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ANNEX

to the Commission Implementing Decision on the financing of the annual action plan in favour of the Kyrgyz Republic for 2022

Action Document for Green Economy Programme 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	Green Economy Programme in the Kyrgyz Republic OPSYS number: ACT-60977 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 all the regions of the Kyrgyz Republic with project team based tentatively in Bishkek.
4. Programming document	Multi-Annual Indicative Programme (MIP) for the Kyrgyz Republic 2021 – 2027 ¹
5. Link with relevant MIP(s) objectives/expected results	Priority Area 3 – Green and Climate Resilient Economy SO 3.2 - Green Business Development and Green Economy
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 3 Green and Climate Resilient Economy; sector green economy (DAC Code: 250 – Business & other services)
7. Sustainable Development Goals (SDGs)	Main SDG: SDG 12 Responsible Consumption and Production - Ensure sustainable consumption and production patterns Other significant SDGs : SDG 8 Decent Work and Economic Growth – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all SDG 12 Responsible consumption and production SDG 13 Climate Action – Take urgent action to combat climate and its impacts

¹ https://ec.europa.eu/international-partnerships/system/files/mip-2021-c2021-8987-kyrgyz-republic-annex_en.pdf

	SDG 5 Gender Equality – Achieve gender equality and empower all women and girls			
8 a) DAC code(s)	250 – Business & other services – 10% 230 – Energy – 10% 311 – Agriculture – 30% 332 – Tourism – 30% 410 – General Environment Protection – 20%			
8 b) Main Delivery Channel	Private sector institutions – 6000 NGOs and civil society – 2000 Public sector institutions – 10000 Others – 90000			
9. Involvement of multilateral partners	No			
10. Targets²	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
11. Markers (from DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

² Actual contribution to targets will be confirmed ex-post based on a standardised methodology.

	Climate change adaptation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
12. Internal markers³ and Tags⁴:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<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"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input 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"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
13. Amounts concerned	Budget line(s) (article, item): 14.02.01.30 Total estimated cost: EUR 9.5 million Total amount of EU budget contribution: EUR 3 million This action is co-financed in joint co-financing by: <ul style="list-style-type: none"> - The Federal Ministry for Economic Cooperation and Development of Germany, abbreviated BMZ, for an amount of EUR 4.5 million. - Swiss Agency for Development and Cooperation, abbreviated SDC, for an amount of EUR 2 million. 			
MANAGEMENT AND IMPLEMENTATION				
14. Type of financing⁵	Indirect management with an EU Member State Agency – Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). The entity will be selected in accordance with the criteria set out in section 4.3.1.			

³ The internal markers have been created to report on the implementation of the Commission's own policy priorities in areas where no DAC reporting tool is available. For the sake of consistency and comparability, the methodology is equivalent to the DAC markers, with three possible positions (main target, significant target, not targeted)

⁴ Methodology for additional tagging providing granularity on internal markers is under development.

⁵ Art. 27 NDICI

1.2 Summary of the Action

The overall objective of this Action is to contribute to support the transition towards an inclusive green economy that benefits the well-being of the Kyrgyz population.

The overall objective is pursued through three specific objectives: 1. Integrate environmental, social and private sector issues into the development of evidence-based employment-oriented green economy policies; 2. enhance capacities of Micro, Small and Medium Enterprises (MSMEs) in the supported intervention areas to employ economically, socially and environmentally beneficial green economic practices; and 3. increase capacity of associations, public institutions, non-governmental organisations (NGOs), universities, media institutions in the Kyrgyz green economy in advanced communication for social and behavioural change (CSBC) to promote products and services, greener lifestyles, pro-environmental behaviour amongst promising selected target groups.

The intervention is directly linked to Priority Area 3, Green and Climate-Resilient Economy in the MIP for Kyrgyzstan 2021-2027. The Action will contribute to its specific objective 2, supporting the development of green business and economy holistically via state-building, private sector development and consumer awareness-raising.

Considering the emphasis on promoting an inclusive green economy, the Action will serve the Agenda 2030. In particular, it focuses on SDG 12 that calls for responsible consumption and production, but also builds synergies with other SDGs, including decent work and economic growth (SDG 8), climate action (SDG 13) and gender equality (SDG 5). The Action contributes significantly to DAC markers Aid to environment and gender equality and women's and girl's empowerment, and all RIO Convention markers: biological diversity, combat desertification, and climate change mitigation and adaptation.

The Action will be co-funded by the Federal Ministry for Economic Cooperation and Development of Germany (BMZ) and Swiss Agency for Development and Cooperation (SDC). For the joint goal and action, the EU, Germany and Switzerland, will mobilise their resources and build synergies on their long-term expertise in and experience with working with the public and private sectors as well as with the civil society and non-governmental organisations in Kyrgyzstan to support private sector development, and environmental and climate actions.

2. RATIONALE

2.1 Context

Kyrgyzstan is a lower-middle income country with one of the lowest gross domestic products among Central Asian countries. Economic growth averaged 4.2% over 2015–2019 but was subject to fluctuations. The COVID-19 pandemic had a stronger impact on Kyrgyzstan than on other Central Asian countries and led to a sharp recession in 2020 with a decline in GDP of 12.7% compared to 2019, public debt rising annually by 16.5 % of GDP to 68 %, and the Kyrgyz Som depreciating by 19 % against the US Dollar. The economy was able to recover in 2021, with GDP growth in that year reaching a level of 3.6%, mainly due to the service and industry sectors. Nevertheless, results of the first quarter of 2022 again showed a significant reduction in economic growth due to Russia's war of aggression against Ukraine. The economy is projected to contract by 5 percent largely due to a projected 33 percent decline in remittance inflows and a fall in investment spending. Inflation is projected to remain high at about 18 percent by the end of 2022 but is expected to moderate to 8 percent by the end of 2024. Macro-economic stability was preserved thanks to the prioritised spending of the Kyrgyz government and the support of the international community. In early 2022 the Kyrgyz government created an anti-crisis committee alongside an anti-crisis response plan for 2022-2026 which according to current estimates foresees expenditures of 126 billion Soms (over EUR 1.5 billion) amongst others for support to the private sector and measures to diversify imports of essential goods. However, it became clear that Kyrgyzstan will not be able to cope with another external shock of this magnitude, as the remaining economic and fiscal counter measures of the government are limited.

In the medium to long term, the main challenge for Kyrgyzstan is to create sustainable jobs for about 65,000 new jobseekers annually and to reduce labour out-migration. However, this will require deep structural reforms to transform the economy from a reliance on remittances to more diversified and private sector-driven growth that is

underpinned by higher investment, exports, and strong democratic co-determination, ensuring inclusive green sustainable development. The new administration announced an ambitious reform programme to modernise the economy with green and digital ambitions and to fight corruption. The Kyrgyz Government's new mid-term Development Plan (2022-2026) is in line with the National Development Strategy (NDS) 2018-2040⁶ and it adheres to principles of systemic changes towards responding to crisis, optimisation of resource use, digitalisation, regional development, good governance, enabling business environment and green economy.

The socio-economic impact of COVID-19 has been quite significant as it has led to a loss of income, loss of jobs, reduction in remittances, higher consumer and food prices. Combined with inadequate healthcare and other social services, Kyrgyzstan's present socio-economic development is volatile and unprecedented. Private businesses and the population have suffered considerably. According to World Bank analysis, one of two citizens slipped below the national poverty line for some time in 2020 and, on an annual basis, poverty has significantly increased to 31% of the population. The United Nations suggests that the COVID-crisis may cost six years of progress towards the SDGs. At the same time, it also acknowledges that the pandemic offers opportunities to make progress in tackling some of the country's sustainable development challenges: by greening its economic patterns, making them more inclusive, and exploiting digital developments. In addition to the pandemic, Russia's war of aggression against Ukraine has since its beginning in February 2022 also begun to negatively affect the Kyrgyz economy, including amongst others through a reduction in the inflow of remittances, a devaluation of the Kyrgyz Som, increases in food prices etc. While its negative impacts were soon felt, its long-term effects are yet to be seen.

The pandemic and Russia's war of aggression against Ukraine have shown how Kyrgyzstan's vulnerability to shocks has increased due to an economic growth pattern that relies heavily on migration and remittances, a limited number of large capital-intensive enterprises, and the dependency of large sections of the workforce on the re-export market, as well as other semi-formal forms of unprotected employment. This growth model has come with high social costs. A whole-of-government approach to making growth more inclusive and environmentally sustainable is required. This is essential also to lessen the potential for polarisation and promote greater resilience.

In past decades, the development of Kyrgyzstan was aimed at achieving socio-economic growth through intensive use of natural resources, including scarce resources like water in catchment areas. Major drainage systems of Central Asia originate from glaciers and tributaries in Kyrgyzstan which are significantly affected by climate change and overused as a resource base, thus creating a problem that has implications for a much larger region. Along with more resource efficiency, adaptation to climate change is crucial as Kyrgyzstan is among the countries in Central Asia that are most susceptible to climate change and climate-related risks threaten peace, security and the successful development of the country over the short and long term. Continuing along this trajectory to seek economic growth, without considering ecological and social factors, would be harmful to both current and future generations. Therefore, the transition towards an inclusive green economy (GE), which results in improved well-being and social equity while significantly reducing environmental risks and ecological scarcities is key for the sustainable development of Kyrgyzstan. With the growing environmental pressures and the visible increase in air pollution especially in Bishkek, environmental topics are becoming more important matters of public interest.

The green economic approaches implemented by the project will principally be based on the definition of Green Economy as outlined by the United Nations Environment Programme (UNEP) and applied in the national Green Economy Programme by the Kyrgyz Government. In practice it will entail activities that actively reduces CO2 emission, respects and minimises use of natural resources, abstains and minimises pollution in agriculture and tourism, reduces waste, introduces technologies to save energy, orients to alternative sources of energy use, and addresses climate risks and its implications for adaptation measures. The project will also emphasise on supporting development of policies, financing possibilities and generation of information that will guide its Kyrgyz partners to effectively implement aforementioned measures.

