

SUMMARY

Annual Action Programme 2016 in favour of Kyrgyz republic for theme "Integrated Rural Development" and "Rule of Law" to be financed from the general budget of the European Union

1. Identification

Budget heading	BGUE-B2015-21.020300-C1-DEVCO
Total cost	EUR 23 million <ul style="list-style-type: none">• EUR 13 million for "Rule of Law Programme - 2nd phase (ROLPRO 2)"• EUR 10 million for "Integrated Rural Development Program (IRD)"
Basic act	Development Cooperation Instrument REGULATION (EU) No 233/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020

2. Country, Thematic background

Although the Kyrgyz Republic has made significant progress in poverty reduction over the last decade, these developments stagnated in recent years though. Poverty is still a very serious challenge for the Government and 30.6% of Kyrgyzstan's population lives below the poverty line¹ with 66% of the poor prevailing in the rural areas, with women and children being the most vulnerable. The agricultural sector continues to be key and is to some extent the backbone of the Kyrgyz Republic's economy, contributing with around 20 % of the total GDP in recent years and occupying around 35% of the total labour force. The agricultural sector currently faces significant challenges: low level of human capital, poor rural infrastructures, small size of commercial farms, low investment in the agricultural sector and poor state of agricultural equipment and machinery. Kyrgyzstan has unique natural, historic and cultural resources of interest to the development of Sustainable community based ecotourism as an independent and promising sector of the economy.

The Government of the Kyrgyz Republic, which adopted the National Sustainable Development Strategy's paper 2013-2017 (NSDS), acknowledges the crucial role of actions towards poverty alleviation, and in particular through rural development as an instrument of poverty reduction, as well as economic growth. The EU is committed to support the sector through the Multi-Annual Indicative Programme (MIP) for 2014-2020 with 41 million euros of the budget allocated to Integrated Rural Development. The MIP gives explicit priority to interventions targeting low

¹ National Statistics Committee (NSC), 2014

income communities and households, including through support to income generating activities and increasing the capacity of local authorities.

Following the revolution in April 2010 and the ethnic clashes in June 2010, the Kyrgyz Republic placed strengthening of the Rule of Law and improving the respect of human rights on the top of its agenda, as it is enshrined in the 2010 Constitution and in the national and sectorial development strategies.

Kyrgyzstan, with its many political parties, relatively free media and a network of active civil society organisations, continues to feature well in the Central Asia regional context. The parliamentary elections of October 2015 were considered by international observers as "competitive as they provided voters with a wide range of choice, although the manner in which they were administered highlighted the need for better procedures and increased transparency".

Kyrgyzstan made some progress in promoting human rights and made significant efforts in strengthening cooperation with civil society, establishing "Public Councils". However, institutional deficiencies and widespread corruption continue to hamper the delivery of justice and the Rule of Law with risks for the long-term stability and development of the country.

Legislative acts tend to be contradictory and not always based on proper planning and analyses. The judiciary faces widespread corruption, underfunding and insufficient independence and the standards of fair trial, including due process and safety of the parties, are not widely ensured. The prosecution fails to review systematically police investigations that make use of illegal arrests, arbitrary detentions, torture and ill-treatment, or are based on confessions by suspects without supporting evidence.

3. Summary of the Action Programme

The Integrated Rural Development Program (IRD) aims to reduce poverty, especially among women, children and the most vulnerable segments of the population, through increasing social and economic opportunities and the promotion of income generating activities in rural communities.

The Kyrgyz Republic remains one of the poorest countries in Central Asia and the economy is highly dependent on a limited number of sectors. In terms of the number of people depending on it, agriculture is one of Kyrgyzstan's most important economic sectors and one of the major problems faced by rural communities is the lack of possibilities for income generating activities.

The overall objective of the IRD programme is to assist the government of the Kyrgyz Republic to improve the conditions for poverty alleviation in rural areas through local economic and social development. The specific objective is to support rural income generating activities to stimulate the local economy and human development.

The support to be provided will be aimed at addressing rural development and is to be channelled to the rural population (represented by community-based organisations) through Civil Society Organizations (CSOs) which will be closely involved in the implementation of project activities.

The programme aims to create conditions for improvements in rural livelihood in selected regions, with a view to replicate successful projects in the rest of the country in the coming years. It is proposed that the budget for the total allocation for the action should be EUR 10 million with EUR 1 million of co-financing.

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

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

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

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

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

The focus of the "Rule of Law Programme - 2nd phase (ROLPRO2)" is on the implementation of the judicial reform in the Kyrgyz Republic. The overall objective is to improve justice and rule of law strengthening the capacity of institutions to deliver and the capacity of citizens to claim their rights through modernising the legislative process and improving the work of judiciary and prosecution.

EU assistance shall be focused on:

- Component1: Modernising the legislative process;
- Component2: Enhancing professionalism, independence, transparency and accountability of the judiciary;
- Component3: Improving efficiency of the prosecution

The implementation of the ROLPRO2 shall result in: collisions and contradictions of legal acts and legislative gaps reduced and specialist skills for legal drafting developed; legal awareness of the population and access to justice increased; the judiciary improved through fair and impartial trials by independent, transparent and

accountable, court system; prosecution pursued in a more professional manner and in compliance with human rights standards.

The direct beneficiaries shall be Parliament, Government's legal department and Ministry of Justice (Component 1); Supreme Court, Constitutional Chamber, Council of Judges, Council for the Selection of Judges and courts (Component 2); General Prosecutor's Office, prosecutors' offices and law enforcement bodies (Component 3).

A consortium of EU Member States' institutions and international organisations shall be assigned to implement one single contract (EUR 12.2 million) encompassing Component 1, 2 and 3 and incorporating (i) human-rights-based approach, (ii) promotion of gender-based policies, and (iii) fight against corruption. Separate funds (EUR 0.8 million) shall be reserved for monitoring, evaluation, audit and visibility services.

4. Communication and visibility

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget. In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements. The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

5. Cost and financing

Rule of Law Programme – 2 nd phase (ROLPRO2)	EUR 13,000,000
Integrated Rural Development Programme (IRD)	EUR 10,000,000
Total EU contribution to the measure	EUR 23,000,000

The Committee is invited to give its opinion on the attached Annual Action Programme 2016 in favour of the Kyrgyz Republic for a "Rule of Law Programme – 2nd phase" and an "Integrated Rural Development Programme.



EN

This action is funded by the European Union

ANNEX 1

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

Action Document for the Rule of Law Programme in the Kyrgyz Republic

2nd phase (ROLPRO 2)

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: 5.4.1.2.

1. Title/basic act/ CRIS number	The Rule of Law Programme in the Kyrgyz Republic – 2nd phase (ROLPRO 2), CRIS number: ACA/2016/38224, financed under Development Cooperation Instrument		
2. Zone benefiting from the action/location	Kyrgyzstan The action shall be carried out at the following location: all regions of the Kyrgyz Republic with project(s) based principally in Bishkek.		
3. Programming document	Multi-Annual Indicative Programme (MIP) for the Kyrgyz Republic 2014 – 2020		
4. Sector of concentration/ thematic area	Rule of Law DEV. Aid: YES		
5. Amounts concerned	Total estimated cost: EUR 13,000,000 Total amount of EU budget contribution EUR 13,000,000.		
6. Aid modality(ies) and implementation modality(ies)	Project modality Direct management mode: <ul style="list-style-type: none"> • Grants – direct award • Services – procurement 		
7. DAC code(s)	15130 (Legal and Judicial Development)		
8. Markers (from	General policy objective	Not targeted	Significant objective
			Main objective

CRIS DAC form)	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Not applicable			

SUMMARY

The focus of the Action is on the implementation of the judicial reform in the Kyrgyz Republic. The overall objective is to improve justice and rule of law strengthening the capacity of institutions to deliver and the capacity of citizens to claim their rights through modernising **the legislative process** and improving the work of **judiciary** and **prosecution**.

EU assistance shall be focused on:

Component 1 Modernising the legislative process;

Component 2 Enhancing professionalism, independence, transparency and accountability of the judiciary;

Component 3 Improving efficiency of the prosecution.

The implementation of the Action shall result in: collisions and contradictions of legal acts and legislative gaps reduced and specialist skills for legal drafting developed; legal awareness of the population and access to justice increased; the judiciary improved through fair and impartial trials by independent, transparent and accountable, court system; prosecution pursued in a more professional manner and in compliance with human rights standards.

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policies, and (iii) fight against corruption. Separate funds (EUR 0.8 million) shall be reserved for monitoring, evaluation, audit and visibility services.

1.1 Sector/Country/Regional context/Thematic area

Following the revolution in April 2010 and the ethnic clashes in June 2010, the Kyrgyz Republic placed strengthening of the Rule of Law and improving the respect of human rights on the top of its agenda, as it is enshrined in the 2010 Constitution and in the national and sectorial development strategies.

Kyrgyzstan, with its many political parties, relatively free media and a network of active civil society organisations, continues to feature well in the Central Asia regional context. The parliamentary elections of October 2015 were considered by international observers as "competitive as they provided voters with a wide range of choice, although the manner in which they were administered highlighted the need for better procedures and increased transparency"¹.

