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# Analysis of the factors for implementation of Sustainable consumption and production and circular economy in tourism sector of Kyrgyzstan



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# Acronyms and Abbreviations

<b>CE</b>	circular economy
<b>ERE</b>	energy and resource efficiency
<b>FPRT</b>	Tourism Development Support Fund of the Kyrgyz Republic
<b>GHG</b>	greenhouse gas
<b>HoReCa</b>	hotels, restaurants, cafes
<b>IFI</b>	international financial institutions
<b>KR</b>	the Kyrgyz Republic
<b>LG</b>	local government
<b>MCISYP</b>	Ministry of Culture, Information, Sports And Youth Policy of the Kyrgyz Republic
<b>MCISYPKR</b>	Department of Tourism under the Ministry of Culture, Information, Sports and Youth Policy of the Kyrgyz Republic
<b>MECKR</b>	Ministry of Economy and Commerce of the Kyrgyz Republic
<b>MNRETS</b>	Ministry of Natural Resources, Ecology and Technical Supervision of the Kyrgyz Republic
<b>MSMEs</b>	micro, small and medium-sized enterprises
<b>PCSB</b>	Public Council of State Bodies
<b>RES</b>	renewable energy sources
<b>SCP</b>	sustainable consumption and production
<b>SDG</b>	United Nations Sustainable Development Goals
<b>UN</b>	United Nations
<b>UNECE</b>	United Nations Economic Commission for Europe
<b>UNWTO</b>	United Nations World Tourism Organisation
<b>VAT</b>	value added tax
<b>ZhK</b>	Zhogorku Kenesh

# Introduction

## Context

SWITCH-Asia is the largest sustainable consumption and production (SCP) programme supported by the European Union, involving 24 countries from Southeast Asia, South Asia, Central Asia, Mongolia, and China. The programme has been operating since 2007 and aims to integrate SCP into relevant national strategies and supports the transition to a green economy, reducing poverty and mitigating climate change. The second phase of SWITCH-Asia was launched in 2018, and in July 2019 the programme was extended to five Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. SWITCH-Asia is working to support national SCP policies through a separate SCP Facility component. The SCP Facility facilitates the coordination of all components of the programme through the exchange of information, analyses the results of pilot projects, and maintains dialogue with stakeholders.

This study was conducted by a team from the American University of Central Asia. In addition, three SWITCH-Asia grant projects in the tourism sector are being implemented in Kyrgyzstan.

Upon request by and agreement with the Ministry of Economy and Commerce of KR (MECKR) and the Department of Tourism under the Ministry of Culture, Information, Sports and Youth Policy of KR (MCISYPKR), the decision was made to support additional activities aimed at capitalising the results of the three Switch-Asia projects operating in the country, and analyse gaps, existing elements and enabling factors, including policy, legislation, and institutional capacity building, for the development of a circular economy (CE) in the tourism sector of the KR. During the preparation of this report, relevant legislative, strategic, and analytical documents and reports were studied. Also, meetings were held with all Switch-Asia grant projects, key ministries, and organisations including the civil society organisations and academic institutions working in the field of green economy and sustainable tourism.

## Concepts of Sustainable Consumption and Production and Circular Economy

### *Circular economy (CE)*

The traditional approach used in most market economies is based on a 'linear model' of the economy, and works on the principle of 'produce–use–dispose'. In this approach, business models with a focus on profit maximisation are applied, and consumer behaviour is based on wasteful consumption. This leads to the unsustainable use of natural resources, increased emissions and waste, accelerated-climate change, irreversible harm to ecosystems and a decline in biological diversity, and ultimately the linear economy threatens the world's socio-economic development.

The annual growth of the earth's population is stimulating increasing demand for resources because of the need to ensure an acceptable standard of living for the growing population. This has caused the emergence and development of the concept of the circular economy (CE) as an alternative to the linear economy. Such a model is based on the principle of 'produce–use–return to the cycle of consumption–production' and has a closed, cyclical-circular nature comparable to the cycle of substances in nature. That is, both linear and circular models of the economy have the same goal, aimed at the production of goods or services to meet development needs, but the approaches to achieving the goals have a fundamental difference.

A circular economy does not imply an ultimate end to resource extraction and production, but means that goods and services must be designed in such a way as to minimise the use of natural resources, be durable, maintainable, and reusable or recyclable. In this case, material and energy are being retained in the production and consumption systems and the linearity of the value-chain of the product or service is being changed ('switched') towards circularity.

## Sustainable production and consumption

According to the 17 United Nations (UN) Sustainable Development Goals (SDGs) adopted in 2015 as part of the 2030 Agenda for Sustainable Development, the UN member states recognise that measures to reduce poverty must be taken in parallel with efforts to increase economic growth, and must be done in parallel with the measures addressing issues in the fields of education, health, social protection and employment, climate change and protecting the environment.<sup>1</sup> Goal 12 aims to promote sustainable production and consumption patterns. According to the UN definition, this means that

*the application of a systematic approach to minimise the negative impact on the environment, including excessive use of natural resources, unacceptable levels of toxic and polluting emissions and a large amount of waste associated with the production and consumption of goods and services necessary for meeting basic human needs and implying an improvement in the quality of life. In doing so, the maximum efficiency of manufactured products and services throughout the entire life cycle must be ensured without compromising the quality of life of future generations.<sup>2</sup>*

Both CE and SCP focus on separating economic growth from resource use and, as a result, reducing environmental and social consequences. SCP is a key tool for achieving CE. In addition, the circular economy can offer a set of approaches facilitating progress towards a significant number of SDG targets.<sup>3</sup>

## Principles of circular economy in tourism

For the tourism sector, circularity implies a strategic approach in terms of minimising impact on the environment, including reduction of waste, pollution and greenhouse gas (GHG) emissions, based on the ability of the CE to decouple the dependence of economic growth on the use of resources.<sup>4</sup>

Applying CE principles to the tourism industry can contribute to business competitiveness not only because of the opportunities for innovation, differentiation and diversification of revenue streams, but also because government and investors are increasingly paying attention to the practices of enterprises in the field of environmental protection and efficient resource use.

For tourism destinations, CE offers an opportunity to enhance the impact of tourism on sustainable development, ensuring the well-being of local people through the creation of new jobs and more inclusive local value chains, thus creating closer productive relations between businesses and territories.

For tourists, the CE provides an opportunity to leave a positive mark by traveling more consciously, contributing to transforming the entire tourism ecosystem through behavioural change.

CE strategies such as resource recycling, substitutability, and resource efficiency, are achieved through innovation in materials and technologies, and through innovative strategies in business and consumption models (including consumption by private consumers, government and commercial organisations). According to the CE concept, CE strategies and innovations are applied across various stages of the life cycle – from product and service design to use, and to utilisation at the end of the product's 'first' life.

The following factors contribute to the implementation of the CE principles: appropriate governmental policy, functional markets, and investments, as well as education and development of scientific potential.<sup>5</sup> Thus, a successful transition to more sustainable tourism through the application of CE principles depends on active public–private cooperation and partnerships, intergovernmental cooperation, the effectiveness of policies and policy instruments, and funding.

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1 [www.un.org/sustainabledevelopment/en/about/development-agenda/](http://www.un.org/sustainabledevelopment/en/about/development-agenda/)

2 [www.un.org/ru/chronicle/article/22181](http://www.un.org/ru/chronicle/article/22181)

3 [www.linkedin.com/pulse/what-link-between-circular-economy-ce-sustainable-goals-einarsson/](https://www.linkedin.com/pulse/what-link-between-circular-economy-ce-sustainable-goals-einarsson/)

4 [www.unwto.org/sustainable-development/circular-economy](http://www.unwto.org/sustainable-development/circular-economy)

5 Adapted from Van Berkel, R. 2021. 'Building a Circular Manufacturing Economy', presentation at CII GreenCo 2021 Summit, 7 October 2021. <https://greenco.in/grncosummit/>

## Tasks and methodology of analysis

The purpose of this report is to analyse the institutional conditions to facilitate the introduction of SCP practices in the tourism sector of Kyrgyzstan and the transition of the sector to CE. The analysis is aimed at identifying critical gaps and opportunities in this area by summarising the experience of projects related to tourism, including under the SWITCH-Asia programme grants in the country.

The analysis is based on the following:

- Desk research of policy instruments, financial and educational practices through the collection and analysis of information from public sources of government bodies, international organisations, civil society organisations, the media and other Internet resources
- Learning from the experiences of the three SWITCH-Asia tourism-focused grants, and from other stakeholders through consultations
- Consultations with stakeholders, first during a working expert meeting on September 7, 2022, and next on October 19, 2022 during a meeting with a wider range of stakeholders (representatives of the tourism sector, educational institutions, and government bodies), both held in Bishkek

As a result of this analysis, conclusions and recommendations are provided to suggest the way forward for widespread application of the principles of CE and SCP in the tourism sector of Kyrgyzstan.

# National policy influencing the development of SCP and CE in the tourism sector

The national policy concerning the application of SCP and CE principles the tourism industry of Kyrgyzstan is reflected in the regulatory legal acts (RLA), state policy documents and statements of the country's top leadership at international fora reflecting the political will in this area.

## Regulatory framework

To date, there are a number of legal acts in KR (KR) that serve as the basis for the development of tourism and the application of the principles of SCP and CE in the tourism sector.

Below are the most important acts:

### Constitution of KR

The Constitution of KR,<sup>6</sup> as the fundamental law of the state and its highest and most forceful legislative instrument, lays the foundation for the legal regulation of natural resources and enshrines the rights of citizens to a favourable ecological environment with obligations to protect it. In particular, it contains the following main articles relating to the environment:

- Article 16, § 2: Land and natural resources are used as the basis of life and activities of the people of KR. In order to maintain a healthy ecological system and sustainable development, they are put under the control and special protection of the state.
- Article 49, § 1: Everyone has the right to environmental conditions favourable for life and health.
- Article 49, § 3: Everyone is obliged to protect and take care of the natural environment, flora and fauna.

### Codes, laws and by-laws of KR

The next acts in terms of legal force are the Codes of KR and the Laws of KR. Codes provide systemic regulation of social relations, while laws regulate the most important social relations that arise in the area under consideration.

### Water legislation

- The Water Code<sup>7</sup> is aimed at regulating the use, protection and development of water resources for guaranteed, sufficient and safe water supply to the population; environmental protection; and ensuring the rational development of the water resources of the Republic. This Code lays down the principles of integrated water resources management, which should 'promote the coordinated development and management of water and related resources in order to maximise social and economic well-being in an equitable manner without compromising the sustainability of vital ecosystems.'<sup>8</sup> In Article 63, the Code provides for government incentives and ongoing research or the development of new technologies, the creation of installations and new types of equipment aimed at reducing water consumption and preventing or reducing pollution of water resources. In addition, Article 5 of the Code lays down a system of payment for the discharge of waste and pollutants into water as for "nature use".

