



MSDSP KG

An Initiative of the Aga Khan Foundation

Mountain Societies Development Support Programme (MSDSP)

Livelihoods for Youth Community Support Project

Project Operations Manual

April 2019

Abbreviations

AA	Aiyl Aimak
AKF	Aga Khan Foundation
AO	Aiyl Okmotu
ARIS	Community Development and Investment Agency
BDSP	Business Development Support Provider
CASA-1000	Central Asia South Asia Electricity Transmission and Trade Project
CASA-1000 CSP	CASA-1000 Community Support Project
CESA	Community Engagement and Social Accountability project
CIG	Common Interest Group
COE	Coalition of Employers
COI	Corridor of Impact
CPS	Country Partnership Strategy
CSP	Community Support Project
C-VIA	Corridor Village Investment Association
DC	Direct Contracting
EA	Environmental Assessment
ED	Executive Director
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
GAP	Gender Action Plan
GRM	Grievance Redress Mechanism
ICT	Information Communication Technologies
JSDF	Japan Social Development Fund
L4Y-CSP	Livelihoods for Youth Community Support Project
LDS	Local Development Strategy
M&E	Monitoring and Evaluation
MIS	Management Information System
MOU	Memorandum of Understanding
MSDSP	Kyrgyzstan Mountain Societies Development Support Programme
MSME	Micro, Small and Medium Enterprises
NGO	Non-governmental Organization
PDO	Project Development Objective
POM	Project Operations Manual
RFQ	Request for Quotation
SGM	Sub-Grant Manual
SSS	Single Source Selection
TIW	Training Improvement Workshop
TOR	Terms of Reference
TOT	Training of Trainers
TVET	Technical and Vocational Education Training
USD	United States Dollar
WB	World Bank
WG	Working Group
YDP	Youth Development Plan

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Chapter 1: Introduction

1.1 Introduction

1. This Project Operational Manual (POM) describes the project mechanisms, processes and activities for the *Livelihoods for Youth Community Support Project* (L4Y) that aims to support innovative livelihoods development and the employment of young women and men in target communities near the CASA1000 Transmission Line, leveraging linkages and bringing innovation to the CASA1000 Community Support Project (CSP) in the Kyrgyz Republic. The POM covers the L4Y project, implemented by the Public Foundation Kyrgyzstan Mountain Societies Development Support Programme (MSDSP).
2. The Project Development Objective (PDO) is to support innovative livelihoods development and the employability of an estimated 4,000 young women and men in about 20 target communities in order to improve socio-economic opportunities and inclusion.
3. To achieve the PDO, L4Y has three main components that are inter-linked and mutually reinforcing. Together, the components aim to improve socio-economic opportunities and inclusion of youth in the target communities.

Component 1: Preparing youth for the labor market

- Subcomponent 1A: Support for employable skills for youth
- Subcomponent 1B: Support for ICT and e-services

Component 2: Creating market opportunities for youth

- Subcomponent 2A: Support for value-addition in select value chains
- Subcomponent 2B: Support for the development of e-enterprises and enterprise capacity

Component 3: Project management and administration, M&E and knowledge dissemination

- Subcomponent 3A: Project management and administration
- Subcomponent 3B: Monitoring and evaluation
- Subcomponent 3C: Knowledge dissemination

1.2 Structure of the Project Operational Manual

4. The overall structure of this manual is:
 - **Chapter 1** introduces the project development objective and provides a high level summary of the project context and strategy
 - **Chapter 2** provides technical guidance on the project's three key components.
 - **Chapter 3** provides operational guidance for the project, including governance, M&E, safeguards, financial management, procurement, reporting and project visibility.
 - **Chapter 4** includes all relevant annexes to the operational manual, including additional details, forms, terms of reference, and guidelines for the Project.
5. This POM is organized to provide step-by-step implementation guidance of the project components to all key stakeholders. It is for use by MSDSP project staff, and can be shared with relevant members in the community. The body of the text provides the key principles, scope and parameters and the requirements, often set out as chronological steps that should be followed for each sub-component. Annexes providing templates, ToRs, etc. to be used during implementation (as cited in the text), and should be read with the relevant sections. Annexes are an integral part of the POM, and are approved as a part of the POM.

1.3 Overview of Livelihoods for Youth Community Support Project

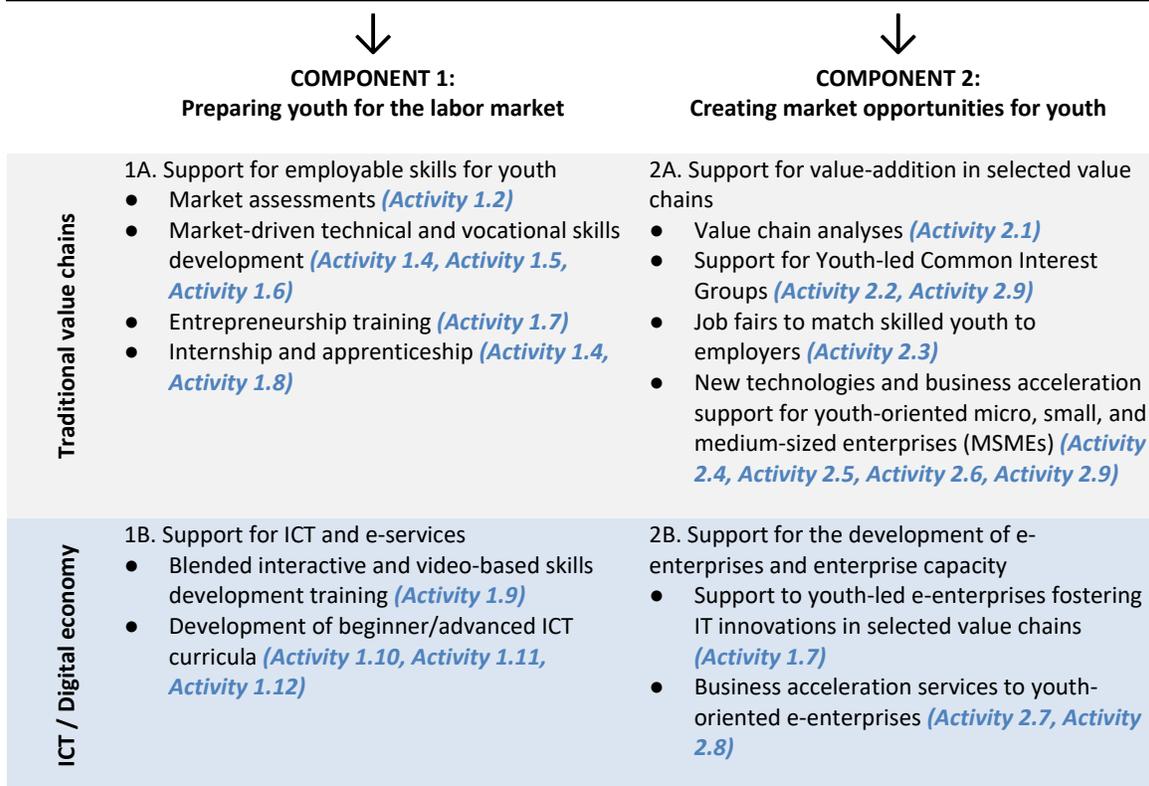
6. The *Livelihoods for Youth Community Support Project* (L4Y) will support innovative livelihoods development and the employability of young women and men in about 20 target communities in order to improve socio-economic opportunities and inclusion in impoverished and conflict-prone communities living along the CASA1000 Transmission Line in the Kyrgyz Republic. The project proposes a series of “demand side” actions to prepare young women and men for the labor market by developing their entrepreneurship and job-related skills in line with the needs of local labor markets in the target areas. Complementing these actions, the “supply side” activities will support youth-centric value chains and create new opportunities for micro and small enterprises.

7. The project aims to enhance the capabilities and support the aspirations of 4,000 young women and men (18-28 years) using innovations on the supply and demand-side actions. The project will act through two different economic spheres: (i) traditional value chains with a focus on agriculture; and (ii) e-services and digital jobs, expanding opportunities by fostering innovation in the labor market.

8. The project comprises of three components. The first component will aim to prepare youth for the labor market, while the second component will create market opportunities for youth (see Figure 1 below). The third component relates to the management and administration of the project, as well as its monitoring and evaluation, and strategies for disseminating learning from the project.

Figure 1: Overview of Project Approach and Innovations

To support innovative livelihoods development and the employability of an estimated 4,000 young women and men in about 20 target communities in order to improve socio-economic opportunities and inclusion.



9. The project is consistent the Country Partnership Strategy (CPS) FY14-17 objectives. The CPS focused on reforming the relationship between citizens and the state across three dimensions: (i) as

provider and consumer of basic services; (ii) as enabler and developer of private business; and (iii) as steward and user of natural resources and physical infrastructure. The JSDF grant, along with other investments, supports the latter two dimensions by building capacity of youth to participate in the economy, providing direct support to youth-centered businesses and encouraging community usage of economic infrastructure. The project prioritizes the engagement of citizens in implementing and meets gender targets by identifying relevant gaps between male and female youth, address these gaps through targeted activities, and including indicators to track gender-disaggregated results.

10. The project is also consistent with the upcoming CPF which has a private sector-led objective. It is aligned with all three proposed focus areas in the new CPF, including: (i) building foundations for inclusive growth through private sector-led job creation; (ii) supporting transformative investments to enhance growth potential; and (iii) reducing vulnerability and enhancing resilience.

1.4 Geographical Coverage and Project Beneficiaries

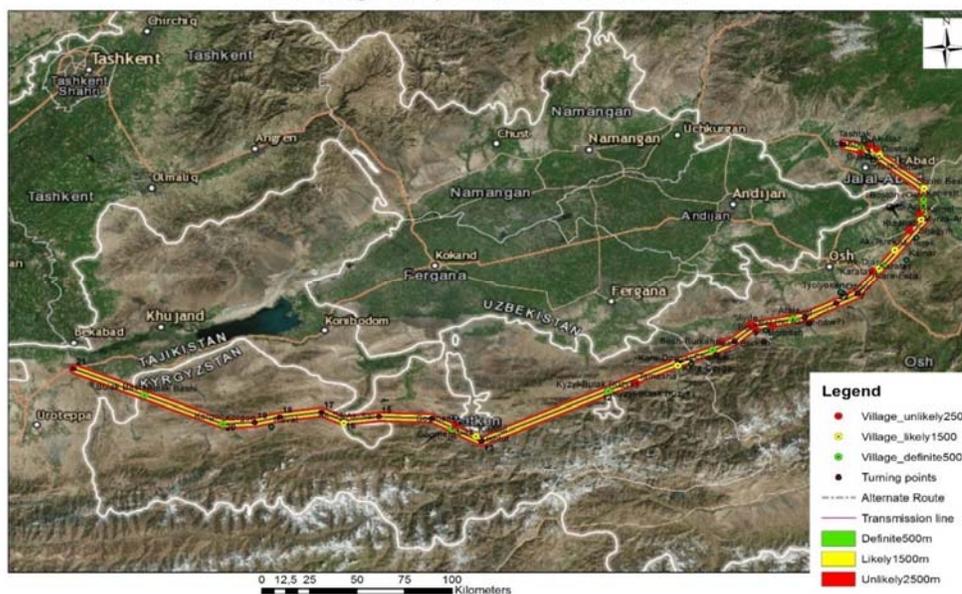
11. The project will benefit target communities living along the 450 kilometers CASA1000 Transmission Line in the Kyrgyz Republic, traversing three oblasts (Jalal-Abad, Osh and Batken) and an estimated 20 (inhabited) Aiyl Aimaks (AAs). The Corridor of Impact (CoI) is defined as a 3 km-wide corridor centered on the final route of the Transmission Line. It is currently estimated that there are about 37 villages with a combined population of 87,500 within the Corridor of Impact. Within the 22 AAs, there are an estimated 132 villages with a total population of about 330,000. The Transmission Line is expected to directly cross approximately 10 villages.

12. This project will leverage linkages and bring innovation to the CASA1000 Community Support Project (CSP) in the Kyrgyz Republic, which will finance small social and economic infrastructure investments in communities along the CASA1000 Transmission Line that will traverse Kyrgyz Republic, Tajikistan, Afghanistan and Pakistan. Therefore, the project will operate in the same sub districts along the Kyrgyz-Uzbek-Tajik border as the CSP.

13. The target beneficiaries are young women and men living in about 20 vulnerable and conflict sensitive Aiyl Aimaks (AAs) situated along the Kyrgyz-Uzbek border. These include AAs in the Fergana Valley with some of the most diverse populations and highest poverty levels in the Kyrgyz Republic. In all, the project is estimated to reach over 4,000 young women and men (18-28 years). The project will target beneficiaries through awareness raising initiatives at the village level, where possible, with the support of AOs, to ensure inclusion of women.

Figure 2: Indicative Map of the CASA1000 Transmission Line

Coverage map of CSP CASA1000



14. Based on initial construction plans for the CASA100 Transmission Line, the project will be implemented in the following communities, oblasts and cities.

Table 1: Current Planned L4Y target communities (based on initial CASA1000 TL construction plans)

Oblast	Raion	AA	AA population
Osh	Uzgen	Tork-Kol	12,339
		Bash-Doban	7,550
		Kurshab	21,790
		Karool	15,386
	Alai	Djani-Alai	3,775
	Nookat	Esky-Nookat	5,884
		Bel	11,895
		Kulatov	19,457
		Intimak	9,412
	Kara-Suu	Djani-Ary	14,541
Djosh		22,713	
Nariman		7,356	
Batken	Kadamjai	Chauvai	1,405
		Kotormo	9,872
	Batken	Kishtut	10,045
		Samarkand	11,947
	Leilek	Leilek	7,198
Jalal-Abad	Suzak	Kulundin	24,526
		Kyzyl-Tuu	26,813
		Tash-Buluk	18,652
		Total	262,556

15. The project will directly target about 4000 young women and men aged 18-28 years. This will include: (i) TVET and traditional skills-building programs for 2000 young adults, (ii) provision of IT skills for 1000 youth, (iii) support for youth-employing common interest groups for 900 youth, and support for e-enterprise groups involving 100 youth. Each target group will include 50% women/50% men. These skills building and technical support programs are expected to provide beneficiaries with improved understanding and necessary skills to participate in promising local value-chains, including

traditional value chains (e.g., dairy, horticulture) and emerging opportunities in the digital economy. Project activities area designed to improve beneficiaries; employability, and strengthen target enterprises; competitiveness through technical assistance and facilitation of market linkages, thereby yielding incremental value addition. The project is a pilot. It is estimated that it will reach only about 5% of youth in the target areas in addition to the youth direct beneficiaries of the project.

Table 2: Youth Beneficiaries

	No. of young women and men (18-28 years)	% women
TVET and traditional skills-building		
Technical and Vocational Skills	1,500	50%
Internship	300	50%
Entrepreneurship	200	50%
IT skills-building	1000	50%
Support for common interest groups	900	50%
Support for e-entrepreneurs/e-entreprises	100	50%
	4000	50%

16. The proposed activities were designed based on a Youth Needs Assessment undertaken in the Fergana Valley in April 2017 involving in total 334 participants.¹ The assessment was designed to gain insight into the needs, aspirations and priorities of young women and men, and other stakeholders in their communities. It was broadly framed in order to capture challenges and opportunities for improving the overall quality of life of young men and young women. The proposed activity streams emerged as priorities through this consultation process. The specific sectors youth will be trained in, and value chains to be supported in the project, will determined based on triangulation from the (participatory) market assessments, value chain analysis, and skills development needs outlined in the Youth Development Plans from CSP/CESA.

17. The project is designed to explicitly target poor, vulnerable and disadvantaged segments of the population in the south of the Kyrgyz Republic. The average poverty rate in the target areas is around 35%, and unemployment reaches 25.5%.² The national youth unemployment rate in 2015, was 15%, and youth not in employment, education or training (NEET) was 21.4%.³ The average population age in the target areas was 25.6 years in 2009 but given the country-wide average annual population growth rate the share of youth has increased significantly. More specifically, the project will:

- **Focus on districts in conflict-prone areas:** The project will focus on the Fergana Valley – a densely populated, ethnically diverse area in the Kyrgyz Republic which also encompasses the neighboring areas of Tajikistan and Uzbekistan. Disputed borders, the existence of enclaves and recurrent inter-ethnic disputes, unsustainable use of limited natural resources and a dearth of economic opportunities and infrastructure have rendered the sub region one of the most conflict-prone regions of Central Asia. The population in the

¹ The consultations part of the Youth Needs Assessment consisted of 23 focus group discussions (FGD), including 9 FGD with school-aged youth (105 participants aged 14-17 years, including 29 young women), 9 FGD with young adults (149 participants aged 18-30 years, including 89 women) and 5 FGD with community elders and volunteers (80 participants, of which 48 were women). A total of 334 participants, including 176 women, were involved in the FGD. In addition, 38 key informant interviews were held (14 of which with women) with district department heads, staff of Professional Lyceums, and NGOs.

² Poverty rate according to National Statistical Committee, Kyrgyz Integrated Household Survey 2009. Unemployment rate according to National Statistical Committee, Population and Housing Census of the Kyrgyz Republic of 2009. NB: According to Census methodology, individuals who own land are considered 'employed' regardless of the size of the land or output generated, therefore the actual unemployment rate is likely to be significantly higher.

³ International Labor Organization. 2015. *Country Profile: Kyrgyz Republic*.

area has increased five-fold in the past century. The proposed project will provide a multi-level intervention to reduce the vulnerability and economic exclusion for the target communities in the border areas of the Fergana Valley.

- **Focus on poor and vulnerable youth:** 50% of the country's unemployed population is comprised of youth, and more than 60% of youth live in rural areas which lack infrastructure, services, and economic opportunity. Defined by the law as those aged 14-28⁴, youth remain amongst the most vulnerable groups in the Kyrgyz Republic. They account for 35% of the total population of the country. Despite a relatively high per capita investment in the education sector (4% of GDP), and a public education system that is mandatory through 9th grade, and free through to 11th grade, the country's schools have done little to equip young people with the tools to find meaningful and secure employment. The system also fails to provide opportunities for young people, fostering idleness or migration. This is also an area where, in consultations with target communities, elders articulate concerns regarding political radicalization of youth. The livelihood interventions proposed are specifically tailored to be inclusive of less-educated and less-powerful groups. Project staff will liaise with school-leaders, Aiyl Okmotu (AO), women leaders and village councils to ensure that project activities reach out to poor households and marginalized groups.
- **Focus on vulnerable women:** Difficulties faced by women are exacerbated in the south where services and infrastructure are limited. Income generating opportunities for women are limited due to a lack of education, labor experience and entrepreneurship skills, but also due to limited access to capital and credit needed for starting or expanding businesses. Patriarchal traditions and religious norms in rural areas often limit women's scope of activity to the domestic and social spheres, impacting their capacity to pursue educational or economic activities outside the home. In addition, constraints around access to resources affects households in general and women within them. Particularly vulnerable women are those who are divorced, low-income, and/or alone because their husband has migrated.⁵ Outmigration rates are high for male adults, who face limited economic opportunities. For example, in Batken and Osh oblasts, where target villages lie, more than 80% and 50% of households, respectively, rely on remittances as a source of income. While remittances can improve households' economic situation, women de facto heads of household face barriers given cultural constraints to their participation in community decision-making processes and access to markets. Labor migration have brought changes to the patriarchal model of decision-making in the family. Women are increasingly required to take on responsibilities traditionally performed by men, in addition to child-rearing responsibilities, though the extended family may actually increase control over the household. The project recognizes the barriers and challenges faced by women and girls in the formal economy and is taking a range of measures to ensure their equal access to project benefits, particularly of young women. This includes developing staff capacity and understanding of gender equity issues and how to promote equity in their work; ensuring that the needs of women and girls are accounted for in the identification of value chains, life and employment skills development related activities; establishing gender targets for all community engagement events and ensuring effective participation of women and girls.

⁴ The project beneficiaries are defined as 18-28, reflecting national legislation and international conventions pertaining to child labor.

⁵ Russian Federal State Statistics Service. http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/en/figures/labour/

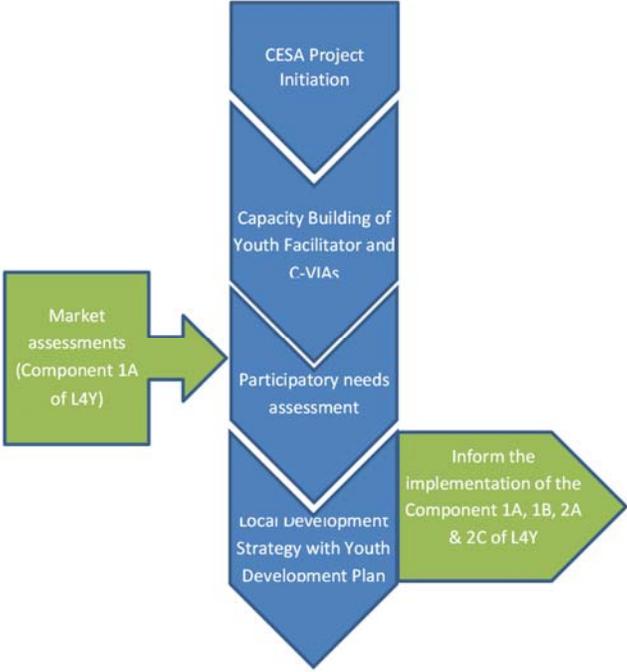
1.5 Maximizing Impact and Innovation – Links between L4Y and CASA-1000 CSP

18. The L4Y project is designed to increase the impact of the CSP by providing needed training and capacity development of local economic actors, focusing on skills development and innovative livelihoods for youth, and strengthening economic infrastructure investments financed through CSP.

19. The linkages between L4Y and CSP include:

- **Triangulation of training needs and investment areas based on CSP-driven Youth Development Plans.** In Year 1, the CSP will support participatory Youth Development Plans (YDPs). These documents, attached as an annex to municipal Local Development Strategies, will identify obstacles for youth civic engagement and economic inclusion, and map out strategies to redress these including both hard investments (infrastructure) and soft interventions (skills development, civic empowerment, etc.). YDPs will be developed through a participatory needs assessment identifying youth-relevant value chains, barriers to labor market entry, and skill development needs. YDPs will directly inform priorities and design of employable skill-building activities under L4Y's Component 1. It is anticipated that the Youth Development Plans under the CSP will be prepared by mid-way through L4Y's first year of implementation to inform the L4Y training program.
- **Value chain assessments will inform the identification of economic facilities.** The value chain assessments carried out under Component 2 of L4Y will inform the selection of sectors that are relevant for economic facilities under the CSP, including the potential of ICT centers/those linked to the digital economy. Economic facilities will be determined based on community input, economic development strategies outlined in Local Development Plans, and value chain analysis through L4Y that identify areas of investment that will maximize value addition or create new markets particularly for the youth labor force.
- **Economic facilities will create value addition or alternative markets for common interest groups.** Whereas the CSP is designed to support the establishment of livelihoods facilities to support downstream processing, the L4Y project prepares upstream value chain actors to improve their skills in production, thereby creating a contiguous set of interventions along a given value chain. Livelihoods facilities established through CSP could act as buyers or alternative markets for common interest groups under L4Y. Given the time needed to agree upon, design, and construct a medium-scale facility, it is anticipated that CSP-supported infrastructures may not be completed until L4Y's fourth or final year, but would provide a mid- to longer-term benefit to CIGs and youth beneficiaries of skills training under L4Y.
- **Technical support for livelihood facility operators.** In order to ensure that economic facilities operating under CSP are sustainable and economically viable, the L4Y project will link facility operators from CSP at design stage with a local business accelerator, which will provide technical assistance including business planning, business-to-business linkages, and ongoing mentorship.

Figure 3: Sequencing of CSP/CESA and L4Y Projects



Chapter 2: Technical Guidelines

2.1 Component 1: Preparing Youth for the Labor Market

A. OBJECTIVES, SCOPE AND PARAMETERS

20. This section covers the activities funded under Component 1.
21. **Objective.** The overall objective of the component is to support the supply side of the market system by preparing youth to (i) join the traditional economy, or (ii) join the e-economy.
22. **Principles.** This Component is guided by the following principles:
- (i) **Market driven / employer-led:** MSDSP activities will be based on market analysis and an understanding of the root constraints inhibiting the development of the targeted value chains. While there are many ways in which MSDSP could intervene in each value chain, it will prioritize those with the greatest economic benefit to youth, particularly women.
 - (ii) **Pro-youth:** In order for the project to sustain its benefits, MSDSP will ensure selected value chains and employment opportunities are sensitive to youth priorities. Youth, especially women, are particularly sensitive to expectations and opinions of those they are close to, which can influence their selection of value chains to engage in. As such, the Youth Development Plans will be used as a source to match youth interests, as well as community buy-in.
 - (iii) **Inclusion and empowering women:** A gender target that 50% of the participants will be women/girls will be rigorously implemented through procedures that are inclusive, and measured through output and outcome level indicators. Assessments undertaken at project inception will identify trades and market opportunities that would attract young women participants. The design of the skills development and entrepreneurship programs will also take into account any constraints that might hinder women's participation (such as location, time of day, childcare).
 - (iv) **Inclusive and competitive process for identification of participants:** MSDSP will work through AOs, community groups, youth associations and community structures being established through the CSP to reach out to youth in target communities and advertise training opportunities. Participants will be selected by a selection panel, based on selection criteria outlined in each relevant activity.
 - (v) **Facilitation:** MSDSP will strive to support value chain actors to provide products and services themselves, rather than doing so directly. Although directly intervening as a market actor can create faster results, it can also impede longer-term change and the willingness of other actors to solve problems themselves. MSDSP recognizes that this is a long-term process, and that in some sub-sectors it may be necessary to demonstrate the viability of certain roles before other actors are willing to assume them. When this is the case, MSDSP will always start an activity with a clear exit strategy in mind and a strategy in place to transition out of its role well in advance of the end of the project.
23. **Outputs and indicators.** The outputs of Component 1 are:
- Technical market assessments
 - Detailed training program and curricula developed

- Capacity building provided for local TVET centers in target communities
- Technical and vocational skills development courses offered for 1,500 youth
- Entrepreneurship training (beginner and advanced) provided for 350 youth
- 400 internships completed
- Four blended online / in-person learning courses in identified skill areas designed for youth
- Five beginner and advanced ICT course curricula developed and training of trainers completed
- USD 56,000 in IT equipment provided to an estimated 20 TVET centers
- 1,000 youth trained in ICT skills

B. ACTIVITIES AND PROCEDURES

Sub-component 1A: Support for employable skills for youth

Activity 1.1 Introductory meetings at Oblast and Rayon, AA and Village Levels.

24. **Objectives and outcomes.** The project will be launched in target areas through a series of introductory meetings detailed under the CSP/CESA POM. These introductory meetings will provide information on the overall CSP project goals, objectives, and principles. Through these meetings, the project teams will share information about the opportunities under the project with citizens in the target area to foster their buy-in, build support for the next steps in project implementation, and create a group of community members who can help organize the roundtables needed to select community representatives. Also, ARIS, AKF and MSDSP will create a common understanding of the CSP project components, including L4Y implementation mechanisms, approaches, procedures, and responsibilities of the participants in the process. This activity will also include separate targeted outreach events for L4Y project, in order to raise awareness and allow for beneficiary selection. This will include introductory meetings at relevant oblast and rayon and AA levels and in target villages in the CASA-1000 Corridor of Impact (CoI) that will benefit from the project.

