



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Kyrgyzstan**



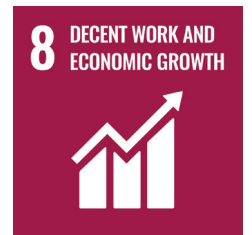
KYRGYZSTAN

PROGRAMME FOR
COUNTRY PARTNERSHIP (PCP)
ANNUAL REPORT 2021





SUSTAINABLE DEVELOPMENT GOALS






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THE PCP AT A GLANCE

	COUNTRY	KYRGYZ REPUBLIC
	STATUS	<ul style="list-style-type: none">• Date of approval of the development of the PCP by the UNIDO Executive Board: July 2017• Programming: August 2017 - ongoing• Implementation: To be confirmed• Expected completion date: To be confirmed
	PRINCIPLE NATIONAL POLICY/STRATEGY SUPPORTED BY THE PCP	<ul style="list-style-type: none">• Strategy for Industrial Development of the Kyrgyz Republic for 2019-2023
	FOCUS SECTORS/ AREAS	<ul style="list-style-type: none">• Energy• Agro-industry• Construction materials• Light Industry• Tourism
	MAIN PARTICIPATING MINISTRIES	<ul style="list-style-type: none">• Ministry of Economy and Commerce• Ministry of Finance• Ministry of Foreign Affairs• Ministry of Justice• Ministry of Transport and Communications• Ministry of Agriculture• Ministry of Energy• Ministry of Natural Resources, Ecology and Technical Supervision• Ministry of Education and Science• Ministry of Health



<p>KEY DEVELOPMENT PARTNERS (ENVISIONED)</p>	<p><i>Potential development partners include:</i></p> <ul style="list-style-type: none"> • Financial institutions: Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Global Environment Facility (GEF), World Bank (WB), etc. • Bilateral/multilateral partners: European Union (EU), Germany, Japan, Russian Federation, China, Switzerland, Turkey, the United States, etc. • UN entities: Food and Agriculture Organization (FAO), International Labour Organization (ILO), United Nations Development Programme (UNDP), World Food Programme (WFP), etc. • Business sector: to be identified • Other partners: to be identified
<p>UNIDO PROJECTS WITH FUNDING SECURED¹ (COMPLETED AND ONGOING)</p>	<ul style="list-style-type: none"> • Total number of projects: 3 (2 national, 1 inter-regional, 1 regional) • Total funding: 1,037,601 (for national projects)
<p>TOTAL INVESTMENTS LEVERAGED² (CUMULATIVE)</p>	<ul style="list-style-type: none"> • N/A as the PCP is undergoing programming
<p>TOTAL PCP VOLUME</p>	<ul style="list-style-type: none"> • N/A as the PCP is undergoing programming

¹ **Funding secured:** The total budget (net, i.e. excluding programme support costs) under signed agreements for UNIDO programmes and projects, indicated in US\$ amounts.

² **Funding leveraged:** These include public or private resources, in cash or in-kind, allocated by public or private partners towards the objectives of the PCP. They are contributed partly as a result of UNIDO interventions within the framework of the PCP, and based on a verbal or written commitment. Such resources are not channeled through UNIDO's accounts and accordingly not under the Organization's direct control.

1. Executive summary

Following the adoption of the Strategy for Sustainable Industrial Development of the Kyrgyz Republic 2019-2023 and its accompanying Action Plan in September 2019, an updated draft PCP Programme document incorporating the comments and inputs received from the Government was resubmitted for the Government's final review and endorsement in January 2020. The Programme for Country Partnership (PCP) for the Kyrgyz Republic moved towards the final stages of programming in 2021.

Throughout 2021, UNIDO continued supporting and closely coordinating with the Government of the Kyrgyz Republic on the approval process of the final version of the PCP Programme Document. The Government's final approval was deferred by changes in the Kyrgyz Government over the course of 2021 and the socio-economic impacts of the COVID-19 pandemic. In December 2021, the Government approved the PCP Programme Document. Further arrangements with regard to finalizing the PCP programming phase, signing the Document, as well as identifying mechanisms for PCP coordination and implementation, will be discussed with the Government of the Kyrgyz Republic in 2022.

