63 851	62 561
0804	dates, figs, pineapples, avocados, guavas, mangoes and mangosteens, fresh or dried	1 553	1 402	1 781	2 801	2 461	3 273	5 964
0805	citrus fruit, fresh or dried	4 746	6 648	4 835	3 818	7 090	9 120	16 137
0808	apples, pears and quinces, fresh	3 176	4 523	3 378	6 715	5 063	3 370	6 717
0809	apricots, cherries, peaches incl. nectarines, plums and sloes, fresh	15 465	25 957	15 530	8 123	10 822	7 973	10 861
0811	fruit, uncooked or cooked by steaming or boiling in water, frozen	72	21	11	70	266	65	468
0812	fruit, provisionally preserved, but unsuitable in that state for immediate consumption	123	1	0	0	0	0	0
0813	dried fruit and mixtures of dried fruits	259	352	1 178	1 247	2 311	1 415	518
2007	jams, fruit jellies, marmalades, fruit or nut purée and fruit or nut pastes	715	860	772	644	1 249	2 288	2 304
2008	fruits, nuts and other edible parts of plants, prepared or preserved	5 125	4 176	5 857	4 542	8 130	9 477	14 335
2009	fruit juices and vegetable juices (excl. HS 200950 - tomato juice)	2 161	2 398	1 975	1 551	4 296	22 302	8 258
								5 302

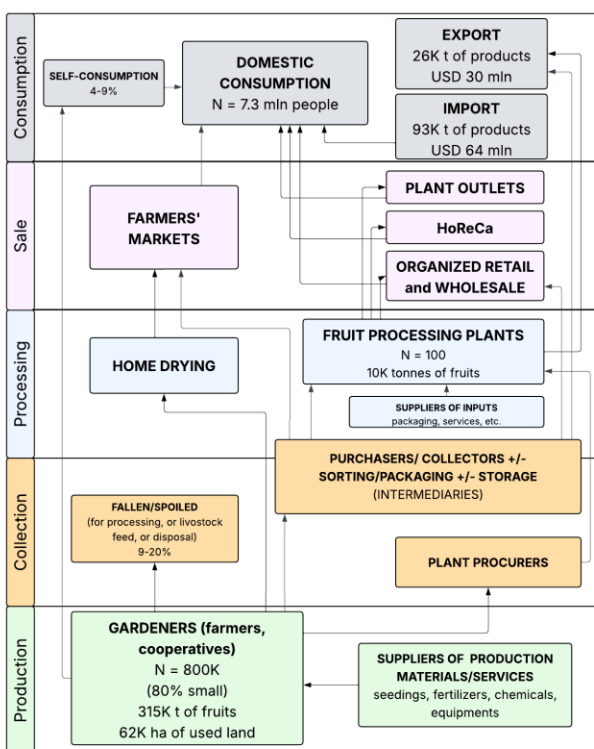
Source: Global Trade Tracker

FRUIT VALUE CHAIN MAPPING

A large number of intermediaries participate in the fresh fruit supply chain in Kyrgyzstan, which is why producers receive lower prices. Since up to 80% of fruits are grown by households in small volumes, without proper packaging or labeling, they are sold to pickers (intermediaries) who work directly in the villages, and then organize further transportation and distribution. Assemblers/distributors then sell them to wholesalers in bazaars, processors, retailers or exporters. Each participant in the chain increases the purchase price of the product by 20-100%.

Often, small fruit producers start looking for distribution channels only after the fruit has already been harvested, which leads to large crop losses (up to 25%) due to insufficient/missing storage systems both for the farmer and the intermediary.

Scheme 1. VC mapping



ADDED VALUE OF 1 KG OF FRUIT

Below is the calculation of the formation of added value using the example of 1 kg of apples.

After harvesting, apples are divided into varietal (1st grade) and non-varietal (2nd and 3rd grades - damaged by pests, hail, non-standard size, carrion) and, accordingly, have different prices. Varietal apples are sold fresh, and non-varietal apples for processing.

Process	Apple varietal, 1 kg	Apple non-varietal, 1 kg
INPUTS (land, seedlings, fertilizers, chemicals, labor)	10 KGS	10 KGS
PRODUCTION	20 KGS and more	3 - 8 KGS
COLLECTION (collector margin, logistics, loss)	30 KGS	5 -12 KGS
PROCESSING * (16-20% processor margin)	-//-	50 – 65 KGS
RETAIL (margin min 40%)	60 – 90 KGS**	95 KGS

* Approximately 1.5 kg of apples are used per 1 liter of juice.

