

**Joint Programme Document**  
Kyrgyzstan

## A. COVER PAGE

**1. Fund Name:** UN Joint SDG Fund, Reinforce the SDG Financing Architecture (Component 1)

**2. MPTFO Project Reference Number**

**3. Joint programme title**

Enhanced financing opportunities and alignment with national sustainable development goals through an Integrated National Financing Framework for Kyrgyzstan

**4. Short title**

Kyrgyzstan Integrated National Financing Framework (K-INFF)

**5. Country and region: Kyrgyz Republic, Europe and Central Asia**

**6. Resident Coordinator: Ozonnia Ojielo,** [ozonnia.ojielo@one.un.org](mailto:ozonnia.ojielo@one.un.org)

**7. UN Joint programme focal point:** Louise Chamberlain, UNDP Resident Representative, [louise.chamberlain@undp.org](mailto:louise.chamberlain@undp.org)

**8. Government Joint Programme focal point:** Almaz Isanov, Head of Political and Economic Research Department, President's Administration of the Kyrgyz Republic

**9. Short description:**

This Joint Programme (JP) aims at creating a holistic, comprehensive and integrated financing strategy, or Integrated National Financing Framework (INFF), with the ambition to improve the efficiency, effectiveness, and transparency in the use of public funds and governance of private finance to support the implementation of Kyrgyzstan's National Development Strategy (NDS) and the SDGs. The JP is articulated in three sequenced blocks or phases, which combine a range of complementary activities supporting the formulation of concrete policy recommendations for financing. By the end of its implementation, the Cabinet of Ministers of Kyrgyzstan will a) have an improved policy framework for public and private finance to deliver on the NDs and the SDGs, b) have an improved strategic planning and budgeting administrative system to finance the NDS and the SDGs, and c) have improved monitoring and oversight for the implementation of the NDS and the SDGs.

The creation of a holistic financing strategy will mainstream and align the SDGs across planning, budgeting and financing processes in Kyrgyzstan. This new approach on financing for development using the SDGs has a common denominator, while at the same time engaging policymakers and development partners on some of the most pressing socio-economic challenges prioritized in this JP, such as education, will ensure that public and private resources, budget allocations and execution, investment strategies, fiscal policy objectives and partnerships for financing are efficient and effective for achieving sustainable development outcomes, including for the most vulnerable groups including women and children.

**10. Keywords:** NDS, SDGs, Planning, Budget, Alignment, Finance, Financing Strategy, Financing Framework, Education, Children, People Furthest Left Behind.

**11. Overview of budget**

<b>Joint SDG Fund contribution</b>	<b>USD</b>
	<b>975,471.00</b>

Co-funding from UNDP core resources, UNICEF regular resources, and Global Thematic Funds	<b>USD 190,000.00</b>
<b>TOTAL</b>	<b>USD 1,165,471.00</b>

## 12. Timeframe:

Start date	End date	Duration (in months)
June, 2020	December, 2022	30 months

## 13. Gender Marker:

Meets minimum standards: 2, although our budget is very gender-sensitive at almost 61% of the total budget.

## 14. Participating UN Organizations (PUNO) and Partners:

### 14.1 PUNOs:

- Convening agency: UN RCO, UNDP
- Other PUNOs: UNICEF

### 14.2 Partners

#### **National authorities:**

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**Parliament:** Member of the Parliament, Head of the SDG working group under the Parliament; +996 552 70 07 05

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#### **Civil society organizations**

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***Private sector:***

**Investment Council Secretariat,** covering about 50 different business associations:  
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***International Financial Institutions:***

**International Monetary Fund:** Mr. Poghosyan Tigran, Resident Representative in the Kyrgyz Republic, [tpoghosyan@imf.org](mailto:tpoghosyan@imf.org); Ms. Shambetova Erkeaim, Economist, [eshambetova@imf.org](mailto:eshambetova@imf.org), +996 312 30 37 04/05

**World Bank:** Mr. Naveed Naqvi, Country Manager, [hnaqvi@worldbank.org](mailto:hnaqvi@worldbank.org); Bakyt Dubashov, Economist, [bdubashov@worldbank.org](mailto:bdubashov@worldbank.org), +996 312 625-262, Sultanova Gulmira, Education Specialist, [gsultanova@worldbank.org](mailto:gsultanova@worldbank.org), +996 312 625 267

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**EU Delegation to the Kyrgyz Republic:** Mr. Hans Farnhammer, Head of Cooperation Section, + 996 312 26 10 00

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## SIGNATURE PAGE

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<b>Resident Coordinator</b> <i>Ozonnia Ojielo</i> Date 26-Jun-2020  <i>Ozonnia Ojielo</i> Signature	<b>National Coordinating Authority</b>  Department of Political and Economic Research,  Office of the President of the Kyrgyz Republic  Mr. Almaz Isanov,  Head   Date 30 April, 2022  Signature 
<b>Participating UN Organization (lead/convening)</b> The United Nations Development Programme (UNDP) Ms. Louise Chamberlain, UNDP Resident Representative  Date 25-Jun-2020   Signature	
<b>Participating UN Organization</b> The United Nations Children's Fund (UNICEF) Christine Jaulmes, UNICEF Representative  Date 25-Jun-2020   Signature	

## ACRONYMS

<b>AA</b>	Administrative Agent
<b>AWP</b>	Annual Work Plan
<b>BRH</b>	Bangkok Regional Hub
<b>CSO</b>	Civil Society Organization
<b>CO</b>	Country Office
<b>CoA</b>	Chamber of Accounts
<b>COVID</b>	Corona Virus Disease
<b>DFA</b>	Development Finance Assessment
<b>ECE</b>	Early Childhood Education
<b>EU</b>	European Union
<b>FDI</b>	Foreign Direct Investment
<b>GDP</b>	Gross Domestic Product
<b>GSB</b>	Gender sensitive budgeting
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>ICT</b>	Information and Communication Technologies
<b>IFC</b>	International Finance Corporation
<b>IMF</b>	International Monetary Fund
<b>INFF</b>	Integrated National Financing Framework
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IRH</b>	Istanbul Regional Hub
<b>JP</b>	Joint Programme
<b>KR</b>	Kyrgyz Republic
<b>LMIC</b>	Low and middle-income countries
<b>MDB</b>	Multilateral development banks
<b>MTDP</b>	Mid-term Development Programme for 2021-2026
<b>MTEF</b>	Mid-term Expenditure Frameworks
<b>MTFF</b>	Mid-term Fiscal Frameworks
<b>MoEC</b>	Ministry of Economy and Commerce
<b>MoES</b>	Ministry of Education and Science
<b>MoF</b>	Ministry of Finance
<b>MP</b>	Member of Parliament
<b>NB</b>	National Bank (Central Bank)
<b>NCSD</b>	National Council for Sustainable Development
<b>NDS</b>	National Development Strategy for 2018-2040
<b>ODA</b>	Official Development Assistance
<b>OOP</b>	Office of the President of the Kyrgyz Republic
<b>OC</b>	Oversight Committee
<b>PISA</b>	Programme for International Student Assessment
<b>PFM</b>	Public financial management
<b>PPP</b>	Public Private Partnership
<b>RBEC</b>	UNDP Regional Bureau for Europe and the Commonwealth of Independent States
<b>RCO</b>	Resident Coordination Office
<b>RIA</b>	Rapid Integrated Assessment
<b>SDG</b>	Sustainable Development Goal

<b>ToC</b>	Theory of Change
<b>ToT</b>	Training of trainers
<b>UN</b>	United Nations
<b>UNCT</b>	United Nations Country team
<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>UNEG</b>	United Nations Evaluation Group
<b>UNESCAP</b>	United Nations Economic and Social Commission for Asia and the Pacific
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNRC</b>	United Nations Resident coordinator
<b>VAT</b>	Value added tax
<b>VFM</b>	Value for money

## B. STRATEGIC FRAMEWORK

### 1. Call for Concept Notes: SDG Financing (2/2019) – Component 1

### 2. Programme Outcome [pre-selected]

- Additional financing leveraged to accelerate SDG achievement (Joint SDG Fund Outcome 2)

### 3. UNDAF Outcomes and Outputs

#### 3.1 Outcomes

- Outcome 1. By 2022, inclusive and sustainable economic growth is increased through agricultural, industrial and rural development, decent work, improved livelihoods, food security and nutrition.
- Outcome 4. By 2022, social protection, health and education systems are more effective and inclusive, and provide quality services.

#### 3.2 Outputs

- Output 2.1: Policy frameworks and institutional mechanisms enabled at the national and subnational levels for sustainable, resilient, inclusive and gender responsive economic growth.
- Output 4.3. Education system is capable to provide safe environment, quality, inclusive learning and development for all.

### 4. SDG Targets directly addressed by the Joint Programme

#### 4.1 List of goals and targets

#### **SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.**

- **4.1** By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
- **4.2** By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

#### **SDG 10. Reduce inequality within and among countries** (adapted to focus on sub-national)

- **10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- **10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

#### **SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective and, accountable and inclusive institutions at all levels.**



- **16.6.** Develop effective, accountable and transparent institutions at all levels.
- **16.7.** Ensure responsive, inclusive, participatory and representative decision-making at all levels.

## **SDG 17. Revitalize the global partnership for sustainable development**

- **17.1** Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection.
- **17.3** Mobilize additional financial resources for developing countries from multiple sources.
- **17.4** Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress.
- **17.14** Enhance policy coherence for sustainable development.
- **17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

### **4.2 Expected SDG impact**

The purpose of this JP is to build an understanding of and an agreement among policymakers about the opportunities to unlock public and private finance in support of national sustainable development objectives, mechanisms for strengthening SDG budgeting and steps for operationalising an Integrated National Financing Framework (INFF) in the Kyrgyz context. The JP will support the Cabinet of Ministers of the Kyrgyz Republic to agree and implement a holistic financing strategy. This will help the Cabinet of Ministers adapt and reform its policies to unlock significant improvement in flows aimed at financing the NDS and the SDGs. This also means the need to strengthen all means of implementation via a set of for targets SDG 17 that deals with the financing aspects of Agenda 2030. Moreover, the JP will specifically aim at creating effective, accountable and transparent institutions at all levels through progress of several targets of SDG16. An important aspect is the implementation of activities aimed at the empowerment and promotion the social, economic and political inclusion of all to reduce inequalities (SDG 10) and addressing inefficiencies and gaps in early childhood education (SDG 4).

## **5. Relevant objective(s) from the national SDG framework**

The main strategic document that set targets that relates to the SDGs is the National Development Strategy 2018-2024. It has long-term goals (until 2040) and Mid-term objectives (until 2026).

### **The long-term priorities (until 2040):**

Priorities are formulated qualitatively. However, some of them are aligned with the impact, outcomes and outputs of the proposed Integrated National Financing Framework (INFF):

<b>NDS Development goals</b>	<b>Relation to INFF</b>
We will find a reasonable balance between attracting external borrowing and using our own resources for development. The borrowing policy will be structured in such a way as to prevent excessive dependence on any country in the world	The whole INFF principle and outputs 1.1. and 1.2
The fundamentals for attracting investment will also be the favorable environment and developed infrastructure necessary for a comfortable human life	Output 2.2
By 2040, the Kyrgyz Republic should become a digital hub on the Great Silk Road	Output 1.2
Equality of opportunities for citizens, enterprises and territories is ensured through the widespread development of all types of physical and digital infrastructure created on the basis of public-private partnerships	Output 2.2.
The state will provide guaranteed access and full coverage of the population with pre-school and school education.	Output 1.1 Output 2.2

### **Medium-term objectives of the NDS:**

They are formulated in the format of the SDG targets (Annex 2):

Mid-term NDS targets.	Related to INFF (Annex 2)
Target 7.3. Ubiquitous coverage of preschool education.	Output 1.1, output 2.2
Target 4.5. Reform in the fiscal system.	Output 1.2
Target 5.6. Financial market.	Output 2.2
Target 5.7. Public Finance System: <ul style="list-style-type: none"> <li>The first area - change in the philosophy and principles of financing for development with a gradual departure from dependence on donor financial resources and the mobilization of internal ones.</li> <li>The <b>second</b> area - to make the transition to budgeting, focused on results</li> </ul>	The whole INFF principle and outputs 2.1 and 2.2
Target 5.7. Public Finance System, External debt management: <ul style="list-style-type: none"> <li>Improving the efficiency of external borrowings;</li> <li>Maintaining the size of public external debt at the level not exceeding 60% of GDP;</li> <li>Debt restructuring and <b>debt write-offs</b></li> </ul>	Output 1.2
Target 4.2: Digitalization of management and development of digital infrastructure	Output 1.2
Target 10.1. and 10.2. Managing the implementation process and Monitoring and evaluation	Output 3.1

## 6. Brief overview of the Theory of Change of the Joint programme

The Theory of Change (ToC) of the JP is built around 3 outcomes and their contributing outputs and related activities, which support the overall objective of formulating and implementing a holistic financing strategy or Integrated National Financing Framework (INFF) that can efficiently and effectively deliver on the NDS and the SDGs. The logic of the JP will first of all allow to develop a solid situation/problem analysis and understanding of the existing financing landscape through a number of strategic studies and analyses that serve to develop greater transparency and better overview of the baseline situation (**Outcome 1**). In addition, it will support the development of a stronger budget planning and fiscal management process by engaging stakeholders from the outset and building capacities so different actors are better informed and can engage with cross-sector issues, complement efforts, and implement the financing strategy in a coordinated way (**Outcome 2**). The JP will also allow the establishment of an effective monitoring and oversight mechanism to enable the Cabinet of Ministers and other stakeholders to keep themselves informed on the progress, challenges and gaps for the implementation of the NDS and the SDGs – including tracking the progress of meeting financing goals – as well as contribute to the design of a whole-of-government and whole-of-society institutional coordination mechanism for more effective delivery on the NDS and the SDGs (**Outcome 3**).

## 7. Trans-boundary and/or regional issues

The Kyrgyz Republic is a landlocked, mountainous and lower middle-income country<sup>1</sup> which remains highly dependent on regional economic linkages and vulnerable to external shocks. A JP which will support the development of a holistic and comprehensive financing strategy will help the Kyrgyz Republic cope with some of the key constraints that extend beyond borders, creating the necessary fiscal space and leveraging critical resources to support national development objectives and the SDGs.

First, gaps in infrastructure development and financing continues to negatively affect export competitiveness and access to regional and global markets, notably due to high transportation costs which make foreign direct investment comparatively unattractive. The cost of infrastructure is very high mainly due to a mountainous and unfavourable topography, and according to ESCAP estimates, the scale of funding and financing that the Kyrgyz Republic needs to close the infrastructure gap and bring it to comparable global standards remains very large.

In addition, the Kyrgyz Republic's economy remains little diversified and revenue is mainly dominated by the extractive industry, agriculture and remittances. Volatility in commodity prices and current economic sanctions imposed on the Russian Federation negatively affects the country in maintaining stable revenues. At the same time, economic recession and the overall instability of financial markets have created depreciations in the local currency. Combined with other external shocks impacting the economy, savings and revenues have shrunk, while expenditures for social security have increased to cope with increasing vulnerabilities. Overall, this has created pressures on the investment climate and fiscal position of the country. It is significant that the economic impact of the global COVID-19 pandemic struck the Kyrgyz Republic much before the health impact, and the Kyrgyz Republic is among the first countries globally to benefit from the assistance of the IMF<sup>2</sup>.

Moreover, the economy and the welfare of Kyrgyz citizens remain highly exposed to remittances from diaspora and migrant workers. With a share of 31.3% of GDP in 2020, the Kyrgyz Republic is the second most dependent country in the world on this source of

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<sup>1</sup> <https://www.worldbank.org/en/country/kyrgyzrepublic/overview>

<sup>2</sup> <https://www.imf.org/en/News/Articles/2020/03/26/pr20115-kyrgyz-republic-imf-executive-board-approves-disbursement-to-address-covid-19-pandemic>

finance<sup>3</sup>. Due to restrictions on money transfers introduced by Russia earlier in 2019, where approximately 500,000 Kyrgyz citizens are active, as well as the recent major devaluation of the ruble due to falling oil prices, stability and growth in remittances remains unlikely. This clearly prevents the country to increasingly rely on this source of finance for its economy in the future. The accession of the Kyrgyz Republic to the Eurasian Economic Union in 2015 positively improved the legal status of the Kyrgyz migrant workers, which almost did not impact the volume of remittances for recent years. However, it reduced re-export profits<sup>4</sup>.

Furthermore, cross-border issues between the Kyrgyz Republic, Tajikistan and Uzbekistan along the Fergana Valley related to the control over water and other natural resources critical for some of the main economic activities in the three countries, exacerbates tensions and impacts the overall peace and security situation in the region.

Finally, the Kyrgyz Republic and China have over 1,000 km of shared border. China is one of the main trade and economic partners of the Kyrgyz Republic. China is also the main bilateral creditor of the Kyrgyz Republic. The total amount of loans is USD 2.1 billion<sup>5</sup>.

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<sup>3</sup> World Bank data.

[https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?most\\_recent\\_value\\_desc=true](https://data.worldbank.org/indicator/BX.TRF.PWKR.DT.GD.ZS?most_recent_value_desc=true).

<sup>4</sup> <https://invest.gov.kg/wp-content/uploads/2019/07/16-University-of-Central-Asia-report-Accession-to-the-EEU-2018.pdf>

<sup>5</sup> <https://www.ucentralasia.org/Content/downloads/UCA-IPPA-Wp50%20-%20ENG.pdf>

## C. JOINT PROGRAMME DESCRIPTION

The Government of the Kyrgyz Republic recently introduced the long-term National Development Strategy 2018-2040, alongside a medium-term National Development Programme 2021-2026, to guide implementation. Achieving the long-term development objectives articulated in the NDS will require significant investments and financing from a range of public and private sources. To support the mobilisation of new sources of finance, and enhance the impact of public and private finance, the Cabinet of Ministers of the Kyrgyz Republic has made a commitment at the 2019 UN General Assembly to operationalise an Integrated National Financing Framework (INFF).