The transition towards a greener economy remains a high priority in the country's development agenda and since 2016 Kyrgyzstan has been a member of the Global Partnership for Action on Green Economy (PAGE), a joint initiative of five UN agencies. For the transitioning process, access to green and sustainable financing mechanisms is vital and first regulative steps are currently being taken. Unlike most of its neighbouring countries, Kyrgyzstan is

⁶<http://donors.kg/en/strategy/5174-national-development-strategy-of-the-kyrgyz-republic-for-2018-2040#:~:text=2040%20%2D%20Donors.kg-.NATIONAL%20DEVELOPMENT%20STRATEGY%20OF%20THE%20KYRGYZ%20REPUBLIC%20for%202018%2D2040,created%20for%20the%20first%20time.>

however not fully using the opportunities of available global green financing mechanisms. The population, government, academia, and the private sector are inadequately equipped to efficiently put the existing progressive policies into practice and master the transition into a greener economy. The full potential of Kyrgyzstan to become a front runner in greening its country and economy is not yet harnessed. Benefits and opportunities of a green economy for Kyrgyzstan need to be further mainstreamed into policies, private sector development and amongst the Kyrgyz population.

In addressing these challenges, the EU, BMZ and SDC intend to cooperate and pool resources for the common purpose of supporting Kyrgyzstan on its path towards an inclusive green economy.

The programme contributes to the Agenda 2030, particularly to SDG 12 that calls for responsible consumption and production and SDG 8 decent work and economic growth. Also, there are synergies with other SDGs, including SDG 13 climate action and SDG 5 gender equality. The programme is in line with the principles identified in the new European Consensus on Development⁷, the EU Strategy for Central Asia⁸ and the EU Green Deal⁹ and the external dimension of the EU Circular Economy Action Plan (EU CEAP)¹⁰.

2.2 Problem Analysis

Kyrgyzstan's economic system is highly informal and is currently characterised by limited public-private dialogue, regulatory and enforcement constraints that limit economic growth, employment and the creation of pro-social and environmental synergies. Critical impediments for further private sector development as identified by the private sector are skills and attitude, legal uncertainty, corruption, market accessibility, and access to finance. In addition, efforts towards higher resource efficiency are hampered by low prices for electricity and water. Businesses need framework conditions as well as access to technologies, knowledge and finance in order to be able to initiate a transition towards a greener economy. However, in Kyrgyzstan, these opportunities for MSMEs to transform their business models are still limited and banks and other service providers do not yet offer green products or business advisory services that appeal to the businesses or consumers. Consumers hence have little choice and awareness to consume sustainably and demand for cheap affordable products and services remains high. This policy environment and economic production and consumption patterns pose a challenge to internalising social and environmental costs and operationalising social and environmental wellbeing in economic development.

Despite tremendous progress over the past decades, unemployment, underemployment and precarious job and livelihood conditions remain major causes of poverty. Future proof businesses can create sustainable employment possibilities and be the engine of economic growth and wellbeing. However, a prevailing focus on (global) competitiveness and quantitative growth of GDP, jobs and private sector income is a root cause to environmental and social externalities as well. It incentivises unsustainable practices and natural resources are depleted at a worrying rate, thus challenging the long-term development perspective of Kyrgyzstan. The country's socio-economic development is primarily based on the consumption of natural resources. So far, trickle-down effects from economic growth to enabling wellbeing for all remain limited and may not materialise sufficiently with the recent economic paradigm in Kyrgyzstan.

The agriculture sector, which employs the most people, is less aware of sustainable practices to curb its contribution to environmental degradation, sustain the very resources it relies on and improve its impact on wellbeing. Furthermore, the anticipated climate change will have a significant impact on the livelihoods, living and health conditions of the population. Increasing scarcity of water, unsteady occurrence of precipitation late spring frost and heat waves will affect economic and especially agricultural activities throughout the country, making adaptation measures a necessity for any long-term planning, especially in the agricultural sector. Changes to the energy consumption structure are a game changer, but tangible incentives for businesses and private households to switch to renewable energy sources or implement energy efficiency measures are still limited.

⁷ https://ec.europa.eu/international-partnerships/system/files/european-consensus-on-development-final-20170626_en.pdf

⁸ <https://www.consilium.europa.eu/media/39778/st10221-en19.pdf>

⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1576150542719&uri=COM%3A2019%3A640%3AFIN>

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=COM:2020:98:FIN>

Two thirds of total environmental pollution occur in the food and agriculture, housing and construction and mobility sectors. Kyrgyzstan's promising tourism sector in turn relies on intact natural environments and with increasing investment in tourism infrastructure and positive trends of positioning Kyrgyzstan as an adventure destination, the number of tourists (both domestic and international) will potentially increase along with the environmental challenges.

Sustainable and green consumption and production models can only be achieved with the commitment from the government, including provinces and municipalities, sectoral policy areas, actions by the private sector, service providers, scientific communities, and societal groups with a bigger environmental and social footprint. Government, consumers, businesses, civil society (organisations) and media all have a vital role in creating new green and inclusive narratives and advance economic paradigm shifts.

Policy Environment

In terms of green policy making the Kyrgyz Government has confirmed its commitments and is planning a new midterm strategy to continue its orientation towards a Green Economy, which it understands as “an economy that results in the improvement of people's welfare and the enhancement of social equity with the concurrent significant reduction of risks for the environment, while conserving and multiplying natural capital, efficiently using resources and incentivizing the conservation of natural ecosystems of the country” . The State Committee on Ecology and Climate (SCEC) and the existing Coordination Council on Climate Change, Ecology and Sustainable Development has garnered more attention. The state committee is now merged as a primary department at new Ministry on Natural Resources, Ecology and Technical Supervision (MNRETS), while the council is headed by the Head of Cabinet of Ministers. The Head of the Council is supported by three deputies the Deputy Head of the Cabinet of Ministers, a deputy from MNRETS and the Head of the President Administration responsible for political and economic research respectively. These are important steps for improving coordination, particularly on partnering efforts on dealing with climate change.

However, there are big gaps between the urban centres and regional structures, as well as Ministries and Local Governments on the matters of deliberation, coordination, understanding and implementation of desired actions, resulting in, for example, lacking harmonisation among existing and forthcoming legislative documents. There is insufficient knowledge and lack of evidence-based policymaking, political and societal dialogue and limited technical capacity among policymakers and line ministries. Overcoming these shortcomings necessitates a holistic, evidence-based and deliberative approach to support green economic policymaking that integrates results from future visions on the ground with sound assessments, feedback from service providers, the private sector, non-governmental organisations and academia.

There is weak coherence and a lack of coordination mechanisms between national, sub-national and local government levels. Missing dialogue formats and exchanges prevent private sector and non-governmental organisations providing their respective perspective and spell out sector endemic challenges in policymaking, which is quintessential for robust policy development. To ensure continuity beyond the duration of the Programme, it is imperative to introduce and institutionalise such dialogue formats and exchanges not only on all levels of government but also within the civil society structures engaged in the public sphere. Kyrgyzstan is also pursuing ambitious plans for the digitisation of its administration. This also offers entry points for sustainability topics, especially for the modernisation of the food safety system.

In terms of access to green and sustainable finance the “Roadmap for introduction of sustainable finance principles in the financial sector in the Kyrgyz Republic” as well as the foreseen National Green Finance System are first important steps; however, the actual implementation of the policies falls short of expectations. Kyrgyzstan is lagging in effectively providing access and using international green financing possibilities. Along with this, there is no favourable regulative environment for banks and microfinance institutions to incorporate environmental, social and governance aspects and green financing services.

Micro-, Small and Medium-sized enterprises

MSMEs are the backbone of Kyrgyzstan's private sector and a key employment provider, mostly in rural areas in sectors such as subsistence agriculture and in other areas of low productivity. However, economic growth has been primarily driven by resource-intensive industry and remittances. Thus, there is an urgent need to diversify and innovate economic and employment opportunities of MSMEs with a focus on environmental and social wellbeing. Currently the main financial value addition and quantitative employment effect in the agricultural value chains comes from export-oriented production. However, there is also potential for diversification and innovation in production methods that are sustainable and resilient towards climate-, geopolitical-, and economic crises, improve resource efficiency, circularity and the use of viable renewable energy sources. These potentials are still underused in the country, though, and demand for corresponding technologies cannot be taken for granted. There are very different

and partly conflicting motivations, and uncertainty about the effects of different business models on wellbeing remains high. Understanding (problem structuring) and reducing such conflicting values and uncertainties (deliberation, social learning, visioning, ‘consensing’) remains vital for identifying and pursuing socially robust transformative options.

Kyrgyzstan plans to increase the share of tourism from the current 5.3% to GDP to 7-10% by 2023, and the first quarter data of 2021 indicates positive trends with larger tourism arrivals as well as a higher contribution to GDP compared to 2020. However, 2020 saw the employment-intensive local tourism sector being one of the hardest-hit by the effects of the pandemic, and the long-term impact of Russia’s war of aggression against Ukraine is yet to be seen. These crises create both an urgent need and promising opportunities to re-build the industry more sustainably. Tourism businesses, especially from Kyrgyzstan’s vast community-based tourism (CBT) segment, increasingly see the benefit of turning towards green and sustainable products and services, such as improved waste management or solar technology to heat water or generate energy. However, knowledge about and investment access to such possibilities remains limited. One limiting factor across all value chains is the lack of access to affordable finance and financial literacy. Though financial institutions are becoming more interested in an integrated approach where e.g., in the agricultural sector advice accompanies production processes to ensure higher returns for inclusive green models, there is still a vast need and untapped potential for the development of green financing services. On the part of MSMEs, to access dedicated green funding options, coordinated efforts need to be made to establish green and climate-resilient production processes as well as re-orient respective operational and strategic planning. At the same time, financial institutions in Kyrgyzstan must understand the specifics and financial parameters of the new inclusive green business models and how to respond to these in their product offerings. Open questions remain in how far national to local governments can shape economic environments that ensure higher returns for high social and environmental performance and negative balances for creating respective externalities. This is important to allow fair and transparent pricing mechanisms for MSMEs where locally and sustainability produced products are not more but less expensive and affordable for local markets. Regulating access to finance and shifting taxes and subsidies to benefit high inclusive green performance are possible instruments that highly depend on strong political will.

Citizens

The transformation towards a green economy depends very much also on societal values (what’s important?), social norms (what’s normal?), attitudes (what’s good or bad?), beliefs (what’s true?), behaviour (what to do?) and the narratives shaped by these dimensions. The more relevant segments of society would be convinced that e.g., using unprocessed natural local seasonal food is normal, the higher the chances for local sustainable agricultural products on local markets. The same applies to investments into renewable energy, energy efficiency, preferring sustainable holidays, fair circular products, reducing waste, etc.

There is an increasing number of initiatives at the local level where individuals or a small group of residents are introducing green measures within their communities and municipalities. Concerning market demand for green products and services, the awareness for sustainable consumption is gradually increasing in terms of healthy, local, and organic food or green tourism services. As a result, e.g., several food shops in affluent parts of Bishkek are offering locally and sustainably produced products and some tourism providers have started integrating and communicating about sustainability measures. The interest in green certification and voluntary sustainability standards is also slowly increasing on the local market and these trends are also on the rise in countries such as Kazakhstan and Russia, prompting another untapped market opportunity. For Kyrgyz MSMEs, however, to tap into such local and regional markets, a multitude of advisory services and investments is expected to be needed.

