



Investing in rural people

Executive Board

Kyrgyz Republic Country strategic opportunities programme 2025–2030

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Action: The Executive Board is invited to review the country strategic opportunities programme 2025–2030 for the Kyrgyz Republic.

Technical questions:

Dina Saleh

Regional Director
Near East, North Africa and Europe Division
e-mail: d.saleh@ifad.org

Samir Bejaoui

Country Director
Near East, North Africa and Europe Division
e-mail: s.bejaoui@ifad.org

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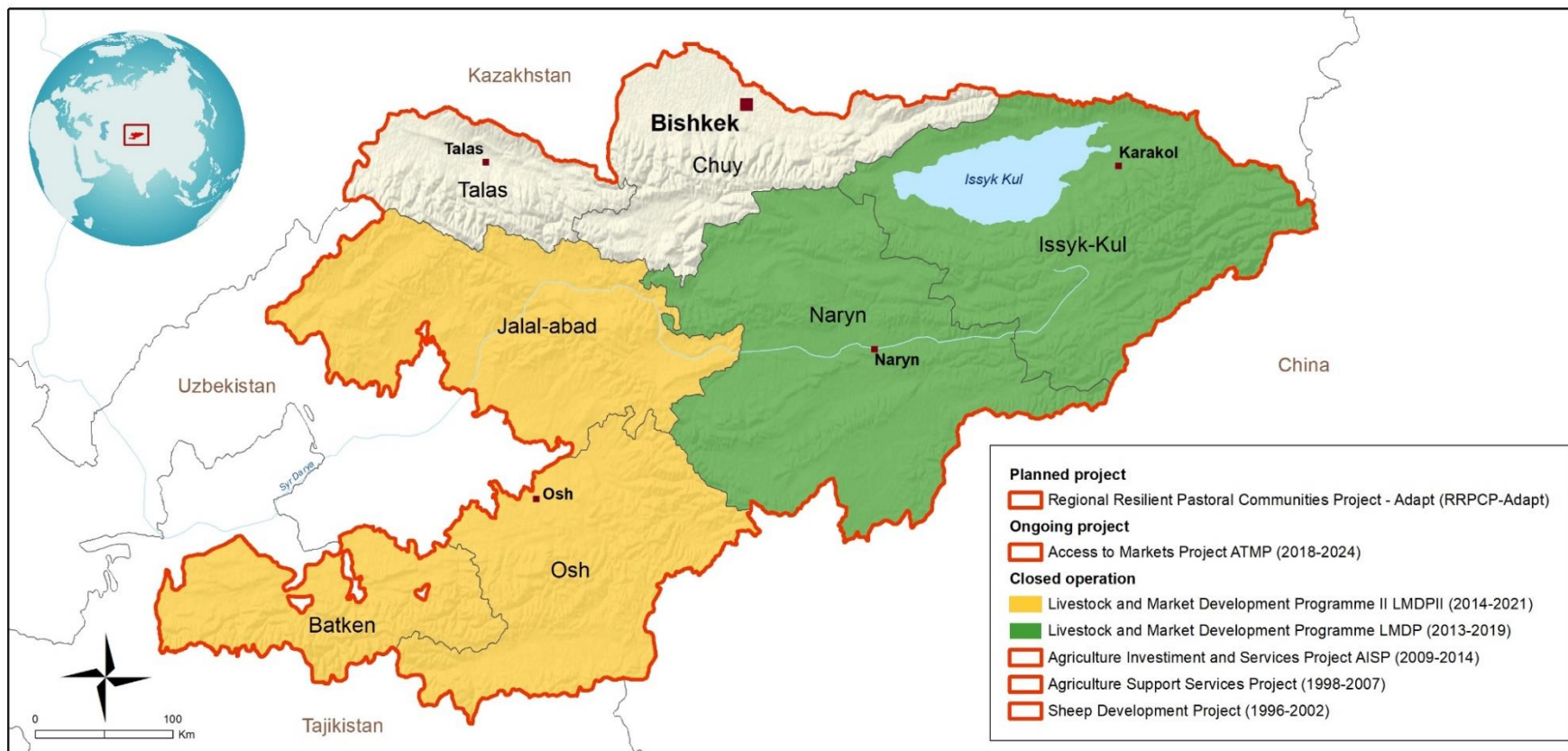
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COSOP delivery team

Regional Director:	Dina Saleh
Country Director:	Samir Bejaoui
Regional Economist:	Alessandra Garbero
Technical Specialists:	James Marc de Sousa-Shields, Rikke Oliviera
Climate and Environment Specialist:	Khafiz Atymtay
Finance Officer:	Alaa' Abdel Karim

Map of IFAD-funded operations in the country



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD | 04-03-2024

Executive summary

A. Introduction

1. The Kyrgyz Republic is a mountainous, landlocked country with a population of 6.6 million, 65.6 per cent of whom live in rural areas. Its economy is heavily dependent on remittances, gold production and foreign aid, and is thus vulnerable to external shocks.
2. The agricultural sector is the largest employer in Kyrgyzstan; about 40 per cent of the labour force work in this sector, which accounts for approximately 14.68 per cent of GDP. Kyrgyzstan is not fully self-sufficient in food production and relies on imports to meet 40 per cent of its food requirements.
3. Key components of the rural sector agenda in Kyrgyzstan include increasing agricultural productivity and competitiveness through adoption of modern technologies, improved irrigation and better access to finance and markets.

B. Theory of change

4. The theory of change of the country programme builds on IFAD experience showing that a focus on a few selected areas can yield high impact and be a potent force for growth and rural transformation. Within agriculture, livestock is the backbone for rural economy and the main entry point for poverty alleviation and food security. Within the livestock sector, the need is to focus on increased production and productivity, enhanced marketing capacity and climate resilience.

C. Overall goal and strategic objectives

5. The overarching goal of the country strategic opportunities programme for Kyrgyzstan over the next six years is to support agricultural growth and rural transformation, reduce smallholders' poverty and enable them achieve food security through remunerative, sustainable and resilient livelihoods.
6. Three strategic objectives (SOs) will be pursued, focused on sectoral priorities identified at the country level and in line with IFAD's corporate SO of increasing productivity, market participation and environmental sustainability and climate resilience:
 - SO1: Increase smallholder productivity and incomes from agriculture with a focus on livestock;
 - SO2: Support sustainable natural resource management and enhance smallholders' resilience to climate change; and
 - SO3: Improve rural livelihoods through value addition and income diversification.

D. Implementation

7. The IFAD portfolio in Kyrgyzstan is managed from the multi-country office based in Istanbul, Türkiye. At the country level, the Ministry of Agriculture has the overall responsibility for implementing IFAD-financed projects through the Agricultural Projects Implementation Unit.

Kyrgyz Republic

Country strategic opportunities programme 2025–2030

I. Country context

A. Socioeconomic setting

1. The Kyrgyz Republic is a mountainous, landlocked country with a 198,500 km² land area. In 2021, Kyrgyzstan had a population of 6.6 million, 65.6 per cent of whom lived in rural areas.¹ Its economy is heavily dependent on gold production and foreign aid and is thus vulnerable to external shocks. Remittances reached US\$3,021 million in 2022, representing 27.6 per cent of the country's GDP.² Remittance inflows have grown for the last four years despite crisis, conflict and external shocks in the region. The economy grew at an average annual rate of 4.4 per cent during 2000–2017 but growth was volatile due to in-country political events (2005 and 2010), the global financial crisis (2008–2009) and limited production of gold (2002 and 2012).

Table 1
Country indicators

<i>Indicator</i>	<i>Data</i>	<i>Years of reference</i>
GNI per capita, current US\$	1 235.8	2021
GDP growth (%)	4.0	2022
Public debt (% of GDP)	50.8	2022
Debt service ratio	103.7	2021
Debt to GDP ratio	67.9	2021
Inflation rate (%)	16.2	2023
Population size (million)	6.7	2021
Population, female (million)	3.35	2021
Youth population (%)	34	2021
Unemployment rate	9.10	2021
Fragility index	77.1	2022
Inform Risk index	3.3	2020

B. Transition scenario

2. Kyrgyzstan has made great strides towards achieving the Sustainable Development Goals (SDGs), with a notable reduction in poverty and improvement in nutritional status. The share of agriculture in the economy has declined from 36.6 per cent in 2000 to 14.68 per cent in 2021, while industry has marginally increased from 25.8 to 26.7 per cent in 2021, and the services sector increased from 32.1 per cent (2000) to 48.44 per cent (2021).³
3. The Kyrgyz economy has shown resilience to the spillover effects of the war in Ukraine, with current GDP growth and state control of the main gold mine expected to boost income. However, reliance on food imports, remittances, and vulnerability to instability and climate shocks remain challenging. GDP growth is estimated at 4.5 per cent during the country strategic opportunities programme (COSOP) period, with improved revenue collection in 2022 through tax base expansion and economic incentives.

¹ National Statistical Committee of the Kyrgyz Republic (NSC), 2021.

² Nearly 80 per cent of remittances or US\$2,402.8 million were received from the Russian Federation, representing a considerable increase from 2021 while remittances from Kazakhstan, Tajikistan and Uzbekistan to Kyrgyzstan dropped by half. Remittances from other countries, mainly European countries, the Republic of Korea, Japan, Türkiye, the United Arab Emirates and the United Kingdom increased by 21 per cent.

³ Statista, 2022.

4. Remittances play a critical role at the aggregate level by reducing poverty, boosting consumption and investment, and fostering financial and digital inclusion, as well as economic growth. IFAD can capitalize on remittances through its Financing Facility for Remittances.

C. Food system, agricultural and rural sector agenda

5. The agricultural sector is the largest employer in the country; about 40 per cent of the labour force works in this sector,⁴ which accounts for 14.7 per cent of GDP with crop production accounting for 51 per cent and livestock 47 per cent.⁵ In May 2015, the country acceded to the Eurasian Economic Union (EAEU).
6. The country is not fully self-sufficient in food production and relies on imports to meet 40 per cent of its food requirements. Producers face difficulties in meeting animal health, food safety and quality standards.⁶
7. The production system is traditional and most agriculture is family-based on small plots of land where families grow small amounts of fruits and vegetables that are consumed locally.⁷ More than 400,000 business units and more than 700,000 rural households produce over 95 per cent of the total agricultural production in the country.

Challenges and opportunities

8. Kyrgyzstan is facing a burden of malnutrition, with an increased trend in overweight and obesity prevalence both among the adult population and among children and adolescents. High inflation rates add to food insecurity as the poorest households spend the largest share on food expenditures.⁸
9. The main challenges around livestock and crop production include poor crop and livestock production practices, high morbidity and mortality rates, limited access to modern production inputs and knowledge, low resilience to climate risks due to lack of knowledge and appropriate inputs, inadequate infrastructure, and limited access to credit and markets.
10. Opportunities exist to improve private livestock extension services, build adaptive capacity and improve pasture productivity through pasture user committees and building partnerships with the private sector to add value and access markets.

Government policy and institutional framework

11. **Institutional framework.** The governance architecture is based on a unitary government system, with administrative power concentrated at the national level. Key challenges include weak governance – particularly low capacity for economic management and effective service delivery across the public sector, weak management and control of public finance. Both extension services and a stable environment to encourage and facilitate the private sector are lacking.
12. **Key sectoral policies and plans.** The country has implemented key policies and initiatives to support sustainable pasture, agricultural development, nutrition and climate adaptation. Notable strategies include:
 - The National Development Strategy 2018–2040, which IFAD will leverage to strengthen micro, small and medium-sized enterprises in selected value chains.
 - The cluster approach will be adopted for project design.
 - Links will be established with the Rural Finance Project and the Agro-Invest Fund to enhance access to finance.

⁴ International Trade Administration, United States Agency for International Development (USAID), August, 2028.

⁵ Kyrgyz Republic country strategic plan 2023–2027, World Food Programme (WFP).

⁶ World Bank, 2016.

⁷ International Trade Administration, USAID, August, 2022.

⁸ Poverty, Food Security and Nutrition Analysis in the Kyrgyz Republic, WFP, October, 2021.

- IFAD-financed projects will connect with the Rural Youth Employment Promotion (RYEP) and Youth Business Acceleration Programme (YBAP) initiatives to offer enhanced support to targeted youth.
13. The national climate policy framework aims to promote sustainable development and increase resilience against climate change. The country's Nationally Determined Contribution (NDC) outlines its targets for reducing greenhouse gas (GHG) emissions and adapting to the impacts of climate change.
- **Mitigation.** In 2025, GHG emissions will be reduced by 16.63 per cent under the business as usual (BAU) scenario, and by 36.61 per cent subject to international support. In 2030, emissions will be reduced by 15.97 per cent under the BAU scenario, and by 43.62 per cent subject to international support.⁹
 - **Adaptation.** Kyrgyzstan's adaptation efforts seek to enhance resilience and reduce vulnerability to climate change impacts like floods and landslides. Adaptation efforts in agriculture focus on improved production practices and quality and productivity in livestock.
 - **Sustainable land use.** The country aims to promote sustainable land use practices to reduce deforestation and forest degradation and support forest management through several policies, which include the National Forest Programme 2018–2028 and the reducing emissions from deforestation and forest degradation (REDD+) programme for reducing emissions from deforestation and forest degradation in developing countries.

II. IFAD engagement: lessons learned

A. Results achieved during the previous COSOP

14. The previous COSOP aimed at fostering inclusive rural transformation enabling smallholders to reduce poverty and strengthen livelihood resilience. Two interrelated strategic objectives (SOs) were pursued: (i) increase smallholders' equitable and sustainable returns; and (ii) enhance smallholders' resilience to climate change. The geographic scope was nationwide, aligned ongoing projects' target areas. Expected outcomes of the COSOP for the first objective included improved smallholder livestock production systems, access to remunerative markets and improved livestock product food safety; for the second objective, more productive and resilient pastures and diversified ecosystem-based livelihoods of pastoral communities.
15. The 2022 country strategy programme evaluation (CSPE)¹⁰ of IFAD's programme in the country noted the support provided to pasture management, veterinary service development and animal disease control.
- IFAD support for veterinary services was assessed as comprehensive and well-conceived, raising the quality of veterinary education, with significant achievements in animal disease control. The current COSOP will build on this success to expand the vaccination campaign and reduce animal morbidity.
 - The community-based approach has been key to improved pasture governance and investments in pasture infrastructure (e.g. road rehabilitation, bridges, water points), enabling better access to distant pastures through pasture rehabilitation.
 - Success was seen in engaging the private sector and smallholder farmers in value chains for dairy, meat and honey sectors under the Access to Markets Project (ATMP). Partnerships between farmer groups and lead enterprises increased production, employment and incomes. This approach has been

⁹ Updated Nationally Determined Contribution, Kyrgyz Republic, 2021.

¹⁰ Kyrgyz Republic country strategy and programme evaluation, Independent Office of Evaluation of IFAD, October 2022.

integrated into the design of the ongoing project and will be integrated into new designs.

- While inclusive, interventions generally lacked targeted measures for the poor and the vulnerable. Some grant-supported projects demonstrated success in reaching women with targeted activities, albeit on a limited scale. Youth engagement remains relatively new, with few focused activities apart from support to young vets.
- Recommendations from the CSPE included: (i) strengthening the poverty focus; (ii) adopting a strategic approach to pro-poor value chain and cluster development, articulating impact pathways for the rural poor; and (iii) consolidating achievements in pasture management and veterinary services and their sustainability. These recommendations will be integrated in ongoing and future investments.

B. Lessons from the previous COSOP and other sources

16. Some of the key lessons which have been incorporated in the current strategy include the following:

- IFAD projects' focused approach on a few selected and important sectors such as pastures and livestock enabled IFAD to adopt a long-term programmatic approach crucial for policy and regulatory framework development, institutional setup mechanisms and capacity-building.
- IFAD has developed a comparative advantage in pasture management and livestock development and has added considerable value to the important crop sector for income generation and employment creation in rural areas. Future focus should enhance livestock sector productivity, empowering and enhancing the sustainability of pasture user unions to protect them against adverse policy changes, promoting inclusivity of women, youth and poor households engaged in livestock.
- Priority support should be given to farmers' groups, strengthening their technical capacity to produce and process raw material, and their governance structure to provide better services to members.
- Effective policy reform necessitates considerable downstream investments in institutional capacity-building and technical assistance anticipating and addressing evolving needs.
- Partnerships thrive with structured and regular mechanisms and concrete actions around which partners can convene. Examples include cofinancing arrangements in projects between the World Bank and IFAD and structured opportunities for engagement such as the United Nations Rome-based agencies (RBA) retreats. More specifically, parallel financing with the recently approved projects funded by the World Bank and the Asian Development Bank (ADB) to support dairy and horticulture value chains will be instrumental to achieve SO3 of the current COSOP.
- Partnerships with government agencies are crucial for capacity-building and infrastructure development: they require clear terms of partnership and exit plans for sustainability, particularly vis-à-vis investments maintenance by local institutions.
- Strengthening local institutions like pasture unions or committees must be accompanied by robust accountability systems, performance reviews and avenues for input from communities.
- The expectation that access to financial services will be provided to IFAD project participants by other development partners' programmes does not materialize in the absence of concrete on the ground arrangements.

III.Strategy for transformational country programmes

A. COSOP theory of change

17. The theory of change for the country programme is based on IFAD's experience, emphasizing that targeting selected sectors within agriculture, such as livestock, can significantly contribute to rural transformation, poverty reduction and food security impacts. One of the key drivers of growth in rural areas can be improvements in both crop and livestock productivity. In the crop sector, incomes can be increased through increased productivity, reduction of post-harvest losses, value addition and access to markets. In the livestock sector, productivity can be increased through improved animal husbandry practices, breed improvement, improved feed management and animal health through capacity-building and better access to veterinary services. The livestock sector depends critically on pasture resources given that high altitude pastures and grasslands account for 85 per cent of all agricultural land in the country and are an important part of the mountain ecosystems. However, average pasture productivity has decreased to 40 per cent¹¹ and that of the closest pastures to between 10 and 20 per cent of the norm, and continues to decline. Thus, addressing the constraints in the livestock sector and pastures continues to be a key strategy for sustainable land management and agriculture incomes.
18. The COSOP approach will focus on enhancing production, marketing and climate resilience within the livestock sector, predominantly run by small-scale herders who face challenges in production organization, value addition and market integration. The country programme expects that improving animal hygiene, disease control, regulatory and certification institutions, livestock traceability and farmer training will contribute to overall sustainable livestock productivity and ultimately boost exports. In addition, IFAD will continue its investments on improved pasture governance for their rehabilitation, increased biodiversity and sustainable management and climate resilience.
19. Additionally, the sector provides opportunities for women and youth, specifically in fodder production, meat processing, entrepreneurship and innovative technologies, which will eventually lead to improved dietary diversity and better food security through dairy and poultry production, crop diversification and food preservation. Investments will also aim to foster sustainable pasture management, climate change mitigation and promotion of high-value vegetables to improve nutrition and food diversity among the poorest families, with a focus on nutrient-dense food crops production.
20. The COSOP theory of change is formulated as follows; **if** smallholder farmers are facilitated to adopt modern and sustainable livestock production and pasture management practices and their business capacity is strengthened to access markets, and mechanisms are found for inclusion of women and youth, **then** smallholders, women and youth will increase their incomes and achieve food security **because** of increased productivity, reduced animal morbidity, improved pasture productivity, increased employment and skills, and access to finance and markets.

B. Overall goal and strategic objectives

21. The overarching goal of the COSOP for Kyrgyzstan over the next six years is to support agriculture growth and rural transformation and to enable smallholders to reduce poverty and achieve food security through remunerative, sustainable and resilient livelihoods.¹²

¹¹ [National Sustainable Development Strategy for the Kyrgyz Republic 2013–2017](#).

¹² The 2022 World Bank's poverty and vulnerability assessment showed that "Poverty incidence among working adults engaged in farming was highest back in 2006, 49%, but by 2020 the incidence declined to 21%. Among self-employed the poverty declined by half, from 33% to 17%", thus justifying further investment in the sector.

22. This goal aligns with both the Government's focus on enhancing agriculture and the rural sector and IFAD corporate objectives. It supports the four strategic priorities of the 2023–2027 United Nations Sustainable Development Cooperation Framework (UNSDCF) for Kyrgyzstan and contributes to core government objectives to develop the agriculture sector, contributing to the achievement of key development objectives including the SDGs and sustainable management of natural resources.
23. **Strategic objectives.** To achieve the COSOP goal, the IFAD-supported programme in Kyrgyzstan will pursue three SOs aligned with sectoral and food systems sustainability priorities and IFAD corporate SOs, as follows:¹³
24. **SO1: Increase smallholder productivity and incomes from agriculture with a focus on the livestock sector.** The technical capacity of a range of public sector institutions dealing with the livestock sector, as well as of private veterinarians, will be enhanced, in addition to smallholder farmers' skills in livestock management, which will result in a reduction in animal morbidity and mortality, reduced losses, higher productivity and higher incomes. The main expected outcomes will be:
- **Outcome 1.1: Improved smallholder productivity in the livestock sector.** IFAD will enhance smallholders' capacity for livestock production and productivity through improved animal health, shortening calving intervals, improved nutrition, breed improvement and production practices. The objective will be enhanced milk and meat yields. Through changes in herd structure, and improved breeding and feeding practices, the country programme also expects to reduce emissions from enteric fermentation and manure management.
 - **Outcome 1.2: Reduced animal disease outbreaks and incidence of disease among animals.** The country programme has been successful in its previous approach to animal disease control and transmission to humans and will continue to strengthen and scale up work in this health area.
25. **SO2: Support sustainable natural resource management and enhance smallholders' resilience to climate change.**
26. Smallholder livestock communities reside in economically undeveloped mountainous areas that are vulnerable to climate change and natural disasters and have low adaptive capacity and mitigation potential. IFAD will strengthen adaptive capacity and ensure sustainable management of the fragile natural resource base, through: (i) support to policy and legislative development that empowers pasture users' organizations to manage pastures effectively; (ii) investments that improve pastures' quality, biodiversity and productivity; and (iii) approaches that reduce the vulnerability of smallholder pastoral communities to climate change impacts.
- **Outcome 2.1: Enhanced governance, productivity and sustainable use of pasture resources through strengthening of pasture institutions.** Focusing on strengthening the institutional capacity of pasture user unions will be transitioned to more sustainable models. Various financing mechanisms will be tested, such as the establishment of revolving funds that can grow over time through provision and sale of fodder seed, forage production, user fees for rotational grazing incentives for pasture protection, etc.
 - **Outcome 2.2: Enhancing pastoral communities' adaptation and mitigation capacities through pasture quality.** By improving pasture rotation systems, pasture degradation, biodiversity loss and soil erosion can be limited or prevented and manure can be better managed. These efforts

¹³ [IFAD Strategic Framework 2016–2025.](#)

will help small-scale herders adapt to climate change and increase soil carbon storage. The country programme will capitalize on IFAD's growing role in carbon markets, identifying opportunities for smallholder farmers to benefit from carbon credit payments.

27. **S03: Improved rural livelihoods through value addition and income diversification.** IFAD's investment in agriculture will support the Government's objectives of cluster development through investments in specific value chains. Leveraging past successes like the ATMP experience, the country programme will connect smallholder producers with enterprises to boost value addition and provide access to better inputs, value chain financing, new and innovative technology and markets. IFAD-funded projects will aim to integrate smallholders, women and youth into value chains such as dairy, meat, honey, fodder and high-value vegetables, with two outcomes targeted for achievement.
- **Outcome 3.1: Improved employment and value addition.** By organizing smallholders, women and youth and connecting them with enterprises working along the selected value chains, the country programme will facilitate marketing partnerships between small-scale producers and enterprises along the selected value chains for growth, employment and income generation.
 - **Outcome 3.2: Improved business skills and access to finance.** Special proposals will be invited from agricultural entrepreneurs, both men and women, who will receive technical and business support, innovative opportunities for the use of digital technologies and access to financial services to expand their business.

Sustainability

28. The sustainability of the country programme is anchored in several key strategies, focusing on building the capacity of various institutions such public, private and community institutions dealing with training of livestock extension services and animal health care, the Veterinary Chamber, a private cadre of veterinarians, pasture management institutions, and research institutions dealing with livestock and pastures. IFAD has supported continuing development of the veterinary legislation, aligning it with global recommended practice and enhancing the quality of veterinarian education at the Kyrgyz National Agrarian University, with continued support planned in the current COSOP.
29. Efforts to ensure sustainability extend to transitioning the Government away from purchasing essential supplies like echinococcosis prophylaxis and brucellosis vaccines and moving towards a model where costs are shared with animal owners. The country programme will further encourage livestock owners to pay for veterinary services.
30. A significant aspect of sustainability involves engaging with the private sector to create mutually beneficial partnerships, utilizing the experience from ATMP to link smallholders with the private sector. The country programme will promote a shift from grant-based support to sustainable financing mechanisms, such as value chain financing and access to loan funds and financial services. The country programme will also focus on selecting value chains with strong market prospects to enhance sustainability prospects.

Scaling up

31. The successful investments to be scaled up will include: (i) support to pasture user committees through establishment and strengthening and a supportive policy framework and infrastructure support to develop the pastures; (ii) scaling up private veterinary services through technical training of young men and women, providing them with appropriate kits and refresher training, strengthening the Republican Veterinarian Association and growing its membership with strong links to the World Organisation for Animal Health (WOAH) for sustained technical assistance; (iii) scaling up the cluster approach through establishing farmer associations, linking them with private enterprises, and providing access to finance and markets through links with supporting agencies. The COSOP will also build partnerships with local NGOs to further scale up the successful model of the Gender Action Learning System (GALS) and Business Action Learning for Innovation (BALI).

Mainstreaming

32. **Climate and environment.** All future IFAD-funded projects will emphasize environmental and climate actions, focusing on tailored mitigation and adaptation to improve climate resilience by addressing vulnerabilities and aligning with country needs and NDCs.
33. **Gender equality and women's empowerment.** The country programme is dedicated to enhancing gender equality and empowering women, aiming for women to make up 30 to 40 per cent of direct beneficiaries in all projects. It will focus on addressing women's unique needs and challenges, allocating a specific budget for gender expertise and empowerment initiatives. Strategies include tailored awareness, capacity-building, employment and income diversification. Gender-transformative methodologies like GALS and BALI, informed by insights from the Joint Programme on Rural Women's Economic Empowerment (JP-RWEE), will be used to address social inequalities and roles.
34. **Youth.** The COSOP interventions will ensure that 30 per cent of direct project participants are young people, aiming to integrate them in value chains, develop their skills in rural entrepreneurship, provide access to financing and diversify employment opportunities while enhancing their agency and leadership roles. Potential synergies between the Government's ongoing projects RYEP and YBAP will be sought.
35. **Nutrition.** The country programme will include both direct and indirect activities to improve the nutritional status of the population. The direct approach will entail the inclusion of women in awareness raising to enhance household nutritional status and enhance dietary diversity. The indirect approach will be designed to enhance incomes of vulnerable and food-insecure households to enable them to improve their food security, enhancing their nutrition and dietary diversity.

Table 2
COSOP strategic objectives

<i>Key development priority (SO)</i>	<i>Underlying institutions</i>	<i>Policy reform challenges</i>	<i>Proposed interventions (lending, non-lending)</i>
SO1	Ministry of Agriculture (MoA)		Capacity-building Technical assistance Access to extension and veterinary services
SO2	MoA The Ministry of Natural Resources, Ecology and Technical Supervision	Pasture laws	Capacity-building Technical assistance
SO3	MoA	Food safety standards Tax Incentives	Technical assistance Access to finance

C. Target group and targeting strategy

36. **The country programme aims to target project participants** primarily involved in livestock and pastures utilization and selected value chains such as dairy and meat. At the project level, specific targeting criteria will be identified to prioritize smallholders, women and youth. Key characteristics of the target groups will also be considered, focusing on those near the poverty line, food insecure, vulnerable to climate threats, unemployed and, where possible, ethnic minorities and households with persons with disabilities.
37. **The targeting strategy** will involve a combination of geographic targeting and a set of measurable criteria such as poverty rate, population density, food security, unemployment rate and climate vulnerability. Provinces have been identified for geographic targeting based on an analysis of poverty data with cumulative hazard risk and pasture conditions. The targeting strategy will include a combination of community-based targeting, direct targeting and self-targeting and will use digital identification techniques to address various aspects such as climate vulnerability, geographic distribution and weather impacts.
38. **Targeting women and youth.** IFAD's experience of inclusion of women in decision-making forums and initiatives that increase women's economic empowerment will be used. Extensive lessons learned from the GALS and BALI pilots under ATMP will be used to reinforce women empowerment initiatives, thus increasing labour force participation and productivity in the food system, particularly for woman-headed households. Youth will be engaged through the identification of activities that are of specific interest to them, such as enhancing their skills and competence in providing ancillary services (agriculture equipment operation, repair and maintenance), value addition through processing, transport and trade, etc.
39. Each SO will be targeted at the relevant group involved in the subsector, thus SO1 will be targeted at primarily small-scale livestock farmers, SO2 will be targeted at pasture users and SO3 will be targeted more at households engaged in the selected value chains and those along the value chains interested in diversifying their livelihoods.
40. **Gender and youth inclusive outreach and delivery modalities** will facilitate women's participation in alternative income-generating activities such as small-scale food processing, organic production and local variety vegetable seed-saving, which will be integrated with nutrition-sensitive activities and school gardens.

IV. IFAD interventions

A. Financing instruments

41. The COSOP will be financed through loan instruments, which include a financial package consisting of 80 per cent on super highly concessional terms and 20 per cent on highly concessional terms under the Thirteenth Replenishment of IFAD's Resources (IFAD13).¹⁴ Potential cofinancing in the form of both loans and grants will be explored with other financiers such as the Global Environment Facility (GEF), Adaptation Fund (AF) and United Nations partners.

B. Country-level policy engagement

42. The country programme will pursue several policy areas closely associated with its strategic objectives for the next six years. These include: (i) supportive policy on breed improvement; (ii) supportive regulation for the cadre of private veterinarians; and (iii) refining the pasture law to strengthen the role of pasture user unions and pasture committees. The country programme will assist in providing the evidence base and technical assistance for drafting the policy and regulatory framework where required. IFAD will provide policy lessons from its field experience and work closely with the World Bank, ADB, United Nations agencies, the Food and Agriculture Organization of the United Nations (FAO) and WFP on the various aspects.

C. Institution-building

43. Institutional capacity-building remains central to the country programme, with IFAD helping the Veterinary Service of Kyrgyzstan adapt laws and train staff for certification programmes to meet international standards. The country programme will support farmer groups and entrepreneurs, especially women and youth, in developing business plans, accessing finance and establishing market connections.

D. Innovation

44. The country programme will expand on existing innovations and introduce new ones, including a system of private veterinarians crucial for health care and disease control and assisting the Government with the introduction of digital systems for animal tracking. It will address challenges like inadequate remuneration by collaborating with the Ministry of Agriculture and Veterinary Chamber to support the growth and sustainability of this private cadre. Additionally, it aims to evolve community organizations and farmer groups into financially sustainable entities by moving them from grant dependence to self-sustaining models using revolving funds, equity investments, income-generating activities and value chain financing in close partnership with private enterprises.

E. Knowledge management

45. The Agricultural Project Implementation Unit (APIU), a key partner in IFAD-financed projects, effectively communicates project evidence to enhance outreach, share lessons and build public relations. This experience has been used to refine the design of new pipeline projects, shared with country partners in donor coordination meetings and knowledge sharing events and through the forums provided by South-South and Triangular Cooperation (SSTC) with other countries in the region. Future projects will create knowledge management products focusing on strategies like pasture management, private veterinary services and information and communications technology for animal tracking. These products, developed during the COSOP period, will support policy engagement in these areas.

¹⁴ IFAD13 financing will be determined subject to the IFAD13 replenishment outcome, internal procedures and subsequent Executive Board approval in late 2024.

F. Information and communications technologies for development (ICT4D)

46. The country programme will use digital tools to: (i) scale pasture planning and identify degraded lands to support climate mitigation and precision use of water sources; (ii) provide e-extension advisory services to disseminate information on weather patterns, veterinary services and markets; and (iii) provide access to financial services and markets. There is a wide range of digital tools in use by IFAD across Asia and the Pacific, which include platforms for e-commerce, digital applications for traceability, remote sensing and livestock management.¹⁵ IFAD and FAO have signed a partnership agreement for the development of an e-agriculture strategy in Kyrgyzstan.