A scoping mission took place in November 2019 and undertook an initial analysis of financing trends and the opportunity and demand to strengthen financing policy in support of NDS implementation. The scoping study recorded strong demand from the Cabinet of Ministers and other actors for reforms that can strengthen the financing for the NDS. The demand and emerging recommendations focused on the governance and transparency of financing; reforms that can strengthen the integration and efficiency of public finance relative to national priorities and boost fiscal space; strengthening investment policy for sustainable and inclusive investments; financial inclusion and leveraging remittances. The scoping study also highlighted education and energy reforms as particular burdens on government expenditure – areas that had also together with governance been identified as SDG accelerators in the joint UN MAPS mission in early 2019.

The findings of the scoping mission, the guidelines for DFA/INFF, ongoing work in the education sector, and additional consultations have informed the formulation of this proposal.

### 1. Baseline and Situation Analysis

#### 1.1 Problem statement

By the end of 2021, the economy of the Kyrgyz Republic has steadily entered the recovery trajectory. Despite a decline in annual GDP growth 8.6% in 2020 due to the spread of the COVID-19 pandemic, the economy grew by 3.6% in 2021. Due to the global trend of rising food prices, the CPI in the Kyrgyz Republic was at the level of 11.2%. The shrinking economy and introduction of the lockdowns have caused the poverty index to rise from 20.1% in 2019 to 25.3% in 2020, and GDP per capita fall by 10.8% in real terms in 2020. The distribution of poverty goes with a gap between urban and rural areas toward the rural population."

The Cabinet of Ministers of the Kyrgyz Republic has embarked on an ambitious development agenda, highlighted in the National Development Strategy of the Kyrgyz Republic 2018-2040, (November 2018); the Government's Medium-Term Programme 2021-26; and the Digital Kyrgyzstan 2019-2023" strategy, (December 2018).

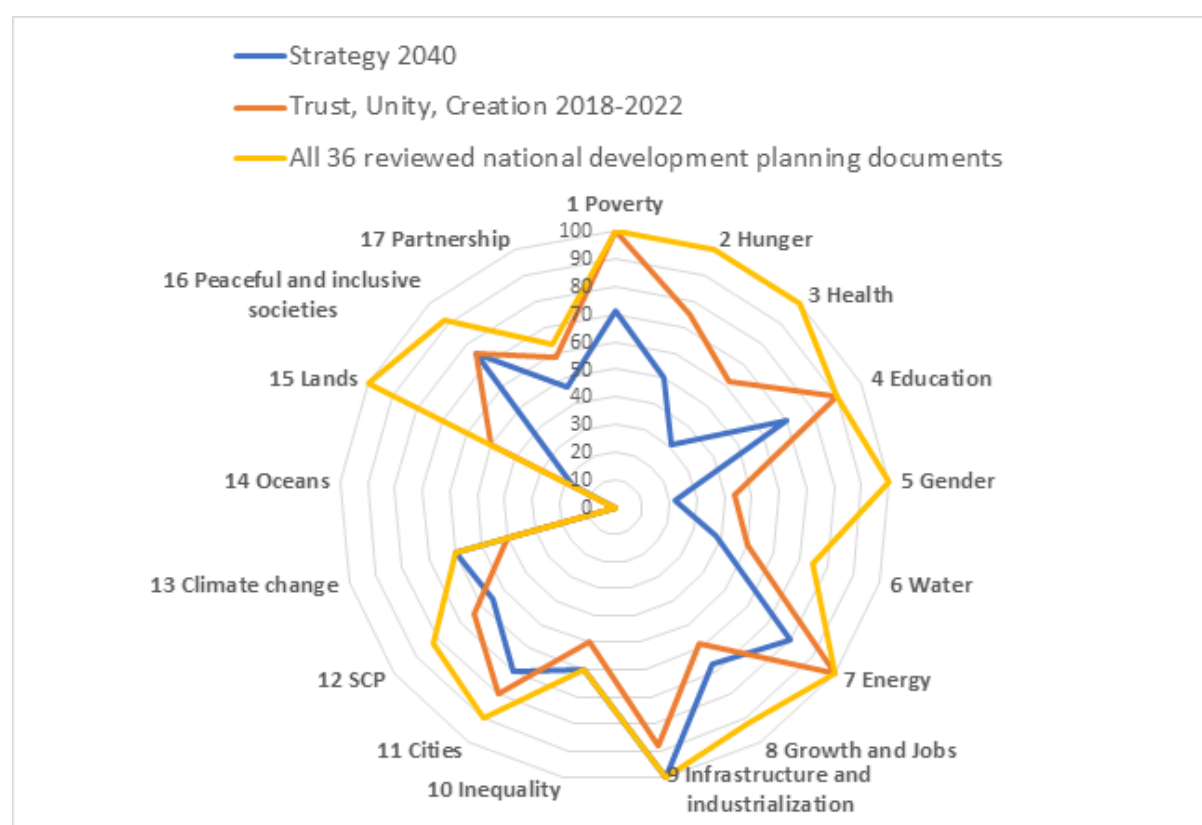
These strategies and priorities are aimed at creating transformative results focusing on human capital, diversification, and public sector reforms and through these, the Cabinet of Ministers of the Kyrgyz Republic has made a commitment in advancing the SDGs. But currently there are weaknesses in the administrative systems to effectively link planning, budgeting and financing opportunities to address these development aspirations.

The baseline situation remains challenging with Government revenues equivalent to around \$378 per person, considerably lower than many other countries in the region. The medium-term expenditure framework should act as a bridge between public spending and long-term sustainable development aspirations. However, it remains under-developed and detached from budget decision making processes. Where line ministries do align activities to strategic plans, the budget structure and format, explicit linkages with policy targets and monitoring frameworks are not well developed. Despite recent attempts to introduce

results-based budgeting in the Kyrgyz Republic, the annual budget formulation process is still primarily input-driven with little room for line ministries to present and negotiate budget proposals using sectoral policies and targets.

At the same time central government transfers to local budgets, account for a significant proportion of annual spending, with 19.1% in average for the period 2016-2019, including peaks in 2017 with 26.9% and bottoms in 2019 with 13.6% (provisional). Still, transfers in local budget revenue are not based on needs and remain delinked to performance-based criteria. Recent exercises conducted by UNDP using the Rapid Integrated Assessment (RIA) have shown misalignment between national planning objectives, budgeting and financing processes, preventing a more integrated approach to deliver development results. There remains a lack of coordination between line ministries, and trust between key actors across society – the Cabinet of Ministers, CSOs, citizens, parliament – is low. Supporting multi-stakeholder approaches to improving this situation remain critical for success. From SDG priority targets chosen for the JP, target 17.4 (Debt sustainability) is not addressed in any key national development planning document cited in your proposal. Besides, many of chosen targets are not reflected in sectoral strategies, plans and programs (figure 1).

**Figure 1: Alignment of key development planning documents of Kyrgyz Republic with the SDGs (% of total 169 targets)**



Official Development Assistance (ODA) during 2018-2019 was focused on social sectors (health and education) and reached 50%.<sup>6</sup> Currently ODA remains relatively stable and has fluctuated between 5% - 12% GNI in the past 7 years and approximately USD 448.7

<sup>6</sup>[https://public.tableau.com/views/OECDACAidataglanacebyrecipient\\_new/Recipients?:embed=y&:display\\_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no](https://public.tableau.com/views/OECDACAidataglanacebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no)

million.<sup>7</sup> This remains an important contributor to achieving the SDGs given that 70% is directed towards education (19%), health (31%) and other social services and infrastructure (20%).

Therefore, on the expenditure side bringing together multiple sources of financing and stakeholders and working towards efficiency gains is paramount. This will need to be accompanied with an emphasis to improving budgetary allocations towards sustainable development targets representing national development priorities and linked with the SDGs. Improved practices between planning and public financial management processes are needed.

Expanding supply side financing for sustainable development is equally relevant to improve the situation. Mobilising new sources of finance where the potential has not been fully exploited for sustainable development objectives need to be explored. Strengthening domestic resource mobilization is key for financing national development. Recent gains in revenue collection from changes in tax policy including increasing sales tax rates and excises on selected goods and services have been achieved<sup>8</sup>. Most recent changes following accession to the Eurasian Economic Union have increased VAT on imported goods. Although these measures have helped improve revenue, it is still low at 20.6% of GDP in 2019<sup>9</sup>. Total revenues (28.3% in 2019) were driven by the sale of goods and services of the government owned enterprises. Underlining the fact that the country is constrained by its own tax revenue as the source of development finance.

Investment level in the Kyrgyz economy is relatively significant, according to the results of 2021, the level of investment in fixed assets was equal to 17.0% of GDP, while the level of private investment was 20.2% of GDP<sup>10</sup>. Commercial and other private financing can make important contributions to sustainable development outcomes. Data shows that private sector credit is rising from 13% of GDP in 2012 to 24% in 2018.

However, there is significant additional capital available (either already present in the country or which could be attracted) that is not currently being channelled into productive investment aligned with the SDGs. Remittances also account for as much as 31.3% of GDP in 2020; yet there is a lack of formal mechanisms or policy frameworks to leverage these resources or to engage members of the Diaspora in national sustainable development. One of the key instruments that the Cabinet of Ministers is currently using to engage and attract private investment is tax incentives. These are significant in scale, estimated to cost around 4% of GDP in foregone revenue. Yet the systems to monitor their use and impact, manage their effectiveness and report on their costs and benefits, are underdeveloped.

While the emphasis of the JP is to address the overall financing strategy and framework towards sustainable development it will deepen the emphasis on commitment to the social sector in response to the articulated priorities of the Cabinet of Ministers. Children in the Kyrgyz Republic make up a significant share (38%) of the country population – nearly two in five citizens are children. Investing in young children, and specifically in education, proven to be one of the most effective investments in human capital. Investments in young children yield dividends that mitigate inequality, deprivation and economic stagnation and contribute to the achievement of SDG 4.

Young children's education is critical because only 40% of Kyrgyzstani children have access to pre-schooling or Early Childhood Education (ECE). The MTDP has set a target to increase coverage to 80% by the end of 2022. Latest cost estimates of anticipated ECE coverage

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[https://public.tableau.com/views/OECDACAidatag glancebyrecipient\\_new/Recipients?:embed=y&:display\\_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no](https://public.tableau.com/views/OECDACAidatag glancebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no)

<sup>8</sup> World Bank. 2014. Kyrgyz Republic - Public expenditure review policy notes: strategic setting (English). Public Expenditure Review (PER). Washington, DC ; World Bank

<sup>9</sup> National Statistics Committee data <http://stat.kg/en/statistics/finansy/>

<sup>10</sup> <http://stat.kg/ru/statistics/stroitelstvo/>, expert's calculation.

shows a financing gap of KGS 34.2 billion. To achieve the target, sources for financing need to be diversified including and examine the use of Public-private partnership (PPP) as a potential vehicle to improve coverage, quality and relevance of preschool. The latter needs to be accompanied by strengthening of the national financing framework and efficiency in education spending which constitute 6% of the GDP. If the national target is achieved, nearly 800,000 children, aged 2-6 years, would benefit from this strategic investment. The emphasis of this JP will be to improve financing, budgeting and target achievement with respect to early childhood education recognizing the horizontal and vertical linkages needed to overcome the current shortfalls.

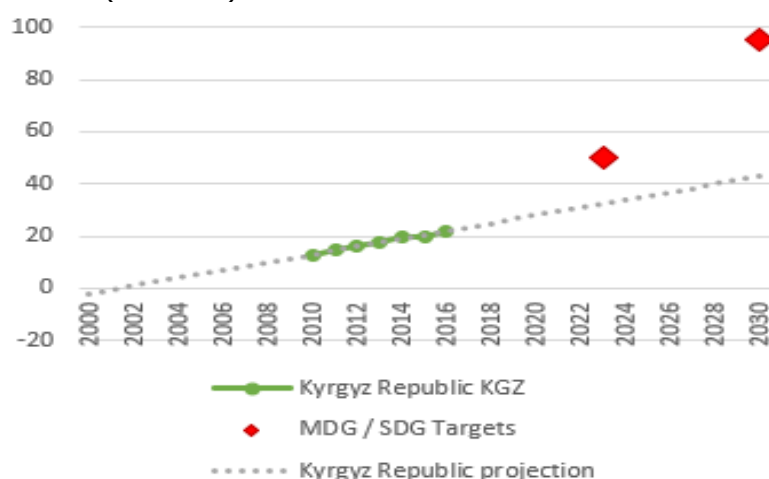
The Cabinet of Ministers has expressed a strong desire to undertake a comprehensive review of the challenges, opportunities and priorities for financing the NDS and the SDGs, and to seek support in implementing reforms in key aspects of financing policy, with a gender-sensitive approach in mind.

It should be noted that whilst the socioeconomic impacts<sup>11</sup> of COVID-19 are not yet fully appraised in the Kyrgyz Republic, the JP will maintain flexibility to ensure that the priorities for financing the SDGs are articulated with a fuller understanding of the implications of COVID-19 as this develops. Beyond the immediate needs to bridge the budget deficit and provide economic stimulus, if anything the crisis is likely to underscore the urgency of expanding and enhancing the management of development finance. Risk management measures will be integrated into the country finance strategy to ensure that the future risks of pandemics and other exogenous shocks are better mitigated.

## 1.2 SDGs and targets (max 2 pages)

The JP will contribute to the following development challenges.

**SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.** Learning outcomes measured in international and national sample-based assessments point to very low achievement and performance in all grades tested (2, 4, 8 and at age 15 (PISA)) – SDG 4.1. Assessment capacity (both formative and summative) is not strong, and there are serious issues with the capacity of the teaching workforce including pre- and in-service training. Strengthening digital transformation and ICTs in education, with attention to rural/urban and gender digital divides. For example, between 2009-2017, only 21% of primary school teachers were trained to teach (SDG 4.c) and between 2008 – 2013, only 6% of schools had access to internet (SDG 4.a).<sup>1</sup>



SDG 4.2. Access to pre-primary education remains low and represents a significant concern, though considerable progress in terms of offer and quality has been achieved through sustained efforts by governments and partners.

<sup>11</sup> UNDP and ADB have commenced such joint assessment of the socio-economic and vulnerability impacts of COVID-19 crisis in March 2020.



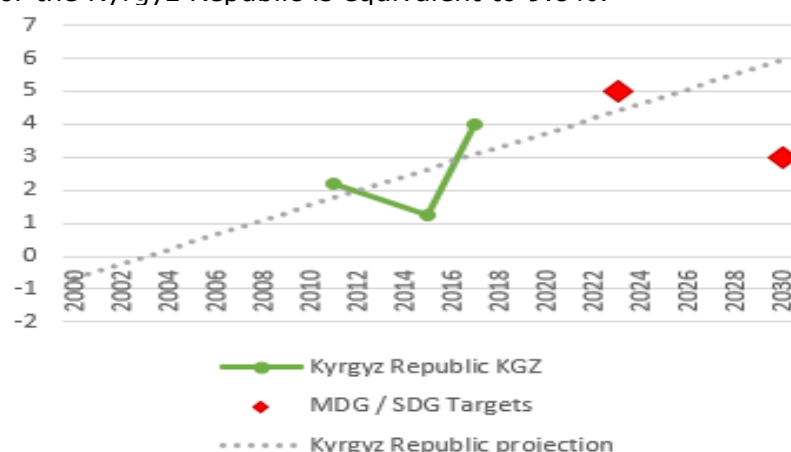
While the Kyrgyz Republic has improved its legislative framework (regulation on absenteeism and dropout, new law on preschool education), more is needed at policy level in data collection, school governance and management, inclusive education, particularly for children with disabilities and multi-lingual education. Inefficiencies in the management of education policies leads to serious gaps in data and policy implementation, including in early learning, out-of-school children/dropout, children with disabilities and teachers.

Therefore, the JD will specifically address:

- **4.1** By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes.
- **4.2** By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.

## **SDG 10. Reduce inequality within and among countries** (adapted to focus on sub-national)

The development of regions in the Kyrgyz Republic is uneven. The gap in GRP per capita between the richest (Bishkek) and the poorest (Osh oblast) regions is almost 6 times. 68% of the poor were living in rural area in 2014. (SDG 10.1) Inequality in social development can also be seen from the differences in HDI, which varies from 0.634 (Naryn oblast) to 0.825 (Bishkek). The coefficient of human inequality on Global Inequality-adjusted index for the Kyrgyz Republic is equivalent to 9.8%.



These reflect growth in domestic consumption and services in urban areas fuelled by urban migration, and informal urban employment underpinned by an increase in **pension transfers** and continued inflow of **remittances** reaching the poor.<sup>12</sup> It can be noted that the country is one of the most remittances-dependent countries in the world (SDG 10.c).

Therefore, the JP will specifically address:

- **10.2** By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- **10.4** Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

## **SDG 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective and, accountable and inclusive institutions at all levels.**

<sup>12</sup> <http://www.worldbank.org/en/country/KGZgyzrepublic/overview#3>

Despite some of the reforms currently being undertaken by the Cabinet of Ministers, challenges remain regarding the overall planning, budgeting and financing coordination and oversight mechanisms, reducing the capacity of the state to deliver public services effectively and efficiently. Line ministries still present and negotiate budget proposals in a fragmented way, little coordination between ministries and development partners around public spending persist, and limited oversight from the parliament on budget negotiation and execution constrains accountability. Overall, trust from citizens and CSOs remains low.

