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**President's report**  
**Proposed Debt Sustainability Framework grant**  
**Republic of Tajikistan**  
**Access to Markets and Adaptation for Livestock**

Project ID: 2000005039

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Document: EB 2026/LOT/P.2

Date: 9 April 2026

Distribution: Public

Original: English

**FOR: APPROVAL**

**Action:** The Executive Board is invited to approve the recommendation contained in paragraph 55.

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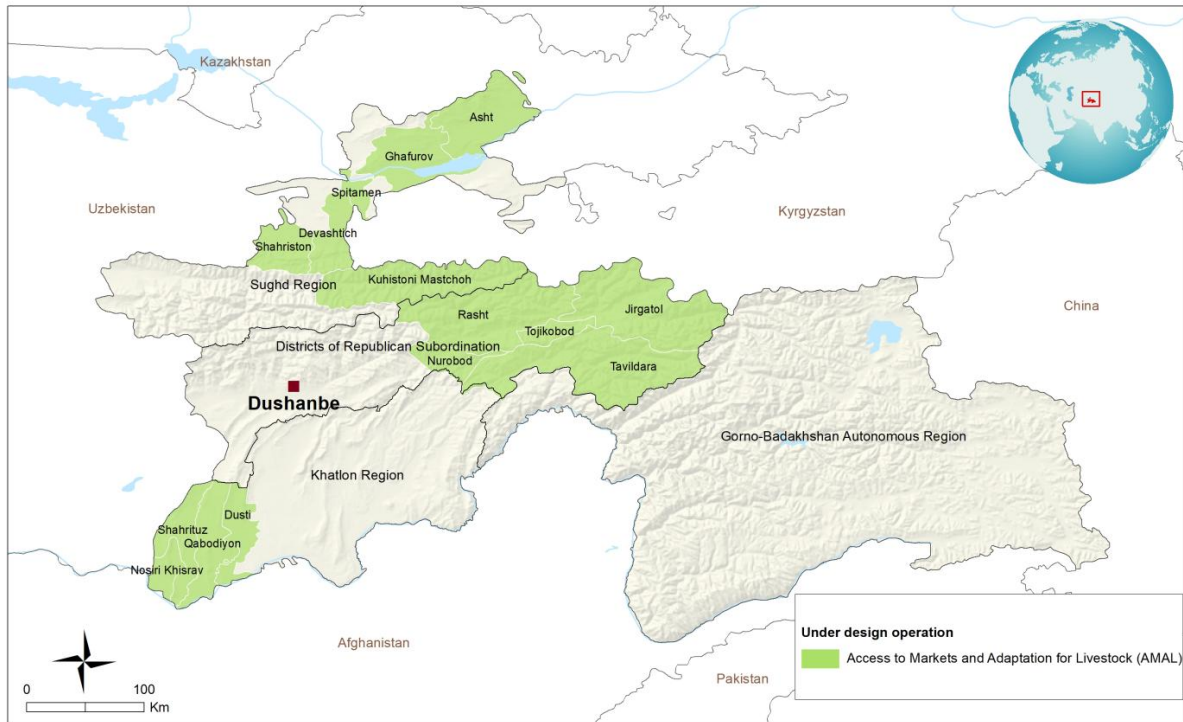
### Project delivery team

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# 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.  
 IFAD Map compiled by IFAD | 12-06-2025

## Financing summary

<b>Initiating institution:</b>	IFAD
<b>Borrower/recipient:</b>	Republic of Tajikistan
<b>Executing agencies:</b>	Project implementation unit within the Ministry of Finance (PIU) Center for Implementation of Investment Projects (CIIP) within the Committee for Environmental Protection (CEP)
<b>Total project cost:</b>	US\$39.36 million
<b>Terms of IFAD financing:</b>	Debt Sustainability Framework (DSF) grant
<b>Amount of IFAD DSF grant:</b>	US\$19.72 million
<b>Cofinanciers:</b>	Adaptation Fund, participating finance institutions (PFIs), districts, PIU, CEP
<b>Amount of cofinancing:</b>	Adaptation Fund: US\$9.22 million PFIs: US\$4.53 million Districts: US\$337,000 PIU: US\$849,000 CEP: US\$302,000
<b>Terms of cofinancing:</b>	Adaptation Fund: Grant PFIs: Loans
<b>Contribution of borrower/recipient:</b>	US\$2.21 million
<b>Contribution of beneficiaries:</b>	US\$2.19 million
<b>Amount of IFAD climate finance:</b>	US\$12.85 million (of which US\$800,000 is a climate top-up)
<b>Cooperating institution:</b>	Directly supervised by IFAD

## I. Context

### A. National context and rationale for IFAD involvement

#### National context

1. Republic of Tajikistan is a landlocked country in Central Asia characterized by mountainous terrain, a strategic location and significant hydropower potential. Since the Soviet Union's collapse in 1991, Tajikistan has transitioned to a market-oriented economy, maintaining strong ties with the Russian Federation and relying heavily on remittances from migrant workers, infrastructure investments from China and raw material exports. Despite reducing poverty from 55.8 per cent in 2010 to 19.9 per cent in 2025,<sup>1</sup> vulnerability persists due to a dependence on remittances, lack of diversification and environmental challenges like land degradation.
2. The population is approximately 10.28 million, with 72 per cent residing in rural areas.<sup>2</sup> Food security and nutrition are heavily reliant on imports, which account for 20 per cent of domestic needs and over 50 per cent of wheat requirements.<sup>3</sup> The country faces significant nutritional challenges, highlighting the need for improved agricultural productivity and resilience, particularly in the livestock sector.

#### IFAD's corporate mainstreaming priorities

3. In line with IFAD's mainstreaming commitments, the project has been validated as:
  - Including climate finance
  - Nutrition-sensitive
  - Youth-sensitive
  - Including adaptive capacity
4. **Gender.** Tajikistan faces significant gender disparities. While rural women form most of the agricultural workforce, they are often relegated to unpaid, low-skilled work with minimal access to assets, credit and decision-making power. Despite national initiatives, systemic barriers and the high burden of domestic work continue to constrain women's empowerment and economic mobility in rural areas.
5. **Youth.** Rural youth in Tajikistan experience high unemployment and underemployment, with limited access to vocational skills, finance and meaningful roles in local governance. This economic exclusion drives significant outmigration, particularly among young men. Youth – especially young women – are underrepresented in community decision-making processes and economic leadership.
6. **Nutrition.** Malnutrition remains a challenge in Tajikistan, with iron deficiency affecting 38 per cent of women and 52 per cent of children.<sup>4</sup> Diets are heavily reliant on carbohydrates, with low consumption of nutrient-dense foods. This is driven by low household incomes, subsistence-oriented production systems, limited nutritional knowledge, and inadequate child feeding practices.
7. **Climate and environment.** Tajikistan is highly vulnerable to climate change: the frequency of droughts, floods, and extreme temperatures is increasing. Environmental degradation, including widespread pasture degradation, soil erosion and water scarcity, directly threatens livestock-based livelihoods. Unsustainable natural resource management, overgrazing and deforestation exacerbate ecosystem vulnerability, while glacial retreat threatens long-term water availability for agriculture.

<sup>1</sup> World Bank 2025. *Tajikistan Poverty and Equity Assessment*.

<sup>2</sup> According to the World Bank collection of development indicators, compiled from officially recognized sources. 2025.

<sup>3</sup> FAOSTAT. 2025.

<sup>4</sup> Nutritional status of Tajik children and women: Transition towards a double burden of malnutrition 2019.

### **Rationale for IFAD involvement**

8. The project addresses critical challenges in Tajikistan's livestock sector. Livestock is the cornerstone of the rural economy, contributing 40 per cent of agricultural GDP. However, smallholders face low productivity due to inadequate animal genetic resources, limited access to health services and poor feed quality. By focusing on remote areas, the project aims to enhance livestock production and improve access to inputs and services through partnerships. By promoting better nutrition and child feeding practices, it will also tackle malnutrition, which stems from low household incomes, subsistence farming and poor dietary diversity.
9. Natural resource management is another focus: overgrazing and poor pasture governance strain natural pastures, which provide feed for livestock. The project builds on IFAD's previous efforts to strengthen pasture governance, emphasizing institutional support and infrastructure investments to boost productivity and preserve biodiversity. Project investments in climate-resilient infrastructure and natural resource management aim to mitigate the impact of climate change.
10. Value chain development is crucial since underdeveloped value chains for dairy, meat and feed suffer from weak processing and market linkages. The project supports rural enterprises by expanding access to markets and financial products to enhance food safety and value addition. These activities are also aimed at creating employment opportunities for women and youth. By integrating livestock, natural resource management, climate resilience, nutrition and employment, the project offers a holistic strategy that leverages IFAD's expertise in rural development to achieve sustainable outcomes.

### **B. Lessons learned**

11. The project design builds on lessons from IFAD's long-term engagement in Tajikistan. These lessons underscore the effectiveness of community-driven development approaches and the need to engage local institutions like village organizations and pasture users' unions in sustainable natural resource management. Experience confirms that focused investment in the livestock sector is a high-impact pathway to reducing poverty and building resilience in mixed farming systems. The design combines productivity gains with dedicated nutrition awareness and market linkages to improve food security. Furthermore, strengthening last-mile veterinary services and promoting climate-adapted breeds and fodder are essential for reducing animal mortality and increasing productivity. To ensure sustainability, the project will: prioritize early and integrated capacity-building; establish a robust monitoring and evaluation (M&E) system from inception; and develop a clear exit strategy. It will embed successful models – such as blended finance for micro, small and medium-sized enterprises (MSMEs) and linking producers to school feeding procurement – into national strategies and local government plans.

## **II. Project description**

### **A. Objectives, geographical area of intervention and target groups**

12. The project's goal is to improve the livelihoods and living conditions of livestock smallholders and pastoral communities in rural Tajikistan. The project development objective is to increase incomes, nutrition, and resilience through more productive, climate-adapted and inclusive livestock value chains.
13. The project area comprises diverse agroecological zones, which present opportunities and challenges for agricultural development. These zones are susceptible to climate change impacts such as altered rainfall patterns and increased temperatures, which could exacerbate rural poverty. The area was selected based on high poverty levels and the potential for significant agricultural development.

14. The project aims to directly assist approximately 60,000 households, comprising approximately 224,000 individuals. Targeted groups will include 47 per cent women and 27 per cent youth, with a focus on inclusive community institutions to ensure participation. It will focus on smallholder livestock farmers, pastoralists and related MSMEs. The selection criteria will consider poverty, climate vulnerability, livestock dependence and demographic factors, ensuring a holistic approach to targeting those most vulnerable and with high potential for improved livelihoods.

## **B. Components, outcomes and activities**

15. The project comprises three components aimed at enhancing livestock productivity, market access and the policy environment.

### **Component 1: Improving livestock productivity and climate resilience**

16. This component adopts a community-driven approach to strengthen livestock productivity, improve dietary quality and build climate resilience. Subcomponent 1.1 involves developing climate-sensitive community action plans to identify local priorities like pasture rehabilitation and livestock shelters, with a focus on women-led investments. Subcomponent 1.2 implements these plans, translating them into investments that improve livestock productivity and community resilience. Subcomponent 1.3 delivers climate-smart animal health, pastures, breeding and feed services to enhance livestock productivity and resilience.

### **Component 2: Market access, enterprise development and improved nutrition**

17. This component aims to enhance market access and enterprise development. Subcomponent 2.1 improves public livestock infrastructure, including slaughterhouses and markets, to enhance biosecurity and market efficiency. Subcomponent 2.2 provides business incubation services and financial access for MSMEs, promoting enterprise growth and smallholders' integration into value chains. Subcomponent 2.3 builds models for generating demand through public procurement, linking schools with local dairy processors to improve children's nutrition and stimulate local markets.

### **Component 3: Enabling policy environment and project management**

18. This component focuses on creating an enabling policy environment and effective project management. Subcomponent 3.1 supports the development of a national livestock development strategy to guide investments in the livestock sector and related regulatory frameworks. Subcomponent 3.2 ensures efficient project management and coordination across components.

