This action is funded by the European Union

ANNEX
of the Commission Implementing Decision on the financing of the multiannual action programme in favour of the Kyrgyz Republic for 2018 and for 2019 part 1

Action Document for the Education Sector Reform Performance Contract

<table>
<thead>
<tr>
<th>MULTIANNUAL PROGRAMME</th>
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</thead>
<tbody>
<tr>
<td>This document constitutes the multiannual work programme in the sense of Article 110(2) of the Financial Regulation and action programme in the sense of Articles 2 and 3 of Regulation N° 236/2014.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>1. Title/basic act/ CRIS number</th>
<th>Education Sector Reform Performance Contract, CRIS number: ACA/2018/039-937 and ACA/2019/041-532 financed under Development Cooperation Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Zone benefiting from the action/location</td>
<td>The Kyrgyz Republic</td>
</tr>
<tr>
<td>The action shall be carried out at the following location: nation-wide</td>
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<tr>
<td>3. Programming document</td>
<td>Addendum to the Multi-Annual Indicative Programme (MIP) for the period 2014-2020 between the European Union and the Kyrgyz Republic¹</td>
</tr>
<tr>
<td>4. Sector of concentration/ thematic area</td>
<td>Focal Sector 2- Education</td>
</tr>
<tr>
<td></td>
<td>DEV. Aid: YES</td>
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<tr>
<td>5. Amounts concerned</td>
<td>Total estimated cost: EUR 35.823 million</td>
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<tr>
<td></td>
<td>Total amount of EU budget contribution EUR 35.76 million of which EUR 32 million for budget support and EUR 3.76 million for complementary support.</td>
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<td>The contribution is for an amount of EUR 11 963 771 from the general budget of the European Union for 2018 and for an amount of EUR 23 796 229 from the general budget of the European Union for 2019, subject to the availability of appropriations following the adoption of the relevant budget.</td>
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<tr>
<td></td>
<td>This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 63 000.</td>
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</tbody>
</table>

6. Aid modality(ies) and implementation modality(ies) | Budget Support
---|---
Direct management through:
- Budget Support: Sector Reform Performance Contract
- Grants
- Procurement

7. a) DAC code(s) | Main DAC code – 11110; Sub-code 1 – 11120; Sub-code 2 – 11130.
b) Main Delivery Channel | 12000 - Recipient Government; 20000 – Non-Governmental Organisations (NGOs) and Civil Society; 9000-Others

8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective
---|---|---|---|---
Participation development/good governance | ☐ | ☐ | ☒ | ☐
Aid to environment | ☒ | ☐ | ☐ | ☐
Gender equality (including Women In Development) | ☐ | ☒ | ☐ | ☐
Trade Development | ☒ | ☐ | ☐ | ☐
Reproductive, Maternal, New born and child health | ☒ | ☐ | ☐ | ☐

RIO Convention markers | Not targeted | Significant objective | Main objective
---|---|---|---
Biological diversity | ☒ | ☐ | ☐ | ☐
Combat desertification | ☒ | ☐ | ☐ | ☐
Climate change mitigation | ☒ | ☐ | ☐ | ☐
Climate change adaptation | ☒ | ☐ | ☐ | ☐

9. Global Public Goods and Challenges (GPGC) thematic flagship | Not applicable

10. SDGs | The action will mainly contribute to achieve the SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. It will also promote progress towards SDG 5: Achieve gender equality and empower all women and girls.

Summary
The EU will provide further support to the Kyrgyz Government toward the continued reform of the Education Sector with special focus on inclusive and equitable quality education in line with SDG 4. The proposed 2nd Sector Reform Performance Contract (SRPC-2) is envisioned to be implemented during the period 2019-2021, and is built upon the achievements of past and ongoing EU assistance to the Education Sector.
The programme will provide support to: (i) Improve policy-making capacities through policy-aligned results-oriented management and the operational Education Management Information System (EMIS); (ii) Enhance sector financial management capacity through programme-based budgeting approach; (iii) Ensure equitable access to quality education with emphasis on gender, ethnic and linguistic backgrounds through setting up of effective student assessment based on competency, introduction of professional development of teachers involved in multilingual education, introduction of non-discrimination and gender expertise of teaching materials and curricula; (iv) Develop and introduce a Concept for a National Qualification System which will greatly facilitate degree recognition and career progression as well as alignment with the national, regional and international labour markets.

In general, the new programme will continue to support Kyrgyz government-owned education policy and strategy\(^2\) and the Action Plan for Education Development (APED) 2018-2020\(^3\), strengthen institutional capacity, and enhance the policy dialogue. It will contribute significantly to the already established Sector-Wide Approach (SWAP) in the education sector of Kyrgyz Republic, which was prepared with the active support of the Development Partners.

The SRPC-2 represents the second of two such Contracts to be funded from the financial envelope 2014-2020. The Sector Budget Support will be disbursed through three annual tranches. Disbursement of the tranches will be subject to the Kyrgyz Government meeting the criteria built on performance indicators derived from the Education Action Plan 2018-2020. This modality has been discussed with the Kyrgyz Government, which has expressed its willingness to accept the use of performance criteria and indicators as the basis for the disbursement of the fixed and variable tranches.

1. **Context**

1.1 **Sector/Country/Regional context /Thematic area**

Kyrgyzstan is a land-locked mountainous country in Central Asia. The Kyrgyz Republic has been a lower middle income country since 2014 with an estimated population of around 6 million people and a national income per capita of USD 1,250. The country ranks 120\(^{th}\) out of 188 countries/territories in the United Nations Human Development Index (HDI), being at the medium human development level.

Since 1990 Kyrgyzstan’s HDI\(^4\) value has increased from 0.615 to 0.664. Kyrgyzstan’s life expectancy at birth increased by 4.3 years, the mean years of schooling increased by 2.7 years and expected years of schooling increased by 0.7 years.

The female HDI value for Kyrgyzstan is 0.648 in contrast with 0.671 for males, resulting in a Gender Development Index (GDI) value of 0.967\(^5\). Kyrgyzstan has a Gender Inequality Index (GII) value of 0.394, ranking it 90 out of 159 countries in the 2015 index. This is an improvement in comparison with the 2014 index, where the female HDI value was 0.638, GDI value -0.961 and GII value -0.353.


\(^5\) HDR 2016: GDI reflects gender inequalities in achievement in three dimensions of the HDI: health, education; and command over economic resources. The closer the ratio is to 1, the smaller the gap between women and men.
In Kyrgyzstan, 100% of adult women have reached at least a secondary level of education compared to 99.9% of their male counterparts. Although there is gender parity in enrolment and completion rates in primary and lower secondary education, female participation in the labour market is 49.4 percent compared to 77.1 for men (Human Development Report 2016).

Overall official unemployment rate is 7.2% and the poverty rate dropped to 25.4% in 2016 vs. 32.1% in 2015. Undoubtedly, the reduction of poverty has been one of the most important achievements of the last few years.

Membership in the Eurasian Economic Union (EEU) since 2015 opens the prospects of a barrier-free market of 185 million people and eventual integration in agriculture, energy, transport, services and other sectors. Recent rapprochement with Uzbekistan creates the promise of improved connectivity and enhanced trade, including in energy and water resources.

However, the economy remains highly vulnerable to external shocks and has faced challenges associated with a weak regional economic environment, especially in Russia and Kazakhstan, affecting directly inflow of remittances, external trade and creating depreciation pressure on national currency. The slowdown in the regional economies had a negative impact on economic growth in 2016. Despite occasional exogenous shocks and domestic political turmoil, for the last decades the Kyrgyz economy with a significant and adaptive informal private sector, has managed to maintain economic growth (e.g. gross domestic product (GDP) grew from 2.8 billion USD in 2006 to approx. 7.29 billion USD in 2017).

Since the population of the Kyrgyz Republic remains very young - with over half of its citizens below 23 years of age - in the next few years, entry of youth into the labour market will substantially exceed the rate of those leaving the labour market on reaching retirement age.

