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This action is funded by the European Union

ANNEX 2

of the Commission Implementing Decision on the Annual Action Plan 2016 in favour of the
Kyrgyz Republic to be financed from the general budget of the European Union

**Action Document for the Integrated Rural Development Program (IRD) in the Kyrgyz Republic**

| 1. Title/basic act/CRIS number | Integrated Rural Development Programme (IRD)  
Financed under the Development Cooperation Instrument  
CRIS number: ACA/2016/039-486 |
<table>
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<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>Kyrgyzstan. Jalalabad Region</td>
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| 4. Sector of concentration/thematic area | Rural Development  
DEV. Aid: YES |
| 5. Amounts concerned | Total estimated cost: EUR 11,000,000  
Total amount of EU budget contribution EUR 10,000,000  
This action is co-financed in joint co-financing by GIZ for an amount of EUR 1,000,000 |
| 6. Aid modalities and implementation modalities | **Project Modality**  
Indirect Management through Delegation Agreement |
### 7. DAC code(s)

- 31120 Agriculture development
- 31130 Agriculture land resources
- 31140 Agriculture water resources
- 31150 Agriculture inputs
- 31161 Food crop production
- 31163 Livestock
- 31165 Agricultural alternative development
- 31191 Agricultural services
- 31194 Agricultural cooperatives
- 52010 Food aid/Food security programs
- 32130 SME Development

### 8. Markers (from CRIS DAC form)

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<th>Significant objective</th>
<th>Main objective</th>
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<td>Reproductive, Maternal, New born and child health</td>
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<table>
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<tr>
<th>RIO Convention markers</th>
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<td>Climate change mitigation</td>
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<tr>
<td>Climate change adaptation</td>
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</tbody>
</table>

### SUMMARY

This proposal aims to **reduce poverty**, especially among women, children and the most vulnerable segments of the population, through increasing social and economic opportunities and the promotion of income generating activities in rural communities.

The Kyrgyz Republic remains one of the poorest countries in Central Asia and the economy is highly dependent on a limited number of sectors. In terms of the number of people depending on it, agriculture is one of Kyrgyzstan’s most important economic sectors and one of the major problems faced by rural communities is the lack of possibilities for income generating activities.
The **overall objective** of the proposed programme is to assist the government of the Kyrgyz Republic to improve the conditions for poverty alleviation in rural areas through local economic and social development. The **specific objective** is to support rural income generating activities to stimulate the local economy and human development. The support to be provided will be aimed at addressing rural development and is to be channelled to the rural population (represented by community-based organisations) through Civil Society Organizations (CSOs) which will be closely involved in the implementation of project activities.

The programme aims to create conditions for improvements in rural livelihood in selected regions, with a view to replicate successful projects in the rest of the country in the coming years. It is proposed that the budget for the total allocation for the action should be EUR 10 million.

This would include up to EUR 0.20 million for monitoring, evaluation, audit and visibility services. While the total only constitutes half of the allocation foreseen in the Multiannual Indicative Programme for 2014-2020 it is proposed that an allocation could be made available for an Integrated Rural Development action to be included in the Annual Action Programme 2017, which was not foreseen in the MIP.

The preferred modality is an **Indirect Management through a Delegation Agreement through which the Deutsche Gesellschaft für Internationale Zusammenarbeit Company (GIZ) would be selected** to manage Call for Proposals (CfP) and sub grants for Civil Society Organisations (CSOs).

Through the programme, **community based organisations and local government authorities** would see their **socio-economic development capacities strengthened** and would be better able to manage community development activities, as well as to address relevant issues. **Livelihoods of people located in the targeted rural communities should be improved** through increased employment and incomes for poor rural dwellers and also better access to village-level economic network and social infrastructure. Income generating activities under this project will be targeted through two main sub-sectors as follows:

- **Fruit, vegetables and nuts production/commercialisation**
- **Sustainable community based ecotourism**

Given the widespread and severe poverty in rural areas, a main source of social (and political) instability in Kyrgyzstan, the proposed programme aims for rural development in general, to improve livelihoods in rural and remote areas and to create income generating opportunities and effective social services for vulnerable groups (mainly women) in Jalalabad Region.

### 1 CONTEXT

#### 1.1 Sector/Country/Regional context/Thematic area

Although the Kyrgyz Republic has made significant progress in poverty reduction over the last decade, these developments stagnated in recent years though. **Poverty is still a very serious challenge** for the Government and 30.6% of Kyrgyzstan’s population lives below the poverty
line\(^1\) with 66% of the poor prevailing in the rural areas, with women and children being the most vulnerable. Regional imbalances remain high, with Bishkek, Chui and Issyk-Kul regions being more developed, while others struggle with chronic poverty that reaches 70% in specific areas (Batken, Jalal-Abad and Naryn regions), and poverty strikes hardest in rural areas.

The global 2014 Human Development Report ranks Kyrgyzstan 120\(^{th}\) (out of 188 countries) with a Human Development Index rating of 0.655 which means that the country is in the middle part of the group of countries with medium human development. It highlights regional and urban/rural disparities as well as inequalities between men and women. Kyrgyzstan is on the 67\(^{th}\) place out of 146 countries on the UNDP Gender Inequality Index in 2014.

The agricultural sector continues to be key and is to some extent the backbone of the Kyrgyz Republic's economy, contributing with around 20% of the total GDP\(^2\) in recent years (highest share of the agricultural sector in total GDP in the region) and occupying around 35% of the total labour force. The Kyrgyz agricultural system is marked by low levels of concentration and thus high levels of dispersion of activities and crops, with only wheat, potatoes and cattle being exceptions to a certain degree. Marketing of fresh and processed agricultural products is poorly organized, most farmers being small-scale producers with limited and inhomogeneous production that is neither suitable for export nor for processing in the country. On the one hand, there is a high demand for vegetables from processing companies and fresh markets, on the other hand most farmers lack information on the required types and quality of products. At the same time, fresh product imports from China and other neighbouring countries are increasingly dominating the domestic market. Cotton, tobacco, wheat, sugar, potatoes, beet, wool and meat are the main agricultural products, although only tobacco and cotton are exported in significant quantities.

