<table>
<thead>
<tr>
<th><strong>Country/Region:</strong></th>
<th>Central Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Years:</strong></td>
<td>2011-2013</td>
</tr>
<tr>
<td><strong>Budget Line:</strong></td>
<td>19-10-02</td>
</tr>
<tr>
<td><strong>Legal Base:</strong></td>
<td>Regulation (EC) n° 1905/2006</td>
</tr>
<tr>
<td><strong>Cost of Order:</strong></td>
<td>€321 Million</td>
</tr>
<tr>
<td><strong>Programming Service:</strong></td>
<td>DG External Relations E/3</td>
</tr>
<tr>
<td><strong>Head of unit:</strong></td>
<td>Victor Andres Maldonado</td>
</tr>
<tr>
<td><strong>Co-ordinator:</strong></td>
<td>Pierre Borgoltz</td>
</tr>
</tbody>
</table>
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CHAPTER 1: SUMMARY CENTRAL ASIA DCI INDICATIVE PROGRAMME 2011-2013

1.1 Strategy for assistance to Central Asia 2007-2013: Mid term review and EU response

The Regional Strategy Paper for Assistance to Central Asia (CA RSP) 2007-2013 covering Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan was formally adopted by the Commission in April 2007. The CA RSP provides the rationale behind the EU response and the priority areas which have been selected, at both regional and country level, encompassing all EU instruments and programmes.

The adoption by the European Council of a “Strategy for a new enhanced partnership with Central Asia” in June 2007 has given impetus to both regional and bilateral dialogue, and has reinforced EU cooperation with the five countries on major issues facing the region, such as poverty reduction, sustainable development and stability, which formed the core of the programming exercise for 2007-2013. This cooperation can now be pursued at a higher level of political commitment and impact, particularly with a view to addressing key regional challenges. With EU enlargement, and the new external policies concerning Russia and the neighbouring states, the countries of Central Asia have become “the essential neighbours of the EU Neighbourhood countries”, where approximation with EU legal frameworks and economic policies has been accelerated. This policy change lends an additional impetus to the development of Central Asian countries’ relations with the European Union and the strengthening of their own sector policies and reform agendas.

As a land-locked region, Central Asia faces numerous challenges in terms of its geography alone. The countries also share many common issues and problems. In part, this can be attributed to the collapse of the Soviet centralised economy that existed pre-independence and the subsequent need for nation building and profound economic and political reforms. In part, these shared issues and problems relate to vitally important cross-border trade, migration, water, energy and environmental links – all of which require regional cooperation. Mounting cross border crime and threats of terrorism in Central Asia point to grievances at local and national level that have arisen in response to extensive poverty and unemployment, barriers to trade and business, weak institutions and poor governance in public service and law enforcement, and authorities that fear opposition, free expression and religious activity. These destabilising factors are further compounded by external influences, such as international drug trafficking (and other forms of trafficking), and radical Islam.

Against this background, the core objectives of the EU are to help eradicate poverty and increase standards of living to promote the stability and the security of the countries of the region; and to facilitate closer regional cooperation both within Central Asia and between Central Asia and the EU, particularly in the sectors of energy, transport, environment and higher education.

To these ends, the EU is keen to enhance its relations with each of the five Central Asian Republics, and assist them in overcoming the challenges they are facing, with a view to achieving sustainable and prosperous development for their populations, attaining the Millennium Development Goals (MDGs), and improving education and job opportunities. As part of this process, the EU will contribute to consolidating the values of democracy, the rule of law, good governance, and respect for human rights and fundamental freedoms in the region.
Differences between the countries of Central Asia in both the economic and political spheres can present major challenges in terms of the free movement of goods, services and people, and finding joint approaches to solving shared problems.

Greater regional economic cooperation both among the Republics of Central Asia and between them and their neighbouring countries, and particularly with Europe, will be key to their sustainable socioeconomic development. The strong EU commitment towards its Eastern neighbours within the framework of the European Neighbourhood Policy will also bring Europe and Central Asia closer to each other, in terms of both political cooperation and economic development. The EU can offer experience in regional integration leading to political stability and prosperity. Equally, a number of issues are most appropriately addressed through assistance at national level, where lessons learnt from the political and economic transformation of Central and Eastern Europe can also be offered with specific value added and impact.

The Regional Strategy Paper for Assistance to Central Asia 2007-2013 (CA RSP) defines, consistent with the EU - Central Asia Strategy, a set of three priority areas for assistance to Central Asia, which together promote the core objectives outlined above. These priority areas are: 1. Promotion of regional cooperation and good neighbourly relations; 2. Poverty reduction and increasing living standards; and 3. Good governance and economic reform.

The National Annual Action Programmes for assistance to each of the five Central Asian states are elaborated from the second and third priority areas. In the framework of these priority areas, three focal sectors have been identified for each country. Focal sectors have been chosen in response to the particular requirements and policies of each country, with a view to maximising the effectiveness of the assistance provided and complementing the work of other main donors. It is worth noting here that the EU's relations with all five Central Asian states have the same contractual basis (though the PCA with Turkmenistan is still in the process of ratification) providing a common regional framework for the EU's cooperation with the five Central Asian Republics.

Focal sectors for regional cooperation have been elaborated under priority area 1, “Promotion of regional cooperation and good neighbourly relations”. These focal sectors are also fully in line with those of the EU “Strategy for an enhanced partnership with Central Asia”, as well as the Regional Strategy of the European Neighbourhood and Partnership Instrument (Eastern Regional Programme) for 2007-2013 and its cooperation initiatives and programmes, in which the countries of Central Asia are invited to participate.

The mid-term review of the CA RSP has demonstrated that the analysis, principal objectives and priorities for action regarding regional cooperation and bilateral assistance programmes adopted under the CA Regional Strategy Paper remain essentially appropriate for the period 2011 – 2013. The objectives of this review were to identify areas which had not been

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1 The validity of the existing Strategy Paper was established by considering the following check-list questions: 1) Have there been significant changes in the relevant EU policy framework?; 2) Are there new horizontal priorities (e.g. Climate Change, Drugs, Financial and Economic crisis, Migration) that need to be addressed?; 3) Have there been significant changes in the recipient countries’ internal situation (e.g. economic, social and political developments)?; 4) Have there been significant changes of the regional or international context?; 5) Does the implementation of earlier programmes (lessons learned) indicate that a change of strategy is needed?; 6) Have the activities of other donors changed significantly?
adequately covered by EC, or by other donors’ assistance, but which represent key priorities for the countries of the region and to identify areas for which follow up to previous programmes is required. It was found that recent global, regional and national developments, as well as evolving EU priorities, were generally well addressed by the CA RSP. Moreover, experience in the region demonstrates that it is critical to ensure continuity in dialogue and support to selected focal sectors over time in order to achieve sustainable results and ensure the impact of assistance programmes. The existing Strategy for assistance thus remains appropriate, requiring only some minor modifications at the country level in view of recent political and economic developments, which are dealt with in the individual country sections below.

The Central Asia Indicative Programme (CA IP) 2011-2013 defines in detail the focus of DCI assistance interventions for each country of the region over the three year period. Coherence of EU policies and complementarity, both between EU-based programmes and instruments and with those of other donors, will be pursued in all priority areas. This issue is particularly relevant for linking the Central Asia Indicative Programme with the EU Strategy for Central Asia adopted by the EU Council (June 2007), which establishes Central Asia as a strategic priority focus, as well as with the European Neighbourhood Policy (ENP), especially the relevant ENPI Regional Programmes (Eastern Region). Governments, parliaments and civil society in Central Asia were consulted throughout the mid-term review process, as were other main donors, IFIs and international organisations.

1.2 Framework and strategic priorities for Regional cooperation with Central Asia

There is substantial potential for regional cooperation in Central Asia due to the significant interdependence of its land locked countries, their shared natural resources and common challenges that can be tackled most effectively through a regional approach, and by capitalising on the common goals of partner countries to get closer to the EU. For regional cooperation between the EU and its partner states in Central Asia, it is important to operate within specific joint sector policy dialogue and programming frameworks which ensure political engagement, ownership and effective implementation and coordination among the partner countries at regional level.

Whilst difficulties and tensions amongst the countries of the region remain, a growing sense is emerging among the states of Central Asia that convergence in policies across a number of areas could yield benefits for all. The EU strategic priority area, “promotion of regional cooperation and good neighbourly relations”, is now as valid and important as ever. Recent regional and international events, including the worsening situation in Afghanistan, events in the South Caucasus, the economic crisis and the ever more urgent need for action on energy, climate change and water issues, have further enhanced the significance of EU cooperation in the area. The long-term nature of these challenges, which are inherently cross-border in character, calls for continuity and consistency with past EC regional assistance programmes. In sum, the CA RSP remains entirely valid, although particular attention should be paid to environment and energy challenges, as well as continued efforts regarding the rule of law.

The focal sectors identified for regional cooperation within the RSP support the EU’s political approach to the region and are consistent with the common agenda drawn up by the EU and CA states, ensuring ownership and follow-up at both political and technical level. They are also coherent with the new horizontal external EU policies, such as the priority issues of climate change, migration and aid for trade, amongst others, which had already been identified as critically important in the region.
Regional programmes have been useful as multipliers of know-how, for valuable actions and reforms carried out in one national context were often also relevant for another country. Past experience has shown the importance of sharing lessons learned and best practices from countries that are undergoing similar post-communist transitions in terms of facilitating effective reforms and stimulating convergence. It also remains appropriate that projects and programmes for the region continue to be developed on a variable geometry basis, where a partner may choose not to be active. This approach makes also room for specific country components of a regional assistance project to be tailored to the national context and needs and to respond to requests from Central Asian partners, thereby ensuring ownership and overcoming absorption capacity issues.

With the CA Strategy and ENP, multilateral cooperation frameworks have considerably strengthened the sector policy dialogues with the EU and brought significant progress in terms of ownership and the scope and results of cooperation activities. EU-CA cooperation at the regional level has been embedded since its early stages in the ENPI regional cooperation processes, in particular for energy, transport, education and environment. In these priority areas of mutual interest, the strategic objectives of the Central Asia Strategy operate in synergy with those of the ENPI East Regional Strategy. Regional cooperation with the countries of Central Asia should thus continue to facilitate their participation in the relevant regional cooperation mechanisms put in place under the ENPI. Moreover, new platforms of the initiatives the EU Central Asia Strategy created for enhanced cooperation will make it possible to better manage any possible country-specific absorption capacity issues. These strong and efficient coordination mechanisms in place will ensure proper links between policy dialogue and project implementation, as well as ownership by the various stakeholders.

No specific problems were encountered in the MTR process review, and no problems are foreseen in the implementation of such cooperation programmes in future. Implementation risks may arise as a result of lack of trust and inward looking national policies. However, the regional dialogue platforms and cooperation mechanisms which have been established mitigate these risks, as does the EU flexible approach to the regional projects. The majority of the cooperation schemes financed under regional programmes have already proved their effectiveness. In addition, the multi-beneficiary nature of the activities will limit the impact of any country-specific absorption issues.

Cooperation with IFIs, and especially with EBRD and EIB, constitutes an important contribution to supporting the implementation of regional cooperation, including the facilitation of investments at policy and project level. Following the success of the Neighbourhood Investment Facility established to provide grant funding in support of lending operations by European Financial Institutions, the establishment of a similar facility for Central Asia, the Central Asia Investment Facility (CA-IF) is being considered. The CA-IF would enable the promotion of operations for energy and environment by European development finance institutions in Central Asia to support the EU strategic development objectives (for details, see chapter 4).

**Donors’ coordination:** Coordination among donors on regional issues is progressing through the EU Central Asia Strategy framework and the ENPI Eastern Regional Initiatives. Through the platforms of the CA Strategy, as well as INOGATE, TRACECA, TEMPUS and the EU Water Initiative Programmes, improved coordination with other donors, notably with EU MS and IFIs.

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2 As specified in the DCI Regulation Article 8, sub-paragraph (f)
is increasing the effectiveness of regional cooperation activities in terms of leverage and impact.

In particular, the EU has considerably increased its cooperation in recent years with the International Financial Institutions active in the region, with an overall good result on enhanced coordination and sharpened focus for better impact of assistance. Cooperation and synergies with the banks are most developed in the framework of a specific Tripartite MoU EC-EIB-EBRD, covering countries in ENP Eastern Europe, the Caucasus, Russia and Central Asia. Both banks have been closely associated with the MTR process and have had the opportunity to comment on the CARSP and IP. The EBRD-EIB MoU is also aimed at strengthening operational coordination between the two institutions in the above region.

Under the EU Strategy for Central Asia, strengthened mechanisms for coordination have also been established among EU MS, especially as regards the Rule of Law initiative led by France and Germany, the Education initiative led by the Commission and the Environment/Water pillar led by Italy. The EU Central Asia Border Security Initiative (CABSII), led by Austria, is also serving as a coordination platform for donors and international organisations active in the border management sector.

Taken together, these various coordination efforts have improved the division of labour among major donors, international organisations and IFIs, both at regional and at bilateral level.

1.3 Framework and strategic priorities for bilateral assistance in Central Asia

Partnership and Cooperation Agreements (PCAs) have been agreed with each of the region's five states and constitute the contractual basis for bilateral cooperation. The PCAs are built around the same two major commitments, namely to align their respective legal frameworks with that of the EU and to gradually undertake regulatory convergence. Previous EC assistance programmes have been major contributors to the emergence of a new legal order and socioeconomic framework in the newly independent states, based broadly along the lines of the EU **acquis communautaire** and international norms and standards. The leaders of Central Asia continue to mention the European Union as their point of reference for the political, economic and social transition reforms of their countries. This specific feature of Central Asia compared to the other geographic areas and countries covered by the DCI Regulation is reflected by a specific Article on Central Asia (Article 8), concerning the priority areas of cooperation, which complement the general scope and objectives of this assistance instrument.

Bilateral assistance programmes will be devised for each of the five Central Asian countries within the two strategic priority areas “**poverty reduction and increasing living standards**” and “**good governance and economic reform**”. The scope for action under these priority areas has been defined at country level in line with the analysis developed for each country, and following consultations with the beneficiaries. To maximize results and impact, not more than three focal sectors per country have been selected in accordance with the specific orientations defined for each country.

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3 The PCA with Tajikistan and the interim PCA with Turkmenistan are entering into force in 2010.
The approach of the Regional Strategy Paper for Assistance to Central Asia 2007-2013 for bilateral cooperation, which focuses on the attainment of the Millennium Development Goals and good governance, remains entirely valid in the current context. Priority papers have been drafted for each country in consultation with national governments. In general, a new quality of cooperation has emerged. The Kazakh government’s “Path to Europe” programme, which complements EU cooperation activities in Kazakhstan, may be noted in this respect, while developments in EU relations with Uzbekistan and Turkmenistan offer the possibility of a deeper engagement with those countries.

The CA RSP also accords with new priorities in horizontal EU policies. Rising food prices are of particular concern in Kyrgyzstan and Tajikistan, and both of these countries are included as beneficiaries of the recently established EC Food Facility. Whilst the economic crisis has affected the countries of the region to varying degrees, EU assistance focusing on regional/local development, increasing living standards, economic reform and/or private sector development is clearly particularly relevant in the current context. Where appropriate, this support also addresses migration issues, especially in Tajikistan and Kyrgyzstan.

