

# **ASIAN DEVELOPMENT BANK**

## **COUNTRY STRATEGY AND PROGRAM UPDATE (2003–2004)**

### **KAZAKHSTAN**

**August 2002**

## CURRENCY EQUIVALENTS

(as of 15 August 2002)

Currency Unit	–	tenge (T)
T1.00	=	\$0.00648
\$1.00	=	T154.265

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
ASP	–	Agriculture Sector Program (ASP)
CSP	–	country strategy and program
CSPU	–	country strategy and program update
DMC	–	developing member country
EBRD	–	European Bank for Reconstruction and Development
GDP	–	gross domestic product
IDB	–	Islamic Development Bank
JBIC	–	Japan Bank for International Cooperation
JICA	–	Japan International Cooperation Agency
KDB	–	Kazakhstan Development Bank
MDGs	–	Millennium Development Goals
NGOs	–	nongovernment organizations
PPTA	–	project preparatory technical assistance
SAP	–	Special Assistance Project
SMEs	–	small and medium-sized enterprises
TA	–	technical assistance
UNDP	–	United Nations Development Programme
WB	–	World Bank

## NOTE

- (i) The fiscal year of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

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## I. CURRENT DEVELOPMENT TRENDS AND ISSUES

### A. Recent Political and Social Developments

1. The political situation in Kazakhstan remains generally stable. In late 2001, however, the country witnessed some political disturbance and pressure for democratization. In November that year, a number of senior government officials, members of Parliament, and businessmen formed the *Democratic Choice of Kazakhstan* and called for political liberalization and decentralization, which led to the Government's reshuffles that month and in January 2002. Democratization began with experimental elections of heads of rural districts in October 2001. Such elections will gradually be introduced throughout the country. Despite the frequent changes in senior government officials, Kazakhstan's medium-term priorities outlined in the 2010 development strategic plan and the Government's program for 2002–2004, as approved by President Nursultan Nazarbayev, are not expected to alter. Kazakhstan pays serious attention to regional security, and cooperates militarily with neighboring countries to ensure border security and territorial integrity.

2. Continued strong economic performance since the end of 1999 has helped improve the standard of living. Those living below the officially determined subsistence minimum<sup>1</sup> declined to 28.4% in 2001 from 31.8% in 2000. The unemployment rate fell to 10.4% in 2001 from 12.8% in 2000. However, an increase in the self-employed (mostly small farmers) hides the declining job opportunities in the large and medium-sized enterprises. The economy's high dependence on the oil sector, which is capital intensive and has fragile linkages with the nonoil economy, weakens the relationship between economic growth and development, especially employment and poverty reduction. The country's progress toward the Millennium Development Goals (MDGs) and targets is in Appendix 1, Table A1.1.

### B. Economic Assessment and Outlook

3. After severely depressed economic activity until 1999, Kazakhstan achieved an impressive turnaround, with gross domestic product (GDP) at constant prices growing at 9.8% in 2000 and 13.2% in 2001. Growth in the first half of 2002 points to strong economic performance for the year. Substantial additional oil production and transport capacity contributed greatly to the economic turnaround and resulted in a structural upward shift in the external sector and fiscal position of the Government. Sensible public investments in social and economic infrastructure will enable the Government to redistribute the resource rents to a large portion of the population, thus increasing the potential to achieve sustained high levels of pro-poor growth.

4. The Government has a cautious fiscal policy. The 2001 budget was in surplus, without counting the transfers to the National Fund of Kazakhstan.<sup>2</sup> Under the medium-term budget framework being finalized, Government development spending during 2003–2005 will remain in

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<sup>1</sup> The "subsistence minimum" is used to measure poverty, as determined by the poverty assessment undertaken by ADB in 2001 (see para . 9). The subsistence minimum is calculated by the State Agency for Statistics each quarter and by region, and comprises the cost of a basket of about 70% food items and 30% goods and services. The "poverty line" is established by the Ministry of Labor and Social Protection as a fixed percentage of the subsistence minimum, and is used to determine the budgetary allocations for social assistance programs and eligibility of households to receive such assistance.

<sup>2</sup> Inclusive of the transfer to the National Fund, the fiscal deficit in 2001 was equivalent to 0.4% of GDP. The Government created the National Fund in 2001. It has the twin objectives of stabilizing the Government revenue from the natural resources sector and saving a portion of the proceeds from depletable resources for future generations.

the range of 2% to 3% of GDP, which is inadequate to achieve development objectives, particularly generating momentum for pro-poor growth in the nonoil sectors. The public external debt declined by 3.6% to \$3.8 billion or 16.9% of GDP at the end of 2001 due to limited new borrowing by the Government. The public domestic debt declined significantly to less than 1% of GDP.

5. Monetary policy succeeded in substantially consolidating macroeconomic stability. The inflation rate declined to 6.4% at the end of 2001. The tenge depreciated by only 3.2% against the dollar in nominal terms in 2001 and has moderated inflation. Improved macroeconomic stability was reflected in upgrades of sovereign ratings on the long-term foreign currency loans by key international rating agencies, and a corresponding reduction in the cost of borrowing.

6. In 1999–2001 exports and imports jumped sharply, by about 50%. Given substantial net outflows under factor incomes and services, the current account deficit was equivalent to 7.8% of GDP in 2001. High levels of foreign direct investment, most of which went to the oil sector, increased international reserves, which, together with the National Fund, amount to over 4 months of imports and are in excess of 100% of the short-term external debt. The country economic indicators are in Appendix 1, Table A1.2.

7. Kazakhstan is widely acknowledged as the leading reformer among the transition economies in Central Asia. Structural reforms continued in 2001, although their pace slackened. The new tax code is the highlight of reform measures in 2001. The momentum of reform in the financial sector was maintained. Large-scale privatizations and trade policy reforms suffered set back in 2001. The Government has recently established a Special Commission to amend the land law by including the private ownership of agricultural land, with the draft amendments to be considered by the Government in the fourth quarter of 2002. The Government's economic vision as reflected in 2010 development strategic plan envisages a proactive State to manage economic development.

### **C. Implications for the Country Strategy and Program**

8. New external borrowing is being limited due to the Government's (i) improved resource base, (ii) significantly improved external liquidity position, and (iii) cautious fiscal stance. The establishment of the Kazakhstan Development Bank, which provides medium- and long-term finance for investments in the priority sectors, has reduced the pressure on the Government to take out direct external loans.<sup>3</sup> The Government prefers to shift, as much as possible, from sovereign to nonsovereign borrowing modalities. The Government's decision to finance from internal resources, at least in the near term, education and health sector investment projects has also affected the Asian Development Bank (ADB) assistance program. Frequent changes in senior government officials exacerbated uncertainties in processing the agreed-upon assistance program. The Government's recent decision<sup>4</sup> to accord high priority to reviving the rural sector is important to consider in preparing the forward program.

<sup>3</sup> Kazakhstan Development Bank (KDB) was created in May 2001 to finance medium- and long-term investment projects in the real sector, including manufacturing, agriculture, and infrastructure. KDB also helps the Government attract private financial resources, international and domestic.

<sup>4</sup> The Government announced in April 2002 that the next 3 years (2003–2005) would be devoted to reviving the rural sector.

## II. IMPLEMENTATION OF THE COUNTRY STRATEGY AND PROGRAM

### A. Progress under the Poverty Partnership Agreement

9. With technical assistance (TA) from ADB, the Government is preparing a state program for poverty reduction for 2003–2005. Final approval of the program is expected by the end of 2002. Based on a comprehensive poverty assessment and extensive analytical studies undertaken with ADB support, the state program sets out a medium-term strategy to reduce income and nonincome poverty by (i) stimulating broad-based, sustainable growth and job creation; (ii) improving public sector efficiency in delivery of basic social services and targeted social assistance; and (iii) encouraging good governance and empowerment.

10. As the state program nears completion, the Government is interested in entering into a poverty reduction partnership agreement with ADB to set out long-, medium-, and short-term cooperation activities to support the poverty reduction program. The agreement will be prepared jointly by a working group of relevant government authorities and ADB and is expected to be signed in 2003.

### B. Progress in the Country Strategy and Program Focus Areas

11. ADB's lending operations in Kazakhstan have shrunk. By the end of 2002, only two projects (comprising three loans) from the existing portfolio are likely to remain. No new lending operations were approved in 2001. Of the three loans approved in 2000, one became effective in May 2002,<sup>5</sup> and the Government declined the other two after approval by the ADB Board.<sup>6</sup> For 2002, only the proposed rural water supply and sanitation sector project is likely to be fully processed. The sporadic nature of lending operations in Kazakhstan makes systematic pursuit of strategic sector objectives difficult. Within this constraint, ADB has kept its focus on education, agriculture and rural development, and transport and communications. The planned country strategy and program (CSP) will allow ADB to dialogue with the Government on the constraints to the systematic structuring of ADB operations.

#### 1. Economic Growth

12. Growth in the nonoil sectors is the key to achieving pro-poor sustainable growth. The ongoing Water Resources Management and Land Improvement Project<sup>7</sup> and its planned second phase aim to increase agricultural production and productivity on a sustainable basis with active participation of stakeholders in planning, implementation, and maintenance of farm infrastructure. The planned rural area development project aims to stimulate rural economic growth by providing integrated and area-focused assistance. The ongoing and planned investments in road infrastructure aim to stimulate economic growth and contribute to economic diversification. Road infrastructure investments focus on rehabilitating roads in international transport corridors. The Almaty–Bishkek Regional Road Rehabilitation Project aims to develop an efficient and safe road link to move trade between Kazakhstan and Kyrgyz Republic. The

<sup>5</sup> Loan 1774: Almaty–Bishkek Regional Road Rehabilitation (Kazakhstan component), for \$65 million, approved on 31 October 2000.

<sup>6</sup> Loans 1779/1780: Farm Restructuring Sector Development Program, for a total of \$45 million (a policy loan of \$25 million and investment loan of \$20 million), approved on 14 November 2000. Also see the Board Information Paper (IN.111-02, 29 May 2002) on the lapse of loan approval for these loans.

<sup>7</sup> Loans 1592/1593: Water Resources Management and Land Improvement Project, for a total of \$40 million (\$30 million from the ordinary capital resources and \$10 million from the Asian Development Fund) approved in December 1997.

rehabilitation of the Almaty–Astana road jointly financed by ADB, World Bank, and Islamic Development Bank (IDB) connects two major cities of Kazakhstan and joins it with a major transit highway in the Russian Federation.

## **2. Human Development**

13. The status of achievement of the MDGs is in Appendix 1, Table A1.1, and the detailed social indicators are in Appendix 1, Table A1.3. No new trends are available compared to the information provided in the last country strategy and program update (CSPU). Recently completed detailed poverty analysis has enhanced ADB's knowledge of the underlying issues in human and social development. Despite the Government's improving resource position and expressed intention to finance social sector investments domestically, increased resources do not seem to be flowing to these sectors. Maintaining high levels of public spending (as a share of GDP and of the total budget) for health and education is the key to sustain Kazakhstan's head start in achieving the MDGs.

14. ADB has accumulated valuable experience in the education sector in Kazakhstan through lending and nonlending operations. ADB assistance has laid the foundation for education reforms and played a major role in developing education management, providing teacher training, and supporting the state program to computerize schools. ADB is considering helping the Government comprehensively review the education sector, including resource requirements and sources of funding. Based on the findings of this review and reconsideration of the Government's borrowing strategy, ADB could support investment to strengthen basic education. The proposed rural water supply and sanitation sector project will improve public health standards and living conditions.

