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**MULTI-ANNUAL INDICATIVE PROGRAMME (MIP)
FOR THE KYRGYZ REPUBLIC 2014-2020**

Introduction

Kyrgyzstan is a low income country with a population of 5.6 million people (2012) of which 72% are ethnic Kyrgyz. The population includes large minorities of ethnic Uzbeks (14%) and Russians (7%) as well as Dungans (1%), Tajiks (0.9%) and Uigurs (0.9%). The country has a GDP per capita of USD 2,260 (measured in PPP as of 2012) and ranks 125 out of the 187 countries in the UN Human Development Index.

Kyrgyzstan has a semi-parliamentary system, in which the powers of the directly elected President and the government, led by the Prime Minister, are checked by the Parliament (Jogorku Kengesh), whose members are elected through general elections for five years. Local government authorities, including some major city councils and mayors, most notably in Osh (the second largest city) have been operating with a large degree of de facto autonomy.

The regime change of 2010 (referred to as the "April Revolution") saw the ousting of President Kurmanbek Bakiev and was the second such regime change after the 2005 ousting of the first President of the independent Republic, Askar Akaev. In the October 2010 parliamentary elections five out of more than 20 competing parties made the electoral threshold. Since then there have been three coalition governments, with the Social Democratic Party in a leading role. For the last twenty years the party has been led by the current President Almazbek Atambaev, who was elected in October 2011. The appointment of the current Prime Minister, Joomart Otombaev, leading a new government, was approved by Parliament in April 2014.

Corruption is widespread both in the public and private sectors and poses a significant challenge to the effective functioning of government and businesses in Kyrgyzstan. The country ranks 154 out of 176 in the Transparency International Corruption Perceptions Index. Fight against corruption features among top priorities on the list of the government's priorities, as reflected in strategic documents adopted in 2013.

Following the collapse of the Soviet Union, old clan structures resurfaced, including the main political fault line between Northern and Southern Kyrgyz political elites. Consequently, the present government, which is seated in the capital, Bishkek, and dominated by Northern parties, has limited influence over the mayors and municipal councils in the South, supported by opposition parties with Southern electorates.

There are continuing tensions between ethnic Kyrgyz and Uzbeks in the southern part of the country. The events of 2010 triggered violent clashes between the two communities, which resulted in the death of some 450 people, mostly Uzbeks, and thousands of internally displaced. Only limited progress has been made towards a policy of inclusion of the Uzbek minority in national political life and public institutions.

Adding to the tensions in the South are border disputes and related skirmishes between armed forces from Kyrgyzstan and neighbouring Uzbekistan and Tajikistan where long stretches of the border are still to be formally demarcated. The porous borders also pose a serious security challenge as it enables illicit trafficking and terrorist insurgency from countries further South including Afghanistan.

Poverty is widespread and meeting the population's needs is a serious challenge to the Government. This contributes to the very high emigration rates. The number of migrant workers, especially to Russia and Kazakhstan is considerable and at peak periods (e.g. during the summer) can reach 1 million. It is deemed that migrant worker remittances from Russia and Kazakhstan amount to one third of GDP.

The economy is highly dependent on a limited number of sectors of which gold mining and exports by far is the most important. Moreover, the mining is concentrated at the Kumtor gold mine, which alone accounts for about 12% of the GDP, half of the country's exports, and contributes 10% to the national budget. Recently, the mine and the terms of the concession agreement with the Canadian mining company, Centerra Gold, have been marred by political controversy. In October 2012 popular protests, which turned out violent, led to the detention of three activist parliamentarians, who were tried in the court of law where they were eventually found guilty, sentenced and stripped of their parliamentary mandates.

1. EU response

1.1. Strategic objectives of the EU's relationship with the partner country

The overriding objective for the EU is to support the consolidation of democracy in the Kyrgyz Republic while helping the country to reduce poverty and achieve sustainable development and supporting national security, reconciliation and cohesion.

This MIP is fully consistent with the political objectives of the EU Strategy for Central Asia. The MIP reflects the principles and priorities of the Agenda for Change¹. It applies the principle of concentration by focusing the assistance on three sectors and requires the EU and its Member States to work together, including on the programming of assistance and reporting on results. In terms of priorities, human rights, democracy and governance figure prominently in this MIP, which include support to civil society and Public Finance Management (PFM) as a mean to tackle corruption. It also takes into account the country's security challenges by duly considering the risk of incidents related to border disputes with neighbouring countries, the withdrawal of the International Security Assistance Force (ISAF) from Afghanistan and illicit cross-border traffic. The EU directly supports the Government's efforts in addressing some of these challenges through the regional programmes on Border Management in Central Asia (BOMCA) and Central Asia Drug Action Programme (CADAP) which are not covered by this country specific MIP.

From the analysis in the Country Strategy Paper, it emerges that among the main problems which hinder sustainable development and in turn negatively affect stability, are:

- The pervasive corruption, in particular in the judicial sector, which means that individuals and companies are deprived of legal recourse, undermining investor confidence and protection for human rights, among others;
- The decline in the education system since independence, reducing the supply of qualified human resources;
- The high degree of rural poverty, forcing many, especially Kyrgyz young men, to leave the country, either to look for jobs abroad, especially in Russia or Kazakhstan, but also in cities such as Bishkek and Osh. In the latter city especially, they remain a destabilizing influence, raising the risk of a repetition of the violence between groups of May-June 2010. In remote areas, poverty is also exacerbated by the effects of frequent exposure to small scale natural disasters.

The Government of Kyrgyzstan has repeatedly requested the EU Delegation to assist in these areas in the following way, continuing existing programmes with the aim of:

- Reforming State governance, judicial reform, the rule of law and fighting corruption;
- Reforming the education sector;
- Poverty alleviation, including social protection for the poor, increasing living standards and employment and boosting economic development in priority sectors, in particular through income-generating activities in rural areas.

Interventions need to ensure coherence of EU policies and complementarity both between EU-based programmes and instruments and those of other donors will be pursued in all areas of cooperation. This issue is particularly relevant for linking this MIP with the Central Asia Regional Indicative Programme.

Eight of the main donors, including the EU and the two most active EU Member States in the development co-operation with Kyrgyzstan, i.e. Germany and the UK, are members of the KRDP (Kyrgyz Republic Development Partnership), who were previously partners to the JCSS (Joint Country Support Strategy). The JCSS assigned different sectors to the different donors to support the Government's Country Development Strategy at the time. In that document, it was agreed that the UK, Germany and Switzerland would, for example, be involved in the Health Sector Wide Approach (SWAp), while the EU would take the lead in setting up an Education SWAp. This decision was also in line with Code of Conduct on Division of Labour. The KRDP partners, along with the Russian Federation, Japan and the Aga Khan Development Network,

¹ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: *Increasing the Impact of EU Development Policy: an Agenda for Change*, COM(2011) 637 final, 13 October 2011.

signed a Joint Statement with the Government on the implementation of the Government's Medium Term Development Programme (MTDP) on 19 October 2012.

The EU will be the main donor in the field of judicial reform and has also been main donor in the field of poverty alleviation/social protection for some time. Considerable amounts of support have also been provided to rural development, including to rural infrastructure projects (e.g. for irrigation).

1.2. Choice of sectors

The EU is keen to enhance its relations with Kyrgyzstan, and assist it in overcoming the challenges it is facing, with a view to achieving sustainable and prosperous development for its population, attaining the Millennium Development Goals (MDGs), and improving education and job opportunities. As part of this process, the EU will contribute to consolidating the values of democracy, the rule of law, good governance, and respect for human rights and fundamental freedoms in the country.

Partly due to the mismatch between the EU's and the Kyrgyz Government's programming periods a dedicated Country Strategy Paper for 2014-2020 was developed. Still, the focal sectors identified are fully consistent with the three "mandatory conditions" of the Kyrgyz Government's National Strategy for Sustainable Development (NSSD) 2013-2017², which are:

- relying on own resources;
- ensuring the supremacy of law and the rule of law;
- ensuring unity of the nation

Support to the Rule of Law and education sectors has been launched fairly recently. The two sectors are deemed essential for an effective strategy to reduce poverty and consolidate democracy in the following ways:

- **Focal sector 1 - The Rule of Law**

The Rule of Law is among the priorities of the NSSD, the Mid-Term Development Programme for Kyrgyzstan 2012-2014 adopted in April 2012, as well as the Government's Programme and Plan on Transition of the Kyrgyz Republic to Sustainable Development for 2013-2017 period adopted in May 2013. The Kyrgyz authorities have consistently and systematically declared their intention to undertake further judicial and legal reform and notably enhance its fight against corruption. It is also commonly recognised that the enhancement of the rule of law greatly benefit the business climate and hence trade, investments and economic growth in the country. Continued support to rule of law and judicial reforms is therefore very much needed to strengthen democracy and protect individual rights, including human rights, as well as combating corruption.