G. Strategic partnership and South-South and Triangular Cooperation

Government and civil society

47. The main implementing partner for IFAD has been the Ministry of Agriculture and a host of specialized departments and institutes within the Ministry dealing with pasture and livestock development. During the COSOP period, the country programme will continue to engage with key institutes such as the Republican Veterinary Association, the Veterinary Chamber and the Kyrgyz National Agricultural University, and will strengthen their capacity to supervise, train and regulate the veterinary service.
48. The country programme will also interact with the State Committee of Information Technologies and Communication and the Ministry of Digital Development as part of its development of the national strategy for digital agriculture with FAO. In the future, the country programme will also broaden its partnership to include the Ministry of Natural Resources, Ecology and Technical Supervision to capitalize on the growing opportunities to use climate finance and contribute to climate change mitigation and enable smallholders to become resilient to climate risks.
49. The collaborative arrangement with WOA has been of strategic importance to strengthen veterinary services in the country and has resulted in major institutional reforms which led to the high-level government commitment to improve the compliance of the veterinary services with international food safety and quality standards.
50. The International Land Coalition, together with other relevant actors and development partners, played an important role in the formulation and approval of rangelands and forestry-related policies in Kyrgyzstan. These actions have been facilitated through the establishment of the National Engagement Strategy platform.

Development partners

51. The country programme is well coordinated to support the UNSDCF, actively contributing to United Nations Food Systems Summit outcomes and collaborating with the other RBAs on nutrition and social protection. Specifically, it will partner with FAO on digital agriculture and cluster development, UN Women on women's economic empowerment, and WFP on food security for vulnerable households.
52. The World Bank and ADB developed their new Country Partnership Framework with Kyrgyzstan for 2024–2028 and 2023–2027, respectively. The World Bank is implementing and designing new investments in the dairy and meat value chains, while ADB is investing to support small and medium-sized agribusinesses to improve their processing and storage capacity and reduce post-harvest handling losses through inclusive, resilient and climate-adaptive horticultural value chains.

¹⁵ [Digital Agriculture in Asia and the Pacific](#). IFAD.

In designing new pipeline projects, IFAD will coordinate its investments in terms of geographical scope and coverage with the World Bank and ADB to ensure synergies. Structured arrangements and diligent monitoring will be pursued to facilitate an increased flow of funds to the targeted project participants.

Private sector

53. The COSOP aims to promote inclusive private sector engagement by utilizing government incentives available through its cluster development approach designed to overcome the problem of small-scale production and lack of food safety standards, by uniting farmers and businesses and making joint efforts to promote value addition and export promotion. Key clusters identified include dairy, meat, honey and fruits, to improve efficiency and competitiveness through concessional funding and policy support. The IFAD country programme has identified several clusters for value addition and successfully forged successful public-private partnerships for the promotion of business arrangements with farmers' organizations to promote specific value chains.

South-South and Triangular Cooperation

54. Opportunities for SSTC will be sought in key focus areas such as pasture governance, veterinary services and value chain development. Opportunities will be explored for collaboration with other IFAD divisions in stimulating SSTC learning networks for rural and pastoral communities and ICT4D digital networks for weather information, financial inclusion, remittance services and innovative start-ups. The value chain development cluster approach, piloted in the Europe and Central Asia region, will serve as a model to inspire stakeholders in Kyrgyzstan.

V. COSOP implementation

A. Investment volume and sources

55. The ATMP currently ongoing has an allocation of US\$56.44 million. In addition, it is expected that additional IFAD funds from IFAD13¹⁶ of around US\$31 million will be made available to the country programme.

Table 3

IFAD financing and cofinancing of ongoing and planned projects
(Millions of United States dollars)

Project	IFAD financing	Source	Cofinancing		IFAD financing to cofinancing ratio
			Domestic	International	
Ongoing					
ATMP	21 173	PBAS	4 323	12 000	56:44
Planned					
RRPCP-Adapt	9 215	AF			
IFAD13	25 500	PBAS	TBC	TBC	
IFAD13	6 000	BRAM	TBC	TBC	
Total	61 888		4 323	12 000	

B. Resources for additional activities

56. A cofinancing grant titled the Regional Resilient Pastoral Communities Project (RRPCP-Adapt) funded by AF for US\$9,215,957 will be implemented during the current COSOP period.
57. Additional resources will be sought from potential cofinanciers such as GEF and AF to support smallholders' climate resilience.
58. In terms of remittances, the European Union-funded Platform for Remittances, Investments and Migrants' Entrepreneurship (PRIME) Central Asia, launched in

¹⁶ IFAD13 financing will be determined subject to IFAD13 replenishment outcome, internal procedures and subsequent Executive Board approval in late 2024.

March 2024, aims to integrate the facilitation of remittances into the investment portfolio, focusing on promoting faster, safer and cheaper transfers of remittances by offering supplementary grant financing to selected private and public stakeholders, complementing IFAD's country level operations.

C. Transparency

59. The country programme will maintain the high standards of financial management, auditing and reporting established by the Government and IFAD to ensure transparency.

D. Country programme management

60. The portfolio is managed from the multi-country office based in Istanbul, Türkiye in the absence of a physical presence in Kyrgyzstan. The Ministry of Agriculture has the overall responsibility for implementing IFAD-financed projects through the APIU. The capacity of the project implementation unit will be ensured through the retention and recruitment of experienced staff.

E. Monitoring and evaluation

61. The country programme's monitoring and evaluation (M&E) system is centred around the results management framework, supported by geographic information systems and remote sensing. The APIU will designate focal points responsible for regularly updating on project results for annual COSOP reviews, planned for midterm in 2026 and completion in 2028. Third-party surveys in line with IFAD M&E guidelines will evaluate the impact of different projects. Lessons learned, along with challenges and opportunities for sustainability, will be shared through special events and publications.

VI. Target group engagement

62. Project participant producers' organizations will be used for community mobilization and participation. The COSOP's strategy for project participant engagement will be facilitated through an effective and inclusive communication strategy for dissemination of project activities and criteria for participation. Grievances will be managed using the existing APIU system.

VII. Risk management

63. Kyrgyzstan's political instability poses risks to its investment climate and threatens its graduation potential. The transition towards a presidential system has been challenging and characterized by complex social, economic and political changes. Despite decentralization, a sound governance system has not yet been achieved. The main risks related to the sector strategies and policies include the lack of ownership at the local level and limited financial resources for implementation. IFAD plans to mitigate the risks related to policy alignment, development and implementation through continued policy dialogue to ensure its priorities align with government strategies.

Results management framework

Country alignment	strategy	Related outcomes	SDG	IFAD's SOs	Key COSOP results			
<p>KGZ Govt: develop the agriculture sector and meet key development goals and ensure sustainable natural resource management.</p> <p>National Sustainable Development Strategy (2018-2040)</p> <p>Food Security and Nutrition Program (2019-2023): (a) improvement of food accessibility for the population with a focus on socially vulnerable layers; and (b) formation of a system to provide food assistance to the population in conditions of food shocks</p> <p>Agriculture Development Program (2019-2023): increase the productivity and competitiveness by promoting sustainable agricultural practices, improving access to markets, and enhancing</p>		<p>Aligned with strategic priorities of the 2023–2027 United Nations Sustainable Development Cooperation Framework (UNSDCF)</p>			<p>Overall goal and Strategic objectives</p> <p>What will be different at the end of the COSOP period</p>	<p>Investments and non-financial activities for the COSOP period</p>	<p>Impact/Outcome indicators</p> <p>How will the changes be measured?</p>	<p>Outreach /Output indicators</p> <p>How will progress be tracked during COSOP implementation?</p>
		<p>SDG 1 (poverty), SDG 2 (zero hunger), SDG 5 (Gender Equality), SDG 13 (climate action) and SDG 15 (life on land).</p>		<p>Goal: support agriculture growth and rural transformation to enable smallholders to reduce poverty and achieve food security through remunerative, sustainable and resilient livelihoods.</p>	<p>Investment activities/mainstreaming Themes</p> <ul style="list-style-type: none"> Ongoing: ATMP Indicative: VCDP (pipeline) Youth, biodiversity <p>Non-financial activities</p> <ul style="list-style-type: none"> KM Capacity-building CLPE Partnerships Private sector SSTC 	<p>Impact Indicators</p> <ul style="list-style-type: none"> Percentage increase in HH assets' ownership index: 20% /10% increase for women and youth (productive assets) HHs with improved resilience to shocks (economic and climate-related): 10% target 50% HHs reporting an increase in income of at least 20% on average Reduction in Food Insecurity Experience (FIES): Target 10% Increase in Dietary Diversity Target 10-15%. 	<p>Number of direct HHs /pers. receiving services promoted by the Programme (disaggregated by gender and youth)</p> <p>Total expected 83,700 hhs</p> <p>Total People: 443,610 (women are expected to comprise 30% of the direct project participants)</p> <p>Ongoing:</p> <ul style="list-style-type: none"> RRPCP-Adapt: 20,700 HHs (109,710 people) of which 30% women/youth KM plan developed at country level RBA partnership on developing digital applications for agriculture and improving social protection and GEWE SSTC knowledge sharing on carbon sequestration to benefit PUUs and on PPP No of KM product published 	
		<p>SO 1: Increase poor rural people's productive capacities</p>	<p>SO-1: Increase smallholder's productivity and incomes from the agriculture sector with a focus on the livestock sector</p>	<p>Outcome 1.1: Improved smallholder productivity in the livestock sector</p>	<ul style="list-style-type: none"> Increased productivity per animal in terms of milk and meat yields: 25% target Households reporting an increase in production (COI 1.2.4): target 70% (milk/meat) 	<ul style="list-style-type: none"> 1,500 persons trained in production practices and/or technologies (1.1.4) 20% of farmers using artificial insemination 138 Rural producers' organizations supported (2.1.3) 		

Country alignment	strategy	Related outcomes	SDG	IFAD's SOs	Key COSOP results			
the capacity of farmers and rural communities							<ul style="list-style-type: none"> Households reporting adoption of new/improved inputs, technologies or practices (COI 1.2.2) (improved breeds): 70% target Number of AI service stations functioning 	
6,					Outcome 1.2 Reduced animal disease outbreaks and incidence of disease among animals	<ul style="list-style-type: none"> Reduction in animal disease outbreaks, morbidity and mortality: target 15% Increase in level of satisfaction with veterinary services (SH feedback-SF21): target 70% 	<ul style="list-style-type: none"> 1.1.3 Rural producers accessing production inputs and/or technological packages 400 private veterinarians trained in livestock technologies/practices livestock traceability systems in place at national level 	
<ul style="list-style-type: none"> National climate policy framework: increase resilience to the impacts of climate change reducing greenhouse gas (GHG) emissions 				SO3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities	SO-2: Enhanced smallholders' resilience to climate change through sustainable natural resource management, and improved pasture quality	Outcome 2.1: Enhanced governance, productivity and sustainable use of pastures resources through strengthening of pasture institutions	<ul style="list-style-type: none"> % of HHs reporting reduction in disputes over NRs: 40% target HHs reporting they can influence decision-making of local authorities and project-supported service providers SF.2.2: target 70% (30% youth/women) 	<ul style="list-style-type: none"> 138 pasture user unions and pasture committees supported (30% women and youth membership) 23 Community Livestock Pasture Management Plans developed
							<ul style="list-style-type: none"> Improved regulatory and policy framework for community management of pastures adopted. 2 policy-related products issued. 2 Workshops/ awareness raising events for policy makers held 	
					Outcome 2.2: Improved capacity of local pastoral communities for pasture quality and climate change adaptation while providing opportunities for climate change mitigation	<ul style="list-style-type: none"> Hhs reporting adoption of environmentally sustainable and climate-resilient technologies and practices (COI 3.2.2): target 70% 3.2.1 Tons of Greenhouse gas emissions (tCO2e) avoided and/or sequestered (Ex-Act GLEAM-i) 5.90/ha/year 	<ul style="list-style-type: none"> 138 groups supported to sustainably manage natural resources and climate-related risks 3.1.1 (Pasture Unions) 194 0000 Ha of land brought under climate-resilient practices (3.1.4) 	

Country alignment	strategy	Related outcomes	SDG	IFAD's SOs	Key COSOP results			
Rural Youth Employment Creation and the Youth Entrepreneurship Support Project National Strategy for Gender Equality (2018-2030)				SO2: Increase poor rural people's benefits from market participation	SO-3: Improved rural livelihoods through income diversification and value addition.	Outcome 3.1: Increase employment opportunities and value addition for youth and women	New jobs created (COI 2.2.1): Target 3,275 jobs (40% women and 30% youth) 40% rural women and 30% youth reporting at least 20% increase in income from diversified income generating activities (IGAs) Women and youth are empowered (15% increase in empowerment index)	<ul style="list-style-type: none"> 3,000 people of which 1500 women benefitting from gender-sensitive (BALI graduation Program) and nutrition activities
The Rural Finance and Agriculture Development Project (RFADP) and the Agro-Invest Fund: improve access to financial services for rural households and smallholder farmers						Outcome 3.2: Improved business skills and access to finance	1 Revolving fund functional	<ul style="list-style-type: none"> 15,900 persons trained in income-generating activities or business management 2.1.2 (30% youth/50% women) Number of women in leadership positions roles 6560 Persons in rural areas accessing financial services (30% youth, 30% women)

Key files

Key file 1: Rural Poverty and agricultural sector issues

Priority Areas	Affected Group	Major Issues	Actions Needed
Food security	Smallholder farmers engaged with food production	<ul style="list-style-type: none"> • Small scale crop and livestock production with limited access to improved inputs, technology, new techniques and supporting services. • Limited land holding and low soil fertility and low yields. • Limited irrigation, storage and processing infrastructure. • Production system is vulnerable to shocks (climate, disease, price.). 	<ul style="list-style-type: none"> • Providing access to improved inputs, technology and modern techniques for crop and livestock production. • Providing access to improved breeds, feed resources and improving the productivity of the livestock sector. • Increase the capacity and access to supporting services. • Provide access to technologies that help address the problems of short growing season and deal with climate risks.
Improving the productivity of the livestock sector	Livestock farmers	<ul style="list-style-type: none"> • Low productivity in the livestock sector with poor breeds, poor feed quality and quantity, high rates of animal fertility and morbidity. • Limited awareness of modern animal husbandry practices. • Limited access to veterinary services • Poor capacity of institutions dealing with animal health, breed, feed and management. 	<ul style="list-style-type: none"> • Access to improved animal production and husbandry techniques for the small farmers. • Strengthen the capacity of institutions dealing with the livestock sector to improve breeds, animal feed, fodder availability. • Encourage the youth to join the veterinary services through opportunities for training and appropriate incentives. • Improved access to production, processing and storage facilities. • Build partnerships with private sector for strengthening the dairy and meat value chains.
Sustainable natural resource governance and management and degradation of pastures.	Small herders dependent upon pasture resources.	<ul style="list-style-type: none"> • Depletion of the pasture resources of the country. • Weak pasture management institutions and poor implementation of existing laws. • Ambivalent Government attitude towards governance of the pastures. 	<ul style="list-style-type: none"> • Strengthen the pasture user committees for improved pasture management and introduction of innovative institutional arrangements. • Access to improved techniques for pasture development through improved infrastructure, seed and eco-system rehabilitation. • Share lessons from the experience of the committees with Government to refine existing regulation for improved pasture management. • Exposure visits to learn from experience in other similar environment and SSTCs.
Building resilience to climate risks	Crop and livestock farmers	<ul style="list-style-type: none"> • Low crop yields and high losses due to increase in temperature and variability in precipitation • Degradation of pastures due to droughts. • High animal morbidity and mortality rates due to vector borne diseases. • Limited farmer capacity to adapt to weather changes. 	<ul style="list-style-type: none"> • Build resilience to climate risks through improved techniques and inputs such as adaptive seeds, green house production, etc. • Invest in improved breeds and access to veterinary services. • Invest in production, storage, processing and transport infrastructure to prevent losses. • Diversify production and livelihoods.
Access to markets	Small producers	<ul style="list-style-type: none"> • Small-scale and scattered production. • Relatively weak organization of farmers and limited arrangements for aggregating produce. • Lack of access to production technology for collection, grading, 	<ul style="list-style-type: none"> • Strengthen producers' organizations and aggregate produce to attract private sector. • Building value chains of selected agriculture produce for strengthening links with factor and output markets.

Priority Areas	Affected Group	Major Issues	Actions Needed
		storing, processing and transporting perishable products. <ul style="list-style-type: none"> • Poorly developed arrangements for addition of value-added services. • Poorly developed market arrangements. • Weak presence of private sector 	<ul style="list-style-type: none"> • Increase coordination along value chains through private sector wholesalers, retailers and processors. • Establish mutually beneficial arrangements with lead enterprises in selected value chains.
Access to Finance	Rural population	<ul style="list-style-type: none"> • Limited risk appetite of financial institutions to lend to the agriculture sector. • Lack of collateral and mechanisms to guarantee loans. • High transactions cost and processing requirements for lending in rural areas for both borrowers and lenders. • High rates of interest. 	<ul style="list-style-type: none"> • Establish value chain financing arrangement through lead enterprises. • Establish links with financial institutions with a mandate for rural lending. • Establish links with avenues for concessional lending. • Access to existing arrangements for credit guarantee mechanisms. • Access to digital financial services for reducing transaction costs.

Key file 2: Target group identification. Priority issues and potential response

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
Economically Active Rural Poor	Low asset base and poor breeds Low level of productivity of land and livestock assets. High morbidity and disease in livestock Low access to improved inputs High climate risk and losses Limited access to credit Limited access to markets	Reduce food intake and other consumption Sell assets particularly livestock Unsustainable use of pastures. Migration out of farming to urban jobs or migrate to other countries.	<ul style="list-style-type: none"> • Improve breeds and productivity of livestock • Enhance access to livestock services • Improve pasture management • Improve access to credit • Provide technical assistance • Improved access to markets 	<ul style="list-style-type: none"> • Improve breeds and productivity of livestock • Enhance access to livestock services • Improve pasture management • Improve access to credit • Provide technical assistance • Improved access to markets
Emerging farmers	Low asset base and poor breeds Low level of productivity of land and livestock assets. High morbidity and disease in livestock Low access to improved inputs High climate risk and losses Limited access to credit Limited access to markets	Reduce food intake and other consumption Sell assets particularly livestock Migration out of farming to urban jobs or migrate to other countries	<ul style="list-style-type: none"> • Improve breeds and productivity of livestock • Enhance access to livestock services • Improve pasture management • Improve access to credit • Provide technical assistance • Improved access to markets 	<ul style="list-style-type: none"> • Improve breeds and productivity of livestock • Enhance access to livestock services • Improve pasture management • Improve access to credit • Provide technical assistance • Improved access to markets
Women	Women have limited access to resources and decision-making. Women have lower literacy rates than men Women undertake 80% of domestic tasks including fuelwood collection. 70% of farmers are women, but only 10% of women have control over credit use. Women get lower remuneration than men.	Strong dependence on men in the household. Engage in small livestock rearing and gardening.	<ul style="list-style-type: none"> • Access to skills training • Access to finance • Access to producer groups • Nutrition training • Access to markets • Alternative income-generating activities 	<ul style="list-style-type: none"> • Access to skills training • Access to finance • Access to producer groups • Nutrition training • Access to markets • Alternative income-generating activities
Youth	24% of the population is youth with the lack of access to education, skills, employment, finances and opportunities Informal employment and low wages. Return migration from Russia and Ukraine will put additional pressure on the domestic labour market in Kyrgyzstan.	Urban migration and strong dependence on HHs and families Drop-out from education Employment in low wage multiple informal jobs	<ul style="list-style-type: none"> • Access to education and skills • Access to finance and financial literacy. • Access to job and employment opportunities • Access to rights and entitlements • Decision-making and meaningful community participation 	<ul style="list-style-type: none"> • Skills training • Access to livelihood opportunities • Access to credits, • Business skills in value chain development. • Access to ICT4D technologies

Key file 3: Organisation matrix (strength, weaknesses, opportunities and threats analysis)

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
Enablers Ministry of Economy Ministry of Finance	<ul style="list-style-type: none"> MoE and MoF have a broad mandate, covering multiple areas of economic and financial policy, including budgeting, taxation, public debt management, and investment promotion. Well-established system for managing public finances, including a modern accounting system and a comprehensive budgeting process The Ministry has been successful in attracting foreign investment into the country, particularly in the mining and energy sectors. 	<ul style="list-style-type: none"> Limited fiscal space. The Ministry has limited capacity to enforce tax compliance, resulting in a large informal economy and a low tax-to-GDP ratio The Ministry faces significant challenges in implementing reforms due to political instability. The Ministry has been criticized for a lack of transparency in its budgeting process, which has led to allegations of mismanagement of public funds. 	<ul style="list-style-type: none"> Directing critical resources to the agriculture sector. Develop an incentive system that supports investments and growth of rural transformation. Actively involved in implementing economic reforms in the country and grow the Creative Economy in the country. Strong orientation to provide incentives for rural growth Provide concessional funds for investment and diversification of rural livelihoods. 	
Ministry of Agriculture	<ul style="list-style-type: none"> The MoA has implemented policies and programs to promote sustainable agricultural practices, such as crop diversification, soil conservation, and irrigation systems. The MoA has established partnerships with international organizations and donors to improve the country's agricultural sector, including food security and rural development. The MoA has developed a comprehensive database on agricultural production and market trends, which helps policymakers to make informed decisions 	<ul style="list-style-type: none"> The MoA faces challenges in promoting modernization and mechanization in the agricultural sector, which remains largely dominated by small-scale subsistence farmers. The MoA has limited resources to address the challenges faced by rural communities, including access to markets, credit, and infrastructure. The MoA has struggled to address the issue of land reform, which has led to conflicts between farmers and landowners. The Ministry has limited capacity to enforce regulations on the use of pesticides and fertilizers, leading to environmental degradation and health risks. 	<ul style="list-style-type: none"> The Ministry of Agriculture in Kyrgyz Republic has a vital role in the country's economy, as agriculture is one of the most important sector. The MoA has strong institutional memory as all IFAD projects so far have been implemented by the Agriculture Projects Implementation Unit (APIU) under the MoA. 	The World Bank which initially set up the APIU to implement agriculture sector projects does not use the APIU any longer.
Kyrgyz Science Pasture and Livestock Institute	<ul style="list-style-type: none"> Scientific work on improving pastures Pilot projects in different areas. An assessment of the areas that need to be seeded and the appropriate varieties. Have capacity to monitor the conditions of pastures together with Pasture Committees. 	<ul style="list-style-type: none"> There are limited facilities for seed testing and production in the country. 	<ul style="list-style-type: none"> The Pasture Institute has developed a strategy for over-seeding which can be used effectively for development of pastures. Develop elite seed which can then be produced for distribution. To develop and organize training programmes for farmers. 	<ul style="list-style-type: none"> IFAD has been supporting the Institute. Farmers will need machinery and tools for collecting pasture seeds.

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	<ul style="list-style-type: none"> The Pasture Institute has a good understanding of the types of varieties that need to be planted in different parts of the country. Good system for monitoring pastures through geo-botanic survey. Work closely with pasture committees and cooperatives. 			
Ministry of Natural Resources	<ul style="list-style-type: none"> MNR is responsible for managing the country's rich natural resources, including minerals, forests, water resources, and biodiversity. MNR Ministry has developed policies and programs to promote sustainable management of natural resources, including the establishment of protected areas, reforestation projects, and sustainable mining practices. The Ministry has a well-established system for issuing licenses and permits for mining and other resource extraction activities, which helps to regulate the sector and ensure compliance with environmental standards. The Ministry has established partnerships with international organizations and donors to improve the management of natural resources in the country 	<ul style="list-style-type: none"> The Ministry faces significant challenges in enforcing regulations on natural resource extraction, due to weak governance and vested interests. The Ministry has struggled to resolve conflicts between local communities, government agencies, and mining companies over the use of land and resources. The Ministry has limited resources to promote alternative livelihoods for communities affected by resource extraction activities, leading to social and economic challenges 	<ul style="list-style-type: none"> The MNR has strong commitment to protect the country's natural resource base and abide by its international commitments. 	<ul style="list-style-type: none"> IFAD has not had any interaction with the MNR in terms of the MNR being a host agency for implementation of any of its projects.
Community Development and Investment Agency ARIS	<ul style="list-style-type: none"> ARIS is responsible for implementing community development projects in rural areas, with the goal of improving living standards and promoting sustainable development. ARIS has a wide range of programs that focus on different aspects of community development, including agriculture, education, health, and infrastructure. ARIS has established partnerships with international organizations and donors, which has helped to secure funding for its programs and projects. It has a strong network of community-based organizations and local authorities, 	<ul style="list-style-type: none"> ARIS has limited resources and capacity to address the diverse needs of rural communities, which often require tailored approaches and long-term investments. ARIS's programs have faced challenges in ensuring the sustainability of their interventions, as many projects have struggled to generate long-term benefits and impact after the initial implementation phase. There is a risk that ARIS programs could create dependency on external aid and undermine the self- 	ARIS has gained considerable experience of working at the community level and is well placed to implement projects in rural areas.	<ul style="list-style-type: none"> ARIS has been implementing projects not only for IFAD but other donors working with the Kyrgyz Government

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	which allows for effective communication and coordination in project implementation	reliance and empowerment of rural communities.		
Veterinary Services	<p>Development of a Cadre of private sector veterinary service has shown considerable promise.</p> <p>Livestock morbidity and mortality rates have been decreasing.</p> <p>Expansion in the use of deworming drugs for brucellosis and Echinococcosis.</p> <ul style="list-style-type: none"> • Infectious diseases have reduced. • Private Veterinary Services contractual basis. A sustainable basis for the growth and development of private veterinary services has been demonstrated. 	<ul style="list-style-type: none"> • Need support for next 3 to 5 years. • Need much larger numbers of veterinarians. • Poor communication about animal diseases. • Private vets around 60% have average age of 60 plus, youth are not being attracted. • Private vet services are very unevenly available. 	<ul style="list-style-type: none"> • The Government is willing to consider supportive measures to support the cadre. • District associations and Republican Veterinary Associations are growing in strength. • A sustainable model of private veterinarians has been demonstrated. 	
Private Sector				
Agro-Processors and MSMEs involved in dairy, meat, fruit, vegetable and honey production.	<ul style="list-style-type: none"> • MSMEs contribute 42 percent of GDP and 42 percent of exports and employ 95 percent of the work force. • Considerable potential for job creation, promotion of incomes and value addition. • Private sector is well poised to support economic diversification and improve productivity with additional policy support. • Due to demographic momentum and improvements in the business environment, the number of individual entrepreneurs has doubled over the past decade to an estimated 400,000, while small firms grew by 45 percent, to 15,000. 	<ul style="list-style-type: none"> • Low competitiveness and stagnant productivity. • lack of adequate access to finance, skilled labour and regional trade links • challenging business environment, including complicated tax administration, a weak rule of law and enforcement of contractual obligation. • Not able to aggregate produce from the large number of small producers. • Access to concessional funding is limited. • Many small firms are considered unbankable due to their weak management skills and poor financial reporting 	<ul style="list-style-type: none"> • O: The joining of the EAEU has opened possibilities for export. • The opening of the economy, the reduction of state control, and factor market deregulation. • Government is promoting the cluster approach by providing concessional lending and providing policy support. • Commitment to digital transformation promises rapid growth. 	<ul style="list-style-type: none"> • IFAD has been promoting the cluster approach by identifying value chains such as dairy, meat, honey and high value crop production for further support under its projects.
Financial service providers	<ul style="list-style-type: none"> • The Kyrgyz financial system is a bank-based system, where banks account for 87% of financial system assets and provides about 80% of credit to the private sector. • Despite substantial growth in credit to the private sector in recent years, access to formal financial services in the Kyrgyz Republic remains limited. • Although bank lending to the agricultural and rural areas has increased in recent years, it remains limited. 	<ul style="list-style-type: none"> • Despite some positive trends, the level of savings mobilization and credit to GDP is still low relative to the Caucasus and Central Asian regions. • NBFIs remain small and face operational and funding costs, as well as legal, regulatory, and institutional constraints, which inhibit their expansion. • Kyrgyzstan receives large inflows of remittances from migrant workers, but only a minority of it is channelled 	<ul style="list-style-type: none"> • To bolster agricultural financing in the Kyrgyz Republic, a variety of financing instruments are being proposed by development partners in collaboration with the Government. These instruments include (i) Scaling Up Agricultural Value Chain Finance, (ii) improving Agricultural Insurance to Deal with Climate Change, (iii) introducing new Risk Transfer Mechanisms, (iv) agricultural Factoring, (v) scaling up agricultural 	<ul style="list-style-type: none"> •

Organization	Strengths	Weaknesses	Opportunities/Threats	Remarks
	<ul style="list-style-type: none"> • Nonbank financial institutions (NBFIs) are filling some of the gaps in access to finance for smaller borrowers, the poor, and the agricultural and rural areas 	<p>through the financial sector, as nearly 40 percent is estimated to escape the formal financial system.</p> <ul style="list-style-type: none"> • The mountainous geography of the country makes it difficult to reach the agricultural and rural areas. • Interest rates are amongst the highest in ECA and constitute one of most significant constraints for borrowers. • Collateral requirements have improved in recent years, but collateral registration and execution is costly and lengthy. 	<p>Leasing, and (vi) green and climate bonds.</p>	
Client Organizations				
<p>Pasture User Unions</p> <p>Pasture User Committees</p> <p>Co-operatives and Producer Groups</p> <p>Meat Union, Milk Union, Union of Associations of Kyrgyzstan, Kyrgyz Veterinary Association, cooperatives</p>	<ul style="list-style-type: none"> • Formation of community member based financial institutions • Aggregation of groups to SACCOS • Member-based institution with wide outreach to MFIs 		<ul style="list-style-type: none"> • O: As apex body, could have multiplier effect • T: Despite tasked to supervise SACCOS, moral hazard problem since SACCOS are members 	

Key File 4: Strategic partnerships potential

The country programme will continue to find opportunities to partner with FAO, WFP and UN Women to upscale and replicate its experience in implementing the Gender for Action and Learning System (GALS) and the innovative Business Action Learning for Innovation (BALI). These approaches were used to stimulate women's self-confidence and empowerment and strengthen their ability to engage in income-generating activities. Additional opportunities are also identified in the SECAP review note which documents recent partnerships and programmes with other donors. The practice of holding an annual retreat of Rome-Based Agencies (RBAs) will be continued at country level. For seeking climate finance, the country programme will seek opportunities for co-financing from the Global Environmental Facility (GEF), Adaptation Fund (AF), Green Climate Fund (GCF) to the list of potential partnering from climate.

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
Donor Co-ordination	The Development Partners Coordination Council (DPCC).	The DPCC facilitates networking and broader collaboration within the donor community, a more constructive dialogue and shared vision with the Government.	Kyrgyz DPCC consists of 27 organizations	On-Going	Serves to strengthen overall aid coordination and management.
Co-financing	GEF-8	Regional Resilient Pastoral Communities Project and Food Systems Integrated Program	The project has a sub-national coverage and will be targeted at Naryn region	To be designed	Sustainable extensive livestock systems (red meat and milk production). achieve the outcomes stipulated in the National Food Systems Pathways by 2030 by increasing the livestock production through improvement of productivity in project target areas; contributing to the clusters development by building resilient and sustainable livestock value chains; investing in livestock production and processing infrastructure identified within the developed CVCDPs and ensuring its effective and sustainable management by communities in partnership with private sector; and contributing to provision of healthy nutrition in the country through supporting of animal health and food safety institutions.
	GCF	<ul style="list-style-type: none"> Learning from GCFs experience under the Rural Resilience Programme: which is promoting climate-smart agriculture practices. Learning from GCF's Sustainable Landscapes and Climate Resilience: project which aims to promote sustainable land use practices and reduce deforestation and 	The geographical scope of any future partnership with GCF will be determined based on need. However, the project will be aimed at enhancing the capacity of smallholders for mitigation and adaptation to climate risks.	To be designed	Enhance the smallholder capacity for mitigation and adaptation

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
		forest degradation in the Kyrgyz Republic. It focuses on enhancing the capacity of local institutions to manage natural resources, improving community livelihoods, and promoting sustainable land use practices.			
Resilient Agri-food Clusters Development Project	World Bank	Boost the productivity and climate resilience of dairy and horticulture agri-food clusters in the Kyrgyz Republic.	Directly support 8,000 beneficiaries within the agricultural value chain, with an additional 20,000 benefiting indirectly. Direct beneficiaries will include individual farmers and producers, producer groups, small and medium processors, and other value chain participants in the agri-food clusters of dairy and horticulture.	Recently Initiated in April 2024.	Support producers, processors, and other value chain participants in improving their production quality, volumes, and access to markets by supporting investment loans for selected agri-food clusters, training and capacity building for agri-food clusters, seed system enhancement, and livestock breeding and information management system improvement.
Kyrgyz Republic Resilient Landscape Restoration Project	World Bank	Increase the coverage of the areas under sustainable landscape management.	Selected locations in the Kyrgyz Republic such as Jalal-Abad, Osh, Issyk-Kul, and Naryn regions. and promote regional collaboration among Central Asian countries on transboundary landscape restoration.	Approved in February 2024.	Project will improve the country's monitoring systems for mudflows, glaciers, and snow cover to guide long-term mitigation efforts. Additionally, it will promote a mix of climate-resilient nature-based solutions and green, grey, and hybrid approaches to landscape restoration and protection in upstream and downstream areas.
Climate-Resilient Agricultural Value Chain Development Project	Asian Development bank (ADB)	The project will provide a loan to the Kyrgyz Republic to channel through qualified participating financial institutions who will on-lend to horticulture-related value chain businesses for investments in refrigerated vehicles, cold storage facilities, primary processing equipment (grading and/or sorting platforms, washing facilities, packaging equipment) and value addition processing equipment together with associated fixed assets such as warehouses and buildings.	National coverage for the horticulture value chain.	Approved in December 2023	The project will address the critical constraint of providing long-term financial resources for agribusiness in the Kyrgyz banking system. In parallel, it will provide support to value chain participants to consolidate the delivery of quality horticultural produce from participating farmer groups and key members of identified value chains. As the horticultural subsector generates high value produce, the project will contribute significantly to creating sustainable enterprises, increasing employment, and improving household incomes.
Access to Finance	Russian Development (RKDF) Kyrgyz Fund	Russian Kyrgyz Development Fund is an important mechanism for the integration of the Kyrgyz Republic into the Eurasian Economic Union.	Russian Kyrgyz Development Fund was established to promote economic cooperation between Kyrgyzstan and Russia, to modernize and develop the Kyrgyz economy, and effectively use the	On-Going since 2014.	Access to finance for. the participants in IFAD financed projects who are trying to develop specific value chains.