## **3. Governance**

15. Kazakhstan has made considerable progress in developing a modern governance framework. Governance reforms have improved macroeconomic stability, investment climate, and access to international capital markets. Public expenditure management improved with a new treasury system in place and greater transparency in managing extrabudgetary flows, although weaknesses remain in the management of the National Fund. A comprehensive tax code was passed in 2001, the procurement law in 2002 and audit law is being prepared. The Government has begun annual budgeting within a 3-year framework. Key areas that deserve attention include intergovernmental fiscal relations, civil service law, and public sector management. Substantial progress in governance reform is needed to improve perceptions of transparency of public sector operations. The ADB country governance assessment is under way and will provide an action plan to address the key weaknesses in governance. Building on the ongoing or recently completed TAs to the Prime Minister's Office, Ministry of Economy and Trade, and Agency for Strategic Planning, ADB has programmed support for strategic planning in these agencies, Ministry of Finance, and selected line ministries.<sup>8</sup> An advisory technical assistance (ADTA) will help implement fiscal decentralization.

16. The Government is aware that corruption is a serious issue and is taking significant steps to counter it. Recently, Kazakhstan became one of 18 signatories to the Anticorruption

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<sup>8</sup> TA 3595-KAZ: Capacity Building for Public Investment Programming, approved on 18 December 2000 for \$500,000; and TA 3747-KAZ: Governance Study and Capacity Building for Administrative Reform, approved in 2001 for \$150,000.

Plan for Asia Pacific of ADB and the Organisation for Economic Co-operation and Development (OECD).

#### **4. Private Sector Development**

17. A private sector assessment is under way and, when completed, will help identify major constraints on and opportunities for private sector development, and guide ADB assistance strategies. Discussions are continuing with the Government on the framework agreement for ADB private sector operations. They will focus on investing in infrastructure, the lack of which is considered to be one of the major impediment to sustainable private sector growth. ADB will also support public-private partnerships for public sector disinvestment and for improvement of public service delivery. ADB envisages supporting capital markets and strengthening financial intermediaries. ADB is considering a bank-intermediated loan facility for small and medium-sized enterprises. Processing of this facility depends, among other factors, on the Government signing the framework agreement for private sector operations. Where appropriate, ADB will use direct loans as well as the political risk guarantee and partial credit guarantee to catalyze foreign direct investment and local currency financing.

#### **5. Regional Cooperation**

18. Kazakhstan participated in the Ministerial Conference on Central Asia Economic Cooperation in March 2002 and supported the establishment of the institutional framework and sector coordinating committees to implement the ADB-supported regional program. Regional cooperation activities in Kazakhstan focus on the trade, transport and energy. The proposed road rehabilitation and reconstruction projects in the forward program will advance closer integration of Kazakhstan with its neighbors. The proposed Borovoe–Petropavlovsk road rehabilitation project will improve the road linking Kazakhstan's capital, Astana, with the north Kazakhstan's main border crossings with the Russian Federation. The road is the northern section of Kazakhstan's main north-south transport corridor, which runs from Almaty to the Russian Federation. The road is on a key transit route linking the People's Republic of China, Kyrgyz Republic, and Uzbekistan with Europe through the Russian Federation. The proposed Atyrau–Aktau road rehabilitation project is to help rehabilitate a section of road connecting Kazakhstan, Russian Federation, and Uzbekistan. Rehabilitation of the Atyrau–Aktau road will also strengthen the road connection between Kazakhstan and Turkmenistan. A regional customs harmonization TA for approval in 2002 will support capacity building of customs operations for all Central Asian developing member countries (DMCs), including Kazakhstan. Kazakhstan is participating as a nonborrower in the proposed regional power transmission modernization project in the Central Asian republics. A list of planned subregional projects that benefit Kazakhstan is in the tables on lending and nonlending products and services. (The relevant appendixes are cited in Section IV.)

#### **6. Environmentally Sustainable Development**

19. Achieving environmentally sustainable development is a challenge for Kazakhstan, given the past damage and lack of effective environmental policies and institutional capacity. ADB will support initiatives emphasizing (i) environmental legislation and institutional strengthening through nonlending activities; and (ii) improved management of water, land, energy, and other natural resources through integrating environmental considerations into sector development projects. A country environment analysis is being prepared to address Kazakhstan's environment, Government's priority, and its implications for ADB's operations, and the analysis

findings will serve as a core input to ADB's environmental strategies and programs as part of the forthcoming CSP. The country environment indicators are in Appendix 1, Table A1.4.

### **C. Highlights in Coordination of External Funding and Partnership Arrangements**

20. ADB has maintained close coordination with other development partners in Kazakhstan (Appendix 1, Table A1.5). No formal consultation meeting with development partners has been held since 1996 because of the Government's reluctance to call one. However, development partners have been holding regular informal meetings and coordinating with each other.

21. ADB closely coordinated with the United Nations Development Programme (UNDP) in helping the Government develop its medium-term poverty reduction strategy. ADB has been active in the transport sector, especially in road rehabilitation, and has coordinated assistance with European Bank for Reconstruction and Development (EBRD), World Bank, and IDB. ADB has maintained close coordination with the World Bank, IDB, EBRD, Japan Bank for International Cooperation (JBIC), and Japan International Cooperation Agency (JICA) in the water supply and sanitation sector. ADB and IDB will cofinance the proposed rural water supply and sanitation sector project, while the other development partners support the urban water supply sector. ADB supports education; the World Bank, health.

22. Specific cofinancing proposals have been discussed with EBRD and IDB for the proposed Atyrau–Aktau and Borovoe–Kokshetau–Petropavlovsk road rehabilitation projects, respectively. The proposed loan amounts for these projects take into account cofinancing by EBRD and IDB. The proposed nonlending program is in excess of the core TA indicative planning figure available for Kazakhstan and will require cofinancing.

## **III. PORTFOLIO MANAGEMENT ISSUES**

### **A. Portfolio Performance**

23. As of 31 December 2001, ADB had approved 13 loans for nine projects, totaling \$512 million (of which \$452 million was from the ordinary capital resources and \$60 million from Asian Development Fund (ADF)). Nine of the 13 loans (for six projects), accounting for \$238.5 million, were active at the end of 2001. The disbursement ratio for 2001 was 25.3%, which is higher than the 2001 ADB-wide average of 20.5%. Forty TA grants totaling \$21.2 million have also been approved. TA approvals in 2001 include 3 ADTAs and 2 project preparatory technical assistance (PPTAs), for a total amount of \$2.3 million.

24. Of the nine ongoing loans at the end of 2001, three were rated satisfactory, three partially satisfactory, and three unsatisfactory. However, the approval of two loans<sup>9</sup> rated unsatisfactory has lapsed, as the Government decided to finance the projects with its own resources. The third unsatisfactory loan was declared effective in May 2002. The partially satisfactory rating of three loans (for two projects) was primarily due to start-up difficulties, which delayed implementation by 30–37%. Portfolio performance indicators and the implementation status are in Appendix 1, Tables A1.6–A1.9.

<sup>9</sup> Loan 1779/1780: Farm Restructuring Sector Development Program, (a policy loan for \$25 million and investment loan for \$20 million) approved on 14 November 2000, lapsed on 14 February 2002 following a 3-month extension.

## **B. Performance Monitoring and Evaluation**

25. In 2002, the first project performance audit reports were completed for the Special Assistance Project (SAP)<sup>10</sup> and the Agriculture Sector Program (ASP).<sup>11</sup> SAP was ADB's first lending operation in Kazakhstan, providing fast-disbursing financial assistance to help the Government keep the reform program on track and avoid potential setbacks due to rising social tensions. SAP funded the import of medicines, medical equipment, and medical spare parts, and imports by enterprises. Although its short-term impacts were smaller than expected, SAP was assessed as successful as it supported the successful macroeconomic stabilization program. ASP was intended to strengthen the reform process by establishing a competitive and market-based agriculture sector. ASP covered three broad policy areas: creating markets, promoting market competitiveness, and strengthening social and environmental protection. Eleven objectives were set and 42 policy measures to achieve them designed. Seven policy measures were complied with before ADB approval of ASP, while the remaining 35 measures were implemented largely as planned. ASP reform direction has been sustained and augmented and is unlikely to be reversed. Considering its significant achievements and a few shortcomings, ASP was rated successful.

## **IV. COUNTRY PERFORMANCE AND ASSISTANCE LEVELS**

### **A. Lending Level Proposed**

26. Section I described the uncertainties that made it difficult to reasonably project the size of ADB's annual lending program in Kazakhstan. At the same time, the Government has massive requirements for implementing its development plans. A close dialogue with the Government—during preparation of the CSP, for example—is needed to resolve the uncertainties. The annual loan indicative planning figure for Kazakhstan is proposed to be kept at \$120 million for 2003-2004, the same level proposed in the CSPU (2002-2004). As the CSP is being prepared, no lending program has been proposed for 2005, although a PPTA has been included in the 2004 program for a possible loan in 2005.

27. The proposed lending program for 2003-2004 consists of four public sector projects with a total loan amount of \$285 million. Of these, two projects with a loan amount of \$185 million will directly benefit the poor, and account for more than 60% of the total proposed lending volume for 2003-2004. The assistance program may have to be adjusted during CSP preparation. The assistance pipeline for lending products for 2003-2004 is in Appendix 1, Table A1.10.

28. Following its graduation to Group C under the ADB's Graduation Policy,<sup>12</sup> the country's project cost-sharing limit will decline to 50% by 2004, from 80% before graduation. The reduced limit has placed ADB at a considerable disadvantage compared to other multilateral development banks in responding to the development needs of Kazakhstan.

### **B. Nonlending Program**

29. The TA program for 2003-2004 covers eight projects totaling \$4.2 million. Delivery of the planned TA program will require resources beyond the annual TA resource envelope. All efforts

<sup>10</sup> Loan 1337(SF)/1338: Special Assistance Project, for \$20 million (ADF) and \$40 million, respectively, approved on 6 December 1994.

<sup>11</sup> Loan 1406: Agriculture Sector Program, for \$100 million, approved on 22 November 1995.

<sup>12</sup> ADB. 1998. *A Graduation Policy for the Bank's DMCs*. Manila.

will be made to mobilize these resources. The assistance pipeline for nonlending products and services for 2003–2004 is in Appendix 1, Table A1.11.

30. The nonlending support includes a range of economic, thematic, and sector work. A comprehensive poverty assessment was recently completed. ADB helped the Government prepare its poverty reduction strategy and a study on the so-called company towns. The governance assessment is at an advanced stage. Private sector and environment assessments are under way. A follow-up to the capacity-building TA for environment management is planned for 2004. Further assistance for the environment sector will be programmed based on the findings of the environment assessment. As a part of the CSP exercise, a detailed study of the Government's development plans and growth processes is under way. ADB is developing a macroeconomic model for making projections about the Kazakh economy. Major sector work will be devoted to developing sector strategies and road maps for the agriculture and rural development, education, and transport sectors. Limited public expenditure reviews for selected local governments are also planned.