* * Average consumer prices on average in the Kyrgyz Republic in 2024, source: NSC KR

MAIN CHALLENGES

Reduced productivity of gardens due to insufficient watering. Watering is necessary 3-5 times a year, including moisture charging. It is necessary to introduce drip irrigation of orchards. It allows you to optimize the use of water resources (saving irrigation water by 3-10 times), increases the efficiency of irrigation (flushing of the fertile soil layer is not allowed, the possibility of fertilizing together with irrigation water) and contributes to an increase in yield (by 20-30%) and the quality of fruit products. It also helps reduce the risk of plant diseases associated with excess moisture on leaves and stems.

Limited access to quality seedlings. Domestic gardens are optimally laid using seedlings of domestic selection, which are able to compete with imported ones, for this it is important for scientific institutions to develop and introduce the best samples of varieties of fruit crops bred in the republic, which have increased yields, resistance to drought, diseases and pests. There are 107 nurseries in the republic, of which only 10 nurseries with a total occupied area of 138.0 hectares have official status.

Insufficiently developed trade and distribution infrastructure in the country leads to the prevalence of informal relations along the entire fruit production and marketing chain, which impedes access to export markets that require full traceability along the entire chain.

KEY OPPORTUNITIES

1) Small-scale production leads to the inability to provide sufficient volumes, large consignments and stable product quality required in export markets and in modern retail trade. It is necessary to stimulate the integration of small fruit producers into value chains (cooperation, cluster development).

2) Crop losses are as high as 25% due to lack of post-harvest equipment and storage capacity. It is necessary: (i) ensuring access to quality production resources and the latest knowledge in the production, storage and processing of fruits; (ii) promoting private

investment in cold storage and post-harvest processing capacity, water-saving irrigation systems, investment in food safety and quality control systems.

3) A large number of intermediaries in the value chain leads to significant price losses for fruit producers.

4) The export of fruits from Kyrgyzstan to China is a promising direction for expanding sales markets. China is one of the largest consumers of fruit in the world, with ever-increasing demand for fresh and sustainable produce.

To export fruits to China, you need to be able to ensure stable quality, volumes and stability of supplies, to be certified according to international quality standards (GlobalG.A.P., HACCP). Mandatory registration in the CIFER system and the mandatory registration procedure of the exporter with the China Quality Control, Inspection and Quarantine Administration (AQSIQ) are also required. This includes an assessment of the quality management system and product safety. Labeling and packaging of fruits, as well as the temperature regime of transportation must meet the requirements of the Chinese market.

5) In 2022-2023, the norm on the use of unproductive pastures for the production of agricultural products, including for fruit and berry products, was legislatively enshrined. This measure will increase fruit production, but is part of a systematic approach to increasing the productivity of orchards.

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Mission Dates: 31/03/2025 30/04/2025

Document Date: 26/11/2025

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Near East, North Africa and Europe Division
Programme Management Department

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

Integrated Risk Framework

Document Date: 26/11/2025

Project No. 2000005336

Near East, North Africa and Europe Division
Programme Management Department

Risk categories	Risk Probability	Risk Impact	Mitigations/comments

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 11: Country Level Policy Engagement

Mission Dates: 31/03/2025 30/04/2025

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Project No. 2000005336

Report No. 7331-KG

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Annex 11: Country-level policy engagement

1. The Policy-Making Process in The Kyrgyz Republic

National Level

At the **national level**, policy formulation is driven by central institutions within a formal constitutional framework. Key actors include the Jogorku Kenesh (Parliament), which enacts laws and approves budgets, the Cabinet of Ministers led by the Prime Minister, which drafts and implements policies, and the Presidential Administration and line ministries, which develop policy concepts and regulations. The President holds significant influence over strategic direction and can initiate or veto legislation. Generally, the national policy cycle follows standard stages: problem identification (through data, stakeholder input, or political priorities), agenda setting (via presidential orders, cabinet decisions, or parliamentary committees), policy formulation by ministries (often with expert working groups and some consultation), adoption of laws by Parliament (with required readings and presidential sign-off), and finally implementation through ministries and local bodies. While this process is well-defined on paper, in practice it faces constraints – limited technical capacity in drafting evidence-based policies, overlapping mandates among agencies, and occasionally weak inclusion of civil society and local perspectives. Improving coordination and evidence use at the national level remains essential for more responsive, effective governance.

District Level

At the district (rayon) level, policy-making is largely about implementing and coordinating national policies rather than creating new laws. Districts do not have autonomous legislatures; instead, they are administered by State Rayon Administrations headed by the Akim, an official appointed by the President. The Akim's role is to execute national programs and directives within the district, coordinate line ministry offices operating in the area, and support local (municipal) governments. District administrations develop local implementation plans aligned with national strategies and pass down resources and guidance to municipalities. They also monitor and report on policy execution upward to the central government. In this intermediary role, districts must balance central directives with local needs, but they have limited autonomy or budgetary discretion of their own. Key challenges at this level include resource constraints (districts depend on central budget allocations), weak horizontal coordination among sector departments, and a heavy focus on compliance over initiative. Nonetheless, effective district-level administration is critical for translating national policies into action and for providing feedback from the field. LMDP III will engage with district authorities to ensure smooth rollout of project-supported policy pilots (e.g. in animal health and pasture management) and to strengthen their capacity to support local governments.

