



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Kyrgyzstan**



KYRGYZSTAN

Programme for Country Partnership — PCP

Annual Report **2020**

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PCP KYRGYZSTAN AT A GLANCE

STATUS

Date of approval of the development of the PCP by the UNIDO Executive Board: July 2017
Programming phase: Initiated in August 2017 – ongoing
Implementation phase: Expected to commence in 2021
Expected completion date: To be confirmed

PRINCIPLE NATIONAL POLICY / STRATEGY SUPPORTED BY THE PCP

Strategy for the Sustainable Industrial Development of the Kyrgyz Republic (2019-2023)

FOCUS SECTORS / AREAS

Energy
Agro-industry
Construction materials
Light industry
Tourism

MAIN PARTICIPATING MINISTRIES

State Committee for Industry, Energy and Subsoil Use
Ministry of Economy
Ministry of Finance
Ministry of Agriculture
Ministry of Education
Ministry of Foreign Affairs

KEY DEVELOPMENT PARTNERS

Potential development partners include:

Financial institutions: Asian Development Bank, European Bank for Reconstruction and Development, World Bank

Bilateral/multilateral partners: European Union, Russian-Kyrgyz Development Fund, Russian Federation, China, Kazakhstan, Switzerland, Turkey, etc.

UN entities: Food and Agriculture Organization, International Labour Organization, United Nations Development Fund, etc.

Business sector: to be identified

UNIDO PROJECTS WITH FUNDING SECURED (COMPLETED AND ONGOING)

Total number of projects: 4 (2 national and 2 inter-regional)
Total funding excl. psc. in US\$: 1,060,790 (for national projects)

TOTAL INVESTMENTS LEVERAGED (CUMULATIVE)

N/A as the PCP is undergoing programming.

TOTAL PCP VOLUME

N/A as the PCP is undergoing programming.

1. EXECUTIVE SUMMARY

The Programme for Country Partnership (PCP) for the Kyrgyz Republic moved towards the final stages of programming in 2020. With the adoption of the Strategy for the Sustainable Industrial Development of the Kyrgyz Republic and its accompanying Action Plan (Government's Decree No. 502, on 27 September 2019), UNIDO finalized the draft PCP Programme Document at the beginning of 2020. In January 2020, UNIDO integrated the consolidated comments received from the Government of the Kyrgyz Republic and prepared an updated version of the Document for final approval by the Government. In February 2020, UNIDO undertook a mission to the country at which occasion the PCP Kyrgyzstan Programme Manager discussed the next steps with the Kyrgyz Government, namely the pending approval of the Programme Document and the setting up of a National Coordination Body. The Kyrgyz Government has committed national financial allocations to the PCP in the amount of EUR 75,000.

The updated PCP Programme Document is pending the Government's final approval, a process deferred by changes in the Kyrgyz Government over the course of 2020 and the socio-economic impacts of the COVID-19 pandemic. In parallel, in view of expanding the project portfolio in the country, UNIDO's PCP Kyrgyzstan team developed a list of project proposals for each priority area of the PCP and several of its cross-cutting interventions aligned with national priorities (refer to section 4.4 for details on project proposals for the PCP). The implementation of the PCP Kyrgyzstan will commence following the approval of the PCP Programme Document and the official signing by the Government and UNIDO, expected in the first half of 2021.



2. INTRODUCTION

The Programme for Country Partnership (PCP) is UNIDO's flagship programme to support countries in achieving their long-term 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.

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) or Morocco for the period 2017-2021 is a joint response by 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 will work with the UN development system in Kyrgyzstan to contribute to the next UNSDCF, in particular through the PCP.

In 2020, 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 environment, climate change and disaster risk management.

4. PROGRAMME-LEVEL RESULTS

4.1. COORDINATION AND GOVERNANCE

In January 2020, UNIDO finalized the PCP Programme Document in accordance with comments received from national counterparts at the end of 2019. The updated Programme Document is pending the Government's final approval, a process affected by changes in the Kyrgyz Government over the course of 2020 and impacts of the COVID-19 pandemic.

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.

Given the importance of resource mobilization and close coordination between different national bodies, the NCB is expected to be chaired by the First Vice-Prime Minister of the Kyrgyz Republic. The NCB will comprise high-level representatives from relevant ministries, key national institutions related to industrial development, and other stakeholders. UNIDO will provide support to the establishment and workings of the NCB, and will carry out the functions of its Secretariat.

4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION

In 2020, the Government of Morocco, through the counterpart ministries, continued to play a leading role and provide guidance. In 2020, UNIDO, through its Headquarters and UNIDO's country office in Bishkek, Kyrgyzstan, has been closely liaising with potential PCP partners and the UN Resident Coordinator on potentials for cooperation. The list of national stakeholders consulted included representatives of the Office of the President, the Kyrgyz Parliament, the State Committee on Industry, Energy and Subsoil Use, the Ministry of Economy, the Ministry of Finance and other state agencies.

