



European Union – Kyrgyz Republic Cooperation for Development

*20 years of the EU - Kyrgyzstan Partnership
and Cooperation Agreement
1995 – 2015*





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FOREWORD BY THE AMBASSADOR, HEAD OF DELEGATION TO THE KYRGYZ REPUBLIC

We are celebrating this year the 20 years of the signature of the EU-Kyrgyzstan Partnership and Cooperation Agreements. This is indeed an important landmark.

The purpose of this brochure is to make the readers aware of the important achievements we were able to secure in this period of time when Kyrgyzstan has been paying a heavy price in order to secure its role as an independent and democratic nation. The readers will

appreciate how intense, diversified and wide-ranging our relations became in the course of the years. Indeed we see these achievements as work in progress and we are confident that much more can and will be done in the years to come.

The period behind, full of intensive and comprehensive cooperation laid ground for further enhancement of relations and EU support to the Kyrgyz Republic in numerous areas. Within the broader EU Central Asia Strategy, the

Kyrgyz Republic will continue to be important, relevant and reliable partner of the Union. The EU's perspective towards relations with third countries through development and policies grounded in principles of cooperation is not only relevant in present day circumstances but from my point of view uniquely positions the EU in the context of the reforms Kyrgyz Republic is undertaking.

Only recently have the European Union and the Kyrgyz Republic signed the next Multi- Annual Indicative Programme 2014–2020 allocating to the Kyrgyz Republic 184 million Euros in grants. The Partnership and Cooperation Agreement between the European Union and Kyrgyz Republic offers many opportunities within which two partners can, on mutual benefit, share and enhance the common values, different, but equally interesting history, policies and practice.

Together with my staff, we are determined to build upon and enhance the good bilateral relations to a highly noticeable level of satisfaction between the peoples of the European Union and the Kyrgyz Republic.

I hope you will find this brochure interesting and that you can find on our website useful information and answers to many questions. Our website is here for interested public to stay informed about the many aspects of the Kyrgyz

Republic-EU cooperation: political dialogue that is gaining in importance against the background of strategic development in the region and beyond, and intense development cooperation with numerous projects.

Enjoy this brochure, come and visit the website often, and do also join us on our Facebook and Twitter accounts. You are also very welcome to give your suggestions there so that we can better respond to your information needs.

Sincerely yours,

Cesare De Montis

The EU and the countries of Central Asia

The EU has been engaged with the five countries in Central Asia from the very moment they gained their independence in the early 1990s. By 2007 these relations had developed significantly and revealed closeness of values and of economic and security interests. Against this background, in 2007 the European Council adopted «The EU and Central Asia: Strategy for a New Partnership». This strategy has strengthened ties in all areas through regular political dialogue - regular meetings of EU and Central Asian foreign ministers, dialogues on human rights and cooperation in education, rule of law, security, energy and transport, environment and water, threats and challenges that affect both sides (including border management and combating drug trafficking) and trade & economic relations.

The growing dynamics of the bilateral relations between the European Union and the countries of Central Asia confirm that there is a significant potential for strategic cooperation between the EU and the region.

The European Union has 4 delegations in Central Asia, in Kazakhstan, the Kyrgyz Republic, Tajikistan and Uzbekistan respectively.

The EU and the Kyrgyz Republic

Bilateral relations between the Kyrgyz Republic and the EU have been governed by a **Partnership and Cooperation Agreement (PCA)** since its coming into force in 1999. The PCA provides the legal framework for EU – Kyrgyz Republic cooperation and bilateral relations. The PCA is built upon three pillars: political dialogue, economic relations and cooperation in a variety of sectors, such as social, finance, science, technology, culture.

It sets the values of respect of human rights and democracy, upholding the international law and market economy as principal tenets both the EU and Kyrgyz Republic adhere to. The political dialogue between the two parties, as provided for in the PCA takes place on several levels: **Cooperation Council** is held at the ministerial level, **Cooperation Committee** at civil servants level

and **Parliamentary Cooperation Committee** at the level of the members of the Parliament.

Likewise, the EU and the Kyrgyz Republic are engaged in annual **Human Rights Dialogues** and **Civil Society Seminars**. On the regional level the Kyrgyz Republic, together with other Central Asian countries takes part within **European Education Initiative, EU Rule of Law Initiative** and regular **energy dialogue**.

Within the framework of the PCA the EU maintains a comprehensive **cooperation on development** with the Kyrgyz Republic, through which it provides considerable amounts of financial assistance for projects or budget support to the Government. The funds for this are granted from various legal «**instruments**» adopted by the EU's political institutions.

The bulk of the funds come from the **Development Cooperation Instrument (DCI)** from where funds are allocated to specific sectors through seven year regional and national indicative programmes (Multi-annual Indicative Programmes).

The Cooperation Framework

Regional Indicative Programme (RIP) for Central Asia 2014-2020

The RIP 2014-2020 allocates EUR 245 million to the 5 countries of Central Asia for the period 2014-2020. It prioritises support to sustainable regional development focusing on energy, water and environment and socio-economic development and envisages the reinforcement of regional security focusing on integrated border management and the fight against drugs and crime. It also foresees the establishment of a Technical Assistance Facility focusing on institutional, administrative, legal, economic reform and trade issues.

Multi-Annual Indicative Programme (MIP) for Kyrgyz Republic 2014-2020

The MIP 2014-2020 allocates **€ 184 million** to the Kyrgyz Republic for the period 2014-2020. In comparison with the allocation for 2007-2013 the amount increased by **74%**.

The EU aims to assist the Kyrgyz Republic in overcoming the challenges it is facing, with a view to achieving sustainable and prosperous development for its

population, improving education and job opportunities. As part of this process, the EU will contribute to consolidating the values of democracy, the rule of law, good governance, and respect for human rights and fundamental freedoms in the country. The focal sectors of support within the MIP 2014-2020 are ***the Rule of Law, Education and Integrated Rural Development***.

The MIP was based on a ***Country Strategy Paper 2014-2020*** and carefully aligned with the Kyrgyz Republic's ***National Sustainable Development Strategy 2013-2017*** and the initiatives of other development partners.

Trade issues

Bilateral trade and economic relations between EU and the Kyrgyz Republic have been growing since the partnership was established. The Partnership and Cooperation Agreement provides for a non-preferential trade agreement under which the parties grant each other 'most favoured nation' (MFN) treatment.

The European Union and Central Asia Strategy for a New Partnership is also an important framework for relations, as cooperation in trade and investment is one of

the strategy's key targets. The Kyrgyz Republic also benefits from the EU's Generalized System of Preferences (GSP), a bilateral trade arrangement through which the EU provides preferential access to its market to developing countries and territories, in the form of reduced tariffs for their goods when entering the EU market. The WTO membership of the Kyrgyz Republic also facilitates trade with the EU.

Annual average growth rate of the EU's trade with Kyrgyz Republic was 27% for import, and 21% for export for the period between 2009 and 2013. The EU has progressively become the Kyrgyz Republic's fourth trade partner, with about 5% share in its total external trade, whilst the Kyrgyz Republic is the EU's 136th trade partner (2013).

For more information:

EU-Kyrgyz Republic relations:

http://eeas.europa.eu/kyrgyz_republic/index_en.htm

EuropeAid – cooperation with the Kyrgyz Republic:

https://ec.europa.eu/europeaid/countries/kyrgyzstan_en

Delegation of the European Union to the Kyrgyz Republic:

http://eeas.europa.eu/delegations/kyrgyzstan/index_en.htm

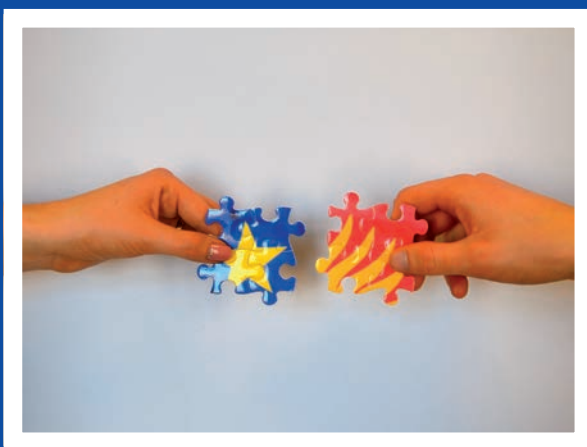
The cooperation of the EU with the Kyrgyz Republic

Concepts and priorities of EU assistance to the Kyrgyz Republic

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

Within the framework of the Partnership and Cooperation Agreement the EU is providing financial assistance to the Kyrgyz Republic through a set of 'instruments'.