The main EU programmes in support of the rule of law and judiciary reform in Kyrgyzstan are implemented jointly with EU Member States on a regional scale in Central Asia, in close coordination with other donors' interventions. In this regard, the EU developed a Rule of Law Initiative for Central Asia which not only addresses the specific priorities identified by each country, but also supports regional cooperation in this area. The Rule of Law initiative envisaged two kinds of actions: an EU – Central Asia Rule of Law Platform and specific long-term projects. The Platform provides European experience in reforming judiciary systems and is expected to make a significant contribution to the Kyrgyz reforms; the EU offers technical assistance through training, seminars and study visits. Specific projects implemented in Kyrgyzstan then included improvement of access to social services for vulnerable groups; support to prison reform, and democratization and stabilization projects. A fully-fledged programme "Promotion of the respect of rule of law in the Kyrgyz Republic with particular emphasis on transparency and accountability" implemented by a consortium of EU Member States and focusing on the judiciary reform and the fight against corruption is launched in 2014.

Similarly, the 2012 country report on human rights in Kyrgyzstan establishes that "the EU is committed to continue its support for consolidating democracy, strengthening the rule of law and implementing judiciary reforms".

² Adopted by Presidential Decree in January 2013.

Development cooperation in the Rule of Law sector rests on the assumption that there is a legitimate Government in place, formed by an assembly of representatives elected through genuine³ elections, and an elected President in office, who respects the distribution of powers as laid down in the constitution. It also assumes that the country's citizens have recourse to the law when their fundamental rights, including human rights, have been violated. It is therefore proposed that support for elections and the promotion of human rights as well as measures aiming at stabilizing the democracy enshrined in the constitution shall also be provided. Moreover, this would enable the EU to respond effectively to the recent requests from the Government and President Atambaev to assist with reforming the election framework – legislative amendments, electoral system reform, voter list and new voting technologies – in order to ensure that elections will be "fair and transparent" in the future. It would also build on the achievements and experiences gained from earlier interventions such as the Kyrgyz Election Support Project (KESP) for which the EU was the largest donor.

- **Focal sector 2 - Education**

Following the collapse of the Soviet Union, the sharp reduction in GDP and the consequent fall-off in state revenues led to a sharp deterioration in the quality of the general and vocational education systems and a critical decline in per capita state expenditures in the sector. The physical infrastructure deteriorated rapidly; pedagogic materials, equipment and textbooks were in short supply; the quality of education measured in terms of the curriculum, quality of teaching and educational attainment levels fell. As a result the educational management systems at national, regional, local and school levels came to a standstill.

During the past twenty years, the development partners have provided considerable financial support and technical assistance to the education sector, notably targeted at refurbishing school infrastructure, modernising the curricula, training and retraining teachers, and stimulating enrolments in schools, vocational education and training colleges, and higher education institutions. There have been some notable successes (for example school enrolment and completion rates show a marked improvement with 96% completing primary and 72% completing lower secondary education). A number of pilot initiatives focused upon per capita funding, the provision of pre-school facilities, revisions to the school curricula and upgrading the quality of teaching materials are yielding positive results. However, there is a growing sense that if these initiatives are to achieve measurable impact, they need to be incorporated into a wider systemic reform, one which not only addresses issues of access and quality, but which also tackles the thorny questions of **sector management and financing**.

Rationalisation of the use of resources (physical, capital and human) is a major priority, but this is unlikely to occur while the institutional and budgetary management arrangements remain unreconstructed. Support to the reform of the management and financing of the education sector will therefore constitute a core element of EU assistance to the sector during the period 2014-2020.

The Development Partners' Co-operation Council (July 2013) highlighted the need to continue the work to **improve access to education and to enhance the quality of educational provision**. This conclusion has been reinforced by a series of reports⁴: These reports emphasise to the need to introduce a range of interventions designed to:

- strengthen the **legal and institutional framework for accreditation** (of curricula, teachers' training, and qualifications), and **inspection and supervision** (of standards, teachers' and schools' performance etc.), and to ensure that the legal and institutional framework is consistent with and incorporated into the wider management arrangements for the sector;
- ensure a more **equitable distribution of resources** between the urban and rural areas, and

³ Article 21.3 of the Universal Declaration of Human Rights states; "The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections which shall be by universal and equal suffrage and shall be held by secret vote or by equivalent free voting procedures.", see: <http://www.un.org/en/documents/udhr/index.shtml#a21>.

The OSCE participating States agreed in the 1990 Copenhagen Document on what is required if an election is to be considered genuinely democratic. The key characteristics are: universal, equal, fair, secret, free, transparent, and accountable, see: <http://www.osce.org/odihr/elections/68439?download=true>

⁴ The Saber Country Report on Early Childhood Development in the Kyrgyz Republic (2013); the World Bank's Project Appraisal Document for the Kyrgyz Early Education Project (KEEP) and the Global Partnership for Education (GPE) published in June 2013; and UNICEF's Annual Report for Kyrgyzstan 2012.

facilitate access for minority ethnic groups to high-quality pedagogic materials and well-trained teachers capable of providing tuition in the native tongue;

- support early **childhood development** (increase from current 17% of pre-school enrolments 3-6 years) and ensure the equitable application of the Law on Preschool Education (2009). At present only 11% of children from the poorest quintile have access to pre-school education and only 4% of children in south and central parts of the country;
- **motivate the teaching profession** through a reduction in pupil-teacher ratios, improvements to salaries and working conditions, transparent promotion and career paths, and better preparatory and in-service training opportunities;
- enhance the **quality of the curricula** through the introduction of up-to-date content, innovative pedagogic methods and well-designed textbooks, and the utilisation of Information and Communications Technologies as learning tools;
- **stimulate pupils** to maximise the opportunities provided by the education system

The EU will work closely with the Government and the development partners to address access and quality issues during the period 2014-2020.

The NSSD recognizes the need to ensure greater synergy between the country's current and future labour market needs and the knowledge and skills being provided through the general education, the vocational education and training, and higher education systems. This will be essential if the issues of youth unemployment and long-term structural unemployment are to be addressed, and if investments in the development of human capital are to be translated into sustainable economic growth.

At present, there are very few links between the world of education and the world of work. There is a lack of accurate and detailed labour market data, no capacity to forecast labour supply and demand, and limited collaboration between public policy-makers and employers.

There is an urgent need to address structural weaknesses, notably with respect to the internal management arrangements, the financing of the VET system, and the inter-relationship between the VET system and the secondary schools and higher education systems.

EU support to the education sector during the period 2014-2020 will therefore also be aimed at stimulating the transition from education into employment and ensuring that the educational system, including the VET system, is more closely aligned with the needs of the labour market.

Along with the above, EU support will be focused on the development of the region's human capital. The EU will ensure that the right to education encompasses equal access to schools and to an education that is directed towards the full development of the human personality. The principles linked to individual rights, dignity, equity, non-discrimination and participation is fundamental to guaranteeing the right to education. Special attention will be given to the gender mainstreaming and girls' enrolment as well as to including disaster risk reduction (DRR) in education policies, strategies and plans⁵.

• **Focal sector 3 – Integrated Rural Development**

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. Today, 38% of Kyrgyzstan's population lives below the poverty line, with 66% of the poor prevailing in the rural areas, mostly women and children with a very low income levels of the rural population, 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 public services delivery (education, health, markets), inadequate or non-existent social safety nets and restricted access to inputs (seeds, fertilizers, irrigation water, power, machinery, agro-

⁵ This would build upon EU funded initiatives through the DIPECHO (Disaster Preparedness ECHO) programme of the European Commission's Humanitarian aid and Civil Protection Directorate General which has supported school based disaster preparedness.

food processing technologies and equipment, credit/financial services and small business, marketing and trade development support). In addition, Kyrgyzstan is prone to natural disasters which exacerbates the vulnerability of the population and increases its poverty level, overall in remote areas.

A major problem faced by rural communities is the lack of possibilities for income generation, as on- and off-farm employment opportunities are scarce. 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.

There are significant voids in areas such as **infrastructure** maintenance, irrigation and drinking water provision, sanitation services, health care, child care, access to education, social facilities and the like. This also impedes the emergence of rural non-farm enterprises that could provide employment and income and ease the pressure on scarce farm land. Basic rural infrastructure, facilitative of small business and supportive of economic activities other than farming, is widely absent or in serious disrepair. The absence of small and medium enterprises (SMEs) in agribusiness is a major obstacle to increasing agricultural productivity and growth, leaving farmers with few opportunities to sell their produce. There is ample room for SME involvement in areas such as input and output marketing, small-scale processing, packaging, storage, refrigeration, transportation, machinery repair, custom service provision.