Local Level

The local level in The Kyrgyz Republic consists of municipalities (rural *aiyl aimaks* and towns) which enjoy a degree of local self-government (LSG) under the Constitution. Each rural municipality is governed by an elected Aiyl Kenesh (village council) and an executive body, the Aiyl Okmotu, headed by a locally elected mayor or council-appointed head. These bodies can make local regulations (within the scope of national law) and manage local development issues such as community infrastructure, pasture use, and basic services. Local governments raise revenues (e.g. local fees, property tax) and receive intergovernmental transfers to fund their mandates, but fiscal autonomy is limited and many rely heavily on central funding. Oversight from the national level is exercised via the provincial governors and district Akims – for instance, an Akim can challenge a local council's decisions that conflict with national laws.

In practice, local governments face capacity and governance challenges: insufficient budgets, shortage of skilled staff, and weak enforcement powers. Even so, they play a pivotal role in managing natural resources and supporting rural services. For example, under the Pasture Law, Aiyl Okmotus are responsible for pasture management planning. Strengthening local governance is a priority for inclusive rural development, as many innovative practices (like participatory planning or community-based services) need to be anchored at this level. LMDP III will work closely with Aiyl Okmotus and local councils to pilot participatory approaches and capacity-building initiatives, demonstrating how empowered local institutions can deliver better outcomes. The project's policy engagement will support forums and feedback loops that connect local experiences to higher-level policy discussions, thereby promoting bottom-up influence on policy improvements.

2. Key policy issues and LMDP – III response

The next sections analyze specific policy focal areas, detailing current issues and how LMDP III will engage with or influence policy in each area.

1. Pasture Fee Transparency and Reinvestment Policies

Current Issues: Sustainable pasture management in The Kyrgyz Republic is hindered by opaque and inconsistent practices in collecting and utilizing pasture use fees. Under the 2009 Pasture Law, communities (through Pasture Users' Unions, or PUUs) were authorized to collect grazing fees and re-invest them in pasture maintenance. However, subsequent governance changes have re-centralized pasture authority to local governments (Aiyl Okmotus), weakening the direct role of PUUs. Today, many municipalities collect pasture fees, but the funds collection and management is not very transparent and it is not clear if the funds are not always fully plowed back into pasture improvement following the same rule as before where two thirds were used for pasture investments by the PUUs. Bureaucratic hurdles and lack of clear guidelines on fee use result in under-investment in infrastructure like water points, fodder plots, and erosion control. Herders may become reluctant to pay fees if benefits are unclear, further reducing available resources for pasture management. Improving transparency and reinvestment of pasture fees is critical to break this cycle and restore trust and sustainability in pasture governance.

LMDP III Policy Engagement:

LMDP-III will pilot easy-to-use digital and paper-based tools (such as public noticeboards) to clearly track pasture fee collection and spending. These pilots, combined with LMDP-III supported workshops with the MWRAPI, will produce evidence to help draft national guidelines requiring transparent use of pasture fees. By project end, the target is official adoption of clear regulations that ensure pasture fees are publicly reported and fully reinvested in pasture management.

LMDP III will advocate for and pilot transparent pasture fee management systems at the local level. In alignment with the COSOP's goal of sustainable pasture governance, the project will support Aiyl Okmotus to establish clear rules on fee collection, accounting, and community disclosure. For example, the project may introduce simple digital or paper-based tools to publicly track how much fee revenue is collected and where it is spent (e.g. posted annual reports in villages). By demonstrating good practices in a subset of municipalities, LMDP III can provide evidence for policy guidelines or by-laws that mandate transparency and community participation in pasture fund allocation. Additionally, the project will encourage reinvestment of fees into pasture improvements by conditioning certain project grants or matching funds on local co-investment from fee revenues. This creates an incentive for local authorities to use fees for their intended purpose. Through policy dialogue, LMDP III will work with the MWRAPI and other stakeholders to refine the regulatory framework – possibly updating the Pasture Law's implementation regulations – to ensure that pasture fees nationally are managed in a transparent manner and benefit

the communities and ecosystems from which they are collected. Over time, these efforts are expected to result in more accountable local governance of natural resources and better-maintained pastures.