The agricultural sector currently faces significant challenges. Only about 7% of approximately 198,500 km\(^2\) of land area in Kyrgyzstan is arable. The level of human capital can be considered as low because many of those employed in agriculture do not have adequate skills and generally have a low level of education. The rural infrastructures for transportation, storage and irrigation are inadequate. It is estimated that approximately 15% of the produce is spoiled before it reaches the market due to inadequate storage facilities. The size of commercial farms is generally modest and farms face difficulties receiving support services (the average farm size varies from 3 to 20 ha). Low investment in the agricultural sector constrains growth for all stakeholders in the supply chain and only few farmers are integrated in modern supply chains. Foreign Direct Investment in the Kyrgyz economy is low compared to the other countries in the region. There are serious concerns for food safety and quality. Other challenges faced by the sector include the decline in the quality of seed and livestock breeding material and the very poor state of agricultural equipment and machinery.

There are high economic disparities between the rural areas of the North and South regions of the country. The North produces about 60% of the GDP and the entire industry is concentrated in the city of Bishkek, Chui, Jalal-Abad and Issyk-Kul regions. The South concentrates over half of the population, while the contribution is less than 30% of the country's GDP. The proposed program should then focus on the southern part of the country and

\(^1\) National Statistics Committee (NSC), 2014

\(^2\) CIA World Factbook
especially in Jalalabad Region because of its high rate of poverty (45.1% according to National Statistics in 2015), high population density and potential ethnic conflicts.

Kyrgyzstan has unique natural, historic and cultural resources of interest to the development of Sustainable community based ecotourism as an independent and promising sector of the economy. "Community based” is a definition is used by the World-wide Fund for Nature (WWF) and means supporting products, services, knowledge and practices found in local communities and offered by local stakeholders. The direct contribution of tourism sector to GDP in 2014 was KGS 4.9bn (1.3% of GDP) and is expected to grow by 5% by 2025. This sector generated 28,000 jobs directly in 2014 (1.2% of total employment) and is expected to increase of 0.3% over the next ten years³.

Even if Kyrgyzstan has been spared many of the enormous environmental problems faced by its Central Asian neighbours, there are serious concerns associated with inefficient use and pollution of water resources, land degradation, and improper agricultural practices. Climate change is likely to be an aggravating factor, as more erratic rainfall patterns promote soil erosion and land degradation; melting glaciers are a threat to water availability, notably for irrigation; and more frequent or intense extreme weather events are a threat to rural infrastructure and livelihoods.

In the regional context, the Kyrgyz Republic remains heavily dependent on cooperation with neighbouring countries. Located at an important trade crossroads and being a transhipment point, the country both benefits from and depends on extensive trade flows and investment from China, Kazakhstan and Russia, as well as other countries/partners. The Kyrgyz Republic’s accession to the Eurasian Economic Union (EEU) became effective on 6th of August 2015 and this could benefit to the country’s agricultural sector by easing trade barriers for farmers who export their products to neighbouring and may grant new opportunities for business in the Russian market.

The Kyrgyz Republic is one of the most open economies in the world, with a sum of its exports and imports equivalent to 142% of GDP in 2011⁴ and the Government has been working to improve the business environment, including simplification of business registration, licensing, inspection, taxation, and trade clearance regimes. Due to the importance of establishing a plan to capture the potential contribution of exports to socio-economic growth, the Ministry of Economy and donors/partners developed the National Export Strategy (NES) for the period 2014-2017.

The recent decision of the European Union to grant GSP+ status to the Kyrgyz Republic opens up new potential and offers opportunities for Kyrgyzstan to increase and diversify its export and strengthen its economy. GSP+ is a component of the EU Generalised Scheme of Preferences (GSP) for developing countries that offers additional trade incentives to countries, who already benefit from GSP and who ratify and implement core international conventions on human and labour rights, sustainable development and good governance. This opportunity could be addressed through a future regional programme.

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³ Travel & Tourism Economic Impact 2015, Kyrgyzstan, World, Travel & Tourism Council
1.1.1 Public Policy Assessment and EU Policy Framework

The Government of the Kyrgyz Republic, which adopted the National Sustainable Development Strategy's paper 2013-2017 (NSDS), acknowledges the crucial role of actions towards poverty alleviation, and in particular through rural development as an instrument of poverty reduction, as well as economic growth.

Although the NSDS was adopted in 2013, little of the above has been realised until now, generally because the country lacks the conditions for implementing the above reforms: low capacity of central and local governments, absence of consistent rural development policy strategy, lack of financial capacity, low management and technical skills of the authorities in general, underdevelopment of private property owners, practical exclusion of the rural population and farmers from the decision-making process and business structure, underdeveloped market infrastructure in rural areas etc.

There is not yet a coherent rural development strategy in the country. Rural development is a very broad and complex issue which requires an inter-ministerial approach. The EU decided to build on the Government’s commitment to further reform in the rural/agricultural sector. Through FAO and the “Food and Nutrition Security Impact, Resilience, Sustainability and Transformation (FIRST)” program, the EU will support separately the development of relevant sector policies and strategies at the level of central government to obtain a workable legal and financial framework for Integrated Rural Development in order to prepare the country for a possible future EU budget support program.

This separate institutional support should also include the formulation of a strategic environmental assessment (SEA) which is still not developed in Kyrgyzstan. This preparatory work with the Government to agree on the SEA and its scope could be a good first step to ensure that the environmental implications of decisions are taken into account before the decisions are made.

A specific sub sector strategy already exists through the "Food Security and Nutrition Program of the Kyrgyz Republic (2015-2017)". This programme which has been approved 4th September 2015 by the Government (decree 618) and has been developed under the support of FAO, WFP, and UNICEF is based on four targeted areas: food availability in the country, physical and economic access to food, dietary quality, diversity and caloric intake, and control and supervision of food safety. By developing this programme, the Government recognized that it is necessary to create a solid inter-sectoral platform to coordinate the work of all stakeholders in ensuring food security and nutrition and improving the legislative framework in this area.

The proposed programme is fully in line with the objectives of the Country Development Strategy, addressing development of rural areas with the main aim of poverty reduction by promoting income-generating opportunities, increasing social and economic opportunities for poor local communities, meeting their basic needs, improving the quality of life and reinforcing their development capacities which, in general, would lead to economic recovery in the country.

