

## KYRGYZSTAN

### ETF COUNTRY PLAN 2007

#### 1. Socioeconomic background

Kyrgyzstan has the typical features of a post-Soviet rural transition economy, with a small industrial base centred on exploiting natural resources, and a small but growing—largely informal—trade and services sector. Successful land reform and a shift to individual farming practices have helped to renew growth in agriculture and to develop subsistence farming on family plots. The last ten years have been characterised by average annual economic growth rates of above 5% (with the exception of 2002 and 2005, when the economy stagnated because of weather or political events). Nonetheless, GDP still stands at around only 70% of its 1991 level.

The population of Kyrgyzstan is currently estimated at 5.2 million, of which 35% live in urban areas and 65% live in rural areas. Migration is an issue, as 20,000 to 30,000 people annually leave the country, with seasonal labour in Russia and Kazakhstan a main source of income for the poorest regions. With a GNI per capita (Atlas method) of 440 USD in 2005, the Kyrgyz Republic ranks 178th of 208 world economies, and is the second poorest country in the former Soviet Union. In 2004, 40% of the population lived under the national poverty line and large segments of the population live just above that level. Poverty is aggravated by regional disparities, ineffective governance and corruption. Almost three-quarters of the poor live in the rural and mountainous regions. Moreover, access to basic public services such as running water, public sewerage, health and education has deteriorated over the past decade.

In 2004 the labour force amounted to 2.18 million people. The female labour force participation rate was 44%. Employment is concentrated in low productivity areas such as agriculture, trade and repair services. Sector employment trends are marked by an increase in agriculture, which accounts for less than 36% of GDP but provides over 50% of employment; agriculture is continuing to increase in importance, due to the increase in individual farming of family plots. The services sector is the second largest provider of employment at 37%. The contribution of trade and repair services to employment is particularly significant, as they provide much of the informal employment available. Unemployment is high, especially among young people and women and in former industrial/mining regions. The official unemployment rate was 9.9% in 2005, but the real figure is likely to be much higher due to unregistered unemployment.

## **2. Key policy issues and strategies in human resource development**

Although the Kyrgyz Republic has a long tradition of public education and training, the system has become obsolete and infrastructures and capacities have deteriorated during the transition period. The result is an unbalanced qualifications structure of little relevance to economic and social development. There has been no restructuring of the basic and secondary vocational education delivery network, and, despite a declared commitment to decentralisation, the system retains its rigid and overregulated vertical management structure.

The government has recently prepared a new Country Development Strategy in which it has targeted and undertaken to support specific sectors for economic development (agriculture, energy, infrastructure, mining and tourism). It has also recognised the need for human resource development (HRD) through education and training. In August 2006 the government approved a National Employment Programme 2010, aimed at supporting employment and organising (legal) migration.

Reform of education and training is still in a preliminary phase. Vocational education and training (VET) governance is split between the Ministry of Education and the Ministry of Labour. Although some contacts between basic and secondary VET schools exist at the local level, there is little interaction between the two complementary subsystems at the policy level. These ministries are now aware of the need both to align their VET policies and strategies within an overall national policy framework and to establish dialogue with employers and the donor community.

The emerging education and training policies cover most of the critical issues, but much further work is needed to be done in order to identify priorities, work out realistic action plans and support implementation. A real commitment to reform and a capacity to plan and implement changes are still largely absent in public authorities. There are problems of high turnover among policy-makers, poor cooperation between governmental bodies, lack of partnership and participatory approaches, and severe shortage of funds to implement HRD reforms.

The initial policy of developing higher education, its subsequent growth and falling quality, has typically been accompanied by an absence of attention to mid-level qualifications, especially those to be potentially provided by secondary technical schools. Together with the deteriorating status and quality of basic VET, this has resulted in a growing gap between the supply of lower and mid-level skilled workers and the demand from emerging businesses.

## **3. EU and other donor policies and interventions**

The Country Development Strategy replaced the National Poverty Reduction Strategy for 2003 to 2005. The government's commitment to implementing this new strategy—including employment and education reform programmes—provides a solid foundation for the donor community to build its actions in a harmonised and aligned way in the period 2007 to 2010. Both areas would benefit from external support in order to achieve systemic and lasting outcomes. The World Bank (WB), together with the Asian Development Bank (ADB), the Swiss Agency for Development and Cooperation, the UK Department for International Development, the United States Agency for International Development, and UN agencies, is preparing a Joint Country Support Strategy for this period.