25. **Process.** The following key sub-activities are required:

- (i) Coordinate the production and dissemination of awareness-raising materials
 - (ii) Support the identification of participants to introductory meetings
 - (iii) Document and report on introductory meetings
 - (iv) Conduct L4Y-specific outreach events
- (i) Coordinate the production and dissemination of awareness-raising materials
 - In preparation for the project introductory meetings, MSDSP will work with CSP/CESA project team to ensure there are user-friendly materials targeting all community groups to disseminate information about the L4Y project.
 - (ii) Support the identification of participants to introductory meetings
 - MSDSP will coordinate with the CSP/CESA project team to develop a list of key stakeholders from the oblast, rayon and AA levels. L4Y project will particularly ensure participation of key government department officials, as well private sector employers, financial institutions, training centers etc. The list will be gender balanced and also include key youth leaders from the area.
 - Invitations will be sent by the CSP/CESA project team.
 - In total, approximately 70 events will be organized by the CSP/CESA project team.
 - (iii) Document and report on introductory meetings

- A member of the L4Y project team will be present at the introductory meetings organized by the CSP/CESA project team.
- The CSP/CESA project team will lead on the documentation and reporting of the meetings, including the capturing of meeting minutes into the MIS.
- L4Y project team will have access to this database for project reference and planning purposes.

(iv) Conduct L4Y-specific outreach events

- Separately, and after the CSP/CESA introductory meetings, the L4Y project team will review the meeting minutes of the meetings, and develop catered outreach material for awareness raising activities for L4Y project.
- The L4Y project team will conduct 20 outreach events, one per target AA, which will also be used as a platform for beneficiary selection.

26. **Outputs.** Estimated 70 introductory meetings; estimated 600 participants with an understanding of the project (disaggregated by level of meeting and gender).

Activity 1.2. Technical market assessments completed.

27. **Objectives and outcomes.** In order to respond to market-driven demands for skills and enterprise, the project will undergo a series of technical market assessments under this activity, and value chain analyses under Activity 2.1. The project will consolidate a labor market study, which includes labor market demands for migrant workers to Russia as well as labor market analysis within the project geography.

28. **Process.**

- MSDSP will look at existing programs and resources to understand demand for Central Asian migrants to Russia to inform the project about market-driven skills for migrant workers (e.g. labor market studies for migrant communities conducted by AKF Russia, etc.).
- Locally, MSDSP will (i) review existing resources and labor market studies conducted within the country, specifically focusing on Bishkek, Osh, Jalalabad and Batken regions. It will also (ii) conduct rapid employer interviews and focus group discussions with major employers in key cities of the program area. This rapid study will include both formal and informal employers, including banks, government, NGOs, and other key sectors.
- The labor market study should also identify pro-youth employers who could become members of the project's Coalition of Employers (see details in Activity 1.3). Information about employers that will be collected include:
 - Employer / Organization name, contact information, location
 - Number of staff (% of youth, % of female)
 - Current provision of youth internships
 - Types of positions held by youth (by category, e.g. reception, administrative, IT, etc.)
- The labor market study report consolidate, and address the following:
 - Identify vocational fields with the highest potential for employment and business start-ups;
 - Identify potential non-traditional labor market entry points for young women;
 - Map existing and potential training providers;
 - Quantify the absorptive capacity for the growing number of young labor market entrants;

- Identify the areas in which youth could be skilled-up to improve their opportunities at their destination, should they opt for migration.

29. **Outputs.** Labor market assessment (1).

Activity 1.3. Technical market assessments completed.

30. **Objectives and outcomes.** Results from the labor market assessment and value chain analyses conducted under Activity 2.1 will be shared with stakeholders to support their informed planning and prioritization. In order to capture the barriers to labor market entry and skills development needs for youth in project target area, the project will coordinate with the CASA1000 Community Support Project, which will develop participatory Youth Development Plans (YDP)⁶ at the village level. The YDPs will be used to match youth priorities and interest. The analysis will also assess the constraints, including socio-cultural constraints for youth, especially young women, that prevent the market from reaching its full potential in terms of entrepreneurship and employment opportunities for youth.

31. **Process.** The following key sub-activities are required:

- (i) Share labor market assessment and value chain analysis with stakeholders, including young women and men, to develop a common vision and plan for value chain development
 - (ii) Identify promising value chains and opportunities for youth from the Youth Development Plans
 - (iii) Develop detailed intervention plan and conduct community dialogues
- (i) Share labor market assessment and value chain analysis with stakeholders, including young women and men, to develop a common vision and plan for value chain development
- The project will support participatory market assessments with the intention of generating an evidence-based ‘roster’ of pro-youth value chains, which will be presented to communities for validation and selection.
 - Under this sub-activity, the project will coordinate closely with the CASA1000 Community Support Project, and participate under **Activity 2.5, sub-activity (iii)** *“Youth facilitate a Village Prioritization Meeting to select village sub-project investments (component 1A and 1B investments) based on the Local Development Strategies / Youth Development Plans⁷”*. This will ensure:
 - Youth and participants make informed decisions around prioritization of investments;
 - Coordination and collaboration between CSP and L4Y is maintained from the onset to make sure benefits of project investments are maximized.

⁶ The YDP will identify obstacles for youth civic engagement and economic inclusion, and map out strategies to redress these including both hard investments and soft interventions. Pro-youth value chains, barriers to labor market entry, and skills needs, will be identified in the YDP. They will identify promising value chains and opportunities for youth in local markets, the differing needs of young women and men, and will highlight gender-specific issues regarding employment.

⁷ The creation of these plans will include a participatory needs assessment identifying pro-youth value chains, barriers to labor market entry, and skills development needs. These assessments will be carried out by youth themselves. From it, youth will identify promising value chains and opportunities for youth in local markets, the differing needs of young women and men, and highlight gender-specific issues regarding employment.

- AKF will develop a 10-minute simplified presentation, tailored to the AA as possible, of the outcomes of the labor market assessment and value chain analysis, highlighting the following:
 - Vocational fields with the highest potential for employment and business start-ups;
 - Potential non-traditional labor market entry points for young women;
 - Agricultural value chains with highest potential
 - Entry points where youth could most easily insert themselves in value chains.

- (ii) Identify promising value chains and opportunities for youth from the Youth Development Plans
- Based on the outcome of the meetings and prioritized value chains and opportunities, the project will narrow down the value chains prioritized by youth in the YDP, as well as planned investments under CSP.
 - The economic facilities under CSP are intended to create value addition or alternative markets for common interest groups supported under L4Y. While CSP is designed to support the establishment of livelihoods facilities to support downstream processing, the L4Y project will prepare upstream value chain actors to improve their skills in production, thereby creating a contiguous set of interventions along a given value chain. Livelihood facilities established through CSP could act as buyers or alternative markets for CIGs under L4Y. Given the time needed to agree upon, design, and construct a medium-scale facility, it is anticipated that CSP-supported infrastructure may not be completed under L4Y's fourth or final year, but would provide a mid- to long-term benefit to CIGs and youth beneficiaries for skills training under L4Y.
- Selection of these sectors will be based on the following criteria:
 - ***Involvement or potential for youth, particularly young women:*** For the project to achieve its targeted outreach, it is important that the selected sectors involve large numbers of youth and women. This means that there must be entry points that are accessible to these populations.
 - ***Acceptable conditions:*** Some sub-sectors are not appropriate for youth and especially young women and younger men, given inadequate safety standards, a risk of labor or sexual exploitation, or other challenges. To avoid creating negative impacts on youth, the project will only select sub-sectors with acceptable conditions.
 - ***Unmet market demand:*** Employment and self-employment opportunities are typically greater in those sub-sectors that are growing quickly.
 - ***Potential for self-employment:*** Sub-sectors with lower barriers to entry (e.g. technical knowledge, financial investment) will offer greater opportunities for youth to launch their own enterprises.
 - ***Employment opportunities:*** Sub-sectors differ substantially in the number of employment opportunities that are generated with growth. Selected sub-sectors will present employment opportunities for youth, particularly women.
 - ***Environmental sustainability:*** Selected sub-sectors should not cause significant damage to the environment.
 - ***Attainable capital and quick monetary impact:*** Youth are less likely to have the assets, experience of skills of adults. Therefore, value chains that require high capital investments or skill levels may not be appropriate. Also, at-risk youth often need to see fast return on their activities to remain engaged.
 - ***Matched youth interests:*** Being sensitive to youth priorities is important as youth are often unwilling to engage in sectors they do not consider long term prospects. As such, the Youth Development Plans will be used as a source to match youth interests.

- **Appropriate vis a vis family obligations and peer perceptions:** Youth, especially women, are particularly sensitive to expectations and opinions of those they are close to, which can influence their selection of value chains to engage in.
- **Economic growth potential:** In order to increase incomes over the long run, it is important for growth to be a critical factor when selecting sub-sectors. It is particularly important to youth so there are increasing professional mobility and jobs available to them.

(iii) Develop detailed intervention plan and conduct community dialogues

- Based on the participatory needs assessment (CSP/CESA) and findings from the above mentioned assessments, the detailed intervention plan will be developed by the project team, led by the Project Coordinator, with support from the Placement Officer, Skills Development Officer and Value Chain Specialist. This detailed plan should be developed after approximately 4 weeks that the skills development and value chain opportunities are identified.
- MSDSP will use the following principles when developing the detailed intervention plan:
 - **Demand-driven:** Interventions will be developed in response to the labor market study and value chain analyses conducted. Coupling the principal consultants with project staff will ensure the project team is well informed and involved in meeting and building relationships appropriate stakeholders (government, private sector, employers, entrepreneurs, etc.) to advance the initiative. The interventions will also be informed directly by employers through the CoE.
 - **Context-specific:** Interventions developed will be tailored, as possible, to the context. Economic factors vary across the CoI, and as such, the project will keep flexibility to respond to the specific contexts. For example, if in one district or oblast, entrepreneurship opportunities for youth are limited, but there is a higher demand for skilled labor, the project will tailor the program and targets to respond appropriately. At the same time, the project will aim, as much as possible, to target an average of 200 youth per AA.
 - **Pro-youth:** Initiatives will use a youth-centered approach. The project will primarily aim to have significant impact on youth (self-)employment. The project will weigh opportunities that investment in contributing to outsized job creation opportunities for youth (i.e. proportionately increased jobs for youth), or improved job quality (i.e. improved working conditions, or increased pay for youth employees).
 - **Gender-sensitive:** Interventions developed will be gender-responsive. This includes concerted efforts to have equal representation and participation of women and men from designing, planning to execution and training initiatives. Particular considerations will be given to women, including not only skills development and value chain opportunities of interest / feasibility, but also the time of day and distance to training opportunities. Where possible, the project will also aim to impart knowledge to employers about gender-sensitive employment practices.
 - **Balancing efficiency and innovation without compromising on quality and sustainability:** While the project is designed to respond to market needs and conditions, the project will allow, to the extent possible, flexibility in the proposed approach to ensure efficiency of the program, in order to ensure its targets are reached in a sustainable manner. As such, where possible, MSDSP will design a program and work with service providers that have existing curricula, materials, or programs. MSDSP will explore various avenues through which to provide skills development program, including working through local TVET, but also provision of

skills directly through existing service providers with demonstrated quality of existing programs.

- **Digitally-oriented for local and regional markets:** Where opportunities exist, the project will prioritize e-interventions, creating opportunities and developing skills for the digital economy. These responses will be taken in consideration to the connectivity within target geographies. As possible, the project will explore the opportunity to invest in basic connectivity. Creative opportunities in the digital business space, particularly those that link local digital businesses (e.g. freelancing services, process outsourcing, accounting services, etc.) to markets in Bishkek or Russia.
- The detailed intervention plan which will be verified through community dialogues in each district center. It will be led by the Project Team, with the support from the Value Chain Facilitators. These community dialogues will include meetings with youth, parents of youth, government officials, private sector and employers. This will ensure a participatory planning process will guide the overall shape of project interventions.
- The project team will prepare the necessary materials (e.g. presentations, handouts, etc.) required for the community dialogue procedures.
- A total of approximately 8 events will take place. These events will take place over the course of 2-3 weeks. Procedures of these meetings will take place as per sample agenda in Box 1.

Box 1: Sample Community Dialogue Procedures (suggested time: 2 hours)
<ul style="list-style-type: none"> ● <i>Welcome (5 minutes)</i> ● <i>Explain the purpose and overall process of the meeting (10 minutes)</i> ● <i>Present the detailed intervention plan, including skills development initiatives and value chain interventions (20 minutes)</i> ● <i>Break into small groups and review interventions designed for youth (TVET, entrepreneurship, internship, CIG programs, digital interventions) (30 minutes)</i> ● <i>Plenary discussion on the detailed intervention plan (20 minutes)</i> ● <i>Recommendations for the intervention plan discussed and documented (15 minutes)</i> ● <i>Thanks and close</i>

- The project team will re-group and finalize the detailed intervention plan based on community feedback. This will take 1 week.

32. **Outputs.** Promising skills development opportunities and value chains for youth prioritized; detailed intervention plan developed and verified by communities.

Activity 1.4. Establish and foster a Coalition of Employers.

33. **Objectives and outcomes.** In order to develop and deliver an employer-led model for skills development, MSDSP will test the formation of a Coalition of Employers (CoE), who will come together to articulate needs and demands to inform and develop the TVET packages (including soft components), as well as various other project components such as the internship program and job fairs.

34. **Process.** The following key sub-activities are required:

- (i) Identify and select members of the Coalition of Employers (CoE)
- (ii) Hold meetings with CoE members

(iii) Conduct youth-friendly and gender-sensitive employer practice training for CoE members

(i) Identify and select members of the Coalition of Employers (CoE)

- Initial list of employers will be identified and screened during the labor market study. The Placement Officer will approach identified employers for the CoE to screen and gauge their interest.
- Accordingly, the Placement Officer will develop a strategy to engage with employers for the L4Y project. This strategy will outline the modes and frequency of engagement, as well as level of commitment for engagement in the CoE.
- The project will select members of the CoE based on initial suggested criteria:
 - Within project geography
 - Level of commitment to participate in at least yearly meetings
 - Level of commitment to engaging at least 2-10 interns within the project life (depending on size of company)
 - Ability to commit to participation in at least 2-5 job fairs (depending on size of company)
- Incentives of CoE membership may include:
 - Free-of-charge labor and brand equity benefits (i.e. opportunity to list MSDSP/World Bank as partner in its branding strategy or in CSR campaigns);
 - Assisted hiring process;
 - Learn from MSDSP how to manage intern / youth, including regular check-ins, professional development planning, etc.;
 - Networking opportunities with other employers in the group, potentially leading to business deals or partnerships;
 - May attract additional sales/interest from communities.

(ii) Hold meetings with CoE members

- A kick-off meeting will be held in Osh with CoE members, based on the strategy developed. The meeting may be a platform for members of CoE to:
 - General introduction and welcome to the program;
 - Develop / agree on a Terms of Reference and 'rules of engagement' for the group;
 - Present findings from initial project assessments and baseline;
 - Present and collect feedback on the project intervention plan.
- Once the TOR is agreed among members (see sample in Annex A3), an MOU will be signed between MSDSP and the entities according to the strategy developed for the CoE initiative. The draft MOU will be developed in sub-activity (i) above, as part of the strategy for engagement with CoE, and will be submitted to the Bank for approval.
- It is anticipated that yearly meetings will be held in Osh with the CoE to: (i) discuss revised employer needs; (ii) feedback from internships; (iii) market trends. These meetings will ideally be timed in unison with the job fairs. At the Placement Officer's discretion, ad hoc informal meetings may take place with a members of CoE to address specific challenges that may arise.

(iii) Conduct youth-friendly and gender-sensitive employer practice training for CoE members

- Members of CoE, as well as enterprises benefiting from acceleration services, will be provided with two one-day youth-friendly and gender-sensitive employer practices training (Year 2, Year 4) for 20-30 persons per session.
- Suggested topics of training are provided in Box 2 below. See Annex A2 for training plan.

Box 2: Training about youth-friendly and gender-sensitive employment practices	
Youth-Friendly Employment Practices Training	Gender-Sensitive Employment Practices Training
<ol style="list-style-type: none"> 1. Establishing goals, workplans, expectations, orientation and providing feedback to interns 2. Providing workplace mentoring and providing an orientation to supervisors / workplace mentors 3. Implementing youth development principles (e.g. emotional and physical safety, relationship building, youth participation and voice, skill-building, community involvement) 4. Anticipating how to handle difficult situations 	<ol style="list-style-type: none"> 5. Understanding and recognizing gender bias 6. Socio-cultural and legal framework 7. Development plans for women 8. Workplace safeguarding

35. **Outputs.** Youth-friendly and gender-sensitive employment practices training held for a total of 40-60 employers [2].

Activity 1.5. Development of detailed TVET training program and curricula.

36. **Objectives and outcomes.** Based on the analyses conducted under Activity 1.3, MSDSP will develop a detailed training program with priority areas for skills development. MSDSP will map and identify training providers with the appropriate knowledge in each of the target sectors to support development of project-sponsored / adapted curricula and to deliver youth training programs supported by the project. This will include 12 technical and vocational education training (TVET) courses and soft skills development courses. Based on the mapping exercise, MSDSP will select and partner with local district-level TVET centers and / or training service providers, based on specific criteria.

37. **Process.** The following key sub-activities are required:

- (i) Map training providers within project area
 - (ii) Select and partner with local district-level technical and vocational education centers (TVET) and / or training service provider
 - (iii) Develop detailed training program and curricula for priority areas for skills development
 - (iv) Training of trainers (ToT) of project sponsored courses developed / adapted
- (i) Map training providers within project area
 - The mapping exercise will provide a baseline for the project of existing formal and informal skills development institutions, available products and services within the project geography (including Bishkek).
 - The service providers will be classified into two segments: (i) formal service providers, mainly the public sector and NGOs, and (ii) non-formal service providers, primarily small owner-operators in the private sector.
 - The mapping will include the following elements for each TVET center:
 - Course offerings;
 - Geographic outreach;
 - Current scale;
 - Any other relevant data.
 - The mapping exercise will be completed by the M&E Specialist in tandem with the project baseline, within the first three months of the project.
 - The selection will be completed on a competitive basis for formal skills providers.

- (ii) Select and partner with local district-level technical and vocational education centers (TVET) and / or training service provider
 - MSDSP will select training service providers based on the below minimal criteria for selection:
 - Minimum existing capacity to provide quality training (e.g. appropriate training facilities, well trained staff) in fields with unmet demand for labor and in which employers are willing to take on students for on-the-job training;
 - Interest in serving L4Y’s target group of youth aged 18 to 28;
 - Willingness to co-invest in upgrading current training offerings and / or existing training programs that meet project-identified priorities;
 - Sound financial management; and,
 - Willingness to promote decent work standards and gender equity guidelines.
 - Selection will be done by MSDSP using the Qualification-Based Selection (QBS) method.
 - MSDSP will sign MoUs with selected training service providers based on ToR (see Annex A4); number of providers will be identified based on detailed program designed under Activity 1.3.
 - MSDSP will explore the possibility of building the administrative capacity of TVET center management, with mentorship by the project’s Skills Development Officer.

- (iii) Develop detailed training program and curricula for priority areas for skills development
 - MSDSP will hire a consultant / institution (TOR in A4) to support the development of TVET course curriculum. The minimum criteria for selection includes:
 - Priority will be given to consultant / institution with existing course curriculum (hard and soft), willing to adapt and tailor for the target audience;
 - Demonstrated ability to deliver timely product, with all relevant resources;
 - Ability to develop / adapt curriculum tailored to youth, that is gender-sensitive;
 - Experience in delivering training of trainers.
 - A training program and curricula will be developed in Year 1-2, and rolled out in Years 2-4 for selected TVET courses and soft skills training courses (total 12 courses).
 - Curriculum development / adaptation is expected to take 1-2 months per course, and will complete by Year 2. MSDSP will look at the possibility of including training module for trainers in effective course delivery methods.
 - Curriculum will be rolled out to district-based TVET centers and / or through training service providers based on demand within the geography and absorptive capacity of the TVET center.

- (iv) Training of trainers (ToT) of project sponsored courses developed / adapted
 - The selected TVET curriculum development firm will deliver a ToT of the courses developed / adapted, for approximately 3-5 days per course.
 - The ToT will take place in one central location.
 - It is anticipated that 40 instructors will be trained through the TOT. This number will be validated during the detailed program design under Activity 1.3. See Annex A2 for training plan.

38. **Outputs.** TVET training plan and curriculum finalized [12]; beginner and advanced entrepreneurship plan and curriculums finalized [2]; MOUs signed with TVET centers [TBD]; TOT of courses developed and 40 instructors trained.

Activity 1.6. Technical and vocational skills development courses offered to youth.

39. **Objectives and outcomes.** Skills training will target both women and men and cover training for skills that are in high demand in target communities. These are likely to include early childhood education (ECD) teacher training, craftsmanship, agriculture extension services, construction-related trades, hospitality services; and other soft skills (such as communication skills) needed for local jobs. A total of 12 courses will be administered, including one training per year in each of the three oblasts. This will include an estimated 1,500 youth beneficiaries (50 percent women).

40. **Process.** The following key sub-activities are required:

- (i) Awareness raising initiatives about TVET courses
- (ii) Select participants for TVET courses and soft skills training
- (iii) Hold TVET courses for youth in three oblasts
- (iv) Hold soft skills training for youth

(i) Awareness raising initiatives for TVET courses

- Awareness raising materials will be produced about project sponsored TVET courses, tailored for each district, identifying the location and list of courses being offered. These materials will be developed and distributed during Year 2-4, when the training will be provided. The materials will focus on highlighting the significance of training programs for targeted youth's social and economic lives. Specific messages and activities will be developed for young women and their families to promote their participation in skills services.
- Awareness raising materials, along with access to online and written application forms (to be developed jointly with selected service provider) with instruction for submission, will be distributed through media (electronic and print), educational and vocational institutions and youth clubs in the program areas. It will also be made available at local schools through AOs in remote villages to reach women.
- AOs and their networks will play a key role in supporting outreach to isolated communities. AOs will not only reach youth, but also to youth enablers such as parents and the community, to ensure that the programs are understood by everyone helping youth to make decisions about their skills and career.

(ii) Select participants for TVET courses

- Application window will be open for 20-30 days.
- A selection committee will be identified for TVET courses. It will consist of: L4Y Skills Development Officer, 1-2 members from the TVET provider, and at least 1 employer in the industry. Selection will take place over the course of 10 days.
- Participants will be selected based on the following minimum criteria: e.g. age, place of residence, gender parity, complete application, clear motivation paragraph for attending the training, and intended action after training.
- Participants will be notified by email or telephone by the TVET provider.

(iii) Hold TVET courses for youth in three oblasts

- In Year 2, 4 new TVET courses will be offered, with a full range of 8 courses available for Years 3-4. These courses will be rolled out, based on demand, to the 8 district-level TVET centers. It is expected that in any given year, a TVET center will run 2-3 cohorts of students.
- Each course is expected to run for a period of 10-20 days each.
- A total of 1,500 youth (50 percent women) will be trained in TVET courses, for an average of 500 per year (approximately 60-65 per TVET center per year during Year 2-4). See Annex A2 for training plan.

- (iv) Hold soft skills training for youth
- In Year 2, approximately two new soft skills courses will be offered, with a full range of approximately four courses available for Years 3-4. These courses will be rolled out, based on demand, to and / or through the selected TVET centers. It is expected that in any given year, a TVET provider will run 2-3 cohorts of students for soft-skills courses.
 - Youth participating in the various initiatives of the project (e.g. TVET courses, entrepreneurship programs, CIGs) will be encouraged to apply for soft skills courses. During those existing courses / initiatives, project staff, with the support of the training providers, will promote the soft skills programs, to complement the learnings. Youth will be invited to access online and written application forms, which will be distributed during those courses.
 - The application window will be open for 10-20 days. Youth will be selected by a selection committee composed of: Project Skills Development Officer, and where possible, TVET instructor.
 - Each course is expected to run for a period of 3-7 days each.
 - A total of 800 youth (50 percent women) will be trained in soft skills courses, for an average of 270 per year (approximately 33-35 per TVET provider per year during Year 2-4).
 - These courses will complement TVET courses and entrepreneurship courses. See Annex A2 for training plan.

41. **Outputs.** 1,500 youth (50% female) trained in demand-driven TVET courses; 800 youth trained in soft skills.

Activity 1.7. Entrepreneurship training (beginner and advanced) provided to youth.

42. **Objectives and outcomes.** The entrepreneurship training program will follow a three-tier competitive program which will take approximately 10-12 months to complete: (1) basic entrepreneurship training for 300 participants (50 percent women) who are planning to launch a youth-led or pro-youth MSME in traditional and e-enterprises; (2) advanced entrepreneurship training for at least 50 participants (50 percent women) who have successfully completed the beginner program; (3) accelerator program for 40 youth-led / pro-youth enterprises and e-enterprises. For this activity, MSDSP will partner with a Bishkek-based training firm with established expertise in promoting entrepreneurship. The program will culminate with the provision of a competitive sub-grant scheme. Each course will be offered during Year 2 and Year 3. The basic entrepreneurship course will be approximately a month-long intensive course; and the advanced entrepreneurship course will be for approximately 30 days. In total, both are expected to be completed within six months.

43. **Process.** The following key sub-activities are required:
- (i) Select and partner with service providers for basic and advanced entrepreneurship programs
 - (ii) Awareness raising initiatives about entrepreneurship program
 - (iii) Select participants for beginner entrepreneurship training
 - (iv) Hold beginner entrepreneurship program for selected youth
 - (v) Select participants for advanced entrepreneurship training
 - (vi) Hold advanced entrepreneurship program for selected youth
- (i) Select and partner with service providers for basic and advanced entrepreneurship programs

- MSDSP will launch two separate tenders for training service providers in (i) basic entrepreneurship and (ii) advanced entrepreneurship, who will be invited to bid for the provision of training services under the project.
- Minimal criteria for selection for entrepreneurship training provider will be based on the following:
 - Demonstrated capacity to provide quality basic and / or advanced entrepreneurship training with well trained staff;
 - Interest in serving L4Y's target group of youth aged 18 to 28;
 - Willingness to co-invest in upgrading / tailoring current curriculum;
 - Ability and willingness to conduct programs in the 8 districts of the project;
 - Willingness to promote decent work standards and gender equity guidelines.
- Selection will be done by MSDSP using the Qualification-Based Selection (QBS) method.
- MSDSP will sign an MoU with at one basic entrepreneurship training provider based on the ToR see Annex A8 for sample ToR) and one advanced entrepreneurship training provider (see Annex A9 for sample ToR).

(ii) Awareness raising initiatives about entrepreneurship program

- Awareness raising materials will be produced about the entrepreneurship program. These materials will be developed and distributed during Year 2-3, when the program will be conducted. The materials will focus on highlighting the significance of the program for targeted youth's social and economic lives. Specific messages and activities will be developed for young women and their families to promote their participation in entrepreneurship program.
- Awareness raising materials, along with access to online and written application forms with instruction for submission, will be distributed through media (electronic and print), educational and vocational institutions and youth clubs in the program areas. It will also be made available at local schools through AOs in remote villages to reach women. Application forms will be developed jointly with the entrepreneurship program training provider, prior to sharing with the Bank for approval.
- AOs and their networks will play a key role in supporting outreach to isolated communities. AOs will not only reach youth, but also to youth enablers such as parents and the community, to ensure that the programs are understood by everyone helping youth to make decisions about their skills and career.

(iii) Select participants for beginner entrepreneurship training

- A selection committee will be established for the provision of beginner and advanced entrepreneurship training. It will consist of the following members:
 - 1 Value Chain Specialist (Project)
 - 1-2 Private sector representatives from the project geography, including from ICT sector
 - 2-3 Service Providers (including members from the project-identified entrepreneurship training institutes and business acceleration service providers)
 - 1-3 Community representatives, including youth / women
- Interested participants will apply for the entrepreneurship training program. The application form will be jointly developed by the entrepreneurship program training provider and the project team, prior to sharing with the Bank for approval. Application window will be open for 20-30 days.
- Once the applications have been received, the selection committee will review and short-list applicants for the beginner entrepreneurship program. This will take 10 days.