Whilst most part of the population may have heard of the “buzzword” Green Economy, many do not have a clear understanding of the benefits and tangible steps that can be taken at an individual level, be it as consumers, citizens or smallholder producers. There is a lack of understanding that the society shares a common opportunity in becoming more sustainable and that itself plays a decisive role. For people who would have choices, understanding needs to be fostered that through their purchasing behaviour and lifestyle, they have an influence on the economic viability and, therefore, the uptake of sustainable production methods. Convincing lifestyle narratives can be strengthened that are based on the realities and participative visions of key audiences who can make a difference with their lifestyle. Many citizens of the Kyrgyz society still need to use large parts of their resources for securing subsistence. Hence, incentives to produce and consume cheap are strong. Influencing markets towards sustainability by consumer preferences thus strongly depends on clearly affordable consumer options. More importantly, sustainable products and services need to be equally or less expensive. Green investments need to pay back soon, without major shortfalls for day-to-day needs.

To achieve the objectives of the Programme, there is a need for an extensive partnership between the public and private sector, academia, financial institutions, media producers, local and municipal authorities, NGOs and civil society representatives. The main stakeholders are described below.

The Ministry of Economy and Commerce (MoEC) is assumed to remain the key political partner for the Programme and a vital actor in the area of green economy. The MoEC ensures inter-agency coordination of all stakeholders in the field of (green) economic development and is tasked to integrate green economy issues into long- and medium-term strategic documents of the country. All activities within this Programme will be coordinated with the MoEC, who is also the main coordinating state body in the implementation of PAGE in Kyrgyzstan. For the implementation of this Programme, MoEC is foreseen to function as executive power responsible for developing and implementing state policies in the areas of entrepreneurship development, public procurement, supervision and regulation of the non-banking financial market, as well as the tourism industry. Furthermore, the Ministry is recently designated to be responsible for regional development, which is highly relevant given the sector-oriented approach of the programme.

For interventions within the tourism sector, the **Department of Tourism (DoT) which is now under the Ministry of Culture, Information, Sports and Youth Policy** will be a relevant stakeholder as it is responsible for the overall tourism development and respective tourism policies in Kyrgyzstan. The current State Programme of the Kyrgyz Government for the Development of Tourism for 2019-2023 clearly indicates priorities also for the increase in eco-tourism and a marketing strategy for the development of tourism to attract more tourists. Importantly, the DoT is also tasked with the coordination of the work of international development partners and donors in the tourism sector. A Coordination Council under the DoT was created to take on this role and coordinate the work of both tourism associations and international donors. However, lack of staff and resources poses a challenge to this. Nevertheless, for activities within the tourism sector, the DoT and specifically its Coordination Council will be addressed as important stakeholders.

For sector-specific interventions along the selected agricultural value chains, **the Ministry of Agriculture (MoA)** will be a key stakeholder. It is an authorised state executive body implementing the state policy in the sphere of agro-industrial topics, such as land and water resources, food and processing industry, regional and local development, land relations, forestry management, and state supervision and control over veterinary, phytosanitary safety and observance of land and water legislation of the Kyrgyz Republic. The MoA has its rayon departments on agrarian development in each rayon of the country. These departments (approximately 40) are responsible for all main functions of the MoA in the regions. The Programme will interact with this Ministry in collaboration with the business associations and civil society on the introduction of green measures for the development of MSMEs in regions of the country, particularly related to the agricultural sector as well as sensitisation of regional players in the agricultural sector to green economy approaches. In recent years, the MoA has pursued a policy of agricultural sector development based on a cluster development concept. The Ministry intends to promote cluster production of the following products: meat, milk, grain, sugar, eggs, vegetable oil, potatoes, and fruits and vegetables. To this end, a major role is assigned to the so-called "Cluster Development Centres". The responsibilities of these Centres will include providing consulting and training assistance to cluster members, conducting market research, and promptly resolving issues and barriers related to cluster development on the ground. Apart from consultancy support, these Centres will select priority business plans and investment projects for financing from the state budget or other sources. The Centres will thus play a role of mediator when disbursing soft loans and other financial products.

As part of the recent governmental re-structuring processes, the new **MNRETS** was created. The Ministry will coordinate activities in the field of ecology, environmental protection and environmental control as well as the work on implementation of obligations under the United Nations Framework Convention on Climate Change. As the central state authority for environmental protection, the Ministry is - next to MoEC and MoA - foreseen to be an important stakeholder, especially for involvement in activities and advice on necessary regulative adaptations to support the private sector to become more resilient and greener.

Other important stakeholders are envisioned to be, but not limited to:

The **Coordination Council on Climate Change, Ecology and Sustainable Development (Coordination Council)** was created in 2020 as an advisory and consultative body of the Cabinet of Ministers of Kyrgyzstan to ensure that recommendations for state bodies on the development of a green economy and climate change are developed. The main objective of the Coordination Council is to discuss and make coordinated decisions on the development and

effective implementation of green economy and climate change policies based on the co-operation of the state executive authorities, local authorities, non-profit and international organisations.

Under this Coordination, an **Inter-ministerial Working Group** is acting as an inter-agency expert group in order to ensure effective cooperation and monitoring of the implementation of green economy and climate change policies. Members are on the level of ministerial deputies and heads of departments. The inter-ministerial Working Group is a key stakeholder within this Programme on the political level. It is an entity to receive feedback on results and advice on green measures coming from the Programme towards the Coordination Council and in turn for the Programme to receive guidance on the national priorities.

The **Center for Climate Finance** will be a relevant stakeholder for the Programme, as it acts among others as the Secretariat for the above-mentioned Coordination Council and its activities are related to supporting access to green finance opportunities.

To promote the principles and institutionalisation of green economy modelling in the strategic planning process, as well as to introduce the results of green interventions into the public administration system, the **Technical Working Group on Green Economic Modelling** was created by order of the MoEC. Its members are technical experts within state bodies as well as local independent experts. On a political level, this technical working group is foreseen to be the primary partner for day-to-day interactions and implementation of activities.

Important stakeholders under the Programme also include the Green Alliance initiative to unite the forces of society in Kyrgyzstan to implement the principles of green economy and sustainable development in the country, the academic network Universities' Alliance for Green Economy and Sustainable Development and the state institution Economic Policy Research Institute of the Kyrgyz Republic.

For activities related to access to green finance, the **National Bank of Kyrgyzstan, the Union of Banks of Kyrgyzstan (UoB), the Association of Microfinance Institutions (AMFI)** as well as selected Kyrgyz financial institutions are relevant stakeholders. The National Bank of Kyrgyzstan is responsible for creation of the necessary legal base and monitoring of the financial sector of the country. At the same time the relevant business associations in this sector are working on lobbying the interests of financial institutions, coordinating their activities and getting joint access to global funds for promotion of sustainable finance in Kyrgyzstan. The financial institutions are responsible for providing the necessary financing for the enterprises.

For activities related to consumer communication the project will focus on working with **civil society organisations, Universities, schools and networks** (e.g., Green Alliance) as well as media and social media representatives (see Annex 1 for more information). In terms of state bodies, the mandate for consumer protection lies with a special department within the Antimonopoly Service under the Ministry of Economy and Commerce, however due to structural challenges and resource limitations the Department cannot be seen as operational and there is little awareness of its existence amongst the population. The Programme will regularly re-assess the role and responsiveness of the Department, it can for the time being however not rely on its involvement for the implementation of activities.

Other key stakeholders are several business associations within the selected value chains.

3. DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Outcome of the joint Programme is that State agencies, private individuals, NGOs, associations, MSMEs in the supported intervention areas demonstrate the ability to contribute to an inclusive green economy transformation.

The Outputs (Specific Objectives) of this Programme are:

Output 1. Green Economic Policy: Environmental, social and private sector issues are integrated into the development of evidence-based employment-oriented green economy policies.

Output 2. Green and Sustainable MSMEs: Enhanced capacities of MSMEs in the supported intervention areas to employ economically, socially and environmentally beneficial green economic practices.

Output 3. Green Social Change: Increased capacity of associations, public institutions, NGOs, universities, media institutions in the Kyrgyz green economy in advanced CSBC to promote products and services, greener lifestyles, pro-environmental behaviour amongst promising selected target groups.

The main sectoral focus of activities will be tourism and agriculture. A re-assessment of current and selection of additional value chains will be done as preparatory work based on the social and environmental impact analyses and the local use of such sustainability tools and criteria will be strengthened during implementation. Economic infrastructure, sustainable agricultural practices, renewable energy, energy efficiency and other inclusive green economy options will be targeted along the selected value chains (VC) to allow for an integrated approach along with relevant VC access points.

3.2 Indicative Activities

The programme is following an integrated approach whose main focus will be on consolidating and upscaling the interventions and innovations that have been supported during the previous phase of the programme. It will address both macro-, meso- and micro-levels by improving the capacities and framework conditions for a green transformation, by promoting concrete green practices and services in selected intervention areas in agriculture and tourism, and by strengthening the awareness-raising capacities of key stakeholders to further encourage this green transformation both in the intervention areas and beyond. To ensure the long-term sustainability of these efforts, the emphasis will now be on working through key stakeholders in the country. Whereas in the current phase of the programme many activities are still implemented and co-ordinated by the programme itself, in the new phase it will be local institutions, organisations, associations and businesses who will ‘do the work’, with the programme focusing on building their capacity to do so.

A key element of **Green Policies (Output 1)** will be the institutionalisation of the climate-sensitive Green Economic Modelling (GEM) process, including building local capacity to use, update and improve the model and establishing structures and processes for its application in evidence-based policymaking and fostering its use to moderate processes for economic transformation and paradigm shifts (e.g., stronger inclusion of climate data, use for UN System of Environmental Economic Accounting (SEEA), true costing schemes in value chains). As the second National Green Economic Programme will be in place by the time the new phase starts, another element will be supporting its implementation, most notably by actively involving the private sector and civil society in monitoring its progress. Capacity building of public, private and civil society entities to partake in public private dialogue processes will also take place, as will be the establishment of structures, processes and capacities for the facilitation of such dialogues. A crosscutting theme throughout these approaches will be how holistic criteria for value addition, wellbeing and sustainable development can be together with local stakeholders further developed and operationalized for decision-making. Policy advice under Output 1 will also address the issue of maladaptation, as it is a veritable risk mainly due to a lack of flexible, multi-sectoral, inclusive and long-term planning regarding the impacts of climate change of the Government of Kyrgyzstan.