Therefore, the JP will specifically address:

- **16.6.** Develop effective, accountable and transparent institutions at all levels.
- **16.7.** Ensure responsive, inclusive, participatory and representative decision-making at all levels.

## **SDG 17. Revitalize the global partnership for sustainable development**

Strengthening the means of implementation will require resources and funding. Targets from 17.1 to 17.5 deal with the financing aspect of Agenda 2030. At the global level these targets are most relevant for least developed countries but also for LMIC such as the Kyrgyz Republic to improve, domestic, international and additional resource mobilization.

Inadequacies in the public financial management (PFM) system need serious attention to address transparency, corruption risks, inclusion, and efficiency issues. This becomes more imperative given the Kyrgyz Republic's MIC status; while revenue collection has increased significantly in the last five years, the country has continued to remain highly dependent on foreign aid and foreign debt. Without a doubt, improving efficiency and effectiveness of PFM will see value gains for achieving the SDGs in the Kyrgyz Republic. In particular, taking into account above mentioned challenges in application of gender sensitive budgeting to move gender agenda in country, would be strongly supported by effective strategies on partnership of CSOs and private sector in addressing Gender based violence for instance

Official Development Assistance (ODA) provides significant support to social sector in the Kyrgyz Republic. This remains an important contributor to achieving SDGs. During 2018-2019 70% is directed towards education (19%), health (31%) and other social services and infrastructure (20%).

Therefore, the JP will specifically address:

- **17.1** Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection;
- **17.3** Mobilize additional financial resources for developing countries from multiple sources;
- **17.4** Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress;
- **17.14** Enhance policy coherence for sustainable development;
- **17.17** Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

### **1.3. Stakeholder mapping and target groups**

The main stakeholders at the centre of an Integrated National Financing Framework (INFF) are the Secretariat of the National Council on Sustainable Development (NCSD), the Ministries of Finance (MoF) and Economy and Commerce (MoEC),

which have responsibility for strategic planning and for the elaboration and implementation of an integrated financing policy. Line ministries, such as the Ministry of Education and Science (MoES), are responsible for piloting specific activities. From the demand side, the JP will work with the Parliament, the Chamber of Accounts (CoA) and civil society organizations (CSOs). The JP will also consult with the main International Financial Institutions (IFIs) in specific activities. Lastly, given the integration of gender-related issues across the implementation of the JP, consultations with the Ministry of Labour and Social Welfare and Migration through its assigned gender focal point will regularly take place.

The Office of the President will coordinate the work of the Strategic Coordinating Committee of the Five-Year Framework of the UN System, which will serve as the INFF Oversight Committee (OC) functions and ministries involved and working groups created to implement the JP. The Head of the Political and Economic Research Department of the President's Office of the Kyrgyz Republic will be performing this role. MoEC will lead the Secretariat of the National Council for Sustainable Development. This position helps to improve coordination between all stakeholders involved in the formulation and implementation of the strategic vision of the country (Box 1).

The Ministry of Finance (MoF) is specifically in charge of budget preparation and carries related execution functions. The MoEC performs the functions of strategic planning, development of fiscal policy, and formulation of policies for Public Private Partnerships (PPPs). The PPP Centre, who sits under the MoEC, carries specific functions related to PPPs. The Ministry of Education and Science (MoES) is responsible of designing strategies, policies and plans for educational reform and development.

Other national stakeholders, such as the National Bank, the Parliament and the Chamber of Accounts, the State Tax Service under the MoF (STS), the private sector and its key representatives will also play an important role in the implementation of the JP. The role of the National Bank is to coordinate financial literacy and inclusion policies, as well as to introduce new financing tools. The Parliament and the Chamber of Accounts carry oversight functions over the budget process, including budget planning and execution.

The STS is in charge tax administration related matters and will specifically work closely with the MoEC as the latter is responsible for formulating fiscal policy. It recently successfully tested the e-invoicing platform.

All national stakeholders above will act as members of the INFF Oversight Committee (discussion on the subject is ongoing) and will be involved in the delivery of the JP across its activities as part of the UN-Cabinet of Ministers working groups. They will be responsible of providing information and discussing preliminary results, and will particularly be involved in analyses and assessments, as well as in the development of a financing strategy aligned with the NDS and SDGs.

Other institutions currently involved in separate activities closely related to the scope of the JP, such as the European Union (EU), the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC), the International Monetary Fund (IMF), the Asian Development Bank (ADB) and the Swiss State Secretariat of Economic Affairs (SECO) will be consulted (Annex 1).

The target groups and main beneficiaries of the JP fall under two categories. First of all, the MoF, MoEC, and line ministries directly involved in the implementation of the NDS and the SDGs. They have showed a strong interest during the design of the JP and in pursuing efforts to strengthen planning and budget functions, as well as coordinating the elaboration and implementation of a financing strategy aligned with the NDS and the SDGs. Civil servants will particularly benefit from the overall UN capacity support provided during the roll-out of the JP. Secondly, Kyrgyz citizens are expected to receive better public services and assistance and following the principle of "leaving no one behind", socially and

economically vulnerable groups such as women and children will be specifically targeted. Populations in underserved regions further left behind will also receive particular attention.

## **2. Programme Strategy**

### **2.1. Overall strategy**

To support development of this JP a scoping mission took place in November 2019 providing initial analysis of financing trends and demand for a financing strategy in support of NDS implementation. The demand and emerging recommendations focused on the administration and transparency of financing; reforms that can improve efficiency of public finance relative to national priorities and boost fiscal space; strengthening investment policy for sustainable and inclusive investments; financial inclusion and leveraging remittances. The overall strategy of the joint programme (JP) is built around the development of an Integrated National Financing Framework (INFF) with activities to be led by an INFF Oversight Committee (OC) comprised of key stakeholders from the Cabinet of Ministers and line ministries as well as UN partner agencies. The operationalisation of the INFF will be carried out in a way that responds to the development priorities of the country. There are three main components to the JP and the process of operationalizing the INFF. The initial phase will focus on assessments and diagnostics, followed by the articulation of a financing strategy and implementation of reforms in priorities aspects of public and private finance policy, alongside adaptations to the governance system and parliamentary oversight.

#### *A. Assessment and Diagnosis for financing the NDS and the SDGs*

Initially a holistic assessment providing a comprehensive overview of the financing landscape in the Kyrgyz Republic will be needed. This will be done in conjunction with relevant stakeholders building a consensus towards developing a more integrated approach to NDS/SDG financing. The initial stage of this process will entail a Development Finance Assessment (DFA), providing an analysis of financing trends and the policy and institutional structures that govern each area of public and private financing.

Apart from the review of the overall national situation, a DFA approach will be employed to look into financing flows in 2-3 regions (Oblasts), resulting in a detailed DFA report exploring horizontal and vertical financing across SDGs. It will include policy recommendations for financing, and a more comprehensive roadmap setting out the specific steps to be taken to operationalize an INFF. The deep-dive into sub-national fiscal transfers is in line with the Cabinet of Ministers' stated objective to enhance regional development, and the President's announcement of 2019 and 2020 to focus on Regional Development across the country.<sup>13</sup> An analysis on the efficiency of public spending in the education sector will also be undertaken, as a sectoral focus by undertaking a public expenditure and institutional review. Unfortunately, there is insufficient scope to extend the study to all Oblasts in this JP but what will be undertaken provides a model case for building national and sub-national capacities. Subsequent support from development partners will be sought to extend the approach to all Oblasts.

At the same time, the JP will undertake a SDG costing analysis to estimate costs for the NDS and the SDGs. This will be transposed into an overall costing estimate for the medium-term development plan (up to 2022). The SDG costing study will benefit from partial analyses done earlier by IMF and UNESCAP, respectively.

In parallel the first stage of analysis of the links of budget process and NDS/SDGs will be commenced. Here the analysis to what extent such background budget documents, namely Medium-term Forecast of Socio-Economic Development and Sectoral Mid-term

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<sup>13</sup> [http://www.xinhuanet.com/english/2019-01/09/c\\_137731357.htm](http://www.xinhuanet.com/english/2019-01/09/c_137731357.htm)

Expenditure Frameworks are associated with sustainable development. The JP intends to make recommendations to the Methodological Guide for the Sectoral MTEF Development regarding alignment of sectoral MTEF and NDS / SDGs. As a result, and with the support from the JP, priority ministries and spending agencies will be developing sectoral MTEFs and budget proposals using the NDS/SDG framework and findings from the outcome 1 (costing, available development financing sources, etc.). The latter will enhance the quality of the budget decision-making and support allocation of additional budgets to most priority budget programmes that contribute to the achievement of NDS/SDG targets.

Emphasis will also be given to addressing tax incentives currently in place. It will make recommendations about putting in place systems to regularly monitor the effectiveness of incentive schemes and investment that is aligned to the objectives of the NDS. The MoEC and MoF have specifically expressed an interest in taking forward activities in the area tax incentivization.

The JP will finally review current e-government practises related to public revenue, to support e-fiscalization efforts and applications to increase public revenue generation. The JP will particularly support the development of policy measures to enable the formalization of electronic documents along value chains, such as VAT, as well as the legalization of the retail sector operations through the introduction of preferential end-user solutions, such as online cash registers while introducing public control mechanisms.

#### *B. Development of a financing strategy for the NDS and the SDGs*

The primary objective of this component of the JP is to support the Cabinet of Ministers to develop a Financing Strategy to support implementation of the NDS/SDGs and to bridge that strategy with the existing MTFF and budgeting processes and key aspects of private finance policy.

More specifically, the analyses conducted in component A will inform a process of articulating a strategic framework for financing the NDS. This will bring together the policies that the Cabinet of Ministers is currently using to govern public and private finance and articulate steps for deepening their alignment with NDS objectives and strengthening coherence across policy areas. It will identify areas where new policies or instruments can be introduced to unlock new resources or greater sustainable development impact. And, in line with the Presidential prioritisation of regionalisation and children's development, it will incorporate a framework for strengthening financing for sustainable development at the local level as well as a focus on education. The process will be led by the INFF oversight committee, including the actors responsible for each area of financing policy.

The financing strategy will provide a strategic framework for financing the NDS and articulate a sequence of activities designed to strengthen different aspects of public and private financing policy. The prioritisation of these changes will be informed by the analysis and process of dialogue among policymakers in component A. However certain priorities have already been determined in the scoping phases leading up to the preparation of this JP proposal. Therefore, in parallel to the process of articulating the financing strategy, the JP will also support implementation of reforms in a selection of these identified priorities.

Strengthening the integration of the budget process with the NDS/SDGs and sector strategies has been identified as a major priority. The JP will support the integration of NDS/SDG targets and sector strategies within MTFF during the development stage. There will be a particular focus on how MTEFs target are translated to the MTFF targets. Then later on in the stage of new budget development how SDG targets included into the Midterm budget documents are translated to the budget programmes based on PBB approach within the NDS/SDGs framework. At the latter stage the JP will support the Cabinet of Ministers to deepen the alignment of the intergovernmental budget flows with the NDS/SDGs. The JP will look at the national level policy objectives linked to the self-government development objectives and see how the flow of financing to selected aiyl

okmoty is performing based on a review of public expenditure in the education sector being done by UNICEF. All this information on NDS/SDG policies and targets will then form part of the communication of budget decisions to the Parliament to enhance the budget hearings and budget approval process.

A specific focus will be taken to the education sector to define bottlenecks and anomalies that reduce effective implementation of policy objectives. Recommendations will be made on the strengthening horizontal and vertical linkages with a specific focus to the education sector objectives stated in development plans and strategies and the commensurate budgeting and financing policy processes. Financing gaps and improving means of implementation through new opportunities will begin to be explored.

The Cabinet of Ministers is keen to improve the regulatory and governance frameworks, to develop an enabling environment for innovative and NDS-aligned private finance. The JP will also support the creation of models and packages for Public-Private Partnerships (PPPs), particularly in the education sector, to support development outcomes aligned with the NDS and the SDGs. Building on the analytical work in component A it will also develop governance solutions to enhance the management of tax incentives. The JP will help the Cabinet of Ministers to design and implement solutions that enhance its ability to monitor the costs and benefits of tax incentives and to strengthen the way they are managed vis-à-vis NDS implementation. The JP will also examine options for mobilising financing around remittances and diaspora, specifically looking at the potential to channel this source of finance to address development more broadly other than supporting household consumption.

Overall these activities within component B of the JP will support the Cabinet of Ministers to develop a strategic framework that links the aspirations of the NDS with a range of financing policies. It will support the implementation of reforms in priority areas of financing alongside the articulation of a strategic framework which specifies activities and reforms that will be carried out in the future, beyond the timeline of the JP.

### *C. Design of a governance system and strengthening of parliamentary and public oversight for the NDS and the SDGs*

Alongside the development of the INFF, steps will be taken to support a clear governance framework. This will provide enhanced coordination, as well as a better monitoring and evaluation function over financing national development. This will include mainstreaming financing indicators within the current NDS monitoring framework, as well as integrating the NDS/SDG agenda and objectives into parliamentary and public oversight mechanisms and structures. In addition, the JP will also support the establishment of a dialogue platform for policymakers, development partners, the private sector and the CSOs to coordinate efforts around NDS/SDG financing and prioritisation efforts in the national planning process aligned with the NDS and the SDGs. Links to the private sector will need to be developed including improved advisory mechanism – which will be explored at this point. Possibly building on mechanisms already in place with the Investment Council.

The JP will offer transformational impact at two levels. First, it will strengthen administrative systems at the macro-level to transform the way financing is directed towards national sustainable development objectives. Focusing not only on public finance but also incentives and tools to increase private financing for sustainable development impact. Second, the JP will also support the implementation of reforms in public and private finance. Previous approaches to public financial management have mostly focused on narrow reforms in financing specific sectors. The JP deliberately takes a holistic approach looking at financing trends, policies and ways forward across public and private finance. This will be achieved through bringing together policymakers and non-state actors, including a structured analysis and dialogue with private sectors partners, who will be proactively engaged and consulted on enabling factors for to increasing private sector financing and attracting investment The advantage is that it will help policymakers across

the Cabinet of Ministers and parliament to build a shared understanding of opportunities and priorities using NDS/SDG-aligned budget as the platform for improved budget hearings and decisions.

The JP is designed to develop the Cabinet of Ministers' approach on financing the NDS and the SDGs, supported by a comprehensive and integrated financing strategy as the main strategic framework for the future. There will be stronger capacity for costing development objectives within the Cabinet of Ministers, more effective monitoring of performance/outcomes and capacity for parliamentary oversight over financing. In addition, the JP will see how the financing gap in early childhood education can be improved as a policy and administrative objective while using a specific financing vehicle (PPP) to achieve this. Private sector entities will participate in the design of the PPP vehicle.

## **2.2 Theory of Change**

The Theory of Change (ToC) addresses a number of key assumptions that constrain the Cabinet of Ministers of Kyrgyzstan from further advancing its development aspirations as proposed in various planning documents. That is:

- there are inefficiencies in public expenditure which limit more effective and transparent results in sustainable development;
- there are fiscal constraints and inadequate incentives to strengthen revenue and expanding sources of financing for development and SDGs;
- there are approaches and sources of financing that could help to provide additional sources for financing sustainable development if suitable frameworks and incentives can be put in place.

Integral to the ToC is the engagement with key stakeholders (listed above) and developing sufficient capacity to support the outcomes developed in this JP.

### **OUTCOME 1. The Kyrgyz Republic has stronger evidence for an improved policy framework for public and private finance to deliver on NDS/SDGs.**

The JP will assess the total amount available sources of finance, cost the amount needed to achieve the NDS and the SDGs, and address some of the opportunities to close the existing gap, including in specific sectors such as education. This will be critical as the country lacks a comprehensive picture on existing financing flows and how those can be transformed into development objectives. In many cases, policymakers do not have a clear understanding of the cost, amount and type of resources available and the existing gap for financing development. The work done through the DFA will highlight the recommendations and improvements needed to make public and private financial flows more integrated into national and sub-national administrative systems. Focusing on the policy level changes needed will include areas such as improved tax incentives for private investment in specific sectors, a regulatory framework for PPPs and recommended changes needed for using remittances in development and possible policy reforms for improving vertical financing to regional development. Private sector representatives will be consulted on all proposed policy changes to ensure their ownership and participation in the policies' implementation in future. This outcome will aim to address the areas which need to be improved in the overall financing agenda and the supporting needed reforms. It will provide the foundation for the policy frameworks to support the INFF implementation. All outcomes will link closely and overlap to reinforce the overall impact.

### **OUTCOME 2. The Kyrgyz Republic has an improved strategic planning and financing system to support NDS/SDGs implementation.**

The JP will support the Cabinet of Ministers to develop a financing strategy for the NDS and the SDGs, under the leadership of the INFF Oversight Committee (OC). This component of the JP will build on the previous component by helping the Cabinet of Ministers to articulate a strategic framework that brings together the various policy tools and instruments that it uses, and could use, to mobilise public and private finance in support of the NDS. The financing strategy will outline how these areas of financing policy

– which cover the collection and expenditure of public finance, the mobilisation of private participation in public investments, and policies used to influence the scale and the nature of private investment – can be aligned to the NDS and the Cabinet of Ministers priorities. It will help the Cabinet of Ministers to address synergies and trade-offs between different financing policies and outline an agreed plan for introducing policies or instruments that unlock new resources.