Partnering objective	Partner	Nature of project or justification for partnering	Project/Programme Coverage	Status	Expected results from the partnership
			opportunities sparked by the participation of the sides in the Eurasian economic integration.		
Rural Women's Economic Empowerment (RWEE)	UN Women, FAO, and WFP.	Targeting vulnerable rural women and those living below the national poverty line,	The project offers training sessions on agriculture, leadership, and entrepreneurship,		Targeting vulnerable rural women and those living below the national poverty line,
Youth Engagement	Friedrich Ebert Foundation, GIZ Kyrgyzstan, and the Ministry of Culture, Information, Sports and Youth Policy.	The program aims to increase competencies related to youth policy, green economy, and social entrepreneurship among young people from all regions of the country	Climate adaptation, green economy, and access to finance.	On-going	Potential entry points for scale-up and coordination for youth target groups.
Technical Collaboration	FAO	Promote the digitization of agriculture through the use of digital technologies such as mobile applications, data analytics, and remote sensing to improve agricultural production and value chains.	<ul style="list-style-type: none"> Policy support: FAO and IFAD will work with governments and other stakeholders to develop policies and strategies that promote the digitization of agriculture and support the development of digital infrastructure in rural areas. 	Preparation Stage	Improving agricultural productivity, enhancing value chains, and increasing the resilience of rural communities to the impacts of climate change and other shocks.
Knowledge Management	World Bank	The World Bank is currently in the process of designing projects in selected value chains such as dairy, meat, horticulture, etc. National Food Security and Nutrition Programme for 2019-2023.	The project will focus in the southern Governorates.	Under Design	To share lessons on the ground and coordinate activities to avoid duplication.
Nutrition and Food Security Issues	WFP UNICEF	Scale-Up the Nutrition movement Kyrgyzstan is a member of the SUN Platform since 2011. This platform brings together public authorities, civil society, UN agencies, donors, businesses, and academia,	co-facilitating the activities of the SUN Movement in the Kyrgyz Republic in order to leverage the collective strength of a wide range of stakeholders and enhance complementarity across sectors and institutions.	On-Going	To better respond to the question of undernutrition, micronutrient deficiencies and overweight and assist in implementing the National Programme on Food Security and Nutrition which serves as a Road map for all stakeholders involved in this area.

Transition projections

1. In the past 10 years, the Kyrgyz Republic has gone through unpredictable growth paths. The country's economy remains highly dependent on gold mining, remittances and foreign aid. According to the World Bank (WB) estimates¹⁷ in 2022, gold production represented 10 percent of the GDP and close to 35 percent of the total exports, while remittances stood at 27.6 percent.
2. The Kyrgyz economy was heavily impacted by the COVID-19 pandemic in 2020 as GDP contracted by 8.4 percent and the poverty profile deteriorated. The last two years have also seen significant political and governance upheavals, with a new Constitution shifting back to a presidential form of governance, and snap parliamentary and presidential elections. Political uncertainties continue to hamper the government's ability to implement reforms. The nationalization of the largest gold producer, Kumtor Gold Company¹⁸ in May 2021, eroded investor confidence. New risks have emerged following Russia's war in Ukraine and subsequent sanctions on Russia. It is important to note that Russia is one of the most strategic allies of Kyrgyzstan. It is one of the leading trade partners and significant source of investments for Kyrgyzstan. Russia plays a vital role in the economic stability of Kyrgyzstan in terms of migration and remittances, which equalled for a substantial share of the country's GDP. While there has been some progress towards fiscal consolidation in recent years, broadening the tax base and improving the public spending efficiency remain key challenges.
3. The private sector is hindered by an excessive bureaucratic burden. The Doing Business assessment¹⁹ found that it is easier to start a business in Kyrgyzstan, but harder to grow it due to excessive bureaucracy and high taxes. The Kyrgyz private sector consists mainly of micro- and small-sized enterprises. Addressing the constraints for developing the private sector and investments is paramount for Kyrgyzstan in order to stimulate post COVID-19 recovery, job creation and growth within the context of regional crises.
4. So far, the Kyrgyz economy has proved to be more resilient than expected to the spillover effects of the war in Ukraine. Real GDP grew 7.7 percent during January-July, year-over-year, driven by gold production (43.1 percent growth), agriculture (8.4 percent), construction (3.6 percent), and services (3.5 percent). The GDP growth has followed an erratic pathway over the past 3 years. While it stood at 4.6% in 2019, the GDP has registered record decline with -8.4% in 2020 due to COVID-19. As lockdown measures ease, 2021 saw a recovery with 3.6%. Domestic demand was supported by remittance inflows (7.5 percent growth in US\$ terms) from Russia, aided by a strong Russian ruble. The period covered by the COSOP (2023-2027) is tinged with uncertainties. However, analysts of IMF do not anticipate any drastic decline in the growth rates of the economy, in particular as new gains on the fiscal space will likely buffer the public debt.
5. **The outlook is subject to uncertainty.** Growth this year is projected to slow down from 7 percent through October to 5.5 percent by year-end and to 3.5 percent next year, as the projected contraction in Russia starts to weigh on the Kyrgyz economy, while gold production of the Kumtor mine reaches capacity and activity in the agriculture sector slows from exceptionally high levels due to the disruption in the supply chains of equipment, seeds and fertilizers in times of the combined crises of COVID-19 and war in Ukraine. Inflation is expected to remain elevated at about 15 percent this year due to strong wage growth and a temporary demand boost from the inflow of Russian migrants and decline to about 10 percent only by end-2023 as food and energy prices moderate. In the medium term, GDP is projected to converge to its

¹⁷ <https://www.worldbank.org/en/country/kyrgyzrepublic/overview>

¹⁸ <https://www.state.gov/reports/2022-investment-climate-statements/kyrgyz-republic/>

¹⁹ <https://www.brookings.edu/blog/future-development/2019/07/25/whats-holding-back-the-kyrgyz-republic-private-sector/>

potential growth rate of about 4 percent, and inflation return to mid-single digits, supported by adequately calibrated monetary policy (IMF country assessment, 2022).

Kyrgyz Republic - macro-outlook indicators

	2019	2020	2021	2022e	2023f	2024f
Real GDP growth, at constant market prices	4.6	-8.4	3.6	4.0	4.0	4.5
Private Consumption	0.8	-8.3	13.5	3.6	4.0	4.3
Government Consumption	0.5	0.9	0.3	0.7	0.8	0.6
Gross Fixed Capital Investment	7.1	-16.2	-3.6	14.7	14.0	11.3
Exports, Goods and Services	16.2	-27.3	24.5	12.1	12.0	12.5
Imports, Goods and Services	6.1	-28.0	39.1	14.0	14.3	12.1
Real GDP growth, at constant factor prices	3.6	-8.4	3.6	3.9	4.1	4.5
Agriculture	2.5	0.9	-5.0	4.4	2.0	2.5
Industry	6.6	-7.0	7.2	10.0	8.7	8.0
Services	3.2	-16.5	10.4	0.7	3.5	4.4
Inflation (Consumer Price Index)	1.1	6.3	11.9	15.2	8.0	6.0
Current Account Balance (% of GDP)	-12.1	4.8	-8.7	-12.7	-11.8	-10.2
Net Foreign Direct Investment Inflow (% of GDP)	3.8	-7.5	7.0	1.9	2.7	2.6
Fiscal Balance (% of GDP)	-0.5	-4.2	-0.3	-3.2	-3.0	-2.8
Debt (% of GDP)	51.6	67.7	60.3	55.2	52.3	50.9
Primary Balance (% of GDP)	0.5	-2.9	1.4	-1.7	-1.6	-1.6
International poverty rate (\$2.15 in 2017 PPP)^{a,b}	0.7	1.3	1.3	1.2	1.2	1.1
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{a,b}	11.7	18.7	21.8	25.5	24.7	23.6
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{a,b}	63.7	67.6	67.3	67.0	66.6	66.2
GHG emissions growth (mtCO₂e)	-7.8	-20.9	-6.7	-5.3	1.1	-0.1
Energy related GHG emissions (% of total)	69.5	64.0	62.0	61.4	61.8	60.7

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. Emissions data sourced from CAIT and OECD. Notes: e = estimate, f = forecast. Poverty lines are expressed in 2017 PPP, resulting in changes from earlier editions that used 2011 PPP. See pip.worldbank.org. a/ Calculations based on ECAPOV harmonization, using 2009-KIHS, 2019-KIHS, and 2020-KIHS. Actual data: 2020. Nowcast: 2021. Forecasts are from 2022 to 2024. b/ Projection using point-to-point elasticity (2009-2019) with pass-through = 0.87 based on GDP per capita in constant LCU.

- 6. Emerging Threats.** A stronger contraction of the Russian economy could result in lower growth and remittances, and a return of migrant workers. The resulting reduction in disposable incomes combined with high inflation, if persistent, could raise already elevated poverty. Without additional fiscal space and concessional financing, large new infrastructure projects such as the China–Kyrgyzstan–Uzbekistan railway and Kambarata-1 hydropower plant would further increase public debt. These risks could be compounded by escalation of regional conflicts, the re-emergence of the pandemic, shortages of power supply due to the ageing electricity infrastructure or a sustained reduction in gold prices. On the upside, a new wave of immigration from Russia could improve the short-term growth outlook.
- 7. Fiscal deficits are expected to increase considerably.** The general government deficit, including lending to enterprises of the energy sector is estimated to widen to 5.2 percent of GDP in 2022 from 0.8 percent last year and remain slightly under 5 percent of GDP in the medium term. The authorities' exceptional tax administration efforts substantially improved revenue collection in 2022, but expenditure has increased much more due to the significant increase during the year in public wages, pensions and public investment. From 2023 onwards, the full year impact of the wage and pension increases will keep the deficit elevated despite the planned reduction in domestically financed investment spending. The latter could undermine growth in view of the large infrastructure investment needs. At the same time, given limited foreign financing, raising around 4 percent of GDP per year in a shallow domestic bond market to close the fiscal deficit could be a significant challenge and costly. To this end, the experts of IMF recommended the authorities to proactively seek for external concessional financing.

8. **On the public debt side**, the International Monetary Fund (IMF) foresees²⁰ a gradual rise in the public debt from 58 percent of the GDP in 2022 to 61 percent by the 2027 horizon, which is likely to offset the new fiscal gains from the exploitation of the Kumtor Gold Mine and the tax reforms by the Government. The IMF urges the country to work towards lowering primary fiscal deficits from the current 4.2 percent of GDP in 2022 to 1 percent of the GDP by end-2027. More revenue could be mobilized by reducing tax exemptions, strengthening taxation of e-commerce, adjusting specific taxes to inflation, raising excises on tobacco and petroleum, and continuing to improve tax administration through e-filing, taxpayer registration, risk-based auditing and expanding the use of cash registers. The 2021 tax code reform is a forgone opportunity to implement some of these measures and should be revisited. In 2022, the United Nations Development Programme (UNDP) reported the government of Kyrgyzstan's readiness to enact this tax code in order to improve the efficiency of the use of public funds and to control compliance with the country's development priorities within the framework of the fiscal reforms. Further, since the Kumtor gold mine is now fully state-owned, it should comply with the same tax regime as other gold mines, while channelling its dividends to the budget would provide much-needed fiscal resources.

Implications on IFAD's Country Programme

9. In light of the above analyses, the most likely scenario during the COSOP period is that the real GDP growth over the 2027 horizon will hover around an average of 4.5 percent, showing a slight but steady pick from the 2020–2021 Covid-19 induced downturn. Inflows from gold mining and tax reforms are projected to consolidate the recovery path during the COSOP period, contributing further to GDP growth. Food and energy prices are expected to remain moderate over 2023 before the market begins to regulate itself. The annual inflation rate remains among the highest in the EAEU region. Domestic food price inflation also remains high in the country. In 2022, the Consumer Price Index (CPI) increased by 16 percent for staple foods, as compared to 2021. The CPI for fuel and lubricants is estimated to have increased by 33 percent, leading to an increase in transportation costs, which in turn has affected all other prices. Over the same period, remittances have decreased by¹³ percent, impacting household incomes and overall economic performance, and eventually contributing to further aggravation of poverty. Rising food and fuel prices, combined with inflation are eroding the purchasing power of the most vulnerable to access a nutritious diet.
10. However, with the prospect for economic stabilization and the record harvest of wheat expected from the Russian Federation, it is likely that the food supply meets the government expectations together with a slight decline in inflation over the period of the COSOP. With the implementation of the IMF recommended measures aiming at lowering fiscal deficits, public debt would remain relatively low as a share of GDP, putting the country farther away from the prospect of debt distress. Currently, the debt sustainability analysis (DSA) indicates that the Kyrgyz Republic's public debt remains sustainable and at moderate risk of debt distress for both external public debt and total public debt.
11. **Lending terms and conditions.** Kyrgyzstan is a landlocked, mountainous, lower middle-income country (LMIC) with an economy dominated by minerals extraction, agriculture, and reliance on remittances from citizens working abroad. As such, the country is entitled to receiving loans from both PBAS (IFAD13) and BRAM funding windows. The GDP growth prospects along with the state taking full control of the main gold mining factory are likely to get the country closer to increasing its income status over the COSOP period, should governance and fiscal policy reforms be acted upon. However, this transition to UMIC is not likely to be completed under the COSOP period, and therefore, the country shall continue to access PBAS allocations (at least

²⁰ https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKewiPyOPn-O_9AhXY_7sIHd0yBK4QFnoECD0QAQ&url=https%3A%2F%2Fwww.elibrary.imf.org%2Fdownloadpdf%2Fjournals%2F002%2F2023%2F091%2F002.2023.issue-091-en.xml&usq=AOvVaw16_RTdedfIB39RjvCT2fK8

under IFAD13). There is an estimate of the overall amounts to be allocated under PBAS and BRAM as part of the replenishment consultations and estimates are indicated in the main COSOP.

12. **COSOP priorities and products.** It is expected that the proposed COSOP priorities and associated products will remain highly relevant irrespective of transition scenarios. However, given the low volume of financing from IFAD, a higher emphasis on non-lending engagement would be needed over the course of the COSOP implementation because of the opportunities for policy reform and the impact that this can have in shaping the growth and transformation of the rural sector. IFAD will need to be more proactive in policy engagement (ways for government, stakeholders, civil society organizations, citizens working together to address common issues and priorities) and embarking new partnerships to better accompany the country's efforts towards a more sustainable green economy, inclusive rural transformation, and diversified food systems.
13. **Co-financing opportunities and partnerships.** The Kyrgyz country programme is expecting to be able to attract major international co-financing from ADB (Infrastructure, energy, water and sanitation), IsDB (agriculture, rural development, education and skills), EBRD (private sector, energy and financial sector) and possibly from other multilateral financiers such as the OPEC Fund. Opportunities for co-financing will also be sought from the Global environmental Facility (GEF), Adaptation Fund (AF), Green Climate Fund (GCF) to the list of potential partners. Partnerships with Government Ministries, non-governmental organisations (NGOs) reflecting interest of the rural producer organisations (POs) and civil society organisations (CSOs) are expected to improve the portfolio implementation performance over the COSOP period.
14. IFAD's partnership with private sector stakeholders will continue to feature in the country. The cluster development approach started under the agro-industrial complex programme will leverage partnership opportunities with the private sector stakeholders.
15. The programme of agricultural digitalization can be expected to raise the interest of youth to embark on agriculture as business, transforming sustainable farming and reshaping agriculture value chains.

SECAP background study

Introduction

1. The main objective of the background study of the Social Environment and Climate Assessment Procedures (SECAP) is to inform and strategically orient Kyrgyzstan's COSOP on social, environmental and climate change issues. It includes (i) a synthesis of the key climate, environmental and social challenges identified as mainstreaming priorities for IFAD (ii) an institutional analysis, and (iii) key recommendations to address the challenges of targeting vulnerable groups including women, youth, people with disabilities and undernourished individuals in the face of climate change and other environmental challenges.
2. The SECAP background study was prepared remotely and relied mainly on desk research and data from secondary sources as well as some consultations with the different stakeholders in the country including the management unit of ongoing projects in Kyrgyzstan. It is of utmost importance to involve the local civil society, affected communities, and the intended direct and indirect project participants in future project design to effectively address their concerns and needs further.

Part 1 - Situational analysis and main challenges

1.1 Socio-economic situation and underlying causes

3. Kyrgyzstan has a population of approximately 6.7 million people, marked by a relatively young population. As of 2021, the World Bank reports that around 64% of Kyrgyzstan's population resides in rural areas. This trend of urbanization is increasing by 2.5% annually, indicating a shift in population distribution towards urban areas.
4. The country has medium human development based on the 2021 HDI ranking. The poverty rate significantly increased in 2021, reaching 33.3%. In 2020, 25.6% of the population lived below the national poverty line. The poverty rate is higher in rural areas, and higher among households headed by women.
5. The COVID-19 pandemic and the conflict in Ukraine have had significant impacts on Kyrgyzstan's economy, including disrupted supply chains and substantial food price inflation. The conflict resulted in economic sanctions on Russia, which is one of Kyrgyzstan's main trading partners and a significant source of remittances. The sanctions led to a decline in Russian demand for Kyrgyz goods and a decrease in remittance inflows.
6. The agriculture sector is a vital contributor to Kyrgyzstan's economy, accounting for 13% of the country's GDP and employing around 30% of the labour force. The sector is particularly critical for the rural population, who rely on it for food security and income generation. It encompasses several subsectors, and sub-sectors, including crop production, livestock, and fisheries. The main crops grown are wheat, barley, maize, potatoes, and sugar beets. The livestock sector is also an important contributor to the agricultural economy, with sheep, cattle, and horses being the main livestock. Fisheries, particularly trout farming, is another growing sub-sector. Additionally, the country has significant potential for the expansion of its agriculture sector, hydroelectricity production, and tourism industry, all of which play a crucial role in supporting the country's agricultural economy.
7. One of the key drivers of growth in rural areas can be through improvements in both crop and livestock productivity. In the crop sector incomes can be increased through increased productivity, reduction of post-harvest losses, value addition and access to markets. In the livestock sector, productivity can be increased through improved animal husbandry practices, breed improvement, improved feed management and animal health through better access to veterinary services. The livestock sector depends critically on pasture resources given that high altitude pastures and grasslands account for 85% of all agricultural land in the country and are an

important part of the mountain ecosystems. However, average pasture productivity decreased to 40%²¹ and that of closest pastures to 10-20% of norm and continue to degrade. The livestock structure and breed composition do not contribute to rational use of pastures or sustainable livestock management. Thus, tackling with the livestock and pastures is a key requirement for sustainable land management and agriculture incomes.

Poverty Analysis

8. Poverty has been dramatically reduced over the last seven years, but the COVID-19 outbreak, related economic fall-out and political upheavals reversed this trend in 2020. The national monetary poverty headcount declined from 36.6% in 2013 to 20.1% by 2019. In 2020, the poverty headcount increased dramatically up to 25%.²² The heavy dependence of the economy on resource-based commodities (e.g., gold and agriculture) and remittances is highly vulnerable to international market fluctuations and external shocks. This puts jobs at risk and contributes to the high level of vulnerability of households to falling into poverty. Households are highly vulnerable to idiosyncratic shocks, including both key life cycle events, such as bearing children and unemployment. COVID led to underemployment, lower earnings and disrupted transition out of poverty. The pandemic's impact materialized not so much through unemployment, but more through underemployment, reflected in reduced working hours. The Russia/Ukraine conflict increases economic uncertainty for the country and households due to strong economic, financial, trade and energy ties with Russia. Food and commodity prices, including energy, have increased sharply.
9. Poverty reduction was driven by an increase in labour incomes and remittances as a result of spatial and sectorial transformation, with a reallocation of labour force towards more productive sectors with higher incomes: (i) from low-paying agricultural employment to higher paying service, manufacturing and construction employment; (ii) from rural to urban areas, particularly Bishkek and Osh cities, and (iii) from domestic labour markets to jobs found abroad, largely to Russia and Kazakhstan, which has yielded a heavy reliance of the Kyrgyz economy on remittances. The share of agricultural jobs has dramatically declined both among poor and non-poor, while the shares of manufacturing, construction and services jobs increased, and poor individuals gained the most from that structural shift.
10. Most of the Kyrgyz Republic's poor reside in rural areas – 74% as of 2020 – and though the gap between urban and rural poverty has narrowed, it is still significant in part because various sectoral policies and infrastructure (public utilities and networks, in particular) favour richer, urban households. Living conditions in rural areas are more often deprived in every deprivation indicator leading to higher average intensity of deprivations and higher share of multidimensionally poor in comparison to urban areas.²³
11. The World Bank undertook a poverty mapping in the country. While this analysis was undertaken in 2013, the geographic profile of poverty has not changed significantly in relative terms. Rayons with high market accessibility are close to large population centers and have access to good quality roads. Rayons of this type have lower poverty rates, thus confirming the assumption that the transport infrastructure matters for welfare. Though more difficult to quantify, accessibility to the transport network could also improve welfare by giving households better access to schools,

²¹ [The Kyrgyz Republic Sustainable Development Program 2013- 2017. Jogorku Kenesh No. 3694-V of December 18, 2013](#)

²² World Bank. 2022. Poverty and vulnerability in the Kyrgyz Republic: Assessing trends, drivers, and challenges. Washington, D.C.: World Bank Group.

²³ Ibid. 2022.

health clinics, and other essential public services.²⁴ Supplementing the World Bank data with the regular remote monitoring survey reports conducted by the World Food Programme using food insecurity as a proxy for poverty shows similar results. According to the June 2023 survey, 10% of households, or 674,732 people, were acutely food insecure. Food insecurity was unequally affecting different areas across the country. Rural areas remain more vulnerable to food insecurity (11 %) compared to urban areas (7%). The highest share of food insecure population is concentrated in Talas, Osh and Naryn provinces, with higher prevalence among female-headed households. The highest prevalence was among households living in Chui (11 %), Talas (11 %), Issyk-Kul (10 %) provinces and Bishkek city (10 %).²⁵



<https://www.worldbank.org/en/news/press-release/2013/04/18/regional-disparities-in-poverty-rates-still-key-issue-in-kyrgyz-republic.print>

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Source: World Bank. April, 2013.

Gender

12. Kyrgyzstan's Gender Inequality Index value is the highest in Central Asia due in part to the resurgence of conservative gender norms since the Soviet era. This has resulted in women's exclusion from decision-making processes and their being responsible for a significant amount of unpaid domestic and farm labour. Violence against women, including domestic violence, bride kidnapping, trafficking, and physical abuse, is widespread, and the country has the highest maternal mortality rate in the region (UNFPA, 2008). The new Constitution promotes human rights for all. Some formal mechanisms, such as the revised domestic violence legislation and the introduction of the 30% quota for women's political representation demonstrate a clear commitment to addressing gender-based inequalities. However, inadequate financial and human resources and gender norms challenge progress.
13. Gender inequality is a significant challenge in the agricultural sector. Women in rural areas have limited access to productive resources, including land, credit, and technology, which hinders their ability to engage in profitable agricultural activities. Women are often excluded from decision-making processes and lack representation in agricultural cooperatives and organizations. They face significant barriers to accessing markets and selling their products at fair prices. Additionally, women farmers are more likely to be engaged in subsistence farming than commercial farming, which limits their income potential (ADB, 2019).

Youth

14. Kyrgyzstan defines individuals aged 14 to 28 as a youth, with this group making up 24% of the total population in 2022. About 70% reside in rural areas²⁶. Rural youth face challenges related to limited access to education, skills, and employment

²⁴ [Mapping the Kyrgyz Republic's Poverty Distribution Sarosh Sattar. May 07, 2013](#)

²⁵ [Kyrgyz Republic Food Security Monitoring Update: June 2023.](#)

²⁶ NSC, 2019, Youth in the Kyrgyz Republic 2014-2018

opportunities, which often results in migration to urban areas or abroad in search of better prospects. According to a survey on the impact of COVID-19 on young people aged 15-29 years, over half of the respondents experienced a reduction in income, with 35.5% of those working in the agricultural sector as their main source of income, and many working in the informal sector (UNICEF, 2021).²⁷ A considerable number of young Kyrgyzstanis migrate to other countries, primarily within the CIS region, such as Russia and Kazakhstan, to seek employment opportunities. Nearly one-fourth of all migrants from Kyrgyzstan are young people between the ages of 14 and 28.²⁸

Marginalised groups

15. Kyrgyzstan is a country with a diverse population, and approximately 26.2% of its population consists of minority ethnic groups like Uzbeks, Russians, Tajiks, and Kazakhs (National Statistical Committee, 2021). Despite government measures to support minority rights, ethnic minority groups face a range of social, economic, and cultural challenges, including language barriers and discrimination. Limited access to resources, education, and decision-making processes also hinder their full participation in society (Minority Rights Group International, 2021).
16. Around 3% of the country's population has a disability (National Statistical Committee, 2021), facing multiple barriers to inclusion, including limited access to education, employment, and healthcare, and often bearing extra costs. In rural areas, these challenges are even more pronounced.

Nutrition

17. Around 1.2 million people, or 20.1% of the population, live on less than US\$1.3 a day and struggle to access sufficient calories and nutrients. This has resulted in several nutritional problems, including 11.8% of children under 5 suffering from stunting and 38.3% being affected by anaemia, as well as 36.2% of women of reproductive age. In addition, 62% of pregnant women and 43% of school-aged children show iodine deficiency (WFP, 2022).
18. Agricultural productivity is constrained by small farm sizes, limited access to equipment and finance, poor farming practices, and inadequate post-harvest storage, resulting in dependence on food imports, particularly wheat. Social infrastructure and services in rural areas are lacking and fragmented, with limited social protection schemes and learning opportunities.

1.2 Environment and climate context, trends and implications

Water Resources

19. Water resources are formed by perennial and ephemeral rivers, brooks and springs, freshwater and brackish lakes, including the world's second-largest high-mountain lake Issyk-Kul. Kyrgyzstan may be divided into two hydrological zones: (i) the flow generation zone (mountains), covering 171 800 km², or 87 % of the territory, (ii) the flow dissipation zone of 26 700 km², which is 13 % of the territory. Most rivers are fed by glaciers and/or snow melt. Peak flows occur from April to July, with 80–90 % of the flow in about 120–180 days extending into August or September (FAO, 2012). There are 1,923 lakes in the Kyrgyz Republic. The Issyk-Kul, Son-Kul and Chatyr-Kul are the largest lakes. Water reserves in the lakes are estimated at 1,745 km³. Of these 1,731 km³ (or 99.2% of the total volume of all lakes) are concentrated in the Issyk-Kul Lake, the water of which is salty and unfit for water supply (State Agency for Environment Protection and Forestry, 2016a). Annual renewable groundwater resources are an estimated 13.69 km³/year, of which about 11.22 km³/year is common to surface water resources as shown in Table 1. Total internal

²⁷ Syrgak Kyzy, N., C. Nurallieva, E. Kazakbaeva. 2020. Report on the Result of a Survey on the Impact of Covid-19 on Youth in Kyrgyzstan.

²⁸ National Statistical Committee of the Kyrgyz Republic, 2022

renewable water resources are thus equal to 48.93 km³/year and total actual renewable water resources are equal to 23.62 km³/year as shown in Table 2. In 2005, produced and treated wastewater accounted for 144 and 142 million m³ respectively (FAO, 2012).

Table 1 Internal renewable surface water resources (IRSWR) and internal renewable groundwater resources (IRGWR) by river basin (km³/year) (FAO, 2012)

River basin:	IRSWR	IRGWR	Overlap	Total IRWR
Syr Darya	27.42	5.25	4.70	27.97
Southeastern (Tarim * basin)	5.36	1.76	1.76	5.36
Chu	5.00	3.60	2.56	6.04
Rivers of the Lake Issyk-Kul	4.65	2.02	1.61	5.06
Amu Darya	1.93	0.23	0.23	1.93
Talas and Assa	1.74	0.83	0.36	2.21
Karkyra (Lake Balkhash ** basin)	0.36	-	-	0.36
Total	46.46	13.69	11.22	48.93

* Tarim river is located in China

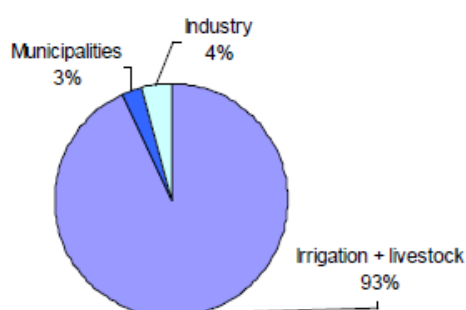
** Lake Balkhash is located in Kazakhstan

Table 2 Water Resources (FAO, 2012)

Renewable freshwater resources:			
Precipitation (long-term average)	-	533	mm/yr
	-	106 573	million m ³ /yr
Internal renewable water resources (long-term average)	-	48 930	million m ³ /yr
Total actual renewable water resources	-	23 618	million m ³ /yr
Dependency ratio	-	1	%
Total actual renewable water resources per inhabitant	2011	4 379	m ³ /yr
Total dam capacity	1995	23 500	million m ³

20. In 2006, water withdrawal was an estimated 8,007 million m³, of which about 93 % was withdrawn by agriculture, 3 % by municipalities and 4% by the industry as shown in Figure 1. Primary and secondary surface water and groundwater account for 92.4% and 3.8% respectively of total water withdrawal. Direct use of irrigation drainage water represents 3.7% and direct use of treated wastewater 0.002% (FAO, 2012).

Figure 1 Water Withdrawal by Sector (FAO, 2012)



21. Kyrgyzstan has sufficient quantities of water of excellent quality for municipal and industrial use for the foreseeable future. Because of commitments to downstream countries, water availability may become a constraint to expanding irrigation, extending land reclamation, and improving the productivity of irrigated areas, unless water use efficiency is significantly improved, and a major effort is made to conserve water. Currently, a multistage branch management system for water resources is used in Kyrgyzstan, meaning that functions and responsibilities are distributed between the various ministries and departments. These are the National Parliament,

the Government, MAWR&PI (with the specialized WRD), EM, the Agency of Geology and Mineral Resources, other water use ministries and departments, local governance bodies, unions and water user associations (WUA) (FAO, 2012).

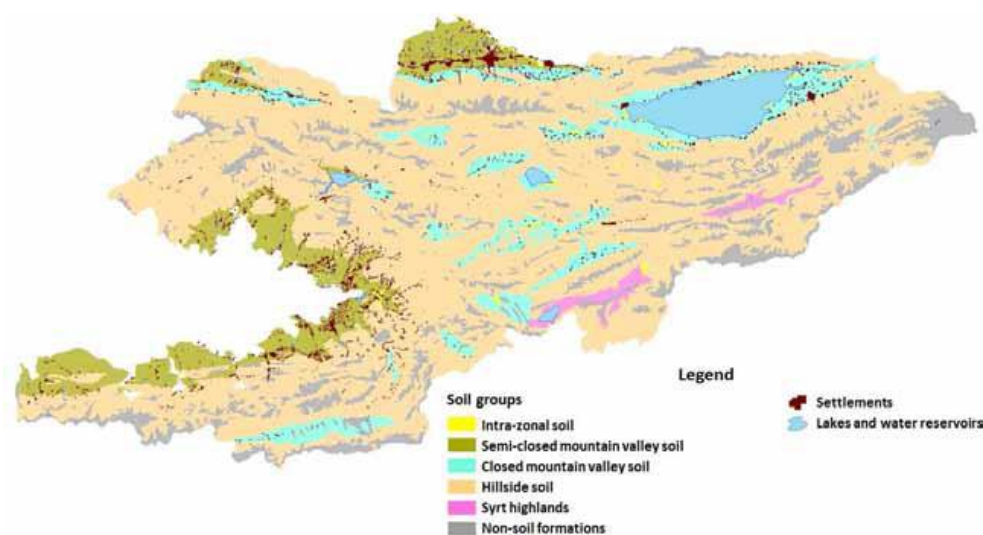
Land Resources

22. Land resources are key to the Kyrgyz economy. Table 3 shows the overall land distribution in Kyrgyzstan. The percentage of irrigated land in 2010 was 79.99% of the total arable land. There has been a steady decrease in the arable area throughout the entire observation period. So, the total area of arable land decreased by 141.1 thousand hectares over this period. However, both the share (79.99%) and the total area of irrigated land have increased (State Agency for Environment Protection and Forestry, 2016a). The types of soils in Kyrgyzstan are shown in Figure 2.