This includes the Development Cooperation Instrument (DCI) ('TACIS' being the main instrument until 2007), the European Instrument for Democracy and Human Rights (EIDHR), the Instrument contributing to



Stability and Peace (IcSP - formerly known as the Instrument for Stability or IfS), the Nuclear Safety Instrument and global education support and exchange programmes such as ERASMUS + (formerly TEMPUS).

In addition, emergency and food aid was provided in the past both from the DCI and through ECHO, the European Commission's General Directorate for Humanitarian Aid and Civil Protection.

Through so-called 'blending' the EU has also been able to mobilise resources from European Financial Institutions (EFIs) such as the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). By blending EFI loans with relatively small grants, the terms offered to the Kyrgyz government are improved and this effectively increase the volume of investments in projects that otherwise would not have been affordable to the beneficiary.

Recently, the EU has also agreed to provide so-called Macro-Financial Assistance (MFA) to the Kyrgyz Republic.

Where does the money for EU development activities come from?

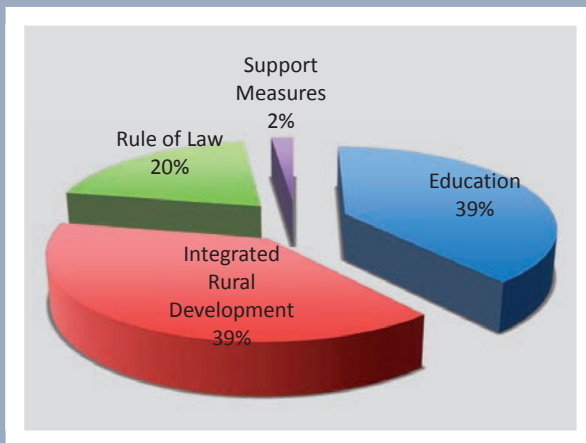
– The country specific allocation from the Development Cooperation Instrument
Financially the most significant of the EU instruments is the DCI, which for the period

2014-2020 has enabled the EU to allocate EUR 184 million to assist the Kyrgyz Republic and EUR 245 million for actions with a regional focus within the five Central Asian countries.

The allocations to the three focal sectors and the priorities for sub-allocations have been made on the basis of the Multiannual Indicative Programmes or MIPs 2014-2020 for the Kyrgyz Republic and the Central Asia region.

For the country specific MIP 2014-2020 the distribution between the three focal sectors and for so-called support measures is as follows:

From the Regional MIP the EU is funding a number of programmes which the Kyrgyz Republic benefits directly from, including the Investment Facility for Central Asia (IFCA), from which funding for 'blending' with European Financial Institutions' operations is provided. It also funds programmes such as BOMCA, CADAP, INOGATE, TRACECA and Central Asia Invest (See below).



– Allocations from regional and thematic financial instruments

Financial assistance is also provided from the EIDHR, the IcSP and global programmes such as ERASMUS+ (formerly TEMPUS).

For the period 2014-2020 the EU's global envelope for EIDHR is EUR 1.3 billion and for IcSP 2.3 billion. For ERASMUS+ a separate regional envelope of EUR 115 million is available.

In the period 2008-2013 an average annual amount of EUR 3.8 million was paid to finance IfS projects, while EUR 705,000 was paid to EIDHR projects.

– Humanitarian aid

The EU has also provided food aid and emergency relief. Between 2007 and 2011 an average of EUR 1.8 million was paid out in food aid from the DCI's thematic food budget line. In 2010 humanitarian assistance was provided by ECHO to the population affected by the inter-community violence in the south of the country. While there are no ongoing ECHO relief programmes in the Kyrgyz Republic, the country is covered by a Disaster-Preparedness ECHO (DIPECHO) action plan for Central Asia and South Caucasus, which aims to increase awareness, preparedness and response capacities, and general resilience to natural disasters, at community, national and regional levels.

– Funding from European Financial Institutions

Recently the EU has intensified its cooperation with European Financial Institutions such as the EBRD and EIB. This has been done through the use of 'blending' where grants from the EU (via IFCA) have been mixed with loans offered to Kyrgyz beneficiaries to finance vital infrastructure projects across the country on more affordable terms. This includes investments in the rehabilitation and upgrading of solid waste, waste water and water management infrastructure in the country's largest cities.

From 1991-2013 the EBRD lend a total of EUR 548 million to the Kyrgyz Republic of which EUR 134 million were loans approved in 2013.

The EIB which only started operating in the Kyrgyz Republic in 2014 is shortly expected to approve three loans to the Government totalling EUR 120 million.

– Macro-financial assistance

In response to the formal request made by the President and the Minister of Finance of the Kyrgyz Republic, the European Parliament and the Council of the EU adopted a decision (October 2013) to make available to the Kyrgyz Republic macro-financial assistance (MFA) of up to EUR 30 million, comprising a loan facility of up to EUR 15 million and a grant facility of up to EUR 15 million. The assistance shall apply for two years starting from 2015.

While the Kyrgyz Republic is out of the normal geographical scope of MFA, in exceptional

circumstances, this possibility of approving operations outside that area materialised. The proposed new MFA is therefore indeed exceptional and limited in time and is intended to run in parallel to the International Monetary Fund programme.

The objective of this assistance is to support the restoration of a sustainable external financial situation for the Kyrgyz Republic, to alleviate its balance of payments' needs and thereby support its economic and social development. This assistance from the EU is complementary to the resources provided to the Country by International Financial Institutions and bilateral donors in support of the authorities' economic stabilisation and reform programme.

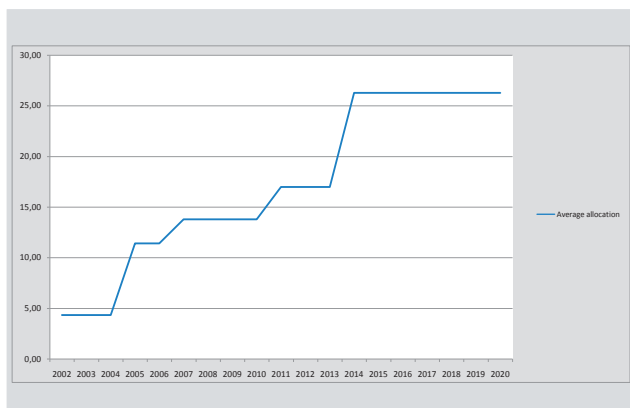
How much does the EU invest in development cooperation with the Kyrgyz Republic?

– Average annual allocations from TACIS/DCI since 2002

As shown in the graph below the average annual allocation from the indicative programmes for the most important instrument TACIS/DCI has been rising steadily since 2002.

While the MIP 2002-2004 provided an average annual allocation of EUR 4.3 million this has grown to EUR 26.3 million in the MIP 2014-2020, which does not include allocations from other instruments most of which are not linked to fixed allocations for individual countries.

Amounts in million euro



Total annual payments since 2002

Considering the **annual payments** made to the Kyrgyz Republic from all EU instruments and the EU General Budget as financial assistance since 2002 there is a clear **positive trend**. This is shown in the graph below.

From EUR 4.3 million in 2002, some EUR 27.3 million in grants was paid out in 2014. This does not include loans provided from the European Financial Institutions.