2. Introduction

The Programme for Country Partnership (PCP) is UNIDO's flagship programme to support countries in achieving their longterm inclusive and sustainable industrial development (ISID) goals. It is founded on a multi-stakeholder partnership to ensure synergies between the different interventions and maximize impact. Each PCP is tailored to country needs, aligned with the national development agenda and owned by the host government. The PCP delivers an integrated service package by combining UNIDO's advisory and normative services, technical cooperation and convening function. PCP interventions aim to unlock public and private investment in selected priority industrial sectors.

The PCP Kyrgyzstan is being developed based on the request for assistance from the Kyrgyz Government and subsequent dialogues and consultations with national stakeholders and partners, including those held at the occasion of the Director General's mission to Kyrgyzstan in June 2017. The UNIDO Executive Board approved the development of PCP Kyrgyzstan in July 2017. The Kyrgyz Republic is the first PCP in the Europe and Central Asia region and part of the pilot phase. The PCP aims to assist the Kyrgyz Government in the implementation of the Strategy for Sustainable Industrial Development of the Kyrgyz Republic 2019-2023, as adopted by the Kyrgyz Government in September 2019. The Strategy identifies priority sectors for the development of the Kyrgyz industry, including targets and indicators, and was developed with the support of UNIDO. It also includes an Action Plan identifying priority actions for achieving ISID in Kyrgyzstan.

Based on the Strategy and the in-depth Country Diagnostic completed in 2018, UNIDO, together with the Government, developed a PCP Programme Document, which focuses on five priority industrial sectors/areas outlined below.

Energy: Interventions will focus on the upgrading of energy infrastructure needed for industrialization in line principles of ISID;

Agro-industry: Interventions will focus on upgrading agro-processing value chains in the food and beverages industries, increasing the production of high-quality products, and supporting integration with regional and global value chains;

Construction materials: Interventions will focus on upgrading the technological capacity of industrial and civil construction, and increasing the local sourcing of construction materials;

Light industry: Interventions will focus on modernizing the textiles and apparel industries, and upgrading these industries with the necessary business support infrastructure (industrial parks) in line with the principles of ISID; and



Tourism: Interventions will focus on strengthening linkages between tourism and productive industries through a clusters approach contributing to economic growth and job opportunities.

Coordination and management framework of the programme.

Cross-cutting issues to be addressed by the PCP include institutional capacity-building, improving access to finance and investment promotion, export promotion and the related quality infrastructure, regional development, environmental development and information and communications technology infrastructure. The PCP will also support gender mainstreaming for inclusive and sustainable industrial development.

3. Alignment with and contribution to UNSDCF

The United Nations Development Assistance Framework (UNDAF) 2018-2022 for the Kyrgyz Republic is based on a set of four strategic priorities: 1) Sustainable and inclusive economic growth, industrial, rural and agricultural development, food security and nutrition; 2) Good governance, the rule of law, human rights and gender; 3) Environment, climate change and disaster risk management; and 4) Social protection, health and education. Under the scope and guidance of the UNDAF 2018-2022, UNIDO formulated its contribution, taking into account the implementation of the PCP for the Kyrgyz Republic. The PCP will support the country's efforts towards the realization of Sustainable Development Goal (SDG) 8 and SDG 9, and was developed in line with Priority 1 and Priority 3 of the UNDAF. Bearing in mind the interconnected nature of the SDGs and the mutually reinforcing strategies proposed by UNDAF, UNIDO's mandate can most extensively and efficiently contribute to ISID in the Kyrgyz Republic through engagement in line with Priority 1 of the UNDAF document. As this set of strategies aims at sustainable and inclusive economic growth, including industrial, rural and agricultural development, food security and nutrition, UNIDO has the capacity and expertise to engage in projects and activities that would help to:

- Promote a pro-poor business and green/sustainable entrepreneurship and investment environment to increase economic productivity, including labor productivity, especially for women;
- Remove regulatory and procedural barriers to trade and develop trade facilitation measures, including agricultural trade, and improve transport and logistics infrastructure for internal, regional and global market access;
- Strengthen value chains and increase knowledge of good nutrition and dietary practices, sustainable agriculture and natural resource management;
- Identify, pilot, and scale-up productivity enhancing and green investments in specific sectors that are most relevant for job creation and job quality improvement, including sustainable tourism, as well as identify measures to integrate more smallholders, including rural communities and women, into local and regional markets;
- Promote a policy and regulatory framework to accelerate the application of sustainable energy solutions and clean technologies, and strengthen capacities to develop a national action plan for sustainable energy supply and environmentally-sound technologies;
- Support a long-term strategy for ISID introducing innovative scalable technologies, including eco-industrial and agro-industrial parks; and
- Modernize local infrastructure development in both rural and urban areas to improve livelihoods and promote the development of evidence-based policies for urban development.