Table 3 Changes in the area of various categories of land resources (in thousand hectares) (State Agency for Environment Protection and Forestry, 2016a)

Land categories	1995	2000	2005	2010
1. Total land, including the following categories:	19994,9	19994,9	19994,9	19994,9
– lands for agricultural purposes	11647,1	5788,2	5698,4	5679,7
– populated lands	137,4	231,7	250	266,4
– lands for industries, transportation, defense, communications and other purposes	888,8	227,5	221,8	222,7
– nature reserve areas	145,4	349,3	447,8	707,4
– forest reserve lands	1107,1	2634,3	2684,9	2617,2
– water reserve lands	93,7	767	767,3	767,3
– lands (undistributed lands)	5975,4	9996,9	9924,7	9734,2
2. Farmlands, including by type:	10781,2	10798,3	10780,5	10651,0
– arable land	1417,4	1367,5	1284,4	1276,3
including irrigated land	939,9	930,9	866,7	1020,9
– planted areas (perennial plants)	70,6	67,1	72,1	74,3
– deposits	20,1	21,5	35,4	38,9
– hayfields	170,6	177,0	199,5	197,5
– pastures	9111,1	9165,2	9189,1	9064,0
3. Forested areas, including:	1418,6	1423,0	1434,2	1398,1
– land of the SFR and NR	845,6	855,7	875,6	839,6
– land beyond the SFR and NR	277,0	277,0	277,0	277,0
– in the settlements	10,8	12,0	13,0	13,0
– protective plantings	215,3	210,3	197,0	197,0
– perennial plantings	69,9	67,9	71,5	71,5

Figure 2 Soil groups in Kyrgyzstan (State Agency for Environment Protection and Forestry, 2016a)



23. In Kyrgyzstan, 1.2 million people were living on degrading agricultural land in 2010 - an increase of 16% in a decade, bringing the share of rural residents who inhabit degraded agricultural land up to 33% of the total rural population. Land degradation can severely influence populations' livelihood by restricting people from vital

ecosystem services (including food and water), increasing the risk of poverty. During the same period (2000-2010), the number of people residing in remote degrading agricultural areas with limited market access increased by 17%, reaching 289 thousand people. Populations in remote areas have restricted options for managing land and accessing other benefits of economic development. The annual cost of land degradation in Kyrgyzstan is estimated at 601 million United States dollars (US\$). This is equal to 16% of the country's Gross Domestic Product. Land degradation leads to a reduction in the provision of ecosystem services that take different forms - deterioration in food availability, soil fertility, carbon sequestration capacity, wood production, groundwater recharge, etc.- with significant social and economic costs to the country (UNCCD, 2018).

24. Kyrgyzstan has implemented land reforms since independence, transitioning from state-owned collective farming to private land ownership under the Land Code of 1999. However, challenges remain with inefficient land registration, disputes over unclear boundaries and historical claims, and equitable land distribution. Marginalized groups, including women and youth, face disproportionate difficulties in securing land tenure and access to resources.

Forestry

25. Forest cover in Kyrgyzstan is rather low, 8.3%, partly due to the difficult climatic and physical conditions in mountainous areas, and partly due to the pressures on the forest. There are four major forest types in Kyrgyzstan: Spruce forests in the western and central areas and the Fergana valley; Walnut-fruit forests in the south; Juniper forests in different parts of the country; and Riverside (tugai) forests. There is around 1,663 thousand ha of forest, according to the national definition, including 1252 thousand ha of "forest" (international definition) and 410 thousand ha of other wooded lands. There is on average 0.21 ha of forest for each resident, which is significantly less than the European average (1.2 ha/person), but in the same range as central- West Europe, and other Central Asian countries. There is a big potential to increase the areas protected by forests through afforestation (UNECE and FAO, 2020).
26. The forests of Kyrgyzstan provide a very wide range of goods and services, including wood, mostly for energy, nuts and berries for sale and auto-consumption, grazing for meat and dairy, shade and local climate control, water supply and protection against erosion, and tourism. Energy wood and livestock are the most important in terms of the area of forest used (UNECE and FAO, 2020). Table 4 below shows the main services provided by forests in Kyrgyzstan.

Table 4 Goods and services provided by the forests of Kyrgyzstan (UNECE and FAO, 2020)

Indicator	Показатель	Unit	Единица измерения	Data	Данные
Recorded total harvest	Зарегистрированный общий объем заготовки	1,000 m ³	тыс. м ³	18.1	
Estimated total harvest, including non-recorded	Оценка объема заготовки, включая незарегистрированный	1,000 m ³	тыс. м ³	18.1	
Wood fuel production	Производство топливной древесины (оценка)	1,000 m ³	тыс. м ³	9.1	
Share of wood fuel in wood production	Доля топливной древесины в общем объеме заготовки	%	%	50.3	
Share of forest area with a designated management objective to maintain and enhance its protective functions	Доля площади лесов с обозначенной целью управления для поддержания и усиления ее защитных функций	%	%	93	
Share of forest strictly conserved for protection of biodiversity	Доля лесов, охраняемых для защиты биоразнообразия	%	%	6.2	
Main non-wood forest products and services	Основные недревесные лесные товары и услуги	—	—	Grazing (meat and dairy), nuts, berries, honey, medicinal herbs. Выпас (мясной и молочный), орехи, ягоды, мед, лекарственные травы.	
Employment in forestry, staff per hectare	Занятость в лесном хозяйстве, численность персонала на 1 га	FTE/1,000 ha	ЭПЗ/тыс. га	2.3	
Net GHG emissions (source)/ removals (sink) of forests per hectare of forest	Чистая эмиссия ПГ (источник) / абсорбция (сток) лесов на 1 га леса	tCO ₂ e/ha	тэкв.СО ₂ /га	-1.2	

27. All forests are owned by the state. However, of the total area of forest and other wooded lands (1.66 million ha), 900 thousand ha are under the operational management of the State Agency Environment Protected and Forestry (SAEPF). Another 700 thousand ha (outside the State Forest Fund) has not yet been transferred to any state organization. The Kyrgyz Government will decide to whom the management of this forest should be transferred, possibly to municipal organizations. According to the forest legislation of Kyrgyzstan, all forests are subjected to a long-term management plan, which is updated every 10-15 years, according to forest type. Today the proportion of forest area under a long-term forest management plan is 60.8%. Those forests, which have not been transferred to any state organization yet, are not under a long-term forest management plan (UNECE and FAO, 2020).
28. Forests in Kyrgyzstan face challenges mainly forest degradation due to pressure from grazing and energy wood removals; the need to improve livelihoods of forest-dependent people; the need to improve forest sector governance, reduce corruption and illegal logging; and bureaucracy and low efficiency of forest management (UNECE and FAO, 2020).

Biodiversity

29. The area of disturbed ecosystems is close to the critical level. Kyrgyzstan has 20 types of natural ecosystems ranging from alpine tundra analogues (high altitude desert and Alpica), middle analogues forests in mid-latitude to mid-mountain and lowland counterparts' steppes and deserts, and aquatic ecosystems (wetland, lake, river). The main ecosystems are forests; water ecosystems; ecosystems of steppes and semi-deserts; and unique ecosystems (State Agency on Environment Protection and Forestry, 2016b).
30. In the last century, the water basins of Kyrgyzstan were inhabited by more than 10 types of alien fish species. Steppes and semi-deserts are preserved in lowland areas and inter-mountain basins the height ranging from 500 to 1000 meters above sea level. The importance of these ecosystems for the biodiversity of the country is extremely high, as only in these ecosystems are steppe and desert flora and fauna species, including rare and endangered inhabit: desert plants, reptiles, steppe species of birds, and mammals. Unique for Kyrgyzstan is the ecosystem of walnut forests – rich in botanical composition of the community with the elements of relict forms of flora and fauna, including 49 endemic species of invertebrates and 12 species of plants (State Agency on Environment Protection and Forestry, 2016b).
31. The most serious causes of biodiversity loss are the fragmentation of habitat and reduction of the total area of habitat types, as well as the consequences of anthropogenic influences. These include poaching and other forms of logging in the forests of various types; degradation of natural pastures as a result of overgrazing; destruction of areas of natural ecosystems as a result of mining activities; reduction of forests area as a result of land acquisition for construction and other purposes; over gathering of medicinal plants; overfishing in the main waters, which caused a reduction in the stock of most fish; and introduction of alien species (State Agency on Environment Protection and Forestry, 2016b).

Climate

32. The country is considered to have an extreme continental climate, with arid and increased cloudiness and precipitation due to the alpine relief. The climate is determined by its location in the Northern Hemisphere, in the centre of the Eurasian continent, the remoteness from major water bodies, and the proximity of deserts. Temperature trends tend to be higher in the Northern Hemisphere. The climate is characterized by relatively high inter-annual and spatial variability. Average annual temperatures vary from less than -10°C in high-altitude regions of the Tien Shan mountains to over 12°C in the northern and western lowlands. In the lowland regions

around Bishkek and Osh temperatures regularly exceed 30°C between June and August, while falling below –5°C between December and February. Mean annual precipitation for the latest climatology was 378.3 mm, however, precipitation varies by region, typically between 100 mm to 1,000 mm and is highest in the region surrounding Jalal-Abad. Approximately, 24% of the country’s surface area has an altitude above 3,500 meters and these areas have historically been under permanent snow cover (World Bank and ADB, 2021).

Climate Hazards

33. **Temperature:** Average annual temperatures have risen approximately 1.1°C between 1960–2010. The rate of warming has accelerated over the period 1990–2010. Warming trends were reported across all of the different regions and at all altitudes.¹⁷ Warming has been most pronounced in winter (November–March) minimum temperatures. There is good agreement among model projections that the country will experience rates of warming considerably above the global average. By the 2090s the ensemble projects 5.6°C of warming under the highest emissions pathway (RCP8.5) compared to a global average rise of 3.7°C. The warming projected in maximum and minimum temperatures is typically around 10% higher than the rise in average temperature. Under the lowest emissions pathway (RCP2.6) warming peaks in the 2050s period at around 1.6°C above the 1986–2005 baseline and then begins to decline. Future temperature projections are shown in Table 5 below (World Bank and ADB, 2021).

Table 5 Projected anomaly for maximum, minimum, and average daily temperatures in the Kyrgyz Republic for 2040–2059 and 2080–2099, from the reference period of 1986–2005 for all RCPs (Median anomaly and the 10–90th percentiles in brackets) (World Bank and ADB, 2021)

Scenario	Average Daily Maximum Temperature		Average Daily Temperature		Average Daily Minimum Temperature	
	2040–2059	2080–2099	2040–2059	2080–2099	2040–2059	2080–2099
RCP2.6	1.5 (–0.6, 3.8)	1.4 (–0.8, 3.8)	1.5 (–0.2, 3.5)	1.4 (–0.5, 3.5)	1.6 (–0.4, 3.6)	1.5 (–0.5, 3.5)
RCP4.5	2.0 (–0.1, 4.1)	2.7 (0.5, 5.0)	1.9 (0.1, 3.8)	2.7 (0.7, 4.7)	2.0 (0.0, 4.0)	2.8 (0.5, 4.8)
RCP6.0	1.7 (0.0, 3.5)	3.5 (1.6, 5.8)	1.7 (0.1, 3.4)	3.4 (1.7, 5.4)	1.8 (0.0, 3.5)	3.5 (1.4, 5.4)
RCP8.5	2.6 (0.4, 4.8)	5.6 (3.3, 8.2)	2.6 (0.8, 4.5)	5.6 (3.6, 7.8)	2.7 (0.7, 4.6)	5.7 (3.3, 7.9)

34. **Precipitation:** There has been little change in average annual precipitation on a national level between 1920 and 2010 (State Agency on Environment Protection and Forestry, 2016a). Some sub-national changes have been reported, including small increases in precipitation in the central and northwestern parts of the country and small decreases in the east, but there is little evidence distinguishing these trends from typical natural variability in the region. Although great uncertainty surrounds projections, most models in the CCKP ensemble project increase in the quantity of rainfall deposited during extreme precipitation events, with rises in the range of 5–15% by the 2050s (World Bank and ADB, 2021).
35. **Extreme Weather Events:** The frequency of heat waves is likely to increase. Under all emissions pathways, the 30°C average maximum temperature is projected to increase significantly, potentially reaching a national average of 36°C by the 2090s under the highest emissions pathway, RCP8.5. This highlights the potential for extreme temperatures, potentially over 40°C, to become a more regular occurrence in the low-lying and most densely populated areas. The probability of drought is also like to more than triple as we move towards the end of the century under RCP 8.5 as shown in Figure 3. Given Kyrgyzstan’s landscape, floods and landslides are expected to have detrimental impacts on populations and high economic losses despite projections failing to confirm an increase in the risk of flooding in the future.

Still, Kyrgyzstan shows a higher than global average risk of flooding as shown in Table 6.

Figure 3 Projected annual probability of experiencing severe drought conditions (-2 SPEI index) under the RCP8.5 emissions pathway in the Kyrgyz Republic (World Bank and ADB, 2021)

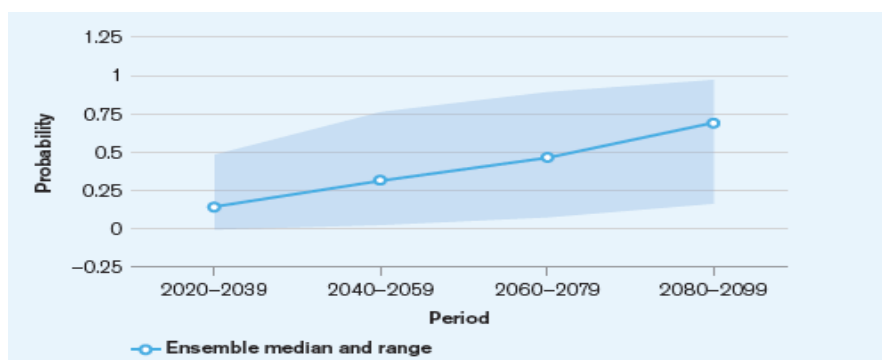


Table 6 Selected indicators from the INFORM 2019 Index for Risk Management for the Kyrgyz Republic. Higher scores represent greater risks (Global averages are shown in brackets) (World Bank and ADB, 2021)

Flood (0-10)	Tropical Cyclone (0-10)	Drought (0-10)	Vulnerability (0-10)	Lack of Coping Capacity (0-10)	Overall Inform Risk Level (0-10)	Rank (1-191)
5.6 [4.5]	0.0 [1.7]	6.7 [3.2]	2.6 [3.6]	4.5 [4.5]	3.9 [3.8]	91

Impacts of Climate Change

36. **Water resources:** Climate change is expected to have a significant impact on the availability and reliability of water resources. Changes in snowmelt, glacial melt and precipitation patterns are all expected to decrease river flow and irrigation sources during agriculturally important spring and summer months. While projections indicate there will likely be a slight increase in total annual rainfall, changes in the timing of precipitation within the year combined with increasing dry spells and temperatures will likely lead to increased water stress (USAID, 2018). Glaciers in The Tien Shan and Pamir mountains have been shrinking rapidly. In the short to medium-term, the runoff from the Tien Shan mountain range is likely to increase, potentially peaking around 2040, as a result of glacier melts. Beyond this point, runoff is likely to decrease considerably as glaciers deplete, with the potential for severe water shortages before the end of the century (World Bank and ADB, 2021). Data of possible changes in the surface runoff by all basins- considering the glacial fluid loss- indicate a significant reduction in the flow under all possible scenarios and options for precipitation changes. However, the reduction range is very wide. For the worst-case climate change scenario (RCP 8.5 scenario and the annual precipitation reduction by 5%), the runoff may reduce by approximately 40% (State Agency for Environment Protection and Forestry, 2016a). A significant decline in surface water flow and annual water supply is expected to occur in the coming decades, with projections suggesting decreased inflow to the downstream Syr Darya and Amu Darya rivers of at least 20% by 2050 and decreased overall runoff across all basins between five and 20 %by 2070 (USAID, 2018). In addition to changes in net runoff, shifts in the intra-annual runoff regime are projected. Notably, a potential advance in the annual peak runoff by up to a month is projected, increasing spring flows but reducing significantly summer flows. The combined influences of climate change are projected to increase the probability of drought conditions (World Bank and ADB, 2021). The decrease in water availability is likely to coincide with an increased

demand for agricultural water due to higher temperatures and changing rainfall patterns, increasing water shortages including shortages already experienced in the Syr Darya and Amu Darya basins. Additionally, given the importance of water flows to neighbouring countries in the CA region, climate change impacts water resources in Kyrgyzstan and thus will have transboundary implications on the region (USAID, 2018).

37. **Agricultural production:** Climate change is expected to significantly affect agricultural growing conditions, including impacts from rising temperatures, increasing variability of precipitation and the likely overall reduction in surface water due to increased evapotranspiration and glacial melt. The changes will likely increase aridity, affect access to irrigation water sources and accelerate desertification, which is already a significant concern and affects up to half the land in the country (State Agency for Environment Protection and Forestry, 2016a). The overall outlook for crop production and agricultural livelihoods is mixed. Broadly, studies suggest a positive outlook in sub-humid environments (wetter areas), and a negative outlook in arid environments (World Bank and ADB, 2021). While some crops, such as cotton, could initially benefit from increasing temperatures, overall, climate change is expected to reduce the production of food and fibre crops and cut overall food availability per capita. Increases in temperatures, including temperature extremes, along with existing or worsening drought incidence can significantly affect yields, with a high impact on sugar beets, wheat, and maize, the latter two of which are particularly sensitive to rainfall timing. Increasing temperatures and changing rainfall patterns could contribute to increased outbreaks of agricultural diseases and pests, such as locusts. Crop yields and productivity could also be reduced due to increasing heavy rains and the resultant floods and mudslides (USAID, 2018). Demand for irrigation is likely to grow significantly, potentially leading to water deficits, for example for the production of cotton and winter wheat (World Bank and ADB, 2021). Climate change impacts on agriculture could decrease food security and slow improvement in poverty levels, particularly in rural areas. As extreme weather events and changing climate conditions affect the agriculture sector, migration to other countries in pursuit of economic opportunities could increase (USAID, 2018).
38. **Livestock:** The projected impacts of climate change may have both positive and negative effects on livestock production. For example, increases in temperature and overall annual rainfall may have a favourable impact on fescue, hayfield and pasture yields across many regions. Ultimately, the extent to which higher productivity improves livestock outcomes will depend on stocking rates and the ability to balance pasture production with livestock feed requirements. In other areas, such as high mountain pastures in the Tien-Shan, Alay, and Ak-Saw valleys, the combination of increasing temperatures and decreasing overall water availability is expected to increase desertification and reduce pasture coverage. In these and other areas, climate change impacts may negatively affect the feed, fodder and available grazing for livestock. In addition to the effects on feed and pastureland, projected increases in temperatures, changing rainfall patterns and impacts on water access can be expected to increase biological stress on animals and alter their growth and reproductive patterns. Increased water scarcity and drought incidence can reduce access to drinking water and adequate foraging. The increased biological stress and poorer nutrition are likely to leave the livestock more vulnerable to infectious diseases. This is in addition to potential injuries and deaths from increased intensity and frequency of heavy rains (USAID, 2018).
39. **Forestry:** As the climate changes, the seasonal distribution of rainfall and rising temperatures will exert direct pressure on forest ecosystems. Forested areas, and tree species such as Juniper, have also been documented struggling with increasing aridity. Over the Central Asian region, an estimated 8% of grasslands and 10% of forestland were converted to shrubland between 2000 and 2013 (World Bank and ADB, 2021). While the interplay between climate change and direct human pressures

is complex, temperature increase- to the extent allowed by landscape features- will shift forest biomes upwards in elevation into an ever-decreasing surface area in Kyrgyzstan. Climate change will contribute to the altitudinal advance of the forest band by 150 m and the sub-alpine band will advance by 100 m. The range of many plant types and the main forest-forming species will change (FAO, 2010).

Climate Change Mitigation

40. In 2017, the total GHG emissions in the Kyrgyz Republic amounted to 15,868.040 thousand tons of CO₂ equivalent, and removals – 10,367.314 thousand tons of CO₂, and net GHG emissions were 5,500.727 thousand tons of CO₂ equivalent (State Committee on Ecology and Climate of the Kyrgyz Republic, 2021). In 2010, the agriculture sector was responsible for 33.54% of the country's emissions (State Agency on Environment Protection and Forestry, 2016a). In 2017 compared to 1990, total and net GHG emissions decreased by 43.93%, and 69.49% respectively. In 2017 compared to 1990, GHG emissions decreased: in the energy sector - by 55.53% and in the agriculture sector - by 21.18%. However, GHG emissions increased in the IPPU sector by 23.69%, and in the Waste sector - by 26.92%. Furthermore, the CO₂ absorption in the LULUCF sector remained almost unchanged (increased by 0.91%). The mitigation target for the agriculture sector in the NDC is 1.1% to be achieved mainly through reducing the livestock headcount, increasing productivity and improving the pedigree stock; expanding the area of cultivated organic crop farming lands; and increasing efficiency of the application of manure as a fertilizer and generation of biogas (State Committee on Ecology and Climate of the Kyrgyz Republic, 2021).

Part 2. Institutions and legal framework

2.1 Institutions

41. **Ministry of Agriculture** is the authorized state executive body for the management of land (agricultural) including livestock, fish farming (aquaculture), plant growing, plant quarantine, melioration lands, soil fertility, land, and amelioration of infrastructure, food and processing industry.
42. **The State Agency on Environment Protection and Forestry** under the Government of the Kyrgyz Republic (SAEPF) is implementing policies and regulating relationships in the field of environmental protection and safety. It develops proposals for integrated environmental management, biodiversity conservation, environmental management, management of specially protected areas, and development of forestry and hunting among other functions. SAEPF is the executive body for the implementation of the obligations of the Kyrgyz Republic under the UN Framework Convention on Climate Change (UNFCCC) and the focal point for the Global Environment Facility (GEF).
43. **The Ministry of Natural Resources, Ecology and Technical Supervision of the Kyrgyz Republic** develops and implements state policy and coordinates in the areas of environmental protection, ecology and climate, geology and subsoil use; use and protection of natural resources including bioresources, subsoil and water resources, except irrigation and reclamation infrastructure; and exercising state control and supervision over compliance with environmental safeguards (including chemical, biological, radiation and nuclear), industrial safety, mining safety, subsoil protection, coal and fuel quality. The Ministry is the nationally designated authority for the Adaptation Fund (AF) and the Green Climate Fund (GCF).
44. **State Inspection on Environmental and Technical Safety (SIETS)** carries out state supervision and control over ensuring compliance with the standards and safety requirements for the life and health of people, animals and plants, the environment, and the prevention of negative consequences.

45. **State Veterinary and Phytosanitary Inspection** is responsible for executing livestock sector development programs and ensuring veterinary and phytosanitary safety within the country.
46. **National Gender Equality Commission** oversees women's affairs at the national level, while various organizations work to elevate women's socio-economic status and address their needs.
47. **State Agency for Youth, Physical Culture, and Sports** enforces youth policy, fosters physical culture and sports, and coordinates interdepartmental activities in these areas.
48. **State Agency for Hydrometeorology** develops and maintains the state system of hydrometeorological observations, provides hydrometeorological support, and coordinates activities related to climate change as the National Focal Point for the United Nations Framework Convention on Climate Change (UNFCCC).
49. Over **400 Pasture User Unions (PUUs)** and their **Pasture Committees (PC)** are responsible for the community-based management of rangelands and are a key entry point for any pasture-related interventions. Other local groups include (i) **agricultural producers and the associations**; (ii) **councils of farmers and citizens' self-government bodies**; (iii) **non-governmental organizations**; and (iv) **rural community, including dekhan farmers, women and youth**; (v) **marginalized groups and ethnic group's representatives**.
50. Local groups include (i) agricultural producers and the associations; (ii) councils of farmers and citizens' self-government bodies; (iii) non-governmental organizations; and (iv) rural community, including dekhan farmers, women and youth; (v) marginalized groups and ethnic group's representatives.
51. At the sub-national level, key stakeholders consist of regional and district administrations, regional departments of the ministries of agriculture and water resources, research institutes, non-governmental organizations (NGOs), and others. Local groups include agricultural producers and associations, councils of farmers and citizens' self-government bodies, NGOs, and rural communities. The specific project designs shall identify further and consult with the relevant stakeholders, depending on the target areas, project objectives and focus.
52. Main **NGOs** involved in environmental management and climate change: CAMP Alatoo, Kyrgyz Association of Forest and Land Uses (KAFLU), Association of Jaid Committees (AJK) and the Aga Khan Foundation.

2.2 Policy and regulatory framework

53. **National Strategy for Sustainable Development (NSSD) 2018-2040** an overarching national strategy that focuses on many different areas comprising social and economic development and good governance. The NSSD also emphasizes the importance of climate change as part of a developmental approach and for the sustainable use of natural resources underpinning sustainable economic growth.
54. **National Development Program of the Kyrgyz Republic until 2026** focuses on citizens' well-being with areas of objectives form poverty reduction, unemployment reduction, and a decrease in GHG. The program emphasises the importance of agriculture, land reform, and clean water access as crucial development areas.
55. **Nationally Determined Contribution (NDC)**: In 2021, Kyrgyzstan submitted an updated NDC to the UNFCCC, providing mitigation targets for each sector up to 2030 and more details on the vulnerability, adaptation needs and prioritized adaptation measures. By 2030, the projected reduction in GHG is estimated at 15.97% of the emissions under the "Business as usual" scenario, and with international support, by 43.62%. For the agriculture sector, the reduction is only 1.11% mainly through (i) reducing livestock count and increasing productivity; (ii) expanding organic farming,

and (iii) increasing the efficiency of manure fertilizers. The main adaptation priorities relevant to IFAD's mandate are relevant to water and agriculture sector development policy taking into account climate adaptation; building capacities of institutions and communities on adaptation; improving the climate resilience of irrigation infrastructure; stimulating more efficient use of water resources; improving land use practices and strengthening the resilience of crop production; strengthening climate resilience of pasture infrastructure and livestock breeding; and creating climate-smart financial services.

56. **National Biodiversity Strategy and Action Plan (NBSAP, 2016)** identifies four strategic priority areas for biodiversity conservation until 2024, including integrating biodiversity conservation in cross-sectorial areas, reducing the impact on biodiversity, improving protection and monitoring of ecosystems and species diversity, and improving the social importance of biodiversity.
57. **Climate Investment Programme (CIP) 2018** is the operational framework for managing and accessing climate finance and highlights the importance of improving the resilience of forestry, and of improving food security from agriculture, including through land management. The CIP supports the government to attract resources through international climate finance mechanisms and sets out an institutional mechanism for the coordination. It serves as a basis for the development of the National Adaptation Programme and Strategic Priorities to meet the requirements of the Paris Agreement.
58. **The National Youth Policy for 2021-2030** aims to prioritize the development of rural youth, including in agriculture. Targeting education, vocational training, and employment opportunities. Supported by the Ministry of Economy and Finance, the policy emphasizes youth entrepreneurship by providing financial and non-financial assistance to young entrepreneurs for innovative project development and implementation in multiple sectors.
59. **The National Strategy for Gender Equality (2018-2030)** in Kyrgyzstan aims to increase women's participation in agriculture, access to resources such as land, finance, and technology, and involvement in decision-making processes. The strategy includes five priority areas: economic empowerment, protection against gender discrimination and fair justice, women's political participation, cultural policy and functional education, and policy reforms to ensure gender equality. Kyrgyzstan is actively involved in regional cooperation mechanisms such as the Shanghai Cooperation Organisation (SCO).
60. **Disability Legal Framework.** The Law on the Rights and Guarantees for Persons with Disabilities (2008) is the primary legal framework for persons with disabilities (PwD). In 2019 the Kyrgyz Republic ratified the UN Convention on the Rights of Persons with Disabilities (CRPD) Disability Inclusion. Disability inclusion is prioritised in the National Development Strategy of the Kyrgyz Republic until 2040 and the National Development Programme until 2026. The Government has also developed the National Programme "Inclusive Country" for 2021-2024 to enhance disability inclusiveness in the environment, institutions and services together with ILO.
61. **Grievance Redress.** The Law of the Kyrgyz Republic "On the procedure for considering citizens' appeals" gives every citizen the right to apply personally or through his representative to state authorities, local self-government bodies and their officials, who are obliged to provide a reasoned response within the time limit established by law. The basic principles of the work of state authorities, local self-government bodies and their officials on the consideration of citizens' appeals are: (i) protection of human and civil rights and freedoms; (ii) legality, democracy, accessibility; (iii) mandatory consideration of appeals; (iv) timeliness, objectivity and completeness of consideration of appeals; (v) equality of citizens when considering appeals; (vi) personal responsibility for the performance of official duties; and (vii) control and accountability in the consideration of appeals.

62. In addition to this law, IFAD-funded projects will develop project-level grievance redress mechanisms building on existing formal and informal mechanisms as per IFAD SECAP requirements. Guided by the Law on the procedure for considering citizens' appeals and the project-level GRMs, beneficiaries and other stakeholders of the project can send any complaints on issues related to the implementation of the IFAD-funded projects at all stages of projects implementation.

2.3 Programmes and Partnerships

Table 7 Main ongoing/recently completed projects with potential synergy/scaling up

Project/target group	Summary	Synergies/Upscaling Potential
Carbon Sequestration through Climate Investment in Forests and Rangelands (CSFOR) in the Kyrgyz Republic (2020-2027)	<i>FAO funded by GCF (US\$ 50 million).</i> The project objective is to intervene in key hot spots of target areas with adapted forest and pasture investments and to transform the management of pasture and forest resources at the national and local levels to ecosystem-based sustainable natural resource management (NRM) by enhancing an integrated and participatory approach, which is adaptive to climate change and responsive to needs of local communities.	This project is only targeting two districts in the central and western parts of the country. The Adaptation Fund-funded RRPCP-Adapt can coordinate with regards to integrated rangeland and forestry resource planning built around forest, rangeland and livestock management practices that sequester carbon, responsive to observed changes in the climate and enable the diversification of household income earning activities.
Integrated Forest Ecosystem Management (2017-2021)	<i>The World Bank (US\$ 16 million)</i> To strengthen the capacity of government institutions and communities to improve sustainable forest ecosystem management through investments in management planning, ecosystem restoration, and infrastructure.	The RRPCP-Adapt will benefit from the improvements introduced to Leskhozoes and further upscale the implementation of the piloted INRMPs that have been developed as a result of this project.
Climate services and diversification of climate-sensitive livelihoods to empower food-insecure and vulnerable communities in the Kyrgyz Republic (2021-2025)	<i>WFP funded by GCF (US\$ 9.6 million)</i> The project will support vulnerable rural communities to better manage climate risks, including increased weather variability. This will include the enhanced provision of climate services, local-level adaptation planning, small-scale climate risk reduction infrastructure, and livelihood diversification, which strengthens the overall economic resilience of communities in the face of greater risks to the agricultural sector.	IFAD could build on this project by upscaling the local-level adaptation plans in its future projects. It can also utilise the climate information system further developed with Hydromet through this project to disseminate adaptation measures. IFAD's LMDP II had already worked with Hydromet and Pastures Department for a weather early warning system for pastures.
Reducing vulnerabilities of populations in the Central Asia region from glacier lake outburst floods in a changing climate (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan)	<i>UNSECO funded by AF (US\$ 6.5 million).</i> The objective of the proposed project is to strengthen adaptation to climate change in Central Asia by reducing societal risks and vulnerabilities associated with Glacier Lake Outburst Floods (GLOFs). The approach will strengthen the monitoring, analytical and response capacities of institutions and government officials responsible for DRR, emergencies and CCA through community and gender-sensitive ground-level training and awareness campaigns, and through the establishment of early warning systems (EWS), supported the necessary state-of-the-art monitoring strategies.	There are few synergies with this project except that IFAD could again utilise the early warning system through this project to disseminate adaptation measures.
Integrated Community-based Management of High-Value Mountain Ecosystems in Southern Kyrgyzstan for Multiple Benefits	<i>UNDP funded by GEF (US\$ 2.6 million).</i> The project will leverage a landscape-level integrated land use management plan, particularly for the benefit of snow leopards (an objective strongly supported by the Government of the Kyrgyz Republic) to transform land use across the Pamir-Alai.	RRPCP-Adapt can build on the knowledge mechanisms of land degradation in its interventions related to a reduction of pasture degradation.
Conservation of Globally Important Biodiversity and Associated Land and Forest Resources of Western Tian Shan Forest Mountain Ecosystems to Support Sustainable Livelihoods (2017-2021)	The project's focus is on a landscape conservation and management approach in and around Key Biodiversity Areas (KBA). It promotes a better understanding of the conservation of biodiversity and sustainable use of forest and land resources in buffer zones and corridors, and sustainable forest and pasture management through a landscape approach.	There is limited overlap and some synergies with this project that focuses on biodiversity conservation as well as sustainable forest management in a limited targeted area.
Ecosystem-based Adaptation to Climate Change in High Mountainous Regions of Central Asia (2015-2020)	<i>GIZ (US\$ 6 million).</i> The project introduces an ecosystem-based approach to climate adaptation, in which people continue to use natural resources to secure their livelihoods without harming the environment. The objective is to test ecosystem-	IFAD can build on the experiences and best practices developed as a result of the ecosystem-based adaptation to climate change approach to sustainable pastoral management.

