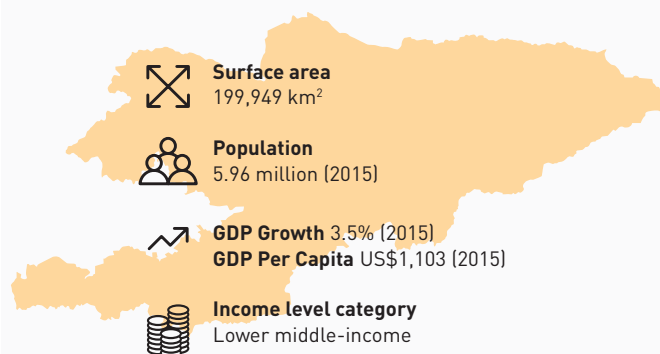




1. Country Context

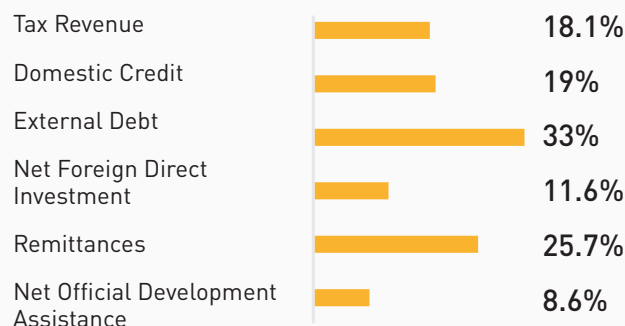
The Republic of Kyrgyzstan is a lower middle-income country with a HDI of 0.655 as of 2014. As a landlocked country, it relies on the agriculture sector, which contributes 25% of GDP and provides approximately 30% of employment. Gold constituted 25% of industrial production and 48% of exports in 2015. Foreign remittances from immigrant workers accounted for 30% of GDP in 2015. In terms of private sector development, the economy is dominated by small economic entities that typically operate in the informal sector. As a result of an unstable economic situation and a commodity market crisis in 2015, GDP growth rate declined to 3.6%. Poverty reduction has achieved significant progress: rural poverty rate was lowered to 33% in 2014 and the level of extreme poverty was reduced to 2.2%. Moving forward, the country's 10-year Comprehensive Development Framework proposed a poverty reduction programme that will be supported by the IMF. The Kyrgyz Republic experienced political crises in 2010 and subsequently undertook a series of government reforms to improve public governance and business environment. The country joined the Eurasian Economic Union (EEU) in 2015, thus expanding its access to international trade and foreign investments; it also benefited from China's increased FDI to Central Asia.

Quick Facts

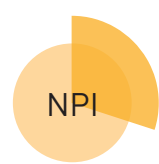


Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



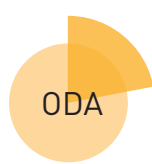
Key Development Indices:



National Poverty Index 30.6% of pop. (2014)



GINI Index 27.4 (2012)



Official Development Assistance/Capital Formation 22.7% (2014)

ODA per Capita US\$107 (2014)



Human Development Index (2014) (Best rank: Position 1)



Doing Business Rank (2015) (Best rank: Position 1)



Anti-corruption Index: -1.11 (2014) (Highest anti-corruption: +2.5)

Key Development Challenges

Weak economic governance and perceived corruption are key challenges to development. Gender inequality is another outstanding issue, especially in terms of education attainment, employment and political participation. According to the MDG progress report, the Kyrgyz Republic has reached benchmark levels for several indicators such as extreme poverty reduction, but falls behind in issues including maternal and child mortality, gender equality, fighting HIV/AIDS, and access to clean water and sanitation. Tensions with neighbouring countries over resources and border demarcations have escalated, and the country is in bilateral talks with Tajikistan and Uzbekistan, seeking possible solutions.

2. Efforts to Implement the Effectiveness Principles

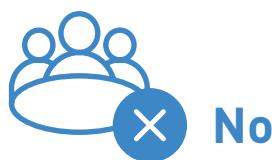
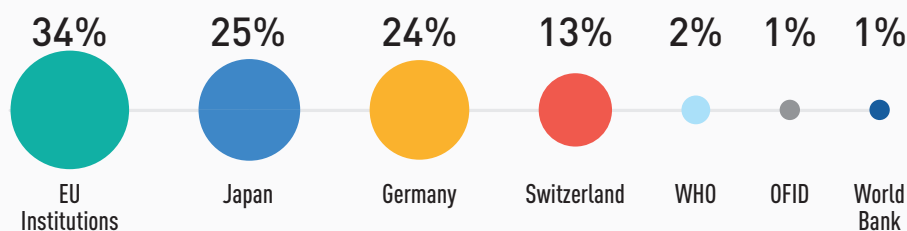
A. Policies and Tools for Partners' Alignment

The National Sustainable Development Strategy (NSDS) 2013-2017 is the strategic vision document outlining key priorities in political, economic and social development. Sectoral strategies and legislation have

been developed by sector ministries and approved by the Parliament. Since 2013, Kyrgyzstan has been actively engaged in developing the post-2015 development agenda through national consultations

and high-level conferences attended by government, development partners, CSOs, the private sector and international organizations on the process of achieving the MDGs and advancing the SDGs.