6 Enacted by the Law of the Kyrgyz Republic dated May 5, 2021 [cbd.minjust.gov.kg/act/view/ru-ru/112213?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/112213?cl=ru-ru)

7 Dated January 12, 2005 No. 8 [cbd.minjust.gov.kg/act/view/ru-ru/1605](http://cbd.minjust.gov.kg/act/view/ru-ru/1605)

8 United Nations Environment Programme, UNEP, [unep.org/ru/explore-topics/vodnye-resursy/nasha-deyatelnost/integrirovannoe-upravlenie-vodnymi-resursami](http://unep.org/ru/explore-topics/vodnye-resursy/nasha-deyatelnost/integrirovannoe-upravlenie-vodnymi-resursami)

- The Law of KR ‘On Water’,<sup>9</sup> regulating the relations arising in the course of using and protecting water resources, is aimed at preventing the environmentally harmful impact of economic and other activities on water bodies and water facilities and on improving their condition. According to this law, the water bodies in the territory of KR are subject to protection from pollution, littering and depletion, which can harm the health of the population, lead to a decrease in fish stocks, deteriorate water supply conditions, and cause other adverse phenomena due to changes in the physical, chemical and biological properties of water, reducing its ability for natural purification and reproduction, and causing perturbation in the hydrological and hydrogeological regime. The law provides for an economic mechanism for ensuring the protection of water-related facilities by compensating water users for damage caused to water bodies, water facilities or the environment. In addition, the said Law stipulates incentives in the form of tax benefits to water users for the introduction of water-saving technologies and the implementation of other effective environmental measures. There are also penalties in the form of increased water-use tariffs when water users exceed the planned indicators/levels for their volume of water use.

## Energy legislation

- The Law of KR ‘On Energy’<sup>10</sup> determines the basic principles for the organisation and regulation of economic activity in the fuel and energy sector.
- The Law of KR ‘On the Electricity Sector’ is aimed at ensuring a reliable, safe and uninterrupted supply of electricity, heat and improving the quality of services provided to all consumers, creating a competitive environment and development of the energy market, encouraging the development of the private sector and attracting investments.
- The Law of KR ‘On Energy Saving’<sup>11</sup> establishes legal norms for implementing the state policy for increasing energy efficiency as well as legal norms for the creation and functioning of institutional, economic and information mechanisms for the implementation of this policy, and aims to improve energy efficiency in the production, transmission and distribution of energy. This law includes a number of important provisions to create an effective institutional and regulatory framework promoting energy efficiency. However, the mechanisms for implementing the norms of the law have not been finalised, in particular the rules and procedures governing the energy efficiency of projects for the development of economic sectors (Article 10) and the creation of funds for energy conservation and energy technology development (Article 20).
- The Law of KR ‘On Renewable Energy Sources’ regulates the legal, organisational, economic and financial relations of the state, producers, suppliers and consumers of renewable energy sources, equipment for production, and installations for the use of renewable energy sources. The law prescribes a number of stimulating measures for producers and consumers of electricity and heat produced using renewable energy sources, including tax cuts, exemptions from customs duties, payments, and the provision of favourable loans from the state. The law also provides incentives facilitating the connection of users of renewable energy facilities to the electricity and/or heat networks. These incentives include connecting producers of gas and renewable fuels in the gaseous state to the gas and heat networks, and producers of liquid biofuels to the fuel sales system. In addition, the law provides for the financing of scientific and technical research aimed at the development and use of renewable energy sources at the expense of the republic’s budget from the state budget.
- The Law of KR ‘On the Energy Efficiency of Buildings’ is aimed at promoting the improvement of the energy efficiency of buildings, taking into account the improvement of the microclimate, cost efficiency, reducing the consumption (use) of energy and minimisation of GHGs. The law recognises the support and stimulation of measures to improve the energy efficiency of buildings as one of the principle activities regarding energy efficiency of buildings.

<sup>9</sup> January 14, 1994 No. 1422-XII, [cbd.minjust.gov.kg/act/view/ru-ru/729/50?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/729/50?cl=ru-ru)

<sup>10</sup> Dated October 30, 1996 No. 56, <http://cbd.minjust.gov.kg/act/view/ru-ru/663>

<sup>11</sup> Dated July 7, 1998 No. 88.

According to the United Nations Economic Commission for Europe (UNECE) analytical reports<sup>12</sup> and International Bank for Reconstruction and Development (IBRD)<sup>13</sup> most of these laws are outdated and the regulatory legal framework for energy efficiency is incomplete (e.g. there is a lack of standards for energy efficient appliances and materials, building codes are not voluntary, etc.).

### Legislation on waste management

- The Law ‘On Waste from Production and Consumption’<sup>14</sup> regulates relations regarding waste management from production and consumption activities and is aimed at helping to prevent the impact of waste streams on the environment and human health during handling, as well as maximising their return to the production and consumption cycle in the form of additional sources of raw materials. According to the report of the State Agency for Environmental Protection and Forestry under the Government of KR ‘Legal Analysis and Assessment of the Current System of State Waste Management in KR’ (2018), this law does not meet modern requirements, as it does not provide for a systematic management that covers the entire waste management cycle. Neither does it offer mechanisms for economic regulation stimulating enterprises in the implementation of environmental, resource-saving and low-waste technologies, and it does not oblige manufacturers and importers of products to conduct safe disposal at the end of a product’s life.
- The Law of KR ‘General technical regulations for ensuring environmental safety in KR’<sup>15</sup> establishes general requirements for ensuring environmental safety in the design of enterprises and during their activities of production, storage, transportation and disposal.
- In the Decree of the Government of KR dated August 5, 2015 No. 559, the procedure for handling production and consumption waste in KR<sup>16</sup> regulates all issues related to the waste production and management activities of organisations and individuals, regardless of their organisational or legal form. This decree also establishes environmental requirements for waste disposal and waste disposal facilities, and determines the procedure for developing draft standards for waste generation and setting limits for its disposal.

### Tourism legislation

- The Law of KR ‘On Tourism’<sup>17</sup> determines the legal, economic, social and organisational foundations of tourism and activities in this area, and is aimed at fulfilling the rights of citizens to rest, leisure and the development of entrepreneurial activity. The law provides for liability for non-compliance with the requirements for environmental safety and protection of historical and cultural monuments in the design, placement, construction and reconstruction of tourist facilities, and establishes compensation for damage caused by the subjects of tourism activities in accordance with the legislation of KR.

However, due to the fact that this Law is not up-to-date, nor does it meet modern standards and requirements for the development of the tourism industry<sup>18</sup> or the recommendations of the United Nations World Tourism Organisation (UNWTO), a new draft Law of KR ‘On Tourism’ was developed, which in February 2022 was published for public discussion on the website of the KR Cabinet of Ministers gov.kg, a single portal for public discussion of draft RLAs of KR<sup>19</sup> koomtalkuu.gov.kg, as well as on the website of the Department of Tourism under the ICISMP KR tourism.gov.kg.

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12 The report ‘Analysis of the gaps between the objectives of the Framework Guidelines for Building Energy Efficiency Standards and the implementation of existing building energy efficiency standards in the Kyrgyz Republic’, prepared and published within the framework of the project ‘Strengthening National Capacity for the Development and Implementation of Energy Efficiency Standards for Buildings in the UNECE Region’ with the support of UNECE, May 2021, [unece.org/sites/default/files/2021-07/National\\_Study\\_for\\_Kyrgyzstan\\_RUS\\_1.pdf](https://unece.org/sites/default/files/2021-07/National_Study_for_Kyrgyzstan_RUS_1.pdf)

13 ‘Roadmap for the implementation of measures to improve energy efficiency in public buildings of the Kyrgyz Republic’, IBRD, April 2019, [documents1.worldbank.org/curated/ru/987801560494764248/pdf/Roadmap-for-Implementation-of-Energy-Efficiency-in-Public-Buildings-of-Kyrgyz-Republic.pdf](https://documents1.worldbank.org/curated/ru/987801560494764248/pdf/Roadmap-for-Implementation-of-Energy-Efficiency-in-Public-Buildings-of-Kyrgyz-Republic.pdf)

14 Dated November 13, 2001 No. 89, <http://cbd.minjust.gov.kg/act/view/ru-ru/924>

15 Dated May 8, 2009 No. 151, <http://cbd.minjust.gov.kg/act/view/ru-ru/202693>

16 Approved by the Decree of the Government of the Kyrgyz Republic dated August 5, 2015 No. 559

17 Dated March 25, 1999 No. 34, [cbd.minjust.gov.kg/act/view/ru-ru/201](http://cbd.minjust.gov.kg/act/view/ru-ru/201)

18 The last editorial changes were made on December 5, 2013

19 [koomtalkuu.gov.kg/ru/view-npa/1478](http://koomtalkuu.gov.kg/ru/view-npa/1478)

## Legislation on environmental protection

- The Forest Code<sup>20</sup> regulates relations regarding the protection and reproduction, and the rational and sustainable use of forests, both those included and not included in the state forest fund, as well as the use of forest fund lands not covered with forest vegetation.
- The Land Code<sup>21</sup> regulates land relations in KR, the legal grounds for the emergence, and the procedure for exercising and terminating rights to land and their registration, and is also aimed at creating land-market relations in the conditions of state, municipal and private ownership of land and the rational use of land and its protection.
- The Budget code<sup>22</sup> establishes the basis for the legal regulation of relations between participants in the budget processes that arise in the course of the public finance management – the formation, consideration, approval, clarification and execution of budgets.
- The Civil Code<sup>23</sup> determines the legal status of participants in civil circulation, the grounds for the emergence and procedure for exercising the right of ownership and other property rights, rights to the results of intellectual activity and equated means of individualisation (intellectual property), regulates contractual and other obligations, as well as other property and related personal non-property relations. The participants of relations regulated by this legislation are citizens, legal entities and the state.
- The Criminal Code<sup>24</sup> is aimed at protecting the rights and freedoms of the individual, property, public order, society, the state, the environment, the constitutional order of the KR from criminal encroachments, ensuring the peace and security of people, preventing crimes and restoring justice violated by crimes. With respect to environmental protection, the code provides for criminal liability for crimes against environmental safety and the natural environment.
- The Code of Offenses<sup>25</sup> is directed towards legal support for the protection of the rights, freedoms and interests of a person and a citizen, the interests of legal entities, public and state interests, environmental protection, and public administration order from unlawful encroachments. It provides for liability for offenses against the order of management by ensuring environmental, sanitary-epidemiological, veterinary and phytosanitary, radiation safety and environmental protection carried out on the territory of the republic.
- The Code ‘On non-tax income’<sup>26</sup> governs relations on the establishment, implementation and collection of non-tax revenues arising in the process of exercising control over the accrual and payment of non-tax revenues, as well as on appealing against decisions of authorised bodies, actions and/or inaction of their employees. In this context, the Code provides for fees for: environmental pollution, garbage disposal, use of natural objects of flora and fauna, mushrooms and the state forest fund, use of water resources and water bodies, use of pasture lands; and fines and compensation for damage caused to objects of the animal, plant world, mushrooms and the state forest fund.