2. Coordination and Governance between Aiyl Okmotus and Leskhozoes

Current Issues: There is a critical disconnect in the governance of land that falls at the intersection of pastures and forests. In many areas, valuable grazing land overlaps with State Forest Fund territories managed by leskhozoes (state forest enterprises). Historically, poor coordination between Aiyl Okmotus (responsible for pastures) and leskhozoes (responsible for forests) has led to underutilization or mismanagement of these overlapping resources. Pasture users may be uncertain about access rights or face additional permits to graze in forest areas, while forest authorities often lack incentives or capacity to integrate pasture needs into their plans. This governance gap has resulted in some forest-pasture areas being underused or degraded due to unclear responsibility for maintenance. More broadly, it reflects a siloed institutional framework: pasture management is under local self-government, whereas forest lands remain under central agencies. Without clear interfaces (e.g. joint planning committees or memoranda of understanding), conflicts or neglect can arise. The challenge is to develop a coordinated approach where local governments and leskhozoes work together for sustainable land use.

LMDP III Policy Engagement: LMDP-III will first pilot practical coordination methods, including joint field assessments and mapping of shared pasture-forest areas. IFAD-supported technical meetings and dialogue workshops will then be used to build consensus between Aiyl Okmotus and leskhozoes on practical ways to coordinate grazing activities. The end goal is to establish officially recognized local coordination committees, with clear roles and plans for joint management of overlapping pasture and forest lands.

LMDP-III will pursue a gradual, evidence-driven approach to resolve governance gaps between pasture areas managed by Aiyl Okmotus and overlapping forest territories managed by leskhozoes. Initially, the project will generate evidence from pilot landscapes, demonstrating practical benefits of coordinated management through field surveys, data analysis, and GIS mapping. AOs will enhance transparency in pasture-fee management, while leskhozoes integrate grazing needs into their forestry plans. Facilitated dialogue between pasture and forestry stakeholders will progressively build consensus on protocols for coordinated management of overlapping lands. Insights from pilots will inform policy dialogues aimed at refining regulatory frameworks, ultimately supporting formalised local forest-pasture coordination committees or equivalent arrangements by the project's conclusion. Simultaneously, the project will advocate for nationwide adoption of transparent pasture-fee management practices, reinforced by pilot-based evidence. This phased, collaborative approach ensures sustainable, locally-owned mechanisms for integrated landscape governance rather than prematurely imposing joint institutions.

3. Incentives for Livestock Productivity (versus Herd Expansion)

Current Issues: The Kyrgyz livestock sector faces a policy paradox: traditional measures of success often emphasize increasing livestock numbers, yet unrestricted herd expansion has contributed to overgrazing and pasture degradation. Experts note that growing livestock populations, coupled with uncontrolled grazing, have led to severe pasture damage – with some areas experiencing 70–80% degradation. Simply expanding herd size can raise short-term output but at the cost of declining range productivity and animal quality over time. However, past agricultural support policies and rural credit programs have not sufficiently shifted focus toward productivity per animal (e.g. better feeding, breeding, and husbandry practices). Farmers lack strong incentives to reduce herd size because larger herds are seen as status and security, and existing subsidies or loans may unintentionally favor headcount (for instance, credit based on number of animals owned). Moreover, the market and policy environment has yet to fully reward quality – premium

prices for better meat or milk yields are not widespread, which dampens motivation for productivity investments. This misalignment threatens both ecological sustainability and farmers' long-term incomes.

LMDP III Policy Engagement: LMDP-III will demonstrate the benefits of keeping fewer but more productive livestock through practical measures such as improved feeding, breeding, and animal health care. IFAD will organize policy discussions and provide evidence-based recommendations to the Ministry of Agriculture on shifting incentives from increasing animal numbers toward animal productivity. The desired outcome is updated national livestock policies that reward farmers for improving animal quality rather than herd size.

LMDP III seeks to realign incentives so that herders benefit from improving animal productivity rather than sheer herd expansion. In line with COSOP priorities for climate-resilient growth and higher value-add in livestock, the project will implement measures demonstrating the payoff of quality over quantity. For example, LMDP III will support breed improvement programs (such as introducing improved bulls or artificial insemination services) and better animal nutrition through cultivated fodder – backed by training on how these lead to higher milk and meat yields. Policy-wise, the project will use these demonstrations to advocate for supportive breeding and culling policies. This could include working with the government on a breeding policy or strategy update that encourages farmers to keep fewer, more productive animals (an area already highlighted in the COSOP). Additionally, LMDP III will engage with the MWRAPI to review any existing subsidy schemes – for instance, suggesting the introduction of productivity-based incentives (such as vouchers or prizes for farmers who achieve certain milk yields or weight gains) instead of incentives that simply increase herd size. There is also a climate policy angle: as noted in The Kyrgyz Republic's updated Nationally Determined Contribution (NDC), improving livestock productivity is a strategy to reduce greenhouse gas emissions from agriculture. LMDP III will link with climate policymakers to reinforce this win-win message. Through workshops and policy briefs, the project will promote the concept that “fewer but better livestock” can enhance rural incomes and environmental health. The expected outcome is greater government and stakeholder support for programs that improve animal productivity (breeding, feeding, veterinary care) while discouraging unsustainable herd expansion on fragile pastures.