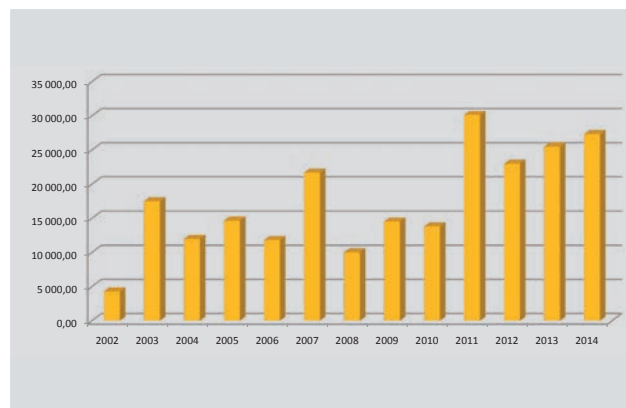
In total some **EUR 226 million** was paid out for development assistance to the Kyrgyz Republic in the period 2002-2014.

What is the EU funding?

– Allocations to the focal sectors

The graph below provides an overview of the average annual allocations made to different sectors in the indicative programmes since the introduction of focal sectors in 2007.

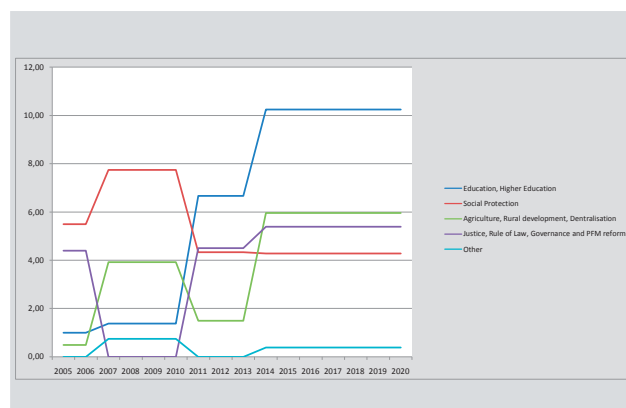
Amounts in thousands euro



As the graph illustrates there is a positive trend for the three sectors, **Education, Rule of Law and Rural Development** from 2005-2020.

This reflects the EU's priorities and the recognised need to tackle the decline in the education system since independence, the high degree of rural poverty and the pervasive corruption, in particular in the judicial sector.

Amounts in million euro



Flagship projects (How is the EU making a difference?)

Rule of Law and governance

Prison reform

The EU is a major international donor to reforms of the penitentiary system in the Kyrgyz Republic and it has funded a number of important projects in recent years.

First of all, the EU contributed EUR 2.5 million to the «Support to Prison Reform» project implemented by the United Nations Office on Drugs and Crime from December 2009 to June 2013.

The project successfully assisted in improving legislative, normative, policy and strategy frameworks for prison reform and alternatives to imprisonment, in enhancing institutional and managerial capacities of the prison staff including management of income generating activities and social reintegration of prisoners, and in promoting healthier working and living environment in prisons. Examples of concrete results include:

- The adoption of 6 laws, 25 Government decrees, 5 Government decisions and

110 Prison Service orders were adopted with the aim to improve prison management and conditions;

- 6 new prison income generating activities and related professional training courses were launched in 4 prisons, employing at least 174 prisoners for the production of bread, soya drink, macaroni, vegetable oil and manufacturing of textiles and metal products; and consequently the Government allocated further EUR 350,000 and established «Kelechek» State Enterprise to further develop prison production facilities;

- Refurbishment works were completed in 4 prisons improving sanitary, heating and water supply conditions for almost 3,000 prisoners and 400 prison staff.

- «CHANCE. Adult Education in Penitentiary System: a chance for a better future», supporting social re-integration of prisoners by vocational education, life skills and capacity building of personnel in pilot prisons;

- «Bridge: Social support of prisoners before and after release» promoting development of a systematic mechanism for social support of prisoners before and after release and their further social rehabilitation.

The EU remains committed to further enhance the reforms in the penitentiary sector. It is considering a new programme taking into account the results of the past projects, the needs expressed by the Prison Service and other institutions, the commitments and timelines stated in the National Strategy on Prison Reform as well as the new EU development strategies for 2014-2020.



– Rule of law programme

The EU programmes in the area of rule of law are implemented both on regional and national levels.

On the regional scale, the EU developed a Rule of Law Initiative for Central Asia which supports regional cooperation while taking into account specific priorities identified by each country.

The Rule of Law Initiative envisages two kinds of actions: an EU – Central Asia Rule of Law Platform and specific long-term projects.

The Platform provides European experience in reforming judiciary systems through regional and national seminars and study visits.

The specific projects in the Kyrgyz Republic focused so far on improvement of access to social services for vulnerable groups of people, and democratization and stabilization efforts.

Then in September 2013 a financing agreement on «Promotion of the Respect of Rule of Law in the Kyrgyz

Republic with Particular Emphasis on Transparency and Accountability» was signed between the EU and Kyrgyz Republic, envisaging implementation of 3 components: (1) enhancement of oversight mechanisms, (2) support to judiciary reform in order to make judiciary more efficient and accessible to citizens, and (3) cooperation with the civil society and media and support for their efforts to monitor the respect of national authorities of the rights of the population.

The programme was elaborated and is implemented in close coordination with all involved Kyrgyz national institutions, such as Ministry of Justice, President's Administration, Parliamentary committees, judicial institutions and prosecutors, as well as civil society, such as NGO's, lawyers' associations or media.

The first two components (EUR 9.5 million) are implemented by a consortium of EU member states' organisations led by German Association for International Cooperation (GIZ) in cooperation with other German, Danish, French, and

Austrian institutions and in partnership with International Development Law Organization.

The third component (EUR 3 million) is going to be implemented by international and local NGO's and media selected as a result of calls for proposals.

The EU remains very much engaged in the Rule of Law sector which is one of the three focal sectors for the EU assistance in the Kyrgyz Republic with a substantially increased budget for at least 2014-2020.



– Democratisation and stabilisation

Actions supporting the consolidation of democracy and helping to preserve and build peace, prevent and overcome conflict form a core part of the EU's external action.

The political events in April 2010 and the ethnic clashes in June 2010 represented two major challenges to stability in the Kyrgyz Republic.

When the transitional government started a process to fundamentally reform the political system of the country, the EU quickly mobilised funds for projects that supported the institutional reform and democracy consolidation agenda. Through various projects, the work of the Constitutional Council was supported, advice from the Venice Commission was sourced and elder statesmen were consulted. Following the adoption of the new Constitution, the alignment of the legislative framework and input was provided to the Justice Sector reform. Understanding that credible elections are at the grounds of any democratic system, the EU supported the conduct of the Parliamentary elections in 2010 and the Presidential elections in 2011. The projects were implemented by UNDP, OHCHR, the Council of Europe and the Club de Madrid.

In July 2013, the Constitutional Chamber of the Supreme Court of the Kyrgyz Republic started its work, following three years of inability to take on the duties given to it in the new Kyrgyz Constitution. Understanding that it is vital that the Chamber is able to quickly perform and gain the trust of the people and the political institutions as being independent and professional, and

operating in line with international standards, the EU set up a programme in support of the Constitutional Chamber and to improve the quality and efficiency of the constitutional justice system.

The EU's response to the second major challenge in 2010 was manifold. The immediate response included aid to the people who were directly affected by the violence. Through provision of funds to UNHCR, shelters and the reconstruction of houses has been supported and people received help to restore ID and property documents. The EU has supported the OSCE Community Security initiative in its efforts to improve human security and build trust between police and citizens by ways of changed policing approaches. Under a project implemented by OHCHR, NGOs received grants to provide legal help to citizens whose rights had been violated and to monitor the human rights situation, and governmental institutions received support in their role of protecting human rights.