Widespread poverty (especially in southern rural areas) was one of the main factors for political and social unrests in 2005 and 2010. Due to its specific geographic location – remoteness, bordering with Tajikistan and Uzbekistan, existence of Tajik and Uzbek enclaves within its territory, and ethnic diversity (60 ethnic groups live in the southern regions (among them: Kyrgyz-74.4%, Uzbeks - 16.9% and Tajiks - 6.9%), these rural regions are more prone than any other to potential social unrest, which would immediately worsen its present situation and become a regional problem. Poverty in the rural areas is not only a social and economic problem, it is indeed a political problem.

The EU assistance in poverty reduction over the period 2014-2020 is a logical continuation of the previous EU support to poverty alleviation and rural development, and remains fully appropriate in terms of a critical need to ensure continuity of the previous assistance.

The political and social disturbances in Kyrgyzstan in 2010 have confirmed the imminent need for actions towards rural development through income generating activities, job creation and employment opportunities, as well as promotion of small business at local level.

The actions funded in the Rural Development sector will address **poverty reduction and promote income-generating opportunities** in rural areas at the community level. This is intended to increase social and economic opportunities for poor local communities, with particular attention to the prospects for women, to shift time and attention to more economically productive activities. Rural development will combine income generation activities with the delivery of basic social services to the population and a phasing out of EU budget support to social protection. Rural development actions may also include actions related to Sustainable Energy and Environment related actions in order to increase energy affordability and water supply as drivers for change as well as crucial factor for improving the living conditions of the rural population. Generation of significant amount of electric energy by hydro-electric power stations is about 90%. In this connection, climate change will have direct effect on hydro-energetic capacity of Kyrgyzstan and generation of electric energy. Therefore, realization of adaptive measures toward diversification of energy sources and increasing of effectiveness of its usage are the necessity allowing decreasing risks, associated with significant losses for economy and worsen of population social status. EU interventions should also pay attention to the cumulative impact of repeated natural hazards on small subsistence farmers, incorporating disaster risk reduction (DRR) where/when relevant.

The EU has been a long standing partner of Kyrgyzstan in **social protection**, with EU interventions aimed at achieving structural reforms for the most vulnerable segments of population (women, children, disabled, poor families). While this support will come to an end, it is essential to prepare an appropriate 3 year exit strategy to consolidate achievements in the field of social protection supported under earlier budget support programmes, sustaining the key reforms and ensuring their continuity providing a link for further developments in the EU integrated rural development programme. As the EU will smoothly withdraw as leading donor from this sector, the programme intends to ensure that sustainable systems for the delivery of social services and management capacities are in place.

The aim of the programme will be to strengthen the efficiency and effectiveness of the social protection sector, by focusing on two areas: (i) social service delivery – expanding the range and quality of social services (ii). Public finance management- improving the effectiveness of public expenditure in the social sector and ensuring better budgetary allocations, performance assessments, and enhanced monitoring through better internal audit, in line with Government's medium term reform priorities.

The improvements in **public finance management**, the continued focus on inclusivity and accountability of public policies and strengthening regional and local Government capacity to provide quality social services to the population will all be pre-conditions to the integrated development of rural and remote areas.

The roll out of social contracting with the **involvement of Civil Society Organizations (CSOs)** will generate income and will build replicable capacities for social entrepreneurship in rural areas. The increased availability of and equitable access to social services will directly impact on the capacity of vulnerable groups in particular women to pursue education and employment opportunities. The capacity development interventions foreseen in the country will energize and positively contribute to the empowerment of the local communities.

The integrated rural development programme follow on from the phasing out social protection programme, will start its intervention from the municipalities previously targeted by the social protection programme. This will guarantee that targeted municipalities will have institutional capacity and community resources to receive and make best use of the support,

As the Government of Kyrgyzstan wishes to continue to receive EU budget support for Social Protection, it will be essential to reach an agreement with the Government on a phasing out strategy.

The support to social protection will be accompanied with support from technical assistance and close coordination with the other donors active in the sector.

- **Coordination between relief, rehabilitation and development.**

Projects funded under the Instrument for Stability are still in progress in the South of the country, on mediation, small scale rural development, human rights, etc. Others which support the country's new constitution, secondary legislation, parliament and elections have recently finished.

Care has been, and should continue to be taken to ensure complementarity and continuation of the most important initiatives in this sphere.

- **Cross-cutting issues, including Public Finance Management Reform**

Support for public administration and public finance management (PFM) reform, which is a cross-cutting issue, will be an integral component of assistance programmes in the three focal sectors, with the overall objective of achieving transparent public finance management and credible budget processes. Enhancing the PFM system is considered to be an effective way to mitigate the risk of corruption. Given the general weakness of PFM, technical assistance in this domain will be a vital complement to EU budget support and the amounts allocated to it is therefore likely to increase significantly.

Specifically, technical assistance accompanying **sector** budget support programmes will include a considerable allocation available for assistance to address **general** PFM capacity building needs, e.g. of the Ministry of Finance. At the same time it is foreseen that assistance to the Chamber of Account as one of the main bodies promoting and ensuring external government accountability may be provided from the Rule of Law envelope.

Progress in PFM improvement will be evaluated in context of the general conditions to every budget support disbursement.

Crosscutting issues such as governance, human rights, gender and ethnic sensitivity, security sensitivity, environment, climate change will be mainstreamed in all sectors covered by the EU's development cooperation with the Kyrgyz Republic.

2. Financial overview - indicative

Intervention area	Allocation (%)	Comment
1. The Rule of Law	20,5	Assistance will help to ensure effectiveness and consolidation of the on-going Rule of Law programme. Provided that an appropriate strategic framework can be developed, introduction of a sector-wide approach or eventually, a sector budget support programme in the second half of the programming period may be considered.
2. Education	39	Assistance will be provided primarily in the form of sector budget support to education sector reform in view of the continuation and consolidation of earlier assistance programmes.
3. Integrated Rural Development	39	Assistance will seek to consolidate ongoing rural infrastructure projects and to scale up the most successful types of projects. In parallel, work will be done to prepare a relevant national strategy for rural development or alternatively, for the water and sanitation sector in order to facilitate the introduction of budget support. Blending will also be considered as a possible implementation modality. Budget support for social protection will be phased out over two years to ensure an orderly exit and support to vulnerable groups, in particular in rural areas.
4. Support measures	1,5*	Support measures will cover expenditure for the implementation of the sector interventions and the achievement of their objectives.

*minimum 300.000 Euros per year, maximum 1 million Euros per year

3. EU support per sector**3.1. Rule of Law (EUR 37.72 million)**

The Government's Action Plan for Implementation of the Program for Transition of the Kyrgyz Republic to Sustainable Development for 2013-2017 defines in chapter "Strengthening the rule of law of the Kyrgyz Republic for sustainable development" the specific objectives, actions, implementation periods and expected outcomes (outputs) in the sector. With respect to the Government's Strategy the following are also to be taken into account: (i) The conclusions of the donors' working group on Rule of Law; (ii) The recommendations reached at the civil society seminars; (iii) Lessons learnt from projects; (iv) Expert assessments of the EU assistance; (v) political monitoring reports; (vi) consultations conducted with state authorities, civil society and international organizations, and various experts in the area of Rule of Law, and; (vii) the so-called Sector Indicator Guidance.

The Government Action Plan includes a section on reforming public service and institutions of the executive, but nothing on elections. Within the chapter on the rule of law of the NSSD, sub-chapter 2.4 sets the objective to "ensure free democratic elections".

3.1.1 The following overall and specific **objectives** will be pursued:

The **overall sector objective** is to improve justice and rule of law through strengthening the capacity of institutions to deliver and the capacity of citizens to claim their rights, while ensuring the accountability and oversight of the state.

The **overall objective of providing support to elections** is to promote credible, inclusive and transparent elections to ensure that the people of Kyrgyzstan can exercise their political rights and generally to strengthen democracy in the country.

In accordance with the Agenda for Change, a rights based approach encompassing all human rights shall be applied across all the priority areas, to assist partner countries in implementing their international human rights obligations and to support the right holders, with a focus on poor and vulnerable groups, in claiming their rights; recommendations adopted as a result of the ongoing Universal Periodic Review (UPR) of Human Rights of Kyrgyzstan by OHCHR shall also be properly reflected. In addition, anti-corruption and gender-based policies shall be an overarching leading principle of all assistance in Rule of Law sector; they shall properly take into account results of gender analyses and reports on corruption.

The Government's Action Plan sets out three **specific sector objectives**: (1) Modernize the legislative process with consideration for sustainable development of Kyrgyzstan; (2) Develop high-quality legislation based on the full range of human development and national economy matters, and (3) Legal education and raising public awareness of legal matters.

As for election support, Presidential decree no. 109 "On measures to improve the election system", dated 22 May 2013, specifies the general objective from the NSSD as follows: "Improving the electoral process and ensuring fair and transparent elections to the Parliament in 2015 and further elections".

