

SARYCHAT-EERTASH RESERVE (SCER)

Kumtor's Biodiversity Management Strategy and Plan explains the company's commitment to continue and expand its historic support of SCER, including through wildlife monitoring activities, support for biodiversity conservation groups, and capacity building of SCER.

In 2018, KGC's support is geared towards building SCER's administrative base and providing for safe and decent working conditions for 22 people employed by SCER. Funds of 588,800 KGS were provided for:

1. Fencing of the head office
2. Creation of a guest house for researchers (purchase of furniture and household appliances)
3. Purchase of uniforms for employees



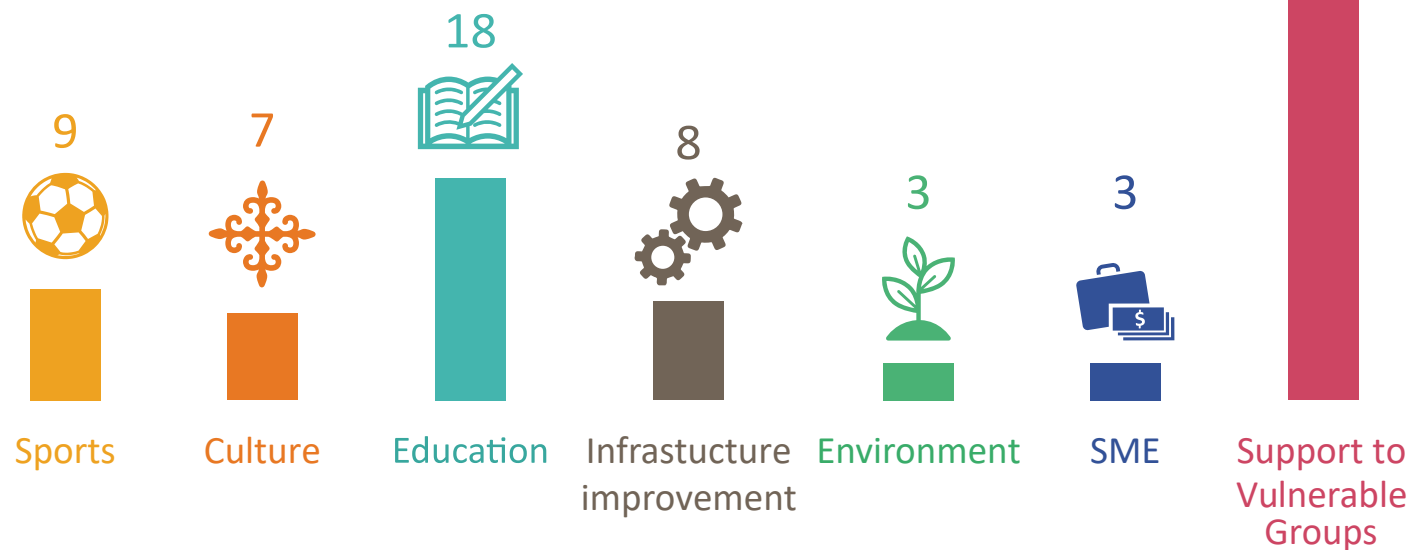
DONATIONS AND SPONSORSHIPS

In 2018, 262 requests were reviewed during 11 Donations Committee meetings, during which 81 requests were approved. Most of the donations were provided to purchase furniture for schools and kindergartens, food baskets for vulnerable groups, support of sports tournaments, scholarships for promising students from vulnerable families, and cultural events among others.

NUMBER AND AMOUNTS OF REQUESTS APPROVED IN 2018

Region	Number of requests	Approved amount (\$)
Balykchy	12	19,408
Bishkek	13	21,463
Jeti-Oguz	35	90,801
Ton	13	26,645
Other	8	9,425
Total	81	167,741

DONATIONS RENDERED BY CATEGORY IN 2018



MAIN OFFICE in BISHKEK
24 Ibraimov Street, Bishkek, 720031
Reception: 0312 90-07-07

BALYKCHY INFO CENTRE
374A Frunze St., Phone: 03944 4-00-13

KARAKOL REGIONAL OFFICE
1G Karasaeva St., Karakol,
Phone: 03922 4-39-04

JETI-OGUZ INFO CENTRE
District administration, KYZYL-SUU

TON INFO CENTRE
District administration (Akimiat),
2nd floor, BOKONBAEV



INVESTING LOCALLY IN 2018

This issue of the InTouch is dedicated to community development and social investments carried by KGC in 2018. KGC made investments into the local community of approximately \$2,073,849, including \$752,658 to sponsor the 3rd World Nomad Games.