The second generation response addressed underlying causes of the conflict in June 2010 and worked at the national level and the community level. The OHCHR-implemented project conducted research on various issues related to minorities and provided advice to national authorities on policies pertaining to minorities. In the South, the EU helped the people to improve their livelihoods and strengthened community capacity for conflict prevention. This project followed a bottom-up approach, ensuring that solutions are identified by community members themselves. Additionally, projects have started to increase the voice and role of young people and women in peace processes.

The overall commitment for Stabilisation and Democratisation (from lfs) since 2010 amounts to approximately EUR 18.5 million; payments of EUR 16.1 million have been made.

Additionally, in response to the June 2010 violence Humanitarian Aid (medical, protection, shelter) worth EUR 4.5 million was mobilised by ECHO.



– Multi-donor trust fund for PFM

Sound Public Finance Management (PFM) supports fiscal stability, provides resources for economic and social development as well as offers transparency and accountability for management of public funds. PFM reforms can help to allocate public funds more effectively and efficiently, thereby improving service delivery and preventing public money being wasted.

In the Kyrgyz Republic, the progress of PFM reforms was seriously constrained by a number of macroeconomic, political and social shocks.

In this context, the external support, in particular the PFM Multi-Donor Trust Fund (PFM MDTF), is timely and an added value to the ongoing initiatives undertaken by the Kyrgyz Government and the civil society organisations on better transparency, accountability and monitoring of PFM reforms towards more productive and meaningful budget outcomes and results.

A special attention is given to the transparency and accountability, which lead to broader public debate and better policy and reforms, thereby further improving the likelihood of better budgetary outcomes and contributing to building social cohesion.

The pooled approach of DFID, Swiss, SIDA, EU and World Bank in the framework of the Multi-donor trust fund helped to mobilise project funds amounting to around EUR 5,7 million with EU contribution of EUR 2,1 million for the period

of 2009-2015. In this set-up the Ministry of Finance is responsible for project management and the World Bank administers and supervises the project on behalf of the donors.

The PFM MDTF has continued to serve as the principal platform for dialogue between the Government and the Development Partners. With support of this project, there is evidence of progress of PFM reforms in general and the budget transparency in particular:

- All documentation (e.g. the pre-budget statement, annual and medium-term budget, periodic reports, and annual reports) is now available through the Ministry of Finance's website in the Kyrgyz and Russian languages;
- A website www.okmot.kg, which includes a number of portals: Open Budget; Electronic Public Procurements; Economic Map of the Ministry of Finance; Forum of the Ministry of Finance; and links to other Government websites is also available to the public;
- The Citizens' Budget, (referred as the Civil Budget), which was prepared for the first time in February 2013, has been published again in 2014. Extensive public consultations on the 2015 budget took place in 4 oblasts in July 2014 (Batken, Naryn, Osh and Issyk-Kul) and Bishkek.

The majority of support to capacity building of the Ministry of Finance and other line ministries is channelled through the PFM MDTF. To date, considerable attention has been made to human resource development.

Human rights, democracy and non-state actors

– Protection of rights of vulnerable people

The EU is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. Those values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail. The EU's external action is guided by the values which have inspired the creation of the EU itself, which also entails solidarity and respect for the principles of the United Nations Charter and international law.

In this perspective, the EU run projects promoting human rights and democracy on global, regional and national levels.

In the Kyrgyz Republic, in 2013 and 2014 alone 11 projects with an overall value of almost EUR 3 million were funded. Through these diverse projects the EU positively influenced the lives of children, women, elderly people, persons with disabilities, migrants and detainees through activities aimed at:

- improving custody conditions of incarcerated elderly people;
- enhancing the capacity of Public Monitoring Councils and the National Torture Prevention Centre to prevent torture and ill-treatment;
- facilitating practical reforms to hold officials accountable for torture and ill treatment;

- strengthening fight against impunity for torture and promoting accountability, remedy and reparation;
- encouraging the community for social mobilization and initiatives towards the solution of the problem of domestic violence;
- promoting rights to care and protection of child trafficking victims and children at risk of exploitation, violence and abuse;
- supporting dialogue and cooperation on policing and other security-related issues between a diverse range of civil society actors;
- strengthening the interaction between law-enforcement bodies, local authorities and CSOs for protection of youth and women's rights;
- sharing EU practices of legal analysis and drafting laws concerning vulnerable groups of people;
- raising awareness at a human rights film festival;



- securing rights of internal migrants through simplifying the residence registration and increasing their participation in decision-making and election processes; and
- promoting inclusive education of children with disabilities.

Through our specific «Humanity» programme we also provided more that EUR 0.4 million to a project strengthening school parliaments to improve children's participation in local, regional and national decision-making processes.

Furthermore, every year we organize large civil society fora on the most critical human rights issues, such as access to a fair trial in 2013 or prevention of torture and ill treatment in 2014 and we take the recommendations achieved to the annual high-level EU-Kyrgyz Republic Human Rights Dialogues.



The EU remains committed to promote human rights and democracy in the Kyrgyz Republic. A new call for proposals to allocate further EUR 1.6 million to NGOs for further prevention of torture and ill-treatment as well as for promotion of freedom of association, assembly and expression, fight against discrimination, and freedom of thought, conscience and religion or belief is about to be launched.

– Support to non-state actors

Over many years a “community” of non-state actors has formed, and has become progressively more representative of different stakeholder groups. The EU has played a major facilitation and funding role in this development.

The EU has a long-standing relationship based on cooperation with non-governmental and other civil society organisations (non-state actors) as well as with local and decentralised authorities in the field of development. It is part of the EU’s commitment to fighting poverty and promoting the rule of law and adherence to fundamental freedoms set out in the EU founding treaties.

In 1976 «Co-financing with NGOs» programme was set up to enable the European Commission to support actions proposed by European NGOs specialised in development co-operation, as part of its own development co-operation policy. These actions were intended to make a direct and lasting contribution to improving the living conditions and development prospects

of the disadvantaged and marginalised in developing countries.

As of 1992 «Decentralised Cooperation» programme was added as another privileged channel of cooperation with non-state actors and decentralised authorities.

In 2007 the thematic programme “Non-State Actors and Local Authorities in Development” for the period 2007-2013 was introduced as the successor of the above programmes. It is an actor-oriented programme aimed at capacity building through support to initiatives proposed by non-state actors and local authorities. Its overarching objective is to help reduce poverty in the context of sustainable development, including pursuit of the Millennium Development Goals (MDG). The programme promotes an inclusive approach to development by encouraging a greater involvement of non-state actors and local authorities.

For the Kyrgyz Republic, with the main objective to promote an inclusive and empowered society in partner countries, the EU assistance focused on support for non-state actors in their actions towards poverty reduction and promoting sustainable social and economic development in rural areas of the Kyrgyz Republic.

In the Kyrgyz Republic, the 2007-2013 “Non-State Actors and Local Authorities in Development” programme has reached an increasing share of local non-state actors,

thus contributing to their empowerment and capacity building as development and governance actors. The Programme is also commended for its valuable contribution to the enabling environment in the countries covered, by widening and deepening the dialogue between CSO and other stakeholders including local authorities. The flexibility provided at the wider, country level has allowed for better responses to the local contexts and changing conditions.

With the aim of active involvement of local communities into the development processes, the EU assistance in this area focuses on mobilisation of local communities towards improving their «self-help» capacities to achieve better living conditions, primarily by the active elaboration of their initiatives and engagement in improving the social welfare. As a result, community-based initiatives carried out by the non-state actors together with local communities have proved to be



useful in bringing positive poverty-alleviation benefits and in assisting in the transition from social and economic dependency to self-help and self-determination, sustainability being an overarching requirement. Working with established community-based organisations empowers people, creates confidence and local ownership, and reduces the risk of post-project loss of purpose and commitment.

With a view of further progress and support for non-state actors and local authorities, the new thematic programme “Civil Society Organisations and Local Authorities” for the period of 2014-2017 was developed and will be adopted in 2015.

The new thematic programme will support multi-actor approaches and inclusive partnerships for development aimed at poverty eradication and sustainable development, recognising the value of different stakeholders’ contributions.