The 2030 Agenda for Sustainable Development sets out the global framework to eradicate poverty and achieve sustainable development by 2030. Through this programme, the EU is also determined to implement the 2030 Agenda and to participate actively in the implementation of the Sustainable Development Goals, SDGs (mainly goals on Poverty, Food Security and Sustainable Agriculture, Women, Economy, Infrastructure, Climate, Sustainability).
The program is also fully consistent with the political objectives of the EU Strategy for Central Asia which reaffirmed in the Council conclusions of 22 June 2015 the crucial importance of good governance, in particular the need to strengthen the capacity of public administration and local authorities to promote sustainable economic and social development and the transparent management of public resources in Central Asia (point 8). The program is also targeting point 10 of the Council conclusions on the need to increase exchange of experience and know-how in innovative technologies, notably in agriculture and rural development, to encourage the sustainable development of the region.

1.1.2 Stakeholder analysis

**Rural women:** Women form the majority of the rural population and female-headed households are particularly disadvantaged and are in the lowest income categories. Women are also acutely affected by their limited access to non-farm employment opportunities with the traditionally low social status of women in rural communities.

**Youth are burdened by high levels of unemployment and often find themselves excluded not only from economic but also social activities.** Almost 25% of the children in the rural areas live in households with incomes below the minimum subsistence level. With existing low level of literacy and education, difficult and time-consuming access to water, social and medical services, and few opportunities of gainful employment, youth are facing high levels of under- and malnutrition, morbidity and mortality of children. Youth are one of the poorest, most vulnerable and marginalised groups in Kyrgyzstan. At the same time, children from poor socio-economic backgrounds continue to be exposed to child labour, including its hazardous forms.

**Farm workers** are among the poorest and most vulnerable groups in the rural areas. Their vulnerability is increased by their dependence on their employers not only for employment and wages, but also for social services they have to pay for (housing, electricity, schooling, access to medical facilities, water and transport etc.). Wages in the rural sector fall below the minimum living level and seasonal workers (who make up a large part of the on- and off-farm labour force) have the added disadvantage of earning approximately 10% less than permanent workers. In many cases wages of farm workers are paid in kind, thus limiting their financial capacity and flexibility.

**Community-Based Organizations and Rural communities:** In general, the local communities have low capacity to tackle poverty and solve social problems. The issues of greatest concern to vulnerable communities are frequently related to the condition and possibilities for income generating activities. By fostering a high degree of community involvement and responsibility in the project activities undertaken, the project will be able to ensure its impact and future sustainability. Community-Based Organizations (CBOs) are among the important institutions of civil society and represent groups of rural citizens (of 20-40 families representing some 100-200 individuals) with common interests that organize into officially constituted civil associations. They are considered as a certain formal management structure that consolidates citizens for solving social and economic problems of special importance for a certain territory. Local self-governing bodies (Village level Community Councils or Committees and village assemblies), homeowners associations, as well as initiative groups, are examples of CBOs. They will identify,
prepare, implement, operate and maintain their village level development projects, aided and facilitated by the CSOs and training made available under Component 1 of the project.

**Village level Community Councils** will include representatives of CBOs (a minimum of 80% of total membership), civil society, as well as local government (20% of membership). As the principal entity for targeting benefits and allocating project resources at the communal level, Community Councils also provide a critical link to local government and have the potential to engage in other non-project activities. They play a fundamental role in mobilizing communities and promoting their participation in local decision-making. Community Councils will play a coordinating and monitoring role during the project implementation.

**State and local authorities:** In general, the capacity of the government and local governments is limited in a situation of low revenue and competing spending priorities to allocate sufficient funds to maintain social service and improve the rural livelihood. Sub-national administrative institutions are of two types: local state, which are decentralized and subordinate executive bodies that are part of central government agencies and report to them, and local self-government bodies, which are elected by the population of a territorial unit:

- Local State Administrations exist at the oblast (regional) and rayon (province) levels, headed by appointed Plenipotentiary Representatives of the Government and akims (head of rayon), respectively. Oblasts and rayons have locally elected keneshs (local parliaments), which have certain degree to oversight over policy-making and control over the administration.
- Local Self Government Bodies exist in village communities. The Local Self Government Bodies have “local self-government status” and they own property and can use income derived from such property to finance local public services. There is an elected village level kenesh and an executive body that is legally subordinate to the kenesh. Both the kenesh and the local executive (village administration, or aïyl okmotu as it is known in Kyrgyz) are bodies of local self-government.

Participation of Local State Administrations and Local Self Government Bodies in the project is essential for effective cooperation with local communities to increase the effectiveness, transparency, and accountability of their actions. Being important stakeholders at province and village level, it is their responsibility (together with the CBOs and Community Councils) to mobilise the rural communities for the project activities and further disseminate information. Local authorities, together with the CBOs, will be strengthened and capacitated under the framework of this project to be better able to manage community activities and initiatives, as well as to address relevant issues.

**Final beneficiaries** are the rural population and farmers. The farmer is considered the backbone of the region’s economy. About 70% of the total value of agricultural income comes from the production of vegetables, crops and other plant products. Agriculture contributes to supplying the basic needs of the majority of the poor population and earnings for their livelihood and is also important to trade.

This project will directly improve the capacity of farmers and rural population to improve their income generating capacities in on- and off-farm segments, as well as the added benefit of increasing the availability of affordable food to the population and improved access to internal and external markets. The project thus equips farmers and rural communities with the skills and knowledge required for sustainable production and increasing income.
The project will address these concerns and directly complement the capacity of these main stakeholders, providing necessary input in terms for improving livelihood and income generating as well as capacity building for all the stakeholders through all the aspects of social and economic life.

1.1.3 Priority areas for support/problem analysis

The Rural development sector is among the priorities of the National Sustainable Development Strategy (NSDS). The Government of Kyrgyzstan has repeatedly requested the EU to assist in the area of poverty alleviation, increasing living standards, employment and boosting economic development in priority sectors, in particular through income-generating activities in rural areas.

As highlighted in the NSDS and the MIP, the poverty level in Kyrgyzstan remains one of most critical problems with a strong negative impact on the country's development and the entire society. The great majority of the poor are located in the rural areas, mostly women and children with very low incomes, exacerbated by food insecurity, limited access to land, insufficient access to clean drinking water and sanitation facilities, high levels of infant and maternal mortality, severely limited access to and declining quality of public services (education, health, markets), inadequate or non-existent social safety nets and restricted access to inputs (seeds, fertilizers, irrigation water, power, machinery, agro-food processing technologies and equipment, credit/financial services and small business, marketing and trade development support).

