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ANNEX

of the Commission Implementing Decision on the financing of the annual action plan in favour of the Kyrgyz Republic for 2021

Action Document for Education Sector Reform Performance Contract in the Kyrgyz Republic

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans of Article 23(2) of NDICI-Global Europe Regulation.

1. SYNOPSIS

1.1. Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	Education Sector Reform Performance Contract in the Kyrgyz Republic OPSYS/CRIS number: NDICI ASIA 2021/043-236 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	No
3. Zone benefiting from the action	The action shall be carried out in the Kyrgyz Republic
4. Programming document	Multi-Annual Indicative Programme (MIP) for the Kyrgyz Republic 2021-2027
5. Link with relevant MIP(s) objectives/expected results	Focal Sector 2- Human Development SO 1 - Development of inclusive and equitable quality education as well as improvement of digital, media and green skills
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority area 2: Human Development; Sector: Education (DAC code: 110)
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Other significant SDGs (up to 9) and where appropriate, targets: SDG 5: Achieve gender equality and empower all women and girls.
8 a) DAC code(s)	11110 - Education policy and administrative management -50% 11120- Education facilities and training- 25% 11130- Teacher training -25%
8 b) Main Delivery Channel	Recipient Government -12000; Donor Government- 11000; Non-Governmental Organisations (NGOs) and Civil Society- 20000; Others – 90000

9. Targets	<input type="checkbox"/> Migration <input type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input checked="" type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
	Connectivity Tags: transport people2people energy digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Reduction of Inequalities	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	Budget line(s) (article, item): 14.02.01.30 Total estimated cost: EUR 32 000 000 Total amount of EU budget contribution EUR 32 000 000 of which EUR 27 000 000 for budget support and EUR 5 000 000 for complementary support.			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing¹	Direct management through: <ul style="list-style-type: none"> - Budget Support: Sector Reform Performance Contract - Grants - Twinning grant - Procurement 			

1.2. Summary of the Action

The EU will provide further support to the Kyrgyz Government to assist in the continued reform of the Education Sector with special focus on inclusive and equitable quality education in line with the SDGs 4 and 5. The EU also intends to better integrate the 21st century skills in teaching and learning and address the digital, media and green skills gaps.

This entails improving the quality of teaching and upskilling through innovative pedagogical and child-centred approaches and by establishing sustainable support system with educational stakeholders through a constructive social dialogue.

The proposed new Education Sector Reform Performance Contract (SRPC) is envisaged to be implemented during the period 2023-2027, and is built upon the achievements of past and ongoing EU assistance to the Education Sector.

The specific objectives of this Action will be to add value to (i) inclusive and equitable quality education, enabling more children to achieve at least a minimum proficiency level in STEAM (science, technology, engineering, arts and mathematics), elimination of gender-blindness in new teaching and learning materials, and the increase of inclusive education schools, enabling the involvement of children with disabilities in the learning process; (ii) digital skills development enabling to increase number of teachers trained in ICT skills and students using a computer at school at least once a week; (iii) media literacy development enabling systematic media literacy training for teachers and students; and (iv) green skills development enabling systematic green skills training for teachers and students.

Overall, the new programme will continue to support the Kyrgyz government-owned Education Development Programme 2021-2040 adopted by the Government Decision in May 2021 and its rolling Education Action Plans 2021-2023 and a successive 2024-2026, strengthen institutional capacity, and enhance the policy dialogue.

The Education SRPC represents the follow-up assistance funded from the Annual Action Plan (AAP) 2021 of the financial envelope 2021-2027.

2. RATIONALE

2.1. Context

Kyrgyzstan is a land-locked mountainous country in Central Asia. The Kyrgyz Republic is a lower middle income

¹ Art. 27 NDICI

country with a national income per capita of US\$ 1,240², an estimated population of around 6.6 million people and an annual population growth rate of 1.9 percent³. Over half of the population in Kyrgyzstan is under the age of 25, and almost a third of the population is between 15 and 25 years old. The country ranks 120th out of 189 countries/territories in the 2020 UN Human Development Report with Index of 0.697. Between 1990 and 2019, Kyrgyzstan's Human Development Index value increased from 0.640 to 0.697, an increase of 8.9 percent. Between 1990 and 2019, Kyrgyzstan's life expectancy at birth increased by 5.1 years, mean years of schooling increased by 2.5 years and expected years of schooling increased by 0.9 years.

The female HDI value for Kyrgyzstan is 0.677 in contrast with 0.707 for males, resulting in a Gender Development Index (GDI) value of 0.957⁴. Kyrgyzstan has a Gender Inequality Index (GII) value of 0.369, ranking it 82 out of 162 countries in the 2019 index. In Kyrgyzstan, 99.1 percent of adult women have reached at least a secondary level of education compared to 98.3 percent of their male counterparts. Although there is gender parity in enrolment and completion rates in primary and lower secondary education, female participation in the labour market is 44.8 percent compared to 75.7 percent for men.

A few other comparative international indicators help also observe some progress of the country development, such as the Corruption Perception Index 2020 (Transparency International): 124th out of 180 countries with a score of 31 (slight improvement compared to 29 in 2017); and the Global Competitiveness Index 2019 (World Economic Forum): 96th out of 141 countries with a score of 54 (slightly improved vs. 97 in 2018 with a score of 53).

The official unemployment rate decreased from 7.2 percent in 2016 to 5.8 percent in 2019⁵ and the poverty rate dropped to 20.1 percent in 2019 in contrast with 22.4 percent in 2018, 25.6 percent in 2017 and 32.1 percent in 2015. Undoubtedly, the reduction of poverty has been one of the most important achievements of the last few years. However, the 2020 country lockdown, which included border closures to contain the spread of COVID-19, was a major shock to the Kyrgyz economy, significantly reducing household incomes and business revenues that increased poverty up to 31 percent (WB, 2021). In October 2020, political turmoil against the results of the parliamentary elections worsened the country's political and investment climate. As a result—and despite the easing of lockdown restrictions later in the year—real GDP contracted by 8.6 percent in 2020. Twelve-month inflation rose to 9.7 percent in December (from 3.1 percent a year earlier), primarily driven by exchange rate depreciation (20 percent).

The impact of the COVID-19 pandemic on economy is causing a significant rise in unemployment and poverty. Beyond official unemployment, informal workers face a significant decline in earnings. There is ample evidence of the nature of systematic and discriminatory unemployment as a conflict driver, particularly for youth, triggering participation in insurgencies, prompting people to join violent gangs, or driving extremist behaviour. School closures from March 2020 in response to the COVID-19 pandemic present an unprecedented risk to children's education, protection and wellbeing. Improving the quality of education (learning outcomes and skills development) continues to be the most important priority for education in Kyrgyzstan.

International and national sample-based assessments point to very low achievement and performance in all grades tested (4, 8 and at age 15 (PISA 2006 and 2009)). According to the survey of Adult Skills in the framework of the OECD's PIAAC⁶, while on average about 11 years of schooling are provided to each student in Kyrgyzstan, the existing pre-COVID 19 learning gap of the average student was 4.2 years when adjusted for quality of learning. The pandemic added several months to the learning gap given the little digital, blended and distance learning preparedness.

Over the past 10 years, there has been a constant outflow of people from the country. This net out-migration helps Kyrgyz economy to benefit from remittances (nearly 30% of GDP) from Kyrgyz workers in Russia (registered by the Russian migration service at around 600,000 Kyrgyz migrants in 2017, nearly 1,000,000 in 2019 and 700,000 in 2020 or 10-15% of the national population).

The government has relied on migration as a safety valve. However, uneducated, unemployed youths who face disenfranchisement from the state, injustice and no rule-of-law sometimes consider an Islamic justice and governance system as an attractive alternative. These young people are at risk of being radicalised and exposed to extremist ideas. Financial incentives can play a part in joining a banned organisation but are not decisive. The valuable local work of religious groups that espouse non-violent, non-discriminatory views is no substitute for economic

² World Bank (2019)

³ National Statistics Committee (2021)

⁴ HDR 2020: GDI reflects gender inequalities in achievement in three dimensions of the HDI: health, education; and command over economic resources. The closer the ratio is to 1, the smaller the gap between women and men.

⁵ <http://www.stat.kg/ru/statistics/zanyatost/>

⁶ OECD 2019: Adult skills survey of the Programme for the International Assessment of Adult Competencies (PIAAC)

empowerment but is an outlet for youth who might otherwise be attracted to radical ideas. After a wide consultation process, the EU Central Asia Strategy (2019)⁷ included education and rule of law as measures to prevent radicalism.

Investment in education measured by expenditure on education as a proportion of GDP is relatively high but spending per student is low. The main cost of the education budget is teachers' salaries. Expenditures in education have increased over the past years but the structure of spending has remained the same: nearly 93% of funds are allocated for recurrent costs, and only 7% for capital in 2019 and 2020. The non-wage costs of the sector are underfinanced.

The immediate and medium-term measures in the education sector of Kyrgyzstan have been put synergistically with the broader national campaigns and programmes underway. One of the flagship initiatives of the Kyrgyz Government - presented in 2019 - has been the Digital Transformation Roadmap 2019-2023 - a campaign for a transparent and effective system of e-governance that is underpinned by a robust national strategy of digital transformation in every sphere of social, economic, and political life. To ensure an alignment with this overriding policy agenda, the Ministry of Education and Science (MoES) has elaborated in its Education Action Plan 2021-2023 a special focus on post-2015 Sustainable Development Goals (SDGs), and human resources necessary for the country's digitalisation.