Progress, experience and priorities at regional — and country — level will be assessed through dialogue with the authorities concerned, as well as with EU Member States and other relevant donors. In this way, synergy and complementarity between focal intervention areas at both regional and national levels can be optimised with a view to supporting the implementation of the EU Strategy for Central Asia.

The focal sectors included in this programme should be covered during the programming period 2011-13. However, the identification process involved in defining Annual Action Programmes allows for assistance to respond to the needs and commitment of partner states in a given focal sector, so that the timing and scale of proposed measures can be adapted to specific sector developments, the evolution of the partners’ government and EU policies. In this process care should be taken to ensure continuity in support for specific reforms and for actions that serve the objective of deepening the relationships with the EU in the context of the Strategy for Central Asia.

**Donors’ coordination and EU assistance:** the levels and forms of donor activity vary considerably from country to country. Coordination efforts are carried on throughout the region. In the case of Kyrgyzstan and Tajikistan, for example, Donor Coordination Councils have been established. The Joint Country Support Strategy in Kyrgyzstan and the new Joint Country Partnership Strategy in Tajikistan aim to increase the effectiveness and efficiency of aid through enhanced coordination. A new department at the Ministry of Finance in Uzbekistan complements the informal and formal donor coordination processes already taking place. In Turkmenistan, coordination of external assistance has also been strengthened at the Cabinet of Ministers’ level, with the Minister of Finance playing a lead role as National Coordinator. In all cases, the approach taken in the CA RSP coheres both with government policy and other donors’ priorities.

The EU was associated with the policy dialogue carried out by the IMF and the World Bank with a view to mobilizing new short- to medium-term credit facilities. For Kyrgyzstan and Tajikistan, in particular, IFIs’ conditionality was relaxed: counter-cyclical policy prescriptions and financing instruments were sought, reflecting the IFIs’ policy of looking at recovery as a medium- to long-term objective, and the need to act swiftly to minimize the negative social impact of the crisis on poverty, employment and national social budgets.
EU programming was adapted according to the new circumstances, taking into account vulnerability/resilience and needs assessments carried out by the IFIs, including as part of the assessment for the EC Food Facility. In the near future, the possibilities of co-operation with the IMF are likely to increase in light of the forthcoming opening of a dedicated CA technical assistance centre (CASTAC). The policy response of each government to the global economic downturn was also taken into account. The Mid-term Review (MTR) also considered the impact of strengthened WB sectoral lending facilities and programmatic loans, intended to support income generation, social safety nets, modernisation and capacity building programmes and infrastructure projects. EBRD also stepped up its lending, and at the same time strengthened its dialogue, cooperation and consultation with the EU.

1.4 Main priorities, focal sectors and indicative allocations for 2011-2013

During the 2011-2013 period covered by this Indicative Programme, a total EU grant of ~ € 321 million is planned for Central Asia under DCI4, equivalent to an average annual budget of € 107m per year (+/- 21 % compared to the previous CA IP 2007-2010). The indicative average allocation per year to “Promotion of regional cooperation and good neighbourly relations” is set at € 35 m, while € 72 m on average per year is indicatively earmarked for the CA national assistance programmes at country level, for the priority areas “poverty reduction and increasing living standards”, and “good governance and economic reform”.

The DCI indicative budget 2011-2013 for CA country bilateral assistance programmes has been allocated by country as follows:5

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4 This figure is based on the position of the College (14/02/06) following Council final agreement on future Financial Perspectives.

5 As prescribed under Regulation (EC)1805/2006, Article 18(2), allocation has been made using standard, objective and transparent resource allocation criteria based on the needs and performance of the countries, including population, income per capita and the extent of poverty, income distribution and the level of social development.

(Note that in addition to these country allocations, a total of € 4 M per year will be provided for Kazakhstan, Uzbekistan and Turkmenistan through the new instrument “ICI + ” (cooperation activities in mutual interest with the EU); programming of these funds is presented under the new ICI + Indicative Programme 2010-2013).
<table>
<thead>
<tr>
<th>Country</th>
<th>Annual Average Amounts</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>~ € 10 m/yr</td>
<td>14%</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>~ € 17 m/yr</td>
<td>24%</td>
</tr>
<tr>
<td>Tajikistan</td>
<td>~ € 20,7 m/yr</td>
<td>29%</td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>~ € 10,3 m/yr</td>
<td>14%</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>~ € 14 m/yr</td>
<td>19%</td>
</tr>
</tbody>
</table>

100%

1.4.1 Promotion of regional cooperation and good neighbourly relations:

(33% of available DCI-CA financial allocation)

Focal Sectors:

a) Sustainable regional development: energy, environment and business cooperation networks

b) Education, Science and People-to-People activities

c) Rule of law, border management, customs, and the fight against organised crime.

Central Asia Regional cooperation: DCI Indicative allocations 2011-2013

<table>
<thead>
<tr>
<th>Regional Cooperation Programme Priorities: Focal sectors</th>
<th>Indicative allocations over the period € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focal sector 1 : Sustainable regional development, of which:</td>
<td>50</td>
</tr>
<tr>
<td>- energy</td>
<td>25</td>
</tr>
<tr>
<td>- environment</td>
<td>20</td>
</tr>
<tr>
<td>- business cooperation networks</td>
<td>5</td>
</tr>
<tr>
<td>Focal sector 2: Education, Science and People-to-People activities</td>
<td>45</td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>----</td>
</tr>
<tr>
<td>Focal sector 3: Rule of law, border management, customs and the fight against organised crime</td>
<td>10</td>
</tr>
<tr>
<td>TOTAL regional CA</td>
<td>105</td>
</tr>
<tr>
<td>(Total Central Asia -regional and bilateral programmes )</td>
<td>321</td>
</tr>
</tbody>
</table>

1.4.2. CA Bilateral Programmes:
(67% of available DCI-CA financial allocations)

1. Priority area: Poverty reduction and increasing living standards
   Focal sectors:
   a) Agriculture and rural development, regional and local community development
   b) Support to social sector reforms
      - social protection
      - health
      - education

2. Priority area: Good governance and economic reform
   Focal sectors
   a) Good governance and rule of law:
      - Promotion of judicial reform and rule of law.
      - Strengthening Public Administration and Public Finance Management
b) Enhanced trade, economic reforms and SMEs development

### Central Asia bilateral country programmes: DCI Indicative allocations 2011-13

<table>
<thead>
<tr>
<th>Country</th>
<th>Priorities: Focal Sectors</th>
<th>Indicative allocations over the period, € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kazakhstan</td>
<td>Regional development and local governance</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td>Judicial reform</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Enhancement of public service capabilities for social and economic reforms</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>30</strong></td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>Social protection reform and income-generating activities</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Education reform</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Judicial law and rule of law</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
</tr>
<tr>
<td>Tajikistan</td>
<td>Social protection and employment</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Health sector reform</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Private sector development</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>(* public finance reform / cross-cutting issue)</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
</tr>
<tr>
<td>Turkmenistan</td>
<td>Strengthening economic and social development of rural areas</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Support the improvement of human capital development</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Long term sustainable energy development</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>Raising living standards through rural and local development schemes</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>Rule of law and judicial reforms, and support to local government bodies</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Enhancing mutual trade, business climate and SMEs development</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>42</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>216</strong></td>
</tr>
</tbody>
</table>

**GRAND TOTAL bilateral CA:** 216

*(Total Central Asia – regional and bilateral programmes)* 321
It should be noted that financial allocations are indicative over the three year period: in case of serious sector- or country-specific absorption issues, re-allocations could possibly be considered within the limits allowed by the relevant legal basis and after agreement between all EU services concerned.

In summary, total country bilateral allocations are increased by 31% compared to the previous CA IP 2007-2010, while regional allocation is increased by only 4% taking into account the frontloading of € 40m made for CA regional allocations in DCI AAPs 2009/10 to support the implementation of the EU Strategy for Central Asia.

CHAPTER 2: PROMOTION OF REGIONAL COOPERATION AND GOOD NEIGHBOURLY RELATIONS

2.1 Overall objectives of EU regional co-operation

Improved regional economic cooperation, both among the Republics of Central Asia, and between them, their neighbours and the European Union, provides one of the keys to their security, stability and sustainable socioeconomic development. Several of the challenges faced by Central Asian countries, such as developing regional trading corridors, creating efficient energy systems and networks, managing river basins and environmental issues, and combating organised crime and trafficking, are inherently trans-border in character and can only be tackled effectively through a cooperative effort at regional level.

In this context, the EU Strategy has stressed that “a regional approach is suitable for tackling common regional challenges such as organised crime, human, drugs and arms trafficking, terrorism and non-proliferation issues, inter-cultural dialogue, energy, environmental pollution, water management, migration as well as border management and transport infrastructure. In this regard the EU will cooperate with international financial institutions, multilateral and regional organisations and institutions.”

The principal objectives of EU regional assistance to the countries of Central Asia are thus fully in line with the approach set out in the EU Strategy for Central Asia adopted by the EU Council: namely, to provide assistance in order to achieve common objectives in synergy with those pursued under the bilateral programmes where there is a clear benefit from regional-level assistance, using the different Community Assistance Instruments, as appropriate, including DCI Central Asia, DCI Thematic Programmes, Instrument for Stability and others. These benefits result from complementarities and pull effects, as well as from economies of scale and avoiding duplication of effort. They can be of a long-term nature, and include fostering greater cooperation within the region. Central Asia country programmes may also provide support with regard to legislative alignment and sector reform. To ensure the impact of regional assistance, appropriate synergy between the programmes at regional and national level will be sought. Finally, the long-term nature of these regional challenges calls for continuity and consistency in the EU’s regional response and assistance.

The priorities for promoting regional cooperation in Central Asia are also closely linked with the European Neighbourhood and Partnership Instrument Regional Strategy (Eastern Region) for 2007-2013 and Regional Indicative Programme 2010-2013. Some ENPI Eastern Regional cooperation initiatives and programmes, notably those regarding energy, transport,
environment and education, are open to the countries of Central Asia, which can benefit from the instrument on the basis of Article 27 of the ENPI Regulation.  

For over ten years, the countries of Central Asia have been fully involved in the EC Regional and Inter-State programmes as equal partners with the other CIS countries, candidate countries and new EU Member States in strategic areas such as energy, transport, environment and education. They have subscribed to the TRACECA multilateral agreement on transit and transport, the INOGATE Umbrella Agreement, the EC-supported Environment for Europe Process and the EU Water Initiative for Eastern Europe and Central Asia. They have been keen to adapt the reform of their higher education systems to the principles of the Bologna Process and in line with the Lisbon Agenda, in particular through the TEMPUS and the ERASMUS Mundus programmes and participation in the 7th Framework Programmes for research and technological development. All these EU programmes are being given a new impetus through support for political dialogue mechanisms and new initiatives set up under ENP, the Eastern Partnership and the EU Central Asia Strategy. Under the EU Strategy for Central Asia, two initiatives have been launched on education and the rule of law, and a Joint Platform has been adopted to enhance environment and water cooperation, with the aim of giving further impetus to EU cooperation in these areas.

2.2 Description of Priorities and Focal Sectors

Focal sector 1: Sustainable regional development

Comprises three sub-priorities:

- **energy**
- **environment**
- **business cooperation networks**

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6 “To ensure the coherence and effectiveness of Community assistance, the Commission may decide when adopting action programmes of the type referred to in Article 12 or the special measures referred to in Article 13, that countries, territories and regions eligible for Community assistance under the Pre-Accession Instrument or the financing instrument for development and economic cooperation and the overseas countries and territories associated with the Community are eligible for measures under this Regulation where the project or programme implemented is of a global, regional or cross-border nature.” The principles for funding the Central Asian Republics’ participation in ENPI Programmes through the ENPI Eastern regional programme will be that, in each case (Ref: ENPI Eastern Regional Indicative programme 2007-2010 and 2011-2013):

1) There should be clear added value in cross-regional cooperation in terms of building on existing linkages, activities or structures, or on increasing cooperation between the regions;

2) Where the ‘centre of gravity’ of the activity is in the ENPI Eastern region, with the majority of activities taking place within the ENPI Eastern region, it may be funded through the ENPI Instrument;

3) Where activities primarily take place in, or primarily benefit the Central Asian republics, they should be funded from the DCI Instrument;
Energy

Strategic objectives of EU co-operation

Energy is a crucial area for the economic growth of the countries of Central Asia, which have requested assistance from the EU. A more secure and efficient energy supply, distribution and pricing policy are essential features for the sustainable economic and social development of the region.

Lack of energy (e.g. for heating or electricity) exacerbates the situation of poor and disadvantaged sections of the population in some Central Asian countries. Energy problems can also contribute to an escalation of tensions between countries in the region, can undermine stability and involve direct security risks. There are continuing disagreements between CA countries over water regulation in the context of hydro-electric power and agricultural production, and concerns in relation to the ecological impact of dams. Electricity and gas deliveries have been interrupted, including as a means to exert political pressure.

Cooperation with Central Asia on energy is an EU policy priority, which has been highlighted under the EU Strategy for a New Partnership with Central Asia. Two countries have comprehensive cooperation with the EU on energy issues via dedicated Memoranda of Understanding. The EU and its Central Asian partners have a common interest in strengthening energy security. Enhanced regional cooperation in the energy sector has been recognised as a prerequisite for achieving sustainable economic and social development, as well as contributing to peace, stability and prosperity in the region. Central Asia partners participate in the “Baku Initiative” for cooperation between the Black Sea, South Caucasus and Caspian regions. They also participate in INOGATE, the EU assistance programme which supports the implementation of the “Baku Initiative” roadmap adopted by the Energy Ministers in Astana (in December 2006) around the following core objectives:

- Approximation of legal and technical standards with a view to the creation of a functioning integrated energy market in accordance with EU and international legal and regulatory frameworks.
- Enhancement of the safety and security of energy supplies.
- Improvement of energy supply and demand management through the integration of efficient and sustainable energy systems, in particular through the promotion of energy efficiency and renewable sources of energy.
- Promotion of financing of commercially and environmentally viable energy projects of common interest.