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. In 2020, UNIDO was a lead agency in the organization of the UN Development Dialogue IV on Industrial and Technological Development in the Kyrgyz Republic, jointly with the State Committee on Industry, Energy and Subsoil Use (SCIESU), UNDP and the Aga Khan Foundation/University of Central Asia. The conference also served as an occasion to raise awareness of ISID and the PCP Kyrgyzstan among participants, which included the Government, the Parliament, UN entities and the private sector.

In 2020, UNIDO developed a draft of the Resource Mobilization Strategy for the PCP Kyrgyzstan, which includes a mapping of traditional bilateral and multilateral donors, emerging donors, UN entities active in the country, as well as potential private sector partners. The draft Resource Mobilization Strategy also contains an Action Plan, and is expected to be finalized in the first quarter of 2021. 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
- National Parliament of the Kyrgyz Republic
- Ministry of Economy
- Ministry of Finance
- Ministry of Agriculture
- Ministry of Education
- Ministry of Foreign Affairs
- Ministry of Science and Education
- Ministry of Labour and Social Protection
- Ministry of Health
- Ministry of Transportation and Roads
- Ministry of Tourism
- State Committee on Industry, Energy and Subsoil Use
- State Agency for Environmental Protection and Forestry
- Investment Promotion Agency

- Agency of Primary Vocational Education
- State Agency for Architecture, Construction and Utilities
- State Agency for Local Government and Inter-Ethnic Relations
- State Agency for the Regulation of the Fuel and Energy Complex
- State Inspectorate for Veterinary and Phytosanitary Safety
- State Committee of Information Technology and Communication
- National Statistical Committee
- State Revenue Service
- State Border Service
- State Registration Service
- State Customs Service
- State Ecological and Technical Inspection
- National Bank of the Kyrgyz Republic
- Local authorities

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)
- International Fund for Agricultural Development (IFAD)

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)
- 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

4.3. RESULTS OF PCP ADVISORY SERVICES

The key result of PCP advisory services in 2020 was the finalization of the (revised) PCP Programme Document (re-submitted in January 2020 to the Government), based on the Strategy for Sustainable Industrial Development 2020-2024 (adopted by the Kyrgyz Government in September 2019) which was developed with UNIDO's support and building on the findings of the Country Diagnostic conducted by UNIDO in 2018.

The Strategy and the PCP Programme Document are closely interlinked. The Strategy has served as the foundation for the PCP Programme Document, and the selection of priority industrial sectors and proposed interventions. In turn, the PCP Kyrgyzstan will support the implementation of the Strategy and provide an operational framework for facilitating the mobilization of partners and resources towards the achievement of the country's industrial development goals.

4.4. TECHNICAL COOPERATION RESULTS

In 2020, there were two ongoing national UNIDO projects 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); and
- “Programme for Country Partnership for Kyrgyzstan” as the project supporting PCP programming, funded by the Russian Federation.

In addition, two inter-regional projects are being implemented by UNIDO also covering Kyrgyzstan:

- “Partnership for Action on Green Economy (PAGE)”, funded from UN funds (excluding UNDP;) and
- “Scale Up Small Hydropower Development in Selected Countries to Contribute to Inclusive and Sustainable Industrial Development (ISID)”, funded by China.

4.4.1 ENERGY

In 2020, 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. UNIDO, jointly with its counterpart, the International Centre on Small Hydropower (ICSHP) based in Hangzhou, China, completed a feasibility study report of the Sokuluk First Cascade SHP. Further follow-up actions, such as calls for investment and construction, are under consideration.

In 2020, UNIDO also supported the strengthening of regional and national capacities against climate change risks and a sustainable energy transition through the establishment of the Clean Energy Centre (ECOCEC) for member countries of the Economic Cooperation Organization (ECO), which includes Kyrgyzstan, with the support of the Austrian Development Agency (ADA).

Given the high rate of emissions, energy and materials used in the manufacturing sector in Kyrgyzstan, UNIDO and the State Committee on Industry, Energy and Subsoil Use agreed to demonstrate the potential benefits of a well-designed and implemented resource efficiency policy by undertaking a demonstration project in the metal industry and cement industry. The project is also aimed to showcase the cost saving potentials of introducing resource efficiency measures. As part of this demonstration and policy development, trainings will be organized to introduce the Energy Management Standard ISO 50001. Based on the demonstration's findings, trainings and data research, UNIDO will support the Government in developing a national industrial resource efficiency policy.

In addition, in 2020, the UNIDO PCP Team developed several 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 in 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 hydro-power and modernization of existing hydro power 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.