EU support to education development in partner countries is based on specific national and regional contexts and needs, contributing to priorities agreed as part of national policy dialogue and sector plans. This country-level support is framed by the EU's policy commitments, its response to global political, economic, demographic, social and environmental challenges, to global trends in education and to all countries' endorsement of the SDGs. Education is the foundation for all 5 priorities such as Digital, Science, Technology and Innovation; Green Deals; Alliances for Sustainable Growth and Development; Migration Partnerships, highlighted by the Commission and a vehicle to achieve the SDGs, in particular Goals 4 (Education for all) and 5 (Gender equality).

The programme is in line with the principles identified in the new European Consensus on Development⁸, the EU Strategy for Central Asia (2019) and the European Council's updated Recommendation on Key Competences for Lifelong Learning (2018)⁹. The action also seeks synergies with the EU Green Deal¹⁰, Gender Action Plan III¹¹ and European Digital Partnership priorities¹² by promoting whenever feasible focus on promotion of green skills through revising the learning and teaching methods, digitalisation of education and associated digital and media skills development opportunities that enhance sustainability, accessibility and equality for girls and boys.

There is a gap between the country's international legal commitments to provide universal free and quality education and the reality. The EU intends through the proposed complementary support to contribute to the civil society organisations' actions targeted at improving the inclusion and skills development of marginalised children, including those left behind due to labour migration, out-of-school children, young people affected by violence, disadvantaged girls, children with disabilities, including strengthening the social dialogue with the education stakeholders.

2.2. Problem Analysis

The challenges of the country education system are interrelated. At the same time, it is particularly helpful – from a time-bound sector reform perspective - to prioritise and concentrate on a few critical ones. Three challenges of access for all, quality and equity in the education sector of Kyrgyzstan stand out as most pressing, with most crosscutting implications and transformative potential. The EU intends to continue supporting education policy and skills development, addressing low functional literacy in primary and secondary education, promoting inclusiveness and gender equality, including better integration in the teaching and learning of 21st century skills. This entails improving the quality of teaching and upskilling through innovative pedagogical and child-centred approaches and by establishing productive social dialogue with the educational stakeholders.

The current education system does not deliver for everyone, and there is a risk of leaving people behind, especially people with disabilities. Meanwhile, children with disabilities are often unable to go to school due to absence of specialised teacher staff. Good quality, equal and inclusive education provide opportunities for everybody to develop

⁷ <https://www.consilium.europa.eu/media/39778/st10221-en19.pdf>

⁸ Joint statement by the Council and the Representatives of the governments of the Member States meeting within the Council, the European Parliament and the European Commission on the New European Consensus on Development - "Our World, Our Dignity, Our Future", 7 June 2017. OJ C 210.

⁹ https://ec.europa.eu/education/education-in-the-eu/council-recommendation-on-key-competences-for-lifelong-learning_en

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>

¹¹ https://ec.europa.eu/international-partnerships/system/files/join-2020-17-final_en.pdf

¹² https://ec.europa.eu/international-partnerships/system/files/swd-digital4development-part1-v3_en.pdf

key competences. Inclusive education improves learning for all children, promotes understanding, reduces prejudice (including gender prejudice) and strengthens social integration. The 2017 gender study¹³ revealed that the education curricula at all levels still contain gender stereotypes (in textbooks, learning materials etc.); teaching personnel are not always gender-competent; there is still gender segregation in educational subjects, which results, to certain extent, in gender segregation in the job market. Better quality education, increased digital skills and media literacy would also contribute to higher chances at labour markets outside the Kyrgyz Republic.

Advances in information and communications technology have created impressive economic opportunities for young people. The country has made considerable efforts to develop ICT, by creating a legislative framework and building human capacity for ICT. However, the accessibility of ICT is still largely inadequate, especially in rural and remote regions. For students to successfully develop the 21st century skills, access to information and education is crucial. However, the access to appropriate education and training often remains quite limited in rural areas due to underdeveloped ICT infrastructure, which is accompanied by high cost, low international bandwidth, and undeveloped infrastructure of “last mile” fuelling the digital divide urban vs. rural. Another key issue is undeveloped ICT skills due to lack of mechanisms for systematic education of new needs based on the rapidly developing technologies.

It is acknowledged that the teacher training has not been properly revised in many years. It does not reflect contemporary research on the science of pedagogy and indeed does not even adequately incorporate how to teach the competencies of new era and highly demanded cognitive skills. Further, the limited offerings make it difficult to meet teachers’ individual professional development needs, which in any case are not systematically assessed against competencies. It does not appropriately address the use of ICT, inclusive education, and fostering socioemotional skills along with media and green literacy. The lack of attention to gender sensitisation in teacher professional development and student learning materials may have contributed in part to the gender disparities observed, including boys’ lag in early grade reading and girls’ interest in STEM subjects (UN, 2019).

Shifting away from the current examination systems that emphasise rote learning towards functional literacy assessment systems that give teachers the tools to monitor student progress will strengthen basic skills and competences enabling to meet the 21st century requirements. Digital, media and green skills development will be supported by better linking the development of basic skills and more advanced competencies as children progress through the education cycle. In this sense, improving the quality of teaching and upskilling in response to emerging digital, media and green demands is far more cost-effective than trying to provide post-school remedial education.

Globalisation, structural changes in the labour market and the rapid development of new technologies require the country to review and keep updated STEAM, digital, green and media literacy throughout life.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

The Kyrgyz education sector is a multi-tiered with complex stakeholder dynamics. The MoES is the principal actor and the direct beneficiary of the Action considered as duty-bearer. According to the Public Policy Analysis conducted in parallel to the preparation of this Action Document, the Ministry is capable to deliver on the Strategy, albeit while facing several challenges that this Action will seek to help it overcome. The Ministry is responsible for all levels of education - pre-school, primary, secondary, vocational and higher education at the policy level. It is acknowledged that there is an adequate ministerial ownership and leadership of the education sector, which is the foremost element for improving the education system in Kyrgyzstan. Success of all other elements will depend on how effective the MoES is in affirming its ownership and leadership.

The Kyrgyz Academy of Education (KAE), the Republican Teacher Training Institute and the National Testing Centre (NTC) under the MoES will be the direct beneficiaries of the Action with regard to the development of appropriate and qualitative curricula, teaching and learning materials and in-service teacher training.

The day-to-day management of the school system rests with the rayon (municipal) administration authorities, who are the target groups of the Action. This administrative structure in turn affects the clarity of the financial management of the education sector. While the MoES has been granted greater responsibilities for management of the sectoral budget, resources for the operations and maintenance of schools is provided through the state budget directly to the municipal administrations. Teachers’ salaries are paid by the Ministry, with the exception of teachers employed in the city of Bishkek - who are paid by the Bishkek city administration. This diffusion of the sector budget affects the ability of the MoES to fully control the allocation and spending of its resources.

In the world of professional education, Primary, Secondary Vocational Education and Training (VET) and Higher

¹³ *Recommendations for Kyrgyzstan of the EU-funded FWC 'Gender Study for Central Asia', 2017*

Education have been supervised by the newly established Professional Education Department (March 2021). Prior to the ongoing Government optimisation, the Primary VET was managed by the VET Agency, an institution that used to be subordinate to the Ministry of Labour and in 2016 moved to the MoES.

Overall, the key stakeholders of education sector are the MoES, the Ministry of Economy and Finance (MoEF), schools, the Boards of Trustees (incl. Parents associations) of the schools, local authorities, the social partners and education-focused civil society organisations, education practitioners. Children and students receiving general education, vocational education and higher professional education constitute the final beneficiaries of the system. Straddling the stakeholder and beneficiary groups is the workforce of the MoES – the teachers and education administrators – whose compensation takes up the largest share of the operating education budget.

The engagement of civil society organisations as key stakeholders will be mainstreamed throughout intervention enabling them to oversee and build public pressure for the education reforms and respect of fundamental values, represent the voices of rights-holders (people, including children), monitor and evaluate policy implementation and improve the inclusion and skills development of those at risk of failing to benefit from education.

2.3. Additional Areas of Assessment

2.3.1. Pre-condition on Fundamental Values [For a Sustainable Development Goals Contract only]

N/A

2.3.2. Public Policy

The Kyrgyz Government recognises the transformative power of education, which is reflected in the Education Development Programme 2021-2040 adopted in May 2021. The new education policy is addressing current and future socio-economic and demographic pressure points and vulnerabilities of the Kyrgyz Republic. It is attentive to inclusive growth and development of a young nation aspiring for its place in the global knowledge economy.

The new Education Programme 2040 includes **three core tasks** (i) Fair and equal access; (ii) Quality assurance in education; and (iii) Effective management and financing. Implementation of all three tasks is envisaged at all levels of education and the main priorities are identified within each of the tasks, which for the most part provide a comprehensive coverage of the reform needs of the Sector:

1. **Priorities** to ensure fair and equal access:
 - Enrolment in education at all levels of the education system;
 - Ensuring inclusiveness and multilingualism in education;
 - Safe and effective learning environment.
2. **Priorities** to improve education quality:
 - Modernisation of the content of education at all levels;
 - Digitalisation of education;
 - System of continuous professional development of teachers;
 - Effective and reliable system of monitoring and evaluation of learning outcomes;
 - Qualitative learning materials.
3. **Priorities** for effective management and financing:
 - Improvement of the management of human resources, organisational, technical and administrative capacity to ensure the systematic approach to education management and educational policy planning;
 - Strengthening the transition to normative financing at all levels of education and to greater autonomy in the management of resources at the level of educational institutions;
 - Accreditation and licensing, implementation of necessary oversight over the educational services and their results;
 - Regular monitoring of the implementation and evaluation of the results of the education system functioning and performance;
 - Automation of the education management system.

These priorities are translated into 8 levels of interventions, which are supported by the respective sub-measures in the 1st rolling Education Action Plan (EAP) 2021-2023:

1. Pre-school education;
2. School education;
3. Extracurricular education;
4. Primary professional education (primary vocational education);

5. Secondary professional education (secondary vocational education);
6. Higher professional education;
7. Adult education and informal education;
8. Management, monitoring and strategic planning in education.