- The selection committee will hold a one-day meeting to finalize the list of candidates. They will be selected based on specific criteria. Selection criteria for beginner entrepreneurship training include:
 - Screen for age, gender and place of residence;
 - Completion of Application: submission of all materials in full;
 - Quality of Application: applicant demonstrates genuine interest in learning about entrepreneurship through the program;
 - Commitment: Applicant can commit to timeline of the program.

(iv) Hold beginner entrepreneurship courses for selected youth

- Beginner entrepreneurship program will be conducted by the service provider during Years 2-3. The project will make an effort to provide these training in all 8 districts, with the criteria that it is efficient to do so. In geographies where demand is low, youth selected will be invited to participate at their nearest location..
- The course will be held over the course of one to two months, focusing on foundational skills in entrepreneurship, covering topics such as:

Box 3. Beginner Entrepreneurship Topics	
1.	Business Model Canvas
2.	Revenues and Costs Drivers
3.	Accounting Basics
4.	Value Proposition
5.	Customer Segmentation and Target Marketing
6.	Profitability Analysis Calculations

- In total, 300 participants will be trained. Equal opportunity will be given to participants across the target geography, however, the number will be determined based on the detailed program design under Activity 1.3. See Training Plan in Annex A2 for details.

(v) Select participants for advanced entrepreneurship training

- Participants who successfully complete the beginner entrepreneurship program will be invited to apply for the advanced entrepreneurship program. The application window will be open for a period of 20 days after the completion of the course.
- Once the applications have been received, the selection committee (same composition as basic entrepreneurship selection committee) will review and short-list applicants for the beginner and advanced entrepreneurship programs. This will take 5 days.
- The selection committee will hold a 1-day meeting to finalize the list of candidates. They will be selected based on specific criteria. Selection criteria for advanced entrepreneurship training include:
 - Successful results from beginner entrepreneurship training;
 - Attendance rate from beginner entrepreneurship training;
 - Quality of basic business plan: clear end-user problem defined, clear value proposition of solution, basic business model with revenue drivers and cost drivers, marketing strategy, product offerings descriptions;
 - Youth-led and / or pro-youth: business idea contributes to increased youth (self-) employment, either through youth-led or pro-youth approach (i.e. enterprise that contributes to outsized job creation opportunities for youth or improved job quality.

(vi) Hold advanced entrepreneurship courses for selected youth entrepreneurs

- Advanced entrepreneurship program will be conducted by the service provider in one location (likely Osh) during Years 2-3. It will begin after a 1-2 month break from the beginner training.

- The course will be held over the course of two to three months, for a series of 3 x 10 days covering topics such as:

Box 4: Advanced Entrepreneurship Topics	
1.	Management (leadership and teamwork; social impact metrics)
2.	Finance (cash flow management and projections; calculating unit economics for growth)
3.	Marketing (advanced marketing and sales)
4.	Digital Skills
5.	Laws and Regulations
Detailed Business plan development	

- To graduate, learners will present their business plan to a panel of professionals, including the business acceleration service provider, mentors and trainers. This will be a competitive process, and be the basis of selection for the business acceleration program.
- In total, at least 50 participants will be trained. See Annex A2 for Training Plan.

44. **Outputs.** 300 participants trained (at least 200 youth) in beginner entrepreneurship program; 50 participants with youth-led or pro-youth enterprise initiatives trained in advanced entrepreneurship program.

Activity 1.8. Internship opportunities support provided to youth.

45. **Objectives and outcomes.** Support for placements in the form of stipends for internships to 400 young people (50 percent women) who successfully complete project-supported training programs. Stipends for interns will be offered for three months, including travel and living expenses and honoraria for mentors. Stipends will be available to young people who have completed project training programs. MSDSP will identify internship needs from its Coalition of Employers, issue a call for applications for internships and screen applicants based in successful completion of training courses and inclusion criteria. Two rounds of internships will be offered over the course of the project.

46. **Process.** The following key sub-activities are required:

- (i) Identify selection committee for youth internships
 - Placement Officer, Skills Development Officer, Employers, and MSDSP will participate in the selection and coordination committee.
- (ii) Select and match participants for internship opportunities
 - Selection Committee will develop TORs for all available internship positions.
 - Selection Committee will open call for applications listing common desired traits among employers, profiles of participating employers in the internship program, and general lists of responsibilities and duties.
 - Applicants will be screened based on criteria such as: successful completion of training courses, motivation letter for a particular employer or industry interest, and skills.
 - Selection Committee will help short-list participants; Employers will make final recruitment decision and inform selected youth.

- (iii) Youth internship placements
 - Youth complete 3-month internships with their employer, gaining valuable skills and mentorship in the process. See Annex A2 for training plan.
- (iv) Revise youth internship program based on monitoring feedback (as required)
 - Youth and employer will submit satisfaction questionnaires at the mid- and end- points of the internship placement, evaluating satisfaction with the employer/intern, as well as support offered by the selection committee and project coordinators.
 - Employers may or may not be re-selected to host a future intern given the intern's feedback.
 - Intern TORs may be revised based on shifting employment needs and training outputs of the project.

47. **Outputs.** 400 youth (50% women) provided 3-month internships with Employers to strengthen their practical skills and knowledge

Sub-component 1B: Support for ICT and e-services

Activity 1.9. Blended online / in-person learning courses designed for youth in identified skill areas.

48. **Objectives and outcomes.** Blended learning is a style of education in which students learn via electronic and online media as well as traditional face-to-face teaching. Benefits of the blended learning courses include: a way to reach scale; reduced cost / time of training delivery; standardized content; preservation of institutional knowledge; way of adding innovative, technology-enhanced component to programming; and a tool for community engagement. MSDSP will partner with an IT firm/blended learning course provider to develop and / or adapt interactive video modules in entrepreneurship and the most promising TVET trades identified during the assessment and value chain analyses. MSDSP will strive to develop blended-learning courses that correspond to TVET courses, entrepreneurship program, ICT and soft skills courses identified within the project to maximize reach and participation in course programs, particularly for women in rural communities. MSDSP will work with local TVET centers to offer four blended courses, beginning in Year 2 of the project. The courses will include opening and closing in-person sessions at TVET centers or through service provider, and then a series of video-based modules in the skill area. By partnering with the TVET centers, the project will promote ongoing use of video-based courses produced through the project after the implementation period. MSDSP will draw on the experience of AKF globally, which has been producing blended learning courses since 2014.

49. **Process.** The following key sub-activities are required:
- (i) Select topics for blended learning courses
 - (ii) Select local TVET centers or service provider to offer blended learning courses
 - (iii) Identify IT firm/blended learning provider to develop interactive video modules
 - (iv) Development of blended learning courses and supporting curricula
 - (v) Four blended learning courses offered
- (i) Select topics for blended learning courses
 - Detailed subject-matter expertise will be developed through interactive video modules to fill any identified knowledge gaps.
 - Through the labor market assessment and value chain analysis, the most pressing skills gaps will be identified as “high-demand” topics for blended learning course development.

- Priority will be given to topics that have long-term market viability and are particularly of interest to women, in order to encourage participation for those with limited mobility.
- (ii) Select local TVET centers or service provider to offer blended learning courses
- Determine TVET centers to offer courses by considering geographic location, internet connectivity in the area, implementation capacity of the TVET center or service provider, trade-off from time/human capital invested in learning the blended learning curricula, and projected reach to youth in vicinity of TVET center.
- (iii) Identify IT firm/blended learning educator to develop interactive video modules
- IT firm or blended learning educator should be experienced in delivering video courses on similar subject matter. Ideally, IT firm will have provided materials for leading educational institutions in the country/region.
 - IT firm will be selected through a competitive bid process.
 - The project will prioritize working with firms and or service providers who have existing modules of interest that may be adapted for the project.
- (iv) Development of blended learning courses and supporting curricula
- MSDSP will leverage AKF global experience in developing blended learning courses, and strive for partnerships with a leading firm who has developed interactive learning videos. The lead firm will ideally share their courses in a particular value chain area or ICT topic. The goal of the local IT firm/blended learning educator will be to tailor the content to its unique audience and translate any content from global leaders in blended learning.
- (v) Four blended learning courses offered
- Selected TVETs will pilot the blended learning course and deliver it to up to 200 students

50. **Outputs.** 4 blended-learning courses developed and offered to 200 students.

Activity 1.10. Beginner and advanced ICT course curricula developed and training of trainers completed.

51. **Objectives and outcomes.** MSDSP will partner with national and regional providers of ICT training to expand their services to target communities in rural areas. The project will work with training providers to develop and / or adapt five tailored beginner and advanced ICT course curricula and carry out training of trainer sessions.

52. **Process.** The following key sub-activities are required:

- (i) Review the state of connectivity in the project area
- (ii) Identify and partner with national / regional service provider
- (iii) ICT curriculum adapted and provision of TOT to TVET staff

- (i) Review the state of connectivity in the project area
- MSDSP will conduct a rapid assessment of the connectivity in the project area.
 - Based on the findings, the project will develop an approach for the ICT course delivery and training plan.
 - It is anticipated that the project may initially focus in towns and villages of target geographies where connectivity is high and more consistent.
 - In order to improve reach, the project will explore opportunities to provide basic infrastructure where basic connectivity does not exist.

- (ii) Identify and partner with national / regional service provider
 - Launch bid for ICT course development. See Annex A5 for sample TOR.
 - Selection criteria will include:
 - Demonstrated capacity to provide quality ICT training programs through existing curriculum;
 - Ability to adapt curriculum based on market demand;
 - Interest in serving L4Y’s target group of youth aged 18 to 28;
 - Ability and willingness to conduct training of trainers to TVET in the 3 oblasts of the project;
- (iii) ICT curriculum adapted and provision of TOT to TVET staff
 - A total of five demand-driven ICT course curriculums will be developed on topics such as: using the computer and managing files, ICT terminology, word processing, spreadsheets, databases, presentations, basic web design programming with HTML and CSS, basic graphic design with Adobe Illustrator, computer-aided design.
 - See Annex A2 for training plan.

53. **Outputs.** 5 ICT courses developed; TOT to 40 TVET instructors;

Activity 1.11. IT equipment provided to TVET centers.

54. **Objectives and outcomes.** Provide IT equipment to TVET centers in target communities.

55. **Process.** The following key sub-activities are required:

- (i) Equipment needs analysis of project-identified TVET centers
- (ii) Equip TVET centers with IT equipment based on identified needs

- (i) Equipment needs analysis of project-identified TVET centers
 - Inventory count of all IT equipment in TVET centers.
 - Evaluate the social and business benefits of specific kinds of IT equipment to determine most suitable equipment purchase assessment. Evaluate the lifetime value of the equipment, relevance to project trainings, and follow-on effects (post-project) that new IT equipment will bring to youth.

- (ii) Equip TVET centers with IT equipment based on identified needs
 - TVET centers receive IT equipment and incorporate into training needs of young people.
 - TVET centers install IT equipment in youth-friendly arrangement, such as pairings with colorful and modern decorations or in safe “youth-only” spaces where they can read e-libraries from the new IT equipment and learn useful IT skills with peers.

56. **Outputs.** Selected TVET centers are equipped with enabling IT equipment to provide beginner and advanced ICT courses to youth.

Activity 1.12. TVET centers offer beginner and advanced ICT courses to youth.

57. **Objectives and outcomes.** Based on project support, the aim is 1,000 youth (50 percent women) trained in ICT skills based on international standards.

58. **Process.** The following key sub-activities are required:
- (i) Identify and select participants for ICT courses
 - (ii) Support TVET centers to pilot ICT courses for youth in three oblasts
- (i) Identify and select participants for ICT courses
- Participants will be identified through an open-call process which will run in parallel with the project's awareness-raising activities. Participants will be asked to submit a simple application form, resume, and short motivation letter to TVET Center Training Managers.
 - Applicants will be screened on mandatory criteria: i.e. age, residence and then remaining applicants will be evaluated based on quality of application materials and measures to ensure gender parity.
- (ii) Support TVET centers to pilot ICT courses for youth in three oblasts
- Twice check-ins between course facilitators and their trainers from the ToT sessions to ensure that components are running smoothly.
 - Intermittent feedback and spot-checks from facilitators and youth on satisfaction with course content, key lessons learned, satisfaction with course environment, teaching quality.
59. **Outputs.** 1,000 youth trained in ICT courses.

2.2 Component 2: Creating Market Opportunities for Youth

A. OBJECTIVES, SCOPE AND PARAMETERS

60. This section covers the activities funded under Component 2.
61. **Objective.** The overall objective of Component 2 is the creation of market opportunities for youth is to support the demand side interventions to increase opportunities for youth in the labor force in (i) youth-centric value chains and livelihoods opportunities in traditional sectors, and (ii) in the digital economy and e-services.
62. **Principles.** This Component is guided by the following principles:
- (i) **Maximizing impact and innovation:** The project aims to support youth employment in approximately 20 vulnerable AAs that are transversed by the CASA 1000 transmission line, and also targeted through the CASA 1000 Community Support Project (CSP). While the CSP will support a series of community driven social and economic infrastructure investments, including investments in 'livelihoods facilities' designed to stimulate or enhance economic activity in rural areas. CSP will also support a youth-led community mobilization process. The L4Y project is designed to increase the impact of CSP by providing needed training and capacity development of local economic actors, focusing on skills development and innovative livelihoods for youth, and strengthening economic infrastructure investments financed through CSP.
 - (ii) **Scale:** MSDSP recognizes that it will be necessary to select activities with significant potential for scale-up in order to positively impact large numbers of young people. This will be particularly accomplished in the value chain sub-sector selection process, by selecting sub-sectors that engage large number of microenterprises and

employees. It also implies working to encourage other value chain actors to replicate the behavior changes that it is promoting.

- (iii) **Participatory:** The specific sectors youth will be trained in and value chains to be supported in the project will be determined based on triangulation from the (participatory) market assessments, value chain analysis, and skill development needs outlined in the Youth Development Plans from the CESA/CSP.
- (iv) **Demand-driven:** MSDSP will take a lead-firm approach to developing value chains, and particularly to inform the formation of common interest groups. This will provide a better opportunity for youth to respond to gaps in existing value chains.
- (v) **Pro-youth:** Initiatives use a youth-centered approach. The project will primarily aim to have significant impact on youth (self-)employment. The project will weigh opportunities that Investment in contributing to outsized job creation opportunities for youth (i.e. proportionately increased jobs for youth), or improved job quality (i.e. improved working conditions, or increased pay for youth employees).

63. **Outputs and indicators.** The outputs of Component 2 are:

- Three detailed value chain analysis in each target oblast
- Formation, training and mentoring of 30 Common Interest Groups
- Provision of USD 90,000 in equipment and supplies to the CIGs
- Sub-grants of up to USD 5,000 to 20 youth entrepreneurs / enterprises already in the value chain to improve productivity
- Provision of business acceleration services to the above 20 entrepreneurs / enterprises or related actors in their value chain
- Support for business development in nine CSP-supported livelihoods facilities
- Sub-grants of up to USD 5,000 to 20 pro-youth e-enterprises that foster innovation
- Provision of business acceleration services to the above 20 pro-youth e-enterprises

Sub-component 2A: Support for value-addition in selected value chains

Activity 2.1: Conduct detailed value chain analysis on promising value chains, including traditional and ICT sectors

64. **Objectives and outcomes.** The value chain analysis will be conducted in all three oblasts, and will identify firms that are active within the value chain, determine the highest potential markets, the key constraints that are constraining the development of the value chain and the participation of youth women, and potential solutions that will open new opportunities for youth, especially women. The project will incorporate within the assessment process the identification of entry points where youth could most easily insert themselves. Such entry points typically represent areas in which youth have a comparative advantage as employees or entrepreneurs (such as the use of technology) or that have low barriers to entry that are suitable for candidates with less experience. The results of this analysis will be used in participatory identification of key value chains for project support.

65. **Process.**

- The project will support a gender-sensitive value chain analysis in each of the three target oblasts. For this, the project will hire a principal consultant (sample ToR in Annex A6), who will be paired with the Value Chain Specialist to ensure project scope is maintained and knowledge remains within the project team.

- These value chain analyses will consist of:
 - Remote document reviews;
 - Key informant interviews with local authorities mandated with facilitating business development; and
 - Focus group discussions with (i) private sector stakeholders, including local entrepreneurs and existing MSMEs currently engaged in the areas of agriculture or processing, or IT business development, and (ii) lead firms to understand constraints about scale up of their operations.
- The value chain analysis will generate an evidence-based ‘roster’ of pro-youth value chains.

66. **Output.** Value chain analysis [3].

Activity 2.2. Formation, training, mentoring and provision of supplies to Common Interest Groups.

67. **Objectives and outcomes.** Based on results of the analysis, the pilot will conduct a number of activities to support enhancement of value chains and MSME development, including the formation, training and mentoring of 30 new common interest groups (CIGs) of 20-30 young entrepreneurs each in the agriculture sector (i.e. 600-900 youth). The goal of the CIGs is to strengthen links with markets, monitor evolving trends and technological developments, provide peer networking opportunities for agricultural professionals, generate economies of scale for inputs and sales, and share equipment and supplies to support enhanced production and processing. Value Chain Facilitators will provide ongoing training and mentoring to the CIGs throughout the project to facilitate an estimated USD 3,000 in equipment to each of the CIGs based on applications to enhance production and sales.

68. **Process.** The following key sub-activities are required:
- (i) Formation of demand-driven Common Interest Groups (CIGs)
 - (ii) Training and mentorship provided to CIGs
 - (iii) Identification and provision of equipment to CIGs
- (i) Formation of demand-driven Common Interest Groups (CIGs)
- The project will take a lead-firm approach to the formation of 30 new CIGs. Through the lead firms, the project will develop a strategy for the CIG approach, i.e. where and with whom to make CIGs. This will ensure the CIGs are demand-driven.
 - CIGs will consist of youth members who are engaged in small-scale enterprise and are able to progress to commercial scale to gain competitive advantage or consolidate segments of the value chains identified. These groups will consist of 20-30 members.
 - CIGs have a Board of Directors that is formed annually. After the initial year of formation, the standing rule is that a member must have been active for at least one year to sit on the Board. Other leadership positions include the President, Deputy and Treasurer (sometimes referenced as the Cashier). The group has an informal Constitution, or MOU, which must be developed by and agreed to by all members. An example of the MOU will be shared with the Bank within three months of the project start.
 - Disputes are resolved as a collective: each CIG has different procedures in place to ensure that disputes do not impact the group as a whole. When two members are in disagreement, management calls a meeting and they enact whatever dispute mechanisms have been decided to ensure that the CIG remains stable. If a member wishes to leave the group for whatever reason, they have a set amount of time to announce their departure, usually 1 or 2 months, and must settle all their outstanding debts before departing the group, including returning shared CIG physical assets. For new members wishing to join the CIG, they must fit

within the enterprise design of the group and all group members must unanimously agree to allow them into it.

- The project will support the formation of 30 new demand-driven CIGs in the project area (as possible, on average 10 per oblast). The project will establish CIGs based on the following criteria:
 - Demand-driven: responding to gaps in value chain identified by lead firms;
 - Clustering of business interests: proximity of individuals representing a common-interest to physically meet, collaborate, and share knowledge;
 - Size of potential business interest cluster: is cluster significant enough relative to other clusters in the same area;
 - Growth potential of business interest cluster: potential to create jobs or increase economic value to region based on preliminary estimates / research;
 - Demographics represented in cluster (i.e. youth, women);
 - Environmental impact of group (do no harm principle in business).

(ii) Training and mentorship provided to CIGs

- In order to support the CIGs to become commercially viable, the project will support a series of training for the CIGs.

Topic / Module
1. Introduction to CIGs
2. Industry specific planning / technical demonstration (based on interest of lead firm and group)
3. Business planning exercise
4. Record keeping
5. How to identify input suppliers and traders
6. Conflict resolution

- At the conclusion of the training, as relevant, a Business Development Service Provider (BDSP) will be identified by the group. This individual will be (i) a great motivator; (ii) have a background in enterprise and/or participating in project-supported entrepreneurship training; (iii) demonstrate in training a superior understanding of the concepts around business planning and value chains; and (iv) demonstrate positive rapport within the community and social acceptance in the area. Detailed selection criteria will be developed in participation with group members.
- The BDSP will be a youth trained to become a service provider in selected value chains that will cater specifically to youth producers and entrepreneurs. This will create a needed space for youth to be able to access and participate in market based and income generating activities.
- The BDSP will be expected to:
 - Provide ongoing support to the entrepreneurs within the CIG, by providing services as well as connecting service providers to clients;
 - Assist with connecting producers from CIG members with enterprises to input suppliers and traders;
 - Linkages with producers, suppliers and traders.
- All resource persons will attend technical training delivered by the Value Chain Facilitators and/or small exposure visit to a successful enterprise to learn best practices and network with other entrepreneur.
- In total, 30 BDSPs (1 per CIG) will be established.

(iii) Identification and provision of equipment to CIGs

- In order to practice skills developed under previous activity, CIGs will develop a business case for the provision of a specific equipment determined as a need. This will require the CIG members to work together to prioritize and articulate its needs.
- The business case will serve as the application. CIGs will be coached by the Value Chain Facilitators to develop a strong business case.
- Criteria for selection will include:
 - Cost of equipment (on average\$3,000)
 - Projected estimate benefits of the equipment
 - Considerations and provisions for training required for new equipment
 - Operations and maintenance plan
- Based on successful applications, MSDSP will provide CIGs with their identified equipment needs.

69. **Outputs.** 30 CIGs established; 600-900 CIG members; 30 BDSPs trained and mentored; provision of equipment to 30 CIGs.

Activity 2.3. District-level and inter-district job fairs for youth.

70. **Objectives and outcomes.** Five district-level and 11 inter-district job fairs for youth will be organized, with focus on matching skilled youth with potential employers and to facilitate market linkages for CIGs. The job fairs would begin on an annual basis starting in Year 2 after initial project trainings have been completed.

71. **Process.** The project will support a series of employer-led job fairs over the course of three years.

- Employers and enterprises will be invited to participate / co-host the fairs. They will be identified and invited based on recommendations (i) from the CoE; (ii) through training participants in their feedback forms or during the feedback-dialogue-action process semi-annually; (iii) by the Placement Officer based on market intelligence.
- The events will be held at the district-level TVET centers, or other project-identified site.
- The event will consist of (i) booths with employers and entrepreneurs; (ii) a keynote (youth) speaker; (iii) space for youth to interact and provide feedback to project staff.
- Events will take place as follows:
 - Year 2: 2 district-level job fairs; 3 inter-district job fairs
 - Year 3: 2 district-level job fairs; 4 inter-district job fairs
 - Year 4: 1 district-level job fair; 4 inter-district job fairs

72. **Outputs.** District-level job fairs [5]; inter-district job fairs [11].

Activity 2.4. Provision of business acceleration services to the entrepreneurs / enterprises or related actors in their value chain.

73. **Objectives and outcomes.** The project will provide business acceleration services to the 20 supported entrepreneurs/enterprises as well as to the upstream and downstream value chain actors they are connected with (e.g. regional and national businesses or business associations; input suppliers, processors and manufacturers). MSDSP will hire a local business acceleration firm to provide this technical assistance.

74. **Process.** The following key sub-activities are required:
- (i) Tailored business acceleration training program for entrepreneurs/enterprises is developed
 - (ii) Top 20 graduates from advanced entrepreneurship courses are selected for acceleration
 - (iii) Business acceleration training provided to entrepreneurs/enterprises
- (i) Tailored business acceleration training program for entrepreneurs/enterprises is developed
- Curriculum will cover iterative business modeling, strategies for scalable growth, and venture financing process.
 - Curriculum will weave in practical exercises focused on investment-readiness training and business mentorship. This includes financial modelling, writing investment memos, and delivering a 3-minute business pitch. See Annex A2 for training plan.
- (ii) Top 20 graduates from advanced entrepreneurship courses are selected for acceleration
- Selection panel will comprise of representatives of advanced entrepreneurship training provider and business acceleration training provider, while consultations will be held with sub-grant selection committee.
 - Selection criteria will include: performance/attendance at advanced entrepreneurship course, business value proposition, market niche and growth, revenue/profit potential, strength of entrepreneur/team, (self-)employment generation for youth and women, use of local resources, environmental sustainability.
- (iii) Business acceleration training provided to entrepreneurs/enterprises
- Training will be structured as series of lectures / presentations from subject-matter experts, regular 1-to-1 work sessions with business trackers, and weekly networking sessions with upstream and downstream value chain actors. These will be held over the course of 8-12 days, for 10 entrepreneurs / cohort (cohorts in Year 2, Year 3).
 - Entrepreneurs engage in experiential “peer due diligence” learning process, where they evaluate the strengths and risks of each others’ business models through an investment lens.
75. **Outputs.** 20 entrepreneurs/enterprises are investment-ready.

Activity 2.5. Sub-grants to youth entrepreneurs / enterprises already in the value chain to improve productivity

76. **Objectives and outcomes.** In order to improve value chain productivity, 20 sub-grants will be awarded to youth-led / pro-youth entrepreneurs/enterprises. Sub-grants will be valued on average US\$7,000 or US\$3,000 each. Potential sub-grantees will be sourced from the participants of the project’s enterprise acceleration trainings, where they will be evaluated through a competitive process by a panel of external business professionals, successful entrepreneurs, and representatives from the advanced entrepreneurship and business acceleration training providers. The criteria for selection will include: relevance of the business product/service to project-targeted sub-sectors; business model viability; potential for revenue growth and scalability; potential to maximize women’s participation in the labor market; potential to improve quantity and/or quality of jobs for youth; anticipated number of market linkages facilitated and jobs added as a result of the e-innovation. Detailed selection process and distribution will be outlined in the SGM.

77. **Process.** The following key sub-activities are required:

- (i) Awareness raising events about entrepreneurship training and business acceleration programs twinned with sub-grant opportunity for entrepreneurs / enterprises in select value chains to improve productivity
 - (ii) Organize selection committee for provision of sub-grants
 - (iii) Selection of sub-grant awardees and provision of sub-grant upon successful completion of business acceleration trainings
 - (iv) Follow-up and monitoring with awardees, and linkage with other project activities
- (i) Awareness raising events about entrepreneurship training and business acceleration programs twinned with sub-grant opportunity for entrepreneurs / enterprises in select value chains to improve productivity
- Awareness-raising will focus on incorporating inspirational messages from successful entrepreneurs or business professionals who ideally have ties to target sub-sectors or target villages.
 - Messaging will focus on practical applications of entrepreneurship experience, learning from business success and failures, ties to future job prospects, and linkages to broader market developments based on value chain studies and other project developments.
- (ii) Organize selection committee for provision of sub-grants
- Consult providers of entrepreneurship training/business acceleration training, prominent business/youth/women associations, business diaspora of Kyrgyzstan and prominent business leaders and youth leaders to identify selection committee members and create suitable evaluation criteria/rubric.
 - Members of committee will be selected based on: subject matter expertise in business/value-chain sectors, demonstrated entrepreneurial success in Kyrgyz Republic, availability to commit throughout project timelines, and prior mentorship/grant-awarding experience from similar entrepreneurship programs.
 - Committee will be consulted throughout the basic and advanced entrepreneurship programs to evaluate entrepreneurs/enterprises that move ahead to the next stage of training.
- (iii) Selection of sub-grant awardees and provision of sub-grant upon successful completion of business acceleration trainings
- All participants of business acceleration training are prepared by training providers/business trackers for a “business demo day” which culminates the acceleration training program.
 - Entrepreneurs present their business idea/product demo in 10-20 minute “Dragon’s Den-esque” presentation/Q&A session to all selection committee members, and receive feedback on their businesses based on evaluation criteria/rubric.
 - Entrepreneurs/enterprises identified from the average independent scores of selection committee based on evaluation criteria.
 - Sub-grantees announced; all acceleration participants invited to final celebratory networking event with selection committee and peer entrepreneurs.
 - Sub-grant deployment will be done by C-VIA, and tailored to needs of the entrepreneur: cash, in-kind grant for equipment purchase, scholarship provision for additional technical training from other providers in Kyrgyz Republic or internationally. Details outlined in the SGM.
- (iv) Follow-up and monitoring with awardees, and linkage with other project activities
- Gold and silver tier sub-grantees will be asked to participate in at least one outreach/knowledge-sharing event with community-interest groups, TVET centers, future entrepreneurship training cohorts, awareness raising events.