At the same time, over the past five years, there has been a constant outflow of people from the country, an average of 13,200 people per year. This net out-migration helps the Kyrgyz economy benefit from remittances (approx. 30% of GDP) from Kyrgyz workers in Russia (registered by the Russian migration service at around 600,000 Kyrgyz migrants by January 2017, or almost 10% of the national population) - which increased by approx. 13% between 2015 and 2017.

One of the relevant policy responses for this migratory dynamic has been the development of a concept for a National Qualification System for all educational levels, in line with the European Qualification Framework (EQF). On the basis of this concept, the Ministry of Education and Science (MoES) is expected to elaborate the National Qualifications System which will greatly facilitate degree recognition and career progression as well as alignment with the national, regional and international labour markets. The NQS is intended to have a positive impact on the authentication of the skills of the Kyrgyz labour force.

The government has relied on migration as a safety net, compensating for its difficulty to develop the economy. However, uneducated, unemployed youths who face disenfranchisement, injustice and poor rule-of-law sometimes consider an Islamic justice and governance system as an attractive alternative. These young people are at risk of being radicalised and exposed to extremist ideas. Financial incentives can play a part in joining a banned organisation but are not decisive. The government could follow-up on the valuable local work of religious groups, as supported under the Instrument contributing to Stability and Peace that espouse non-violent, non-discriminatory views. While no substitute for
economic empowerment, it is an outlet for youths who might otherwise be attracted to radical ideas.

The EU-funded Erasmus+ programme has set out a number of initiatives to support efforts across several policy areas, from promoting inclusive education and common values, to tackling extremist propaganda online and radicalisation as well as to support cross-national exchanges and partnerships with a focus on civic values. In addition, education as a means to prevent radicalism has been a recurring topic of political dialogue between the EU and Central Asia. The Instrument contributing to Stability and Peace is also funding several projects on grass-roots level promoting dialogue and collaboration among youth to counter extremism in Kyrgyzstan.

The structure of expenditures of the state budget reflects the social orientation of the budget policy of the Government and much less economic empowerment. For example, over the past 10 years, an average of 51% of expenditures have been made in the socio-cultural sphere and the amount of funding for socio-cultural sphere in 2016 reached more than 66 billion Kyrgyz Som (KGS, approx. EUR 781 million) and in 2017 reached more than 71 billion KGS (approx. EUR 840 million), surpassing the level of 2007 by more than 4 times. Expenditure on education, whose share of the total expenditure in the socio-cultural sphere was an average of 36%, remained a priority in social and cultural expenditures over the decade. However, there are concerns over the level of education spending and distribution of funding where expenditures are represented by almost 80% for wages and only 18% for procurement of goods and services. The non-wage costs of the sector are still significantly underfinanced.

In this multi-ethnic society with three main minority groups (Russians, Uzbeks and Tajiks), it is often that Tajiks and Uzbeks have classes in a language they are unfamiliar with. These children are unable to participate fully due to linguistic barriers. To address these issues which hinder access to education, the Ministry of Education has introduced a number of measures to promote multilingual education in the APED 2018-2020. Specifically, through its 'Objective 2.5.4: Improve the capacity of teachers involved in multilingual education', APED 2018-2020 with support of the new EU programme will facilitate elaboration and introduction of a multilingual (Russian, Kyrgyz and mother tongue, e.g. Uzbek or Tajik) integrated teaching modules.

Equally important, the immediate and medium-term measures in the education sector of Kyrgyzstan have been coordinated with the broader national campaigns and programmes underway. One of the flagship initiatives of the Kyrgyz Government presented in 2017 has been the Taza Koom initiative - a campaign for a transparent system of governance that is underpinned by a robust national strategy of digital transformation in every sphere of social, economic, and political life.

The "Taza Koom" vision of digitalisation for the country and promoting e-government is expected to serve as a basis for the upcoming long-term Country Development Strategy 2040, which is planned to be approved in July 2018. To ensure alignment with this overarching policy agenda, the Ministry of Education and Science has elaborated in its Action Plan for Education Development 2018-2020 a special focus on post-2015 Sustainable Development Goals and human resources necessary for the "Taza Koom" initiative.

1.1.1 Public Policy Assessment and EU Policy Framework

Kyrgyzstan has a strong history in the education sector, with official figures showing
99.5 %\(^6\) literacy without any significant gender, regional or ethnic imbalances, and high coverage of primary and secondary education. While important progress was achieved in terms of educational access, challenges persist in the areas of learning outcomes. The Kyrgyz Republic ranked last in math, science and reading among countries that participated in the 2006 and 2009 rounds of the Program for International Student Assessment (PISA). According to PISA results 2009, 83 % of the 15-year-old population of Kyrgyzstan were functionally illiterate.


For its part, the EDS 2020 was translated into a comprehensive, operational rolling Action Plan for Education Development (APED) covering the periods of 2012-2014, 2016-2017 and 2018-2020.

The new Action Plan for Education Development (APED) 2018-2020 further demonstrates that lessons are being learned, and that the stakeholders are beginning to grasp the difference between input, output and impact indicators of achievement. The APED 2018-2020 has identified 8 priorities, which for the most part provide comprehensive coverage of the reform needs of the Sector:

1. Pre-school education;
2. School education;
3. Professional education of all levels such as higher, secondary and primary to ensure coherency and consistency;
4. Primary vocational education and training
5. Secondary vocational education and training;
6. Higher professional education;
7. Adult education and informal education;
8. Management, monitoring and strategic planning in education

Each of these 8 major measures of the APED contains numerous sub-measures. The APED has been costed and the cost estimates are being translated into respective programme budget and the Mid-Term Budget Forecast.

Apart from the Policy Monitoring and Review exercised regularly by the Policy Review Committee under the MoES established in 2016, the National Sample-Based Assessment of student achievement (NSBA) has also been in use to monitor educational achievement according to national standards. Results of the 2017 study demonstrate progress in reading and comprehension of grades 4 (primary school) and 8 (secondary school). The percentage of students demonstrating reading skills below minimum basic level has decreased to 59.8 % (grade 4) and to 51.5 % (grade 8), and the number of students demonstrating skills at the level above basic has increased. While these are small improvements, the direction of change is encouraging and shows that the policy reform and implementation are on the right track.

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\(^6\) Human Development Report 2016
In parallel, a reform in teacher development and management policy is on-going as well: the professional teaching standards are being updated, teacher salary reform is ongoing, and important changes in the system of professional development for teachers (including setting up of a consolidated Republican Teacher Training Institute, and a voucher system for professional development) are expected during implementation of APED 2018-2020.

The EU has been supporting implementation of EDS 2020 since 2013 in line with the principles and priorities outlined in the Agenda for Change (2011), and those of the Paris Declaration (2005). In this context, the EU has prioritised the Education Sector as one of the focal sectors under the new Financial Perspective 2014-2020. The Multi-Annual Indicative Programme (MIP) highlights three objectives (i) To strengthen the capacities of the national and local authorities to formulate, implement and monitor educational policy; (ii) To ensure equitable access to quality education and training with emphasis on gender and multi-ethnic society; and (iii) To ensure greater synergy between the needs of the labour market and the skills and qualifications offered by education system.

The actions foreseen under this Programme directly correlate with these objectives and those of the Government’s Education Development Strategy and respective Action Plan. These actions – envisioned within the scope of the MIP – also address challenges such as access, quality, equity and skills development identified in the Working Document of the Commission staff: "More and Better Education in Developing Countries" (2010). These policy imperatives inform the current Action Document for the EU in the Kyrgyz Education Sector.

Moreover, the Midterm Review of the MIP 2014-2020 for Kyrgyzstan initiated by the EU in response to evolving global context and EU priorities reconfirmed that no amendments needed to the three focal sectors in Kyrgyzstan, including Education, as they are fully aligned to the new priorities.