Project/target group	Summary	Synergies/Upscaling Potential
	based adaptation and other climate adaptation strategies and to integrate them into national policies.	
Gender - Participatory Guarantee Systems (PGS) for women farmers in the Kyrgyz Republic	The Agency for Development Initiatives (ADI) is a network of women's self-help groups that helps local communities to run effective and innovative income-generating activities in remote rural and mountain. Various initiatives, among others, training on Participatory Guarantee Systems (PGS) for women farmers in the Kyrgyz Republic together with BIO-KG Federation of Organic Development (FOD Bio-KG) took place.	Potential partnerships for organic production and beekeeping and honey production, especially for women and youth. Highly relevant for the alternative income-generating linked with climate-adaptation activities.
Rural Women's Economic Empowerment (RWEE)	IFAD, together with the UN Women, FAO, and WFP launched the Rural Women's Economic Empowerment (RWEE) Project to promote income-generating activities, increase participation in public decision-making, and create a gender-sensitive culture in society for rural women in Kyrgyzstan. ²⁹	Targeting vulnerable rural women and those living below the national poverty line, the project offers training sessions on agriculture, leadership, and entrepreneurship, as well as contests for the best business proposals and should be considered in IFAD project targeting strategies and partnerships
The "Rural Women Project"	funded by the UNDP, aims to increase access to rights, justice and free legal aid along with awareness-raising activities. ³⁰	Synergies with land tenure, access to natural resources and decision-making processes, including pasture management, adaptation plans and natural resource management
"Ray of Light" Initiative for GBV	Since April 2020, the UN and European Union's "Ray of Light" Initiative addresses the GBV and established temporary crisis centres, provided technical support to the government for a multi-sectoral response to gender-based violence, and created emergency mobile gender-based violence response teams. The initiative also supports a civil society-led information campaign on the prevention of gender-based and domestic violence.	Could be used for outreach activities, consultations and the mobilization of woman-self-help groups, as well as IFAD's efforts on GEWE and women's empowerment policy engagement and dialogue.
Youth - Dilgir youth leadership program (2022)	launched in 2022 by the Friedrich Ebert Foundation in the Kyrgyz Republic, GIZ Kyrgyzstan, and the Ministry of Culture, Information, Sports and Youth Policy. The program aims to increase competencies related to youth policy, green economy, and social entrepreneurship among young people from all regions of the country	Climate adaptation, green economy, and access to finance target groups. Potential entry points for scale-up and coordination for youth target groups.
The Youth Ambassadors	The initiative was launched in the summer of 2019, organized multiple Voluntary National Review (VNR) consultations and has created a platform for communication between youth and national stakeholders to discuss national priorities under the 2030 Agenda ³¹ .	Youth engagement, outreach, and youth groups for identification of potential entry points, which will be relevant to use during the project designs in Kyrgyzstan
Digital Empowerment for Rural Youth and Women project (2020-2023)	European Commission and ESTDEV funded this project to support rural youth and women in the Osh and Issyk-Kul regions in improving digital literacy and skills development, promoting inclusion in public affairs at the local level, and strengthening education and training for digital entrepreneurship. The project is implemented by the Estonian Centre for International Development in collaboration with the Public Association Civil Initiative Centre, "Leader". ³²	Digital literacy and entrepreneurial skills and youth and women inclusion activities; Potential partnerships and targeting synergies.
Rural development and nutrition	Two projects financed by the WB Group are relevant: "Village Investment Project" (2019-2024), aims to enhance the quality of rural infrastructure and public services, focusing on improving access to safe water, sanitation, and solid waste management, as well as supporting income-generating activities for rural households. The "Agriculture Productivity and Nutrition Improvement Project" (2020-2025) aims at enhancing agricultural productivity and improving the nutritional status of rural households in selected regions. The project supports the adoption of modern	Access to modern agricultural technologies; access to water; land management and FFS activities, including for women and youth in crop production and livestock.

²⁹ <https://kyrgyzstan.un.org/en/105035-development-rural-women-promotes-development-whole-country>

³⁰ <https://www.undp.org/kyrgyzstan/blog/rural-womens-personal-development-closely-linked-only-availability-work>

³¹ <https://sdgs.un.org/partnerships/sdg-youth-ambassadors-programme-kyrgyz-republic>

³² <https://estdev.ee/kyrgyzstan-building-transparent-future-for-rural-communities-via-digitalisation/?lang=en>

Project/target group	Summary	Synergies/Upscaling Potential
	agricultural technologies, improved water management, and the establishment of farmer field schools to promote best practices in crop production and livestock management.	

Part 3 - Strategic Recommendations

3.1 Lessons learned

63. Within targeting women and youth, the COSOP completion review (2018-2022) informs that an innovative Business Action Learning for Innovation (BALI) pilot under the Gender for Action and Learning System was developed by IFAD with close-knit partnerships within the UN agencies. These approaches have been shown to further stimulate their participation, and self-confidence and strengthen their ability to engage in income-generating activities.
64. A **community-driven approach** and inclusive consultations have proved to be effective ways to identify the priorities of rural communities and provide them with investments to improve their pastures and livestock resources. The experience of IFAD projects shows that empowered communities can successfully manage their resources and make appropriate investment choices for improving degraded pastures and opening up formerly inaccessible summer pastures. Community engagement is also important in helping to forge a shift from the prevailing approach of maximizing the extraction of biomass from pastures to a long-term approach of proactively nurturing and enhancing pasture quality sustainably.
65. Mainstreaming of climate change aspects at **design rather than retrofitting** is more efficient. Creating a pathway for climate change adaptation in the livestock sector in the project's theory of change guarantees that adaptation-focused activities are integrated with the rest of the project and not stand alone.
66. **Policy Engagement** is crucial. IFAD's work under LMDP II with the government of Kyrgyzstan led to the inclusion of low-emission livestock into the country's updated NDC which puts the sector as a priority for climate change mitigation and positions the country for future climate finance mobilization. The project also developed the climate change section of the "Program for the Development of Pastures and Livestock Breeding for 2019-2023" which increased IFAD's visibility with the government.
67. **Early warning systems** to provide weather information when coupled with capacity building results in better pasture management. However, more work is needed on dissemination to increase the outreach thus increasing the cost-effectiveness of the system.

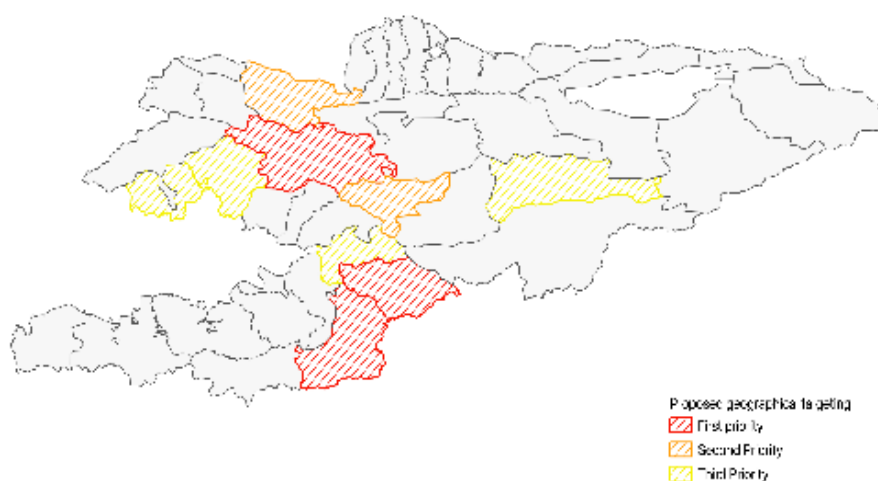
3.2 Strategic orientation

68. In line with SDGs 1, 2, 5, 13 and 15, the designed COSOP contributes to Priority III of Kyrgyzstan's **2023–2027 UNSDCF** by strengthening the conservation and sustainable use of natural resources and ensuring community-based NRM with gender-equality lenses via women's meaningful participation and leadership. Overall, the COSOP's outcome related to increasing the capacity of pastoral communities for climate change adaptation and mitigation is in line with the **NSSD** which emphasizes the importance of climate change as part of a developmental approach and for the sustainable use of natural resources underpinning sustainable economic growth.
69. The COSOP is also in line with the country's **updated NDC** through building capacities of institutions and communities on adaptation and strengthening the climate resilience of pasture infrastructure and livestock breeding as well as improved feed and increased efficiency of manure fertilizers to reduce emissions. It is also well aligned with the **NBSAP** and **UNCCD NAP (2015-2020)** by reducing the impact on biodiversity, promoting the sustainable use of ecosystems and combating land degradation through improved pasture management.

3.3 Targeting

70. Targeting should consider: (i) the key characteristics of the target groups analysed, including focusing on those under and close to the poverty line; (ii) dekhkan farmers who lack access to land and opportunities; (iii) prioritising woman youth, returning migrants and unemployed along with cross-cutting groups for continuity from IFAD current project portfolio; and (iv) include Ethnic minorities and target HHs with persons with disabilities, where possible.
71. Bearing in mind the possible changing conditions within the COSOP period, the initial proposed geographical targeting for Kyrgyzstan is represented in Figure 4, overlaying poverty data with cumulative hazard risk and pasture conditions.

Figure 4 Geographical Targeting



Gender

72. The livestock, veterinary and pasture management sector is male-dominated. Along with gender-inclusive outreach to promote their involvement in the sector, limitations due to lack of interest need to be taken into consideration. Opportunities to promote dairy farming, milk processing and value addition to dairy products should be thought-out.
73. Encourage the formation of women's self-help groups and use existing ones to improve their bargaining power in accessing resources and markets in the sector.
74. Alternative income-generating activities such as handicrafts, beekeeping, and small-scale food processing activities should be explored.
75. Highly recommended to explore small-scale organic production and local variety vegetable seed-saving activities combined with school gardens and linked with nutrition-related activities. This can be an important opportunity to link activities to nutrition-sensitive outcomes.
76. Training and resources to women to help them improve their productivity in agriculture, including access to land, credit, and technology should consider traditional and agriculture-related time constraints and ethnic cultures to adapt and ensure their inclusion.
77. Facilitate access to microfinance institutions and promote savings and credit activities for women, including for young females, considering challenges of land tenure, collateral and access to information.
78. Partnerships with the private sector, existing programs and the use of local initiatives will be the key to proper outreach and continuity along with generating ownership.

Youth

79. The lack of interest in the agricultural sector needs to be further studied to identify entry points. Various outreach strategies should be used as well as alternative employment opportunities linked to access to innovative technologies, promoting entrepreneurship opportunities and supporting young entrepreneurs with business development and access to finance.
80. Vocational training programs to develop skills relevant to agriculture and other rural-based activities should be combined with youth-led agricultural cooperatives to improve access to resources and markets and encourage motivation.
81. Eco-tourism activities in rural areas that can generate income and employment opportunities for youth should be considered, including for returning migrants.
82. All of the listed vulnerable groups with multiple vulnerabilities i.e. young females' part of the ethnic group or HH with people with disabilities should be given preferences, where possible, allocating extra support for better inclusion, including access to community meetings, training and access to matching grants along with linguistic and logistical considerations.

Environment and Climate

83. IFAD's focus on environmental and climate actions in Kyrgyzstan should build on RRPCP-Adapt and be in line with the updated NDC mainly and the priorities identified in the Third National Communication to the UNFCCC. Adaptation actions include integrated community-based climate resilient pasture management; promotion of rotational grazing and reduction of grazing pressures; selection of adapted breeds that are better coping with climate change; improvement of the agricultural infrastructure to better adapt to the climate change impacts; and promotion of drought-resistant and salt-tolerant varieties. Mitigation actions include increasing the efficiency of the application of manure as a fertilizer and generation of biogas; improved feed for livestock; and pasture rehabilitation and conservation agriculture to increase soil carbon stock.
84. IFAD should ensure a fast start for RRPCP-Adapt- funded by the Adaptation Fund to continue building trust with the government in mobilizing and managing climate finance. In addition, IFAD should use this COSOP to foster the ongoing discussions on the possibility of GEF-8 financing to co-finance IFAD's new investment. If that did not materialize, then the COSOP will still be a very relevant starting point for GEF-9 discussions.
85. The COSOP's focus on the livestock sector and pasture management in Kyrgyzstan will also ensure that IFAD is well-positioned to apply for GCF financing in the future if the government is interested. Through improving feed and more efficient utilisation of manure, IFAD can help Kyrgyzstan in reducing the overall emissions from the sector.

3.4 Monitoring

86. Monitoring and evaluation data should be disaggregated by gender, youth, socio-ethnicity and household poverty.
87. Given the nature of IFAD projects in Kyrgyzstan, the use of GIS and Remote Sensing technologies are very relevant especially when it comes to pasture lands rehabilitation and management as well as infrastructure. Since some of the implementation support and supervision missions are carried out partly or fully remotely, the use of these technologies will very much help in assessing physical progress and documenting results.
88. IFAD's focus on livestock in Kyrgyzstan provides the basis for work on reducing greenhouse gas emissions from the sector. To monitor such impact and to allow for the calculation of climate change mitigation finance as part of IFAD's portfolio, the

use of FAO's greenhouse gas calculation tools namely EX-ACT³³ and GLEAM-i³⁴ are vital for the M&E system to plan and keep track of the GHG reduction results.

89. While the specific indicators will be informed by specific project target groups and activity, the general proposed indicators for social inclusion and IFAD's mainstreaming themes along with environment and climate include:

Mainstreaming priorities	Indicators
Gender	Sex Disaggregation data by gender and in addition, the relevant indicators could include : <ul style="list-style-type: none"> - Access to capacity and training opportunities for women; - Number of women in leadership positions and decision-making roles - Improved access to and ownership of productive resources such as land, credit, and technology by women in the selected regions - A number of women participated in project participant engagement and feedback mechanisms
Youth	<ul style="list-style-type: none"> - Disaggregation by age and sex (mandatory); - Ideally, include engagement indicators such as the % of youth who participated in community activities, and the % of youth who have taken on leadership roles in their communities. - N. of youth improved Access to land or ownership of productive resources; - No Youth leadership role
Nutrition	<ul style="list-style-type: none"> - Persons provided with targeted support to improve their nutrition: this output level indicator is mandatory for nutrition-sensitive projects. Please take note of the mandatory multipliers (M, F, Total, HH, HH members). - % of women reporting minimum dietary diversity (MDDW): this outcome level indicator is mandatory for nutrition-sensitive projects only when relevant, i.e. when the project follows a diet pattern towards improved nutrition
Ethnic groups and IPs	Use disaggregation of HH, gender and youth also by ethnic groups
Target group and project participant engagement and GRM	<ul style="list-style-type: none"> - N/% of households satisfied with project-supported services; - N/% of households reporting they can influence the decision-making of local authorities and project-supported service providers - % of grievances received and registered that are resolved within a specified timeframe.
Environment and Climate	<ul style="list-style-type: none"> - Indicator 3.1.1: Number of groups supported to sustainably manage natural resources and climate-related risks - Indicator 3.1.4: Number of hectares of land brought under climate-resilient management - Indicator 3.2.2: (Number) Percentage of persons/households reporting adoption of environmentally sustainable and climate-resilient technologies and practices - Indicator 3.2.1: Number of tons of greenhouse gas emissions (CO₂e) avoided and/or sequestered

³³ The EX-Ante Carbon-balance Tool (EX-ACT) is based on the Intergovernmental Panel on Climate Change (IPCC) methodology for greenhouse gas (GHG) emissions inventories. EX-ACT provides its users with a consistent way of estimating and tracking the outcomes of agricultural interventions on GHG emissions. EX-ACT is the only GHG accounting tool to cover the entire agricultural sector including Agriculture, Forestry and Other Land Use (AFOLU,) inland and coastal wetlands, fisheries and aquaculture, agricultural inputs and infrastructure.

³⁴ The Global Livestock Environmental Assessment Model – interactive (GLEAM-i) is the first open, user-friendly and livestock-specific tool designed to support governments, project planners, producers, industry and civil society organizations to calculate greenhouse gas emissions using IPCC Tier 2 methods. GLEAM-I can be used in the preparation of national inventories and ex-ante project evaluation for the assessment of intervention scenarios in animal husbandry, feed and manure management.

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Annex 1 to SECAP

NDC programmes relevant to IFAD mandate³⁵	IFAD contributions to the national NDC targets
Climate Change Mitigation Priorities	
Expansion of arable land for organic farming	N/A
Increase in the productivity of the breed herd for a gradual reduction in livestock	IFAD's portfolio's primary objective is increasing the productivity of livestock among poor pastoral communities with an overall aim of avoiding an increase in the number of animals as a compensation.
Improvement of manure utilization	N/A
Horticulture and agroforestry development	RRPCP-Adapt will implement green investments for forest and pasture rehabilitation. The total afforestation and reforestation area targeted is at least 3,800 hectares under 27 Lezkhazes/forest users associations.
Development of biogas plants on large livestock complexes and farms	N/A
Improvement of policy and legislation for LCD	IFAD's LMDP2 developed the climate change section of the "Program for the Development of Pastures and Livestock Breeding for 2019-2023" and provided an assessment to the 4th national communication to the Paris Agreement. Studies, data and expertise of LMDP2 contributed to the livestock and pasture sector analysis of the NDC update of 2021. Lessons learned on adaptation of the project have contributed to the formulation of new NDC targets on agriculture.
Development and implementation of a sector MRV system	N/A
Capacity building of staff and public awareness, considering the interests of women, youth and vulnerable groups	Capacity building on improved livestock and agricultural practices is cross-cutting across IFAD's portfolio in Kyrgyzstan with specific targets for women and youth.
Conducting a climate smart agriculture Technology Assessment	N/A
Climate Change Adaptation Priorities	
Conducting scientific research on the impact of climate change on agriculture	ATMP is supporting the two relevant State research institutes, the Kyrgyz Livestock and Pasture Research Institute (KLPRI) and the Kyrgyz Scientific Research Veterinary Institute (KSRVI) to develop and deliver innovations in their particular research and competence spheres as well as deliver innovations.
Developing agricultural development policies that take into account climate change, gender and vulnerable groups	N/A
Raising climate awareness and adaptive knowledge of employees of state bodies, local self-government and land users	Institutional capacity building on improved livestock practices, better veterinary services and adaptive management is cross-cutting across IFAD's portfolio in Kyrgyzstan.
Improving land use practices in the face of climate change	IFAD's LMDP2 has built the capacities of communities for improved pasture management in the face of climate change. RRPCP-Adapt will implement green investments for forest and pasture rehabilitation. The total afforestation and reforestation area targeted is at least 3,800 hectares under 27 Lezkhazes/forest users associations.
Strengthening climate resilience in crop production	N/A
Strengthening climate resilience of pasture infrastructure	LMDP2 has provided access to climate resilient infrastructure to 4,373,468 people. ATMP is supporting the development of production aggregation enhancement including the cold chain infrastructure. RRPCP-Adapt will also invest in the rehabilitation of pasture infrastructure.
Development of climate resilient livestock breeding	IFAD's portfolio in Kyrgyzstan focuses on the improvement of livestock breeding and veterinary health services to make the sector more climate resilient.
Creation of climate-smart financial services and products in agriculture	IFAD's ATMP is supporting access to external lines of credit and providing a credit line for innovative financial products through digitalization
Development and launch of the state program of climate-oriented support for agriculture, based on the results of the implementation of the program «Financing of agriculture», taking into account the needs of vulnerable groups	N/A

³⁵ Adapted from Kyrgyzstan's NDC.

Fragility assessment note

Not Applicable for the Kyrgyz Republic

Agreement at completion point

Kyrgyz Republic Country Strategy and Programme Evaluation Agreement at Completion Point (ACP)

A. Introduction

1. The Independent Office of Evaluation of IFAD (IOE) undertook a country strategy and programme evaluation (CSPE) in the Kyrgyz Republic (hereinafter referred to as Kyrgyzstan) in 2022. The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD-financed strategy and programme; and (ii) generate findings and recommendations to steer the future partnership between IFAD and the Government. The evaluation covered the period from 2009 to mid-2022.
2. This agreement at completion point (ACP) contains recommendations based on the evaluation findings and conclusions presented in the CSPE report, as well as proposed follow-up actions as agreed by IFAD and the Government. The signed ACP is an integral part of the CSPE report in which the evaluation findings are presented in detail, and will be submitted to the IFAD Executive Board as an annex to the new country strategic opportunities programme for Kyrgyzstan. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management.

B. Recommendations and proposed follow-up actions

3. **Recommendation 1. Carefully revisit the strategic thrusts, a mix of thematic, sectoral and geographic focus of the country programme with a view to strengthening a poverty focus.** In preparation for the new COSOP, IFAD should conduct a diagnostic analysis of rural poverty and livelihoods. There is need for a more granular analysis of socio-economic situation in the rural areas, in different parts of the country as well as within certain geographical areas. Based on the poverty and livelihoods analysis, prevailing economic opportunities and constraints, IFAD and the Government should identify appropriate entry points, interventions, commodities or value chains that are the most relevant for the rural poor to sustainably build wealth, diversify livelihoods and build resilience. This may point to continued support for livestock-related interventions but with more targeted measures focusing on poor households, or the need for supporting non-livestock (e.g. crop, off-farm) economic opportunities. IFAD should explore opportunities for pro-poor innovations that may be scaled up.

Proposed Follow-up: The Ministry of Agriculture of the Kyrgyz Republic and IFAD concur with this recommendation and upon the drafting of the new COSOP (2023-2027) which will include the Project Identification Form for the upcoming IFAD investment in Kyrgyzstan (IFAD12 and IFAD13), a diagnostic on the governance structure and financial viability of Farmers Groups and Pasture Committees shall be undertaken prior to the design mission. Moreover, poverty/livelihoods and socio-economic assessment as well as food security analysis (similar to the WFP-led Vulnerability Analysis and Mapping - VAM) will be envisaged, in addition to value chain assessment, with the aim to inform the targeting strategy as well as identify which food crops to support in an attempt to promote nutrient-rich diet in the rural society. Pro-poor vegetables gardening at household level and small-scale

horticulture shall be foreseen, in partnership with Development Partners who already demonstrated past experience in the area (i.e. WFP). This will be envisaged in line with the under development Food Security and Nutrition Programme in the Kyrgyz Republic for 2023-2027 and its related Action Plan.

Responsible partners: Ministry of Agriculture/IFAD Country Team/WFP

Timeline: December 2023

4. **Recommendation 2. Adopt a strategic approach to pro-poor value chain and cluster development, articulating the additionality and impact pathways for the rural poor.** The focus of IFAD and public sector support should be on how to facilitate the participation of poorer households in priority clusters, for example, by strengthening inclusive multi-stakeholder platforms, or enabling them to improve their productive capacity and practices, or build their business orientation and skills. While better-off and/or more entrepreneurial rural households are not to be excluded, how their participation would benefit the poor (e.g. job opportunities) should be clarified and properly monitored. Support to farmer groups or cooperatives should be a gradual, demand-driven and an organic process based on their understanding of the advantages of being in a group with a clear vision. IFAD should also explore opportunities to facilitate the use of remittance in-flows for productive investment in value chains (other than purchasing more animals), which should also contribute to reducing the pressure on pastures.

Proposed Follow-up: *The above recommendation is taken into consideration by the Ministry of Agriculture of the Kyrgyz Republic and IFAD since the Mid-Term Review mission (October/November 2021) of the Access to Markets Project (ATMP) where additional investments have been considered to support the Governance strengthening of legalized Farmers Groups (vulnerable farmers), as well as the promotion of the Gender Action Learning System (GALS) and Business Action Learning for Innovation (BALI) methodologies, towards rural women empowerment.*

As such, Farmers Groups are being assessed on their level of maturity and ad-hoc support package is proposed, depending on their level, to accompany them in a sustainable way towards economic viability, thus transforming them into structured and solid private actors. The selection of Farmers Groups will take into account the level of vulnerability from the members of the legalized groups, thus ensuring a more stringent pro-poor targeting for the upcoming investment project.

On the remittances, the IFAD's multi-donor Financing Facility for Remittances (FFR) is currently mobilizing an EU-funded grant, which aims to promote faster, safer and cheaper transfer of remittances, as well as leveraging these flows to advance digital financial inclusion and income-generating activities for sustainable development in Central Asia. As Kyrgyzstan is intended to be among the recipient countries, the Government and IFAD will leverage on this parallel financing to facilitate the remittance in-flows for productive investment in strategic pro-poor value chains, as well as for the acquisition of quality breed cattle and artificial insemination, also aiming to reduce the pressure on pasture (with less cattle for more quality and quantity of raw material).

Responsible partners: Ministry of Agriculture/IFAD Country Team + FFR team on remittances

Timeline: By the next design mission under IFAD12 scheduled for early 2024

5. **Recommendation 3. Focus on consolidating the achievements in pasture management and veterinary services and their sustainability.** With important progresses made in policy and legislative frameworks and institutional development (e.g. community-based pasture management, private veterinary services), it is crucial to ensure their effective implementation, compliance and enforcement. Strategies need be developed and acted on to address the gaps in a number of areas, such as: promoting more sustainable management of pasture resources; disincentive to large herd ownership; timely payment of pasture fees by all; enforcing the link between registration of veterinarians and their rights to practice and to be contracted to deliver the vaccination programme; enforcement of animal health checks for herd movements; and exploring the ways to institutionalize the incentives for young veterinarians to work in rural areas. With the growing role of shepherds in all these areas, there should be more attention to their training and capacity building. The importance of securing continuous funding for vaccination and treatment programmes for key animal diseases cannot be overemphasized, as a failure in this can jeopardize the progresses made.

Proposed Follow-up: *The Government of Kyrgyzstan with the support from IFAD will keep advocating for more sustainable pasture management practice, by working on the amendment of the 2009 Pasture Law, which shall offer incentive to livestock farmers to increase the fodder quality, to improve breed quality as well as to promote environmental sustainability of grazing practices. The Ministry of Agriculture of the Kyrgyz Republic will continue to work to encourage the transition of farmers from the quantitative to qualitative ownership of large and small cattle.*

Moreover, further support will be offered to the Veterinary faculty to develop their curriculum and training capacity, by offering scholarships and facilitating training nationally and in the sub-region. The promotion of new technologies in the field of animal health will also constitute a motivation for young professional to engage in this career path.

Responsible partners: Ministry of Agriculture/IFAD Country Team

Timeline: By the next design mission under IFAD12 scheduled for early 2024

6. **Recommendation 4. Strengthen the approach to supporting gender equality and women's empowerment.** Activities to address gender inequality need more facilitation and hands-on support in order to overcome the social and gender constraints of the context, including the promotion of women economic empowerment in other value chains which go beyond traditional gender roles. The use of quotas for women participation is insufficient. Successful experience with GALS/BALI/JP-RWEE needs to be considered in the ongoing and future investment portfolio, finding cost-effective solutions. Given that the role of women in livestock production is relatively limited (other than milking), diversification of activities (e.g. processing and value addition in livestock value chains, poultry, gardening, and off-farm income generating activities) might provide more opportunities for their economic empowerment.

Proposed Follow-up: Based on the successful experience and lessons learned from the JP-RWEE, the Ministry of Agriculture of the Kyrgyz Republic and IFAD already mainstreamed the promotion of the Gender Action Learning System (GALS) and Business Action Learning for Innovation (BALI) methodologies, towards rural women empowerment into its on-going investment project (Access to Markets Project – ATMP).

Moreover, the Regional Resilient Pastoral Communities Project (RRPCP), currently at the signing phase, also foresees similar support to develop technical capacity through training and reference material provision to farmers and agribusinesses, among others. As such, capacity building of local institutions, transformation leaders and end-beneficiaries (women and youth) on green technologies and innovative methods to mitigate and adapt to climate change are expected. Specific training modules to be developed in the Value Chain Development Business Plans and the application of the Gender Action Learning System (GALS) will also be largely promoted in the context of the project.

Responsible partners: Ministry of Agriculture/IFAD Country Team

Timeline: By the next design mission under IFAD12 scheduled for early 2024

Signed by:



Mr Nurcin Alisherov
First Deputy Minister
Ministry of Agriculture of the Kyrgyz Republic

Date: 22, May 2023



Mr Donal Brown
Associate Vice-President, Programme Management Department
International Fund for Agricultural Development

Date: 24/05/2023

COSOP preparation process

The COSOP 2025-30 was prepared under the joint supervision of the Country Director for Kyrgyzstan based in IFAD's Multi-country Office for Eastern Europe and Central Asia in Istanbul and the Government of the Kyrgyz Republic (GoKR), represented by the Ministry of Finance and Economy and Ministry of Agriculture (MoA), in discussion with the Ministry of Natural Resources. A twelve member COSOP design mission was fielded to undertake the preparation of the COSOP. The list is attached at Appendix VII.1. The COSOP formulation process was highly participatory involving a wide range of in-country stakeholders including Government partners, development partners, private sector, CSOs and representatives of Farmers' organisations and pasture User Committees and the Republican Veterinary Associations and members of the Kyrgyz Land Coalition, etc.