KGC has two major components of community investment in the Kyrgyz Republic.



Support of business growth & diversification



Development of agricultural sector



Youth and educational programs



Environment protection projects.

The first type of investment is based on the KGC Community Development Plan for the Issyk-Kul region, which focuses on:

The second type of social investment made in the Kyrgyz Republic comprises one-time sponsorship support or in-kind donations. Decisions on possible donations are taken by the Donations and Sponsorship Committee, which meets every month and is comprised of senior management.

Donations Committee members review and approve applications, which meet the criteria established by KGC. Follow-up monitoring visits ensure that the donations are used for the intended purposes. By the end of 2018, KGC held 11 Donations Committee meetings during which 262 requests were reviewed with the total of 81 requests approved for funding. Most of the donations were provided for purchase of furniture for schools and kindergartens, food baskets for vulnerable groups, support of sports tournaments, scholarships for promising students from vulnerable families, and cultural events among others.



Approved CSR Projects	YTD Spent (US\$ '000)
Youth Mean Business	74.13
Microcredit Agencies	69.53
Emergency Earthworks	0
Community-Owned Projects	344.42
LBI Value Chain Development	127.41
Water Distribution	135.39
Donations	150.36
Irrigation Improvement	171.25
One Village One Product	127.65
Bio. Kg: Organic Aimaks in Issyk-Kul	93.73
Green Point Project	20.00
Issyk-Kul Education Improvement Program	149.7
Biodiversity Conservation at Sarychat-Ertash	8.43
Donation for the Third Nomad Games	752.66
TOTAL	1,471.939

ONE VILLAGE ONE PRODUCT

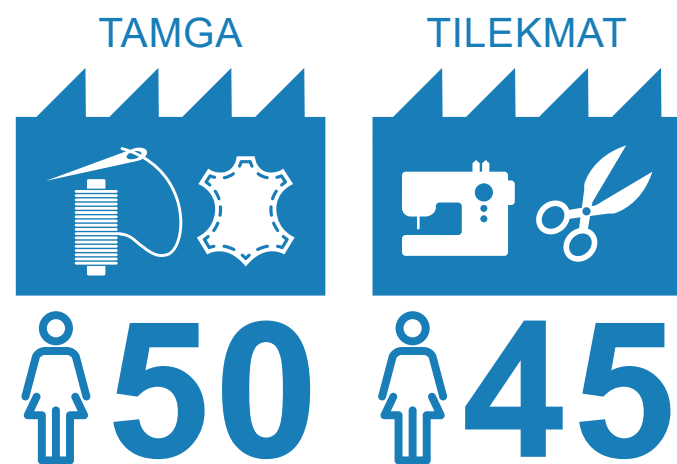
The project aims to combine the efforts of private entrepreneurs and local communities to develop the economic potential of the Issyk-Kul region by producing goods using existing local resources.

KGC re-launched (started co-funding again) the project in 2016. Small business model through OVOP approach in Issyk-Kul oblast has already been established in the frame of JICA OVOP project.

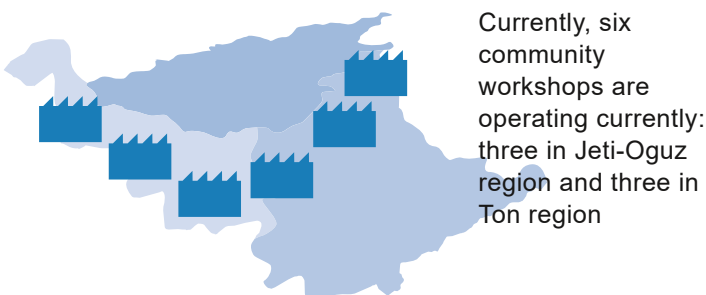
Target group and area: Community Based Organizations (CBO) focused on felt production in DJeti-Oguz and Ton regions. The project has potential to become self-sustainable and successful in contributing towards SME development in the region.