## **C. Theory of change**

19. The project's theory of change is built on the premise that active participation of rural women, youth and other marginalized people in community management planning will lead to sustainable natural resource use and improved livestock productivity. By providing access to essential livestock services, training and mentorship, the project aims to enhance productivity and natural resource management. Access to climate-resilient market infrastructure, business training and support for developing livestock-related enterprises will enable target groups to add value to livestock products, increase sales and improve incomes. This activity will particularly benefit women and youth, and will also enhance access to nutritious animal-source foods, improving nutrition.
20. Strengthening grassroots institutions and establishing conducive policies will create an enabling environment for sustainable livestock development, ensuring long-term impact and sustainability. Improved food safety standards and regulatory oversight will contribute to better nutrition by reducing foodborne diseases and increasing consumer confidence in locally produced livestock products. IFAD's integrated approach, combines livestock productivity, climate resilience, financial inclusion and

grassroots institution-building, leveraging its experience in the sector to deliver transformative outcomes.

#### **D. Alignment, ownership and partnerships**

21. The project will contribute to the Sustainable Development Goals (SDGs) by addressing poverty reduction (SDG 1), food security and nutrition (SDG 2), gender equality (SDG 5), decent work and economic growth (SDG 8), and climate action (SDG 13). By strengthening livestock value chains and improving nutrition, it aims to promote inclusive and resilient rural livelihoods.
22. The project aligns with the Government's National Development Strategy 2030, the Agrarian Reform Programme (2021–2030) and the National Strategy for Adaptation to Climate Change, which focus on climate-resilient livestock development, sustainable natural resource management and improved food security.
23. The implementing agencies will partner with United Nations agencies, international financial institutions, NGOs and local organizations. The project will establish a pilot animal identification and tracking system, building on World Bank plans for animal identification. Collaboration with agencies such as the Food and Agriculture Organization of the United Nations and the World Food Programme will provide technical assistance in livestock, nutrition and natural resource management, while partnerships with local institutions will strengthen community engagement and build capacity.
24. These partnerships will create a comprehensive framework for addressing rural challenges and advancing national and global development goals.

#### **E. Costs, benefits and financing**

25. Project component 1 (improving livestock productivity and climate resilience) subcomponents 2.1 (improved public livestock infrastructure) and 2.2 (enterprise development and access to finance along livestock value chains); and subcomponent 3.1 (enabling policy environment) are partially counted as climate finance. Using the multilateral development bank methodologies for tracking climate change adaptation and mitigation finance, the total amount of IFAD climate finance for this project is estimated as US\$12,850,000.

##### **Project costs**

26. The total investment and recurrent costs, including contingencies, are estimated at US\$39.36 million. The project will be implemented over a period of seven years. The total funding includes base costs estimated at US\$37.6 million and estimated contingencies of US\$1.76 million. The overall investment costs have been estimated at US\$34.98 million (88 per cent of total project cost) and recurrent costs at US\$4.38 million (11 per cent of total project cost).
27. The project will be financed by IFAD, the Adaptation Fund, participating financial institutions (PFIs), the Government, target districts, implementing agencies and beneficiaries. The breakdown of the costs by component and subcomponent in United States dollars is shown in table 1 below. Table 2 shows the breakdown of the costs by expenditure category in United States dollars.

Table 1

**Project costs by component and subcomponent, and financier**

(Thousands of United States dollars)

	<i>IFAD DSF grant</i>		<i>Adaptation Fund</i>		<i>PFI</i> s		<i>Beneficiaries</i>		<i>Districts</i>		<i>CEP</i>		<i>PIU</i>		<i>Borrower</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
<b>1. Improving livestock productivity and climate resilience</b>	<b>9 731</b>	<b>48%</b>	<b>8 341</b>	<b>41%</b>	-	0%	<b>1 210</b>	<b>6%</b>	-	0%	-	0%	-	0%	<b>976</b>	<b>5%</b>	<b>20 258</b>	<b>100%</b>
1.1. Community action plans developed	485	40%	631	52%	-	0%	-	0%	-	0%	-	0%	-	0%	103	8%	1 219	100%
1.2. Community action plans implemented	6 368	40%	7 710	49%	-	0%	1 210	8%	-	0%	-	0%	-	0%	491	3%	15 778	100%
1.3. Climate-smart animal health, breeding and feed services delivered	2 878	88%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	382	12%	3 260	100%
<b>2. Market access, enterprise development and improved nutrition</b>	<b>7 881</b>	<b>54%</b>	-	0%	<b>4 533</b>	<b>31%</b>	<b>979</b>	<b>7%</b>	<b>337</b>	<b>2%</b>	-	0%	-	0%	<b>901</b>	<b>6%</b>	<b>14 631</b>	<b>100%</b>
2.1. Improved public livestock infrastructure	2 433	77%	-	0%	-	0%	-	0%	337	11%	-	0%	-	0%	410	13%	3 179	100%
2.2. Enterprise development and access to finance along livestock value chains	3 959	41%	-	0%	4 533	48%	960	10%	-	0%	-	0%	-	0%	91	1%	9 543	100%
2.3. Building models for demand generation through public procurement – school feeding	1 490	78%	-	0%	-	0%	19	1%	-	0%	-	0%	-	0%	400	21%	1 909	100%
<b>3. Enabling policy environment and project management</b>	<b>2 109</b>	<b>47%</b>	<b>876</b>	<b>20%</b>	-	0%	-	0%	-	0%	<b>302</b>	<b>7%</b>	<b>849</b>	<b>19%</b>	<b>336</b>	<b>8%</b>	<b>4 471</b>	<b>100%</b>
3.1. Enabling policy environment	273	86%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	44	14%	317	100%
3.2. M&E and knowledge management	221	86%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	36	14%	257	100%
3.3. Project management – CEP	312	20%	876	56%	-	0%	-	0%	-	0%	302	19%	-	0%	76	5%	1 566	100%
3.4. Project management – PIU	1 303	56%	-	0%	-	0%	-	0%	-	0%	-	0%	849	36%	179	8%	2 331	100%
<b>Total</b>	<b>19 721</b>	<b>50%</b>	<b>9 217</b>	<b>23%</b>	<b>4 533</b>	<b>12%</b>	<b>2 188</b>	<b>6%</b>	<b>337</b>	<b>1%</b>	<b>302</b>	<b>1%</b>	<b>849</b>	<b>2%</b>	<b>2 213</b>	<b>6%</b>	<b>39 360</b>	<b>100%</b>

Table 2  
**Project costs by expenditure category and financier**  
(Thousands of United States dollars)

Expenditure category	IFAD DSF grant		Adaptation Fund		PFIs		Beneficiaries		Districts		CEP		PIU		Borrower		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>I. Investment costs</b>																		
Goods, equipment and materials	4 043	78%	-	0%	-	0%	19	0%	337	6%	-	0%	-	0%	816	16%	5 213	100%
Vehicles	526	63%	-	0%	-	0%	-	0%	-	0%	41	5%	-	0%	262	32%	829	100%
Works	1 770	86%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	288	14%	2 058	100%
Technical assistance and studies	1 916	55%	1 082	31%	-	0%	-	0%	-	0%	-	0%	-	0%	488	14%	3 486	100%
Training and workshops	120	36%	171	50%	-	0%	-	0%	-	0%	-	0%	-	0%	47	14%	339	100%
Grants and subsidies	9 258	49%	7 095	38%	1 333	7%	1 210	6%	-	0%	-	0%	-	0%	-	0%	18 896	100%
Credit	-	0%	-	0%	3 200	77%	960	23%	-	0%	-	0%	-	0%	-	0%	4 160	100%
<b>Total investment costs</b>	<b>17 633</b>	<b>50%</b>	<b>8 348</b>	<b>24%</b>	<b>4 533</b>	<b>13%</b>	<b>2 188</b>	<b>6%</b>	<b>337</b>	<b>1%</b>	<b>41</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>1 901</b>	<b>5%</b>	<b>34 982</b>	<b>100%</b>
<b>II. Recurrent costs</b>																		
Salaries and allowances	939	55%	631	37%	-	0%	-	0%	-	0%	150	9%	-	0%	-	0%	1 720	100%
Social fund	268	62%	162	38%	-	0%	-	0%	-	0%	-	0%	-	0%	-	0%	430	100%
Operating expenses	881	40%	76	3%	-	0%	-	0%	-	0%	110	5%	849	38%	312	14%	2 228	100%
<b>Total recurrent costs</b>	<b>2 088</b>	<b>48%</b>	<b>869</b>	<b>20%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>-</b>	<b>0%</b>	<b>261</b>	<b>6%</b>	<b>849</b>	<b>19%</b>	<b>312</b>	<b>7%</b>	<b>4 378</b>	<b>100%</b>
<b>Total</b>	<b>19 721</b>	<b>50%</b>	<b>9 217</b>	<b>23%</b>	<b>4 533</b>	<b>12%</b>	<b>2 188</b>	<b>6%</b>	<b>337</b>	<b>1%</b>	<b>302</b>	<b>1%</b>	<b>849</b>	<b>2%</b>	<b>2 213</b>	<b>6%</b>	<b>39 360</b>	<b>100%</b>

Table 3

**Project costs by component and subcomponent, and project year (PY)**

(Thousands of United States dollars)

<i>Component/subcomponent</i>	<i>PY1</i>		<i>PY2</i>		<i>PY3</i>		<i>PY4</i>		<i>PY5</i>		<i>PY6</i>		<i>PY7</i>		<i>Total</i>
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>
<b>1. Improving livestock productivity and climate resilience</b>	<b>2 132</b>	<b>11%</b>	<b>9 209</b>	<b>45%</b>	<b>7 515</b>	<b>37%</b>	<b>500</b>	<b>2%</b>	<b>353</b>	<b>2%</b>	<b>270</b>	<b>1%</b>	<b>279</b>	<b>1%</b>	<b>20 258</b>
1.1. Community action plans developed	485	40%	734	60%	-	0%	-	0%	-	0%	-	0%	-	0%	1 219
1.2. Community action plans implemented	894	6%	6 936	44%	6 933	44%	247	2%	248	2%	256	2%	264	2%	15 778
1.3. Climate-smart animal health, breeding and feed services delivered	753	23%	1 539	47%	582	18%	253	8%	105	3%	14	0%	15	0%	3 260
<b>2. Market access, enterprise development and improved nutrition</b>	<b>283</b>	<b>2%</b>	<b>2 834</b>	<b>19%</b>	<b>4 001</b>	<b>27%</b>	<b>2 704</b>	<b>18%</b>	<b>2 331</b>	<b>16%</b>	<b>2 118</b>	<b>14%</b>	<b>361</b>	<b>2%</b>	<b>14 631</b>
2.1. Improved public livestock infrastructure	263	8%	800	25%	642	20%	590	19%	367	12%	254	8%	262	8%	3 179
2.2. Enterprise development and access to finance along livestock value chains	14	0%	1 925	20%	1 989	21%	1 973	21%	1 841	19%	1 784	19%	17	0%	9 543
2.3. Building models for demand generation through public procurement – school feeding	6	0%	108	6%	1 369	72%	140	7%	122	6%	80	4%	82	4%	1 909
<b>3. Enabling policy environment and project management</b>	<b>1 044</b>	<b>23%</b>	<b>556</b>	<b>12%</b>	<b>576</b>	<b>13%</b>	<b>541</b>	<b>12%</b>	<b>556</b>	<b>12%</b>	<b>574</b>	<b>13%</b>	<b>625</b>	<b>14%</b>	<b>4 471</b>
3.1. Enabling policy environment	274	87%	21	7%	22	7%	-	0%	-	0%	-	0%	-	0%	317
3.2. M&E and knowledge management	85	33%	33	13%	52	20%	6	2%	21	8%	5	2%	56	22%	257
3.3. Project management – CEP	326	21%	191	12%	197	13%	203	13%	210	13%	216	14%	223	14%	1 566
3.4. Project management – PIU	358	15%	311	13%	305	13%	331	14%	325	14%	353	15%	346	15%	2 331
<b>Total</b>	<b>3 458</b>	<b>9%</b>	<b>12 598</b>	<b>32%</b>	<b>12 092</b>	<b>31%</b>	<b>3 745</b>	<b>10%</b>	<b>3 239</b>	<b>8%</b>	<b>2 962</b>	<b>8%</b>	<b>1 265</b>	<b>3%</b>	<b>39 360</b>

### **Financing and cofinancing strategy and plan**

28. The total cost of the project is estimated at US\$39.36 million, to be disbursed over a seven-year period. IFAD will contribute US\$19.72 million, and the Adaptation Fund will cofinance US\$9.22 million.
29. PFIs will provide US\$4.53 million while the Government will contribute US\$2.21 million in taxes. Districts will contribute US\$337,000. Implementing agencies will also provide funding, with CEP contributing US\$302,000 and the PIU contributing US\$849,000. Beneficiaries will contribute US\$2.19 million to the project.