Preparatory and remote consultations: The GoKR and IFAD started preparing for the new COSOP while initiating the completion of the previous COSOP at the end of November, 2022. On that occasion, the IFAD Country Director formally introduced the process that was to be initiated in the first quarter of 2023. At the November workshop, the COSOP completion mission met with a large number of stakeholders. The list is attached as Appendix Table VII.2 In addition, both remote and in-country missions were fielded in March 2023 when key meetings were held once again with key stakeholders. Individual meetings were used to discuss the overall strategic orientation of the country programme, the key strategic objectives and outcomes and their links with the country priorities and strategies. A list of the people met is attached at Appendix Table VII.3

Appendix VII Table 1 Team Composition COSOP Formulation Kyrgyz Republic

Team members	Titles
Maliha Hussein	Team leader
Isabelle Stordeur	M&E specialist
Tarek Abdel Monem	ECG - Environment and Climate Specialist/SECAP
Dhia Ben Halima	Senior Procurement Officer
Guranda Machaidze	Procurement specialist
Nino Gogsadze	ECG - Social Inclusion specialist
Alaa Abdelkarim	FMD - Financial Management
Brenda Gunde	PMI - Global Technical Specialist (ICT4D in Agriculture)
Marc de Souza	PMI - Private sector and market specialist
Samir Bejaoui	CD
Karim Sissoko (remotely)	PO
Tom Anyonge	PMI - PTL

Appendix VII Annex 1 List of people consulted

No	Name	Work area	Position
International agencies			
1.	Samir Bejaoui	International Fund for Agricultural Development (IFAD)	Country director
2.	Maliha Hussein	International Fund for Agricultural Development (IFAD)	Consultant
3.	Altaaf Hashan	Aga Khan Fund	Liaison and management officer
4.	Maksat uulu Akbar	GIZ	Specialist
5.	Ishenbekova Ainura	GIZ	Specialist
6.	Ainagul Amanova	ADB	Project specialist
7.	Mirgul Suran kyzy	WFP	Program specialist
8.	Katharina Jarvy	WFP	Program specialist
9.	Uson Albanov	WFP	Program specialist
10.	Bektursun uulu Esentur	JICA	Program specialist
11.	Tilekeev K	UCA	Deputy director
12.	Aiten Rustamova	EBRD	Specialist attended on behalf of A.Rustamova
Ministries and state agencies of the Kyrgyz Republic			
13.	Kaseiinov K.	Ministry of Natural Resources and Environmental Protection	Deputy minister
14.	Karmysheva	KAFLU	Specialist
15.	Ermатов A.	Ministry of Agriculture of the KR, Forestry department	Head of Forestry department
16.	Kubanychbekova Karlygach	Department of Pastures of the MoAg KR	Lead specialist of the Department
17.	Sherbaev Chyngyz	Veterinary Service of the MoAg KR	Deputy director
18.	Sultanova Zhibek Maratovna	Ministry of Finance of the KR	Head of Department of State investments Program
19.	Arnakunova Jamiliya	Ministry of Finance of the KR	Specialist of the Department of State investments Program
20.	Akybaev Emil	Veterinary Service of the MoAg KR	ATMP specialist
21.	Burkhanov A.	KAFLU	Head of Association
22.	Dasaeva Nina Fedorovna	Kyrgyz Science Pasture and Livestock Institute	Lead specialist of Livestock Selection and Breeding Department
23.	Kilyazova N.	Kyrgyz Science Pasture and Livestock Institute	Lead specialist of Pasture and Forage Department
24.	Satybaldiev A.	Veterinary Service of the MoAg KR	Specialist
25.	Shergaziev I	KNAU	Deputy rector
26.	Aknazarov B	KNAU	Dean
Public Funds			
27.	Ibraimova Aliya	Camp Ala-Too	Director
28.	Tokonov Nurlan	AVEP	Director
29.	Batrakeev Nurlan	AVEP	Consultant
30.	Akmatova Karakochuevna	Kuliypa "Rural Development Fund" public fund	Director
31.	Kelishova Kerez	DCLM	Director
32.	Sydygaliev Kumarbekovich	Marat Republican Veterinary Association	Executive director
33.	Mamatkulov Abdiraimovich	Kubatbek Veterinary Chamber	Director
34.	Mullakeldieva Gulshan	Veterinary Chamber	Continuous education specialist
35.	Egemberdiev Abdymalik Abdykaarovich	Kyrgyz Jayity association	Director
36.	Usubaliev Baibek	Kyrgyz Jayity association	Representative
37.	Baitolonova T.	AKJ	Specialist
38.	Kumtubaev Aliaskar	National Dairy Association	Representative
39.	Beishenbekov Ernisbek	Nurbal LLC	Director
40.	Davlatov Khusrav	Barkad LLC	Representative

№	Name	Work area	Position
Agricultural Projects Implementation Unit			
41.	Tuleev Tamchybek Karybekovich	APIU	Director
42.	Aitkaziev Mirlan Aitkazievich	APIU	Project Coordinator
43.	Isakulova Damira Iratbekovna	APIU	M&E assistant
44.	Baytanaeva Irena Anarbekovna	APIU	Communications specialist
45.	Altynbek kyzy Alina	APIU	Project assistant
Rural Community Development Agency			
46.	Nurzhanov Bakytbek Kachkynbaevich	ARIS	Project Coordinator
47.	Dosuev Mirbek Dosuevich	ARIS	Project specialist
48.	Tologonova Gulayim	ARIS	M&E assistant
49.	Asanaliev Urmat	ARIS	Social mobilization specialist
50.	Bekkulov Ulan	ARIS	Interpreter

Appendix VII Table 2 IFAD COSOP formulation mission meetings

Mission period: March 20-31, 2023

Monday, March 20					
Organization	Meeting time	Phone number	e-mail	Members	Meeting point
FAO	14:00	(+996 772) 9 (+996 773) 9	Dinara.Rakhmanova@fao.org Kuvatbek.Bapaev@fao.org	Dinara Rakhmanova, Assistant Representative, (remotely) Kuvatbek Bapaev	APIU office
APIU	15:15	+996 555 261 162 +996 772 545 594	t.tuleev@apiu.kg m.aitkaziev@apiu.kg	Tamchybek Tuleev, director Mirlan Aitkaziev, coordinator	APIU office
WFP	16:30	0500 730 078	Hilke.David@wfp.org	Hilke David, deputy Country Director	52-54, Orozbekova Str.
Tuesday, March 21					
			Holiday		
Wednesday, March 22					
ILC Asia NLC Kyrgyzstan CAPA KAFLU Kyrgyz Jaiyty NUWUA RDF	9:00-11:00		mirgul@landcoalition.info sanatbekiuldashev@gmail.com 0709 309558 a.burkhanov58@gmail.com pasturekj@gmail.com wua.union.kg@mail.ru akmatova.rdf@gmail.com	1. Mirgul Amanalieva, Coordinator 2. Sanatbek Iuldashev, Facilitator 3. Kubanych Tagaev, Facilitator 4. Aitkul Burkhanov, Director 5. Abdimalik Egemberdiev, Director 6. Erkinbek Kozhoev, Chairman 7. Kuluipa Akmatova, Director 8. Zhanuzakova R., IFAD consultant	ILC Asia NLC Kyrgyzstan CAPA KAFLU Kyrgyz Jaiyty NUWUA RDF
Ministry of Agriculture, Department of crops	11:00	0551 853234	jigitali55@mail.ru	Jigitali Jumaliev, Senior specialist	APIU office
Agricultural producers, cooperatives' members 1. Ala-Too Agro cooperative (meat) 2. Kelechek Zherden (dairy) 3. Chuiskaya Paseka (honey) 4. Ysyk-Ata Organics (dairy)	14:00			1. S. Zhaparova, T. Bulekbaev 2. K. Zhanobilov 3. B. Zhanibekov 4. A. Kuntubaev U. Asanaliev (ARIS) social mobilization specialist	APIU office
KSRLPI	15:00	0555 452609	nkilyazova@mail.ru	Natalia Kilyazova, head of Forages and Pasture Department	APIU office
Veterinary Service	16:00		emil.emil77@mail.ru	1. Ch. Sheishenbaev, deputy head 2. A. Sharshenbekov, APIU veterinary consultant 3. E. Akybaev, APIU veterinary consultant	APIU office

Kyrgyz Science Veterinary Institute	17:00		0500 872 587	Jailoobek Orozov, Director	APIU office
FAO, Marlen	18:00		Marlen <tynaliev@gmail.com>	Marlen Tynaliev, FAO consultant	APIU office
Thursday, March 23					
Organization	Meeting time	Phone number	e-mail	Members	Meeting point
Agricultural processors (aggregators) 1.Kant Sut (dairy processor) 2.Barkad (meat processor) 3.Nurbal (honey processing)	9:30	1.0552 120879 2.0556 166655 3.0555 775434		1.Tolegen Sayakbaev 2. Khusrav Davlatov 3.Ernisbek Beishenbekov	APIU office
Ministry of Finance	11:00			Jibek Sultanova, head of State Investment Programs' department Jamilia Arnakunova, lead specialist	MOF
WB	13:00			Naveed Hassan	WB office
Ayil Okmotu	15:00	0777 6 72 48	Urmat, Cholpon Ayil Okmotu	Urmat, Cholpon Ayil Okmotu	Online
RVA	16:00	0559 730078		Marat Sydygaliev, director	Online
Friday, March 24					
Organization	Meeting time	Phone number	e-mail	Members	Meeting point
Ministry of Agriculture, Department of agro-cluster development	13:00	0777 6 72 48	vdavletbakova@bk.ru , damira.20@mail.ru 0707 702703	Venera Davletbakova Damira Askarbekova, lead specialist	MoAg, Floor 4, office 411
Ministry of Agriculture KR	14:00			M.Ramatov, Deputy minister	APIU office

South-South and Triangular Cooperation strategy

Introduction

The South-South and Triangular Cooperation (SSTC) strategy developed under IFAD12 relies on SSTC as an instrument for promoting sustainable and inclusive food systems transformation and the recovery, rebuilding and resilience of rural livelihoods in supporting member countries deliver on their development priorities.

The IFAD SSTC vision for the 2022-2027 horizon will be achieved through two strategic objectives, which consist of (SO1) systematically identifying and disseminating knowledge and innovations at the country programme and project level; and (SO2) supporting enhanced policy engagement to build rural poor people's productive capacity, market access and resilience. The implementation efforts will be supported by three pillars aligned with the country programme approach, mainly (1) policy engagement, (2) partnership development, and (3) knowledge management.

The SSTC strategy for the COSOP in Kyrgyzstan will align with both strategic objectives. Per the SO1, under the COSOP 2018-2022, IFAD operations have invested efforts in identifying and disseminating good practices and knowledge products, based on achievements of the projects. Towards SO2, plans have been developed in view of promoting learning from good practices and innovations in the areas of access to markets, rural finance and resilience to climate change. The COSOP 2018-2022 has unfortunately been challenged with global and regional crises of COVID-19 and the war in Ukraine, which caused to halt most of the SSTC related initiatives.

I. Opportunities for rural development investment promotion and technical exchanges

Over the past decade, the bulk of global economic growth has occurred in developing and middle-income countries. Governance standards and practices are maturing - many nations have been developing and testing their own solutions as they plan national pathways towards the "zero hunger" goal of the United Nations Sustainable Development Goals (SDGs). This SDG goal (Goal#2) is a set of universally agreed actions to be undertaken by governments in order to eradicate hunger and malnutrition by the horizon of 2030. It is clear that this goal cannot be achieved with isolated actions by any development actors or governments. This is the reason why the goal #17 was added to the SDGs as a call for developing the necessary partnerships. Taking advantage of the SDGs, IFAD will step up to develop partnerships under this COSOP to support the efforts of the Kyrgyz government through SSTC.

As a lower-middle income country (LMIC), the Republic of Kyrgyzstan needs direct exchange of knowledge, experiences, skills, resources and technical know-how among developing countries. Through its country programme, IFAD will explore venues for facilitating the country's connection with development partners and other governments. The 2023-2028 COSOP will be an opportunity for IFAD to increase its engagement as a SSTC broker for Kyrgyzstan through strengthening policy engagement, expanding technical skills and capacities of national stakeholders, and bringing project level innovations and experimentations to scale.

Past and recent IFAD operations at country level have identified over years, potential areas for SSTC. These include the core intervention areas of pasture management, livestock development, food safety and women empowerment as well as food system transformation practices. In these areas, the country shares ecosystem similarities with neighbouring countries, and has already accumulated a wealth of practices and experiences that can be shared. Despite being in leading position in the area of pasture management, the country has still lots to learn from others in order to establish an equilibrium between the livestock population and the pasture carrying capacities for shifting to the much-needed improved productivity.

In terms of gender and equity, supported interventions find it harder still to advance significantly on the objective of gender equity and women empowerment in Kyrgyzstan, mainly due to cultural barriers. It will be relevant enough to find countries and regions where Kyrgyz stakeholders can learn from successful cases in this area. Opportunities are being explored for collaboration with other IFAD Divisions in spurring KM linkages regionally and globally and stimulating SSTC learning networks for rural and pastoral communities and ICT4D digital networks for women and youth.

Moreover, under this new COSOP, Kyrgyzstan can potentially benefit from learning from regional experiences in other domains as diverse as the development of public-private-producer-partnerships (PPPP), the cluster development approach to unlocking markets and financing opportunities for the production and value chain sectors, the horticulture promotion and green economic practices. IFAD Division of West and Central Africa (WCA) for instance, has a wealth of success stories in the areas of PPPP, which the Kyrgyz stakeholders can learn from. The East and Southern Africa (ESA) Division counts rewarding country cases of practices in horticulture. Cluster approach to developing value chains has been piloted in the Europe and Central Asia (ECA) region, which could be explored and used to inspire stakeholders in Kyrgyzstan.

II. SSTC engagement rationale

Under this COSOP, SSTC is expected to play a greater role than before in the development cooperation landscape and innovation in the Republic of Kyrgyzstan by generating new tools and partnerships for addressing complex issues of rural development.

Of particular interest to Kyrgyzstan is the area of ICT for Development (ICT4D). For the IFAD programme in Kyrgyzstan, this means applying technology for social and economic development with focus on the digitalization of agriculture, the development of innovative financial products for livestock value chain stakeholders, and the development of the platform for public-private-producer partnerships for greater access to markets and services.

The digitalization of agriculture will utilize information collected from multiple sources in order to improve crop yields and increase the cost-effectiveness of crop management strategies including fertilizer inputs, irrigation management, and pesticide application. Furthermore, the use of technology will enable livestock herders' access to weather forecasts (Early Warning System) for prompt decision-making in animals' movements and rotations among pastures.

In Kyrgyzstan, a core activity of IFAD supported operations is about smallholder farmers' access to markets. Today, the family farm is the main form of organization of agricultural production in Kyrgyzstan. This means that access to markets requires re-organization of the sector for the emergence of business-oriented groups, which IFAD is currently doing pretty well. The process requires that farmers possess knowledge in the field of the agro-industrial complex, know the equipment and be able to operate it properly, be knowledgeable with modern technologies of growing, processing and selling the manufactured products, know the management tools of accounting, know how to use computers and internet.

IFAD's current operations are also testing innovative financial instruments with the purpose of enabling smallholder farming groups access to financial resources for developing their own farming businesses. It is possible that similar instruments have been already tested elsewhere. Under the COSOP 2023-2027, the Kyrgyz portfolio will both contribute to bringing to scale the best cases and support stakeholders to learn from successful practices for replication through SSTC activities.

The collaboration with the Ministry of Agriculture to put in place and develop the platform for public-private producer partnership (PPPP) as a way of introducing private sector technology and innovation in providing better public services through improved operational efficiency is another strategic venue for SSTC under the 2023-2027 COSOP. The PPPP development is instrumental within the framework of the current cluster approach put

forward by the government. This approach to developing agricultural markets and value chain is expected to result in growth in agricultural production, improve food security, increase income of farmers, align the country's economic development with that of the region.

III. Partnerships and initiatives

The development of partnerships with other development agencies is paramount in advancing the SSTC agenda in Kyrgyzstan. Already, IFAD has active partnership with the Rome-Based Agencies (RBA) at country level, which must be strengthened further to encompass SSTC activities. The RBA collaboration will touch upon opportunities for SSTC within the food system transformation framework. Collaboration with other development actors such as UNDP, UNWOMEN will help advance in the area of gender equity and women empowerment. For the rural finance topic, interactions will be envisaged with the multi-lateral development institutions including the World Bank, the Islamic Development Bank, the European Bank for Reconstruction and Development (EBRD), USAID, GIZ, just to name a few, for SSTC opportunities.

IV. Conclusions

Opportunities of SSTC will be sought in key focus areas such as pasture governance, veterinary services and value chain development. Opportunities will be explored for collaboration with other IFAD Divisions in stimulating SSTC learning networks for rural and pastoral communities. Through SSTC, IFAD is also well positioned to advance the global ICT4D agenda in Kyrgyzstan and other neighbouring countries. Digital agriculture as well as digital and financial literacy have the potential to help advance the digital agenda forward among rural communities and make it easier to develop sustainable digital offerings. IFAD will continue to invest in areas that can help move these efforts forward, such as the platform for public-private-producer partnerships and capacity development initiatives.

Financial management issues summary

COUNTRY	Kyrgyz Republic	COSOP PERIOD	2025 - 2030
A. COUNTRY FM ANALYSIS			
<i>Country Disbursement Ratio (rolling-year)</i>	58.5%		
<i>Unjustified Obligations:</i>	2,254 US\$		
<ul style="list-style-type: none"> <i>Outstanding Expenditure</i> 	<i>Ineligible</i>	<ul style="list-style-type: none"> Resulting from a mis-procurement due to misrepresentation in the facts included in the self-declaration signed by a consultant which did not include a criminal conviction that was imposed on him. Currently resolving the ineligible expenditure is pending final court decision against MOA. IFAD has formally requested a refund of the amount from MOA being the convicted party as per a first court decision. 	
<i>PBAS Available allocation (current cycle) :</i>	Allocated Amount within IFAD12: US\$ 25.5 million Available Balance: 0 Cancelled Balance: US\$ 25.5 million (as FA was not signed within deadline from project approval)		
<i>BRAM access</i>	Yes		
<i>Country income category</i>	LMIC		
Transparency International (TI)			
<p>The Kyrgyz Republic ranks 141 (out of 180 countries) according to 2023 Transparency International's Corruption Perceptions Index (CPI) with a score of 26/100 which places the country in the high risk area. Almost same score and ranking of 2022 were maintained with one point lower under each compared to last year.</p>			
PEFA and WB Country Partnership Framework			
<p>As per the last PEFA assessment (2021), there has been a couple of improvements that affected positively the scores of PEFA performance indicators. These improvements include but not limited to: (1) increased budget preparation & execution transparency; (2) expanded coverage of the government internal audit; (3) monitoring of the actions and responses to audit findings by the Ministry of Finance; (4) assigning the procurement complaints to a newly formed independent body. The country, with the help of some of the development partners, is currently working on; improving the medium-term planning of expenditures, improving the functioning of the tax system to improve the quality of the public service provision and on improving budget preparation and execution to better consider increase in prices, level of subsidies, fiscal savings and limit extra-budgetary funds which would strengthen the efficiency of social protection and reduce poverty levels. On the other hand, the lack of the investors' trust in the judicial system and the shortcomings in the tax system are affecting the economy adversely.</p>			
<p>As per the World Bank Country Partnership Framework, they are working currently with the Government of Kyrgyz Republic on a series of Development Policy Operations that aims to put in place a sustainable fiscal stance and to enhance the tax system and the budget transparency. In relation to the financial management arrangements, the main reform the WB has been working on is internal audit. This internal audit reform aims to develop a certification program of internal auditors and to apply changes at legislative level. There has been some progress on the quality and coverage of the audit reports, however there are still shortcomings in relation to the frequency, distribution of the reports and in putting in place frequent management response to audit findings. This approach is threatened by recent government initiatives to centralize or partially cancel the internal control function.</p>			
Debt Sustainability & Economic Update			
<p>As per IMF recent debt sustainability analysis, the public debt of the Kyrgyz Republic remains sustainable and at moderate risk of debt distress with some space to absorb shocks. Official external debt owed to China accounts for over 40% of total external debt, with the Asian Development Bank (AsDB) and the International Development Association (IDA–World Bank) each owed over 15% and the IMF owed 12%. Other large creditors include Japanese International Cooperation Agency, the Islamic Development Bank, other bilateral lenders, and the Eurasian Development Bank.</p> <p>Since overall net external financing is expected to decline over time, the share of net domestic borrowing is expected to comprise over 40 percent of net financing needs in 2023 and increase to almost 100 percent of net financing needs by 2028, when new external financing is offset by equivalent levels of amortization. Domestic borrowing rates are assumed at 12.4 to 16.4 percent for maturities ranging between 1 year and 20 years in 2023, with a gradual decrease by 2027 to between 6.7 and 10.7 percent respectively as the financial market develops and inflation eases back down to mid-single digits.</p> <p>A large share of the government revenue and expenditure is absorbed by the GDP hence fiscal deficits are covered by external financing. GDP per capita (US\$ per capita) is 1655 compared to 1365 in 2021; it is mainly due to gold production, transportation, trade and agriculture while inflation rate has increased by 14.7% compared to 11.2% in 2021 because of the increased oil prices and high global food prices.</p>			

In general, the Kyrgyz economy has been able to resist the spillovers from the Ukraine-Russia war until now. Main drivers of this resilience is the unpredicted migration of labour and capital from Russia to the Kyrgyz Republic and the resilience to sanctions by Russia.

Lending terms applicable during the COSOP

The country's allocation within IFAD 12 has been cancelled due to delays of signing the Financing agreement. Based on the applicable lending terms under PBAS for Kyrgyzstan, country was eligible to a financial package of 80% in "Super Highly Concessional -SHC" terms loans and 20% in "Highly Concessional -HC" terms loans. The overall package provides a level of concessionality of approximate 71%.

The Kyrgyz Republic is eligible to access IFAD's development financial support through the BRAM provided in ordinary terms – category one; maturity period up to 35 years, a grace period up to 10 years with an average maturity premium up to 20 years.

Diagnostics & Use of Country Systems

Based on the analysis of the progress on the public financial management reforms, few arrangements of country systems could be explored/further assessed for possible adoption by on-going projects or projects that to be designed within the COSOP period. These arrangements include: i) the roll-out of Treasury Single Account (TSA) as the government plans to start tracking the public investment programme transactions in real time through TSA, which is currently used for all budget revenue and expenditures except for external financing.; ii) the transition of IFAD funded projects from using IPSAS cash basis to IPSAS accruals for the preparation of the projects accounts/financial statements, as the government is currently using national accounting standards and is gradually planning to adopt the IPSAS on an accrual basis.; and iii) accepting the national auditing standards instead of international auditing standard for auditing IFAD funded projects given the increase in the compliance of the national audit standards with the international audit standards.

Risk classification of the country - COSOP FM risk

Based on the results of the country PFM strategic analysis, the risk classification of the country - COSOP FM risk is considered as Substantial.

B. PORTFOLIO – LESSONS {Strengths and Weaknesses}

Existing Portfolio:

Project	Project Status	%Disbursed of all financing instruments	Project FM inherent risk rating	Performance Score: Quality of Financial Management	Performance Score: Quality & Timeliness of Audit	Performance Score: Disbursement Rate	Performance Score: Counterpart funds	Completion date
ATMP	Available for Disbursement	82.63	Substantial	Satisfactory	Satisfactory	Unsatisfactory	Satisfactory	29/06/2024

Recurrent risks on the existing portfolio

Current FM inherent risk for the on-going project ATMP is Substantial (considering the recent risk recalibration). Main strengths, challenges and lessons learnt within the portfolio are:

- **Main Strengths of the portfolio:** the quality of the financial management for the portfolio has been satisfactory. This is mainly driven by the experienced and responsive finance staff, timely submission of WAs and financial reports, proper documentation of project expenditures that facilitate validation, proper payment authorization process & segregation of duties, reliable accounting software that meets the project needs and good quality and timely submission of Audit reports.
- **Main challenges of the portfolio:** turnover of staff; the decentralized level of the project and use of implementing partners and none systematic approach by the Ministry of Agriculture for inclusion of donor funded projects in the internal audit plan.
- **Mitigation Strategies at portfolio level:** continuous capacity building for new finance team; and strengthening controls and monitoring over expenditures incurred by/activities carried by implementing partners.
- **Main lessons learnt:** (1) it is advised for IFAD loan and grant to be denominated in US\$ instead of SDR (depending on the government preference); (2) conversion from US\$ designated accounts to operating accounts to be done based on monthly forecast instead of bulk conversion to avoid incurring losses by project due to depreciation of local currency against US\$.

Procurement Risk Matrix – Part A Country Level

The outcome of the Procurement Risk Matrix (PRM) - Part A Country Level review below defines **Inherent and Net Risk as Moderate**.

The review of the latest revision to the Law of the Kyrgyz Republic 'On Public Procurement', dated April 14, 2022, No.27, as amended on January 20, 2023, No.19, which is developed drawing on best practices enshrined in UNCITRAL's 2011 Model Law on Public Procurement, and based on recommendations of international institutions and experts revealed that its adoption made critical improvements to the Kyrgyz Republic's public procurement system including creating a more transparent procurement process in which information on every step of the process is made public on the Public Procurement Portal and improved oversight through a strengthened role for the Tender Commission, including mandatory review and declaration of no objection to bidding documents. The PPL defines the mandate and authority of the independent public procurement oversight and regulatory body, the Public Procurement Authority (PPA) under the Ministry of Finance (MOF); and outlines the stages of the public procurement process. Procurement is undertaken exclusively in electronic format over a server maintained by the Procurement Authority, using the electronic templates that are in the system. It does not apply on procurements that have a relation to national safety, defence, state secrets or food safety.³⁶

In terms of project requirement, the use of the IFAD Procurement system (OPEN) and Contract Monitoring Tool (CMT) will be the reference for procurement management, thus complying with IFAD's standards. The IFAD's Procurement Handbook is an integral part of the IFAD Procurement Framework.

The PRM revealed the implementation problems and challenges in capacity and proposed the relevant mitigation measures.

³⁶ Article 2.4 of PPL

IFAD PRM - Part A Country Level
Based on MAPS II – ASSESSMENT OF NATIONAL PROCUREMENT SYSTEM

Pillar I – Legal, Regulatory and Policy Framework					
Indicator # and Sub-Indicator #	Sub-Indicator Description	Findings regarding possible non-compliance with IFAD PPF	Inherent Risk of non-compliance with Project Objectives & IFAD PPF	Proposed Mitigation measure/s	Net Risk
1	The public procurement legal framework achieves the agreed principles and complies with applicable obligations.				
1(a)	Scope of application and coverage of the legal and regulatory framework	Public Procurement Legislation of the Kyrgyz Republic includes primary (Law of the Kyrgyz Republic dated April 14, 2022, No.27, as amended on January 20, 2023, No.19) and secondary legislation (23 by-laws) that lays out the basic principles and general framework of the procurement process, makes it operational and indicates how the law must be applied to specific circumstances.	M	Consider amending the legal framework to ensure wider range of procurement methods in order to provide for proportionality and fitness for purpose to achieve better value for money.	M
1(b)	Procurement methods	Article 13. Public Procurement Methods 1. Public procurement of goods, works and services shall be carried out by the following methods: 1) unlimited; 2) limited; 3) request for quotations; 4) direct contracting. And Article 30. Procurement methods for consulting services 1. Procurement of consulting services is carried out by the following methods: 1) selection by qualification and cost; 2) selection by qualification; 3) selection at the lowest price; 4) direct contracting.	M	Carry out a gap analysis between the national framework and IFAD's to assess which one will be adopted.	M
1(c)	Advertising rules and time limits	PPL stipulates that electronic means is the primary method of conducting public procurement and of communication between procuring entities and tender participants. Article 37 of PPL provides information on time limits of all stages of procurements.	M	Number of days in the PPL do not favour quality bids. Increase the minimum number of working days before the deadline for accepting proposals for different tenders to allow preparation of high quality tender proposals.	M

1(d)	Rules on participation	Suppliers, contractors, or consultants are permitted to participate in procurement proceedings without limitation or restriction on the basis of nationality, except in cases stipulated by Article 4 (3), according to which In order to protect the domestic market of the Kyrgyz Republic, develop the national economy, support producers of the Kyrgyz Republic, decisions of the Cabinet of Ministers may establish preferences for goods of Kyrgyz origin, a ban on the admission of goods originating from foreign states, and restrictions on the admission of these goods.	M	Reduce exceptions that allow for non-competitive procurement. Domestic preference should only be allowed for ICB.	M
1(e)	Procurement documentation and specifications	According to Article 12 of PPL, Procurement documentation is developed on the basis of the electronic form of documentation, taking into account the requirements of the Law, and is available in full free of charge.	M	The Standard Procurement Documents separately for goods, works and services shall be developed and adopted. Meanwhile, the IFAD Standard Procurement Documents including IFAD SECAP (Social, Environmental and Climate Assessment Procedures) clauses and conditions shall be used for better managing risks and impacts of IFAD-supported investments on biodiversity (extraction of natural resources by primary suppliers) and natural resources through the release of pollutants into the environment or consumption of raw materials, energy and water (groundwater and/or surface water), or impacts on the indigenous population caused by heavy excavations and earth movements through earthworks; or the community health and safety through negative impacts of water-borne and other vector-borne diseases, or through negative impacts of activities on ecosystems. Gender-based violence is potential due to the influx of workers into project activity sites. Preventive measures shall include (i) considering alternatives to purchasing natural resources from primary suppliers, (ii) providing standardized wastewater treatment systems, (iii) requiring that groundwater withdrawal be done at a rate close to the recharge rate taking into account all extraction needs of the groundwater unit, and (iv) that prior to excavation, a groundwater study be conducted and a budget for this study be provided.	M

1(f)	Evaluation and award criteria	PPL (Article 26) stipulates that the procuring entity/Agent determines the supplier's winning bid that meets the substantive requirements of the procurement documentation: 1) with the highest score, if a scoring system is used; 2) with the lowest price, taking into account the established qualification and technical requirements.	M	Develop comprehensive rules, guidance and training material for the use of evaluation award criteria other than the price, emphasizing value for money and sustainability and complement it with the necessary training. In particular, The evaluation of proposals shall prescribe a merit point system for proposals that comply with SECAP requirements.	M
1(g)	Submission, receipt and opening of tenders	Submission, receipt and opening of tenders is regulated electronically and the relevant information is generated and posted on the web portal automatically (Article 25).	M	Electronic web portal shall ensure the complete confidentiality of the process, as well as full transparency of the relevant decisions.	M
1(h)	Right to challenge and appeal	In accordance with Article 43 of the PPL, Suppliers and consultants through the web portal have the right to appeal against the actions (inaction), decision of the procuring entity/Agent, if their actions (inaction), decision violate the rights and legitimate interests of this supplier or consultant, in the following order: 1) to the procuring entity/Agent (administrative body of first instance); 2) to an independent commission (administrative body of the second instance). In case of dissatisfaction of complaints in two instances, the consideration of complaints is carried out in court.	M	The current arrangements for review of complaints would need to be revised to ensure a clear level of independence of complaints review body.	M
1(i)	Contract management	Article 48 of PPL refers to the contract administration which mandated the procuring entity to enter all contract-related information on the web portal no later than 3 working days from the respective actions (payments, bank guarantees, amendments, etc).	M	Consider strengthening the legal framework by defining roles and responsibilities for contracts management and by setting requirements for disclosing information on contracts management through the web portal. Also consider strengthening the regulatory requirements for measuring contract implementation performance.	M
1(j)	Electronic Procurement (e-Procurement)	PPL establishes a single official point of access (i.e. an online portal) for all procedures and information related to public procurement (http://zakupki.gov.kg)	M	Establish a formal certification programme to use the e-procurement system. Make sure that adequate support is given to users.	M
1(k)	Norms for safekeeping of records, documents and electronic data	An online public procurement portal (http://zakupki.gov.kg) is used for safekeeping of records, documents and electronic data of all tenders.	M	It is recommended to establish security protocols to protect records (physical and/or electronic). Records retention should be 10 years. An assessment of the electronic procurement system and backup strategy should be done.	M

1(l)	Public procurement principles specialised legislation in	Public procurement principles and/or the legal framework do not apply in any specialized legislation that governs procurement by entities operating in specific sectors	M	Complement the PPL, to the extent necessary, by a full set of duly harmonized secondary legislation	M
2	Implementing regulations and tools support the legal framework				
2(a)	Implementing regulations to define processes and procedures conditions	There are implementing regulations in place to provide guidance for procurers - https://www.gov.kg/files/news/froala/1bdef2fc57823ff2ea887fd1091b4001b2df1419.docx	M	Relevant governmental institution/s shall be assigned to lead the preparation, dissemination and updating of existing documents/materials.	M
2(b)	Model procurement documents for goods, works and services	Standard Bidding documents exist for goods, works, services and consultancy services. They are annexed to the "Rules for conducting electronic public procurements, May 17, 2022, No.85-p" and available on electronic web portal.	M	Model procurement documents for goods, works and services shall be prepared and become effective. Meanwhile, IFAD's Projects will use IFAD Standard Bidding Documents	M
2(c)	Standard contract	There are standard forms of contracts for goods, works, services and consultancy services, with mandatory particular conditions clauses included as part of standard bidding documents	M	Standardize and formalize guidance for the preparation and use of forms of different contracts and contract management. Meanwhile, IFAD's Projects will use IFAD Standard Bidding Documents which includes draft forms of contracts	M
2(d)	User's guide or manual for procuring entities (insert link to manual if possible)	Procurement Manual for a newly adopted Law was developed in 2017.	M	Elaboration and publication of User's guide or manual for the preparation and use of notices, requirements and specifications, timelines, selection and award criteria and their use, etc. IFAD's Projects will have their own Project Implementation Manual which will include a detailed section on Procurement.	M
3	The legal and policy frameworks support the sustainable development of the country and the implementation of international obligations				
3(a)	Sustainable Public Procurement (SPP)	The PPL does not provide any sustainability evaluation criteria that allows procurement processes to consider to some extent environmental and economic aspects	S	Introduce key principles of sustainability in public procurement and implement measures to ensure its applicability in the public procurement legislation. IFAD's Standard Bidding Documents already includes such provisions and should be used.	S
3(b)	Obligations deriving from international agreement	Obligations deriving from international agreements are reflected in the primary legislation.	S	Ensure that obligations deriving from international agreements are consistently and coherently reflected in the legal framework.	S