1.1.2 Stakeholder Analysis

The Kyrgyz Education Sector is multi-tiered with complex stakeholder dynamics. The Ministry of Education and Science (MoES) is the principal actor, responsible for all levels of education - pre-school, primary, secondary, vocational and higher education at the policy level. It is acknowledged that there is adequate ministerial ownership and leadership of the education sector, which is the key element for improving the education system in Kyrgyzstan. Success of all other elements will depend on how effective the Ministry of Education is in affirming its ownership and leadership.

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

The Ministry acknowledges its current insufficient capacity to maintain proper monitoring and evaluation. It is extremely important to deploy the Education Management Information System (EMIS) to improve the timeliness, reliability and relevance of educational data and
statistics. It is envisioned that some parts of EMIS will be published on the MoES website.\(^7\)

A new Republican Teacher Training Institute under the direct responsibility of the Minister of Education has been recently established and will be an important stakeholder for the teacher training issues.

In the world of vocational education and training (VET), Primary VET (PVET) is managed by the Agency for Vocational Education and Training (AVET), an institution that used to be subordinate to the Ministry of Labour, Migration and Youth (MoLMY), and in 2016 moved to the MoES.

Overall, the key stakeholders of education sector are the Ministry of Education and Sciences (MoES), the Ministry of Finance (MoF), schools, AVET, the Boards of Trustees (including Parents associations) of the schools and VET institutions, local authorities, state employment agencies, the social partners and education-focused civil society organisations. The parents, children and students receiving general education, vocational education and higher professional education constitute the principal beneficiaries of the system. Straddling the stakeholder and beneficiary groups is the workforce of the MoES – the teachers and education administrators – whose compensation takes up the largest share of the operating education budget.

### 1.1.3 Priority areas for support/problem analysis

Issues in education are inter-related often through recursive linkages - hence it would be counterproductive to consider any particular issue in isolation. At the same time, it is particularly helpful – from a time-bound sector reform perspective - to prioritise a few critical ones, also taking into account priorities of other Development Partners.

While a whole range of issues – from quality of nutritious lunch in preschool and basic education to availability of appropriate machine-tools in the vocational institutions - could be potentially mapped to challenges of access, quality and equity in the education sector of Kyrgyzstan, the current problem analysis based on lessons learnt suggests prioritising three stand out as most pressing, with most cross-cutting implications and transformative potential. These are: *Overall management, including the Education Management Information System (EMIS); learning results and professional qualification of teachers, and available learning environment and resources.*

These challenges are captured in the Education Strategy and in its Action Plan 2018-2020 that help the MoES move to ownership and full responsibility for the sector agenda and reform the management process. Certainly it requires significant capacity and efforts on behalf of the Ministry.

The Education Action Plan 2018-2020 was approved and costed. The MoES presented its annual and multi-annual budgetary requests in a programme format. Despite stable funding of education over the years, the non-wage costs of the sector are still significantly underfinanced.

The Development Partners have expressed concerns over the level of education spending (in average approximately 19\(^8\) of the state budget and 6 % of GDP in 2017 (GDP 7.29 billion USD), distribution of funding (nearly 80 % of expenditures consist of wages and only 18 % of procurement of goods and services) and low outcomes. The state delivers education

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services – access is high – but quality is low. Kyrgyzstan has a strong educational history, with official figures showing 99.5%\(^9\) literacy and high coverage of primary and secondary education. While important progress has been made in terms of educational access, challenges persist in the areas of learning outcomes. Despite being in school, more than 50% of learners are functionally illiterate and come out of school unprepared to integrate with the world of work\(^10\).

The issue of teacher development and management also remains a matter of great concern. It is fair to say that teaching as a career in the country is experiencing major problems which, if not addressed, will undermine other efforts. Recruitment of high-quality candidates in teaching is inadequate, and retention of good teachers proves very difficult. The issues of quality of pedagogical education, prestige and social status of the teacher, the general educational level of students entering pedagogical specialties, continuous professional development and career opportunities all pose serious challenges. From the positive side it can be said that the Ministry of Education has recently (July 2017) approved a progressive policy framework on teacher development and management with support from ADB.

Moreover, the current introduction of per-capita funding in public schools (i.e. taking into account the number of students and the scale of standards) is expected to help to increase compliance with the staffing norms, which will ease existing regional disparities, including teacher supply – and the inequities that stem from them.

The EU is among the very few Development Partners actively engaged in addressing strategic questions related to the management and financing of the Education Sector. The priority areas of the proposed action are therefore consistent with the APED 2018-2020.

*The programme aims at* (i) strengthening the capacities of the national and local authorities to formulate, implement and monitor educational policy, including improvement of financial management and resource allocation in the sector and supporting the productive policy dialogue; (ii) ensure equitable access to quality education with emphasis on gender and multi-ethnic society; and (iii) ensure greater synergy between the skills and qualifications offered by the education and training systems, and the needs and demands of the labour market.

It is expected that the *following results will be achieved*: (i) Improved policy-making capacities through policy-aligned results-oriented management and the operational Education Management Information System; (ii) Enhanced sector financial management capacity through programme-based budgeting approach; (iii) Equitable access to quality education with focus on gender, ethnic and linguistic backgrounds through setting up of effective student assessment based on competency, introduction of professional development of teachers involved in multilingual education, introduction of non-discrimination and gender expertise of teaching materials and curricula; (iv) Development and introduction of a Concept for a National Qualification System which will greatly facilitate degree recognition and career progression as well as alignment with the national, regional and international labour markets.

1.2 Other areas of assessment

1.2.1 Fundamental values

The Kyrgyz Republic has ratified all UN human rights instruments, with the exception of two: Protection of all Persons from Enforced Disappearance; Rights of Persons with

\(^9\) Human Development Report 2016

\(^10\) National sample-based assessment of learning achievements (NSBS), 2017
Disabilities and its Optional Protocol. In December 2017, the deputies of the Parliament adopted a resolution, instructing the government to begin the process of ratification of the UN Convention on the Rights of Persons with Disabilities. In May 2018, the Ministry of Labour and Social Development published a draft of the respective law for public consideration prior to inter-ministerial consultations and ratification.

In 2013 a National Coordination Council on Human Rights was established by Government decree to prepare state party reports to human rights mechanism and ensure follow-up on recommendations. National efforts are acknowledged. However, many substantial recommendations are still not implemented. In 2015 the Universal Periodic Review was conducted. Kyrgyzstan agreed to the publication of recommendations as well as Kyrgyzstan's response. Kyrgyzstan agreed on 139 plus 11 recommendations. Kyrgyzstan "did not enjoy" 28 plus 18 recommendations. These not-enjoyed or noted recommendations recommend to ratify the Rome Statute on International Criminal Court, to extend a standing invitation to all special procedures, recommend to enact comprehensive non-discrimination legislation (gender, ethnicity, sexual orientation, belief), to refrain from disproportionate and discriminatory restrictions on freedom of association, to narrow down the criminal offences of "extremist activities" in order to ensure that charges are not applied arbitrarily, to de-criminalise defamation.

In the amended constitution (referendum 12/2016) Human Rights (HR) and the international HR mechanism are less acknowledged than in the 2010 constitution: HR are now only "part" of the basic values; the provision that international HR norms apply directly in Kyrgyzstan has been removed, as has the provision that Kyrgyzstan is obliged to restore the rights of a person, if a competent international HR organisation took a decision to this end. While these changes do not represent a definite restriction yet, they give national authorities room for interpretation. Also, the amended constitution allows for more influence of the executive and legislative powers on the Judiciary. Although Kyrgyzstan abolished defamation as a criminal offense in 2011, in 2013 new legislation was introduced against publishing "deliberate false reports".