### C. Summary of Changes to Lending and Nonlending Program

31. The main changes to the loan program shown in the CSPU (2002–2004) follow:

	PROPOSED CHANGES
2003	<ul style="list-style-type: none"> <li>• Defer the education sector development program to 2004, and include it as a standby education project.</li> <li>• Drop the second rural water supply and sanitation project due to delays in the processing of the rural water supply and sanitation project originally programmed for 2001 but was deferred to 2002.</li> <li>• Include the Borovoe–Kokshetau–Petropavlovsk road rehabilitation project to be cofinanced with IDB.</li> <li>• Include the rural area development project (as a standby project) to replace the rural income generation sector development program in the 2002 pipeline.</li> </ul>
2004	<ul style="list-style-type: none"> <li>• Defer the second water resources management project due to delays in implementing the first project. Instead, include PPTA in the 2004 program to prepare a second project that could find place in the 2005 program.</li> <li>• Rename the road rehabilitation and maintenance project as the Atyrau–Aktau road rehabilitation project, to be cofinanced by EBRD.</li> </ul>

## COUNTRY AND PORTFOLIO INDICATORS, AND ASSISTANCE PIPELINE

**Table A1.1: Progress Toward the Millennium Development Goals and Targets**

Goals and Targets	Country Status
<p><b>Goal 1: Eradicate Extreme Poverty and Hunger</b></p> <p>Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than \$1/day.</p> <p>Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.</p>	<p>The incidence of poverty, as measured by the subsistence minimum, declined to 28.4% in 2001 from 34.6% in 1996.</p> <p>No specific target exists for reducing nutrition-based poverty. Implicitly, it will also be reduced by the same magnitude as income poverty.</p>
<p><b>Goal 2: Achieve Universal Primary Education</b></p> <p>Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.</p>	<p>Near universal primary education has been achieved. Enrolment ratio for all levels (age 7–24 years) was 99.5 in 2001.</p>
<p><b>Goal 3: Promote Gender Equality and Empower Women</b></p> <p>Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.</p>	<p>No levels of education have gender disparity in enrolment. Gross enrolment of females at all levels is 101% of males.</p>
<p><b>Goal 4: Reduce Child Mortality</b></p> <p>Target 5: Reduce by two thirds, between 1990 and 2015, the under-5 mortality rate.</p>	<p>Officially reported infant mortality rate declined from 25.4 per 1,000 live births in 1996, to 19.4 1,000 live births in 2001.<sup>a</sup></p>
<p><b>Goal 5: Improve Maternal Health</b></p> <p>Target 6: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.</p>	<p>Maternal mortality rate declined from 52.9 per 100,000 live births in 1996 to 48.6 per 100,000 live births in 2001.</p>
<p><b>Goal 6: Combat HIV/AIDS, Malaria, and Other Diseases</b></p> <p>Target 7: Have halted by 2015, and begun to reverse, the spread of HIV/AIDS.</p> <p>Target 8: Have halted by 2015, and begun to reverse, the incidence of malaria and other major diseases.</p>	<p>Total number of HIV cases officially documented was 2,648 as of 31 March 2002, up from 1,347 cases in 2000.</p> <p>The country had no cases of malaria. TB incidence increased from 61.9 cases per 100,000 population in 1994, to 122.8 cases in 1998.</p>
<p><b>Goal 7: Ensure Environmental Sustainability</b></p> <p>Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.</p> <p>Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water.</p> <p>Target 11: By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers.</p>	<p>The principles were integrated in the 2030 Development Strategy and National Environmental Action Plan (approved in 1999).</p> <p>As of 2001, 86% of the urban population and 63% of the rural population had access to safe drinking water.</p> <p>No information is available.</p>

ADB=Asian Development Bank; HIV/AIDS=human immunodeficiency virus/acquired immunodeficiency syndrome; TB=Tuberculosis.

<sup>a</sup> Official data are based on definitions used in the Soviet Union and would be much higher using international definitions. According to the 1999 Kazakhstan national demographic survey, the infant mortality rate using international definitions was 62 per 1,000 live births compared to 50 per 1,000 immediately before independence.

Sources: ADB. 2001. *Technical Assistance to Kazakhstan for the Preparation of a Comprehensive Medium-Term Poverty Strategy*. Manila; Agency on Statistics of the Republic of Kazakhstan. 2001. *2001 Statistical Yearbook of Kazakhstan*. Almaty; United Nations Development Programme. 2002. *Human Development Report 2001*; World Bank. 2001. *The Little GREEN Data Book 2001 from the World Development Indicators*. Washington.

**Table A1.2: Country Economic Indicators**

Item	Fiscal Year				
	1997	1998	1999	2000	2001
<b>A. Income and Growth</b>					
1. GDP per Capita (\$, current)	1,146.0	1,469.0	1,127.0	1,228.0	1,497.0
2. GDP Growth (% , in constant prices)	1.7	(1.9)	2.7	9.8	13.2
Agriculture	(0.8)	(18.9)	28.0	(3.3)	16.9
Industry	4.1	(2.4)	2.7	15.5	13.5
Services	0.9	(0.4)	(1.7)	7.9	12.0
<b>B. Saving and Investment (current and market prices) (% of GDP)</b>					
1. Gross Domestic Investment	16.9	15.1	12.8	16.3	23.0
2. Gross Domestic Saving	12.6	9.6	14.2	20.3	19.2
<b>C. Money and Inflation (annual% change)</b>					
1. Consumer Price Index <sup>a</sup>	17.5	7.1	8.3	13.2	8.4
2. Total Liquidity (M2)	29.2	(14.2)	84.4	44.9	40.2
<b>D. Government Finance (% of GDP)</b>					
1. Revenue and Grants	24.4	22.0	19.8	23.1	22.7
2. Expenditure and Onlending	28.2	26.2	23.2	23.0	23.1
3. Overall Fiscal Surplus (Deficit)	(3.8)	(4.2) <sup>b</sup>	(3.5)	0.1	(0.4)
<b>E. Balance of Payments</b>					
1. Merchandise Trade Balance (% of GDP)	(1.2)	(3.4)	2.2	13.4	4.0
2. Current Account Balance (% of GDP)	(3.6)	(5.6)	(1.4)	2.3	(7.8)
3. Merchandise Export (\$) Growth (annual% change)	9.6	(14.9)	2.0	55.1	(1.8)
4. Merchandise Import (\$) Growth (annual% change)	8.3	(7.0)	(15.3)	21.2	20.0
<b>F. External Payments Indicators</b>					
1. Gross Official Reserves (including gold, \$ million in months of current year's imports of goods) <sup>c</sup>	2,291.0	1964.0	2,003.0	2,096.0	2,508.0
	3.3	3.0	3.6	2.9	2.7
2. Public External Debt Service (% of exports of goods and services)	6.2	7.7	11.9	8.3	4.6
3. Total Public External Debt (% of GDP)	14.8	18.1	24.1	21.5	16.9
<b>G. Memorandum Items</b>					
1. GDP (current prices, T billion)	1,672.1	1,733.2	2,016.4	2,599.0	3,285.4 <sup>d</sup>
2. Exchange Rate (T/\$, average)	75.4	78.3	119.5	142.3	147.2
3. Population (million)	15.2	14.9	15.0	14.9	14.8

ADB=Asian Development Bank; GDP=gross domestic product ; IMF=International Monetary Fund.

<sup>a</sup> Annual average.

<sup>b</sup> Include extrabudgetary funds.

<sup>c</sup> Gross official reserves of the Central Bank (\$ million).

<sup>d</sup> As of 15 June 2002.

Sources: ADB. 2002. *Outlook 2002*. Manila; ADB. 2002. *Basic Statistics*. Manila; Agency on Statistics of the Republic of Kazakhstan. 2001. *2001 Statistical Yearbook of Kazakhstan*. Almaty; International Monetary Fund. June 2002. *IMF International Financial Statistics*; staff estimates.

Table A1.3: Country Poverty and Social Indicators

Item	Period			
	1985	1990	Latest Year	
<b>A. Population Indicators</b>				
1. Total Population (million)	15.7	16.4	14.8	[2001]
2. Annual Population Growth Rate (% change)	1.2	(0.5)	(0.3)	
<b>B. Social Indicators</b>				
1. Total Fertility Rate (births/woman)	3.0	3.0	2.1	[2000]
2. Maternal Mortality Rate (per 100,000 live births) <sup>a</sup>	41.0	75.8	48.6	[2001]
3. Infant Mortality Rate (below 1 year/1,000 live births) <sup>b</sup>	30.1	26.4	19.4	[2001]
4. Life Expectancy at Birth (years)	67.7	68.6	65.5	[2001]
Female	72.7	73.1	71.3	[2000]
Male	62.2	63.8	59.8	[2000]
5. Adult Literacy (%)	99.0	99.5	99.9	[1998]
Female	—	99.5	99.9	[1998]
Male	—	99.5	99.9	[1998]
6. Primary School Enrolment (%) <sup>c</sup>	—	98.8	99.5	[1998]
7. Secondary School Enrolment (%) <sup>c</sup>	—	99.5	99.8	[1998]
8. Child Malnutrition (% below age 5)	—	—	—	
9. Population Below Poverty Line (International, %) % measured as share of population living below the subsistence minimum (%) (see footnote 1 on page 1)	—	25.0	[1992]	28.4 <sup>d</sup> [2001]
10. Urban Population with Access to Safe Water (%)	—	85.0	[2000]	86.0 [2001]
11. Rural Population with Access to Safe Water (%)	—	61.0	[2000]	63.0 [2001]
12. Public Education Expenditure (% of GDP)	6.6	4.2		3.9 [2001]
13. Human Development Index	—	0.802		0.742 [1999]
Rank	—	93/174		75/162
14. Gender-Related Development Index	—	—		—
Rank	—	—		—
<b>C. Poverty Indicators</b>				
1. % of Poor to Total Population				
Akmola	—	—	20.4	[2001]
Aktjubinsk	—	—	29.4	[2001]
Almaty	—	—	39.3	[2001]
Atyrau	—	—	40.9	[2001]
East-Kazakhstan	—	—	22.1	[2001]
Jambyl	—	—	48.4	[2001]
West-Kazakhstan	—	—	28.3	[2001]
Karaganda	—	—	22.4	[2001]
Kostanai	—	—	26.2	[2001]
Kyzyl Orda	—	—	38.5	[2001]
Mangistau	—	—	46.2	[2001]
Pavlodar	—	—	16.1	[2001]
North-Kazakhstan	—	—	10.0	[2001]
South-Kazakhstan	—	—	38.4	[2001]
Astana City	—	—	2.1	[2001]
Almaty City	—	—	5.5	[2001]
2. Poverty Gap	—	11.4	[1996]	7.7 [2001]
3. Poverty Severity Index	—	5.2	[1996]	3.0 [2001]
4. Inequality (Theil L Index) <sup>e</sup>	—	10.2	[1997]	11.3 <sup>d</sup> [2001]
5. Human Poverty Index	—	31	[1998]	28.1 [1999]
Rank	—	—		—

—=not available; GDP=gross domestic product; UNDP=United Nations Development Programme.

<sup>a</sup> Officially reported statistics. According to UNDP's *Kazakhstan Human Development Report 2000*, the maternal mortality rates declined from 52.9 per 100,000 live births in 1996 to 49.6 in 1999.

<sup>b</sup> Official data are based on definitions used in the Soviet Union, and would be much higher using international definitions. According to the 1999 Kazakhstan national demographic survey, the infant mortality rate using international definitions was 62 per 1,000 live births compared to 50 per 1,000 immediately before independence.

<sup>c</sup> Enrolment reported above pertains to net enrolment ratio. Data for gross enrolment is not available.

<sup>d</sup> These figures are compared with 31.8 in 2000 for population below poverty line, and 11.9 in 2000 for inequality (Theil L Index).