The EU’s interest in increasing the share of Central Asian sources in its energy supply is also a strategic consideration that would contribute to the diversification of their markets. The interconnection of energy networks (electricity, gas, oil) can contribute to the improvement of energy security. Increasing energy efficiency and the use of renewable energy sources may also help in this respect, whilst also contributing to the achievement of climate change policy objectives. The EU and its Central Asian partners recognize the potential for substantial efficiency improvements in the fields of the production, transmission and use of energy (particularly in the construction, transportation and industrial sectors). There is ample scope to further strengthen policies, legislative and regulatory frameworks (based on the EU acquis in this area), as well as the financing mechanisms to realize these opportunities. During the period 2011-2013, EU regional assistance on energy will primarily continue to focus on the key components for development of a sustainable energy system, inter alia 1) supporting the development of a sustainable energy policy, including through energy efficiency, renewable
energy sources and demand side management, 2) convergence of energy markets, governance, regulatory frameworks and standards, 3) enhancing energy security by addressing the issues of energy exports/imports, supply diversification, energy transport/transmission, transit and energy demand management, 4) facilitating investment, modernisation and technology transfer in the energy sector. In this context, strengthening energy related capacity and governance as well as supporting the development of new environmentally and economically viable systems is likely to be important. It is also planned to contribute to the realisation of these objectives by leveraging investments of the European Development Financial Institutions through the planned Central Asia Investment Facility.

a) **Long-term impact**

- Improved and more sustainable use and management of energy resources (including water), contributing to the consolidation of long-term development prospects.
- Improved further integration of the regional energy market in line with EU and international legal and regulatory frameworks.

b) **Specific objectives**

- Strengthen, by means of multi-country activities, the regulatory, policy and institutional framework in partner countries in line with relevant EU legal and regulatory frameworks.
- Improve energy supply and demand management through the gradual regional integration of efficient and sustainable energy systems, as well as measures to promote the diversification of the sources and destinations of energy supplies, including towards the EU.
- Improve energy efficiency and expand use of renewable resources.
- Enhance the safety and security of energy supply through the extension and modernisation of the existing infrastructure as well as the development of new infrastructure, with a particular focus on improving national and trans-boundary network connections, including with regard to the Southern Corridor development.
- Gradual integration of CA and ENPI energy markets with the EU energy markets.
- Contribute where appropriate to the implementation of the Memoranda of Understanding in the field of Energy.

c) **Expected results**

- Improved energy management and infrastructure.
- Increased operational safety and reliability of energy transport infrastructure, and a reduction in the environmental impact of energy and its transport systems.
- Implementation of modern operation monitoring systems and enhanced statistical data.
- Gradual approximation of the regulatory and policy framework in partner countries with that of the EU.
- Improved integration of regional energy markets, including through enhanced statistical data.

d) **Indicators of achievement**

*Long-term impact level*

- Enhanced regional cooperation in the Energy sector, including progress on trade, investment, technology transfers and diversification.
- Improved safety and security and the gradual integration of energy markets; functioning regional energy market and dispatch centre.
Specific objectives level

- Progress in reforms in the energy sector (e.g. policies, regulation, legislation).
- Improvement in energy efficiency levels by comparison with baseline measurements in 2010.
- Increased trade, investment, technology transfers and diversification of sources in the region and with the EU.
- Increased IFI financing of commercially and environmentally viable investments.
- Renewable energy policies developed at national level.
- Number of sustainable energy action plans adopted at the local level (by cities having signed up to the “Covenant of Mayors”).
- Progress where appropriate in the implementation of the Memoranda of Understanding in the field of Energy.

Environment

Strategic objectives of EU co-operation

Environmental protection, including water issues, climate change remediation and adaptation, pollution control, and the sustainable management of natural resources are key issues for the region. Action in the environmental field in Central Asia can also bring significant economic and social benefits in terms of poverty reduction and the attainment of some of the Millennium Development Goals (MDGs).

Central Asia is particularly vulnerable to climate change effects, and the adoption of long term strategies to mitigate global warming, as well as accession to related multilateral instruments, will be very important in the region. The specificities of Central Asia also demand effective and sustainable water resource management as a matter of vital importance, and particular attention should continue to be paid to strengthening cooperation on the rational, efficient and sustainable use of hydraulic, hydro-energy and fuel resources as well as environmental management. Environmental integration is key to good environmental governance in effectively tackling these various environmental and resource challenges.

The level of cooperation between the EU and Central Asia has been enhanced, in keeping with increasing concerns over the ecological situation of Central Asia. With the adoption of a joint platform for cooperation at the 3rd EU-CA High-Level Conference on environment and water (Rome, 5-6 November 2009), the EU and its Central Asian partners agreed to focus on strengthening environmental integration and environmental governance, dealing with climate change effects, and promoting sustainable, integrated water management, including trans-border and regional sea aspects. The setting up of a new EU-CA Working Group on Environmental Governance and Climate Change, to complement the work of the EU Water Initiative Experts Group, will help to further promote cooperation and effective implementation in the environmental sector.

The prevention and mitigation of climate change, including through the joint implementation of the Kyoto Protocol and its anticipated successor agreement and related mechanisms, as well as adaptive measures (including disaster risk reduction), will thus be a focus of assistance. Assistance with natural disaster preparedness will also be provided under the DIPECHO programme of DG ECHO in line with the Hyogo framework for action. Emphasis will also continue to be placed on addressing water-related issues in Central Asia within the
framework of the EUWI EECCA. Promotion and leverage of IFI investment in the above sectors will contribute to impact and results.

Awareness raising and regional and sub-regional cooperation between civil society groups is also particularly important in the environmental sector and should be promoted, encouraging the broader involvement of social actors and civil society organisations, and building on the work of existing regional mechanisms, such as the Regional Environmental Centre for Central Asia.

a) Long-term impact

- Improve the sustainable use and management of natural resources including water, marine resources, biodiversity conservation, and measures to prevent land degradation.
- Reduce the impact of climate change.
- Increased regional environmental cooperation and awareness, facilitated by regional convergence in relevant policy.

b) Specific objectives

- To strengthen the EU-CA Platform for Environment and Water Cooperation, as part of the EU Strategy for Central Asia.
- To strengthen environmental governance to promote environmental protection.
- To further promote activities related to mitigation of, and adaptation to climate change.\(^7\)
- To support the regional aspects of the EU Water Initiative, in close collaboration with the existing regional institutions responsible for water matters, addressing:
  - Integrated water management and cross-border river management, and cooperation on regional seas.
  - Reforms of water supply and sanitation policy.
- Strengthening the capacities to ensure access to environmental information, to involve relevant stakeholders in environmental decision-making on reporting and on conducting EIAs and SEAs in line with the Espoo and Aarhus Conventions and their Protocols. Convergence with the EU acquis on these matters will be promoted.

c) Expected results

- Reinforced policy dialogue with the EU on environmental and water issues.
- Improved implementation, monitoring and reporting on the UNFCCC, Kyoto Protocol and its expected successor agreement and mechanisms.
- Preparation of adaption strategies and planning and implementation of a low carbon development strategy.
- Enhanced convergence with the EU emissions trading scheme.
- National and regional environment information systems set up, linked and in line with the EU’s SEIS.
- Improved access to environmental data and involvement of stakeholders in environmental decision-making, in line with EU legislation and with the Aarhus Convention and its Protocol on Pollutant Release and Transfer Registers.

\(^7\) Implementation of the Hyogo Framework for Action is also relevant here and will be specifically supported through the DIPECHO programme and by mainstreaming Disaster Risk Reduction actions in development cooperation operations. Additionally, enhanced nuclear safety and security, which includes environmental aspects, will be supported through the Nuclear Safety Instrument (INSC).
• Improved capacities for the preparation and use of high-quality environment assessments to support decision-making.
• Facilitation of policy development and implementation of strategies in various environment sub-sectors.
• The implementation of the EU Water Initiative and related goals of the Central Asian Initiative on Sustainable Development, including the MDGs targets related to environmental sustainability (Goal 7).
• Strengthened water resource management, including cross border river basin management, and improved capacities of regional institutions responsible for water matters.
• Increased biodiversity conservation, nature protection and measures to avert land degradation in the context of adaptation to climate change.
• Increased environmental awareness and civil society cooperation, including implementation of the Aarhus Convention.
• Improved cooperation on environmental data collection, monitoring and assessment.
• Disaster risk reduction actions are mainstreamed in development cooperation programmes as appropriate.

d) Indicators of achievement

Long term objectives level
• Better strategic planning and implementation in the fields of water quality and management, pollution, nature protection and soils.
• Progress on adaptation to climate change and on sectoral approaches to climate issues.
• Increased regional environmental cooperation and awareness around climate change mitigation and adaption.
• Availability of a gap analysis for convergence with EU legislation on strategic environmental assessment (SEA), environmental impact assessment (EIA), access to information, public participation and reporting.

Specific objectives level
• Improvement of the production and use of indicators at national and regional level.
• Number of national and regional environment information systems, linked and in line with the EU’s SEIS.
• Steps taken to implement the UNFCCC, Kyoto Protocol and its expected successor agreement, as well as enhanced reporting on implementation.
• Implementation of low carbon strategies and reduced emissions of greenhouse gases compared to a baseline level.
• Steps taken to prepare for linking up with the EU emissions trading scheme
• Number of joint implementation and clean development mechanism projects developed and registered at UN level.
• Increased IFI investment in the environment and water sector, including projects relating to climate change and water supply and sanitation networks, in particular with a view to meeting the relevant MDGs targets.
• Development of water resource management plans, establishment of trans-boundary river management mechanisms and increased cooperation on regional seas, as well as a reduction of water losses
• Climate change remediation and adaptation action plan adapted and measures implemented.
• Increased awareness of regional environmental issues.
• Compliance with multilateral agreements.
• Number of disaster risk reduction actions integrated in development cooperation operations.

Business Cooperation Networks

**Strategic objectives of EU co-operation**

For most countries in the region, the deterioration of the global economic environment has led to a significant reduction in domestic and international demand, investment, and hence to the slowdown of growth. The fragility of the banking system in some countries injects an additional factor of vulnerability. The private sector will be important in restoring economic growth and providing employment for the growing population. SME development in this context is particularly important because of its potential to promote local economic development and job creation. Throughout the region, improving the business climate will be a stimulus for SME development. Giving SMEs access to cost effective advisory services can assist them in improving their management and operations and help them find customers and partners in the region and the EU. In this context, it is important to promote regional networks to address issues of mutual interest for regional and international trade among relevant stakeholders (these may include chambers of commerce, SME associations, business and trade services providers, standards agencies and others).

Better access to European markets, and increased foreign investment opportunities can offer the possibility of sustainable economic development in Central Asian partner countries. The facilitation of business services and regional networks of SMEs between EU and Central Asia will allow a mutually beneficial exchange of information, and thereby facilitate the development of an improved business climate and enhanced foreign direct investment, transfer of technology and export opportunities throughout the wider region.

a) **Long-term impact**
• Promotion of SME development in Central Asia and links with the EU.
• Improving the business climate in Central Asia.

b) **Specific objectives**
• Improve the capacity of legal and business services for SMEs in Central Asia.
• Enhancing relations with EU counterparts to increase mutual trade, transfer of technology (BAT) and investment, as well as the exchange of best practices and expertise.

c) **Expected results**
• Existence of working structures for building and maintaining of business links and relationships
• Development of closer linkages between SME businesses in the EU, ENPI and Central Asian countries, sustainable partnerships and relations between them, supporting the exchange of experience and best practices
• Functioning networks of SMEs.
• Improved access to quality advisory services for SMEs.
• Enhanced foreign direct investment prospects and export capabilities, particularly for SMEs.

**Indicators of achievement**

**Long-term impact level**

• Enhanced foreign direct investment and export opportunities in the region.
• An improved business climate.

**Specific objectives level**

• Networks to support CA private sector development.
• Support to CA regional cooperation mechanisms for economic integration (covering, for instance, statistics, standards and legal frameworks for trade and investment).
• Regional mechanism(s) to bring together EU and partner countries' businesses for cooperation and technology transfer.
• Increased profitability and business turnover of selected SMEs.
• Number of new contacts for SMEs.

**Focal sector 2: Education, Science and people-to-people activities**

**Strategic objectives of EU co-operation**

The continued degradation of the education systems in Central Asia, including vocational and higher education, has had a negative impact on the quality of education at all levels. It has also exacerbated the mismatch between education and training on the one hand and the needs of labour markets and employment on the other. Resolving these issues will be essential for the implementation of CA countries' poverty reduction/social welfare improvement strategies. The demand by CA partners for the EU to strengthen its cooperation in this field remains very high, including for vocational education and training. CA requests for assistance to gradually bring their education systems in line with the Bologna process and the EU's higher education modernisation agenda are also of particular strategic importance. Training of faculty staff and graduates is part and parcel of a comprehensive approach to adjust education to market economy requirements and upgrade knowledge and competencies to face the sustainable development challenges of the region. Actions in the area of higher education institution building and cooperation and mobility of students and teaching staff are important as contributions to the development of the partner countries, but are also crucial for the promotion of mutual understanding and the dissemination of values and experiences. Increased action in science and research, including through participation in the 7th Framework Programmes for research and technological development will help support the development of a knowledge based economy.

The TEMPUS IV and ERASMUS MUNDUS programmes (in particular, action 2) have the flexibility to adjust to the specific needs of each country's sustainable development strategies in the field of education and will continue to constitute a main instrument for delivering assistance...
in higher education. By strengthening higher education institutions, Tempus also contributes to their capacity to take part in the EU Research Framework Programme. In all such activities, gender balance should be ensured. Another recent initiative is the Central Asian Research and Education Network (CAREN), the aim of which is to narrow the digital divide and contribute to the modernisation of the education and research sector in the region. CAREN will also assist in building the capacity of higher education and research institutions to take part in the 7th Framework Programme and increase their involvement with the European Research Area.

The EU and its Member States have set up a European Education Initiative for Central Asia in order to help the education systems of Central Asian states adapt to the needs of the globalised world. A regional approach leading to the emergence of a harmonised regional education area is also highlighted as an important issue for the future sustainable development of the countries of the region, particularly in view of the sizeable flows of migrant workers.

a) **Long-term impact**
   - Contributing to the emergence of an upgraded education system adapted to the requirements of a market economy and the development challenges facing the region.
   - Increased educational and research cooperation within the region and with the EU, including in the fields of science and technology.
   - Increased trans-boundary, people-to-people contacts.

b) **Specific objectives**
   - Enhance the quality of higher education provision in partner countries, particularly in terms of curriculum development, teaching methods and human resource development, aiming at, *inter alia*, a closer match to the demands of the economy and labour market.
   - Develop higher education teaching and learning capacity in partner countries, notably through enabling talented students from partner countries to study in the EU and to promote EU values and enhancing staff capacity for international cooperation.
   - Promote cooperation between higher education institutions in the EU and within the partner countries, thereby encouraging the transfer of know-how with a view to stimulating academic development and upgrading education including, possibly, through the setting up of a network for European Studies in Central Asia.
   - Improve university governance, including transparency of education assessment.
   - Support the acquisition of management skills by academic and administrative staff, ensuring a balance between institutions’ growing autonomy and the need for greater financial sustainability.
   - Increase access to high capacity communication networks, foster the exchange of information between the research and education communities in Central Asia and increase the level of involvement in European R&D programmes.

c) **Expected results**
   - Improved higher education provision in terms of modernized curricula, teaching methods and staff development in partner countries, including a better match to the needs of the economy and labour market.
   - Enhanced capacities in education, training and research systems in line with EU standards and practices through strengthened participation in EU higher education and scientific cooperation programmes.
   - Improved systems of university governance, transparent access and assessment and quality assurance.
• A high-profile scholarship programme with balanced participation of women and men with regard to countries, subjects and social origins, delivering sustainable results in terms of mutual understanding, reinforcement of the capacity partner institutions and the links between institutions of higher education in the EU and partner countries.

• 400 scholarships starting each year through Erasmus Mundus/Action 2, selected on the basis of a transparent process.

• Students and scholars returning to their home region, with improved employability and understanding of the EU.

• Establishment and reinforcement of institutional linkages between higher education institutions and links between EU/CA scientific and research communities, including through an increased number of successful applications to the 7th Framework Programmes.

• Improved access to high capacity internet connections for the research and education community in Central Asia.

**d) Indicators of achievement**

**Long term impact level**

• Improved education systems across the region, better able to respond to economic demands and current development challenges.

• Increased levels of cooperation in education, technology and science within the region and with the EU, reflecting an enhanced mutual understanding and shared values.

• Progress in convergence with the Bologna process objectives (as evidenced eventually by Bologna scoreboards).

**Specific objectives level**

• Improved higher and technical education and training systems, to be judged in terms of quality, teaching methods, access and assessment transparency, social and enrolment indicators, capacity and employability, as well as level of convergence with EU practices and standards.

• Utilisation of European high education quality tools by partner countries (ESG).