4. Veterinary Services Workforce Revitalization and Rural Access

Current Issues: The Kyrgyz Republic's veterinary services are struggling with an aging and declining workforce, especially in rural areas. Since the transition to privatized veterinary practice in the 2000s, the number of active veterinarians has reportedly dropped from around 2,600 to about 1,600. Many village veterinarians are retiring or leaving the profession, and few young graduates are filling the gap. Low salaries and difficult working conditions in remote areas make rural veterinary practice unattractive. As a result, vast rural regions lack adequate veterinary coverage, jeopardizing animal health and farmers' livelihoods. This workforce challenge is compounded by institutional changes: the dissolution of the state veterinary inspectorate in 2021 shifted more responsibilities to the MWRAPI without an equivalent increase in local capacity. Private veterinarians are legally recognized and organized under a Veterinary Chamber, but they face obstacles such as limited professional development, high operational costs for mobile services, and insufficient integration into public animal health programs. The net effect is inconsistent animal health services – some communities have well-resourced vets, while others rely on sporadic visits or unqualified providers. Poor veterinary coverage leads to weak disease surveillance, vaccination gaps, and lower productivity of livestock due to untreated illnesses, undermining both public health and agricultural growth.

LMDP III Policy Engagement: The project will pilot mobile veterinary services, introduce tele-veterinary consultations, and provide incentives for young vets working in rural areas.

These practical examples will inform policy discussions supported by IFAD to create a national strategy to attract and retain veterinarians in remote areas. The desired result is government adoption of a strategy with funding commitments to increase rural veterinary coverage.

In alignment with the COSOP's emphasis on improving veterinary governance and services, LMDP III will support a "veterinary workforce revitalization" initiative as a key policy engagement area. On the ground, the project plans to pilot solutions to improve vet coverage: for instance, establishing mobile veterinary units to serve remote mountain villages, and introducing digital tele-veterinary services so farmers can consult experts via phone/apps (leveraging the country's digital transformation agenda). The project will also offer incentives for young veterinarians to practice in rural communities – this could take the form of subsidized equipment, starter kits, or partial salary support for new graduates who commit to underserved areas. By demonstrating these approaches, LMDP III will generate lessons to inform national policy. Specifically, the project will work with the MWRAPI and the Veterinary Chamber to develop a Veterinary Services Workforce Strategy. Elements might include proposals for scholarships or loan forgiveness for veterinary students who serve in rural locations, official recognition (or contracting) of private vets in public vaccination campaigns, and delegating certain tasks to paraprofessionals to ease veterinarians' workload. LMDP III will facilitate policy dialogue on updating regulations to clarify roles between central authorities, the Vet Chamber, and local governments in supporting vets. It will also advocate for budget allocations (or donor support) targeted at rural veterinary services, framing it as an investment in food security and One Health (given the zoonotic disease risks of poor coverage). Through these combined efforts, the project aims to help rejuvenate the veterinary profession with new talent and better rural access, ensuring livestock producers have the animal healthcare they need for productivity and disease control.

5. Livestock Traceability and AMR (Antimicrobial Resistance) Action Plan Implementation

Current Issues: Modernizing The Kyrgyz Republic's livestock sector also requires strengthening animal traceability systems and addressing the rising threat of antimicrobial resistance (AMR). Currently, the country has only rudimentary systems for tracing livestock from farm to market – paper-based animal passports and movement permits are inconsistently used, and there is no comprehensive digital database tracking animals or their health status. This gap undermines disease control (as seen in the difficulty of tracking outbreaks) and limits market access for animal products (traceability is increasingly required for export markets and food safety certifications). Furthermore, poor record-keeping and traceability at the local level hinder effective surveillance of animal diseases and any residues in food products. At the same time, the misuse of veterinary drugs, especially antibiotics, is contributing to AMR risks. The government has recognized this by developing a National Action Plan on AMR (2022–2025), but implementation is at an early stage. Challenges include limited laboratory capacity for monitoring drug residues, lack of an integrated AMR surveillance system, and low awareness among farmers about prudent antibiotic use. With multiple agencies (agriculture, health, veterinary service) involved, coordination for One Health approaches to AMR needs improvement. Without stronger traceability and AMR controls, Kyrgyz livestock producers face public health risks and may be locked out of higher-value markets that demand stringent standards.

LMDP III Policy Engagement: LMDP-III will pilot a simple, digital system to identify and track livestock and test practical approaches for monitoring antimicrobial resistance (AMR). IFAD will support policy workshops involving agricultural and health stakeholders to agree on national regulations for animal identification and prudent antibiotic use. The goal is the government's official approval of guidelines and investment plans for a national traceability system and improved AMR management.