This outcome will also focus on implementing changes in priority areas that have already been identified. It will support key line ministries to strengthen their budgeting processes by improving the operation of MTFF/MTEFs and their alignment to development targets and SDGs. More specifically, the JP team will support the capacity of key line ministries in developing sectoral MTEF and budget programmes using results-based budgeting principles as per the NDS and SDG planned results. It will also look into the relationship between MoEC and MoF and strengthen operational approaches. At the same time, it will look into legislative and methodological documents that establish links between strategic and budget documents, including by equipping the finance ministry with strengthened NDS/SDG-based budget proposal evaluation guidelines and processes. An important objective of this components is the strengthened communication on budget decisions by lining financial information on budget allocations with the NDS/SDG policies, targets, budget programmes and the financing framework.

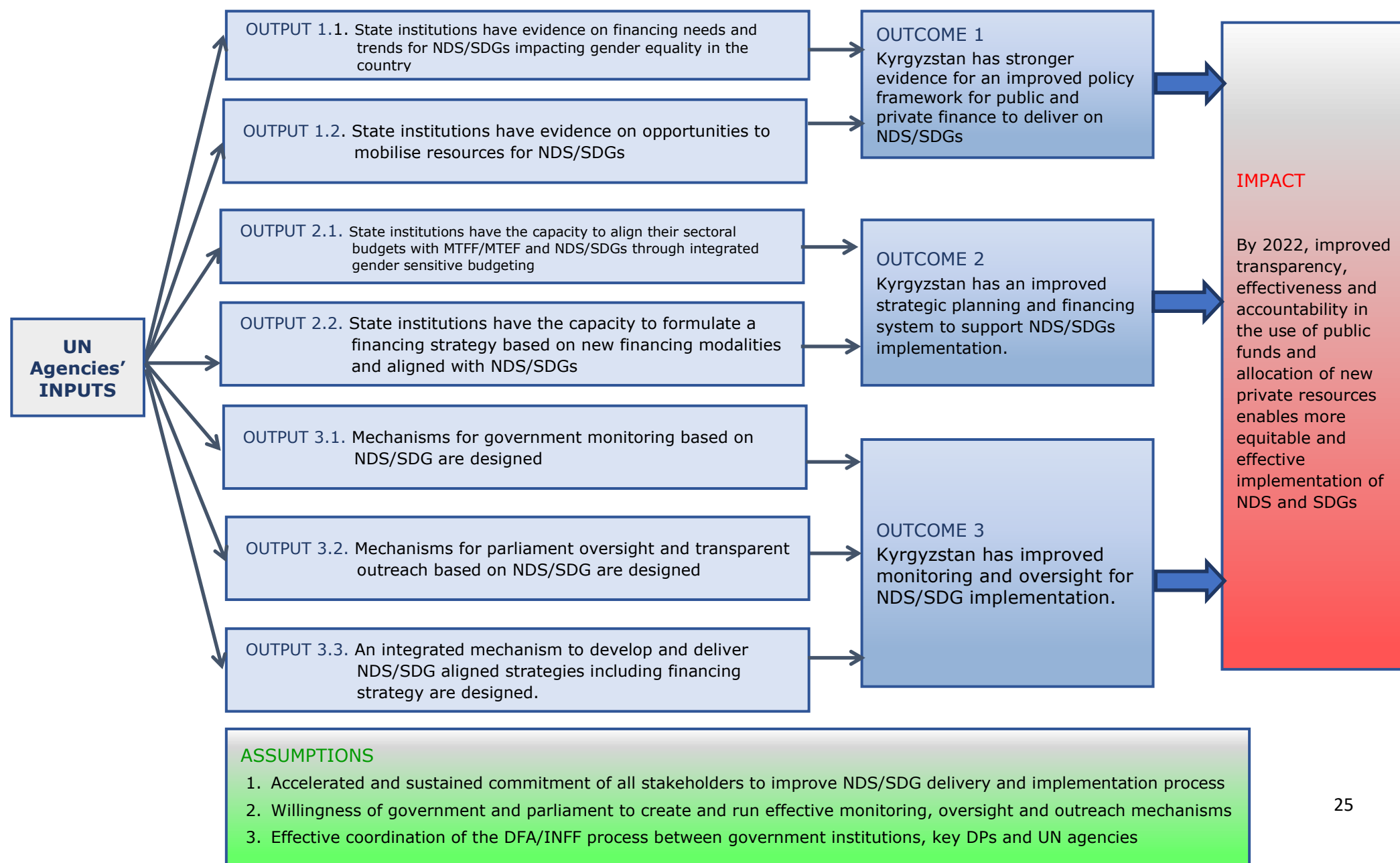
It will also look at different administrative levels, central and regional, what would be some of the likely financial estimates and sources of financing needed for stated priorities in development plans, including recommendations on possible utilization of NDS/SDG-based performance-based intergovernmental transfers so that the allocations from the central government to the local level is effectively linked with NDS/SDG framework. It will articulate how to engage more effectively with private finance, and in which areas it might be possible to do this. This would include instruments such as smarter tax incentives or PPPs, to promote more sustainable and inclusive private investments. It will provide the basis for capacity building activities which reinforce improved linkages between different administrative levels and departments. It will identify key training needs in support of new approaches.

### **OUTCOME 3. The Kyrgyz Republic has improved monitoring and oversight for National Development Programme until 2026.**

The Cabinet of Ministers of the Kyrgyz Republic and other national stakeholders need an effective feedback mechanism on the progress of delivery of the NDS and the SDGs, as well as a stronger institutional coordination framework to support sustainable development objectives, despite some efforts already under way. The Secretariat of the NCSD has for example already initiated a monitoring process for measuring the progress of NDS delivery. Some mechanisms for parliamentary oversight over the Cabinet of Ministers have been created, but do not fully extend to the alignment of strategic goals and budget. Furthermore, one of the main instruments of parliamentary oversight, the Chamber of Accounts, is still at the very early stage of introducing an instrument for performance audit. Therefore, the JP proposes to pay special attention to parliamentary and public oversight over budget formulation and execution. It will also support the NCSD to integrate a performance framework aligned with the newly developed financing strategy over the SDGs and key budget documents into the national monitoring system for delivery on the NDS and the SDGs. The JP will also support the strengthening of the governance and coordination functions of the national stakeholders and development partners to synergise their efforts during the delivery of the newly built financing strategy, mainly through technical assistance, advice, training and other means of key support. It includes the building of Parliament, as they need to have an understanding of gender sensitive budgeting mechanisms and tools.



Figure 1. INFF Theory of Change



## 2.3 Expected results by outcome and outputs

The JP aims at creating a holistic, comprehensive and integrated financing strategy, with the main ambition to improve the efficiency, effectiveness, and transparency in the use of public funds and governance of private finance to support the implementation of the NDS and accelerate progress towards the achievement of the SDGs.

With its three consecutive phases and three mutually reinforcing outcomes, the JP will help the Cabinet of Ministers of the Kyrgyz Republic to reach a better understanding of the financing landscape in the country and across selected underserved regions, and build a much needed integrated planning, budgeting and financing architecture to close gaps and bring efficiencies in public financial management processes. It will also create a governance system for stronger coordination between partners, and support monitoring and oversight critical functions over financing for the NDS and the SDGs.

By engaging with key stakeholders across line ministries, private sector, civil society organizations and development partners, the JP will enhance dialogue, evidence-based exchanges and participation on issues related to financing for development in order to promote coordinated policy reforms to achieve the NDS and the SDGs. The JP will also build new national and subnational capacities on the use of tools and approaches for analysing financing trends, estimating costs and assessing gaps to achieve development objectives. Furthermore, the JP will create new knowledge on public financial management mechanisms, as well as new capacities in ensuring that the NDS and the SDGs are aligned, while at the same time taking into consideration critical dimensions regarding regional inequalities, gender disparities and child vulnerabilities. During all stages of the implementation phase of the JP, a stronger awareness regarding the 2030 Agenda and its relevance in policymaking across line ministries and for all segments of the population in Kyrgyzstan will also emerge.

More precisely, the JP will provide results across all outcomes and outputs, and for which designated UN agencies part of the JP will be accountable for. These are presented below.

**Outcome 1.** The Kyrgyz Republic has stronger evidence for an improved policy framework for public and private finance to deliver in NDS/SDGs.

- **Output 1.1.** State institutions have evidence on financing needs and trends for NDS/SDGs impacting gender equality in the country.
- Activities:
  - o **1.1.1.** Complete a Development Finance Assessment (DFA), which includes an analysis on financing flows in 2-3 regions (Oblasts).
  - o **1.1.2.** Conduct a NDS/SDG costing analysis that is tailored and built into the national planning and financing process.
  - o **1.1.3.** Conduct a study on the efficiency of public spending in the education sector.
- **Output 1.2.** State institutions have evidence on opportunities to mobilise resources for NDS/SDGs.
- Activities:
  - o **1.2.1.** Conduct a fiscal space analysis.
  - o **1.2.2.** Conduct a review on the effectiveness of tax incentives for NDS/SDG financing.
- **1.2.3.** Review current e-government practises related to public revenue and spending, and support digitalisation and e-taxation efforts to increase public revenue generation.

**Expected results:** By conducting a Development Finance Assessment (DFA) with a focus on 2-3 subregions (Oblasts), estimating costs to finance the NDS/SDGs, and analysing public spending in the education sector, concrete policy recommendations to strengthen linkages between financial flows and sustainable development outcomes, and to create efficiency gains over spending, in particular for Early Childhood Education (i.e. using programme budgeting) will be formulated. Policy recommendations to strengthen the fiscal position, as well as to streamline investment promotion measures to finance NDS/SDGs and to support efforts in the area of tax collection, specifically by using digital means, including in value chains and the real sectors, will also emerge. Throughout the engagement and provision of specific training and technical assistance to national stakeholders and relevant officials, private sector and CSOs across activities, new capacities will also be created. Accountable PUNOs: UNDP, UNICEF.

**Outcome 2.** The Kyrgyz Republic has an improved strategic planning and financing system to support NDS/SDGs implementation.

- **Output 2.1.** State institutions have the capacity to align their sectoral budgets with MTFF/MTEF and NDS/SDGs through integrated gender sensitive budgeting.

Activities:

- o **2.1.1.** Conduct a Revenue and Expenditure Analysis to link budget with NDS/SDGs.
  - o **2.1.2.** Integrate NDS/SDG targets and sectoral strategies into MTFF and budget processes and documents, taking into account gender, social inclusion and climate.
  - o **2.1.3** Analyse public debt sustainability and analyze debt restructuring options to expand the fiscal space of the Cabinet of Ministers for financing NDS/SDG priorities
- **Output 2.2.** State institutions have the capacity to formulate a financing strategy based on new financing modalities and aligned with NDS/SDGs.
- Activities:
  - o **2.2.1.** Develop a national financing strategy aligned with NDS/SDGs.
  - o **2.2.2** Develop recommendations to create an enabling environment for innovative finance with a focus on remittances.
  - o **2.2.3.** Support the Cabinet of Ministers to develop systems for monitoring and managing the use and impact of tax incentives as a mechanism for promoting NDS-aligned private sector investment.
  - o **2.2.4** Support the Cabinet of Ministers in improving the normative and governance framework for PPPs and in developing a scalable model and implementation package for PPPs in the education sector.
- During feasibility assessment private sector will take part in consultations on the improvement of the PPP governance framework including the investment instruments and the modality of the financial incentive. The latter will define the manner in which private financial institutions and investors will be engaged in the Early Childhood Education (ECE). One possibility is to engage with local banks, MFIs, and investors, to offer wholesale attractive long-term finance for kindergartens. This may be done through offering these financial institutions access to additional finance (i.e. the combined value of the financial incentives) on the condition that these financial institutions then contribute their own funds and lend these to kindergarten at an attractive rate. Alternative offer might be a first loss guarantee in order to reduce the risk for private asset managers. It is likely that kindergartens may be offered blended finance; i.e. a mix of a grant, a concessionary loan at 0% interest, a low-interest loan, and a market-rate debt.

- UNICEF will be convening the private sector and engaging stakeholders for acceleration of the progress towards the SDGs (specifically 4.2 and 4.3) and priorities of the National Development Strategy 2018-2040 to achieve 80 per cent of ECE coverage.

**Expected results:** Horizontal and vertical linkages between national, subnational and sectoral strategies with budgeting processes and documents will be strengthened. Moreover, NDS and SDG targets, as well as sectoral strategies and MTEF/MTEF will be integrated, and performance -based and gender sensitive criteria, with a specific attention to vertical transfers to regional governments for education priorities, will be incorporated into budgets. Restructuring options will be identified for external debt in order to expand the fiscal space. Practical recommendations and technical assistance to the finance and key line ministries including the integration of algorithms and checklists, as well as policy recommendations for amending respective normative acts regulating budget planning, execution and reporting will be formulated. In addition, policy recommendations to create an enabling environment for leveraging private financing to support NDS/SDGs, with a specific focus on remittances will be developed. Other policy recommendations to support financial literacy and inclusion, exploring digital means to access finance in support of NDS/SDGs, along with legislative and regulatory recommendations on financial activities, including contract enforcement and legal protection between customers and financial intermediaries, will be formulated. A scalable model of PPP in education with an implementation package, taking into account gender and social inclusion, will be developed, tested and endorsed by a normative act. Throughout the engagement and provision of specific training and technical assistance to national stakeholders and relevant officials and CSOs across activities, new capacities will also be created. Accountable PUNOs: UNDP, UNICEF.

**Outcome 3.** The Kyrgyz Republic has improved monitoring and oversight for NDS/SDG implementation.

- **Output 3.1.** Mechanisms for government monitoring based on NDS/SDGs are designed.  
Activities:
  - o **3.1.1.** Integrate financing strategy targets into the government NDS monitoring system.
- **Output 3.2.** The parliamentary oversight and transparent outreach based on NDS/SDGs are designed.  
Activities:
  - o **3.2.1.** Integrate the NDS/SDG agenda/objectives into parliamentary and public oversight.
- **Output 3.3.** An integrated mechanism to develop and deliver NDS/SDG aligned strategies including financing strategy are designed.  
Activities:
  - o **3.3.1.** Support the establishment of a platform for policymakers and DPs on NDS/SDG financing strategy prioritisation.
  - o **3.3.2.** Support the establishment of a national strategic NDS/SDG-aligned planning process.

**Expected results:** financing targets including gender and social inclusion specific and aligned indicators will be integrated in the NDS monitoring system. NDS and SDG agendas will be integrated into parliamentary and oversight mechanisms and structures and a multistakeholder platform for coordination, including policymakers, development partners, CSOs, and the private sector, for planning and financing the NDS and the SDGs - taking into account gender, social inclusion and climate aspects - will be established. Throughout the engagement and provision of specific training and technical assistance to national

stakeholders and relevant officials and CSOs across activities, new capacities will also be created. Accountable PUNOs: UNDP.

The creation of a holistic financing strategy will mainstream and align the NDS/SDGs across planning, budgeting and financing processes in Kyrgyzstan via the integration of these policy areas with the National Development Strategy. This new approach on financing for development using the SDGs as the main platform to engage policymakers and development partners on some of the most pressing socio-economic challenges, will ensure that public and private resources, budget allocations and execution, investment strategies, fiscal policy objectives and partnerships for financing key sustainable development objectives are efficient and effective, and avoid trade-offs and increase synergies to accelerate progress across the NDS and the 2030 Agenda for Sustainable Development.

While engendering the involvement of line ministries, and in particular the Ministry of Finance, the Ministry of Economy and Commerce and the Ministry of Education and Science under a common objective, the SDGs will remain at the core of policymaking in the future. A stronger participation and role of the Parliament, as well as CSOs, during all stages of planning, budgeting and financing processes, will create greater accountability and ownership over sustainable development objectives. The new integrated financing architecture, bridging policy objectives with budget and monitoring functions, will create data and analysis to support decision-making processes related to expenditure management, budget allocation, or policy adjustment for financing options to sustain development progress in the future.

New capacities related to development planning and budgeting will also be created across national authorities and development partners. Programme-based budgeting practices will be improved, allowing a more efficient and effective approach in addressing development challenges in the country. Strengthening the fiscal position will allow the Kyrgyz Republic to build flexibility over public spending and create the necessary fiscal space to support the most vulnerable groups during economic shocks and crises.

The creation of a comprehensive financing strategy under SDG lenses will also ensure the implementation of the “leaving no-one behind” principle. Improving vertical transfers policies and composition will support closing the existing disparities between territorial areas, allowing underserved regions to achieve development progress. With expenditures in the education sector remaining at the low level of 6% of GDP, a more focused financing approach on Early Childhood Education, aligned with the NDS, the National Development Programme until 2026, sectoral policy documents and the SDGs, will allow children to benefit from better quality education and greater opportunities for the future. Gender-responsive budgeting and mainstreaming gender across a new financing policy will allow to address some the structural causes of gender inequalities in the country.

## **2.4 Budget and value for money**

In keeping with the 3E framework – economy, efficiency and effectiveness – the participating UN agencies will track value for money through the results chain, from inputs to outputs, to outcomes and impact. They also add equity as a fourth E, in line with the universal principle of “leave no one behind”.

**Economy:** The Programme will achieve the lowest price for inputs of the required quality to deliver the best value by the following:

- The Kyrgyz Republic has recently attained lower-middle-income country status; yet, on average the Kyrgyz Republic is characterized by low market costs, which will positively affect the expenditure pattern of the programme implementation.

- The procurement process follows principle of Fairness, Integrity and Transparency, which ensures that competitive processes are fair, open, and rules based and deliver best value for money.
- The collective expertise of the UN agencies involved will come together. Existing tools and methodologies, especially on the DFA/INFF<sup>14</sup>, will be applied (rather than developing new ones) and lead to minimal costs during start-up and implementation.
- Links to the previous analyses and partnerships with DPs are well establish which will lead to the minimization of costs and maximization of synergies.