• Improved governance/management of educational institutions (quality assurance, social partnership, financing, etc.).

• Number of students enrolling in courses developed with Tempus support;

• Graduates’ success rate on the labour market.

• Number of supported multi-country partnerships, and EU CA academic and scientific networks, such a network for European Studies in Central Asia.

• Number of partnership agreements between universities and enterprises.

• Increased participation of nationals from Central Asia in the relevant exchange programmes.

• Number of research and education institutions connected to high speed internet/GEANT 2

• Enhanced scientific and technological cooperation, notably through increased participation in the 7th Framework Programme projects.

• Increased and sustainable trans-boundary people-to-people contacts.
Focal sector 3: Rule of law, border management, customs and the fight against organised crime

**Strategic objectives of EU co-operation**

Central Asian states face continued challenges in managing their borders and the movement of people and goods across them. The principles of integrated border management have proven effective in ensuring transparent but secure borders. There is potential for enabling sustainable cooperation mechanisms among the CA countries by applying shared principles for border management, which deliver economies of scale for certain activities such as legal approximation and training. The region is a key trafficking route for arms, illegal drugs and human beings. Addressing these issues requires intervention at national level to improve existing legal and judicial frameworks, tackle corruption and improve border management. Progress in this sector can also be promoted through closer coordination between law enforcement bodies in-country, based on concepts of integrated border management. Enhanced cooperation at regional level in the fields of migration and asylum, and combating organised crime, including trafficking and related police/judicial reform, is an essential complement to this, providing the capacity to cope with issues of major trans-border dimensions in line with the EU approach.

In the EU Drugs Action Plan 2009-2012, special importance is given to improving cooperation with Central Asia regarding the reduction both of the demand for drugs and of drug supply. Third country drug policies and interventions are unlikely to succeed without a comprehensive, balanced and integrated approach. Such an approach includes actions to reduce demand and supply that combine a proportionate response and respect for human rights. The high incidence of intravenous drug use associated with opiate addiction has contributed to the rapid increase in the number of HIV/AIDS cases in the region. The 2009-2013 Action Plan on Drugs between the EU and Central Asian States, adopted in May 2009, sets out guidelines for action and enhanced efficient cooperation between the EU and Central Asia. EU assistance will build on existing programmes such as BOMCA and CADAP, while promoting best use of EU MS expertise and know-how in these areas.

The EU Central Asia Border Security Initiative (CABSI) led by Austria also provides for even closer regional policy dialogue and cooperation in the area of border management, while serving as a coordination platform for donors and relevant international organisations. This forum will thus contribute to the strengthening and improvement of the regional cooperation mechanisms among the beneficiary countries.

In response to suggestions put forward by the Central Asian States, the EU has developed a Rule of Law initiative which not only addresses the specific priorities identified by each country, but also supports regional cooperation in this priority area.

a) **Long-term impact**

- The adoption of an Integrated Border Management approach allowing for the facilitation of legitimate trade and transit whilst reducing illicit cross-border movement of goods and people.
- The enhancement of cooperation between border, customs and migration services within states, between the states of Central Asia and with the relevant EU and international structures.
• The gradual adoption of EU best practice in the field of drugs policy.
• Fostering the improved application of the rule of law, the independence of the judiciary and the protection of human rights.

b) Specific objectives

• Build up appropriate operational and institutional capacity (through national- and regional-level activities) to ensure effective border control and surveillance and to combat border-related corruption, with a view to improving security, combating smuggling and human trafficking and facilitating mobility of persons and transportation of goods across borders.
• Improve transnational cooperation on border management, networking and exchange of information among partners and EUMS on IBM.
• Help partners in the region to harmonise and simplify border management rules and adopt best practices, in line with EU IBM standards.
• Align customs with internationally recognized standards, including the implementation of EU and international standards to ensure security of the international supply chain (Customs Blueprints and WCO Framework of Standards).
• Enhance regional cooperation and exchange of information and experience across borders within the region as well with EUMS, Europol and Interpol.
• Adopt comprehensive drug strategies and action plans on drug demand and supply reduction, in line with the EU Drugs Strategy, supported by efforts to develop a better understanding of the drug trafficking and drug abuse situation in Central Asia.
• Combatting illicit trafficking in drugs, and human beings.
• Ensure that law enforcement agencies operate in such a way as to uphold the rule of law and respect for human rights.
• Support judicial systems in dealing with drugs issues.
• Ensure better protection of IPR (Intellectual Property Rights).
• Support the implementation of the Rule of Law Initiative at regional level in the framework of the EU Central Asia Strategy.

c) Expected results

• Greater harmonization of procedures at regional level and gradual adoption of EU best practice, including with regard to integrated border management principles, the fight against organised crime and anti-drugs related legislation.
• Enhanced border and migration management cooperation and systems, increased trade flows and more effective combatting of illicit trafficking through increased regional cooperation; effective transposition and implementation of relevant UN Conventions.
• Institutional and operational capacity of border, customs, law enforcement authorities and judicial bodies enhanced, including through improved inter-agency coordination.
• Regional training programmes and sessions on capacity and institution building carried out.
• Enhanced regional and cross-border cooperation among border authorities (including exchange of information, progress towards joint border crossing points, joint patrolling or controlled deliveries for drugs, anti money-laundering).
• Creation of a modern customs administration geared to facilitating the exchange of goods, whilst implementing controls at the required level of quality, applying procedures that are harmonised with international standards.
• Better understanding and shared information, and increased cooperation on migratory flows.
• Facilitated circulation and integration of legal migrants, assistance to asylum seekers and increased capacity to detect and prevent trafficking of human beings.
• Reduced corruption among law enforcement, judicial and government personnel.
• Strengthened cooperation between partner countries and EU operational structures such as Europol, Eurojust, EMCDDA, ECDC, as well as regional and international structures such as the Central Asia Regional Information and Coordination Centre (CARICC), Interpol and World Customs Organisation.
• Adoption of comprehensive national plans to fight drugs (addiction, prevention and rehabilitation) with support to judicial systems in dealing with drug issues; monitoring and responsive policy measures drawing on EU experience and leading to reductions in the rates of drug addiction and related problems; the adoption of modern treatment methods for drugs and related health problems targeting high risk groups, including in detention centres.
• Convergence in core legal and judicial reforms throughout the region, facilitating cross border administrative cooperation.
• Harmonised training and qualifications for the legal professions.

d) Indicators of achievement

Long-term impact level

• More effective and safer frontier crossings operating on IBM principles, leading to increased trade flows and more effective combating of trans-border crime.
• Positive assessments/progress reports by the EU and other donors concerning the situation relating to the rule of law and judicial reform.

Specific objectives level

• Reduction of passenger and vehicle delays and costs at border crossings; improved trade.
• Trans-border operational cooperation mechanisms established.
• Exchange of expertise and coordination among the partners on their IBM strategies and action plans.
• Number of border crossing points working on the basis of the National Integrated border management strategy and action plan.
• Greater capacity to deal with migration/asylum issues; establishment of transparent migration legal and monitoring systems.
• Increased rate of detection of illegal immigrants and traffickers, and number of smugglers and traffickers of human beings prosecuted; increased rate of detection of financial crime.
• Effective legal system and operating procedures enabling different law enforcement and judiciary agencies to successfully break up organized crime
• Reduction in number of drug addicts and HIV/AIDS cases; effective rehabilitation measures in place.
• Rehabilitation measures, including for drug offenders in prisons, improved, based on statistical data and reports.
• Exchange of experience and regional cooperation initiatives in the area of the rule of law.
• Regional networking between legal training institutions in Central Asia and Europe.
• Development of national qualification frameworks for legal professionals in line with EU best practice.
CHAPTER 3: CENTRAL ASIA NATIONAL INDICATIVE PROGRAMMES 2011-2013


1.1 Strategic Objectives of EU co-operation

In recent years, Kazakhstan has endeavoured, with some success, to implement a programme of economic, social and political reforms. Kazakhstan’s economy is driven by the hydrocarbon sector, and there are significant disparities in income levels and between the central and peripheral regions. The main challenges continue to be the modernisation of the public administration, developing good governance, including at the local level, diversification of the economy and social sector reform.

These challenges are reflected in the government’s strategies, which aim to achieve sustainable development for the country. The EU plays an important role as the main trading and investment partner for Kazakhstan, and has recently been involved in helping the country to implement its reform agenda. In 2008, in order to underpin the objective of further strengthening its links with the EU, the Government of Kazakhstan, at the request of President Nazarbayev, adopted the “Path to Europe” Programme, to be implemented in the period 2009-2011. The aims of the programme aims are to promote economic cooperation, modernise Kazakhstan’s economy and administration and develop a strategic vision for Kazakhstan’s chairmanship of the OSCE in 2010. The programme expresses the intention to bring Kazakhstan to a new level of partnership with leading European countries in the areas of technology, power/engineering, transport, technical control/metrology, trade/economy, SMEs, environment and quality of life. At the Cooperation Council meeting of November 2009, the EU and Kazakhstan agreed to further strengthen their bilateral relations. The two sides adopted a Joint Declaration calling for the review of the 1999 PCA, with the aim of updating the present provisions or establishing a new agreement.

Strengthening of local governance in Kazakhstan and support to regional development are crucial to achieving sustainable development for the country, the modernisation of peripheral regions and a decrease in disparities between the rural and urban areas of Kazakhstan. In 2008, the government confirmed that the reduction of income differences between regions and within each region will constitute a central objective of its reform policy for the country in the coming period. It has begun to draft a regional policy, making reference to the EU approach and the experience of structural funds. The strengthening of institutions and administrative capacities at the local and regional levels will be a core task in terms of enabling the implementation of planned reforms, as will the adaptation of the legal framework of regional and municipal entities in order to ensure the delivery of public services on a sustainable basis.

Strengthening the judicial system is another key priority for Kazakhstan. The reform of this sector has been underway for several years, with assistance from the international community, including international donors. Recently the government has decided to reform the penitentiary system, as well as to encourage improved professionalism among judges and prosecutors and to strengthen the Ombudsman’s Office. European experience in reforming judiciary systems can make a significant contribution to the Kazakh reforms. The EU will offer technical assistance through training, seminars and study visits. Further support will be provided to the Ombudsman’s Office. The EU will also provide support for the penal reform process. The main aim will be to contribute to the strengthening of the rule of law and the independence of the judiciary, and the approximation of the Kazakh judicial system to EU norms and practices.
The reform of public administration is key to the project of further modernisation of the country and to the success of reforms across the various sectors. Kazakhstan has recently shown an interest in closer cooperation with the EU in this field. The main objective for the Commission will be to continue its assistance in support of the modernisation and efficiency of public administration in the country through technical cooperation, capacity-building programmes, sharing best practice and promoting EU standards. The focus on continued support for regional development policy aimed at reducing disparities throughout the country will be maintained, including the strengthening of local Oblast authorities.

Strengthening state institutions is also crucial for creating a favourable environment for socioeconomic development, and in particular for improving the implementation of key reforms on economic regulatory frameworks (e.g. diversification, investments and SMEs, public utilities, competition policy, energy, environment, transport etc.), as well as for improving the social sectors, which the government of Kazakhstan plans to upgrade with EU assistance. To give one example: the State Health Care Reform and Development Program adopted by Kazakhstan for 2005-2010 has set ambitious targets for modernisation which have not yet been achieved. Persistent high rates of tuberculosis, as well as high indicators of infant and child death rates, and lower-than-average life expectancy continue to pose major challenges to Kazakhstan's current health system. Similarly, the government is drafting a national strategy for adaptation to climate change and environmental integration, in order to respond to the challenges of achieving a sustainable environment.

Therefore, the principal objectives and focal priorities for cooperation with Kazakhstan under the CA Regional Strategy Paper for the period 2011-2013 remain adequate and do not require any major change. It is critical to ensure a qualitative development in assistance to selected focal sectors, in order maximize the impact of EU assistance.

The Commission will aim—through technical assistance, sharing of best practice, capacity-building and institutional partnership-like activities with EU partners—to help Kazakhstan achieve approximation with EU standards in the fields mentioned above and ensure effective implementation. Special attention will be paid to MoUs with the EU on Environmental Policy, Energy and Transport.

The priorities set out in this National Indicative Programme will be underpinned and supported by the results of research and development. In this regard, Kazakhstan is encouraged to increase investment and capacity in research and development, in particular through involvement of Kazakh research entities in the 7th Framework Programmes (FP7).

Policy Advice and Dialogue programmes will continue to provide assistance in various priority sectors, including the judiciary, macro-economic policy, health, customs and taxation, energy, transport, environment, municipal utilities, education and vocational training.

1.2 Description of the Priorities and Focal sectors

Priority Area: Poverty reduction and increasing living standards

Focal sector 1: Regional development and local governance

a) Long-term impact

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• Supporting democracy by encouraging greater participation by local communities in the political and economic decisions affecting them.
• Contributing to achieving the sustainable development of Kazakhstan, the modernisation of peripheral regions and a reduction in disparities between the rural and urban parts of the country.
• Institutionalised dialogue among the relevant stakeholders to enable sustainable environmental, economic and social development in the regions.
• Enhanced living standards and improved welfare in the rural areas.

b) Specific objectives

• To assist in the elaboration and formulation of national administrative reform concepts to strengthen local self-government bodies in line with European standards.
• To assist in adapting the legal framework of regional and municipal entities in order to ensure improved quality, transparency and efficiency of services provided by the public administration.
• To strengthen institutions and administrative capacities at the local and regional levels, consistent with the standards set out in the European Charter of Local Self-Government.
• To assist in establishing policy instruments aimed at encouraging the development of local economic activities, job creation, etc.
• To assist in promoting the development of local economic activities, the creation of jobs and the matching of skills to the demands of the labour market.
• To contribute to the improvement of local environmental conditions which affect living conditions.
• To support mechanisms which enhance the participation of civil society in local decision making.

c) Expected results

• Improved economic development of the selected regions and municipalities.
• Improved administrative capacities for regional planning, and for the delivery and quality of local public services.
• Improved local environmental conditions.
• Effective and efficient public finance management in the regions, including internal control and external audit.
• Promotion of economic opportunities, SMEs, vocational training and requalification of workers.
• Strengthened structures of local self-governance evidenced through better management of local authorities and better representation and oversight by citizens of their local authorities, measured by means of donor reports, surveys among civil society structures and citizen panels.
• Increased citizen awareness of decision-making structures and procedures, and strengthened capacities of civil society organisations.

d) Indicators of achievement

Long-term impact level:

• Regional planning mechanisms put in place.
• Administration close to citizens, geared towards satisfying their needs through better delivery of public services and capable of managing public finances in an accountable and effective manner.
• Rise in living standards in less developed regions of the country.
• Economic diversification and increase in income generating opportunities at regional level.
• Enhanced cooperation between governmental and non-governmental stakeholders, e.g. education, media, professional associations, chambers of commerce, trade unions, environment, etc., through civil society cooperation and mechanisms established.

Specific objectives level:
• Adoption of regional development plans and related supporting measures.
• Strengthened economic, income-generation and job-creation components in local development programmes.
• Improved quality of local governance.
• Increased access to social services in local communities.
• Evidence of strengthened public participation processes seen, for example, in case studies of major infrastructure projects.