Although, primarily referring to the establishment of transparent and efficient executive institutions, increased financial responsibility and accountability of state bodies and fair competition, Priority 2 of the UNDAF document also foresees activities that would enable a legal environment and expanded opportunities for volunteerism, a field where UNIDO can offer its assistance in the design and development of lifelong learning, ISID training and skills development to strengthen youth inclusion and community participation in sustainable development and governance.

Through its advisory services, the Organization can also assist in the development of effective national policies to mainstream gender equality and women's empowerment, that would, at a later stage, be implemented at a corporate level, thus ensuring institutions at all levels are more accountable and inclusive, respecting gender equality and human rights.

Priority 3 focuses on environmental protection, and with ISID relying heavily on policies addressing climate change and the conservation of natural resources, UNIDO has the mandate to engage actively and contribute towards the design and development of strategies that would make the Kyrgyz Republic more resilient to climate and disaster risks. In this respect, the PCP ties well with the strategies falling under UNDAF's Priority 3 as they both foresee sustainable and inclusive natural resource management and risk-informed development. On one hand, UNIDO can join the efforts of other organizations to strengthen the formulation of national and local action plans and address issues of renewable energy sources, ecosystems and forest preservation. On the other hand, UNIDO can offer its support to local and national authorities to enhance their capacities for sustainable energy management and to adopt clean, renewable and alternative energy technologies.

Social protection, health, and education are the focus of UNDAF's Priority 4, and although primarily relating to SDG 3 and 4, they can also be addressed by UNIDO's intervention in this field. In particular, the Organization's contribution could be explored through its expertise and experience in HCWM. In addition, in order to align employees' competencies to new employment opportunities and support education, the Organization could help enhance non-formal education by putting in place mechanisms to help acquire industrial and digitization skills in demand in the Kyrgyz society. In addition, in order to align employees' competencies to new employment opportunities and support education, the Organization could help enhance non-formal education by putting in place mechanisms to help acquire skills in demand in the industrialized Kyrgyz society.

With the current UNDAF expiring in 2022, the new United Nations Sustainable Development Cooperation Framework (UNSDCF) will be the guiding instrument for planning and implementing UN development activities in Kyrgyzstan in support of the implementation of the 2030 Agenda. UNIDO is working with the UN development system in Kyrgyzstan to contribute to the next UNSDCF, in particular through the PCP.

In 2021, UNIDO Kyrgyzstan was an active member of the UN Country Team (UNCT) and a co-chair of the UNSDCF Working Group Outcome 1 on sustainable and inclusive economic growth, industrial, rural and agricultural development, food security and nutrition. UNIDO also participated in the Working Group Outcome 3 on the environment, climate change and disaster risk management.

Furthermore, in 2021, UNIDO in Kyrgyzstan supported the development of the Common Country Assessment (CCA) through providing inputs to the chapters on the economic context and the environmental context, and assisted in conducting the final evaluation of the UNDAF 2018-2022.

4. Programme-level results

4.1 COORDINATION AND GOVERNANCE

Throughout 2021, UNIDO was closely coordinating with the Government of the Kyrgyz Republic the approval process of the final version of the PCP document. The final approval and signing of the PCP Programme Document, as well as the establishment of the PCP National Coordination Body essential for effective resource mobilization and for determining the overall strategic direction of the PCP, were discussed during the bilateral meetings between UNIDO Director General Li Yong and H.E. Mr. Azizbek Madmarov, Deputy Minister of Foreign Affairs of the Kyrgyz Republic, and the Director General's meeting with H.E. Mr. Tolendy Makeyev, Permanent Representative of the Kyrgyz Republic to the International Organizations in Vienna.



Moreover, in 2021, the Regional Coordination Division for Europe and Central Asia (EUR) briefed the Permanent Mission of the Russian Federation, as the donor of the PCP programming project, on the status of the PCP and shared the latest version of the PCP document in the Russian language.