A major problem faced by rural communities is the lack of possibilities for income generating activities, as on- and off-farm employment opportunities are scarce. Various surveys indicate that about 7% of rural households are totally marginalised and have no income, about 11.4% are dependent only on pensions and about 25% are dependent only on remittances. Women head the majority of these households. Possibilities to find employment and income-earning opportunities outside farming are today extremely limited in the rural areas. Rural non-farm activities are severely underdeveloped or entirely lacking in much of the country. Very limited productive land and declining per-capita productivity in farming, however, mean that a substantial share of the rural population needs to find employment outside agriculture if poverty is to be reduced. Child labour is still significant despite the efforts of the government.

On-farm labour brings with it social consequences such as forced child labour and unpaid women's labour. Individual and family farmers have limited access to agricultural advisory and other extension services. Development of the local private sector in agriculture has been hampered by inadequate governance. Under these circumstances, a large proportion of men capable of performing skilled or unskilled labour migrate to Russia and Kazakhstan in search of seasonal or longer-term employment, leaving women, children and the elderly behind. Their remittances constitute a considerable proportion of the national income and make a decisive contribution to poverty alleviation.

The absence of small and medium size enterprises (SMEs) in agribusiness is a major obstacle to increasing agricultural productivity and growth, leaving farmers with few opportunities to sell their produce. Agribusiness SMEs are practically non-existent, despite apparent opportunities.
The commitment of EU in Kyrgyzstan to improve Justice, Rule of law and Fight against corruption underlined in the MIP should allow improvement of business activity and sustainable development in the country.

Identification of sub-sectors to operate through the programme has been done using the International Trade Centre data as the following table:

<table>
<thead>
<tr>
<th>Socioeconomic impact</th>
<th>High income generating potential</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>High</td>
<td>--</td>
</tr>
<tr>
<td>Medium–high</td>
<td>Handicrafts</td>
</tr>
<tr>
<td>Medium</td>
<td>--</td>
</tr>
<tr>
<td>Low–medium</td>
<td>Wool and animal hair</td>
</tr>
<tr>
<td>Low</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Governmental Plan for Export Development of the Kyrgyz Republic for 2015–2017

On the basis of the above dimensions, income generating activities support under this project will be promoted through the two main sub-sectors (in yellow in the above table) namely:

- **Fruit, vegetables and nuts production/commercialisation**, which plays an important role in local/regional foods sector, and;
- **Sustainable community based ecotourism**, which capitalizes on the natural resources and amenities available in rural areas and farming households.

Articles of apparel and bottled mineral water are industrially produced goods and are not targeted in the MIP. It is not foreseen at this stage to develop value chain for processed fruits and vegetables. This element could be taken into consideration next year in the AAP 2017. Swiss cooperation, World Bank and EBRD are already focusing on support for dairy production.

The future economic and social development of Kyrgyzstan is inextricably linked to its ability to adopt relevant environmental policies, and sustainable approaches for exploiting its significant natural resources. As targeted in the NSDS, the Government is keen to strengthen environmental protection regarding the threats faced by the country as retreating glaciers (attributed to global warming), inefficient water use for irrigation (intensive irrigation for agriculture is reducing river volumes and putting obvious strains on water users in down-stream
locations), soil erosion and degradation, contamination of water sources (poor sewage treatment and absence of proper waste disposal sites for hazardous substances), legacy of mining activities. Kyrgyzstan is extremely vulnerable to the climate change impact and the NSDS includes measures for mitigating impact of climate change and reducing ecological consequences of economic activities.

2 RISKS AND ASSUMPTIONS

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political or social instability in the Kyrgyz Republic or in CA region may affect project implementation;</td>
<td>M</td>
<td>Political and economic situation is closely monitored by the Delegation and will be by project team in order to ensure adequate response strategy for any changes. Moreover, the progressive improved access to social services and facilitated economic development shall mobilise ownership of the local communities and contribute to improvement stability at local level;</td>
</tr>
<tr>
<td>Staff turnover at central and regional level of the government authorities could lead to delays in the project implementation;</td>
<td>M</td>
<td>Close collaboration with key government staff at local and national level to create and sustain institutional memory, and thus ensure continuity without big delay in project implementation;</td>
</tr>
<tr>
<td>Local authorities might not want to partner and coordinate with the Implementing partners.</td>
<td>L</td>
<td>Implementation will be by NGOs/CSOs that have long standing experience in working with local communities, in partnering and coordinating programmes with local authorities.</td>
</tr>
<tr>
<td>Duplication of activities at district level.</td>
<td>L</td>
<td>Coordination with local authorities and other development partners engaged in development activities in the area during development of proposals/actions by applicants will be defined clearly in the guidelines</td>
</tr>
</tbody>
</table>

Assumptions

- Commitment of the Kyrgyz Republic and the European Union to poverty alleviation remains high and a constant dialogue is ensured;
- Delegations will retain the capacity and resources to build relations and cooperate with implementing partners and stakeholders across the country;
- Regional administrations and local authorities are able to provide necessary support to project operations.

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The EU already has positive experience in the implementation of a number of projects rewarded through Calls for Proposals aimed at poverty alleviation and rural community development, particularly in the southern regions of Kyrgyzstan. The efficiency of the community-based approach has been proven by a number of projects aimed at poverty
alleviation initiated by the EU Delegation to the Kyrgyz Republic under DCI-ASIE AAPs 2007-2011, CSOs-LA thematic programmes AAPs 2008-2014. The previous experience acknowledged that the activities towards poverty alleviation in rural areas should be accompanied by initiatives that help to boost income generating activities. In the medium and long-run, this has a long-lasting social impact which will improve the well-being of rural people.

The EU-support provided to Business Intermediary Organisations (BIOs) has been quite unique through Central Asia Invest Programme facilitating and strengthening innovation especially in production, marketing, branding and all aspects related to the capacity of running a business and thus addressing the whole value chain. The different phase of Central Asia Invest Programme also permitted access for SMEs to new business opportunities and new markets.