Priority Area: Good governance and economic reform

Focal sector 2: Judicial reform

a) Long-term impact
• Strengthening of democratic structures and separation of institutional powers.
• Strengthening of the rule of law and independence of the judiciary.
• Contributing to the better protection of human rights and fundamental freedoms.
• Contributing to the effective fight against corruption.
• Improving governance at local level (decentralized).

b) Specific objectives
• To assist in strengthening the Ombudsman’s Office.
• To support the strengthening of institutions in the judicial sector.
• To contribute to the improvement of the capacities in the judicial sector through training of judges, seminars for professionals, study visits and sharing of best practice.
• To contribute to reforms in the sector, e.g. regarding the prison system, the juvenile justice system, etc.
• To provide advice on corporate law development.
• To support the reform of penal justice, the prison system, including implementing habeas corpus and modernizing detention centres in accordance with European standards.
• To assist in strengthening advocacy.
• To support the development of the juvenile justice system.
• To support the development of relevant statistical capacities.

c) Expected results
• Modernisation of judiciary and penitentiary systems in Kazakhstan in line with EU standards.
• Improvement of the rule of law and governance, including at local level.
• Better protection of human rights through a functioning law enforcement mechanism of penal and civil codes of procedures, as well as improved conditions of detention in the penitentiary system.
Establishment of efficient forensic centres in Kazakhstan.

**Indicators of achievement**

*Long-term impact level*

- Strengthened rule of law and improved governance.
- Improved conditions in the penitentiary system.
- Better protection of human rights.
- Easier access of citizens to the judiciary institutions and the Ombudsman’s Office.
- Increased trust of citizens in the judiciary and law-enforcement authorities.

*Specific objectives level*

- Strengthened judicial institutions, including those providing defence of citizens’ rights.
- Higher levels of independence demonstrated by surveys of lawyers and litigators, and enhanced administrative capacities of the judiciary.
- Raising awareness of international justice standards, including EU standards, among the judiciary, penitentiary personnel and other stakeholders.
- Better protection of human rights and improved conditions of detention in the penitentiary system.

**Focal sector 3: Enhancement of public service capabilities for social and economic reforms**

*a) Long-term impact*

- Sustainable social and economic policies put in place, including through increased convergence with the EU.
- Achievement of the Millennium Development Goals.
- Quality of public service enhanced.
- Improved quality and efficiency of public administration for economic and social policies.
- Enhanced diversification and sustainable competitiveness of the economy.

*b) Specific objectives*

- Increased legal and regulatory convergence with the EU and strengthening of administrative capacity in specific economic and social sectors, such as fiscal policies, competition, investment, taxation and customs reforms, energy, environment, transport and health and social welfare. This includes implementation of the Energy and Transport MoUs.
- Assistance with the adoption of EU and international standards in terms of the legal and regulatory framework for business, energy, environment, transport and social sectors in Kazakhstan.
- Modernisation of the operations and financing system of social welfare and health care systems.
- Sharing EU best practice and enhancing capacities of public administration in the relevant areas, through institutional partnership cooperation with EU partner agencies, training and seminars.

*c) Expected results*

- Strengthened institutions for the formulation and management of policies in investment, competition and trade, energy, transport and environment, as well as health and social welfare services.
• Improved regulations regarding trade, customs and taxation, investment, economic diversification, SMEs, including technical and sanitary and phyto-sanitary norms, standards, conformity assessment.
• Institutional development of public administration supported and civil service management modernized.
• Standards and quality of public services improved, in particular social and health services, and disparities in provision between centre and regions reduced.
• Social protection of socially disadvantaged groups enhanced.

d) Indicators of achievement

*Long-term impact level:*

• Quality and sustainability of social and economic policies.
• Increased level of regulatory convergence in key sectors as assessed by the EU.
• Improved working methods and governance of public administration and services for effective planning and implementation of reforms.
• Improved employment and social situation, as demonstrated by data on job creation, provision of social services.
• Successful progress on benchmarking for specific sector reforms, e.g. on implementation of relevant State programmes – for instance the State Programme on Health Care Reform and Development (2005-2010), State programme on environment and climate change, and energy, and relevant components of the Presidential programme “Path to Europe”.

*Specific objectives level:*

• Sector specific regulatory reforms adopted in line with EU legal frameworks.
• Evidence (from statistics, IFI and OECD surveys etc.) that administrative reform efforts as regards trade, business climate, competition and investment policy making have progressed.
• Improved results on attainment of MDGs as reported in national statistics, including targets related to sustainable development, water and environmental governance.
• Improved efficiency and overall performance in implementing specific economic reforms by the state bodies.
• Public sector reform efforts implemented effectively.
• Quality and coverage of the social welfare and health care sector improved.
• Improved performance and modernized financing system of the social welfare and health care sector.
• Indicators of social service delivery improved (e.g. improved quality of medical services as demonstrated by surveys and assessments; improved quality of the local medical centres, as demonstrated by increase in numbers of patients).
• Progress in the implementation of the MoUs in the field of Energy and Transport.


2.1 Strategic Objectives of EU co-operation

Despite government efforts and donors’ assistance, about 40% of the population of the Kyrgyz Republic remains below the poverty line.
As the effects of the global economic crisis make themselves felt, 2009-2010 will be very difficult years for the Kyrgyz economy. Economic growth in the Kyrgyz Republic is expected to slow dramatically, from 7.5% in 2008 to 2% in 2009. The main economic concerns in 2009 are related to the curtailing of the inflow of foreign capital, the deceleration of growth in Russia and Kazakhstan – which signifies a possible decline in remittances from Kyrgyz labour migrants (remittances account for 25% of GDP and 90% is sent home by migrants working in Russia and Kazakhstan) as well as the decline in exports (as Russia and Kazakhstan account for 40% of Kyrgyz exports) – could have a serious impact. In addition, the National Bank of Kyrgyzstan noted that fiscal policy in 2009 will also be hampered by higher energy prices, unemployment, a drastic restriction in global lending, and uncertainty over food supplies. The slowdown in economic growth, especially in trade, combined with an incisive tax reform which entered into force on 01/01/2009, is causing government revenues to fall sharply.

Kyrgyzstan’s Country Development Strategy 2009-2011 was approved in May 2009, after consultations with governmental bodies, civil society, donors and the business community. The EC, along with Sweden and Germany, declared its commitment to participate in the Joint Country Support Strategy process (JCSS) at the Kyrgyz Development Forum in May 2007, following which the focal sectors for EU intervention were identified in coordination with other donors’ programmes.

In providing support to the JCSS, the EU is following the approach adopted by other major donors, and dealing with poverty reduction and enhancing living standards concurrently at two levels: firstly, at central government level, through support to sector reform programmes for social protection, and secondly, at local level, to help extend and modernise local infrastructure, promote productive employment and education, and improve social protection and the quality of social services.

The objectives of EU assistance over the period covered by the Regional Strategy remain fully appropriate and there is a critical need to ensure their continuity. Priority areas and focal sectors remain fully relevant in the context outlined above. They are instrumental for the sustainable development and further reform of a landlocked, low-income country like Kyrgyzstan.

As identified in the strategy document, poverty reduction and increasing living standards therefore remain key objectives for the EU NIP. The Country Development Strategy emphasizes in particular that social protection measures must be made more effective and be better targeted at poorer families. Support for social protection reforms is also instrumental in tackling the effects of the global financial crisis and soaring food and energy prices. It is essential for the sustainability of the EU assistance that continuity and building on the results already achieved are ensured. Support to reforms is expected to continue, including through the setting of an appropriate strategic policy agenda for social protection reforms by the authorities.

Education is a precondition for sustainable economic growth and for ensuring competitiveness within the global economy. The expenditure strategy for the education system suggests that only a small share of the state budget is available for investment and that the financing of the Kyrgyz Education Development Strategy 2011 – 2020 will come to a very large extent from additional funds provided by donors. There is a need to assist the government to strengthen the institutional and human resources capacities necessary to elaborate, manage and implement the education sector reform with a relevant monitoring system and indicators.
Judicial reform and the fight against corruption are among the priorities of the Country Development Strategy. The Kyrgyz authorities have declared their intention to undertake further judicial and legal reform. There is a need for continued support to rule of law and judicial reforms. It will contribute to the strengthening of democracy and the rule of law and to the protection of human rights and fundamental freedoms, as well as combating corruption. The fight against corruption through efficient and transparent public administration will involve cross cutting measures in the social protection and education sectors.

2.2 Description of the Priorities and Focal sectors

Priority Area: Poverty reduction and increasing living standards

Focal sector 1: Social protection reform and income-generating activities

a) Long-term impact
   • To contribute to the development, implementation and monitoring of effective poverty reduction, improving living standards and ensuring access to social welfare services for the poor.

b) Specific objectives
   • Improvement of targeting of social assistance transfers.
   • Reform of the existing system of social welfare privileges based on a categorical approach into a system which targets the most vulnerable, taking into account the income and the needs of citizens.
   • Improvement of social welfare services.
   • Infrastructure rehabilitation and development of rural income generation activities for improved living standards in the poorest communities.

c) Expected results
   • Improved capacity of the authorities to efficiently carry through social welfare reforms and programmes aimed at the most vulnerable sectors of the population, including in the regions.
   • Sector-specific social protection reform measures carried out in line with the government’s sector reform programme, priorities and detailed strategies.
   • Enhanced administrative capacities in relevant sector ministries and state structures to ensure national ownership and effective enforcement to guarantee access of the most vulnerable groups to social welfare benefits.
   • Improved income-generation capacity of socially vulnerable groups.

d) Indicators of achievement

Long-term impact level
   • Social protection reform institutionalized and self sustaining; improved effectiveness and efficiency of social safety nets in reaching the socially disadvantaged and reducing poverty.
   • Reduced poverty levels in rural areas.
Specific objectives level

- Number of measures for sector specific social protection reform implemented.
- Achievement of target sets in the social welfare programmes; improved and regular delivery of social welfare services in all provinces.
- Increased administrative capacity of line Ministries to plan and implement sector-specific reforms.
- Increased income level of socially disadvantaged groups.
- Increased development of skills and human resources of the rural population.
- Increased quality and efficiency in social protection services delivered to target groups; performance indicators for the sector concerned; progress on MDGs.
- Percentage of arrears in financing social benefits, especially in remote regions.

Focal sector 2: Education reform

a) Long-term impact

- The establishment of an effective system of education that will facilitate sustainable development, economic growth and competitiveness within the global economy, thereby contributing to social stability in the country.

b) Specific objectives

- Improve the capacity and efficiency of the authorities to carry out the education system reform and increase the budget spending efficiency.
- Improve quality and effectiveness of the education system, including vocational education, and enhance qualification of teachers for primary and secondary schools.
- Increase the linkage between education and the needs of the labour market, paying particular attention to regional differences.

c) Expected results

- Improved quality, capacities, accountability and good governance of education and training systems.
- Teachers’ careers and training reformed in line with modern standards.
- Enhanced quality of intermediate vocational training, including through the development of specific skills for the services sector.
- Increased prestige of intermediate vocational training among young people.

d) Indicators of achievement

Long-term impact level

- Improved effectiveness of the education system in terms of enrolment, retention and transition rates as well as learning achievements throughout the school cycle: including primary, secondary and vocational training.

Specific objectives level

- Improved management, budgeting, monitoring and evaluation of the education systems, including vocational training.
- Implementation of policies to improve the quality of teachers and teaching, reflected inter alia in the number of holders of educational qualifications (diplomas etc.), among those university students who enter the teaching career, and annual involvement of teachers in training courses.
- Increased availability of information and communication technologies in schools.
• Improved quality and transparency of the examination systems and objective assessment of students (national standard tests) by 2015.
• Raising teachers’ salary level to the average salary in the country by 2015.
• Education facilities and training courses updated in the light of skills/competencies identified at enterprise level; increase in the number of education institutions with modular education systems and professional standards devised together with employers (30% by 2015).
• Doubling of the percentage of graduates with employment contracts concluded between educational institutions and employers’ organizations by the year 2015.
• Increase in the number of VET school graduates as compared to University graduates. Number of education centres modernized.
• Increased involvement of Kyrgyz research entities in the 7th Framework Programmes, as demonstrated by a greater number of successful research proposals.

Priority Area: Good governance and economic reform

Focal sector 3: Judicial reform and the rule of law

a) Long-term impact
• Improve the application of the rule of law, the independence of the judiciary and the protection of human rights and fundamental freedoms, as well as combating corruption.
• Improve the functioning of the judiciary, Ombudsman and Parliament.

b) Specific objectives
• Strengthen the independence, effectiveness, administrative capacity and training of the judiciary.
• Strengthen the impartiality of the prosecution.
• Improve access to justice and transparency of court proceedings.
• Support the penitentiary reform and probation services as well as the Prosecutor's Office.
• Support reforms relating to civil, criminal and administrative legislation consistent with European standards and their implementation by relevant bodies.
• Support the improvement of the quality of legislation and better compliance with international legislative standards.
• Assist in the elaboration of measures to combat corruption.

c) Expected results
• Improved independence, knowledge and efficiency of members of the judiciary (judges, prosecutors, officials within the Ministry of Justice, probation services and the penitentiary system), strengthening their administrative capacity and training level.
• Implementation of reforms relating to civil, criminal, and administrative codes and codes of procedure, probation procedures and management of the penal system in accordance with European standards.
• Improved quality of legislative documents.
• Implementation of reforms related to the court system, including in the regions.
• Increased respect for human rights issues and fundamental freedoms within the judiciary and law enforcement agencies, as well as obligations and commitments deriving from international law.
• Implementation of anti-corruption measures and relevant international anti-corruption instruments, including increased budget transparency in targeted institutions.
• Simplified legal procedures and easier access to justice, the judiciary institutions and the Ombudsman’s Office, for citizens and economic actors.

d) **Indicators of achievement**

*Long-term impact level*

• Positive assessments/progress reports by the EU and other donors on the situation concerning democracy, the rule of law, human rights and fundamental freedoms.

*Specific objectives level*

• Higher levels of independence demonstrated by surveys of lawyers and litigators and enhanced administrative capacities of the judiciary, as demonstrated by fewer court cases going to appeal and ultimately being annulled by higher courts.
• Increased proportion of judiciary qualified up to international standards.
• Increased levels of respect for human rights and fundamental freedoms, as demonstrated by fewer reports of cases of human rights violations.
• Increased access for citizens to the legal system and to court proceedings.
• Increased confidence of citizens in the judiciary and law enforcement authorities;

**Cross cutting issue: Public Finance Management Reform**

Support for public administration and public finance management (PFM) reform, which is a cross-cutting issue, will be an integral component of all assistance programmes in the above focal sectors, with the overall objective of achieving transparent public finance management and credible budget processes. Given the general weakness of PFM, this technical assistance will be a vital complement to EU budget support for the social protection and education sector reforms.

The main features of these actions will be as follows:

**Objectives**

• To improve the quality and efficiency of public administration service delivery by combating corruption and improving the management of public finances, including decision-making process and the use of effective financial control and external audit.

**Expected results**

• Implementation of administrative and civil service reform concepts, including anti-corruption measures, in selected Ministries and State agencies.
• More transparent, accountable and predictable public finance management implemented and efficient use of public resources evidenced by annual budgets and audit reports.
• Improved public finance management systems implemented in selected policy areas (e.g. social security systems and education sector), as well as access to information.

3.1 Strategic Objectives of EU co-operation

Despite 10 years of sustained economic growth and achievements in reducing poverty levels, the main challenge for Tajikistan remains the poverty and low standards of living of the majority of its people. According to the latest survey, 53% of the population live below the poverty line, and Tajikistan remains the poorest country in the region.