In the field of Green Finance, the programme will support key stakeholders and other donors in moving towards the establishment of a green taxonomy. While not having a lead role in this process, the programme can use its field experience and feed into the discourse any necessary technical details on green technologies applied in the different project areas. Regarding Kyrgyzstan’s efforts in gaining access to the Green Climate Fund, the programme can provide advice on different access strategies and provide a limited amount of technical support in this matter.

For the promotion of Green and Sustainable MSMEs (Output 2) the programme will focus on consolidating and upscaling the successful approaches and interventions in agricultural value chain development and sustainable tourism. In agriculture the aim will be to further promote and increase the social, economic and environmental sustainability of conventional production systems targeting local and regional markets. The selection of value chains will be done during the inception phase, priority being given to the further consolidation of the value chains of the Integrated Rural Development Programme (in particular wheat, onions, maize). The interventions in the value chains will focus on fostering sustainable and climate-sensitive agricultural practices and the strengthening of local capacities for verification and traceability mechanisms (e.g., for less chemical use). For relevant regulatory changes a strong link to interventions on policy level will be established. Beyond these value chain development activities, an approach for the promotion of paid agricultural services combined with revolving funds for the provision of inputs and equipment will be implemented in selected agricultural clusters, again benefitting from the experiences gained and networks set up thus far.

In the tourism value chain, the emphasis will be on strengthening the capacities of associations and destination organisations to develop long-term services and capacities that enable their members to implement green technologies and practices (most notably waste management, energy efficiency and food safety), apply and promote sustainable tourism standards, partake in public-private dialogues and develop sustainable tour packages.

As a cross-cutting intervention related to the value chains, promising green technologies and practices that have the potential to achieve positive impacts even beyond the current intervention areas of the programme will be further promoted within the scope of a “Green Technology Upscaling Facility”, a budget within the programme specially allocated for the upscaling of such technologies. At first this will include heat pumps in the tourism sector and in private housing as well as improved (piped) irrigation systems, to be tried and disseminated both within the current value chains and beyond. Throughout programme implementation other such technologies and practices will however be identified and promoted further.

As a further cross-cutting activity in all targeted value chains the programme will support marketing and outreach measures of sustainably produced products and offered services. This will be done with a focus on business-to-business and business-to-consumer matchmaking and traceability mechanisms for local and regional markets.

In addition to the work in the different value chains and sectors, the programme will increase the awareness of green finance in the Kyrgyz financial sector by supporting the two sector associations (UoB and AMFI) in establishing training courses for their members in this respect. Potential synergies with the Deutsche Sparkassenstiftung für Internationale Kooperation will be considered when drafting the training curricula. Depending on the take up of such trainings, selected financial institutions may be offered tailored individual coaching in green finance, including e.g., green finance product development, risk management and similar topics. MSMEs on their side will receive targeted advisory services to improve their business capacities, to understand their financing needs and address this need towards financial institutions.

For Green Social Change (Output 3), the programme will continue its cooperation with and through key communication actors and focal points (e. g. in associations, government, NGOs, creative and journalistic media, academia) and continuously identify new ones. These actors will be supported with jointly establishing a CSBC process standard as a benchmark for any future green economy CSBC question. The GIZ 10-Step approach and similar guidance will serve as examples and external benchmarks. Based on this shared experience of co-creating added value, the programme will motivate and equip participants to maintain a CSBC network. The network can serve as a community of practice, to further develop CSBC capacities, to identify and prioritise CSBC action and organise implementation.

CSBC topics of the programme around sustainable production and consumption will be used to train the network to identify realistic CSBC actions and organise in-depth implementation using the process standard. Organisations responsible for running prioritized CSBC actions will receive direct support for implementing and evaluating them. This way, the programme aims at combining CSBC capacity development with tangible social change impact of prioritised actions.

In addition to these activities, voluntary courses on Green Economy topics (both general and sector-specific) will be introduced in and promoted among the country’s colleges and universities.

All three Outputs will include measures to ensure that ‘no-one is left behind’ (LNOB). In Output 1 these will focus on ensuring that the needs of vulnerable groups and gender equality elements are taken into consideration in policies and reforms, including by building the capacity of these groups to partake in policymaking and assisting them in doing so. In Output 2 the aim will be to contribute more extensively to the economic empowerment of women and youth in the supported value chains through the application of an adapted version of the Gender Action Learning System (GALS). In Output 3 finally the realities and needs of vulnerable groups are expected to be addressed in the supported communication measures.

3.3 Mainstreaming

Environmental protection and climate change mitigation and adaptation are key aspects of the transition towards a green economy and will be mainstreamed throughout the Action. The main objective of the Action is to contribute to the sustainable economic development of Kyrgyzstan through a transition towards an inclusive green economy that benefits the well-being of the population through the creation of long-term employment, better income opportunities while using natural resources efficiently, having a lower environmental impact and by avoiding maladaptation. The Action will therefore directly contribute to the environmental protection and climate action in Kyrgyzstan. An in-depth Environmental and Climate Assessment was concluded for the predecessor Action “Green Economy and Sustainable Private Sector Development” in early 2020, which covered an environmental assessment, an assessment of adaptation to climate change and a climate change mitigation assessment. Where possible, complementarity will also be ensured with the objectives and activities of the upcoming regional Team Europe Initiative on Water, Energy and Climate Change in Central Asia.

Gender equality and empowerment of women and girls

As per OECD Gender DAC codes identified in section 1.1, this Programme is labelled as G1. Consequently, two of its outcome-indicators have a gender dimension.

Gender equality is a priority commitment of the Kyrgyz Republic, as a signatory party of international declarations and conventions. The country’s gender-related legislation integrates international conventions into the domestic legislation, including two specialised acts: the “Law on State Guarantees of Equal Rights and Equal Opportunities for Men and Women” (2008) and the “Law on Social-Legal Protection against domestic Violence” (2003), which have significantly strengthened the State policy to protect the rights and freedoms of women. In 2012, the Kyrgyz Republic adopted a “National Strategy on Gender Equality 2020”¹¹. It recognises the most problematic areas that lead to economic inequality of women, especially in rural areas: 1) limited access of women to income-generating activities; 2) chronic poverty, which increases the risk of degradation of women's human capital; 3) unequal access for women to the labour market and 4) unequal access to resources.

In 2017, women made up 21% of employees in SMEs in the sector. Women are also under-represented as heads of smallholder farms. In 2017, out of the 323,262 individuals who managed active smallholder farms, 62,212 (or 19.2%) were women. The representation of female managers also varies considerably by region, from as low as 8.9% in Batken oblast to as high as 35.6% in Bishkek. It should be noted, however, that relying on business registration records for understanding the ways in which women and men are engaged in entrepreneurship can be problematic, because many rural entrepreneurs operate without official registration. Younger women can find it difficult to assert their rights, due to their low social status within their families. This limits their active participation in economic life. Despite declarations and policy initiatives, pervasive gender stereotypes and patriarchal attitudes prevail in the Kyrgyz Republic. According to the Global Gender Gap Index 2017, Kyrgyzstan was only ranked 85th among 144 countries. Economic participation and political empowerment remain key challenges in the Kyrgyz society.

As outlined in the LNOB approach above, the programme will promote gender equality in various ways at all levels and in all fields it is involved in. With regards to policymaking, it will sensitise stakeholders to the situation and (economic) opportunities with regards to gender equality and ensure the active participation (both through capacity building and ensuring representation in public-private dialogue) of women in policymaking processes. In value chain development women will be enabled to actively participate in programme activities by either specifically targeting these activities at them or by accommodating the activities to their needs (e.g., location, childcare). Through the implementation of an adapted version of the GALs both women and youth will be empowered to participate and take the lead in economic activities with the support of their household members and wider communities. With regards to the communication measures supported by the programme, where relevant and applicable issues of gender equality will also be addressed, and promising role models of women entrepreneurs and leaders will be showcased to a wider public.

Human Rights

Long-term human rights concerns have persisted in Kyrgyzstan, although blatant attacks on media freedoms have become less frequent, and the president has signalled to engage constructively with civil society. Violence against women, including bride-kidnapping, and impunity for torture persist, such as when Kyrgyzstan did not release a wrongfully imprisoned human rights defender, who ended up dying while in custody. As authorities have stepped up

¹¹<https://www.unwomen.org/sites/default/files/Headquarters/Attachments/Initiatives/StepItUp/Commitments-Speeches/Kyrgyzstan-StepItUp-Commitment-2015-en.pdf>

counter-extremism measures, criminalising possession of extremist materials, the overbroad definition of extremism, and breaches of due-process have led to human rights violations. While Kyrgyzstan has ratified the United Nations Convention on the Rights of Persons with Disabilities in 2011, the stigmatisation and limitations in the access to services for people with disabilities persist. The country suffers from high and rising inequalities, and women in rural areas and from religious communities are largely excluded from decision-making. Violence against women is widespread and takes many forms, including domestic violence, bride kidnapping, trafficking, early marriages and physical abuse. The negative reinterpretation of some cultural and social practices increasingly restricts women's rights to control their lives. Women and girls in rural areas have restricted access to productive resources.

While the country is performing well compared to other states in Central Asia, many human rights violations still take place. Especially LGBT rights have been getting worse in recent years. Freedom of the press, too, has been worsened by adopting a law "On protection against false and misleading information". This law prescribes the de-anonymisation of Internet users, as well as the blocking of sites without a court decision, if false information is published there. Journalism in Kyrgyzstan, especially when related to religious topics or inter-ethnic relations, often still lacks neutrality in its coverage. Minority population groups are disadvantaged in terms of access to education and jobs, as language parameters in education and trainings as well as in public service positions are limited to Russian and Kyrgyz.

The programme will ensure that all procedures are in line with the defined rules and regulations and undertaken in a transparent way. The rights-based approach and methodology will be applied, in particular in relation to consultation of rights holders, and including application of business and human rights standards and tools such as due diligence, do no harm principles, justice and accountability for businesses, and social dialogue. As described in the LNOB-approach above, all social groups will be treated equally, and vulnerable groups will be supported in order to be able to actively participate in the dialogue processes and economic activities initiated by the programme. Communication measures will furthermore address the topic of inclusion and thus contribute to raising the awareness on human rights in the wider society. Through disaggregated monitoring and close exchanges with the programme's target groups, potential rights violations within the mandate can be identified and adequate countermeasures initiated.