### **Efficiency:**

The programme will establish a clear government-led roadmap for the DFA/INFF process and conduct periodic and regular monitoring of progress of deliverables, in order to bring necessary adjustments to the JP for optimal results. The JP implementation teams will share all key resources, which will create a level platform for collaboration, and prevent fragmentation in the realization of the outputs and activities. The implementation team will establish a collaborative platform such as Google Drive accessible to PUNOs, experts, national partners, stakeholders and support staff to support knowledge management and information exchange; it will further enable the JP team to jointly track implementation process, upload documentation, and manage reporting. In order to manage the impact of COVID 19 on working arrangements, the JP will focus on the transfer of knowledge, skills, and information through teleconferencing and online webinars, limiting the cost of unnecessary travel. UNDP's and UNICEF's automated procurement and financial processes will allow for efficient procurement and cost savings.

**Effectiveness:** UN agencies approached Effectiveness – the JP will ensure that outputs will be converted to outcomes – by supporting the Cabinet of Ministers efforts at the policy dialogue level, acting as a 'catalyst for reform' to introduce the INFF. The JP will enhance effectiveness by focusing on policy improvements that increase the availability of financing for development, and support strengthened coordination between government and DPs on better and well-balanced national strategic vision for financing, based on the SDGs. It will help to scale up the technical assistance provided aimed both at reforms and capacity needs of beneficiaries.

**Equity:** Equity in UN agencies' activities is a cross-cutting concept and an integral part of its outcome and impact of the JP. By examining sub-national fiscal transfers and mainstreaming gender, the JP will be able to deliver findings to improve equity in the distribution of the government's finances. Moreover, initiatives that deal with education and financial literacy will strengthen inclusion. The support provided to the Cabinet of Ministers to have a better control over public resources will result in better equal distribution of the resources in the country, covering needs of the people furthest left behind.

*Demonstrate long-term financial sustainability, after the end of the joint programme.*

Sustainability will be achieved through:

- The establishment of a *platform for dialogue on development financing* under the auspices of the National Council for Sustainable Development, already operating at the highest political level;

<sup>14</sup> <https://www.asia-pacific.undp.org/content/rbap/en/home/library/sustainable-development/development-finance-assessment-guidebook.html>



- *Applying a financial "lens" to the SDGs coordination framework.* Financially informed coordination and monitoring will lead to strengthening the ownership over the SDGs integration process;
- *A direct link between the national strategic priorities and the state budget* will be established and will inform the INFF after the end of the JP;
- *The development of an enabling legal and regulatory framework.* The programme intends to develop and submit to the Cabinet of Ministers legislative amendments aimed at developing a strategic vision based on financing strategy. The adoption of these amendments will enhance the sustainability of the proposed initiatives.
- An important aspect of sustainability is *to strengthen and sustain the demand for reform.* The programme also aims at increasing the capacity of the Parliament, the Chamber of Accounts, the private sector and civil society on issues of alignment of the budget, NDS and the SDGs. Given the maturity of civil society and the vibrant role of the Parliament in the Kyrgyz Republic, this will create sustained expectations on the Cabinet of Ministers to achieve the goals of the JP.
- *The development of capacity for SDG-informed planning and budgeting* is another important aspect of sustainability. It will be implemented through the development of relevant policies, frameworks, knowledge, methodological documents within various initiatives of the programme, as well as through relevant trainings. The latter also envisages the creation of an institute of trainers within the Cabinet of Ministers itself through the ToT in the MoF Training Center in the Programme's analytical areas.

More than 60% of the budget of the JP is allocated to support activities and objectives for gender equality and social inclusion (see annex 2). UNDP will co-finance from core resources USD 100,000.00 to all three outcomes of the JP. Additional funding is envisaged to strengthen the technical assistance input to support the integration of NDS/SDG targets and some sector strategies into MTFF/MTEF and budget documents and to leverage UNICEF efforts on the same topic.

The OoP is keen to further strengthen its existing monitoring framework to monitor the implementation performance of the NDS/SDGs in the country. UNDP plans to co-finance the JP intervention to ensure that the national capacity and systems are in place and are operational far beyond the life of the JP.

UNICEF has been a credible partner of choice for the wide range of state and non-state actors both in the regular programming and emergency situations. UNICEF is also well placed in the SDG era contributing to the achievement of 15 out of 17 SDGs and 48 targets. Therefore, financing SDG goals relevant to children is a key UNICEF objective that is best achieved in partnership with UN agencies, the Cabinet of Ministers, private sector and development partners. In the Kyrgyz Republic, UNICEF supported PFM system strengthening in social sector and across sectors through commissioning Public Expenditure Reviews (PER) in education, social protection and health sectors. In the area of social protection UNICEF in cooperation with the EU contributed to the alignment of sector development policies with public budgets (2017-2018) as well as to costing and fiscal space analyses (implemented by UNICEF in consultation with IMF in 2019). Prioritized in the national policies Early Childhood Education (ECE) is assessed against coverage, financing adequacy and equity for advocacy and policy reforms. UNICEF has been strengthening capacities of public authorities for improved budgeting in the key social sectors.

## 2.5 Partnerships and stakeholder engagement

The Unit on *SDGs, interaction with development partners, and monitoring of donor and grant aid* under the Office of the President of the Kyrgyz Republic (OoP) has a natural leading and coordinating role for this JP, in view of its functions and initiative for the Kyrgyz Republic to become one

of the pilot countries for the global UN/EU DFA/INFF initiative for pioneer countries. During the scoping mission, the OoP coordinated meetings, endorsed the oversight team and working groups arrangements, and shared documents with key interlocutors. The SDG Working Group under the Parliament of the Kyrgyz Republic will be another high-level government partner to engage during the project implementation.

UNDP and UNICEF will be the PUNOs under this initiative, although the JP will also draw on the partnership, advisory support, and expertise of UNESCAP<sup>15</sup> in its implementation. Moreover, the UN Resident Coordinator (RC) and the RC's Office will lead and coordinate at the highest levels of the Cabinet of Ministers in all aspects of coordination of the DFA/INFF process, in line with its convening role under the global pioneer initiative. The RCO will also contribute strategic guidance and seek to leverage the technical assistance from other UN sister agencies, which could augment results and contribute to further enhance SDG mainstreaming.

UNDP has a long history of supporting the Kyrgyz Republic on development planning and budgeting through technical expertise, partnership building and knowledge sharing. In the context of the SDGs, this support has included a MAPS mission in 2019, SDG related statistical work, comprehensive support during the VNR process including a pilot country support on SDG 16 reporting in December 2019. UNDP has also undertaken a Public and Private Expenditure Review in the context of Biodiversity Financing (2018). UNDP plays multiple roles alongside sister agencies, as an integrator, service provider and implementing partner. UNDP offers its implementation capacity (including IT, finance, human resources and infrastructure) to operate effectively and cost-efficiently in challenging operational contexts.

UNDP will provide technical leadership in undertaking the DFA and designing the INFF at country level. This will entail providing capacity for analysis and engaging non-UN partners to participate and contribute to technical expertise. In keeping with its *SDG integrator role*, UNDP's long-standing partnerships at the highest level of government, including line ministries of planning and finance and parliament will facilitate further collaboration to support SDG-aligned planning and financing at full scale. UNDP leads the consortium efforts on outcome 1 (outputs 1.1 (partially); 1.2), outcome 2 (outputs 2.1, 2.2 – partially), outcome 3 (outputs 3.1 - partially): on DFA, e-fiscalization, revenue and expenditure analysis, tax incentives, and INFF roadmap development and implementation. It will collaborate with UNESCAP on NDS/SDGs costing and innovative finance.

UNICEF has been a convener and credible partner of choice for the wide range of state and non-state actors both in regular programming and emergencies. Therefore, financing SDGs<sup>16</sup> relevant to children sustainably and adequately is a key UNICEF objective, working in partnership with UN agencies, the Cabinet of Ministers and other development partners. Highly prioritized in the national policies Early Childhood Education (ECE) is assessed against financing adequacy, efficiency, equity for the investment case for advocacy and policy reforms. To achieve reform, UNICEF has been strengthening the capacities of public authorities for improved budgeting in the key social sectors. UNICEF will lead efforts in outcome 1 (partially output 1.1), outcome 2 (output 2.2. – partially), outcome 3 (output 3.1.- partially): a study on the efficiency of public spending in the education sector and in improving the normative and governance framework for PPPs and in developing a scalable model and implementation package for PPPs in the education sector. UNICEF will implement the latter in collaboration with UNESCAP.

<sup>15</sup> Although UNESCAP will not be a PUNO, its direct costs will be financed by UNDP or UNICEF depending on the activity.

<sup>16</sup> UNICEF directly or indirectly contributes to the achievement of 15 out of 17 SDGs (except SDG 14 and 15) and 48 targets out of 169.



The JP drafting has drawn extensively on representatives from the WB, IFC, and IMF, including through their contributions to the DFA scoping mission in November 2019. The EU also contributed in the DFA scoping mission and will participate actively in technical activities in accordance with its role in the global pioneer initiative. The consortium has established a working relationship with all of them and intends to bring this collaboration into the DFA/INFF platform; linkages will also be established with their ongoing technical assistance (see Annex 1). Multilateral development banks (MDB) and national development finance institutions will be engaged as an integral part of the DFA process and will be invited to provide substantive inputs into the INFF formulation.

CSOs, including women's organizations and development partners, have been involved and consulted during the programme design process. CSOs play an essential role in support of the 2030 Agenda, from advocacy and planning to implementation, monitoring and accountability. PUNOs will continue partnering with and advocate for the inclusion of CSOs (including women's organizations) in the efforts to achieve the set objectives of the programme, working together with the UNDP Civil Society Advisory Committee. Key CSOs consulted included Public Foundation on Innovative Solutions, Women Support Center, Public Foundation 'DIA'.

*The private sector* is a key development partner, as a significant source of investment for the SDGs and to initiative business practices towards sustainable development and financing. The consultations with *the Investment Council Secretariat* with its 50 different business associations contributed a good wealth of information on SDG financing. PUNOs will ensure the engagement with the private sector, working with the Government's Public-Private Partnership mechanism. Specifically, private sector representatives will guide and contribute to conducting feasibility studies to look at different options for PPPs; to test and explore financial incentives and preparing ECE Business Case for Investment in ECE; and to develop a model of sustained/predictable financing for PPP. The private sector will be invited to experiment with the new tax incentives on SDGs or green economy related projects implementation and disseminate the best practices.

The consortium members will draw on expertise and capacity at country, regional, and global levels, through respective global policy networks. UNDP will be able to draw on technical capacity on DFA/INFF from its Global Finance Sector Hub to provide technical advice and support throughout the process.

Embassies of contributing donor countries to the Global Joint SDG Fund will be invited to participate in key events; press conferences and media briefs; visibility of the key partner donors will be ensured, including in presentation materials and acknowledged in media activities. The visibility of the EU as a key contributing partner and donor will be ensured with the adoption of UN-EU visibility agreements as well as through co-convening of high-level events. Activities such as co-authoring papers and Op-Eds will be explored.

### **3. Programme implementation**

#### **3.1 Governance and implementation arrangements**

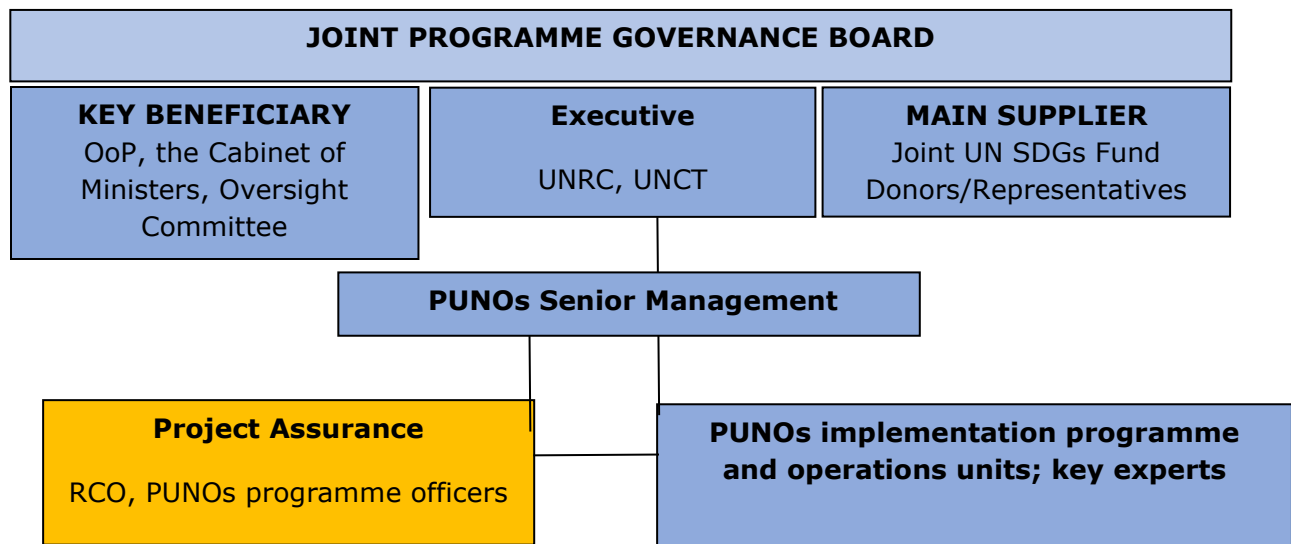
The implementation arrangements are made to ensure a clear division of roles and responsibilities among RCO, PUNOs and national partners for coordination, integrated and intersectoral implementation, decision-making and reporting. The JP will apply and further establish coordination structure initiated during the Kyrgyz Republic Development Finance Assessment (DFA) scoping mission. Using the collaborative structure of the DFA is highly critical for integrated coordination and implementation as well as to contribute to/benefit from a shared understanding and vision on SDG financing issues at different levels in the Kyrgyz Republic.

The UN Resident Coordinator and the RC's Office play a key role in coordinating the contribution of UN agencies involved, development partners, other relevant stakeholders to the process and leads engagement with the highest levels of the Cabinet of Ministers and Parliament on behalf of the UN system. The Project will be carried out under the supervision of the UN Resident Coordinator and implemented under Direct Execution Modality (DEX). The UN RC will co-chair the programme governance structure and RCO supported by PUNOs' programme team who will provide quality assurance support on behalf of the UN system (table 1).

The project will be managed on a daily basis by the leading PUNO and coordinated with the Head of RCO/Economist who will be responsible for: providing strategic advice to the UN RC and PUNOs on emerging issues collaborating with and supporting PUNOs, supporting strategic project communication and reporting with the Cabinet of Ministers and partners, knowledge and expertise on Agenda 2030.

The UN RC will also foster UN system coherence on development financing and ensure that the JP is implemented in a well-coordinated and integrated manner by applying the UN programming principles, including the ones related to HRBA, LNOB and gender.

**Table 1. The Joint Programme Governance Structure**



At the policy level, the DFA is structured as the Cabinet of Ministers-led process with an **Oversight Committee (OC)** functions, which includes key decision makers from relevant government ministries, key private sector/IFIs and other stakeholders. The OT will serve as a higher-level group to provide strategic guidance, support to lead the SDG financing initiatives as part of the process as a whole. The Office of the President's Unit on **SDGs, interaction with development partners, and monitoring of donor and grant aid** will coordinate, and the Cabinet of Ministers will be represented in the OC. Members of this team are responsible for shaping the direction and focus of the DFA and facilitate access to the necessary data, policy information and stakeholders. It will also bring the SDGs' agenda to a dialogue around financing reforms in ways that complement IMF/WB/EU/SDC ongoing engagements. Close dialogue between the OT and the UNCT will be vital in agreeing on the mapping and the scope of the DFA in this way. The OC will serve as the platform for the major stakeholders of the projects to discuss the overall project direction as well as take the strategic decision to be implemented by PUNOs.

At the technical level, the JP will coordinate its activities with the **Joint Cabinet of Ministers-UN Working Group** to request substantive inputs, technical sectoral advice to the JP, to get access to data, sectoral technical information and build a deepening sense of ownership over the results of the JP at a technical level, in addition to the guidance from the OT. This working group will advise *the key experts* of the JP and will be convened on a regular basis to review the progress, lessons learned and challenges and discuss work plans and reports, adaptive response mechanisms and solutions. The JP experts will undertake analysis of such coordination and facilitate the dialogue throughout the project implementation. The technical team members will facilitate the procurement of the experts' support to ensure the successful achievement of the JP outcomes and outputs. The private sector associations' 2-3 representatives will be invited as permanent members of the Joint Government-UN Working Group to provide an expert support to the project implementation.

UNDP and UNICEF have an extensive experience of managing, coordinating and providing support to joint programmes/projects that require multi-stakeholder coordination. Such experience includes coordination, management and implementation support including maintenance of reporting to MPTF and the JP Governance Board in accordance with MPTA requirements of the One UN Programme. The One UN Programme enabled to build high capacity to coordinate various stakeholders in large and complex projects as well as to

contribute to the coherence and effective results using the Delivery as One model principles. UNDP and UNICEF will be fully responsible for the JP implementation and accountable for the JP delivery therefore will assume full programmatic and financial accountability for the funds disbursed to them. Such funds will be administered by each PUNO in accordance with its own regulations, policies and procedures for a project implementation and quality assurance.