Kyrgyzstan made some progress in promoting human rights and made significant efforts in strengthening cooperation with civil society, establishing "Public Councils"². However, institutional deficiencies and widespread corruption continue to hamper the delivery of justice and the Rule of Law³ with risks for the long-term stability and development of the country.

Legislative acts tend to be contradictory and not always based on proper planning and analyses. The judiciary faces widespread corruption, underfunding and insufficient independence and the standards of fair trial, including due process and safety of the parties, are not widely ensured. The prosecution fails to review systematically police investigations that make use of illegal arrests, arbitrary detentions, torture and ill-treatment, or are based on confessions by suspects without supporting evidence.

Consolidating the institutional framework, with separation of powers and strengthening the role of the Parliament; holding of free and fair elections; fighting corruption, and reforming the justice system to ensure the independence of the judiciary are also key areas of concern highlighted by the Parliamentary Assembly of the Council of Europe (PACE) when the latter granted the Parliament of Kyrgyzstan "Partnership for Democracy" status in 2014.

1.1.1 Public Policy Assessment and EU Policy Framework

Rule of Law is among the priorities set by the National Strategy for Sustainable Development for 2013 -2017 adopted by the President's decree in January 2013 (NSSD) and the Government's Programme and Plan on Transition of the Kyrgyz Republic to Sustainable

¹ <http://www.osce.org/odihr/elections/kyrgyzstan>.

² According to a law of May 2014, Public Councils are a way to foster interaction and better cooperation between civil society and ministries, state committees and administrative institutions on matters of interest for the citizens, to increase transparency and efficiency in the use of public finances and to be better able to monitor the development and implementation of public policies (<http://www.ons.kg/index.php>).

³ According to the World Bank's Worldwide Governance Indicators the Rule of Law index³ the Kyrgyz Republic scored 27.75% in 2003, 7.21% in 2008 and 12.80% in 2013 on a worldwide scale (Indicates rank of country among all countries in the world. 0 = lowest rank)

Development for 2013-2017 period adopted in May 2013 (GPPT). Under a special chapter on "Establishing a State Governed by the Rule of Law and Ensuring Supremacy of Law", the NSSD aims at strengthening the legal system, ensuring stability of the legislation, enhancing legal culture and awareness, combatting corruption, strengthening cooperation with civil society, and reforming the judiciary and law enforcement.

As regards **the legislative process**, the GPPT's primary emphasis is on improving the legislative process, legislation and legal knowledge: detecting collisions, gaps and corruptive provisions through accredited legal, human rights, environmental, gender and anticorruption analyses and verifying systematically their financial feasibility.

According to the GPPT the **judiciary** reform should be achieved through redrafting of the relevant laws; providing professional legal aid; improving enforcement procedures; linking the judges' selection processes to professionalism and impeccability; improving the funding and infrastructure of courts.

Concerning the **prosecution system**, a Development Strategy of the Office of the Prosecutor General for 2012 – 2015 years together with an Action Plan adopted in January 2012 aims, among others, at: improving the legal framework; creating an automated information management system; modifying the forms and methods of investigations; enhancing collaboration with the civil society; etc.

On the EU side the Multi-annual Indicative Programme for Kyrgyzstan 2014 – 2020 (MIP) is fully in line with the Kyrgyz public policy and programmes in the sector concerned as it indicates "Rule of Law" as one of the "focal sectors" with following specific objectives (among others): 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.

1.1.2 Stakeholder analysis

The present Action will have an impact on the following stakeholders. The Parliament, the Government's legal department office and Ministry of Justice with regard to the **legislative process**; Supreme Court, Constitutional Chamber, Council of Judges, Council for the Selection of Judges, Training Centre for judges and selected courts (district and regional courts) for the **judiciary reform**; General Prosecutor's Office, prosecutors and law enforcement bodies for the **prosecution process**. The Public Councils, composed by two third of civil society organisations' representatives and entrusted to keep a structured dialogue with state authorities, Civil Society Organisations (CSOs) and media will also be affected by the present Action.

The legislative initiative belongs, among others, to Parliament and Government. In the judicial sector, the Parliament is expected to have completed the approval of most of the current amendments to administrative (procedural), civil (including procedural) and criminal (procedural) codes and laws by 2017. However, amending primary legislation might still be needed in 2018 to complete the ongoing judicial reform.

The focus of the Action shall be on implementing the judicial reform and in 2018 the responsibility for implementing the reform shall be with the Government. At Government

level, the coordination of legal analysis, expertise and law drafting is with the Legal Department while the actual work is demanded to the Ministry of Justice and its Department for Law Drafting and Analysis. At Ministry's level there is undesirable low capacity, specialist skills and resources to provide the required legal analysis and expertise to be able to improve the quality of draft laws, detect collisions and contradictions of legal acts and remove legal gaps. In addition the Ministry of Justice is also in charge of improving access to justice, granting free legal aid and raising legal awareness of the population.

The Supreme Court is the leading authority in advancing the judiciary reform. It drafted a comprehensive Programme with goals and tasks for the development of the judiciary. Given its ambitious character (to put in place a more independent, transparent, accountable, accessible and trustful judiciary), the Supreme Court seeks support for its implementation from the EU and other donors.

Within the Supreme Court an ad hoc Court department has the task of supervising the court infrastructure, including the use of information technologies, and ensuring the enforcement of court decisions in civil matters (supervising the work of the bailiffs). The Court department clearly needs to making a larger use of information technology and enhancing the enforcement of court decisions in civil matters.

The Council of Judges is the self-governing body that shall help guarantee independence of the judiciary. The fifteen members of the Council are actual judges who keep carrying out their tasks as judges while being simultaneously members of the Council. This overlap of functions leaves the Council with little capacity to lobby and strengthen the independence of the judiciary.

The Council for the Selection of Judges is in charge for the selection of judges. At present not all members of the Council for the Selection of Judges are from the judiciary sector or have a legal education. This makes the process of selection of judges open to interference from other powers (executive and legislative).

The Training Centre for Judges is responsible for assuring professional training of judges. Currently, professional training is being delivered randomly instead of taking place on regular basis.

The General Prosecutor's Office (GPO) is a vertically hierarchical institution, functionally independent from other state authorities. It is in charge of supervising the application of laws, including the oversight of anti-corruption measures by law enforcement, fiscal and local authorities, and to conduct investigative procedures. It requested support from the EU to improve its legislative basis, put in place a unified automated information system, modify the structure, forms and methods of investigations, and improve the work of its training centre.

In Kyrgyzstan, civil society organisations (CSOs) interact very closely with legislative (Parliament), executive (the Government and the Ministries) and judiciary (Supreme Court, Council for the selection of judges) and with the General Prosecutors' office. Their involvement in the present Action – through the work of the Public Councils and other ways of interaction with the authorities – is essential to gather independent information on the actual implementation of the judicial reform, to collect feedback on the perceived benefits by

the population about the reform, including particularly vulnerable groups, and to help raise awareness of the population on legal matters.

1.1.3 Priority areas for support/problem analysis

Under the current Action, the priority areas for the EU support include: increasing the quality of the **legislative process**; improving the work of the **judiciary system** and improving **prosecution** oversight and investigation capacity. Respect for human rights, promotion of gender equality and fight against corruption are crosscutting issues that shall be dealt with in all areas of intervention.

At the root of the legislative process lay the following problems: insufficient coordination between the Government and the Parliament as bodies responsible for most of the legislative initiatives resulting in overlaps in initiating bills of law; lack of proper planning of the legislative process resulting in poor quality of laws produced, contradictions with laws in force and need for frequent legal amendments. On the Government side, legal acts and draft laws submitted for review to the Ministry of Justice often contradict other laws in force or the country's international commitments and reflect a lack of in-depth legal, human rights, environmental, gender and anticorruption expertise. The Action shall thus address insufficient coordination capacity of Parliament and Government; insufficient analytical and law drafting techniques skills at the legal departments of the national authorities, including insufficient capacity at the Ministry of Justice to carry out the required expertise (gender, legal, anticorruption and human rights) and insufficient coordination mechanisms and capacity among ministries and other government agencies; lack proper guidelines on the preparation of laws and insufficient use of information systems to make the legislative process more transparent.

The major problems that affect the court system include: insufficient independence and professionalism; low level of enforcement of court decisions in civil matters (some 50% of decisions are not enforced); lack of transparency of court decisions; insufficient human resources capacity. Independence and professionalism shall be enhanced by ensuring appropriate and stable financing of the judiciary, more transparent recruitment procedures for judges and more predictable career development of judges; higher grade of enforcement of court decisions shall be ensured through constitution, consolidation and management of data bases of debtors; better transparency and accountability shall be achieved through the use of information technology to register and allocate court cases (reaching a more balanced distribution of workload) and through mandatory publication of court decisions on ad hoc websites (currently decisions of only 49 out of 74 courts are published on www.sot.kg from time to time). More transparency and accountability shall lead to an increased trust of the population in the court system and help also reduce corruption. Capacity building for court staff shall be achieved through mandatory pre-posting training for newly recruited staff (as it happens in EU member states) and regular professional training for current staff.