The legal framework protecting women's rights is in compliance with international standards but women often lack information about their rights, discrimination and violence against women, including bride-kidnapping, which continues to be widespread. However, the prominence of female civil society advocates and public discourse for instance via social media is deemed to have had a positive and steadily improving impact on gender equality. In April 2017 a new law on domestic violence was signed, which replaces a version from 2003. It includes measures to improve protections for victims of domestic abuse and strengthen police and judicial response. The new Law on the Prevention and Protection against Family Violence requires police to register a domestic abuse complaint from anyone, not just the victim. The law recognises not only physical and psychological abuse but also “economic violence”.

Gender equality is a matter of human rights. In recognition of that principle, the EU undertook a more comprehensive approach to supporting human rights in Kyrgyzstan which includes the principles and priorities of the EU Gender Action Plan 2016-2020 (GAP II), and the Joint Staff Working Document on “Gender Equality and Women’s Empowerment: Transforming the lives of Girls and Women through EU External Relations 2016-2020". The latter - adopted in October 2015 - address results-oriented measures for more effective delivery of gender equality.

Furthermore, the Gender Study for Kyrgyzstan was conducted in 2017\(^\text{11}\). Its key findings and recommendations were shared with the national authorities and civil society organisations. The

\(^{11}\) In the framework of the EU-funded FWC 'Gender Study for Central Asia', 2017
Gender Profile for Kyrgyzstan helped the representatives of the Ministry of Education to formulate gender sensitive indicators in line with GAP II and accommodate them in the APED 2018-2020.

The 15 October 2017 presidential election in the Kyrgyz Republic contributed to the strengthening of democratic institutions by providing for an orderly transfer of power from one elected president to another. The election was competitive, as voters had a wide choice and candidates could, in general, campaign freely, although cases of misuse of public resources, pressure on voters, and vote-buying remain a concern. The risk of shrinking space for civil society and media was increased in the past few years but the most current trend demonstrates that the situation has been slowly improving. Financial lawsuits against media initiated by the previous and current President have been withdrawn.

1.2.2 Macroeconomic policy

The economy is gradually recovering from the external shocks it endured starting in 2014 due mainly to the effect of low oil prices on its main trading partners. Counter-cyclical fiscal and monetary measures and a relatively flexible exchange rate helped mitigate some of the impact of the external shocks, but they left a legacy of financial and debt vulnerabilities. The recovery currently underway is helped by a rise in remittances, and a good gold production and trade performance.

Overall, economic activity in 2017 exceeded expectations, supported by remittances and public spending. Gross domestic product (GDP) grew in 2017 by 4.5%, prices increased by 3.5% and the budget deficit was maintained within the agreed 3.5% of GDP target despite a significant fiscal expansion in the run-up to the October presidential elections and weak tax revenue collection.

The economic outlook for 2018 is also relatively positive: the GDP is expected to grow by 3.3% (non-gold GDP by 3.5%), inflation should remain at 3.5 – 3.6% level and the budget deficit should not exceed 2.5% of GDP. The authorities should improve revenue performance and refrain from introducing new or extending expiring tax exemptions, including the tax exemptions on ATM equipment and agricultural cooperatives.

On December 15, 2017, the Executive Board of the International Monetary Fund (IMF) completed the fourth and fifth reviews of the Kyrgyz Republic’s economic performance under the three-year Extended Credit Facility (ECF) arrangement. The Board’s completion of the reviews enabled the immediate disbursement of an amount equivalent to SDR 19.028 million (about USD 26.9 million). The latest IMF mission was a staff visit to Bishkek in January 2018 to conduct the fact finding/preparatory visit for the sixth review under the ECF planned for April 2018. The IMF programme eventually lapsed on 8 April as the sixth ECF review mission was not performed as planned. Follow-up IMF missions have been scheduled for July and September 2018 with a potential opening for designing a new IMF programme.

Progress on reforms has been mixed, and structural issues remain an impediment for more sustained and inclusive growth. The authorities are currently working on the next national strategy for sustainable development, with a focus on human development. To achieve this goal, significant efforts are required to improve the business climate, to upgrade the health and education sectors, and to enhance governance.

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1.2.3 Public Financial Management (PFM)

Progress in PFM reform over the last period, in line with the Action Plan approved in January 2017, has included further developments in budget preparation (notably on programme budgeting and public investment), budget execution, revenue management and fiscal policy, debt management, procurement, and internal audit. However, progress was made at a slower pace than was observed during the implementation of the first phase of WB-administrated Multi-donor Trust Fund on PFM (PFM MDTF). Support for strengthening the capacity and effectiveness of the Chamber of Accounts, including through EU technical assistance, resulted in significant improvement in the fulfilment of external audit responsibilities.

The new PFM Strategy 2016-2025 and mid-term PFM Action Plan 2017-2019 are essentially built around the findings of the 2014 Public Expenditure and Financial Accountability (PEFA) assessment. They are considered relevant and credible. Both documents were endorsed and signal appropriate progress. However, the PEFA requires further update and the next PEFA may be conducted through either the existing PFM MDTF or a separate funding modality in the course of 2019. Although steps in reforms have continued in 2017 and 2018, major milestones were missed: strategy-based programme budgeting was not extended to local government, and internal audit fell short of the quality improvements envisaged. In the meantime, amendments that substantively weaken the public procurement law are progressing through parliament.

It is therefore essential to continue PFM reforms, safeguard the procurement law and strengthen the monetary policy framework.

1.2.4 Transparency and oversight of the budget

Transparency of the budget was considerably enhanced since the relatively poor 20% score in the Open Budget Index (OBI) of 2012. Government immediately sought to address all the issues raised by the Open Budget Survey (OBS) at that time. Since 2013, the preliminary budget statement, Medium Term Budget Framework (MTBF), draft budget, and Budget Law as well as monthly, six-monthly, and annual reports on execution have all been published on the website of the Ministry of Finance. MTBF and Budget Circulars have been available also in printed format, as is the Citizen’s Budget, developed with civil society involvement since 2011. The Annual Audit Report of the Chamber of Accounts is also published. Civil society participation has increased and Parliamentary oversight of the budget appears to be strengthening. This is reflected in the latest OBS results on 2017 data published in 2018, with the overall OBI score increasing to 55, with 31 for public participation, 74 for budget oversight. Limitations in scores are the result largely of an assessment of the varying usefulness of the information in the various published budget execution documents.

The Government well exceeds the entry point for eligibility, publication of the executive's proposed (draft) budget and the legislature's enacted budget, and has made significant progress over recent years in expanding transparency and extending legislative and civil society oversight. External audit supervision has been improving.

Furthermore, it is expected that participation of the Kyrgyz Republic and commitment to the global Initiative (2017) – Open Government Partnership will significantly add value towards promotion of transparency, e-governance and fight against corruption to improve public policy, governance effectiveness and inclusive growth in the country.

Finally, the development of the Education Management Information System (EMIS), which
would be publicly available, should be accompanied by measures for strengthening citizens’ capacity to act upon the available information in order to see positive effects on corruption. Thus, the proposed Budget Support and Technical Assistance will address EMIS development and operations, whereas a Call for Proposals for Civil Society Organisations (CSOs) will work with citizenry enabling them to hold the Ministry of Education and its subordinated bodies accountable for resources.