Based on the Government's Action Plan and other documents and consultations as outlined above, the following specific objectives shall be set:

- Modernization and democratization of the legislative process;
- Legal education and raising public awareness of legal matters;
- Improved prosecutorial and judicial processes including access to justice;
- Improved detention conditions;
- improved efficiency and transparency of the election system;
- Improved competence of the Parliament and increased level of respect for democratic principles.

Cross-cutting objectives:

- Human-rights based approach;
- Promotion of gender-based policies;
- Fight against corruption.

3.1.2. The **expected results**:

The Government's Action Plan sets out the following expected outcomes (outputs): (1) Gaps, conflicts and corrupting clauses removed from the legislation; (2) Quality of draft regulations improved; (3) Existing mechanisms to ensure and protect the rights and freedoms of individuals, governance and legal regulation improved; (4) Legal instruments adopted to improve lives of citizens and the regulation of newly emerging social relations; (6) Level of legal culture of citizens increased; (7) Awareness and level of legal knowledge among citizens increased; and (8) Professional levels of entities involved in legal advocacy for the population increased; collaboration between state agencies and local authorities on legal advocacy for the population enhanced.

Based on the Government's Action Plan and other documents and consultations as outlined above, the following expected results shall be set:

- Shortcomings in the draft laws reduced;
- Legal knowledge and awareness of the population of their rights increased;
- Quality and access to legal defence and enforcement of decisions improved;
- Functioning of the courts and transparency of the judicial process improved;
- Legislative, representative and oversight capacity of the Parliament improved;
- Prisoners receive better educational and working/ social reintegration opportunities in prisons.

Regarding electoral support, and with reference to key decisions, the ongoing national discussion and the assessment mission report, the following results shall be set:

- Legislative framework for elections aligned with international standards and reformed to reflect

- OSCE-ODIHR⁶ recommendations; the reform is publicly discussed;
- Principles for genuine elections are respected: universal, equal, fair, secret, free, transparent, and accountable;
- Programme implemented to inform voters about specificities of election system (if change in the election system regarding the Parliament) and about voter registration issues, including electoral address;
- The voter register is inclusive and updated regularly on a modernised basis; its accuracy is improved;
- More migrants participated in national elections / exercised their right to vote;
- Transparency of counting and tabulation process improved;
- New technologies for voter authentication / verification and for results management, if successfully tested, gradually introduced.

Cross-cutting expected results:

- Respect of human rights enhanced;
- Gender-based approach promoted;
- Anti-corruption measures adopted and implemented, accession to GRECO⁷ promoted.

Result indicators are presented in attachment 1 of the MIP. Baselines have not yet been determined but will be included in the Action Documents at the latest.

3.1.3. Donor coordination and policy dialogue are:

On the level of Kyrgyz authorities, the coordination of the donors' programmes and projects is in general ensured by the National Coordination Unit under the Government's office and more specifically by the Ministry of Justice. Besides that, the donors' coordination is streamlined via Development Partners Coordination Council⁸ ("DPCC") which was established with the purpose of improving multi-way flow of relevant information among donors, government agencies and civil society institutions. A working group on Rule of Law was formed under the DPCC in order to determine the main challenges, measures and the means of coordination of interventions in the justice sector; the results were then adopted at the high level donors' conference in Bishkek in July 2013.

The EU continues the policy dialogue with the Kyrgyz authorities and international donors, taking into account the strategies adopted by Kyrgyz authorities and projects implemented or envisaged by civil society and international organizations.

Currently, coordination of actions in response to the electoral assistance request is performed informally. Discussions are under way to establish a working group under the DPCC.

3.1.4. The Government's financial and policy commitments are:

The Government's Action Plan includes budgetary forecast of a total of USD 1.37 million (EUR 992,000) for 2013 to 2017, out of which USD 734,000 (EUR 533,000) shall be available, for the three sector objectives:

(1) Modernization of the legislative process, (2) Elaboration of a high quality legislation based on the overall issues of human development and economy and (3) Legal awareness raising and education of citizens.

Budgetary financing of the courts alone steadily decreased each year from about 1% in 2008 to 0.39% in 2013 of the state budget, while spending of at least 2% should help of out the perennial crisis, as concluded by the DPCC.

Besides the National Strategy and the related Government's Programme quoted above, several other strategies were adopted, such as a new Anti-corruption strategy in 2012 or national strategy of development of penitentiary system for 2012-2016 years.

⁶ Office for Democratic Institutions and Human Rights is a body under the Organisation for Security and Cooperation in Europe (OSCE).

⁷ *Groupe d'Etats contre la Corruption* (Group of States against Corruption) is a Council of Europe body.

⁸ See <http://www.donors.kg>

3.1.5. No **environmental assessment** needs to be carried out with regard to the sector.

3.1.6. The overall **risk assessment**:

For the rule of law in general and judicial reform in particular the following risks have been identified:

- The implementation of the EU support depends on further commitment by the Kyrgyz authorities to apply the Rule of Law, and specifically progress with reforms in the police, prosecution, judiciary and penitentiary sectors;
- The Government's Action Plan for strengthening the Rule of Law was not ratified by the Parliament yet;
- The wide-spread corruption, and particularly in the justice sector, will continue to weaken the effects of the reforms and projects implemented by the EU;
- The state budget risks not allocating enough to make the reforms happen properly. The allocation to the judiciary may not be increased to the critical 2% of the overall state budget.

For election support in particular the following risks were identified:

- Electoral assistance is highly political. The EU and other donors may be accused of being aligned with a specific group;
- The initiative to reform the electoral system might be blocked by the Parliament;
- The widespread belief that modern election equipment (e-voting) will prevent fraudulent practices might be wrong.

The EU delegation will closely monitor and react to mitigate the occurrence of the above mentioned risks, by, inter alia, allocating human, financial, technical and diplomatic resources.

3.1.7. The **principal assumptions** are:

- The EU and other donors will be able to maintain their close dialogue with the Kyrgyz authorities;
- The Government Action Plan will eventually be ratified or in some other way obtain the required political endorsement to become effective;
- Anti-corruption measures will be a part of the EU programmes and the EU will closely monitor the implementation of the National Anti-corruption Strategy and the UN Convention against Corruption and surveys of corruption in the justice sector;
- That sufficient resources, including human resources will be allocated by the Government to allow the reform process to move forward;
- That the EU will continue to be perceived as a neutral party and that reforms of the electoral system will not be blocked by Parliament;
- That any decision to introduce electronic voting will be based on a proper needs assessment.

3.2 Education (EUR 71.76 million)

3.2.1 The Government of Kyrgyzstan adopted its Education Development Strategy (EDS) 2020 in March 2012⁹. The Strategy targets all levels of education and constitutes the guiding document for the work of the Ministry of Education and Science (MoES) and the Ministry of Labour, Migration and Youth (MoLMY). The implementation of EDS 2020 is translated into a comprehensive, rolling Action Plan (APED) covering the period 2012-2014, 2015-2017 and 2018-2020. The APED is a comprehensive document which is costed and incorporated into the Mid-term Budgetary Framework (MTBF). Secondly, the APED contains a number of indicators identified per each measure.

3.2.1. The **overall objective** is to support the Government to implement structural reforms in the Education Sector in line with the EDS and the APED in order to enhance the quality of human capital, alleviate poverty, stimulate socio-economic development, and improve the quality of life of the citizens of Kyrgyzstan.

The **specific objectives** are:

- To strengthen the capacities of the national and local authorities to formulate, implement and monitor educational policy, and to ensure sound and effective financial management and resource allocation;
- To ensure equitable access to high-quality education and training;
- To ensure greater synergy between the needs of the labour market and the skills and qualifications

⁹ Government Decision N° 201, 23rd March 2012.

offered by the general and vocational education and training systems;

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3.2.2 The main expected results:

- A division of labour between national and local authorities has been introduced, which permits a more coherent, uniform and rational allocation of responsibilities with respect to the formulation, implementation and monitoring of education policy;
- The MoES and the MoLMY have introduced a results-oriented management approach;
- The MoES and MoLMY have established and applied financial management and monitoring procedures consistent with international principles and practises of sound public finance management;
- Equitable access to all levels of education, (pre-school, primary, secondary, Vocational Education and Training and Higher Education) is guaranteed in law and practise, irrespective of gender, social class, region or nationality;
- There are marked improvements in the quality of the education and training provided and access to high quality curricula and pedagogic materials, well-qualified and motivated teachers, and educational institutions fit for purpose;
- The institutional arrangements for the management and financing of VET have been up-graded and the system is able to deliver high quality education and training and is sufficiently flexible to be responsive to the changing needs of the labour market;

Result indicators are presented in attachment 1 of the MIP. Baselines have not yet been determined but will be included in the Action Documents at the latest.