In order to reduce emissions of greenhouse gases and air pollutants from vehicles, the Code provides incentives (Article 50). In particular, owners of vehicles with electric motors are exempted from paying the registration/re-registration fee. Also, for registration/re-registration of a hybrid vehicle that uses more than one energy source, a discount of 50% for the vehicle registration fee is provided.

- Tax Code of KR<sup>27</sup> regulates relations arising in the process of taxation of individuals and legal entities. It provides for the following tax incentives aimed at stimulating the development of a green economy:
  - income tax benefits for new producers of electricity and heat, fuels obtained as a result of the use of renewable energy sources for 5 years from the date of commissioning of the property of power plants based on the use of renewable energy sources (Article 239. § 10)

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20 Dated July 8, 1999 No. 66, [cbd.minjust.gov.kg/act/view/ru-ru/10?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/10?cl=ru-ru)

21 Dated June 2, 1999 No. 45, [cbd.minjust.gov.kg/act/view/ru-ru/8?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/8?cl=ru-ru)

22 Dated May 16, 2016 No. 59, [cbd.minjust.gov.kg/act/view/ru-ru/111338?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/111338?cl=ru-ru)

23 Dated May 8, 1996 No. 15, [cbd.minjust.gov.kg/act/view/ru-ru/4](http://cbd.minjust.gov.kg/act/view/ru-ru/4)

24 Dated October 28, 2021 No. 127, [cbd.minjust.gov.kg/act/view/ru-ru/112309](http://cbd.minjust.gov.kg/act/view/ru-ru/112309)

25 Dated October 28, 2021 No. 128, [cbd.minjust.gov.kg/act/view/ru-ru/112306](http://cbd.minjust.gov.kg/act/view/ru-ru/112306)

26 Dated August 10, 2018 No. 90, [cbd.minjust.gov.kg/act/view/ru-ru/111820](http://cbd.minjust.gov.kg/act/view/ru-ru/111820)

27 Law of the Kyrgyz Republic dated January 18, 2022 No. 4, [cbd.minjust.gov.kg/act/view/ru-ru/112340](http://cbd.minjust.gov.kg/act/view/ru-ru/112340)

- exemption from value added tax (VAT) for the supply of technologies, equipment and their components that meet the requirements of energy and resource efficiency (ERE). The list is determined by the Cabinet of Ministers of KR (Article 284. § 1).
- Exemption from VAT for imported goods, equipment and their components (Article 297. § 22) that meet the requirements of the ERE, the list of which is determined by the Cabinet of Ministers of KR
- Exemption from VAT for imported specialised goods and equipment intended for the construction of power plants based on the use of renewable energy sources (Article 297. § 20); to date, the list contains 30 items of specialised goods and equipment intended for the construction of wind, solar and small hydroelectric power plants.<sup>28</sup>
- Exemption from paying tax in the amount of 50% of the amount of property tax due for payment of buildings, premises and structures that meet the requirements for ERE, determined by the Cabinet of Ministers (Article 409. § 2).

However, the above tax incentives are not being fully applied at the moment, since the relevant by-laws have not been approved. At the moment, a list of imported and manufactured equipment and technologies in the territory of KR that meet the standards and requirements of the ERE has been developed for subsequent approval by the Cabinet of Ministers of KR for their exemption from VAT. The list was developed by the Green Alliance of Kyrgyzstan<sup>29</sup> with the support of the Kyrgyz-German-Swiss programme of the German Society for International Cooperation (GIZ) and the Ministry of Economy and Commerce within the framework of the project 'Green Economy and Sustainable Development of the Private Sector in Kyrgyzstan'.

- The Law of KR 'On Public Procurement'<sup>30</sup> regulates relations arising in the process of public procurement and establishes procedure. In this Law, the concept of 'sustainable public procurement' is defined as 'a process in which the procuring entity/purchasing centre must assess the benefits not only for the organisation, but also for society, while minimising environmental damage. When assessing the cost, the cost of the life cycle of products is taken into account.

According to the Law, the procuring entity/purchasing centre must provide the supplier with procurement documentation containing information on the conditions and procedure for conducting procurement. The procurement documentation, among other things, must contain requirements relating to environmental protection. Suppliers must confirm with relevant documents the compliance of the supplied goods, work and/or services with the requirements of the processes of production, storage, transportation, sale, operation, disposal to eliminate the risk of harm to the life and health of individuals, the environment, including the life and health of animals and plants, property of individuals and legal entities, state and municipal property, based on the legislation of KR (Article 12, §13).

However, it is important to note that this Law does not regulate purchases carried out by state and municipal enterprises, or joint-stock companies, where 50% or more of the share in the authorised capital belongs to the state, including their subsidiaries.

In addition, the Law provides for preferences for goods of local origin, prohibitions and restrictions on the admission of foreign goods in order to protect the country's domestic market, development of the national economy, and support for local producers. Such preferences and prohibitions may be established by decisions of the Cabinet of Ministers. There are no other preferences regarding the application of SCP principles.

Legislation regarding public procurement needs to be further improved to comply with international standards of the green economy through the adoption of relevant by-laws containing:

<sup>28</sup> [cbd.minjust.gov.kg/act/view/ru-ru/158971?cl=ru-ru#pr](http://cbd.minjust.gov.kg/act/view/ru-ru/158971?cl=ru-ru#pr)

<sup>29</sup> [www.facebook.com/greenalliance.kg/posts/pfbidOnD4cjGTRSDRUySgPXuZuWvE96wLF3ySTtSKn81emdQkqS6tnUcusdkobEzApRmg2l](https://www.facebook.com/greenalliance.kg/posts/pfbidOnD4cjGTRSDRUySgPXuZuWvE96wLF3ySTtSKn81emdQkqS6tnUcusdkobEzApRmg2l)

<sup>30</sup> Dated April 14, 2022 No. 27, [cbd.minjust.gov.kg/act/view/ru-ru/112361](http://cbd.minjust.gov.kg/act/view/ru-ru/112361)

- incentive norms for granting priority in public procurement to products or services of business entities that apply the principles of SCP and CE.
  - clear criteria for the selection of goods and services that comply with SCP requirements
- The Law of KR 'On ratification of the Paris Agreement on the United Nations Framework Convention on Climate Change, signed on December 12, 2015 in the city of Paris'.<sup>31</sup> Under the Paris Agreement, participating countries commit themselves to reduce their emissions and work together to adapt to the impacts of climate change, and to strengthen these commitments over time. By ratifying this agreement, KR reaffirmed its commitment to transparently to provide the UN with information on the climate in the country, develop and implement a national plan to combat climate change, and to make efforts towards obtaining international financial support for climate goals.
  - The Law of KR 'On Environmental Protection'<sup>32</sup> determines policy and regulates legal relations regarding nature management and environmental protection in KR. It establishes measures to ensure environmental protection, the types and procedure for approving environmental quality standards and the general framework for the use of natural resources. Also, this law defines environmental requirements for economic and other activities, the competence of state bodies, the powers of public associations, the rights and obligations of citizens, users of natural resources with respect to environmental protection, responsibility for environmental offenses, etc.
  - The Law of KR 'On Specially Protected Natural Territories'<sup>33</sup> regulates relations arising in the process of organisation, management, protection and use and control over specially protected natural areas for the conservation of unique natural complexes and objects, natural landmarks, the genetic biodiversity resources of the flora and fauna, the study of natural processes in the biosphere and control over changes.
  - The Law of KR 'On the sustainable development of the ecological and economic system Issyk-Kul'<sup>34</sup> regulates relations related to the conservation, use and sustainable development of the ecological and economic system Issyk-Kul.<sup>35</sup>
  - The Law of KR 'On the Protection of Atmospheric Air'<sup>36</sup> is aimed at protecting the atmospheric air, provides for measures to prevent and reduce harmful physical effects on the atmosphere that have adverse consequences for the population and the environment, as well as to ensure environmental safety in the country.
  - The Law of KR 'On Biosphere Territories'<sup>37</sup> determines the legal basis for the creation and functioning of biospheric territories in the republic in order to maintain a sustainable balance of biological diversity, economic development and protection of relevant cultural values.
  - The Law of KR 'On mountainous territories of KR'<sup>38</sup> regulates relations arising in the course of the conservation and use of natural resources in mountain areas, and is aimed at restoring and protecting mountain areas.
  - The Law of KR 'On Pastures'<sup>39</sup> regulates relations arising in the process of managing the use of pastures.
  - The Law of KR 'On production and consumption wastes'<sup>40</sup> regulates relations arising in the process of generation, collection, storage, use, neutralisation, transportation and disposal of the production and consumption waste, the public administration and supervision and the control of waste management. It is aimed at helping to prevent the negative impact of production and consumption waste on the environment and human health when handling them, as well as maximising their re-use in a circular economy as an additional source of raw materials.

31 Dated November 11, 2019 No. 125, [cbd.minjust.gov.kg/act/view/ru-ru/111972](http://cbd.minjust.gov.kg/act/view/ru-ru/111972)

32 Dated June 16, 1999 No. 53, [cbd.minjust.gov.kg/act/view/ru-ru/218](http://cbd.minjust.gov.kg/act/view/ru-ru/218)

33 Dated May 3, 2011 No. 18, [cbd.minjust.gov.kg/act/view/ru-ru/203262](http://cbd.minjust.gov.kg/act/view/ru-ru/203262)

34 Dated August 13, 2004 No. 115, [cbd.minjust.gov.kg/act/view/ru-ru/1514](http://cbd.minjust.gov.kg/act/view/ru-ru/1514)

35 See <https://www.adb.org/sites/default/files/project-document/62284/41548-kgz-dpta-v5-semp.pdf>

36 Dated June 12, 1999 No. 51, [cbd.minjust.gov.kg/act/view/ru-ru/216](http://cbd.minjust.gov.kg/act/view/ru-ru/216)

37 Dated June 9, 1999 No. 48, [cbd.minjust.gov.kg/act/view/ru-ru/213?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/213?cl=ru-ru)

38 Dated November 1, 2002 N 151, [cbd.minjust.gov.kg/act/view/ru-ru/1108/30?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/1108/30?cl=ru-ru)

39 Dated January 26, 2009 No. 30, [cbd.minjust.gov.kg/act/view/ru-ru/202594](http://cbd.minjust.gov.kg/act/view/ru-ru/202594)

40 Dated November 13, 2001 No. 89, [cbd.minjust.gov.kg/act/view/ru-ru/924](http://cbd.minjust.gov.kg/act/view/ru-ru/924)

- The Law of KR ‘On the procedure for conducting inspections of business entities’<sup>41</sup> determines the procedure for conducting inspections of business entities by authorised bodies and protecting the rights of business entities from illegal interference in their activities.
- The Law of KR ‘On Environmental Expertise’<sup>42</sup> is aimed at preventing the impact of possible negative consequences of the planned activity on public health and the environment, as well as assessing the compliance of the planned activity with the requirements of environmental legislation.
- The Law of KR ‘On Public Health’<sup>43</sup> aims to improve the health of the population by increasing access to public health services, and promoting the protection and promotion of the health of society as a whole.
- Other laws and by-laws adopted in pursuance of the laws of KR, such as Decrees of the President of KR, resolutions, decisions and other acts of the Jogorku Kenesh of KR, the Cabinet of Ministers of KR, LSG. For example, the Decree of the Government of KR ‘On approval of the rules for the development of the resort and recreational zone of Lake Issyk-Kul’ dated October 2, 2007 No. 445, Decree of the President of KR ‘On measures to ensure environmental safety and climate sustainability of KR’ dated March 19, 2021 No. 77 and others.