As for EU assistance, a new Development Cooperation Instrument (DCI) will be introduced in Central Asia in 2007, while interventions from the final phase of the Technical Assistance to the Commonwealth of Independent States (TACIS) programme will continue in the region. The overall DCI priorities for Central Asia are to promote stability, strengthen governance and

transparency, reduce poverty, and promote closer cooperation both within Central Asia and with the EU. In this context it is planned to support diversification of the Kyrgyzstan economy, an important aspect of which is the development of an appropriately qualified workforce. At the intermediate qualification levels, this implies the development of a relevant VET system. A two-year TACIS employment project (Support to the Development of an Employment Policy) is to be implemented between 2005 and 2007, as also TACIS programmes funding poverty alleviation projects in the Ferghana valley (on Kyrgyz territory in the Batken region).

Other donors that have been active in the field of vocational education, training and labour market policies include the International Labour Organisation (development of the National Employment Programme) and UNESCO (supporting the establishment of community learning centres). The Swiss also provide bilateral support through NGOs providing training in new agriculture, forestry and small tourism business methods, and the German Technical Cooperation Agency (GTZ) has provided funding for VET teacher training, labour market skill needs assessment, and the design of an adult training strategy.

Significant investments are planned for the coming years by international financial institutions. The ADB will provide a grant of 10 million USD for the development of basic VET in the Kyrgyz Republic during the period 2007 to 2010. The ADB approach to improvement and rationalisation of the basic VET system is system-wide, with the project to be implemented on the basis of selective investment in key components (physical infrastructure, management, curricula, teacher training, etc.). The WB has approved a 15.5 million USD education project for Kyrgyzstan that prioritises rural areas. To be implemented in the next five years, it aims to improve learning and learning conditions in primary and secondary general schools.

Kyrgyzstan—as a relatively small, poor and politically open (although recently somewhat turbulent) country—has enjoyed substantial international donor support in the last decade. The current scenario is the coexistence of many useful players, each implementing, however, more or less isolated initiatives that, so far, have failed to be converted into national policies. For this reason, VET donors active in Kyrgyzstan have set up a round table for discussions on how to better coordinate efforts. The ETF has supported both the Ministries of Education and of Labour with the development of a national reform policy for the elements of the VET system for which the ministries are responsible; these ministries have recently requested the ETF to assist them in developing an integrated reform policy and strategy in order to address the urgent need to develop lower and mid-level qualifications.

As for the near future, there are signs of renewed interest in VET reform policies in Central Asia by large multilateral donors—for example, the large ADB grant to Kyrgyzstan mentioned above. The WB, moreover, has recently approached the ETF in regard to jointly supporting a regional debate on this issue, together with other donors and national stakeholders.

#### **4. Mid-term perspective ETF intervention strategies contributing to added value in national, EU and donor reform-support policies**

ETF functions in Kyrgyzstan will concentrate on supporting the delivery of EU assistance and providing information, policy analysis and advice. Given these functions, the expected key outcomes of ETF activities are improved relevance of HRD components in EU-funded interventions, enriched education and training policy debates, and an education and training system that assists in the poverty reduction drive.

In more detail, the mid-term objective for ETF support—by informing policy development and implementation processes through policy advice and capacity building activities—is to contribute to the programming and evaluation of HRD aspects of DCI support for economic diversification in Kyrgyzstan and to assist with VET and employment service reform. Drawing on an enhanced network of key stakeholders, the ETF activities will provide inputs—in the form of policy analyses and information support—to HRD aims linked with economic and

social development objectives (i.e., raising the competitiveness of enterprises and improving employability).

In the planning period 2007 to 2010, the ETF, building on the good results achieved in recent cooperation with Kyrgyzstan, will base its mid-term strategy on the following three pillars:

- Support to the delivery of EU assistance through the TACIS programme and the DCI.
- Continued implementation of the two ETF multi-year Central Asian policy advice projects.
- Further assistance to the integrated VET policy development and implementation strategy in an extended ETF national policy learning project.