<sup>e</sup> In the absence of Theil L index, the income ratio of richest 10% to poorest 10% has been used as the measure of inequality.

Source: ADB. 2002. *Outlook 2002*. Manila; ADB. 2002. *Basic Statistics*. Manila; ADB. 2000. *Kazakhstan Education for All 2000*. Manila; Agency on Statistics of the Republic of Kazakhstan. 2001. *2001 Statistical Yearbook of Kazakhstan*. Almaty; UNDP. 2002. *Human Development Report 2001*. New York

Table A1.4: Country Environment Indicators

Indicator	1985		Latest Year	
<b>A. Energy Efficiency of Emissions</b>				
1. GDP/Unit of Energy Use (PPP\$/kgoe)	—		1.80	[2001]
2. Traditional Fuel Use (% of total energy use)	—		—	[2001]
3. Carbon Dioxide Emissions				
Tons	—		123.00	[2001]
Tons per capita	10.50	[1995]	8.00	[1997]
<b>B. Water Pollution: Water and Sanitation</b>				
1. % Urban Population with Access to Safe Water	85.00	[2000]	86.00	[2001]
2. % Rural Population with Access to Safe Water	61.00	[2000]	63.00	[2001]
3. % Urban Population with Access to Sanitation	—		—	
<b>C. Land Use and Deforestation</b>				
1. Forest Area (million hectares)	26.40	[1999]	26.50	[2001]
2. Average Annual Deforestation				
Square kilometers (km <sup>2</sup> )	—		(2,390.00)	[2001]
% change	—		(2.20)	[2001]
3. Rural Population Density (people/km <sup>2</sup> of arable land)	—		22.00	[2001]
4. Arable Land (% of total land)	—		79.60	[2001]
5. Permanent Cropland (% of total land)	—		7.70	[2001]
<b>D. Biodiversity and Protected Areas</b>				
1. Nationally Protected Area				
Million hectares	73.40	[1999]	73.57	[2001]
% of total land	2.70	[1999]	2.70	[2001]
2. Mammals (number of threatened species)	—		18.00	[2001]
3. Birds (number of threatened species)	—		15.00	[2001]
4. Higher Plants (number of threatened species)	—		—	
5. Reptiles (number of threatened species)	—		—	
6. Amphibians (number of threatened species)	—		—	
<b>E. Urban Areas</b>				
1. Urban Population				
Million	8.40	[1997]	8.35	[2001]
% of total population	55.60	[1997]	56.00	[2001]
2. Per Capita Water Use (liters/day)	—		167.00	[1999]
3. Wastewater Treated (%)	—		—	
4. Solid Waste Generated Per Capita (kg/day)	—		—	

—=not available; GDP=Gross domestic product, kg=kilogram, kgoe=kilograms of oil equivalent, km<sup>2</sup>=square kilometer, PPP=purchasing power parity.

Sources: ADB. 2002. *Outlook 2002*. Manila; ADB. 2002. *Basic Statistics*. Manila; Agency on Statistics of the Republic of Kazakhstan. 2001. *2001 Statistical Yearbook of Kazakhstan*. Almaty; United Nations Development Programme. 2002. *Human Development Report 2001*. New York; World Bank. 2001. *The Little GREEN Data Book 2001 from the World Development Indicators*. Washington.

**Table A1.5: Development Coordination Matrix**

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
<b>Agriculture</b>	<p>(i) Support for agriculture reforms for the transition to a market economy, including improvement of land tenure, privatization of state-owned farms, reduction of state interventions in markets, dismantling of state-owned monopoly trading companies, and improvement of water resources management</p> <p>(ii) Support for the Government's state program for rural development, including diversification of rural industry, job creation, and enhanced provision of social services</p>	<p><b>European Bank for Reconstruction and Development (EBRD):</b> Provision of credit to farmers for warehouse grain receipts through commercial bank credit lines covered by a private sector indemnity fund</p> <p><b>World Bank (WB):</b> Support for (i) privatization of state-owned farms, including improvement of managerial capacity, provision of agricultural support services and equipment, creation of off-farm jobs, and provision of rural credit; and (ii) improvement of water resources management</p>
<b>Energy</b>	<p>(i) Provision of a grant for advisory technical assistance (TA) to prepare an energy sector study, which is still under discussion with the Government. TA scope includes promotion of energy efficiency and renewable energy development. Given its important potential role in poverty reduction, remote renewable energy development will be prominent in policy dialogue with the Government.</p> <p>(ii) Support under ADB's regional cooperation initiatives, for rehabilitation of (a) the regional power interconnector to facilitate regional power trade and (b) the regional gas transmission system</p>	<p><b>EBRD:</b> Support for rehabilitation of the national power transmission system</p> <p><b>WB:</b> Support for market reforms, enhanced role of the private sector, and rehabilitation of oil fields and national power transmission systems</p>
<b>Transport</b>	<p>Support for rehabilitation and maintenance of national networks that also serve as critical links in the regional transport network (especially road and rail transport systems) to (a) reduce physical and nonphysical barriers to regional trade and movement of goods and people; (b) improve managerial and strategic planning capacity; (c) promote market reforms; (d) enhance safety, construction, and maintenance standards; and privatize, corporatize, and/or commercialize state-owned transport enterprises</p>	<p><b>EBRD:</b> Support for (i) rehabilitation and maintenance of national highways that also serve as key regional trade and transportation routes (including Almaty–Bishkek, Aktau–Atyrau), and development of a national road maintenance program; (ii) promotion of market reforms and support to restructure and commercialize the railway corporation, rehabilitate track networks, and purchase new locomotives; (iii) renovation and modernization of the Aktau seaport; and (iv) rehabilitation of the Atyrau airport</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p><b>Islamic Development Bank (IDB):</b> Support for rehabilitation of the Almaty–Astana road in collaboration with ADB, and proposal of similar collaboration on the Borovoe–Petropavlovsk road linking Astana with the border to the Russian Federation</p> <p><b>Japan Bank for International Cooperation (JBIC):</b> Support for (i) rehabilitation of highway segments in west Kazakhstan, (ii) assistance in determining tariffs for aviation and railway transport, and (iii) construction of the Astana airport</p> <p><b>WB:</b> Support for rehabilitation and maintenance of national highways and rural roads (Almaty–Astana), in collaboration with other international finance institutions. WB will shortly undertake a regional trade facilitation and transportation study for Central Asia, including cross-border issues.</p>
<b>Information and Communications Technology (ICT)</b>	No significant involvement in ICT is envisaged. ADB will consider involvement, depending on the Government's ICT strategy, which is being prepared with EBRD support.	<b>EBRD:</b> Provision of TA to develop an ICT policy and strategy, including promotion of market reforms, deregulation, demonopolization, and private sector participation. A nonsovereign guaranteed loan has been extended to Kazakhtelecom, and another lending operation is expected from the dialogue with Government, based on the strategy work.
<b>Water Resources</b>	Rehabilitation of irrigation infrastructure, including improvement of national and local managerial capacity to ensure continued long-term operation and maintenance, and involving close collaboration with WB. An investment project is ongoing in south Kazakhstan.	<b>WB:</b> Collaboration with ADB to support rehabilitation of irrigation infrastructure in other areas of southern Kazakhstan, including promotion of a common reform agenda and strategic approach
<b>Rural Water Supply and Sanitation</b>	Provision of water supply and sanitation services to rural areas, including rehabilitation of existing systems or development of new ones, enhancement of strategic planning and managerial capacity at national and local government levels, and establishment of decentralized operation and maintenance capabilities at the community level. A lending project covering four oblasts is being processed.	<b>IDB:</b> Proposed collaboration with ADB to support provision of water supply in rural areas of Karagandhy region, promoting a common strategic approach

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p><b>Japan International Cooperation Agency (JICA):</b> Grant assistance, including provision of materials and equipment for rural communities' water supply in north Kazakhstan</p>
<b>Urban/Municipal Services</b>	Active involvement in the municipal services sector is not envisaged.	<p><b>EBRD:</b> Nonsovereign guaranteed lending for solid waste management and urban water supply and sanitation services in Almaty and Atyrau</p> <p><b>JBIC:</b> Rehabilitation of water supply and sanitation systems in Astana</p> <p><b>WB:</b> Direct lending to local governments with central Government guarantee to rehabilitate urban water supply and sanitation systems in selected small cities</p>
<b>Education</b>	Restoration of quality education services and support for deepening sector reforms to meet the needs of the market economy, including improvement of resource utilization, development of skills for new labor markets, informatization, teacher training, encouragement of private education, and enhancement of strategic planning capacity. ADB, the lead external development partner in the sector, will consider supporting the sector based on the 2002 update of the education sector strategy.	
<b>Health</b>	Support through a regional Japan Fund for Poverty Reduction grant to reduce micronutrient deficiencies in children and mothers through wheat fortification and salt iodization.	<p><b>JICA:</b> Grant assistance to (i) improve the health care system in Semipalatinsk, east Kazakhstan, which is heavily affected by radiation pollution, by providing training, supplies, and equipment; and (ii) provide medical equipment to Kyzylorda region and Astana</p> <p><b>WB:</b> Substantial support for health sector restructuring</p>
<b>Social Protection</b>	Active involvement in social protection is not envisaged. Assistance may be considered based on the State Program for Poverty Reduction 2003–2005.	<b>WB:</b> Extensive support for reform of the social protection system to ensure more effective delivery and management. One loan has been completed and an adjustment loan is under active consideration.

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
<b>Private Sector Development</b>	Public sector operations (PSO) in transport and communications, finance, and agriculture sectors, mainly to support private sector development. Private sector assessment is being undertaken and will guide PSO. A loan facility for small and medium-sized enterprises (SMEs), requested by the Government, is under consideration. Close coordination will be maintained with other development partners in processing the proposed facility. ADB's nonsovereign guaranteed lending operations can only begin after the Government signs the framework agreement for PSO.	<p><b>EBRD:</b> Support for the transition to a market economy, focusing on the private sector and enterprises. Assistance includes the flagship SME development program and strengthening of the financial sector.</p> <p><b>International Finance Corporation:</b> Approval of 32 nonsovereign guaranteed operations totaling over \$230 million, in energy, finance, manufacturing, mining, tourism and trade, including support for SME development.</p> <p><b>WB:</b> A broad range of assistance, from management of state assets (including privatization), measures to improve the business environment, financial services for rural enterprises, and support for SME development (including business advisory services, information technology, and linkages with large enterprises)</p>
<b>Finance and Banking</b>	Regional TA to harmonize customs procedures and reduce barriers at border crossings to facilitate cross-border trade and movement of goods. Potential collaboration with the Development Bank of Kazakhstan and extending nonsovereign guaranteed credit lines to SMEs is also under consideration. (See note under "Private Sector Development.")	<p><b>EBRD:</b> See above, "Private Sector Development."</p> <p><b>WB:</b> See above, "Private Sector Development."</p>
<b>Poverty Reduction</b>	TA to prepare a comprehensive medium-term poverty reduction strategy, including a poverty assessment and high-level forum. The TA involved close collaboration with United Nations Development Programme (UNDP) and WB. Further assistance will be considered, based on the state program and further consultation with the Government, in the course of preparing the next country strategy and program (CSP).	<p><b>UNDP:</b> Collaboration with ADB in providing TA complementing ADB-supported activities, including those related to the role of local governments and nongovernment organizations (NGOs) poverty reduction, and issues of environment and poverty</p> <p><b>WB:</b> Preparing an update in 2002 of the 1996 living standards measurement survey with quarterly data collected by the National Statistics Agency</p>
<b>Environment</b>	TA to improve the management and strategic planning capacity in the Ministry of Environment and Natural Resources. Further assistance under the CSP will be considered, based on the recommendations of the 2002 environmental assessment.	<b>JICA:</b> Support for (i) environmental monitoring of the Balkhash Lake and watershed, and (ii) water quality analysis and monitoring