The key lessons learnt can be summarised as follows:

- There must be close cooperation and coherence among all stakeholders, including regional and local government. This is the basis for a smooth implementation of the project's activities based on effective collaboration and delegation of responsibilities between the stakeholders;
- Village communities and community based organisations have to be actively and directly involved in the process of project implementation in order to ensure ownership and sustainability. In addition, community-based, low cost initiatives carried out by CSOs and local communities have proved to be useful in bringing about positive poverty-alleviation benefits. More importantly, the approach is beneficial in assisting in the transition from social and economic dependency to self-help and self-determination. Sustainability of both the project and community gains is far more likely;
- The project should operate through established rural community-based organisations, thus helping to empower people, creating confidence and local ownership. There is improved likelihood of achieving sustainability with less loss of post-project purpose, commitment and momentum;
- The project must bear in mind local conditions and the mix of different ethnic groups in the region representing sources for potential inter-ethnic conflicts caused by various social reasons (rural poverty and access to resources such as irrigation water, land and pastures being the main reasons). Therefore, where necessary, suitable measures and activities designed to reduce social conflict should be included.

There will be a significant role for CBOs/CSOs and local governance as implementing partners. Both local and international CSOs/NGOs, of whom there are a number operating in the region, will provide direct support to the rural communities and the rural population for the implementation of programmes and will to a great extent work as management support.

The main activities will be towards development of the targeted areas and growth through promoting income generating activities, group-based business ventures, initiatives tackling unemployment, and development of rural economy identified by the local communities, based on their needs, and selected through Calls for Proposals. Income-generating activities will include group-based agricultural and non-agricultural business as well as community or group investments in promising agricultural diversification and natural resources management actions. Eligible economic and social infrastructure development activities will include those most likely to have a direct impact on facilitating local development and growth as well as social infrastructure, especially if they are deemed to improve the prospects for women to shift time
and attention to income-generating activities. Attention will be paid to supporting the government's efforts in preventing and eliminating child labour.

The EU is currently providing budget support for social protection (EUR 30 million for the period 2015-2017). This support helps to integrate social protection mechanisms into national budget and planning processes in a framework of government accountability to parliament and people. As also reflected in the MIP, the promotion of income generating activities is to be considered the next step of EU actions in Kyrgyzstan aimed at contributing to the building of a more sustainable social and economic system.

The EU Approach to Resilience by "Learning from Food Security Crises" will be adopted by supporting populations at risk to withstand, cope with, adapt and quickly recover from stresses and shocks without compromising long-term development prospects, with a focus on efficient interventions having a lasting impact.

3.2 Complementarity, synergy and donor coordination

The proposed project will address medium-term needs in restoring and improving the livelihoods of the poor rural population and will contribute to their long-term development.

The government provides support in the form of commodity credits and grants, by selling fuels and lubricants at fixed prices, providing several services established by the legislation. The Government is also supporting the creation of a network of rural financial institutions which provide credits to the agricultural and processing companies, and also finance trade of agricultural products. The government has extensively involved donor organizations in the development of agriculture. During the last years a number of agreements have been concluded with several partners including the EU, World Bank, UNDP, FAO, USAID, and IBD with the purpose to provide assistance to the agricultural sector. However, despite the efforts of the government and donor support, the agrarian sector still has low level of income oriented towards self-sufficiency of agricultural producers. Therefore, it is necessary to devise a new state policy which the strategic goal to ensure food security, growth of income of rural population and inflow of financial resources from export of agricultural products.

The proposed project is a logical continuation of the EU support to poverty alleviation and rural development through its programmes under the DCI programmes (Support to Economic Diversification through Improving the Agro-processing Sector, Support to Infrastructural Development in rural areas (with focus on irrigation), Rural Infrastructure Development and Social Reintegration in Batken region, Support to the Kyrgyz education sector and Income generating activities in rural areas of Kyrgyzstan).

Efforts are underway by other donors/partners to support rural development, improve agricultural services and food commodities. The donors/partners that are playing a major role in these efforts include the FAO, WFP, UNDP, Swiss Cooperation Office, World Bank, IFAD, USAID, Russian-Kyrgyz Development Fund, GIZ and also financial international institutions (EIB, EBRD, KfW and ADB).

The World Bank is one of the major investors in the improvement of the national governance system, agriculture, irrigation, livestock development and dairy sector. FAO has increasingly responded to governmental requests for advice on conceptual support (policy and strategy) and
direct support to activities like fisheries and aquaculture, sustainable management of forest and land resources, access to high quality seeds, dairy cattle, irrigation improvement and agricultural value chains. WFP is strengthening the government’s capacity to reduce food insecurity and undernutrition and to support communities’ long-term resilience. USAID is implementing sustainable livelihoods projects in the South through their own contractors by targeting smallholder farmers. UNDP is working in the good governance and environmental sustainability sectors in Kyrgyzstan as well as cross-cutting issues such as conflict prevention, disaster risk reduction, gender equality and respect for human rights. The Swiss Cooperation Office has targeted four specific objectives for his cooperation with the Kyrgyz Republic (Health, Public Sector Reform and Infrastructure, Private sector development and Arts and Culture Program). The Russian-Kyrgyz Development Funds also providing funding through UNDP for rural development projects in selected areas. Through GIZ, **Germany is the only EU Member State with a significant presence in the rural development/agricultural sector.** GIZ works in two priority areas: Sustainable economic development and Health. It is implementing four major programmes in the area of sustainable economic development applying an integrated approach of employment promotion. The focus lies on promoting youth, vocational training, civil society and private sector development. Through these programmes GIZ supports different sub-sectors such as, Social development, Governance and democracy, adaptation to climate change, green economy and private sector development and employment.

The European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB) and the German development bank (KfW) are active in Kyrgyzstan. EBRD now has five major initiatives in its Agro-Rural portfolio, primarily in the processing sector. EBRD has also a Small Business Support Team (SBST), which helps businesses access expert advice. In recent years potential new investments have arisen with new technologies, including glasshouse tomato production and drip irrigation. EBRD fund and manage a number of water, sanitation and waste management projects supported by IFCA grants in towns across the country, which eventually will be supplemented with loans from EIB. KfW and EIB are partners in another IFCA supported operation on food and agriculture value chain which will provide EUR 40 million for SME credits and loans in the sector. Other development banks, most notably the World Bank and the Asian Development Bank are active in the sector and likely to have projects in the pipeline that can be supported through Blending under the heading "Rural infrastructure".