Disability

People with disabilities (PwD) are still heavily stigmatised in the Kyrgyz Republic. There is a tendency to hide them away rather than find forms of productive activity that are suitable to their needs and competences. At the same time, efforts by international organisations and local NGOs in cooperation with individual activists have eliminated a few barriers for PwD. Urban children with disabilities increasingly have access to education, however, this is seldom true for the rural population in terms of practice.

As per the OECD Disability DAC codes identified in Section 1.1., the programme is labelled as [D0], implying that PwD are not a primary target group of the GESPSD. Nevertheless, in line with LNOB the programme will strive to identify specific opportunities to integrate PwD in economic activities such as in simple tasks in agricultural processing (e.g., sorting vegetables) or in the tourism service industry (see LNOB-Approach above). While these measures will not be big in their scope and involve a few individuals at best, these may nevertheless serve as examples for the potential of inclusion of PwD in economic development and a green transformation.

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 Central Asia, towards authoritarian rule by concentrating power in the hands of the president, reducing parliament's role and minimising checks and balances. Vague provisions prioritising "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 defenders, including those who support LGBT+ people, and women's groups, face threats, harassment, and physical attacks. It is important to protect civil society actors and human rights defenders against reprisals faced due to their work and engagement. Ultranationalists 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.

While not directly working in the field of democracy and governance, the programme will nevertheless contribute to improving democratic practices in the country by promoting public-private dialogue processes related to green economic transformation. In these processes both the private sector, civil society and vulnerable groups will be enabled to voice their needs and contribute to shaping policies that are relevant to their livelihoods.

Conflict sensitivity, peace and resilience

Currently Kyrgyzstan experiences tensions with its neighbouring countries Tajikistan and Uzbekistan. Access to water resources is one of the main reasons for the existence of these tensions. While some of the interventions of the programme do involve water use (most notably irrigation water in the early vegetable and rice value chains), the quantities used do not have a discernible impact on downstream water supply to neighbouring Uzbekistan. Nevertheless, by promoting increased water use efficiency through various means the knowledge and experience generated by the programme might be viewed as an (albeit small) contribution to the reduction of these tensions.

Within the country tensions between Kyrgyz and Uzbek ethnic groups still do exist. In line with the Do No Harm Approach mentioned above the programme will strive to provide equal access opportunities to all ethnicities to the programme's support and activities, thus avoiding any increase in tensions.

Disaster Risk Reduction

Kyrgyzstan's geography places its inhabitants in a high-risk category for natural disasters. Ninety-four percent of Kyrgyzstan's territory is located 1,000 metres above sea level, and 40% is above 3,000 metres. The country is exposed to frequent earthquakes that can reach 8 and over 9 points on the Richter scale, avalanches, landslides, floods and mudflows are common hazards. Dozens of people lose their land and livelihoods to these types of disasters every year. Further, it is anticipated that rising temperatures, rapid snowmelt, and changing rain patterns will increase the intensity and frequency of such disasters, with serious economic and social impacts. The areas covered by the programme are only to a small extent affected by landslides and mudflows. Consequently, no direct activities are envisaged. If however concrete risks would appear (e.g. through communication with organisations working on the topic or the respective local authorities) measures to mitigate their impact might be taken (e.g. supporting tree-planting, small flood prevention measures at field-level)

3.4 Risks and Lessons Learnt

Identified Risks	Probability	Impact	Mitigation Measures
Political and institutional risks			
Political and economic environment remains unstable within the country and/or within the regions.	M	M	<p>Continued political and policy dialogue with the Kyrgyz Government to foresee and adapt to circumstances as necessary.</p> <p>The project's initiatives will improve income and employment situations and develop mechanisms for saving and accessing financial services. This can act as counter measures to reduce economic shocks that may incur due to unforeseen events.</p> <p>The project approach will strengthen the private sector and their lobbying capacity within the political environment.</p>

High staff turnover in Kyrgyz government agencies presents a risk to mainstreaming and institutionalizing	H	M	<p>Prioritise stable actors and ensure that engagement is diversified and built at an institutional level, e.g. through the participation of local government and partners at the planning stage to help identify priorities and develop institutional ownership.</p> <p>Civil society organisations, business associations and service providers, and academic and research institutions are more stable actors and will be extensively involved, i.e., in facilitating public-private dialogue, thereby encouraging public sector to fulfil its tasks and responsibilities despite frequent changes.</p> <p>The Project will empower local government leaders less prone to fluctuation and thereby raising awareness on several institutional levels on the benefits of demand led economic development.</p>
Weak institutional management capacity and coordination amongst national and local state actors	H	M	<p>MoE/Department for Regional Development, and corresponding line Ministries are well established institutions in the capital, the unit's operating in the project regions will need constant communication and capacity building support to reach project goal.</p> <p>The project's presence in Jalal Abad and Osh Oblasts will ensure that bottom-up initiatives are considered by the policy maker via the overall programme's engagement at the national level, thus improving two-way communication between the national level and subordinated levels.</p>
Contextual risks			
The continuous pandemic might increase economic and livelihood struggles, which can increase the feeling of injustice amongst the population. This risk is especially relevant to southern Kyrgyzstan, which is a multi-ethnic and conflict prone area, with a legacy of ethnic clashes. Youth and women are seen as particularly risk-sensitive groups.	L	H	<p>The project will continue a conflict sensitive approach in view of selection of participants and access to services among minority groups and ensure availability of training material in Uzbek language if required (in addition to Kyrgyz or Russian).</p> <p>The needs of women and youth from different ethnic communities will be observed, analysed and addressed when developing interventions.</p> <p>Involvement of youth educational activities, value chains and public-private dialogue is an important segment of the Project.</p> <p>The Project will cooperate with relevant NGOs to translate its experiences from the field into more viable policies for interethnic communication and related business initiatives.</p>
Kyrgyzstan is a member of the Eurasian Economic Union (EEU) since 2015. Effects and changes of regulations negatively affecting the targeted value chains may occur.	L	M	<p>The Project will focus on ensuring the availability of relevant information to the private sector on the EEU framework via awareness raising and integrating relevant information in trainings.</p> <p>The predecessor programme has developed institutional know-how on export promotion in line with trade agreements. The resources accumulated, and know-how developed will be used for implementation. In addition, the GIZ's existing know-how on trade, though its Trade Facilitation Central Asian (TFCA) project will be used.</p> <p>Improving market access will be part of capacity building for MSMEs.</p>
<p>Ongoing pandemic will continue to influence business practices and service delivery by the project</p> <p>Unexpected border closures due to the pandemic may lead to unavailability of supplies to the businesses in the selected value chains.</p>	M	H	<p>The project will follow the nationally guidelines and maintain the recommended social distancing requirements while undertaking training, capacity building or advisory measures. The project will also actively promote adherence to such requirements when interacting with partners and encourage and accompany partners to adapt to such requirements. Additionally, digital solutions, social media, e-manuals, video clippings will be used to deliver capacity building and advisory measures.</p> <p>Border closure cannot be influenced by the project; however, project will strive to advise partners particularly cooperatives and farmers to forecast supply needs, store and manage supplies – additionally the project will provide assessment on diversifying supplier base so that secondary suppliers can supply if primary suppliers face difficulty to deliver.</p>

Due to Russia's ongoing war of aggression against Ukraine, drop in remittance flows and increased unemployment rates due to returning migrants, further devaluation of the Kyrgyz Som and a reduced food security due to drops in food exports and increase in food prices. This may lead to shifts in political priorities of the Kyrgyz government away from green transformation, as well as a reluctance of the private sector to invest in green technologies. It may in the long-term also increase the risk of social unrest if foreseen governmental anti-crisis measures are not effective.	H	H	<p>The impacts of the crisis are beyond the control of the project. Its implications will have to be considered in any policy-process and green practice that will be facilitated during the implementation.</p> <p>For all activities in the agricultural sector the main focus should be on producing foodstuffs that are both green and cost-effective, and thus remain affordable for the population at large. For any technologies requiring investments, care should be taken to make sure that they provide quick returns to the investor.</p> <p>At policy-level, any proposed measure should be accompanied by detailed financial analyses that take into consideration the (potential) impacts of the crisis and provide avenues for their possible mitigation.</p>
Implementation risks emanating from the intervention			
Both governmental and non-governmental organizations have limited and/or different skills and knowledge.	H	M	<p>Assess training needs and provide targeted skills development particularly for running complex tools such as GEM.</p> <p>Capacity development is a core task of GIZ. A capacity needs assessment will be carried out on different levels (individual, institutional and society) for the project's interventions.</p>
Low market demand and low level of interest within the private sector to adapt to green and sustainable practices.	H	M	<p>Close dialogues with the private sector to learn the needs and to communicate the benefits of upgrading products and services towards sustainability. In parallel at the policy level the overall programme will work on a conducive regulatory framework for a greener economy, i.e. through strengthening of incentive and control mechanisms.</p> <p>Strengthening of sales, diversifying the markets, and increasing demand through matchmaking and dialogues along the value chains.</p> <p>The project's component on consumer awareness will support strengthening of market demand and measures to greening the value chains will foster the nascent interest in sustainability issues within society. The project seeks close cooperation with other market related projects of international donors.</p>
Vested interests may oppose the adoption of green economic strategies.	M	M	High quality analytical work and broad consultations will encourage participation and validation by key stakeholders throughout the implementation.
Migration and the reliance on remittances is an important factor affecting the livelihoods of the target group. Women are particularly affected by labour migration.	M	M	<p>The Project will particularly focus on empowerment of women and increasing their economic capacities through value chain development. Since women are frequently involved in informal economies, this aspect will also be considered and appropriately addressed.</p> <p>Returning migrants will be incorporated in the project, training on services or new skills and will be encouraged to be part of the service providers in the selected value chains. Attention will be given to identify migrants with skills so that these resources are aptly used in selected value chains.</p> <p>The activities pertaining to access to finance and improving financial management skills will likely attract returning migrants to learn about access as well as improve know-how to manage finance and induce investment in selected value chains.</p>
Risk to long-term mainstreaming and sustainability			