The EAP has been costed and the cost estimates are reflected in the respective programme budget and the Mid-Term Budget Forecast. The budgets for 2019, 2020 and 2021 and forecasts for 2022 and 2023 related to the education sector indicate that the sector continues to be well-financed both in real terms and as a percentage of the total State Budget. It accounts for about 19%, 20%, 20%, 21% and 21% of the total State Budget in 2019, 2020, 2021, 2022 and 2023 respectively.

The total amount required for implementation of the Education Action Plan 2021-2023 is assessed equal to 8.4 billion KGS (EUR 84 million), of which 6.3 billion KGS or 74.6% (63 ME) is to be financed from the Budget and 2.1 billion KGS or 25% (EUR 21 million) is covered by other contributions (donors, parents associations etc.). Comparing with the allocations to MoES from the State Budget for 2021-2023, one may conclude that there is no major risk in the Action Plan financing.

Education Budget managed by the MoES and its execution (thous. KGS; ex. rate 1 EUR=100 KGS):

	2018: MoES- budget, incl. AP 2018-2020	2019 MoES-budget, incl. AP 2018-2020		2020 MoES-budget, incl. AP 2018-2020		2021 MoES budget, incl. EAP 2021-2023	2022 MoES budget, incl. EAP 2021-2023	2023 MoES budget, incl. incl. EAP 2021- 2023
		Approved in Dec 2018	Revised in Dec 2019	Approved in Dec 2019	Revised in Dec 2020	Approved in Dec 2020	Plan	Plan
Approved	27 685 748 (EUR 277 million)	22 038 815 (EUR 220 million)	23 845 305 (EUR 238 million)	28 571 421 (EUR 286 million)	28 685 552 (EUR 287 million)	28 997 777 (EUR 290 million)	29 013 604 (EUR 290 million)	29 252 065 (EUR 293 million)
Executed	26 770 930 (96.6%)	23 143 223	23 143 248 (97%)	27 949 110	27 949 110 (97%)			
Annual EU Budget Support tranche (% to annual education budget)	EUR 9.4 million (3.4%)	EUR 8.05 million (3.7%)		EUR 15.3 million (5.3%)		EUR 7.7 million (2.7%)		EUR 7 million (plan) (2.4%)

The EDP 2040 along with its action plan is relevant and credible, which rests on the Government ability and leadership to tackle the challenges of the education quality improvement. Despite frequent government turnover, there are no drastic policy shifts observed, which usually depend on the political institutions underlying policymaking. It is evidenced that the Education policy has internal logic and rationale and appears to have the right magnitude to achieve its goals; the policy is based on reliable data, adequate resources necessary to run the process and trusted institutions; as well as the policy is consistent with a longer-term vision and strategic direction such as National Development Strategy 2040.

The Ministry continues to build its capacity to maintain proper monitoring and evaluation. The MoES has worked on data collection mechanisms for the past decade, developing several databases and software, including an Education Management Information System (EMIS), but struggling with unstable internet connectivity in schools, insufficient equipment supply and digital skills at MoES and local levels for managing information systems. The constraints related to lack of systematic and reliable data collection mechanisms necessary for adequate planning and monitoring at both national and school levels are addressed in the education policy under its Task 3 'Effective management and financing'.

According to the latest MoES policy completion report, 91% of previous Education Development Strategy (EDS) 2012-2020 was implemented, and which contained 128 indicators in its last three years Action Plan. 108 indicators were fully and 20 indicators were partially met. Critical indicators which were only partially met include: (i) qualification related teacher salary supplements resulting in fewer incentivisation and motivation, (ii) transfer of pre-school institutions to per-capita finance (iii) better (ICT) equipment of schools and eLearning for improving learning outcomes, (iv) approval of sectoral qualifications frameworks due to insufficient public private cooperation which would be better structuring skills and employment matching in respective priority sectors, (v) finalising a coherent methodology for occupational

standards to improve the definition of employer needs and the corresponding translation into competencies and curricula and (vi) insufficient roll-out of EMIS resulting in less evidence-based policy making. The reasons for partial achievement were largely budget deficits and pandemic limitations. COVID-19 pandemic has expedited the adoption of some distance learning technologies, though with expected difficulties in providing access to technology and skills among teachers and students.

The EDP 2040 and its first EAP critically reviewed the previous EDS 2020 and extracted good practice and learnings for subsequent policy formulation. With regards to SDGs, the relevant SDG indicators are integrated into the EDP 2040 and therefore embedded in existing education policy, including gender equality and inclusiveness, which are addressed by its Task 1 '*Fair and equal access*'.

In terms of education outcomes and education system efficiency, challenges are remaining as the Kyrgyz Republic's students and adults are still scoring relatively low in various PISA and PIAAC tests or WB's Human Capital Development Project, which identified a pre-pandemic learning gap of 4.2 years. Closing such skills gaps will be key to unlock potential of demographic dividend of not only providing labour, but also a reasonably skilled workforce and therefore considerably increasing labour productivity. The educational counterpart of labour productivity is learning productivity, which can be described as the essence of education systems. Improving learning outcomes is also at the heart of OECD's programme for international student assessment (PISA) in which the Kyrgyz Republic has not participated in more than 10 years. However, preparation for PISA 2025 cycle has begun, and is well reflected in EDP 2040 and has gained considerable political momentum.

Meanwhile, the new government and the newly appointed education minister are putting a policy emphasis on digital skills development enabling to participate in full capacity in 2025 PISA round. Subordinate education agencies of MoES, especially the KAE and the NTC, are expected to play a leading role. The government is aware that PISA can primarily be a powerful instrument for evidence-based education reform in addition to assessing absolutely and relatively education outcomes and learning productivity. Proper preparation for PISA participation may have a considerable effect on more systemic and long-term efforts through the current education reform.

In conclusion, the policy is sufficiently relevant and credible for budget support contract objectives to be largely achieved. Therefore the policy can be supported by the Commission with the proposed budget support contract.

2.3.3. Macroeconomic Policy

The Kyrgyz Republic is a lower-middle income country in Central Asia. The country is rich in natural resources, including minerals — mainly gold— and has abundant water for hydropower generation. The balance of the economy and the well-being of its population of 6.6 million are heavily dependent on remittances from its citizens working in Russia and Kazakhstan, which provide about 30% the national income. As a result, its economy is exposed to difficulties arising from developments in the world economy outside its control and from fluctuations in the production of gold which is its principal export. The national currency is the Kyrgyz Som (KGS). In the last years, Kyrgyzstan experienced a strong record of economic growth which helped the performance of social indicators to improve. However, this positive record was interrupted in 2020 due to COVI-19 outbreak. According to the World Bank poverty rate was increased from 20% in 2019 to 31% in 2020.

The economic impact of the pandemic in the Kyrgyz Republic was by far more severe than in any other Central Asian country: in 2020, economic activity contracted by 8.6% in Kyrgyzstan while in Kazakhstan recorded a modest decline of 2.6% and in the rest of Central Asian countries increased. These developments were further exacerbated by the civil unrest following the national elections in October 2020, the conduct of national and local election as well as Constitutional referendum in the first half of 2021, which established a new political system with enhanced Presidential powers. These events triggered a significant turn-over of persons in the administration including optimisation of key Ministries such as the merge of the Ministry of Finance with the Ministry of Economy in February 2021.

Despite these unprecedented challenges, macro-economic stability was maintained in the Kyrgyz Republic thanks to the prudent policies of the authorities and to the assistance by the international community. In 2020, the authorities managed to contain the widening of the fiscal deficit to 3.3% of GDP (from 0.1% of GDP in 2019). That was made possible through a 2.9% of GDP cut in non-essential expenditure (including a 1.5% of GDP cut in capital investments), while international support helped to bridge an external financing gap estimated to USD 450 million by the International Monetary Fund (IMF). In this adverse environment, essential spending was maintained, health and social expenditures were increased. Public debt increased to 68% of GDP (from 56.1% of GDP in 2019) and, according to IMF projections (June 2021), is expected to decline to 63.5% of GDP in 2023 provided that growth picks-up. On the back of the decline in imports the country recorded a current account surplus of 4.5% of GDP in

2020 which is expected to turn to deficit in 2021 (around 5.8% of GDP) as imports resume stronger. Inflation picked-up to 9% in 2020 reflecting supply constraints due to COVID-19 restrictions and the 20% depreciation of the Kyrgyz Som vis-à-vis the USD.

Over the last years and during the pandemic crisis, the Kyrgyz Republic has followed broadly appropriate macro-economic policies which are oriented toward macro-economic and financial stability. The authorities communicate regularly with the development partners on their planned economic policies and their execution. Macro-economic and statistical data are comprehensive and regularly updated online. The data broadly incorporate international methodological recommendations with adequate coverage and timeliness. The Trust Fund led by the World Bank and co-financed by the EU and Switzerland provides a technical assistance on macro-economic forecasting, planning and execution of the budget and on other areas. Furthermore, the government is receiving assistance from the World Bank for modernising its tax administration and improving revenue collection. The government is in discussion with the IMF for possible technical assistance in the area on tax exemptions and improving control over the wage bill while plans to improve public debt management are underway with the UN's assistance. In addition, the government has announced its intention to apply new electricity tariffs structure from September 2021 in an effort to contain the losses of energy companies (around 2% of GDP).

The risks to economic outlook are external but also domestic. In the first six months of 2021 the economy contracted by 1.7% compared with the corresponding period in 2020. It indicates that the recovery in 2021 is likely to be modest and be subject to risks (pace of vaccination, the evolution of oil prices, remittances and tourist inflows).