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p><b>UNDP:</b> Leading supporter of the Government's preparations for the environment summit in Johannesburg in August 2002. With WB, UNDP helped the Government prepare the national environmental action plan.</p> <p><b>WB:</b> Primary focus on water resources, including irrigation management, pollution clean-up, and the Aral Sea problem. WB is conducting a study of Kazakhstan's major water basins, will help develop a forestry code, and is developing investment project proposals under the United Nations' Caspian environmental program.</p>
<b>Governance</b>	Focus on governance issues such as policy and institutional reforms and capacity building at the sector level through lending and TA for strategic planning, investment project programming, and aid coordination. Further assistance may be considered, based on the recommendations of the ongoing country governance assessment. Such assistance is likely to include enhancing capacity in strategic planning and budgeting and fiscal decentralization to help the Government achieve its development goals.	<p><b>European Union-Technical Assistance Program for Commonwealth of Independent States (EU-TACIS):</b> Assistance to implement the civil service law, establishment of a regional civil service training center, decentralization, and civil society participation at the local level</p> <p><b>IMF:</b> Assistance in drawing up tax policy, reforming the customs agency, and, in collaboration with WB, modernizing the treasury</p> <p><b>JICA:</b> Assistance to enhance strategic planning capacity, specifically in economic and industrial policy formulation</p> <p><b>UNDP:</b> A broad range of support, including strengthening strategic planning capacity, training parliamentarians in law drafting, introducing international accounting standards, giving advice on decentralization and functional reviews of ministries and local authorities, and empowering NGOs</p> <p><b>United States Agency for International Development (USAID):</b> Support, primarily at the local level, to introduce democratic practices and empowerment of civil society, as well as central and local public sector fiscal reform, including intergovernmental fiscal transfers and capacity building for improved budget formulation</p>

Sector/Thematic/Area	ADB Strategy/Activities	Other Development Partners' Strategy/Activities
		<p><b>WB:</b> Ensuring efficient public resource management and improving efficiency and effectiveness of public services by supporting a functional analysis to facilitate decentralization of responsibilities from central to local government levels, public expenditure management, audit and accounting standards, and tax and customs reform</p>

**Table A1.6: Portfolio Indicators—Portfolio Amounts and Ratings**  
(public sector loans, as of 31 December 2001)

Sector	Net Loan Amount		Total		Rating <sup>a</sup>								Potential Problem <sup>b</sup>		At Risk <sup>c</sup>	
	(\$ million)	(%)	(No.)	(%)	Highly Satisfactory		Satisfactory		Partly Satisfactory		Unsatisfactory		(No.)	(%)	(No.)	(%)
Agriculture and Natural Resources	79.6	33.3	4	44.4	—	—	—	—	2	50.0	2	50.0	—	—	4	100.0
Energy	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Industry and Nonfuel	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minerals	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Social Infrastructure <sup>d</sup>	56.9	23.8	3	33.3	—	—	3	100.0	—	—	—	—	—	—	—	—
Transport and Communications	102.0	42.7	2	22.2	—	—	—	—	1	50.0	1	50.0	—	—	2	100.0
<b>Total</b>	<b>238.5</b>	<b>100.0</b>	<b>9</b>	<b>100.0</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>33.3</b>	<b>3</b>	<b>33.3</b>	<b>3</b>	<b>33.3</b>	<b>—</b>	<b>—</b>	<b>6</b>	<b>66.6</b>

—=not available; No.=number.

<sup>a</sup> One rating for implementation progress and development objectives, based on the lower rating of either.

<sup>b</sup> Potential problem loans are satisfactory loans but have four or more risk factors associated with partly satisfactory or unsatisfactory performance.

<sup>c</sup> A loan is "at risk" if it is rated as partly satisfactory, as unsatisfactory, or as a potential problem.

<sup>d</sup> Includes one project which was completed on 30 June 2001.

Source: Asian Development Bank estimates.

**Table A1.7: Portfolio Indicators—Disbursements and Net Transfers of Resources**  
(public sector loans, as of 31 December 2001)

<b>Disbursements and Transfers</b>	<b>OCR</b>	<b>ADF</b>	<b>Total</b>
<b>Disbursements<sup>a</sup></b>			
Total Funds Available for Withdrawal (\$ million)	105.0	36.5	141.4
Disbursed Amount (\$ million, cumulative)	66.2	30.5	96.7
%age Disbursed (disbursed amount/total available)	63.1	83.5	68.4
Disbursements (\$ million, 2001)	12.7	2.6	15.3
Disbursement Ratio (%) <sup>b</sup>	24.7	28.7	25.3
<b>Net Transfer of Resources (\$ million)</b>			
1997	47.0	16.8	63.9
1998	102.0	12.5	114.6
1999	(11.0)	6.3	(4.8)
2000	0.7	3.9	4.7
2001	(17.3)	2.2	(15.1)

ADF=Asian Development Fund, OCR=ordinary capital resources.

<sup>a</sup> Includes all loans with disbursements during 2001.

<sup>b</sup> Ratio of disbursements during the year over the undisbursed net loan balance at the beginning of the year less cancelations at the beginning of the year. Effective loans during the year have also been added to the beginning balance of undisbursed loans.

<sup>c</sup> Includes private sector projects.

Source: Asian Development Bank estimates.

**Table A1.8: Portfolio Indicators—Evaluation Rating by Sector**  
(1996–2001)<sup>a</sup>

Sector	Highly Successful		Successful		Partly Successful		Unsuccessful		No Rating		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Agriculture and Natural Resources	—	—	1	50	—	—	—	—	—	—	1	50
Energy	—	—	—	—	—	—	—	—	—	—	—	—
Finance	—	—	1	50	—	—	—	—	—	—	1	50
Industry and Nonfuel Minerals	—	—	—	—	—	—	—	—	—	—	—	—
Multisector	—	—	—	—	—	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—	—	—	—	—	—
Social Infrastructure	—	—	—	—	—	—	—	—	—	—	—	—
Transport and Communications	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	—	—	2	100	—	—	—	—	—	—	2	100

—=not available; No.=number.

<sup>a</sup> The new rating system has been retrofitted to project or program audit reports circulated since 1996.

Source: Asian Development Bank project and program audit reports.

**Table A1.9: Portfolio Implementation Status**  
(public sector loans, as of 31 December 2001)

No.	Sector	Loan		Title	Net Loan Amount		Approval Date	Effectivity Date	Closing Date		Progress (% complete)
		No.	Seg		OCR (\$ million)	ADF (\$ million)			Original (dd/mm/yy)	Revised (dd/mm/yy)	
1	AGR	1592		Water Resources Management and Land Improvement	25.8	—	17 Dec 97	11 Aug 98	30 Jun 03	—	28%
2	AGR	1593		Water Resources Management and Land Improvement	—	8.8	17 Dec 97	11 Aug 98	30 Jun 03	—	28%
3	AGR	1779		Farm Restructuring Sector Development Program (Policy)	25.0	—	14 Nov 00	—	31 May 02	—	—
4	AGR	1780		Farm Restructuring Sector Development Program (Investment)	20.0	—	14 Nov 00	—	31 May 06	—	—
5	SOC	1420		Education Rehabilitation and Management Improvement	—	18.0	11 Jan 96	17 Oct 96	30 Jun 01	—	100%
6	SOC	1541		Basic Education	29.2	—	24 Sep 97	05 Aug 98	30 Jun 03	15 Mar 02	85%
7	SOC	1542		Basic Education	—	9.7	24 Sep 97	05 Aug 98	30 Jun 03	15 Mar 02	85%
8	T&C	1455		Road Rehabilitation	50.0	—	27 Aug 96	31 Mar 97	30 Nov 00	30 Sep 02	95%
9	T&C	1774		Almaty–Bishkek Regional Road Rehabilitation	52.0	—	31 Oct 00	—	30 Jun 05	—	2%
				<b>Total</b>	<b>202.0</b>	<b>36.5</b>					

—=not available; ADF=Asian Development Fund, AGR=agriculture and natural resources, OCR=ordinary capital resources, Seg=segment (pertaining to loans with more than one withdrawal authority), SOC=social infrastructure, T&C=transport and communications.

Source: Asian Development Bank estimates.

No.	Sector	Loan No.	Seg	Title	Cumulative Contracts/ Commitments (\$ million)	Cumulative Disbursements (\$ million)	Rating		Potential Problem <sup>a</sup>	At Risk <sup>b</sup>
							IP	DO		
1	AGR	1592		Water Resources Management and Land Improvement	0.5	0.7	PS	S	No	Yes
2	AGR	1593		Water Resources Management and Land Improvement	5.3	3.1	PS	S	No	Yes
3	AGR	1779		Farm Restructuring Sector Development Program (Policy)	—	—	U	S	No	Yes
4	AGR	1780		Farm Restructuring Sector Development Program (Investment)	—	—	U	S	No	Yes
5	SOC	1420		Education Rehabilitation and Management Improvement	17.5	17.9	S	S	No	No
6	SOC	1541		Basic Education	22.6	23.8	S	S	No	No
7	SOC	1542		Basic Education	9.4	9.5	S	S	No	No
8	T&C	1455		Road Rehabilitation	44.0	41.7	PS	S	No	Yes
9	T&C	1774		Almaty–Bishkek Regional Road Rehabilitation	—	—	U	S	No	Yes
<b>Total</b>					<b>99.2</b>	<b>96.7</b>				

—=not available; Disb'ts=disbursements, DO=development objectives, HS=highly satisfactory, IP=implementation progress, PS=partly satisfactory, S=satisfactory, U=unsatisfactory.

<sup>a</sup> "Yes" for loans with four or more risk factors associated with partly satisfactory or unsatisfactory performance.

<sup>b</sup> A loan is considered "at risk" if it is rated as "PS" or "U" in either implementation progress or development objectives, or if it is a potential problem loan.

Source: Asian Development Bank estimates.