Lack of “buy-in” from government, national and regional stakeholders and as results lack of continuous investment into green economy policy and measures	M	M	<p>Provide demand driven support, promote high-level political commitment and build alliances with the private sector, public, media and academia alike; implement outreach, advocacy and awareness raising activities to mobilise stakeholders.</p> <p>In order to mitigate the risk, the Project will focus on strengthening the institutions and organisations representing Local Producers and entrepreneurs, as well as emphasise on creating a sustainable systems and networks, including joint initiatives and work with other development partners in the region to ensure that there is a continue of a support structure.</p> <p>At the same time, the project will exert effort with the support of the programme to engage decision maker on the importance of continuing sustainable measures beyond the project timeline.</p> <p>A clear exit strategy will be developed right from the beginning jointly with partners and target groups’ representatives so that if situation arises there are options to work with.</p>
Lack of continuity on the part of the political partners; donor dependency combined with poor donor coordination	L	L	Promotion of the mainstreaming of green economic approaches at policy level using public-private dialogue and consumer awareness raising; close dialogue with the projects of other donors
Insufficient national funding available for implementation of green economy strategies and action plans.	H	H	Engagement with financing agents (ministries, multi-lateral banks, banking sector) from the outset; promotion and advocacy towards development and implementation of Sustainable Finance as a core offer in addition to policy advisory.
Sustainability of public-private dialogue (PPD) beyond the life of the Project.	L	L	<p>The Project will insist on institutionalisation of PPD through adoption of local policies, procedures and systemic approaches by the private sector.</p> <p>The Project will also focus on developing sustainable knowledge-sharing and peer-learning mechanisms particularly with the EU funded Integrated Rural Development (IRDP) programme.</p>
Impact of the measure on the natural and social environment and climate (unintended results)			
Modern agricultural production processes are often accompanied by increased mechanisation and soil tillage processes, which can create soil erosion and compaction.	L	M	The project will be able to take advantage measures on Good Agricultural Practises (GAP) and Organic production systems established by the previous phase. In case demand exceeds the present capacity, means to expand will be investigated. The level of mechanisation is limited and impact on soil erosion is also limited.
Environmental pressures due to growing demand	L	L	Consistent orientation of the module towards green economic approaches; innovation for sustainable production methods; analysis of the environmental impacts of modern animal husbandry methods
Agricultural activities are key contributors to greenhouse gas emissions.	H	M	<p>The project will pursue a holistic approach in its intervention areas, aiming at designing measures aiming at growth in a green and sustainable way to avoid an increase in consumption of natural resources or an increase in pollution.</p> <p>The project will not be involved in any significant activities influencing GHG emissions from transport, hence will not have any significant impact on future GHG emissions.</p> <p>Introduction of sustainable management techniques in Agriculture, water conserving irrigation technologies (e.g., drip irrigation active lobbying and awareness raising among both the GoK and local government will further escalate sustainable practices.</p>

<p>Climate Change Related Risks:</p> <ul style="list-style-type: none"> -Higher temperatures combined with long lasting heatwaves resulting in a negative water balance. -Negative impact on soil due to intensity of heavy rains or long-lasting dry spells. -Irregular weather leads to outbreaks of agricultural diseases and pests. -increased evaporation, can likely reduce future access to water. 	H	M	<p>Sustainable management technologies will be developed for the private sector. The project will potentially undertake a piloting of some of the developed practices and techniques in one of its identified priority sectors. Water conserving irrigation technologies will be part of the service packages developed for the private sector.</p> <p>The project will not work on the topic of forest management as another GIZ project on “Biodiversity conservation and poverty reduction through community-based management of walnut forests and pastures in the South of Kyrgyzstan” is already working in this direction. The project will nevertheless closely work with this initiative in view exploring possibilities to make the Walnut value chain more competitive by fostering synergies and complement approaches.</p>
Corruption risks			
<p>Corruption and bureaucracy are manifested differently at different levels. Investors, company owners and farmers may be further discouraged to invest or continue to do business, because of the business-disabling environment.</p>	H	H	<p>Creation of a more business-friendly environment is one of the key areas of intervention of the Project.</p> <p>Particular focus will be put on identifying the focal points of corruption and addressing them in a systemic manner, through more efficient procedures, increased transparency measures and increased accountability mechanisms. A systemic approach is based on introduction of institutional solutions, which decrease opportunities for corruption to flourish.</p>
<p>Weak control mechanisms for safety and environmental standards.</p>	H	M	<p>Consumer awareness raising; increasing the level of recognition of safe products; promoting transparency through digitisation (Tunduk and similar national digitalisation initiatives of the Government)</p>

Lessons Learnt:

The Programme draws from the lessons learnt from previous interventions in the sector and the proposed intervention builds on the momentum of existing initiatives for which evaluations have shown good results to date and provide extensive lessons and recommendations.

One key lesson learnt from past interventions in the sector is the need to adopt a cross-cutting approach in order to create the conditions at the policy level in which a green economy is feasible. One of the preconditions for the success of the new programme is the continued commitment of Kyrgyzstan towards its transition to a green economy, this implies that it is highly important for the proposed programme to continue to intensify policy dialogues with the relevant stakeholders, relevant entities of Ministry of Economy and Commerce, relevant financial institutions, private sector associations and the relevant department of different line ministries in charge of green economy. The programme will also have to anticipate the economic consequences of the COVID-pandemic and Russia’s war of aggression against Ukraine, which are having impacts on the livelihoods of farmers, producers and consumers. See Risk Analysis (Annex 5)

The following are lessons learnt and implications from the GESPSD programme, its predecessor programme as well as the EU- and BMZ-funded IRDP:

- Prior interventions have shown that establishing market-based mechanisms, such as paid advisory services by brigadiers have the greatest potentials to achieve sustainability beyond the duration of the programme.
- When supporting the needed access to financial resources, the Programme needs to employ market and private sector-based solutions such as revolving funds with community contributions and to encourage independent service providers to develop financial products that are closer to the needs of the beneficiaries of the Programme. Where possible, the programme will provide linkages to existing credit lines or other complementary support measures (from international donors such as World Bank, FAO, KfW Development Bank/European Investment Bank) related to the access to finance
- For supporting the MoEC in updating its current National Green Economy Programme it will be important to ensure an active participation and ownership by the private sector and civil society in the process. Also, it will be important to include the relevant evidence-based green policy measures into the Programme Plan . It is learnt that undertaking extensive data-based research is considered cumbersome therefore a simplified approach will be needed together with academic institution and local trainers. Additionally, policy advice for the update of the National Green Economy

Programme will also address the issue of maladaptation, as it is a veritable risk mainly due to a lack of flexible, multi-sectoral, inclusive and long-term planning regarding the impacts of climate change of the GoK.

- In view of developing services as well as GE practices a series of cost-efficient and effective interventions are crucial. It is important to ensure that an integrative approach is used, meaning that there should be no single, one-off activities, but activities that enable holistically sustaining or transforming a value chain, i.e., the Programme will target relevant stages of the same value chains at various levels (policy – production – market/outreach – support structures/financing). For an integrated approach to be successful, strong ties between the different Outputs/Outcomes and level of intervention is needed, for example, output 2 is primarily practice driven and may be in a better position to validate the findings of relevant studies of output 1. At the same time, output 1 can facilitate the development of manageable sustainability criteria and scenarios that help public and private actors to identify and pursue future proof options. Thus, the Programme will ensure that timely communication and adaptation of activities, internal exchanges, participation in dialogues and engagement of corresponding stakeholders is done so that both outputs act hand in hand to generate the best results possible.
- In the agricultural sector a rapid piloting-based approach has been proven to create the highest potential for long-term impact, i.e., new interventions and innovations are tested and reality-checked together with a smaller set of beneficiaries and uptake is only promoted when up-scaling and further replication is possible on the part of corresponding stakeholders. In most supported value chains these interventions/innovations (e.g., paid services, revolving funds, joint marketing) have been thoroughly tested and can now be (or are even already being) replicated. At the same time, for the long-term establishment of these interventions and innovations a longer support by the programme might be necessary. In that sense the programme will consider further supporting some of the value chains of the IRDP (whose interventions/innovations are like those of the GESPSD) in order to ensure the long-term sustainability of the changes initiated there.
- Thus far in agriculture the main increase in income for the participating farmers has come from increased production of high-quality ‘conventional’ produce targeting local and regional markets (Kazakhstan, Russia). Exports of organic plums to the EU has not been as profitable due to a wide range of issues (high costs of international certification, complexity of the market, difficulty in creating stable supply due to the occurrence of frost). The focus of agricultural value chain development should be on increasing the sustainability, quantity, quality and traceability of local products and its access to local and regional markets. Some of the main critical elements to further improve the sustainability of the production of these agricultural goods are technical support services (e.g., advice, input supply, specialist tasks) and access to finance, both best provided through private service providers, as well as facilitation of regulatory changes (e.g. with MoA).
- The long-term environmental and social value degradation or addition has not yet fully been considered in the current value chain development activities. To advance the evidence base, deliberation and sustainable options, the programme can assist decision-makers and communities to further differentiate ‘value addition’. It can be interpreted in many ways, from shareholder value (local and global), stakeholder value, company level balance, household income, tax income, job balance and quality, reducing environmental and social externalities and increasing wellbeing. Depending on the emphasis along these criteria, development decisions may change dramatically.
- Not all value chains, business and development models may be future proof in general and there will be further potential for transformative innovation to ensure positive absolute sustainability balances, e.g., an emphasis on export markets bears sustainability risks as well. Global competition and expected shareholder dividends put pressure on prices, deeply incentivise social and environmental externalities, a higher GHG footprint from food miles and pollution included. It remains a challenge to assess and compare total economic balances, including environmental and social externalities and combining this with desired indicators of societal wellbeing and sustainability goals beyond monetary cost-benefit analyses. This picture may further change with exploring most resilient production and consumption options while facing war and geopolitical crises. Apart from green and social upgrading, Kyrgyz actors can further increase capacities to decide between incremental improvements and more innovative transformative options and reforms. It will be hence important to further sharpen local capacities to recognise sustainable business and development options in a holistic way and feed this into decision-making.
- It is also important to ensure resource management in the most efficient way possible, especially looking at improving water use in agriculture. Water has been one of the causes of the recent border conflict with Tajikistan, successful implementation of such resource saving technologies could be scaled up in-directly contributing to mitigation of potential conflict in agricultural area in border towns and provinces and adapting to climate change. A focus of the new programme phase should therefore be on assessing the potentials for increased resource use efficiency in the supported intervention areas, and on contributing to the upscaling of successful practices.
- The tourism industry is currently in a post COVID-19 “re-start” mode and restarting by branding as a green and sustainable destination will open Kyrgyzstan to newer market possibilities. Extensive support is needed to encourage

private sector to invest in greener technologies that will enable them in greening their service delivery as well as protecting resources and adapting to climate change.