In 2021, the general government budget deficit is projected by the IMF to widen to 4.2% of GDP from 3.3% of GDP in 2020. Even though this moderate fiscal stimulus seems appropriate (reflecting capital spending needs), it is subject upside risks given the need for additional spending for supporting the Batken region and its habitants following the clash with Tajikistan (April 2021). The public debt stood at 68% of GDP at the end of 2020 with 90% of it being external. This poses a considerable vulnerability. The IMF considers the risk of debt distress as moderate provided that the authorities maintain the fiscal deficit at around 3% in the medium-term and continue to receive concessional financing from the international community.

Inflation is of concern as it remains at high levels (to 7.3% in June 2021) eroding further the purchase power of households. As it fundamentally follows the rise in international prices, the tightening of the monetary policy of the National Bank (from 5% in January to 6.5% in May 2021) might prove ineffective in containing inflationary pressures.

Finally, the government's decision to take over (May 2021) Kumtor's¹⁴ management and to enter into an open dispute with the operator and larger investor Canadian company Centerra Gold could endanger both the recovery of the Kyrgyz economy and the reputation of the country to investors. That would have a negative impact on foreign investments, which have seriously declined over the past two years.

The Kyrgyz Republic has reputable relations with the IMF. In 2020, the country made use of a total USD 242 million (under the Fund's Rapid Financing Instrument/Rapid Credit Facility) to face balance of payments difficulties related to the outbreak of the pandemic. The latest Article IV consultation was concluded on 8 June 2021 and the Staff Report is expected to be published in the following months. In the years prior to 2019 the country had benefitted from engaging in eight consecutive IMF funded-programmes with the last ending in April 2018. In the same vein, the country has benefitted from IMF-led technical assistance in a broad range of issues with an aim to strengthen its fiscal, monetary and statistical frameworks.

In conclusion, the authorities are pursuing a stability-oriented macroeconomic policy and the eligibility criterion is met.

2.3.4. Public Financial Management

The Public Finance Management (PFM) Reform Strategy for 2017-2025 and its two mid-term Action Plans 2017-2019¹⁵ and 2020-2022¹⁶ are based on the 2015 Public Expenditure and Financial Accountability (PEFA) recommendations. It is supported by the Second Project "Capacity Building in Public Financial Management in the Kyrgyz Republic" (RPMF-2) in the context of the Trust Fund led by the World Bank and co-financed by the EU and Switzerland. These documents of PFM Reform Strategy set a relevant and coherent policy reform framework that aims at comprehensive and transparent budget, an orderly and predictable implementation of the budget, and control in the use of public funds and skilled and

¹⁴ The Kumtor mine is the largest private-sector employer and taxpayer in the Kyrgyz Republic and the largest foreign investment in the country, having contributed 12.5% of Kyrgyz GDP in 2020.

¹⁵ Adopted in December 2016

¹⁶ Adopted in June 2020

professional government apparatus contributing to efficient public financial management. The enhanced PFM system is expected to contribute to improvements in the public service delivery. In the last years, there has been a notable progress in introducing technology based services, like e-procurement, digitalisation of input data for public services, including social allowances, submission of tax declarations, electronic payment of public services, accompanied by automated internal controls.

During 2020 and the first half of 2021, the implementation of the PFM Reform Strategy continued, however at lower pace than initially envisaged due to the unprecedented challenges that the country and the administration in the Ministry of Finance (MoF) faced: travel and border restrictions related to COVID-19, several MoF staff contracting the virus, preparation of two supplementary Budgets for 2020 as well as intensive technical discussions with the donor community and the IMF for bridging the financing gap that emerged in 2020.

The recent Government optimisation and changes in the MoF leadership along with the merge of the Ministry of Finance with the Ministry of Economy (constituting the MoEF from February 2021) and a short but destructive border conflict with Tajikistan (April 2021), which created the need for urgent re-allocation of resources to support Batken region, also affected the implementation of PFM reforms.

Despite the above challenging context progress in PFM Reforms is observed. The ongoing PEFA assessment at national and subnational levels is expected to be finalised by the end of 2021. It is anticipated that the findings and recommendations of new PEFA will inform necessary adjustments to the current PFM Action Plan.

Meanwhile, the key weaknesses encompassed by PFM Strategy and respective Action Plans are:

1. Credibility of the budget, notably composition of expenditure out turn compared to original approved budget;
2. Comprehensiveness and Transparency, notably extent of unreported government operations and the reporting of fiscal risks;
3. Policy-Based Budgeting, notably multi-year perspective in fiscal planning and macro-economic forecasting;
4. Predictability & Control in Budget Execution, notably monitoring of arrears and effectiveness of payroll controls;

In order to address the above mentioned shortcomings (1) and (3), the MoEF continues to introduce incremental improvements in the Treasury Management Information System software (IS-KAZNA), which allows the Treasury to relate each payment to specific programme via a program code. In the same context, the MoEF worked during 2020 and the first months of 2021 with support of an international consulting company, on development of methodological guidance for macro-economic forecasting, planning sectoral expenditures and compiling information on fiscal risks.

With regard to the comprehensiveness of the budget (2), the budgets of the Social Fund (SF), the Mandatory Health Insurance Fund and public universities are reported as extra-budgetary. A joint transfer plan of SF operations to a Treasury Single Account was approved in early 2020 and is being implemented in the course of 2020/2021. With regard to the expenditure arrears, the Government made preparations to start tracking and reporting on expenditure arrears in 2021.

With regard to the payroll system (4), Ministries and other organisations have begun loading all employee data into e-Kyzmat database with an aim to enhance the link between personnel records and a payroll.

COVID-19 impact and the political turmoil in 2020-2021 did not allow a timely implementation of some of the envisaged reforms. The authorities' crisis mitigating measures amounting to 7.2 percent of GDP included emergency health spending, a food security program, temporary tax deferrals and subsidised loans to small and medium enterprises, liquidity support to banks, deferrals of loan payments, and the temporary relaxation of capital and loan provisioning norms. Nevertheless, unemployment and poverty increased in 2020.

In 2021 the general government budget deficit is projected to widen to 4.2 percent of GDP subject to availability of financing. This reflects a cyclical recovery in tax revenue and improvement in tax compliance due to digitalisation of tax filings, a moderate decline in the public sector wage bill after accounting for the planned increase in wages of certain categories of public sector workers, and the budgeted increase in spending on goods and services and investment. This fiscal stance maintains the needed fiscal stimulus while preserving some fiscal space in view of the uncertain outlook. However, if sufficient financing cannot be mobilised, the authorities should identify contingency expenditure cuts while preserving health and social spending, and investment projects with the highest expected social and economic returns. Engaging with international partners to demonstrate their credible commitment to reforms would help mobilise more concessional resources given that higher domestic financing may increase borrowing costs.

More fiscal efforts will be needed to create room for spending on health, education, social assistance, and infrastructure. Options to achieve these objectives need to include improvement of excise taxation and the VAT refund system, reduction of tax exemptions and strengthening tax and customs administration, including through digitalisation. Consideration could also be given to improving the sales tax and the VAT. The ongoing modernisation

of the tax code is a good opportunity to implement some of these tax policy and administrative reforms to incentivise self-compliance and reduce the administrative burden on taxpayers.

The newly adopted Anti-Corruption Strategy 2021-2024 (October 2020) aims to address systemic corruption by enhancing the role of the civil society, strengthening transparency and accountability of public institutions, and improving trust in courts and law enforcement. These objectives can be supported by (i) improving governance and transparency of state owned enterprises; (ii) further strengthening the Anti-money laundering and countering the financing of terrorism (AML/CFT) framework; (iii) publishing comprehensive asset and income declarations by senior public officials and investigating illicit enrichment; and (iv) strengthening public finance management through automation and digitalisation. The revised procurement law envisages disclosure of beneficial owners in all public contracts, which is a welcome institutional reform. Full contracts with identities of beneficial owners, including for all emergency spending contracts, and audit reports should be published as committed under the Rapid Financing Instrument and Rapid Credit Facility (RFI/RCF). Improving efficiency and transparency of complaints handling would further strengthen the public procurement system.

In conclusion, the public finance management reform strategy is sufficiently relevant and credible, including on domestic revenue mobilisation, and the eligibility criterion is met.

2.3.5. Transparency and Oversight of the Budget

The entry point is met, as the enacted Government's budget was published on the 20 January 2021 at <http://www.minfin.kg/ru/novosti/byudzheta/zakony>. Transparency of the budget has been considerably enhanced since the relatively poor score of 20 in the Open Budget Index (OBI) of 2012. Government immediately sought to address all the issues raised by the Open Budget Survey (OBS) at that time.

Since 2013, the preliminary budget statement, Medium-term budgetary framework (MTBF), draft budget, and Budget Law as well as monthly, six-monthly, and annual reports on execution have all been timely published on the Ministry of Finance's website. MTBF and Budget Circulars and Citizen's Budget are also available at the respective MoF's website.

The Annual Audit Report of the Chamber of Accounts is timely published and available at the CoA and MoF websites: <http://www.minfin.kg/ru/novosti/otchet-po-ispolneniyu-byudzheta/esept-palatasynyn-auditinin-zhyvnytyktary>.

Public budget hearings (on draft budget and budget execution reports) contributed to increased participation of the civil society. Also, parliamentary oversight of the budget appears to be strengthening. This is reflected in the latest OBS results on 2019 data published in April 2020, with the overall OBI score increasing from 55 in 2017 to 63 in 2019. The Kyrgyz Republic has a public participation score of 33 (31 in 2017). The legislature and supreme audit institution in the Kyrgyz Republic, together, provide adequate oversight during the budget process, with a composite oversight score of 78 (74 in 2017).

Having transparency score above 61 indicates the country is likely publishing enough material to support informed public debate on the budget.