- Gold tier sub-grantees will receive quarterly mentorship calls from business acceleration providers or entrepreneurship training providers to monitor relevance of sub-grant and encourage long-term enterprise growth/sustainability.
- Gold sub-grantees receive annual follow-ups for impact reporting: number of jobs created for youth and women.

78. **Outputs.** 20 business-growth enabling sub-grants awarded to youth-led and / or pro-youth entrepreneurs/enterprises.

Activity 2.6. Support for business development in CSP-supported livelihood facilities.

79. **Objectives and outcomes.** As part of the CESA/CSP, about 10 livelihood facilities will be optimized to promote employment among youth. Through contracted business consultants, managers of 10 CSP-supported youth livelihood facilities will receive business consultations to maximize the social impact, reach, and financial viability of the facilities. Managers will receive tailored consultation packages depending on their own business experience, as well as the age and location of the livelihood facility.

80. **Process.** The following key sub-activities are required:

- (i) Qualified consultants are hired and paired with managers of livelihood facilities
- Consultants with backgrounds in managing the scale-up of real-estate projects, private education centers, commercial malls, co-working spaces, or similar youth-centric livelihoods development centers will be recruited ideally for the role.
- Consultants will be paired with managers based on characteristics such as: age, gender, relevance of consultant's subject-matter expertise or regional expertise, and optimal logistics scheduling for consultation periods.
- (ii) Tailored to the needs and business life cycle stage of the livelihood center, business consultants will provide a series of consultations/trainings to managers
 - Consultations can include themes such as: finance/accounting, end-user research to validate relevance of planned service-offerings, monetization strategies, marketing and advertising strategies to target end-users, identification of business partnerships and suppliers.
 - Each livelihood facility will be optimized based on its proximate ecosystem (i.e. availability of educators, youth-led enterprises, availability of libraries/e-resources, schools).
- (iii) Implementation and iterative re-development of livelihood center service-offerings model
 - Consultants and managers will jointly develop business optimization model.
 - Managers will implement strategic activities at livelihood facilities. Managers may offer a range of services such as: seasonal group trainings, one-to-one career consultations, market information aggregation, hubs for innovation and collaboration, co-working spaces, tutoring classes, career fairs, youth music/arts performances, sales points for youth-led enterprises, access to technology, e-libraries, etc.

- Through end-user feedback, and iterative development of the service-offerings model, business consultant and manager will continually work to achieve ultimate objectives of the facilities.
- Through continuous trial, the livelihood facilities will ultimately serve as gathering points for youth, while their future trajectories should develop closely in-line with the demands of youth.

81. **Outputs.** Business development support provided to 10 CSP-facilities.

Sub-component 2B: Support for the development of e-enterprises and enterprise capacity

Activity 2.7. Provision of business acceleration services to the above pro-youth e-enterprises

82. **Objectives and outcomes.** Business acceleration services will be provided to the 20 supported youth-led and/or pro-youth e-enterprises, including support for innovation development, using hackathons and locally-driven solutions to enhance productivity, linking youth to jobs in the digital economy, and providing links to new skills and market information in the ICT sector. MSDSP will hire a local business acceleration firm to provide this technical assistance.

83. **Process.** The following key sub-activities are required:

- (i) Business acceleration firm, in partnership with ICT firms and inspirational local tech-entrepreneurs to design innovative ICT case competition/coding challenge to kick-off business acceleration training
 - (ii) Top 20 graduates from advanced entrepreneurship courses are selected for business acceleration training
 - (iii) Business acceleration training provided to youth-led and/or pro-youth e-enterprises
- (i) Business acceleration firm, in partnership with ICT firms and inspirational local tech-entrepreneurs to design innovative 48-hour ICT case competition/coding challenge to kick-off business acceleration training
 - Entrepreneurs are placed in groups of 2-4 to complete 48-hour creative ICT case competition which focuses on tackling a local economic problem through the design of a new e-enterprise.
 - Entrepreneurs receive immediate feedback at end of session from ICT firms and tech-entrepreneurs on feasibility of design, creativity, team-work, and scalability of business idea.
 - (ii) Top 20 graduates from advanced entrepreneurship courses are selected for business acceleration training
 - Selection panel will comprise of representatives of advanced entrepreneurship training provider and business acceleration training provider, while consultations will be held with sub-grant selection committee.
 - Selection criteria will include: business value proposition, market niche and growth, revenue/profit potential, strength of entrepreneur/team, employment generation for youth and women, use of local resources, environmental sustainability.
 - (iii) Business acceleration training provided to youth-led and/or pro-youth e-enterprises
 - Training will be structured as series of lectures / presentations from subject-matter experts, regular 1-to-1 work sessions with business trackers, and weekly networking sessions with upstream and downstream value chain actors. These will be held over the course of 8-12 days, for 10 e-entrepreneurs / cohort (cohorts in Year 2, Year 3).

- Three networking sessions will be held with representatives of local ICT firms, business professionals, and successful tech-preneurs. See Annex A2 for training plan.

84. **Outputs.** 20 entrepreneurs trained iterative business modeling and service-user fit.

Activity 2.8. Sub-grants to pro-youth e-enterprises that foster innovation

85. **Objectives and outcomes.** In order to foster ICT-related innovation in enterprise, or e-enterprise and to promote jobs for youth in the digital economy, the project will support 20 youth-led and / or pro-youth e-enterprises that foster ICT innovation. Support will be provided through provision of a sub-grants valued at on average US\$7,000 or US\$3,000 each. Potential sub-grantees will be sourced from the participants of the project’s e-enterprise acceleration trainings, where they will be evaluated through a competitive process by a panel of external business and ICT professionals, and representatives from the advanced entrepreneurship and business acceleration training providers. The criteria for selection will include: relevance of the e-innovation to project-targeted sub-sectors; business model viability; potential for revenue growth and scalability; potential to maximize women’s participation in the labor market; potential to improve quantity and/or quality of jobs for youth; anticipated number of market linkages facilitated and jobs added as a result of the e-innovation. Detailed selection and the selection process will be outlined in the SGM.

86. **Process.** The following key sub-activities are required:

- (i) Awareness raising events about entrepreneurship training and business acceleration programs twinned with sub-grant opportunity for entrepreneurs / enterprises in select value chains to improve productivity
 - (ii) Organize selection committee for provision of sub-grants
 - (iii) Selection of sub-grant awardees and provision of sub-grant upon successful completion of business acceleration trainings
 - (iv) Follow-up and monitoring with awardees, and linkage with other project activities
- (i) Awareness raising events about entrepreneurship training and business acceleration programs twinned with sub-grant opportunity for entrepreneurs / enterprises in select value chains to improve productivity
 - Awareness-raising will focus on incorporating inspirational messages from successful tech-entrepreneurs or ICT professionals who ideally with ties to target sub-sectors or target villages.
 - Messaging will focus on practical applications of entrepreneurship experience, learning from business success and failures, ties to future job prospects, and linkages to broader market developments based on value chain studies and other project developments.
 - (ii) Organize selection committee for provision of sub-grants
 - Consult providers of entrepreneurship training/business acceleration training, prominent business/tech associations, business diaspora of Kyrgyzstan and prominent ICT leaders and youth leaders to identify selection committee members and create suitable evaluation criteria/rubric.
 - Members of committee will be selected based on: subject matter expertise in business/ICT, demonstrated entrepreneurial success in Kyrgyz Republic, availability to commit throughout project timelines, and prior mentorship/grant-awarding experience from similar entrepreneurship programs.
 - Committee will be consulted throughout the basic and advanced entrepreneurship programs to evaluate entrepreneurs/enterprises that move ahead to the next stage of training.

- (iii) Selection of sub-grant awardees and provision of sub-grant upon successful completion of business acceleration trainings
 - All participants of business acceleration training are prepared by training providers/business trackers for a “business demo day” which culminates the acceleration training program.
 - Entrepreneurs present their business idea/product demo in 10-20 minute “Dragon’s Den-esque” presentation/Q&A session to all selection committee members, and receive feedback on their businesses based on evaluation criteria/rubric.
 - Entrepreneurs/enterprises identified from the average independent scores of selection committee based on evaluation criteria.
 - Sub-grantees announced; all acceleration participants invited to final celebratory networking event with selection committee and peer entrepreneurs.
 - Sub-grant deployment will be done by C-VIA, and tailored to needs of the entrepreneur: cash, in-kind grant for equipment purchase, scholarship provision for additional technical training from other providers in Kyrgyz Republic or internationally. Details outlined in the SGM.
- (iv) Follow-up and monitoring with awardees, and linkage with other project activities
 - Gold and silver tier sub-grantees will be asked to participate in at least one outreach/knowledge-sharing event with community-interest groups, TVET centers, future entrepreneurship training cohorts, awareness raising events.
 - Gold tier sub-grantees will receive quarterly mentorship calls from business acceleration providers or entrepreneurship training providers to monitor relevance of sub-grant and encourage long-term enterprise growth/sustainability.
 - Gold sub-grantees receive annual follow-ups for impact reporting: number of jobs created for youth and women.

87. **Outputs.** 20 business-growth enabling sub-grants awarded to e-entrepreneurs/enterprises.

Activity 2.9. Provision of business acceleration services to lead firms

88. **Objectives and outcomes.** Business acceleration services will be provided to four lead firms identified along the target value chains as a result of the value chain analysis. Lead firms will receive acceleration services that are tailored for more mature, larger enterprises, with the aim of catalyzing further value chain synergies to lift other linked enterprises. Acceleration services will also aim to spur new value chain linkages between lead firms and smaller value chain actors, facilitate new linkages between smaller value chain actors, and strengthen existing relationships between lead firms and other value chain actors, and project-supported CIGs. Acceleration services will be provided by a local business acceleration service provider.

89. The following key sub-activities are required:
- (i) Identify four lead-firms from value chains identified in project
 - (ii) Develop tailored acceleration consulting/coaching sessions for lead firms fitted to their business maturity and industry-focus
 - (iii) Provide business acceleration sessions
 - (iv) Follow-up post acceleration
- (i) Identify four lead-firms from value chains identified in project
 - Through the value chain analysis, 6-8 lead firms will be identified.
 - These lead firms will be asked to submit more detailed information to the project team, including basic operating metrics/financial figures, business plan, profile of key team members. Top 4 are screened by the Value Chain Specialist jointly with the acceleration

service provider for criteria including: potential to catalyze economic impact (incremental revenues for other actors), job creation potential (particularly for youth and women), knowledge spillover, willingness to engage with project-supported CIGs.

- (ii) Develop tailored acceleration consulting/coaching content for lead firms fitted to their business maturity and industry-focus
 - Content will be developed through a detailed review of value chain studies, and lead firms' existing operating model and interactions with other value chain actors. Lead firms' acceleration service provider will provide strategic input as to possible business development routes for each lead firm. See Annex A2 for training plan.
- (iii) Provide business acceleration sessions
 - Acceleration program will provide detailed consultations on strategic development routes, with a strong focus on growth, sustainability, and networking.
 - To encourage new linkage opportunities and product/service marketing channels, the lead firms will be encouraged to participate in the project-sponsored job fairs.
 - Facilitate development of new business linkage technologies, information sharing platforms, possible international value-chain linkages.
- (iv) Post-acceleration follow-up
 - Where possible, the project will provide additional remote-consultation report on new business linkage technologies, strategic development of any new sales channels, or international links.

90. **Outputs.** 4 lead firms have strengthened business development prospects.

2.3 Component 3: Project Monitoring & Evaluation and Knowledge Dissemination

A. OBJECTIVES, SCOPE AND PARAMETERS

91. This section covers the activities funded under Component 3, specifically how M&E will be undertaken in order to collect, present, and assess program progress and outcomes, as outlined in the results framework. The PAD and its results framework is the starting point for both understanding the program and for developing M&E tools, M&E processes and instruments, and reporting relationships and responsibilities..

92. **Objective.** The overall objective of knowledge and learning and monitoring and evaluation (M&E) efforts through the L4Y is to ensure the effective, efficient and transparent delivery of L4Y activities with maximum impact and to promote real-time learning and improvements throughout the project cycle.

93. **Goals.** The goals of the monitoring and evaluation activities are as follows:
- Provide project stakeholders with regular information on the progress of the Project and its outputs
 - Identify the issues and obstacles encountered during project implementation
 - Promote results and performance management, leading to improved implementation
 - Ensure compliance of the L4Y implementation with regulatory documents- Grant Agreement, Project Agreement, and Operations Manual, etc.
 - Determine the MSDSP' success in achieving the goals and objectives set, and the level of its impact on the social environment and capacity of the intended beneficiaries
 - Support acceptable environmental and social impact standards

- Providing a means to inform the project's stakeholders about progress, challenges, and opportunities
- Assess project risk and update mitigation strategies.

94. **Principles.** Key M&E principles will be:

- M&E will be practiced by all managers and implementers. M&E is a basic management function and the MSDSP team will facilitate others to appreciate and practice M&E
- Performance targets will be used to ensure implementation remains on track; managers are expected to understand their targets and to design interventions and adjust their activities in order to meet them
- M&E will promote learning and evidence-based decision making, in an open and transparent manner
- M&E systems will be kept as simple as possible; where computerization is used web-enabled systems where information is available in real time will be promoted
- Community and participatory monitoring will be promoted
- Gender and youth will be mainstreamed into all M&E practice. A gender target that 50 percent of the beneficiaries should be women/girls will also be rigorously implemented and checked through M&E efforts
- The OECD's M&E definitions for outcomes, outputs, indicators, etc. will be used (see <https://www.oecd.org/dac/evaluation/2754804.pdf>)
- Where possible, control and treatment groups will be used to attribute changes caused by the project; the principles of the International Initiative for Impact Evaluation (3ie) will be adhered to (see www.3ieimpact.org/media/filer_public/2015/02/26/3ie_principles_of_ie.pdf).

95. **M&E Implementation and institutional arrangements.** Monitoring and evaluation activities will be coordinated by the Project M&E Specialist. Led by the M&E Specialist, MSDSP will be responsible for:

- Agreeing with the World Bank and other relevant stakeholders on annual targets for all indicators and managing performance in line with these targets
- Collecting all indicators in the results framework and implementing all the M&E processes described in this manual
- Making data, including raw data from surveys, databases and other instruments publicly available and readily accessible in a timely basis.
- Ensuring the accuracy and credibility of all data and information provided, including the collection of relevant means of verification
- Preparing quarterly and annual reports on a timely basis, with reports meeting the principles and criteria set out
- Learning what is working, what is not and why
- Working closely with program management to ensure M&E results are explained in a simple and useful manner and are appropriately disseminated

96. The M&E Specialist will be responsible for routine control and monitoring through regular and ad-hoc reports provided by the Project, independent auditors' reports, specific survey reports, spot checks, etc. Donor will also monitor through these reports as well as relevant Grant and Loan Agreements, Aide Memoires, Cooperation Agreements, etc.

97. This chapter: (i) describes the importance of performance management and summarizes all performance targets; (ii) outlines a brief strategy for computerization (which will generate most reports and indicators); (iii) describes how to implement key M&E processes and activities and (iv) defines, in detail, each indicator in the results framework.

98. **M&E Processes:** The following M&E activities will be implemented
- Activity 3.1: Manage results by establishing clear performance targets
 - Activity 3.2: Computerize the operations manual, to monitor key processes and generate required reports and indicators
 - Activity 3.3: Develop and implement surveys and impact evaluations
 - Activity 3.4: Undertake regular spot checks and supervision missions to monitor implementation and assess data quality
 - Activity 3.5: Implement learning initiatives
 - Activity 3.6: Prepare annual, semi-annual reports and other implementation reports
 - Activity 3.7: Complete end of project reports

B. ACTIVITIES AND PROCEDURES

Sub-component 3B: Monitoring and evaluation

Activity 3.1. Manage results by establishing clear performance targets.

99. As described below, quarterly and annual reports will review progress against each and every annual performance target, will contain a time series of targets vs. actual performance, and, where performance falls short will provide detailed reasons why targets were not met. The following pages contain a list of all indicators and a first draft (to be completed) of their targets. The M&E Specialist will hold consultations to finalize all indicator targets by year (or as indicated in PMF), ensuring managers and all relevant stakeholders fully understand and agree with them.

Table 3: Indicator Targets

Indicator Name	End Target
Project Development Indicators	
Number of youth beneficiaries reached through innovative skills development and other project trainings	4,000
Percentage increase in income of project beneficiaries that are employed	20
Percentage increase in share of supported youth with wage or self-employment	40
Percentage of youth beneficiaries reporting that the project has contributed towards improved inclusion and community cohesion	70
Intermediate Results Indicators	
Percentage of youth beneficiaries reporting that the Project trainings were relevant and useful in enhancing their access to innovative livelihoods and employment	75
Percentage of interns supported by the Project who are employed 12 months after completion of training	50
Number of new enterprises established by project beneficiaries	30
Percent increase in average revenue of existing micro- and small enterprises supported by the Project	20
Percent reduction of employment gender gap among project beneficiaries	30
Number of pro-youth e-enterprises that foster IT/innovation established	20
Number of youth development plans developed under CASA-1000 CSP supported through Project investments	10

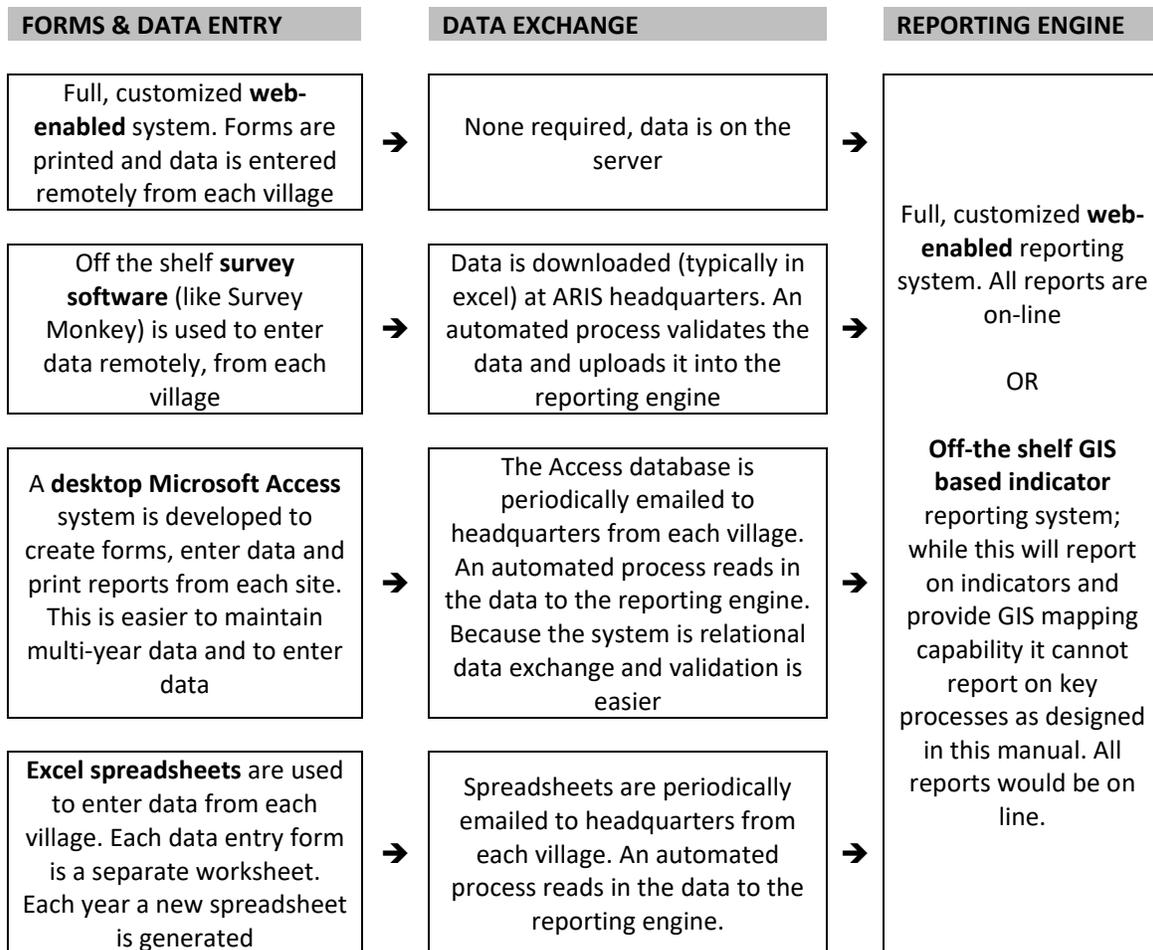
Activity 3.2. Computerize the operations manual, to monitor key processes and generate required reports and indicators.

100. Key procedures and steps of the operations manual will be computerized. Computerization (Management Information Systems or MIS) has several objectives. The first is to provide tools that will enable technical and administrative staff to be more productive and effective. The software developed will support the implementation of processes described in this operations manual. Well-designed software can help ensure that jobs are done on time, the right people are kept informed, that each step is followed and that remedial action is taken promptly. So, as well as managers having the information necessary to manage the process, by virtue of the data being stored on a secure server, it is possible for authorized users at different levels to monitor progress. This will deliver relevant and timely information about the functions each party performs. Since information is computerized, standard reports and indicators will be generated automatically. The system will undertake all calculations, minimizing the risk of human error. Creating standard and automatic reports based on the data entered will reduce the reporting burden and minimize potential repeat requests for information. Using the same system, it will also be possible to produce reports that will keep local citizens and communities as well as development partners informed about the activities undertaken, in real time. Using the same data, different reports can be produced for different audiences. The system will maintain historical data from its point of development onwards (i.e. maintain a history of implementation and a time series of data).

101. Some key elements (user requirements) of the MIS are as follows:

- It implements the operations manual and tracks (i.e. records) indicator targets, i.e. to undertake a comprehensive process monitoring approach
- Responsible parties (actors) are identified for implementing each step or process; these implementers are also responsible for providing the relevant information and data, documenting each step they undertake
- Data collection forms are created for each step and assigned to each implementer; forms are printed automatically from the system (not photocopied from this operations manual) and are signed (officially) stating all information provided is accurate and complete
- The system allows decentralized data entry and remote viewing of reports; ideally it is web-enabled, with a system of users and administrative security identifying roles, responsibilities and access rights
- The system monitors what forms were filled out by whom and which data is incomplete
- Upon input, validation rules identify data which is incomplete or unlikely to be correct
- Ideally, supporting evidence (such as attendance lists for training) can be scanned and uploaded as a means of verification
- All relevant indicators in the results framework are automatically generated (implementers do not undertake calculations, the computer does)
- Based on data inputted, automatic reports are generated. These reports are designed according to the needs of various managers and users, document all processes and can compare all indicators against their targets. The generation of indicator reports is a sub-set or by-product of a computerized implementation system.
- Ideally, reports can be dynamically filtered or grouped for analytical purposes
- Automatic notifications are made to managers via email, informing them of missing data (failure of staff to provide adequate information) and when targets are significantly off-track; managers are actively informed when something is not right
- The system is easy to use, not-fragmented, and intuitive; training on its use should therefore be very short.

102. **The MIS may be developed progressively over time.** It may not be necessary, or indeed advisable to go for 100% computerization in all areas simultaneously. For a period, new computerized systems may co-exist alongside manual processes and/or excel spreadsheets. Since the data set will be extremely small (implementation will be in a about 20 AAs) a fully-fledged web-enabled system of data entry and reporting may not be justified. A decision will need to be made concerning the level of complexity and computerization. In terms of data collection a customized web-enabled system can be developed, on-line survey software (or other data collection forms) can be employed or standalone MS Access or standardized excel spreadsheets can be developed. In terms of reporting, either a customized system can be is designed or off-the-shelf reporting software can be used.



103. All forms and processes will need to be developed reviewed in the first three months of the project to ensure they can generate each and every indicator in the results framework. Forms are paper based. Once data is collected on paper, the forms will be used to input the information into the MIS. The original paper forms, and other means of verification are maintained for accountability reasons.

104. Forms are a way to collect data—they are not reports, which are a way to analyze, summarize and present data. The database will automatically undertake calculations and automatically print standard reports.

105. Each form contains directions. Some data collected on each form has an explanation, describing in more detail what it is. For each form, a person is assigned to fill out the form, and another is responsible for verifying and checking the form for errors. Each form contains accountability statements that the data is correct and complete and that it has been verified.

106. Forms follow the process described in the operations manual. Each step in the process results in the recording of data or information. Forms are linked to processes, through their numbers and titles.

107. Monitoring of L4Y activities (at national and local level) includes continuous and regular monitoring of both the processes described in this manual and the annual plan and budget. Monitoring and reporting will primarily be done using a computerized MIS and will: (i) measure physical progress against targets; (ii) measure whether something is completed on time; and (iii) compare actual budgets and expenditures.

108. Project implementers are expected to comply with the administrative procedures contained in this manual. In terms of M&E there is more flexibility. They can be trained. Disbursements can be made based on whether adequate information is provided. This applies to training service providers, etc.

Activity 3.3. Develop and implement surveys and impact evaluations.

109. The results framework identifies four main result areas that should be evaluated by assessing community knowledge, attitudes and perceptions. To do so, two main survey instruments will be designed and implemented:

- Youth Perception Survey

110. These results will be complemented by perceptions captured through Training Improvement Workshops (TIWs), as participants in these events are not random and results may be biased.

111. In designing these instruments, sample sizes will be determined by calculating the number of respondents that may be required to: (i) conclude statistically whether an indicator's increase or decrease was statistically significant or not and (ii) to determine whether there are statistically significant differences between control and treatment groups. The instrument is discussed below.

112. **Youth Perception Surveys.** A youth perception survey will be undertaken on a baseline, mid-year, and end of project basis. Development of the instrument will be guided by initial findings of the *Youth Needs Assessment and the Conflict Study*. In general, the number of questions should be kept to a minimum and surveys should be kept short. MSDSP should look for a service provider to undertake the collection of data (for example, a University) and a partner to do some of the design, sampling framework and econometric work (either the university or an international organization. More generally, data collection may be separated from design and analysis.

113. **Livelihoods:** Ideally, livelihood changes will be measured through expenditure surveys. If this is not possible, proxy indicators may be used instead (for example whether citizens own particular assets), citizens can be asked what their monthly incomes are, or they could be asked to rate their economic situation and whether it has improved.

114. To the degree possible, the design and analysis of the *Youth Perception Survey* will attempt to answer the following **evaluative questions**:

- What is the rate of return (cost-benefit) of youth livelihood projects?

- Are youth livelihood projects the best way to improve incomes and livelihoods (for example, compared to individual cash transfers)?
- Which projects have the highest rates of return?
- Which groups are most impacted (women, youth, etc., i.e. differential impact)?
- What are the social impacts of implementing participatory local development projects, particularly L4Y's focus on women and youth?