### **Disbursement**

30. The PIU within the Ministry of Finance and the CIIP within CEP will be the implementing agencies. They will request funds directly from IFAD by submitting withdrawal applications through the IFAD Client Portal. Funds will be deposited into designated accounts in United States dollars at a commercial bank, subject to the financial crime screening by IFAD Financial Controllers Division. In addition, separate operating accounts in local currency will be opened to receive transfers from the corresponding designated accounts along with beneficiaries' contributions. Funds from IFAD will be withdrawn using the report-based disbursement mechanism, employing six-monthly cash forecasts. Withdrawal applications will include quarterly interim financial reports and other documents as specified in the financial management and financial control arrangements letter.

### **Summary of benefits and economic analysis**

31. The project's economic analysis indicates significant benefits from interventions, including increased livestock productivity, improved market access and value addition, enhanced household nutrition, strengthened climate resilience, sustainable natural resource management and rural job creation. With total costs of US\$39.47 million, the cost per beneficiary household is estimated at US\$731. Over the seven-year implementation period, the estimated economic internal rate of return is 26.3 per cent, resulting in a positive net present value of US\$32.73 million.

### **Exit strategy and sustainability**

32. The project's exit strategy focuses on: embedding successful initiatives into national policies; and ensuring sustainability through institutional and financial frameworks. Key elements include integrating climate-sensitive community plans and mobile veterinary services into the national livestock development strategy, to be developed with the project's support (component 3). The project will include advocacy for government budget allocations to support these initiatives. Sustainability will be enhanced further by securing commitments from community members and leveraging partnerships with financial institutions to ensure continued access to finance. Long-term benefits will be ensured by institutional capacity-building and embedding training into national institutions.

## **III. Risk management**

### **A. Risks and mitigation measures**

33. The project's overall inherent and residual risks are assessed as moderate. A critical risk for the project is the failure of coordination among multiple implementing agencies, which could delay activities and dilute impact. IFAD will mitigate this by: (i) mandating a consolidated annual workplan and budget (AWPB) process, coordinated by the lead project agency; and (ii) rigorous supervision missions to reinforce protocols for collaboration.

Table 4  
Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Moderate	Moderate
Sector strategies and policies	Moderate	Moderate
Environment and climate context	Substantial	Substantial
Project scope	Low	Low
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Substantial
Project procurement	Substantial	Substantial
Environment, social and climate impact	Moderate	Moderate
Stakeholders	Low	Low
<b>Overall</b>	Moderate	Moderate

## B. Environment and social category

34. The project has a moderate environmental and social classification. Its community-based activities have limited site-specific impacts, while its strong focus on climate-resilient livestock systems is expected to generate positive outcomes. Key interventions include improved pasture and rangeland management, climate-smart animal health, breeding and feed services, and small-scale infrastructure to support sustainable livestock value chains and nutrition. To mitigate the risk of excluding vulnerable groups such as women, youth and pastoralists, the project will employ participatory planning, ensuring equitable benefit-sharing and minimizing negative social impacts.

## C. Climate risk classification

35. Tajikistan faces substantial climate risks, including increasing droughts, rising temperatures, glacier retreat and erratic precipitation patterns. These conditions threaten pasture productivity, water resources and livestock health, while climate variability undermines food security and rural livelihoods. The project addresses these risks by promoting climate-smart livestock production, improved pasture and water management, and strengthened animal health and breeding services. It will include targeted climate risk screening and adaptation measures to ensure the effectiveness of interventions in high-risk areas.

## D. Debt sustainability

36. Tajikistan's public debt is assessed as sustainable, anchored by the Government's commitment to maintaining a medium-term fiscal deficit target of 2.5 per cent of GDP, which underpins a stable debt-to-GDP profile over the coming years. However, the overall and external risk of debt distress remain high due to significant external debt service obligations related to export earnings, limited fiscal buffers and a narrow export base. Tajikistan's 22-month policy coordination instrument with the International Monetary Fund aims to anchor macroeconomic policies, strengthen fiscal risk management, support structural reforms and foster sustainable and inclusive growth.

# IV. Implementation

## A. Organizational framework

### Project management and coordination

37. Dedicated project management units within the Ministry of Finance and CEP will coordinate implementation. Within the Ministry of Finance, the PIU will be responsible for implementing project activities with PFIs and liaising with specialized agencies for grant management. CIIP, which operates within CEP, will implement village-level activities. The Ministry of Agriculture will act as lead project agency,

chairing the project steering committee, which will provide strategic guidance and oversight. A memorandum of understanding will define roles and coordination mechanisms.

38. No independent PIU is required. Instead, existing units within the Ministry of Finance and CEP will manage the project, leveraging their capacities and infrastructure. Implementation will involve collaboration with public and private entities, ensuring efficient execution and alignment with national strategies.

#### **Financial management, procurement and governance**

39. Financial management will be decentralized, leveraging the institutional capacities of the PIU within the Ministry of Finance and CIIP-CEP. The financial management risk is assessed as substantial due to the: multi-entity structure; governance environment; potential start-up delays in readiness of the project management unit; limited internal audit coverage; and risks in managing credit lines and grants. Mitigation measures include early use of start-up funds, recruitment of qualified financial management staff, clear financial management procedures and independent internal audits. The project will use IFAD's report-based disbursement mechanism, with separate United States dollars-designated accounts for IFAD and Adaptation Fund resources. Accounting will follow International Public Sector Accounting Standards (IPSAS) for cash basis accounting, and external audits will adhere to international standards.
40. The project will be fully aligned with IFAD procurement requirements, adhering to the IFAD Procurement Guidelines, the IFAD Procurement Handbook and all related documentation standards. A consolidated and regularly updated procurement plan will guide all processes. The project management unit will enroll in the BuildProc programme to strengthen procurement capacity and ensure the effective use of the Online Project Procurement End-To-End System. All procurement documents will incorporate sustainability provisions and compliance measures, and adhere to IFAD's zero-tolerance policy on fraud, corruption, sexual harassment, sexual exploitation and abuse.
41. Governance will include a robust structure with the Ministry of Agriculture as lead project agency chairing the project steering committee. An internal audit group within CIIP-CEP will conduct semi-annual audits, complemented by a private audit firm reporting directly to the project steering committee. Anti-corruption measures will align with IFAD's zero-tolerance policy and the Government's framework, with contractual clauses and whistleblower mechanisms in place to address prohibited practices.

#### **Target group engagement and feedback, and grievance redress**

42. The project will employ a participatory engagement strategy to ensure the project's accountability and responsiveness to the target group – focusing on women, youth and the poorest households. Transparent criteria will guide the selection of districts and villages, with district diagnostics assessing beneficiary needs. Community action plans will be developed through an inclusive process, empowering women and youth through separate consultations and budget allocations. Communication of project objectives, activities and grievance mechanisms will be prioritized, with periodic feedback mechanisms integrated into partner contracts.
43. At the community level, village organizations will be engaged in the project, with facilitators ensuring broad participation. Investments will be selected based on community input, with a portion of these investments specifically dedicated to address women's priorities. Village organizations will receive training in administration and record-keeping, with regular meetings to review progress. A tiered feedback system will be implemented, beginning with biannual consultations to integrate beneficiary insights into project approaches.

**Grievance redress**

44. The project will establish a grievance redress mechanism accessible to all stakeholders, combining formal and community-based systems. Grievances can be submitted to village organizations, project staff or district authorities, with unresolved cases escalated through legal channels. Project staff will be trained on grievance redress procedures and beneficiaries will be informed of their rights. Complaints of gender-based violence and harassment will be handled confidentially and promptly, ensuring access to medical and legal support. IFAD's complaints procedure requires direct reporting to IFAD on violations of social and environmental safeguards, and IFAD upholds a strict zero-tolerance policy on sexual exploitation and abuse. Reporting is managed by IFAD's Ethics Office.

**B. Planning, monitoring and evaluation, learning, knowledge management and communications**

45. The project will implement a comprehensive M&E system, starting with the preparation of an AWPB through a collaborative, community-based approach. This will involve consultations with partners and stakeholders, ensuring alignment with local needs. Two dedicated M&E units will oversee monitoring, supported by a management information system for managing data and tracking progress. Surveys will be conducted to assess outcomes, with quality control measures in place to verify data accuracy.
46. Knowledge generation will focus on livestock and agriculture, with outputs like case studies and policy briefs to inform government policy. The project will support the formulation of a national livestock strategy and refine policies governing the sector – leveraging lessons learned to enhance policy engagement and scaling up.

**Innovation and scaling up**

47. The project introduces two key innovations for Tajikistan. First, the blended finance model combines grants, commercial loans from PFIs and a loan guarantee fund to make capital accessible and affordable for rural MSMEs and smallholders – overcoming historic barriers to agricultural finance. Second, the project's market linkage model connects local dairy processors to the national school feeding programme, guaranteeing demand for smallholders while tackling child malnutrition.
48. The potential for scaling up is embedded in project design. The climate-sensitive community action plan approach can be integrated into local government planning. The financial model builds the capacity of local banks and the guarantee fund to continue independently following project closure. The link to school feeding offers a blueprint for nationwide expansion. The project's support for a national livestock strategy ensures that proven models can be embedded in government planning and scaled up across the country.

**C. Implementation plans****Implementation readiness and start-up plans**

49. IFAD and the Government will ensure implementation readiness at start-up through structured pre-launch actions. The Government will: formally approve management arrangements; establish the project steering committee; appoint the PIU within the Ministry of Finance and CIIP-CEP; and provide equipment and office space. Concurrently, both entities will open dedicated project bank accounts. IFAD will then disburse a start-up advance to fund immediate activities, including staff recruitment, a start-up workshop, staff orientation on procedures, a baseline survey and procurement for initial activities.

**Supervision, midterm review and completion plans**

50. Annual supervision and implementation support missions will be conducted by IFAD and the Government. These missions will assess overall physical and financial

progress, ensure compliance with fiduciary and other safeguards, and address implementation bottlenecks.

51. A midterm review will be conducted during the fourth year of implementation to evaluate the project's effectiveness and recommend adjustments. A project completion review at the end of implementation will document achievements and impacts. This review will include a final completion survey to compare beneficiary livelihoods before and after project interventions, ensuring a thorough understanding of the project's effects and strengthening the exit strategy to ensure sustainability.

## **V. Legal instruments and authority**

52. A financing agreement between Government of the Republic of Tajikistan and IFAD will constitute the legal instrument for extending the proposed financing to the recipient. A copy of the negotiated financing agreement is attached as appendix I.
53. The Republic of Tajikistan is empowered under its laws to receive financing from IFAD.
54. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

## **VI. Recommendation**

55. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a Debt Sustainability Framework grant to the Republic of Tajikistan in an amount of nineteen million seven hundred and twenty-one thousand United States dollars (US\$19,721,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario  
President

## Negotiated financing agreement

Grant No: \_\_\_\_\_

Project name: Access to Markets and Adaptation for Livestock ("AMAL"/"the Project")

The Republic of Tajikistan (the "Recipient")

and

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

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

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

**WHEREAS**, the Fund has agreed to provide financing for the Project;

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

### Section A

1. This Agreement comprises the following: the Main Document (Whereas and Sections A-E), the Programme Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Grant (the "Financing") to the Recipient, which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement.