3.2.3. Donor coordination and policy dialogue are:

Coordination of donor activities and harmonisation of external assistance to the Kyrgyz Republic is effected through a Development Partners' Coordination Council (DPCC) in Bishkek. The meetings of DPCC are held monthly. Meetings of sub-committees, for coordination and information sharing at the technical level also take place in a number of sectors, at different frequencies depending on the theme. *Ad hoc* meetings of donors are convened as required, inter alia in the framework of the Kyrgyz Republic Development Partners (KRDP), launched by the donors in partnership with the Government in 2008.

Due to active donor co-ordination in specific sectors the efforts are usually well focused. The co-operation is specifically advanced in the health sector, where a Sector Wide Approach (SWAp) is applied. A similar arrangement has been prepared for the education sector, under the EU's and UNICEF's leadership. Since 2011, the donor partners (DP) have held active consultations with the Government of the Kyrgyz Republic for setting up the main principles and terms of the partnership for coordinating technical and financial support to education sector. As a result in March 2013, the Government of Kyrgyz Republic endorsed the Joint statement of the Kyrgyz Government and Development Partners (WB, ADB, EU, UNICEF, Soros Foundation, USAID, Aga Khan Foundation) on the subject of Sector Wide Approach in Education (SWAp) which was countersigned by the DPs in April 2013.

This Joint Statement sets out the key values, principles and terms for the partnership and development of the Action Plan for Education Development implementation, between the Government, represented by the Ministry of Education, the Ministry of Youth, Labour and Migration and the Ministry of Finance, and the signatory Development Partners.

During the course of the development and consultations on the Joint Statement the donor partners and the government of Kyrgyz Republic identified the following priority areas to be supported by the external aid: (i) Management and Administration (Focus: Better management, monitoring, reporting and evaluation of the education system); (ii) Early Childhood Development and Pre-School Education (Focus: Pre-school education); (iii) School education (grade 1-4, grade 5-9, grade 10-11) (Focus: Better curricula, better teachers, better learning materials and schools fit for purpose (the whole school approach)); (iv) VET (Focus: Employable and life skills based on standards, assessment and certification within a qualifications framework); (v) Secondary Professional Education (Focus: Employable and life skills based on standards, assessment and certification within a qualifications framework); (vi) Higher Education (Focus: Support integration with the Bologna process and development of PhD education, short cycle within the 1st level of Bologna framework); (vii) Adult Education (Focus: 2nd change education, entrepreneurship and life skills); (viii) Cross cutting themes (Focus: ICT in education, quality in education, innovation in education, equity, inclusive education, gender, safety, multilingual education, etc).

3.2.4. The Government's **financial and policy commitments** are:

A Policy Working Group within the Ministry of Education and Science (including representatives from other line Ministries and State Agencies), which is to consider revisions to the EDS and prepare an updated APED was established in August 2013. Attaching costs to actions will be considered a priority since this is the basis upon which the donors, on whom the Kyrgyz authorities are heavily dependent for financing the Action Plan, can make informed decisions regarding allocations and the timing of disbursements. Similarly, it would be sensible to re-examine and re-formulate the indicators in the Action Plan, in order to make them more outcome/result oriented.

Since 2011, the donor partners (DP) held active consultations with the Government of the Kyrgyz Republic for setting up the main principles and terms of the partnership for coordinating the technical and financial support to education sector. As a result, in spring 2013 the Government of the Kyrgyz Republic endorsed the Joint statement of the Government and Development partners on the subject of Sector Wide Approach in Education (SWAp). This will serve as a common basis for coordination of external aid in the education sector for supporting the implementation of the Action Plan for Education Development (APED).

3.2.5. When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out.

3.2.6 The overall **risk assessment** of the sector intervention:

- Political and economic instability within the country and/or within the region disrupts the implementation of the Education Development Strategy;
- The Government's socio-economic priorities fluctuate as a result of declining revenue streams;
- Ineffective implementation capacity: insufficient human, institutional, and technical capacity to design education policy measures and, once enacted, to carry them out; and limited ability to build consensus and coordinate action across the key economic and education agencies and ministries.

The EU Delegation will closely monitor and react to mitigate the occurrence of any of the above-mentioned risks, by, *inter alia*, allocating human, financial, technical and diplomatic resources.

3.2.7. The **principal assumptions** are:

- The Government of the Kyrgyz Republic, the European Union, and Development Partners continue to support the strategic goals of the Country Sustainable Development Strategy as they relate to the Education Sector.
- The macro-economic situation in the country stabilises and the forecasts contained in the Medium Term Budget Framework and the Medium Term Expenditure Framework for the Education Sector are realized.
- The Government of the Kyrgyz Republic remains committed to the implementation of reforms targeted at the introduction of the principles of good governance and the reform of the Education Sector.
- Civil Society Organisations are prepared to play a constructive role in the policy dialogue.

3.3 Integrated Rural Development (EUR 71.76 million)

Support for rural development will be aimed at reducing poverty, especially among women, children and the most vulnerable segments of the population, e.g. through increasing social and economic opportunities and the promotion of income generating activities, for poor local communities. Rural development actions may also include pilot actions introducing modern technologies, support to irrigation and water supply infrastructure, livestock development, sustainable energy and environment related actions with the aim of increasing energy efficiency and affordability. Where appropriate, synergies with activities in the Rule of Law and education focal sectors will be established.

The main activities need to be geared towards economic and social development of targeted rural areas, and include activities likely to have a direct impact on facilitating local development and growth as well as social infrastructure. Priority will be given to improve the prospects for women to shift time and attention to income-generating activities.

Specifically, interventions will be targeted towards low income communities and households. This will ensure that social benefits are multiplied by economic gains brought about by the local income/business generation mechanisms that involve appropriate technologies which not only improve farming conditions, but can also offer alternative access to basic services and provide business opportunities to rural population.

Being a potentially powerful vehicle for improving people's livelihood, local authorities play a crucial role in implementing development programmes in the provinces, especially in the poorest rural areas (Jalal-Abad, Naryn, Osh, Batken regions). Priority will therefore also be given to further increase the capacity of the local authorities, to develop further the policy dialogue between local self-government, local authorities, regional and central government, civil society organizations and donors, and to ensure that the related reform process continues.

Interventions must be designed to respect local conditions, in particular the mix of different ethnic groups in the region, representing sources of potential inter-ethnic conflicts caused by various social reasons (rural poverty, scarcity of resources such as irrigation water, land and pastures etc). Therefore, activities seek to integrate in the best possible way the needs of various ethnic groups (within regional development plans) and measures designed to reduce social conflict.

For phasing out support for social protection the continuation of the sector approach through budget support seems suitable as it builds on the use of partner country systems and provides a recognized platform for policy dialogue between the EU and the Government. Budget support can help integrating social protection mechanisms into national budget and planning processes in a framework of government accountability to parliament and people. Moreover, the phase-out programme will consolidate the ongoing sector budget support to the Government to implement its "Social Protection Development Strategy 2012-2014" (being updated and scheduled for endorsement by the end of 2014) and the "Optimisation Plan for the Management and Financing of Childcare Institutions for 2014-2016". In order to contribute to the building of a sustainable social system beyond the lifetime of the programme, the conditions included in the last budget support programme which is in the process of formulation will to a great extent focus on raising and enforcement of standards and rules. In addition, the phasing out programme will seek to enhance capacities such as to ensure permanent improvements in the social protection sector as well as within PFM. The EU's experience with policy dialogue in the sector, its added value for reinforcing a human rights based approach to social and child protection, and coherence with the other human dimensions of development, will increase the prospects of achieving the desired results.

3.3.1 The following **objectives** will be pursued:

The **overall objective** for the assistance to rural development is to support poverty alleviation in rural areas of Kyrgyzstan through local economic and social development. For social protection it is to support the Government in the development, implementation and monitoring of effective poverty reduction policies, improving living standards and ensuring access to social services for vulnerable sectors of the population.

The **specific objectives** of providing assistance are to:

- Improve livelihoods for people living in rural areas;
- Improve availability and access to quality¹⁰ social services for vulnerable groups;
- Strengthening management capacity to implement effective and efficient social and child protection reforms across the system, at national, regional and community level.

3.3.2. The **main expected results** are:

- Improved livelihood for people living in rural communities through income generating activities, increased employment and improved infrastructure (including for irrigation and sustainable energy);
- Strengthened local authorities in their socio-economic development capacities for better decentralised rural development;
- Strengthened Civil Society Organizations (including community based organisations) in their local level decision-making and development processes;
- Increased availability and access of quality social services for vulnerable population;
- Procedures and regulations for case management of vulnerable people are adhered to;
- Child care in institutional settings is in compliance with national legislation, the Child Code and

¹⁰ Quality is defined as "in compliance with International Human Rights Conventions and practices such as UN Guidelines for the alternative care of children; UN convention on the rights of persons with disabilities and recommendations from the Council of Europe.

- respects international standards;
- Public finance management in social and child protection is in compliance with international standards.