Close communication and share of information with the Central Asia Invest Program will be strengthened in order to reinforce mutual cooperation between the two programs on the field of SMEs support.

The Regular Donors’ meetings within the framework of the Development Partners Coordination Council (DPCC) has proven to be an effective tool for ensuring alignment of aid, complementarity of actions between donors and partners and eliminating duplication of efforts. The working group on Agriculture, Food Security & Rural Development (AFSRD WG) is co-chaired by FAO and WFP is organised in a monthly base in order to contribute towards effective and coordinated formulation and implementation of national policies, strategies, plans and programmes on Agriculture, Food Security, and Rural Development in the Kyrgyz Republic.

Close consultations have been done with FAO and Ministry of Agriculture to open a space for policy assistance provided through the Food and Nutrition Security Impact, Resilience Sustainability and Transformation (FIRST) project. This EU-funded policy assistance mechanism through FAO implementation will contribute to strengthening the rural development,
food, nutrition security and sustainable agriculture (FNSSA) in Kyrgyzstan through the following actions:

- Review of existing policies and design of a new rural development and agriculture policies, taking into consideration on-going programmes and projects, that would provide a sound policy framework for the elaboration of EU’s rural development programme for 2017-2022
- Design and implementation of a coordination mechanism (a Food Security and Nutrition Secretariat) that promotes an integrated approach to the promotion of food security and nutrition through synergistic programming;
- Formulation of a new National Food Security and Nutrition Programme for the period 2018-2022;

Donor coordination for the EU Country Support is legally implemented through the office of the National Coordinator (NC) for Technical Assistance to Kyrgyzstan whose National Coordinating Unit is situated within the Prime Minister’s office. The NC has the dual role of being Head of the Government Department for Economy and Investment and National Coordinator for TA.

Consultations have been done during the identification phase with the major donors/partners of the rural development support sector and with relevant governmental representatives (National Aid Coordinator, Ministry of Agriculture and Melioration, Ministry of Social Development). Regular participation of EUD to "Agriculture, Food Security & Rural Development" working group of DPCC permitted to exchange information and to coordinate with donors, partners and Government. Main sectors covered by the proposed programme are fully in line with priorities of the Working group and have been assessed through sector development planning exercise (until 2017).

3.3 Cross-cutting issues

Gender and environment will be the main cross-cutting themes in the proposed programme and are particularly important in this focal sector.

Women are faced with multiple challenges, as they cope with numerous family management and household maintenance tasks. Due to high levels of out-migration (it is estimated that approximately one million people are currently working abroad. This represents 1/5 of the country’s total population), women are primarily responsible for working on family plots of land, raise children, and looking after elderly and disabled relatives. Women generally lack access and understanding of the local vegetable market because of a lack of knowledge, poor access to technologies and farming inputs, including a lack of access to means of marketing. The empowerment of women, especially women-led households (26.9 % of total)\(^5\), is a major component of sustainable development in the target area. Women are affected by poverty and they are largely disenfranchised in the patriarchal political and social systems that exist. By improving their productive capacity, women can be an important factor in the development of target communities and in fact cannot continue to be ignored. The empowerment of women and practical opportunities given within the programme will increase their capacities for active involvement in management of the income generating schemes, as well as improved active participation in the local development process.

The programme will promote a participatory, gender-sensitive approach and will be linked with the implementation of some of the pivotal areas outlined in the Gender Action Plan (GAP) for 2016-2020 adopted by the EU on 2015 (promotion of the social and economic rights/empowerment of women and girls and strengthened of girls’ and women’s voice and participation).

Environmental considerations (climate change adaptation measures, sustainable management of natural resources, agricultural production by effective agricultural practice, land and soil management) will be incorporated in the programme. Climate change affects agricultural sectors and food security in many ways and Climate change adaptation refers to adjustments in natural or human systems. The proposed programme will focus on adaptation measures in the agricultural sector to reduce vulnerability to the impacts and risks of climate change, and to make sure that development initiatives do not inadvertently increase vulnerability. An approach to promote environmental concerns and climate change integration in the programme will be adopted (use of ecosystem approach for climate-smart agriculture, adaptation options, good practices, agroforestry, grazing land management, sustainable land and water management and biodiversity etc.).

4 DESCRIPTION OF THE ACTION

This action has been prepared closely with the relevant governmental representatives (National Aid Coordinator, Ministry of Agriculture and Melioration, Ministry of Economy, Ministry of Social Development) in coordination with donors and partners working on the same field. Reflecting the importance, constraints and potential of the rural and agricultural sector for developing the economy of the country, the EU is committed to support the sector through the Multi-Annual Indicative Programme (MIP) for 2014-2020 with 41 millions EURO of the budget allocated to Integrated Rural Development. The MIP gives explicit priority to interventions targeting low income communities and households, including through support to income generating activities and increasing the capacity of local authorities.

4.1 Objectives/results

This programme is relevant for the Agenda 2030. It will contribute primarily to the achievement of SDG 1 (End poverty) and SDG 2 (Zero hunger) supporting people-centred rural development and women’s empowerment. This does not imply a commitment by the Kyrgyz Republic benefiting from this programme.

The overall objective of the programme is to support poverty alleviation in rural areas of Kyrgyzstan through local economic and social development. The specific objective is to support rural income generating activities to stimulate local economy and social development initiatives in Jalalabad Region.

The main expected result is: Livelihoods of people living in the rural communities improved and household income levels increased by promoting income generating opportunities

The expected outputs are:
- Livelihoods of people living in the targeted rural communities improved through increased employment and incomes for poor rural dwellers
- Community based organisations and local government authorities strengthened in their socio-economic development capacities and better able to manage community development activities

This programme focuses on the **support to income generating activities** identified by the local communities with the objectives to improve rural population cohesion, health, jobs and livelihoods whilst acquiring knowledge of environmental issues and effective use of resources (including green economy, biodiversity, climate change adaptation measures).