Activity 3.4. Undertake regular spot checks and supervision missions to monitor implementation and assess data quality.

115. In terms of supervision, the M&E Specialist monitors the project activities through (i) spot-check visits to project sites, Aiyl Okmotus and training sites; (ii) regular analysis of the data entered into MIS by project officers, as well as the project indicators (iii) regular reports from Oblast Offices.

116. MSDSP Oblast Offices are responsible for control and monitoring of the project-financed activities at the local level, which is carried out through (i) CDSOs' reports; (ii) reports from local consultants and supervisors (individuals/NGOs/ private firms) engaged by Oblast Offices; and (iii) regular analysis of the data introduced into the MIS by community development support officers and ARIS consultants.

117. Spot checks will be independently undertaken. They aim to:

- Verify that the information provided, is accurate and complete and that information found in the MIS will be the starting point of the visit
- Observe various processes to ensure they comply with this manual and to ensure staff are capable and motivated to implement them
- Observe the functioning of key institutions like training service providers
- Verify completed projects were completed according to contract and that they meet acceptable quality standards

118. The disbursement of funds may depend on results of spot checks and data verification.

119. Internal auditing and financial management spot checks are described elsewhere and not considered an M&E activity.

Activity 3.5. Implement learning initiatives.

120. Learning will not “just happen” by itself. It needs to be promoted, cultivated, and encouraged through specifically designed activities and events. In this project, learning is a process of collecting experiences, verifying them, and making joint decisions to take action based on what was learnt.

121. The goal of these initiatives is to learn what is working, what is not and why. The process will:

- Identify challenges, together with a set of feasible actions that leads to improved performance
- Identify successes, document them (in a series of tips and guidelines), and disseminate best practices so they are more widely adopted and replicated
- Develop pilots and experiments to better understand key factors in determining performance

122. Learning initiatives will be organized around the process of preparing semi-annual reports and annual plans / annual reports, so that lessons learned can be agreed upon and remedial actions planned and budgeted for. These reports will be used to identify what was learnt and how learning will be translated into improved performance. Learning will largely take place through participatory field level monitoring exercises, where key beneficiaries and stakeholders will be extensively consulted with. Field monitoring will be undertaken with mixed teams of program managers, not just M&E staff. Very short field reports will be prepared prioritizing constraints and possible actions to take.

123. The design of the mid-term review, TIWs, as well as youth perception surveys and other analytical exercises will emphasize the importance of lesson learning, in particular identifying a short set of feasible actions managers may take.

Activity 3.6. Knowledge dissemination.

124. This sub-component will support knowledge dissemination as well as reflections on lessons learned and openness to adapt processes that are not working over the course of project implementation. Knowledge and learning will also focus on areas of innovation in project design, for example in promoting ICT and the digital economy and in engaging young people, particularly young women.

125. Project activities will include a system of process learning: ongoing reflection and learning by project stakeholders to review processes and results, strengths and weaknesses, distill lessons, and propose improvements and next steps.

126. The project will also support dialogue and dissemination of knowledge through learning notes and multi-stakeholder learning forums. These forums will bring together youth with government, private sector, and international partner representative to discuss lessons and outcomes of Project interventions and to promote learning across communities. A focus will be considering how to bring pilot interventions, particularly around innovative livelihoods in the digital economy, to scale. These multi-stakeholder forums will include 10 district-level events, three oblast level events at mid-term of the project, and a national-level Forum near the close of the Project.

127. As inputs to these events, MSDSP will produce short (2-3 page) learning notes to provide a summary description and analysis of any key issues, lessons and/or results arising from the project and to publicly share these in an accessible, easy-to-read manner. MSDSP will pay particular attention to capturing the experience and impacts on women and document these through learning notes and making recommendations for improvements in gender-related results. Learning notes will be translated and distributed to project participants, staff and supporters, but also disseminated more widely to other private sector actors and broader communities. A social media platform for knowledge exchange will also be established as part of Project implementation.

Activity 3.7. Prepare annual, semi-annual reports and other implementation reports.

128. The L4Y project will produce annual and semi-annual reports. These are considered essential communication instruments which build consensus amongst project implementers and key stakeholders about the direction the project has taken and will take in the future. Reports are expected to be used and actionable and to provide an opportunity for implementers to reflect and strategize. M&E is considered an input into the report, but in isolation M&E forms, tables and matrices cannot substitute for the analysis and explanation found in a report. The focus of the

projects reports will be performance against annual targets and action plans and the indicators and targets of the PAD and results framework.

129. Reports aim to:

- Assist management to identify problems, assess progress, and take **corrective action** at an early stage. Reporting is expected to contribute towards more systematic **decision making**.
- Satisfy **accountability** requirements both within and outside MSDSP.
- Support an environment of transparency
- Stir **debate** about key issues both within ARIS and more broadly across all beneficiaries and stakeholders
- Shape **organizational culture** by communicating a common story, documenting the history of the project, thus unifying opinion and contributing towards its institutional memory.

130. Reports will meet their objectives only if they are available, accessible, read, and understood by their audience, only if stakeholders provide feedback, and only if management takes action based on the report (where required). In reports, the content, style, and detail will be determined by the intended audience and by the frequency of the reporting process. In general, a good performance-related report should have the following features.

- Is readable and easily understandable; it “captures” the audience and encourages the audience’s participation.
- Provides enough background so readers can put the main results into their proper context.
- Documents the methods used in gathering data and information and drawing inferences or conclusions.
- Clearly separates the key points from the minor, secondary ones. This allows readers with different goals or different amounts of time to make better use of the report. Highlights are generally found in the main body with details and long matrices placed in an annex.
- Is analytical and evidence based; this establishes the logic of the results presented. Where recommendations are made or inferences are drawn, these need to logically flow from the data and analysis undertaken.
- Makes use of graphs or pictures to make numbers more “digestible.” (A picture tells a thousand words).
- Is truthful and accurate.
- Is structured and aligned according to the PAD and annual plans.

131. Annual reports will describe implementation against both the annual work plan and the results framework / implementation indicators. Annual reports will focus more on the longer term issues confronting the project. It will describe implementation in terms of milestones, targets, outputs, and budgets, ensuring greater explanation and analysis for cases of under-performance. The report will be discussed by stakeholders and made available on the internet. Annual reports should be completed by the end of February. Its main elements will include:

- Title page, table of contents, executive summary, etc.
- A short introduction of the report and the project, reviewing what the project wants to achieve, and how it is structured (components etc.). In the introduction an overall view of performance can be provided, for example, looking at which annual priorities were met or not met and analyzing expenditure against budget. Project wide issues, challenges, and remedial actions can be highlighted
- A sub-component by sub-component review of implementation. For each sub-component, the report will: (i) provide a short introduction to the sub-component; (ii) review implementation against the plan (providing, where necessary reasons why implementation may have been behind schedule or below expectations); (iii) review all annual targets in this operations manual (providing, where necessary reasons why targets were not met); (iv)

identify and analyze constraints, challenges, issues, lessons learned and agreed remedial actions

- Review and summarize any information on project outcomes, for example when analytical work is completed.
- Annex 1: Financial analysis, including budget vs. expenditure for all activities, summed to the sub-component, component and project level. Financial analysis will include a procurement report and final (unaudited) balance sheet
- Annex 2: details on the implementation of community support projects. This is likely to come from the MIS.
- Annex 3: any other detailed and supporting data, including data on capacity development

132. The semi-annual report will be shorter and will focus on implementation to date as the identification of immediate challenges. The semi-annual report will be completed by the end of July each year. The structure of the report will be the same as the annual report except: (i) there is no reporting against indicators / targets; (ii) there is no reporting against project outcomes; (iii) the focus on challenges and issues is on “immediate” challenges that can be solved addressed by the end of the year; (iv) reporting on implementation is much shorter; (v) financial report is a short summary (sub-component, component and project totals) without balance sheet or procurement reports; and (vi) annex 2 and 3 are much shorter.

133. This reporting framework assumes an online MIS can be developed. As such, annual and semi-annual reports, “fill in the blanks” and provide analytical details. They do not need to produce all outputs (reports) from the MIS. Annual and semi-annual reports can provide links to supporting reports which are available on line.

Activity 3.8. Complete end of project reports.

134. A Project Completion Report will be independently prepared at the end of the Project.

135. A midterm review will be carried out at the beginning of the second year of the Project to assess whether the format of the Project remains valid for assessing the progress in achieving the Project Development Objective and to propose any mitigation actions or necessary changes in the Project format. As described in this manual an MIS with a web based reporting tool for documenting indicators, targets and implementation of key processes will be developed. A web site will be used for uploading technical reports, impact assessments and public information prepared and provided under the Project within the Component.

Indicator descriptions

136. This section provides details on each indicator in the results framework. It is divided into PDO level indicators and intermediate results indicators.

137. PDO indicators.

- Number of youth beneficiaries reached through innovative skills development and other project trainings
- Percentage increase in income of project beneficiaries that are employed
- Percentage increase in share of supported youth with wage or self-employment
- Percentage of youth beneficiaries reporting that the project has contributed towards improved inclusion and community cohesion

These are defined below.

INDICATOR PDO.1: NUMBER OF YOUTH BENEFICIARIES REACHED THROUGH INNOVATIVE SKILLS DEVELOPMENT AND OTHER PROJECT TRAININGS
Description: This indicator measures the number and types of beneficiaries of project trainings, including those in the traditional/digital economy; innovative skills development includes a focus on the new economy alongside traditional value-chain development and a focus on soft as well as technical skills.
Methodology and source of information: Data will be collected through training participation forms and project reporting reports.
Frequency and reporting: Semi-annually
Target: By the end, 4,000 youth
Disaggregation: Gender, employment status, traditional/digital economy disaggregated

INDICATOR PDO.2: PERCENTAGE INCREASE IN INCOME OF PROJECT BENEFICIARIES THAT ARE EMPLOYED
Description: This indicator will measure percentage income increase of direct project beneficiaries based on project interventions.
Methodology and source of information: Data will be collected through periodic youth surveys (baseline, end of project evaluation). It is important that no leading or highly technical questions be asked.
Frequency and reporting: Baseline, end-line
Target: By the end of the project the expected value is 20.
Disaggregation: Gender, employment status, traditional/digital economy disaggregated

INDICATOR PDO.3: PERCENTAGE INCREASE IN SHARE OF SUPPORTED YOUTH WITH WAGE OR SELF-EMPLOYMENT
Description: Measures number of young (women and men) with improved access to livelihoods/employment opportunities; employment status will be disaggregated according to the standards of the national statistics office, i.e., self-employed or paid full-time/part-time employment, with part time including both seasonal and temporary employment.
Methodology and source of information: Data will be collected through periodic youth surveys and employment data. It is important that no leading or highly technical questions be asked.
Frequency and reporting: Annual
Target: By the end of the project the expected value is 40.
Disaggregation: Results will also be disaggregated by gender and employment in the traditional economy versus digital/new economy (innovative livelihoods).

INDICATOR PDO.4: PERCENTAGE OF YOUTH BENEFICIARIES REPORTING THAT THE PROJECT HAS CONTRIBUTED TOWARDS IMPROVED INCLUSION AND COMMUNITY COHESION
Description: This indicator measures whether Project is achieving inclusion.
Methodology and source of information: Data will be collected through periodic youth surveys. It is important that no leading or highly technical questions be asked.
Frequency and reporting: Baseline, mid-line, end-line
Target: By the end of the project the expected value is 75%.
Disaggregation: Gender, employment status disaggregated

138. **Intermediate results indicators.**

- Percentage of youth beneficiaries reporting that the Project trainings were relevant and useful in enhancing their access to innovative livelihoods and employment
- Percentage of interns supported by the Project who are employed 12 months after completion of training
- Number of new enterprises established by project beneficiaries

- Percent increase in average revenue of existing micro- and small enterprises supported by the Project
- Percent reduction of employment gender gap among project beneficiaries
- Number of pro-youth e-enterprises that foster IT/innovation established
- Number of youth development plans developed under CASA-1000 CSP supported through Project investments

These are defined below.

INDICATOR 1.1: PERCENTAGE OF YOUTH BENEFICIARIES REPORTING THAT THE PROJECT TRAININGS WERE RELEVANT AND USEFUL IN ENHANCING THEIR ACCESS TO INNOVATIVE LIVELIHOODS AND EMPLOYMENT
Description: This indicator measures perception on whether youth view project trainings as effective.
Methodology and source of information: youth surveys, training evaluation forms
Frequency and reporting: Baseline; Mid-line; End-line
Target: By the end of the project, 75%.
Disaggregation: Gender, employment status, traditional/digital economy disaggregated

INDICATOR 1.2: PERCENTAGE OF INTERNS SUPPORTED BY THE PROJECT WHO ARE EMPLOYED 12 MONTHS AFTER COMPLETION OF TRAINING
Description: This indicator measures whether internships are effective for youth seeking sustainable employment.
Methodology and source of information: Youth surveys; employment data
Frequency and reporting: Baseline; Mid-line; End-line
Target: By the end of the project, 50%.
Disaggregation: Gender, employment status, traditional/digital economy disaggregated

INDICATOR 1.3: NUMBER OF NEW ENTERPRISES ESTABLISHED BY PROJECT BENEFICIARIES
Description: This indicator measures whether support through the Project fosters entrepreneurship among youth.
Methodology and source of information: Project monitoring data; data from sub-grant competition; enterprise survey data
Frequency and reporting: Baseline; Mid-Line; End-line
Target: By the end of the project, 30 new enterprises.
Disaggregation: Disaggregated by traditional/digital economy; by women-run new enterprises

INDICATOR 1.4: PERCENT INCREASE IN AVERAGE REVENUE OF EXISTING MICRO- AND SMALL ENTERPRISES SUPPORTED BY THE PROJECT
Description: This indicator measures whether value chain additions supported by the Project; Project support to enterprises is effective.
Methodology and source of information: Enterprise survey data
Frequency and reporting: Baseline; Mid-line; End-line
Target: By the end of the project, 20% increase.
Disaggregation: Disaggregated by traditional/digital economy

INDICATOR 1.5: PERCENT REDUCTION OF EMPLOYMENT GENDER GAP AMONG PROJECT BENEFICIARIES
Description: This indicator measures whether Project interventions are successful in targeting female youth.
Methodology and source of information: Youth surveys; employment data

INDICATOR 1.5: PERCENT REDUCTION OF EMPLOYMENT GENDER GAP AMONG PROJECT BENEFICIARIES
Frequency and reporting: Baseline; Mid-line; End-line
Target: By the end of the project, 30% reduction in employment gender gap.
Disaggregation: Disaggregated by traditional/digital economy

INDICATOR 1.6: NUMBER OF PRO-YOUTH E-ENTERPRISES THAT FOSTER IT/INNOVATION ESTABLISHED
Description: This indicator measures whether the Project sub-grant selection process and business accelerator services promoted establishment of new youth led e-enterprises.
Methodology and source of information: Project monitoring reports
Frequency and reporting: One time data collection - following sub-grant selection process.
Target: By the end of the project, 20.
Disaggregation: Gender of e-enterprise owner.

INDICATOR 1.7: NUMBER OF YOUTH DEVELOPMENT PLANS DEVELOPED UNDER CASA-1000 CSP SUPPORTED THROUGH PROJECT INVESTMENTS
Description: Measures the successful linkage between CASA1000 CSP and L4Y Project - ensures Youth Development Plans under CSP supported by Project interventions.
Methodology and source of information: Youth Development Plans; Project monitoring reports
Frequency and reporting: Baseline; Mid-line; End-line
Target: By the end of the project, 10.
Disaggregation:

Chapter 3: Operational Guidelines

3.1 Governance

Project Coordination Committee (PCC)

139. **Overview.** The Project Coordination Committee (PCC) for CSP will also be used as a coordinating mechanisms for L4Y, however the primary coordination mechanism will be through a Working Group and weekly CSP/CESA meetings which will be hosted by ARIS and set out in the CSP/CESA POM. The project will, nevertheless, supplement the CSP PCC with a sub-PCC specifically for the L4Y project.

140. **Objectives.** The key roles and responsibilities of the L4Y PCC are: (i) to oversee the overall direction of the project and make decisions on any critical issues arising; (ii) to mobilize relevant public sector entities and other organizations to ensure project implementation; (iii) to reflect on the lessons of the project and facilitate the integration of successful pilot processes into the sector reform. See ToR in Annex A10.

141. **Participants.** L4Y PCC comprise of three permanent members of the Ministry of Labor and Social Protection; State Agency on Youth Affairs; Physical, Culture and Sports Agency on Initial Professional Education under the Ministry of Education and Science; AKF and MSDSP.

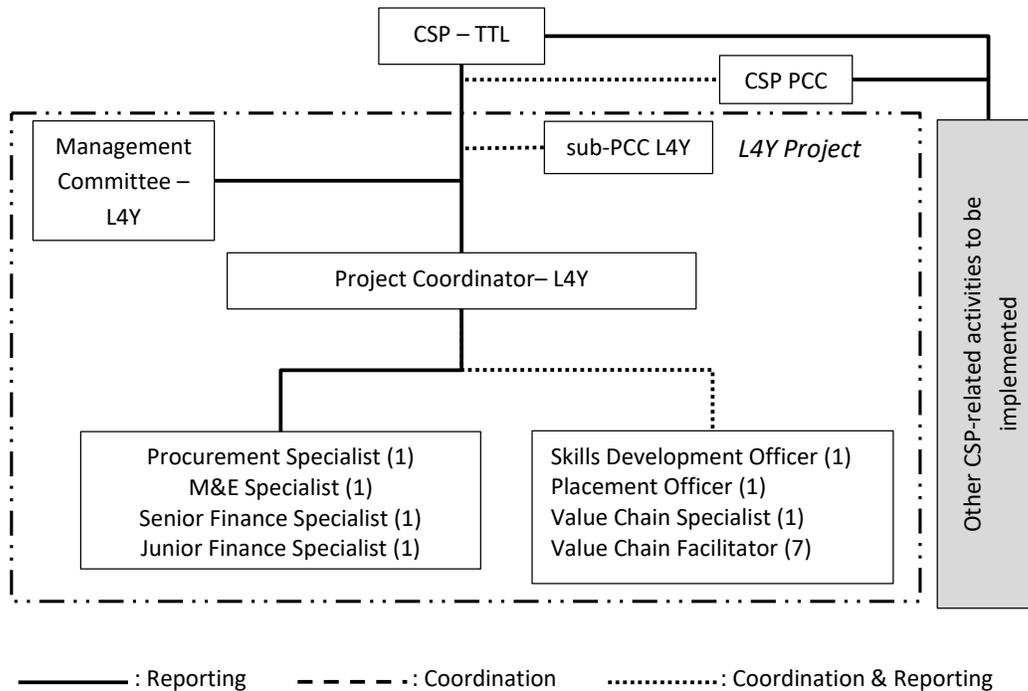
142. **Frequency.** The PCC will meet twice per year, in alignment with the reporting cycle.

143. **Process.** The PCC will be chaired by MSDSP ED. The full terms of reference are available in Annex BX. It will be established during the first three months of the project. For its formation, MSDSP ED will reach out to the participating agencies to appoint one of the representatives to sit on the PCC.

Institutional Arrangements

144. The project is funded by the Japanese Social Development Fund (JSDF). The grant recipient is the Public Foundation Mountain Societies Development Support Programme (MSDSP). MSDSP will implement all aspects of the project, under the country management of the Executive Director and with technical input by AKF program leads in Geneva and backstopping by AKF Kyrgyz Republic. An organogram of the institutional arrangements is outlined below.

Figure 4: Institutional Arrangements – project diagram in relationship to CSP and CESA



Management Committee

145. **Overview.** A Management Committee (MC), composed of MSDSP staff, will be established at the onset of the project. The role of the MC will be to provide technical support and guidance to the Project Coordinator, oversee the progress of the project and to make any necessary adjustments. See TOR in Annex A7.

146. **Objective.** MC is established with the role to (1) provide continuous technical support and guidance to the Implementation Team; (2) approve project quarterly work plan; (3) oversee the progress of the project against approved work plan and to make any necessary adjustments; (4) sit on the sub-grants’ selection committee.

147. **Participants.** MSDSP Executive Director (ED), AKF CEO, Chief Finance Officer, AKF Director Partnerships and Programme Development, AKF Global Advisor for Economic Inclusion, Project Coordinator and Manager of the Research and Learning Unit.

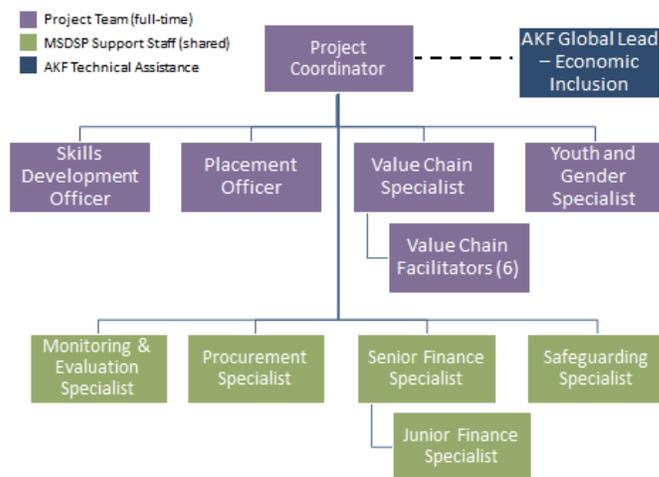
148. **Frequency.** The Committee will meet monthly in the first year and quarterly thereafter.

149. **Process.** The MC will be chaired by MSDSP ED. In the presence of the Implementation Team, it will 1) review project’s operational and financial performances against planned activities and budget and 2) discuss the work plan for following implementation period. In the eventuality that issues are identified, MC and the Implementation Team will propose solutions to bring the project on-track. Outside formal MC meetings, AKF Finance Officer, AKF Director Partnerships and Program Development, AKF Global Advisor for Economic Inclusion and Manager of the Research and Learning Unit will provide technical support to the Implementation Team based on its needs. MSDSP will also be able to draw on global resources of AKF Global Technology and Innovations Advisor and Global Economic Inclusion Lead, who will provide technical input to the MC and project implementers as necessary.

Implementation Team

150. **Objectives and outcomes.** MSDSP will establish an Implementation Team in Osh City, led by an appropriately qualified and experienced Project Coordinator who will be based in Bishkek. S/he will oversee a team consisting of a (1) Skills Development Officer, a (1) Placement Officer, a (1) Value Chain Specialist, (1) Youth and Gender Specialist and six (6) field-based Value Chain Facilitators. In addition to the technical team, MSDSP's Research, Evaluation and Learning Unit will coordinate routine monitoring and evaluation of project activities and measure progress against results framework indicators. MSDSP's shared Finance and Logistics support services will coordinate procurement and financial management of the project's activities. All staff involved in the implementation of the project will be located in the MSDSP office in Osh. The Project Coordinator will be based in Bishkek, ensuring coordination with ARIS, AKF and other key national stakeholders.

Figure 5: Project Implementation Team Organogram



151. A Project Coordinator will be hired (ToR in Annex B1) and will carry out four key roles: (i) to provide technical quality assurance and guidance for the project including training and capacity building at all levels and relevant staff from AKF Kyrgyz Republic and Headquarters; (ii) to ensure overall management of the project; (iii) to ensure leadership over AKF's overall support and engagement with other CASA1000 CSP-related initiatives; and (iii) to prepare consolidated progress report for the World Bank.

152. The role of the Skills Development Officer will be to: (i) design and lead activities targeting youth workforce development and entrepreneurship; (ii) lead on market-driven workforce development methodologies, private sector partnerships, etc.; (iii) facilitate the coordination, collaboration, consensus and trust building among key local actors including the government, private businesses, youth, and other stakeholders; (iv) lead activities that will decrease barriers to youth access to skills development training and/or market-driven workforce development programs leading to employment or self-employment; (v) supervise the development curricula and training programs that are demonstrably linked to growth areas and opportunities; (vi) in conjunction with the Monitoring & Evaluation Specialist, develop and assist in the measurement of youth skills development indicators, and support efforts to increase the impact of program activities. ToR in Annex B2.

153. The role of the Placement Officer will be to: (i) identify employment growth areas and opportunities in the private and public sectors; (ii) design and implement youth placement strategies; (iii) oversee activities that create links between youth and private sector partners; (iv) in

conjunction with the Monitoring & Evaluation Specialist, develop and assist in the measurement of youth employment indicators, and support efforts to increase the impact of program activities; and (v) ensure that he/she coordinate his/her work with the Skills Development Officer by ensuring that ensuring that he/she understand the labor market needs. The Placement Officer is a paid project staff (ToR in Annex B3).

154. The role of the Value Chain Specialist will be to: (i) lead assessments in target communities to identify socio-economic status, key livelihood systems, and target VCs with the best potential to deliver improved youth economic outcomes; (ii) lead on development of supply chain and agri-business work plans and supervise the work of the VC facilitators; (iii) develop and manage implementation relationships with private sector businesses and others; (iv) provide ongoing technical advice and inputs to research and analytical processes to support development of selected VCs and market systems; (v) identify the need for, recruit and manage additional short-term technical assistance as required; (vi) incorporate the promotion of gender equality and women's economic empowerment as an integral part of development activities; and (vii) in conjunction with the Monitoring & Evaluation Specialist, develop and assist in the measurement of VC development indicators, and support efforts to increase the impact of program activities. The Value Chain Specialist is a paid project staff (ToR in Annex B4).

155. The role of the Value Chain Facilitators will be to: (i) lead the implementation of the development of supply chain and agri-business work plans; (ii) facilitate stakeholders in the supply chain to achieve their goals and objectives, jointly formulated with the support of implementation team; (iii) contribute to the analysis of the marketing and input supply arrangements per supply chain, market opportunities, linkages, impediments and bottlenecks; (iv) collect, organize and analyze market intelligence, information about markets and market partners and develop sustainable value chains and agribusiness opportunities. The Value Chain Facilitators are a paid project staff (ToR in Annex B5). Each Value Chain Facilitator will cover approximately 5 AAs.

156. The role of the Youth and Gender Specialist will be to: (i) develop pro-youth, gender action plan for the project and ensure it is mainstreamed into the project; (ii) provide technical assistance to project team on subject-area specialization; (iii) conduct training to employers and other stakeholders on gender-sensitive employment practices (ToR in Annex B11).

157. The role of the Support Functions will be:

- a. The Procurement Specialist will be responsible for the management of all procurement activities, in compliance with World Bank procurement rules. The Procurement Specialist will be supported by the Procurement and Administrative Support Unit of AKF, comprised of the Head of Procurement and Administration department, procurement officers and assistants, administration coordinators and assistants. ToR in Annex B6.
- b. The Monitoring and Evaluation Specialist will (i) lead on the baseline and end-line assessment of the project, (ii) develop M&E tools and MIS for the component led by MSDSP, and (iii) ensure high quality and timely delivery of monitoring data to Project Coordinator for reporting. The M&E Specialist will be supported by the AKF M&E Manager and Coordinators. ToR in Annex B7.
- c. The Senior Finance Specialist (ToR in Annex B8) will be responsible for timely reporting, budget controls, internal controls and compliance, accounting and filing of all project related expenditures and records. S/He will be supported by a project-funded Junior Finance Specialist (ToR in Annex B9). The Senior Finance Specialist will be supported by the Financial

Management Consultant, AKF Director Finance, Grants Manager, Head of Accounting, Grants/Finance Specialists, Finance Managers and Accountants, Cashiers.

158. In addition, the project will nominate one Safeguards Specialist to provide support to the project on a part-time basis. This staff will be selected from a pool who will undergo safeguarding training by AKF in Geneva during Q2 of 2019. Technical assistance will also be provided by AKF's thematic expert on Economic Inclusion, who will conduct at least annual field visits to provide technical support.