The powers of the prosecution shall be optimized through a modern development strategy, the training centre needs to be assisted with curricula development and training of trainers in order to bring the corresponding training courses in line with the national strategy and international standards. The prosecution services shall become more professional, efficient and compliant with human rights standards, and an automated information system shall be

introduced. The development strategy of the General Prosecutor's office is in fact focused on (i) improving the legal framework; (ii) creating an automated information management system; (iii) modifying the structure, forms and methods of investigations; (iv) reforming the organizational structure of the prosecution; (v) introducing methods for objective evaluations of prosecutors; (vi) ensuring openness and transparency in the work of prosecutors; (vii) enhancing collaboration with the civil society; (viii) introducing evidence-based planning; (ix) and improving the financial, material socio-legal working conditions.

The experience of the Public Councils shows that they lack adequate institutional strength and capacity to engage effectively the authorities and make them accountable. Public Councils need also to build stronger ties with civil society and media. To involve the civil society in overseeing the implementation of the judicial reform, collecting feedback about benefits for the population and helping raise legal awareness of citizens, the Action shall thus address capacity building and institutional strengthening of Public Councils and help build closer ties with civil society and media.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
The key stakeholders, considering the presidential elections of 2017, become less committed and cooperative to advancing the reforms.	M	Maintain the policy dialogue with the national authorities. Stress the ownership of the EU-funded programmes by the national authorities through a constant consultation and review at bilateral meetings, conferences and sessions of steering committees.
The country deviates from the core international commitments on human rights.	M	Together with other international organizations, insist on complying with the international commitments through official statements, note verbale, or projects.
The political situation diverts the priorities for the targeted sectors due to the country's membership of the Eurasia Economic Union.	M	Maintain the political dialogue with the national authorities. Issue political statement to controversial steps taken by the country with regard to its international commitments and development programmes.
An ethnic or other conflicts or disasters suspend or stop the implementation of projects.	M	Monitor the situation and take appropriate measures, such as adaptation of the project activities. Support peace-building programmes and dialogues.
The conditions for access to justice and fair trial are not met.	M	Support programmes enhancing the access to justice, free or less expensive legal aid.
Conditions relating to law enforcement, police and prisons undermine human rights and security of citizens.	M	Review with the prosecution, prison service and other authorities the respect of the human rights. Stress the importance of the human rights based approach in the implementation of

		the present Action.
Weaknesses in the constitutional and legal framework lead to insufficient guarantees of human rights, including non-discrimination and fundamental freedoms.	M	Together with other international organizations, deliver an expert review of the controversial legislative initiatives.
National human rights agendas are not sufficiently implemented.	M	Cooperate closely with the national and international human rights bodies on the implementation of the agendas, through the universal periodic review, consultation of other human rights reports submitted by public authorities or civil society. Organize annual civil society seminars and human rights dialogues with the government.
The involvement of the civil society organisations in the reforms is hindered.	H	Maintain awareness about the civil society's role in enhancing the Rule of Law. Support the civil society through grants, civil society seminars, or political dialogue. React to the initiatives shrinking space for the civil society, such as "foreign agents" and "anti-LGBT-propaganda" laws.
The corruption and other deficiencies of the justice sector impede achieving tangible results.	H	Identify the causes of the deficiencies and address them meaningfully under the projects. Reconsider the activities that can produce no tangible results due to the deficiencies.
The independence of the judiciary is compromised by political interference, underfunding and corruption.	H	Support the role and the function of the Council of Judges to become a true self-governing body ensuring independence of the judiciary from external political interference.
Assumptions		
The society is open to the assistance by the EU to the country's reforms. The national authorities and all other stakeholders remain committed to improving the Rule of Law, closely cooperate with the EU and other organisations and consider the EU know-how as relevant. The EU MS are interested in implementing the projects in the country. The civil society is involved effectively in the reforms. The country complies with its commitments to promote and apply the human rights and democracy principles.		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The ongoing judicial reform represents an unprecedented attempt to amend a large number of laws and codes and introduce quite many institutional changes. Its successful implementation will depend on renewed political will and commitment of key stakeholders and continued assistance by international donors and partners. A certain degree of flexibility shall be kept to ensure that at the time when the Action will be implemented new and unforeseen developments in the relevant areas concerned by the Action could be taken into account.

A recent ODHIR report⁴ identified the following weaknesses (among others) with regard to the legislative process in the Kyrgyz Republic: lack of effective coordination between Jokorku Kenesh (Parliament) and the Government (and within the Government); insufficient specialist resources in legislative drafting at Government level, in particular at the Ministry of Justice; insufficient implementation of laws as there are pieces of legislation which are in conflict with the legislation they are meant to implement.

The current EU funded Rule of Law project (ROLPRO 1) reports provide also evidence of the need to strengthen law drafting skills, legal analysis and legal expertise on bills of laws of the Government office, Ministry of Justice and of other Ministries. ROLPRO 1 has just commenced strengthening the capacity of the Ministry of Justice and of other Ministries in law drafting and legal expertise. In parallel UNDP is also planning to work on streamlining the legislative process and on implementing the judicial reform looking at legislative collisions and gaps that need to be proposed for correction in a number of newly adopted legal acts. This is a long-lasting process as "greater concentration of specialist skills and resources for legal drafting is required within the Government, including individual ministries, and more guidance on drafting is needed"⁵.

Assisting in building a more independent, professional, transparent, efficient and effective court system is a very demanding task, which lays at the core of the judicial reform. It requires strengthening the role and capacity of the Council of Judges to defend the financial independence of the judiciary vis-à-vis the executive and the legislative. It necessitates to improve the work of the Council for the selection of judges; to put in place a pre-posting mandatory professional training for newly appointed judges and ensure regular training upgrade for courts staff on permanent basis in cooperation with the Training Centre for judges; to review the system of re-appointment of judges and put in place a career development system for judges in cooperation with the Supreme Court; to put in place a system of allocating court cases ensuring a balanced workload at court level (together with the Supreme Court); to keep introducing elements of e-justice in the court system; to make it mandatory to publicise court decisions on dedicated websites; to increase the number of court decisions in civil matters which are enforced. Some tasks are truly political – assuring *de facto* a real independence of the judiciary - and require a change of mentality; other tasks are very demanding in terms of technical assistance needed. Joining the efforts of international donors and partners is very important and working together with experienced partners in this field like IDLO (International Development Law Organization) is crucial.

As regards the Constitutional Chamber, strengthening its role shall be based on the assumption that the role and function of the Constitutional Chamber will remain unchanged.

Concerning the prosecution process, the work of ROLPRO 1 and the preparatory work for an EU funded project of Council of Europe to reduce corruption, which shall commence soon with the General Prosecutor's Office (GPO), suggest to strengthen the oversight capacity of the GPO, to improve the investigation skills, including the capacity to fight corruption, assist

⁴ Assessment of the legislative process in the Kyrgyz Republic, October 2015, <http://www.legislationline.org/search/runSearch/1/category/93>.

⁵ <http://www.legislationline.org/search/runSearch/1/category/93>.

with the work of the training centre and build a unified automated information support system (e-workflow).

By the time the Action will be implemented changes might affect the prosecution process at the stage of pre-trial investigations. In the future a new institute of justice foreseen in the draft Criminal Procedural Code and called "judges of investigation" might be created. The profile of the "judges of investigation" is similar to the judge of preliminary investigations⁶ and its creation would imply primarily judicial control over observance of the rights, freedoms and interests of persons in pretrial proceedings, a change that may affect the prosecution.

As the Action will mainly focus on three major components (legislative process, judiciary and prosecution), to ensure coherence with other areas of rule of law, it is important that during the implementation phase good cooperation be established with those donors and partners that will work on strengthening legal defence through the cooperation with the local Bar Association like the American Bar Association or those organisation that will keep implementing the reform of the Penitentiary system like UNODC. As civil society organisations will be involved in the implementation of the current Action, coherence with the assistance provided to civil society organisations through the use of other EU funded instruments like EIDHR (European Instrument for Democracy and Human Rights) and NSA-CSO (Non-State Actors and Civil Society Organisations) shall be assured and complementarities with Actions funded under the above mentioned instruments shall be sought.

3.2 Complementarity, synergy and donor coordination

The implementation of the Action will require good cooperation with international donors and partners as the work of the Action in all three components is technically very demanding and politically very complex.

Cooperation with other international donors and partners shall be built on good practices developed under ROLPRO1, namely: good complementarity with UNDP in developing an interactive map of legal services accessible to the population across the country and covering all seven regions (the data collection from four regions was funded by the EU; collection of data from the remaining three regions was funded by UNDP); the work on the Administrative Procedure Code (which entered into force on 18 May 2016) carried out jointly by the EU funded project "Promoting Rule of Law in Kyrgyz Republic and GIZ funded by Germany; the work on the new on the Ombudsman (initiated by the Office in Bishkek of the High Commissioner for Human Rights [OHCHR] and developed further the EU funded project on Rule of Law); etc.