Major Development Partners of this Round (by Reported Disbursements)



Participation in 2014 Monitoring

No



Existence of a National Co-operation Policy

No

B. Governance and Management of Development Finance and Co-operation

Although the country has a medium-term development strategy and expenditure framework, implementation remains a challenge at the national and sectoral levels. There is currently no legal framework governing long-term development objectives for the country. However, sector plans or strategies in transport, education, health care and public finance have been established as part of the government's reform process in these sectors. The National Council for Sustainable Development is the government institution that coordinates and assesses national development strategies and priorities. The Ministry of Economy is a Secretariat of the Council collecting and reporting information from other government bodies. The

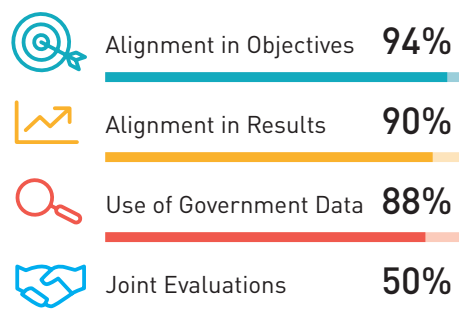
Development Assistance Database (DAD) has been created in the judicial department of the Supreme Court to facilitate improved coordination between officers and other state agencies such as border troops and financial institutions, in execution of judicial decisions. A national dialogue on the potential and effectiveness of institutions, which was launched in July 2014, includes a series of seminars on developing mechanisms to improve the potential and effectiveness of state local government and CSOs. An MDG Coordinating Committee was established as an institutional framework to liaise the work of agencies towards achieving the MDGs and an SDG Coordination Council under the leadership of the prime minister coordinates SDG implementation.

3. Country Ownership

Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

Kyrgyzstan has a country partnership strategy (CPS) 2007-2010 as part of the joint country support strategy prepared by the Asian Development Bank (ADB), Swiss Co-operation, UK Department for International Development, UN agencies and World Bank Group. The ADB conducts strategic assessment of the

implementation of country development goals based on a CPS results framework. In addition, the country has actively participated in the national voluntary presentation on progress made towards achieving the MDGs and transition to the SDGs to ensure goal alignment and clarity in institutional roles.

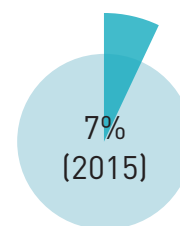


Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Based on data collected during the current monitoring round, the government has recorded US\$2.29 million development co-operation funding in the annual budget, which represents 7% of scheduled disbursements for the government sector that were approved in the formal budgeting process. All

loans provided by development partners are spent within the framework of the Public Investment Programme through the state budget. Since the country did not participate in the previous monitoring exercise, no historical data is available for comparison and trend analysis.

Percentage on Budget



Indicators 9 and 10. Use of Country Systems

Development co-operation partners have demonstrated moderate use of national public financial management and procurement systems. Development co-operation partners have a balanced use of country budget execution, financial reporting, auditing and procurement systems at 41%. Since Kyrgyzstan did not participate in previous monitoring

exercises, no historical data is available for comparison in terms of specific country systems and procedures. However, the declining trend in the Country Policy and Institutional Assessment (CPIA) score from 3.5 in 2005 to 2.5 in 2014 could somehow discourage the use of country systems. Interestingly, the untying of official development finance also decreased from

72% in 2013 to 48% in 2014, which correlates with the drop in CPIA. The declining trend in the use of country systems and in the untying of official development finance indicates that Kyrgyzstan needs to strengthen its country systems if it does not want to further erode the confidence of its partners in the reliability of its systems and its overall country ownership.