UNDP, the leading agency of the JP, has a consolidate and well-established experience in working in the field of SDG adaptation and acceleration in Kyrgyzstan. Currently UNDP implements its project on SDG Adaptation since 2018 and vast number of projects relating to the vulnerable groups, governance, gender equality, climate change, and etc. The existence of these ongoing projects represents an asset in terms of well-established relations with governmental authorities and CSOs, and offer opportunities for synergies maximizing the impact of the interventions. UNDP will use its rich expertise, network and experience working with the Cabinet of Ministers and development partners towards sustainable and inclusive economic development, strengthening capacities of the government institutions and state agencies and facilitating dialogues utilizing globally recognized best practices.

UNICEF has a unique mandate and capacity to support the realization of the rights of children, adolescent and youth. UNICEF will draw on its strong working relationship the Cabinet of Ministers and CSOs to achieve national priorities in cooperation with other UN sister agencies involved in sustainable economic development in the country.

The JP will be assessed against the following criteria: quality, extent to which it contributes to higher-level change formulated in UNDAF, alignment to the corporate strategic plans, relevance, principled, M&E framework, efficiency and effectiveness, sustainability and national ownership. UNICEF will apply its policies and procedures to ensure the best value for money and compliance to IPSAS, corporate and specific donor conditions. UNDP 'Programme and Operations Policies and Procedures (POPP) is the programming framework and the joint programme activities' implementation will be guided by the 'Annual Work Plan' (AWP), which will be prepared jointly by the Programme Manager, coordinated between the PUNOs, partners, potentially with the Joint Cabinet of Ministers -UN Working Group. The AWP will list specific activities that the JP will implement in any calendar year with specific budgetary allocations. Relevant personnel will be hired and performance monitored in accordance with prevailing agency standards.

### 3.2 Monitoring, reporting, and evaluation

Reporting on the Joint SDG Fund will be results-oriented, and evidence based. Each PUNO will provide narrative reports prepared in accordance with instructions and templates developed by the Joint SDG Fund Secretariat:

- *Annual narrative progress reports*, to be provided no later than. one (1) month (31 January) after the end of the calendar year, and must include the result matrix, updated risk log, and anticipated expenditures and results for the next 12-month funding period;
- *Mid-term progress review report* to be submitted halfway through the implementation of Joint Programme<sup>17</sup>; and
- *Final consolidated narrative report*, after the completion of the joint programme, to be provided no later than two (2) months after the operational closure of the activities of the joint programme.

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<sup>17</sup> This will be the basis for release of funding for the second year of implementation.

The Convening/Lead Agent will compile the narrative reports of PUNOs and submit a consolidated report to the Joint SDG Fund Secretariat, through the Resident Coordinator.

The Resident Coordinator will be required to monitor the implementation of the joint programme, with the involvement of Joint SDG Fund Secretariat to which it must submit data and information when requested. As a minimum, joint programmes will prepare, and submit to the Joint SDG Fund Secretariat, 6-month monitoring updates. Additional insights (such as policy papers, value for money analysis, case studies, infographics, blogs) might need to be provided, per request of the Joint SDG Fund Secretariat. Joint programme will allocate resources for monitoring and evaluation in the budget.

Data for all indicators of the results framework will be shared with the Fund Secretariat on a regular basis, in order to allow the Fund Secretariat to aggregate results at the global level and integrate findings into reporting on progress of the Joint SDG Fund.

PUNOs will be required to include information on complementary funding received from other sources (both UN cost sharing, and external sources of funding) for the activities supported by the Fund, including in kind contributions and/or South-South Cooperation initiatives, in the reporting done throughout the year.

PUNOs at Headquarters level shall provide the Administrative Agent with the following statements and reports prepared in accordance with its accounting and reporting procedures, consolidate the financial reports, as follows:

- Annual financial reports as of 31st December each year with respect to the funds disbursed to it from the Joint SDG Fund Account, to be provided no later than four months after the end of the applicable reporting period; and
- A final financial report, after the completion of the activities financed by the Joint SDG Fund and including the final year of the activities, to be provided no later than 30 April of the year following the operational closing of the project activities.

In addition, regular updates on financial delivery might need to be provided, per request of the Fund Secretariat.

After competition of a joint programmes, a final, *independent and gender-responsive*<sup>18</sup> *evaluation* will be organised by the Resident Coordinator. The cost needs to be budgeted, and in case there are no remaining funds at the end of the joint programme, it will be the responsibility of PUNOs to pay for the final, independent evaluation from their own resources.

The joint programme will be subjected to a joint final independent evaluation. It will be managed jointly by PUNOs as per established process for independent evaluations, including the use of a joint evaluation steering group and dedicated evaluation managers not involved in the implementation of the joint programme. The evaluations will follow the United Nations Evaluation Group's (UNEG) Norms and Standards for Evaluation in the UN System, using the guidance on Joint Evaluation and relevant UNDG guidance on evaluations. The management and implementation of the joint evaluation will have due regard to the evaluation policies of PUNOs to ensure the requirements of those policies are met and the evaluation is conducted with use of appropriate guidance from PUNOs on joint evaluation. The evaluation process will be participative and will involve all relevant programme's stakeholders and partners. Evaluation results will be disseminated amongst the Cabinet of Ministers, development

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<sup>18</sup> [How to manage a gender responsive evaluation, Evaluation handbook](#), UN Women, 2015

partners, civil society, and other stakeholders. A joint management response will be produced upon completion of the evaluation process and made publicly available on the evaluation platforms or similar of PUNOs.

### **3.3 Accountability, financial management, and public disclosure**

The Joint Programme will be using a pass-through fund management modality where UNDP Multi-Partner Trust Fund Office will act as the Administrative Agent (AA) under which the funds will be channelled for the Joint Programme through the AA. Each Participating UN Organisation receiving funds through the pass-through has signed a standard Memorandum of Understanding with the AA.

Each Participating UN Organisation (PUNO) shall assume full programmatic and financial accountability for the funds disbursed to it by the Administrative Agent of the Joint SDG Fund (Multi-Partner Trust Fund Office). Such funds will be administered by each UN Agency, Fund, and Programme in accordance with its own regulations, rules, directives and procedures. Each PUNO shall establish a separate ledger account for the receipt and administration of the funds disbursed to it by the Administrative Agent.

Indirect costs of the Participating Organisations recovered through programme support costs will be 7%. All other costs incurred by each PUNO in carrying out the activities for which it is responsible under the Fund will be recovered as direct costs.

Funding by the Joint SDG Fund will be provided on annual basis, upon successful performance of the joint programme.

Procedures on financial transfers, extensions, financial and operational closure, and related administrative issues are stipulated in the Operational Guidance of the Joint SDG Fund.

PUNOs and partners must comply with Joint SDG Fund brand guidelines, which includes information on donor visibility requirements.

Each PUNO will take appropriate measures to publicise the Joint SDG Fund and give due credit to the other PUNOs. All related publicity material, official notices, reports and publications, provided to the press or Fund beneficiaries, will acknowledge the role of the host Government, donors, PUNOs, the Administrative Agent, and any other relevant entities. In particular, the Administrative Agent will include and ensure due recognition of the role of each Participating Organisation and partners in all external communications related to the Joint SDG Fund.

### **3.4 Legal context**

UNDAF

*The Basic Cooperation Agreement for UNICEF;*

UNDP Legal framework is laid out in the Standard Basic Assistance Agreement (SBAA) between UNDP and the Government of the Kyrgyz Republic, which was signed on September 14, 1992

[https://www.undp.org/content/dam/kyrgyzstan/docs/SBAA\\_SBAA\\_Agreement\\_Between\\_the\\_Government\\_and\\_the\\_UNDP\\_ENG.pdf](https://www.undp.org/content/dam/kyrgyzstan/docs/SBAA_SBAA_Agreement_Between_the_Government_and_the_UNDP_ENG.pdf). The SBAA lays the legal foundation and basic conditions for cooperation between UNDP and the Cabinet of Ministers of the Kyrgyz

Republic. UNDP currently is implementing Country Programme Document 2018-2022 programme cycle within the UN Development Assistance Framework (UNDAF) 2018-2022, which has been endorsed by the Government of the Kyrgyz Republic and UN Country Team (UNCT) in May 2017.

Agency name: United Nations Development Programme

Agreement title: Standard Basic Assistance Agreement (SBAA) between the Government of the Kyrgyz Republic and the United Nations Development Programme

Agreement date: September 14, 1992

Agency name: United Nations Children's Fund

Agreement title: Standard Basic Cooperation Agreement between UNICEF and the Government of the Kyrgyz Republic

Agreement date: October 26, 1994



## D. ANNEXES

### Annex 1. List of related initiatives

Name of initiative/project	Key expected results	Links to the joint programme	Lead organization	Other partners	Budget and funding source	Contract person (name and email)
Strengthening NBKR's Forecasting and Policy Analysis System in the context of its transition to an Inflation Targeting Framework	The project will provide capacity building to the NBKR staff (Economics Department) to conduct forecast based monetary policy and communicate it effectively both internally and externally.		EBRD - European Bank for Reconstruction and Development	NBKR	n/a	Azamat Ibraimov, Principal Banker; Ibraimov@ebrd.com; +996 312 624 016; Adilet Saralinov, Analyst, saralina@ebrd.com
Financial Sector Development Project.	Key objectives are: (a) strengthen the legal, regulatory, and supervisory framework for banks, MFOs, and credit unions (b) expand access to financial services through the national post office network; and (c) modernize the moveable collateral and debt resolution		IBRD	IFC	USD4,920,000	Marc Schrijver, Senior Financial Sector Specialist; mschrijver@worldbank.org; Fatima Eshimbekova
Financial Sector Development Project	Key objectives are: (i) strengthen the legal and regulatory capacity of NBKR as a financial sector regulator; and (ii) improve financial safety net.		IBRD	IFC	USD3,100,000	Marc Schrijver, Senior Financial Sector Specialist; mschrijver@worldbank.org; Fatima Eshimbekova
Harnessing Innovation for Financial Inclusion.	Project is focused on development a strategy for advancing the adoption and use of electronic payments; TA on the full range of issues associated with advancing use of electronic payments		IBRD	IFC	USD750,000	Ahmed Faragallah, Senior Financial Sector Specialist; afaragallah@worldbank.org



Electronic and Digital Financial Services project.	Project is developing/enhancing legal and regulatory framework, facilitate industry level and public-private dialogue, and support the implementation of EDFs by financial institutions, MNO and payment services providers.		IFC - International Finance Corporation		USD900,000	Fatima Eshimbekova, Financial Sector Specialist; Feshimbekova@ifc.org; +996 312 626143
Azerbaijan and Central Asia Micro- and Responsible Finance.	Main objectives are: 1) strengthen the regulatory system's capacity to respond to microfinance policy issues – consumer protection and voluntary work-out mechanisms; 2) strengthen individual microfinance institutions to deliver sustainable and responsible services; 3) curb and prevent over-indebtedness and support customer financial literacy and capabilities		IFC - International Finance Corporation		USD1,200,000	Luiza Mamarasulova, Financial Sector Specialist; lmamarasulova@ifc.org; +996 312 62 61 18
Central Asia Financial Inclusion Project.	Overall the project will work on 3 components: At the policy level, the project will work to support development of national policies that will encourage expansion of responsible financial inclusion; at the industry level the project will support financial institutions in delivering financial inclusion in a responsible manner and at the client level, the project will enable responsible financial decisions through building financial capability.		IFC - International Finance Corporation		USD1,562,186	Luiza Mamarasulova, Financial Sector Specialist; lmamarasulova@ifc.org; +996 312 62 61 18
Monetary policy TA Mission	Monetary Policy and Inflation Targeting Framework		IMF - International Monetary Fund			Lilia Kadyrberdieva, Economist, LKadyrberdieva@imf.org; +996 312 303709
Second Investment Climate Improvement	The program aims to improve the private sector investment climate and		ADB - Asian		USD25,000,000	Ms. Gulkayr Tentieva, Sr.

Program (Subprogram 3)	help diversify the economy. <sup>2</sup> The program will accomplish this by supporting increasing access to finance for small and medium-sized enterprises (SMEs), enabling private participation in infrastructure, diversifying export products and markets, encouraging diversified foreign direct investment (FDI), improving skills to match market needs, increasing transparency in the Cabinet of Ministers, and reducing the cost of doing business.		Development Bank			Economics Officer gtentieva@adb.org
Multi-country Investment Climate Program	The Project aims to achieve the objectives by combining sector specific investment climate reforms with the economy-wide reforms focused on investor protection/investor servicing, digital economy, and closing the regulatory implementation gap, thus providing synergies to the sector reforms.		Switzerland /SECO - State Secretariat for Economic Affairs	WBG/IFC	USD2'000'000	Mr. Damir Bisembin, Senior Program Officer/Economic Affairs, Embassy of Switzerland in KR damir.bisembin@eda.admin.ch
Financial Sector Development Project Trust Fund	The project supports further improvement of the legal, regulatory and supervisory framework for the banking sector. The project is also aiming to increase the National Bank's capacity to monitor and address vulnerabilities to maintain financial stability in the sector.		Switzerland /SECO - State Secretariat for Economic Affairs	WBG/IFC	USD3'300'000	Mr. Damir Bisembin, Senior Program Officer/Economic Affairs, Embassy of Switzerland in KR damir.bisembin@eda.admin.ch
Strengthening capacities for sustainable development finance in the CIS region	The project objective is to raise awareness and strengthen capacity of ministries and government agencies, national financial institutions, business entities and entrepreneurs in dealing with IFI projects in the CIS. Attainment of the following results would support the objective:		UNDP		USD1,411,000	Ms. Miragul Kochkorova, Project Coordinator miragul.kochkorova@undp.org

	Enhancing capacity of national financial institutions and business entities in investment development projects preparation and implementation in the Kyrgyz Republic. Enhancing capacity of the select CIS countries in accessing new development finance sources.					
Technical Assistance to the Sector Reform Contract: Social Protection in the Kyrgyz Republic	The overall objective of the project is to support the Cabinet of Ministers' structural reforms in areas related to Social Protection (including Social and Child Protection) and Public Finance Management. This objective is in line with the MTDP, and aims to contribute to the overall effort of the Cabinet of Ministers, and the civil society to reduce poverty, to ensure access to social services for vulnerable sectors of the population and to enhance public accountability, good governance and transparency in public spending.		EU - European Union	Oxford Policy Management Limited	€ 3,000,000	Robert Brudzynski <a href="mailto:Robert.BRUDZYNSKI@eeas.europa.eu">Robert.BRUDZYNSKI@eeas.europa.eu</a> (moved to Kazakhstan)
The EUD's Education Sector Reform	Contract also covers a PFM Capacity Building Project financed through a WB Multi-Donor Trust Fund. The project aims at supporting the Kyrgyz Cabinet of Ministers in the implementation of the 2016-2025 PFM Strategy and the mid-term 2016-2019 PFM Action Plan.		EU - European Union		This is co-funded by EU (1 M EUR)	LAZARIS Danai (EEAS-BISHKEK) <Danai.LAZARIS@eeas.europa.eu>
Technical support and capacity enhancement with selected programmatic support	i. Child poverty measurement and analysis; ii. improving greater coverage and inclusion of poor and vulnerable children in national social protection; iii. assessment of the national social protection systems against shock-responsive criteria including humanitarian cash transfer		UNICEF - United Nations Children's Fund		USD2,500,000	Ms. Gulsana Turusbekova; Social Policy Specialist; Email: <a href="mailto:gturbekova@unicef.org">gturbekova@unicef.org</a> Tel.: 0777919160

	programming; iv. review and analysis of viable approaches to introduce normative financing and results-based budgeting of social service planning and delivery; v. protection of children left behind by migrant parents; vi. revision of the national legislation and supporting implementation mechanisms to enhance child care reform in the country vii. Development of database of children in difficult life situations for case management					Mr. Lucio Sarandrea, Chief Child Protection Email: lsarandrea@unicef.org
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## Annex 2. Results Framework

### 2.1. Targets for Joint SDG Fund Results Framework

**Joint SDG Fund Outcome 2:** Additional financing leveraged to accelerate SDG achievement

Indicators	Targets	
	2021	2022
2.1: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope. <sup>19</sup>  Activity 2.1.2. Integrate NDS/SDG targets and sectoral strategies into MTFF and budget processes and documents, taking into account gender, social inclusion and climate.  Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope in education	0	1:20  (at least 5% by relevant line ministries and Local Self Governance)
2.2: Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale <sup>20</sup>	0	1:50 (at least 2% by private sector)

<sup>19</sup>Additional resources mobilized for other/ additional sector /s or through new sources/means

<sup>20</sup>Additional resources mobilized for the same multi-sectoral solution.

Activity 2.2.4 Support the Cabinet of Ministers in improving the normative and governance framework for PPPs and in developing a scalable model and implementation package for PPPs in the education sector.		
Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale in education		

**Note:** These indicators are included in the Results Framework. Targets for 2021 and 2022 will be determined once the project is initiated

**Joint SDG Fund Output 4:** Integrated financing strategies for accelerating SDG progress implemented

Indicators	Targets	
	2021	2022
4.1: #of integrated financing strategies that were tested (disaggregated by % successful / unsuccessful)	0	1
4.2: #of integrated financing strategies that have been implemented with partners in lead <sup>21</sup>	0	1
4.3: # of functioning partnership frameworks for integrated financing strategies to accelerate progress on SDGs made operational	0	1

**Joint SDG Fund Operational Performance Indicators**

- Level of coherence of UN in implementing programme country<sup>22</sup>
- Reduced transaction costs for the participating UN agencies in interaction with national/regional and local authorities and/or public entities compared to other joint programmes in the country in question
- Annual % of financial delivery
- Joint programme operationally closed within original end date
- Joint programme financially closed
- **30** months after their operational closure
- Joint programme facilitated engagement with diverse stakeholders (e.g. parliamentarians, civil society, IFIs, bilateral/multilateral actor, private sector)
- Joint programme included addressing inequalities (QCPR) and the principle of "Leaving No One Behind"
- Joint programme featured gender results at the outcome level
- Joint programme undertook or drew upon relevant human rights analysis, and have developed or implemented a strategy to address human rights issues

<sup>21</sup> This will be disaggregated by (1) government/public partners (2) civil society partners and (3) private sector partners

<sup>22</sup> Annual survey will provide qualitative information towards this indicator.