The Kyrgyz Republic has improved the availability of budget information by increasing the information provided in the Audit Report. However, the country should prioritise the following actions to further improve budget transparency, notably publish revised and updated estimates in the Mid-Year Review online in a timely manner; include in the Year-End Report debt and macroeconomic information; Improve the comprehensiveness of the In-Year Reports.

Since the COVID-19 outbreak in 2020, the EU Delegation has been actively engaged in promotion of budget transparency, participation and oversight when the government launched massive spending measures to address the pandemic. It is noticed that the rush to act tempted some authorities to forego informing and engaging the public on the steps they take. While the crisis demands swift and decisive action, it nevertheless requires honesty, transparency, engagement, and, in the end, public trust. In response, the Ministry of Finance published some data on funds received and spending to mitigate the pandemic impact on their website:

<http://www.minfin.kg/ru/novosti/novosti/informatsiya-o-raspredelenii-finansovykh-sredstv-o>

In conclusion, the relevant budget documentation has been published and the eligibility criterion is met.

3. DESCRIPTION OF THE ACTION

3.1. Objectives and Expected Outputs

The **Overall Objective** (Impact) of this action is to foster development of inclusive and equitable quality education as well as improvement of digital, media and green skills.

The **Specific Objectives** (Outcomes) of this action are:

1. More inclusive and equitable quality education;
2. Improved digital skills in school education;
3. Improved media literacy in school education;
4. Improved green skills in school education.

The **Induced Outputs** to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are:

- 1.1 Improved quality of teaching and learning in STEM in school education;
- 1.2 Improved quality of teaching and learning in reading and comprehension in secondary and primary education;
- 1.3 Improved quality of teaching and learning for students with special needs and integration of inclusive education in mainstream schools;
- 1.4 Reduced gender stereotypes of new teaching and learning materials and increased positive images of girls and boys to promote gender equality;
- 2.1 Students enabled to use a computer at school at least once a week to master digital skills in school education;
- 2.2 Improved quality of teaching and learning to master digital literacy in school education;
- 3.1 Integrated and improved quality of teaching and learning in media literacy in school education;
- 4.1 Integrated and improved quality of teaching and learning in green transition and sustainability.

The **Direct Outputs** are:

- 1.1 Additional fiscal space created by the transfer of funds and increased predictability of funds
- 1.2 Constructive policy dialogue and social dialogue with the education stakeholders
- 1.3 Improved sector policy performance and monitoring systems
- 1.4 Strengthened capacity of education duty bearers to maintain inclusive and quality education (complementary support)

3.2. Indicative Activities

Budget support will address the specific objectives through the policy dialogue and leverage to support necessary reforms, ensure government's full engagement, ownership and commitment, sufficient budgets, and budgetary planning coherent with the policy. It will also contribute to necessary changes in institutional and socioeconomic environment, including organisational flexibility, connectivity, attitudes in the Government and society, government spending, long-term regulatory outlook. Proposed activities related to **all outputs** include:

1. Continued policy dialogue with the Government, emphasising the specific objectives, results, disbursement conditions of the Sector Reform Performance Contract as well as the adequate implementation of the complementary measures;
2. Regular monitoring and policy dialogue on achievements of the education policy and quality education objectives, on macro-economic and PFM developments and budget transparency;
3. Preparation of the disbursement files and monitoring of performance targets and indicators to be used for disbursement;
4. Participation in the high-level education-related events, sector meetings, reviews and technical working groups.

Complementary Support will accompany budget support operation to strengthen the capacity of the relevant institutions in overall management and development of the sector and will target **all four specific objectives and outputs 1.1-4.1** of the Programme. More precisely:

Twining modality of a grant nature will contribute to institution building based on partnership cooperation between the MoES, its relevant subordinate institutions and the EU Member States institutions possibly through the accepted mandated bodies enabling national authorities to address current shortcomings under the **specific objective 1 and associated outputs**.

Proposed activities, among others, include:

- Advisory services to enhance co-operation, co-ordination and information sharing between different authorities involved in education process development and management;
- Consultations on development and implementation of education quality policy and regulation;
- Support to improve education services with regard to equality and inclusivity as well as development of digital, media and green skills along with greener budgeting and to strengthen resilience to COVID-19 and future crises;
- Best practice sharing and training of the MoES and other relevant bodies to plan, finance, deliver, manage and report on education quality progress, green procurement and budgeting.

Technical Assistance (direct management: procurement of services) will be focused at (i) strengthening the capacities of the national and local authorities to formulate, implement and monitor educational policy aiming at quality improvement, including sound financial management, resource allocation in the sector, as well as supporting productive policy and social dialogues with the EU, other Development Partners and education stakeholders; (ii) ensuring equitable access to quality education with emphasis on gender and disability; (iii) integrating “21st-century” skills that are needed for youth living and working in media- and information-rich societies, including STEAM skills; and (iv) ensuring that the principles of a greener education are mainstreamed in the curricula and in the planned investments by the use of green procurement and greening of education establishment.

3.3. Mainstreaming

Environmental Protection & Climate Change

Mainstreaming environment and climate change concerns as part of the decision processes of the MoES represents an important EU added value for the education sector in Kyrgyzstan. EU best practices in green procurement will support low carbon and low environmental footprint choices for improving access to ICT. Integrated and improved quality of teaching and learning in green transition and sustainability will improve the quality of education and offer new opportunities for greening the education sector. The programme intends to promote and integrate knowledge and skills on environment, climate change and sustainable development and lifestyles through schools; and enhance commitment of future generations to sustainable development.

Outcomes of the Strategic Environmental Assessment (SEA) screening (relevant for budget support and strategic-level interventions):

The SEA screening concluded that no further action was required.

The proposed budget support programme is not targeting environmentally sensitive sectors nor resulting in significant adverse impacts on the environment.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this action is labelled as G1. This implies that the programme will promote and mainstream gender equality in schools through reduction of gender stereotypes of new teaching and learning materials and increase of positive images of girls and boys to promote gender equality.

The Action is contributing to the specific thematic objective/outcome 6 “*Reduction in gender disparities in enrolment, progression and retention at all levels of education and lifelong learning for women, men, girls and boys*”, which also includes access to science, technology, engineering, mathematics (STEM) and digital education and training, under Thematic Area - *Promoting economic and social rights and empowering girls and women* of the Gender Action Plan III (2021-2025).

Although the Ministry of Health and Social Development of the Kyrgyz Republic is officially in charge of gender issues and is a coordinator for drafting and implementation of National Gender Equality Strategy 2021-2030, a set of measures are also attributed to the MoES as education (schools and textbooks) is one of the main agents of socialisation and plays an important role in shaping the stereotypes. The proposed programme will also encompass necessary measures to eliminate gender-blindness in the education process in cooperation with the MoES.

Human Rights

All activities under this Programme are designed and will be implemented in accordance with principles of good governance and human rights, gender equality and the inclusion of socially or economically deprived groups wherever these issues are of particular relevance to the institutions to be assisted.

There is a growing recognition among stakeholders that economic growth is not sufficient to sustainably reduce poverty if it is not inclusive, particularly in education sector.

When the country committed to the SDGs, it pledged to create a more equitable environment. The most marginalised groups are often invisible in society: disabled children, children in remote villages, and the very poor. Inclusive education should be viewed in terms of including traditionally excluded or marginalised groups or making the invisible visible. The proposed programme intends to pay a special attention to the efforts towards greater inclusive education in the country through a Call for Proposals for CSOs and Technical Assistance to promote social dialogue and actions contributing to human rights, protection, promotion and fulfillment by empowering rights holders and building the capacities of the duty bearers.

The human rights-based approach and its key principles (applying all human rights for all; meaningful and inclusive participation and access to decision-making; non-discrimination and equality; accountability and rule of law for all; and transparency and access to information supported by disaggregated data) will be integrated throughout the action. Particular focus will be given to inclusive policies targeting women and persons living in vulnerable situations, including [those left behind due to labour migration](#), and persons with disabilities.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the proposed programme will include efforts to address the most marginalised and leave no one behind, notably children with special needs/disabilities.

The main focus of the policy dialogue in 2019 and 2020 was on promotion of the rights-based approach, namely rights of disabled children. After ratification of the UN Convention on the Rights of Persons with Disabilities in early 2019, the authorities were helped to adopt the Concept of inclusive education development and associated Action Plan 2019-2023 addressing issues of the children with disabilities. It is one of the significant achievements towards SDG 4. In this context, the programme will continue to contribute to implementation of the Concept through the budget support dialogue and push to provide adequate teaching and learning for students with special needs and integration of inclusive education in schools.

Democracy

Kyrgyzstan's status declined from Partly Free (39) to Not Free (28) in 2021 Freedom in the World Index because the aftermath of deeply flawed parliamentary elections featured significant political violence and intimidation that culminated in the irregular seizure of power.

Following the 11 April 2021 Constitutional referendum, serious concerns were raised about the new Constitution that moves Kyrgyzstan, long considered among most democratic in the Central Asia, towards authoritarian rule by concentrating power in the hands of the president reducing parliament's role and minimizing checks and balances. Vague provisions prioritizing "moral and ethical values" could be used to restrict human rights, including freedom of expression.

Journalists and bloggers covering major events, including ongoing corruption cases, the COVID-19 response, and the October 2020 elections, faced intimidation, detention, physical attack, and interference as they conducted their work. Private discussion is generally free in the country, and prosecutions of individuals for the expression of personal views on social media are rare. NGOs are active in civic and political life. Public advisory councils were established in the parliament and most ministries in 2011, permitting improved monitoring and advocacy by NGOs. However, human rights workers, including those who support LGBTIQ people, and women's groups, face threats, harassment, and physical attacks. Ultrationalists have harassed international NGOs as well as domestic counterparts that are perceived to be favoured by foreign governments and donors. Defendants' rights, including the presumption of innocence, are not always respected, and evidence allegedly obtained through torture is regularly accepted in courts. Legal bans on gender discrimination in the workplace are not effectively enforced. Traditional biases also put women at a disadvantage regarding access to jobs and decision-making positions in public and private sector.