- The current political reforms pose a challenge on the technical capacity building measures (e.g., on modelling) supported by the Programme. Without sustainable know-how and holistic understanding of internalities and externalities of the current economic system and its needed transformation future targeted green economic policy may not be effective. It is evident from this experience that the Programme needs to extend the technical modelling trainings 1) in terms of content to a broader sensitization about the needed economic paradigm shift and 2) in terms of audience beyond governmental entities to incorporate universities, non-governmental agencies and research institutes to further sustain its capacity building measures.
- Extensive engagement of the private sector (incl. financial sector) i.e., through consultations of the private sector in the policy-making process e.g., for new laws and fiscal incentives, is important to ensure that the sector's actual needs and bottlenecks are addressed. Only then can framework conditions be created in which green economic practices can be introduced, promoted and used. Experience of the IRDP has highlighted the importance of finding the right 'level' of stakeholder involvement in this process: while participants in the consultations should be as close to practice as possible (e.g., individual business representatives), they should also be 'high' enough to be able to reach a wider audience (e.g. through associations).
- Experiences during the pandemic have shown the relevance of digitalisation. The Programme therefore intends to work with partner organisations to digitize their services (e.g., advisory services, networking, training, access to information) aimed at efficiency during and after the pandemic.
- The dialogue with central and local authorities must be strengthened with a financing model (e.g., through co-contributions from private associations and Oblast Development Funds) early in the final phase in order to ensure take-over of local economic activities and ensure sustainability of the Programme's results and achievements. Precise modalities will have to be worked out, since so far both the GESPSD and the IRDP have been the main financers of PPD activities in the country.
- For output 3, a focus on the number of awareness activities and the number of people reached incentivised the project to deliver on these numbers while deeper formative analyses of context and audiences as well as monitoring had to be deprioritised. The quantitative prescription clearly had trade-offs with the effectiveness of communication and behavioural impact. The output orientation further compromised possibilities to invest in capacity development on CSBC. It will hence be important to, together with local CSBC focal points, develop a CSBC process standard and pilot it in-depth, focusing on a few cases that may have potential to cause behaviour change as ambitious and effective as possible.
- While the tourism intervention area benefits by the nature of its activity from a country-wide focus, the agriculture value chains are more localised. Any effort at upscaling successful interventions and innovations would require geographical proximity to enable networking and exchange of experiences between stakeholders. The new programme phase should therefore stick to the southern Oblasts (Batken, Jalal-Abad, Osh) for its agricultural activities. This could also pave the ground for a future regional collaboration between Kyrgyzstan, Uzbekistan and Tajikistan on climate and agriculture under the new BMZ 2030 directives.

3.5 The Intervention Logic

The field of action on Green policies shall improve the framework conditions for a sustainable economic transformation, green private sector development and investments at the macro-level (Output 1). Green economic modelling combined with public-private dialogue on sustainable options will boost the prospects of having holistic policies that enable MSMEs to integrate externalities, be greener and more productive and eventually, generate more long-term income and employment opportunities. This will then be further translated into practice at the meso- and micro-levels in selected value chains, where Green and Sustainable MSMEs will be supported in introducing and maintaining green practices that are economically, ecologically and socially beneficial (Output 2). The further scaling of such green practices will be supported by fostering the access to Green Finance for MSMEs. The field of action on Green Social Change will further promote effective GE policy implementation, green lifestyles and changes in consumer behaviour amongst stakeholders and larger audiences in the population (Output 3). It will do so by building the capacities of civil society organizations and private sector organisations to conduct campaigns which advance the necessary societal acceptance, demand and abilities to produce, consume and invest sustainably.

The underlying impact hypothesis for these three fields of action is:

For Output 1 it is assumed that IF governmental and other relevant stakeholders are convinced about inclusive green economy, equipped with the knowledge and skills to create green economy options and understand the relevance and benefits of evidence-based decision-making, AND there are effective participation and feedback mechanisms for the private sector and civil society to voice their perspectives THEN environmental, social and private sector needs are integrated into relevant regulatory frameworks and green economy policymaking BECAUSE authorities recognise this process as vital for the sustainable economic development of the country leading the private sector and private households to benefit from the incentives to become inclusive and green as a result of upgraded policy.

For Output 2 it is assumed that IF Micro Small Medium Enterprises perceive the benefits of green practices and green business models AND have access to qualified services, markets and financing options THEN they will employ green economic practices to improve environmental and economic performance as well as create employment opportunities BECAUSE Micro Small Medium Enterprises have an interest to create viable, resilient and future-proof business models that ideally also add a sustainable value to the society and the environment.

For Output 3 it is assumed that IF key audiences get motivated and equipped to change lifestyles and investment patterns in line with a green economy AND the framework conditions and options are conducive (outputs 1 and 2) THEN the demand for green products and services will increase BECAUSE relevant informed societal groups are more likely to change social values, norms and behaviour.

3.6 Logical Framework Matrix

This indicative logframe 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.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines ¹² (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To transition towards an inclusive green economy that benefits the well-being of the Kyrgyz population	<p>1.1 Number of green policies supported by the EU intervention that are effectively implemented by the public sector Target:</p> <p>Rate of employment in the regions targeted by the EU intervention, disaggregated by sex and age</p> <p>Reduction of the number of households below the poverty line</p>	<p>0 policies effectively implemented</p> <p>b% unemployment rate in the targeted regions</p> <p>d# households below the poverty</p>	<p>a# policies effectively implemented</p> <p>c% unemployment</p> <p>e# households below the poverty</p>	<p>Official protocols from the sessions of the Kyrgyz parliament regarding the adoption of green policies</p> <p>Survey of the groups targeted by/benefitting from the green policies with regards to the respective policy's effective implementation</p>	

¹² In order to have valuable and sound data the baselines will be defined through assessments either at the end of 2022 or during the inception phase of the Action.

		(1,90 USD/day) in the regions targeted by the EU intervention.	line in the targeted regions	line in the targeted regions	Data from the National Statistical Committee of the Kyrgyz Republic with regards to unemployment rates, poverty and GHG emissions in agriculture	
		Extent to which Kyrgyzstan has achieved its Nationally Determined Contributions regarding reduction of current GHG emissions in the agricultural sector	f# tonnes of GHG emissions (CO2-equivalent) in agriculture	g# tonnes of GHG emissions (CO2-equivalent) in agriculture		
Outcome(Module objective)	State agencies, private individuals, NGOs, associations, MSMEs in the supported intervention areas demonstrate the ability to contribute to an inclusive green economy transformation.	Outcome Indicator 1 Greenhouse Gas emissions avoided in tonnes CO2-eq in the production processes of MSMEs applying green practices in the supported intervention areas with EU support, compared to the production processes of MSMEs that do not apply these practices (GERF 2.7.)	X tonnes CO2 eq	-30% CO2 eq emissions (in tonnes)	Calculations of greenhouse gas emissions	<p>The government has the means to implement the policy instruments promoted by the programme.</p> <p>Awareness and behavioral measures can be prioritised locally and sufficiently resourced for target groups who have considerable influence on these indicators, and there are enough individuals amongst these different target groups who already intend to act.</p> <p>Ongoing crises do not negatively influence the stakeholders' motivation to contribute to green economic development</p> <p>Tourism in the country recovers to levels that make activities and investments in the sector attractive and profitable for private stakeholders</p> <p>Financial institutions (local banks, microfinance institutions) are both willing and able to provide funding to the private sector</p>
		Outcome Indicator 2 Number of MSME's in the supported economic activities with an income increase of at least 30% through the utilisation of green practices, disaggregated by sex and age	0 MSMEs	1750 MSMEs (of which 30% women and 20% youth) (2026)	Annual survey of the people targeted by the programme regarding the income generated from the supported economic activities.	
		Outcome Indicator 3 Number of jobs created among MSMEs in the supported intervention areas with the support of the EU, disaggregated by sex and age (GERF 2.13) :	0 jobs	2000 jobs (50% women, 30% youth)	Annual survey of the people targeted by the programme regarding jobs obtained in the supported value chains.	
		Outcome Indicator 4 Value of green technology investments mobilized by the target group (EUR)	0 EUR	1.000.000 EUR (2026; in 2025 500.000 EUR)	Annual analysis of the supported MSMEs and people targeted by the programme regarding the green investments that have been mobilised.	

						Short-term climate risks and impacts do not negatively impact the performance in the supported intervention areas (especially agricultural value chains)
Output 1	Environmental, social and private sector issues are integrated into the development of evidence-based employment-oriented green economy policies	Output Indicator 1.1 Number of evidence-based policy instruments addressing employment-oriented environmental, social and/or private sector issues developed with support of the EU-funded intervention.	0 evidence-based policy instruments	5 evidence-based policy instruments	1.1.1. Written confirmation of decision-makers in relevant national and local level governmental entities, confirming the acceptance and further consideration of the respective policy instrument in policymaking (to be collected annually)	The current interest in the green economy will remain, despite the changes in the political structures and ongoing crises There will be no political unrest that might lead to changes in priorities away from green economic development among government institutions
		Output Indicator 1.2 Number of MSME and civil society organisations involved in the supported policymaking processes confirming with one concrete example that their needs have been integrated into the policy instruments.	0 MSMEs and civil society organisations	150 MSMEs and civil society organisations	1.2.1. Survey of randomly selected MSMEs and civil society organisations supported by the programme highlighting one example with regards to the integration of their needs in the policy instruments (to be collected at the end of the programme)	Implementing the National Green Economy Programme remains an important part of the policy agenda of the Ministry of Economy and Commerce The Ministry of Economy and Commerce is willing to allow the private sector to contribute to the processes of policymaking and policy implementation.
Output 2	Enhanced capacities of MSMEs in the supported intervention areas to employ economically, socially and environmentally beneficial green economic practices.	Output Indicator 2.1 Number of MSMEs (out of which 30 % are women-led, 20 % youth) trained by the EU-funded intervention applying verifiable or certified green practices.	Baseline value (target of phase I of the project until 2023): 1,500 supported MSMEs	3.400 MSME (out of which 30 % are women-led, 20 % youth)	2.1.1. For processing companies/tourism service providers: analysis of the documentation of MSMEs about their production systems and certificates and of their documentation of standards and respective protocols used to verify or	MSMEs are willing and able to adopt the green economic practices promoted by the programme Additional promising green technologies (beyond the already identified heat pumps and improved irrigation) can be found to be promoted within the scope of the Green Technology Upscaling Facility