Poverty reduction continues to be one of the priorities of the Government under the National Development Strategy (2007-2015) and Poverty Reduction Strategy (2007-2009). A new PRS (2010-2012) is currently being developed by the Government which should reflect this priority, in particular taking into account the secondary effects of the global financial crisis of 2008.

Tajikistan has been badly hit by the global economic and financial crisis, in particular as a result of the sharp decline in migrants' remittances and export revenue. In 2008, remittance inflows amounted to 47% of GDP, and the decline due to the contraction of the Russian and Kazakh economy — by about 40% — is a severe drawback for Tajik households for whom the remittances have served as a coping mechanism. Furthermore, the global contraction of the demand for the main export items, cotton and aluminium has led to a sharp decline in prices and a depreciation of the somoni. These factors have led to harsh consequences on the population and on the available State Budget, although growth is projected to be 2.3% in 2009.

The Government of Tajikistan has endorsed an anti-crisis action plan which will be taken into account in the new PRS. In the newly adopted IMF 3-year Poverty Reduction and Growth Facility Programme, it has undertaken to alleviate the economic impact of the crisis by raising social expenditures, by introducing reforms in the agriculture sector and addressing the longstanding issue of cotton debt. It also intends to address the governance and public financial management issues, as well as improve the business environment.

These priorities are currently addressed by on-going EU programmes. Considering the commitment of the Government to structural reforms, future EU programmes should focus, in keeping with the approach of the CARSP, on continuing poverty alleviation through social protection and health reforms, including in the public finance management sector, as well as promotion of economic development and job generation for migrants through improving the business enabling environment and agricultural diversification. These measures will also address the food security risk of the population. Given the disparity of incomes in some regions, based on economic and health indicators, it will be important to target geographically certain regions most affected by poverty in order to improve income levels and thereby general living conditions. The south of the country should be targeted for additional economic and social development, as should the Ferghana Valley area, with its diversity of multiethnic groups, in order to ensure economic and political stability in this politically sensitive region.

For the last two years the dialogue between Government and donor community (Joint Country Support Strategy) has been intensified, both in terms of quantity and quality. In October 2009 a new Joint Country Partnership Strategy (JCPS) was agreed by twelve development partners with the aim of enhancing aid efficiency and effectiveness. At the recent signing of JCPS by the Government, this strategy was clearly presented as an important step towards a better alignment with the government reform agenda, and as supporting the poverty reduction
strategy. Eventually this process should lead to agreed action plans for support to the new PRS currently underway.

Efforts to advance structural reforms in key sectors and coordinate support to increase aid effectiveness continue to be a priority for donors and for the government. The three focal sectors chosen for future EU interventions have been selected on the basis of their value-added and complementarity, building on the results of previous EU assistance. They have also been discussed with civil society, which is an important player in achieving results and progress in Tajikistan.

Social protection is high among the Tajik government’s priority sectors. The current financial crisis is already taking its toll on the Tajik economy (in the form of reduced international prices for aluminium and cotton and a significant reduction in annual remittances), and may have a long lasting impact on the socioeconomic development of the country, where migrants are returning and unemployment is high. The government needs to take action to improve the social safety nets, as more than 60% of the population live below the poverty line. Much more needs to be done in terms of human capital development (Health, Education, Training (VET) and Social Protection). The Government is committed to increase social expenditures, but it also needs to take drastic measures aimed at improving the efficiency of the social sectors. The EU is committed to support the Government in these objectives, but this reform process, within a medium to long term timeframe, may go well beyond 2013.

Tajikistan’s social welfare sector includes the State social insurance and pension security system, employment and labour migration services, protection of family, women and children’s rights and social assistance targeted at vulnerable and low income segments of the population. The sector is beset by many problems stemming from unsuitable past approaches/methodologies, financial unsustainability, a decline in government funding, high costs, and a lack of efficient targeting of social and legal protection. The implementation of a range of priority measures taken in the areas of social protection and labour market employment in the medium term (2007-2009) should make it possible to provide for more effective management of State social insurance and pension system funds as a whole. The problems with population coverage, and the sustainable financing of these funds will directly affect the fiscal space for implementing effectively the targeted social welfare system, which also needs reform. The EU has already a large programme addressing labour market and migration policy, and also addressing two of the three pillars of the social protection system in Tajikistan, namely delivery of social services to the poor and social benefit schemes. For the period 2011-2013 the EU will consider providing further support to the social protection system, as well as support to Vocational Education Training (VET) — both formal and informal — in particular for women, and for returning immigrants in order to reintegrate them into the Tajik labour market.

In the new economic environment the health care system cannot operate without significant reforms. Total government spending on health care has fallen from 4.5% of GDP in 1991 to 1.8% in 2009. This means that health care is increasingly dependent on unofficial private payments for medical services and on foreign aid. There is a significant gap in the distribution of material resources and budget funding between primary medical care and hospital care, as a result of which the bulk of funding goes to secondary health care (hospitals), and the services provided are expensive and beyond the reach of the poor. The main problems in health care system are: deficiencies in the health care management system; slow pace of reform and limited participation by the private sector in the delivery of medical services; a shortage and
inefficient use of available financial resources, and lack of public awareness of the basic principles of preventive medicine.

All of these problems are associated with high maternal and infant mortality and an increase in the incidence of diseases, including malaria and parasitic and infectious diseases. Since 2008 the EU has started to support the medium term expenditure framework (MTEF), PRS monitoring, strategy development and health management information systems at policy level. Given the encouraging ongoing process towards a Sector-wide approach in health care, and the strong interest of the Government in accelerating the pace of health care reforms, the continuation of the EU support in this sector is particularly necessary in order to increase the impact on the health system described above, and to ensure sustainability by achieving positive results.

Developing the private and financial sector is essential to helping Tajikistan achieve an increase in broad-based economic development and long-term prosperity. The Government’s National Development Strategy and Poverty Reduction Strategy are focused on strengthening private sector development by reducing risks and the cost of doing business, supporting growth of the private sector, improving access to finance and increasing income opportunities for the rural population. In order to improve the investment and business climate in the country, the Government plans to train entrepreneurs, which will also include legal training. Support for the establishment of business associations will contribute to civil society development and feed into further reforms of the business climate. In 2009, the Government drew up an action plan, “200 days of reforms”, including the introduction of measures to reduce administrative barriers to entrepreneurship through laws governing business inspections, licensing, registration, taxation and other areas. However, implementation of these laws is slow and uneven. In order to see tangible improvements for businesses on the ground, there is a need for a thorough implementation of, and additional support in the further improvement of, the legislative and regulatory framework, which is the foundation of a business enabling environment.

In 2009, following the Government’s commitment to write off the cotton debt and to launch a significant reform in agriculture, donors have been working with the government to find an agreed solution (in a high level working group). From this process there emerged the President’s decree on cotton debt resolution (30/5/2009) and agriculture reform, and the Government’s resolution for its implementation (2/7/2009). These important moves towards structural agricultural reform have allowed donors to commit support for a sector which involves 60% of the population, and which could be an engine of economic development and growth, and contribute to food security and the alleviation of poverty. The EU will continue to support economic development through private sector development, with a focus on the development of a profitable, market oriented agriculture for the population of Tajikistan.

Improving public finance decision –making and management systems, reducing corruption and more transparent and effective use of public finances are essential for the development of Tajikistan. The country has made some progress in recent years. Some improvements have been made as regards the regulatory frameworks for the budget process and treasury management. Preparation and implementation of the budget have been streamlined and strengthened, including the revision of functional and economic budget classifications. Recently, initial steps have been taken to integrate the various allocation mechanisms, and to enhance the multi-annual perspective mechanisms in fiscal planning, budgeting and expenditure policy through a Multi Annual Expenditure Framework. Further reforms of public financial management, control and audit are required in order to create the fiscal space for
expanding and make sustainable the provision and quality of the essential public services needed for human resource development and poverty reduction.

However, as a result of the economic crisis and poor governance, including by the National Bank, Tajikistan is facing difficult prospects to implement its National Development Strategy and in meeting its poverty reduction objectives. Sustained commitment by the government to structural economic and institutional policy reforms will be critical if Tajikistan is to realize its full development potential. Institutional reforms to encourage investment climate and market economy will be needed in order to stimulate private investment and trade, which is key to stimulating employment creation.

3.2 Description of the Priorities and Focal sectors

Priority Area: Poverty reduction and increasing living standards

Focal sector 1: Social Protection and Employment

a) Long-term impact
   • To contribute to the sustainable socioeconomic development of the country, ultimately achieving the MDGs (Millennium Development Goals) and the alleviation of poverty.

b) Specific objectives
   • New State policy in the area of labour market, employment and migration corresponding to the capacity of the executive and the country’s needs.
   • Improved targeting of social assistance and the system of social benefits (including promotion of a unified system of family benefits).
   • Strengthened and accessible services for labour and social protection.
   • Statistics/information on poverty, labour market and social inclusion to be improved and regularly updated.
   • Social protection sector resources consolidated and linked to sector strategies and enforcement rules.
   • Sustainable pension and social benefits systems.

c) Expected results
   • Clear distribution of functions and tasks among the line ministries concerned by the reform of social protection and employment/labour market sectors and also vertically between the various levels (regional/local etc.) of implementation.
   • Employment/labour market and migration strategy and regulatory system developed.
   • A new and effective system of social benefits for the poor and most vulnerable developed and implemented (benefits and eligibility based on income assessment).
   • Networks of non-residential social service institutions developed and operating.
   • Improved standards of services in residential care institutions.
   • Strategy, laws and regulations for the new pension system, and related administrative systems developed and approved, introducing a financially and socially sustainable pension scheme.
   • Human, methodological and planning capacity of the labour and social services strengthened, including capacities for skills training and informal VET.
- Improved household budget survey giving reliable and timely information on poverty and its main indicators.
- Reliable labour market information system and related labour force surveys developed and operating.
- Survey-based social inclusion/exclusion measurement methodology developed, implemented and analysed.
- Effective MTEF in the social sphere.
- Strengthened PIFC.

d) Indicators of achievement

Long-term impact level

- Changes to public expenditure in the social protection (disaggregated) sector and labour market policies.
- Financial sustainability of pension and social benefits systems as demonstrated by long-term actuarial financial projections.
- Required regulations/decisions adopted and implemented in accordance with the outlines of section c) “Expected Results” above.

Specific objective level

- Decrease in poverty rates (%) as demonstrated in national statistics, with particular regard to the rate of absolute poverty.
- Improved results on MDGs as demonstrated by national statistics.
- Government Decree issued approving Labour Market Strategy Paper and its implementation and financial plan\(^9\).
- Legislation/regulations for pension scheme reform approved.
- Change to the number and % of people covered by the types of pension (along with contributory and non-contributory pensions etc) before and after the pension reform (broken down by gender, age, sector, types of pension etc.), with particular attention to target areas.
- Targeting of social benefits improved as demonstrated by inclusion and exclusion errors in national statistics.
- Social exclusion in pilot ‘rayons’ (areas) reduced as demonstrated by survey-based social exclusion statistics.
- Increase in primary school enrolment and graduation rate of girls and children with disabilities in pilot ‘rayons’ (areas) as demonstrated in official data.
- Change in the employment-to-population ratio, employment status.
- Increased number and qualification of people in target areas benefiting from services in the field of vocational training and technical/management skills, as evidenced by interviews, surveys and reports on the numbers of people trained, notably women.

Focal sector 2: Health sector reform

a) Long –term impact

- To contribute to the improvement of the health status of the Tajik population, mainly the poor, through equitable utilisation of quality health services and access to preventive/primary health care.

\(^9\) As the strategy for labour and migration has yet to be defined, specific quantitative indicators are not available yet.
b) Specific objectives

• Core functions of health care system strengthened through:
  o Better stewardship;
  o Better health financing;
  o More resource generation;
  o Better service delivery (e.g. strengthened services through continuum of care and primary health care approach).

c) Expected results

• Sector wide approach for reform in place; donor programmes aligned and coordination improved.
• National Health Strategy and Action Plan 2010-2020 adopted and implemented.
• National Drug Policy implemented.
• Health information system operational.
• Enhanced management and technical capacities of the Ministry of Health to implement, monitor and evaluate strategies and action plans.

d) Indicators of achievement

Long-term impact level

• Reduced mortality and malnutrition of infants and children under 5.
• Reduced maternal mortality.
• TB cure rate increased.
• Morbidity of non-communicable diseases decreased (tbd).

Specific objectives level

• Out-of-pocket expenditure as a percentage of total health expenditure reduced to under 60% (currently 79%).
• Budget allocation to health sector increased.
• Women prenatal care and births attended by skilled personnel increased to nearly 90%.
• Immunization rates improved.

Priority Area: Good governance and economic reform

Focal sector 3: Private Sector Development

a) Long term impact:

• The interventions in this sector will contribute to reducing poverty and ensure longer-term economic growth, through enhanced business growth, job creation and income opportunities for the rural population.

b) Specific objectives:

• The business enabling environment will be improved by enhancing the strategic, legal and regulatory framework for PSD, as well as the Government’s ability to implement reform;

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10 As the sector wide reform in the health sector develops into specific government programmes, further quantitative indicators will become available.
• Enhanced private sector capacity to advocate reform and to access adequate financial products and business development services for SMEs;
• Competitiveness of the agri--processing sector will be increased along with the comparative business advantage and good potential for poverty reduction.

c) Expected results:
• Improved access to finance and a simplified regulatory and tax environment for agriculture and agribusiness entities.
• A more efficient and market oriented agriculture and agro-industry will have been developed through the promotion of pilot bottom-up initiatives fostering coordination among small farmers (co-operatives) and top-down restructuring, rebuilding linkages between agro-businesses and farmers.
• The development of a more competitive private agro-sector will have been enhanced through better market information, technical knowledge and better capacity to advocate reform vis-à-vis Government and the donor community.
• Farmers and agribusinesses will have access to a comprehensive set of financial products well suited to their needs, and the financial products of Tajik commercial banks and micro finance institutions will be more diversified and sound.

d) Indicators of achievement:

Long term impact level
• Extreme poverty headcount and poverty headcount reduced in both rural and urban areas.

Specific objective level
• Key legislation enabling business development passed, adopted and implemented by the Government.
• Increased number of farmers (and farmers associations) with access to adequate finance.
• Market share of Tajik processed food increased.
• Dependency on imported processed food reduced.
• Number of new SMEs/jobs created, as compared to previous years.

Cross cutting issue: Public Finance Management Reform

Support to public administration and public finance management (PFM) reform, which is a cross cutting issue, will be a substantive component of all assistance programmes in the above focal sectors, with the overall objective of achieving transparent public finance management and a credible budget management processes. Given the general weakness of PFM, this technical assistance will be a vital complement to EU budget support to the social protection and health sector reforms.

The main features of these actions are as follows:

Objectives
• To improve the quality and efficiency of public administration service delivery by combating corruption and improving the management of public finances, including use of effective financial control and external audit.

Expected results
• Implementation of administrative and civil service reform concepts, including anti-corruption measures, in selected Ministries and State agencies.
• More transparent, accountable and predictable public finance management implemented, and efficient use of public resources confirmed through annual budgeting exercises and audit reports
• Improved public finance management systems to be implemented in selected policy areas (e.g. social security systems and health sector), as well as access to information


4.1 Strategic Objectives of EU co-operation

President Berdymukhammedov has shown evidence of a commitment to reshape Turkmenistan's policy, moving away from the legacy of the previous President. The new government has announced and partially put in motion a series of structural social and economic reforms covering a broad policy agenda, including financial and monetary reforms, improvement of social policies, education system modernisation, social protection and pensions, promotion of private businesses and SMEs, agricultural reforms, environmental protection, use of renewable sources of energy, upgrading governance structures and institutions and stepping up the fight against narcotics and corruption.