The proposed budget support intends to reinforce political dialogue and push to adhere to the EU fundamental values.

Conflict sensitivity, peace and resilience

Conflict sensitive and equitable education reduces the likelihood of violence; it gives the tools for peaceful problem solving. The programme intends to promote equitable education and system resilience through eliminating bias from

curricula/textbooks, support for teachers, remote learning. The programme will foster peace and protection through education and respect for diversity as well as include support to CSOs and social dialogue.

3.4. Risks and Lessons Learnt

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
Political and economic instability within the country and/or within the region disrupts the implementation of the Education Development Strategy 2021-2040	Risk 1	M	M	Continued political and policy dialogue with the Kyrgyz Government
The Government's socio-economic priorities fluctuate as a result of declining revenue streams	Risk 2	M	M	Close monitoring of macro-economic and public finance management policies together with IMF, World Bank and Asian Development Bank and other budget support providers.
Ineffective implementation capacity: insufficient human, institutional, and technical capacity to design education policy measures to address digital, green and media skills gaps and, once enacted, to carry them out; limited ability to build consensus and coordinate actions across the key economic and education agencies and ministries as well as subordinate bodies; inability to implement politically costly reforms such as carry out obligatory gender and non-discriminatory expertise of all new learning materials and their revision according to the recommendations, mainstreaming inclusive education and integration of children with disabilities in the education process.	Risk 3	M	M	<ul style="list-style-type: none"> • Twinning (peer-to-peer administration cooperation) to build management and technical capacity and share best practice; • Technical assistance (TA) to strengthen institutional and human resources within the MoES and related stakeholders; • TA to promote critical thinking and the 21st century skills, gender and non-discriminatory expertise; support to develop technical capacity to prepare relevant learning and teaching materials; • TA to help integrate the green transition and sustainability into school; • TA and Calls for Proposals (CfPs) to promote social dialogue, and teacher training in STEAM, digital, media and green subjects and teaching pupils with special needs; • BS potential to intensify necessary specific policy measures.
Lack of capacity to measure the indicators related to the education quality improvement. Quality of information and evidence-based sources are poor.	Risk 4	M	M	<ul style="list-style-type: none"> • Mobilisation of independent review mission and expertise to assess the performance and quality of programme indicators; • Twinning and TA to monitor education quality and ensure reliable data supply; • Joint sector review in the framework of ongoing Global Partnership for Education (GPE: WB, UNICEF, EU) to provide alternative education quality assessment reporting.
Financial fraud and corruption affect the effectiveness of Government and the rule of law	Risk 5	H	M	<ul style="list-style-type: none"> • Ongoing and upcoming EU TA and/or Twinning to support the reforms of Public Finance Management, including reduction of corruption, while prioritising and constraining expenditure, promoting transparency and accountability; • Strengthening CSOs engagement in budget transparency and

				accountability through CfPs; <ul style="list-style-type: none"> • Ongoing and upcoming EU support through Rule of Law programmes to curb corruption; • BS potential to intensify necessary specific policy measures and adhere to sound PFM implementation.
There is a risk that the democratic space might be shrinking given some signals in 2020/2021: <ul style="list-style-type: none"> – Vague provisions of the newly adopted Constitution (April 2021) prioritizing “moral and ethical values” could be used to restrict human rights, including freedom of expression; – 2020 Human Rights Report (HRR) highlights troubling backsliding in the GoK’s efforts to defend human rights. 	Risk 6	H	M	Intensified political dialogue; civil society roadmap and dialogue; priority areas of EIDHR CfPs.
Deteriorating public health due to the COVID-19 pandemic, which may lead to slow down of reform process and/or suspension of necessary interventions and linked to it school closures affecting education quality, access and equality.	Risk 7	H	M	Promote EU COVID-19 response actions, incl. support to national vaccination campaign through cooperation with WHO, ECHO, UNICEF. Promote and improve digital, blended and distance learning preparedness.
<p>Lessons Learnt:</p> <ul style="list-style-type: none"> • According to the external evaluation of the education budget support operations (2019) and the ongoing strategic evaluation of all budget support programmes in Kyrgyzstan (2021), since 2012 Education BS programmes have provided a stable environment and entry point in facilitating policy-led dialogue in the fields of education sector governance and systemic reform, which are assessed as being highly effective in supporting the policy dialogue. • The implementation of all three Education BS programmes has been satisfactory during the implementation period 2012-2020 with an average disbursement rate of nearly 95%. <p>The joint EEAS-Commission services’ note on ‘Leveraging the potential of budget support’¹⁷, which is built on a synthesis of 17 budget support evaluations carried out by the Commission globally, acknowledges that budget support provides a unique avenue to pursue dialogue on reforms, strengthen country systems and contribute to sustainable results, while promoting fundamental values. The EU global response to COVID-19 evidences how it has been instrumental in helping the country cope with the pandemic – quickly and meaningfully.</p> <p>Leveraging the potential of budget support also requires managing risks better and using the instrument with rigour, in accordance with the recommendations from the European Court of Auditors on data quality and on the design of variable tranches. An increased ratio in favour of variable tranches towards recommended average share of 70% is applied in this Action.</p>				

¹⁷ ARES(2021) 3830504 of 11/06/2021

3.5. The Intervention Logic

The underlying intervention logic for this action is that:

IF sector policy dialogue is effective and productive based on the constructive social dialogue with education stakeholders and CSOs and **IF** capacities of responsible national authorities, education stakeholders and CSOs are strengthened and **IF** advisory services and technical assistance recommendations focused on gender equality, inclusive and quality education and the 21st century skills development are translated into policy decisions and actions **AND** MoES allocates relevant staff members capable to implement these actions, **THEN** teachers will be able to improve quality of teaching and children will be able to improve quality of learning irrespective of gender and disability.

IF quality of teaching and learning in school education is improved paying special attention to gender equality and inclusiveness and social dialogue is properly maintained **AND** Finance and Education Ministries' financing efficiently and effectively supports teaching and learning, equity, gender equality and inclusion, **THEN** education system will be more inclusive and gender responsive, and functional literacy in STEM, reading, digital, green, media will be improved. This is **BECAUSE** key elements necessary for creating conducive environment for practical and functional skill set development will be made available.

IF education system is more inclusive and gender responsive, functional literacy in STEM, reading, digital, green, media are improved **AND** Government remains committed to the education reform, SDGs and is accountable and transparent, **THEN** development of inclusive and equitable quality education, along with improvement of digital, media and green skills will be fostered in more systematic and sustainable manner and more students will be satisfied by the quality of their education. This is **BECAUSE** necessary expertise and practice as well as evidence-based solutions along with lessons learnt what works and what does not will be in use to inform decision-making and sector policy development, implementation and financing and the proven improvement of functional literacy among the students will be made available to the population.

3.6. Logical Framework Matrix

At action level, the indicative logframe should have a maximum of **10 expected results** (Impact/Outcome(s)/Output(s)).

It constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

BUDGET SUPPORT MODALITY as reflected by the national/sector public policy supported (4 levels of results / indicators / Baselines / Targets / Source of Data - no activities)

Caveat: the indicators used in the Logical Framework refer to the budget support intervention logic. They help monitoring the implementation of the programme in view of its objectives and later evaluate its contribution to country policy's achievements. The list of indicators below should not be understood as the list of indicators informing the disbursement of variable tranches and spelled out in the relevant part of the financing agreement signed with the partner country, although some indicators may be used for both purposes and will be marked accordingly.

Results	Results chain	Indicators (max. 15)	Baselines	Targets by the end of the budget support contract 2026/2027	Sources of data (1 per indicator)
Indicative Impact of the policy	To foster development of inclusive and equitable quality education as well as improvement of digital, media and green skills	1. HDI, 2. GII* 3. Status of SDG 4.1	1. 0.697 (2019) 2. 0.369 (2019) 3. SDG 4.1: 40.2% of primary school students achieved a minimum proficiency level or higher in reading; and 48.5% of lower secondary school students achieved a minimum proficiency level or higher in reading and 35.1% in mathematics (2017).	1. 0.7 2. 0.38 3. SDG 4.1: 55% of primary school students achieved a minimum proficiency level or higher in reading; and 65% of lower secondary school students achieved a minimum proficiency level or higher in reading and 50% in mathematics	1. Human Development Report (UN) 2. Human Development Report (UN) 3. National Statistics Reporting on SDGs: https://sustainabledevelopment-kyrgyzstan.github.io/ and/or other relevant SDG progress reports of UN Agencies and MoES