The main RLAs discussed above generally reflect Kyrgyzstan’s commitment to maintaining environmental sustainability and combating climate change. The provisions of these national adaptation plans (NAPs) serve as a basic condition for the initial stage of the development of a green and circular economy in the tourism sector. The presence of incentives in tax legislation and legislation on non-tax revenues provides conditions for stimulating further development of SCP and CE in the tourism and other sectors of the economy.

As noted in Table 1, the current legislation of KR contains stimulating norms that, to a certain extent, contribute to the application of the principles of CE in the tourism industry by increasing the efficiency in the use of energy and water resources and by replacing non-renewable energy resources with less environmentally harmful resources. However, the recycling of materials for waste minimisation is poorly regulated and there are no incentive regulations in place as yet for recycling.

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41 Dated May 25, 2007 No. 72, [cbd.minjust.gov.kg/act/view/ru-ru/202105](http://cbd.minjust.gov.kg/act/view/ru-ru/202105)

42 Dated June 16, 1999 No. 54, [cbd.minjust.gov.kg/act/view/ru-ru/219](http://cbd.minjust.gov.kg/act/view/ru-ru/219)

43 Dated July 24, 2009 No. 248, [cbd.minjust.gov.kg/act/view/ru-ru/202630?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/202630?cl=ru-ru)

**Table 1. Existence of Legislative Regulations Facilitating the Application of CE and SCP Principles**

Legislation	Circular Resource Strategies			Notes
	Resource Efficiency	Recycling	Substitutability	
<b>WATER</b> 1. Water Code of KR 2. Law of KR 'On Water' 3. Other laws and regulations governing water relations	✓			These laws provide for tax incentives for the introduction of water-saving technologies and the implementation of other effective environmental measures, as well as in the form of an increase in the size of tariffs for water-use fees in case water users exceed the planned indicators for the volume of water use.
<b>ENERGY</b> 1. Law of KR 'On Renewable Energy Sources' 2. On the energy efficiency of buildings 3. Law of KR 'On Energy Saving' 4. Other laws and regulations governing relations arising in the process of energy supply and consumption	✓		✓	Measures are envisaged for: <ul style="list-style-type: none"> <li>energy conservation to orient the management, scientific, technical and economic activities of organisations towards the efficient use and saving of energy resources.</li> <li>the use of resources based on RES</li> </ul>
<b>WASTE MANAGEMENT</b> 1. Law of KR 'On production and consumption waste' 2. The procedure for handling production and consumption waste in KR <sup>44</sup> 3. Law of KR 'On Environmental Protection' 4. Other legal acts regulating relations arising in the course of waste management				There are no regulations that encourage the recycling of materials
<b>TOURISM</b> Law of KR 'On Tourism'				There are no stimulating norms for the subjects of the tourism industry
<b>GENERAL FOR CE AND GREEN ECONOMY</b>	✓		✓	Fee benefits for registration/re-registration of vehicles with an electric motor and hybrid vehicles.  Property tax benefits (buildings, premises and structures) that meet ERE requirements

<sup>44</sup> Approved by the Decree of the Government of the Kyrgyz Republic dated August 5, 2015 No. 559, [cbd.minjust.gov.kg/act/view/ru-ru/98205?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/98205?cl=ru-ru)

During the study of the legal acts, reports of state bodies, civil society organisations and international organisations as well as during consultations with representatives of SWITCH-Asia projects,<sup>45</sup> and reports from public online sources, it became evident that today there are the following shortcomings in the legislation that hinder the development of SCP and CE in the tourism sector:

- **Imperfect legislation**, mainly in the form of outdated laws, and in particular:
  - current sanitary and epidemiological rules and regulations approved by the Decree of the Government of KR<sup>46</sup> 'On approval of acts in the field of public health' are outdated,
  - 'Construction standards of KR'<sup>47</sup> do not meet the requirements of ERE,
  - the Law of KR 'On Tourism' does not meet the principles of SCP,
  - legislation with respect to waste management and other legal acts do not meet the modern realities of tourism development and the principles of SCP and CE.

There is a need for a comprehensive analysis of legal acts in the area under consideration for compliance with these principles.

- The absence of specific mechanisms for the implementation of legislative acts and insufficient funding for the adopted RLAs with respect to environmental protection and biodiversity conservation, taxation and other areas have led to a situation in which the laws are not implemented at the proper level.
- **Weak enforcement of laws**, for example, the Decree of the President of KR 'On Urgent Measures to Preserve the Ecology of Lake Issyk-Kul' notes that, in essence, no one controls the legislation on the preservation of the ecology of Issyk-Kul and RLA, which regulates the maintenance and conditions of urban development and arrangement of the territory of the Issyk-Kul biosphere zone. In this regard, from January 1, 2023, it is prohibited to operate in the resort and recreational zone of the Issyk-Kul region of recreation, health improvement, tourism facilities, regardless of the form of ownership and departmental affiliation, that are not provided with engineering communications and facilities (water intake, water supply, sewerage network, sewage pumping station and treatment facilities). Also, such entities are not allowed to issue a passport on readiness for operation for the next holiday season.
- **Limited or no incentives** for the widespread application of the principles of SCP and CE. For example, limited or absent tax incentives, the lack of incentives for the processing and reuse of materials and other mechanisms that affect the transition to CE.

## Strategies and programmes

The strategic framework, main directions and activities resulting from the adoption of managerial decisions regarding application of the principles of 'green economy' and sustainable development in the tourism industry are covered in the country's policy documents.

- The National Development Strategy of KR for 2018–2040 was approved by Decree of the President of KR dated October 31, 2018 N 221.<sup>48</sup> This strategy notes the desire of KR to achieve the UN SDGs. According to the National Voluntary Review of the SDGs in KR, this strategy provides opportunities for sustainable economic and social development through the creation of favourable conditions for the development of digitalisation, entrepreneurship and the use of innovative and environmentally friendly technologies for current and future generations. This strategy notes the focus of state policy on the creation of a favourable environment for human life, the rational use of natural resources for socio-economic development and the preservation of the unique ecosystems of KR. The sustainable development of tourism is recognised as one of the priority sectors of development.

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45 The consultation meeting took place on September 7, 2022 in Bishkek at the conference hall of the American University of Central Asia.

46 Dated April 11, 2016 No. 201, [cbd.minjust.gov.kg/act/view/ru-ru/98479](http://cbd.minjust.gov.kg/act/view/ru-ru/98479)

47 Approved and put into effect by the order of the State Agency for Architecture, Construction, Housing and Communal Services under the Government of the Kyrgyz Republic dated March 24, 2020 No. 39-npa).

48 [cbd.minjust.gov.kg/act/view/ru-ru/430002](http://cbd.minjust.gov.kg/act/view/ru-ru/430002)

- National Development Programme of KR until 2026,<sup>49</sup> in which one of the main principles of the programme regards the need to focus the limited resources of the country on priority areas such as agriculture, hydropower, tourism, mining and light industry. At the same time, the importance of introducing efficiency programmes and the rational use of strategic resources is emphasised. Strict environmental protection in the interests of the local communities and the country's tourism industry, taking into account the assessment of the natural recreational capacity of tourist and recreational zones, is defined as the main principle on which the development of the tourism sector should be based. The plan is to modernise the basic components of the tourism infrastructure and bring them into line with international environmental standards.

In order to implement this programme, an Action Plan was adopted by the Cabinet of Ministers of KR,<sup>50</sup> which provides for a number of activities to apply the principles of sustainable development and green economy in various sectors of the economy. In terms of ecology and tourism, the action plan covers measures to preserve the sustainability of the environment and combat climate change, develop sustainable tourism, green transport, renewable energy sources and energy efficiency, waste management, stimulate the implementation of the principles of the green economy in the activities of SMEs, local communities and others.

According to the Decree of the Cabinet of Ministers of the KR on the approval of this plan, control over the execution of this Decree is entrusted to the Department for Controlling the Execution of Decisions of the President and the Cabinet of Ministers of the Administration of the President of the KR. The National Development Programme of KR until 2026 prescribes a quarterly discussion of the implementation progress at the level of the Cabinet of Ministers.

At the moment, no reports on the implementation of the action plan have been found in public sources, while the development programme under discussion recognises such principles as accountability and openness as one of the foundations of the executive power reform model.

- The concept of green economy in KR, 'Kyrgyzstan is a country of green economy'<sup>51</sup> was approved by the Resolution of the Jogorku Kenesh of KR on June 28, 2018, in order to reduce the negative impact of environmental pollution. This concept defines the main directions for the transition to a green economy in diverse sectors of the Kyrgyz economy. One of these sectors is the 'Protection of biological diversity' (§ 7 of the Concept), in which promoting the development of sustainable forms of tourism (ecological, rural, ethnic) is planned, taking into account the tourist capacity of natural areas.
- In 2019 the Green Economy Development Programme in KR for 2019–2023<sup>52</sup> and the action plan for its implementation<sup>53</sup> in order to introduce green economy approaches in the development of priority sectors of the country were adopted. The main goal of the Programme is to create the foundations for the introduction of green economy approaches in the development of priority sectors of the country. To achieve this goal, tasks are defined for such components as:
  1. Stable natural ecosystems
  2. Priority areas for the development of the green economy in KR
  3. Sustainable public procurement
  4. Capacity Building and Awareness

According to this programme, tourism is one of the priority areas of the state economic policy, and the concept of 'sustainable tourism' is recognised as one of the priority areas for the development of the green economy. To this end, the Programme sets tasks such as ensuring the development of the legal and institutional environment for the transition to sustainable tourism, the development and implementation of tools, mechanisms for stimulating and supporting the transition to sustainable

49 Decree of the President of the Kyrgyz Republic dated October 12, 2021 No. 435, [cbd.minjust.gov.kg/act/view/ru-ru/430700?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/430700?cl=ru-ru)

50 Decree of the Cabinet of Ministers of the Kyrgyz Republic dated December 25, 2021 No. 352 'On approval of the Action Plan of the Cabinet of Ministers of the Kyrgyz Republic for the implementation of the National Development Programme of the Kyrgyz Republic until 2026'.

51 [cbd.minjust.gov.kg/act/view/ru-ru/83126](http://cbd.minjust.gov.kg/act/view/ru-ru/83126)

52 [cbd.minjust.gov.kg/act/view/ru-ru/453438?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/453438?cl=ru-ru)

53 The action plan for the implementation of the Green Economy Development Programme in the Kyrgyz Republic for 2019–2023, approved by the Decree of the Government of the Kyrgyz Republic dated November 14, 2019 No. 605, [cbd.minjust.gov.kg/act/view/ru-ru/453437](http://cbd.minjust.gov.kg/act/view/ru-ru/453437)

tourism, stimulating the development of sustainable tourism in the regions through zoning, branding regions, and capacity-building and the development of small infrastructure.