In terms of past and present EU funded assistance in the area of Rule of Law, the present Action shall build on the work initiated by ROLPRO1 of assisting the Legal Department of the Government and the Ministry of Justice in creating capacity, specialist skills and resources for legal drafting. As ROLPRO1 is contributing to raising legal awareness of the population

⁶ In Germany, this judge is called an *Ermittlungsrichter* or the judge of the preliminary investigation; in France - *juge des libertés et de la détention* or the judge on the rights and preliminary conclusion, in Italy - giudice per le indagini preliminari or the judge of the preliminary investigations.

and within the current Rule of Law programme an interactive map of legal resources across Kyrgyzstan has been produced, under the present Action the work on raising awareness of the population on legal matters and to ensure access to justice shall be continued and increased. Similarly to the raising awareness campaigns, the current Action shall continue the assistance provided under ROLPRO1 about free legal to the population.

The present Action shall also continue the work of ROLPRO 1 with the Supreme Court and the Training Centre for Judges to establish a mandatory system of pre-posting training for newly appointed judges and regular mandatory training for court staff. The introduction of elements of e-justice by ROLPRO 1 (currently in three courts) will need to be extended possibly to all 72 courts. Enforcement of court decisions and consolidation of database of debtors initiated by ROLPRO1 will need to be continued. At the time of implementation, attention shall be paid to assessing whether amendments to legislation regarding recruitment, selection and career development of judges as well as enforcement of legal decisions, already proposed by ROLPRO 1, will be needed.

As regards the cooperation with international donors and partners, the key players in the area of legislative process and implementation of legislation are UNDP, supported by UK, the Finnish Government and USAID funding, and Soros, while the major international player working with the court system is IDLO benefitting from large USAID funding.

Cooperation shall be also sought with rolling technical advice provided by Soros Foundation under their initiatives titled "Rule of Law" and "Law Programme". Complementarities shall be developed with a USAID funded Programme for Judiciary to strengthen rule of law by decreasing corruption, supporting judicial independence, improving the judicial personnel system and internal judicial management.

With reference to the prosecution, apart from an EU funded project fighting corruption, to be implemented by the Council of Europe as early as April 2016, which will involve the General Prosecutor's Office, currently there is no major support to the prosecutorial reform from the international community which leaves space for the EU to engage, although the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the U.S. Department of Justice and OSCE do provide limited trainings to prosecutors especially on human rights related issues.

As regards the involvement of the civil society, synergy shall be developed with the East-West Management Institute (EWMI), which in partnership with the International Centre for Not-for-Profit Law (ICNL), John Hopkins University, the Association of Civil Society Support Centres, and the Kyrgyzstan Development Institute is implementing the Kyrgyzstan Collaborative Governance Project (KCGP). KCGP is a five-year project that works to foster effective collaboration between civil society and the Government of the Kyrgyz Republic to deliver social services to its citizens, resulting in a more responsive and accountable government, as well as a more credible, sustainable civil society.

Cooperation shall be established with donors and partners working in areas not directly tackled by the current Action but nevertheless affecting rule of law such as legal defence, prison reform and civil society.

Through its project on "Support to the Kyrgyzstan Legal Defence Community" the USAID-funded American Bar Association's Rule of Law Initiative (ABA ROLI) assists with institutionalizing the Bar Association, provides training courses to attorneys and improves the process for advocate licensure. ABA ROLI also runs another USAID-funded Legal Education Reform and Civic Education programme revising law schools' curricula and supporting students' legal clinics; the present Action shall cooperate with the law schools only at a side of its support to the Bar Association and lawyers. To a lesser extent, UNDP, Soros Foundation, GIZ and OSCE also assist the Bar Association especially by providing minor equipment and limited technical expertise; the present Action shall cooperate with those initiatives.

With regard to Prison Reform, UNODC, which implemented the EU funded project, conducts regular monitoring visits to prisons; it develops a national prison security framework, conducts research on the application of disciplinary measures and strengthening cooperation with the drug control agency. Through small scale initiatives, OSCE is mainly providing an *ad hoc* consultancy, training and seminars. Cooperation shall be sought with NGOs and international organizations carrying out monitoring missions to detention facilities for torture and ill-treatment cases.

Under this Action coordination with international donors and partners shall be ensured through regular meetings of the Donors Partner Cooperation Council working group (DPCCWG) on Rule of Law (RoL) and Human Rights (HR). At present the DPCC WG on RoL and HR meets once per month to exchange information on the work done by each member, to build synergies designing complementary activities among international donors and partner and also plan joint activities in specific areas. The work DPCCC WG on RoL and HR, currently, chaired jointly by UNDP and OHCHR office in Bishkek, is expected to be kept in place at the time of implementing the present Action.

3.3 Cross-cutting issues

Corruption: The present Action will address corruption through improving anti-corruption analysis of the draft laws and delivering training courses to state officials, judicial staff, prosecutors and lawyers. The civil society component shall allow for awareness raising campaigns of the population as well as professionals (judges, prosecutors, police or lawyers) about the negative effects of corruption and measures adopted to prevent and combat it, or through investigation and publication of corruption cases.

Human Rights: A human-rights-based approach will be applied throughout all the activities. The assistance to analysing the draft legislation shall contain review of provisions prone to lead to violations of human rights; training to judges, prosecutors, lawyers and prison staff shall contain subjects on human rights, courses on prevention and prosecution of torture and other ill-treatment by the law-enforcement authorities; the national strategies shall also be reviewed from that perspective. The Action shall pay attention also to raising legal awareness and improving access to justice of the population in particular of vulnerable groups such as women and girls, people with disabilities, etc.

Gender: Based on the principles of the EU Gender Action Plan 2016-2020, and in line with the National Strategy on Gender Equality up to 2020 and the latest country report of the

Committee on the elimination of Discrimination against Women (CEDAW)⁷ the present Action shall help promote better understanding of women's rights and contribute to address deep-rooted stereotypes about roles and responsibilities of women in the society, implying subordination of women. By raising legal awareness of the population and contributing to improve access to justice, the action shall help limit practice and acceptance of de-facto polygamy, early marriages, trafficking of women and bride kidnapping, in particular in the countryside. As a result, women with better access to free legal aid, available in loco and better understanding of their rights shall have a stronger voice to claim their rights.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The overall objective is to improve justice and rule of law strengthening the capacity of institutions to deliver and the capacity of citizens to claim their rights through modernising **the legislative process** and improving the work of **judiciary** and **prosecution**.

Regarding the **legislative process** the objective is to modernise the legislative process at government level and to improve the quality of primary and secondary legislation in the area of rule of law, building the capacity to scrutinise the already adopted legal acts for correction of legislative collisions and gaps, and to assist the Government's legal department and Ministry of Justice with reviewing the specific legislation assigned to it.

In the **judiciary** the purpose is to enhance independence, transparency and accountability, efficiency, accessibility and trustfulness of the courts; to enforce court decisions in civil matters, enhance the fight against corruption in the judiciary and to strengthen the capacities of the Constitutional Chamber.

For the **prosecution** the objectives are to strengthening the capacity of prosecutors, developing a strategy in line with relevant international standards, improving the operations of the training centre for the prosecutorial staff and advise the prosecution on introduction of an automated information system.

Expected results

Component 1:

- Gaps, conflicts and corrupting clauses removed from the legislation;
- Quality of draft regulations improved and shortcomings in the draft laws reduced;
- Capacity to coordinate the work on law drafting process at the Government's Legal Department office increased;
- Capacity to carry analysis and expertise of laws and to prepare draft legal acts at the Ministry of Justice's Department for Law Drafting and Analysis increased;
- Guidelines and software tools to modernise the legislative process introduced;
- Legal awareness of the population, with particular attention to vulnerable groups, increased through education and information;

⁷ http://tbinternet.ohchr.org/_layouts/treatybodyexternal/TBSearch.aspx?Lang=en.

- Access to justice of the population, with particular attention to vulnerable groups, further enhanced;
- Free legal aid to population largely available.

Component 2:

- Professionalisms and impartiality of judges enhanced through more transparent recruitment procedures and the establishment of pre-posting training;
- Training to judges delivered on regular basis and capacity of the Training Centre for judges increased;
- Transparency of court decisions improved through the extensive use of IT tools to publish court decisions on dedicated websites accessible to the population and through a system of monitoring of trials in place;
- Enforced court decisions in civil matters increased through the use of efficient IT tools and database;
- Level of corruption in the judiciary sector reduced;
- Trust of the population in the formal justice increased.

Component 3:

- More professional, efficient and compliant with human rights standards prosecution services;
- Automated information system introduced and used by the prosecutors' offices;
- Training to prosecutors delivered on regular basis;
- Capacity of the Training Centre for prosecutors increased.

Concerning all Components:

- Civil society organisations more capable to engage the authorities through the work of the Public Councils;
- Public Councils having established stronger ties with civil society and media, monitoring and reporting on the implementation of the judicial reform and the actual benefits for the citizen;
- More attention paid to rights of vulnerable groups through awareness raising campaigns, free legal aid and access to justice improved.