LMDP III will contribute to establishing a functional livestock traceability system and advancing the AMR Action Plan through targeted interventions and policy support. On traceability, the project will pilot a digital animal identification and registration platform in its target areas – for example, supporting the tagging of cattle and small ruminants and recording their details (ownership, vaccinations, movements) in a database accessible to veterinary services. This pilot will be done in collaboration with the MWRAPI's departments and local authorities, demonstrating how traceability can work in practice and informing the design of a national system. Policy engagement will involve assisting the government to draft or refine regulations on animal identification and movement control, aligning them with international standards (OIE/WOAH guidelines). By linking project-supported value chain activities (like cooperative meat and dairy processing) to traceability compliance, LMDP III creates immediate incentives for producers to participate in the system.

In tandem, the project will support the implementation of the National AMR Action Plan in the livestock sector. LMDP III will coordinate with FAO and WHO-led efforts by strengthening veterinary practices at the farm level – training vets and livestock owners on responsible antibiotic use, promoting vaccinations and biosecurity to reduce the need for antibiotics. The project may help establish an AMR surveillance pilot in project districts, for instance by collecting samples in collaboration with labs and demonstrating how data can feed into a national AMR surveillance database. Through policy dialogue forums, LMDP III will encourage a One Health approach, bringing together agricultural and health stakeholders to share results and recommendations. A likely policy output is improved protocols or guidelines for veterinary drug use in line with the AMR Action Plan (e.g. restricting over-the-counter antibiotic sales, or requiring veterinary prescription for critical drugs). The project will also support the government in seeking resources to upgrade laboratory networks, as better traceability and testing go hand in hand. By the end of LMDP III, the aim is that Kyrgyz authorities will have tested models for a national traceability system and made tangible progress on AMR mitigation – positioning the country closer to international best practices in food safety and animal health management.

6. Food Safety Policy Fragmentation and Reform

Current Issues: The regulatory framework for food safety in The Kyrgyz Republic is fragmented, with overlapping mandates and outdated standards, leading to gaps in consumer protection and market inefficiencies. Multiple agencies share responsibility for food safety oversight – for example, the MWRAPI (for veterinary and phytosanitary control), the Ministry of Health (for sanitary and epidemiological surveillance), and other bodies involved in quality certification and trade. This institutional fragmentation causes duplication and confusion; there is no single integrated, risk-based inspection system. Moreover, some food safety laws and regulations are not fully aligned with international standards (Codex Alimentarius, etc.), and implementation is inconsistent. The national laboratory infrastructure for food safety testing (e.g. detecting contaminants, pathogens, residues) is under-resourced, resulting in limited testing capacity especially outside the capital. At the local level, a high proportion of food products (meat, milk, dairy) are sold through informal channels with minimal oversight. This situation not only poses public health risks (incidents of foodborne illness can go unchecked), but also stymies export potential for Kyrgyz agricultural products due to compliance issues. Recognizing these problems, the government has started efforts to reform food safety regulation (particularly as part of obligations under the Eurasian Economic Union), but progress has been slow and requires continuous support.

LMDP III Policy Engagement: The project will pilot improved hygiene practices in dairy and meat businesses and demonstrate effective risk-based inspection approaches. IFAD-supported workshops and inter-agency meetings will be organized to encourage a simpler, unified food safety regulatory system. By the end of the project, the expected outcome is government approval of a streamlined, risk-based inspection policy and increased budget allocations for regional food safety testing labs.

LMDP III will support the streamlining and strengthening of food safety policies in conjunction with its value chain development and veterinary interventions. Firstly, at the operational level, the project will help introduce good hygiene and food handling practices in rural businesses – for instance, training milk collection centers, slaughter facilities, and processing units on sanitary standards and record-keeping. It will develop simple standard operating procedures (SOPs) for these actors, which can later inform formal guidelines. Building on this grassroots work, LMDP III will engage in policy dialogue with the relevant authorities to push for a more coordinated food safety governance structure. This could involve advocating for clearer delineation of roles or even the creation of a unified Food Safety coordination council. The project can facilitate inter-agency workshops to review gaps – leveraging the presence of an IFAD project to convene MWRAPI, Health, and Economy representatives together with private sector and donor experts. A concrete policy outcome sought could be the adoption of a risk-based inspection approach nationally, targeting resources at higher-risk nodes in the food chain rather than ad-hoc inspections. LMDP III's lessons (for example, data collected on milk quality improvements or reduced livestock disease after interventions) will be packaged as evidence to update food safety regulations in line with Codex and OIE standards. The project will also encourage the government to invest in laboratory capacity – possibly using project resources to equip a regional lab or pilot rapid test kits, showing the impact and then advocating for budget support to scale it up. Aligning with COSOP objectives of improving market access and with public health goals, these policy engagement efforts aim to reduce fragmentation by promoting an integrated farm-to-fork approach. Over time, a stronger food safety system will protect consumers domestically and open new opportunities for Kyrgyz producers in higher-end markets.