During the consultation<sup>54</sup> with a representative of the Ministry of Economy and Commerce of KR, responsible for the formation of a report on the implementation of the action plan for the implementation of this programme, it became known that some of the planned activities were not fully implemented due to the COVID-19 restrictions, as well as the events that took place in Kyrgyzstan in October 2020. A search in public sources for a report on the implementation of the specified action plan did not yield any results. Through a telephone request, a report was received on the implementation of the action plan for the first quarter of 2022.

In addition to all of the above, sustainable public procurement is recognised as one of the main and most effective mechanisms for the implementation of the programme. In this regard, this programme aims to increase the share of sustainable public procurement to 30% by 2023, to 50% by 2040. However, it should be taken into account that with the adoption of amendments to the Law of KR 'On Public Procurement' in 2022, purchases made by state and municipal enterprises, joint-stock companies, where 50% or more of the share in the authorised capital belongs to the state including their subsidiaries, are excluded from the scope of this Law. According to the appeal of civil society representatives published in the media,<sup>55</sup> the annual volume of purchases carried out by such state and municipal enterprises, joint-stock companies reaches about 38.5% of the total volume of public purchases in the country.

In order to promote the development of environmental certification within the framework of the action plan for the implementation of this programme, it was planned to determine priority lists of priority goods and services for procurement by the state according to sustainable criteria in the following terms: Stage 1 – 2022, Stage 2 – until 2025, Stage 3 – until 2040, IV quarter – 2023. According to the Ministry of Economy and Commerce of the Kyrgyz Republic (MEC) report on the implementation of this plan, a draft resolution of the Cabinet of Ministers of KR 'On the introduction of sustainability principles in the public procurement process' was developed, in which the first five groups of goods were selected. In connection with the reform of public procurement, this draft resolution is at the stage of coordination with the ministries and state committees. In addition, regulatory legal acts regulating the mechanisms for considering suppliers' proposals for goods are planned.

- The tourism development programme for 2019–2023<sup>56</sup> prescribes the main tasks that must be solved for the development of the tourism industry. The programme notes the focus: 'first of all, on improving the standard of living of the population and the realisation of its opportunities, on the sustainability and reproduction of the environment, on expanding the diversity of cultural forms of life on the ground.' However, the action plan for the implementation of this programme does not provide for actions that sufficiently create conditions for the active application of SCP principles for business entities in the tourism sector.
- The concept of development of the forest industry of KR for the period up to 2040 defines the sustainable management of forests to ensure the economic well-being of the people, social well-being, environmental safety and a favourable environment for the life of citizens of KR.<sup>57</sup>
- Speech by the President of KR at the Summit of World Leaders of the 26th Conference of the Parties to the UN Framework Convention on Climate Change on November 2, 2021, declaring that Kyrgyzstan remains committed to the spirit and goals of the Paris Agreement and sets a goal to reduce greenhouse gas emissions by 44% by 2030. Also, the President of KR expressed 'the intention to gradually implement projects for the construction of small and medium-sized hydroelectric power plants in order to completely transfer the industrial sector and the housing and communal services sector to electricity instead of carbon energy carriers, primarily coal and fuel oil.'<sup>58</sup>

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54 Meeting with representatives of SWITCH-Asia projects, organized on September 7, 2022 in Bishkek on the premises of the American University of Central Asia.

55 Media Policy Institute, [media.kg/news/korrupczionnye-riski-k-sadyru-zhaparovu-obratilis-iz-za-novshestv-v-sfere-goszakupok/](https://media.kg/news/korrupczionnye-riski-k-sadyru-zhaparovu-obratilis-iz-za-novshestv-v-sfere-goszakupok/)

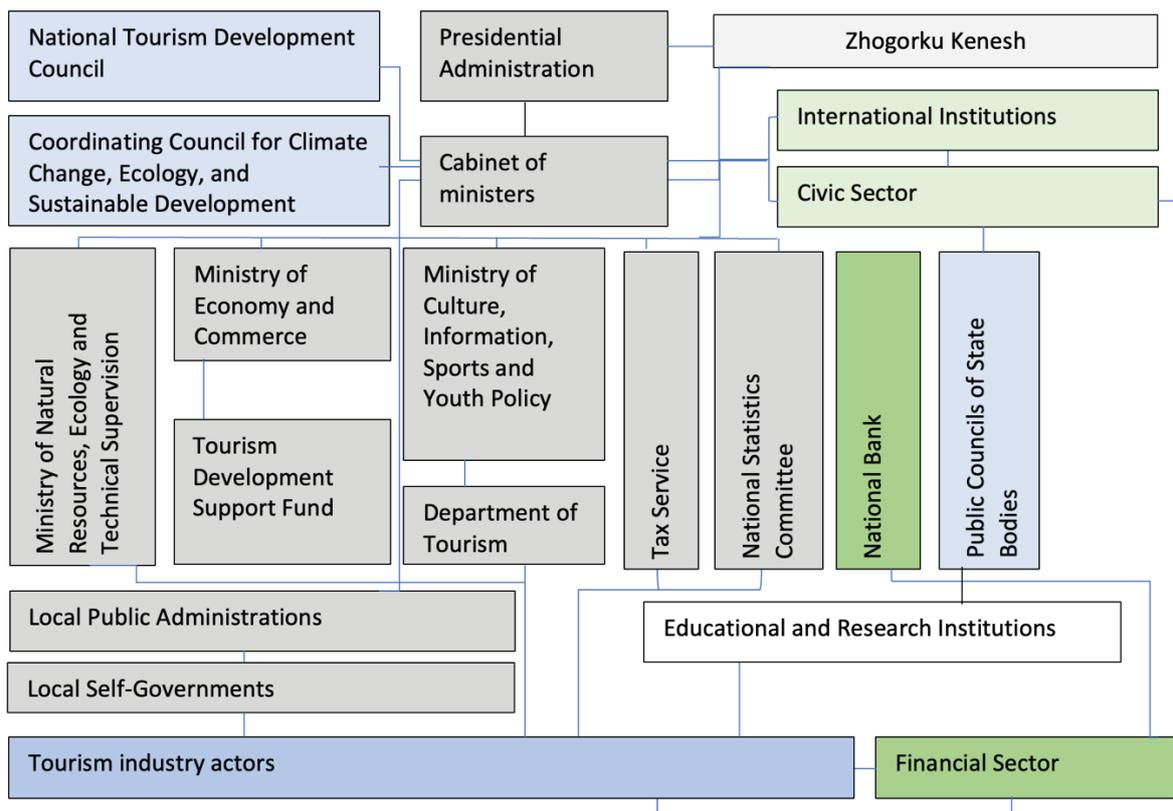
56 Approved by the Decree of the Government of the Kyrgyz Republic dated January 31, 2019 N 36, [cbd.minjust.gov.kg/act/view/ru-ru/12942?cl=ru-ru](https://cbd.minjust.gov.kg/act/view/ru-ru/12942?cl=ru-ru)

57 Decree of the Government of the Kyrgyz Republic of May 27, 2019 N 231, [cbd.minjust.gov.kg/act/view/ru-ru/14283](https://cbd.minjust.gov.kg/act/view/ru-ru/14283)

58 Official website of the President of the Kyrgyz Republic, [www.president.kg/ru/sobytiya/21095\\_vistuplenie\\_prezidenta\\_sadira\\_ghaparova\\_na\\_sammite\\_mirovih\\_liderov\\_po\\_izmeneniyu\\_klimata](https://www.president.kg/ru/sobytiya/21095_vistuplenie_prezidenta_sadira_ghaparova_na_sammite_mirovih_liderov_po_izmeneniyu_klimata)

## Institutional structure

Figure 1. Institutional structure of the tourism industry aimed at sustainable development



Institutional structures that carry out purposeful activities aimed at the development of tourism and its focus on sustainable development are represented by such major national institutions as:

### The Legislature

Jogorku Kenesh of KR performs legislative and control functions. Preparation and preliminary consideration of tourism and sustainable development issues related to the powers of the parliament are carried out by the Committee on Agrarian Policy, Water Resources, Ecology and Regional Development, the Committee on Economic and Fiscal Policy of the JK KR<sup>59</sup> in accordance with the resolution of the JK KR 'On approval of the issues of conducting committees of the JK KR' dated November 12, 2015 No. 24-VI.

### Executive bodies:

- The Administration of the President of KR provides information and analysis, legal council, protocols, organisation, documentation and other support for the activities of the President and the Cabinet of Ministers. It is involved in the development of documents on the socio-economic development of the country and measures for their implementation, improving the mechanisms and tactics for implementing reforms and providing a unified state policy in the economic, social, political and cultural spheres.
- The Cabinet of Ministers of KR is the highest collegial body of executive power, subordinate and accountable to the President of KR.<sup>60</sup> Within the framework of the stipulated powers, the Cabinet of Ministers develops and approves nationwide programmes, and ensures their implementation, ensures the implementation of a unified state policy, including in the tourism sector, nature protection, environmental safety and nature management, land management, and coordinates activities among the state bodies that are part of its structure.

59 [cbd.minjust.gov.kg/act/view/ru-ru/76821?cl=ru-ru#%D1%801](http://cbd.minjust.gov.kg/act/view/ru-ru/76821?cl=ru-ru#%D1%801)

60 Constitutional Law of the Kyrgyz Republic dated October 11, 2021 No. 122 'On the Cabinet of Ministers of the Kyrgyz Republic', [cbd.minjust.gov.kg/act/view/ru-ru/112301?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/112301?cl=ru-ru)