### Section B

1. The amount of the Grant is nineteen million seven hundred twenty thousand United States dollars (USD 19,720,000).
2. The first day of the applicable Fiscal Year shall be 1 January.
3. There shall be two (2) Designated Accounts in United States Dollars (USD), for the exclusive use of the Project opened in a commercial bank acceptable to IFAD; one for the use of Project Implementation Unit (PIU) under the Ministry of Finance and one for the use of the Center for Implementation of Investment Projects (CIIP) under the Committee for Environmental Protection (CEP). The Recipient shall inform the Fund of the officials authorized to operate the Designated Accounts.

4. There shall be two (2) Project Accounts in Tajikistani Somoni (TJS), to receive funds from the Designated Accounts opened in a commercial bank acceptable to IFAD; one for the use of Project Implementation Unit (PIU) under the Ministry of Finance and one for the use of the Center for Implementation of Investment Projects (CIIP) under the Committee for Environmental Protection (CEP).

5. The Recipient shall provide counterpart financing for the Programme in an amount equivalent to approximately two million three hundred thousand United States dollars (USD 2,300,000) in the form of taxes and duties.

### **Section C**

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

2. The following are designated as additional Project Parties: i) the Project Implementation Unit under the Ministry of Finance (PIU-MOF) and ii) the Center for Implementation of Investment Project of the Committee for Environmental Protection (CIIP CEP).

3. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.

4. The Project Completion Date shall be the seventh (7<sup>th</sup>) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Recipient.

5. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

### **Section D**

1. The Fund will administer the Grant and supervise the Project.

2. The following are designated as additional grounds for suspension of disbursements:

(a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project;

(b) The Key Project Personnel as per paragraph 11 of Schedule 3 has been appointed, transferred or removed from office without the prior agreement of IFAD.

3. The following are designated as additional grounds for cancellation of Agreement:

(a) In the event that the Recipient did not request a disbursement of the Financing for a period of at least 12 consecutive months without justification subsequent to the first eighteen (18) months from the entry into force of the Agreement.

4. The following are designated as additional specific conditions precedent to withdrawal:

- (a) The IFAD no objection to the PIM shall have been obtained.
  - (b) Key Project staff has been appointed as per paragraph 11 of Schedule 3 of this Agreement.
  - (c) The Designated Accounts shall have been opened and the sample signatures of the persons authorised to operate the accounts shall have been delivered to IFAD.
  - (d) A fully functional accounting software has been established at each unit to meet the accounting and financial requirements specific to this Financing.
5. The following is designated as an additional specific condition precedent to withdrawal from the Grants & Subsidies category:
- (a) Subsidiary agreements for the grants shall be signed with the relevant implementing partners
6. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Recipient:

Minister of Finance of the Republic of Tajikistan  
Faiziddin Qahhorzoda  
Sheroz Str, 35  
734025 Dushanbe  
Tajikistan

For the Fund:

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

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, dated \_\_\_\_\_, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Recipient.

REPUBLIC OF TAJIKISTAN

\_\_\_\_\_  
Faiziddin Qahhorzoda  
Minister of Finance of the Republic of Tajikistan

Date: \_\_\_\_\_

INTERNATIONAL FUND FOR  
AGRICULTURAL DEVELOPMENT

\_\_\_\_\_  
Alvaro Lario  
President

Date: \_\_\_\_\_

## Schedule 1

### *Project Description and Implementation Arrangements*

#### I. Project Description

1. *Target Population.* The Project shall benefit approximately 60,000 households, comprising approximately 200,000 individuals. Targeted groups will include 47 per cent women and 27 per cent youth, with a focus on inclusive community institutions to ensure participation. AMAL will focus on smallholder livestock farmers, pastoralists, and related micro, small, and medium enterprises (MSMEs).

2. *Project area.* The Project will be implemented in 15 districts in the Oblasts of Khatlon, Sughd, and the Districts of Republican Subordination (DRS) namely, Nosiri Khusrav, Dusti, Qabodiyon, and Shahrtus in Khatlon; Kuhistoni Mastchoh, Devashtich Spitamen, Shahrison, Bobojon Gafurov, and Asht in Sughd; and lastly, Lakhsh, Nurobod, Rasht, Sangvor, and Tojikobod in DRS. *Goal.* The goal of the Project is to improve livelihoods and conditions of livestock smallholders and pastoral communities in rural Tajikistan.

3. *Objectives.* The development objective of the Project is to increase incomes, nutrition, and resilience through more productive, climate-adapted, and inclusive livestock value chains.

4. *Components.* The Project shall consist of the following three (3) Components:

4.1 Component 1 is entitled **Improving Livestock Productivity and Climate Resilience** and has three sub-components. Sub-component 1.1 develops participatory Climate-sensitive Community Action Plans (CsCAPs) to identify local priorities. Sub-component 1.2 implements these CsCAPs through community investments and training. Finally, Sub-component 1.3 strengthens and delivers essential climate-smart livestock services for animal health, pastures, breeding, and feed at the district level.

4.2 Component 2 is entitled **Market Access, Enterprise Development, and Improved Nutrition** and has three sub-components. Sub-component 2.1 improves public livestock infrastructure such as slaughterhouses, markets, and storage facilities to enhance market access and biosecurity. Sub-component 2.2 fosters enterprise development and improves access to finance for MSMEs and smallholders along livestock value chains. Sub-component 2.3 builds sustainable models for nutrition and demand generation through a school feeding programme linked to local dairy procurement.

4.3 Component 3 is entitled **Enabling Policy Environment and Project Management** and has two sub-components. Sub-component 3.1 supports the development of a National Livestock Strategy to guide sector investments and regulatory frameworks. Sub-component 3.2 ensures effective project coordination, implementation, monitoring, and knowledge management across all activities and partners.

#### II. Implementation Arrangements

5. *Lead Project Agency.*

The Lead Project Agency (LPA) will be the Ministry of Agriculture (MoA), providing a strategic oversight, ensuring due diligence, efficiency, and compliance with all technical, financial, environmental, and social standards, overseeing coordination among all project parties, and monitoring and reporting on project implementation and results.

6. *Project Steering Committee.*

AMAL will be governed by a Project Steering Committee (PSC) chaired by the MoA, and comprised of the following members: Members of the PSC will include the Committee for Environmental Protection (CEP), the Ministry of Finance, the Ministry of Economic

Development and Trade, the State Committee on Investment and State Property Management, the Committee on Food Security (CFS), the Ministry of Energy and Water Resources (MoEWR), the State Enterprise Pasture Meliorative Trust, the State Forest Agency, the Committee on Land Management and Geodesy (CLMG), the Tajik Academy of Agricultural Sciences (TAAS), the Agency for Land Reclamation and Irrigation (ALRI), State Agency for Hydrometeorology, State Institution for Breeding, Pedigree, Artificial Insemination, Purchase and Sale of Breeding Animals, the Ministry of Education and Science, the State Committee on Land Management and Geodesy, the Tajik Academy of Agricultural Sciences, and Committee of the Emergency Situations and Civil Defence. The secretariat of the PSC will be provided by the PIU-MOF Director in partnership with CIIP-CEP. The PSC is responsible for the approval of the Annual Work Plan and Budget ahead of seeking IFAD no-objection.

#### *7. Project Management Unit.*

Dedicated Project Management Units within The Ministry of Finance and the Committee on Environmental Protection (CEP) will be in charge of implementing the project. Within the MOF, a Project Implementation Unit (PIU) will be responsible for implementation of the project activities with PFIs and specialized agencies for grant management and the Center for Implementation of Investment Projects (CIIP) in CEP will implement the village level activities. A range of public livestock agencies, private sector partners, Partner Financial Institutions and technical specialists will assist in the implementation of the project. More specifically, CIIP under CEP will implement Component 1 (C1): Livestock productivity and climate resilience. PIU under MoF will implement Component 2 (C2): Market access, value chain and nutrition and will have the lead role for implementing the project. An overall Project Coordinator will be recruited for responsibility for consolidating the AWPB, financial management and procurement information, project performance, monitoring, knowledge management and preparation of physical and financial reports, etc.

#### *8. Implementing Partners.*

To enhance effectiveness, the implementing agencies will partner with United Nations agencies, international financial institutions, NGOs and local organizations. AMAL will include activities to put in place a pilot system for animal identification and tracking building on the World Bank Plans for animal identification. Collaboration with agencies such as FAO and WFP will provide technical assistance in livestock, nutrition and natural resource management, while partnerships with local institutions will strengthen community engagement and capacity-building.

#### *9. Monitoring and Evaluation.*

The monitoring and evaluation (M&E) system for the AMAL project is based on the log-frame and measures key outcome, output, and outreach indicators appropriately disaggregated. Two dedicated M&E Units will be created—one housed within the PIU-MOF and one within CIIP-CEP. Each unit will be headed by an M&E Specialist responsible for overseeing the monitoring of key components under their respective institutions. The two M&E Units will work in close collaboration with one another and all relevant technical experts. All executing agencies will be responsible for monitoring and reporting on the progress of the components under their mandate. The PIU-MOF M&E Specialist will be responsible of consolidating all inputs from the executing agencies. The PIU-MOF M&E Specialist will prepare an Annual Performance Report for submission to the PSC, IFAD, and the AF or other financiers, with IFAD responsible for submitting the consolidated report to the AF. The AMAL MIS will enable geo-referenced recording and management of project data. It will capture information on gender, age, economic and nutritional status, and will be used to generate quarterly and annual reports on project progress and results. The system will also support the preparation of the Project Completion Report (PCR) and the Impact Assessment Report (IAR).

#### 10. *Knowledge Management.*

The AMAL project includes a comprehensive Knowledge Management and Communication strategy. A Knowledge Management and Communication Specialist, in collaboration with the M&E Specialists of the PIU-MOF and CIIP-CEP, will coordinate and implement activities for knowledge generation, dissemination, and use. A Knowledge Management and Communication Plan will be prepared in the first year of the project to identify key objectives and deliverables. The project will rely on subject-matter specialists to document and capitalize on lessons learned. The M&E Specialists and the Knowledge Management Specialist will work closely to ensure insights from M&E processes are translated into knowledge products and communication materials. Knowledge will be shared with the PSC and presented through dedicated publications, development partner working groups, and dissemination workshops. These events will showcase how project-generated knowledge can inform more effective rural development strategies and policies and support the replication and scaling up of good practices.

#### 11. *Project Implementation Manual.*

The Project Implementation Manual (PIM) contains detailed procedures for project implementation, including the sequencing of activities, roles, timelines, and decision points for each party involved. It specifies data collection responsibilities for each indicator, ensuring clear distribution of responsibilities between the implementing entities. The PIM also outlines procurement guidelines, contract management standards, and internal control arrangements. It includes a comprehensive financial procedures manual and a checklist of documentation for expenditures. Additionally, the PIM provides guidelines for stakeholder engagement, grievance redress mechanisms, and training requirements for project staff.

## Schedule 2

### Allocation Table

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

Category	Grant Amount expressed in USD	Percentage
1. Equipment, Materials, Goods and Services	4 500 000	100% net of taxes and districts contributions
2. Works	1 720 000	100% net of taxes
3. Consultancies, Training & Workshops	1 920 000	100% net of taxes
4. Grants	9 000 000	100% net of PFIs cofinancing & Beneficiaries' contributions
5. Operating Costs	2 030 000	100% net of taxes
Unallocated	550 000	
<b>TOTAL</b>	<b>19 720 000</b>	

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

- (i) Category I "Equipment, Materials, Goods and Services" includes inter alia costs of vehicles, equipment, goods and services.
- (ii) Category II "Works" includes inter alia costs of works under the improved public livestock infrastructure sub-component.
- (iii) Category III "Consultancies, Training & Workshops" includes inter alia costs of technical assistance, studies, community facilitators, specialists, training and workshops.
- (iv) Category IV "Grants" includes inter alia costs of community action plans, guarantee fund and grants.
- (v) Category IV "Operating costs" includes inter alia costs of staff and operating cost under the two key implementing units CIIP CEP and PIU MOF.