4.2 Main activities

Under the present Action the list of main activities include (the list is not exhaustive):

Component 1:

- Provide assistance to review and advice Parliament and Government on primary and secondary legislation to complete and implement the judicial reform;
- Provide assistance by direct participation at relevant working groups in charge of detecting legal collisions and legal gaps in the legislation;
- Provide specialist advice on legal drafting, increase resources for law drafting skills and delivery of training to Legal Department of the Government Office, the Ministry of Justice and legal departments of other national institutions;

- Assist in introducing guidelines and software tools to modernise the legislative process at Government level;
- Assist the Ministry of Justice to ensure access to justice and free legal aid to the population and help raise awareness of the population on legal matters, paying particular attention to rights of vulnerable groups;
- Involve the Public Councils, civil society organisations and media in overseeing the implementation of the judicial reform;
- Strengthen the work of Public Council vis-à-vis the authorities in the area of Rule of Law and improve the ties with civil society and media organisations.

Component 2:

- Provide assistance to review relevant legislation on independence, recruitment, pre-posting and regular training of judges and court staff to strengthen impartiality, professionalism and transparency of court decisions;
- Provide technical advice on procedures to select, to ensure career advancement and assessment of courts' staff;
- Deliver training of trainers for capacity building of the Training Centres for Judges and contribute to pre-posting training and regular training for judges and court staff;
- Extend the introduction of e-justice to as many courts as possible out of 74 courts and help building a court management system to ensure a random allocation and balanced workload of cases among courts;
- Supply on need basis equipment and software;
- Contribute to build, consolidate and manage a database of debtors for the smooth enforcement and monitoring of court decisions in civil matters;
- Assist the Constitutional Chamber to strengthen its present role and functions.

Component 3:

- Provide technical assistance and expert advice to the General Prosecution office in drafting the new Strategy;
- Strengthen the activity of the Training Centre for Prosecutors and deliver training on human rights, anti-corruption and other cross-cutting subjects;
- Supply elementary equipment to the most disadvantaged prosecution offices;
- Provide technical advice for the introduction of a modern unified automated information system (e-workflow) for prosecutors;
- If appropriate, contribute to establish the new institute of justice foreseen in the draft Criminal Procedural Code, "judges of investigation", providing technical assistance, expert advice and delivering training as needed.

4.3 Intervention logic

The judicial reform in the Kyrgyz Republic was kick started by the a presidential decree of August 2012 followed by the establishment of a Council for the Judicial reform that gave birth to the creation of working groups in charge of amending administrative, civil, criminal codes and other relevant laws⁸.

⁸ See http://www.president.kg/ru/apparat_prezidenta/reformirovanie_sudebnoj_sistemy/.

At the time when the present Action will be implemented – early 2018 - the amendments to the current legislation will have been adopted and attention shall be paid to implementing the judicial reform by detecting legal collisions and contradictions with existing legislation and legal gaps. Implementing norms (i.e. secondary legislation) will need to be developed too. Specialist skills in legal analysis, expertise and legal drafting will need to be developed at Government level ensuring also efficient coordination with the relevant Parliamentary committee. Awareness of the citizens in legal matter will need to be raised. Legal awareness of the population shall also empower women and other vulnerable groups to better claim their rights.

The court system will necessitate continued assistance to become more independent and professional, ensuring better transparency, accountability and enforcement of court decisions, the latter in particular in civil matters. Independence shall be based on solid financial independence. Professionalism shall be based on transparent recruitment procedures, adequate professional training both at pre-posting phase and on regular basis also for career development purposes. Enforcement of court decisions in civil matters shall be achieved by consolidating and managing a database of debtors and allowing the bailiffs to get the necessary legal access to the database. More independent, professional, transparent and accountable court system shall also help reduce corruption in the judiciary sphere.

The prosecution function shall focus on assisting the prosecution office with drafting and monitoring of a new development strategy and corresponding action plan with regard to the international standards, reviewing recruitment, career advancement, financial, reporting and other policies and structures. It shall provide assistance to the training centre for prosecutors, including drafting the corresponding training plan and curricula on human rights, probation and other topics, supplying some elementary equipment, improving the PR management. If needed attention shall be paid to the establishment of the "judges of investigation" adapting the Action to the changes that this new institute may have on the prosecution process.

The involvement of civil society through the work of the Public Councils and other ways of interaction with the authorities to oversight the implementation of the judicial reform is essential to gain independent information on the actual implementation of the reform, collect feedback on the benefits perceived by the population, including particularly vulnerable groups, and to raise legal awareness of the population.

Given the depth and complexity of the judicial reform, the Action shall keep the necessary flexibility and capacity to adapt to new needs that may emerge at the time of implementation of the Action.

Lessons learnt and recommendations resulting from the mid-term and, in particular, the final evaluation of ROLPRO1, expected to become available during the second half of 2016 (mid-term evaluation) and at the end of 2017 (final evaluation), shall be duly reflected in the implementation of the present Action.

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement. The duration of the implementation period is justified by the complexity of the work to be carried out in all three Components. Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Not applicable

5.4 Implementation modalities

5.4.1.2 Grant: direct award *Promoting Rule of Law in the Kyrgyz Republic phase 2* (direct management)

Similarly to ROLPRO 1, under the proposed action it may be envisaged to sign grant contract(s) for the implementation of **Component 1, 2 and 3** between the European Union, represented by the European Commission, and the consortium of EU Member States' public bodies which is currently implementing ROLPRO1⁹ and which has gained experience working with Parliament, Government Office, Ministry of Justice, the Office of the General Prosecutor; Supreme Court; Council on Selection of Judges; Training Centre for judges, prosecutors and lawyers; etc.

a) Objectives of the grant, field of intervention, priorities of the year and expected results

See section 4.1

b) Justification of a direct grant

The direct award is justified on the basis of Article 168.1 (f) of the IR of the Financial Regulation. Indeed, only the competent services of the EU Member States have the necessary technical competence, degree of specialisation and administrative power to work and provide capacity-building in the area of Rule of Law and judiciary training and other related issues, and the actions of the project do not fall within the scope of a call for proposals. Due to the sensitivity of the theme, access to the relevant beneficiary institutions can be built in the best way by European peer institutions. Moreover, the use of an EU Member States' consortium will also ensure a maximum degree of EU visibility.

d) Essential selection and award criteria

⁹ Deutsche Gesellschaft für Internationale Zusammenarbeit (Development aid agency) as "Coordinator"; Danish Institute for Human Rights (National Human Rights Institution), Deutsche Stiftung für Internationale Rechtliche Zusammenarbeit (Association funded by the German Federal Ministry of Justice), Justice Coopération Internationale (Grouping of public interest), Ludwig Boltzmann Gesellschaft Österreichische Vereinigung zur Förderung der wissenschaftlichen Forschung (Association) as consortium members; International Development Law Organization (International organisation) as consortium partner.

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design; effectiveness; feasibility; sustainability and cost-effectiveness of the action.

e) Maximum rate of co-financing : 0 % maximum co-financing

f) Indicative trimester to conclude the grant: First quarter 2018

5.4.1.2 Grant: direct award *Promoting Rule of Law in the Kyrgyz Republic phase 2* (direct management)

An amount of EUR 800,000 shall be set aside to implement Communication and Visibility actions and to carry out Audits and Evaluations

Subject in generic terms, if possible	Type (works, supplies, services)	Indicative number of contracts	Indicative trimester of launch of the procedure
Communication and Visibility	Services	One	Second trimester 2018
Evaluation (mid-term and final)	Services	One	First trimester 2019
Audit	Services	One	First trimester 2021

5.5 Scope of geographical eligibility for procurement and grants

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

5.6 Indicative budget

	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
Direct grant "Promoting Rule of Law in the Kyrgyz Republic phase 2 (direct management)	12,200,000	N.A.
Procurement – total envelop under section 5.4	12,200,000	N.A.
Evaluation, Audit	400,000 150,000	N.A.
Communication and visibility	250,000	N.A.
Totals	13,000,000	N.A.

5.7 Organisational set-up and responsibilities

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

5.8 Performance monitoring and reporting

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

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

5.9 Evaluation

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

The mid-term evaluation will be carried out for learning purposes, in particular with respect to assess the implementation of the current Action and to analyse the feasibility of a budget support to the judicial reform for the following phase of Rule of Law under the MIP 2014-2020.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the planned implementation of a follow-up phase of Rule of Law under the MIP 2014-2020.

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

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and

recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, one contract for evaluation services shall be concluded under a framework contract in February-March 2019.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in February-March 2021.