The Government approved the PCP document in December 2021 by the order of the Cabinet of Ministers of the Kyrgyz Republic No. 309 in December 2021. The implementation of the PCP is allocated to the Ministry of Economy and Commerce of the Kyrgyz Republic, since in accordance with the Resolution of the Cabinet of Ministers of the Kyrgyz Republic dated November 6, 2021 No.242, the functions of developing and implementing industrial policy are under the jurisdiction of this Ministry.

Following the approval of the PCP Programme Document, UNIDO will support the Kyrgyz Government in establishing the inter-ministerial National Coordination Body (NCB) for the PCP, which will provide leadership for the strategic direction and implementation of the PCP. The Kyrgyz Government has committed national financial allocations to the PCP in the amount of EUR 75,000. Following the changes within the NCB composition suggested by the Kyrgyz side, the PCP NCB is expected to be chaired by the Chairman of the Cabinet of Ministers of the Kyrgyz Republic. The PCP NCB will also comprise high-level representatives from relevant ministries, key national institutions related to industrial development, and other stakeholders. UNIDO will closely coordinate with the Government of the Kyrgyz Republic on the further working arrangements and the PCP work plan

4.2 PARTNERSHIPS AND RESOURCE MOBILIZATION

In 2021, UNIDO, through its Headquarters and UNIDO's country office in Bishkek, liaised with potential PCP partners and the UN Resident Coordinator on possible ways for cooperation. In the first half of 2021, frequent meetings were held by the UNIDO Country Representative in Bishkek with donors and national stakeholders, informing them about PCP-related developments and potentials for cooperation. The list of stakeholders included representatives of the Office of the President, the Kyrgyz Parliament, the Ministry of Energy (former the State Committee on Industry, Energy and Subsoil Use), the Ministry of Agriculture, the Ministry of Economy and Commerce, and other state agencies. Following the approval by the Kyrgyz side of the PCP Programme document, UNIDO will continue dialogue on the PCP with the Jogorku Kenesh (the Parliament) of the Kyrgyz Republic, as well as with the Ministry of Economy and Commerce and other relevant governmental stakeholders, to coordinate the further arrangements with regard to the PCP Programme Document.

Furthermore, UNIDO Kyrgyzstan has been an active member of the UN Country Team (UNCT) and a co-chair of the UNSDCF Working Group Outcome I on sustainable and inclusive economic growth, industrial, rural and agricultural development, food security and nutrition. UNIDO is also a lead agency in organizing Development Dialogue on Industrial and Innovative Development in the Kyrgyz Republic jointly with UNDP, FAO and Aga Khan Foundation/University of Central Asia.

Upon the finalization of the programming phase and the start of the PCP implementation phase, a fundraising campaign will be implemented based on the updated Resource Mobilization Strategy, developed in 2020. The draft Resource Mobilization Strategy and the Action Plan will be finalized. This will entail the identification of priority projects with the Government and discussing them with potential donors. In addition, UNIDO's partnership efforts as part of the implementation phase of the PCP Kyrgyzstan will also focus on supporting inclusive and sustainable economic recovery from the COVID-19 pandemic.

The draft Resource Mobilization Strategy for PCP Kyrgyzstan lists the following key national entities, and potential partners and donors (non-exclusive):

National public institutions

- Office of the President of the Kyrgyz Republic;
- Jogorku Kenesh (National Parliament) of the Kyrgyz Republic;
- Ministry of Economy and Commerce;
- Ministry of Finance;

- Ministry of Foreign Affairs;
- Ministry of Justice;
- Ministry of Transport and Communication;
- Ministry of Agriculture;
- Ministry of Energy;
- Ministry of Natural Resources, Ecology and Technical Supervision;
- Ministry of Education and Science;

Financial institutions

- World Bank (WB)
- Asian Development Bank (ADB)
- European Bank for Reconstruction and Development (EBRD)
- Eurasian Development Bank (EDB)
- Russian-Kyrgyz Development Fund (RKDF)
- European Investment Bank (EIB)
- International Finance Corporation (IFC)
- Organization for Economic Co-operation and Development (OECD)
- Islamic Development Bank (IDB)
- International Islamic Trade Finance Corporation (ITFC)
- Global Environment Facility (GEF)