Following the approach set out in the CARSP, the principal objective of cooperation between the EU and Turkmenistan is to provide support to the latter’s reform agenda. Whilst the CARSP remains entirely valid, recent developments in Turkmenistan have served to enhance relations with the EU and have created conditions for improvement of the implementation of the strategy. In this regard, EU assistance could also be developed in support of the relevant economic and social reforms envisaged under the government-launched ‘National Development Programme to 2020’. The Turkmen authorities acknowledge that reforming the agricultural sector is an urgent task, which is vital for the country’s development. Accordingly, they are in the process of elaborating new approaches and policies for agricultural and rural reforms. Provision of key social services at local level and in rural areas is also a core priority, and of great importance for Turkmenistan’s long-term economic and social development. Particular attention is paid to overall private sector development, at the level of both policy framework and action plans, with specific economic, fiscal and financial mechanisms to foster private entrepreneurship.

In addition, the government’s planned economic and social reforms call for a strengthening of the capacity of the relevant public bodies to undertake strategic planning, policy analysis and to elaborate effective implementation measures. Concerning the rural areas, important reforms are being launched to promote the diversification of farm activities, farm productivity, improved water management and increased income through access to farming inputs, extension services, credit facilities and market outlets, as well as to the provision of relevant capacity building and skills training for members of local communities, farm co-operatives and SMEs.

Since his election, President Berdymukhammedov has demonstrated a strong interest in improving the education system and modernizing teaching methods, bringing the curriculum up to international standards, including for professional and vocational education and training. Building on previous assistance projects, EU assistance could be deepened to support the implementation of reforms which are currently being formulated for the modernisation of the education system up to international standards, improving its efficiency through the consolidation of its training structures.
The government has also acknowledged that the country is suffering from a shortage of well educated and skilled officials for running the State bodies and economic entities and elaborating and implementing new policies. The development of the country's human capital and the modernisation of its administration in order to be able to address the challenges of a modern economy have been flagged up as an urgent priority area for action.

The strengthening of the whole public sector — in particular through strengthening the institutions training civil servants in different fields — is an essential task for the government. On these grounds, specific technical assistance and capacity building programmes could be provided for, inter alia, the Turkmen Civil Service Academy, the Turkmen Institute for Human Rights and Democracy, the Centre for Legal Training, the Strategic Planning Institute, the Academy of Science and the Institute for International Relations (which trains diplomats).

These programmes would also contribute to the enhancement of institutional capacity, and help improve the transparency and public accountability of the state administration, which are essential for the promotion of good governance. In addition, EU assistance could also expand to include programmes that coincide with the commitments made by the Turkmen authorities at the Universal Periodic Review in March 2009.

The energy sector is crucial to the Turkmen economy. Policy reform in this sector, enabling a comprehensive approach towards sustainable energy development at the country level, as well as promoting better use of energy resources, energy efficiency and reduction of energy loss will require a substantial build up of national expertise across the board, from policy analysis to management skills to technical and scientific know-how and best practices. The promotion of energy efficiency and savings, the use of clean technologies and renewable sources of energy (in particular to provide regular energy supply in rural areas), as well as improving the capacity to implement relevant international standards, are together seen by the Turkmen authorities as vital for the country's sustainable development in the long term.

This is an area where the EU could greatly contribute in support of the efforts of the Turkmen authorities regarding the modernisation of the energy sector in line with sustainable long-term policies and environmental concerns, as well as in support of the EU-Turkmenistan Memorandum of Understanding in the field of Energy.

4.2 Description of the Priorities and Focal sectors

Priority Area: Poverty reduction and increasing living standards

Focal sector 1: Strengthening economic and social development of rural areas.

a) Long-term impact

- Improve economic and social development, in particular in the rural areas of Turkmenistan, reducing disparities between rural and urban areas, while ensuring environmental sustainability.
- Improve the efficiency of the agricultural sector through diversification, improved management of resources, including water, and improved knowledge and capacity building.

b) Specific objectives
• Support the relevant economic and social reforms contained in the ‘National Development Programme to 2020’ launched by the government, with a focus on rural areas.
• Provide a stable and comprehensive policy framework for private sector development, SMEs and overall competitiveness of the economy.
• Increase economic opportunities and development across the regions; improve living standards in rural areas.
• Improve water, land and biodiversity management.
• Support diversification of the agriculture sector and capacity building and training at the level of local communities, farm co-operatives, private farms and SMEs.
• Support the provision of key social services at local level and in rural areas, and increased access for local populations.
• Strengthen local government structures and management capabilities in line with the standards contained in the European Charter on Local Self-Government.

c) Expected results

• Improved economic development at local level through improved productivity of farm activity and the product chain, enhanced income, entrepreneurship and SME development.
• Implementation of reforms in the agricultural sector.
• Improved provision of and access to quality services, in particular in the field of social services.
• Improvement in technical capability and management skills at local level.
• Improvements and modernisation in municipal and regional infrastructure (especially education and social service facilities).
• Improvement in environmental management at local level.

d) Indicators of achievement

Long-term impact

• Positive assessments/progress reports by the EU and other donors on the situation regarding the economic and social development of rural areas, such as on the improvement of the efficiency of the agricultural sector.
• Increased income levels and reduced disparities between the regions as demonstrated by national statistics.

Specific objectives

• Improvement of economic development and social services in rural areas.
• Provision of relevant capacity building and training at all level of local communities, farm co-operatives, private farmers and SMEs.
• Enhanced diversification, productivity and income in the agricultural sector as demonstrated by national statistics, and improved sustainable land and water management.
• Increased number of SMEs in rural areas.

Focal sector 2: Support to the improvement of human capital development

Part 1: Improvement of the quality and efficiency of the Turkmen education system

a) Long-term impact

• Modernisation of the education system to international standards
• Provision of qualified graduates able to meet the requirements of a diversified economy and improved social services for the Turkmen population.

b) Specific objectives

• To reform and upgrade education and training systems, including through international higher education cooperation programmes.
• To continue to improve the quality of the education system and adapt it to the needs of the economy and society.
• To create a better match between education and training and the needs of the labour market.

c) Expected results

• Improvements in the quality, capacities, accountability and governance of education and vocational training systems and their convergence with EU standards and practices, including greater participation in relevant cooperation programmes.
• Interaction of the education and training sector with the National Employment Strategy with a view to pursuing and achieving better functional integration of employment and education policies.
• Enhanced quality of vocational education and training, including through the development of specific skills in the services sector (for instance, tourism, etc.) and social sectors.
• Greater capacity of research structures (human and material resources) with the focus on scientific excellence and applied research focusing on issues of national concern.
• Stronger links between scientific and research communities in the EU and Turkmenistan, including educational institutions and networks, and greater involvement in collaborative research activities.

d) Indicators of achievement

Long-term impact

• Positive assessments/progress reports by the EU and other donors on social and enrolment indicators and standards of education systems.

Specific objectives

• Improved education and training systems, as demonstrated by studies assessing progress of reforms, application of modern pedagogical methods, teaching quality and convergence with EU standards and practices.
• Increased participation by Turkmen nationals in the relevant EU student and researcher exchange programmes.
• Increased involvement of Turkmen research entities in the 7th Framework Programme, as demonstrated by a higher number of successful proposals.
• The direct linking of Turkmenistan to the European backbone GÉANT2.
• Improving the quality and efficiency of the Turkmen education structures, linking with employment opportunities.
• People-to-people contacts/exchanges.

The actions supported in the area of education and technical and vocational training will be implemented in close coordination with the Tempus and ERASMUS MUNDUS programmes. The dissemination and exchange of best practice in these areas will be further enhanced.
Part 2: Public administration reform and enhancement of institutional capacity

a) Long-term impact

- Improve the effectiveness of public administration and decision making in order to implement the country development strategy.

b) Specific objectives

- Improve the performance of the Turkmen state administration in the various sectors through strengthening of the institutions training civil servants, including the Civil Service Academy, the Institute of Human Rights and Democracy, the Institute of Finance, and the Institute of International Relations.
- Assist Turkmenistan in preparing for the efficient implementation of national policies, including public finance management, and customs and taxation reform, and for the implementation of contracts for state bodies, focusing on developing knowledge and skills to strengthen management and auditing facilities, specifically related to auditing the execution of resource revenue collection and financial control; and creating mechanisms to monitor the implementation of extractive contracts.
- Promote people-to-people contacts/exchanges, including with EU competent bodies.

c) Expected results

- Regular training programmes established to improve management and administrative skills.
- Regular training programmes established to increase legal capacity, covering administrative and private law, and also professional and computer skills.
- Improved planning for the training of civil servants.

d) Indicators of achievement

Long-term impact

- Positive assessments/progress reports by the EU and other donors of the situation concerning the efficiency and transparency of public administration, public finance management and anti-corruption measures.

Specific objectives

- Upgrade public administration capacities and performance.
- Strengthen the public sector, particularly the institutions training civil servants.
- Contribute to the enhancement of institutional capacity and better implementation of reforms, including modern management systems for public finances and human resources.
- Improve the transparency and public accountability of the State administration.
- Contribute to the implementation of the commitments undertaken by Turkmenistan at the Universal Periodic Review.

Priority Area: Good governance and economic reform

Focal sector 3: Long-term sustainable energy development

a) Long-term impact

- To promote the sustainable development of the Turkmen economy through rational use of sources of energy, energy efficiency and savings, as well as renewable energy sources.
b) **Specific objectives**

- Support for the modernisation of the energy sector and of supply and demand management (including for rural areas), and the implementation of the EU-Turkmenistan MoU in the field of Energy.
- Improvement of energy efficiency and access to renewable energy sources and environmentally friendly technologies in industry, municipal utilities and rural areas.
- Support to reforms of the legislative framework and markets and improvement of capacity to apply international standards in the field of energy, including relevant energy business practices, as well as actions in support of such practices and actions in support of the Kyoto Protocol and its expected successor agreement on climate change, using the related mechanisms.

c) **Expected results**

- Targeted policy advice.
- Capacity building in specialised entities and training of specialists.
- Transferring of know-how and skills and adoption of modern technologies in the field of renewable sources of energy, energy efficiency and energy savings.
- Contribute to improving the legal investment and know-how transfer frameworks.
- Investment in clean technology in line with international standards, including use of the Kyoto Protocol and successor mechanisms.
- Improved efficiency and overall performance of the electrical system/grid.

d) **Indicators of achievement**

*Long-term impact*

- Contribution to attainment of the objectives of the Kyoto Protocol and its expected successor agreement.
- Positive assessments/progress reports by the EU and other donors on the situation with regard to the development of the Turkmen economy by means of energy efficiency and savings, improved energy mix and governance of the overall energy system.
- Progress in the implementation of the MoU in the field of Energy.

*Specific objectives*

- Qualification of professional, scientific and technical staff to international standards.
- Sustainable operation of renewable energy systems.
- Energy savings, and energy efficiency indicators comparable to international/EU standards.
- Monitoring energy systems performance.
- Improved energy performance of industry, municipal utilities to international standards, reliable and efficient access to energy by rural populations.

5. **Uzbekistan: Indicative Programme 2011-2013**

5.1 **Strategic Objectives of EU co-operation**

The ongoing process of the developing relations between the EU and Uzbekistan has created scope for engaging in a wider range of sectors in the areas identified in the Strategy Paper, including the rule of law, and legal and judiciary reforms. Economic and social sector reforms to enhance rural development policies and actions remain vital for the sustainable development
and stability of the country, where the majority of the population (63%) live in rural areas. The National Welfare Improvement Strategy 2008-2010 (WIS) outlines the path ahead for socioeconomic reforms in the country based on a greater role for improved governance, market principles and economic efficiency. In addition, measures are being undertaken by the Government to mitigate the consequences of the global economic crisis, to promote agriculture reforms and to improve basic public services to the rural population.

Against this background, priorities for cooperation with Uzbekistan under the Central Asia Regional Strategy Paper for the period 2011-2013 remain adequate and do not require any major change; it is critical to ensure a qualitative development in assistance to selected focal areas in order to achieve sustainable results.

The approach set out in the strategy document (CA RSP) is in line with the approach taken in new Uzbek government policy, specifically the WIS. The WIS objectives find support in EU-funded ongoing projects focusing on enhancement of living standards, which adopt a balanced approach between direct assistance to the rural population and targeted policy support. This focal sector for assistance thus remains entirely valid. Further innovative approaches, new inputs and modernized technologies will contribute to strengthening the job- and income-generation component of rural development programmes. The focus of EU assistance on the Ferghana Valley remains justified given the density of population and the overall importance of the area. Other pilot regions neighbouring the Ferghana Valley could be targeted on the basis of the evaluation of the results achieved in Ferghana thus far and the possibilities for extension. Other international donors provide assistance on various aspects of rural sector development that complement the action envisaged by the EU: restructuring of farming and profitability of agri-business (World Bank, GTZ, USAID), fostering private sector development and rural financial services (Asian Development Bank, EBRD). These will be fully taken into account in the preparation of EU programmes.

Since 2005, a number of Presidential decrees addressing key areas of judicial reform, including abolition of the death penalty and habeas corpus, have been issued. In 2008, a Research Centre for Democratization and Liberalization of the Judicial Legislation and Ensuring the Independence of the Judicial System was set up under the Supreme Court with a mandate to further improve and liberalize the justice system. These actions address an issue which was highlighted in the CA RSP as a strategic priority. The EU will therefore deepen its support to the rule of law reform process in Uzbekistan, particularly judicial reform. Support to local government bodies is seen as an important component to complement assistance to the rule of law reform and to promote good governance. Furthermore, as Uzbekistan has continued to develop reform programmes and its international commitments in the area of human rights, EU assistance will support the implementation of these reforms in line with the discussions with the Government during annual Human Rights Dialogues and with orientations jointly agreed for the implementation of the EU Rule of Law Initiative for Central Asia.

The EU programmes in support of the rule of law and judiciary reform in Uzbekistan are implemented jointly with the EU Member States, in close coordination with other donors' relevant projects. The EU programme to support criminal justice reform provides a clear added value to other donors’ programmes focusing on the civil and commercial law sectors, development of legislation and training of judges (Germany, OSCE, UNODC, the Conrad Adenauer Foundation), as well as to UNICEF activities in this area.

Strengthened state institutions are crucial for creating a positive environment for socioeconomic development, and in particular for improving the implementation of key reforms
for economic regulatory frameworks (e.g. diversification, investment and SMEs, public utilities, energy, and environment, as well as for social sectors), which the government of Uzbekistan plans to upgrade. EU assistance programmes will be complementary to the Uzbek Government’s agenda for the structural reform of the economy, improvement of the investment climate and development of entrepreneurship. Aid for trade also includes supporting Uzbekistan’s ambition to join the WTO on commercially viable terms and assistance to increase and diversify trade with the EU.