Via the TACIS programme, the ETF will design a supporting action project and conduct a final review of the TACIS employment policy project, with the aim being to maximize policy impact, facilitate National Employment Programme implementation, and build capacity in the employment services. The experience from ETF reviews of TACIS Track III poverty alleviation projects implemented by the United Nations Development Programme will be made available for the programming of DCI poverty reduction interventions; particular focus will be placed on policies supporting a wider engagement by VET schools in local partnerships aimed at skills development among impoverished population sectors.

For the DCI economic diversification theme, the ETF approach will be to develop a dialogue with EU services so as to ensure linkage between economic diversification and education and training reform—as a key element in ensuring the availability of well-developed human resources at all qualification levels. This is particularly relevant to the light industry, processing industries, and services sectors in Kyrgyzstan.

The concept of a national qualifications framework (NQF) as a reference tool for reviewing the education and training system will be further developed with the network of stakeholders. ETF interventions will be policy-oriented, based on peer review and learning activities aimed at policy advice, analysis, and facilitation of national policy dialogue. Options will be explored for regional cooperation between the Central Asian countries—and possibly all the Newly Independent States—in the area of qualifications. For Kyrgyzstan as a provider of labour—mainly to Kazakhstan and Russia—this could bring progress in the form of improved labour allocation and transparency and recognition of qualifications.

ETF support to skills development for poverty reduction will take place through continued direct policy advice at the level of Kyrgyzstan national and regional authorities. This is aimed at ensuring that due consideration is given to skills development in national, regional and local development planning. Another issue will be to create enabling environments that enable the education and training system to play a role in poverty reduction efforts.

In support of the national VET policy learning process, in its work with stakeholder representatives the ETF will act as facilitator within the framework of the VET policy taskforce (consisting of ministry, employer association, trade unions and VET school representatives). Initiated with ETF assistance and officially established by prime ministerial decree—the taskforce has the full support of the Administration of the President of the Kyrgyz Republic. It will act as a platform for national VET policy dialogue and as the analytical and technical body responsible for developing VET reform proposals and implementation plans. It will be supervised by the Prime Minister's Office and coordinated by the Ministries of Education and of Labour. The ETF will intervene regularly as facilitator, contributing VET policy development expertise and methodological advice. By integrating two main policy concepts, namely the NQF and skills development for poverty reduction, these activities will assist in developing a national VET reform strategy linked with other education and training sectors. The ETF will also endeavour to facilitate integration between donor activities (including the large ADB project), so that practical lessons can be drawn for VET policy development and implementation. The ultimate aim will be to prepare the ground for coordinated sector-wide support by donors.

In the mid-term period, ETF activities in Kyrgyzstan will be as follows:

- To support the mainstreaming of the outcomes of the TACIS employment policy project within the National Employment Programme 2010, to contribute to building the capacity of employment services by designing EU-financed interventions, and to review their impact.
- To contribute to the HRD dimension in the DCI economic diversification project and to assist with the design and evaluation of other potential projects.
- To facilitate policy discussions on the NQF based on a broadened circle of VET stakeholders and informed VET reform, to develop an NQF strategy, and to provide methodological advice on national capacity building.
- To contribute to improved regional VET cooperation between Kyrgyzstan and neighbouring countries through regional projects, peer-learning activities and a policy advice approach coordinated across Central Asia.
- To promote the role of VET schools in skills development for poverty reduction, and—by making available experience-based guidelines—to ensure that national VET policy and poverty reduction strategies reflect this role of VET schools.
- To help integrate VET reform policies between the two responsible ministries and to develop and commence the implementation of a joint VET reform strategy by facilitating policy-learning and applying the scenarios approach
- To contribute to aid effectiveness by supporting alignment with national priorities of EU aid flows in HRD, by coordinating national capacity building with other donors, and by promoting preparations for a sector-based approach to education and training.

## **5. Work programme 2007: objectives and indicators**

ETF objectives for Kyrgyzstan for 2007 will be to review the TACIS employment policy project, to contribute to the programming of the HRD aspects of the DCI in support of economic diversification, and to assist VET reform by informing policy development and implementation processes through ETF policy advice activities. These will be achieved through four ETF projects, namely support to TACIS and the DCI project cycles, development of NQFs for Central Asia, skills development for poverty reduction, and policy learning. Support to the TACIS and DCI project cycles will aim to improve the relevance of HRD components in EU-funded interventions in the country, with the ETF providing support for definition, preparation and impact assessment. The Central Asian NQF project will aim to build a consensus among key stakeholders on the policy to be adopted concerning NQFs and to further promote regional cooperation in the area of qualifications. The skills development for poverty reduction project will aim to promote policy thinking on how to enable VET schools to provide skills development opportunities for poorer elements of the population, and to provide advice to the EU services on how to integrate skills development in TACIS Track III interventions. Finally, policy learning will aim to facilitate integrated VET policy development in collaboration between the two responsible ministries, social partners and VET practitioners.