2. **RISKS AND ASSUMPTIONS**

<table>
<thead>
<tr>
<th>Risks</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Political and economic instability within the country and/or within the region disrupts the implementation of the Education Development Strategy 2020</td>
<td>M</td>
<td>• Continued political and policy dialogue with the Kyrgyz Government</td>
</tr>
<tr>
<td>• The Government’s socio-economic priorities fluctuate as a result of declining revenue streams</td>
<td>H</td>
<td>• Close monitoring of macro-economic and public finance management policies together with IMF and the World Bank</td>
</tr>
</tbody>
</table>
| • Ineffective implementation capacity: insufficient human, institutional, and technical capacity to design education policy measures and, once enacted, to carry them out; and limited ability to build consensus and coordinate action across the key economic and education agencies and ministries; inability to implement politically costly reforms such as introduction of multilingual education and obligatory gender and non-discriminatory expertise of all new learning materials as well as National Qualification System (NQS) | M                  | • Technical assistance (TA) to strengthen institutional and human resource capacities within the MoES and related stakeholders  
• Technical assistance to support the introduction of results-based management approach and change management processes within the MoES  
• Technical assistance to develop the Education Management Information System (EMIS)  
• Technical assistance to promote multilingual education, gender and non-discriminatory expertise of all new learning materials and support to develop gender budgeting; Budget Support (BS) leverages to intensify these specific measures;  
• TA to promote NQS at all levels and Erasmus+ to promote National Qualification Framework at higher education (e.g. pre-service teacher training); and BS leverages to intensify these specific measures. |
Corruption affects the effectiveness of Government and the rule of law

EU TA to support the reforms of Public Finance Management, including reduction of corruption, while prioritising and constraining expenditure, promoting transparency and accountability

• Strengthening CSOs engagement in budget transparency and accountability
• EU ongoing support through Rule of Law/Council of Europe programme to reinforce implementation of the anti-corruption strategy

There is a risk that the democratic space might be shrinking given some laws initiated in 2015/2016:
(i) Criminalisation of defamation
(ii) Regulations of mass media

Intensified political dialogue; civil society roadmap; priority areas of EIDHR Call for Proposals

Assumptions:
• The Government of the Kyrgyz Republic, the European Union, and Development Partners continue to support the strategic goals of the Country Sustainable Development Strategy and the Sustainable Development Goals 2030 as they relate to the Education Sector;
• The macro-economic situation in the country stabilises and the forecasts contained in the Medium Term Budget Framework for the Education Sector are realised;
• The Government of the Kyrgyz Republic remains committed to the implementation of reforms targeted at the introduction of the principles of good governance and the reform of the Education Sector;
• Civil Society Organisations are prepared to play a constructive role in the policy dialogue and policy implementation

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt


The new Programme is designed on the basis of the experience gained and lessons learned from the implementation of other Sector Policy Support Programmes, which highlight the need to:

• Ensure that the reforms are located in a transparent policy framework reinforced by well-developed and achievable strategies and action plans, and supported by allocations in the annual and multi-annual budgets. This is particularly important for the education sector, where strategic issues such as sector governance, institution building and sector finance management have been largely ignored by the donors;
• Ensure synergy between the education sector reforms and measures to strengthen public finance management;
• Ensure synergy between the education/training outcomes with the demand of the labour market and refocus the current assessment methodology/tests from the reproduction
of content to how well students apply, analyse and understand the material enabling to build the competency;

- Establish structures and mechanisms in order to ensure effective coordination of the reform process;
- Ensure a systems approach to education sector development – from problem definition to policy implementation;
- Synchronise budget support and complementary support;
- Ensure that a sound balance is achieved between fixed and variable tranches, such that the size of the variable tranche is sufficiently large to leverage support to the education sector from the Ministry of Finance;

These lessons were reinforced during the formulation phase, which revealed that further work needed to be done to employ a systems approach to all areas of education reform – from developing the policy framework, strengthening intra-governmental and donor coordination, to developing realistic budgets and reinforcing the performance assessment system.

3.2 Complementarity, synergy and donor coordination

To pursue a more coherent and effective coordination with Donors, the Ministry of Education set up a Joint Project Implementation Unit (PIU) with responsibility for coordination and implementation of all donor projects/programmes (World Bank, Asian Development Bank, EU, UNICEF, GIZ, Soros Foundation, Aga Khan Foundation, etc.). The joint PIU has been fully operational since January 2017. This arrangement for the coordination of the sector is expected to strengthen and guide relationships between the Development Partners (DPs) and the Government. In addition, it adds value to the Sector-Wide Approach initiated in 2012. The Ministries of Finance, Education and Labour negotiated and agreed on a Joint Statement with the Development Partners for the Education Sector Sector-Wide Approach (SWAP, 2012-2014), which was formally endorsed by the Government in March 2013, and by the Development Partners in April 2013. Although the agreement expired on 31 December 2014, it continues to guide partnership and cooperation in the education sector. The Joint Statement set out the key values, principles and terms for the partnership between the Government and the Development Partners for management, development and coordination of the Action Plans for Education Development (APEDs). All parties committed to a Sector-Wide Approach and a Joint Assessment Framework based on APEDs. Since March 2018 it is supervised by a Steering Committee chaired by the Vice-Prime-Minister and co-chaired by the Minister of Education and attended by all key DPs working in the respective sector and the Education Public Advisory Council’s representatives (more details on PAC provided below in the section). This approach is an attempt to set up a single high-level strategic advisory platform to review all policy and programme proposals from internal and external national and international stakeholders on their technical and financial merit. The Steering Committee is due to meet every 6 months.

Formal arrangements for the coordination and monitoring of the implementation of the current EU Sector Reform Contract (SRC) were established in the form of the Steering Committee. An inter-ministerial steering committee, which includes representatives of the Commission Services and Civil Society, is responsible for the oversight of SRC, as well as the review and feedback on Assessment Reports. This committee meets every 6 months.

Furthermore, there have been quarterly meetings of the Education Sector Donor Working Group designed to provide oversight of Development Partners’ activities and provide
recommendations to the MoES on sector policy development.

In addition, the EU continues to work closely with the Asian Development Bank (ADB, the only other budget support provider in education) to ensure enough leverage to implement certain reforms which are politically difficult such as a textbook renting scheme and a per-capita funding mechanism – both to be applied in all schools of the country.

Last but not the least, Civil Society is consulted by the Government and the Development Partners; there are formal, consultative mechanism such as the Education Public Advisory Council consisting of 14 representatives of the civil society organisations and activists established and operational under the Ministry of Education and Science. Moreover, employers are increasingly integrated into the management arrangements overseeing primary and secondary VET (Vocational Education and Training) institutions and are playing a constructive role in job specialisations and curriculum development, career counselling, and placement support. VET Agency is working closely with the Sector Councils to ensure that any new curricula closely reflects the expectations and needs of the employers in a rapidly changing labour market.

3.3 Cross-cutting issues

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

Likewise, public administration as part of good governance, including public finance management (PFM) will be addressed through the entire programme.

As the international community shapes its vision for a post-2015 global development agenda, where education is an integral part, worsening inequalities across the country have been an important part of the discussions. There is a growing recognition among stakeholders that economic growth is not sufficient to reduce poverty sustainably unless it is inclusive, in particular in education sector.

When the country committed to the SDGs, it pledged to create a more equitable environment. Large disparities in access to education services and other productive assets between the richest and the poorest households persist. Wealth inequalities are inherited across generations and are present across locations, trapping large pockets of society in poverty and exclusion. Across the country, people living in poverty and vulnerable social groups have been hit particularly hard by the financial and economic crisis and its aftermath, adding urgency to the need to address inequalities and their consequences. The most marginalised groups are often invisible in society: disabled children, children in remote villages, and the very poor. Inclusive education should be viewed in terms of including traditionally excluded or marginalised groups or making the invisible visible. The proposed programme intends to pay special attention to greater inclusive education in the country through a Call for Proposals for CSOs.

Moreover, the Call for Proposals will invite gender-focused CSOs to submit their project ideas as well as the envisaged Technical Assistance will accommodate necessary resources to mainstream gender equality and budgeting as recommended by the Gender Study financed by the EU in 2017. The Ministry of Labour and Social Development is officially in charge of gender issues and is a coordinator for implementation of the long-term gender equality strategy 2012-2020. However, the Ministry of Education is also responsible for a set of measures

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13 Its office has been set up in the premises of the Ministry of Education since January 2017
14 Approved by the Kyrgyz Government in 2013
under the strategy, as Education (schools and textbooks) is one of the main agents\textsuperscript{15} of socialisation and plays an important role in shaping stereotypes. The recent gender study\textsuperscript{16} revealed that education curricula at all levels reinforce gender stereotypes (in textbooks, learning materials etc.); teaching personnel at all levels are not gender-competent and teacher-training does not have gender dimensions; there is strong gender segregation in educational subjects studied, which results in subsequent gender segregation in the job market.