Consolidated findings for Pillar I		<p>-The latest revision to the Law of the Kyrgyz Republic 'On Public Procurement' is dated April 14, 2022, No.27, as amended on January 20, 2023, No.19. There is also a secondary legislation (23 by-laws) that lays out the basic principles and general framework of the procurement process, makes it operational and indicates how the law must be applied to specific circumstances.</p> <p>-PPL stipulates that electronic means is the primary method of conducting public procurement and of communication between procuring entities and tender participants.</p> <p>-Standard Bidding documents exist for goods, works, services and consultancy services.</p> <p>-The PPL does not provide any sustainability evaluation criteria that allows procurement processes to consider to some extent environmental and economic aspects. Obligations deriving from international agreements are reflected in the primary legislation.</p>	M	<p>-Consider amending the legal framework to ensure wider range of procurement methods in order to provide for proportionality and fitness for purpose to achieve better value for money.</p> <p>-Standardize and formalize guidance for the preparation and use of model procurement documents for goods, works and services</p> <p>- Introduce key principles of sustainability in public procurement and implement measures to ensure its applicability in the public procurement legislation</p> <p>-IFAD Standard Procurement Documents for goods, works and services shall be adopted.</p> <p>- A detailed section on Procurement procedures shall be part of the Project Implementation Manual for each IFAD financed/administered project.</p>	M
Pillar II – Institutional Framework and Management Capacity					
4	The public procurement system is mainstreamed and well-integrated with the public financial management system				
4(a)	Procurement planning and the budget cycle	<p>According to part 6 of Article 114 of the Budget Code of the Kyrgyz Republic, the purchase of goods (works, services) by the recipients of budgetary funds is carried out in accordance with the current legislation of the Kyrgyz Republic.</p> <p>Pursuant to Article 11 of the PPL, procurement planning is carried out for 3 years based on the need for the purchase of goods, works, services and consulting services in accordance with the cost rationing, taking into account strategic development and actual balances for the period established by the budgetary legislation of the Kyrgyz Republic</p>	M	<p>Improve the integration of public procurement into public financial management in order to improve procurement management.</p> <p>For IFAD's projects, annual work plan and Budget will be prepared and submitted for NO before the beginning of each Fiscal year</p>	M
4(b)	Financial procedures and the procurement cycle	<p>PPL stipulates that procurement process should not normally be initiated until the appropriate financial resources have been identified.</p> <p>According to Part 3 of Article 114 of the Budget Code of the Kyrgyz Republic, the conclusion by budget institutions of contracts, contracts, agreements subject to execution</p>	M	<p>Simplify the procedures for payment of invoices, monitor their application, including the time taken from each delivery to the corresponding disbursement, and consider how to best ensure timely disbursement</p>	M

		at the expense of budgetary funds, including income from the provision of paid services, is made within the limits of budgetary obligations brought to them and taking into account accepted and unfulfilled budget obligations.			
5	The country has an institution in charge of the normative/regulatory function				
5(a)	Status and legal basis of the normative/regulatory institution function	The rules of electronic public procurement are regulated by Order No.85-p, dated May 17, 2022 of the Ministry of Finance of the Kyrgyz Republic	M	Review the responsibilities of central public institutions regarding their exercise of key public procurement functions, with a view to identify and avoid gaps and overlaps, as well as possible conflicts of roles within and between them, in harmonisation with other measures for improving regulation, implementation and supervision of public procurement.	M
5(b)	Responsibilities of the normative/regulatory function	The elaboration and promotion of the policies and normative acts is the legal responsibility of the Ministry of Finance (Order No.85-p, dated May 17, 2022) of the Ministry of Finance of the Kyrgyz Republic "On approval of the Regulation on the rules of electronic public procurement")	M	The same as above	M
5(c)	Organisation, funding, staffing, and level of independence and authority	The legal and regulatory framework does not clearly specify organization, funding, staffing, and level of independence of the regulatory body	M	The same as above	M
5(d)	Avoiding conflict of interest	Article 6 of PPL defines the measures for avoiding cases of conflict of interest	M	The same as above	M
6	Procuring entities and their mandates are clearly defined				
6(a)	Definition, responsibilities and formal powers of procuring entities	Procuring entity is a state body, a local government body, state and municipal institutions, funds and other legal entities established at the expense of state funds, funds of state bodies or local self-government bodies According to Article 9 of the Law of the Kyrgyz Republic "On Public Procurement", the tender commission of the procuring entity performs the following functions: 1) approves the specified criteria in the tender documentation; 2) conducts opening of envelopes with competitive applications, with the exception of electronic procurement, where the opening is carried out by the system automatically within the time specified in the tender documentation;	M	Further Institutionalize a general obligation for procuring entities to have a dedicated unit for public procurement within their organizational structure, with clearly defined functions and responsibilities, in addition to staffing and allocated resources adequate for the purpose.	M

		3) compiles and signs the protocol for opening envelopes with competitive tenders and sends it to the procurement department to post on the web portal, except for electronic procurement where bids are automatically opened by the web portal and the envelope			
6(b)	Centralised procurement body	<p>PPL determines a separate state body (procurement regulatory body) responsible for managing public procurement by means of:</p> <ol style="list-style-type: none"> 1) development of draft normative legal acts for the functioning of the public procurement system, including procurement procedures; 2) coordination and regulation of the activities of procuring entities in the implementation of procurement of goods, works, services and consulting services; 3) application of penal sanctions in case of violations by the authorized state body on state purchases, auditors and other bodies, as well as on the results of the consideration of complaints by the inter-ministerial commission; 4) formation and maintenance of unified republican registries of procuring entities, contracts for public procurement and a database of unreliable and unfair suppliers (contractors); 5) assistance to procuring entities in the procurement of goods, works, services and consulting services, training and counselling; 6) ensuring openness and publicity of procurement procedures, including publication of the complaints reviewed on the public procurement portal; 7) compilation of statistical and analytical information on public procurement; <p>3) introduction of best practices and innovative technologies in the public procurement system.</p>	M	Standardize and formalize guidance for the preparation and use of consolidated procurement, framework and specialized procurement.	M
7	Public procurement is embedded in an effective information system				
7(a)	Publication of public procurement information	PPL stipulates that a protocol of procurement procedures is generated and posted automatically on the web portal (http://zakupki.gov.kg) within one working day after	M	Increase the transparency of the procurement system by making information about procurement available in the early stages of the cycle.	M

	supported by information technology	signing the contract, which reflects information about all stages of procurement (Article 27).			
7(b)	Use of e-Procurement	The PPL (Article 3) establishes a single official point of access (i.e. an online portal) for all procedures and information related to public procurement	L	Wider use of e-procurement shall be promoted to monitor and enhance procurement performance	L
7(c)	Strategies to manage procurement data	PPL stipulates that the procurement regulatory body is responsible for coordination and monitoring (i.e. data collection and analysis as opposed to regulation and control) of public procurement activities. According to Article 8 of the PPL, the authorized state body compiles statistical and analytical information on public procurement conducted. Link to the analytical reports on public procurement - http://zakupki.gov.kg/popp/view/services/statistics/report_new_main.xhtml	L	Define specific needs and procedures for collection, management and analysis of data on public procurement.	L
8	The public procurement system has a strong capacity to develop and improve				
8(a)	Training, advice and assistance	According to Article 8 of the PPL, coordination, regulation, assistance and training of participants in the procedures for the procurement of goods, works, services and consulting services is one of the main functions of the authorized state body for public procurement.	M	Consider preparing a skills gap inventory and training needs analysis. This would inform capacity building and professionalization of the procurement function, possibility in partnership with local higher education institutions. For IFAD's Projects, Procurement Staff will have to enroll in a training program prepared and delivered by ITCILO and covered by the Projects proceeds.	M
8(b)	Recognition of procurement as a profession	Procurement is not recognized as a profession, although according to Article 45, all procurement-related complaints shall be reviewed/assessed by an independent commission member who shall be professionals certified in public procurement.	M	Recognise public procurement as a profession, with corresponding positions introduced in the official classification of professions, and ensure that corresponding training and other means for career development are developed	M
8(c)	Monitoring performance to improve the system	There are no clear mechanisms in place for evaluating public procurement performance or for using such information as a basis for strategy development and decision making.	M	Development of a monitoring system that would be part of the new strategy for the next years.	M
Consolidated findings for Pillar II		-Procurement planning is carried out for 3 years based on the need for the purchase of goods, works, services and consulting services in accordance with the cost rationing,	M	-Improve the integration of public procurement into public financial management in order to improve procurement management.	M

		<p>taking into account strategic development and actual balances for the period established by the budgetary legislation of the Kyrgyz Republic.</p> <p>-PPL stipulates that procurement process should not normally be initiated until the appropriate financial resources have been identified.</p> <p>- Procurement is not recognized as a profession, although according to Article 45, all procurement-related complaints shall be reviewed/assessed by an independent commission member who shall be professionals certified in public procurement.</p> <p>-The PPL (Article 3) establishes a single official point of access (i.e. an online portal) for all procedures and information related to public procurement</p>		<p>-Review the responsibilities of central public institutions regarding their exercise of key public procurement functions, with a view to identify and avoid gaps and overlaps, as well as possible conflicts of roles within and between them, in harmonisation with other measures for improving regulation, implementation and supervision of public procurement.</p> <p>-Recognise public procurement as a profession, with corresponding positions introduced in the official classification of professions, and ensure that corresponding training and other means for career development are developed.</p> <p>- Wider use of e-procurement shall be promoted to monitor and enhance procurement performance</p>	
Pillar III – Public Procurement Operations and Market Practices					
9	Public procurement practices achieve stated objectives				
9(a)	Procurement Planning	Article 11 of PPL defines procurement planning as the first step of public procurement process and it shall be carried out for 3 years based on the need for the purchase of goods, works, services and consulting services taking into account strategic development goals and actual balances established by the budgetary legislation of the Kyrgyz Republic for the period.	M	To introduce a clear and comprehensive guidelines and tools for uniform procurement planning prior to the start of the fiscal year and for its incorporation in public budgets; monitor their application; and enforce the use of established good practices.	M
9(b)	Selection and contracting	As per Article 26 of the PPL, selection and contracting of the winner shall be conducted as per a point of scoring systems determined by procuring entity. It also describes the procedures the procuring entities shall follow prior to determining the supplier's winning bid that meets the substantive requirements of the procurement documentation: 1) with the highest score, if a scoring system is used; 2) with the lowest price, taking into account the established qualification and technical requirements.	M	Conduct performance analysis, using the information from the e-procurement system, and make results publicly available. In case necessary, the way information is stored in the e-procurement system could be amended to facilitate analysis; increase the capacity of the procurement workforce to reach a higher level of compliance with rules, as well as better value for money. For IFAD financed projects, the Project will have to use methods prescribed in IFAD Procurement Framework.	M
9(c)	Contract management in practice	Article 48 of PPL refers to the contract administration which mandated the procuring entity to enter all contract-related information on the web portal no later than 3	M	The same as above	M

		working days from the respective actions (payments, bank guarantees, amendments, etc).			
10	The public procurement market is fully functional				
10(a)	Dialogue and partnerships between public and private sector	The PPL does not contain provisions on mechanisms for consultation, dialogue and partnerships between public and private sector.	S	A standard and formal mechanism/process shall be initiated for regular consultations between the public and the private sector on issues related to procurement policy and practice	S
10(b)	Private sector's organisation and access to the public procurement market	In accordance with Article 125 of the Budget Code of the Kyrgyz Republic, the law on the republican budget, the law on the budget of the Social Fund, the law on the budget of the Mandatory Medical Insurance Fund, and the approved budgets of local self-government bodies, budgets are posted on official websites of government agencies. According to Part 2 of Article 10 of the Law of the Kyrgyz Republic "On Public Procurement", the procuring entity develops a public procurement plan in physical and monetary terms for the next financial year or another planning period and places it on the public procurement portal.	M	Aim at increasing competition within the country's public procurement market. Introduce additional avenues for engaging suppliers and building their capacity, while maintaining high integrity standards. Publish more information on procurement to allow potential suppliers to prepare. Encourage diversity in supplier's organisations and engagement.	M
10(c)	Key sectors and sector strategies	There is no evidence of any analysis by the Government of Kyrgyzstan of the supply market for defining the key sectors for public procurement, as well as of any efforts to proactively develop the competitiveness of enterprises in sectors of importance to public procurement	S	Carry out a comparative study of the demand and supply side of the public procurement market in Kyrgyzstan and use the findings to inform development policy.	S
Consolidated findings for Pillar III		-PPL defines procurement planning as the first step of public procurement process and it shall be carried out for 3 years based on the need for the purchase of goods, works, services and consulting services taking into account strategic development goals and actual balances established by the budgetary legislation of the Kyrgyz Republic for the period. -The PPL does not contain provisions on mechanisms for consultation, dialogue and partnerships between public and private sector. -There is no evidence of any analysis by the Government of Kyrgyzstan of the supply market for defining the key sectors for public procurement, as well as of any efforts	M	- To introduce a clear and comprehensive guidelines and tools for uniform procurement planning prior to the start of the fiscal year and for its incorporation in public budgets; monitor their application; and enforce the use of established good practices. - For IFAD financed projects, the Project will have to use methods prescribed in IFAD Procurement Framework. -A standard and formal mechanism/process shall be initiated for regular consultations between the public and the private sector on issues related to procurement policy and practice	M

		to proactively develop the competitiveness of enterprises in sectors of importance to public procurement.		- Carry out a comparative study of the demand and supply side of the public procurement market in Kyrgyzstan and use the findings to inform development policy.	
Pillar IV – Accountability, Integrity and Transparency of the Public Procurement System					
11	Transparency and civil society engagement strengthen integrity in public procurement				
11(a)	Enabling environment for public consultation and monitoring	The PPL does not stipulate public control of procurement procedures and there is no evidence whether a transparent and consultative process is followed when changes are formulated to the public procurement system.	M	Further develop and institutionalize mechanisms for enhanced consultation with civil society, both when policies are developed and amended and in the case of specific procurement projects or operations	M
11(b)	Adequate and timely access to information by the public	The official public procurement portal is a website (http://zakupki.gov.kg) maintained by an authorized body that provides electronic viewing of the most recent information on public procurement announcements, public procurement results, proposals of participants and other information provided for by law, as well as collection of information entered by (sent) by operators of electronic public procurement systems on conducted electronic public procurement.	L	Increase the level of transparency by making all procurement related information comprehensive and easily accessible and free of charge through electronic platforms.	L
11(c)	Direct engagement of civil society	The order of the Ministry of Finance of the Kyrgyz Republic "On approval of the Expert Council on Public Procurement" established a mechanism for consultations with the civil sector. The expert council included 2 MPs, 2 representatives of business associations, representative of the National Institute for Strategic Studies under the Government, and NGO representative. However, the Law on Public Procurement does not contain provisions on mechanisms for consultation with all interested representatives of civil society.	M	Develop and institutionalize mechanisms for enhanced consultation with civil society, both when policies are developed and amended and in the case of specific procurement projects or operations.	M
12	The country has effective control and audit systems				
12(a)	Legal framework, organisation and procedures of the control system	Internal Control - According to Part 11 of Article 29 of the Law of the Kyrgyz Republic "On Public Procurement", each procuring entity is obliged to audit, before the procurement contract is concluded with the tender winner, to determine the compliance of purchases with the requirements established by this Law and other regulatory legal acts of the Kyrgyz Republic regulating state purchases, one tender	M	It is necessary to systematize the anticorruption policy, making it strategic in nature, identifying priorities and clearly defining the expected impact on the level of corruption in the country.	M

		<p>(taking into account the total amount of all lots) exceeds five times the size of the maximum thresholds.</p> <p>According to Article 7 of the Law "On the Chamber of Accounts of the Kyrgyz Republic", the Chamber of Accounts is an independent supreme body of state audit.</p> <p>According to Article 7 of the Law of the Kyrgyz Republic "On the Chamber of Accounts of the Kyrgyz Republic" the main activities of the Chamber of Accounts include:</p> <ul style="list-style-type: none"> - Audit and audit of the effectiveness of the execution of the republican budget and the budget of local self-government; <p>Audit and audit of the efficiency of enterprises and organizations with a greater share of state and / or municipal participation;</p> <ul style="list-style-type: none"> - Audit and performance audit by special means; - Conducting audit and audit of efficiency for giving opinions, answers to inquiries of public authorities and other organizations; <p>The Chamber of Accounts of the Kyrgyz Republic conducts an external audit of public procurement on the basis of the Guidelines for conducting public procurement audits approved by Resolution of the Council of the Chamber of Accounts of the Kyrgyz Republic No. 03-7 / 81 of February 25, 2016.</p> <p>External Control - According to article 14 of the Internal Audit Law, the internal audit service has the following main responsibilities:</p> <ul style="list-style-type: none"> - develop strategic and annual internal audit plans based on risk assessment, taking into account the opinion of the head of the internal audit facility; - annually report to the head of the internal audit object on the work done according to the plan; 			
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		<ul style="list-style-type: none"> - evaluate the reliability and sufficiency of financial, accounting, management and other information; - assess the compliance of the activities of the structural units of the internal audit object with regulatory legal acts, specified functions and approved business plans; - evaluate the effectiveness and compliance with the requirements for the use of resources, the adequacy of control over the use of resources and protection against losses; - provide a report on the results of the audit. <p>According to the Decree of the Government of the Kyrgyz Republic "On the establishment of internal audit services in state bodies and institutions, local self-government bodies of the Kyrgyz Republic", internal audit services should function in 28 state bodies and institutions, local self-government bodies.</p>			
12(b)	Co-ordination of controls and audits of public procurement	There are gaps and overlaps in the approaches.	S	Eliminate gaps and overlaps in regulations and conflicts of roles among oversight institutions and other entities involved in public procurement, eliminate redundant control steps, put relatively greater emphasis on procurement risk prevention rather than on correction actions.	S
12(c)	Enforcement and follow-up on findings and recommendations	Recommendations are responded to and implemented within the time frames established in the law. There are systems in place to follow up on the implementation/enforcement of the audit recommendations.	M	Develop simpler and more efficient and effective means for follow-up and enforcement of findings and recommendations of oversight bodies, with appropriate measures to ensure that obligations are met and that appropriate sanctions are meted out when merited. Publication of those actions is to be observed.	M
12(d)	Qualification and training to conduct procurement audits	There is an established programme to train internal and external auditors to ensure that they are qualified to conduct high-quality procurement audits, including performance audits, as well as supported by procurement specialists or consultants	M	Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required.	M
13	Procurement appeals mechanisms are effective and efficient				
13(a)	Process for challenges and appeals	Process for challenges and appeals are stipulated under Chapter 4. Appeal Procedure (Articles 43-46)	M	The Public Procurement Complaints Commission shall have a complete autonomy from the rest of the system, to ensure that its	M

		of the PPL.		decisions are free from interference or conflict of interest.	
13(b)	Independence and capacity of the appeals body	In accordance with Article 43 of PPL, Suppliers and consultants through the web portal have the right to appeal against the actions (inaction), decision of the procuring entity/Agent, if their actions (inaction), decision violate the rights and legitimate interests of this supplier or consultant, in the following order: 1) to the procuring entity/Agent (administrative body of first instance); 2) to an independent commission (administrative body of the second instance). In case of dissatisfaction of complaints in two instances, the consideration of complaints is carried out in court.	M	The same as above.	M
13(c)	Decisions of the appeals body	A supplier or consultant who does not agree with the decision (made within 3 working days from the date of receipt of the complaint) of the procuring entity/Agent complaint panel has the right to file an administrative complaint with an independent panel (Article 44). In the event that the procuring entity/Agent, supplier or consultant is not satisfied with the decision taken by the independent commission on administrative complaints and appeals (made within 10 working days from the date of receipt of the appeal), they have the right to appeal in court	M	The same as above.	M
14	The country has ethics and anti-corruption measures in place				
14(a)	Legal definition of prohibited practices, conflicts of interest, and associated responsibilities, accountability and penalties	In accordance with Article 6 of the Law of the Kyrgyz Republic "On Public Procurement", state, municipal employees and employees of procuring entities and members of the competition commission are prohibited from: 1) to exert any influence on the decision in the public procurement in the interests of either party to the procurement; 2) participate as suppliers (contractors) or be affiliated with them in procurement, regulated by this Law; 3) be an affiliated person. In case of violation of the provisions of this part by employees of procurement organizations or members of the procurement commission, they are held liable in accordance with the procedure established by the	M	The Anti-Corruption measures as defined in the PPL shall be amended to make them consistent with international standards, i.e. regulation and standard tender documents to include definitions of fraud, corruption and other prohibited procurement practices	M

		legislation of the Kyrgyz Republic, and the procurement procedures are suspended or terminated upon the decision of the procuring entity or court			
14(b)	Provisions on prohibited practices in procurement documents	There are provisions on prohibited practices in procurement documents	M	The project should ensure integration in all bidding documents of IFAD provisions on prohibited practices, i.e. on Preventing Fraud and Corruption, on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, Anti-Money Laundering and Countering the Financing of Terrorism, etc.	M
14(c)	Effective sanctions and enforcement systems	According to the Transparency International (2022 Report), Kyrgyzstan is the 140 least corrupt nation out of 180 countries, having a Corruption Perceptions Index the score 27 out of 100. The anti-corruption functions are fragmented among too many bodies, when everyone does everything without proper coordination. As a result, it is impossible to provide the necessary level of independence and to allocate resources and specialisation of these bodies in accordance with the international standards". These bodies are : The Office of the Prosecutor General-responsible for law enforcement activities related to, but not exclusively, corruption; Security Council Working Group on Monitoring the Implementation of the State's Anti-Corruption Strategy - develops and implements policies to counter systemic corruption; Commissioner for Preventing Corruption in State Bodies - facilitates cooperation and political support to anticorruption efforts; State Financial Intelligence Service (SFIS) under the Government is the Kyrgyz Financial Intelligence Unit, established in 2005 and responsible for countering money laundering and terrorism financing	S	The legal framework shall contain clear mechanisms for putting anti-corruption measures in practice.	S
14(d)	Anti-corruption framework and integrity training	Countering corruption and other violations of the law in public procurement is regulated by Article 6 of the PPL, while coordination, regulation, assistance and training of participants in the procedures for the procurement of goods, works, services and consulting services is a responsibility of Authorized state body for public procurement (Article 8)	M	Take measures for the effective and efficient implementation of the anti-corruption law and regulations, paying increased attention by anticorruption institutions regarding cases of corruption and fraud in public procurement, with the publication of statistical data on such cases	M
14(e)	Stakeholder support to	There is a limited civil society organizations involvement in monitoring public procurement, helping to adjust the	M	The system of monitoring should be further improved through involvement of the representatives of the civil society, academia,	M

	strengthen integrity in procurement	legislative framework, identify irregularities, etc. The area of activity of these organizations in the field of procurement includes elaboration of analyses and studies; formulating proposals for improving public policies and developing public procurement policies; assessing the public's perceptions of the transparency, efficiency and integrity of the public procurement system; monitoring the activity of public institutions responsible for public procurement; monitoring public procurement by contracting authorities; training of actors in public procurement procedures and other subjects (contracting authorities, economic agents, civil society, etc.)		international partners, members of the business community and general public.	
14(f)	Secure mechanisms for reporting prohibited practices or unethical behaviour	In accordance with Article 10 of the Law of the Kyrgyz Republic "On Combating Corruption", information on a person assisting in the fight against corruption is a state secret and is provided only upon written requests of state bodies authorized to fight corruption or courts in the manner established by the legislation of the Kyrgyz Republic. Although this law does not provide for enough secure mechanisms for reporting prohibited practices or unethical behaviour.	M	Enhance reporting of the facts of corruption and protection of whistle-blowers through monitoring the reports from civil servants, providing training, improving information channels, allowing consideration of anonymous reports. Continue development of legislation on whistle-blowers, provide practical training, designate a responsible state body, collect statistical data.	M
14(g)	Codes of conduct/codes of ethics and financial disclosure rule	In accordance with paragraph 10 of the Resolution of the Government of the Kyrgyz Republic, "The Regulations on the Procedure for Declaring Income, Expenses, Obligations and Property of State and Municipal Employees", public officials are not subject to disclosure and publication of the information contained in the declaration, with the exception of summary information on incomes, expenditures, property and liabilities, contained in the declaration of civil servants specified in Article 1 of the Law of the Kyrgyz Republic "On declaration of incomes, expenses, liabilities and property of persons who replace or occupy the state administrative and municipal positions ": 1) persons who hold political, special public positions; 2) persons holding administrative public offices; 3) servicemen, law enforcement officers and diplomatic services; 4) persons who hold political and administrative municipal offices; 5) the Chairman of the	M	Introduce by law a uniform system of mandatory disclosure of assets, income, obligations, expenditures and interests by public officials (including political officials, judges, prosecutors), providing for online filing and publication of declarations.	M

		National Bank of the Kyrgyz Republic and his deputies. According to Part 1 of Article 26 of the Law of the Kyrgyz Republic "On Conflict of Interest", information contained in declarations of personal (private) interests, with the exception of cases established by legislation on the protection of personal data, is posted on the official website of the state body, local government, institution, organization or enterprises where the persons specified in Article 6 of this Law are carrying out their activities			
Consolidated findings for Pillar IV		<p>-The PPL does not stipulate public control of procurement procedures and there is no evidence whether a transparent and consultative process is followed when changes are formulated to the public procurement system.</p> <p>- The official public procurement portal is a website (http://zakupki.gov.kg) maintained by an authorized body that provides electronic viewing of the most recent information on public procurement announcements, public procurement results, proposals of participants and other information provided for by law, as well as collection of information entered by (sent) by operators of electronic public procurement systems on conducted electronic public procurement.</p> <p>- There is a limited civil society organizations involvement in monitoring public procurement, helping to adjust the legislative framework, identify irregularities, etc</p>	M	<p>-Further develop and institutionalize mechanisms for enhanced consultation with civil society, both when policies are developed and amended and in the case of specific procurement projects or operations</p> <p>- Increase the level of transparency by making all procurement related information comprehensive and easily accessible and free of charge through electronic platforms.</p> <p>- Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required.</p> <p>-The Public Procurement Complaints Commission shall have a complete autonomy from the rest of the system, to ensure that its decisions are free from interference or conflict of interest.</p> <p>-The project should ensure integration in all bidding documents of IFAD provisions on prohibited practices, i.e. on Preventing Fraud and Corruption, on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, Anti-Money Laundering and Countering the Financing of Terrorism, etc.</p> <p>- The system of monitoring should be further improved through involvement of the representatives of the civil society, academia, international partners, members of the business community and general public.</p>	M
Consolidated findings at country level		-The latest revision to the Law of the Kyrgyz Republic 'On Public Procurement' is dated April 14, 2022, No.27,	M	-Consider amending the legal framework to ensure wider range of procurement methods in	M

	<p>as amended on January 20, 2023, No.19. There is also a secondary legislation (23 by-laws) that lays out the basic principles and general framework of the procurement process, makes it operational and indicates how the law must be applied to specific circumstances.</p> <ul style="list-style-type: none"> -PPL stipulates that electronic means is the primary method of conducting public procurement and of communication between procuring entities and tender participants. -Standard Bidding documents exist for goods, works, services and consultancy services. -The PPL does not provide any sustainability evaluation criteria that allows procurement processes to consider to some extent environmental and economic aspects. Obligations deriving from international agreements are reflected in the primary legislation. 		<p>order to provide for proportionality and fitness for purpose to achieve better value for money.</p> <ul style="list-style-type: none"> -Standardize and formalize guidance for the preparation and use of model procurement documents for goods, works and services - Introduce key principles of sustainability in public procurement and implement measures to ensure its applicability in the public procurement legislation <p>-IFAD Standard Procurement Documents for goods, works and services shall be adopted.</p> <p>- A detailed section on Procurement procedures shall be part of the Project Implementation Manual for each IFAD financed/administered project</p>	
	<ul style="list-style-type: none"> -Procurement planning is carried out for 3 years based on the need for the purchase of goods, works, services and consulting services in accordance with the cost rationing, taking into account strategic development and actual balances for the period established by the budgetary legislation of the Kyrgyz Republic. -PPL stipulates that procurement process should not normally be initiated until the appropriate financial resources have been identified. - Procurement is not recognized as a profession, although according to Article 45, all procurement-related complaints shall be reviewed/assessed by an independent commission member who shall be professionals certified in public procurement. -The PPL (Article 3) establishes a single official point of access (i.e. an online portal) for all procedures and information related to public procurement 		<ul style="list-style-type: none"> -Improve the integration of public procurement into public financial management in order to improve procurement management. -Review the responsibilities of central public institutions regarding their exercise of key public procurement functions, with a view to identify and avoid gaps and overlaps, as well as possible conflicts of roles within and between them, in harmonisation with other measures for improving regulation, implementation and supervision of public procurement. -Recognise public procurement as a profession, with corresponding positions introduced in the official classification of professions, and ensure that corresponding training and other means for career development are developed. - Wider use of e-procurement shall be promoted to monitor and enhance procurement performance 	
	<ul style="list-style-type: none"> -PPL defines procurement planning as the first step of public procurement process and it shall be carried out for 3 years based on the need for the purchase of goods, works, services and consulting services taking into account strategic development goals and actual balances established by the budgetary legislation of the Kyrgyz Republic for the period. 		<ul style="list-style-type: none"> - To introduce a clear and comprehensive guidelines and tools for uniform procurement planning prior to the start of the fiscal year and for its incorporation in public budgets; monitor their application; and enforce the use of established good practices. 	

	<p>-The PPL does not contain provisions on mechanisms for consultation, dialogue and partnerships between public and private sector.</p> <p>-There is no evidence of any analysis by the Government of Kyrgyzstan of the supply market for defining the key sectors for public procurement, as well as of any efforts to proactively develop the competitiveness of enterprises in sectors of importance to public procurement</p>		<ul style="list-style-type: none"> - For IFAD financed projects, the Project will have to use methods prescribed in IFAD Procurement Framework. -A standard and formal mechanism/process shall be initiated for regular consultations between the public and the private sector on issues related to procurement policy and practice - Carry out a comparative study of the demand and supply side of the public procurement market in Kyrgyzstan and use the findings to inform development policy. 	
	<p>-The PPL does not stipulate public control of procurement procedures and there is no evidence whether a transparent and consultative process is followed when changes are formulated to the public procurement system.</p> <ul style="list-style-type: none"> - The official public procurement portal is a website (http://zakupki.gov.kg) maintained by an authorized body that provides electronic viewing of the most recent information on public procurement announcements, public procurement results, proposals of participants and other information provided for by law, as well as collection of information entered by (sent) by operators of electronic public procurement systems on conducted electronic public procurement. - There is a limited civil society organizations involvement in monitoring public procurement, helping to adjust the legislative framework, identify irregularities, etc 		<ul style="list-style-type: none"> -Further develop and institutionalize mechanisms for enhanced consultation with civil society, both when policies are developed and amended and in the case of specific procurement projects or operations - Increase the level of transparency by making all procurement related information comprehensive and easily accessible and free of charge through electronic platforms. - Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required. -The Public Procurement Complaints Commission shall have a complete autonomy from the rest of the system, to ensure that its decisions are free from interference or conflict of interest. - The project should ensure integration in all bidding documents of provisions on prohibited practices, i.e. on Preventing Fraud and Corruption, on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, etc. - The system of monitoring should be further improved through involvement of the representatives of the civil society, academia, international partners, members of the business community and general public. 	

Integrated country risk matrix

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Country context</p> <p>Kyrgyzstan is a mountainous, landlocked country of 198,500 km² bordering by Kazakhstan to the north, Uzbekistan to the west, Tajikistan to the south, and the People's Republic of China to the east. Ninety four percent of the territory is at an elevation of more than 1,000 meters, and 40 percent above 3,000 meters. Nearly half of the country's total area – some nine million hectares – is pastureland, which plays a key role in the country's economy, society, and culture. The population of Kyrgyzstan was estimated at 6.7 million people in 2021, of which close to 65% live in rural areas and depend predominantly on agriculture and livestock for their livelihood. Agriculture is the most important industry in Kyrgyzstan, the main crops being cotton, tobacco, wool, milk and meat. The economy is heavily dependent on remittances, gold production and foreign aid and as a result has been vulnerable to external shocks. Natural shocks include climate change (rising temperatures, changing hydrology conditions, and frequency of extreme weather events), which exacerbate the Kyrgyz Republic's vulnerability and reduce ability to manage extreme events unless the appropriate adaptation measures are put in place.</p>	High	High	<p>With support from donors including IFAD, the Government of the Kyrgyz Republic will take measures to reduce the vulnerability of the country to external shocks. This is already a work in progress to improve the regulatory framework including fiscal reforms, which have started since 2022.</p> <p>During the COSOP period, IFAD will work with the government to support interventions which will contribute in creating enabling environment for the successful rollout of the reforms. Additionally, IFAD projects will help strengthening the capacity of the Kyrgyz Republic for proper management of its natural resources, for integrated disaster risk management, and for food systems diversification.</p>
<p>Political commitment</p> <p>The Kyrgyz Republic's history of political upheaval negatively impacts its investment environment. Since independence in 1991, the country has had five presidents and 26 different prime ministers. In October 2020, after protests over highly flawed parliamentary elections led to the resignation of the President, an opposition figure imprisoned since 2017, took office amid political tumult, and was subsequently elected president in January 2021. This president introduced a new constitution, approved by referendum in April 2021, that transitioned the country to a presidential system. The president's administration undertook an extensive government reorganization, and several ministries were restructured in 2021, resulting in high turnover. The transition process has been difficult and was characterized by complex social, economic, and political changes. Corruption and nepotism were key factors leading to public discontent. The outbreak of the COVID-19 pandemic combined with cross-border crises seem to have put on hold latent turmoil. However, risk factors which have caused public discontent in the 2020s including the ethnic divergences are likely to remain simmering over the period of the COSOP. The new president's general agenda has involved launching key reforms in constitutional, public administration, economic governance and the education sector. In most respects, the government's record as of early 2023 has been one of large-scale overhauls, and reliance on political will and decisiveness. A few areas provide evidence of persistence in pursuing key priorities, such as initiatives to introduce fiscal transparency and discipline in the private sector, reducing the</p>	Low	Low	<p>The country programme will capitalise on the Government commitment to reform by working closely to pursue the reform measures which are critical for the country strategy such as the strengthening of pasture user unions, development of a cadre of private extension workers, strengthening of the institutions involved in livestock growth and development and the cluster approach to which the government is committed.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
size of the informal economy, and nationalizing the Kumtor gold company.			
<p>Governance The Kyrgyz Republic was one of the first former Soviet countries to set forth a decentralisation initiative. The 2021 Constitution recognizes local self-governance and the principle of its autonomy. Local self-governance is regulated by the 1991 Local Self-Governance Act that gave local councils (keneshes) the authority to oversee local executive bodies. In 1996, the government adopted a decree establishing local governments (aiyl okmotus), and in 1999 a decree gave the local self-governments authority to hold budget hearings. In 2002, the government adopted the National Strategy on Decentralisation (2002–2010) and the parliament adopted a law allowing transfer of control over state property to local self-government.</p> <p>Despite the decentralization, a sound governance system has not been achieved. The political volatility has also become a structural constraint for development. The events of late 2020 have indicated that political instability was indeed among structural risks posed to sound governance. It puts governments in position of inability to anticipate crises, and to address the widespread corruption, which limit its capacity to borrow, attract investments, plan and implement long-term development strategies and reforms.</p> <p>In addition, the institutions at the national level that are responsible for ensuring a conducive policy and regulatory framework for the livestock sector also suffer from weaknesses such as the Ministry of Agriculture, the Kyrgyz Science Pasture and Livestock Institute, State Inspection on Environmental and Technical Safety (SIETS), the Veterinary services, etc. The MoA faces challenges in promoting modernization and mechanization in the agricultural sector, which remains largely dominated by small-scale subsistence farmers. The Ministry has limited capacity to enforce regulations on the use of pesticides and fertilizers, leading to environmental degradation and health risks.</p>	High	Medium	Over the COSOP period, IFAD will support the governance through joint projects, in planning and implementing the reforms with the aim of leveraging economic and structural transformation to deliver higher and more inclusive growth. IFAD interventions seek the participation of communities at grassroots' levels for achieving inclusiveness. The institutional support packages of the interventions will target actions conducive to good governance system at decentralized levels in a bottom-up approach. Communities involvement in the roll out of the reforms will help lay down foundation for improved regulatory environment, critical to enhanced business climate and sound private sector-led growth. This bottom-up approach will have significant potential to increase efficiency in managing public resources and in the delivery of public services.