Expected Outcomes of the policy	1. 1. More inclusive and equitable quality education	<p>1.1 Number of new textbooks, educational standards, curricular, teaching and learning materials, which are gender responsive;</p> <p>1.2 Number of public inclusive schools* (urban/rural);</p> <p>1.3 Number of children with disabilities studying in general public schools (disaggregated by sex, rural/urban);</p> <p>1.4 Percentage of students who reached a basic level or higher in STEM, reading and comprehension (disaggregated by sex, rural/urban)*.</p>	<p>1.1 Compulsory gender expertise of all new teaching and learning materials was adopted by the MoES in 2019. By mid-2021, 30 new textbooks and one new state educational standard are being reviewed for gender equality. 1.2 0 (2020).</p> <p>1.3 0 (2020).</p> <p>1.4 National Assessment of Education Progress (NAEP) in 2017: Only 35.1% of 8-grade students reached a basic level or higher in STEM and 48.5% in reading and comprehension; and 40.2% reached a basic level or higher in reading and comprehension in primary education.</p>	<p>1.1 All new textbooks, educational standards, curricular, teaching and learning materials are gender-responsive.</p> <p>1.2 At least 5 general public schools are inclusive and enrol children with disabilities (urban/rural).</p> <p>1.3 At least 5% of 1-grade students in inclusive public general schools are students with disabilities (by sex).</p> <p>1.4 At least 50% of 8-grade students reached a basic level or higher in STEM and 60% in reading and comprehension and 55% reached a basic level or higher in reading and comprehension in primary education (by sex, urban/rural).</p>	<p>1.1 List of educational standards, textbooks, curricular and teaching materials undergone gender expertise; Conclusions and recommendations of carried out expertise as well as further actions.</p> <p>1.2 MoES reporting, incl. a list of inclusive schools and list of children with disabilities enrolled (sex, urban/rural);</p> <p>1.3 MoES reporting, incl. a list of children with disabilities enrolled and dropped-out for the reporting period if any (sex, urban/rural);</p> <p>1.4 Updated PISA, NAEP and/or other relevant testing results.</p>
	2. Improved digital skills in school education	2.1 Percentage of students who reached a basic level or higher in digital literacy (disaggregated by sex, rural/urban)*	2.1 0 (2020).	2.1 at least 50% of 8- grade students of public schools reached a basic level or higher in digital literacy (by sex, urban-rural).	2.1 Relevant testing results of National Testing Centre and/or schools.
	3. Improved media literacy in school education;	3.1 Percentage of students who reached a basic level or higher in media literacy (disaggregated by sex, rural/urban)*	3.1 0 (2020).	3.1 at least 50% of 6-7- grade students of public schools reached a basic level or higher in media literacy (by sex, urban-rural).	3.1 Relevant testing results of National Testing Centre and/or schools.
	4. Improved green skills in school education	4.1 Percentage of students who reached a basic level or higher in mastering green skills (disaggregated by sex, rural/urban)*.	4.1 0 (2020).	4.1 at least 50% of 6-7- grade students of public schools reached a basic level or higher in green skills literacy (by sex, urban-rural).	4.1 Relevant testing results of National Testing Centre and/or schools.

Induced Outputs	<p>1.1 Improved quality of teaching and learning in STEM in school education;</p> <p>1.2 Improved quality of teaching and learning in reading and comprehension in secondary and primary education;</p> <p>1.3 Improved quality of teaching and learning for students with special needs and integration of inclusive education in mainstream schools;</p> <p>1.4 Reduced gender stereotypes of new teaching and learning materials and increased positive images of girls and boys to promote gender equality.</p>	<p>1.1 Status of the STEM teaching and learning tools and associated testing/assessment methods;</p> <p>1.2 Status of the competence-based teaching and learning tools for reading and comprehension, including associated testing/assessment methods;</p> <p>1.3 Number of schools with teachers of primary education trained and certified to teach children with special needs in general public schools (by sex, urban/rural);</p> <p>1.4.1 Number of experts trained and certified to carry out gender expertise;</p> <p>1.4.2 Number of gender expertise recommendations translated into decisions and actions.</p>	<p>1.1 MoES is developing competence-based STEM teaching and learning materials and PISA-like testing (2020)</p> <p>1.2 MoES is developing competence-based teaching and learning materials for reading and comprehension and PISA-like testing (2020)</p> <p>1.3 MoES is developing teaching and learning materials for special education (2020)</p> <p>1.4.1 17 gender experts were certified to carry out gender expertise and train teachers, textbook authors and other practitioners (April 2021)</p> <p>1.4.2 30 new textbooks and one new state educational standard are being reviewed for gender equality (June 2021)</p>	<p>1.1 The MoES has adopted competence-based STEM teaching and learning materials and PISA-like testing to improve functional literacy.</p> <p>1.2 The MoES has adopted competence-based teaching and learning materials for reading and comprehension and PISA-like testing to improve functional literacy in primary and secondary education.</p> <p>1.3 Teachers of primary education of 5 inclusive schools are trained and certified.</p> <p>1.4.1 At least 70 experts are trained and certified to carry out gender expertise and included in a special database of MoES.</p> <p>1.4.2 All gender expertise recommendations are accepted and reflected in the teaching and learning materials.</p>	<p>1.1 The MoES's Decision/Order to adopt competence-based STEM teaching and learning materials and functional literacy testing; Adopted STEM teaching and learning materials and tests.</p> <p>1.2 The MoES's Decision/Order to adopt competence-based teaching and learning materials for reading and comprehension and functional literacy testing; Adopted teaching and learning materials and tests.</p> <p>1.3 The MoES's Decision/Order to adopt teaching and learning materials for special education; adopted teaching and learning materials; a list of trained teachers and a list of certified teachers provided by the In-service Teacher Training Institute (TTI).</p> <p>1.4.1 MoES's database of certified gender experts.</p> <p>1.4.2 Conclusions of gender expertise and a list of revised materials.</p>
	<p>2.1 Students enabled to use a computer at school at least once a week to master digital skills in school education.</p> <p>2.2 Improved quality of teaching and learning to master digital literacy in school education.</p>	<p>2.1 Computer/student ratio in urban and rural public schools*;</p> <p>2.2. Status of the competence-based digital skills teaching and learning tools and associated testing/assessment methods.</p>	<p>2.1. 1/28 (early 2021)</p> <p>2.2 MoES is developing digital skills teaching and learning materials and PISA-like testing (2020)</p>	<p>2.1 Between 1/13-1/20.</p> <p>2.2 The MoES has adopted competence-based digital skills teaching and learning materials and PISA-like testing to improve functional literacy in secondary education.</p>	<p>2.1 MoES's reporting and schools statistics.</p> <p>2.2 The MoES's Decision/Order to adopt competence-based digital skills teaching and learning materials and functional literacy testing; Adopted teaching and learning materials and tests.</p>

	3.1 Integrated and improved quality of teaching and learning in media literacy in school education.	3.1. Status of the competence-based media skills teaching and learning tools and associated testing/assessment methods.	3.1 MoES is developing media skills teaching and learning materials and PISA-like testing. (2020).	3.1 The MoES has adopted competence-based media skills teaching and learning materials as well as PISA-like testing to improve functional literacy in secondary education.	3.1 The MoES's Decision/Order to adopt competence-based media skills teaching and learning materials and functional literacy testing; Adopted materials and tests.
	4.1 Integrated and improved quality of teaching and learning in green transition and sustainability.	4.1 Status of the competence-based green skills teaching and learning tools and associated testing/assessment methods.	4.1 MoES is developing green skills teaching and learning materials and PISA-like testing (2020)	4.1 The MoES has adopted competence-based green skills teaching and learning materials and PISA-like testing to improve functional literacy in secondary education.	4.1 The MoES's Decision/Order to adopt competence-based green skills teaching and learning materials and functional literacy testing; Adopted teaching and learning materials and tests.
Direct Outputs	<p>1.1 Additional fiscal space created by the transfer of funds and increased predictability of funds</p> <p>1.2 Constructive policy dialogue and social dialogue with the education stakeholders</p> <p>1.3 Improved sector policy performance and monitoring systems</p> <p>1.4 Strengthened capacity of education duty bearers to maintain inclusive and quality education (complementary support)</p>	<p>1.1 Disbursement level of the BS</p> <p>1.2.1 Extent to which policy dialogue outcomes are reflected in the decisions and actions;</p> <p>1.2.2 Extent to which social dialogue is effective to address education challenges;</p> <p>1.3.1 Level of progress of Education Action Plan (AP) 2023 and status of a successive action plan 2024-2026.</p> <p>1.3.2 Level of financing of APs 2021-2023 and 2024-2026;</p> <p>1.4 Status of EU Twinning programme, TA project(s) and CfPs/CSOs projects addressing capacity building and STEAM.</p>	<p>1.1 0</p> <p>1.2.1 0</p> <p>1.2.2 Public Advisory Council (represented by CSOs, HR activists, education practitioners) under the MoES has being functional since 2015.</p> <p>1.3.1 The Education Action Plan 2021-2023 was adopted in May 2021.</p> <p>1.3.2 The Education Action Plan 2021-2023 was adopted in May 2021.</p> <p>1.4 The projects are under preparation (2021).</p>	<p>1.1 At least 90% of variable tranche paid annually</p> <p>1.2.1 Policy dialogue outcomes are reflected in actions of AP 2024-2026;</p> <p>1.2.2 Social dialogue outcomes are reflected in actions of AP 2024-2026;</p> <p>1.3.1 At least 90% of AP2023 activities are carried out and successive AP 2024-2026 is timely adopted and achieves at least 90% of targets/indicators.</p> <p>1.3.2 At least 95% of AP2023 and AP2024-2026 are financed annually;</p> <p>1.4 EU Twinning, TA and grant projects are operational and achieve at least 90% of project indicators/targets and milestones.</p>	<p>1.1 EU disbursement reporting, National Bank's statement and MoF's treasury statement;</p> <p>1.2.1 Action Plan 2024-2026, Policy dialogue meeting minutes and conclusions;</p> <p>1.2.2 Action Plan 2024-2026, Social dialogue meeting minutes and conclusions;</p> <p>1.3.1 AP2023 progress report; adopted AP 2024-2026 and its progress reports;</p> <p>1.3.2 MoF's budget execution; MoES's financial reports;</p> <p>1.4 Twinning, TA, Grant project progress reports;</p>

4. IMPLEMENTATION ARRANGEMENTS

4.1. Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Kyrgyz Republic.