Table A1.10: Assistance Pipeline for Lending Products, 2003–2004

Sector Project/Program Name	Poverty Classifi- cation	Thematic Priority	Division	Year of Project Preparatory Assistance	Total	Cost (\$ million)				Cofi- nancing
						ADB		Gov't <sup>a</sup>	Total	
						OCR	ADF			
<b>2003 Firm Loans</b>										
<b>Transport and Communications</b>										
Borovoe–Kokshetau–Petropavlovsk Road Rehabilitation	OTH	ECO/REG	ECID	2002	90.0	50.0	—	50.0	20.0	20.0
<b>Subtotal</b>					<b>90.0</b>	<b>50.0</b>	<b>0.0</b>	<b>50.0</b>	<b>20.0</b>	<b>20.0</b>
<b>2003 Standby Loans</b>										
<b>Agriculture and Natural Resources</b>										
Rural Area Development	PI	ECO/PSD	ECAE	2002	250.0	125.0	—	125.0	125.0	0.0
<b>Subtotal</b>					<b>250.0</b>	<b>125.0</b>	<b>0.0</b>	<b>125.0</b>	<b>125.0</b>	<b>0.0</b>
<b>Total</b>					<b>340.0</b>	<b>175.0</b>	<b>0.0</b>	<b>175.0</b>	<b>145.0</b>	<b>20.0</b>
<b>2004 Firm Loans</b>										
<b>Agriculture and Natural Resources</b>										
Rural Area Development	PI	ECO/PSD	ECAE	2002	250.0	125.0	—	125.0	125.0	0.0
<b>Subtotal</b>					<b>250.0</b>	<b>125.0</b>	<b>0.0</b>	<b>125.0</b>	<b>125.0</b>	<b>0.0</b>
<b>Transport and Communications</b>										
Atyrau–Aktau Road Rehabilitation	OTH	ECO/REG	ECID	2003	180.0	50.0	—	50.0	30.0	100.0
<b>Subtotal</b>					<b>180.0</b>	<b>50.0</b>	<b>0.0</b>	<b>50.0</b>	<b>30.0</b>	<b>100.0</b>
<b>2004 Standby Loans</b>										
<b>Social Infrastructure</b>										
Third Education Project	PI	HD	ECSS	2002	120.0	60.0	—	60.0	60.0	0.0
<b>Subtotal</b>					<b>120.0</b>	<b>60.0</b>	<b>0.0</b>	<b>60.0</b>	<b>60.0</b>	<b>0.0</b>
<b>Total</b>					<b>550.0</b>	<b>235.0</b>	<b>0.0</b>	<b>235.0</b>	<b>215.0</b>	<b>100.0</b>
<b>Subregional Loans (subject to confirmation)</b>										
<b>2004 Firm</b>										
<b>Energy</b>										
Central Asia Gas Transmission Improvement Project, Phase I	OTH	ECO/REG	ECID	2002						

ADB=Asian Development Bank; ADF=Asian Development Fund; CARs=Central Asian Republics; ECAE=Agriculture Environment and Natural Resources Division; ECID=Infrastructure Division; ECO=economic growth; ECSS=Social Sectors Division; HD=human development; OCR=ordinary capital resources; OTH=others; PI=poverty intervention; PSD=private sector development; REG=regional cooperation.

<sup>a</sup> Government share was calculated based on Bank's *Graduation Policy, 1998*.

Source: Asian Development Bank.

**Table A1.11: Assistance Pipeline for Nonlending Products and Services, 2003–2004**

Sector Assistance Name	Responsible Division	Assistance Type	Amount (\$'000) ADB	Others	Total (\$'000)
<b>2003 Firm</b>					
<b>Finance and Industry</b>					
1. Capacity Strengthening for Policy Coordination and Strategic Planning for Government of Kazakhstan	ECGF	ID	500		500
<b>Subtotal</b>			500		500
<b>Transport and Communications</b>					
1. Capacity Building in the Transport Sector <sup>a</sup>	ECID	ID	500		500
2. Atyrau–Aktau Road Rehabilitation	ECID	PP	500		500
<b>Subtotal</b>			1,000		1,000
<b>Other</b>					
1. Capacity Building for Fiscal Management at the Local Level	KARM	ID	400		400
<b>Subtotal</b>			400		400
<b>2003 Standby</b>					
<b>Agriculture</b>					
1. Capacity Building for Rural Area Development <sup>a</sup>	ECAE	ID	500		500
<b>Subtotal</b>			500		500
<b>Total</b>			2,400		2,400
<b>2004</b>					
<b>Agriculture</b>					
1. Capacity Building for Rural Area Development <sup>a</sup>	ECAE	ID/ETSW	500		500
2. Improved Environmental and Natural Resource Management in KAZ	ECAE	ID/ETSW	600		600
3. Second Water Resources Management	ECAE	PP	600		600
<b>Subtotal</b>			1,700		1,700
<b>Transport and Communications</b>					
1. Transport Development <sup>a</sup>	ECID	ID/ETSW	600		600
<b>Subtotal</b>			600		600
<b>Total</b>			2,300		2,300
<b>Subregional Nonlending Products (subject to confirmation)</b>					
<b>2003</b>					
<b>Finance and Industry</b>					
1. Regional Private Sector Development	ECGF	RETA			
2. Regional Financial Sector Development, Phase I	ECGF	RETA			
<b>Others</b>					
1. Capacity Building in Priority Areas of Regional Cooperation	CARECU	RETA			
<b>2004</b>					
<b>Finance and Industry</b>					
1. Trade Facilitation and Customs Cooperation Program, Phase II	ECGF	RETA			
3. Regional Tourism Development	ECGF	RETA			
<b>Social Infrastructure</b>					
2. Participatory Water Resource Management in Central Asia	ECAE	ETSW/ID			

ADB=Asian Development Bank, CARECU=Central Asia Regional Economic Cooperation Unit; ECAE=Agriculture, Environment and Natural Resources Division; ECGF=Governance, Finance, and Trade Division; ECID=Infrastructure Division; ECOC=Operations Coordination Division; ECSS=Social Sectors Division; ETSW=Economic, Thematic and Sector Work; ID=institutional development; KARM=Kazakhstan Resident Mission; PPTA=project preparatory technical assistance; RETA=regional technical assistance; TA=technical assistance.

<sup>a</sup> Attached to a loan.

Source: Asian Development Bank.

## **CONCEPT PAPERS FOR LENDING PRODUCTS**

This appendix contains the concept papers for the following lending products:

- (i) Table A2.1: Borovoe–Kokshetau–Petropavlovsk Road Rehabilitation
- (ii) Table A2.2: Rural Area Development
- (iii) Table A2.3: Atyrau–Aktau Road Rehabilitation
- (iv) Table A2.4: Third Education Project
- (v) Table A2.5: Central Asia Gas Transmission Improvement Project, Phase I

**Table A2.1. Baravoe–Kokshatau–Petropavlovsk Road Rehabilitation Project  
Concept Paper**

**Date: 26 July 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other: {specify}</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and road transport</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Infrastructure Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> P. Seneviratne</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The first internationally financed road development project in Kazakhstan, which was part of the principal north–south road from Almaty to Petropavlovsk on the Russian Federation border, was prepared and financed by ADB in 1996. The project paved the way for more development partners' involvement in the road transportation sector and interest in completing the link, as it is also a major thoroughfare for trade between East and Southeast Asia and Europe. Rehabilitation of many sections between Almaty and Baravoe are either complete or under way. The Government is seeking to rehabilitate the remaining section from Baravoe to Petropavlovsk.</p> <p><b>b. Goal and purpose:</b> Complete upgrading the main north–south road corridor. Once completed, the road will facilitate fast, reliable, and safe domestic and international passenger and freight transportation.</p> <p><b>c. Components and outputs:</b> Upgrading and repairing about 233 km of road and related infrastructure, and providing TA to reduce nontariff barriers such as vehicle standards, access to traffic, and investment restrictions</p> <p><b>d. Expected results and deliverables:</b> Road rehabilitation will lessen travel time and vehicle operating costs, and increase safety and security of travel. Approximately 233 km of road will be upgraded to international standards with uniform traffic control devices.</p>										

<p><b>e. Social or environmental issues or concerns:</b> None</p> <p><b>f. Plans for disseminating results/deliverables:</b> not applicable</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Transport and Communications (MOTC)/Committee of Roads (COR)</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> CSP Mission's discussions with MOTC, COR, and Ministry of Finance</p> <p>(Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2003 Nonlending (project preparatory): Nonlending (other than project preparatory): 2003 (attached ADTA)</p> <p>c. Period and duration of assistance(s) Lending: 2004–2006 Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input checked="" type="checkbox"/> Ordinary capital resources: \$50 million <input type="checkbox"/> Asian Development Fund: \$ <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate sources, and amount sought: Islamic Development Bank, \$20 million If known, provide cost estimates and financing arrangements (e.g., total cost, ADB financing, other financing, and government financing): Total cost, \$90 million ; ADB, \$50 million; others, \$20 million; Government, \$20 million</p> <p>b. For nonlending <input type="checkbox"/> No resources required,, other than ADB staff <input type="checkbox"/> ADB's administrative budget: \$ <input checked="" type="checkbox"/> Grant TA funds: \$500,000 (attached ADTA)</p> <p>If cofinancing is required, indicate sources, and amount sought: If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, ADTA=advisory technical assistance, CSP=country strategy and program, km=kilometer, SCSP=subregional cooperation strategy and program, TA=technical assistance.

## Table A2.2. Rural Area Development Project Concept Paper

Date: 13 June 2002

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Project loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Sector development program loan</p> <p style="padding-left: 20px;"><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p style="padding-left: 20px;"><input type="checkbox"/> Project preparatory</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Other than project preparatory</p> <p style="padding-left: 40px;"><input type="checkbox"/> Economic, thematic, and sector work</p> <p style="padding-left: 40px;"><input checked="" type="checkbox"/> Institutional development</p> <p style="padding-left: 40px;"><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and natural resources Subsector: Rural development</p> <p>b. For project preparatory and lending, classification</p> <p style="padding-left: 20px;"><input type="checkbox"/> Core poverty intervention</p> <p style="padding-left: 20px;"><input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Economic growth</td> <td style="padding-left: 20px;"><input type="checkbox"/> Human development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Gender and development</td> <td style="padding-left: 20px;"><input type="checkbox"/> Good governance</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Environmental protection</td> <td style="padding-left: 20px;"><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Regional cooperation</td> <td style="padding-left: 20px;"><input type="checkbox"/> Social protection</td> </tr> <tr> <td style="padding-left: 20px;"><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Agriculture, Environment &amp; Natural Resources Divisions/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> E. Gozali</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Since 1991, progress in agriculture reform has been substantial, encompassing price liberalization, reduction in trade distortions, and privatization of farms. Reform has been accompanied by a relatively stable macroeconomic environment at least in the past 3 years. However, little evidence exists of economic recovery in the sector, which has suffered more than 50% output decline due to transitional adjustments. The economic transition, which has been pursued since 1990, inflicted significant hardships on rural communities. Farm and enterprise reorganizations, withdrawal of farming from marginal land, closure of unprofitable enterprises, declining access to farm inputs, and weakening commodity demand have all contributed to declining farm and/or enterprise outputs, and rural jobs. Rural unemployment is widespread and families continue to vacate rural settlements and company towns. Improved policy environment has not significantly raised investment in agriculture, which is estimated at a low level of 1.4% of GDP in 1999–2001.</p> <p>The Government recognizes the urgent need to revive the rural economy, since the rural population accounts for 6.5 million of the 14.8 million total population. The current policy, as reflected in the <i>Development Plan up to 2010 (Strategy 2010)</i> of November 2001, calls on the state to more actively help the rural sector. This message was amplified by a presidential announcement on 29 April 2002, that the upcoming 3–year budget cycle (2003–2005) should be devoted to reviving rural areas. The project focus is in line with the ADB strategy, as reflected in the Country Operational Strategy of 1996, and CSPU for 2003–2004, which emphasizes assistance for agriculture and rural development.</p>										

**b. Goal and purpose:** The Project aims to reinvigorate rural economic growth to create sustainable employment and income generation opportunities to reduce rural poverty. Since agriculture dominates the rural economy, project assistance will focus on revitalizing farming operations, agricultural support services, and agroprocessing.