This thematic programme is further guided by the established EU policies laid down in policy documents defining the strategic priorities for its support to Civil Society Organisations (CSOs) and local authorities.

This becomes increasingly relevant in a country that has already started public sector reform and that is proceeding toward the decentralisation of power, responsibilities and resources. Focus will be on support to CSOs and empowering local authorities, to enable them to contribute more effectively to the achievement

of development objectives while responding to the citizens' demands. It will promote inclusive and sustainable local development, including actions aimed at a sustainable rural development to foster local development and social cohesion.

The programme will also aim at enhancing opportunities for population to participate in and benefit from a just, inclusive and sustainable economic development that is tailored to rural territorial characteristics and needs. It is expected to trigger a change in the quality of citizens' life and wellbeing, ensuring a balance between socio-economic growth, equity and environmental quality and increasing the resilience of the most vulnerable.

– Education and social protection

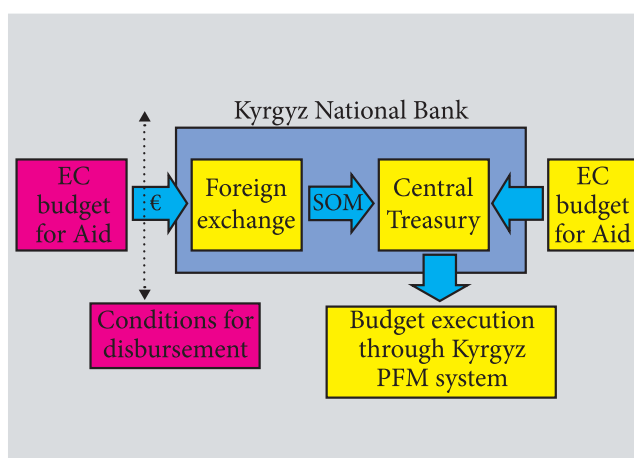
The EU is increasingly making use of sector approach with budget support as an aid modality, as opposed to traditional projects.



Budget support in the Kyrgyz Republic is part of the overall cooperation package to support the partner government's sector programme in social protection and education. The cooperation includes policy dialogue, financial transfers, performance assessment and capacity building and it is based on partnership and mutual accountability.

EU Budget support is the transfer of EU financial resources to the Central Treasury of the Kyrgyz Republic on grant basis, following the respect by the latter of agreed conditions for disbursement. Once transferred, the financial resources received become part of the republican budget of the country.

Through budget support, the EU helps the Government of the Kyrgyz Republic in implementing complex reform processes and sector strategy in the area of social protection and education and in achieving financial stability.



Once the transfer has taken place, the responsibility for the management of the transferred resources stays with the Kyrgyz Government.

The EU is not involved in following up on the expenditures but it is concerned with monitoring and supporting the implementation of the agreed reforms and in that expected results are being achieved.

The EU has provided budget support to the Kyrgyz Republic since 1996. Initially the EU provided budget support through the Food Security Programme, which operated from 1996 to 2007. During these years EUR 93 million was disbursed as budget support to the Government of the Kyrgyz Republic for the implementation of agriculture and social protection reforms, as key elements of the country's poverty reduction strategies.

Since 2008 the EU has provided the Sector Policy Support Programme (SPSP) in Social Protection and Public Finance Management. This programme uses budget support as a financing modality and provides technical assistance to the Government to support the implementation of the reforms envisaged in the frame the programme.

In total EUR 70 million is programmed under the SPSP from 2008 to 2014, of which EUR 63.75 million is used as direct budget support and EUR 6.25 is used for technical assistance.

Year	Budget support	Technical assistance
2008	€ 8.5 million	€ 0.5 million
2009	€ 8.0 million	€ 1.0 million
2010	€ 9.0 million	0
2011-2014	€ 12.25 million	€ 0.75 million
2015-2017	€ 26 million	€ 4.0
Total	€ 63.75 million	€ 6.25 million

The achievements of the Social Protection reform are directly linked to the specific conditions set up in the programme design.

- Targeting of social assistance was improved and the size of the Monthly Benefits was increased:
- On average 360 thousand extremely poor beneficiaries receive their benefits every month on time and in full.
- The Guaranteed Minimum Income for extremely poor families was gradually increased from 200 KGS to 310 KGS and will increase further.
- Around 3200 extremely poor families with children without birth certificates or parents without identification documents have been included in the system and started receiving Monthly Benefits. These families could not receive benefits before the reforms.
- Around 2800 extremely poor families, which had land but could not cultivate it and did not have any income from it started receiving Monthly Benefits. These families could not receive benefits before the reforms.

- Commissions were established in every Ayil Okmotu (community) to discuss local situations of vulnerability on a case by case basis and to propose the inclusion of poor families into Monthly Benefits schemes.

– The case-management of vulnerable families and children in difficult situations was improved:

- A Child Protection Department was established in the Government.
- Family and Children Support Departments and Commissions for Children's Affairs were established in all rayons and cities.
- 3000 cases of working children were analysed by the Family and Children Support Departments. Referral mechanisms have been established and adequate support provided to these children and their families.
- More than 3000 children with special needs received services in rehabilitation centres.
- More than 4000 vulnerable children received psychological support.

– Productive sectors and rural development

Section of Osh-Batken-Isfana road

As automobile transport carries over 95% of freight and passengers in the country, construction of realignment roads assist the efforts of the Government of the Kyrgyz Republic aimed at decreasing poverty in the country. Being a landlocked country, the Kyrgyz Republic faces logistical difficulties in reaching markets (internal and external), which prioritizes construction and rehabilitation of the road network. Construction of the Osh-Batken-Isfana road has a great importance and relevance, as this will improve access to the south-western part of the country (Batken region).

The Osh-Batken-Isfana Road Corridor is the only arterial Road Corridor connecting the region and indeed the whole south-west of the country with the central part of the Kyrgyz Republic, and runs in part across Uzbek territory at the most



critical location near the town of Pulgon, where there have been frequent disputes and road closures in the past, and where the road remains open, albeit divided in two by barriers, only by the goodwill of the Uzbek authorities. This has been a cause of hardship to the population of the Batken region.

With the objective of construction and rehabilitation of 14,7 km realignment from Kok Talaa to Pulgon (km 108-125) section of the existing Osh-Isfana Road Corridor, with the EU financial assistance, the Works Contract for construction of this section was signed on 10 October 2012 with the total contract price of EUR 7,095,398.00.

In addition, the EU is financing construction supervision services in the amount of EUR 591,480.00.

The 14,7 km section of Kok Talaa - Pulgon road consists of about 6.5 km construction of new hill-section and the rest about 8 km rehabilitation of the existing road. The works include the repairing works of a 21.1 m long bridge, and the construction of the three bridges having 10.0 m and 10.5 m span lengths respectively, construction of side-walks, 40 culverts and various types of drainage systems, dam with derbies canal, installation of road furniture and relocation of utility lines.

Contractor: China Road and Bridge Corporation
Construction Supervisor: SAFEGE (France)
Commence date: 18 November 2012
Indicative completion date: 25 December 2014



– Irrigation infrastructure in rural areas

The Ferghana valley possesses the most fertile land in Central Asia and has historically been a major centre for land cultivation.

However, poor or in some cases ruined infrastructure, in particular irrigation and drainage channels has prevented the Kyrgyz people to efficiently use the fertile land and to further develop the agricultural sector. Due to ruined infrastructure, access to water has become limited, creating a major obstacle for poor households in rural areas to secure sufficient food supply. The lack of water also presents a major hindrance for the development of the agricultural industry as a whole from mere subsistence to a more commercial base.

The existing irrigation systems are operating well below capacity due not only to inadequate water supply caused by the deteriorated irrigation infrastructure, but also because of a



lack of skill in water management and, in many cases, poor farming practices. The privatisation process initiated after independence transferred most of the irrigation facilities to the local communities, represented by the new phenomena of Water Users Associations (WUAs). These are increasingly being made responsible for the proper administration, management and maintenance of their on-farm facilities using irrigation service fees (ISF) collected from the water users.