- Joint programme planned for and can demonstrate positive results/effects for youth
- Joint programme considered the needs of persons with disabilities
- Joint programme made use of risk analysis in programme planning
- Joint programme conducted do-no-harm / due diligence and were designed to take into consideration opportunities in the areas of the environment and climate change

## 2.2. Joint programme Results framework

Result / Indicators	Baseline	2021 Target	2022 Target	Means of Verification	Responsible UN agencies and line ministries
<b>OUTCOME 1. The Kyrgyz Republic has stronger evidence for an improved policy framework for public and private finance to deliver on NDS/SDGs.</b>					
<b>Outcome 1 indicator</b> Percentage of officials of government authorities that demonstrates understanding of financing needs, trends and priorities among the relevant policymakers disaggregated by gender.	No	Percentage of officials received by survey	Increase by [x] % to previous year score	Results of survey	MoF
<b>Output 1.1. State institutions have evidence on financing needs and trends for NDS/SDGs impacting gender equality in country</b>					
<b>Activity 1.1.1.</b> Complete a Development finance assessment (DFA) including conducting light DFAs which will look at financing flows in 2-3 regions (Oblasts).					

<b>Output 1.1.1 indicator</b>	No	DFA reports covering gender gaps submitted to the Cabinet of Ministers	Results of DFA report was discussed at appropriate the Cabinet of Ministers meeting	DFA reports published at the MOF or other key NDS/SDG authority's website	UNDP UNICEF MoF
<b>Activity 1.1.2.</b> Conduct a NDS/SDG costing analysis that is tailored and built into the national planning and financing process, applying Gender tagging					
<b>Output 1.1.2 indicator</b>	IMF made preliminary estimates in 2017 in 5 sectors. Methodology is not available	Methodology of SDG costing developed for one of the sectors, applying Gender tagging	The Cabinet of Ministers publishes cost estimates for the NDS'	SDG costing report published at the MOF or other key NDS/SDG authority's website	UNDP UNESCAP UNICEF MoF MoES
<b>Activity 1.1.3.</b> Conduct a study on the efficiency of public spending in the education sector disaggregated by gender and disability.					
<b>Output 1.1.3. indicator</b>	Budget planning documents of the Ministry of Education and Science do not consider identified efficiency gains to achieve SDG 4 and NDS Priority I	Study on efficiency of public sector spending in education <i>disaggregated by gender and disability</i> conducted	The study recommendations on efficiency gains are considered in the education sector budget planning documents	Education budget planning documents have reference to the recommendations on efficiency	UNICEF MoF MoES
<b>Output 1.2. State institutions have evidence on opportunities to mobilize resources for NDS/SDGs</b>					

<b>Activity 1.2.1.</b> <i>Conduct a fiscal space analysis*, (taking into account gender and disability issues)</i>					
<b>Output 1.2.1. indicator</b>	<p>2019 Article IV IMF Staff Report contains section B. Creating Fiscal Space for Development Needs</p> <p>It identified several ways to create fiscal space. There is no indication the Cabinet of Ministers produced this analysis</p>	Fiscal space analysis implemented done for at least one sector considering gender inequalities and gender gaps and disability issues)	Fiscal space analysis implemented at national level	MTFF / MTEF will have reference to the results of study	<p>UNDP</p> <p>MoF</p>
<b>Activity 1.2.2.</b> <i>Conduct a review on the effectiveness of tax incentives for NDS/SDG financing, taking into account gender and social inclusion issues</i>					
<b>Output 1.2.2. indicator</b>	The government approved Procedure for assessing the effectiveness of tax incentives (Government resolution # 646 on 8 Dec 2016). Effectiveness criteria does not contain any reference to SDGs	Tax incentives effectiveness report submitted to the Cabinet of Ministers, taking into account gender and social inclusion issues	The Cabinet of Ministers formulated/rev ised procedure to grant tax incentives based on the report	Decision approved by appropriate government authority	<p>UNDP</p> <p>MoE</p> <p>State Tax Service</p>
<b>Activity 1.2.3.</b> <i>Review current e-government practises related to public revenue and spending, and support digitalisation and e-taxation efforts to increase public revenue generation taking into account social inclusion.</i>					
<b>Output 1.2.3. indicator</b>	Initiation of the digital system of e-fiscalisation of tax administration, developing institutional legislative base and introducing technical and innovative solutions required for its realization.	VAT E-fiscalization implementation plan submitted to the relevant fiscal authorities,	Action plan considering gender, social inclusion approved by the relevant fiscal authorities	Decision of the relevant fiscal authorities	<p>UNDP</p> <p>MoE</p> <p>State Tax Service</p>



<b>OUTCOME 2. The Kyrgyz Republic has an improved strategic planning and financing system to support NDS/SDGs implementation.</b>					
<b>Outcome 2.1. indicator</b>  Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scope <sup>23</sup>	No			Financing needs report published at MoF or other key NDS/SDG authority's website	MoF
<b>Outcome 2.2. indicator</b>  Ratio of financing for integrated multi-sectoral solutions leveraged in terms of scale <sup>24</sup>	No			Financing needs report published at MoF or other key NDS/SDG authority's website	MoF
<b>Output 2.1 State institutions have the capacity to align their sectoral budgets with MFF/MTEF and NDS/SDGs through integrated gender sensitive budgeting</b>					
<b>Activity 2.1.1.</b> Conduct a Revenue and Expenditure Analysis to link budget with NDS/SDGs taking into account gender, social inclusion (G&SI) and climate issues.					
<b>Activity 2.1.1 indicator</b>	Revenue and Expenditure Analysis is developed by the MoF as part of annual Budget Execution Report. It analyses budget data execution according to classification against their target values set in the Annual Budget Law. The analysis does not have any reference to the SDG targets	Revenue and Expenditure Analysis through NDS/SDG lenses report submitted to the relevant fiscal authorities, taking into account gender, social inclusion (G&SI) and climate issues targets	Budget documents take into account the developed recommendations	Budget documents have a reference to the recommendations	UNDP MoF

<sup>23</sup> Targets for 2020 and 2021 will be determined once the project is initiated

<sup>24</sup> Targets for 2020 and 2021 will be determined once the project is initiated

<b>Activity 2.1.2.</b> <i>Integrate NDS/SDG targets and sectoral strategies into MTFF and budget processes and documents, taking into account gender, social inclusion and climate.</i>					
<b>Activity 2.1.2. indicator</b>	<p>MTFF is major budget document that determines fiscal policies for midterm period. One of the MTFF objectives is to improve the effectiveness of expenditures through the interlinkages of state policies determined by strategic development programs and sectoral budget strategies. However there is no methodological document that address this issue</p> <p>There is no sufficient alignment between NDS/SDGs, the Medium-term Forecast of Socio-Economic Development and MTFF in the regulatory normative acts</p>	<p>Recommendation to integrate NDS/SDG targets and sector strategies, taking into account gender sensitive budget, social inclusion and climate, into MTFF and budget processes and documents submitted to the relevant authorities</p> <p>Bottlenecks which prevent alignment between NDS/SDGs, the Medium-term Forecast of Socio-Economic Development and MTFF are identified</p>	<p>MTFF and gender sensitive budgeting processes and documents take into account the developed recommendations</p> <p>Draft amendments to the normative acts address identified bottlenecks</p>	<p>Budget Calendar and Budget Circular</p> <p>Budget documents have a reference to the recommendations</p> <p>Overall Draft amendments including amendments on gender sensitive budgeting to the normative acts are posted in Ministry of Finance corporate website for public discussion and further endorsement</p>	<p>UNICEF</p> <p>UNDP</p> <p>MoF</p> <p>MoES</p>
<b>Output 2.2. State institutions have the capacity to formulate a financing strategy based on new financing modalities and aligned with NDS/SDGs.</b>					
<b>Activity 2.2.1.</b> <i>Develop national/sector financing strategies aligned with NDS/SDGs, taking into account gender aspects</i>					

<b>Output 2.2.1. indicator</b> (it is indicator 4.1 of Joint SDG fund)	NDS does not have a section that considers financing resources needed for its implementation. It contains however two annexes with investment projects that either have confirmed funding or not	Capacity building training on financing development strategy methodology for relevant government officials provided, taking into account gender aspects, gender sensitive budgeting.	The financing strategy, taking into account gender and social inclusion, is , agreed by all relevant government stakeholders and published	The financing strategy published at MoF or other key NDS/SDG authority's website	UNDP MoEC
<b>Activity 2.2.2.</b> <i>Develop recommendations to create an enabling environment for innovative finance with a focus on remittances.</i>					
<b>Activity 2.2.2. indicator</b>	No	Research and recommendations on enabling environment for innovative finance	Action plan developed and submitted to the Cabinet of Ministers	Relevant authority's decision	UNDP, UNESCAP, MoF, MoEC, National Bank
<b>Activity 2.2.3.</b> <i>Support the <a href="#">Cabinet of Ministers</a> to develop systems for monitoring and managing the use and impact of tax incentives as a mechanism for promoting NDS-aligned private sector investment.</i>					
<b>Activity 2.2.3. indicator</b>	No systematic approach to monitoring tax incentives	Recommendation for adapting systems for monitoring and managing tax incentives agreed with the Cabinet of Ministers	Tax expenditure reporting is strengthened within the budget process; system for reviewing impact is established	Budget documentation	UNDP
<b>Activity 2.2.4</b> <i>Support the <a href="#">Cabinet of Ministers</a> in improving the normative and governance framework for PPPs and in developing a scalable model and implementation package for PPPs in the education sector.</i>					

<b>Activity 2.2.4. indicator</b>	There is no model to scale PPP in the area of education	Feasibility study with a scalable model of PPP, taking into account gender and social inclusion in education with implementation package is prepared	Scalable model of PPP, taking into account gender and social inclusion in education is tested	Model is endorsed by PPP Center' normative act	UNICEF UNESCAP MoE PPP Center
<b>OUTCOME 3. The Kyrgyz Republic has improved monitoring and oversight for NDS/SDG implementation.</b>					
<b>Outcome 3 indicator</b> Public Participation Index of Open Budget Index	31 (2017)	Increase by [X] %	Increase by [X] %	The project calculation based on OBI methodology	MoEC
<b>Output 3.1. Mechanisms for government monitoring based on NDS/SDGs are designed.</b>					
<b>Activity 3.1.1. Integrate financing strategy targets into the government NDS monitoring system</b>					
<b>Activity 3.1.1. indicator</b>	The Cabinet of Ministers introduced the NDS M&E system however it lacks financing strategy indicators	Development of recommendations to integrate target indicators, including gender mainstreaming and social inclusion specific ones, of the financing strategy in the monitoring system of the NDS	New target indicators including gender and social inclusion specific ones, are included in the government monitoring	MoEC's or NCSDs Secretariat's of decision	UNDP MoEC

<b>Output 3.2. The parliamentary oversight and transparent outreach based on NDS/SDGs are designed.</b>					
<b>Activity 3.2.1.</b> <i>Integrate the NDS/SDG agenda/objectives into parliamentary and public oversight</i>					
<b>Activity 3.2.1. indicator</b>	There are several types parliamentary oversight in the country however none of them has links to the SDG agenda	Delivery of capacity and methodology to improve parliamentary, COA and public PFM oversight process based on NDS/SDG agenda	Parliament conduct at least one hearing on issues of alignment of budget and NDS/SDGs, taking into account gender equality commitments of the country along with social inclusion aspects of furthest behind.  COA publishes at least one report on NDS/SDG performance audit	Decision of the parliament or parliamentary committee involved  COA report	UNDP UNICEF Parliament CoA
<b>Output 3.3. An integrated mechanism to develop and deliver NDS/SDG aligned strategies including financing strategy are designed</b>					
<b>Activity 3.3.1.</b> <i>Support the establishment of a platform for policymakers and DPs on NDS/SDG financing strategy prioritisation.</i>					
<b>Activity 3.3.1. indicator</b>	There are several coordination mechanisms: at the Presidential level - National Council for Sustainable Development,  At the Government level - Macroeconomic and Investment Policy Coordination Council, on the DPs' level - The	A draft decision on the creation of the Platform is be prepared and proposals and an action plan is developed	Platform will be created. Action plan, considering gender, women's leadership, social inclusion and climate aspects, taking into account gender, social inclusion and climate aspects, will be considered	Decision of NCSD	UNDP MoEC

	Development Partners Coordination Council. None of them is the dialogue platform to discuss NDS/SDG financing strategy				
<b>Activity 3.3.2.</b> Support the establishment of a national strategic NDS/SDG-aligned planning process taking into account gender and social inclusion and climate aspects					
<b>Activity 3.3.2. indicator</b>	There is methodology of strategic planning for sustainable development approved by MoEC. It says that that a Strategic document should take into account SDG progress reports. However this provision does not have any details	Report with recommendations, on addressing gender equality, and social inclusion and climate aspects, to align national strategic planning and SDGs is developed	Relevant strategic gender sensitive planning methodology is amended based on recommendation	MoEC's decision	UNDP MoEC

### Annex 3. Gender marker matrix

Indicator		Score	Findings and Explanation	Evidence or Means of Verification
N°	Formulation			
1.1	Context analyses integrate gender analysis	1	Gender analysis includes the situation on gender-sensitive budgeting (GSB) and its challenges in programme-budgeting at national and sectoral levels	Gender-responsive budget in the public finance system  Round table in the Ministry of Finance of the Kyrgyz Republic  14 December 2018
1.2	Gender Equality mainstreamed in proposed outputs	1	Although gender equality is not the core purpose of program outputs, it is mainstreamed at relevant Outcome and Outputs levels. Specifically, Outcome indicator 1 and most of Outputs mainstream gender through referencing to gender and social inclusion,	Gender tagging will be applied in conducting NDS/SDG costing analysis that is tailored and built into the national planning and financing process ( <i>Activity 1.1.2</i> )  The development of and capacity building on the financing strategy will take into account gender and social inclusion ( <i>Activity 2.2.1</i> )  New Financial literacy programme will take into account gender and social inclusion aspects (activity 2.2.3)
1.3	Programme output indicators measure changes on gender equality	1	In the Kyrgyz Republic context achievement of gender equality depends on the availability of funds allocated for state strategic programs including GEWE ones,	Output 1.1. State institutions have evidence on financing needs and trends for NDS/SDGs impacting gender equality in the country.

			therefore, gender mainstreaming addressed in 2 outputs with a strong focus on the integration of gender-responsive budgeting (34% of indicators)	Output 2.1 State institutions have the capacity to align their sectoral budgets with MFF/MTEF and NDS/SDGs through integrated gender-sensitive budgeting
2.1	PUNO collaborate and engage with the Cabinet of Ministers on gender equality and the empowerment of women	2	UNDP consulted with the National Gender Machinery during the JP development	Meeting notes with MLSD
2.2	PUNO collaborate and engages with women's/gender equality CSOs	2	2 CSOs working on women's/gender equality issues provided their inputs in the JP development process.	Meeting's notes with CSOs
3.1	Program proposes a gender-responsive budget	1	USD 876,426 of the total budget of the JP, that is almost 75% of the budget is allocated to gender equality and social inclusion.	Gender-responsive budget is proposed as a cross-cutting throughout the most relevant outputs.
<b>Total scoring</b>		<b>8</b>		



## Annex 4. Budget and Work Plan

### 4.1 Budget per UNSDG categories

UNDG BUDGET CATEGORIES	PUNO 1-UNDP		PUNO 2-UNICEF		TOTAL	
	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)	Joint SDG Fund (USD)	PUNO Contribution (USD)
1. Staff and other personnel	80 796	100 000	21 000	90 000	101 796	
2. Supplies, Commodities, Materials	0		0		0	
3. Equipment, Vehicles, and Furniture (including Depreciation)	0		0		0	
4. Contractual services	355 129		239 000		594 129	
5.Travel	111 730		44 000		155 730	
5. Transfers and Grants to Counterparts	0		0		0	
7. General Operating and other Direct Costs	60 000		0		60 000	
<b>Total Direct Costs</b>	<b>607 655</b>		<b>304 000</b>		<b>911 655</b>	
8. Indirect Support Costs (Max. 7%)	42 536		21 280		63 816	
<b>TOTAL Costs</b>	<b>650 191</b>	<b>100 000</b>	<b>325 280</b>	<b>90 000</b>	<b>975 471</b>	<b>190 000</b>
<b>1st year</b>	<b>325 096,00</b>	<b>50 000</b>	<b>162 640</b>	<b>45 000</b>	<b>487736</b>	<b>95000</b>
<b>2nd year</b>	<b>325 095,00</b>	<b>50 000</b>	<b>162 640</b>	<b>45 000</b>	<b>487735</b>	<b>95000</b>

The overall budget of the Joint Programme is USD 1,165,471 is divided to support the achievement of the results under Outcomes 1,2 and 3. Specifically:

#### Outcome 1:

**The Kyrgyz Republic has an improved policy framework for public and private finance to deliver on NDS/SDGs. potential to deliver on NDS/SDGs** with a requested budget of USD 377,334, in addition to USD 79,000 co-funding from UNDP (54,000) and UNICEF (25,000). The JP will support state institutions have evidence on:

- **financing needs and trends for NDS/SDG (Output 1.1.)** through (1) light DFA to look at financing flows in 2-3 regions (Oblasts), (2) NDS/SDG costing analysis that is tailored and built into the national planning and financing process, applying Gender tagging and (3) a study on the efficiency of public spending in the education sector.
- **opportunities to mobilize resources for NDS/SDGs (Output 1.2)** through a fiscal space analysis of education sector, a review on the effectiveness of tax incentives for NDS/SDG financing and review of current e-government practises

related to public revenue and spending, and support digitalisation and e-taxation efforts to increase public revenue generation.