**c. Components and outputs:** Tentatively, assistance encompasses (i) market facilitation, support for expanded regulatory reforms, upgrading of market intelligence, and marketing studies for selected commodities; (ii) rehabilitation and construction of rural infrastructure (irrigation and drainage, rural roads, village markets, and public facilities) in regions with economic growth potential; (iii) support for private investments in rural enterprises; and (v) rural financial services. The scope is tentative and will be further refined during the PPTA fact finding.

**d. Expected results and deliverables:** will be determined at PPTA fact finding

**e. Social or environmental issues or concerns:** will be determined at PPTA fact finding

**f. Plans for disseminating results/deliverables:** will be determined at PPTA fact finding

**7. Proposed executing/implementing agencies:** Ministry of Agriculture

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The project goal and broad scope were identified in joint meetings between ADB and the ministries of economy and trade, finance, and agriculture. Wider consultations will be carried out during the PPTA reconnaissance and fact finding.

(Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval  
 Lending: 2003 (standby); 2004 (firm)  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): 2003 (standby); 2004 (firm)

c. Period and duration of assistance(s)  
 Lending: 2004–2008  
 Nonlending: 2004–2005 (for attached ADTA)

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending  
 Ordinary capital resources: \$125 million  
 Asian Development Fund: \$  
 Other: \$

If cofinancing is required, indicate sources, and amount sought:

If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending  
 No resources required,, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds \$500,000 (for attached ADTA)

If cofinancing is required, indicate sources, and amount sought:

If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing)

ADB=Asian Development Bank, ADTA=advisory technical assistance, CSP=country strategy and program, GDP=gross domestic product, PPTA=project preparatory technical assistance, SCSP=Subregional cooperation strategy and program, TA=technical assistance.

**Table A2.3. Atyrau–Aktau Road Rehabilitation  
Concept Paper**

**Date: 13 June 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>    <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Transport and communications Subsector: Roads and road transport</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Infrastructure Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> P. Seneviratne</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The proposed Transport Corridor Europe Caucasus Asia network includes the Atyrau–Aktau part of the north–south transport corridor extending from India and the Persian Gulf to northwest Kazakhstan and the Russian Federation. Kazakhstan’s national road development program is also developing the road from Bejneu (midway on the Atyrau–Aktau road) to the Uzbekistan border, thereby creating an international corridor from Bishkek to Moscow.</p> <p><b>b. Goal and purpose:</b> Upgrade about 900 km of road from Aktau and Atyrau ports to link two major development centers in Kazakhstan and facilitate interregional trade by creating a transit corridor from the People’s Republic of China to the Russian Federation via Kazakhstan, Kyrgyz Republic, and Uzbekistan.</p> <p><b>c. Components and outputs:</b> Upgrade and repair about 900 km of road and related infrastructure and provide TA to manage infrastructure maintenance and traffic safety.</p> <p><b>d. Expected results and deliverables:</b> Road rehabilitation will lessen travel time and vehicle operating costs, and increase safety and security of travel. Approximately 900 km of road will be upgraded to international standards with uniform traffic control devices.</p>										

<p><b>e. Social or environmental issues or concerns:</b> None</p> <p><b>f. Plans for disseminating results/deliverables:</b> not applicable</p>
<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Transport and Communications (MOTC)/ Committee of Roads (COR)</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> CSP Mission's discussions with MOTC, COR, and Ministry of Finance</p> <p>(Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: 2004 Nonlending (project preparatory): 2003 Nonlending (other than project preparatory): 2004 (for attached ADTA)</p> <p>c. Period and duration of assistance Lending: 2004–2007 Nonlending:</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input checked="" type="checkbox"/> Ordinary capital resources: \$50 million  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other: \$150 million</p> <p>If cofinancing is required, indicate sources, and amount sought: EBRD, \$100 million  If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing): Total cost \$180 million, ADB \$50 million, other \$100 million, government \$30 million</p> <p>b. For nonlending  <input type="checkbox"/> No resources required,, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input checked="" type="checkbox"/> Grant TA funds: \$500,000 for the PPTA and \$600,000 (for attached TA)</p> <p>If cofinancing is required, indicate sources, and amount sought:  If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, ADTA=advisory technical assistance, CSP=country strategy and program, EBRD=European Bank for Reconstruction and Development, PPTA=project preparatory technical assistance, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.4. Third Education Project  
Concept Paper**

**Date: 13 June 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Social sector Subsector: Education</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input checked="" type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Social Sectors Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> B. Panth</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Deeper systemic reform of basic education is key to supporting equitable and sustainable social development. The Project is expected to target low-income groups and people in rural areas, as consistent with ADB's program to reduce poverty in Kazakhstan. However, clear priorities and investment needs will be determined under the proposed education sector review.</p> <p><b>b. Goal and purpose:</b> The Project will improve the quality of basic education services, with emphasis on rural schools, and enhance the efficiency of the education system through structural and systems rationalization, staff rationalization, decentralization, and improved educational finance. The project will also support further improvements in educational quality, including curriculum development, student assessment, and textbook reform; teacher training; school management; distance education; information, communication and technology application in basic education; and ensuring access to education for low-income groups and people in rural areas.</p> <p><b>c. Components and outputs:</b> (i) Equitable access and retention by targeting low-income families and remote locations; (ii) high-quality curriculum; student achievement and assessment; teacher training; and provision of textbooks, instructional materials, and equipment; and (iii) institutional efficiency through decentralization and school management, planning and budgeting, staff development, and rationalization.</p>										

**d. Expected results and deliverables:** (i) Improved learning conditions for all (teacher in—service and preservice training, provision of instructional materials and equipment, student achievement); (ii) improved efficiency (rationalization of staff, financing, facilities, management); and (iii) improved access and retention among children from lower—income families and rural areas

**e. Social or environmental issues or concerns:** The project is expected to be classified under category C, and to cause no major environmental concerns. The project is expected to raise environmental awareness in schools and support environmental safety measures to dispose of equipment.

**f. Plans for disseminating results/deliverables:** The Project will emphasize wide stakeholder participation, including community mobilization in school management. The project will continue to support further development and application of an educational management information system.

**7. Proposed executing/implementing agencies:** Ministry of Education and Science (MOES)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Key government agencies, including MOES, teacher training institutes, academic institutions, school principals, teachers, parents, education administrators, and concerned NGOs and funding agencies will be systematically consulted during project preparation. Provisions will be made for focus group discussions and workshops and/or seminars .

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
  - Lending: 2004 (standby)
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): May include an attached ADTA
- c. Period and duration of assistance{s}
  - Lending: 2004–2009
  - Nonlending:

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
  - Ordinary capital resources: \$60 million
  - Asian Development Fund:
  - Other:

If cofinancing is required, indicate sources, and amount sought:

If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing): TBD

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds

If cofinancing is required, indicate sources, and amount sought:

If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, ADTA=advisory technical assistance, CSP=country strategy and program, NGOs=nongovernment organizations, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A2.5: Central Asia Gas Transmission Improvement Project, Phase I  
Concept Paper**

**Date: 19 September 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input checked="" type="checkbox"/> Lending</p> <p>    <input checked="" type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Energy Subsector: Gas</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Infrastructure Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> E. Hassing</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Natural gas is the predominant energy source in the CARs and the extensive pipeline network in the region reflects its importance. However, inadequate infrastructure and lack of financial resources for exploiting natural gas resources and increasing operations are major hurdles for developing these resources to promote regional economic growth. Further policy and institutional arrangements would need to be introduced and implemented to ensure existing inter-country trade in energy including gas is consistent with market oriented principles and practices. The natural gas sector therefore represents a considerable potential for increasing regional cooperation in Central Asia, in particular among Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. This would help the region to become a larger exporter of energy and, at the same time, enable the CARs to meet their own energy needs in the most economically efficient manner. Promoting energy trade is a key area of the ADB's regional assistance program as endorsed by the Governments at the Ministerial Conference held in March 2002.</p> <p><b>b. Goal and purpose:</b> The goal is to promote sustained economic growth through regional cooperation in the Central Asian Republics by eliminating technical and institutional bottlenecks and other barriers that constrain</p>										

efficient operation and flow of natural gas, prevent energy trade, and impede rational use of the transmission system linking them. The Project will encourage efficient natural gas trade in the region, and facilitate wider access to modern energy.

**c. Components and outputs:** Rehabilitation and modernization of the gas transmission network in the CARs. Improved regional policy, institutional and regulatory environment. Given the complexity of the issues especially in regard to the number of countries involved and policy and institutional arrangements needed for improvement, the project will adopt a phased approach. This approach would enable the project to yield tangible benefits as building blocks for further cooperation. Turkmenistan is unlikely to participate in phase I of the project, as it has focused on developing export route through Afghanistan. Consultation with the Governments is continuing.

**d. Expected results and deliverables:** Increased economic exchange of gas between the countries.

**e. Social or environmental issues or concerns:** To be assessed by the ongoing PPTA.

**f. Plans for disseminating results/deliverables:** ADB website, regional conferences, and wide circulation among governments and development partners.

**7. Proposed executing/implementing agencies:** Gas transmission company in each country.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

Energy is a key focus of ADB regional assistance confirmed by the participating governments at the Ministerial Conference held in March 2002. The Conference also gave endorsement to this project. Further regional consultation meetings will be held during processing of the ongoing PPTA.

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval  
 Lending: 2004  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory):

c. Period and duration of assistance  
 Lending: To be further assessed.  
 Nonlending:

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending

- Ordinary capital resources: To be further assessed upon completion of PPTA.  
 Asian Development Fund: To be decided.  
 Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending

- No resources required, other than ADB staff  
 ADB's administrative budget: \$  
 Grant TA funds: To be further assessed

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, PPTA=project preparatory technical assistance, SCSP = subregional cooperation strategy and program, TA = technical assistance.

## CONCEPT PAPERS FOR NONLENDING PRODUCTS AND SERVICES

This appendix contains the concept papers for the following lending products.

- (i) Table A3.1: Capacity Strengthening for Policy Coordination and Strategic Planning for Government of Kazakhstan
- (ii) Table A3.2: Capacity Building for Fiscal Management at the Local Level
- (iii) Table A3.3: Second Water Resources Management
- (iv) Table A3.4: Strengthening Environmental Management (Phase II)
- (v) Table A3.5: Regional Private Sector Development
- (vi) Table A3.6: Regional Financial Sector Development, Phase I
- (vii) Table A3.7: Capacity Building in Priority Areas of Regional Cooperation
- (viii) Table A3.8: Trade Facilitation and Customs Cooperation Program, Phase II
- (ix) Table A3.9: Regional Tourism Development
- (x) Table A3.10: Participatory Water Resource Management in Central Asia

**Table A3.1. Capacity Strengthening for Policy Coordination and Strategic Planning for Government of Kazakhstan  
Concept Paper**

**Date: 13 June 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p><input type="checkbox"/> Project loan</p> <p><input type="checkbox"/> Program loan</p> <p><input type="checkbox"/> Sector loan</p> <p><input type="checkbox"/> Sector development program loan</p> <p><input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p><input type="checkbox"/> Project preparatory</p> <p><input checked="" type="checkbox"/> Other than project preparatory</p> <p><input type="checkbox"/> Economic, thematic, and sector work</p> <p><input checked="" type="checkbox"/> Institutional development</p> <p><input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Governance and capacity building Subsector: Policy development and coordination</p> <p>b. For project preparatory and lending, classification</p> <p><input type="checkbox"/> Core poverty intervention</p> <p><input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance &amp; Trade Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> M. Collette</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Kazakhstan is a unitary state with a presidential form of government and a constitution that favors a strong presidency, with limited powers to the elected Parliament. Policymaking belongs primarily to the President and the President's Administration, while implementation and monitoring are the responsibility of the Government. Ministries are involved in policy development, especially in drafting laws, often subsequent to a presidential order. The Presidential Apparat controls policy and legislative developments while the line ministries control the budget process and the use of public resources. No single central agency coordinates with the ministries and Parliament or advises the executive.</p> <p>The Agency for Strategic Planning has recently been given new powers to develop policy under the President and has the best—developed skills for policy coordination and analysis. The agency's main goal is to organize the policy development process while advising and commenting on policies developed by ministries. The agency has acted as a think tank and is involved in long—term thinking for the country. The agency has been instrumental in drafting Kazakhstan 2030, the strategic vision for the future, as well as contributing to the Strategic Plan of Development of the Republic of Kazakhstan Till 2010. Given its strengthened mandate, the agency has scope for improving its capacity.</p>										

Policy advice for the Prime Minister is the function of the Chancellery. However, the President's Administration also has departments and agencies that develop policy alternatives. The Chancellery and policymaking support units in the President's Administration provide information and legal advice. The Chancellery coordinates and prepares the Government program according to the two strategic plans. The Government's agenda is set by the Prime Minister's Office, with departments within the Chancellery responsible for logistical support and some coordination of the policy output of ministries and agencies.