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Macroeconomic</p> <p>In 2022, the Asian Development Bank (ADB) had forecasted a slow in the growth of the Kyrgyz gross domestic product by about 2% with economic sanctions imposed on the Russian Federation, the country's main trade partner. The bank projects however, a slight recovery to 2.5% in 2023. Inflation has remained high at about 15% in 2022 and is projected to decline to an average 12% in 2023, mainly from a more than 20% surge in fuel and gas prices that may push up prices of food and other items. The central bank is expected to maintain its focus on price stability. The government is developing an anti-crisis action plan, which includes stimulus for the private sector and measures to diversify imports of essential goods. Increased gold exports should boost export growth starting from in 2023, and the resumption of delayed infrastructure projects should boost imports.</p> <p>The Kyrgyz Government debt is reported to account for 50.8% of the country's Nominal GDP in Dec 2022 versus 60.1% in 2021. According to the IMF analysis, the Kyrgyz new external borrowing is assumed to remain mostly on semi-concessional terms and the country is expected to remain IDA-eligible over the 2023-2027 horizon. Recent IMF analysis foresees a gradual rise in the public debt during the COSOP lifespan. Without fiscal discipline, the overall deficit will start increasing after 2026 as interest payments increase, and total public debt continues to rise to 67.2 percent of GDP by 2043.</p> <p>.. However, the share of domestic borrowing is expected to increase from 26 percent of the total in 2021 to about 70 percent in 2026.</p> <p>High dependency on the Russian economy, being Russia one of the closest ally and trading partner that could potentially result in lower growth and remittances,</p>	Substantial	Moderate	<p>Creating fiscal space and containing debt vulnerabilities will require improving tax collections, reducing the wage bill and energy subsidies, strengthening debt management, seeking concessional financing and improving public investment management.</p> <p>Over the COSOP period (2023-2027), IFAD interventions will address poverty and food insecurity by focusing more on food system diversification and creation of employment in the agricultural sector. The diversification of food production, particularly of crops and cropping systems coupled with livestock and (non-timber) forest products will help building resilience to climate change and increasing extreme weather events. On top of the production diversification, projects will promote access to food by diversifying livelihoods through developing value chains and access to markets for agricultural products and connected services to enhance incomes at rural households' levels. This will help promote the emergence of rural enterprises and reduce youth migration.</p> <p>The mitigation measures will also involve strengthening institutional support towards succeeding policy and fiscal reforms in order to stabilize the economy and keep the debt to GDP ratio below 60%, which will leave the government with margins to not only leverage foreign investments, but also to mobilize counterpart financing from domestic resources.</p> <p>Closely monitor the trend of the country fiscal deficits over the course of the COSOP.</p>
<p>Fragility and security</p> <p>Although Kyrgyzstan is not on the World Bank's list of fragile countries, it remains fragile from governance and climate perspectives. Kyrgyzstan models itself as Central Asia's only parliamentary democracy, but multiple challenges threaten its stability. Divided ethnically between Kyrgyz and Uzbeks and geographically north and south, the state suffers from corruption and fails to deliver on justice and law enforcement. Its political institutions are under stress and the country is underperforming in terms of democracy. The rapid rise of alternative religious interpretations, often at odds with the state's concept of traditional identity, are being fuelled in part by endemic corruption and perceptions of incompetency.</p>	Substantial	Moderate	<ul style="list-style-type: none"> - IFAD's COSOP focuses on strengthened policy activities to address root causes of social tensions as well as institutional capacity building activities. These activities will include the most vulnerable groups including women and youth. - IFAD projects will devise non-lending activities aiming at reinforcing local governance and accountability. These activities will be closely monitored with projects to ensure they contribute to stabilizing and socializing targeted communities.

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
Climate change manifested mainly in the increase in temperatures and the intensity and frequency of extreme events will affect the agriculture and livestock sector which would affect the country's food security.			- IFAD also puts climate change adaptation as one of its COSOP's objectives. IFAD will continue to design climate focused projects in Kyrgyzstan through its own resources and through mobilizing additional climate finance. It will also build on and coordinate with on-going investments on climate services and diversification of climate-sensitive livelihoods such as financed by GCF with partners like WFP to better manage climate risks and increased weather variability.
<p>Sector strategies and policies</p> <p>The main risks related to the sector strategies and policies include the lack of supportive policy on breed improvement, the weak supportive regulation for the cadre of private veterinarians and the residual issues with pasture management and governance. I</p>	Moderate	Low	IFAD will address these sector issues through institutional strengthening and working with government to strengthen policy alignment and implementation through continued policy dialogue that would ensure IFAD's priorities are well aligned with the government's; developing regulatory frameworks and improving governance at the local level; and capacity building to state and private actors.
<p>Policy alignment</p> <p>The overall framework for development in Kyrgyzstan is guided by the National Sustainable Development Strategy 2018-2040 (NSDS). The overall goals of the NSDS are the establishment of a state governed by the rule of law, ensuring unity of the nation as a prerequisite for preserving statehood, and the resolution of social issues and challenges. This is achieved through sustainable economic development and macroeconomic stability, improved business environment and investment climate, development of strategic industries, and equitable development of the regions of the country. There is low risk of Government's pro-poor strategy to undermine IFAD's COSOP objectives. However, the lack of ownership and fiscal resources from the Government on its Strategy for Agricultural Development could jeopardize the COSOP's implementation.</p>	Moderate	Low	IFAD will- through its projects and other non-lending forms of engagement-reinforce policy dialogue in order to ensure that IFAD's work is well aligned with the government priorities and propose amendments to policies based on lessons learned from the portfolio.
<p>Policy development and implementation</p> <p>The MoA has limited resources to address the challenges faced by rural communities and lack of an approach through which it can assist in helping rural communities access credit and markets. In addition, the MoA is unable to address the issue of land reform, which has led to conflicts between farmers and landowners and has limited capacity to enforce existing regulations.</p>	Substantial	Moderate	<ul style="list-style-type: none"> - IFAD will seek to strengthen donor coordination and policy dialogue with government as a whole, and with key ministries to learn from the experience of other countries in the South. - - IFAD's COSOP also targets building the capacity of state and private actors aiming to enhance the policy development process. - IFAD's COSOP targets the governance of natural resources through improving the regulatory and policy framework within which communities manage pastures and further strengthen the institutional and technical capacity of Pasture Committees. -

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Agricultural reforms especially pasture management reforms in Kyrgyz Republic started as a measure to devolve management responsibilities to local governments and communities due to inability of government to promote sustainable resource management practices and ensure effective management. IFAD supported projects played important roles in this major transfer of vast pasture resources from central and provincial/district level administration to the level of local governments and further to resource users.</p> <p>The principal risk at this level is the failure of local institutions to channel effectively the reforms to livestock communities. Such a failure would result in ineffective implementation of investment projects, and ultimately conducive to misuse of resources from foreign investments.</p>			
<p>Environmental, social and climate context</p> <p>The country faces a number of social, environmental and climate risks. Gender inequality is persistent with the country having the highest Gender Inequality Index value in Central Asia. This has resulted in women's exclusion from decision-making processes and their being responsible for a significant amount of unpaid domestic and farm labour. Youth also face major challenges especially as the economy is still recovering from COVID-19 impact and the impact of the Russia-Ukraine war.</p> <p>The country also faces big environmental challenges. Land degradation represents a major risk reducing the size of arable land and affecting pastures that represent the backbone of the livestock sector. The increase in temperature and extreme events due to climate change is also expected to significantly affect agricultural production and the health of livestock which would have serious impacts on the country's food, nutrition and economic security.</p> <p>IFAD previous projects were all of moderate risk with regards to social, environmental and climate aspects. The main risks associated with ongoing and future IFAD projects are mainly related to a potential increase in greenhouse gas emissions due to the focus on the livestock sector.</p>	Substantial	Moderate	<ul style="list-style-type: none"> - Given the significant challenges in respect of gender, water, land registration and land degradation in the country, the IFAD COSOP will be able to improve some of these aspects but not change them significantly. - Pasture rehabilitation and improved management will enhance the adaptation of the sector. In addition, work on improved feed and manure management will help reduce the GHG emissions from the sector. - IFAD will continue to help the government in mobilizing environment and climate finance building on its experience with the Adaptation Fund.
<p>Financial management</p> <p><i>Given the Transparency International's Corruption Perceptions Index (CPI) in Kyrgyzstan which is 26/100 and which put the country at high risk, it is crucial to maintain a robust financial management system. There are many risks as described below if the established PMU was not as per IFAD requirements or was not set up with as per project designs.</i></p>	Substantial	Substantial	<p>If the established PMU by the Ministry of Agriculture will be assigned to work on new projects that will put in place good financial management system. The PMU with the ministry support should comply with the financial management and procurement arrangements in the project design especially in relation to the PMU and the systems set up. Any change on the structure, staffing or the already established system should be subject to IFAD design and review.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Organization and staffing</p> <p><i>Risk of staffing in terms of qualification and experience. A lot has been invested in the current PMU in terms of staff capacities, rebuilding new capacities would require time which should be considered while designing new projects.</i></p> <p><i>Sudden changes of key staff during implementation without coordination with IFAD has affected the flow of implementation for previous projects which creates risk of meeting the project objectives on time and an efficient way.</i></p>	Substantial	Substantial	Approved finance structure by IFAD for new projects should be adopted. New staff to complete online financial management course and attend customized induction sessions organized by IFAD. New recruitment for key positions to be cleared by IFAD.
<p>Budgeting</p> <p><i>Risk of delays in finalizing the project budget because of delays in finalizing the national budget.</i></p> <p><i>Risk of delays in receiving government contribution due to delays in finalization of the national budget.</i></p>	Moderate	Moderate	<p>The national budget experienced in the past some delays in submission to the Parliament. These delays did not affect IFAD projects budget preparation or resources availability materially. Projects should adhere to the cost tables overall categories/components allocation while preparing the AWPBs. PMU should ensure that draft budget is ready 60 days before the beginning of the year.</p> <p>During the year, monthly monitoring of the budget should be conducted to make timely decisions on variances.</p>
<p>Funds flow/disbursement arrangements</p> <p><i>Existing/previous projects have SDR loans which are disbursed in USD and have experienced exchange rate losses (USD to SDR). Difficult to monitor allocated vs. disbursed loans/grants for SDR denominated facilities which are disbursed in USD (experience on existing projects)</i></p> <p><i>In addition to exposure to exchange rate losses (USD to local currency).</i></p> <p><i>Delay in receiving government contributions in a timely manner. Contributions are utilised to pay taxes.</i></p>	Moderate	Moderate	<p>Project funds to remain in US\$ designated accounts until needed to avoid currency fluctuations. Introduce mitigation measures in the finance manual in case of delays in receiving governments' contributions. Monthly conversion of USD figures back to SDR to monitor utilization across both currencies</p> <p>Explore how to employ the cash flow forecasting module in 1C accounting software while preparing the quarterly IFRs (which includes the 6 months cash forecast).</p>
<p>Country internal controls</p> <p><i>Difficulties to implement sound internal controls while multiple implementing partners are involved in implementation especially at regional and community levels and given large geographical spread of the projects. IFAD funded projects are not normally included in MOA internal audit plan (out of mandate).</i></p>	Substantial	Substantial	<p>Coordinate and encourage the Ministry of Agriculture to include IFAD projects in the Ministry internal audit plan in a structured way.</p> <p>At project level, ensure monthly review of the implementing partners financial reports and performance; proper and full documentation for all project expenditures at PMU and implementing partners levels; and that all implementing partners have adequate payment authorization process and segregation of duties.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>Accounting and financial reporting</p> <p><i>Risk of delays in installing the project accounting software. Risk of two entities involved in the project implementation which could delays reports submissions until reports are consolidated.</i></p> <p><i>Risk of moving to accrual basis as per country intention without proper transition or qualified staff to ensure proper accounting is in place as per the adopted standards.</i></p>	Substantial	Substantial	<p>Obtain an updated version of an acceptable accounting software (1C is normally used) that meets project needs. Upload the budget in the accounting software and customize reports to auto-generate them from the software. Ensure accurate classification of expenditures categories as per project design. Monthly reconciliations for project accounts and quarterly reconciliations between IFRs and IFAD records.</p> <p>Ensure that accounting standards are disclosed and properly followed, train staff if needed.</p>
<p>External audit</p> <p><i>The Chamber of Accounts performs an annual review of international funded projects, however this is not an audit which meet IFAD requirements.</i></p> <p><i>Risk that newly appointed project auditor may not be familiar with the audit of donor funded projects in Kyrgyzstan.</i></p> <p><i>Risk that Audit TOR does not adequately address IFAD audit requirement.</i></p>	Moderate	Moderate	<p>IFAD projects are audited by private audit firms that are independent. External financing is not covered by the State Auditors. Audit TOR should be cleared by IFAD and an acceptable audit firm should be recruited. Private auditors contractual period to be as per country legislation or IFAD policy (shorter period applies).</p> <p>Audit to be conducted in accordance to the International Standards of Auditing.</p>
<p>Procurement issues</p> <p><i>The risk of non-compatibility of project/programme procurement operations with the IFAD Project Procurement Framework (IFAD-PPF) and risk that inefficient or non-transparent procurement processes impact the achievement of the project/programme's intended objectives (outcomes and outputs).</i></p>	Moderate	Moderate	<p>Use the Procurement Risk Matrix as a tool to update the risk level and apply mitigation measures for each procurement pillar as shown in the ICRM.</p>
<p>Pillar I. Legal, regulatory and policy framework</p> <p>-The latest revision to the Law of the Kyrgyz Republic 'On Public Procurement' is dated April 14, 2022, No.27, as amended on January 20, 2023, No.19. There is also a secondary legislation (23 by-laws) that lays out the basic principles and general framework of the procurement process, makes it operational and indicates how the law must be applied to specific circumstances.</p> <p>-</p>	Moderate	Moderate	<p>PPL stipulates that electronic means is the primary method of conducting public procurement and of communication between procuring entities and tender participants.</p> <p>-Standard Bidding documents exist for goods, works, services and consultancy services.</p> <p>-IFAD Standard Procurement Documents for goods, works and services shall be adopted.</p> <p>- A detailed section on Procurement procedures shall be part of the Project Implementation Manual for each IFAD financed/administered project</p>
<p>Pillar II. Institutional framework and management capacity</p> <p>-Procurement planning is carried out for 3 years based on the need for the purchase of goods, works, services and consulting services in accordance with the cost rationing, taking into account strategic development and actual balances for the period established by the budgetary legislation of the Kyrgyz Republic.</p>	Moderate	Moderate	<p>-Improve the integration of public procurement into public financial management in order to improve procurement management.</p>

Integrated Country Risk Matrix			
Risk type	Inherent risk	Residual risk	Mitigation measures
<p>-PPL stipulates that procurement process should not normally be initiated until the appropriate financial resources have been identified.</p> <p>- Procurement is not recognized as a profession, although according to Article 45, all procurement-related complaints shall be reviewed/assessed by an independent commission member who shall be professionals certified in public procurement.</p> <p>-The PPL (Article 3) establishes a single official point of access (i.e. an online portal) for all procedures and information related to public procurement</p>			<p>-Review the responsibilities of central public institutions regarding their exercise of key public procurement functions, with a view to identify and avoid gaps and overlaps, as well as possible conflicts of roles within and between them, in harmonisation with other measures for improving regulation, implementation and supervision of public procurement.</p> <p>-Recognise public procurement as a profession, with corresponding positions introduced in the official classification of professions and ensure that corresponding training and other means for career development are developed.</p> <p>- Wider use of e-procurement shall be promoted to monitor and enhance procurement performance</p>
<p>Pillar III. Public procurement operations and market practices</p> <p>-PPL defines procurement planning as the first step of public procurement process and it shall be carried out for 3 years based on the need for the purchase of goods, works, services and consulting services taking into account strategic development goals and actual balances established by the budgetary legislation of the Kyrgyz Republic for the period.</p> <p>-The PPL does not contain provisions on mechanisms for consultation, dialogue and partnerships between public and private sector.</p> <p>-There is no evidence of any analysis by the Government of Kyrgyzstan of the supply market for defining the key sectors for public procurement, as well as of any efforts to proactively develop the competitiveness of enterprises in sectors of importance to public procurement</p>	Moderate	Moderate	<p>- To introduce a clear and comprehensive guidelines and tools for uniform procurement planning prior to the start of the fiscal year and for its incorporation in public budgets; monitor their application; and enforce the use of established good practices.</p> <p>- For IFAD financed projects, the Project will have to use methods prescribed in IFAD Procurement Framework.</p> <p>-A standard and formal mechanism/process shall be initiated for regular consultations between the public and the private sector on issues related to procurement policy and practice</p> <p>- Carry out a comparative study of the demand and supply side of the public procurement market in Kyrgyzstan and use the findings to inform development policy.</p>
<p>Pillar IV. Accountability, integrity and transparency of the public procurement system</p> <p>-The PPL does not stipulate public control of procurement procedures and there is no evidence whether a transparent and consultative process is followed when changes are formulated to the public procurement system.</p> <p>- The official public procurement portal is a website (http://zakupki.gov.kg) maintained by an authorized body that provides electronic viewing of the most recent information on public procurement announcements, public procurement results, proposals of participants and other information provided for by law, as well as collection of information entered by (sent) by operators of electronic public procurement systems on conducted electronic public procurement.</p> <p>- There is a limited civil society organizations involvement in monitoring public procurement, helping to adjust the legislative framework, identify irregularities, etc</p>	Moderate	Moderate	<p>- Increase the level of transparency by making all procurement related information comprehensive and easily accessible and free of charge through electronic platforms.</p> <p>- Formal training and on-the-job trainings shall be conducted regularly to ensure that auditors and controllers have the qualifications required.</p> <p>-The Public Procurement Complaints Commission shall have a complete autonomy from the rest of the system, to ensure that its decisions are free from interference or conflict of interest.</p> <p>- The project should ensure integration in all bidding documents of provisions on prohibited practices, i.e. on Preventing Fraud and Corruption, on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, etc.</p>

Annex I: Theory of Change

Strategic Alignment and Focus: Aligned with the Kyrgyz Republic's National Development Strategy, this ToC supports the strategic national program for developing sustainable food systems by 2030. It addresses the challenges head-on, proposing targeted investments in the livestock sector, which is seen as a linchpin for achieving rural transformation, poverty alleviation, food security and improved nutritional outcomes as well as smallholders resilience.

Impacts: The strategic investments and pathways envisioned in the ToC will lead to impacts such as improved food security and dietary diversity, reduced poverty, and enhanced resilience of rural smallholders.

Co-benefits: Anticipated co-benefits include CO2 mitigation, biodiversity enhancement, improved community cohesion, and reduced conflicts, culminating in a significant shift towards a more sustainable, productive, and resilient rural economy.

The Theory of Change (ToC) for the Kyrgyz Republic's country programme is informed by a detailed analysis of the livestock sector's systemic challenges and constraints. It leverages IFAD's rich history of interventions in the country, aligning with both national development goals and international best practices. The primary objective is to catalyse rural transformation through carefully constructed pathways, with a special emphasis on the critical role of the livestock sector. The Theory of Change of the COSOP is formulated as follows;

IF smallholder farmers are facilitated to adopt moderns and sustainable livestock production and pasture management practices and their business capacity is strengthened to access markets and mechanisms are found for inclusion of women and youth **THEN** smallholders, women and youth will increase their incomes and achieve food security **BECAUSE** of increase in productivity , reduction in animal morbidity, improved pasture productivity , increased employment and skills and access to finance and markets.

Barriers and risks: The ToC is developed to address several barriers and risks that currently impede the livestock sector growth and sustainability:

- Lack of strong Pasture User Unions: Indicating a need for better organization and collective action among users of pasture lands.
- Lack of facilities and tools to develop pastures: Highlighting a gap in the resources necessary for sustainable pasture management.
- Weak governance and regulatory frameworks: Suggesting that current governance structures and regulations do not adequately support the development of the livestock sector or pasture management.
- Institution capacity for improved livestock production & management: Reflecting a need to enhance the skills and capabilities within institutions that support livestock production.
- Lack of modern facilities and inputs: Pointing to a shortage of contemporary facilities and the inputs needed for livestock production, as well as technologies for climate risk mitigation and adaptation.
- Limited collateral and ability to access financial services: A barrier for farmers, especially smallholders, to invest in improving production due to lack of access to financial resources.
- High incidence of animal morbidity and mortality: Indicating significant health challenges within livestock populations that need addressing.
- Limited fiscal space of the public sector for investment: Suggesting constraints on public investment in the livestock sector and pasture management due to budget limitations.
- Growing climate risks: Highlighting the increasing threat from climate variability and extreme weather events to livestock production and pasture sustainability.
- Strong vested interests: Indicating that existing power dynamics and interests may resist changes to pasture management and livestock production practices.
- Inadequate public sector funding: Reflecting a broader issue of insufficient investment in the sector to sustain project efforts and achieve long-term impacts.
- Changing market dynamics: Suggesting that evolving markets could pose risks to the business environment for livestock products.

Project Investments and Pathways: In response to these challenges, the COSOP outlines specific project investments to harness the livestock sector's potential:

1. Modern and sustainable livestock practices: Targeting improvements in livestock production techniques, the establishment of AI stations & laboratories, and animal vaccination to enhance livestock productivity and disease control.
2. Engagement of women and youth: enhanced strategies to involve women and youth in food production, processing, marketing, and diversifying livelihoods, recognizing their crucial role in the agricultural sector's development.
3. Sustainable pasture management: Emphasizing the promotion of sustainable pasture management, fodder production, and grazing practices, crucial for long-term livestock sector sustainability.
4. Business capacity and market linkages: Focusing on organizing farmers, building their business capacities, and linking them with markets to improve economic opportunities and livelihoods.

Outputs: The strategy is designed to produce specific outputs like increased training in livestock production techniques and enhanced capacity for disease control, and greater involvement of women and youth in agricultural activities.

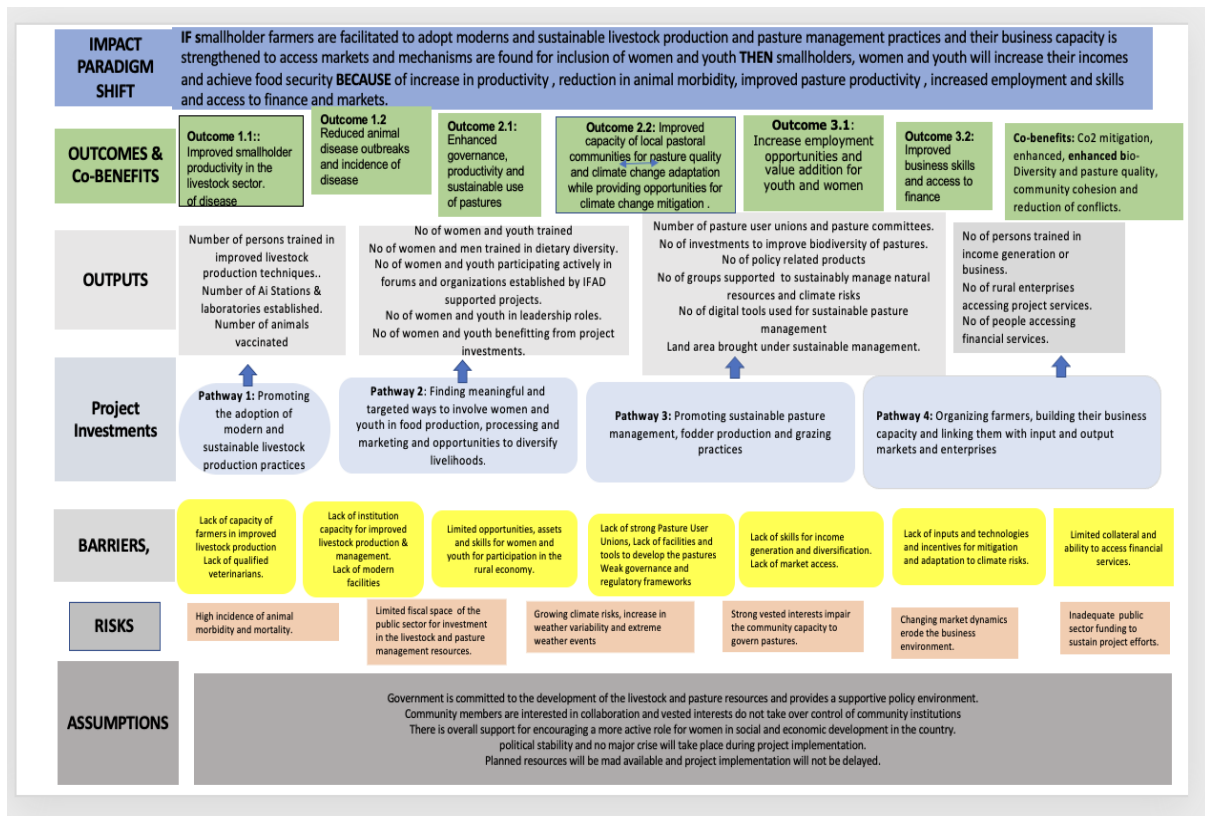
These outputs aim to achieve transformative **outcomes**:

- Improved smallholder productivity: Enhanced livestock sector productivity through modern practices and sustainable management.
- Reduced morbidity and mortality of livestock: Significant reductions in animal disease outbreaks, contributing to overall sector resilience.
- Increased employment and economic opportunities: Creation of employment opportunities and value addition, particularly for youth and women, driving economic growth and poverty alleviation.
- Enhanced governance and sustainable resource use: Strengthening governance and sustainable use of natural resources, particularly pastures, to ensure long-term viability and climate resilience.

Assumptions for success: The effective realization of this ToC is predicated on several critical assumptions:

- **Government and community support:** The government is committed to developing the livestock sector and provides a supportive policy and regulatory environment.
- **Stable political and economic conditions:** Assumes political stability and the availability of planned resources without significant delays in implementation.
- **Adequate participation of women and youth:** Assumes that interventions to involve women and youth will be successful and that these demographic groups are able and willing to engage in the proposed economic activities.
- **Overall relevance of trainings and interventions packages for target groups.**
- **No disruptions to projects implementation (delays, lack of planned resources).**

Figure: Theory of Change (ToC)



Annex II: Barriers and Pathways to Change

Barrier	Pathway	Outputs/Outcome	Assumptions
<p>Weak public sector institutional capacity leads to difficulty in timely and proper diagnosis and treatment.</p> <p>Low ratio of veterinary service providers to livestock population which limits proper service provision in rural areas and to pastoral communities.</p> <p>Poor genetic stock and lack of capacity for improvement using modern techniques.</p> <p>Poor health status of animals due to poor nutrition, inadequate veterinary care, and limited access to vaccines and other treatments.</p>	<p>Pathway 1: strengthening the capacity of the public sector livestock extension services, private veterinarians and small holders and helping them deploy improved technologies and management practices within a supportive policy and regulatory framework.</p>	<p>Strengthened public sector livestock development and support institutions.</p> <p>Cadre of trained well remunerated, sustainable private veterinary services.</p> <p>Enhanced smallholder capacity for livestock management.</p> <p>Early detection and disease control</p> <p>Reduced animal morbidity and mortality.</p> <p>Improved food safety and quality.</p> <p>Trained farmers with increased adoption of modern and sustainable livestock production practices.</p> <p>Improved animal health and nutrition.</p> <p>Improved breeds.</p> <p>Increased productivity. Increase animal productivity and improved smallholder incomes and employment.</p>	<p>The lack of access to proper animal health care is responsible for the high levels of animal morbidity and mortality and poor livestock product quality.</p> <p>The private veterinary service will be accessible to smallholders with the requisite skills and capacity to instil the trust and confidence of smallholders and pastoral communities.</p> <p>Smallholders will adopt the new techniques and practices and enhance livestock productivity through its use.</p> <p>There is strong appetite for farmers to invest in improved breeds through increased capital investments.</p>
<p>Gender-social norms in women and youth inclusion to specific activities, especially on decision-making engagement processes;</p> <p>Farmers do not have information about modern livestock animal husbandry production, nutrition management practices or technologies.</p> <p>Inefficient farm management.</p> <p>Lack of seed and expertise to make high-quality cattle feed.</p> <p>Lack of access to the machinery and technology required for high outputs.</p>	<p>Pathway 2: Finding meaningful and targeted ways to involve women in food production, processing and marketing and opportunities to diversify their livelihoods and inclusion of youth through attracting them with innovative business models and modern technologies.</p>	<p>Increased participation of women and youth in the livestock sector.</p> <p>Increase food security and dietary diversity through a multi-faceted approach.</p> <p>Diversify rural livelihoods with increased incomes and employment for women and youth.</p>	<p>The IFAD investment portfolio will conduct relevant studies to be able to identify opportunities for the participation of women and youth which applies gender-sensitive and youth-sensitive lenses and analyze the interest-based areas to make project activities more attractive for them. Try to remove inclusion barriers related to access to rights, resources and opportunities in IFAD operations.</p>

Barrier	Pathway	Outputs/Outcome	Assumptions
<p>Limited supply of fodder</p> <p>Low-quality feeds</p> <p>Excessive use of winter pastures.</p> <p>Weak capacity for management of pastures.</p> <p>Increase in animal numbers leading to pasture degradation</p> <p>Weak adaptive capacity to climate impacts and missed opportunities for climate change mitigation</p>	<p>Pathway 3: Promoting sustainable pasture management, fodder production and grazing practices through strengthening local level institutions, ensuring a supportive policy framework and making pastoral communities much more resilient to climate change and extreme weather events and contribute to climate change mitigation</p>	<p>Promoting sustainable pasture management and grazing practices.</p> <p>Enhance the productivity of pastures.</p> <p>Make pastoral communities more resilient to climate change and extreme weather events.</p> <p>Improve adaptive capacity and capitalize on opportunities for climate change mitigation</p>	<p>Strengthening the capacity of Pasture Committees will enable them to enhance pasture productivity and govern these resources through a host of techniques such as rotational grazing, charging user fees, social and physical fencing, paying incentive payments, etc.,</p> <p>The techniques and practices are relevant for the target groups and they have the capacity to adopt them.</p> <p>There is sufficient incentive for small herders to invest in measures which lead to climate change mitigation.</p>
<p>Smallholders have fragmented and low volume of production, with limited capacity for aggregation and value addition and weak links with markets, and limited business skills.</p>	<p>Pathway 4: Organizing farmers, building their business capacity and linking them with input and output markets and enterprises for value addition along selected value chains.</p>	<p>Increased links with enterprises and markets.</p> <p>Increase in volume of produce marketed.</p> <p>Increase in incomes</p> <p>Increase in employment.</p>	<p>By organizing farmers in clusters and production groups will provide them an opportunity to aggregate their produce and become an attractive supplier for value addition for enterprises that can help to add value and improve their quality.</p>