Funding

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
150095	Scale Up Small Hydropower Development in Selected Countries to Contribute to Inclusive and Sustainable Industrial Development (inter-regional project)	China	707,965 (for all 5 countries)
		Total	N/A

4.4.2 AGRO-INDUSTRY

In 2020, UNIDO completed an inception phase of the project titled “Global Quality and Standards Programme: Strengthening quality and standards compliance capacity of the fruits value chain to facilitate market access”. As part of this, UNIDO finalized a report on the inception phase of the project, a work plan and logical structure of the project, prepared a diagnostic study of processing entities in the fruits value chain, as well as a diagnostic study of testing laboratories in Issyk-Kul and Chui regions of Kyrgyzstan.

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 addition, in 2020, the UNIDO PCP Team developed several project proposals for the PCP priority area on agro-industry:

Support for the establishment of agro-processing food parks in Kyrgyzstan

- **Objective:** To contribute to the industrialization of the Kyrgyzstan agriculture sector for rural economic transformation, employment and improved income earning opportunities in high agriculture productive areas of the country.
- **Expected outcomes:** Comprehensive policy on agro-industrialization and establishment of food parks adopted by stakeholders; and institutional capacities and enabling environment for the establishment of food parks developed.
- **Indicative budget:** The first phase of this intervention from conceptualization to design of one agro-processing food

park is estimated at EUR 1,500,000. Following the adoption and mobilization of funds for the park's construction by the Government, UNIDO's intervention in the second phase would build capacities for the operationalization of the agro-processing food park at an estimated cost of EUR 2,500,000.

Development of a national food safety system to support food parks in Kyrgyzstan

- **Objective:** To support the development of a robust and resilient food safety regime to delivery safe food products, and ensure food security and improved incomes of producers through market access.
- **Expected outcomes:** Food safety-related regulatory and policy frameworks adopted and rolled-out; practitioners along the value chain implement food safety-related services; and increased compliance of Kyrgyzstan's food business with market requirements.
- **Indicative budget:** The indicative budget for the intervention on the overall policy framework and capacity development of service institution is EUR 2,500,000, and EUR 2,200,000 for the interventions on market access for one priority/key product.

Value chain development for food and income security (dairy, fruits and vegetable, etc.)

- **Objective:** To provide greater opportunities for income generation, poverty reduction and food security through improved value addition to reduce post-harvest losses in selected agro-food products.
- **Expected outcomes:** Increased availability and improved quality of value-added food products; and increased incomes and employment opportunities of agro-food value chain actors.
- **Indicative budget:** EUR 2,800,000 to EUR 3,500,000 per selected/priority value chain.

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)	845,294
		Total	845,294

4.4.3 CONSTRUCTION MATERIALS

Currently, there are no ongoing projects under this PCP component. However, in 2020, the UNIDO PCP Team developed a project proposal 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 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 product 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 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 January 2020, the Kyrgyz Government established a Coordination Commission on Green Economy and Climate Change with PAGE support. This Commission will, among others, coordinate the action of the state executive authorities, local governments, non-profit and international organizations to support the implementation of the Green Economy Development Programme. In November 2020, the Kyrgyz Republic submitted a proposal for additional PAGE support. As part of this, UNIDO, through PAGE, will support the country in creating a policy enabling environment for enhancing the sustainability and growth of MSMEs as a key avenue for a green recovery.

In addition, in 2020, the UNIDO PCP Team developed a project proposal for the cross-cutting area on environmental development, titled “Introduction of best environmental practices and best available technologies for the environmentally sound management of healthcare waste, including COVID-19 waste in Kyrgyz Republic”. The objective of the proposed three-year project is to reduce or ultimately eliminate releases of globally harmful pollutants into the environment by promoting the adoption of best available technologies and best environmental practices in healthcare institutions, as well as in the evolving medical waste management infrastructure and industry. The budget of the project will depend on the demonstration component – provision of goods/services and related infrastructure for the introduction of BAT/BEP – and vary from EUR 2,000,000 to EUR 3,500,000.

Funding

ERP ID	Pipeline project / sub-programme title	Potential donor	Estimated funding (US\$)
130090	Partnership for Action on Green Economy (PAGE)- inter-regional project	UNEP; MPTF - Partnership for Action on Green Trust Fund (PAGE)	2,823,675 (for all countries) 588,600 for Kyrgyzstan in 2019-2020
		Total	N/A

5. RESPONSE TO COVID-19

Throughout 2020, UNIDO developed and updated PCP Contingency Plans in the context of the COVID-19 pandemic. In April 2020, UNIDO received a request from the Government of the Kyrgyz Republic for technical assistance in introducing modern environmentally-friendly technologies for the treatment of medical waste in the context of the COVID-19 pandemic. In response to the request, UNIDO commissioned a situation analysis on the healthcare waste management systems in the Kyrgyz Republic.