2. *Disbursement arrangements*

- (a) *Start-up Costs.* Withdrawals in respect of expenditures for start-up costs incurred before the satisfaction of the general conditions precedent to withdrawal shall not exceed an aggregate amount of USD 600 000. Activities to be financed by Start-up Costs includes (i) Setting up of the monitoring and reporting system to facilitate coordination and consolidation of the reports by the two key implementation units as well as other partners; (ii) Setting up of

the accounting and financial management system and the mechanisms for overall reporting of the physical and financial progress of the project; (iii) Appointment/recruitment for key project staff as defined in the agreement (salaries can be covered for no longer than nine (9) months in total from the start-up costs); (iv) Start-up workshop involving all key staff from the two key implementation units and other partners and mini-workshops for the staff of the participating districts; (v) Orientation training of all PIU and CIIP staff members on project implementation activities, including SECAP; (vi) Setting up of MIS and M&E system; (vii) the baseline survey; and (viii) Initiation of the procurement and implementation of initial activities as indicated in the AWPB and procurement plan for the first 18 months.

A Separate budget for activities to be financed from start-up costs, including estimated costs for each activity, is required and is subject to IFAD's no-objection in order for such expenditures to be considered eligible.

### Schedule 3

#### *Special Covenants*

#### **I. General Provisions**

In accordance with Section 12.01(a)(xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Recipient to request withdrawals from the Grant Account if the Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within six (6) months of entry into force of the Financing Agreement, the Project will procure and install a customized accounting software in accordance with International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into a Memorandum of Understanding (MoU) with the Lead Project Agency and the implementing partners to define the collaboration, including the roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Recipient shall ensure that (i) a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Gender.* The Recipient shall ensure that the Project complies at all times with the recommendations and requirements of the gender action plan ("GAP") provided by IFAD.
5. *Land tenure security.* The Recipient shall ensure that the land acquisition process has already been completed and that any compensation processes were consistent with international best practice and free prior and informed consent principles.
6. *Anticorruption Measures.* The Recipient shall comply with IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations, as may be amended from time to time.
7. *Sexual Harassment, Sexual Exploitation and Abuse.* The Recipient and the Project Parties shall ensure that the Project/Programme is carried out in accordance with the provisions of IFAD's Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.
8. Use of Project Vehicles and Other Equipment. The Recipient shall ensure that:
  - (a) all vehicles and other equipment procured under the Project are allocated to the relevant Implementing Agencies for Project implementation;
  - (b) The types of vehicles and other equipment procured under the Project are appropriate to the needs of the Project; and
  - (c) All vehicles and other equipment transferred to or procured under the Project are dedicated solely to Project use.
9. *IFAD Procurement system.* The Borrower/Recipient shall ensure that a procurement plan is prepared and maintained in IFAD's designated end-to-end procurement system ("IFAD OPEN")<sup>5</sup>. The Borrower/Recipient shall ensure that all procurement-related

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<sup>5</sup> To be updated as needed in consultation with Procurement Team

contracts, agreements and related payments financed under the Project/Programme (including but not limited to those in relation to goods, works, services, consultancy, non-consulting services, community contracts, grants and financing contracts), are recorded in IFAD-OPEN in accordance with IFAD's applicable policies and procedures. The Borrower/Recipient shall ensure that the related data is updated on a quarterly basis during Project/Programme implementation.

10. *The Key Project Personnel.*

- (a) PIU-MOF and CIIP-CEP each shall include the following Key Project Personnel: (i) Project Manager, (ii) Financial Specialist, (iii) Monitoring and Evaluation Officer, and (iv) Procurement Officer. In order to assist in the implementation of the Project, the PMUs, unless otherwise agreed with IFAD, shall employ or cause to be employed, as required, key staff whose qualifications, experience and terms of reference are satisfactory to IFAD.
- (b) Key Project Personnel shall be seconded to the PIU-MOF and CIIP-CEP in the case of government officials or recruited under a consulting contract following the individual consultant selection method in the IFAD Procurement Handbook, or any equivalent selection method in the national procurement system that is acceptable to IFAD. The recruitment of Key Project Personnel is subject to IFAD's prior review as is the dismissal of Key Project Personnel. Key Project Personnel are subject to annual evaluation and the continuation of their contract is subject to satisfactory performance. Any contract signed for Key Project Personnel shall be compliant with the national labour regulations or the ILO International Labour Standards (whichever is more stringent) in order to satisfy the conditions of IFAD's Social, Environmental and Climate Assessment Procedures, as may be amended from time to time by the Fund ("SECAP"). Repeated short-term contracts must be avoided, unless appropriately justified under the Project's circumstances.

## **II. SECAP Provisions**

1. As the Project presents moderate social, environmental and climate risks as determined by the Fund, the Recipient shall carry out the implementation of the Project in accordance with the measures and requirements set forth in the Environmental, Social and Climate Management Plans (ESCMPs) (the "Management Plan(s)"), as applicable, and in compliance with the Social, Environmental and Climate Assessment Procedures ("SECAP"), as may be amended from time to time by the Fund.

The Recipient shall not amend, vary or waive any provision of the Management Plan(s), unless agreed in writing by the Fund.

2. When there is a potential risk of resettlement, the Recipient shall not, and shall cause the Executing Agency, all its contractors, its sub-contractors, and suppliers not to commence implementation of any works, unless all Project affected persons have been compensated and/or resettled in accordance with the specific RAP/ FPIC and/ or the agreed works and compensation schedule.

3. The Recipient shall ensure or cause the Lead Project Agency and Implementing Agency to ensure compliance with the relevant SECAP procedures and the Management Plans during the Project implementation. All bidding documents and contracts for goods, works and services shall contain provisions that require contractors, sub-contractors and suppliers to comply at all times during the implementation of the Project with the standards, measures and requirements set forth in the SECAP and the Management Plan(s).

4. In the event of any serious incident with respect to environmental, social (including labor and community), or health and safety (ESHS) issues that occur in the context of the Project or during the implementation of the Borrower/Recipient activities, the Recipient must, in good faith, promptly notify IFAD and agree to follow procedures indicated either in the Project Implementation Manual (PIM) or as may be designated by IFAD in consultation with the Recipient. In all cases, the procedures must comply with IFAD's Incident Procedures.

5. Without limitation on its other reporting obligations under this Agreement, the Recipient shall provide the Fund with:

- Reports on the status of compliance with the standards, measures and requirements set forth in the SECAP, ESCMFs, ESCMPs and the Management Plan(s) on a semi-annual basis - or such other frequency as may be agreed with the Fund;
- Reports of any social, environmental, health and safety incidents occurring during the implementation of the Project and proposed remedial measures, in accordance with IFAD's Incident Procedures. The Borrower/Recipient will disclose relevant information from such reports to affected persons promptly upon submission of the said reports; and
- Reports of any breach of compliance with the standards, measures and requirements set forth in the SECAP and the Management Plan(s) promptly after becoming aware of such a breach.

6. In the event of a contradiction/conflict between the Management Plan(s) and the Financing Agreement, the Financing Agreement shall prevail.

## Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	<b>1 Persons reached by project-supported activities</b>				Project M&E system	Quarterly	PIU	Inter-Ministerial Coordination: Effective collaboration exists between the Ministry of Agriculture, Committee for Environmental Protection, and Ministry of Finance, with clear roles and shared objectives.
	Males – Males	0	56200	119400				
	Females - Females	0	52500	104750				
	Young - Young people	0	28750	60850				
	Total number of persons receiving services	0	108750	224150				
	<b>1.a Corresponding number of households reached</b>				Project M&E system	Quarterly	PIU	
	<b>1.b Estimated corresponding total number of households members</b>				Project M&E system	Quarterly	PIU	
Project Goal Livelihoods and conditions of livestock small holders and pastoral communities in rural Tajikistan are improved	<b>HHS reporting an increase in resilience measured through the ability to recover from shocks (economic and climate related)</b>				Surveys	Baseline, MTR, Completion	PIU	Overall political and economic situation remains stable. Stability of prices in agricultural commodities.
	Households - Number		7017	42000				
	Households - Percentage		30	70				
Development Objective Incomes, nutrition and resilience are increased through more productive livestock-related, climate-adapted, and inclusive livestock value chains	<b>Households reporting increased income from rural livelihoods</b>				Surveys	Baseline, MTR, Completion	PIU	Livestock farming continues to be seen as an attractive livelihood choice by smallholders and remains economically attractive in the face of exports. The Government has a continued commitment to the development of the livestock sector. Collaboration is effective between the government agencies implementing the project. Timely flow of counterpart funding and donor disbursements.
	Households - Number		7017	42000				
	Households - Percentage		30	70				
	HH members - Number		44927	249480				
	Median Income Increase - Percentage		5	10				
	<b>3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered</b>				FAO's GLEAM-i Tool	Baseline, MTR, Completion	IFAD ECG Team	
	Hectares of land - Area (ha)		23152	115762				
	tCO2e/20 years - Number		659269.8	3296349				
	tCO2e/ha - Number		5.7	28.5				
	<b>SF.2.1 Households satisfied with project-supported services</b>				Surveys	Baseline, MTR, Completion	PIU	
	Household members - Number of people		61750	297000				
	Households - Percentage		40	75				
	<b>Adaptation Fund - Number of beneficiaries</b>				Project M&E system	Quarterly	PIU	
	Direct Beneficiaries supported by the project	0		38610				
	Female direct beneficiaries	0		20487				
Youth direct beneficiaries	0		10737					
Indirect beneficiaries supported by the project	0		46531					
Female indirect beneficiaries	0		21502					
Youth indirect beneficiaries	0		12940					
Outcome 1. Livestock agroecosystems are more resilient, productive and inclusive	<b>3.2.2 Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices</b>				Surveys	Baseline, MTR, Completion	PIU	Project area is not impacted by natural or man-made shocks/disasters. Adoption incentives (inputs, markets, advisory services) remain adequate for farmers to adopt climate-resilient technologies.
	Total number of household members		56076	175036				
	Households - Percentage		60	80				
	Households - Households		8496	26521				
	<b>1.2.4 Households reporting an increase in production</b>				Surveys	Baseline, MTR, Completion	PIU	
	Total number of household members		23365	131277				

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Households - Percentage		25	60				
	Households - Households		3540	19890				
	<b>1.2.9 Households with improved nutrition Knowledge Attitudes and Practices (KAP)</b>				Surveys	Baseline, MTR, Completion	PIU	
	Households (number)		819	3749				
	Households (%) Percentage		30	70				
	Household members		5405	24740				
	<b>Decrease in livestock emission</b>				FAO's GLEAM-i	Baseline, MTR, Completion	IFAD ECG Team	
	Decrease in livestock emission intensity (%)	0	8	20				
	Decrease in livestock absolute emissions (%)e	0	2	5				
	<b>SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers</b>				Surveys	Baseline, MTR, Completion	PIU	
	Household members		46200	103136				
	Households - Percentage		70	80				
Households - Households		7000	15627					
<b>Output</b> 1.1. Community management plans developed	<b>3.1.1 Groups supported to sustainably manage natural resources and climate-related risks</b>				Project M&E system	Quarterly	PIU	Suitable service providers for community plan development can be engaged. Collaboration with local authorities enables identification of target villages.
	Total size of groups	0	79110	79110				
	Groups supported - Groups	0	105	105				
	Males - Males	0	37129	37129				
	Females - Females	0	41981	41981				
	Young - Young people	0	23733	23733				
<b>Output</b> 1.2. Community management plans implemented	<b>1.1.3 Rural producers accessing production inputs and/or technological packages</b>				Project M&E system	Quarterly	PIU	Availability of service providers for agriculture improvement and related infrastructure. Legal environment remains supportive of pasture management and of village organisations. Prices of agricultural inputs remain stable.
	Males - Males	0	19061	37129				
	Females - Females	0	21439	41981				
	Young - Young people	0	12150	23733				
	Total rural producers	0	40500	79110				
	<b>Kitchen garden established</b>				Project M&E system	Quarterly	PIU	
	Number of gardens	0	1500	2930				
	<b>1.1.8 Persons provided with targeted support to improve their nutrition</b>				Project M&E system	Quarterly	PIU	
	Total persons participating	0	2730	5355				
	Males - Males	0	0	0				
Females - Females	0	2730	5355					
Households - Households	0	2730	5355					
Household members benefitted	0	0	0					
Young - Young people	0	2709	5334					
<b>Output</b> 1.3. Animal and herd productivity improved	<b>Animal health services and breed improvements supported</b>				Project M&E system	Quarterly	PIU	Animal health actors are willing to work in the project areas. Entrepreneurs are willing to enter the seed production business. Suitable resources can be found to develop the national system for cattle identification.
	Number of mobile veterinary units established	0	8	8				
	Number of young veterinarians supported	0	50	50				
	Number of AI conducted	0	810	2700				
	Number of reproductive bulls alive	0	95	90				
	<b>Feed and fodder balance mechanisms established</b>					Annually	PIU	