Multilateral and bilateral development partners

- European Union (EU)
- United States International Development Agency (USAID)
- Japan International Cooperation Agency (JICA)
- Korea International Cooperation Agency (KOICA)
- India-Kyrgyz Inter-Governmental Commission
- German Corporation for International Cooperation (GIZ)
- Russian Federation
- People's Republic of China
- Swiss State Secretariat for Economic Affairs (SECO)
- Turkish Cooperation and Coordination Agency (TIKA)
- Republic of Finland
- UK Department for International Development (DFID)
- Central Asian Regional Economic Cooperation (CAREC)
- State Secretariat for Economic Affairs (SECO)
- International Institute for Applied Systems Analysis (IIASA)

UN partner entities

- Food and Agriculture Organization (FAO)
- United Nations Development Programme (UNDP)
- International Labour Organization (ILO)
- International Organization for Migration (IOM)
- United Nations Economic Commission for Europe (UNECE)
- UN Environment (UNEP)
- International Fund for Agricultural Development (IFAD)
- World Food Programme (WFP)
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)



Private sector

Multiple national and international companies have been identified in PCP relevant sectors, including

- OJSC Elektricheskie Stantsii
- OJSC National Electric Network of Kyrgyzstan (NEGK)
- The Association of Fruit and Vegetable Enterprises of the Kyrgyz Republic
- The Association of Light Industry Enterprises of Kyrgyzstan
- The Chamber of Commerce and Industry
- ENERECO (Italy)
- Asia Energy Capital (Spain)
- ECOENER (Spain)
- TUMAR Art Group
- Technoline LLC

The mobilization and pooling of a multitude of resources, networks, knowledge and ingenuity of various partners are aimed at bringing about the necessary transformative change of the local economy and strengthening the results of UNIDO's technical assistance within the framework of the PCP. Successful funds mobilization will be based on the development of project proposals/applications aligned with the priorities of the PCP and on communication with donors. This will contribute to resource mobilization from various sources, including national resources, foreign aid and private investments.

4.3 RESULTS OF PCP ADVISORY SERVICES

The Strategy for Sustainable Industrial Development of the Kyrgyz Republic 2019-2023 was developed with UNIDO's support on the basis of the PCP industrial development diagnostic study finalized in 2018, and is expected to serve as the guiding document for the PCP for Kyrgyzstan. The Strategy is currently in the third year of its implementation and further follow-up will be made with regard to PCP interventions to be conceptualized and initiated in each of the priority industrial sectors/areas, in line with the Kyrgyz national vision and development goals.

4.4 TECHNICAL COOPERATION RESULTS

In 2021, there was one ongoing national UNIDO project in the Kyrgyz Republic: "Global Quality and Standards Programme: Strengthening quality and standards compliance capacity of the fruits value chain to facilitate market access", funded by Switzerland within the UNIDO-SECO Global Quality and Standards Programme (in the implementation phase).

Furthermore, there is one regional project funded by the Russian Federation, which entered the implementation phase in 2021: "Improvement of industrial statistics and development of indicators of industrial performance for policy-relevant analysis in selected countries of Eastern Europe and Central Asia - Phase II".

In addition, one inter-regional project is being implemented by UNIDO also covering Kyrgyzstan: "Partnership for Action on Green Economy (PAGE)", funded from UN funds (excluding UNDP). The inter-regional project on "Scale Up Small Hydropower Development in Selected Countries to Contribute to Inclusive and Sustainable Industrial Development (ISID)", funded by China, was completed in December 2021.

4.4.1 PCP PRIORITY AREA: ENERGY

In December 2021, UNIDO completed the implementation of the inter-regional project titled "Scale Up Small Hydropower Development in Selected Countries to Contribute to Inclusive and Sustainable Industrial Development (ISID)", which also covers Kyrgyzstan. The final feasibility study report for the Sokuluk First Cascade Small Hydropower project was shared

with H. E. Mr. Aziz Aaliev, First Vice Chairman of the Cabinet of Ministers of the Kyrgyz Republic (energy and agriculture) for the next steps.