159. The Implementation Team will meet on a monthly basis to review implementation progress against plans, and monitor budget versus actual spending and compliance with safeguards, and project requirements. The Project Coordinator, with technical support from the M&E Specialist, will have overall responsibility for monitoring project components that are led by MSDSP.

160. Their salaries will be fixed according to MSDSP salary scale and charged to the project according actual worked hours on the project implementation as per cost allocation policy of MSDSP.

Project Launch Meeting

161. **Process.** Following the recruitment of the Project Team, A Project Launch meeting will be organized. This first meeting will aim at ensuring all key staff have a common understanding of the project, their roles, JSDF and World Bank project management rules and regulations amongst others. Participants will include ED of MSDSP, CEO of AKF Kyrgyz Republic, AKF CFO, AKF Director of Partnerships and Program Development, Project Coordinator, Skills Development Officer, Placement Officer, Value Chain Specialist, seven Value Chain Facilitators, M&E Specialist, Procurement Specialist, Senior Finance Specialist, Junior Finance Specialist.

162. **Duration.** Year 1

163. **Process.** The project launch meeting will be led by the Project Coordinator and Senior Finance Specialist. During the two-day event, the following points will be covered: (1) Introduction of the purpose of the project, the scope, the major deliverables, the risks, the assumptions, the estimated effort an budget, and deadlines; (2) Discussion of the important roles and responsibilities of the project team and stakeholders; (3) Presentation of the general approach and timeline of the project; (4) Discussion of the project management procedures, including internal project management tools; and (5) Answering any outstanding questions. The purpose of the discussion will not be to rehash the purpose of the project, but to allow people to voice specific questions or concerns they have as the project begins.

Capacity Building of Staff

164. **Overview.** The project will support the capacity development of the Value Chain Facilitators through the provision of training to ensure Facilitators are adequately proficient in the technical aspects of the value chains identified by the project.

165. **Participants.** Value Chain Specialist, Value Chain Facilitators (6), and Youth and Gender Specialist.

166. **Duration.** Initial training will take place during Year 1. In subsequent years, refresher trainings will be provided.

167. **Process.** The project will hire a consultant to provide training to the members of the project team supporting value chain development initiatives. The AKF Global Economic Inclusion Advisor will provide support to procure and oversee the consultants / trainers to ensure content and methods are appropriate and in line with project needs. In subsequent years, refresher trainings will be decided based on (i) knowledge gaps identified by Value Chain Specialist; (ii) recommendations from AKF Economic Inclusion Advisor based on field visit observations; (iii) needs identified by the Value Chain Facilitators or the Youth and Gender Specialist; (iv) feedback from the Training Improvement Workshops.

Reporting and Review Missions

168. **Overview.** MSDSP will report to the World Bank through semi-annual progress reports and quarterly unaudited financial reports, the timing of which will be coordinated with implementation support missions. The semi-annual progress report will to be submitted to the World Bank not less than three weeks before the submission date to JSDF.

169. **Objective.** Semi-annual progress reports and Bank missions will provide an opportunity for MSDSP management to meet and discuss critical implementation issues, and to consider how to improve implementation based on emerging lessons.

170. **Duration.** Reporting and review missions will be timed with the meetings of the PCC to the extent possible, so that there will not be parallel reporting cycles.

171. **Participants.** Project Coordinator, Director Partnerships & Program Development and World Bank TTL.

172. **Process.** Semi-annual progress reports and review missions will be developed and coordinated by the Director Partnerships & Program Development. She/he will be responsible for submitting reports directly to the World Bank TTL.

Project Audit

173. **Overview.** As part of its existing institutional arrangement with AKF, AKF Internal Audit Department will regularly review field office financial systems and controls against the established standards and government regulations and report to the AKF Finance Director as well as MSDSP Board of Directors. Additionally, an independent auditor, acceptable to the World Bank, will be contracted to conduct an audit of the project annual financial statements on the ToR agreed with the World Bank. MSDSP has an internal committee that ensures laws and regulations are followed and monitors risk management, ensuring adequate internal controls.

3.2 Monitoring and Evaluation

174. Monitoring and evaluation will be managed by the M&E Specialist located in Osh that will ensure reporting against the PDO level and intermediate results indicators. The M&E Specialist will set up the project MIS, conduct regular semi-annual monitoring and reporting, and establish a reflection and learning platform with the project as well as undertaking knowledge dissemination.

Impact Evaluation

175. To measure the PDO indicators, an impact evaluation will be undertaken by an independent entity. A skilled firm will be appointed to conduct a baseline within the first 3-6 months, an end line in the last 3-6 months of the project; annual outcome measurement studies will be conducted.

Results Framework

176. The Project Development Objective (PDO) is to support innovative livelihoods development and the employability of an estimated 4,000 young women and men in about 20 target communities in order to improve socio-economic opportunity and inclusion. See Annex A1 for the Results Framework.

3.3 Legal Framework for Implementation

177. The legal framework for this POM relies on the Project Financing Agreement, Project Appraisal Document and other relevant World Bank/IDA documents (guidelines, general conditions, etc.), while the other laws of the Kyrgyz Republic listed below serve as the basis only to the extent not contradicting to the Financing Agreement, as well as to the rules and procedures of the World Bank:

- Civil Code of the Kyrgyz Republic
- Labor Code of the Kyrgyz Republic
- Tax Code of the Kyrgyz Republic
- Law of the Kyrgyz Republic "On State Social Insurance"
- Decree of the Government of the Kyrgyz Republic No. 635 dated April 12, 2001 "On the establishment of standards for travel expenses and procedures for reimbursement thereof " (as amended by Decree of the Government of the Kyrgyz Republic No. 567 dated Dec 3, 2007)
- Instructions "On the procedures for collection, accounting of insurance contributions and expenditure of funds of the Social Fund of the Kyrgyz Republic"
- Regulations on accounting and financial reporting in the Kyrgyz Republic - Order of the Ministry of Finance of the Kyrgyz Republic No. 127-n dated 21.04.2000
- General conditions of the IDA Loans and Grants dated July 31, 2010
- World Bank's Guidelines "Procurement of Goods, Works, Non-consulting Services by IDA Borrowers" dated January 2011, revised in July 2014
- World Bank's Guidelines "Selection and Employment of Consultants by IDA Borrowers" dated January 2011, revised in July 2014
- World Bank's Guidelines on allocation of funds for project implementation

3.4 Gender Mainstreaming

178. The project is designed to address the disempowerment of women, especially young women, in the target region. A Gender Action Plan (GAP) will be developed within the first three months of the project and shared with the Bank for approval. If required, it will be revised after the identification of skills development and value chain initiatives by the project, to support the development of the detailed plan under Activity 1.3. The GAP will specifically address how the project will work to ensure that 50 percent of project beneficiaries are women through its activities.

179. With regard to participation, improving gender targets is an important goal, with strategies to reach 50 percent participation of women, and ensuring that these are active roles.

180. The Gender Action Plan shall ensure that the objectives are achieved, by organizing consultations separately with women and men considering their relevant needs and priorities; ensuring equal opportunities so that women can participate in trainings, particularly around time and location of events. The Gender Action Plan describes in detail the project activities for women engagement at all implementation stages. Initial considerations are as follows:

- All project targets for women's engagement are 50 percent; targets are applied at the lowest unit, and not in the aggregate, to ensure that women have equal access to investments and decision-making, as well as trainings.

- MSDSP will conduct broad outreach and information campaigns in the 20 target communities to sensitize local officials, local businesses, TVET centers and other training providers on gender-specific needs, preferences and proposals for change.
- Initial assessments and value chain analyses will include a focus on identifying economic opportunities for young women to ensure that gender targets can be met in subsequent project activities.
- The participatory monitoring processes and lesson learning activities described in the M&E section above will ensure that 50 percent of feedback comes from women (at both ends of the age range) and ensure that the lessons for improving women's livelihoods are carefully documented, and where possible project processes are adjusted.
- The project will report on gender results in all progress reports as all indicators in the results framework and the outputs set out in the M&E plan, are disaggregated.
- Impact will also be measured through the reduction in the gender gap in terms of male/female youth employment among Project beneficiaries.
- Gender results will be reviewed in implementation support missions and corrective actions taken, through a project gender action plan, if targets are not being met.
- In order to ensure women from the target communities are fully engaged and supported, MSDSP will also ensure that 50 percent of staff employed in the field and trainers supported by the Project are women.

3.5 Safeguards

181. The project was assigned environmental safeguards Category B in accordance with the World Bank OP 4.01 Environmental Assessment. The anticipated environmental impacts are expected to be minor, short-lived, site-specific and manageable by implementing good practices in construction and production. On social safeguards, the project does not trigger the Involuntary Resettlement policy (OP 4.12) as the project will not require involuntary acquisition of land, impact on assets, or cause a negative impact on livelihoods. Project activities will have overall positive social impacts. If any negative impacts occur, they will be temporary and easily mitigated through the environmental and social instruments (frameworks and plans) prepared for the project.

182. Under Component 2, the project will provide matching grants to private lead entrepreneurs and community interest groups (CIG) (producer groups) to finance introduction of new technologies, such as upgrade of existing equipment, to improve productivity and value-addition. Prior to the installation of these equipment, grant applicants may have to undertake small renovations to their current facilities. Environmental impacts will include those typically associated with small construction works such as generation of dust, noise, vibration, generation of small amount of construction waste, temporary disruption of community transport system due to a transportation of goods to the construction site, small discharge of the wastewater, hazards associated with asbestos management. There might be also occupational health and safety risks associated with the operation of equipment.

183. Additionally, support will be provided to CIGs for the provision of agricultural inputs (seeds, fertilizers, pesticides, etc.) that are needed to help them to establish long-term business relationship with the lead entrepreneurs. This poses certain risks associated with the type of pesticides fertilizers and pesticides to be procured and their proper handling and application. Therefore, the World Bank OP. 4.09 Pest Management has also been triggered.

184. *Risk mitigation.* To control the potential project environmental risks the Borrower has developed a framework level Environmental and Social Management Plan (ESMP). The ESMP is

aimed at providing overall guidance for conducting environmental and social assessment of the grant activities. It specifies the set of mitigation, monitoring, and institutional responsibility measures to be taken during implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels. The generic ESMP checklist-type format ("ESMP Checklist") will be used to cover typical preventive and mitigation approaches to sub-grants level civil works contracts with localized impacts and the use of processing equipment. The ESMP Checklists will be included in grant applications from each lead entrepreneurs and CIG, should there be any renovation works, purchase of processing equipment and procurement of pesticides and fertilizers, both in specifications and bills of quantities. The ESMP Checklists will be verified and used for environmental screening by specialized staff within MSDSP charged with determining eligibility of micro-grants to ensure that 1) no high-risk activities that could be assigned Category A in accordance with the OP 4.01 Environmental Assessment are financed under the project; 2) all environmental risks are identified and assessed; 3) proper mitigation measures are defined and budgeted for.

185. *Safeguards instruments disclosure and consultations.* The ESMP was submitted to the World Bank on April 20, 2018 and disclosed in-country on April 26, 2018. Public consultation meetings were conducted on April 11, 2018 in Karool Ayil AO (Uzgen District of Osh oblast) and on April 12, 2018 in Kulatov AO (Nookat District of Osh oblast).

186. At such time as Component 2 is implemented, site-specific ESMP checklists will be developed. They will be included into grant applications from each individual enterprise, should there be any renovation works and will constitute a part of a construction contracts (if applicable), both into specifications and bills of quantities, and the Contractors will be required to include the cost in their financial bids. The ESMP checklist will be verified and used as part of the sub-grant selection process. Applications that have activities on the negative list (Annex x) will be screened out.

187. ESMP will be prepared by the enterprises as part of their grant application. ESMP clearance will constitute a grant selection criteria. Prior to approval, the MSDSP safeguards specialist will be responsible for making a site visit to confirm ESMP applicability, compliance and quality. The safeguards specialist and project team will continue to monitor ESMP compliance through sub-grant implementation. Where necessary, AKF's engineer (non-project staff) may be called to provide technical assistance in the event that grantees do not comply with the ESMP.

188. *MSDSP Safeguarding Policy:* MSDSP has instituted safeguarding policies which includes all kinds of harassment, including sexual harassment, child protection and an ethical code of conduct. These policies are cognizant of the need for oversight regarding the behavior of project staff towards women staff, children and beneficiaries. An internal mechanism is established for creating a culture to adhere the policies at all levels within MSDSP and a subsequent reporting/investigating process. This process will be set out at the onset of Q3 2019, after MSDSP staff are trained on the new policy.

3.6 Financial Management Arrangements

189. The fiduciary function of the project, including the financial management (planning, budgeting, accounting, financial reporting, funds flow/disbursement, internal controls and auditing) is assigned to MSDSP. The specific financial management arrangements (including funds flow and controls over them) for sub-grants are described in a separate Sub-Grants Manual (SGM).

190. The project will be financed by a USD \$2.73 million recipient-executed grant from the JSDF. The project will finance: Consultants' Services; Training and Workshops; Goods; Operating Costs and Sub-Projects.

Table 4: Project Cost and Financing

Project Components	Project Cost	Grant Financing	Percentage Financing
Component A: Preparing Youth for the Labor Market	1,246,128	1,246,128	100%
Component B: Creating Market Opportunities for Youth	834,985	834,985	100%
Component C: Project Management and Administration	648,887	648,887	100%
Total Baseline Costs	2,730,000	2,730,000	100%
Total Project Costs	2,730,000	2,730,000	100%
Total Financing Required	2,730,000	2,730,000	100%

191. **Prior to project effectiveness** MSDSP will hire an Financial Management Specialist (TOR available in Annex B10) with relevant experience and knowledge in WB procedures to support MSDSP with the project financial management.

192. **Prior to implementation of sub-grants under Component 2**, MSDSP will develop and adopt a sub-grants manual acceptable to the World Bank, where the sub-grant implementation arrangements, including financial management, are described. The development and adoption of this manual will be a disbursement condition for Component 2.

Legal Covenants

193. MSDSP shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

194. MSDSP shall ensure that interim unaudited financial reports for the project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank. The formats of the interim unaudited financial reports are attached as Annex D6.

195. MSDSP shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the project financial statements shall cover the period of one fiscal year of the recipient. The audited financial statements for each such period shall be furnished to the World Bank no later than six months (6) after the end of such period, and made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Internal Control Procedures

Internal Control Objectives

196. The internal control forms part of the financial and accounting policies for the management of the project. The objectives of the internal controls are to:

- Contribute to ensure adherence to donors' regulations and guidelines and project policies and procedures;
- Contribute to achieve clear and transparent financial practices;
- Contribute to promoting operational efficiency;
- Provide controls to safeguard the project assets;
- Facilitate the early detection of errors and problems.

Internal Control Principles

197. The basic principles of the internal controls are as follows:

- Monitoring, checking and approving, by an upper level, of expenditures and procurements executed by the lower level;
- Identifying responsibilities of project staff commensurate with position and level of authority;
- Separating specific responsibilities of staffs;
- Using appropriate method to ensure proper custody of assets;
- Ensuring full and appropriate documentation;
- Using internal procedures for cross-checking of accounts, payments and transaction entries for timely detection of errors;
- Prepare annual inventory of assets.

Internal Control Mechanisms

198. The Project's management is responsible for developing, implementing and monitoring a sound system of internal controls.

199. Financial controls consist of measures adopted by management to protect its assets and to ensure the accuracy and reliability of its accounting records and financial reports. Key internal controls to be implemented by MSDSP.

200. Techniques, procedures and measures should be employed to protect assets and ensure reliable accounting data and reports (e.g. use of mechanical devices such as vaults and cash registers; use of control accounts and subsidiary ledgers).

201. Internal regulations should include the supervision of staff. For example, the Project Coordinator's setting up of annual estimated expenditures, approving of the annual reports, or the supervision of Finance Specialist to the process of setting, recording of transactions made by assistants, and the preparation of financial statements.

Competent Personnel and Segregation of Duties

202. The MSDSP Finance Department is responsible for financial accounting and reporting. The mandate of the Finance Department is: (i) to record all financial transactions accurately and timely manner in accordance with corporate policies and procedures, generally accepted accounting principles, donor grant agreements and applicable laws; (ii) to develop and maintain a robust accounting system; (iii) accurately report the financial position of the organization to all stakeholders; and (iv) to support other departments for operations and reporting.

203. The Finance Department is divided into two divisions. One division is accounting operations and another is grant, compliance and reporting. Each division is further divided into key results areas which are general accounting, banking and treasury, taxation, planning and budgeting, reporting and compliance. The duties of each result areas are segregated and comprehensive job descriptions are defined for each staff in the Finance Department. The purpose of segregating finance function into key result areas are to ensure that the operational responsibilities are separated from recordkeeping, custody of asset should be separated from accounting and authorization of transaction from the custody of related assets.

204. According to the institutional arrangement between MSDSP and AKF, the AKF Finance Director is overall responsible for the financial management of all projects at MSDSP. However, one Senior Finance Specialist and one Junior Finance Specialist will be dedicated for the financial

management of the World Bank grant. They will be responsible for the payments, recording of financial transactions, preparation of the quarterly IFRs and their submission to the Bank. The TOR of the Senior Finance Specialist and the Junior Finance Specialist are provided in Annexes B8 and B9.

Safeguards of Fixed Assets

205. All Fixed (Tangible & Moveable) Assets shall be acquired by the Administration Department in coordination with the Procurement Department. Once acquired, Procurement Department shall generate the Fixed Asset tag number and paste on the assets and provide all necessary documents with fixed asset tagged number to the Finance Department. The Procurement Department will ensure that the technical specifications and the unique identifiable numbers such as serial numbers (if available) of goods will be properly reflected in the goods' acceptance acts. The MSDSP Finance Department shall record the Fixed Assets and document details pertaining to the acquisition on the Fixed Asset Register maintained on Excel template and recorded in the iScala accounting software. The Fixed Asset register will also have recorded the goods' unique identifiable numbers (such as serial numbers) whenever available.

206. All Fixed (Tangible & Moveable) Assets will be safeguarded and recorded in the register.

207. The Administration Department shall be the custodian and responsible for Fixed (Tangible & Moveable) Assets management and proper keeping of the Fixed Asset Register.

208. All tangible assets shall be subject to the annual physical verification process.

Disposal of Fixed Assets

209. Upon the completion of the project, MSDSP shall submit the list of all Fixed (Tangible & Moveable) Assets to the World Bank for the approval of disposal or subsequent utilization of next phase of the project or some other projects.

Authorization of Expenditures and Approval of Payments

210. Expenditures incurred by MSDSP will be authorized by the MSDSP Executive Director and verified for eligibility and accuracy by the Senior Finance Specialist. The bank authorized signatories matrix is attached as Annex D4.

211. **Goods and Services:** For procurement payments verification and control, the project Senior Finance Specialist and Junior Finance Specialist should work in close collaboration with the project Procurement Specialist to ensure that there is a proper internal control system for ensuring that contracts and all other significant aspects of procurement, including timeline of the contracts, are properly approved and monitored (this is to ensure that goods and services have been provided in accordance with the terms of procurement, and properly managed and reported). The acceptance of goods and services delivered is made by the Procurement Department and the Project Coordinator, who will verify that the goods and/or services delivered are acceptable and are corresponding to the requirements of the TOR and/or technical specification as per the contract, as well as all required supporting documentation (As specified in the contract) is presented. After the goods and/or services are accepted, relevant documentations (such as invoices, payment requests, acceptance act, warranties, etc.) are transferred to the Finance Department. Based on the acceptance (as confirmed by respective documents), the payments are authorized by the MSDSP Executive Director. The payment orders are prepared by the Junior Finance Specialist and reviewed by the Senior Finance Specialist, who before each payment reconciles the invoice amount to contract amount as well as the cumulative to date payments made under the contract to ensure that no overpayments occur. Each paid invoice will bear a stamp "paid" to avoid any possibility for double payment.

212. Contract amounts are recorded from the agreed contracts and that subsequent changes are both in accordance with the contract provisions and properly approved and adjusted to the amounts in the contract records; amounts invoices and approved are noted showing date of approval including amounts payable, paid and deferred for future payments; and payments against contracts are noted beside the relative contract showing date of payment (explanations should be made where payments have been delayed).

213. **Payroll Expenses:** For payroll payments verification and control, the Finance Department shall be responsible for updating the payroll master file for processing the monthly payroll. HR Department shall provide information with respect to employee's payroll and related data to finance in case of new employees. For monthly payroll, each employee and consultant will prepare their timesheet, which should be reviewed and approved by their supervisor. All employees and consultants should submit their timesheets to HR Department. HR Department will submit monthly consolidated timesheet for staff and individual timesheet (including payment with patent and social fund) of consultants to Finance Department to process the payroll. The Senior Finance Specialist shall generate payroll with necessary adjustment of advances, if any, taken by the employees. Monthly payroll shall be reviewed by the Head of Accounting Operation (HAO) comparing the same with supporting information and documents. After reviewed, payroll shall be approved by AKF Finance Director and MSDSP Executive Director. Project staff and consultants shall only be paid through bank transfer or bank cheque (in case where employee does not have a bank account) after the approval of monthly payroll sheet. Please note that staff hired under a consultancy contract as per the World Bank relevant procurement guidance, should be treated as consultants and will not be entitled to medical payments (such as paid leave, etc.).

214. **Office Rent, Utilities and Internet Expenses:** For project, four (4) offices will be rented in four regions. At Bishkek, MSDSP is currently sharing office space with AKF. Therefore part of the rent cost that is current paid by MSDSP will be charged to the project based on the total number of employees' station at Bishkek office and number of JSDF project employees are working in that office. Similarly, in Osh and Batken, MSDSP offices will be utilized and rent will be charged based on the total number of employees' station at Osh office and number of JSDF project employees are working in that offices. For Bishkek, rent charges include utilities and internet expenses. In remaining regions (Jalal-Abad), office space will be rented at local government premises or other private premises with the concurrence of local administration. Rent will be paid based on negotiated rates. If these offices do not have the internet facility, internet modem will be installed in these offices. In case no office is occupied in any region, internet modem will be provided to facilitators and coordinators with the limit of KGS 1500 per month. The internet limit may be revised based on working requirement with the approval of Project Coordinator.

215. Considering that the MSDSP offices in Bishkek and in regions are used not only for the JSDF project implementation but also for other donor funded projects implementation, the rent amount to be charged to the Project will be a proportion of the overall rent amount.

216. **Communication Expense:** As per MSDSP policy, KGS 800 worth of mobile unit will be uploaded to the project staff (employees and consultants) and KGS 500 for support team to their personal mobile number in the beginning of every month for business purpose. Administration department will submit request with list of employees and consultants to finance department to pay communication charges directly to cellular company for uploading the mobile units and charge expense to project as per employee list.

217. **For travel expenses:** It is MSDSP's policy to reimburse employees for all expenses necessary, reasonable and actually incurred when traveling on authorized company business. The travel

expenses of the Project Coordinator and Support Team (employees) will be covered through the Operational Cost, whereas all other members of the Project Team (consultants) travel expenses are covered through the Project Activities Budget. The Project Team (consultants) will prepare their monthly activity plan including travel plan by end of each month for next month and get approval from the Project Coordinator. The employees and consultants shall submit the request for field expenses and travel expenses on travel budget format to the Project Coordinator and, upon his/her approval, submit to the Accounting Department for advance payment. Accounting Department will transfer the advance request money to employee bank account. Employee and consultants will receive only one advance amount at a time and no further advance amount will pay until the first advance cleared by the Finance Department. Upon return, employees and consultants must submit travel and other field expenses claim, travel report and approved work plan. It is each employee's and consultant's responsibility to adhere to policy when involved with expenditures on behalf of the company. Further, it is the responsibility of the manager to be familiar with the reason for the expenditures and to be satisfied that they have been reported in a manner consistent with the recognized policy.

218. **Air Travel:** As per MSDSP policy, only economy class travel is allowed. Employees must submit approved travel requisition form to the Administration Department to arrange air travel. All air travel will be arranged through approved travel agent by MSDSP. It is mandatory for all employees and consultants to submit flight boarding passes with the advance expense claim report. At the end of each month, the travel agent will submit the invoice for payment. Administration Department will review the invoice and identify the project wise travel expenses and submit request to finance for payment and Finance Department will charge expenses to project based on actual travel.

219. **Local Travel:** For project, taxi or rental cars will be utilized. Employee and consultants will request the Logistic Department to arrange taxi for local travel. Logistic Department will arrange the taxi from approved vendor of MSDSP wherever is possible. In case taxi vendor does not operate in the district or region, staff will arrange taxi themselves and negotiate the rates with driver. Staff will submit the expense with the travel report / claim form with all necessary documents (invoice, patent, driver passport and travel route). In case, the AKF or MSDSP vehicle is utilized for project, the trip will be charged based on the actual kilometer used as per vehicle log book, which will separately indicate each trip destination, date, mileage passed, trip initiating staff's name and his/her signature for each trip confirming that the trip has actually been taken. The AKF and MSDSP vehicle's travel log will also have the opening and closing odometer indications. Administration Department will prepare the vehicle usage report and submit to finance at the end of month. Finance Department will review the vehicle usage report and charge expenses as per actual usage. The Finance Department staff will be assigned for ad-hoc reconciliation of the AKF and MSDSP vehicle's odometer indications with those indicated in the travel log.

220. **Staff Per-diem:** As per MSDSP policy, project staff will get per-diem as per the attached Annex D3. Employees request money in the advance request form with other expenses. The per-diem applicable to each visit will be verified by the Project Coordinator at the time of advance request and re-confirm or adjust at the time of advance report submission. The per diem will be adjusted if the meal, lunch or dinner is provided by the organization; 40% is deducted from per diem amount as per internal policy.

221. **Staff Accommodation:** Employee or Consultant will submit the travel request to Logistic Department to organize accommodation. Logistic Department will arrange accommodation through approved annual vendors or identify the vendors in the new locations. In remote locations where guesthouse or hotels are not available, project team will arrange accommodation themselves and

provide all necessary documents (including payment supporting documents, such as receipts, for accommodation payments made) with travel expense report/ claim form to Finance Department. If employees or consultants will stay in any informal accommodation they will provide the receipts of the payment. The maximum ceiling for accommodation at different regions are provided below:

- Bishkek KGS 2,400
- Osh KGS 2,100
- Other Regions KGS 1,600

222. **Training / Workshop Expenses:** Before the start of each fiscal year MSDSP will prepare and agree with the World Bank the annual plan for Training/Workshops. Before each individual training/workshop, within reasonable time, MSDSP will also agree with the World Bank the detailed budget, agenda and participants list. The Training/Workshop related costs mean reasonable costs for training, seminars and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants' services) approved by the World Bank. For all training, and workshop, project team ensure to have participants' attendance sheet for each day. Attendance sheet must include name of participants, signature, cell number and passport ID. The participants' attendance sheet is prepared separately for each training/workshop day and is verified by Project Team Officers.

223. For trainer fee, Procurement department will hire the trainer through procurement process as per World Bank guidance. Procurement will submit the request to Finance Department for payment with necessary documents (agreement, progress report approved by Project Coordinator, patent and social fund). Finance Department will review the documents and transfer the fee to the consultant bank account.

224. For stationery, supplies and consumables, Project Team will submit request to Procurement Department. Procurement Department will procure the material from approved vendors and submit request to Finance Department for payment along with all necessary documents (agreement, invoice, purchase order, patent etc.). Finance Department will review the documents and transfer the payment to vendor bank account.

225. For Accommodation, project team will submit the request to Logistic Department to organize accommodation for beneficiaries. Logistic Department will arrange accommodation for beneficiaries through approved annual vendors or identify the vendors in the new locations. All necessary documents with travel expense report / claim form should be submitted to finance department.