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Number of feed and fodder balances at national level	0	1	1	Project M&E system			
	Number of feed and fodder balances at district level (at least 1/Jamoat)	0	106	106				
	<b>Seed producers operating</b>				Project M&E system	Annually	PIU	
	Number of seed producers	0	40	40				
	Total quantity of seed sold (tons)	0	864	2880				
	<b>National cattle identification system piloted</b>				Project M&E system	Semi-annually	PIU	
	Number of animals tagged	0	0	50000				
<b>Outcome</b> 2. Rural incomes, employment and nutrition are enhanced	<b>2.2.6 Households reporting improved physical access to markets, processing and storage facilities</b>				Surveys	Baseline, MTR, Completion	PIU	Private sector actors are willing to engage in doing business with smallholders and MSMEs. Market demand for livestock products remains high.
	Households reporting improved physical access to markets - Percentage		30	80				
	Size of households		6052	110111				
	Households reporting improved physical access to processing facilities (%)		80	90				
	Size of households		475	535				
	Households reporting improved physical access to storage facilities (%)		30	80				
	Size of households		143	1267				
	Households reporting improved physical access to markets		1617	22683				
	Households reporting improved physical access to processing facilities		72	81				
	Households reporting improved physical access to storage facilities		22	192				
	<b>1.2.5 Households reporting using rural financial services</b>				Surveys	Baseline, MTR, Completion	PIU	
	Total number of household members		2051	5275				
	Households - Percentage		70	90				
	Households - Households		311	799	Surveys	Baseline, MTR, Completion	PIU	
	<b>2.2.1 Persons with new jobs/employment opportunities</b>							
	Males - Males	0	48	160				
	Females - Females	0	48	160				
	Young - Young people	0	48	160				
	Total number of persons with new jobs/employment opportunities	0	96	320	Surveys	Baseline, MTR, Completion	PIU	
	<b>2.2.2 Supported rural enterprises reporting an increase in profit</b>							
Number of enterprises		36	694					
Percentage of enterprises		10	80	Project M&E system	Semi-annually	PIU		
<b>2.1.6 Market, processing or storage facilities constructed or rehabilitated</b>								
Total number of facilities	0	32	32					
Market facilities constructed/rehabilitated	0	20	20					
Processing facilities constructed/rehabilitated	0	6	6					
Storage facilities constructed/rehabilitated	0	6	6				District authorities facilitate the identification of suitable sites for infrastructure development and the obtention of necessary permits.	

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
	Total expected users	0	4030	27556				
<b>Output</b> 2.2. Entrepreneurship and MSMEs development	<b>Financial packages disbursed by PFIs</b>				Project M&E system	Quarterly	PIU	PFI lending capacity remains high and micro-economic environment is supportive of business development.
	Amount disbursed ('000 USD) - Money (USD' 000)	0	1333	3200				
	Number of packages - Number	0	53	128				
	<b>1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas</b>				Project M&E system	Semi-annually	PIU	
	Service providers	0	10	10				
	Total clients	0	240	240				
	<b>2.1.1 Rural enterprises accessing business development services</b>				Project M&E system	Semi-annually	PIU	
	Rural enterprises	0	308	740				
	Employees	0	617	1480				
	<b>1.1.5 Persons in rural areas accessing financial services</b>				Project M&E system	Quarterly	PIU	
	Men in rural areas accessing financial services	0	225	450				
	Women in rural areas accessing financial services - credit	0	219	438				
Young people in rural areas accessing financial services - credit	0	123	247					
Total persons accessing financial services - credit	0	444	888					
<b>Output</b> 2.3. Building Models for demand generation through public procurement - School feeding	<b>School meal distribution supported</b>				Project M&E system	Annually	PIU	Political momentum for school feeding is sustained and financial resources are available beyond project funding. A suitable service provider can be found.
	Number of schools benefiting from equipment and/or kitchen garden	0	13	13				
	Number of children benefiting from meals	0	2886	3367				
<b>Outcome</b> 3. A national livestock strategy guides the sustainable development of the sector	<b>Policy 3: Existing/new laws, regulations, policies or strategies proposed to policy makers for approval, ratification or amendment</b>				Qualitative assessment	Annually	PIU	Commitment of policy stakeholders to an inclusive and constructive dialogue.
	Number - Number	0	0	4				
	National Livestock Strategy approved	0	0	1				
	Number of laws, regulations, policies or strategies referring the National Livestock Strategy	0	0	3				
<b>Output</b> 3.1. National Livestock Strategy Developed	<b>Policy 1: Policy-relevant knowledge products completed (National Livestock Strategy developed)</b>				Qualitative Assessment	Annually	PIU	The livestock sector remains a priority of the Government, donors and civil society actors. Availability of a suitable service provider.
	Number	0	0	1				

## Integrated project risk matrix

<b>Risk Categories and Subcategories</b>	<b>Inherent</b>	<b>Residual</b>
<b>Country Context</b>	<b>Moderate</b>	<b>Moderate</b>
<b>Political Commitment</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): There is a risk that Tajikistan's political developments result in delays or the potential reversal of key political decisions and commitments that underpin the project's success. Furthermore, there is a high risk that Tajikistan's government might decline future financing agreements with IFAD if its financing moves to loans from the current grant financing.		
Mitigations: IFAD needs to illustrate how its loans will work in the long-term interest of the country by helping to increase incomes and jobs through the IFAD investments even if these are given as loans. In addition, IFAD projects will develop models of enterprise development which can help provide access to finance through opportunities for blending grants, equity and debt from commercial banks and MFIs which can help to re-risk the livestock sector and crowd in private sector investments. IFAD will pilot test and scale up enterprise development models which will be appropriate for a country which has transitioned to higher level of income for which grants may no longer be available and for which there can be opportunities for providing access to finance from PFIs and use of arrangements such as the credit guarantee instruments which are now available in the country.		
<b>Governance</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): There is a risk that the Government of Tajikistan faces challenges due to resource constraints that may undermine project implementation and achievement of project development objectives. Under these circumstances, chances are that the resources allocated to the project activities may be diverted for purposes other than those initially intended.		
Mitigations: To engage in close discussions with the Government to stress the importance of the investments and upholding the sanctity of the financing agreement signed.		
<b>Macroeconomic</b>	<b>Low</b>	<b>Low</b>
Risk(s): Macroeconomic policies might undermine government capacity to mobilize counterpart funding and significantly impact the market dynamics of the selected value chains namely the livestock sector. From IFAD perspectives, the perceived risks include the country's eventual defaulting on debt service.		
Mitigations: To ensure the success of project investments and their impact on stabilizing price volatility, reduce imports and develop enterprises that can have a stabilizing influence on the market.		
<b>Fragility and security</b>	<b>Low</b>	<b>Low</b>
Risk(s): Tajikistan is vulnerable to natural and man-made shocks including civil unrest, conflict, and/or weak governance structures and institutions. Tajikistan is afflicted with problems, such as poverty, food scarcity, limited freshwater resources, a high rate of debt, and limited employment opportunities, etc. Weak governance and limited government capacity to address these problems coupled with exacerbated economic crisis risk to generate destabilization, unrest,		

and youth migration in search of remunerative employments in neighbouring countries particularly Russia.		
Mitigations: Invest in rural areas and the agriculture sector to build resilience to economic and climate risks. The project is designed to address some key risks regarding the critical livestock sector which is key for rural livelihoods and build the sustainability of the natural resources such as pastures and forests which will help to protect the fragile eco-systems and build resilience of the livestock asset base.		
<b>Sector Strategies and Policies</b>	<b>Moderate</b>	<b>Moderate</b>
<b>Policy alignment</b>	<b>Low</b>	<b>Low</b>
Risk(s): The risk that Tajikistan's strategies and policies governing the rural and agricultural sector are not sufficiently pro-poor and/or aligned with IFAD priorities (e.g. on rural assets, pasture governance, land, environment, climate, gender, private sector engagement), undermining project implementation and the achievement of project development objectives.		
Mitigations: IFAD interventions align very well with priorities defined by the government of Tajikistan in the project and help strengthen the policy framework regarding rural and agriculture development in the livestock and enterprise development sector.		
<b>Policy development &amp; implementation</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): The risk that Tajikistan's strategies and policies governing the rural and agricultural sector are not always supportive of the smallholder livestock farmers such as the policy on private veterinary services, the high levels of import of livestock products which threaten local production and the limited access to financial services, tax regime at the local level and unsupportive policies for enterprise development.		
Mitigations: AMAL will mitigate these risks by assisting in improving the policy environment on these aspects and building the evidence base on how these aspects limit the growth of rural institutions such as PUU, inhibit livestock development, forestry and pasture investment and enterprise development.		
<b>Environment and Climate Context</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Project vulnerability to environmental conditions</b>	<b>Substantial</b>	<b>Substantial</b>
Risk(s): Tajikistan's landscapes face severe environmental degradation, with land degradation affecting 87% of the country's pastures due to overgrazing and unsustainable land use practices. Widespread soil erosion, diminished vegetation cover, and deteriorating watershed systems pose substantial threats to long-term project sustainability and ecological resilience. Compounding these challenges are acute water scarcity issues and deteriorating irrigation infrastructure, which create additional environmental vulnerabilities that could undermine project investments in livestock productivity improvements and sustainable pasture management initiatives.		
Mitigations: The AMAL project will establish comprehensive community-based natural resource management systems centered on rotational grazing practices and participatory pasture restoration activities to rehabilitate degraded rangelands. Strategic placement of climate-resilient water infrastructure will optimize resource distribution while alleviating environmental pressure on fragile ecosystems. The project will promote climate-smart fodder production techniques that enhance soil fertility, improve water retention capacity, and build ecosystem resilience. A landscape-level approach to intervention planning will ensure that all activities strengthen critical ecosystem		