HANDICRAFT COMMUNITY WORKSHOP ESTABLISHMENT

Two community workshops renovated and equipped in Jeti-Oguz region.



50 women work in the Tamga workshop and 45 women in the Tilekmat workshop; increasing the family income.



12,000

beneficiaries in the project target area.

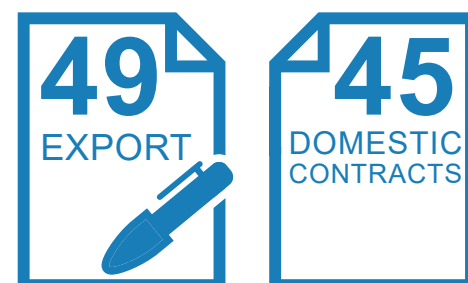
TRAININGS TO IMPROVE THE QUALITY AND PACKAGING OF THE LOCAL PRODUCTS



MARKET DEVELOPMENT



\$448,862 SALES IN 2018



BIO.KG: ORGANIC AIMAKS IN ISSYK-KUL OBLAST

Rural livelihoods are enhanced through effective participation of rural communities in the management of their own social and economic objectives by empowering women and youth, and by applying the bottom-up approach.

The project "Economic empowerment of rural youth in Issyk-Kul oblast of KR" responds to these needs and seeks to improve livelihoods of rural youth and young families in the oblast by in Issyk-Kul oblast by strengthening their entrepreneurial skills and supporting youth-inclusive business models.

The pilot villages' selection was based on the needs of local youth and analysis of the economic potential in the communities. The experience of FSDS with the communities within the project previously financed by KGC was taken into account during decision-making. All selected target areas have issues with youth lacking access to economic and income generating opportunities. The project primary target groups include young people age of 20-35, ethnicity (both Kyrgyz and minorities), unemployed youth, young entrepreneurs, and young women with strong capacity and resources to develop small scale businesses and to make own contributions to the best of their ability.

OUTCOME LEVEL INDICATORS

Skills of target group in economic activities are strengthened

18 BUSINESS PROJECTS APPROVED

5 FEMALE LED

49 PROJECTS SUBMITTED

OUTPUT LEVEL

Capacity building of youth in entrepreneurship development/business planning.



Young people improved their knowledge and skills in business planning as a result of 3 training workshops held during June-September 2018

Administration of small grant program to support small-scale youth-led businesses.

- independent selection committee including 5 business experts and representatives of FSDS and Kumtor Gold Company established
- 49 business projects submitted for the grant program. 18 business projects (including 5 female-led projects) approved within the 3 rounds of grant program.

Networking and best practices sharing on youth led business development.

- 2 public events (Oruk-Fest and Altyn-Kum Fest) held with the participation of more than 1000 participants/guests.

CHALLENGES

- The quality of the business projects provided by rural youth is low and there is a need to put more efforts to capacitating young people on income-generating initiatives.
- Due to a delay with supporting business projects, analysis of successful businesses operated by youth / young households and/or youth groups will be made by the end of the project, which will be prolonged until June 2019 without any additional funds. In addition, some activities of the project, in particular the Bishkek Investment Forum, is planned to take place in 2019.



YOUTH MEAN BUSINESS

Youth Mean Business aims to empower youth to be responsible for, and actively contribute to, the economic prosperity of Issyk-Kul region.

Objective 1: Improve and strengthen youth entrepreneurship opportunities to succeed in the economic development of the target area.

- 10 representatives from 8 business centers in Karakol, Balykchy and the South shore of Issyk Kul attended Training of Trainers. 3 educational centers were chosen for opening business skills “Na predele” courses; “Secom” from Karakol, RCDEP “Balykchy” from Balykchy, and “Ak Kuu ordosu” from Darkhan.