7. Sustainability of the Agricultural Value Chain Development Fund (AVCDF)

Current Issues: To finance rural enterprise growth, earlier phases of IFAD support (LMDP II and related projects) helped establish an Agricultural Value Chain Development Fund (AVCDF) – a financing facility intended to provide loans or matching grants to farmers' groups, cooperatives, and agri-businesses for value chain investments. While this fund has demonstrated success in kick-starting value-added activities (such as milk cooling centers, processing equipment, and agribusiness startups), its long-term sustainability is uncertain. A key concern is what happens after donor project funding ends: the AVCDF needs to be replenished or institutionalized so that it can continue supporting value chains in the future. Currently, the fund relies heavily on IFAD and government contributions channeled during the project life. There is no permanent institutional home or dedicated government budget line for the fund's continuation. Without a strategy for sustainability, there is a risk that once LMDP III is completed, financing for smallholder value chain initiatives will dry up, leaving a gap for rural entrepreneurs. Additionally, policy and regulatory aspects – such as the fund's governance, lending policies, interest rates or matching grant rules – may need refinement to align with national rural finance frameworks and ensure fairness and transparency. In summary, while the AVCDF is a valuable mechanism for inclusive rural finance, it currently functions as a project-dependent facility rather than a permanent feature of the agricultural finance landscape.

LMDP III Policy Engagement: LMDP-III will work closely with government agencies to identify a permanent institutional home for AVCDF, supported by practical financial planning workshops and policy dialogue. IFAD will help prepare clear business plans and funding proposals to ensure the fund continues after the project ends. The desired result is government approval of a sustainable AVCDF with dedicated funding and clear governance rules.

Ensuring the sustainability and institutionalization of the AVCDF is a priority under LMDP III's policy engagement work. The project will collaborate with the Ministry of Finance, MWRAPI, and possibly the central bank or other financial regulators to chart a future for

the fund. One avenue is to integrate the AVCDF into an existing government or semi-government institution: for example, the fund could be housed in a national agricultural bank or in the Community Development and Investment Agency (ARIS), with the government gradually taking over its financing. LMDP III will assist in developing a business plan and regulatory framework for the fund's evolution – covering how it will be governed (board structure, inclusion of farmer representatives), how capital will be raised (e.g. annual budget allocations, donor contributions, revolving credit repayments), and what financial products it will offer. By demonstrating strong performance and impact stories during the project (such as successful agribusinesses launched and jobs created through fund support), LMDP III will build the case for government commitment. Policy dialogue may also explore innovative financing: for instance, could the fund leverage commercial bank co-financing or guarantee schemes to multiply its resources? On the regulatory side, any legal impediments to a sustainable fund (such as restrictions on government funding of revolving funds, or lack of a legal status to continue beyond the project) will be identified and addressed, potentially through new regulations or a government decree establishing the AVCDF as a permanent entity. This aligns with the COSOP's call for transitioning to sustainable financing models for rural services. By the end of LMDP III, the aim is to have a clear agreement and steps in motion for the AVCDF to continue operating, thereby leaving a lasting institutional legacy that supports ongoing agricultural value chain development in the Kyrgyz Republic.

8. Pasture Performance Based Funding and Support for Aiyl Okmotus

Current Issues: Local governments (Aiyl Okmotus) in The Kyrgyz Republic have significant responsibilities in delivering services and managing resources (like pastures), but they often lack incentives for high performance. The current intergovernmental fiscal transfer system provides budget funds largely based on formulas and needs, with little linkage to how effectively a local government manages its duties. This can lead to a lack of innovation and accountability at the local level – Aiyl Okmotus that actively involve communities, maintain infrastructure, or implement good management practices receive no more support than those that do not. Moreover, some local governments hesitate to take on new initiatives (such as participatory planning or resource mobilization) because there is no reward for success and sometimes penalties for failure. In the context of pasture management, for example, an Aiyl Okmotu that achieves pasture improvements has historically not been formally recognized or compensated in the fiscal system. As a result, progressive local leaders rely on personal motivation or donor projects, rather than systemic incentives. This situation suggests that introducing performance-based funding – additional resources or benefits tied to the achievement of agreed targets – could encourage better governance and service delivery. However, at present, such mechanisms are nascent or limited to pilot projects. There may also be policy and capacity gaps in defining performance indicators and verifying results at the local government level.

LMDP III Policy Engagement: LMDP-III will pilot performance-based funding, awarding bonus grants to local governments (Aiyl Okmotus) that meet clear targets in pasture management and community participation. The project will share these experiences through IFAD-supported policy discussions to encourage the adoption of performance-based budgeting nationally. The goal is official government approval of performance-based criteria for allocating local budgets, encouraging better local governance.