All these and the objectives of the EU Gender Action Plan (GAP) 2016-2020 have informed the design of the Action Document for the new Education SRPC from AAP 2018. Following the recommendations of the EU Delegation and the EU-funded Gender Study, the Ministry of Education has introduced a number of measures to address gender issues in the Action Plan for Education Development (APED) 2018-2020. Specifically, through its ‘Objective 2.6: Develop, pilot and introduce the mechanism of non-discrimination and gender expertise of regulatory and teaching materials’, APED 2018-2020 with support of the new EU programme will address gender-sensitisation in school curricula in a comprehensive manner and ensure budget allocations in more sustainable way.

Civil Society has been consulted as well. There is a formal, consultative mechanism such as the Education Public Advisory Council (EPAC) consisting of representatives of the civil society organisations operational under the Ministry of Education. One of the EPAC members is a staff member of the local NGO "Agency on Social Technologies" active in promotion of women’s rights and leading the Gender Sector Working Group.

4. **DESCRIPTION OF THE ACTION**

The EU will provide further support to the Kyrgyz Government to assist in the continued reform of the Education Sector and contribute to achievement of SDG 4, including strengthening the relationship between the educational content, learner competencies, and the needs of the labour market. The main SRPC eligibility indicators are met and therefore the EU will continue with a mixture of Sector Budget Support (SBS) and Project-approach interventions, including service contracts and grants.

4.1 **Objectives/results**

The overall objective of the proposed EU support is to contribute to inclusive and equitable quality education through achievement of the Sustainable Development Goal 4.

The specific objectives and expected results/outputs are as follows:

<table>
<thead>
<tr>
<th>Specific objectives</th>
<th>Expected direct outputs</th>
<th>Expected induced outputs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Specific objective 1:</strong> The national authorities better formulate, implement and monitor educational policy which is more cost-effective and transparent</td>
<td>1.1 Policy-making capacity of the MoES enhanced 1.2 EMIS improved in terms of data availability and timeliness</td>
<td>1.1 MoES Policy making and financial management are improved 1.2 E-governance and transparency enhanced</td>
</tr>
<tr>
<td>**Specific objective 2:**Youngsters have more equitable access to</td>
<td>2.1 System for assessing the quality of education and learning achievements is</td>
<td>2.1 Students can apply, analyse and understand the material enabling to build the competency</td>
</tr>
</tbody>
</table>

\textsuperscript{15} EU-UN Women project’s presentation: four agents of socialization are family, schools, mass media, peers  
\textsuperscript{16} Recommendations for Kyrgyzstan of the EU-funded FWC 'Gender Study for Central Asia', 2017
| Quality education with focus on gender and multi-ethnic society | Improved  
2.2 All new learning materials and education standards are free from discrimination and gender stereotypes  
2.3 Minorities have a choice to study in their language of instruction | 2.2 Education standards and curricula are free from discrimination and stereotypes  
2.3 Minorities can access quality education in their language of instruction |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific objective 3: Greater synergy between the skills and qualifications offered by the education and training systems and the needs of the labour market</td>
<td>3.1 The concept for a National Qualifications System in line with labour market is developed, and the new Sectoral (Pedagogic) Qualification Framework and occupational standards to improve pre-service and in-service teacher training introduced</td>
<td>3.1 Alignment of the content of education with the needs of the labour market improved</td>
</tr>
</tbody>
</table>

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", but also promotes progress towards Goal 5 "Achieve gender equality and empower all women and girls". This does not imply a commitment by the Kyrgyz Republic benefiting from this programme.

### 4.2 Main activities

#### 4.2.1 Budget support

The Budget Support will comprise three main components:

**Strengthening the capacities of the national and local authorities to formulate, implement and monitor educational policy, and to ensure better financial management and resource allocation**: the focus will be upon increasing the efficiency and effectiveness of the MoES and its subordinate institutions to identify and implement the structural changes necessary for the streamlining of business processes, the introduction of a more policy-driven approach, and the establishment of comprehensive policy monitoring systems and processes as well as transparency through EMIS. In addition, measures will be introduced to enhance the capacity of the MoES to design, implement, monitor programme-based budgets and hold productive policy dialogue as well as to improve financial management and sector resource allocation.

**Ensuring equitable access to quality education**: through the introduction of a competence-based student assessment system, multilingual education enabling to provide better access to children with different linguistic background and mainstreaming right-based approach such as introduction of non-discrimination and gender expertise of teaching materials. Civil society and social partner engagement will be mainstreamed into each of these actions.

**Ensuring greater synergy between the skills and qualifications offered by the education system and the needs of the labour market**: the emphasis will be upon the development of National Qualification System (NQS) and pedagogic National Qualification Framework (NQF), occupational and professional standards, establishment of cooperation platforms/working groups where representatives from relevant ministries, educational institutions and employers meet to exchange on the necessary skills development.
4.2.2 Complementary support

The complementary support will include the following:

**Technical Assistance (direct management: procurement of services)** focused on (i) strengthening the capacities of the national and local authorities to formulate, implement and monitor educational policy, including sound financial management, resource allocation in the sector and development of the Education Management Information System, as well as supporting productive policy dialogue with the EU and other Development Partners; (ii) ensuring equitable access to quality education with emphasis on gender, ethnic and linguistic backgrounds; and (iii) ensuring greater synergy between the skills and qualifications offered by the education and training systems, and the needs and demands of the labour market.

A **Grant Scheme (direct management: Call for Proposals)** as a strategic tool to support the actions of non-state actors in promotion and advocacy of inclusive education and addressing the issues of children with disabilities and to assist to drive forward greater level of transparency, accountability of the government at central and local level. These actions are linked to the programme objectives 1 and 2 as the civil society organisations build public pressure for education reform.

Support to **EU – Kyrgyz Republic Visibility and Communication actions (direct management: procurement of services (e.g. FWC):** The Government will be assisted to prepare and implement an awareness raising and communication strategy designed to explain the educational reforms supported by the EU to the public. Communication is considered to be an integral part of the policy dialogue with the partner country. It is foreseen to increase the involvement of civil society and the role of the media in terms of reinforcing domestic accountability and visibility.

A provision for **administrative purposes (direct management: procurement of services (e.g. FWC):** SRPC reviews, monitoring and evaluations, audits, etc.

4.3 Intervention logic

The Sector Reform Performance Contract is designed to reinforce the strategic, institutional and financial management framework of the Education Sector and create a context within which the more focused interventions of the Development Partners, i.e. those more directly addressing infrastructure, curriculum development and teacher training, might achieve greater impact than has been the case in the past. To achieve this goal, the SRPC will focus upon key dimensions: further development of the policy dialogue with the MoES and MoF; strengthening the Ministry’s capacity to adopt and implement a more results-based management approach, and a more cost-effective approach to policy formulation and implementation; enhanced equitable access to higher-quality education; improvements to the cost-effectiveness and service delivery of the education sector; and the development of greater synergy between the outputs of the education system and the needs of the labour market.

The outcomes are expected to be: greater clarity and effectiveness in the overall management and financial management of the sector; increased access to and quality of educational provision leading to improved learning outcomes; a strengthened institutional framework for the quality and financial management, transparency and monitoring of the performance of institutions; a system of education that is more cost-effective, better managed, more tailored to the needs of the labour market and attractive to students and employers alike.
The longer-term impact will be to reduce youth unemployment, particularly amongst marginalised social groups (women, young people, ethnic minorities, and those living with disabilities), and to create a vibrant, well-educated and well-trained labour force capable of delivering the socio-economic development should the indicators defined in the APED 2018-2020 and the Programme Policy Matrix be achieved.