- 3 training modules were provided to 3 business centers. Module topics included; psychological, financial, business skills, and marketing.
- Secom from Karakol earned 30, 000 KGS. RCDEP “Balykchy have a profit 11,000 KGS. Darkhan made a profit of 17,000 KGS

54 YOUTH ATTENDED COURSES

All of them will participate in the workshop in Karakol.



- 9 youth (including 1 female-led project) out of 33 people received financial support as equipment for their businesses.

Objective 2: Increase contacts in the local job market to promote youth employment and career opportunities on local and national levels.

- Developed a tool for employing youth from the southern coast of Issyk-Kul for employment in organizations and private businesses in the Issyk-Kul region.

CHALLENGES/LESSONS LEARNT

- It is necessary to research female entrepreneurship in the Issyk Kul region.
- When concluding contracts with international companies (e.g from Russia, China) it is necessary to take into account that the process of purchasing materials will take longer.
- The course methodology is new and raises participants' questions from the very beginning; however after studying and understanding their motivations and analysis, participants clearly define their goals, answer their own questions, and work for results.
- The course should be carried out regularly and systematically in a tripartite partnership, constantly analyzing the results and receiving feedback from participants and all partners involved in the course after each cycle. Conducting these courses on an ongoing basis will allow the educational business centers to develop steadily. At the same time it will enable young people and entrepreneurs to develop their business, based on their psychological knowledge.
- The intensity of the program was highlighted, but it's worth noting the high demand for such educational business projects in the Issyk-Kul region among young people, and their readiness to receive and apply new knowledge and acquiring new skills.

EFCA provided materials and equipment for business projects, but some requested materials and equipment needs to be assembled and imported from Russia and China. For this reason the launching of 4 projects will take place later than January 7, 2019. For the sustainability of the project it is very important to support the selected businesses by consultations and provide strategy for further development of selected projects. The project will therefore be prolonged until February 28, 2019 without additional grants provided.

ISSYK-KUL EDUCATION IMPROVEMENT PROGRAM

The project was launched in 2016 to improve key education outcomes in upper secondary (10-11) grades in selected schools of Issyk-Kul oblast to increase the share of school graduates accepted to universities.

Within the implementation period of the project, the following results were achieved:

CHALLENGES

- The problem faced by the project team with the purchase of schoolbooks was the lack available in the Kyrgyz language, in particular chemistry and world history. However, by the end of the year almost all practical and required schoolbooks for graduates for Kyrgyz and Russian schools were purchased.
- The second identified problem is the extremely low level of work in schools for vocational guidance and assisting graduates in choosing their future profession.
- Despite the explanatory work carried out in groups, the work on the preparation of ORT in a number of schools is carried out irregularly, the school administration do not control the students' attendance of classes, students change major subjects for ORT that predictably affect the results of the test.

Indicators	2017-2018 academic year	2018-2019 academic year
Schools engaged	9	14
Teachers trained	82	124
Students trained	255	422
Training centers established		2
Graduates reaching threshold score (110 and more) on ORT	68% (baseline 47.5%)	70% (nat. average 50%)
Trainings on career development		5
Training method and ORT manuals, literary books and textbooks delivered to schools	2 490	3 110



POTABLE WATER PROJECT

The project is designed to provide local communities with access to potable water. The project is very popular since it improves lives of thousands of people. Many requests coming to the company for potable water projects are discussed with local authorities and approved at Regional Committee meetings.

In July 2018, KGC completed the access to potable water project in Konkino village of Yrdyk village council, DJeti-Oguz region. The population of the village is approximately 700 people. This project was co-financed by local budget (200,000 KGS) and Issyk-Kul Development Fund 2,000,000 KGS. KGC financing amounted to 5,498,000 KGS.

KGC financed drilling of a well in Kok-Moinok village of Ton region (population 611) costing 1,500,000 KGS. It began rehabilitation of a potable water system in Jenish village of Jeti-Oguz region (population 3,318). The budget of the project is 7,599,900 KGS.

Currently, the work included installation of pipes, rehabilitation of wells, repair of bactericidal system building and manufacture of a water tower. All works within the project will be completed in 2019. All the projects are co-financed by other donors, local municipalities and IKDF.