LMDP III will pioneer a performance-based approach with Aiyl Okmotus in its project areas, which can inform broader policy adoption. Concretely, the project might set up a scheme where local governments can earn additional grants or assets if they meet certain performance criteria related to LMDP III's objectives. For instance, an Aiyl Okmotu could receive a bonus financing for infrastructure if it achieves full community participation in pasture management planning and demonstrates reduced pasture degradation, or if it meets targets for mobilizing women and youth in project activities. This approach, piloted within LMDP III, will create real examples of how performance incentives drive better

outcomes. The project will work closely with the relevant state agencies and relevant ministries to design these criteria in line with national decentralization policy. Through workshops and learning events, LMDP III will share results from these pilots and advocate for scaling up performance-based funding nationwide. That could mean proposing adjustments to the formula for central-local transfers to include performance components, or establishing a competitive grant program for high-performing municipalities (using LMDP's pilot as a model). Early in the project, LMDP III plans to develop a set of simple performance indicators (e.g. timely pasture fee collection and reinvestment, maintenance of veterinary facilities, inclusion of vulnerable groups in decision-making) and a verification process (perhaps involving community scorecards or independent assessments). Policy engagement will focus on ensuring these indicators are credible and can be adopted by government. By aligning with the government's public administration reform agenda and IFAD's emphasis on good governance, the project will make the case that tying funds to results improves accountability. Over time, institutionalizing performance-based support for Aiyl Okmotus can lead to more dynamic local governance, where municipalities strive to innovate and deliver, knowing that good performance will be rewarded with greater resources or autonomy.

9. Policy Support for Women's and Youth Engagement

Current Issues: Although The Kyrgyz Republic has a strong policy rhetoric on gender equality and youth development – exemplified by the *National Strategy for Achieving Gender Equality (2022–2030)* and the *Law on Youth (2023)* – translating these high-level commitments into practice in rural areas remains a challenge. Women and young people in rural communities often face structural barriers to full participation in the agrifood sector and local governance. For instance, women may have unequal access to land or credit or cooperative leadership is low. Youth often migrate or remain under-employed due to lack of opportunities and voice in community decisions. While IFAD's COSOP (2025–2030) sets ambitious inclusion targets (e.g. 30–40% women and 30% youth participation), there is a **policy gap** in terms of concrete measures to achieve these in agriculture and rural development. Existing national strategies provide frameworks (the Youth Policy Concept 2020–2030 outlines broad goals, and the Gender Action Plan lists activities), but specific policy instruments – like incentive schemes, quotas, or tailored training programs – are needed to empower women and youth at the local level. Without deliberate policy support, social norms and economic hurdles will continue to limit these groups' benefits from development initiatives.

LMDP III Policy Engagement: LMDP-III will implement practical activities such as women-focused training (using GALS), youth entrepreneurship competitions, and quotas for women and youth participation in project committees. The project will engage national policymakers through IFAD-supported discussions to ensure these practices become official requirements. The desired outcome is government adoption of national guidelines mandating at least 30% women and 30% youth representation in agricultural committees and funding schemes.

LMDP III will actively promote gender and youth-responsive policy actions in tandem with its field activities, ensuring that women and young people are central to rural transformation. Building on successful methodologies from previous projects (such as the Gender Action Learning System, GALS), the project will work to institutionalize these approaches. For example, LMDP III will train local officials and community leaders in using GALS and other participatory tools that elevate women's voices in planning. It will then engage with national institutions – like the Ministry of Labour, Social Development and the relevant gender/youth coordinating councils – to encourage adoption of these tools in government programs. A likely policy output is the integration of gender- and youth-sensitive criteria in rural project financing and evaluation. LMDP III can showcase how requiring a minimum percentage of women and youth in decision-making committees (for micro-projects, co-op management, etc.) leads to stronger outcomes, and advocate for

such requirements to be built into national guidelines or donor frameworks. The project is also aligning with the government's youth development initiatives: for instance, if the Law on Youth (2023) creates new local youth councils or forums, LMDP III will support these in its areas and channel their recommendations upward to influence policy. On the gender side, the project will coordinate with the National Gender Machinery to highlight issues like women's access to productive assets (land, livestock) and push for supportive measures – possibly advocating for joint titling of land to spouses, or for preferential access for women's groups to the value chain fund. Importantly, LMDP III will help fill the COSOP's identified gap by crafting a clear action plan for gender and youth policy engagement where none existed. By the project's end, the goal is to have demonstrable models (e.g. women-led cooperatives thriving, youth agri-business grant programs functioning) that policymakers can scale up. In sum, LMDP III's policy engagement on this front is about moving from general commitment to practical inclusion mechanisms, ensuring that women and youth are not just beneficiaries but key actors in rural development policies.

Kyrgyzstan

Livestock and Market Development Programme III (LMDP-III)

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Annex 15: Phase assessment criteria

Mission Dates: 31/03/2025 30/04/2025

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Annex: Theory Of Change Diagram

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