The Commission will aim, through technical assistance, best practices and twinning/partnership building activities involving the public agencies of EU Member States, to bring about the approximation of Uzbekistan to EU and international standards in the fields mentioned above, including efforts to build a sustainable and efficient energy sector. Technical assistance should include a component targeting SMEs development, in terms of the policy framework and institutional support to small businesses and operational advice to help local SMEs to strengthen their capacity and improve their chances in export markets, and in particular in the EU. Development of SMEs is strategically interlinked with the cross-cutting issue of jobs creation. The economic-oriented cooperation outlined above will thus contribute directly to the overarching priority area of raising living standards on a sustainable basis. The focus on approximation with the EU, and support in order to enhance mutual trade legislation as prescribed under the PCA, will provide clear added value to other donors’ activities targeting SMEs development (ADB, GTZ, JICA), credit lines for small business development (EBRD), consulting and trade promotion services (USAID).

Overall, coordination of donors’ assistance has been reinforced in 2009 by entrusting the coordination tasks to a new Department within the Ministry of Finance, which is also supported by the Ministry of Economy for inter-agency coherence.

5.2 Description of the Priorities and Focal sectors

Priority Area: Poverty reduction and increasing living standards

Focal sector 1: Raising living standards through rural and local development schemes

a) Long-term impact

- Contributing to the achievement of the country-specific Millennium Development Goals developed for Uzbekistan, especially in rural areas.
- Contributing to the implementation of the national development strategies targeting rural areas (Welfare Improvement Strategy, reforms to increase and diversify the production of food crops and animal husbandry, National Anti-crisis Programme on preventing and neutralizing consequences of the global economic crisis), while ensuring environmental sustainability.
- Enhanced living standards and improved welfare in the rural areas through increased income.

b) Specific objectives

- Assist in establishing a comprehensive policy framework with targeted instruments aimed at encouraging the development of local economic activities, entrepreneurship and job creation in rural areas.
• Support the diversification of the agriculture sector, enhancing farm productivity and income with a particular focus on processing and creation of value added, while also supporting improved land and biodiversity management.
• Provide capacity building support and training to rural SMEs and farmers’ associations.
• Improve access for rural SMEs to adequate financial and business development services, including providing training on micro credit scheme issues.
• Upgrade skills of farmers and rural entrepreneurs, notably women.

(c) Expected results

• Improved economic development and enhanced welfare in rural areas.
• Diversification and increase of agricultural production.
• A more efficient and diversified farming and agro-industry developed through the increased use of modern technologies and through support to pilot grass-roots initiatives.
• Improved coordination among small farmers and between agri-business and farmers.
• Improved capability to provide quality services in the field of vocational training in rural areas; upgraded programmes aimed at VET and re-training, notably for women.

(d) Indicators of achievement

Long-term impact level

• Rise in living standards and income in Uzbekistan’s rural areas as demonstrated by increased GDP per head in targeted provinces.
• Increased level of reforms in the rural development sphere as assessed by the EU in progress reports.

Specific objectives level:

• % of target population reached by the rural/local development programmes with strengthened economic, income-generation, job-creation components.
• Increase in the share and value of processed farm produce, and of new crops and husbandry, as demonstrated by statistics and Ministry of Agriculture records, and improved sustainable land management.
• Number of new rural SMEs / jobs created and increase in the turnover of rural SMEs as compared to the baseline year.
• Increase in the number of farmers/rural SMEs that have access to support services, including an appropriate system of credits and financial services, as confirmed by reports from the beneficiaries and banking statistics.
• Increased number and qualification of people, notably women, in rural communities benefitting from services in the field of vocational training and technical/management skills, as evidenced by interviews, surveys and reports on the numbers of people trained.

Priority Area: Good governance and economic reform

Focal sector 2: Rule of Law and judicial reforms and support to local government bodies

a) Long-term impact
b) Specific objectives

- Strengthen the independence, effectiveness and administrative capacity of the judiciary, and transparency of court proceedings.
- Support implementation of reforms relating to civil, criminal and administrative legislation consistent with European standards.
- Contribute to the implementation of national programmes in the area of human rights; support the enhanced capacity of the Ombudsman and Children’s Ombudsman; capacity building for regional representations.
- Improve the legal culture and knowledge of law enforcement officers, including the application of human rights.
- Support development of the juvenile justice system and modernisation of detention centres consistent with European standards.
- Strengthen local government structures consistent with the standards contained in the European Charter on Local Self Government; enhance capacity of local self-government institutions in the design and implementation of local development plans and local resources management.

c) Expected results

- Further liberalization of judicial legislation, simplification of legal procedures, improvement of the transparency, predictability and enforcement of judicial acts.
- Improved efficiency, knowledge and integrity of members of the judiciary (judges, prosecutors, and officials within the Ministry of Justice, Ministry of Interior and the penitentiary system), including through in-service education and training; modernisation, systematization and institutionalization of the training process on the basis of education centres within the stakeholder ministries and services.
- Improved access to courts and appeal procedures by citizens and economic operators.
- Increased awareness within the judiciary and law enforcement agencies, as well as increased public awareness of human rights issues and fundamental freedoms, and obligations and commitments deriving from international law.
- Measures elaborated to implement national laws further to Uzbekistan’s accession to the UN Convention against Corruption.
- Improved capacity of local self-governing bodies to elaborate and implement local development schemes, improved access to resources and funds and inclusive participation of members of the community in the preparation and implementation of development programmes.

d) Indicators of achievement

Long-term impact level:

- Positive assessments/progress report by the EU and other donors on the situation with regard to the rule of law, good governance and human rights.

Specific objectives level:

- Higher levels of independence and enhanced administrative capacities of the judiciary as demonstrated by surveys of lawyers and litigators.
• Improved legal framework confirmed by the adoption of rules and regulations to implement the rule of law reforms consistent with international best practice; new legislation supported by rules and regulations within the Ministry of Justice, Ministry of Interior, General Prosecutor’s Office and the Supreme Court.
• Adoption of international best practice in the application of criminal justice as documented by court proceedings.
• Greater levels of respect for human rights and fundamental freedoms, as demonstrated by a reduction in reports of cases of human rights violations.
• Reduced number of detainees in pre-detention and detention centres.
• Proportion of judiciary personnel qualified up to international standards; up-grading of skills confirmed by the number of participants in training sessions, seminars and study tours.
• Sustainability of improved legal training and revised curriculum, reflecting the best international practice, introduced into the training programmes of relevant specialist institutions.
• Stronger local government structures, as demonstrated by the number of initiatives and development plans launched, based on training sessions received; greater ownership by citizens, measured from donors’ reports, surveys of civil society and citizens’ panels.

**Focal sector 3: Enhancing mutual trade, business climate and SMEs development**

a) **Long-term impact**

• Increase in the volume of mutual trade, further improvement in the business climate, competition, approximation of quality standards, support for accession to WTO, and job creation by strengthening the capacity of SMEs and improving their chances in export markets.

b) **Specific objectives**

• Facilitate and diversify mutual trade flows.
• Support approximation of regulations and procedures.
• Improve the investment climate and the employment situation in a sustainable manner, including promoting the sustainable development of the Uzbek economy through rational use of sources of energy (including renewable), energy efficiency and savings.

c) **Expected results**

• Regulatory reforms in the form of approximation of regulations and procedures, including customs and taxation reform, technical regulations, conformity of assessment procedures and standards, competition policy, statistics.
• Strengthened capacity of Uzbekistan’s bodies responsible for the regulation and certification of locally produced foodstuffs and other products, with a view to ensuring the alignment of local quality standards and conformity certification to European standards.
• Establishment of a European School of Management in Tashkent under the supervision of the Chamber of Commerce; provision of the required training and development of user-friendly information sources.
• Implementation of customs reforms along with EU and international standards, including use of customs blueprints as a diagnostic tool for capacity building in customs administrations.
• Institutional and operational support to SMEs (including development of human resources/services and capacity building measures); enhanced capacity of Uzbek SMEs in export markets.

e) Indicators of achievement

Long-term impact level

• Economic and trade volume indicators. Degree of approximation as measured and assessed by the relevant EU progress reports. Successful accession to WTO.

Specific objectives level:

• Increased and (in terms of products) more diversified trade, as demonstrated by trade statistics.
• Level of regulatory convergence as assessed by the EU in relevant studies/progress reports.
• Improved business and investment climate, as demonstrated by increased FDI, surveys among investors and assessments/reports by the EU and other institutions.
• Increased number of support services offered to SMEs by responsible bodies.
• Improved employment situation, as demonstrated by data on job creation by SMEs.
• Increased share of SMEs in export volumes as evidenced by statistics from government and other sources.

CHAPTER 4: IMPLEMENTATION

With regard to promotion of regional cooperation concerning Central Asia (Priority Area 1), the relevant frameworks established by the EU for political and technical dialogue, donor coordination will be enhanced and supported. These include the platforms and programmes related to the EU Strategy for Central Asia, as well as those implemented under the ENPI Regional Strategy East, where appropriate. These will also be of use in the programming and implementation of cooperation programmes.

In respect of bilateral assistance to Central Asia countries, assistance programmes for each country should be focused and contain a limited number of focal sectors drawn from priority areas 2 and 3. While detailed implementation mechanisms will be defined on a (programme) project-by-project basis, consistent support over time in a few specific areas could be used to promote an eventual effective, comprehensive and sustained sector-wide approach to reforms. The choice of aid delivery modalities for implementing priorities and actions under the Central Asia Indicative Programme (CA IP) 2011-2013 will be determined during identification and formulation of the annual action programmes for each country and each sector following EC Guidelines. The Action Fiches and Annual Action Programmes submitted to Member States will include an assessment of the criteria and a justification for the aid delivery method(s) proposed. At present, only Kyrgyzstan and Tajikistan have benefited from specific sector budget support programmes. Any future decision on awarding budget support for sector reform will be dependent on meeting the established eligibility criteria according to EU guidelines and availability of suitable credible framework and indicators for monitoring progress. In cases where the conditions for budget support are not in place, programmes will need to adapt, and other forms of assistance will have to be used to a greater extent; these can include project assistance, demonstration schemes, transfer of know-how and capacity-building.
Institutional partnership-like cooperation with EU Member States agencies, similar to the classical twinning cooperation already implemented with ENP countries, will also be regarded as particularly useful in the areas of sector (regulatory) reform, legal approximation and administrative capacity building. Its potential should be fully utilised to support implementation of government sector reforms. A mechanism appropriate to the specific context in the region will be put in place to implement such cooperation.

Flexibility of action should receive special attention in view of the risks in the region, so that EU assistance can be adjusted to circumstances and needs, including the evolving reform agenda and commitment on the part of beneficiaries.

All assistance activities will take due account of aspects related to the protection of human rights and fundamental freedoms. Gender and environmental concerns will be integrated as cross-cutting issues, and to the maximum extent possible, into the design of programmes related to all key issues outlined above. Another important cross-cutting issue is the involvement of civil society in the reform processes and participation in public decision-making; these will also be pursued through EU-funded assistance programmes.

Promoting investment in Central Asia partner countries

One of the aims of the EU Strategy for Central Asia is to extend relevant EU policy and cooperation initiatives in the field of energy and environment to the region to address issues of common concern. In order to promote the attainment of the objectives established under the priority area “regional cooperation and good neighbourly relations”, mobilization of additional financial resources for investments is required. To achieve this, it is proposed to pool the grant resources of the EU and the Member States in a new instrument for cooperation, the “Central Asia Investment Facility” (CA-IF). This facility will enhance the impact of our assistance and promote the achievement of our objectives by leveraging investment finance from European Development Finance Institutions in the priority sectors of energy and environment. It will also help the EIB to implement its mandate for the region. Lastly, it will also encourage the beneficiary governments and public institutions to carry out essential investments which might otherwise be sidelined or postponed.

The experience and lessons learned from the Neighbourhood Investment Facility — NIF — served as a basis for the general operational features and functionalities of the fund, to be developed according to specific needs in Central Asia. The merits of “blending” have been fully recognized. Relevant leverage, efficiency and effectiveness effects could be achieved for both the beneficiary and the donor country. In the NIF, EU grants are mainly used to finance feasibility studies, some risk capital and TA, thus facilitating the subsequent mobilization of loans and operations by European Development Financial institutions. A similar approach is envisaged for the new CA Facility.

Cross-cutting issues

- Climate Change

Climate change is a key challenge affecting the global community across a wide range of policy areas (including air, water, waste, nature protection, industrial pollution, agriculture, forestry, fisheries, energy, transport, infrastructure and urban planning, tourism, human, animal and
plant health, education and research). In implementing this indicative programme, considerations with regard to the causes of climate change (mitigation) and its effects (adaptation) will be integrated into relevant areas of intervention. The different stages of the implementation process will make use of available climate risk screening methodology to improve the climate resilience of the activities in the chosen area of cooperation.

- **Civil Society / Stakeholders**

In order to enhance the involvement of citizens in the decision-making processes and controls, where relevant, stakeholders (including civil society organisations) will be consulted on the design of the measures to be implemented under this programme and might be involved in the monitoring process. As appropriate, civil society organisations should be supported in their role of promoting reform and increasing public accountability in the sectors supported by the IP. In general, attention will be paid to promoting and enhancing cooperation between governmental and non-governmental stakeholders, e.g. education, media, professional associations, business chambers, trade unions, environment, etc., through civil society cooperation mechanisms. Promotion of civil society and democratic processes, including social dialogue, will be especially pursued through the dedicated thematic programmes of DCI and EIDHR.

- **Gender and rights of the child issues**

Gender as a cross-cutting issue for the promotion of gender equality and women’s rights, implementing the commitments of the Beijing Declaration and Platform for Action, and the UN Convention on the Elimination of All Forms of Discrimination against Women, will be mainstreamed in all assistance measures. Similarly, special attention will be given to the implementation of the rights of child in the context of support to reforms, including measures at local level.

**CHAPTER 5: RISKS AND ASSUMPTIONS**

Presidential, parliamentary and local elections will be held in the countries in the coming years. Although these possibilities cannot be excluded, it is assumed that there will be no major changes that will adversely affect the stability of the countries or any major shifts with regard to the Governments’ overall commitment to reform and policy priorities, or in their outlook towards the EU. This concerns in particular the implementation of poverty reduction strategies or similar policies to be carried out by the Governments with the assistance of other donors according to agreed action plans.

In line with the Paris declaration on aid effectiveness and the Accra Agenda for Action, preference will be given to a programme-based approach. The countries’ own systems, where these are adequate and sufficiently robust, will be used to a significant extent for delivering aid.

In 2005, the Commission identified eleven priority areas where the challenge of attaining Policy Coherence for Development, i.e. synergies with development policy objectives, is considered particularly relevant. As a policy driven instrument, the DCI is particularly well-placed to accommodate this. As a result, the programmes and activities described in this Indicative Programme will -where possible -be designed in such a way as to create these synergies with the national development and reform policy objectives of partner countries.

It is assumed, when support to sector reform includes budget support, that public finance management systems are rigorously monitored, sector programmes are carefully evaluated on the basis of EU eligibility criteria and agreed conditionality framework, and that adequate
demand-led efforts aimed at institution strengthening and capacity building are carried out in parallel.

Given the weakness of the public finance and technical administrations in the countries concerned, the risks to the sector-wide reform approaches for assistance using budget support should not be underestimated. As a result, budget support programmes should be closely connected with the policy dialogue and rely on continued improvements in public financial management, improved macroeconomic stability and the availability of adequately prepared reform plans with strong sector strategies and supervising institutions.

Assistance during the period 2011-2013 will build on existing EC projects and programmes to ensure value added and complementarity, taking account of the results achieved. The evolution of democratisation and the human rights situation in the countries of the region will be taken into consideration in the preparation of the annual Central Asia Action Programmes, including as a parameter for funding.