services while simultaneously supporting enhanced agricultural productivity and sustainable livelihoods for pastoral communities.		
<b>Project vulnerability to climate change impacts</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): Climate change poses moderate risks due to increasingly variable precipitation patterns, rising temperatures, and more frequent extreme weather events. The growing "summer feed gap" (extended by 20-25 days in lower elevations) threatens livestock productivity. Accelerated glacial retreat affects water availability for pastures and fodder production. Shifting disease vectors expand the range of livestock diseases, with lumpy skin disease cases increasing by 22% between 2020-2023 in previously less affected regions.		
Mitigations: IFAD will promote climate-adapted livestock breeds that combine indigenous resilience traits with productivity improvements. Climate-resilient feed production systems will address seasonal feed gaps, while improved water management will enhance efficiency. Mobile veterinary services will strengthen disease surveillance and response capabilities. Diversification of income sources will reduce household vulnerability to climate-related livestock production shocks.		
<b>Project Scope</b>	<b>Low</b>	<b>Low</b>
<b>Project relevance</b>	<b>Low</b>	<b>Low</b>
Risk(s): The risk that the project may not be high on the list of priorities of the Government given that the current focus of the Government is on completing the Roghun dam and all resources are being diverted to this investment.		
Mitigations: Agree with the Government that AMAL's investments in the livestock, pastures, forestry sectors and enterprise development are consistent with Government priorities and secure its commitments that the financing for the project will not be diverted to other purposes.		
<b>Technical soundness</b>	<b>Low</b>	<b>Low</b>
Risk(s): The assumptions made in the Theory of Change do not lead to the expected outcomes and limit the impact of the project.		
Mitigations: The design team will continue to examine the underlying assumptions in the TOC and collect the evidence during the detailed design regarding to ensure that there is a sound and evidence-based link from the inputs to outputs to the outcomes and impact.		
<b>Institutional Capacity for Implementation &amp; Sustainability</b>	<b>Moderate</b>	<b>Moderate</b>
<b>Implementation arrangements</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): The project will be implemented by two agencies which have not worked very closely together before, the CIIP-CEP and the PIU at MOF. There is a risk of coordination failure, delays, or conflicts arising from having multiple implementing entities with potentially differing objectives or operational cultures. There is a danger that these two agencies may not integrate and coordinate their efforts and implement the project in silos.  Under SC2.2, there is a risk of insufficient coordination between the Grant Management Company and Participating Financial Institutions (PFIs), which could lead to delays in the assessment of eligible investments and subsequent disbursement of financing packages. Such misalignment may disrupt implementation timelines and reduce the efficiency of fund utilization.		
Mitigations: The PIM specifies the roles and responsibilities of all institutions in detail. The coordination among the implementing entities will be strengthened through a Project Coordinator, who will ensure regular coordination meetings on a monthly basis. A tripartite		

<p>Memorandum of Understanding (MoU) between MoA (as LPA), the PIU under MoF and CIIP under CEP has been drafted and will be signed prior to project start-up to clearly codify roles and responsibilities, coordination mechanisms and reporting lines. There will be strong supervision and oversight by IFAD during implementation.</p> <p>The risk under SC 2.2 will be mitigated through the careful sequencing of procedures outlined in the Project Implementation Manual (PIM), which clearly defines roles, timelines, and decision points for each party. Coordination will be actively overseen by the Project Implementation Unit (PIU), which will facilitate regular communication, joint planning sessions, and timely resolution of bottlenecks to ensure synchronized execution of grant and loan components.</p>		
<b>M&amp;E arrangements</b>	<b>Moderate</b>	<b>Moderate</b>
<p>Risk(s): M&amp;E is often the weakness element of a project given the weak capacity of staff and the ceilings on salaries which limits the recruitment of strong and experienced staff.</p> <p>The multi-agency structure of the AMAL Project inherently complicates data flow. Therefore, the project is specifically at risk regarding the quality, consistency, timeliness, and accuracy of data reported as there are two different implementing entities, CIIP-CEP and PIU-MOF.</p>		
<p>Mitigations: Use the existing M&amp;E staff in the CIIP-CEP and use the experienced World Bank Project staff in the PIU of MoF and head hunt strong candidates. Train and orient staff on IFAD's reporting templates and provide strong oversight and implementation support in the early years.</p> <p>The specific risk posed by having two implementing entities will be mitigated by clear distribution of responsibilities. This is detailed in PIM Appendix 13, which specifies data collection responsibilities for each indicator. The implementing entities will strengthen their coordination through a Project Coordinator and ensure regular coordination meetings between the two entities. While project implementing partners will be the main actors responsible for data collection, the PIU will ultimately be responsible for consolidating the logframe data and ensuring timely and accurate delivery.</p>		
<b>Project Procurement Overall</b>	<b>Substantial</b>	<b>Substantial</b>
<p>Risk(s): Both Inherent Country and Project risks are Substantial. Primary sources of risk relate to institutional arrangements at the country level, bureaucracy, and multiple layers of confidential audits.</p>		
<p>Mitigations: Both CIIP CEP/PIU MOF shall adopt IFAD project procurement Guidelines and Procurement Handbook and SBD templates.</p>		
<b>PART A of the PRM</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Pillar I. Legal, Regulatory and Policy Framework</b>	<b>Moderate</b>	<b>Moderate</b>
<p>Risk(s): The draft new PPL was developed in 2021 by financing of EBRD and WB, and it was adopted in March, 2023. It provides a more satisfactory legal framework following good international practices. However, it has several shortcomings like unclear guidelines, inadequate contract management directions, and insufficient emphasis on sustainability. Areas needing improvement include simplifying procedures, better contract management, greater</p>		

<p>transparency and accountability, and bolstering public authorities' roles. The e-procurement system requires further consolidation, and a defined strategy for the professional development and capacity building of procurement specialists should be established. The analysis of the performance in practice of the procurement system faces methodological problems related mainly to the lack of comprehensive, reliable data. The anti-corruption institutional setup and strategy are in place, but the effectiveness of the same cannot be assessed for absence of reports and data.</p>		
<p>Mitigations: The project shall follow IFAD's Procurement Guidelines, Handbook, and Project Implementation Manual (PIM), using IFAD's methods, thresholds, and time-limits. Use IFAD Standard Bidding Documents and train procurement staff on evaluation criteria, focusing on value for money and sustainability per IFAD and SECAP guidelines. Apply IFAD's debriefing, protest, appeal mechanisms, and standstill period. Contract management should comply with IFAD's standards, using OPEN and Contract Monitoring Tool (CMT) systems for record retention and compliance.</p>		
<p><b>Pillar II. Accountability, Integrity and Transparency of the Public Procurement System</b></p>	<p><b>Substantial</b></p>	<p><b>Substantial</b></p>
<p>Risk(s): The country's institutional framework is extensive, though it falls short of complete alignment with the IFAD framework due to an ineffective data collection system and an unclear contract management method. The institutional setup is centered around the Agency on PP that has multiple tasks that are regulatory, oversight and executive at the same time; Internal control is weak, and review/control is dispersed among several entities with a high degree of bureaucracy. The e-procurement system requires further consolidation, and a defined strategy for the professional development and capacity building of procurement specialists should be established.</p>		
<p>Mitigations: The project must adhere strictly to the AWPB, procurement strategy, and Procurement Plan preparation and updates in line with IFAD templates and guidelines. It is crucial to continuously monitor the alignment between the PP and AWPB, as well as regularly update the procurement strategy. Comprehensive training on IFAD regulations, including anti-corruption policies, will be provided to the project team. The PIM should clearly outline the roles and responsibilities, and the project will utilize the OPEN and CMT systems for data collection and management. Project staff are required to participate in IFAD-organized training sessions, including BUILDPROC, to enhance their professional skills. Regular performance monitoring will help identify additional training needs.</p>		
<p><b>Pillar III. Institutional Framework and Management Capacity</b></p>	<p><b>Substantial</b></p>	<p><b>Substantial</b></p>
<p>Risk(s): The new PPL sets clear rules on eligibility, qualification and evaluation as well as on basic annual planning. There is insufficient clarity on regulatory requirements for ESIA, permits and licenses needed for executing construction works under the project. The analysis of the performance in practice of the procurement system faces methodological problems related mainly to the lack of comprehensive, reliable data. Data on actual public procurement practices is limited, and it is, therefore, difficult to identify skill gaps and training needs and to take action to address them, as well as to improve documentation and tools for facilitating public procurement.</p>		

Mitigations: The project's procurement planning should conform to IFAD's Handbook and templates, including compliance with AWPB preparation. A procurement strategy needs to be created, regularly updated, and fully in line with IFAD guidelines and SECAP standards. Contract management must adhere strictly to IFAD's Procurement Handbook, and the project should use the CMT. Collect more detailed and reliable data on actual procurement practices, and use for improving policies and procedures as well as documentation, information and training; Examine in further detail the reasons why economic operators would or would not participate in public procurement, and change policies and practices accordingly in order to raise the level of trust in the system and encourage wider participation.		
<b>Pillar IV. Public Procurement Operations and Market Practices</b>	<b>Substantial</b>	<b>Substantial</b>
Risk(s): The last PEFA for this country was done in 2022. A score 1 (D) was awarded to this category. Although, it shall be noted that a new public procurement legislation facilitates establishment of an Interagency Complaints Commission whose provisions and composition will be approved by the GoRT. The Commission is independent – that is, its structure and independence will satisfy the requirement that the entity does not participate (in any capacity) in the procurement activity or in the process of deciding to award the contract. Information on complaints and various other procurement-related information is available on the official public procurement website ( <a href="https://zakupki.gov.tj/">https://zakupki.gov.tj/</a> ) and on the electronic government procurement (e-GP) portal ( <a href="https://eprocurement.gov.tj/">https://eprocurement.gov.tj/</a> )		
Mitigations: The project must adhere to IFAD's debriefing, standstill provisions, and guidelines, ensuring transparency by making procurement information accessible. The PIM should specify publication rules for project information and stakeholder interactions, following IFAD guidelines. IFAD's complaint mechanisms, including NOITA and standstill period, must be observed, and all bidding documents should reflect IFAD's policies against fraud, corruption, sexual harassment, and money laundering. Any corruption allegations must be reported to IFAD promptly, with self-certifications verifying cross-debarment. All procurement activities must comply with IFAD's ethics and accountability standards.		
<b>PART B of the PRM</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Assessment of Project Complexity</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): The project scope is well-aligned with national and community needs, and its design builds on proven approaches. The risk of the project being irrelevant or technically flawed is minimal. Some moderate design complexity exists, but strong supervision will ensure technical soundness.		
Mitigations: The development objective of AMAL project will be to increase incomes, nutrition and resilience through more productive livestock-related, climate-adapted, and inclusive livestock value chains. AMAL will target women and be nutrition sensitive, youth sensitive and be geared towards climate adaptation and mitigation. The project uses an evidence-based approach to tailor interventions by district, drawing on agro-ecological, demographic, livestock and economic indicators. Technical soundness is ensured through established good practices and will be further safeguarded by continuous IFAD implementation support (e.g. regular supervision missions, mid-term review). Overall, any scope-related risks are mitigated by this careful, experience-based project design.		
<b>Assessment of Implementing Agency Capacity</b>	<b>Moderate</b>	<b>Moderate</b>