**Outcome 2: The Kyrgyz Republic has an improved strategic planning and financing system to support NDS/SDGs implementation** with a requested budget of USD 331,428, in addition to USD 59,000 co-funding from UNDP (14,000) and UNICEF (45,000) which aims to build the capacity of state institutions to:

- **to align their sectoral budgets with MTFF/MTEF and NDS/SDGs** (*Output 2.1*) through conducting a Revenue and Expenditure Analysis to link budget with NDS/SDGs, and to integrate NDS/SDG targets and sectoral strategies into MTFF and budget documents taking into account gender, social inclusion (G&SI) and climate issues.
- **to formulate a financing strategy based on new financing modalities and aligned with NDS/SDGs** (*Output 2.2*) through developing national/sector financing strategies aligned with NDS/SDGs, recommendations to create an enabling environment for innovative finance with a focus on remittances, supporting the government in developing financial literacy and inclusion initiatives and in improving the normative and governance framework for PPPs, including developing a scalable model and implementation package for PPPs in the education sector, taking into account gender and social inclusion aspects.

**Outcome 3: The Kyrgyz Republic has improved monitoring and oversight for NDS/SDG implementation** with a requested budget of USD 120,097, in addition to USD 42,000 co-funding from UNDP (22,000) and UNICEF (20,000), aims to design:

- **Mechanisms for parliamentary oversight and government monitoring and transparent outreach based on NDS/SDGs** (*Output 3.1 3.2*) through integrating (1) financing strategy targets into the government NDS monitoring system and (2) NDS/SDG agenda/objectives into parliamentary and public oversight, taking into account gender and social inclusion aspects.
- **An integrated mechanism to develop and deliver NDS/SDG aligned strategies including financing strategy** (*Output 3.3*) through supporting the establishment of (1) a platform for policymakers and DPs on NDS/SDG financing strategy prioritization and (2) a national strategic NDS/SDG-aligned planning process.

USD 592,038 of the total budget of the JP, that is almost 61% of the budget is allocated **to gender equality and social inclusion**.

JP management costs' requested budget is USD 101,796. Final, independent and gender-responsive evaluation (2-4% of the overall budget) is USD 30,000, while monitoring, reporting and strategic communications (advocacy)- 5% of the overall budget) is USD 30,000 in addition to 10,000 co-funding from UNDP. GMS charges of UNDP is USD 42,536 and GMS charges of UNICEF is USD 21,280 To note, to support strategic communications with JP donors and ensure their visibility, two annual donor meetings are planned.

Costing of the different budget categories was based on existing market rates, which UNDP and UNICEF use to pay for the high-quality consultancy service. Additional consultations were undertaken with relevant colleagues from the UNDP regional hubs on the potential duration of the assignments based on existing experience elsewhere to keep the effectiveness and efficiency of the potential JP expenses. Costing for travel was taken from existing practices of UNDP and UNICEF and was based on the travel market prices existing in the country. Existing approved proforma costs for 2020, analysis of the job load based on existing experiences had been used to calculate staff and personnel engagement.

## 4.2 Budget per SDG targets

SDG TARGETS		%	USD (Joint SDG Fund)	%	UNDP Contribution	%	UNICEF Contribution
1	<b>SDG 4.</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.  4.1 By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes. 4.2 By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.	25	243,868	25	25,000	40	36,000
2	<b>SDG 10.</b> Reduce inequality within and among countries (adapted to focus on sub-national) 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. 10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.	25	243,868	25	25,000	20	18,000
3	<b>SDG 16.</b> Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective and accountable and inclusive institutions at all levels.  16.6. Develop effective, accountable and transparent institutions at all levels. 16.7. Ensure responsive, inclusive, participatory and representative decision-making at all levels.	25	243,868	25	25,000	20	18,000
4	<b>SDG 17.</b> Revitalize the global partnership for sustainable development 17.1 Strengthen domestic resource mobilization, including through international support to developing countries, to improve domestic capacity for tax and other revenue collection. 17.3 Mobilize additional financial resources for developing countries from multiple sources. 17.4 Assist developing countries in attaining long-term debt sustainability through coordinated policies aimed at fostering debt financing, debt relief and debt restructuring, as appropriate, and address the external debt of highly indebted poor countries to reduce debt distress. 17.14 Enhance policy coherence for sustainable development. 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	25	243,868	25	25,000	20	18,000
SUB TOTAL		100	975,471	100	100,000	100	90,000
<b>TOTAL (Requested and PUNO's funding)</b>			<b>1,165,471</b>				

As it is recommended in the Joint SDG Fund guidelines on the "Joint Programme Development: Issues, Recommendations, FAQs", the draft 4 of September 23, 2019, on how to estimate the allocation of budgets per SDGs targets, as well as taking into account that it is tentative and in the context of the integrated approach to the SDGs, the same budget was allocated to all 11 SDGs targets.

### 4.3 Work plan

Outcome 1: The Kyrgyz Republic has stronger evidence for an improved policy framework for public and private finance to deliver in NDS/SDGs																				
Output	Annual target/s		List of activities	2020		2021				2022				PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved	
	2020	2023		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)			
Output 1.1 State institutions have evidence on financing needs and trends for NDS/SDGs impacting gender equality in the country.	DFA reports covering gender gaps submitted to the government	Results of DFA report was discussed at appropriate government meeting	Complete a Development Finance Assessment (DFA), which includes an analysis on financing flows in 2-3 regions (Oblasts).	x	x			x	x	x	x	x	x	International/national consultancies, training workshop, translation, travel costs	138,705 19,000	19,000 UNICEF 44,000 UNDP	220 705	UNDP UNICEF	Cabinet of Ministers of the Kyrgyz Republic, Ministry of Economy and Commerce, Ministry of Finance, Ministry of Labor and Social Development	
	Methodology of SDG costing developed for one of the sectors, applying Gender tagging	Government publishes cost estimates for the NDS'	Conduct a NDS/SDG costing analysis that is tailored and built into the national planning and financing process.									x	x		x					
	Study on efficiency of public sector spending in education disaggregated by gender and disability conducted	The study recommendations on efficiency gains are considered in the education sector budget planning documents	Conduct a study on the efficiency of public spending in the education sector.					x	x	x	x	x				79 000		79 000		UNICEF
Output 1.2 State institutions have evidence on opportunities to mobilise resources for NDS/SDGs.	Fiscal space analysis implemented done for at least one sector (considering gender inequalities and gender gaps and disability issues)	Fiscal space analysis implemented at national level	Conduct a fiscal space analysis.									x	x	x	x	28,000 33,629	6,000 UNICEF	67 629	UNDP UNICEF	Ministry of Finance, Ministry of Economy and Commerce, IMF, World Bank and SECO
	Tax incentives effectiveness report submitted to the government, taking into account VAT E-fiscalization implementation plan submitted to the relevant fiscal authorities	Government formulated/revised procedure to grant tax incentives based on the report	Conduct a review on the effectiveness of tax incentives for NDS/SDG financing.			x	x	x	x	x				International/national consultancy, training, translation, travel costs						
		Action plan taking into account social inclusion approved by the relevant fiscal authorities	Review current e-government practises related to public revenue and spending, and support digitalisation and e-taxation efforts to increase public revenue generation								x	x	x				10 000	10 000	UNDP	

Outcome 2: The Kyrgyz Republic has an improved strategic planning and financing system to support NDS/SDGs implementation.																			
Output	Annual target/s		List of activities	2020		2021				2022				PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved
	2020	2023		Q 3	Q4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
Output 2.1: State institutions have the capacity to align their sectoral budgets with MTFF/MTEF and NDS/SDGs through integrated gender sensitive budgeting.	Revenue and Expenditure Analysis through NDS/SDG lenses report submitted to the relevant fiscal authorities	Budget documents take into account the developed recommendations	Conduct a Revenue and Expenditure Analysis to link budget with NDS/SDGs.									x	x	x	24,050 26,000	0	50 050	UNDP UNICEF	Cabinet of Ministers of the Kyrgyz Republic, Ministry of Finance
	Recommendation and roadmaps on debt restructuring options submitted to the relevant authorities	The recommendations were utilized in postpoing the debt payments	Conduct debt sustainability analysis and debt restructuring to widen fiscal space of Government to fund NDS/SDG priorities												110 000		110 000		
		Recommendation to integrate NDS/SDG targets and sector strategies, taking into account gender sensitive budget, social inclusion and climate, into MTEF and budget processes and documents submitted to the relevant	MTEF and gender sensitive budgeting processes documents take into account the developed recommendations	Integrate NDS/SDG targets and sectoral strategies into MTFF and budget processes and documents, taking into account gender, social inclusion and climate.												International/national consultancy, training, translation, travel costs	10,000 47,000	45,000 UNICEF 14,000 UNDP	

**Output 2.2: State institutions have the capacity to formulate a financing strategy based on new financing modalities and aligned with NDS/SDGs.**

Outcome 3: The Kyrgyz Republic has improved monitoring and oversight for NDS/SDG implementation.																				
Output	Annual target/s		List of activities	2020		2021				2022				PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved	
	2020	2023		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)			
Output 3.1: Mechanisms for government monitoring based on NDS/SDGs are designed.	Development of recommendations to integrate target indicators, including gender and social inclusion specific ones, of the financing strategy in the monitoring system of the NDS	New target indicators including gender and social inclusion specific ones, are included in the government monitoring	Integrate financing strategy targets into the government NDS monitoring system.											x	International/national consultancy, training, translation, travel costs	20 000	20000 UNICEF	40 000	UNDP	Ministry of Economy and Commerce, Ministry of Finance
Output 3.2. The parliamentary oversight and transparent outreach based on NDS/SDGs are designed.	Delivery of capacity and methodology to improve parliamentary, COA and public PFM oversight process based on NDS/SDG agenda	Parliament conduct at least one hearing on issues of alignment of budget and NDS/SDGs, taking into account gender equality commitments of the country along with social inclusion aspects of the furthest behind. COA publishes at least one report on NDS/SDG performance audit	Integrate the NDS/SDG agenda/objectives into parliamentary and public oversight								x	x	x		International/national consultancy, training, translation, travel costs	11,000 35,371		46 371,000	UNDP UNICEF	Cabinet of Ministers of the Kyrgyz Republic, Ministry of Economy and Commerce, Ministry of Finance, Development Partners' Coordination Council
Output 3.3: An integrated mechanism to develop and deliver NDS/SDG aligned strategies including financing strategy are designed.	A draft decision on the creation of the Platform is prepared and proposals and an action plan is developed	Platform will be created. Action plan, taking into account gender, social inclusion and climate aspects, will be considered	Support the establishment of a platform for policymakers and DPs on NDS/SDG financing strategy prioritisation.								x	x	x		International/national consultancy, training, translation, travel costs	33,726 20,000	22,000 (UNDP)	75 726	UNDP UNICEF	Cabinet of Ministers of the Kyrgyz Republic, Ministry of Economy and Commerce, Ministry of Finance, Development Partners' Coordination Council
	Report with recommendations, taking into account gender and social inclusion and climate aspects, to align national strategic planning and SDGs is developed	Relevant strategic planning methodology is amended based on recommendation	Support the establishment of a national strategic NDS/SDG-aligned planning process,taking into account gender and social inclusion and climate aspects								x	x	x							



Joint programme management			List of activities	2020		2021				2022				PLANNED BUDGET				PUNO/s involved	Implementing partner/s involved
				Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Overall budget description	Joint SDG Fund (USD)	PUNO Contributions (USD)	Total Cost (USD)		
Project management costs			Day-to-day management of the project from programme and admin-finance points	x	x	x	x	x	x	x	x	x	x	project staff salaries (coordinator 100%, admin-finance 50%, IT (10%, driver 15%))	67,042 21,000	0	101 796	UNDP UNICEF	
			Contribute to smooth programme implementation	x	x	x	x	x	x	x	x	x	x	running costs (rent, utilities, supplies etc.) 10%	7 000			UNDP	
			Provide quality assurance from CO programme and operations	x	x	x	x	x	x	x	x	x	x	CO direct project costs- programme and operations)	6 754			UNDP	
Final, independent and gender-responsive evaluation (2-4% of the overall budget)			Assess the Relevance, Efficiency, Effectiveness, Impact and Sustainability of the programme to ensure forward-looking learning, document best practices, lessons learned and review the achieved results/impact										x		30 000	0	30 000	UNDP	
Monitoring, reporting and strategic communications (advocacy)- 5% of the overall budget)			M&E, Comms/Advocacy and annual donor meetings to increase their visibility and to support further resource mobilization both at the country level and globally.			x	x	x	x	x	x	x	x	Meeting costs (venue, travel, translation, supplies etc.)	30 000	10,000 UNDP	40 000	UNDP	
Indirect support costs - GMS (7%)															42 536	0	63 816	UNDP UNICEF	
				x	x	x	x	x	x	x	x	x	x		21 280				

## Annex 5. Risk Management Plan

In a few instances the contextual and programmatic risks have the high consequences in the Kyrgyz Republic. Our overall risk management strategy assumes the ongoing monitoring over risk indicators. Risk scores will be reviewed quarterly. In case of a change in the magnitude of the risks, the team will work out new mitigation measures. Depending on the type of risk, the consortium will hold appropriate consultations with stakeholders.

In light of the potential impact of COVID-19 on the JP work processes and the financial market in the Kyrgyz Republic, it may be prudent to include potential COVID-19 disruptions in the risk matrix of countries' Component 1 proposal. Given the uncertainty of medium- and long-term impacts, the risk entry might indicate only the uncertainty with regard to the impacts, with the mitigation measure as regular (re-)assessments of the situation and updating/escalating this risk.

Risks	Risk Level:  (Likelihood x Impact)	Likelihood:	Impact:	Mitigating measures	Responsible Org./Person
		Certain - 5	Essential – 5		
		Likely - 4	Major - 4		
		Possible - 3	Moderate - 3		
		Unlikely - 2	Minor - 2		
Rare – 1	Insignificant - 1				
Contextual risks					
Weak political level commitment to introduce Integrated National Financing Frameworks	10	2	5	The programme will include advocacy and analytical initiative to sustain demand for the results of the programme at all levels and across all stakeholders; UN joint positioning at higher levels of decision making	UNDP/UNCEF Senior Management

Poor access to data	5	1	5	UNDP/UNICEF will establish effective working partnership relations with the data holders. Any signals on poor access to data to be raised to the attention of the UNDP/UNICEF Senior Management, necessary actions to obtain the data to be fulfilled.	UNDP/UNICEF programme officers, programme management
Lack of trust from the private sector to introduced tax incentives	12	3	4	Strengthened partnership dialogue of the Government with the private sector, and developing policies through a participatory process to ensure ownership and participation. Monitor the new tax incentives implementation, share with the decision-makers regularly.	UNDP/UNICEF programme officers
Civil unrest or political instability	8	2	4	Monitor the situation, maintain close links with the relevant national partners. Adjust implementation modality or priorities in the programme depending on the situation.	UNDP/UNICEF programme officers, programme management
Protracted impact of national COVID-19 outbreak prevents consultative process for long period of time	15	3	5	Maintain the contacts with key national partner, remain flexible to address issues resulting from potential outbreak. Monitor the situation, adjust implementation modality depending on the situation.	UNDP/UNICEF Senior Management

Exchange rate to be volatile resulting in losses	12	3	4	This risk is managed at country programme level as it applies to all operations.	UNDP/UNICEF Country offices' operations
<b>Programmatic risks</b>					
A consultant may be exposed to several infectious diseases or would be able to work only remotely due to potential COVID-19 outbreak	16	4	4	Use of on-line communication channels will be intensified. Video conferencing modality will be tested and capacity development and exchange activities will to the greatest extent possible be implemented with limited physical contact. The IT experts are to be involved to ensure the video/audio signal quality and strength.	Programme management
Not-timely delivery	4	1	4	The procurement plan to be developed with clear quarterly targets. The plan is a subject for regular monitoring and scrutiny.	Programme management
<b>Institutional risks</b>					
Inadequate coordination between UN agencies	4	1	4	Regular interagency coordination mechanism for the project implementation to be established. Minutes to be kept and implementation of the joint decisions to be jointly monitored.	UNCT, UNDP/UNICEF Senior Management
Poor coordination between UN and other DPs	6	3	2	Development Partners Coordination Council Working Groups' (DPCC WG) platform and relevant sub-working groups to be used. Minutes to be kept and	UNDP/UNICEF Senior Management

				implementation of the joint decisions to be monitored.	
Change in government staff may weaken the quality of work with the Programme	6	2	3	Cabinet of Ministers to establish the DFA/INFF Oversight Committee (OC) and technical working group through formal appointment, any changes in the Cabinet of Ministers will have an insignificant impact on the activities of the Programme as the OC may mitigate such an impact and suggest solutions to overcome the risk.	UNDP/UNICEF Senior Management UNDP/UNICEF programme officers
<b>Fiduciary risks</b>					
Fraud, diversion and misappropriation of funds	5	1	5	Project will be managed through Direct Implementation Modality, in keeping with usual procedures for the respective country programmes. UNDP and UNICEF will follow respective anti-fraud policies. Any critical signs to be reported to respective oversight institutions.	Programme management

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