- The Ministry of Natural Resources, Ecology and Technical Supervision of KR (MNRETN) is an authorised state body that develops and implements state policy and coordinates in the areas of environmental protection, ecology and climate, geology and subsoil use, use and protection of natural resources, including bioresources, subsoil and water resources, with the exception of irrigation and reclamation infrastructure. MPRETN exercises state control and supervision over compliance with the requirements of environmental (including chemical, biological, radiation and nuclear), industrial safety, mining safety, subsoil protection, and the quality of coal and fuel.<sup>61</sup>
- The Department of Tourism under the Ministry of Culture, Information, Sports and Youth Policy of KR (MCISYP) is a subordinate subdivision of the MCISYP KR, ensures the implementation of a unified state policy in the tourism sector. It solves the problems of improving the efficiency of state policy in the tourism sector, creating favourable conditions for the development of the tourism industry and forming a positive image of the country. The Department performs the functions of developing and implementing a sectoral policy in accordance with the procedures established by the legislation of KR, and ensures the functions of coordination, monitoring and control, as well as organisational support.
- The Ministry of Economy and Commerce of KR is aimed at ensuring the socio-economic progress and sustainable development of the country. To achieve this goal, the MEC of KR solves a number of tasks, including determining the priorities for the country's economic development, the formation of state economic policy, the formation of tax and customs policies, increasing the investment attractiveness of the country, creating favourable conditions for doing business and improving legal regulations with regards to green economy development, climate change mitigation and adaptation.<sup>62</sup>
- The Tourism Development Support Fund in KR<sup>63</sup> (FPRT) was established in March of 2022 with the aim of increasing the effectiveness of state support for tourism industry entities, improving tools for attracting investments (internal and external) in the reconstruction and development of tourism infrastructure (including transport, utilities, innovation, entertainment and other tourism infrastructure) and increasing the tourism potential in Kyrgyzstan. The FPRT was established in the form of an open joint stock company with an authorised capital of 1 billion soms, 100% owned by the IEC.
- The National Bank of KR regulates and supervises the banking system of KR and non-banking financial and credit organisations and other legal entities supervised by the National Bank.
- The National Statistical Committee of KR carries out state statistical activities for the collection, processing, analysis and dissemination of statistical information on mass economic, social, demographic, environmental phenomena and processes taking place in the country and its regions.
- The State Tax Service under the Ministry of Finance of KR (STS) is a state executive body of KR, performing its functions with the status of a subordinate unit of the Ministry of Finance of KR. The STS collects taxes, insurance premiums and other payments to the budget, and controls the completeness and timeliness of payments, along with state registration of individuals as auto-entrepreneurs.
- The local state administration is a state executive body that ensures the coordinated activities of the territorial divisions of state executive bodies, their interaction with local governments. It exercises state control over the execution of delegated powers at the district level.
- Local self-government is an independent activity of the local community in its own interests and under its own responsibility, aimed at solving issues of local importance. Local self-government bodies ensure the economic development of the relevant territory, and they attract investments and grants; manage municipal property; form, approve and execute the local budget; supply drinking water to the population; ensure the operation of the sewerage system and treatment facilities in settlements; ensure the functioning of municipal roads in settlements; organise public lighting of common areas; ensure the maintenance of cemeteries and the provision of ritual services; improve and landscape public places; organise the collection, removal and disposal of household waste; etc.

61 [mnr.gov.kg/ru/about/page/pravovye-osnovy-deyatelnosti/](http://mnr.gov.kg/ru/about/page/pravovye-osnovy-deyatelnosti/)

62 [cbd.minjust.gov.kg/act/view/ru-ru/99775?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/99775?cl=ru-ru)

63 Created by the Decree of the President of the Kyrgyz Republic 'On support for the development of tourism in the Kyrgyz Republic' dated December 17, 2021 UP No. 566.

## Advisory bodies:

- Coordination Council on Climate Change, Ecology and Sustainable Development<sup>64</sup> is a consultative and advisory body, coordinated by the Cabinet of Ministers of KR, the purpose of which is to discuss about and make coordinated decisions on the development and effective implementation of policies on climate change, ecology and sustainable development based on the coordination of the actions of the state executive authorities, local governments, and non-profit and international organisations, and provide assistance in attracting investment resources and effective coordination of work to this end. The council includes one deputy of the JK KR, two representatives of the Cabinet of Ministers of KR, 12 ministries as well as one representative of the National Academy of Sciences of KR, the director of the State Agency for Architecture, Construction, Housing and Communal Services under the Cabinet of Ministers of KR, the National Investment Agency under the President of KR, the Institute for Economic Policy Research of KR, and the Centre for Climate Finance under the Ministry of Natural Resources, Ecology and Technical Supervision of KR. The Council can invite to its meetings and hear proposals from representatives of state bodies, local governments, civil society, the private sector, international organisations, and independent experts on the implementation of policies on climate change, ecology and sustainable development.

Information following the meetings of the Coordinating Council should normally be posted on the official website of the secretariat of the Coordinating Council, whose functions are assigned by the Climate Finance Center under the Ministry of Natural Resources, Ecology and Technical Supervision of KR. However, the site mentioned is not operational at the time of writing, and no documents with the results of the meetings (minutes, resolutions, etc.) were found in public sources.

- The National Council for the Development of Tourism in KR, whose goal is to develop proposals on the development of tourism, as well as provide recommendations for coordinating the activities of state bodies aimed at enhancing the development of the country's tourism industry. The council consists of 11 members representing the Cabinet of Ministers ,<sup>65</sup> the Ministry of Economy and Commerce, the Ministry of Finance, MCISYP, as well as representatives of tourism associations and the project manager of the World Confederation of Ethnogames. Decisions of the National Council for the Development of Tourism are advisory in nature. Council meetings must be held monthly.<sup>66</sup> Minutes, meeting plans in public sources were not available publicly.
- Public councils of state bodies (OSGO) are advisory and supervisory bodies created on a voluntary basis from representatives of civil society for interaction and cooperation with state bodies, as well as public monitoring of the activities of these bodies. They carry out their activities independently of state bodies. Information on the [osgo.kg](http://osgo.kg) website concerning the activities of these councils ceased being published since 2021 after structural transformations in the executive branch.

## Economic entities of the tourism sector:

The tourism sector is represented by the following economic entities: hotels, restaurants, travel agencies and tour operators, tourism and recreation enterprises, and sanatoriums and resort institutions.<sup>67</sup> According to the data of the National Statistical Committee of KR, as of the beginning of 2022, the number of economic entities in the tourism sector numbered more than 14.5 thousand, broken down as follows:

Hotels	1439
Tourism and recreation enterprises	1151
Restaurants	6876
Travel agencies and tour operators	5000
Sanatoriums and resort institutions	98

Source: [stat.kg](http://stat.kg)

<sup>64</sup> Decree of the Government of the Kyrgyz Republic dated January 30, 2020 No. 46.

<sup>65</sup> [cbd.minjust.gov.kg/act/view/ru-ru/430822?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/430822?cl=ru-ru)

<sup>66</sup> [www.gov.kg/ru/post/s/21305-ysyk-kld-kyrgyz-respublikasynyn-turizm-nktr-boyuncha-uluttuk-keeshinin-1-zhyyyyny-tt](http://www.gov.kg/ru/post/s/21305-ysyk-kld-kyrgyz-respublikasynyn-turizm-nktr-boyuncha-uluttuk-keeshinin-1-zhyyyyny-tt)

<sup>67</sup> According to the classification of the National Statistical Committee of the Kyrgyz Republic.

## International institutions

In Kyrgyzstan, international organisations such as the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH (GIZ), the EU, the International Finance Corporation (IFC), the Agency for Technical Cooperation and Development (ACTED), the Japan Agency for International Cooperation (JICA), the Asian Development Bank (ADB), the Swiss Development Organisation Helvetas, the Korea International Cooperation Agency (KOICA), the Swiss State Secretariat for Economic Affairs (SECO), and others.

## Civil society

Non-profit organisations operate in civil society in the form of public associations, foundations and institutions, whose activities are regulated by the Law of KR 'On Non-Profit Organisations'.<sup>68</sup>

- Associations and associations of entrepreneurs in the tourism industry, such as the Kyrgyz Community Based Tourism Association (KATOS), the Kyrgyz Association of Tour Operators (KATO), the Silk Road Tourism Association, the JIA Association, the International Business Council, the Kyrgyz Resorts Association, the Kyrgyz Tourism Association, the Association of Hotel and restaurant businesses, the Association of Resort and Health Institutions, the Union of Hiking Tourism, the Association of Passenger Transportation of Kyrgyzstan and others.
- Non-governmental organisations promoting and implementing various projects on the introduction of green technologies and environmental protection: ALE Green Alliance.KG, Unison Group, the ecological movement BIOM, the youth ecological movement Mouvgreen, the public Rural Development Fund, Public Foundation 'Ecois', the Regional Environmental Center of Central Asia (RECCA), the Regional Mountain Center of Central Asia, Camp Ala-Too Regional Public Foundation, etc.

## Financial institutions

Financial institutions are represented by commercial banks, microcredit and microfinance organisations, credit unions, specialised financial and credit institutions and other organisations. Participants in the financial system provide resources to the actors in the tourism industry to finance green technologies.

## Educational and scientific institutions

Educational institutions, such as the Academy of Tourism, the College of the Academy of Tourism, the Kyrgyz-Turkish Manas University, provide education and graduate specialists obtaining a degree in tourism. Educational and scientific institutions (the National Institute for Strategic Studies under the President of KR, the Institute for Economic Policy Research of KR, the National Academy of Sciences of KR and others) can conduct research on sustainable tourism development and the application of SCP and CP principles. In addition, they can take an active part in shaping policy in this area.

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68 Dated October 15, 1999 No. 111, [cbd.minjust.gov.kg/act/view/ru-ru/274?cl=ru-ru](http://cbd.minjust.gov.kg/act/view/ru-ru/274?cl=ru-ru)

This institutional structure reflects the presence of the necessary institutional environment for the development of a tourism industry inclusive of SCP and CE. There is a readiness of executive authorities for dialogue with civil society, the business community and international organisations through their involvement in various consultative and advisory platforms.

However, the following points raise public questions and may affect the effectiveness of the implementation of state policy regarding sustainable tourism.

- The presence of two structures with similar goals, but accountable to two different institutions: the Department of Tourism, which is a subordinate subdivision of the ICISMP, and the FPRT, which is accountable to the MECKR. In public sources,<sup>69</sup> opinions of tourism service providers were published, which expressed scepticism about the feasibility of establishing an FPRT.
- The status of the authorised state body for managing the tourism industry also raises questions about its capacity for influencing the development and effective implementation of state policy, given the priority of the industry.
- The low level of transparency and accountability of state and advisory bodies, published in fragmented media reports, means that there is no systematic approach to ensuring the transparency of these bodies. In particular:
  - Reports concerning the implementation of the Green Economy Development Programme in KR for 2019–2023 and the Tourism Development Programme for 2019–2023 and other programme documents are not being published on the websites of the responsible state bodies or other public information sources.<sup>70</sup>
  - Plans, decisions and minutes of meetings of consultative advisory bodies are not published on a regular basis, which negatively affects the effectiveness of these sites.<sup>71</sup>
  - There is no open access to information about the planned Tourism Development Support Fund (FPTR) projects, nor are there reports on their implementation. According to the regional analytical, informational and educational platform for Central Asia [cabar.asia](http://cabar.asia), the FPTR announced its intention to implement 34 new projects in the tourism sector. However, most representatives of the tourism market did not take part in the discussion of new projects and are not aware of what innovations are under consideration.<sup>72</sup>
  - The low level of transparency of inspection bodies is a problem. According to the Radio Azattyk website,<sup>73</sup> a representative from one association stated:<sup>74</sup> ‘A businessman does not know what exactly will be checked and what requirements are presented, [and] all this ultimately leads to corruption.’

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69 [cabar.asia/ru/turizm-kyrgyzstana-na-yazyke-gusto-a-na-dele-pusto,e-cis.info/news/566/100160/](http://cabar.asia/ru/turizm-kyrgyzstana-na-yazyke-gusto-a-na-dele-pusto,e-cis.info/news/566/100160/)

70 During a consultation meeting with stakeholders on September 7, 2022, representatives of state bodies were informed that such reports are submitted to the Cabinet of Ministers of the Kyrgyz Republic.