5. IMPLEMENTATION

5.1 Financing agreement

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

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of entry into force of the financing agreement.

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

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

Under the proposed MIP for 2014-2020 more than 40% of the total envelope is allocated to Education Focal Sector. The amount allocated to the AAP2018 Education sector reform performance contract is EUR 35.76 million and based on previous experience. The level of support should allow providing sufficient fiscal space to advance reform implementation and consolidated past achievements while preparing the ground for further EU support of the sector. Although relatively small in proportion of the annual state budget, the EU budget support plays a key role in the modernisation of the sector and in increasing the effectiveness of Government expenditure. The EU funds contribute to closing the fiscal gap (currently about 3.5% of GDP) between revenue and expenditure, and its conditionality and associated dialogue have influence well beyond the level of the funds involved, acting as an agent of change. This last point was repeatedly confirmed by performance related reporting, both from the Government and through reviews conducted by EU.

The proposed Programme will provide resources to consolidate and ensure sustainability of the achievements of the past Budget Support Programmes in a systematic manner.

5.3.2 Criteria for disbursement of budget support

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

- Satisfactory progress in the implementation of the Education Sector Development Strategy 2020 and continued credibility and relevance thereof that or any successor strategy;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The specific conditions for disbursement that are used for variable tranches determined on the basis of approved APED 2018-2020

The chosen performance targets and indicators used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the Ministry of Finance may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

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

5.3.3 Budget support details

The support will comprise non-targeted budget support, delivered through a mix of fixed and variable tranches in financial years 2019-2021. Progress in the implementation of the Programme will be tentatively assessed in the 2nd quarter of 2019, 2020 and 2021 and the tranches will be disbursed in the 3rd or 4th quarter of the respective year. The indicative schedule of disbursements is summarised in the table below (all figures in EUR millions) based on the fiscal years of the partner country.

<table>
<thead>
<tr>
<th>Country Fiscal year</th>
<th>Year 1 FY2019</th>
<th>Year 2 FY2020</th>
<th>Year 3 FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of tranche</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>Fixed tranche</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Variable tranche</td>
<td>6</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>9</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>

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

5.4 Implementation modalities for complementary support to budget support

5.4.1 Grants: Call for proposals (direct management)

Grants will be focused on support to the development of partnerships between civil society, national and local authorities in promotion of inclusive education and addressing the issues of children with disabilities as well as education sector budget transparency, accountability of the government at central and local level.

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results

The objectives of the Grant Scheme are to support the development of innovative partnerships between National/Local Authorities, civil society organisations to assist in promotion of inclusive education and support to children with disabilities as well as budget transparency and accountability. The eligible actions will include: (i) the development of curricula targeted at facilitating the social inclusion of marginalised groups (women, ethnic minorities, physically and mentally handicapped, and youth); (ii) the development of innovative work-based learning schemes; (iii) actions to improve education budget transparency and increase financial literacy at the regional level to ensure appropriate
advocacy skills of CSOs.

(b) Eligibility conditions

Eligible applicants may include non-governmental and non-profit legal entities, and civil society organisations. Applicants may form partnerships if they wish with similar bodies legally established in EU Member States.

Subject to information to be published in the call for proposals, the indicative amount of the EU contribution per grant is EUR 0.4 million minimum to EUR 0.6 million maximum and the grants may be awarded to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant is 36 months.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 95% of the eligible costs of the action.

If full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100%. The essentiality of full funding will be justified by the Commission’s authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

The launch of the call for proposals is provisionally set for the 2nd semester of 2019.

5.4.2 Procurement (direct management)

<table>
<thead>
<tr>
<th>Subject in generic terms, if possible</th>
<th>Type (works, supplies, services)</th>
<th>Indicative number of contracts</th>
<th>Indicative trimester of launch of the procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance to the MoES and MoF and other relevant stakeholder institutions</td>
<td>Service</td>
<td>1-2</td>
<td>II 2019</td>
</tr>
<tr>
<td>Support to administrative matters: SRPC tranche assessment/reviews, visibility</td>
<td>Service</td>
<td>2-3</td>
<td>IV 2019 &amp; II 2022</td>
</tr>
</tbody>
</table>

5.5 Scope of geographical eligibility for procurement and grants

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

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.
5.6  Indicative budget

<table>
<thead>
<tr>
<th>Description</th>
<th>EU contribution (amount in EUR)</th>
<th>Indicative third party contribution, in currency identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.3 - Budget support -Sector Reform Performance Contract</td>
<td>32 000 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>5.4. –Complementary Support composed of</td>
<td>3 760 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>5.4.1– Call for Proposals “Support to the development of partnerships between civil society and national/local authorities in promotion of inclusive education and addressing the issues of children with disabilities as well as education sector budget transparency, accountability of the government at central and local level” (direct management)</td>
<td>1 200 000</td>
<td>EUR 63 158</td>
</tr>
<tr>
<td>5.4.2 – Procurement of services (direct management), including Review missions</td>
<td>2 000 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>5.9 – Evaluation, 5.10- Audit</td>
<td>260 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>5.11 – Communication and visibility</td>
<td>250 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Contingencies</td>
<td>50 000</td>
<td>N.A.</td>
</tr>
<tr>
<td>Totals</td>
<td>35 760 000</td>
<td>EUR 63 158</td>
</tr>
</tbody>
</table>

5.7  Organisational set-up and responsibilities

The EU Delegation to the Kyrgyz Republic constitutes the Contracting Authority for the Complementary Support. The Ministry of Education and Science of the Kyrgyz Republic is the principal counterpart.

A Coordination Committee, chaired by the Ministry of Education and Science of the Kyrgyz Republic and co-chaired by the EU Delegation, will be responsible for oversight of the Education Sector-SRPC. The Coordination Committee will include as a minimum: the Ministry of Education and Science, EU Delegation, the Ministry of Finance, and civil society organisations.

A Project Steering Committee will be convened for the Technical Assistance (TA) Project. The exact composition of the PSC will be agreed with the beneficiaries and the Contracting Authority during the Inception Phase of the TA. The Chair of the Steering Committee will be taken by the MoES and co-chaired by the EU Delegation.

5.8  Performance monitoring and reporting

An Annual Sector Performance Review and assessment reports serve as a basis to monitor achievements. Emphasis will be put on ensuring that the policy is strengthened with a quality monitoring and evaluation framework verified through an Education Management Information System.

The MoES is keen to employ the Education Management Information System (EMIS), which is the primary source of sector data on education related statistics. EMIS is expected to help improve the timeliness, reliability and relevance of educational data.
Moreover, the Education Action Plan (APED) has been costed and the cost estimates are been translated into respective programme budget and the Mid-Term Budget Forecast. The Annual Budget Law for 2018 includes performance indicators for all agencies, including the Ministry of Education. The MoEs will report on achievement of APED performance indicators regularly. Further, a Policy Matrix of the new Sector Reform Performance Contract has been built directly on some indicators contained in the APED – using the latter as indicative performance measures for triggering the EU variable tranche disbursement.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

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

5.9 Evaluation

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

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this programme introduces some innovative elements such as the Education Management Information System development and gender expertise in education sector.