5.11 Communication and visibility

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

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

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

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

Indicatively, one contract for audit services shall be concluded under a framework contract in April-March 2018.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹⁰

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	The overall objective is to improve justice and rule of law strengthening the capacity of institutions to deliver and the capacity of citizens to claim their rights through modernising the legislative process and improving the work of judiciary and prosecution.	World Bank's Worldwide Governance Indexes (average scores): Rule of Law** Control of Corruption** Voice and Accountability**	12.8 (2013)** 11.5 (2013)** 30.3 (2013)**	20 (2020) 20 (2020) 35 (2020)	World Bank's Worldwide Governance Indexes	The WB index sets the operational context in which the results of EU external assistance should be seen. Progress at this level is by its nature slow. The corruption indexes comprise also other than the sectors targeted by this Programme.
		World Justice Project Rule of Law Index Overall score Global rank	0.45 (2014) 78/99	0.50 (2020) 62/99	WJP RoL Index	
		Transparency International's Corruption Index*	154 (2012)*	Dynamic change* 145 (2020)	Transparency International's Corruption Index	
		Annual damage from corruption*	30mld KGS (2012)*	25mld KGS (2016)*	Report on GPPT	

¹⁰ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

Specific objective(s): Outcome(s)	Legislative Process To modernise the legislative process at government level and to improve the quality of primary and secondary legislation in the area of rule of law, building the capacity to scrutinise the already adopted legal acts for correction of legislative collisions and gaps, and to assist the Government's legal department and Ministry of Justice with reviewing the specific legislation assigned to it	Annual number of legislative acts submitted to the legal, human rights, ecological, gender and anti-corruption expertise*	233 (2012)*	200 (2016)* <i>200 (2020)¹¹</i>	Report on GPPT	The Ministry of Justice shall remain strongly committed to improving the legislative basis, even though the quality of the legislation shall also depend on parliamentarians' initiatives.
		Quality of legislative acts submitted to removal of collisions, gaps and corruption-prone provisions*	70 (2012)*	30 (2016)* <i>30 (2020)</i>		
	Judiciary To enhance independence, transparency and accountability, efficiency, accessibility and trustfulness of the courts; to enforce court decisions in civil matters, enhance the fight against corruption in the judiciary and to strengthen the capacities of the Constitutional Chamber.	Country's rating in the Global Index of Competitiveness of the World's Economic Forum (ref. to independence of judiciary)*	126 (2012)*	113 (2017)* <i>113 (2020)</i>	Global Index of Competitiveness	The judiciary shall remain committed to the fulfilment of the ambitious plans it set.
		Share of complaints of external influence*	20% (2012)*	0% (2017)* <i>10% (2020)</i>	Judiciary's statistics with reference to the Target Development Programme and Action Plan for the Judiciary.	
		Share of the executive's influence on judiciary's financing*	100% (2012)*	0% (2017)* <i>50% (2020)</i>		
		Share of the PR managers trained*	0% (2012)*	100% (2017)* <i>70% (2020)</i>		
		Share of judges received professional and deontological training*	0% (2012)*	100% (2017)* <i>90% (2020)</i>		
		Share of judicial staff received professional and deontological training*	0% (2012)*	100% (2017)* <i>90% (2020)</i>		

¹¹ Figures with "*" sign refer to goals set by the national programmes. Figures in *italics* refer to realistic expectations.

	<p>Rating of judges (through sociological surveys) on a 10 points scale: 1. Unsatisfactory 2. Satisfactory 3. Good 4. Excellent*</p>	<p>50 30 15 5* (2017)*</p>	<p>0 40 40 20 (2017)*</p>	<p>30 30 30 10 (2020)</p>		
	Number of judges and judicial staff received training on special categories of cases*	0% (2012)*	100% (2017)* 70% (2020)			
	Improvement of enforcement of judicial decisions*	0% (2012)*	100% (2017)* 30% (2020)			
	Percentage of confidence of the civil society in the judiciary*	0% (2012)*	100% (2017)* 30% (2020)			
	Corruption in the judiciary*	60% (2012)*	0% (2017)* 45% (2020)			
	<p>Prosecution To strengthen the capacity of prosecutors, developing a strategy in line with relevant international standards, improving the operations of the training centre for the prosecutorial staff and advise the prosecution on introduction of an automated information system.</p>	<p>Prosecutorial Reform Index by American Bar Association Correlation trends (No of Negative / Neutral / Positive) - Qualifications, Selection and Training - Professional Freedoms and Guarantees - Prosecutorial Functions - Accountability and Transparency - Interaction with Criminal Justice Actors - Finances and Resources</p>	<p>(2007) 1/3/0 1/2/2 5/0/0 1/4/0 4/0/1 2/2/0</p>	<p>(2020) 0/2/2 0/1/3 0/0/5 0/2/2 0/1/4 0/1/3</p>	American Bar Association's or a similarly developed index	The Prosecution shall be open to review its strategies and internal policies.
	<p>Cross-cutting objectives: Gender-based approach promoted</p>	<p>- Number and quality of legal acts passing gender expertise; - Number of women with better understanding of their rights; - Number of women with better access to justice;</p>	n/a	n/a	<p>Report about legislative activity; Reports from civil society organisations.</p>	

	Respect of human rights enhanced	- Number and quality of legal acts passing human rights expertise; - number of UN human rights recommendations implemented; - number of people with better understanding of their rights, including human rights.	n/a	n/a	Report about legislative activity; Reports from UN OHCHR; Reports from civil society organisations.	
	Anti-corruption measures adopted	- Number and quality of legal acts passing anti-corruption expertise; -Corruption indexes; - Status of accession to GRECO.	n/a	n/a	Reports about legislative activity; Report from Council of Europe , Transparency International, and other organisations, including state, international and non-state ones.	
Outputs	Legislative process <ul style="list-style-type: none"> • Gaps, conflicts and corrupting clauses removed from the legislation; • Quality of draft regulations improved and shortcomings in the draft laws reduced; • Capacity to coordinate the work on law drafting process at the Government's Legal Department office increased; • Capacity to carry out analysis and expertise of 	<ul style="list-style-type: none"> • Number of gaps, conflicts and corrupting clauses removed from the legislation; • Number of draft regulations improved; • Government's Legal Department office relevant staff with better capacity; • Number of staff working on analysis and expertise of 	Baseline data shall be collected during the initial phase of the implementation of the Action.	Data measuring progresses to be achieved as a result of the implementation of the present Action shall be agreed at the stage of signature of relevant grant contract and be finalised during the initial stage of implementation of the Action (against baseline	<ul style="list-style-type: none"> • Analytical reports on legislation. • Expert reports on quality of legislation. • Feedback from Legal Department relevant office staff; • Feedback from the relevant Ministry 	Expertise shall be provided through the participation at ad working groups tasked with reviewing, analysing and providing expert advice on the relevant legislation. Working groups shall include members of the relevant Ministries, led by

	<p>laws and to prepare draft legal acts at the Ministry of Justice's Department for Law Drafting and Analysis increased;</p> <ul style="list-style-type: none"> • Legal awareness of the population, with particular attention to vulnerable groups, increased through education and information; • Access to justice of the population, with particular attention to vulnerable groups, further enhanced. <p>Judicial reform:</p> <ul style="list-style-type: none"> • Professionalisms and impartiality of judges enhanced through more transparent recruitment procedure and the establishment of pre-posting mandatory training; • Transparency of court decisions improved through the extensive use of IT tools to publish court decisions on dedicated websites accessible to the population and through a system of monitoring of trials in place; • Training to judges delivered on regular basis and capacity of the Training Centre for judges 	<p>laws with better capacity;</p> <ul style="list-style-type: none"> • Number of persons with a better awareness of legal matters, including vulnerable groups of population. • Number of persons with better access to justice, including vulnerable groups of population. • Number of judges recruited; • Number of judges trained; • Feedback from the judges; • Number of court making use of e-justice; • Number of judges trained regularly on annual basis; 		<p>data).</p>	<p>of Justice's staff;</p> <ul style="list-style-type: none"> • Peer review of legal documents; • Feedback from people exposed to legal awareness campaigns; • Feedback from people having better access to justice; • Reports about selection of judges; • Feedback from trainees; • Courts' report about use of e-justice; • Feedback from trainees; • Training plan and curricula; 	<p>the Government legal department and by the Ministry of Justice as appropriate. Good cooperation to be established with other donors, in particular with UNDP.</p> <p>Good cooperation with other international partners shall be sought, in particular with IDLO, which has substantial experience working with courts.</p> <p>As for the enforcement of court decisions in civil matters, good cooperation between the relevant offices is expected to build and maintain a shared database</p>
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	<p>increased.</p> <ul style="list-style-type: none"> • Level of corruption in the judiciary sector reduced; • Enforced court decisions in civil matters increased through the use of efficient IT tools and database; • Trust of the population in the formal justice increased. <p>Prosecution:</p> <ul style="list-style-type: none"> • More professional, efficient and compliant with human rights standards prosecution services; • Automated information system introduced and used by the prosecutors' offices; • Training to prosecutors delivered on regular basis and capacity of the Training Centre for prosecutors increased. <p>Cross-cutting issues</p> <p>Gender-based approach:</p> <ul style="list-style-type: none"> • Gender expertise carried out for all legal acts; 	<ul style="list-style-type: none"> • Country perception index; • Number of court decisions published; • Trust index in Justice. • New investigative practices introduced; • Number of relevant staff of the prosecutor offices using the automated information system; • Number of people trained; • Feedback from trainee; • Feedback from the Training Centre for prosecutors. • Quality of gender expertise; 			<ul style="list-style-type: none"> • Feedback from people collected; • Text of decisions; • Trust index report; • Feedback from prosecution's offices; • Reports about the use of automated information system; • Feedback from trainees; • Feedback from the Training Centre for prosecutors. • Report from civil society organisations. 	<p>accessible by bailiffs.</p> <p>The Prosecution shall be open to review its strategies and internal policies.</p> <p>Promoting better understanding of women's and girls' rights shall contribute to address</p>
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	<ul style="list-style-type: none"> • Women and girls with a better understanding of their rights as a result of legal awareness campaign; • Women and girls with better access to justice. <p>Respect of human rights:</p> <ul style="list-style-type: none"> • Human rights expertise carried out for all legal acts; • UN recommendations implemented. <p>Anti-corruption:</p> <ul style="list-style-type: none"> • Anti-corruption expertise carried out for all legal acts; • Awareness raising campaigns about negative effects of corruption carried out; 	<ul style="list-style-type: none"> • At least 50% of people exposed to legal awareness campaigns are women and girls; • At least 50% of the persons that receive free legal aid are women and girls; • Reduced number of early marriages, cases of polygamy, of trafficking of women and bride kidnapping; <ul style="list-style-type: none"> • Quality of human rights expertise; • Number of UN recommendation actually implemented and external review about degree of implementation available. <ul style="list-style-type: none"> • Quality of anti-corruption expertise; • Number of persons exposed to raising awareness campaigns about negative effects of corruption reached. 			<ul style="list-style-type: none"> • Report from human rights organisations. • Reports/review by UN bodies. <ul style="list-style-type: none"> • Reports civil society organisations. 	<p>deep-rooted stereotypes about roles and responsibilities of women in the society, currently implying subordination of women.</p> <p>The Government is committed to implement the UN recommendations.</p> <p>The Government remains committed to fight corruption.</p>
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This action is funded by the European Union