71 The search for such documents was carried out on the websites of state bodies and through search engines.

72 [cabar.asia/ru/turizm-kyrgyzstana-na-yazyke-gusto-a-na-dele-pusto](http://cabar.asia/ru/turizm-kyrgyzstana-na-yazyke-gusto-a-na-dele-pusto)

73 [rus.azattyk.org/a/31428756.html](http://rus.azattyk.org/a/31428756.html)

74 Executive Director of the Association of Markets, Trade and Services Enterprises of Kyrgyzstan Artur Tashibekov.

# Application of SCP and CE principles in the tourism sector of Kyrgyzstan



## SWITCH-Asia Projects

SWITCH-Asia is the largest sustainable consumption and production programme supported by the European Union, involving 24 countries from Southeast Asia, South Asia, Central Asia, Mongolia and China. In line with the priorities of the European Green Deal, the Programme aims to promote sustainable and inclusive growth in Asia, and to support Asian countries in their transition to a low-carbon, resource-efficient and more circular economy that contributes to poverty reduction. The programme promotes the integration of sustainable consumption and production into relevant national strategies and supports the transition to a green economy, poverty reduction and climate change mitigation.

The second phase of SWITCH-Asia was launched in 2018, and in July 2019 the programme was extended to five Central Asian countries: Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

The following projects are being implemented in Kyrgyzstan:

1. Promotion of energy and resource efficiency in the tourism industry of Kyrgyzstan (PERETO),
2. Green Tour: Sustainable tourism in Kyrgyzstan,
3. Promoting Energy Efficiency and Renewable Energy Production in the Community-Based Tourism Sector in Central Asia (Regional project: Kyrgyzstan, Uzbekistan, Tajikistan)



The PERETO project is being implemented by the American University of Central Asia in consortium with partner organisations: UNISON Group (Kyrgyzstan), Technopolis Group (Belgium), Collaborating Centre on Sustainable Consumption and Production – CSCP (Germany). The project is supported by the EU Delegation to KR in cooperation with the Ministry of Economy and Finance and the Department of Tourism in Kyrgyzstan. The project aims to promote energy security and sustainable growth by promoting SCP, energy and resource efficiency (ERE) practices among small and medium enterprises (SMEs) in the tourism sector of Kyrgyzstan.<sup>75</sup>

Within the framework of the project, these activities aim to implement the following:

- awareness-raising among consumers and SMEs in the tourism sector about SCP and ERE
- capacity-building technical readiness of tourism SMEs to take action on SCP and ERE
- promoting private sector initiatives aimed at developing and achieving the goals of the green economy in KR
- developing new green finance products tailored to the needs of SMEs in the tourism sector
- promoting national dialogue and policy development for the implementation of SCP and ERE

According to according to the results of the project for the first six months of 2022 on the site pereto.kg<sup>76</sup>, 10 consulting services were created in the country; 231 private entrepreneurs took part in PERETO trainings; 806 SMEs are aware of the project and are interested in applying SCP, energy and resource efficiency measures in business; 64 SMEs applied for an energy audit; 76 SMEs in the regions are receiving consultations based on signed memorandums; 31 hotels, restaurants and café (HoReCa) facilities passed an energy audit; and 4 SMEs received project consultations that attracted USD 214,000 from external sources. In addition, the PERETO Financial Product on Green Finance through DosCredoBank and CB Kyrgyzstan was launched, and the Academy of Tourism developed a training programme on the introduction of ERE and SCP in the tourism sector.

<sup>75</sup> <https://www.switch-asia.eu/project/pereto/>

<sup>76</sup> [pereto.kg/images/site/redactor/62a987fde8c05.pdf](https://pereto.kg/images/site/redactor/62a987fde8c05.pdf)

## Green Tour



The Green Tour project is implemented by the Kyrgyz Association for Community-Based Tourism (KATES) Hospitality Kyrgyzstan, in partnership with HELVETAS Intercooperation GGMBH, the European Centre for Ecological and Agricultural Tourism Stichting-Netherlands (ECEAT), and the Kyrgyz Association of Tour Operators (KATO). The overall objective of the project is to facilitate Kyrgyzstan's transition to a green economy by enhancing the competitiveness and sustainability of the tourism sector. The project expects to develop a more sustainable tourism sector, introduce and adapt SCP practices, and develop greener tourism products.<sup>77</sup>

This project will enable MSMEs tourism suppliers using sustainable production methods to gain a competitive advantage, resulting in increased income and job creation opportunities. The project promotes an enabling policy environment through sustainable local structures that support national SCP practices in the tourism sector. It also provides support for basic certification, and to date 21 travel companies have passed basic certification. Finally, training activities are carried out on the introduction of the green economy and SCP for the tourism sector.

### ***Promotion of energy efficiency and renewable energy production in the tourism sector at the community level in Central Asia***

This regional project in Kyrgyzstan, Uzbekistan and Tajikistan is being implemented by the international non-governmental organisation ACTED along with partners BizExpert (Kyrgyzstan), the Tajik-Norwegian Centre for Sustainable Development Tajnor (Tajikistan), the Association of Private Travel Agencies APTA (Uzbekistan), Mascontour (Germany), as well as the national association of MFIs AMFI (Kyrgyzstan), AMFOT (Tajikistan) and NAMI (Uzbekistan). The project works with businesses, communities, governments and tourists across Central Asia to reduce the carbon footprint of the tourism sector in a sustainable manner.

The project takes a market approach and focuses on making sustainable energy affordable and affordable for small businesses in the tourism sector. It is supporting more than 120 local green energy providers to expand their sales, and networking with the tourism industry in the region. Support comes in the form of technical training, business consulting and marketing for these vendors. The project is working with microfinance institutions to pilot and market more affordable green energy finance products.<sup>78</sup>

<sup>77</sup> <https://www.switch-asia.eu/project/green-tour/>

<sup>78</sup> <https://www.switch-asia.eu/project/promoting-energy-efficiency-and-renewable-energy-production-in-the-community-based-tourism-sector-in-central-asia/>

## SCP funding

In Kyrgyzstan, at the moment, funding for the implementation of the principles of SCP and CE is poorly developed. According to the study 'Sustainable Financing in the Financial Sector of KR', conducted within the framework of the IFC Programme 'Comprehensive Environmental, Social and Governance Standards (ESG)', with the assistance of the Union of Banks of Kyrgyzstan,<sup>79</sup> there is no experience in KR for incorporating the principles of sustainable financing into the decision-making process (incorporating ESG factors in the bank's business model), ranging from bank strategy to individual rules and procedures. However, the practice of considering environmental, social and corporate factors is applied when making decisions on investment projects or financing decisions.

Most of the respondents in this study were at a stage where their main focus was on creating a limited line of banking products and on checking the compliance of banking operations and projects with the requirements of international investors. A significant percentage of the respondents do not have any knowledge or information about the concept of sustainable development.

According to another sociological survey conducted by ACTED, 'Improving Access to Finance for MSMEs in the Community Based Tourism Sector of Central Asia', a survey among MSMEs in the community-based tourism sectors showed that the most frequently used source of financing among all respondents is personal funds (65%), 19% of respondents answered that they use bank loans and international financial institution (IFI) loans, 11% borrow from friends or relatives, and the remaining 5% have other sources. Among those who received financing from financial institutions, 68.3% answered that they used loans from commercial banks, 28.6% use products from microfinance organisations, and the rest indicated other sources.<sup>80</sup>

The survey results showed that due to the high cost of renewable energy technologies and energy efficiency, as well as high interest rates, microfinance institutions (MFIs) in Central Asian countries consider it unprofitable to use microcredits. Accordingly, there is practically no demand for the products in this sector. The attractiveness of MFIs lies in the speed of decision-making, the absence of bureaucratic delays, the quick issuance of a loan, simplicity and flexible collateral conditions.

According to this study, the MFI sector lacks long-term funding and technical assistance to improve the skills of green experts. To increase the involvement of the population in green economy projects, significant administrative and financial resources should be directed to improving the financial literacy of the population and simplifying the conditions for microfinance.

In addition, a survey conducted by the Unison Group's<sup>81</sup> local financial institutions in terms of financing SCP and ERE in the HoReCa sector exposed the following shortcomings in small companies:

- a limited number of financial products targeting green and environmental opportunities in the corporate sector
- limited business owner resources to work with specialised financial products focused on ERE and SCP in the tourism industry
- lack of knowledge to structure the company's products towards more sustainable and energy and resource efficient investments
- gaps in internal investment appraisal processes that prevent internalisation of environmental benefits
- a low level of awareness and understanding of ERE and SCP investment opportunities

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<sup>79</sup> The survey, which was conducted from October to November 2020, included 17 respondents, among them are representatives of 11 commercial banks, 4 microfinance organizations, 1 insurance organization and 1 non-profit organization in the field of green economy.

<sup>80</sup> Over the past 2 years. CF <https://www.acted.org/en/kyrgyzstan-a-tour-to-develop-sustainable-tourism-on-the-great-silk-road/>

<sup>81</sup> From the presentation of the director of Unison Group at the consultation meeting held on September 7, 2022.

To date, as a result of the activities of the PERETO project, these financial products have become available for SME's in the HoReCa sector:

- general corporate lending products provided by MFIs and applicable to HoReCa enterprises (investment loans, for working capital, leasing)
- retail lending products offered by MFIs and intended for microenterprises led by individual entrepreneurs (consumer loans)
- specialised financial products developed by IFIs and implemented through MFIs (KyrSEFF, Women in Business, Accelerate Prosperity, etc.)

Also, as a result of the implementation of the PERETO project, the following financial instruments have become available:

- Credit 'Ecotourism' from Doskredobank, aimed at developing the tourism sector and introducing EE and resource-saving technologies, and issued on terms of 15% per annum, with 10% cashback (return of interest paid) after the full repayment of the loan
- 'Green Tourism' loan from Commercial Bank Kyrgyzstan, issued at 20% per annum with facilitated access conditions

During consultations with stakeholders, participants expressed the view that interest rates on such loans are still high for tourism entities, given the interest rates on commercial loans, the short duration of the tourist season, the high cost of green technologies and other restrictions. For comparison, the weighted average interest rates on loans issued by commercial banks in the national currency for 2021 amounted to 16.6%.<sup>82</sup>

As part of the Green Economy Development Programme in KR for 2019–2023, measures are envisaged to identify potential demand and needs in the banking sector to introduce the principles of green financing. Currently, a working platform is being formed, with the involvement of representatives of the National Bank of KR, the Ministry of Natural Resources, Ecology and Technical Supervision of KR, the Ministry of Finance of KR, the Union of Banks of Kyrgyzstan and microcredit companies, within which the issues of methodological foundations for the development of green financing will be considered.

According to the report on the implementation of the action plan of the Green Economy Development Programme in KR for 2019–2023,<sup>83</sup> to implement sectoral guidelines for sustainable financing, with UNDP support, terms of reference are currently being prepared to identify a local company to conduct a private sector analysis to determine the funding needs for the transition to green technologies. As part of this action, a methodological framework is being planned for the development of green financing and a draft national taxonomy.