### 4.2 Main activities

The income generating activities support will cover:

- **Fruit and vegetables production/commercialisation field**, and
- **Sustainable community based ecotourism**

From this point, the main activities will be focused on:

- Actions to initiate and support social reintegration and mobilisation of rural population, including vulnerable women, people living with disabilities, ethnic minorities and other marginalised groups, into the income generating activities and local development initiatives; and to support the elimination of child labour.
- Develop production capacities and services at rural level within the "fruit and vegetables production" and "sustainable ecotourism" clusters;
- Create and facilitate employment opportunities in rural areas (diversification through new technologies);
- Support and promotion of rural women led farming, community business development and sustainable eco-tourism initiatives;
- Promote mechanisms to include women in income generating activities, businesses, and trade development and access of women to productive resources (e.g., through representation in business advisory councils and business associations)
- Promote local micro / rural small enterprises (SMEs) and female entrepreneurship;
- Support to local basic infrastructure having direct impact on facilitating income generating activities, local development and growth;
- Strengthen market-based solutions inclusive of the poor such as creation and support to existing self-help groups, business incubators and small business development;
- Promote small business development, cleaner production practices, together with environmental management, e.g. rational water use, waste management awareness and climate resilient practices

As an integral part, to ensure sustainability in the long term all the actions will be facilitated by the capacity building activities to strengthen community's capacity (stakeholders and beneficiaries) to plan, implement, operate and maintain business and income generating activities:

- Identify opportunities for group-managed business and income-generating in the local conditions;
Concerning sustainability, the active involvement of local communities, along with the appropriate support from and in coordination with local government bodies, will foster ownership and enhance the prospects for sustainability. Ownership is best assured when beneficiaries are responsible for implementing and maintaining local investments made under the programme, including future administration and financial management of the outcomes.

The programme design is intended to ensure sustainability not merely of the investments financed, but of the processes put in place to ensure rural communities’ involvement in local decision making and local government accountability to the constituents. Once local government/rural community and civil society partnerships are well established in decision-making and implementation, local governments can assume increasing responsibilities in programme implementation, thus providing the basis for sustainability.

The environmentally sustainable and climate resilient practices will be reflected in award criteria for initiatives to be supported.

The core thrust of the implementation arrangements are participatory needs assessments, prioritizing, and planning and implementation. These procedures are anticipated to become habitual and to guide community interaction and local self-government in the longer run.

4.3 Intervention logic

The strategic choice made under this programme is to implement activities through grassroots organisations. The programme will apply a bottom-up approach to prioritization, planning and implementation, directing assistance directly to rural communities by supporting income and employment generating investments in village infrastructure and in group-managed small and medium-sized enterprises and by helping communities to achieve key development objectives at the local level.

In terms of addressing the needs of the rural population, the programme will increase incomes and employment for poor rural dwellers in the South Region of the Kyrgyz Republic (Jalalabad Region).

The steering and management structure allows the implementing agent to manage a quantity of contracts / project packages in pilot regions in Oblasts of Southern Kyrgyzstan. Individual CSO-
grant contracts could combine and package several successfully selected calls for proposals of a number of CBOs. For targeting small CBO and grassroots organisations, the size of sub-grants should be included indicatively between 30,000 euros and 250,000 euros.

Civil Society Organisations (CSOs), with their advantage of being flexibility, locality specific, needs based, beneficiary oriented and service committed have established a multitude of roles which can promote rural development. Grant projects developed and implemented by CSOs and CBOs truly representing rural communities, provides a strong platform for developing local production by allowing local communities, especially in the poorest rural areas, to have access to investment and financing facilities, technical support, management advice and other valuable input. The income generating projects are used in a transitional period to allow individual initiatives to emerge and become viable. Local communities usually have very concrete ideas about what can be done to improve their own living conditions and basic public service needs. The Call for Proposals mechanism facilitates effective project designs as the beneficiary communities work closely with the applicant CSOs/CBOs. Calls will focus on mobilisation of local communities towards improving their "self-help” capacities, primarily through their active involvement in managing programme activities.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission’s authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Not applicable to project approach.

5.4 Implementation modalities

5.4.1.1 Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit Company (GIZ)

This action may be implemented in indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit Company (GIZ) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails "Support rural income generating activities to stimulate local economy and social development initiatives". This implementation is justified because Germany is the only EU Member State with a significant
presence in the rural development/agricultural sector in Kyrgyzstan. GIZ has been developing for several years adapted approaches for the participatory and sustainable management of natural resources in Kyrgyzstan, and has been implementing projects focused on direct support for communities. The entrusted entity would carry out the following budget-implementation tasks:

- Mobilisation of the Project team Unit in charge of the following-up of the Programme;
- Organisation of the Steering Committee;
- Organisation of the Commission in charge of the criteria for the calls and the selection of the projects;
- Preparation of the call of proposals for sub-granting;
- Preparation and signature of sub-grants contracts with entitled bodies;
- Following-up, monitoring and evaluation of the selected projects;
- Support to capacity building activities for a bottom-up approach;
- Ensure long-term, ownership and sustainability impact of the programme;
- Ensure local contribution from Authorities;
- Involve the EUD in all the key aspects of the programme including the selecting sub-contracts process and global programme monitoring;
- Ensure sub-contracts are in line with objectives of the programme;
- Support to promoted income generating activities mechanisms facilitating employment opportunities in rural areas;
- Support the community based organisations (CBO) to participatory methodologies and strengthen relations with local authorities

The entrusted international organisation is currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of Regulation (EU) No 323/2015. The Commission’s authorising officer responsible deems that, based on the compliance with the ex-ante assessment based on Regulation (EU, Euratom) No 1605/2002 and long-lasting problem-free cooperation, the international organisation can be entrusted with budget-implementation tasks under indirect management.

The possibility of a BMZ co-financing to the project by 10% has been discussed with GIZ, who will discuss it with BMZ.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The action should be focused on the southern part of the country and most specifically in the Jalalabad Region which is one of the poorest, with high population density and affected by social and ethnic tensions.
5.6 Indicative budget

<table>
<thead>
<tr>
<th>Description</th>
<th>EU contribution</th>
<th>Indicative third party contribution, in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4.1.1. – Indirect management with GIZ agency</td>
<td>9,800,000 EUR</td>
<td>1,000,000</td>
</tr>
<tr>
<td>5.9 – Evaluation, 5.10 - Audit</td>
<td>150,000</td>
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<tr>
<td>5.11 – Communication and visibility</td>
<td>50,000</td>
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<tr>
<td>Total EU contribution</td>
<td>10,000,000</td>
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<tr>
<td>Total budget</td>
<td>11,000,000 EUR</td>
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</table>

5.7 Organisational set-up and responsibilities

The project will be implemented by the European Commission, through its delegation in the beneficiary country. All contracts and payments are made by the Commission on behalf of the Beneficiary.