Based on the results of the assessment (conducted under the “Partnership for Action on Green Economy (PAGE)” project), UNIDO developed a report “On Health Care Waste Management in the Kyrgyz Republic: Situation Analysis”. The draft assessment, completed in December 2020, identifies the nature and volume of medical waste generated in the context of COVID-19, identifies gaps in related policies and legislation, and recommends how the country may respond to the crises. Building on the results of the assessment, UNIDO has completed the project concept note and started resource mobilization activities.

6. COMMUNICATION

In 2020, communication activities within the PCP’s programming phase included:

- PCP Kyrgyzstan webpage updated;
- PCP Kyrgyzstan featured in ISID newsletter updates;
- PCP Focal Point participation in PCP communication/coordination group meetings;
- Draft Communication Strategy prepared as part of the draft PCP Programme Document by UNIDO’s PCP Programme Manager in February 2020 .

7. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2021

In 2021, the new Government of Kyrgyzstan is expected to approve the final Programme Document, paving the way for the start of PCP implementation. In parallel, UNIDO will support the Kyrgyz Government in the establishment and operationalization of the inter-ministerial NCB, which will provide strategic guidance for the execution of the PCP, review progress and ensure synergies with partner interventions. The NCB is expected to be chaired by the First Vice Prime Minister of the Kyrgyz Republic.

Throughout 2021, UNIDO will seek to further develop the PCP Kyrgyzstan project portfolio, identify priority projects with the Government, and support the Government in its partner and resource mobilization efforts for the implementation of the PCP. UNIDO will continue building upon existing partnerships with national and international stakeholders, and consultation with the UNCT/UNRC on potential partnerships with other UN entities, and will strive for strong engagement of the private sector in PCP Kyrgyzstan implementation.

8. ANNEX 1: PCP PORTFOLIO OVERVIEW

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	215,496
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)	845,294
Total			US\$ 1,060,790	

Regional projects

ERP ID	PCP component or cross-cutting area	Ongoing project / sub-programme title	Donor	Estimated funding (US\$)
150095	PCP Component: Energy	Scale Up Small Hydropower Development in Selected Countries to Contribute to Inclusive and Sustainable Industrial Development	China	707,965 (for all 5 countries)
130090	PCP Component: Cross-cutting	Partnership for Action on Green Economy (PAGE)	UNEP; MPTF - PAGE	588,600 (for KR in 2019-2020)
Total			US\$ N/A	



SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

10 REDUCED INEQUALITIES

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

11 SUSTAINABLE CITIES AND COMMUNITIES

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

17 PARTNERSHIPS FOR THE GOALS

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



For more information, please scan the QR Code to access the PCP Kyrgyzstan UNIDO website.

PCP Kyrgyzstan Programme Manager

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PCP KYRGYZSTAN AT A GLANCE

STATUS

Programming phase: Started September 2014
Implementation phase: Started March 2015
Completion phase: December 2020

PRINCIPLE NATIONAL POLICY STRATEGY SUPPORTED BY THE PCP

Growth and Transformation Plan II (GTP II) 2015-2020

FOCUS SECTORS AREAS

Agro-processing
Leather and leather products
Textiles and apparel

MAIN PARTICIPATING MINISTRIES

Ministry of Trade and Industry
Ministry of Finance
Ministry of Agriculture
Ethiopian Investment Commission

KEY DEVELOPMENT PARTNERS

Financial Institutions: African Development Bank (AfDB), European Investment Bank (EIB), World Bank (WB)

Bilateral/multilateral financing partners: Italian Development Cooperation Agency (AICS), European Union (EU), China, Republic of Korea, Russian Federation, Japan, Austrian Development Agency (ADA), Swedish International Development Cooperation Agency (SIDA), German Cooperation Agency (BMZ), Montreal Protocol, OPEC Fund for International Development (OFID)

UN entities: Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD)
Business sector: illycaffè and Volvo, Calzedonia, Velocity, DBL and H&M (MoU), China National Textile and Apparel Council (CNTAC)

Other relevant partners: Government of Ethiopia and its specialized agencies. Among others: the Ethiopian Textile Industry Development Institute (ETIDI), the Ethiopian Leather Development Institute (LIDI), the Food, Beverages and the Pharmaceuticals Industry Development Institute (FBPIDI), the Meat and Dairy Industry Development Institute (MDIDI), the Coffee and Tea Authority (CTA), the Federal Small & Medium Manufacturing Industry Promotion Agency (FeSMMIPA), etc.

UNIDO PROJECTS WITH FUNDING SECURED (COMPLETED AND ONGOING)

Total number of projects within the framework of the PCP: 36
Total funding secured in US\$: 57,888,288.00
Total expenditures to end of current reporting period: \$ 37,605,350.00
Total balance available: \$20,282,938

TOTAL INVESTMENTS LEVERAGED (CUMULATIVE)

\$1,834,111,308.00

TOTAL PCP VOLUME

\$1,891,999,596.00

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



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