					<p>certify green practices</p> <p>2.1.2. For smallholder farmers: annual survey of a randomly selected sample of farms (MSMEs) with regards to their application of green practices.</p>	<p>Key stakeholders can be identified and are willing to jointly develop a common CSBC standard and benchmark or at least learn and use an existing benchmark.</p> <p>Advanced capacities together with facilitation by the project will lead to advanced CSBC interventions that follow the benchmark and address GE issues supported by the project.</p>
		<p>Output Indicator 2.2</p> <p>Number of green technologies applied in the intervention areas with support of the EU-funded intervention within the scope of the Green Technology Upscaling Facility</p>	0 green technologies	4 new green technologies	<p>2.2.1. Analysis of annual surveys among the users of the practices with regards to the practices' outreach, usage, and impact</p>	
Output 3	Increased capacity of associations, public institutions, NGOs, universities, media institutions in the Kyrgyz green economy in advanced CSBC to promote products and services, greener lifestyles, pro-environmental behavior amongst promising selected target groups.	<p>Output Indicator 3.1</p> <p>Number of key stakeholders apply a CSBC benchmark in their communication interventions.</p>	0 associations, public institutions, NGOs, universities, media institutions applying a CSBC benchmark in their communication interventions	8 associations, public institutions, NGOs, universities, media institutions applying a CSBC benchmark in their communication interventions	<p>3.1.1. Annual qualitative and quantitative Knowledge, Attitude, Practice (KAP) survey (or comparable) on capacity status</p> <p>3.1.2. Complementary text analysis, comparing descriptions / reports of CSBC interventions to benchmark.</p>	
		<p>Output Indicator 3.2</p> <p>Percentage of the people reached by the CSBC interventions confirming a change in their knowledge, attitude, and practices in line with the messages of the intervention.</p>	0	10 % of the people reached	<p>3.2.1. Regular surveys and digital measurement methods capturing participant or audience interactions</p>	

					3.2.2. KAP surveys, qualitative analyses, sentiment analyses, social network analysis or similar (Data to be collected at the end of the programme)	
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4. IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

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

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 48 months from the date 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 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 measures¹³.

4.3.1 Indirect Management with a pillar assessed entity.

This action may be implemented in indirect management by GIZ, which has been selected by the Commission services using the following criteria: longstanding experience in the implementation of EU funded projects and track record of promoting EU visibility, longstanding experience in the implementation of the projects in Central Asia, including in Kyrgyzstan, experience in the area of green economy, tourism, agriculture, private sector development, sustainable economic development, energy and resource efficiency, sustainable consumption and production and climate change. The selected entity also has the capacity (e.g. in terms of human resources, logistics and organisational set-up) to implement the Action. GIZ has a long-standing presence in the country (since the early 1990s), including offices in Bishkek as well as in other major cities in Kyrgyzstan (ex. Osh and Jalal-Abad). GIZ has also long-standing experience in working with Kyrgyz authorities, the private sector, financial sector, civil society and development partners in the area of green economy among others. GIZ is currently implementing Green Economy and Sustainable Private Sector Development Programme funded by BMZ and SDC as well as the EU-funded Integrated Rural Development Programme. The proposed action is a direct continuation of the Green Economy and Sustainable Private Sector Development Programme; therefore, GIZ is the most suitable entity to implement the action.

In case the envisaged entity would need to be replaced, the Commission services may select a replacement entity using the same criteria. If the entity is replaced, the decision to replace it needs to be justified.

4.3.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

Due to exceptional circumstances, the indirect management mode could be changed to direct management mode via grants to Civil Society Organisations, with a total budgetary envelope equal to EUR 3 million.

¹³ 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.

4.3.3 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).

4.4 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution (amount in EUR)
Implementation modalities – cf. section 4.3		
Indirect management with Member State Organisation - cf. section 4.3.1	3 000 000	4 500 000 (German Federal Ministry for Economic Cooperation and Development) 2 000 000 (Swiss Agency for Development and Cooperation)
Totals	3 000 000	6 500 000

4.5 Organisational Set-up and Responsibilities

The joint programme will have a duration of 36 months (about 3 years), indicatively starting in June 2023. There will be no inception phase as it will be a continuity of the existing Programme on Green Economy and Sustainable Private Sector Development in Kyrgyzstan, which is currently co-financed by the governments of Switzerland and Germany.

The Programme will be implemented by GIZ in Kyrgyzstan. GIZ will use its existing staff structure and subcontract activities as required and in line with this document. This process will save time and enable the programme to smoothly realize the goals and objectives defined in this document.

The Programme will have a steering committee, chaired by the Kyrgyz Government, indicatively the MoEC and other government and local stakeholders involved in local economic development. It may be opened for participation of other development partners engaged in the field of economic development and sustainable climate actions. It will also entail key representatives of the regions where the programme plans to administer activities and the umbrella institutions representing the private and financial sectors. This committee will discuss the overall Programme objectives and will serve as a platform for policy dialogue and coordination in the sector.

The following stakeholders can be foreseen as members of the Steering Committee for the Programme:

- MoEC
- EU Delegation, German and Swiss Embassies
- Local municipalities in target areas

- MNRETS
- MoA
- Ministry of Culture, Information, Sport and Youth Policy
- Umbrella Business Associations (e.g. JIA, Union of Banks and CCI, KATO)
- Green Alliance

In addition to the steering committee, effective co-ordination between the line ministries directly involved with the programme (MoEC, MNRETS, MoA) is desired, e.g. on the basis of the Co-ordination Council on Climate Change, Ecology and Sustainable Development.

Each Programme Outcome will also have its technical steering mechanism that will include Kyrgyz Governmental and non-governmental partners including private sector associations. The steering mechanism will be responsible for reviewing the operational implementation of the Programme and will convene regularly preferably quarterly and will be responsible for preparing the inputs for the semi-annual steering committee meeting. The Terms of Reference will be formalised and agreed within July 2023.

In addition to the co-ordination between programme partners described above, the co-financing parties aim to establish joint monitoring and joint reporting based on GIZ operational procedures. For better joint communication an additional strategy on visibility and communication will be elaborated. This strategy will be aligned with the multiannual strategic communication and public diplomacy plan of the Delegation elaborated through a support measure.

4.6 Pre-conditions

The vision of tri-lateral cooperation between Switzerland, Germany and the EU is documented and the respective commitment for the cooperation is secured and duly agreed with the Kyrgyz Republic.

5. PERFORMANCE MEASUREMENT

a. Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this Programme will be a continuous process. To this aim, GIZ shall use and where necessary adapt its established internal, technical and financial monitoring system of the current Programme and provide regular annual progress reports and a final report. Reporting language shall be English. Every report shall provide an accurate account of the implementation of the Programme, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and Outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The commissioner and co-financing partners may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the donors for independent monitoring reviews.

GIZ will be responsible for data collection, analysis and day to day monitoring of the Programme using a Result Based Monitoring system, which is developed according to its internal standards. The system is designed to enhance the effectiveness of the Programme, examine the quality, enable steering, to learn from experience and be able to give information on the results achieved at any time. Gender and conflict-sensitive monitoring will be integrated to better understand the situation of gender and the prevailing conflict dynamics between partners and identify the needs for adjustments to achieve positive impact. The monitoring plan will ensure that the Programme is implemented on time according to the agreed approaches, is on track in terms of integrating vulnerable population, is sensitive to gender as well as includes the sensitivity of conflict and incorporate needed strategies to maintain a smooth Programme implementation. It will highlight any areas where the required adjustments can be made quickly and effectively and will promote constant dialogue within the project team and discussions with partners on strategic issues.

The following instruments for monitoring Programme activities will be used:

1. Logical Framework
2. Monitoring Plan
3. Result-based online monitoring system
4. Indicator factsheets
5. Operational plan
6. Post-event reports
7. Risk management tool
8. Unintended results monitoring tool
9. Annual verification survey among beneficiaries

The above-mentioned tools and reports will be available to the commissioner and co-financing partners at any time upon request. The progress of the Programme will be reported once a year on an agreed timeframe. The narrative report on the progress of the Programme will include information on the achievement of impact, outcome, outputs, use of the resources, and recommendations for improvements of the implementation process. In addition to the intended results, unintended positive and negative changes occurring during the Programme implementation period that are directly attributed to the Programme work will be systematically monitored and recorded to the relevant template. According to the results and changes Programme strategies and activities will be adjusted to make better use of the positive effects and avoid and minimise negative effects in the future. All external factors beyond the Programme's control influencing implementation in a way that endangers the achievement of the results will be documented and monitored during the team meetings and with the Risk Management Tool (see attachment).

Monitoring Data

Monitoring data will be essential for steering and learning about the achievements of the Programme objectives and indicate whether the Programme is proceeding as originally planned. The following gives an overview of the foreseen monitoring data and structure:

Level/Indicator	Frequency	Data collection method	Responsible person
Outcomes	Reviewed annually	Doing Business Index and Report. Global Competitiveness Index; National Statistical Office of the Kyrgyz Republic; National Bank, IMF, WB reports	Green Economy and Sustainable Privates Sector Development's project staff members
Outputs	Collected annually	Surveys using a standardised questionnaire, reports of the consultancies, data from team members, monitoring forms and partners	Monitoring and Evaluation advisor, project staff members, service providers and partners
Work packages/ Activities	Monitored and documented regularly	Surveys using a standardised questionnaire, reports of the consultancies, data from team members, monitoring forms and partners	Monitoring and Evaluation advisor, project staff members, service providers and partners
Risks/Unintended results	Monitored and recorded twice a year	Data from partners and beneficiaries, mass media and service providers	Project staff members, key partners

The monitoring data will be used for the following purposes:

- Steering and management decisions.
- Quality improvement.
- Knowledge management/learning.
- Accountability, substantiation of results and regular reporting.

Monitoring and Evaluation Deliverables

Annual report: a narrative report on progress of the Programme on achievement of outcome, outputs, use of the resources, and recommendations for improvements of the implementation strategy and process.

Logframe: update on the status of indicators at least once a year together with narrative annual report and available at any time upon request.

End of Phase Evaluation Report: a final programme evaluation will be performed at the end of the phase to reveal whether the intervention strategy, its effectiveness, efficiency, and the expected outcome and outputs were achieved.

b. 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 it is an important EU initiative to promote Green Deal in the external action.

The Commission shall inform the implementing partner at least 3 months 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 dissemination¹⁴. 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.

c. 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.

6. STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 EU programming cycle adopts 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.

¹⁴ See best [practice of evaluation dissemination](#)

APPENDIX 1 REPORTING IN OPSYS

An Intervention (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	Actions reference (CRIS#/OPSYS#): <Present action> <Other action>
Option 3: Contract level		
<input type="checkbox"/>	Single Contract 1	<foreseen individual legal commitment (or contract)>
<input type="checkbox"/>	Single Contract 2	<foreseen individual legal commitment (or contract)>
<input type="checkbox"/>	Single Contract 3	<foreseen individual legal commitment (or contract)>
	(...)	
<input type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>