IRRIGATION IMPROVEMENT

The proposed project focuses on supporting agricultural development. The government is also emphasizing expanding arable land. According to expert estimates, the total area of arable land in the country could potentially be doubled with sufficient investment. The main goal of our investments are: (1) Increase irrigation water volume and significantly expand areas under irrigation (2) Increase yield and thereby increase farmers' income.

The areas for rehabilitation were identified at the Regional Committee meetings. Local organizations recommended by the regional authorities are contracted. The project benefits a large number of people/farmers who have a permanent problem of lack of water.

JETI-OGUZ TON
16 **4**
SYSTEMS SYSTEMS

Jeti-Oguz serves 14,186 hectares of land of 30,432 farmers in 23 villages. Ton serves 4,393 hectares of land of 3,283 farmers in 8 villages.

COMMUNITY OWNED PROJECTS (COP)

KGC offers support to local initiatives submitted to KGC, and discussed at Regional Committee meetings. Projects are usually implemented in partnership with local authorities, local NGOs and youth groups.

The projects are initiated, owned and sustained by local communities. Regular monitoring will be conducted by SD team together with local NGOs to ensure proper use of funds/materials. These projects have local community buy-in and are highly appreciated by them. Community

Owned Projects should benefit not individuals, but a large number of people and be implemented mainly in Issyk-Kul oblast. The projects are focused on local infrastructure development, support of social initiatives, sport and youth as well as support of vulnerable groups. Further plans will be developed as per the recommendations and decisions reached from the Regional Committee meetings.



In 2018, the projects implemented are as follows:

Purchase of a surgical medical equipment (laparoscope) for Kyzyl-Suu regional hospital that serves about 96 500 people. 399 employees, 50 of which are active doctors, work at the hospital. Currently this equipment is not used due to lack of sterilizer which is required for using laparoscope and will be purchased from local budget in 2019. Two doctors were trained to use this equipment. **BUDGET: 5,783,824 KGS**

Mini football field covers in Ton region:

Bokonbaevo	BUDGET: 1,456,881 KGS	13,882
Kok-Sai	BUDGET: 1,642,488 KGS	1,045
Kalkagar	BUDGET: 1,201,776 KGS	869
Jer-Ui	BUDGET: 1,002,795 KGS	751

Mini football fields in Jeti-Oguz region:

Svetlaya Polyana	BUDGET: 1,454,292 KGS	2,857
Tamga	BUDGET: 2,285,410 KGS	3,494
Kyzyl-Suu	BUDGET: 2,760,598 KGS	14,156
Boz-Beshik	BUDGET: 1,466,390 KGS	1,365

Construction started in 2018 and will be completed in 2019. The project is co-funded with local administration and IKDF.

Reconstruction and purchase of equipment and furniture for culture houses in Ton region (Kara-Koo, Bokonbaevo villages). Currently musical equipment and furniture have been purchased and the construction work is halfway completed. **BUDGET 2,545,810 KGS**

Repairing municipal apartments allocated for two young doctors from Bishkek (surgeon and anesthesiologist) who work at Ton regional hospital. **BUDGET 555,454 KGS**

Black earth purchased for greenery project in Balykchy city with a population size of over 40,000 people. **BUDGET 3,895,000 KGS**

8 computer classes in 8 schools in Ton region (Kadjy-Sau, Ton, Bar-Bulak, Kalkagar, Kara-Shaar, Tuura-Suu, Kok-Moinok, Shor-Bulak villages) that service 2,314 students and 3 kindergarten (Eshperov, Tork-Kul, Kajy-Saz villages) equipped. **BUDGET 2,164,730 KGS**

A container on the way to high-altitude pastures and Ak-Shiyrak village installed as a shelter for shepherds and tourists.



LOCAL BUSINESS INITIATIVES (LBI)

Community development investment helps to sustain KGC's social license to operate, through improving the livelihoods of the local population; made possible by leading diverse economic activities and/or improving the productivity and profitability of their existing economic activities.