In 2020, the UNIDO PCP Team developed the following project proposals for the priority area on energy:

Stimulation of E-mobility solutions uptake in the Kyrgyz Republic

- **Objective:** To stimulate the development of electric mobility solutions in Kyrgyzstan through support for country manufacturing related to E-mobility (electric vehicles – buses, charging infrastructure), policy development and demonstration projects in combination with renewable energy development.
- **Expected outcomes:** New business models in E-mobility developed for industry, capacity of local manufacturers to participate in global e-mobility value chain enhanced; GHG and air pollutants emissions reduced from transport; and integration of renewable energy in the electric grids improved.
- **Indicative budget:** EUR 4,000,000 to EUR 6,000,000.

Renewable energy infrastructure for productive use - deployment and modernization programme

- **Objective:** To stimulate development of small-scale renewable energy with a focus on hydropower and modernization of existing hydropower plants. The programme will aim at improving existing infrastructure in terms of reliability, safety and environmental performance.
- **Expected outcomes:** Enabling policy environment for renewable energy development in the country; improved capacity for generation of electricity from renewable energy sources in the Kyrgyz Republic; and public and private investments, partnerships and stakeholders’ acceptance of the viability of renewable energy-based mini-grids enhanced.
- **Indicative budget:** EUR 1,500,000 to EUR 5,000,000.

4.4.1.1 Funding for PCP component 1

ERP ID	Completed project / sub-programme title	Donor	Funding (US\$)
150095	Scale up small hydropower development in selected countries to contribute to inclusive and sustainable industrial development (ISID)	China	707,965 (for all 5 countries)
Sub-total:			n/a

4.4.2 PCP PRIORITY AREA: AGRO-INDUSTRY

In 2021, UNIDO continued implementation of a project titled “Global Quality and Standards Programme: Strengthening quality and standards compliance capacity of the fruits value chain to facilitate market access”. The project has the objective to facilitate Kyrgyzstan’s competitiveness by enhancing quality and standards compliance along the fruits value chain (VC) to facilitate market access for small and medium-sized enterprises (SMEs). As such, the project contributes to the (draft) outcomes and outputs of the PCP component on agro-industry, which aim at enhancing the output, competitiveness, business performance and product quality of agro-processing entrepreneurs.

In 2021, the project focused on launching two Technical Assistance Programmes (TAPs) - for SMEs and for laboratories (testing, calibration and industry). TAPs for SMEs are concentrated on providing technical assistance and training to the selected companies that form part of the Issyk-Kul fruits value chain to strengthen their capacity to comply with international quality requirements. TAPs for the labs is aimed at supporting the selected laboratories to maintain or expand their scope of accreditation as per ISO/IEC 17025:2017 requirements.

In 2022, UNIDO team will continue supporting SMEs in the Issyk-Kul region, in particular for the implementation of ISO 22000 food safety management, and to work further with testing and calibration laboratories in Bishkek and Issyk-Kul to improve their Quality Manuals as per ISO/IEC 17025:2017 requirements.



4.4.2.1 Funding for PCP component 2

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
180061	Global Quality and Standards Programme: Strengthening quality and standards compliance capacity of the fruits value chain to facilitate market access.	Switzerland (SECO)	822,905
Sub-total:			822,905

4.4.3 PCP PRIORITY AREA: CONSTRUCTION MATERIALS

Currently, there are no ongoing projects under this PCP component. However, in 2020, the UNIDO PCP Team developed several project proposals for the PCP priority area on construction materials:

Industrial energy efficiency in the construction materials sector

- **Objective:** To increase energy efficiency in the construction materials sector through the adoption of an energy management system, and energy efficient manufacturing technologies and product design.
- **Expected outcomes:** GHG emission and energy intensity of Kyrgyzstan's construction sector is reduced through the use of energy efficient technologies and management techniques; and improved energy efficiency of the construction materials sector.
- **Indicative budget:** Focusing on management system development and implementation, the project cost is estimated at EUR 2,500,000 to EUR 4,000,000.

4.4.4 PCP PRIORITY AREA: LIGHT INDUSTRY

Currently, there are no ongoing projects under this PCP component. However, in 2020, the UNIDO PCP Team developed several project proposals for the priority area on light industries:

Sustainable, digitalized and inclusive value chain development to improve the competitiveness of textiles and apparel made in the Kyrgyz Republic.