ANNEX 2

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

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

1. Title/basic act/ CRIS number	Integrated Rural Development Programme (IRD) Financed under the Development Cooperation Instrument ACA/2016/039-486
2. Zone benefiting from the action/location	Kyrgyzstan. Jalalabad Region
3. Programming document	Multi-annual Indicative Programme for the Kyrgyz Republic, 2014-2020
4. Sector of concentration/ thematic area	Rural Development DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 11,000,000 Total amount of EU budget contribution EUR 10,000,000 This action is co-financed in joint co-financing by GIZ for an amount of EUR 1,000,000
6. Aid modalities and implementation modalities	Project Modality Indirect Management through Delegation Agreement

7. DAC code(s)	31120 Agriculture development 31130 Agriculture land resources 31140 Agriculture water resources 31150 Agriculture inputs 31161 Food crop production 31163 Livestock 31165 Agricultural alternative development 31191 Agricultural services 31194 Agricultural cooperatives 52010 Food aid/Food security programs 32130 SME Development			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	X	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	X	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>

SUMMARY

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

The Kyrgyz Republic remains one of the poorest countries in Central Asia and the economy is highly dependent on a limited number of sectors. In terms of the number of people depending on it, agriculture is one of Kyrgyzstan's most important economic sectors and one of the major problems faced by rural communities is the lack of possibilities for income generating activities.

The **overall objective** of the proposed programme is to assist the government of the Kyrgyz Republic to improve the conditions for poverty alleviation in rural areas through local economic and social development. The **specific objective** is to support rural income generating activities to stimulate the local economy and human development.

The support to be provided will be aimed at addressing rural development and is to be channelled to the rural population (represented by community-based organisations) through Civil Society Organizations (CSOs) which will be closely involved in the implementation of project activities.

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

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

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

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

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

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

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Although the Kyrgyz Republic has made significant progress in poverty reduction over the last decade, these developments stagnated in recent years though. **Poverty is still a very serious challenge** for the Government and 30.6% of Kyrgyzstan's population lives below the poverty

line¹ with 66% of the poor prevailing in the rural areas, with women and children being the most vulnerable. Regional imbalances remain high, with Bishkek, Chui and Issyk-Kul regions being more developed, while others struggle with chronic poverty that reaches 70% in specific areas (Batken, Jalal-Abad and Naryn regions), and poverty strikes hardest in rural areas.

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

The agricultural sector continues to be key and is to some extent the backbone of the Kyrgyz Republic's economy, contributing with around 20 % of the total GDP² in recent years (highest share of the agricultural sector in total GDP in the region) and occupying around 35% of the total labour force. The Kyrgyz agricultural system is marked by low levels of concentration and thus high levels of dispersion of activities and crops, with only wheat, potatoes and cattle being exceptions to a certain degree. Marketing of fresh and processed agricultural products is poorly organized, most farmers being small-scale producers with limited and inhomogeneous production that is neither suitable for export nor for processing in the country. On the one hand, there is a high demand for vegetables from processing companies and fresh markets, on the other hand most farmers lack information on the required types and quality of products. At the same time, fresh product imports from China and other neighbouring countries are increasingly dominating the domestic market. Cotton, tobacco, wheat, sugar, potatoes, beet, wool and meat are the main agricultural products, although only tobacco and cotton are exported in significant quantities.

The agricultural sector currently faces significant challenges. Only about 7 % of approximately 198.500 km² of land area in Kyrgyzstan is arable. The **level of human capital** can be considered as low because many of those employed in agriculture do not have adequate skills and generally have a low level of education. The **rural infrastructures** for transportation, storage and irrigation are inadequate. It is estimated that approximately 15% of the produce is spoiled before it reaches the market due to inadequate storage facilities. The **size of commercial farms** is generally modest and farms face difficulties receiving support services (the average farm size varies from 3 to 20 ha).. **Low investment** in the agricultural sector constrains growth for all stakeholders in the supply chain and only few farmers are integrated in modern supply chains. **Foreign Direct Investment in the Kyrgyz economy is low** compared to the other countries in the region. There are serious concerns for **food safety and quality**. Other challenges faced by the sector include the **decline in the quality of seed and livestock** breeding material and the very **poor state of agricultural equipment and machinery**.

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

¹ National Statistics Committee (NSC), 2014

² CIA World Factbook

especially in Jalalabad Region because of its high rate of poverty (45,1% according to National Statistics in 2015), high population density and potential ethnic conflicts.

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

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

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

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

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

³ Travel & Tourism Economic Impact 2015, Kyrgyzstan, World, Travel & Tourism Council

⁴ Asian Development Bank, Private sector assessment, Kyrgyz Republic, 2013

1.1.1 Public Policy Assessment and EU Policy Framework

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

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

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

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

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

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

The 2030 Agenda for Sustainable Development sets out the global framework to eradicate poverty and achieve sustainable development by 2030. Through this programme, the EU is also determined to implement the 2030 Agenda and to participate actively in the implementation of the **Sustainable Development Goals, SDGs** (mainly goals on Poverty, Food Security and Sustainable Agriculture, Women, Economy, Infrastructure, Climate, Sustainability).

The program is also fully consistent with the political objectives of the **EU Strategy for Central Asia** which reaffirmed in the Council conclusions of 22 June 2015 the crucial importance of good governance, in particular the need to strengthen the capacity of public administration and local authorities to promote sustainable economic and social development and the transparent management of public resources in Central Asia (point 8). The program is also targeting point 10 of the Council conclusions on the need to increase exchange of experience and know-how in innovative technologies, notably in agriculture and rural development, to encourage the sustainable development of the region.

1.1.2 Stakeholder analysis

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

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

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

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

prepare, implement, operate and maintain their village level development projects, aided and facilitated by the CSOs and training made available under Component 1 of the project.

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

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

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

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

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

This project will directly improve the capacity of farmers and rural population to improve their income generating capacities in on- and off-farm segments, as well as the added benefit of increasing the availability of affordable food to the population and improved access to internal and external markets. The project thus equips farmers and rural communities with the skills and knowledge required for sustainable production and increasing income.

The project will address these concerns and directly complement the capacity of these main stakeholders, providing necessary input in terms for improving livelihood and income generating as well as capacity building for all the stakeholders through all the aspects of social and economic life.

1.1.3 Priority areas for support/problem analysis

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

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

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

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

The **absence of small and medium size enterprises (SMEs)** in agribusiness is a major obstacle to increasing agricultural productivity and growth, leaving farmers with few opportunities to sell their produce. Agribusiness SMEs are practically non-existent, despite apparent opportunities.

The commitment of EU in Kyrgyzstan to improve Justice, Rule of law and Fight against corruption underlined in the MIP should allow improvement of business activity and sustainable development in the country.