226. For beneficiaries' meal, project will submit the request to Logistic Department to organize meals for beneficiaries. Logistic Department will arrange meals for beneficiaries through approved annual vendors or identify the vendors in the new locations. In remote locations, where approved vendors are not available, Project Team will arrange meal themselves or provide daily meal allowance to beneficiaries per diem. In case of daily meal allowance payment, Project Team will ensure that two persons from project should present at the time of payment and sign the meal allowance payment sheet. The per diem will be adjusted, if the meal of breakfast, lunch or dinner provide by the organization (30% for breakfast, 30% for lunch and 40% for dinner). All necessary documents with travel expense report / claim form should be submitted to finance department.

227. For training venue, Project Team will submit the travel request to Logistic Department to organize venue for training or workshop. Logistic Department will arrange training venue for

beneficiaries through approved annual vendors or identify the vendors in the new locations. In remote locations where training venue not available through vendors, project team will arrange venue themselves and provide all available documents along with travel expense report / claim form to Finance Department.

228. For beneficiaries' transport, the Procurement Department will conduct market survey to determine the transportation cost in the regions targeted by project. Based on the market survey, project team will pay the transportation allowance to beneficiaries. Project Team ensured that two persons from project should present at the time of payment and sign the transport allowance payment sheet. All necessary documents with travel expense report / claim form should be submitted to finance department.

Handling of Cash and Cash Equivalent

229. All project related payments to be made from the World Bank funds, shall be done by bank transfer and/or by bank cheque, except some petty cash might be used for reimbursement of transportation, accommodation and catering costs to beneficiaries participating in workshops and trainings as described in the above sections.

230. The Project implementation may involve submission by suppliers of bank guarantees (such as advance payment bank guarantee or other equivalent securities) to MSDSP, which will be responsible for conducting the due diligence over such securities. The due diligence process will be conducted by the Senior Finance Specialist, who will conduct the verification of the document with the issuing financial institution, monitor compliance of the security conditions as specified in the document issued by the financial institution, as well as of the security expiration deadlines with respective timely action of extending or encashment of such a security. The bank guarantees and other equivalent securities should be treated as cash and be held in a fireproof safe.

Bank Reconciliations

231. Bank reconciliations statements shall be prepared as per standard format (Annex D5) by the Senior Finance Specialist for the project designated accounts, once a month by 10th of next month. Bank reconciliation statement shall be subject to independent review and approval by AKF Finance Director. Any outstanding reconciling items appearing for more than 30 days shall be further investigated by AKF Finance Director. Any reconciling items requiring adjustments shall be adjusted after approval of the Finance Director in the accounting system.

Verification of Expenditures Eligibility

232. The compliance matrix for World Bank project will be prepared by the Grants Department to ensure that all expenditure incur for World Bank project should be verified by the Senior Financial Specialist before initiating any project procurement of goods or activities.

233. Purchase request will be raised by project team for any procurement of goods or activities, which will be verified by the Senior Finance Specialist for eligibility and availability of budget. In case, Senior Finance Specialist is not sure about the eligibility of the expenditure, he/she will contact the AKF Director of Finance for assistance. If ambiguity still exists, the Director of Partnership and Program Development will contact World Bank contact person for clarity or No Objection.

Accounting System, Policies and Procedures

234. The accounting system is the sub-system of financial management in which financial transactions of a project are organized based on policies, principles, and standards in order to produce useful financial information in a reliable and coherent manner.

235. MSDSP is using Epicor iScala computerized accounting system in many countries including Kyrgyzstan. Epicor financial management solutions are designed to automate and streamline financial processes with tools and controls to support complex legislative requirements and create value through timely financial monitoring. Finance staff is trained and using iScala accounting software since 2012. The server is located at AKF headquarter and AKF Bishkek office is connected through VPN to enter data directly into main server. The secure password has been provided to finance staff for entering data into the main server. The AKF headquarter has developed reliable procedures for daily back-up and setup disaster recovery (DR) solution to mitigate the risk of data loss.

236. MSDSP maintains a comprehensive Chart of Accounts (Annex D2), which must be complied with by all departments/projects within the Foundation. The purpose of maintaining a chart of accounts is to ensure that expenses are properly classified in different account heads. In addition, iScala software allows entries tagged with various dimensions which are grant, project, location, activity, cost center etc. All transactions are entered in the iScala system by the Junior Finance Specialist on a daily basis. All receipts and payments for the JSDF project will be recorded in the iScala system to ensure that all receipts and expenses are recorded in the correct expense categories and at same time tagged with the necessary dimension to extract the reports.

237. The basic accounting policies that are applicable for the project accounting are as follows:

- Financial statements are prepared on the basis of historical cost accounting on a monthly basis.
- Fiscal year: starting on 1 January and ending on 31 December every year.
- Income is recognized when received, and expenditure is recognized when paid (cash based accounting).
- For reporting purposes to the World Bank, expenditures incurred within the project are capitalized, and no depreciation is applied.
- The cash basis IPASA would be applied for this project. The accounting system at MSDSP/AKF Kyrgyzstan is based on accrual accounting as per international accounting standard. However, the system is capable to maintain accounts in both cash and accrual basis.
- The applicable exchange rate for transactions conducted in foreign currencies is the one prevailing at transaction time. For assets and liabilities in foreign currencies on the balance sheet the applicable exchange rate is that of the date of the quarter ends or year-ends. All exchange rate differences must be dealt addressed in the exchange rate difference account and recognized on the balance sheet. Foreign exchange losses are not eligible expenditures for Bank financing and would not be charged to Bank but shall be covered by MSDSP.
- Accounting transactions are recorded in KGS currency. However, for the designated Accounts, transactions are recorded both in USD and KGS.
- For reporting purposes, financial reports required by the World Bank are presented in USD currency.

238. At MSDSP, Epicor iScala software is used for the book keeping of all projects transactions.

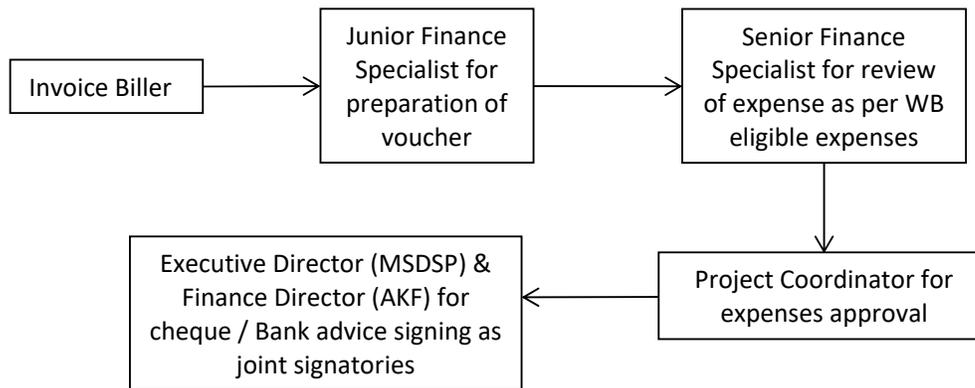
239. The steps for book keeping are as follows:

- Project staff should have good understanding of the regulations, provisions and conditions of Project Appraisal Document, Legal Agreement, Procurement Guidelines, Disbursement Guidelines, Disbursement Handbook and Project Operations Manual to ensure that the project is implemented in line with the relevant regulations.
- All transaction of the project should be supported with original documentation (copy is not allowed) for bookkeeping and accounting purposes.

- Based on verified and reconciled original documents, the Junior Finance Specialist will check and review accounting documents and record in accounting books, following the standard procedure.
- All transactions of the project are accounted for in the right accounts, periodically summarized and reported following the World Bank's regulations and requirements.
- The accounting documentation of the project shall be for all accounting items such as cash flows, inventories, fixed assets, labors and wages, and project implementing progress.
- There should be procedures to control and enable the cross-checking of proofs of transactions, data, signatures and endorsement and other relevant documents
- The accounting system must maintain vouchers and other supporting documents and archive them at the end the fiscal year as requested by the current regulations.

240. The AKF Finance Director is responsible for the organization and management of all accounting activities at MSDSP/AKF Kyrgyzstan, however, the project Senior Finance Specialist is responsible for the World Bank Project transactions.

241. Procedures of voucher treatment are carried out as follows:



242. The standard record retention policy shall be in accordance with the various donors and the requirement as per the government regulations.

243. At the end of a fiscal year and after the completion of the accounting works such as cheque, reconciliation and preparation of financial statements, all vouchers, accounting records are arranged, classified, packed, sealed and stored in the accounting unit / storage of the organization by the Junior Finance Specialist.

244. All financial records, supporting documents, statistical records, technical and other records pertinent to an award / grant shall be retained as per the State Statistic Department Archive regulation. Unless otherwise specified, records older than 10 years shall be destroyed.

245. Documents / records of the award / grant that have crossed the period accordingly to the requirement of the retention of the records but have pending legal action involved, shall be kept till such time that legal counsel or consultant not provide clearance for the disposal of such records.

246. This policy shall be effective for all foundations, corporations, donor awards / grants which are not specified the retention policy in the agreements.

Financial Reporting

247. Financial Reporting shall refer to the process of systematic recording, reporting, and analyzing financial transactions of the organization. This process comprises of gathering, compiling and reporting of financial information to management and other stakeholder of the company for the purpose of controlling, decisions making and informing them about the true and fair view of financial position and performance of the projects.

248. MSDSP shall prepare and furnish interim unaudited financial reports for the Project and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

249. The IFR format include a statement showing for the period and cumulatively (project life & year to date) inflow by sources and outflows by main expenditure classification, beginning and ending cash balances of the project; and supporting schedules comparing actual and planned expenditures. The format also attached with the POM for reference (Annex D6).

250. MSDSP shall have the project's Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the project financial statements shall cover the period of one fiscal year of the recipient. The audited financial statements for each such period shall be furnished to the Bank no later than six months after the end of such period, and made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Budgeting Procedures

251. Planning and Budgeting is a vital tool for managing and controlling project resources. Adequate budgeting will help to ensure that the right amount of funds required to implement project activities is available from the right sources, at the right time, and in the right place.

252. The Project Coordinator shall prepare the Yearly Plan of Operations (YPO) and Procurement plan. The Yearly Plan of Operations (YPO) and Procurement Plan shall be prepared by the categories and components stated in the Grant Agreement as well as by the MSDSP Chart of Accounts (Annex D2). Based on this, Project Coordinator will work with the Senior Finance Specialist to develop the project budget, which will be reviewed by the Skills Development Officer, Placement Officer, Value Chain Specialist and the AKF Director Finance. The final version of budget shall be approved by MSDSP Executive Director.

253. The Project's Operating Costs annual budget detailed by line items in accordance with the "Incremental Operating Cost" definition⁸ as specified in the legal agreement and quarter wise shall be prepared by the Senior Finance Specialist and shall submit to World Bank for approval no later than December 20 for each subsequent fiscal year.

⁸ "Incremental Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, management, monitoring and evaluation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, support for information systems, office maintenance and repairs, expenditures for materials and supplies, utilities, document duplication/printing, interpretation and translation costs, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, salaries of contractual staff for the Project (but excluding consultants' services and salaries of officials of the Member Country's civil service), respective social charges, other reasonable expenditures directly associated with implementation of Project activities, all based on annual budget as may be agreed upon by the World Bank

254. The Project Budget for each of next year shall be revised by the Senior Finance Specialist and Project Coordinator. The Project Budget, YPO and Procurement plan shall be detailed in advance of each year's budget process. The Project Coordinator shall submit them to World Bank for approval no later than December 20 for each subsequent fiscal year.

255. The project expenses must be routed through the Purchase Request (PR) procedure. The PR should be prepared by the respective department for project expense and submit to Finance department for budget verification. Senior Finance Specialist will verify the availability of the budget and allow or disallow the PR subject to the availability of budget.

256. Every month, Senior Finance Specialist will prepare the monthly budget variance report on the same standard template used for budget preparation and share with project team for analysis and providing reason for variances. This will allow project team to envisage any deviation in the budget vs. actual and prepare the change request for budget a head as per the timeline specified above for revision of budget accordingly to the World Bank requirement.

Audits

257. The audit of the project financial statements will be conducted: (i) by independent private auditors acceptable to the Bank, on the terms of reference (TOR) acceptable to the Bank; and (ii) according to the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). The annual audits of the project financial statements will be provided to the Bank within six months of the end of each fiscal year, and at the project closing.

258. Project Financial Statements will include:

- (i) A Summary of Funds received, showing the World Bank, Project funds from other donors, and counterpart funds separately;
- (ii) A Summary of Expenditures shown under the main project headings and by main categories of expenditures, both for the current fiscal year and accumulated to-date;
- (iii) Accounting policies and explanatory notes⁹ (including additional accounting policies and disclosures), covering:
 - a. a Summary of Summary Reports or SOEs used as the basis for the submission of withdrawal applications in the notes, as appropriate;
 - b. a Statement of Designated Account in the notes, as appropriate;
 - c. a Statement of Financial Position showing Accumulated Funds of the Project, bank balances, other assets of the Project, and liabilities, if any.

259. When the entity makes publicly available the approved budget, a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the statement of cash receipts and payments.

260. The audited financial statements shall be published on the World Bank website, and the recipient shall publish these in full in a local newspaper or in a project website to be developed in the project's first three months. Sample audit TOR attached in Annex D1.

Disbursement Arrangements

261. The project Designated Account (DA), in USD, will be opened in a commercial bank acceptable to the World Bank, and will be managed by MSDSP. The SOE-based disbursement method will be applied for the Project. The Project funds will flow from the Bank, either: (i) via the

⁹ The explanatory notes should include reconciliation between the amounts shown as "received by the project from the World Bank" and that disbursed by the Bank and a summary of movements on the project's Designated Account.

DA to be maintained in a commercial bank, acceptable to the World Bank, which will be replenished on the basis of SOEs or full documentation; or (ii) on the basis of direct payment withdrawal applications and/or special commitments, received from MSDSP. Withdrawal applications, that document funds utilized from the DA, will be sent to the Bank at least every three months. The following disbursement methods may be used: reimbursement, advance, and direct payment. Detailed instructions on withdrawal of the project proceeds are provided in the Disbursement Letter.

262. Senior Finance Specialist will prepare an annual budget for eligible operations costs and submit this to the World Bank for approval. The budget will include a quarterly breakdown of figures with line item descriptions.

263. The Grant proceeds will be disbursed against eligible expenditures. MSDSP may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "Disbursement Guidelines for Investment Project Financing", dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

264. Sequence and Flow of Documents and Funds. The funds for the sub-grants (under Component 2) will be disbursed only after AKF will develop and adopt a separate SGB operational, acceptable to the WB, where the micro-grant implementation arrangements, including the financial management (in particular flow of funds and controls over them) will be described. The development and adoption of this manual will be a disbursement condition for Component 2.

Treasury or Bank Arrangements

265. MSDSP will open two bank accounts for the project in the Kyrgyz Investment and Credit Bank (KICB). One designated account in USD and one account in local currency. Both bank accounts would be managed by MSDSP Bishkek office (Central Office) for making payments exclusively under the project and for the project eligible expenditures, without any WB funds being transferred to regional offices or pooling at central level by its headquarter. The authorized signatories of these bank accounts are same as specified in the MSDSP approved authority matrix for bank signatories (Authority Matrix in Annex D4). In case of change of the bank account during the Project, MSDSP will inform immediately to the WB and justify the need of this change.

Formal Reconciliation Procedures of Project Records with Client Connection

266. The reconciliation of the project accounting records with World Bank disbursement data will be performed regularly (at least once a quarter or before each Withdrawal Application is submitted to the Bank and the payment to the project Designated Account is received) via the World Bank Client Connection by the Senior Finance Specialist and will be verified by the AKF Director Finance.

267. Reconciliation of Statement of Expenditures (SOEs) with the project accounting records will be performed regularly (before each Withdrawal Application is submitted to the Bank or at least once a quarter) by the Senior Finance Specialist and will be verified by the AKF Director Finance.

268. The reconciliation of the project Designated Account balance (as well as of the balance of other project related accounts including the co-financing account) to be held at the State Treasury will be performed by the Finance Specialist and will be verified by the AKF Director Finance at least once a month or after each transaction.

Conflict of Interest and related parties transactions

269. The MSDSP standard policies and Procedure for the “Conflict of Interest” and “Related Parties Transactions” policies and procedures are applicable for this project. The Project Coordinator ensures that all members of the Project understand the actions they must take when considering any transactions, when a “Conflict of Interest” or/and “Related Parties” situation arises.

270. “Conflict of Interest” Defined: A conflict of interest arises where the private interest of a member of team involved in the procurement or any transaction process may have Conflicts, or might reasonably be thought to conflict, or have the potential to conflict, with the duties of this person in the performance of their role.

271. “Related Parties” Defined: A related party shall refer to a person or entity that shall be related to MSDSP (Members of the same group – parent / subsidiary / fellow subsidiary company, a person identified or a close member of that person's family shall have significant influence over MSDSP or shall be a member of the key management personnel of MSDSP, entity, or any member of a group of which it shall be a part, provides key management personnel services to MSDSP.

272. A member of the Project Team in a “Conflict of Interest” situation in relation to a transaction made by them, or proposed contract under consideration by him or her, shall disclose the nature of their interest to Project Coordinator and shall not take part in any deliberations or decision with respect to the transaction. The each employee of the organization must sign the conflict of interest undertaking as per Human Resource Policy of the organization.

273. The record disclosure of a “Conflict of Interest” situation shall be kept with the Human Resource Department in order to comply with this procedure.

274. For the Related Parties Transaction, AKF Finance Director shall ensure that all necessary documentation must be completed as per the Related Parties Policies & Procedure of the MSDSP/AKF Kyrgyzstan and disclose to World Bank as deemed necessary.

3.7 Procurement

275. The activities under the project will be subject to the World Bank’s New Procurement Framework. All procurement of contracts will be conducted through the procedures as specified in the World Bank’s Procurement Regulations for IPF Recipients-Procurement in Investment Project Financing Goods, Works, Non-Consulting and Consulting Services, dated July 2016, revised November 2017 (Procurement Regulations). The project will also be subject to the World Bank’s Anti-Corruption Guidelines, dated July 1, 2016.

276. For each contract to be financed by the Bank, the different procurement methods or consultant selection methods, estimated costs, prior review requirements, and time frame are agreed between the implementation partner and the Bank Task Team in the Procurement Plan.

277. Following procurements are foreseen under this project:

- Procurement of Goods: Good procured under this project will include procurement of Equipment for MSDSP offices, Equipment/supplies to common interest group, Video-based training courses;
- Selection of Consultants: Consultancy will include various individual consultants and firms;
- Procurements under sub-grants;
- Trainings.

278. All procurements under the sub-grants must follow the requirements indicated in the Procurement Handbook. The execution of procurement for grants will be implemented by the relevant C'VIAs. Procurement for sub-grants will follow World Bank Procurement Regulations paragraph 6.52 and Annex XII - Selection Methods, paragraphs 6.9 and 6.10 and will follow the Community Procurement Handbook and the Guidance Note for Design and Management of Procurement Responsibilities in Community Driven Development Projects (March 15, 2012). Procurement responsibilities, procedures and sample documentation are described in detail in the Project Operations Manual and in the Procurement Handbook. The sub-grants will include the procurement of goods, works, consultant services.

Procurement plan

279. The initial procurement plan has been developed covering the above procurement activities (Annex E1). The plan will be updated periodically (at least once a year) in line with the Procurement Guidelines and Consultant Guidelines.

280. The procurement plan contains a list of contracts, which are foreseen to be signed during the project lifecycle, procurement procedure, estimated contract value, post/prior review status, implementation dates, contract signature date, name of consultant/supplier, and contract duration. No procurement can be carried out for any activity that is not included in the procurement plan, approved by the Bank. Approved procurement plan (Without cost estimates) should be published in the Bank's external website as required in the Procurement and Consultant Guidelines.

281. The following principles are applied in all procurement and every effort is made to get the best value for money:

Goods, works and consulting services

- a. the need for economy and efficiency in the implementation of the project, including the procurement of the goods and works involved;
- b. the importance of transparency in the procurement process.
- c. the need for high-quality services,
- d. the need for economy and efficiency,
- e. the need to give all eligible consultants an opportunity to compete in providing the services,
- f. the need for transparency in the selection process.

Procurement thresholds and methods of procurement

282. The following methods of procurement shall be used for procurement under the project. If a particular invitation for a bid is comprised of several packages, lots or slices, and invited in the same invitation for bid, then the aggregate value of the whole package determines the applicable threshold amount for procurement and also for the review by the Bank. The national competitive bidding conditions will be part of the Grant Agreement.

283. Prior to review will apply in line with the following project procurement thresholds:

Table 5: Procurement thresholds and methods of procurement

Contracts Subject to Prior Review (Threshold USD\$)

Expenditure Category	Contract Value Threshold (US\$)	Procurement Method	Contracts Subject to Prior Review (Threshold US\$)
Goods and non-consultancy services	>=1,000,000	RFB	Contracts >=2,000,000
	<1,000,000	RFB	Not applicable
	<100,000	RFQ	Not applicable
	N/A	DC	Contracts >=2,000,000
Consultant Services	>=300,000	QCBS/QBS/LCS/FBS	Contracts >=1,000,000;

(including training)	<=300,000	CQS	all TORs
	N/A	SSS	
	N/A	IC	

For all DC and SSS cases, the technical justification shall be a part of the project procurement plan.

284. The prior review thresholds will be periodically reviewed and revised as needed during the project implementation period based on implementation of risk mitigation measures, reports from procurement post-review, and improved capacity of the implementing agency.

285. The following contracts are subject to Prior Review by the World Bank:

- The terms of reference for all consulting services;
- The first contract to be awarded by each agency in accordance with the RFQ method;
- The first contract to be awarded by each agency in accordance with the CQ method;
- All contracts for consultants' services with a firm estimated to cost the equivalent of \$100,000 or more;
- Each contract for consultants' services with an individual consultant, estimated to cost the equivalent of \$50,000 or more; and
- All contracts under direct contracting or single source selection methods.

286. All other contracts shall be subject to Post Review by the World Bank.

Procurement procedures

Request for Quotations (Cost estimate:<US\$100,000)

287. This method is used for readily available off-the shelf goods or standard specification commodities. Quotations should be obtained from several suppliers or contractors (with a minimum of three in each case). ITQ may be sent to suppliers and contractors by letter, fax or email, and quotations can be submitted using any of these communication means.

288. The following steps will be followed:

- Establish a procurement decision committee of minimum of three members but not more than five members;
- Agree on the list of required items of goods (including quantities);
- Prepare technical specifications;
- Prepare list of suppliers or contractors broad enough to generate good competition and to yield at least three quotations as required. Such a list may be prepared based on the past experience, consultation with chambers of commerce, internet, or direct market research;
- Prepare Invitation to Quote (ITQ) using Bank's template for ITQ (Annex E2 for Goods);
- Send the ITQ to the suppliers or contractors;
- Make sure that the requirements of obtaining a minimum of three quotations is fulfilled;
- Receive quotations by a deadline, open them and evaluate them;
- Prepare an evaluation report using Annex E3 for Goods; make recommendations for award contract;
- Approve an evaluation report and recommendation for contract award by the procurement decision committee;
- Sign the contract;
- Keep the process confidential until the contract has been awarded;
- Publish contract award information (the name of the selected supplier/contractor, the contract price) in a national newspaper;
- Receive and inspect goods and make payments as per the purchase order; and
- Keep all documents on file.

Selection of a Firm Based on Consultant's Qualification (CQ)

289. The following steps to be followed (selection to be completed within 45 days):

- Establish a selection committee of at least three members but not more than five members;
- Prepare draft terms of reference, including the budget estimate in terms of person/days (weeks, months, whatever is applicable), assignment duration, etc., and submit the draft terms of reference to the Bank for review and no objection;
- Establish evaluation criteria;
- Request electronically expressions of interest (Annex E4) and qualification information on the consultants' experience and competence relevant to the assignment; preferably through advertisement in a national newspaper and/or in an appropriate website, and through dissemination of information about the assignment to professional associations, etc.;
- If necessary, seek via email additional information / clarification from interested candidates;
- Establish through evaluation ranking of the firms which expressed interest;
- Prepare an Evaluation Report for approval by the selection committee using the forms in Annex E5, including individual evaluation form and the summary of individual evaluation forms;
- Select the top-ranking firm with the best qualifications and references;
- Prepare the Request for Proposal using sample in Annex E6;
- Send the Request for Proposal only to the selected highest-ranked firm to submit technical and financial proposals for the assignment, in accordance with the terms of reference;
- Review the proposals and prepare for negotiations;
- Selection committee negotiates the contract (See Annex E7 and Annex E8 for Standard Forms of Contract) with the firm and prepare minutes for negotiation as per the attachment (no on-to-on negotiations);
- Sign the contract;
- Keep the process confidential until contract signature;
- Publish contract award information (the name of the selected firm) in a national newspaper or in an appropriate website; and
- Keep all documents on file.

Selection of Individual Consultants

290. Steps to be followed (selection process to be completed within 30 days):

- Prepare draft terms of reference, including the budget estimate in terms of person/days (Weeks, months, whatever is applicable), assignment duration, etc., and submit the draft terms of reference to the Bank for review and no objection;
- Establish evaluation criteria;
- Seek expression of interest electronically from individual consultants preferably through advertisement in a national newspaper and/or in an appropriate website, and if feasible, disseminate information to professional associations, etc.;
- Request further information/clarification on references and qualifications where required and useful to determine if a candidate is qualified and should be shortlisted;
- Based on the expression of interests (and additional information/clarification) received, prepare a list of a minimum of three candidates, based on their relevant experience in the field of assignment (i.e. the list should not include candidates who don't have experience/qualifications in the relevant field of assignment, or who may not fulfill any minimum experience/qualifications, etc., if so required in the request for expression of interests);
- Send through email the terms of reference to the short listed individual consultants and request them for their CV in the same format as Annex X;
- If candidates have submitted their CVs as part of their expression of interest, simply send the terms of reference and ask the candidates to confirm their candidature for the assignment;

- Establish a small evaluation committee comprising at least three members but not more than five members;
- Evaluate the CVs based on the criteria set up beforehand;
- Interview the first three candidates before hiring following the evaluation methodology, and document the results properly in the evaluation report (i.e., how many candidates were interviews, what were the results, etc.);
- Prepare evaluation report using the form in Annex X; (note: if not subject to Bank's prior review, skip the next two steps);
- If subject to Banks' prior review, submit the evaluation report to the Bank;
- After Bank's agreement, negotiate contract (see attachments xx and xx for Standard Forms of Contract) with the selected consultant via email, fax or on the phone;
- Negotiate contract with the selected consultant via email, fax or on the phone;
- Sign the contract;
- Keep the process confidential until contract is awarded;
- Publish the contract award information in a national newspaper and/or on an appropriate website;
- Inform all candidates of the outcome of the selection process;
- Supervise the consultant's performance; and
- Ensure that payments are made against agreed deliverables/outputs.

Single Source Selection

291. Single source selection of consultants does not provide the benefits of competition in regard to quality and cost, lacks transparency in selection, and could encourage unacceptable practices. Therefore, single-source selection shall be used only in exceptional cases. The justification for single-source selection shall be examined in the context of the overall interest of the client and the project, and the Bank's responsibility to ensure economy and efficiency and provide equal opportunity to all qualified consultants. Single source selection may be appropriate in the following cases, and only if it present a clear advantage over competition:

- For tasks that represent a natural continuation of previous work carried out by the firm;
- In exceptional cases, such as, but not limited to, in response to natural disasters and for emergency situations both declared by the Borrower and recognized by the Bank;
- For very small assignments; or
- When only one firm is qualified or has experience of exceptional worth for the assignment.