- **Objective:** To provide greater opportunities for income generation, poverty reduction and business development through improved value addition and product quality in wool or/and cotton products, to support local farmers and MSME entrepreneurs to become green and sustainable suppliers of both domestic and export markets.
- **Expected outcomes:** Improved quality and increased value addition of products made from local raw materials; and increased incomes and employment opportunities of textile value chain actors.
- **Indicative budget:** From EUR 3,000,000 to EUR 3,500,000 per selected value chain.

Establishment of an industry cluster area/park in line with sustainable textile investment and operation environment in the Kyrgyz Republic

- **Objective:** To provide a resolution of SME cluster advantages and improve the investment and operation environment for the light industry in textiles or leather.
- **Expected outcomes:** Introduced cluster management principles and developed the policy guided by the green industrial park development principles from UNIDO; and developed institutional capacities and an enabling environment for optimizing production.
- **Indicative budget:** From EUR 2,500,000 to EUR 3,500,000.

4.4.5 PCP PRIORITY AREA: TOURISM

Currently, there are no ongoing projects under this PCP component. However, in 2020, the UNIDO PCP Team developed several project proposals for the PCP priority area on tourism:

Linking the tourism industry to productive activities in Kyrgyzstan

- **Objective:** The long-term objective of the project is to stimulate economic growth and employment through promoting linkages between the tourism sector and related productive industries.
- **Expected outcome:** Strengthening of processing capacity and market access to the tourism market of the selected value chains.
- **Indicative budget:** US\$ 1,500,000.

Establishment of an ecosystem of cultivating technology start-ups in Kyrgyzstan

- **Objective:** The project's objective is innovation ecosystem building for supporting technology start-ups, entrepreneurship, boosting innovation and skills development.
- **Expected outcome:** Establishment of innovation infrastructure in Kyrgyzstan. **Indicative budget:** US\$ 3,000,000 to US\$4,000,000

Improving the competitiveness of textile industry through modernization and market access

- **Objective:** To strengthen productivity, competitiveness and collective export capacities of Kyrgyz manufacturing companies operating in the priority light industries.
- **Expected Outcome:** Business support infrastructure strengthened and conducive to improved efficiency among beneficiary enterprises in the fields of textiles and garments, footwear and leather goods industries, accessories, and raw materials in terms of supply chain management, production cycle, quality and competitiveness of products, and expanded market access on a sustainable basis. **Indicative budget:** US\$ 2,000,000.

4.4.6 OVERVIEW OF CROSS-CUTTING PROJECTS

Cross-cutting areas identified in the draft PCP Programme Document include institutional capacity-building in the area of industrial development, access to finance and investment promotion, export promotion and related quality infrastructure, regional development, environmental development, and information and communication technology infrastructure. The PCP also emphasizes the importance of gender mainstreaming and the economic empowerment of women for inclusive and sustainable industrial development.

UNIDO is implementing the "Partnership for Action on Green Economy (PAGE)" in Kyrgyzstan since 2016, an inter-regional project which aims to contribute to environmental sustainability, decent job creation, poverty, and improved human well-being. UNIDO is one of the five UN agencies implementing PAGE, in addition to UN Environment, ILO, UNDP and the UN Institute for Training and Research. PAGE activities in Kyrgyzstan are contributing towards the achievement of the Sustainable Development Goals 2, 4, 7, 8, 9, 11, 12, 13 and 17. The core work areas are supporting the greening of the Strategy for Sustainable Industrial Development 2019-2023 and its Action Plan, green economy knowledge-sharing and capacity-building, and providing assistance towards partnership building with key partners.

In 2021, diverse activities took place in Kyrgyzstan within the framework of PAGE, including the organization of meeting with several ministries of Kyrgyzstan, a literature review, and the development of a questionnaire. In December 2021, UNIDO launched the project "Development of National Industrial Resource Efficiency Policy" kick-off meeting with the



Ministry of Economy and Commerce, and stakeholders from industries. International service providers and two national experts are working to carry out the project activities. Experts will be visiting the country to conduct resource efficiency demonstrations in Cement and Metal plants and organize Energy management standard ISO 50001 training at the end of January 2022.

Furthermore, UNIDO is implementing a regional project on “Improvement of industrial statistics and development of indicators of industrial performance for policy-relevant analysis in selected countries of Eastern Europe and Central Asia - Phase II”. The project marks the second phase of the Regional project (SAP 120443) which was successfully completed in 2019 and is implemented in 10 countries of Eastern Europe and Central Asia, including Kyrgyzstan. Phase II of the project aims to improve the available data that are essential for monitoring the progress of countries towards achieving SDG-9 targets in industrialization, as well as address the emerging demands of statistical data especially those related to Industry 4.0.