With the objective of contributing to a more efficient use of irrigation water in the targeted rural areas of Batken, Osh and Djalal-Abad regions of the Kyrgyz Republic, the EU allocated EUR 2,5 million for the «Support to Infrastructural Development in rural areas with focus on irrigation» project.

The project was implemented through two main components reaching out the poorer communities and the most remote parts of the targeted regions:

1. Technical assistance aimed at strengthening the capacities of WUAs and local communities, and
2. Small scale grant projects implemented by these WUAs and communities.

The efficiency of the community-based approach, used under the project, has been proven by a number of small scale grant projects initiated within the framework of the project. With the objective to increase

efficient and rationale use of the available water through rehabilitation and construction of irrigation facilities, the projects were implemented directly by the local communities and coordinated by local and international NGOs. With direct involvement in the planning, administration and capacity building activities, construction work was performed by the members of the communities on a voluntary basis under close guidance and supervision of qualified engineers/site supervisors. Construction materials were delivered through grant contract.

The 'Ashar' system (collective and voluntary) of community labour proved very successful and resulted in the equity value of the communities inputs being very significant, as high as 40 percent in some cases. Capacity building and training beforehand and close supervision and guidance were a prerequisite to achieving this.



– Income generating activities in rural areas

With the objective of supporting local economic and social development initiatives and rural income generation, the EU has launched «Income generating activities in rural areas of Kyrgyzstan» project.

The project aims at rural development in general, to recover and improve rural assets and livelihoods in rural and remote areas as well as to create income generating opportunities for vulnerable groups (mainly women). The project was designed in order to help breaking the cycle of exclusion via mechanism for strengthening local rural Community-Based Organizations and to provide means to improve their livelihood, create employment for people living in extreme poverty through income generating activities and community-driven initiatives that will contribute to creating economic opportunities at the local level. The community-based and -driven development approach was also chosen to promote greater transparency in the allocation of investments to ensure these resources are applied in a way that meets local demand. In fact, the project will demonstrate that bottlenecks can be overcome by empowering and mobilising local communities towards improving their «self-help» capacities to respond to the local challenges in close coordination and cooperation with the local authorities.

The project addresses the following issues: (i) promotion of community-driven resource mobilization and development activities, (ii) development of rural areas through economic activities and social reintegration, and (iii) improved local-level governance. It addresses them through community participation, performance-based civil society organisations involvement, capacity building at the grassroots level and partnership with all key stakeholders.

The strategic choice made is to implement the project directly through grassroots institutions, rather than through the central government ministries, to have communities and community groups plan and implement village level projects, and to channel the funding directly to these groups.

EU allocated EUR 4,5 million in total, which includes:

- Technical Assistance for capacity building and empowerment of local communities, local government officials and local authorities; and
- Support to local economic and social development initiatives through grant projects implemented by the community based organisations.

The capacity building and trainings activities are currently ongoing, while the grant projects will start in 2015.

– Food security

The Food Security issue in the Kyrgyz Republic is highly on the list of priorities for the EU. From the very beginning of the Kyrgyz independence



the EU provided financial and technical support to food security.

Recent developments in international grain markets, escalating prices and disruptions in supply demonstrated the importance of the Kyrgyz Republic Government being ready for timely monitoring of the price situation and undertaking regulatory urgent actions.

In this view the EU decided to allocate a grant of EUR 1.4 million to the Project on Strengthening National Food Security Information System in the Kyrgyz Republic.

In order to implement the project, the UN Food and Agriculture Organization (FAO) was identified as having specialized knowledge and technologies as well as mandate on monitoring and provision of food security in the global market.

Thanks to this fruitful collaboration, remarkable progress has been achieved in the area of food security.

Notably, within the framework of this project, food security and poverty reduction policy has been introduced together with the provision of associated relevant statistics and nutrition policy.

In this framework, a strong, accurate, timely, independent statistical system is extremely important to monitor changes and to assess the validity of policy design and results.

The EU observes with great satisfaction enhancing of technical equipping and growth of government agencies' capacity involved in the project implementation on monitoring and ensuring food security in the Kyrgyz Republic.



– Regional projects

Security and border management in Central Asia

– BOMCA

BOMCA stands for «Border Management Programme in Central Asia».

BOMCA's main strategy is to promote the stability and security of Central Asian states through the Integrated Border Management (IBM) and regional cooperation.

BOMCA also assists participating countries in their pursuit of regional economic development and trade facilitation in Central Asia, with the neighbouring countries and between Central Asia and the EU member states.

In the course of already eight phases implemented since 2002, BOMCA became one of the biggest flagship assistance programmes of the EU in Central Asia: BOMCA's accumulated



budgets in 2002-2013 amounted to some EUR 33.6 million.

The previous phases implemented by our long-term partner – United Nations Development Programme – aimed to further increase security in Central Asia, to contribute toward the facilitation of legitimate trade and transit, and to reduce illicit movements of goods and people.

The EU trained over 5,000 staff of border related agencies and provided them with operational handbooks. Many staff members participated at study tours to the European institutions. In addition, educational partnerships among Central Asian countries with establishment of joint training programmes were enhanced.

The EU constructed, refurbished and/or equipped 45 border crossing points and border outposts, 7 training centres and 7 training classes for border guards, 4 dormitories, 6 dog training classes, and 2 drug profiling units in Central Asia. For instance, the important «Merke-Zheleznodorozhnoe» railroad border checkpoint on the Kazakh-Kyrgyz border, and the professional and dog training centre of the State Customs Service in the Kyrgyz Republic were refurbished and equipped.

Furthermore, the EU organized a number of regional conferences and seminars, such as the regional meetings of the Border Guards' Commanders or conference of Border Security Initiative.

Assistance was also provided in promotion of system reforms, which led to the adoption of the National Strategy for Integrated Border

Management in the Kyrgyz Republic in 2012. BOMCA's 9th phase («BOMCA 9») is currently being launched, together with a consortium of EU member states' organisations led by Latvian Border Guard Service in cooperation with other Latvian as well as Lithuanian, Hungarian, and Portuguese institutions and the International Centre for Migration Policy and Development. BOMCA 9 shall continue building on the results of preceding phases by investing in capacity building and professional skills upgrading of border-, migration-, and inspection-related state agencies and local authorities dealing with border communities.

It shall further promote institutionalisation of best international policies and practices in integrated border management and reinforce inter-agency, regional and international linkages among Central Asia national institutions and EU border related agencies.

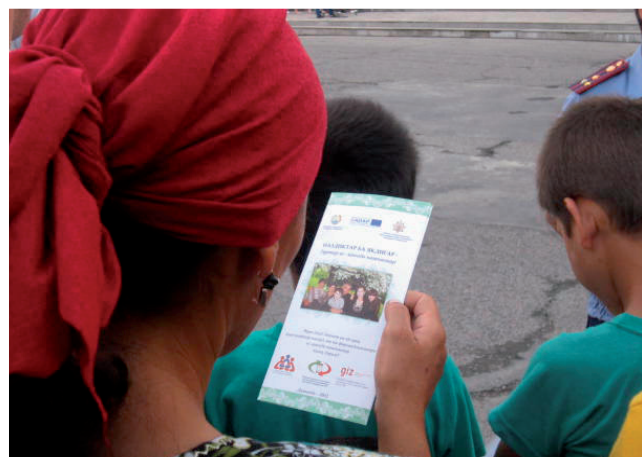


– CADAP

In almost 10 years of its implementation in Central Asia, the CADAP programme has become a flagship assistance intervention of the EU in the region, benefits of which are at present widely recognised by governments and other relevant stakeholders.

The overall objective of the Programme is the gradual adoption of EU and international good practices in the fight against drugs and a contribution to drug demand reduction policies and programmes in Central Asia.