292. In such cases, the implementing partner is not required to issue an RFP and shall submit to the Bank for its review and no objection, the TOR of the assignment, a sufficiently entailed justification including the rationale for single source selection instead of a competitive selection process, and the basis for recommending a particular firm, except for contracts below a threshold defined on the basis of risks and the scope of the project, and set form in the Procurement Plan.

293. Steps to be followed:

- Prepare TOR for the assignment and the estimated cost;
- Prepare justification for single source selection in accordance with the guidance given above;
- Submit the estimated cost and the justification for single source selection to the Bank;
- If Bank accepts justification and issues no objection: (a) invite the consultant to submit technical and financial proposal (for a firm), which would be the basis for negotiations; or (b) invite the individual consultant for negotiations;
- Make sure that the fees being charged are reasonable;
- Prepare draft negotiated contract using the standard form of contract (see attachment) and submit to the Bank for review and no objection;

- Sign the contract;
- Send a copy of the contract to the Bank;
- Publish contract award information (the name of the selected firm or individual) in a national newspaper or in an appropriate website; and
- Keep all documents on file.

Procurement procedures for activities under Operating and Training Costs

294. Procurement procedure for selecting consulting services (firm/individuals) under the operating and trainings expenses.

295. The project Procurement Specialist receives a final Terms of reference for certain consulting services from the project specialists. The Procurement Specialist reviews the Terms of Reference and through the analysis of the relevant market should determine the most effective sites for announcement (newspaper, appropriate websites, direct mail, etc.) to obtain the maximum amount of interest from the market.

296. The announcement should indicate the name of the consulting services, selection criteria, the deadline for the submission of expressions of interest. At the same time, the deadline for the submission of expressions of interest should be at least 14 calendar days.

297. An order on the composition of the tender committee should issued.

298. After the expiry of the deadline for the submission of expressions of interest, the procurement specialist sends all expressions of interest to the project specialist to prepare strong and weak points and reviews them in parallel.

299. AKF Specialist invites all members of the commission to evaluate the proposals received. During the tender committee meeting, the procurement specialist should familiarize the commission members with the selection criteria set out, as well as with the evaluation procedures. To this meeting of the tender committee, the procurement specialist prepares evaluation sheets to fill out by the members of the tender committee. During the meeting of the tender committee, the project specialist, who prepared the strong and weak points of the companies should make a presentation for the members of the commission. The members of the tender committee consider the expressions of interest obtained and evaluate them on a score system in individual scorecards. After that, the Procurement Specialist consolidates all individual evaluation sheets and enters the results to the evaluation report. Based on the results of the evaluation reflected in the evaluation report, the Request for technical and financial proposal is directed to the company that received the highest score. A Request for technical and financial proposals is prepared by a procurement specialist. At the same time, the deadline for submitting a proposal should be acceptable for the preparation of the company's proposal. After receiving the technical and financial proposal, the specialist arranges the next meeting of the tender committee to evaluate the submitted technical and financial proposals. Based on the results of this evaluation, the procurement specialist prepares a protocol to review technical and financial proposals with the results on awarding or not awarding a contract.

300. Subsequently, the specialist prepares a contract with the consultant to implement these consulting services.

301. Selection of project personnel to be financed from operating expenses (IOC). The selection of project implementation personnel (paid from IOC category) should be carried out by comparing of the relevant overall capacity of at least three eligible and qualified candidates from those who expressed an interest in completing the assignment in response to the announcement, or among

those directly contacted by AKF/MSDSP. Employees, who are selected for recruitment by AKF/MSDSP, should be the most experienced and best qualified, and shall be fully capable for carrying out the assignment.

302. Prior agreement with Project TTL is required for hiring of the following key personnel: Project Coordinator, Procurement Specialist(s), Financial Management/Disbursement Specialist.

303. Procurement procedures for selection of companies for the supply of goods and works and the provision of non-consulting services under the operating and training expenses.

304. Goods and works within the framework of operating and training expenses can be purchased in the following ways:

a) **Selection of companies for the supply of goods or work on the base of "Request for Quotations" method:**

305. Purchase of goods by the method of "Shopping" is a method of procurement based on the comparison of price quotations submitted by several suppliers (for the procurement of goods), several contractors (in the procurement of construction works) or service providers (in the case of non-consulting services); while there should be minimum of three to ensure competitive prices. This method is useful when purchasing a limited number of goods that are available for free sale, commodities with standard specifications or simple construction works in small quantities when other competitive methods of procurement are not justified because of the cost and efficiency. Requests for the submission of price quotes should indicate the technical characteristics and quantity of goods or specifications for work, as well as the desired time and point of delivery of goods (or the time and place of work). Price quotes can be presented in the form of letters, by fax or by e-mail. When evaluating the price quotations, it is necessary to observe the principle: the contract must be awarded to the corresponding to all parameters of the bids with the lowest price. Conducting an assessment of price quotations and awarding a contract must be conducted during the validity period of price quotes.

306. In case of submission of an improper form of price quotation (the quotation period does not meet the requirements, the bill of quantities of work/price table is filled not in the form, there is no signature on the price quotation), these price quotes are not subject to further consideration and evaluation.

307. Stages of procurement procedures to be carried out using this method:

- Create a tender committee;
- Determine the type, quantity, technical specification and delivery time of the required goods. This information is provided by the specialists of the project or the relevant department;
- Prepare technical specifications, drawings, BoQs, etc. This information is provided by the specialists of the project or the relevant department;
- Prepare Invitations for Quotations (ITQ) based on the sample;
- Publish an announcement on the appropriate website, send ITQ to the suppliers from the AKF database or those who applied according to the published announcement, if necessary, publish the announcement in local print media;
- Determine the date of submission of quotations (at least 2 weeks from the date of the initial request);
- Fulfill the established requirement, having received at least three price offers;

- Get quotes before the expiry of the deadline, carry out the opening of bids and fill out the protocol of opening bids;
- Conduct a technical evaluation of proposals with the help of relevant experts and conduct financial/qualification evaluation of the proposals submitted;
- Prepare a sample report on the basis of a sample and submit recommendations for the award of the contract;
- Ensure the confidentiality of the process until the award of the contract;
- Sign the contract;
- Acceptance of goods. The procurement specialist administers the contract as a whole by consulting the supplier/contractor regarding the terms of the contract. The Project Specialist directly manages the contract by preparing certificate of acceptance of goods/work, providing invoices for payment, submitting an order for the issuance of additional work for the procurement specialist;
- Store all documents in the folder.

b) Selection of companies for the supply of goods or performance of works can be carried out on the base of “price comparison” method:

308. Price comparison is used in the case of purchases of finished goods that do not require special manufacture, works and services with a specific description.

309. Stages of procurement procedures to be carried out using this method:

- Create a tender committee;
- Determine the type, quantity, technical specification and delivery time of the required goods. This information is provided by the specialists of the project or the relevant department;
- Prepare technical specifications, drawings, BoQs, etc. This information is provided by the specialists of the project or the relevant department;
- Prepare Invitations for Quotations (ITQ) based on the sample;
- Collect Quotations or fill out the list of prices declared by the participants;
- Fulfill the established requirement, having received at least three price offers;
- If required, conduct a technical evaluation of proposals with the help of relevant experts and conduct financial/qualification evaluation of the proposals submitted;
- Prepare a sample report on the basis of a sample and submit recommendations for the award of the contract;
- Ensure the confidentiality of the process until the award of the contract;
- Sign the contract;
- Acceptance of goods. The procurement specialist administers the contract as a whole by consulting the supplier/contractor regarding the terms of the contract. The Project Specialist directly manages the contract by preparing certificate of acceptance of goods/work, providing invoices for payment, submitting an order for the issuance of additional work for the procurement specialist;
- Store all documents in the folder.

310. Each supplier (contractor) is allowed to submit only one bid and is not allowed to change it. The winning competitive bid is an acceptable competitive bid with the lowest price, satisfying the needs of AKF.

311. AKF in cases of purchasing repetitive goods or performing works, can conduct one tender for the selection of the company by the method “**Shopping**” and conclude a framework contract for a certain necessary period with fixing single quotations. A framework contract will be concluded

without determining the specific total cost. If there is a need for each project in these goods/works or non-consulting services, the project staff will prepare an application with the determination of the number of necessary goods/works and non-consulting services based on the unit costs specified in the framework contract and provide it to the procurement specialist. The procurement specialist, on the basis of the application received prepares order to the supplier/contractor. Within each framework contract, the AKF specialist is appointed who performs full supervision of the contract, including the acceptance of goods/works and non-consulting services and provides an invoice to the finance department.

312. Procurement procedure for selecting trainers and training venues with all related services.

313. AKF within the project has a lot of activities for conduction of trainings. These activities includes: selection of trainers, reimbursable expenses of trainers, training venue, handouts, in some cases, accommodation and participants’ food.

314. Taking into account that trainings are conducted in different territorial areas of the Kyrgyz Republic, and the potential of services to provide training venues, tenders for training activities should be conducted as follows:

- a) Taking into account the expanded database of trainers in the context of regions of the Kyrgyz Republic, the selection of trainers can be carried out of three qualified CVs from the AKF database. Selection should be carried out by tender committee out of three qualified CVs.
- b) Expenses for trainings, must be confirmed by appropriate financial documents. Wherever possible, comparison of process shall be conducted.
- c) “Price comparison” method described above should be followed for the purchasing of goods and services.

Procurement records and monitoring

315. The Procurement Specialist/HR specialist will maintain complete procurement records, in accordance with sound procurement practices (including related supervision, review and auditing), the procurement activities on the Project and ensure that all such records are retained as per the Bank and Government regulations, after the Closing Date of Project. Procurement specialist is responsible for procurement records. Procurement records mean public notices of bidding opportunities; bidding documents and addenda; bid opening information; bid evaluation reports; formal appeals by bidders and outcomes; signed contracts, addenda and amendments; records on claims and dispute resolution; and records of time taken to complete key steps in the process.

316. In the frame of New Procurement Framework and Regulations for Projects an online system of Systematic Tracking of Exchanges in Procurement (STEP) was introduced and currently used by AKF Procurement Department staff in planning and tracking procurement activities under Bank-financed projects.

317. STEP enables auto publication of approved procurement plan, publication notices and contract award information in the Bank’s external website, UNDB online, World Bank Finances App, and World Bank Procurement App. Along this STEP has the below listed advantages applied in procurement management:

Procurement Planning & tracking	Streamlining & automation	Monitoring & Reporting
i. Procurement planning ii. Activity tracking	i. End-to-end processing ii. No-objection System	i. Portfolio Management ii. Project status review

iii. Implementation of procurement roadmap iv. Notification and alerts	iii. Document Management iv. Automated publications	iii. Performance reporting iv. Business Intelligence
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318. **Procurement Files.** AKF Procurement department maintains complete procurement files, which will be reviewed by the Bank's implementation support missions. All procurement related documentation that requires the Bank's prior review are cleared by the Procurement Specialist and relevant technical staff. As stated above, STEP has a database of all procurement files online for shared use of the Bank.

Procurement supervision and ex-post review

319. Routine procurement review and supervision will be provided by the procurement analyst based in the country office. In addition, two World Bank supervision missions are expected to take place per year during which ex-post reviews will be conducted for the contracts that are not subject to Bank prior review on a sample basis (20 percent in terms of number of contracts). One ex-post review report will be prepared per fiscal year, including findings of physical inspections for not less than 10 percent of the contracts awarded during the review period.

Conflict of interest

320. The Bank requires that firms or individuals involved in Bank procurement shall not have a conflict of interest. Goods, Works, and Non-consulting Services.

321. A firm shall be considered to have a conflict of interest if the firm:

- a) is providing Goods, Works, or Non-consulting Services resulting from, or directly related to, Consulting Services that it provided for the preparation or implementation of a project, or where such services were provided by an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and built contract;
- b) including its personnel, has a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower who:
 - i. is directly or indirectly involved in the preparation of the Procurement Documents or contract specifications, and/or the evaluation process of such contract;
 - ii. would be involved in the execution or supervision of such contract, unless the conflict stemming from such relationship has been resolved in a manner acceptable to the Bank throughout the procurement process and execution of the contract; or
- c) does not comply with any other conflict of interest situation as specified in the Bank's Standard Procurement Documents relevant to the specific procurement process.

322. Consultants shall not be hired for any assignment that would be in conflict with their prior or current obligations to other clients, or that may place them in a position of being unable to carry out the assignment in the best interests of the Borrower. Without limitation on the generality of the foregoing, Consultants shall not be hired under the circumstances set forth below:

- a) a firm that has been engaged by the Borrower to provide Goods, Works, or Nonconsulting Services for a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that firm), shall be disqualified from providing Consulting Services resulting from, or directly related to, those Goods, Works, or Non-consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;
- b) a firm that has been engaged by the Borrower to provide Consulting Services for the preparation or implementation of a project (or an affiliate that directly or indirectly controls, is controlled by, or is under common control with that Consulting firm), shall be disqualified from subsequently providing Goods, Works, or Non-consulting Services resulting from, or directly related to those Consulting Services. This provision does not apply to the various firms (Consultants, contractors, or suppliers), which together are performing the contractor's obligations under a turnkey or design and build contract;
- c) neither a Consultant (including personnel and sub-consultants), nor an affiliate (that directly or indirectly controls, is controlled by, or is under common control with that Consultant), shall be hired for any assignment that, by its nature, creates a conflict of interest with another assignment of the Consultant;
- d) Consultants (including their experts and other personnel, and sub-consultants), that have a close business or family relationship with a professional staff of the Borrower, or of the project implementing agency, or of a recipient of a part of the Bank's financing, or any other party representing or acting on behalf of the Borrower, that is directly or indirectly involved in any part of:
 - i. the preparation of the TOR for the assignment;
 - ii. the selection process for the contract; or
 - iii. the supervision of the contract, may not be awarded a contract, unless the conflict stemming from this relationship has been resolved in a manner acceptable to the Bank throughout the selection process and the execution of the contract.

323. The "Conflict of Interest" procedure exists to ensure that all members of the Procurement and HR Departments and AKF Kyrgyzstan management understand the actions they must take when considering tenders and contracts, when a "Conflict of Interest" situation arises.

324. "Conflict of Interest" Defined A conflict of interest arises where the private interest of a member of Procurement and HR Departments or management of AKF or any other person involved in the procurement process may have Conflicts, or might reasonably be thought to conflict, or have the potential to conflict, with the duties of this person in the performance of their role.

325. A member of the Procurement and HR Departments, AKF Management or any staff member involved into procurement process in a "Conflict of Interest" situation in relation to; a contract made by the them, or proposed contract under consideration by him or her. Shall disclose the nature of their interest and shall not take part in any deliberations or decision b with respect to the contract. In the event that a member may be unsure is there is a potential conflict of interest, he/she may request for the procurement department members or procurement commission to vote on the

matter at the beginning of the meeting. The outcome shall be noted in the minutes and actioned accordingly. The members of the procurement department or procurement commission are to provide a written acknowledgement that they have read and understand this procedure, and that they will uphold the procedure whilst a member of the Board.

326. The procurement and HR departments or procurement commission, must record disclosure of a "Conflict of Interest" situation in the minutes of the procurement department or commission meeting, detailing; the nature of the conflict and the action taken by the procurement and HR departments or commission in order to comply with this procedure.

Fraud and corruption

327. The Bank requires that Borrowers (including beneficiaries of Bank financing); bidders (applicants/proposers), consultants, contractors and suppliers; any sub-contractors, sub-consultants, service providers or suppliers; any agents (whether declared or not); and any of their personnel, observe the highest standard of ethics during the procurement process, selection and contract execution of Bank-financed contracts, and refrain from Fraud and Corruption.

328. To this end, the Bank:

- (a) defines, for the purposes of this provision, the terms set forth below as follows:
 - (i) "corrupt practice" is the offering, giving, receiving, or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - (ii) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
 - (iii) "collusive practices" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
 - (iv) "coercive practices" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
 - (v) "obstructive practice" is:
 - deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice; and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
 - acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for under paragraph 2.2 e. below.
- (b) Rejects a proposal for award if the Bank determines that the firm or individual recommended for award, any of its personnel, or its agents, or its subconsultants, sub-contractors, service providers, suppliers and/ or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices in competing for the contract in question;
- (c) In addition to the legal remedies set out in the relevant Legal Agreement, may take other appropriate actions, including declaring misprocurement, if the Bank determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive, or obstructive practices

during the procurement process, selection and/or execution of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;

(d) Sanctions, pursuant to the Bank's Anti-Corruption Guidelines and in accordance with its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework any firm or individual – determined at any time by the Bank to have engaged in Fraud and Corruption in connection with the procurement process, selection and/or execution of a Bank-financed contract;

(e) Requires that a clause be included in request for bids/request for proposals documents and in contracts financed by a Bank loan, requiring bidders (applicants/proposers), consultants, contractors, and suppliers; and their subcontractors, sub-consultants, agents, personnel, consultants, service providers or suppliers, permit the Bank to inspect all accounts, records and other documents relating to the procurement process, selection and/or contract execution, and to have them audited by auditors appointed by the Bank;

(f) Requires that, for Bank-financed operations to be implemented utilizing national procurement arrangements, as well as PPPs, agreed by the Bank, bidders (applicants/proposers) and consultants submitting bids/proposals will be required to accept the application of, and agree to comply with, the AntiCorruption Guidelines during the procurement process, selection and/or contract execution, including the Bank's right to sanction as set forth in paragraph 2.2 d., and the Bank's inspection and audit rights as set forth in paragraph 2.2 e. Borrowers shall consult and apply the World Bank Group's lists of firms and individuals suspended or debarred. In the event a Borrower signs a contract with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate; and

(g) Requires that, when a Borrower selects a United Nations (UN) agency to provide goods, works, non-consulting services and technical assistance services in accordance with paragraphs 6.47-6.48 and 7.27-7.28 of these Procurement Regulations under an agreement signed between the Borrower and the UN agency, the above provisions of paragraph 2 of this annex regarding sanctions on Fraud and Corruption shall apply in their entirety to all contractors, consultants, sub-contractors, sub-consultants, service providers, suppliers, and their employees, that signed contracts with the UN agency. As an exception to the foregoing, paragraphs 2.2 d. and 2.2 e. do not apply to the UN agency and its employees, and paragraph 2.2 e. does not apply to the contracts between the UN agency and its service providers and suppliers. In such cases, the UN agency applies its own rules and regulations for investigating allegations of Fraud and Corruption, subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension or termination. UN agencies shall consult the World Bank Group's lists of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the World Bank Group, the Bank does not finance the related expenditures and may apply other remedies as appropriate.

329. With the specific agreement of the Bank, a Borrower may introduce in to the request for bids/request for proposals document for contracts financed by the Bank, a requirement that the

bidder or consultant include in the bid or proposal an undertaking of the bidder or consultant to observe, in the Procurement Process, the country's laws against fraud and corruption (including bribery) as such laws have been identified in the request for bids/request for proposals documents. The Bank will accept the introduction of such a requirement at the request of the Borrower, provided the arrangements governing the undertaking are satisfactory to the Bank.

Filing of Records

330. All procurement records, supporting documents, statistical records, technical and other records pertinent to an award / grant shall be retained for a minimum of 5 years to a maximum of 8 years as specified in the donor agreements. Unless otherwise specified, records older than 8 years, shall be destroyed.

331. Documents / records of the award / grant that have crossed the period accordingly to the requirement of the retention of the records but have pending legal action involved, shall be kept till such time that legal counsel or consultant not provide clearance for the disposal of such records.

332. In the frame of New Procurement Framework and Regulations for Projects an online system of Systematic Tracking of Exchanges in Procurement (STEP), all records should be entered in the system.

Complaints Handling

333. The Complaint Handling Procedure has put in place to:

- Ensure that all stakeholders in the procurement process understand the proper process for making a complaint or requesting a review of a Procurement department of commission decision;
- Outline the time within which complaints or decision reviews will be conducted; and
- Provide an understanding of possible outcomes from the Complaint Handling process.

334. What is a "Complaint"? A complaint arises when a Client in the procurement process expresses written dissatisfaction with an aspect of the procurement process as applied by AKF Kyrgyzstan. Clients include Tenderers, Contractors and Government Agencies. Aid and Donor Agencies may also utilize these complaint handling procedures in the event of a disagreement or complaint with AKF Kyrgyzstan management of a tender funded by World Bank. It is important to distinguish a complaint from a request for information. A request for information occurs when a Client seeks further information in relation to an aspect of the procurement process as applied. A request for information may ultimately result in a complaint being lodged.

335. The AKF Kyrgyzstan may be required to deal with complaints that relate to administrative, illegal or inappropriate practices, or matters or customer service standards, or relate to procurement department or commission decisions to award contracts.

336. The principles to be applied in resolving complaints are outlined below:

- The Client's right to complain at any stage during the procurement process is acknowledged.
- Complaints against procurement department or commission must be copied to the Project Coordinator.
- Complaints against Project Coordinator, must be referred to the ED of MSDSP.
- All complainants are to be treated courteously.
- Complaints will be treated fairly and subject to impartial review.
- Complaints will be resolved at the lowest possible level.
- A tiered process of complaint handling applies.
- All efforts will be made to resolve the complaint within timings outlined in this procedure.

- The Client will be kept informed of the progress and outcome of the complaint.
- Copies of this procedure are to be provided to Complainants.
- The AKF Kyrgyzstan will use complaints positively in order to improve procurement processes.

337. The responsibility for handling complaints initially rests with AKF Kyrgyzstan. The AKF Kyrgyzstan should take all legal and appropriate measures to resolve the complaint. If a satisfactory conclusion cannot be reached between the Client and AKF Kyrgyzstan, the matter is referred to the WB mission in country.

Procurement / Contract Management

338. AKF Kyrgyzstan Procurement Department is overall responsible for the procurement management of all donor projects, however, one Procurement Specialist is part-time dedicating for World Bank project. In addition, the support of international consultant will provide support to procurement specialist.

339. Procurement Specialist with the support of international consultant will provide the following support for World Bank project:

- Supports Procurement Department Head in achieving overall Project objectives;
- Prepares TOR and tender documents for the procurement of services and goods;
- Prepares and submits to the Bank draft bidding documents, draft Request for Proposals (RFPs), or draft ITQs for packages subject to prior review for review and no objection;
- Publishes procurement notices and contract awards;
- For prior review packages, submits to the Bank copies of final bidding documents and RFPs;
- Maintains correspondence with bidders;
- Prepares amendments to the RFP or the bidding documents as deemed appropriate and submits to the Bank for review and no objection;
- Participates in bid opening procedure and drafts minutes of bids opening;
- Keeps a record of firms who purchase the bidding documents;
- Receives bids and proposals and ensure that they are kept confidential until bid opening or opening of proposals;
- Participates in evaluation of bids and clarifies evaluation procedure for the tendering commission;
- Prepares reports on evaluation of bids or proposals based on the evaluation completed by the Evaluation Committee;
- For contracts subject to prior review, submits bid evaluation report and technical evaluation report for Bank's review and no objection.
- Sends notification of contract award to winning firms;
- For consulting contracts subject to prior review, submits draft negotiated contracts to the Bank for review and no objection;
- Prepares draft contract amendments if deemed appropriate for the Bank's review and no objection;
- Develops and implements procurement monitoring system;
- Keeps all procurement documents on file per package as listed in the procurement plan, including copies of bids, proposals and quotations;
- Provides procurements documents to the Bank during post review and audit;
- Updates the Procurement Plan on a regular basis to reflect any changes to deadlines for contracting procurement of goods and services; and prepare the annual procurement plan;
- Establishes and maintains a database at the Procurement Department of expressions of interest received from prospective consultants with the aim of inviting them for future engagement;

- Communicates with selected consultants, participate in contract negotiations as an observer and prepare Minutes of Negotiations;
- Submits draft negotiated contracts for approval and signature by authorized representatives of the company and then submits them to the World Bank for prior approval.

3.8 Visibility

340. The project is funded by the Government of Japan (JSDF) through the World Bank and MSDSP is an Implementing Agency. A Japan visibility strategy (activities, events, press releases) will be implemented throughout Project implementation to ensure the visibility of Japan as the donor of the JSDF. This will be implemented in consultation with the Embassy. The MSDSP team, together with the World Bank, will ensure the following:

- Japan Embassy officials will be invited to meetings annually and field visits will be organized at the request of the Embassy.
- The project will have an official launch attended by the Embassy officials, government counterparts and the press.
- All press releases will include the financial contribution made by Japan.
- Any publications will include the logo as required.
- MSDSP will forward all progress reports after approved by the Bank.
- The Bank will share all project Aide Memoires and Management Letters will be copied when transmitted to MOF.
- To ensure this visibility is sustained MSDSP will be asked to report on this annually and a Japan visibility section will be added to the progress reports.

341. Project materials will employ both JSDF/WB logo and the MSDSP logo. The Project Coordinator is responsible for ensuring that all materials comply with both the MSDSP and JSDF visibility guidelines. The project sites will have a visible physical sign “The Grant is funded by the Government of Japan through the World Bank and Implemented by the Public Foundation Kyrgyzstan Mountain Societies Development Support Programme”.



Government of Japan logo

The Government of Japan



JSDF logo



MSDSP KG

MSDSP logo

An Initiative of the Aga Khan Foundation

3.9 Sustainability

342. Several aspects of the project design promote sustainability:

- **Social sustainability:** The pilot focuses on increasing livelihood opportunities for groups of young women and men in existing livestock and horticulture value chains, and facilitating the integration of other groups into the increasingly important digital economy. It is thus rooted in both the current economic opportunity and those of the future. The project will strengthen target value chains by establishing linkages between producers, lead entrepreneurs, and local consumers. Project training and awareness raising, income benefits, and the establishment of locally-operated enterprises for processing and marketing will encourage a continuation of these linkages beyond the life of the project. This project aims to ensure that vulnerable youth have knowledge and skills to take an active role in the transformation of the traditional horticulture and livestock value chains in target communities. The equal focus on women will give choice to, and help establish precedent for, women in non-traditional roles as well as in traditional value chains. Supporting the under or unemployed to work locally is essential to the sustainability and stability of communities, but supporting potential migrants to develop employable-skills that lead to better incomes and higher remittances is also part of a more sustainable and robust migration model.
- **Institutional sustainability:** In order to provide high quality services for youth, the pilot will also focus on building the capacity of market-driven training providers. Training for value chain actors will be provided through existing TVET centers within target communities. Project activities will strengthen the livestock and horticulture value chains by also establishing linkages between farmers, lead entrepreneurs and local consumers. Project training and awareness raising, income benefits, and the establishment of locally-operated common interest groups for processing and marketing will encourage a continuation of these linkages beyond the life of the project. Finally, the process will strive to establish norms and formal agreements between value chain actors and local authorities to ensure on-going cooperation on local vegetable and fruit production, that could expand into a focus on quality and food safety after the completion of this action. Engaging the C-VIAs in the sub-grant process will also promote further advancement of capacity and fiduciary functions of community structures in target areas.
- **Financial sustainability:** The project will support market-relevant interventions and enterprises, and work with the different value chain actors to focus the upgrade of their practices to meet local demand. Trainings will be delivered via TVET centers, which are financially viable institutions; cost-recovery is achieved through training fees, and therefore the training materials developed will outlive the grant period. The project investment in the potential agriculture sectors (horticulture, livestock) and e-sectors is based on the provision of one-time seed grants combined with the delivery of business acceleration services to the most capable and ambitious youth entrepreneurs, based on robust and viable business plans with youth enterprises that will be selected through a competitive process.

Chapter 4: Annexes and Forms

(see separate attachment)