Result indicators are presented in attachment 1 of the MIP. Baselines have not yet been determined but will be included in the Action Documents at the latest.

The two following **cross-cutting issues** are particularly important in this focal sector:

Gender: Due to the high labour migration by men, there are a significant number of female farmers and women-headed households. 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.

Environment: sustainable management of natural resources and agricultural production by effective agricultural practice, land and soil management will be addressed throughout the programme. There are concerns on environmental problems associated with the already high number of inhabitants in the region and competition over natural resources. Due to the climate change, the nature-climatic emergency situations (mudflows, floods, landslides, snow avalanche, erosion) will lead to the loss of productive lands which can cause significant economical expenses and victims among population, The population with low income level is mostly exposed to risks from emergency situations consequences. Dependency of beneficiaries on these common resources will be taken into consideration to avoid unintended consequences on the natural environment.

3.3.3. Donor coordination and policy dialogue:

For rural development regular donors' meetings in the framework of the Development Partners Coordination Council (DPCC) and their thematic working groups will be used to exchange information on activities/programmes and represent an instrument to ensure proper coordination of European Union funded projects with the initiatives financed by other donors. The meetings of DPCC are held monthly. Meetings of the thematic working groups, for coordination and information sharing at technical level take place regularly depending on the theme.

For the social protection component coordination will be ensured by the Coordinating Council of the Social Protection Strategy and its Secretariat, which has contributed to the advancement of reforms in the social and child protection sector. Accordingly, since 2010 the Government has hosted at least annual coordination meetings with all donors and civil society to report on progress and plan actions for the subsequent year. In addition, a Donor Partner Coordination Council Working Group (DPCC WG) on Social and Child Protection is in place. The EU Delegation chairs the working group together with UNICEF. Coordination meetings on social protection issues take place at least twice a year. Policy dialogue with the Government and line ministries is regularly undertaken by the Delegation primarily around the current SPSP, in the form of ad hoc meetings and at least twice a year during the programme Steering Committee meetings.

3.3.4. The Government's financial and policy commitments:

Whether focus is on a global or rural context poverty alleviation is a multi-sectoral issue. As the Kyrgyz Republic is dedicated to fulfilling its commitments towards the Millennium Development Goals (MDGs), poverty alleviation is to be mainstreamed into all major economic and social policies.

The Government of the Kyrgyz Republic, which adopted the Country Development Strategy (CDS) 2013-2017, acknowledges the crucial role of actions towards poverty alleviation, and in particular rural development as an instrument of poverty reduction, as well as economic growth. The CDS prioritises development of the regions as the most important task for the country development, as the economic and social stability of the regions ensure stability of the country as a whole. The CDS states that the development of each region will be connected to national projects, creation of effective economic zones – especially in agriculture, that will take into account particulars of regional diversification of the nation's economy. Improvements in the overall business climate, trade infrastructure, irrigation, road network, expansion of the authority of local governments in terms of budgets and taxes, will fuel development of small and medium enterprises in the region, improve the quality of life and increase pace of economic growth in the region, ensuring further growth in retail sales and the volume of market services provided to the population.

The EU assistance to rural development 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 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, will lead to economic recovery in the country.

With respect to social protection the Government of Kyrgyzstan adopted the Strategy of Social Development in December 2011. The strategy is relevant and targets key priority issues. The Strategy remains the guiding document for the work of the Ministry of Social Development. The implementation of the Strategy is translated into a comprehensive Action Plan covering the period 2012-2014. The Action Plan is costed and incorporated into the Mid-term Budgetary Framework (MTBF), and it contains a number of indicators identified per each measure.

The implementation of the Strategy is regularly assessed by the Co-ordination Council on Social Protection (a multi stakeholder group led by the Deputy Prime Minister office in charge of the social sector) based on detailed studies on the ground.

The Council found that as of 1 September 2013, of the 111 activities listed in the Action Plan, around 60 % of the activities were under implementation. The Council identified as the main problem the limited financial resources available for implementation of activities and implementation of the Strategy. By Government Resolution of 12 April 2013 the Government has established a Working Group of the Ministries of Finance, Social Development and Economy to revise the Action Plan of the Strategy in light of fiscal realities. The inter-ministerial working group was also tasked with extending the timeline of the social protection strategy.

3.3.5. When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out.

3.3.6. The overall **risk assessment** identified the following overall risks as the most important:

- Political and social instability in the Kyrgyz Republic;
- The Government and Parliament are not functional and stable;
- Staff turnover at central and regional level that would lead to discontinuity of the activities initiated;
- A lack of political will to continue the reform of the Social and Child Protection Sector;
- Insufficient institutional, human, financial, technical capacity to implement and monitor social protection reform policies and to enforce the Child Code;
- Constrained revenues hinder Government efforts to allocate sufficient resources to improve social protection spending.

3.3.7. The **principal assumptions** are:

- The EU keeps the principles of equity, social protection and children rights high on the EU-Kyrgyzstan political and policy dialogue;
- The Government of the Kyrgyz Republic, the European Union, and Development Partners continue to support the strategic goals of the Country Sustainable Development Strategy as they relate to the Social and Child Protection Sector;
- The Government of the Kyrgyz Republic remains committed to the allocation of adequate resources to rural development and social protection in particular;
- The macro-economic situation in the country stabilises and the forecasts contained in the Medium Term Budget Framework are realized;
- Civil Society Organisations are able and willing to play a constructive role in policy dialogue for rural development and social protection.

The EU Delegation will closely monitor and react to mitigate the occurrence of any of the above-mentioned risks, by, *inter alia*, allocating human, financial, technical and diplomatic resources.

4. Support Measures (EUR 2.76 million)

In addition to the above-mentioned focal sectors, an allocation for support measures is foreseen, covering expenditure for the implementation of the sector interventions and the achievement of their objectives.

Support measures may cover:

1. studies, meetings, information, awareness-raising, training, preparation and exchange of lessons learnt and best practices, publication activities and any other administrative or technical assistance expenditure necessary for the management of actions;
2. research activities and studies on relevant issues and the dissemination thereof;
3. expenditure related to the provision of information and communication actions, including the development of communication strategies and corporate communication of the political priorities of the European Union.

Attachments

1. Sector intervention framework and performance indicators
2. Indicative timetable for commitment of funds
3. Donor matrix showing the indicative allocations per sector (EU and non-EU)
4. Country at a Glance (i.e. macro-economic indicators and indicators derived from the MDGs)

Attachment 1. Sector intervention framework

Baselines will be included in the Action documents at the latest.

Focal sector 1 – The Rule of Law

Specific objectives 1: Modernise and democratise the legislative process		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
Shortcomings in the draft laws reduced	Number of draft laws that passed through legal, human rights, gender and anti-corruption expertise	Indicators matrix attached to the Government's Action Plan
Specific objective 2: Legal education and raising public awareness of legal matters		
Legal knowledge and awareness of the population of their rights increased	Percentage of people sufficiently aware of procedures before police, prosecutor and judiciary authorities	Surveys should be conducted
Specific objective 3: Improve access to justice		
Quality of and access to legal defense and enforcement of decisions improved	Extent to which bar association(s) are competent and fully operational	Possible Adoption of Law on Single Bar Association and revision of its competences and capacities; Revision of competences and capacities of the judicial executors
Specific objective 4: Improve detention conditions		
Prisoners receive better educational and working opportunities in prisons	Number of prisoners involved in vocational education and income generating activities	Assessments shall be carried out (see also Assessment of the EU Assistance to Prison Reform and Report on Income Generating Activities in Prisons)
Specific objective 5: Improved efficiency and transparency of the election system		
<u>Overall indicator</u> : Level of confidence of citizens in the integrity of the election process		
Source: <i>Gallup World Poll: Confidence in honesty of elections</i>		

(a) Legislative framework for elections aligned with international standards and reformed to reflect OSCE-ODIHR recommendations; the reform is publicly discussed	Number and share of OSCE-ODIHR recommendations implemented	OSCE/ODHIR reports
(b) Principles for credible, inclusive and transparent elections are respected	Irregularities and fraudulent practices as reported by election observers – number and character of cases	OSCE/ODIHR election observation mission reports Election observation reports from domestic observation organisations
(c) Safeguards to prevent manipulation of elections are strengthened		
(d) Programme implemented to inform voters about specificities of election system (if change in the election system regarding the Parliament) and about voter registration issues, including electoral address	Number of invalid votes	Programme reports Central Election Commission
(e) The voter register is inclusive and updated regularly on a modernised basis; its accuracy is improved	Extent to which the voter register has been improved	CEC
(f) More migrants participated in national elections / exercised their right to vote	Voter turnout in upcoming national elections; special attention to residential areas where a high concentration of internal migrants live and to minorities	CEC
(g) Transparency of counting and tabulation process improved	Extent to which preliminary election results management is public at all steps	CEC, media
(h) New technologies for voter authentication / verification and for results management, if successfully tested, gradually introduced	Extent to which new technologies for voter authentication/ verification and results management have been tested and rolled out	Public opinion polls

Cross-cutting objectives		
Respect of human rights enhanced	Number of UN OHCHR UPR recommendations partly and fully applied	Reports from EU, UN OHCHR, Transparency International, Council of Europe and other organisations, including state, international and non-state ones.
Gender-based approach promoted	Percentage breakdown of professional staffing by sex	
Anti-corruption measures adopted	Corruption indexes Status of accession to GRECO.	