The implementing agency will mobilise a **Project Team Unit** (about 10 people including 2 international experts) fully dedicated to the implementation of the program:
- 1 Project leader (one of BMZ project leaders, international)
- 1 Head of Finance and Administration (funds management; seconded expert; fulltime, international)
- Operational management of the Calls for Proposals (national staff)
- Financial administration (national staff)
- Contract administration (national staff)
- Capacity Development for CBO (national staff)
- Supervision, M&E (national staff)
- Communication and visibility management (national staff)
- Auxiliary staff for 2 Offices (national staff)

The main office will be in Bishkek and the operational office in Jalal Abad.

A **Steering Committee, co-chaired by EU and Government**, will be created in order to support the project team in implementing their tasks defined in the Programme. This Committee is expecting to include Representatives of the Ministry of Economy, the State Agency for Local Self Governance and Interethnic relations, the Ministry of Agriculture, President’s or Prime Minister’s Administration, the EU. The Steering Committee will be the governing body of the project and will provide strategic leadership and governance oversight.

The Steering Committee nominates members for the **CfP’s Assessment Committee** who are responsible for setting the criteria for the calls for proposals and for selecting the eligible projects according to these criteria. The Steering Committee will meet twice a year.
5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to assess the implementation of the current Action. The final evaluation will be carried out for accountability and learning purposes at various levels (including the feasibility of a budget support to the rural sector under the MIP 2014-2020).

The Commission shall inform the implementing partner at least two months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.
Indicatively, one contract for audit services might be concluded under a framework contract in February-March 2021.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

Indicatively, one contract for communication and visibility might be concluded.
APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Results Chain</th>
<th>Indicators</th>
<th>Baselines (incl. reference year)</th>
<th>Targets (incl. reference year)</th>
<th>Sources and means of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall Objective: Impact</strong></td>
<td>Support poverty alleviation in rural areas of Kyrgyzstan through local economic and social development</td>
<td>1.2 Percentage of population (households) living below the poverty line** (EURF level 1 #1)</td>
<td>Baseline will be 2017 (when the core activities start): data will be incorporated once available (in 2018).</td>
<td>Year 2020: reduced at least by 5 % percentage points compared to baseline.</td>
<td>Source: National statistics reports (namely annual reports on &quot;Poverty level in Kyrgyz Republic&quot;)</td>
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<td></td>
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<td><strong>Current baseline 2015: 45.1 % in Jalalabad Region</strong></td>
<td><strong>Source:</strong> National Statistics Committee report &quot;Poverty level in Kyrgyz Republic in 2015&quot;)</td>
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<tr>
<td><strong>Specific Objective</strong></td>
<td>Support rural income generating activities to stimulate local economy and social development initiatives</td>
<td>Average per capita income in targeted area (Jalal Abad Region)*</td>
<td>Baseline will be 2017 (when the core activities start): data will be incorporated once available (in 2018).</td>
<td>Year 2020: At least 10% increase compared to baseline.</td>
<td>Source: Annual National Statistics Committee reports (Namely &quot;Standards of living of Population in KG&quot;).</td>
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<td></td>
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<td><strong>Current baseline 2015: Kyrgyz Soms 3,322 (about EUR 45)</strong></td>
<td>Annual National Statistics Committee report &quot;Standards of living of population in KG&quot;.</td>
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<td></td>
<td><strong>Output 1</strong></td>
<td>Livelihoods of people living in the targeted rural</td>
<td>1.1 Unemployment rate in targeted area (Jalal Abad region)*</td>
<td>1.1 Baseline will be 2017 (when the core activities start):</td>
<td>1.1 Year 2020: reduced at least by 0.5% percentage points</td>
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<td>Output 2</td>
<td>Community based organisations and local government authorities strengthened in their socio-economic development capacities and better able to manage community development activities</td>
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<tr>
<td><strong>2.1</strong> Number of NGOs and CBOs supported in line with the topics specified</td>
<td><strong>2.1</strong> Baseline 2017: 0</td>
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<td><strong>2.1</strong> Year 2020: at least 55</td>
<td><strong>2.1</strong> and <strong>2.2</strong> Source: - Project documents reports - Training sessions minutes - Region and district records - Communities reports</td>
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<tr>
<td><strong>2.2</strong> Number of people receiving rural advisory services with EU support ** (EURF level 2 #7)</td>
<td><strong>2.2</strong> Baseline 2017: 0</td>
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<tr>
<td><strong>2.1</strong> Year 2020: at least 3.850</td>
<td><strong>2.1</strong> Source: - Project documents reports - Training sessions minutes - Region and district records - Communities reports</td>
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</table>

- **2.1 and 2.2 Source**: - Regional administrations are able to provide necessary support to project operations. - Good working relations between project and region and district authorities. - Sufficient number of rural communities, NGOs and CBOs, small business willing to cooperate

<table>
<thead>
<tr>
<th>communities improved through increased employment and incomes for poor rural dwellers</th>
<th>Current baseline 2014: 7.6%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.2</strong> Number of woman-led households involved into the EU supported income generating activities and rural small scale commercial initiatives</td>
<td><strong>1.2</strong> Baseline 2017: 0</td>
</tr>
<tr>
<td><strong>1.2</strong> Year 2020: At least 400</td>
<td><strong>1.2 Source</strong>: - Project documents reports - Training sessions minutes - Region and district records - Communities reports</td>
</tr>
</tbody>
</table>

- **1.2 Source**: - No major natural disasters or other disturbances to disrupt project. - National macro-economic situation is stable

- **1.2**: Indicators linked to relevant national programming document

- **2.1**: Indicators linked to the EURF

- **EURF level 2 #7**: Standards of living of population in KR

- **EURF level 2 #7**: Standards of living of population in KR

- **EURF level 2 #7**: Standards of living of population in KR