KGC finances initiatives that enhance the growth and diversity of SMEs. Local Business Initiatives (LBI) program will support local entities (including municipal entities) in enhancing their capacity. The Sustainable Development team identifies potential key enterprises interested in partnering with KGC co-funding initiatives, which will achieve their business goals. Through effective cooperation with local enterprises, KGC is able to create new jobs and initiate provision of services that are lacking or insufficient in quality or quantity. Potential interventions include the following actions in partnership with enterprises: acquire new/improved equipment for product diversification/improvement, improve management and reporting systems, provide extension services to farmers and processors, construct common facility centers such as collection centers, storage centers, semi-processing centers, demonstration/training centers, etc. to address common constraints of farmers or processors.

In 2018, KGC supported the following projects:

Educational School "Kut-Bilim" in Kyzyl-Suu village was established in 2014. For the short period, the school has achieved good results and became a successful school in the region. 210 students from Issyk-Kul oblast have an opportunity to receive good quality education; helping them to enter university. KGC allocated funds to establish three laboratories (chemistry, physics and biology), purchase of kitchen equipment, and coal. **BUDGET 1,693,925 KGS**

"Kun-Chygysh ayil service" municipal enterprise in Ton region. KGC purchased equipment to manufacture concrete products (for road and irrigation system rehabilitation). Currently over 20 people work for this enterprise. In 2019 the enterprise plans to produce more than 10 products after using the new equipment purchased with KGC's assistance. Within 3 months of 2018 the enterprise manufactured concrete

products valued at 300,000 KGS. Since this enterprise is a municipal one, it contributes to the local budget. In 2019 the local administration plan to allocate funds for building and expanding production potential of the enterprise.

BUDGET 5,116,995 KGS

Vocational school #55 in Barskoon village. This school is the only educational institution in Jeti-Oguz region that prepares professional cooks, welders, tailors, electricians, etc. Currently, the vocational school does not have a dormitory and some students have to be hosted by local residents. The school has a facility that can be used as dormitory, and with KGC funding they performed capital renovation of the roof of this facility. 255 students will live in this dormitory.

BUDGET 704,543 KGS

Dipping facility for sheep and goats. The facility is located in Jeti-Oguz village and will service 11,420 people in 7 villages. Potentially 18,939 sheep and 1,257 goats will be treated. Two vets work for this facility. The procedure costs 15KGS per animal.

The generated income will provide for the sustainability of the facility by covering all the expenses associated with salaries and maintenance of the facility.

BUDGET 500,000 KGS

The "Association of women's communities of Isykkul". The project aims to improve the well-being of poor families. Funds were used for trainings on producing national yurts and purchasing materials. After training, participants produced national yurts and sold them. 15 people are engaged in the project (10 women, and 5 men).

BUDGET 178,200 KGS

Municipal enterprise "Bars-S" provides services in the agricultural sector. The support was used to reconstruction of the building. 50 people work for this enterprise.

BUDGET 500,000 KGS

A total of 6 organizations received financing to launch new products and improve the quality of services provided. Beneficiaries represented educational, tourism, services and construction sectors.

MICROCREDIT AGENCIES

KGC-founded microcredit agencies are located in three regions of Issyk-Kul: Jeti-Oguz, Ton and Balykchy. They provide low-interest loans to local SMEs that create workplaces and taxes to local budgets. Due to increasing expectations and requests from local communities, it was recommended to continue supporting the MCAs in 2019. KGC remains on the Supervisory Board.

As of December 31, 2018 credit portfolio of three microcredit agencies is 251,469,960 KGS (Jeti-Oguz MCA – 117,959,360 KGS, Ton Finance – 77,849,500 KGS and Balykchy Finance – 55,661,100 KGS).

In 2018, Jetioguz MCA gave 325 loans totalling 81,220,000 KGS, creating 244 jobs. Ton Finance gave 192 loans totalling 60 040 000 KGS, creating 216 jobs. Balykchy Finance gave 165 loans totalling 48,326,000 KGS, creating 164 jobs.

The total of loans given by three MCA in 2018 is 682 at total amount of 189,586,000 KGS. Credit recovery is 96,3%.

KGS support is 4 790,940 KGS (2,395,470 KGS for Ton Finance and 2,395,470 KGS for Balykchy Finance)