Also, there are plans to create a Green Financial Corporation in order to attract green and climate financing to the banking sector for a long period to finance green projects and green technologies in various sectors of the economy. At the moment, the terms of reference have been prepared, providing for the development of a feasibility study for the Kyrgyz Green Financial Corporation.

Currently, there is no issue and placement of green bonds in the Kyrgyz market. However, with the support of donors, activities are being carried out in this direction. The Kyrgyz Stock Exchange has announced on its website that it has joined the United Nations' Sustainable Stock Exchanges (SSE) initiative, which brings together the world's stock exchanges in pursuit of sustainable development goals. The Exchange, with the expert support of the Programme for the Development of Environmental, Social and Governance Practices in Central Asia and Turkey of the International Finance Corporation (IFC) in partnership with the Swiss State Secretariat for Economic Affairs (SECO), is developing guidelines for the submission of environmental, social and governance (ESG) reporting by companies in KR.<sup>84</sup>

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<sup>82</sup> <http://www.stat.kg/ru/statistics/finansy/>

<sup>83</sup> Provided by the International Electrotechnical Commission (IEC) for the first half of the current year (2022).

<sup>84</sup> <https://www.kse.kg/ru/RussianNewsBlog/7313/>

## Capacity Building and Awareness in SCP and CE

Consultations with representatives from government agencies, SWITCH-Asia projects and other stakeholders brought out that one of the factors hindering the active application of the principles of green and circular economy is the lack of capacity in this area.

Civil society organisations conduct capacity-building activities in SCP and green economy with the support of development partners. As part of the three SWITCH-Asia projects previously discussed, training events were held for enterprises in tourism and for educational institutions.

With the support of the PERETO project, since September 2020, the Academy of Tourism has introduced a curriculum that includes the principles of resource and energy efficiency, as well as sustainable consumption and production in project management. Trainings for teachers of higher educational institutions were conducted by the Ministry of Education and Science.

The Programme for the Development of the Green Economy in KR for 2019–2023 provides for measures to increase the capacity of higher education institutions to provide modern knowledge in the field of the green economy, and conduct scientific research. Trainings were held for the teaching staff of higher educational institutions on the issues of the green economy, particularly on teaching technical skills. An annual scientific conference on green economy in KR was also organised.

According to the study ‘Strategic priorities for climate change education in KR’<sup>85</sup> published by the NGO BIOM Ecological Movement,<sup>86</sup> the results of the analysis of regulatory regulation on climate change show that this area is quite young and is under active development. As part of this study, a survey was conducted among government agencies, educational institutions and public organisations to assess the needs for training on climate change and the potential for implementation. These are the results:

- Issues related to climate change are gradually being introduced into the education system in Kyrgyzstan. Climate change topics are integrated to varying degrees into the curricula of educational institutions.
- Some universities award degrees in the field of meteorology and hydrology. In other applied science and technology areas, issues of ecology and climate change are also taught. The universities themselves need capacity building and are interested in learning new educational technologies and tools. The inaccessibility of climate information and a lack of financial resources also limit research work.
- Government agencies operating in areas directly or indirectly related to climate change do not have sufficient capacity to perform tasks and functions related to climate change. They lack a deep understanding of the importance of climate change issues and its impact on the development of the country in general, and on the development of the sector they oversee in particular. Employees of state and municipal bodies have a low level or lack of understanding of the country’s climate policy. Climate topics are not included in the training and advanced training programme for state and municipal employees. This may explain the lack of activity in integrating climate change issues into sectoral policy documents and plans.
- Public organisations working in the field of climate change have a relatively high potential; however, they also need regular capacity building for employees. Public organisations are implementing various projects to promote climate change issues and implement adaptation measures at the local level, but these efforts are fragmented and tied to donor funds.
- Local governments, farmers, pasture users, water users, and local communities all demonstrate an acute shortage of accessible information and knowledge on climate change adaptation issues.
- The staff of the National Academy of Sciences also does not have sufficient capacity. Lack of funding, lack of access to climate data at the national and international levels, and other limitations make it difficult to carry out up-to-date climate change research (sector vulnerability assessment, sector-by-sector impact modelling, etc.) that meets modern requirements.

85 Strategic priorities for climate change education in the Kyrgyz Republic, Kirilenko A.V., Korotenko V.A., Marchenko L.Yu., Bishkek, 2021.

86 BIOM Ecological Movement, <http://www.biom.kg/en>

- There is a shortage of highly qualified climate-change experts. In this regard, for narrow thematic areas (for example, nationally determined contribution (NDC) calculations,<sup>87</sup> development of NDCs and national adaptation plans (NAPs), and others), international experts should be involved and joint teams should be created with the participation of local experts to increase their capacity in these matters.

Also, in this study, it is noted that the regulatory legal framework poorly regulates the issues of introducing the topic of sustainable development into standards, programmes and textbooks for all levels of education, and also does not prescribe specific mechanisms for the interaction of education authorities and educational organisations, as well as local governments, for the implementation education for sustainable development.

In this regard, the MNEET has developed a draft 'Comprehensive action plan for education on climate change and green economy for 2021–2024.'<sup>88</sup> It includes measures in these priority areas:

1. Integration of climate change issues into the system of formal and non-formal education
2. Training and advanced training of state and municipal employees
3. Informing and involving the population

This draft comprehensive plan is currently undergoing a public comment process.

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<sup>87</sup> NDCs: United Nations Climate Action, <https://www.un.org/en/climatechange/all-about-ndcs>  
NAPs: <https://ndcpartnership.org/using-ndcs-naps-and-sdgs-advance-climate-resilient-development>

<sup>88</sup> [climatehub.kg/416-2/](https://climatehub.kg/416-2/)

# Conclusions and recommendations

## Conclusions

Based on the principles of CE, an analysis of opportunities and gaps in Kyrgyzstan was carried out by studying the legislative framework, national strategic documents, reports of state bodies and reports of civil society organisations, and the best practices of Switch-Asia projects, and by conducting consultations with stakeholders. The following conclusions and recommendations were made for the further development of the framework conditions for promoting CE principles in KR.

### *Factors facilitating the application of SCP and CE principles*

#### **In public policy**

- The interest in and support from the state, donors and civil society in promoting and implementing SCP principles, financing, capacity building and raising awareness among the population
- The presence of a state policy in terms of ecology, which is evident mainly in terms of the global trend towards enhancing a green/climate agenda and taking into consideration the requests of donors and civil society
- The availability of an institutional infrastructure promoting SCP and CE principles in the tourism sector.

#### **Education and behavioural factors**

- Experience in creating information and educational materials and programmes to promote SCP
- The availability of organisations and educational institutions to provide educational services (formal, informal)

#### **Market factors**

- The availability of green-technology financing instruments on the market for SMEs and consumers
- Availability of tax and non-tax preferences for the application of green economy principles

### *Factors hindering the process of implementation and development of SCP and CE in the tourism sector*

#### **In public policy**

- Flaws and errors in the legislative base, outdated norms and standards – in particular, the current sanitary and epidemiological rules and regulations approved by the Decree of the Government of KR 'On approval of acts in the field of public health', as well as 'Construction standards of KR', the Law of KR 'On tourism', legislation on waste management, regulatory legal acts in the field of public procurement, and other legal acts that do not meet the current standards of tourism development and SCP and CE principles
- An insufficient level of transparency in state bodies as well as the consultative and advisory bodies under the state bodies, which is evident in the inaccessibility of decisions and reports on green decisions
- A lack of 'transparency' on the activities of inspection bodies, which increases the risk of corruption
- Weak monitoring and control over the execution of legislation in the field of environmental protection
- Weak fiscal policy support driven by either the lack or insufficiency of tax breaks and credit holidays, or non-tax revenue collection relief

## Education and behavioural factors

- Low awareness among the population, business owners, state and municipal authorities, and public organisations with regards to responsible consumption and production and CE
- A lack of qualified personnel in state and municipal bodies, educational institutions, and public organisations, as well as among trade unions and technical specialists
- A lack of research data including an assessment of the profitability of the tourism industry and the infrastructure and environmental capacity of tourist areas, on the vulnerability of sectors and modelling the consequences for each sector, etc., and a lack of testing sites, laboratories for testing the quality of materials, equipment, etc.

## Market factors

- A lack of economic incentives, e.g. a long payback of measures to introduce green technologies (treatment facilities and the equipment associated with their high cost)
- A lack of domestic production of green technologies, and their high cost
- The short length of the tourist season, since the active flow of tourists is mainly in the summer
- Limited financial resources and financing instruments
- Poorly developed infrastructure for water supply, sanitation, waste collection
- Poor infrastructure and difficult access to it
- Unreliable power and water supply

## Recommendations

In order to widely apply the principles of SCP and CE in the tourism sector, it is recommended that public authorities take these measures:

### Public policy

- Improve the regulatory framework, in particular via building and sanitary codes, and regulations, in line with international standards for the application of SCP principles and the green economy
- Develop and adopt regulations for the prevention of excessive tourism based on an analysis of the maximum load, environmental and infrastructural capacity on tourist destinations (possibly with the introduction of an additional tax on visiting destinations with limited capacity)
- Harmonise legislation in the field of public procurement in accordance with international SCP standards by developing and approving relevant by-laws that provide for the provision of priorities in the implementation of public procurement of products or business services, apply the principles of SCP and CE in business, and establish clear criteria for the selection of goods and services corresponding to the requirements of SCP
- Identify programmes and regulations that go against the principles of SCP and CE
- Raise the status of the Department of Tourism under the MKISMP through the creation of a tourism development agency under the Cabinet of Ministers of KR
- Transfer the Tourism Development Support Fund to the authority of the state body responsible for the development and implementation of the state policy for the development of tourism in KR in order to increase its effectiveness.
- Increase the transparency of state as well as consultative and advisory bodies through regular publication of reports on the implementation of state strategies and programmes and publicize the decisions of consultative and advisory bodies in widely accessible media

## **Education and behavioural factors**

- Carry out activities to increase the capacity and awareness of the population, business owners, government (including in the parliament), the media and civil society about the principles of SCP and CE
- Create state support programmes for business innovation to encourage SCP and CE

## **Markets**

- Consider the possibility of providing state support to business in KR in the form of subsidies from the state budget for commercial bank interest rates to provide preferential loans for businesses to implement SCP principles
- Consider the possibility of introducing revolving lending for businesses
- Develop and finance projects for the joint use of waste treatment and other facilities such as laundries to save on the high cost of their installation and operation
- Develop and implement infrastructure projects for the construction of treatment facilities, to take the weight off SMSEs who struggle with financial constraints

Civil society and the business community could also be assisted.

## **Education and behavioural factors**

- Create a single Internet platform for storing and publishing information about projects implemented by various organisations in order to ensure institutional memory. Such a platform would be a source of information on the implementation of the principles of SCP and CE not only for the subsequent training of business entities, but for civil society institutions for the promotion and implementation of green projects, as well as for scientific and educational organisations for their research, which could stimulate further development of the sector.

## **Market factors**

- MSMEs could develop joint use of expensive facilities and equipment to reduce costs.

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