## ETF 2007 Activities and Services in Kyrgyzstan

**ETF objectives for Kyrgyzstan:** To review the TACIS employment policy project, to contribute to the programming of HRD aspects of the DCI economic diversification project, and to assist VET reform by informing policy development and implementation processes through ETF policy advice activities.

PROJECT NUMBER	PROJECT TITLE	SPECIFIC COUNTRY OBJECTIVE Longer-term effects the project is expected to have at the country level	EXPECTED OUTCOMES Outcome = short-term and medium-term effects of an intervention's output (during or by the end of the project)	ACHIEVEMENT INDICATORS Quantitative or qualitative variables measuring achievements against expected outcomes	SOURCES OF VERIFICATION	(YEARLY) OUTPUTS Products and services resulting from activities	PROJECT DURATION
DCI 07-01	Support to TACIS and DCI project cycles	To improve relevance of HRD components in EU-funded interventions in the country through ETF support for definition and preparation, and impact assessment	DCI and Tacis interventions identified and designed  Tacis interventions reviewed and policy impact assessed	ETF contribution to the design of DCI support for economic diversification in Kyrgyzstan  Framework TACIS project supporting employment policy  End-of-project review for the Tacis employment policy project	DCI project specification  TACIS project terms of reference (TOR)  TACIS project review	ETF participation in DCI programming missions in Kyrgyzstan  ETF drafts and consultations  ETF review mission	2007-2010
DCI 07-02	NQFs in Central Asia	To build consensus among key stakeholders on policy for an NQF and to further promote regional cooperation in the area of qualifications	Basis laid for further development of sector qualification framework for tourism  Implications of the pilot sector qualifications development for a national policy on qualifications assessed	Tourism pilot framework for qualification profiles, level descriptors, and assessment principles  NQF policy paper drafted by country team	Pilot qualifications framework for tourism  Draft NQF policy paper for Kyrgyzstan	Learning outcomes /qualification profiles  Level descriptors  Assessment approaches (formal, informal, non-formal learning)  Implications for developing related VET programmes  Identification of policy issues  Review of pilot experience	2007-2008

						Draft NQF policy Consultations on draft	
DCI 07-03	Skills development for poverty reduction	To promote policy thinking on how to enable VET schools to provide skills development opportunities for poor people and become partners in poverty reduction projects, and to provide informed advice to the EU services on how to integrate skills development and VET system reform in TACIS Track III interventions.	Experience-based policy guidelines developed for VET systemic reform for increasing the responsiveness of vocational schools to local learner and enterprise skill development needs  Principles agreed for inclusion of skills development in the Poverty Reduction Strategy Paper (PRSP) and EC assistance programming and project definition	Lessons from pilot school experience  Consultation process with national authorities  Policy guidelines for increasing responsiveness of VET schools  Draft principles  Validation process	Peer review reports  Pilot school reports  Reports by local coaches  National and regional events  Draft policy guidelines  Draft principles  Conclusions of regional seminar	ETF publication  Pilot school coaching and peer reviews  Capacity building of national authorities  National seminar on policy guidelines  Validated principles for inclusion of skills development in PRSP and EC assistance in programming and project definition	2007-2008
ILP 07-04	Policy learning	To facilitate integrated VET policy development in collaboration between the two responsible ministries, social partners and VET practitioners	Joint VET policy taskforce integration of VET reform planning and implementation in both sub-sectors of VET	Prime ministerial decree establishing the taskforce  Taskforce and sub-groups discussion of issues and draft taskforce papers  Dissemination of taskforce results	Work programme of the VET policy taskforce  Drafts of working papers produced by taskforce sub-groups  Draft VET reform technical report  VET reform newsletter	Joint strategy paper by Ministries of Education and of Labour on VET reform principles  Analytical review of VET-related donor projects,  Critical issues in VET reform from the employer/trade union perspective  VET reform technical report	2007-