4.4.6.1 Funding of cross-cutting projects

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
130090	Partnership for Action on Green Economy (PAGE)	UNEP; MPTF - Partnership for Action on Green Trust Fund (PAGE)	6,237,015 (for all countries) Expenditures for Kyrgyzstan in 2021 – 70,000
		Sub-total:	n/a

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
190319	Improvement of industrial statistics and development of indicators of industrial performance for policy-relevant analysis in selected countries of Eastern Europe and Central Asia - Phase II	Russian Federation	929,000 (for all 10 countries)
		Sub-total:	n/a

5. Response to COVID-19

Throughout 2021, UNIDO streamlined the PCP Contingency Plan developed in 2020 in the context of the COVID-19 pandemic. Following the Government’s approval of the PCP document, the PCP Contingency Plans will be further adjusted by the PCP Team following close monitoring and assessment of the socio-economic effects of the COVID-19 pandemic in Kyrgyzstan.

Moreover, following the request of the Ministry of Health of the Kyrgyz Republic (received in April 2020), UNIDO commissioned a situation analysis of the healthcare waste management systems in the Kyrgyz Republic and developed the project proposal on “Introduction of Best Environmental Practices and Best Available Technologies for the Environmentally Sound Management of Healthcare Waste including COVID-19 Waste”. The project has the potential to be a part of the PCP Kyrgyzstan, which rests on a multi-stakeholder partnership led by the Government. The project aims to not only address the current issues of the COVID-19 pandemic but also to support a long-term ESM of HCW beyond the project life. It is foreseen to implement the project in partnership with WHO (potential donors: Switzerland, Japan; funding required: EUR

2,000,000- 3,500,000). In May 2021, UNIDO shared the proposal with the Permanent Mission of Japan in the Kyrgyz Republic. In 2022, the PCP Team will coordinate the status of the proposal with the relevant stakeholders.

6. Upcoming milestones and major results expected in 2022

In 2022, UNIDO will closely coordinate with the Government of the Kyrgyz Republic to finalize the programming phase through final approvals and signature of the PCP Kyrgyzstan Programme Document. UNIDO will seek to further develop the technical cooperation project portfolio, identify priority projects with the Government, and support the Government in its partner and resource mobilization efforts, namely through the setting up of a national PCP coordination body. UNIDO will continue building upon existing partnerships with national and international stakeholders, and consultations with the UNCT/UNRC, on potential partnerships with other entities and the private sector.

In 2022, UNIDO will continue coordinating with the donor of the PCP programming project, the Russian Federation, regarding the interest and possibility to mobilize financial resources to support PCP Kyrgyzstan implementation. In early 2022, UNIDO briefed the Permanent Mission of the Russian Federation to the International Organizations in Vienna on the updates and modifications introduced by the Government of Kyrgyzstan to the PCP Programme Document.





Annex 1: PCP portfolio overview – UNIDO TC

NATIONAL PROJECTS

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
160107	PCP programming and coordination	Programme for Country Partnership for Kyrgyzstan-PCP Kyrgyzstan (preparatory assistance)	Partnership Trust Fund – Russian Federation	214,696
180061	PCP Component: Agro-industry	Global Quality and Standards Programme: Strengthening quality and standards compliance capacity of the fruits value chain to facilitate market access	Switzerland (SECO)	822,905
Sub-total:				1,037,601

INTER-REGIONAL PROJECTS

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
130090	PCP Component: Cross-cutting	Partnership for Action on Green Economy (PAGE)	UNEP; MPTF - PAGE	6,237,015 (for all countries) Expenditures for Kyrgyzstan in 2021 – 70,000.00

REGIONAL PROJECTS

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Funding (US\$)
190319	PCP Component: Cross-cutting	Improvement of industrial statistics and development of indicators of industrial performance for policy-relevant analysis in selected countries of Eastern Europe and Central Asia - Phase II	Russian Federation	929,000 for all 10 counties
Sub-total:				N/A

For more information, please scan the QR Code to
[access the PCP Kyrgyzstan UNIDO website.](#)



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