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

	High income generating potential		
Socioeconomic impact	Low	Medium	High
High	--	Tourism	Articles of apparel
Medium–high	Handicrafts	<ul style="list-style-type: none"> • Fruits, vegetables and nuts • Dairy products 	<ul style="list-style-type: none"> • Processed fruits and vegetables • Bottle of Mineral waters
Medium	--	Information technology services	Cotton
Low–medium	Wool and animal hair	Raw hides and skins and live animals	Mineral fuels and metals
Low	--	--	--

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

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

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

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

The future economic and social development of Kyrgyzstan is inextricably linked to its ability to adopt relevant environmental policies, and sustainable approaches for exploiting its significant natural resources. As targeted in the NSDS, the Government is keen to strengthen **environmental protection** regarding the threats faced by the country as retreating glaciers (attributed to global warming), inefficient water use for irrigation (intensive irrigation for agriculture is reducing river volumes and putting obvious strains on water users in down-stream

locations), soil erosion and degradation, contamination of water sources (poor sewage treatment and absence of proper waste disposal sites for hazardous substances), legacy of mining activities. Kyrgyzstan is extremely vulnerable to the climate change impact and the NSDS includes measures for mitigating impact of climate change and reducing ecological consequences of economic activities.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political or social instability in the Kyrgyz Republic or in CA region may affect project implementation;	M	Political and economic situation is closely monitored by the Delegation and will be by project team in order to ensure adequate response strategy for any changes. Moreover, the progressive improved access to social services and facilitated economic development shall mobilise ownership of the local communities and contribute to improvement stability at local level;
Staff turnover at central and regional level of the government authorities could lead to delays in the project implementation;	M	Close collaboration with key government staff at local and national level to create and sustain institutional memory, and thus ensure continuity without big delay in project implementation;
Local authorities might not want to partner and coordinate with the Implementing partners.	L	Implementation will be by NGOs/CSOs that have long standing experience in working with local communities, in partnering and coordinating programmes with local authorities.
Duplication of activities at district level.	L	Coordination with local authorities and other development partners engaged in development activities in the area during development of proposals/actions by applicants will be defined clearly in the guidelines
Assumptions <ul style="list-style-type: none"> • Commitment of the Kyrgyz Republic and the European Union to poverty alleviation remains high and a constant dialogue is ensured; • Delegations will retain the capacity and resources to build relations and cooperate with implementing partners and stakeholders across the country; • Regional administrations and local authorities are able to provide necessary support to project operations. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The EU already has positive experience in the implementation of a number of projects rewarded through Calls for Proposals aimed at poverty alleviation and rural community development, particularly in the southern regions of Kyrgyzstan. The efficiency of the community-based approach has been proven by a number of projects aimed at poverty

alleviation initiated by the EU Delegation to the Kyrgyz Republic under DCI-ASIE AAPs 2007-2011, CSOs-LA thematic programmes AAPs 2008-2014. The previous experience acknowledged that the activities towards poverty alleviation in rural areas should be accompanied by initiatives that help to boost income generating activities. In the medium and long-run, this has a long-lasting social impact which will improve the well-being of rural people.

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

The key lessons learnt can be summarised as follows:

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

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

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

and attention to income-generating activities. Attention will be paid to supporting the government's efforts in preventing and eliminating child labour.

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

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

3.2 Complementarity, synergy and donor coordination

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

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

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

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

The World Bank is one of the major investors in the improvement of the national governance system, agriculture, irrigation, livestock development and dairy sector. FAO has increasingly responded to governmental requests for advice on conceptual support (policy and strategy) and

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

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

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

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

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

food, nutrition security and sustainable agriculture (FNSSA) in Kyrgyzstan through the following actions:

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

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

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

3.3 Cross-cutting issues

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

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

⁵ <http://data.worldbank.org/indicator/SP.HOU.FEMA.ZS>

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

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

4 DESCRIPTION OF THE ACTION

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

4.1 Objectives/results

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

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

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

The **expected outputs** are:

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

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

4.2 Main activities

The income generating activities support will cover:

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

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

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

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

- Identify opportunities for group-managed business and income-generating in the local conditions;

- Support the community based organisations (CBO) to participatory methodologies, management and organisation, community leadership, participation and ownership mechanisms;
- Skills to develop strategic development planning for CBO based on identification of needs, assessing development potential in their own territory, setting priorities, participation in local development planning with local authorities and local decision-making bodies;
- Strengthen business development and access to micro-finances;
- Promote rural infrastructure planning, operation and maintenance;
- Trainings on internal monitoring process and evaluation;
- Support to information access from Local authorities
- Communication of processes and results (public relation)
- Designing a coherent exit strategy for support which considers long-term ownership issues

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

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

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

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

4.3 Intervention logic

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

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

The steering and management structure allows the implementing agent to manage a quantity of contracts / project packages in pilot regions in Oblasts of Southern Kyrgyzstan. Individual CSO-

grant contracts could combine and package several successfully selected calls for proposals of a number of CBOs. For targeting small CBO and grassroots organisations, **the size of sub-grants should be included indicatively between 30.000 euros and 250.000 euros.**

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

5 IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

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

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

5.3 Not applicable to project approach.

5.4 Implementation modalities

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

This action may be implemented in indirect management with **Deutsche Gesellschaft für Internationale Zusammenarbeit Company (GIZ)** in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails "Support rural income generating activities to stimulate local economy and social development initiatives". This implementation is justified because Germany is the only EU Member State with a significant

presence in the rural development/agricultural sector in Kyrgyzstan. GIZ has been developing for several years adapted approaches for the participatory and sustainable management of natural resources in Kyrgyzstan, and has been implementing projects focused on direct support for communities. The entrusted entity would carry out the following budget-implementation tasks:

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

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

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

5.5 Scope of geographical eligibility for procurement and grants

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

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

5.6 Indicative budget

	EU contribution EUR	Indicative third party contribution , in EUR
5.4.1.1. – Indirect management with GIZ agency	9,800,000	1,000,000
5.9 – Evaluation, 5.10 - Audit	150,000	

5.11 – Communication and visibility	50,000	
Total EU contribution	10,000,000	
Total budget	11,000,000 EUR	

5.7 Organisational set-up and responsibilities

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

The implementing agency will mobilise a **Project Team Unit** (about 10 people including 2 international experts) fully dedicated to the implementation of the program:

- 1 Project leader (one of BMZ project leaders, international)
- 1 Head of Finance and Administration (funds management; seconded expert; fulltime, international)
- Operational management of the Calls for Proposals (national staff)
- Financial administration (national staff)
- Contract administration (national staff)
- Capacity Development for CBO (national staff)
- Supervision, M&E (national staff)
- Communication and visibility management (national staff)
- Auxiliary staff for 2 Offices (national staff)

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

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

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

5.8 Performance monitoring and reporting

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

employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

5.9 Evaluation

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

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

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

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

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

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services might be concluded under a framework contract in February-March 2021.

5.11 Communication and visibility

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

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

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

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

Indicatively, one contract for communication and visibility might be concluded.

6 APPENDIX - INDICATIVE LOGFRAME MATRIX

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

	Results Chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall Objective: Impact	Support poverty alleviation in rural areas of Kyrgyzstan through local economic and social development	1.2 Percentage of population (households) living below the poverty line** (EURF level 1 #1)	Baseline will be 2017 (when the core activities start): data will be incorporated once available (in 2018). <i>Current baseline 2015: 45.1 % in Jalalabad Region</i> <u>Source:</u> National Statistics Committee report "Poverty level in Kyrgyz Republic in 2015")	Year 2020: reduced at least by 5 % percentage points compared to baseline.	<u>Source:</u> National statistics reports (namely annual reports on "Poverty level in Kyrgyz Republic")	
Specific Objective	Support rural income generating activities to stimulate local economy and social development initiatives	Average per capita income in targeted area (Jalal Abad Region)*	Baseline will be 2017 (when the core activities start): data will be incorporated once available (in 2018). <i>Current baseline 2015: Kyrgyz Soms 3.322 (about EUR 45)</i> Annual National Statistics Committee report "Standards of living of population in KG".	Year 2020: At least 10% increase compared to baseline.	<u>Source:</u> Annual National Statistics Committee reports (Namely "Standards of living of Population in KG").	- The Government of KG, the EU and other donors remain committed to the strategic goals of the CDS and are supportive of projects pursuant to these aims - The Government of KG remains committed to the implementation of priorities or rural development
Output 1	Livelihoods of people living in the targeted rural	1.1 Unemployment rate in targeted area (Jalal Abad region)*	1.1 Baseline will be 2017 (when the core activities start):	1.1 Year 2020: reduced at least by 0.5% percentage points	1.1 <u>Source:</u> Annual National Statistics Committee report	-The political and economic climate in the country and in the region

	communities improved through increased employment and incomes for poor rural dwellers		<i>Current baseline 2014: 7.6%</i> <u>Source:</u> Annual National Statistics Committee report "Standards of living of population in KG"	compared to baseline	"Standards of living of population in KR"	remains stable
		1.2 Number of woman-led households involved into the EU supported income generating activities and rural small scale commercial initiatives	1.2 Baseline 2017: 0	1.2 Year 2020: At least 400	1.2 <u>Source:</u> - Project documents reports - Training sessions minutes - Region and district records - Communities reports	- No major natural disasters or other disturbances to disrupt project. - National macro-economic situation is stable
Output 2	Community based organisations and local government authorities strengthened in their socio-economic capacities and better able to manage community development activities	2.1 Number of NGOs and CBOs supported in line with the topics specified	2.1 Baseline 2017: 0	2.1 Year 2020: at least 55	2.1 and 2.2 <u>Source:</u> - Project documents reports - Training sessions minutes - Region and district records - Communities reports	- Regional administrations are able to provide necessary support to project operations. - Good working relations between project and region and district authorities.
		2.2 Number of people receiving rural advisory services with EU support ** (EURF level 2 #7)	2.2 Baseline 2017: 0	2.1 Year 2020: at least 3.850		- Sufficient number of rural communities, NGOs and CBOs, small business willing to cooperate

- **: Indicators linked to the EURF
- *: Indicators linked to relevant national programming document