Under the previous phase (CADAP 5), the EU assisted Central Asia countries with collection, analysis and presenting data in annual national and regional reports, improving regional cooperation and networking, raising awareness of the drug-related matters, betterment of treatment of drug-users in prisons, pilot treatment in community settings, development of target-group-specific communication



strategies and local media campaigns, and also provided modern equipment to treatment facilities, including for example Rehabilitation Unit at the Narcological Centre in Bishkek.

CADAP programme shall continue with its 6th phase soon (CADAP 6).

CADAP 6 is to continue building on the results of preceding phases by investing in capacity building and professional skills upgrading of drug related ministries, state agencies, rehabilitation centres and other stakeholders, while promoting and further advocating for the institutionalised application of good European practices in the field, including European models of Drug strategy, National Focal Points, Opiate substitution treatment, social work with drug users, gender sensitive drug policies, etc. Drug demand/harm reduction will remain the focus of the programme, thus complementing efforts on drug supply control under the parallel EU's Heroin Route and BOMCA Programmes.

– HEROIN ROUTE

At current levels, world heroin consumption (340 tons) and seizures represent an annual flow of 430-450 tons of heroin into the global heroin market. Of that total, some 380 tons of heroin and morphine, is produced exclusively from Afghan opium. Approximately 375 tons is trafficked worldwide via routes flowing into and through the countries neighbouring Afghanistan. The northern route runs mainly through Tajikistan and the Kyrgyz Republic (or Uzbekistan or Turkmenistan) to Kazakhstan and the Russian

Federation. The size of that market is estimated to total \$13 billion per year.

To strengthen the stability of the region and the security and health of the population living in countries along the heroine routes by supporting the trans-regional cooperation in the fight against trafficking from and to Afghanistan, the EU established a so called Heroin Route Programme.

The EU already invested almost EUR 16 million in this programme for activities like strengthening national bureaus of Interpol, support to specialized border units, improvement of forensic laboratories or building information networks among various institutions within and across borders of the participating countries.

The programme is coordinated with other regional activities in Central Asia, such as border management in Central Asia («BOMCA») and Central Asia Drug Action Programme («CADAP») (see above).



Energy and transport

– INOGATE

INOGATE is one of the longest running energy technical assistance programmes funded by the European Union. It started in 1996 and works within the policy frameworks of the Baku Initiative and the Eastern Partnership. INOGATE cooperates with 11 Partner Countries to support a reduction in their dependency on fossil fuels and imports, improve the security of their energy supply and mitigate overall climate change. The Kyrgyz Republic has been an INOGATE Partner Country since 1996 and has benefited from 38 of INOGATE's 69 projects.

INOGATE continues to support the Kyrgyz Republic in various areas of the energy sector:

- **Energy Markets:** INOGATE has helped develop the Kyrgyz Republic's rules for connection to distribution electricity and gas networks, which aims to stimulate increased investments. Another key area of INOGATE support is strengthening the independence of the energy regulator in the Kyrgyz Republic through improvement of the legislative and regulatory framework including tariff setting. INOGATE also supports work towards harmonizing gas and electricity standards with international standards.
- **Energy Statistics:** With INOGATE assistance, the National Statistical Committee of the Kyrgyz Republic developed its Energy Statistics Action Plan for 2012-14 focusing on the development of a quality energy balance. INOGATE facilitated

the development of a tailor-made methodology and user-friendly tool for energy data collection and energy balance compilation.

- **Renewable Energy:** INOGATE is providing assistance in the development of national programmes for the assessment of renewable energy (RES) potential in the Kyrgyz Republic, including the development of a RES strategy. Following an analysis of alternative scenarios for RES development, replicable pilot projects will be identified for further development.
- **Energy Efficiency:** INOGATE is supporting the Kyrgyz Government in updating their National Energy Savings Programme. Technical assistance is being provided not only for setting the energy efficiency targets but also improving the institutional framework, both on the national and municipal levels, to achieve these targets. With 60% of the energy / heating consumption coming from residential buildings, INOGATE undertook a pilot project with the Agency of



Development of Bishkek City and the Bishkek Municipality to identify replicable financial schemes to retrofit residential buildings that could result in 70% savings.

The INOGATE Programme is currently active in the Kyrgyz Republic through two ongoing projects – the first is the “New INOGATE Technical Secretariat and integrated programme in support of the Baku Initiative and the Eastern Partnership energy objectives” and the second is the “Sustainable Energy Programme for Central Asia: RES and EE” (CASEP). An INOGATE-related project is also ongoing “Supporting Participation of Eastern European and Central Asian Cities in the Covenant of Mayors”.

For more information on the INOGATE Programme’s work, please visit: www.inogate.org.

– TRACECA

The acronym TRACECA refers to Transport Corridor Europe-Caucasus-Asia, and covers two separate, but interconnected, things: an EU-funded financial assistance program and a multi-lateral political process.

TRACECA as an EU financial assistance programme was launched in 1993 to develop a transport corridor from Europe to China, via the Black Sea, the Caucasus, the Caspian Sea and Central Asia. The main aim of the programme is to strengthen economic relations, trade and transport links between the EU and the programme’s participating countries: Azerbaijan, Armenia, Bulgaria, Georgia,

Kazakhstan, the Kyrgyz Republic, Moldova, Romania, Tajikistan, Turkey, Turkmenistan, Ukraine and Uzbekistan.

The four overall (high-level) objectives of TRACECA established in 1993 and approved by the partner countries, are:

- to support the political and economic independence of the republics by enhancing their capacity to access European and world markets via a multitude of alternative transport routes;
- to enhance regional co-operation among the partner states;
- to increasingly use TRACECA as a catalyst to attract the support of International Financial Institutions (IFIs) and private investors;
- to link the TRACECA route with the Trans - European Networks (TENs).

The EU has already supported this program with financial assistance for a total of more than EUR 180 million for more than 80 projects



in the areas of infrastructure development, safety and security in transport as well as trade facilitation and logistics. Since 2004, EU funded technical assistance projects have mostly focused on transport safety and security, legal harmonisation initiatives, trade facilitation and institutional support including training.

At present the TRACECA countries are gradually implementing the Intergovernmental Commission TRACECA Strategy for development of the international transport Europe-Caucasus-



Asia corridor for the period up to 2015, aimed at creation of a sustainable infrastructure chain ensuring multi-modal transport with step-by-step integration of the corridor into the Trans-European Transport Networks (TENs).

More information can be found at <http://www.traceca-org.org/en/home/>

Environment

– Nuclear safety

Support in nuclear waste management is an important part of the work under the Instrument for Nuclear Safety Cooperation (INSC). A flagship project in Central Asia and Kyrgyz Republic is currently under way aiming at improving the safety of the uranium legacy sites by building consensus among national and local authorities, and to prepare the basis for future remediation works. Under the INSC, the EU is currently funding EUR 5.25 million for Environmental Impact Assessment (EIA) and Feasibility Studies (FS) for the uranium legacy sites of Mailuu-

Suu, Min-Kush and Shekaftar. These projects will result in the identification of the necessary future remediation works and their technical specifications.

Within the scope of improving the safety of uranium legacy sites in Central Asia, the INSC is also funding EUR 11.45 million for two regional projects and initial contribution to a new EBRD managed Environmental Remediation Fund that will implement future remediation works at specific uranium legacy sites in Central Asia.

Education

– TEMPUS/ERASMUS+

Globalisation and technological development are radically changing the landscape of Higher Education in the world. Technology and the expectations of students are also changing. Students increasingly expect to choose what they learn, how they learn and when they learn, according to their individual needs and interests. They are ready to do it in their country of origin, abroad, via courses offered online or via blended

forms of learning combining all of these possibilities.

The Bologna Process, educational programmes such as Erasmus, Tempus, Erasmus Mundus and transparency tools such as the European Credit Transfer and Accumulation System (ECTS) and the European Qualifications Framework (EQF) have helped EU national higher education systems to achieve a significant degree of intra-European internationalisation. Yet internationalisation is a rising phenomenon with a global dimension, beyond the intra-EU cooperation and mobility issues. The internationalisation of the higher education will help prepare students going abroad, to live in a global world, increasing their experience and knowledge, employability, productivity and earning power.