Focal sector 2 - Education

Specific objective 1: To strengthen the capacities of the national and local authorities to formulate, implement and monitor educational policy, and to ensure sound and effective financial management and resource allocation		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) A division of labour between national and local authorities has been introduced, which permits a more coherent, uniform and rational allocation of responsibilities with respect to the formulation, implementation and monitoring of education policy	a1) Clarity of the redefined functions of MoES and MoLMY (are responsibilities clear – yes or no) a2) Focus of the redefined functions of MoES and MoLMY (are policy formulation, management and monitoring covered, partially covered or not covered at all)	Development Partners reports MoES and MoLMY Annual Reports EMIS reports
b) The MoES and the MoLMY have introduced a results-oriented management approach	b1) Extent to which the MoES and MoLMY adopt performance assessment criteria and apply performance assessment monitoring tools	Development Partners reports MoES and MoLMY Annual Reports EMIS reports
c) The MoES and MoLMY have established and applied financial management and monitoring procedures consistent with international principles and practises of sound public finance management	c1) Level of transparency measured by the extent to which the allocation of budgetary funds to educational establishments at all levels and in all areas of the country are managed c2) The extent to which MoES and MoLMY apply programme budgeting, international accounting standards and internal audit	MoES and MoLMY Annual Reports IMF reports PEFA reports World Bank reports Annual State Budget

	standards	
Specific objective 2: To ensure equitable access to high-quality education and training		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) Equitable access to all levels of education, (pre-school, primary, secondary, Vocational Education and Training and Higher Education) is guaranteed in law and practise, irrespective of gender, social class, region or nationality	a1) Number of children enrolled in pre-school institutions, disaggregated by region and sex a2) Number of pupils completing secondary education, disaggregated by region and sex	MoES and MoLMY Annual Reports Development Partners reports UIS (UNESCO Institute for Statistics) National Statistics Office
b) There are marked improvements in the quality of the education and training provided and access to high quality curricula and pedagogic materials, well-qualified and motivated teachers, and educational institutions fit for purpose	b1) Pupil/teacher ratio b2) Number of communities where improved terms and conditions of employment, transparent promotions/recruitment system, and training and in-service training for teachers have been introduced	MoES and MoLMY Annual Reports Reports from School Inspectorate PISA UIS (UNESCO Institute for Statistics)
Specific objective 3: To ensure greater synergy between the needs of the labour market and the skills and qualifications offered by the general and vocational education and training systems		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
a) The institutional arrangements for the management and financing of VET have been up-graded and the system is able to deliver high quality education and training and is sufficiently flexible to be responsive to the changing needs of the labour market	b1) Number of students enrolling in and completing Vocational Education and Training courses b2) Status of social partnership model at national and regional levels and its impact on partnerships between training institutions and businesses	MoES and MoLMY Annual Reports National Statistics Office Minutes of social partnership meetings
Specific objective 4: To ensure greater synergy between the needs of the labour market and the skills and qualifications offered by the general and vocational education and training systems		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>

<p>a) The institutional arrangements for the management and financing of VET have been up-graded and the system is able to deliver high quality education and training and is sufficiently flexible to be responsive to the changing needs of the labour market</p>	<p>b1) Number of students enrolling in and completing Vocational Education and Training courses</p> <p>b2) Status of social partnership model at national and regional levels and its impact on partnerships between training institutions and businesses</p>	<p>MoES and MoLMY Annual Reports</p> <p>National Statistics Office</p> <p>Minutes of social partnership meetings</p>
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Focal Sector 3 – Integrated Rural Development

Specific objective 1: Improve the livelihood for people living in rural areas		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>(a) Improved livelihood for people living in rural communities through increased employment, income generating activities and improved infrastructure (including for irrigation and sustainable energy);</p>	<p>a1) % of population living below the extreme poverty level (by regions as well);</p> <p>a2) unemployment rate;</p> <p>a3) per capita income;</p> <p>a4) Average in households' income</p>	<p>National Statistics, Development Partners reports</p>
<p>(b) Strengthened local authorities in their socio-economic development capacities for better decentralised rural development;</p>	<p>b1) Number of targeted local authorities staff having benefited from capacity building actions;</p> <p>b2) Number of local development plans designed by targeted local authorities with participatory approach</p>	<p>National Statistics, Development Partners reports</p>
Specific objective 2: Improving availability and access to <i>quality</i>¹¹ social services for vulnerable population;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>

¹¹ Quality is defined as "in compliance with International Human Rights Conventions and practices such as UN Guidelines for the alternative care of children; UN convention on the rights of persons with disabilities and recommendations from the Council of Europe.

(a) Increased availability and access to quality social services for vulnerable population	<p>a1) number (and % change) of social services available;</p> <p>a2) proportion (and % change) of vulnerable population receiving social services;</p> <p>a3) proportion (and % change) of extreme poor receiving state benefits;</p> <p>a4) number (and % change) of vulnerable children receiving social services alternative to institutional care;</p>	<p>WB, UNICEF and UNDP reports</p> <p>National Statistics</p>
Specific objective 3: Strengthening management capacity to implement effective and efficient social and child protection reforms across the system, at national, regional and community level;		
<u>Expected Results</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>(b1) Procedures and regulations for case management of vulnerable people are adhered to;</p> <p>(b2) Child care in institutional settings is in compliance with national legislation, the Child Code and respects international standards;</p> <p>(b3) Public finance management in social and child protection is in compliance with international standards.</p>	<p>b1) Extent to which procedures and regulations for case management and referral mechanisms are being adhered to</p> <p>b2) Extent to which social services for vulnerable children adhere to national legislation, the Child Code and international standards;</p> <p>b3) Quality and adequacy of internal audit reports in agencies and institutions participating in the programme.</p>	<p>Country data and</p> <p>Development Partners reports</p> <p>IMF reports</p>

Attachment 2. Indicative timetable for commitments¹²

Million EUR	Indicative allocation	2014	2015	2016	2017	2018	2019	2020
FOCAL SECTOR 1 – RULE OF LAW (20.5%)	37.72		10	13.72			14	
FOCAL SECTOR 2 – EDUCATION (39%)	71.76		36			35.76		
FOCAL SECTOR 3 – INTEGRATED RURAL DEVELOPMENT (39%)	71.76	30		20			21.76	
SUPPORT MEASURES (1.5%)	2.76	1			1.76			
Total Commitments	184	31	46	33.72	1.76	35.76	35.76	0

¹² This is based on the assumption that EUR 184 million will be available for the Kyrgyz Republic and that the percentages in Chapter 2 will apply.

Attachment 3(a) - Donor Support in Kyrgyzstan 2014-2020 – EU Member States

Area of Intervention*	EU	AT***	BE	BG	CZ	CY	DE	DK	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SK	SI	UK**	
Political dialogue and reform																														
Governance and democracy																														
Rule of law (judicial reform)																														
Human Rights																														
Cooperation with civil society																														
Peace and Security																														
Conflict Prevention																														
Crises management																														
Justice and Home Affairs																														
Border Management																														
Migration and readmission																														
Refugees and IDPs																														
Organised Crime																														
Police and Judicial Cooperation																														
Economic and social reform																														
Macro-economic reform																														

Employment, poverty reduction & social policy	█	█			█																█	
Agriculture, forestry and fisheries		█			█																	
Water and sanitation		█			█																	█
Rural development	█	█			█																	
Regional cooperation					█																	█
Trade Issues, market and regulatory reform																						
Enterprise policy/private sector					█																	█
Public finance management and procurement	█									█												█
Technical standards and regulations					█																	
Sector Support																						
Transport																						
Energy	█	█			KfW																	
Environment and climate change					█					█												
Information society											█											
Research and innovation											█											█
People to people contacts																						
Education	█	█			█						█											
Culture and Recreation					█						█											

Health																																								
Social Protection																																								
Tourism and antiquities																																								
Other																																								

*Development Agencies, Banks, GIZ, KfW, DfID, etc., should indicate their interventions under the respective country column

** Budgets only until 31 March 2015. No decisions have yet been made on programme funding beyond that point.

*** Possible but not yet confirmed support

Attachment 3(b) - Donor Support in Kyrgyzstan 2014-2020 – non-EU (tentatively planned)