Risk(s): There are no risks with respect to procurement personnel and procedures as the former are well experienced and the latter are aligned with IFAD's. Processes can be enhanced to better make use of SECAP requirements and engaging in thorough quality control of documentation before issuance.		
Mitigations: Processes can be enhanced by quality control of bidding documents, integration of SECAP, proper record keeping/archival and promptly filling all vacant positions.		
<b>Project Financial Management</b>	<b>Substantial</b>	<b>Substantial</b>
<b>Project Organization and Staffing</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): - Risk that recruitment and onboarding of Finance staff may be delayed, resulting in the team not being fully established before start-up as planned in the project design. - Risk of a lack of knowledge of IFAD's financial management practices and procedures that could lead to non-compliance. - Decentralization of funds to PFIs for credit lines, grants, and the Public Organization "Zamonat" for the guarantee fund mechanism may lead to coordination challenges and increased fiduciary risk.		
Mitigations: - The Chief Accountant shall supervise all donor funded projects and the finance staff recruited under each project. There shall be a dedicated Disbursement Officer and a dedicated Finance Specialist working full time on this IFAD project at both PMUs. - Financial Management staff to be hired from the open market on a competitive basis, and each staff member to complete the IFAD e-learning course within 2 months of the start of the project - Clear roles and responsibilities should be developed in the MOUs/agreements with all implementing partners with focus on the reporting requirements, frequency, templates and deadlines. In addition, CEP and PIU finance staff should include clear roles and responsibilities on managing the implementing partners to ensure timely monitoring and tracking of the funds.		
<b>Project Budgeting</b>	<b>Substantial</b>	<b>Substantial</b>
Risk(s): - Lack of timely submission of the annual work plan budget may lead to implementation delays. -Risk of lack of collaboration between the PMUs on the planning, budgeting and monitoring which could affect corrective decisions. - Risk of irregular monitoring of the AWPB and untimely decisions on budget variances due to irregular preparation and submission of the variances reports to project management. - Component 2 includes blended financing packages (30% grant from the project and 70% commercial loan provided by PFIs). As implementation of line of credit activities relies on demand from beneficiaries and PFIs, it is difficult to forecast annual demand at the beginning of the year, and there is a risk that annual work plans may not be realistic, which may result in high variances between actual expenditure and budget.		
Mitigations: - The PIU-MOF to submit the draft Project AWPB to IFAD for comments no later than sixty (60) days before the start of the relevant year. - Both PMUs to prepare accurate cash forecasts, and monitor budget execution and demands, on a monthly basis to ensure that budget execution is on track, and revise the budget as needed to avoid high		

variances between budget and actual figures. This will be coupled with quarterly meetings between PMUs to discuss budget realization. - Upload the budget in the accounting software for timely and efficient monitoring. - Finalize the financing packages guidelines and draft MOUs, which include withdrawal procedures and the financial reporting obligations of the PFIs.		
<b>Project Funds Flow/Disbursement Arrangements</b>	<b>Substantial</b>	<b>Substantial</b>
Risk(s): - Project Designated Accounts will be opened in commercial banks, which may pose a higher risk of exposure to financial crime. -Delays in opening DAs at both PMUs which could affect project liquidity. This could be due to delays in preparedness for project at the PMUs. -Risk of delayed payments to suppliers due to restrictions on foreign currency transfers. - 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.		
Mitigations: - Banks where IFAD designated accounts will be open must be subject to the financial crime screening by IFAD Financial Controllers Division and eventually to IFAD clearance. - Each unit should open separate bank accounts for each finance instrument and for each financier to ensure tractability of funds before project start-up. - PFIs to open an incremental account to receive funds from IFAD grant. - Tajikistan projects use the Direct payment method in case payment is above the threshold specified in the FMFCL to facilitate procuring some equipment internationally (especially equipment that is not available locally). - 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. - Procurement, finance and technical teams work together with the Project Coordinator on the preparation of cash forecasts at both PMUs.		
<b>Project Internal Controls</b>	<b>Substantial</b>	<b>Substantial</b>
Risk(s): - Lack of internal audit function within PIU. -Risk that internal control measures at project level are affected by the finance staff turnover and/or qualifications. -Risk of incomplete documentation or in the readiness of the Project supporting documents due to the finance staff turnover and knowledge of IFAD requirements. -Lack of internal controls and monitoring regarding the lines of credit/grants and guarantee funds mechanism.		
Mitigations: -The PIU to consider hiring an internal audit service provider to perform spot checks on the use of funds by intended beneficiaries. -A comprehensive financial procedures manual to be formulated in the PIM as part of the start-up phase. The manual should include detailed internal control arrangements, including loans/grants and guarantee fund mechanism.		

<p>-Checklist of documentation should be available for each type of expenditure, to be included in the PIM and to be readily available at the PMU office for the use of new Finance staff.</p> <p>-PIU to conduct a due diligence procedure on potential PFIs prior to signing the MOUs to ensure that PFIs have the satisfactory internal control and financial management structure to implement the activities.</p>		
<b>Project Accounting and Financial Reporting</b>	<b>Substantial</b>	<b>Substantial</b>
<p>Risk(s):</p> <ul style="list-style-type: none"> <li>- Late configuration and/or procurement of an accounting software due to delays at in both PMUs preparedness.</li> <li>- Low reliability of the project financial reports due to lack of new staff experience.</li> <li>- Delayed submission of interim financial reports.</li> <li>- Risk of PFI's non-compliance with financial reporting requirements</li> </ul>		
<p>Mitigations:</p> <ul style="list-style-type: none"> <li>-Both PMUs jointly agree on the purchase/customization of accounting software specifications with IFAD.</li> <li>-Automation of the IFRs templates in the accounting software at the time of purchase/configuration.</li> <li>-Finalize accounting software set-up at project start-up.</li> <li>-Training to the new finance staff on the IFRs preparation at project start-up</li> <li>-Project to follow accounting standards acceptable to IFAD.</li> <li>-There shall be quarterly financial reporting from PFIs monitored by both the Enterprise Development and Credit Specialist and the Finance Manager at PIU-MOF.</li> </ul>		
<b>Project External Audit</b>	<b>Moderate</b>	<b>Moderate</b>
<p>Risk(s):</p> <ul style="list-style-type: none"> <li>-Risk of lack of understanding of IFAD requirements and General Conditions which could lead to not focusing on IFAD eligibility criteria.</li> <li>-Risk of delayed audit submission that could results from several factors such as staff qualifications, turnover, readiness of documents and reports.</li> </ul>		
<p>Mitigations:</p> <ul style="list-style-type: none"> <li>- An independent private audit firm to be hired by the project to undertake external audits in accordance with International Standards on auditing (ISAs) and IFAD requirements.</li> <li>- External audit terms of reference (TOR) to include lines of credit, guarantee fund activities, and grants including end use review, and field visits for an appropriate sample of end beneficiaries based on the control risk assessment to determine if funds provided were used for intended purposes</li> <li>- Clear the audit TOR with IFAD at project start-up to ensure understating of audit scope and requirements.</li> <li>- Share and discuss the cleared audit TOR with the auditors and - include it as an annex to the contract.</li> <li>- Auditors contract to be signed for multiple years subject to satisfactory performance.</li> </ul>		
<b>Environment, Social and Climate Impact</b>	<b>Moderate</b>	<b>Moderate</b>
<b>Biodiversity conservation</b>	<b>Low</b>	<b>Low</b>
<p>Risk(s): Traditional farming landscapes are experiencing reduced vegetation diversity in degraded areas. Potential low risks from the project activities include accidental encroachment into protected areas and natural resource extraction for infrastructure.</p>		

Mitigations: The project will integrate biodiversity conservation principles throughout its interventions through comprehensive mitigation measures. These include conducting pre-site biodiversity assessments and mapping sensitive habitats to avoid protected areas, establishing buffer zones around ecologically important sites, and promoting rotational grazing practices that support habitat recovery. Additionally, the project will enforce biodiversity-friendly procurement practices to ensure all activities align with conservation objectives.		
<b>Resource efficiency and pollution prevention</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): Tajikistan faces environmental challenges with pastures showing degradation and extensive erosion affecting agricultural lands. Poor agricultural practices, including inefficient irrigation, contribute to water erosion in farmland and salinization of irrigated lands. Moderate risks from the project interventions stem from pollution related to infrastructure development, livestock waste, agrochemical use, and processing activities. Improper waste or manure management could lead to soil and water contamination.		
Mitigations: IFAD integrates climate-adaptive and resilient activities throughout its interventions. Recognizing that low-income rural communities often lack capacity for implementing adaptation measures, IFAD projects include targeted capacity building on sustainable land management, efficient irrigation techniques, and ecosystem restoration to enable beneficiaries to implement effective corrective practices. Project interventions will be guided by specific mitigation measures to be outlined in the ESCMPs Agricultural agents and farmers will be trained on wise-use of inputs to ensure sustainable agricultural practices.		
<b>Cultural heritage</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): There is low risk of the project disturbing archaeological or culturally significant sites and utilizing intangible cultural heritage (traditional knowledge) for sustainable livestock management practices.		
Mitigations: The project will map cultural sites in advance, establish protective buffer zones, avoid key heritage areas, and involve communities in developing site-specific protection protocols.		
<b>Indigenous Peoples</b>	<b>Low</b>	<b>Low</b>
Risk(s): Tajikistan does not officially recognize distinct "indigenous peoples" in the legal sense as all citizens are considered Tajiks under the national identity framework.		
Mitigations: No mitigation measures required.		
<b>Labour and working conditions</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): Employment terms and conditions in Tajikistan are governed by the Labour Code of the Republic of Tajikistan, which establishes minimum standards for employment contracts, working hours, wages, and worker protections. The code specifies requirements for written employment agreements, probation periods, and termination procedures. Moderate-level risks include occupational hazards in activities involving construction works.		
Mitigations: The project will apply national labour laws and SECAP Standard 5, implement OHS protocols, monitors service providers, screen for child labour, and integrate gender-sensitive and fair employment practices.		
<b>Community health and safety</b>	<b>Moderate</b>	<b>Moderate</b>

Risk(s): Moderate risks include zoonotic disease transmission, food safety concerns, and safety risks due to traffic increase from rural infrastructure improvements.		
Mitigations: Animal health services will be improved, hygiene standards enforced in food processing, and road designs will integrate safety features, with risk-sensitive routing and speed controls in populated areas.		
<b>Physical and economic resettlement</b>	<b>Low</b>	<b>Low</b>
Risk(s): Low risk of temporary access restrictions due to rotational grazing or pasture restoration, but no physical displacement is expected.		
Mitigations: Pasture planning will be participatory and transparent, respecting customary rights and ensuring that access changes are agreed upon collectively and guided by national land use laws.		
<b>Financial Intermediaries and Direct Investments</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): Moderate risks stem from financial institutions' limited capacity to assess and manage environmental and social risks or implement stakeholder engagement and grievance mechanisms.		
Mitigations: Moderate risks stem from financial institutions' limited capacity to assess and manage environmental and social risks or implement stakeholder engagement and grievance mechanisms.		
<b>Climate Change</b>	<b>Moderate</b>	<b>Moderate</b>
Risk(s): Tajikistan's rural population shows significant vulnerability to climate change due to high dependence on natural resources, with over 66 percent engaged in agriculture. Agricultural systems face considerable climate risks, as two-thirds of production depends on irrigation and climate events already cause approximately one-third of annual agricultural losses. Climate change is projected to accelerate land degradation, reduce soil quality, and decrease natural soil fertility in agricultural areas. Tajikistan's total GHG emissions represent 0.02 percent of global GHG emissions. 52.0 percent of Tajikistan's carbon equivalent emissions originate from agriculture, mostly from livestock related activities. While these emissions are relatively low in global terms, they represent an area where improved practices could deliver meaningful local benefits.		
Mitigations: IFAD will address these challenges through integrated approaches that combine sustainable natural resource management, climate-resilient agricultural techniques, and diversification of rural livelihoods. These interventions will be implemented in partnership with government institutions to ensure alignment with national climate priorities and sustainability of outcomes. IFAD interventions adopt a comprehensive approach to climate change mitigation with a focus on improved ecosystems management, including sustainable pasture and forest management coupled with improved livestock husbandry practices, which ultimately will increase carbon sequestration.		
<b>Stakeholders</b>	<b>Low</b>	<b>Low</b>
<b>Stakeholder engagement/coordination</b>	<b>Low</b>	<b>Low</b>
Risk(s): Women, youth and beneficiaries in more remote regions may be excluded from consultations.		
Mitigations: The project will develop a stakeholder engagement plan will be developed, ensuring the inclusion of more marginalized groups and communicated to government and entities involved in approving and organizing field trips. The gender and social inclusion strategy of		

the project will specify the inclusion of marginalized groups in studies, surveys and project activities.		
<b>Stakeholder grievances</b>	<b>Low</b>	<b>Low</b>
Risk(s): Stakeholders not being adequately consulted during implementation, limiting their ability to provide feedback or raise concerns related to project interventions. Insufficient communication channels or a lack of awareness about available mechanisms could prevent affected groups from voicing complaints, leading to dissatisfaction, reduced trust, or the perception of inequitable resource allocation		
Mitigations: A robust and transparent grievance redress mechanism will be established, harmonized across all financing partners and implementing agencies. The project will actively engage with inclusive stakeholder platforms representing diverse interests to guide decision-making, coordinate resource distribution, and adjust activities as needed. These measures aim to enhance transparency, build consensus, and ensure that all stakeholders have clear and equitable access to feedback and resolution processes.		