Erasmus+ Programme, by integrating the educational instruments mentioned above, puts an end to the current fragmentation of the various existing external higher education programmes and aims at making the EU actions more visible, coherent and attractive.

The Erasmus+ programme for the 2014-2020 period will provide substantial EU-level investment in the key areas of internationalisation strategies: international mobility, joint degrees, and international cooperation partnerships, including capacity building and staff development in emerging and developing parts of the world.

In order to contribute to internationalisation strategies in the 2014-2020 period the EU will:

- Provide increased financial support through the new programme Erasmus+ for mobility to and from non-EU countries, reaching up to 135,000 learners and staff;
- Support international Higher Education Institutions (HEI) consortia to develop Joint Master and Doctoral degrees through Erasmus+ and provide high-level scholarships for up to 60,000 graduates;
- Support strategic partnerships for cooperation and innovation, including up to 1,000 capacity-building partnerships between EU and non-EU HEIs.

The Kyrgyz Republic as a partner country will benefit from the new Erasmus+ Programme. The country has already built a solid ground with support of Tempus and Erasmus Mundus programmes to be engaged in international dialogue on higher education policies with key partner countries and regions around the world. Since 1995 Higher Education Institutions from



the Kyrgyz Republic have participated in 58 Tempus projects amounting to around EUR 15,8 million. Tempus has been the cornerstone of current higher education reform, as it has tested and disseminated a number of key reforms, in particular the introduction of the credit transfer system (ECTS system), the transition to the Bologna three-cycle degree system and the establishment of a quality assessment system. Over the past few years, ECTS has been widely used in the framework of bilateral agreements with EU universities, through at least eight Tempus projects.

Since 2007 HEIs of the Kyrgyz Republic have participated in 23 Erasmus Mundus projects and 23 students received scholarships to study abroad.

It is expected that in the framework of the new Erasmus + programme a number of projects and scholarships for Kyrgyz HEIs will be substantially increased.



Investment facility

– IFCA

In 2010 the EU launched the Investment Facility for Central Asia (IFCA) to help address the challenges faced by Central Asian countries in financing key infrastructure mainly in the field of energy, environment and social sectors or to develop and promote private sector activity, especially Small and Medium size Enterprises. The Kyrgyz Sustainable Energy Financing Facility (KyrSEFF) is supported by IFCA.

Fact box - KyrSEFF

- The Kyrgyz Sustainable Energy Financing Facility (KyrSEFF) offers loans and grants for improvement of energy efficiency of residential buildings and industrial enterprises.
- KyrSEFF is the financing mechanism of the European Bank for Reconstruction and Development for energy efficiency and renewable energy projects, supported by grant financing from the EU's Investment Facility for Central Asia (IFCA). An attractive bonus scheme is provided by the IFCA (EU), where projects can receive grants of 10-35% on the KyrSEFF eligible loan.
- KyrSEFF touches upon all the economic, social and environmental aspects of a genuine sustainable development: the facility assists both central elements of economic development - Kyrgyz households and businesses, having energy efficiency improvement measures in houses and businesses reduce energy consumption and CO2 emissions.
- By investing in energy savings of Kyrgyz households, EU is investing in the creation of a healthier and more comfortable living environment for citizens and notably most vulnerable segments of the society.

– CA Invest

Launched in 2007, Central Asia Invest promotes the development of the private sector, especially of small and medium-sized enterprises, in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan.

The programme has been working on two levels. Right from the start in 2007 on the level of Central Asia Business Intermediary Organisations to improve their services to small and medium-sized enterprises, and since 2010 also on the policy level to improve the overall business climate.

The programme has so far with EUR 12 million co-funded 28 grant projects selected through restricted Calls for Proposals in 2008 (11 projects in Phase 1), 2010 (9 projects in Phase 2) and 2013 (8 projects in Phase 3). These projects aim to improve the services of Central Asia Business Intermediary Organisations to small and medium-sized enterprises.

In addition, the Central Asia Invest Programme in phases 2 and 3 contributed in total EUR 2 million to OECD's «Eurasia Competitiveness Programme» in Central Asia in order to improve the business climate for SMEs and to encourage regional economic integration.

Currently, there are three projects being implemented in the Kyrgyz Republic for the total amount of EUR 1,459,714.00.

– MIEUX and SOCIEUX

In addition to the above, the Kyrgyz Republic can benefit from global short term, rapid reaction, technical assistance programmes in the fields of social protection and migration – SOCIEUX and MIEUX.

While SOCIEUX has not yet been utilised by Kyrgyz authorities, several activities funded by MIEUX have already been implemented in the country. Most recently a workshop was held in Bishkek in December 2014. This was part of the second MIEUX Action implemented in Kyrgyzstan and it is the first one in a series of thematic workshops to be conducted in the upcoming months in view of strengthening the capacities and capabilities of various agencies dealing with migration to elaborate a comprehensive migration policy.

More information about the programmes is available here:

MIEUX: <http://www.icmpd.org/MIEUX-II.1672.0.html>

SOCIEUX: http://ec.europa.eu/europeaid/socieux_en

What are the plans for the future?

– Working with the European financial institutions on vital infrastructure projects

The enhanced cooperation with the EFIs have created new opportunities and provided access to resources previously not available or affordable to the Kyrgyz Republic.

The European Investment Bank (EIB) being the largest multilateral lender and borrower in the world with 50 years of experience and 2,300 staff is able to obtain the best terms for loans that the market can offer. In 2013 the EIB raised EUR 72 billion on the global bond market. Owned by the 28 EU Member States, 90% of its lending is within the EU. Providing funding and technical assistance for some of the largest infrastructure projects in some of the world's most advanced economies the EIB will be able to offer unique assistance to the Kyrgyz republic in the years to come.

The EIB's cooperation with EFIs with more operational experience in the country, such as the EBRD and German development bank, KfW, will enable the EU to secure investments through blending that would otherwise not have been affordable.

Two of three EIB operations have already been approved by the Board of Directors while the third is expected to be approved shortly. The three operations are:

- CASA-1000 project, in cooperation with the World Bank – Tajik-Kyrgyz Power Interconnection – financing power grid

infrastructure between the Kyrgyz Republic, Tajikistan, Afghanistan and Pakistan - Up to EUR 70 million;

- Environmental Protection Framework Loan, in Cooperation with the EBRD and with a contribution from IFCA – Kyrgyz Water and Solid Waste Framework Loan – Up to EUR 20 million;
- Rural Development Framework Loan, in cooperation with KfW and with a contribution from IFCA – Kyrgyz Agriculture and Food Value Chain Loan – Up to EUR 30 million

– Possibility for more budget support programmes linked to sector strategies

As the EU's experience with sector budget support programmes in the Kyrgyz Republic has been very positive (for Social Protection and Education), the possibility to introduce this kind of support in other sectors will be duly considered in the course of the ongoing programme period, 2014-2020.

The main prerequisites for new sector budget support programmes will be the existence of a credible sector strategy and evidence of government commitment to implement it.

While there are no concrete plans for this at the moment, in time this may be considered in the Rule of Law sector or for Rural Development.

– Providing expertise needed to develop an advanced economy

As the Kyrgyz economy continues to develop, the need for increasingly sophisticated projects is also expected to generate an increasing demand for European expertise in all sectors.

The EU is prepared to address such needs by mobilising EU Member State experts and practitioners through regional and country specific technical assistance facilities.

Having practical experience with the application of the EU's standards, rules and regulations (known as the *acquis communautaire*) EU Member State experts are uniquely equipped to provide advice in all sectors of the Kyrgyz economy.

The provision of EU expertise could eventually help improve the quality of products and services in the Kyrgyz Republic to the benefit of both customers, including European customers, producers and tax payers.



The European Union is made up of 28 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 60 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders.

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