4.2. Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3. Implementation of the Budget Support Component

4.3.1. Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 27 000 000, and for complementary support is EUR 5 000 000. This amount is based on past experience and lessons learnt. The level of support should allow providing sufficient resources to advance reform implementation and consolidated achievements. The EU budget support is playing a key role in the sector modernisation and investments as well as in increasing the effectiveness of Government expenditure. The present Action will offer a fiscal space for the implementation of the newly adopted Education Development Programme 2021-2040. The annual disbursements under the proposed programme would represent approximately 2.5%- 3% of the annual Education budget of the Kyrgyz Government. This high amount will allow the EU to reaffirm its commitment to human development and keep its status as the primary development partner of the Kyrgyz Republic for education.

Leveraging the potential of budget support implies seizing any opportunity for dialogue with government counterparts, to promote reforms and pursue EU objectives. This is particularly relevant for budget support, which implies specific and tangible incentives for change, through the conditions and indicators governing payments.

The total amount allocated to the fixed (EUR 7 million) and variable (EUR 20 million) tranches are structured to intensify education outcomes in Kyrgyzstan. Thus, the percentage allocations are nearly 30% for the fixed tranche and 70% for the variable tranche to promote substantial incentive to address result-oriented and performance indicators attached to the variable tranches.

4.3.2. Criteria for Disbursement of Budget Support

a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Education Development Programme 2021-2040 and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities:

- Improved quality of teaching and learning in reading and comprehension as well as STEM in school education;
- Improved quality of teaching and learning for students with special needs;
- Reduced gender stereotypes of new teaching and learning materials to increase positive images of girls and boys to promote gender equality;

- Improved quality of teaching and learning to master digital and media literacy as well as green skills in school education.

Greater efforts will be made to engage in the policy dialogue and reinforce the need to develop a more coherent and effective system. Given that the other Development Partners have less engagement in the policy dialogue and are concentrated on downstream work such as curricula development, teacher training and procurement, the strategic issues of education quality and inclusiveness will be mostly supported by the EU, which will also promote quality of teacher training through certification and better learning outcomes to be demonstrated by the students at the end of the proposed Action.

c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors beyond their control. The use of this provision shall be requested by the partner country and approved in writing by the Commission.

d) Fundamental values

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

4.3.3. Budget Support Details

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Kyrgyz Som will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

4.4. Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹⁸.

4.4.1. Direct Management (Grants)

Grants: (direct management)

(a) Purpose of the grant(s)

The proposed **Twinning modality** implemented through grants will contribute to the institution building based on partnership cooperation between the targeted public administration and accepted mandated bodies of Member States with the purpose of achieving mainly **specific objective 1** '*More inclusive and equitable quality education*'. This objective is linked to the policy dialogue, planned and agreed reform process in the beneficiary country and capacity building of beneficiary administration enabling to put in place an effective mechanism to promote inclusive and equitable quality education. Secondment of a full-time Member State expert (Resident Twinning Adviser – RTA) and short-term expertise to a Beneficiary administration will enable to share best practice and know-how, to strengthen

¹⁸ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

capacity and guide for key decisions supporting the Kyrgyz Government and particularly the MoES to implement appropriate policy.

Call for Proposals will be focused on support to development of partnerships and strengthening social dialogue with civil society, not-state education actors, human rights defenders and youth activists in promotion of inclusive, gender responsive and quality education with special focus on STEAM, including issues of children with disabilities, gender equality, education sector transparency and accountability. The proposed Grant Scheme will contribute to achieving **specific objective 1** *'More inclusive and equitable quality education'*.

(b) Type of applicants targeted

The **Twinning** action will be implemented in direct management with an (or a consortium of) EU Member State Agency in accordance with Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union. Contracting Authority will circulate the Twinning Fiche, which constitutes the launch of the Call for Proposal, simultaneously to all Member States National Contact Points by e-mail (with a copy to the Twinning Coordination Team, specifying the deadline for the submission of proposals and the indicative date of the selection meeting). Member States shall prepare proposals based on the comparative advantage of their administrative system and the quality, experience and availability of public expertise required for the implementation of the project. Twinning is a joint project and it is not a one-way delivery of technical assistance from a Member State to a Beneficiary country. It is a joint project, in which each partner assumes responsibilities. The Beneficiary commits itself to undertaking and funding reforms, the Member State to accompanying the process for the duration of the project.

Eligible applicants for the **Call for Proposals** may include non-governmental and non-profit legal entities, and civil society organisations of Kyrgyzstan. Applicants may form partnerships if they wish with similar bodies legally established in EU Member States. The essential selection criteria will be the financial and operational capacity of the applicant and relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

4.4.2. Direct Management (Procurement)

The proposed technical assistance interventions totalling EUR 1 million will contribute to achieving **all four specific objectives** through strengthening the capacity of relevant national authorities by using the country's education policy.

The specific measures will be designed to strengthen key institutions and policy-making process. Capacity development needs will be assessed for that purpose and support provided to (i) promote effective, accountable and inclusive institutions, (ii) enhance the Finance and Education ministries' capacity to design, implement, monitor, evaluate and finance education policy and deliver better services to final beneficiaries (rights holders); (iii) promote the active engagement of relevant domestic stakeholders in policy design, implementation and monitoring; (iv) strengthen the national monitoring and evaluation framework, including statistical system.

4.5. Scope of geographical eligibility for procurement and grants

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

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6. Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)
Budget support - cf. section 4.3	27 000 000

Implementation modalities – cf. section 4.4	
Objective 1: More inclusive and equitable quality education; composed of	3 550 000
<i>Grants (direct management) – cf. section 4.4.1: Twinning modality</i>	2 000 000
<i>Grants (direct management) – cf. section 4.4.1: CfPs for CSOs/NGOs</i>	1 750 000
Objectives 1- More inclusive and equitable quality education, 2- Improved digital skills in school education; 3 - Improved media literacy in school education; and 4- Improved green skills in school education; composed of	1 000 000
<i>Procurement – total envelope under section 4.4.2¹⁹</i>	1 000 000
Evaluation – cf. section 5.2	250 000
Audit – cf. section 5.3	
Contingencies	N.A.
Total	32 000 000

4.7. Organisational Set-up and Responsibilities

The EU Delegation to the Kyrgyz Republic constitutes the Contracting Authority for the Education SRPC. The MoES of the Kyrgyz Republic and the MoEF of the Kyrgyz Republic are the principal counterparts.

A Steering Committee, chaired by the MoES of the Kyrgyz Republic and co-chaired by the EU Delegation, will be responsible for oversight of the Education SRPC and policy dialogue. The Steering Committee will include as a minimum: MoES, EU Delegation, MoEF and civil society organisations.

A Project Steering Committee will be convened for the Twinning Project. The exact composition of the Committee will be agreed with the beneficiaries, respective EU Member States and the Contracting Authority during the Inception Phase of the project. The Chair of the Committee will be taken by the MoES and co-chaired by the responsible EU Member State.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action.

5. PERFORMANCE MEASUREMENT

5.1. Monitoring and Reporting

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

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

Roles and responsibilities for data collection, analysis and monitoring:

The MoES of the Kyrgyz Republic and the MoEF as the main implementing partners under Budget Support component will be responsible for performance monitoring and reporting during the Steering Committees and

¹⁹ In order to avoid details on budgets for individual contracts, it is sufficient to indicate the total envelop for procurement. If budgets for individual contracts are public, tenderers tend to orientate themselves on them and not on the terms of reference.

independent review missions. The disbursement request along with a self-assessment report based on proven progress and data for year N shall be submitted by the MoEF indicatively by end of Q2 of year N+1 annually.

The statistical and monitoring systems as well as the quality of official data in the policy field covered have been assessed. This assessment has fed into the design of the action as follows:

The Development Partners, incl. IMF, reported that statistics data provision is adequate for surveillance. It is also noticed that Kyrgyzstan has developed gender-disaggregated statistics enabling to routinely assess progress. Moreover, the recently launched WB-funded Tax Administration and Statistical System Modernisation Project (USD 35 million, 2021-2025) to operationalise the newly adopted Law on Official Statistics and associated regulatory reforms, digitalise administrative data, modernise IT system, improve interoperability of government systems, streamline business process for greater data utilisation and strengthen capacity will bring statistics services up to international standards.

There are also additional institutions responsible for collecting, compiling and disseminating macroeconomic and other statistics such as the MoEF and the National Bank. They have legal and institutional environments that support statistical quality, and their respective staff are well-versed in data collection and analysis. When it comes to education-related data-collection, the MoES has been addressing this issue through the development of EMIS. The database is an internet-based and partially operational. It has different levels of access for MoES staff, school staff, donors and general public. The population of EMIS has been progressed and is now an integral part of inter-agency electronic/interoperability system "Tunduk", which connects all state bodies for data collection, exchange and reporting. The MoES intends to continue efforts to develop a robust education management information system, which will allow for more complete, accurate and timely data for decision-making at all levels.

5.2. Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this programme includes combination of the Budget support and Twinning modality.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The Commission shall inform the implementing partner at least 30 days in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination²⁰. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.3. Audit and Verifications

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

²⁰ See best [practice of evaluation dissemination](#)

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

APPENDIX 1 REPORTING IN OPSYS

An Intervention²¹ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities'. The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention is defined in the related Action Document and it is revisable; it can be a(n) (group of) action(s) or a (group of) contract(s).

Tick in the left side column one of the three possible options for the level of definition of the Primary Intervention(s) identified in this action.

In the case of 'Group of actions' level, add references to the present action and other action concerning the same Primary Intervention.

In the case of 'Contract level', add the reference to the corresponding budgetary items in point 4.6, Indicative Budget.

Option 1: Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Option 2: Group of actions level		
<input type="checkbox"/>	Group of actions	N/A

²¹ [ARES \(2021\)4204912](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including 'action' and 'Intervention' where an 'action' is the content (or part of the content) of a Commission Financing Decision and 'Intervention' is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).

Option 3: Contract level

<input type="checkbox"/>	Single Contract 1	N/A
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