The Commission shall inform the implementing partner at least 30 days in advance of the dates foreseen 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. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

5.10 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.
It is foreseen that audit services may be contracted under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

It is foreseen that a contract for communication and visibility may be contracted under a framework contract.
APPENDIX - INDICATIVE LIST OF RESULT INDICATORS

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

<table>
<thead>
<tr>
<th>Results chain</th>
<th>Indicators</th>
<th>Baselines 2017</th>
<th>Targets 2021</th>
<th>Sources and means of verification</th>
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</thead>
<tbody>
<tr>
<td><strong>Overall objective: Impact</strong></td>
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<td></td>
<td>More inclusive and equitable quality education (SDG 4).</td>
<td>Youth unemployment rate (sex-disaggregated)</td>
<td>Official unemployment rate is 7.2 %: in total 362,16 people are unemployed whereas 15,440 are youngsters (42 %)</td>
<td>%-decrease of Youth Unemployment (sex-disaggregated); Progress in achievement of indicators attributed to SDG 4</td>
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<td>Status of SDG 4</td>
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<tr>
<td><strong>Specific objective 1</strong>: The national authorities better formulate, implement and monitor educational policy which is more cost-effective and transparent</td>
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<td>1.2 Availability of necessary data and info in the Education Management Information System (EMIS) *, which are also publicly accessible</td>
<td>EMIS is only partially operational due to lack of data and needs further development enabling its full use for decision-making, transparency, accountability and reporting</td>
<td>At least 80 % of each level of educational organisations introduced necessary data, incl. gender** and financial resources, which are publicly available for accountability</td>
<td>EMIS</td>
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</tbody>
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17 Indicators aligned with the programming document MIP 2014-2020 marked with * and indicators aligned to the EU Results Framework with **.
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<tr>
<td>1.4 Percentage of the Education Action Plan Related activities (APED 2018-2020) financed*</td>
<td>The current Budget Code envisages two revisions of the annual budget during the respective year which can affect education financing</td>
<td>At least 90% of expenditure requirements have been released by the MoF, according to the APED costing of the MoES for the 2018, 2019 and 2020 financial year</td>
<td>MTBF approvals; Republican budget submissions and approvals; MoES programme budgets; Execution reports/Treasury reports</td>
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<td><strong>Specific objective 2: Youngsters have more equitable access to quality education with focus on gender and multi-ethnic society</strong></td>
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<tr>
<td>2.1 Status of implementation of NSBA* built on new competence-based testing</td>
<td>MoES is elaborating a new toolset for testing-and-measuring materials designed to assess the student competencies accompanied by associated manuals. NSBA 2017 demonstrated that 59.8% students of grade 4 and 51.5% students of grade 8 were functionally illiterate</td>
<td>The National sample-based assessment of student achievement (NSBA) is implemented based on new testing. The results of NSBA are analysed, discussed and publicly available.</td>
<td>Evaluation and results of NSBA are available and published</td>
</tr>
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<td>2.2 Percentage of teachers certified for the multilingual integrated teaching module * (sex-disaggregated)</td>
<td>MoES is elaborating a multilingual (Russian, Kyrgyz and mother tongue, e.g. Uzbek or Tajik) integrated teaching module: baseline for current Action is 0%.</td>
<td>At least 6% of teachers have attended in-service teacher training and certified for the multilingual integrated teaching module</td>
<td>Programme of training; List of trainees and list of certified teachers based on testing results, incl. data on gender and location;</td>
</tr>
<tr>
<td>2.3 Status of non-discrimination and gender expertise of new educational standards, curricular and teaching materials**</td>
<td>MoES is elaborating necessary regulations for non-discrimination and gender expertise</td>
<td>Non-discrimination and gender expertise is carried out for all new educational standards, curricular and teaching materials</td>
<td>List of educational standards, curricular and teaching materials undergone non-discrimination and gender expertise; Conclusions and recommendations of carried out expertise as well as further actions</td>
</tr>
<tr>
<td>Specific objective 3: Greater synergy between the skills and qualifications offered by the education and training systems and the needs of the labour market</td>
<td>3.1 Percentage of actions implemented in accordance with the NQS’s Action Plan*.</td>
<td>MoES is developing a concept of the National Qualifications System (NQS) and its Action Plan: baseline for current Action is 0 %.</td>
<td>At least 95 % of the actions are implemented in accordance with the NQS Action Plan.</td>
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<tr>
<td>3.2 Status of the Sectoral (Pedagogic) Qualification Framework (SQF) and occupational standards to improve pre-service and in-service teacher training*</td>
<td>MoES is planning to pilot the Sectoral (Pedagogic) Qualification Framework accompanied by the respective occupational standards</td>
<td>Learning materials for pre- and in-service teacher training are adopted in accordance with new Pedagogic QF.</td>
<td>Copy of approved learning materials in line with the SQF and occupational standards</td>
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<tr>
<td><strong>Induced outputs</strong></td>
<td><strong>IO1 (SO1): Policy making and financial management are improved, e-governance and transparency enhanced based on EMIS supplying necessary data timely, with increased public accountability;</strong></td>
<td><strong>1.1 Status of Policy dialogue and PFM compliance;</strong></td>
<td><strong>1.1 92 %-implementation of the Policy Matrix and conditions applied for the year 2018, incl. indicators attributed to PFM;</strong></td>
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<td><strong>IO2 (SO2): Students can apply, analyse and understand the material enabling to build the competency;</strong></td>
<td><strong>2.1 Decree of new competence-based testing methodology introduction;</strong></td>
<td><strong>2.1 Not yet in place</strong></td>
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<td><strong>IO3 (SO2): All new educational standards, curricular and teaching materials build free from discrimination and gender inequality environment;</strong></td>
<td><strong>2.2 To what extent non-discrimination and gender expertise applied for new learning materials;</strong></td>
<td><strong>2.2 Not yet applied</strong></td>
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<td><strong>IO4 (SO2): Minorities can enjoy the classes in their own language of instruction;</strong></td>
<td><strong>2.3 Availability of certified teachers with multilingual teaching skills;</strong></td>
<td><strong>2.3 Not yet available</strong></td>
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<td><strong>IO5 (SO3): Alignment of the content of education with the needs of the labour market improved</strong></td>
<td><strong>3.1 Decree of introduction of the Concept of the National Qualifications System (CNQS) enabling piloting of pedagogic national qualification framework and occupational standards</strong></td>
<td><strong>3.1 Not yet adopted</strong></td>
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<td></td>
<td><strong>1.1 Status of Policy dialogue and PFM compliance;</strong></td>
<td><strong>1.1 92 %-implementation of the Policy Matrix and conditions applied for the year 2018, incl. indicators attributed to PFM;</strong></td>
<td><strong>1.1 92 %-implementation of the Policy Matrix and conditions applied for the year 2018, incl. indicators attributed to PFM;</strong></td>
</tr>
<tr>
<td>Direct outputs</td>
<td>1.1 Level of APED 2018-2020 indicators achieved; 1.2 Status of operationalisation of EMIS; 2.1 Level of progress in introduction of new assessment methodology of learning achievements; 2.2 Level of progress in introduction of non-discrimination and gender expertise; 2.3 Level of progress in preparation of multilingual teachers; 3.1 Level of progress in introduction of the concept of the NQS and the new Pedagogic QF</td>
<td>1.1 Implementation of APED just started and data not yet available; 1.2 Only 50 % of schools have access to internet and, therefore, EMIS still lacks necessary data; 2.1 Not yet available 2.2 Not yet applied 2.3 Not yet available 3.1 Not yet adopted</td>
<td>1.1 At least 90 % of APED indicators achieved; 1.2 100 % schools have access to internet enabling to supply necessary data timely and in full; 2.1 New competence-based student assessment is introduced to improve student functional literacy; 2.2 All new learning materials are scrutinised to eliminate any discriminatory and gender inequality elements; 2.3 At least 6 % of teachers are able to teach in multilingual environment. 3.1 The concept of the NQS and the new Pedagogic QF are in place to improve teacher training.</td>
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<tr>
<td>DO 1.1: Policy-making capacity of the MoES enhanced; DO 1.2: EMIS improved in terms of data availability and timeliness; DO 2.1: System for assessing the quality of education and learning achievements is improved; DO 2.2: All new learning materials and standards are free from discrimination and gender stereotypes; DO 2.3 Minorities have a choice to study in their language of instruction; DO 3.1: The concept of the NQS in line with labour market is adopted and the new Pedagogic QF and occupational standards to improve pre-service and in-service teacher training introduced</td>
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