Tentatively Planned Area of Intervention and Allocations in million USD (unless specified otherwise) after 2013	Other Donors*						Development Banks					International Organisations			
	Switzerland	Japan	Russia	United States	Turkey	China	ADB	EBRD	IMF	WB	EDB	CoE	UN**	OSCE	AKDN
Political dialogue and reform															
Governance and democracy	CHF 6.8 million														
Rule of law (judicial reform)										12					
Human Rights															
Cooperation with civil society															
Peace and Security															
Conflict Prevention															
Crises management															
Justice and Home Affairs				6.6											
Border Management															
Migration and readmission															
Refugees and IDPs															
Organised Crime															
Police and Judicial Cooperation															
Economic and social reform															
Macro-economic reform									14	122					
Employment, poverty reduction & social policy							3			7			7		
Agriculture, forestry and fisheries	CHF 8.3 million									24	30				
Water and sanitation	CHF 7 million							5		2					

Rural development									12					
Regional cooperation														
Trade Issues, market and regulatory reform														
Enterprise policy/private sector	CHF 2.3 million						31		0.92					
Public finance management and procurement	17.3						21.3		8.85	31				
Technical standards and regulations														
Sector Support														
Transport		JPY 198 million					100	EUR 0.44		31	118			
Energy			3,812		5	390	109.8			12	30			
Environment and climate change														
Information society														
Research and innovation														
People to people contacts														
Education				2			30			29.2				
Culture and Recreation														
Health						KGS 350 million				29				
Tourism and antiquities														
Other										12				

* Donors Development Agencies (JICA, USAID, SDC, etc., should indicate their interventions under the respective country)

** All organisations under the UN family

Attachment 4. Country at a Glance (i.e. macroeconomic indicators and indicators derived from the MDGs)

Selected Macroeconomic indicators, 2010-17 (in percentage of GDP)

	2010	2011	2012	2013	2014	2015	2016	2017
	Act.	Act.	Act.	Proj.	Proj.	Proj.	Proj.	Proj.
Real GDP growth, in %	-0.5	6.0	-0.9	7.4	7.5	5.3	5.0	5.0
Gross Domestic	27.4	25.5	25.4	25.6	25.8	26.2	26.7	26.9
Investments								
Inflation	8.0	16.6	2.8	8.6	7.2	6.6	6.0	5.7
Public sector:								
Revenues	30.5	31.8	34.5	32.0	32.1	31.8	32.0	32.0
Expenditures	36.8	36.4	39.9	37.3	36.1	35.5	35.0	34.8
Current spending	31.0	30.9	32.4	30.8	29.3	28.3	27.4	27.2
Capital spending	5.8	5.5	7.5	6.4	6.8	7.2	7.6	7.6
Balance	-6.3	-4.6	-5.4	-5.3	-4.0	-3.6	-3.0	-2.8
Public debt	59.7	50.1	51.5	50.6	48.5	47.6	46.5	45.0
External sector:								
Exports of G&S	51.6	54.5	55.1	54.9	53.4	52.3	51.4	50.5
Imports of G&S	81.7	81.6	102.3	88.6	82.5	79.7	77.5	75.3
Current account balance	-6.9	-6.6	-15.4	-8.0	-6.0	-5.6	-4.2	-4.0
FDI	9.1	11.2	5.7	3.8	4.8	4.6	4.3	4.2
External debt	85.8	88.5	75.6	73.4	68.0	65.1	61.4	57.9

Source: Ministry of Finance and World Bank

Millennium Development Goals - Kyrgyzstan

	1990	1995	2000	2005	2010	2011	2012
Goal 1: Eradicate extreme poverty and hunger							
Employment to population ratio, 15+, total (%)	..	60.2	60.0	59.5	60.6	60.9	61.4
Employment to population ratio, ages 15-24, total (%)	..	42.3	41.8	39.3	39.8	40.2	40.6
GDP per person employed (constant 1990 PPP \$)	9031.0	4878.0	5947.0	6096.0	6883.0	7216.0	7175.0
Income share held by lowest 20%	..	..	..	6.0	6.8	7.7	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	..	..	..	..
Poverty gap at \$1.25 a day (PPP) (%)	..	..	..	6.5	1.5	1.1	..
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	..	..	..	22.9	6.7	5.0	..
Vulnerable employment, total (% of total employment)	..	..	..	48.5	..	..	..
Goal 2: Achieve universal primary education							
Literacy rate, youth female (% of females ages 15-24)	..	..	..	..	..	..	..
Literacy rate, youth male (% of males ages 15-24)	..	..	..	..	..	..	..
Persistence to last grade of primary, total (% of cohort)	..	95.1	93.0	98.1	95.3	97.1	..
Primary completion rate, total (% of relevant age group)	..	103.4	93.4	98.4	96.6	95.8	97.7
School enrollment, primary (% net)	..	..	85.8	87.6	87.4	88.4	90.5
Goal 3: Promote gender equality and empower women							
Proportion of seats held by women in national parliaments (%)	..	..	2.3	0.0	23.3	23.3	23.3
Ratio of female to male primary enrollment (%)	101.9	100.9	98.5	98.7	99.1	98.7	98.2
Ratio of female to male secondary enrollment (%)	99.5	..	102.9	100.0	98.8	99.6	..
Ratio of female to male tertiary enrollment (%)	..	125.0	101.4	124.2	130.0	124.1	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	..	43.3	42.5	..	..
Goal 4: Reduce child mortality							
Immunization, measles (% of children ages 12-23 months)	..	97.0	98.0	99.0	99.0	97.0	98.0
Mortality rate, infant (per 1,000 live births)	58.0	54.5	42.4	34.3	26.9	25.1	23.6
Mortality rate, under-5 (per 1,000)	70.5	65.7	49.8	39.5	30.5	28.4	26.6
Goal 5: Improve maternal health							
Adolescent fertility rate (births per 1,000 women ages 15-19)	61.0	65.2	45.9	31.6	29.5	29.4	..
Births attended by skilled health staff (% of total)	98.9	98.0	98.6	97.9	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..	..	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	73.0	98.0	82.0	77.0	71.0	..	..
Pregnant women receiving prenatal care (%)	..	..	..	..	..	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases							

Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	..	..	..
Condom use, population ages 15-24, female (% of females ages 15-24)	..	..	..	..	..	..	..
Condom use, population ages 15-24, male (% of males ages 15-24)	..	..	..	..	..	..	..
Incidence of tuberculosis (per 100,000 people)	92.0	168.0	249.0	208.0	141.0	141.0	141.0
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..	0.1
Prevalence of HIV, male (% ages 15-24)	..	..	..	..	..	..	0.2
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Tuberculosis case detection rate (% , all forms)	57.0	44.0	50.0	60.0	75.0	78.0	80.0
Goal 7: Ensure environmental sustainability							
CO2 emissions (kg per PPP \$ of GDP)	..	1.0	0.7	0.6	0.5	..	..
CO2 emissions (metric tons per capita)	..	1.0	0.9	1.0	1.2	..	..
Energy use (kg of oil equivalent) per \$1,000 GDP (constant 2005 PPP)	675.6	424.4	314.0	281.0	254.1	264.8	..
Forest area (% of land area)	4.4	4.4	4.5	4.5	5.0	5.1	..
Improved sanitation facilities (% of population with access)	..	93.1	93.2	93.3	93.3	93.3	..
Improved water source (% of population with access)	..	77.1	81.4	86.0	88.7	88.7	..
Marine protected areas (% of total surface area)	..	..	..	..	..	..	..
Population living in slums (% of urban population)	..	..	..	..	..	..	..
Terrestrial protected areas (% of total surface area)	6.4	6.8	6.9	6.9	6.3	..	6.3
Goal 8: Develop a global partnership for development							
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	..	13.2	9.8	6.7	3.3	3.1	..
Internet users (per 100 people)	0.0	..	1.0	10.5	18.4	20.0	21.7
Mobile cellular subscriptions (per 100 people)	0.0	0.0	0.2	10.7	98.9	116.4	124.8
Telephone lines (per 100 people)	7.1	7.8	7.6	8.7	9.2	9.3	9.0
Other							
Fertility rate, total (births per woman)	3.7	3.3	2.4	2.5	3.1	3.1	..
GNI per capita, Atlas method (current US\$)	..	360.0	280.0	450.0	840.0	900.0	990.0
GNI, Atlas method (current US\$) (billion)	..	1.6	1.4	2.3	4.6	5.0	5.5
Gross capital formation (% of GDP)	24.2	18.3	20.0	14.3	27.4	25.5	32.4
Life expectancy at birth, total (years)	68.3	65.8	68.6	68.0	69.3	69.6	..
Population, total (million)	4.4	4.6	4.9	5.2	5.4	5.5	5.6
Trade (% of GDP)	78.8	71.8	89.4	96.4	133.2	136.2	149.2
Source: World Development Indicators, extracted on 24/03/2014 (http://www.worldbank.org/mdgs/)							