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	41%	41%	41%	41%		
INDICATORS 9A & 10.					3.5	59%

* Country Policy and Institutional Assessment

4. Inclusive Partnerships for Development

Indicators 2 and 3. Fostering Inclusive Partnerships for Development

There is currently no mechanism for engaging civil society organizations (CSOs) in setting development priorities and procedures. However, CSOs play an important role in socio-political processes. As for overall effectiveness, since the CSO sector began to develop relatively recently, the Busan principles are only occasionally followed by CSOs. The Public Council is the consultative and monitoring body voluntarily formed by civil society representatives to engage ministries, government committees and administrative agencies. In terms of capacity-building,

only international organizations currently provide training opportunities to facilitate multi-stake-holder dialogue; initiatives supported by UNDP, USAID and local NGOs are in progress, but need to become more systemic. Private sector development is a priority for the government to improve the business environment and attract foreign investment. In this respect, the National Programme on the Development of the Private Sector 2015-2017 has outlined key areas of private sector reforms. The Coordination Council established by the Ministry of Economy governs public-

private co-operation on emerging issues and holds weekly thematic meetings with private sector representatives. The Council for Business Development and Investment chaired by the prime minister prepares recommendations on improving the business environment and investment climate. The government engages private sector actors in designing and implementing sector-driven policies and agencies have been created to foster and support public-private projects. The private sector is motivated to engage in and take leadership over public-private projects.

Indicator 8. Gender Empowerment

In 2008, national law was passed to ensure equal rights and opportunities for men and women, but weak institutional mechanisms and lack of coordination in implementation have impeded efforts toward gender equality and women's empowerment. The gender disparity in employment has

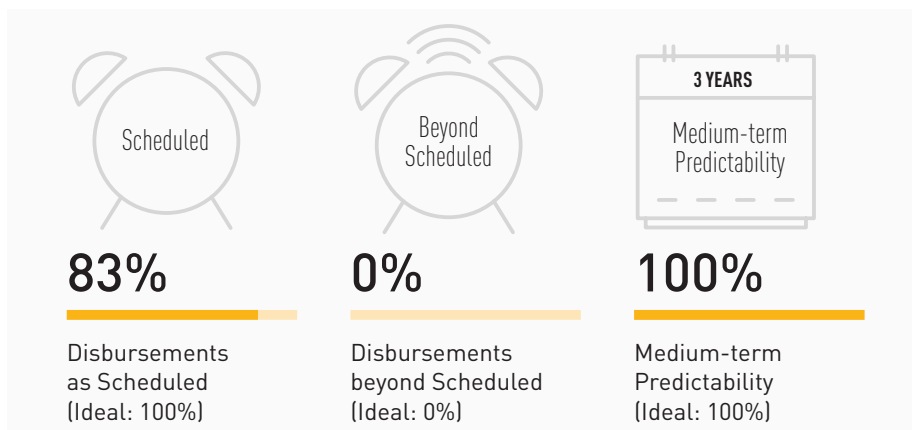
widened, with the employment rate at 71% for men and only 47% for women in 2013. Employment opportunities for women are concentrated in low-paying jobs in the education and health sectors and women rarely hold managerial positions. Women are also underrepresented at all levels

of political life. The lack of functional education systems for professional development and vocational training opportunities is one of the contributing factors to gender inequality.

5. Transparency and Accountability

Indicator 5. Development Co-operation is More Predictable

Based on data from the current monitoring round, the share of disbursements received as scheduled indicates predictable short-term development co-operation finance. In the medium term, information on nearly three quarters of development co-operation funding has been communicated to the state to enable more effective budget planning. However, predictability of official development finance for Kyrgyzstan could be improved with respect to that for other CIS countries.



Indicator 7. Mutual Accountability

The Coordination Council headed by the prime minister is responsible for ensuring effective co-operation between the government and development partners. The Council holds quarterly meetings to identify successes and address challenges in development co-operation with regards to specific sectors. The Ministry of Finance and the Ministry of

Economy jointly conduct annual reviews of the portfolio of multilateral international financial institutions, such as the Asian Development Bank, the World Bank, KfW and the Inter-American Development Bank. The reviews track project progress, discuss problems and plan for implementation. The government has established the Anti-Corruption Council

as a special communication platform to combat corruption. Development co-operation partners have developed their own policies on official development finance or partnership strategy based on the national strategy and priorities outlined in the National Strategy for Sustainable Development for the Kyrgyz Republic 2013-2017.

National Priorities Going Forward



Previous Joint Country Support Strategy for 2007-2010 was developed jointly by the main development partners and the Government of the Kyrgyz Republic in 2006. Now, the Government of the Kyrgyz Republic (Ministry of Economy) is assessing the national development strategy and priorities and is developing the new national strategic document for 2018-2023 and the long-term vision up to 2030. The Sustainable Development Goals will be also adapted and incorporated into the new strategic framework of the country. After the approval of the next national strategy, the strategic priorities will be presented to development partners to identify the ways to manage further development co-operation and to establish new official development finance/partnership policy defining development co-operation priorities for 2018-2023 and up to 2030. The Government of the Kyrgyz Republic hopes for successful partnership with all stakeholders for effective development co-operation in achieving the Sustainable Development Goals.



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Ministry of Economy, Government of the Kyrgyz Republic**

Disclaimer This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

For ease of reference, the term 'country' is used to refer to developing countries and territories that reported to the Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.