A major outcome of preliminary findings of the TA 3747—KAZ: Governance Study and Capacity Building for Administrative Reform has been the identification of a level of weakness in strategic planning and policy coordination and development, with responsibilities dispersed in a number of different locations. The funding agency community has frequently mentioned misalignment and contradictions on policy issues between the Presidential Apparatus and the line ministries as causing practical problems for many external funding agencies. The dysfunction also causes contradictions in planning and policy development, and in public investment and the targeting of budget resources.

**b. Goal and purpose:** The goal of the proposed TA is to foster a strong and dynamic economy, which will accelerate poverty reduction. The objective is to strengthen the policymaking, strategic planning, and sectoral investment programming and budgeting functions and increase coordination of these functions within the Government to strengthen the economy.

**c. Components and outputs:** (i) Undertake a comprehensive review of the policymaking, strategic planning, investment programming, and budgeting processes of the Government; (ii) provide advisory support to clarify and simplify the policy coordination functions and strategic planning processes; (iii) provide capacity—building support through training and advisory support to improve the Government machinery's policy development mechanisms and strategic planning functions; and (iv) strengthen the linkages between the strategic planning processes and investment programming and budgeting systems through advisory assistance and capacity building in the central coordinating ministries and selected key sectoral ministries, on a pilot basis.

**d. Expected results and deliverables:** The TA will help develop a better coordinating mechanism between the ministries and the Presidential Apparatus for policy development and strategic planning processes. The deliverables will include (i) a comprehensive assessment that outlines the impact of the current system; (ii) recommendations for improving the policy development and strategic planning mechanisms; (iii) capacity—building training for staff of the Agency for Strategic Planning, the Chancellery, and representatives of central coordinating ministries and sectoral agencies; (iv) training materials, modules, and workshops; and (v) improved investment programming and budgeting processes.

**e. Social or environmental issues or concerns:** None

**f. Plans for disseminating results/deliverables:** Given the capacity—building nature of this TA, a full assessment will be done, with a report for dissemination to Government and development partners, with key recommendations provided through policy dialogue. The remaining outputs and results will be achieved through a series of workshops and training sessions, which may be replicated locally to train other government representatives. The improved public investment programming process and documentation will be made more transparent and available to development partners and civil—society members.

**7. Proposed executing/implementing agencies:** Chancellery of the Prime Minister of Kazakhstan/Agency for Strategic Planning, Ministry of Finance, Ministry of Economy and Trade, and selected sectoral ministries (to be determined during TA fact finding)

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**  
Through TA 3747, the Government has requested and is in the process of receiving a diagnostic report, which broadly provides key issues and recommendations on the adequacy of policy coordination and the decision—making process, particularly as it concerns the organizational structure of government. During fieldwork, various departments of the Chancellery as well as the Agency for Strategic Planning, parliamentarians, and members of civil society have been consulted, establishing a sound basis for diagnostic work in a sensitive area and for relationship building with the proposed executing agencies. The TA is also intended to follow up on the assistance provided under TA 3595—KAZ: Capacity Building for Public Investment Programming, as requested by the Government during the country programming mission in May 2002. The Government is thus expected to continue to be closely involved in developing this TA.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: CSPU 2002
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): 2003
- c. Period and duration of assistance{s}
  - Lending:
  - Nonlending: 2003–2005

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
  - Ordinary capital resources:
  - Asian Development Fund: \$
  - Other:

If cofinancing is required, indicate sources, and amount sought:

If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
  - No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds: \$500,000

If cofinancing is required, indicate sources, and amount sought: Possible contribution from the Canadian Governance Cooperation Fund for partial support of \$250,000

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.2. Capacity Building for Fiscal Management at the Local Level  
Concept Paper**

**Date: 13 June 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other: {specify}</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector: Others</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other: {specify}</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other: {specify}	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other: {specify}										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Kazakhstan Resident Mission</p>										
<p><b>5. Responsible ADB officer(s):</b> To be assigned</p>										
<p><b>6. Description of assistance(s):</b> It aims to enhance the capacity of local governments in budgeting and fiscal management.</p> <p><b>a. Background/linkage to country/regional strategy:</b> The assistance complements the focus on rural and social sectors, in which the bulk of the expenditure responsibility lies with the local governments.</p> <p><b>b. Goal and purpose:</b> Improve capacities in fiscal management and budgeting at the local government level</p> <p><b>c. Components and outputs:</b> (i) Public expenditure review of selected local governments; (ii) better understanding by all levels of government of expenditure and revenue assignments; (iii) elaboration of the procedures for onlending funds to local governments</p> <p><b>d. Expected results and deliverables:</b> Better understanding of the systems of fiscal decentralization</p> <p><b>e. Social or environmental issues or concerns:</b> not applicable</p> <p><b>f. Plans for disseminating results/deliverables:</b> Through conferences, seminars, publication of public expenditure reviews.</p>										

<p><b>7. Proposed executing/implementing agencies:</b> Ministry of Finance(MOF)/Selected local governments</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b>          Consultations were held with MOF and the Ministry of Economy and Trade          (Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval          Lending:          Nonlending (project preparatory):          Nonlending (other than project preparatory): 2003</p> <p>c. Period and duration of assistance{s}          Lending          Nonlending: 2003–2004</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending  <input type="checkbox"/> Ordinary capital resources: \$  <input type="checkbox"/> Asian Development Fund: \$  <input type="checkbox"/> Other:</p> <p>If cofinancing is required, indicate sources, and amount sought:          If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending  <input type="checkbox"/> No resources required,, other than ADB staff  <input type="checkbox"/> ADB's administrative budget: \$  <input type="checkbox"/> Grant TA funds: \$400,000</p> <p>If cofinancing is required, indicate sources, and amount sought:          If known, provide cost estimates and financing arrangement (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.3. Improved Environmental and Natural Resource Management in KAZ  
Concept Paper**

**Date: 15 August 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and natural resources Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input checked="" type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Agriculture, Environment &amp; Natural Resources Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> Xiaoying Ma</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Environmental degradation in KAZ has been accumulated since FSU period, and has not been reversed during the transition from planned to market-based economy. The main symptoms of environmental degradation include increased land and water resources declining in rural areas, and highly contaminating toxic, radioactive wastes and industrial pollution in urban centers. The underlying causes of environmental degradation, among others, include policy failure, inadequate legislation framework, and lack of institutional capacity. The existing environmental policies and legal system rely heavily on command-and-control approaches, which are often not the least-cost solution and vulnerable to local political and economic pressures. Lack of institutional capacity is a main constraint for the effective environmental management, especially weak organizational setting at provincial and district levels; lack of ability in information and policy analysis; and lack of capacity for environmental monitoring and enforcement.</p> <p>On the top of environmental management issues, the political will and integration of environmental consideration into economic development plans are essential to reverse the trend of environmental degradation. Both the political will and policy integration are weak in KAZ.</p>										

An on-going country environmental analysis supported by ADB has identified several priority areas for ADB's intervention through non-lending activities: (i) development/amendment of environmental laws to meet the needs of environmental management during the transition from planned to market-based economy; (ii) mainstreaming environmental consideration into economic development through capacity building in the newly established Inter-Ministerial Commission for sustainable development; (iii) improved environmental monitoring and information management systems; and (iv) improved pollution levy system and environmental fund system.

Environmental management is multi-dimensional and requires a comprehensive approach to address all key issues. Initiatives on all of the above-identified areas should be supported. Given that (i) this will be a 2004 TA and it is unclear at this stage about the Government's priority/needs and commitment, and (ii) the objective and scope of the proposed TA has not been discussed between ADB and the Government, flexibility should be taken as a principle for selecting the specific TA topic and determining TA objective, scopes, expected outputs, and other related aspects for TA design at this stage.

**b. Goal and purpose:** Improved environmental and natural resources management in KAZ.

**c. Components and outputs:** To be decided.

**d. Expected results and deliverables:** To be decided.

**e. Social or environmental issues or concerns:** This TA would have environmental benefits through supporting initiatives addressing the issues on one of the above-identified areas.

**f. Plans for disseminating results/deliverables:** It is desirable to disseminate results/deliverables through web-sites of the relevant government agencies.

**7. Proposed executing/implementing agencies:** To be decided.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

In-country consultation with the Government will be conducted in 2003–2004.

(Note: Mention the institutions in government and civil society, including non-government organizations, that have been consulted about the project, and the nature of the consultations.)

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): 2004

c. Period and duration of assistance  
 Lending:  
 Nonlending: 7 months after approval

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget:
- Grant TA funds: \$600,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, SCSP= subregional cooperation strategy and program, TA=technical assistance

**Table A3.4 Second Water Resource Management  
Concept Paper**

**Date: 13 June 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input checked="" type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Agriculture and natural resources Subsector: Water resources management</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input checked="" type="checkbox"/> Country                      <input type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Agriculture, Environment &amp; Natural Resources Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> M. Ashraf Malik</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The average capital investment in agriculture and fishery in 1999–2001 is less than 1.4% of total investment. As a result, except in a few areas, irrigation and drainage facilities and the water supply system are deteriorating, shrinking service areas. Waterlogging and soil salinity have worsened in the southern and southeastern oblasts, and poor rural domestic water supply and quality increase agricultural communities' hardship.</p> <p>The Government will devote 2003–2005 to reviving rural areas, and greater resources should thus be poured into rural infrastructure rehabilitation and improvement. The Project supports ADB strategies, as reflected in the Country Operational Strategy of 1996 and CSPU for 2003–2004, that focus assistance on agriculture and rural development</p> <p><b>b. Goal and purpose:</b> The objective is to raise farm productivity and profits in the irrigated farming systems to generate sustainable employment and income. The Project will also improve the environment by reducing soil salinity and raising the efficiency of irrigation water use.</p>										

**c. Components and outputs:** The Project will support the rehabilitation of irrigation and drainage infrastructure in selected areas in southern Kazakhstan. Investment and technical support will be considered in coordination with oblast governments to improve rural roads and village infrastructure. Project investment will also include support for regulatory reforms, institutional development of water users associations, and improvement of irrigation and drainage services.

**d. Expected results and deliverables:** This will be determined at PPTA fact finding.

**e. Social or environmental issues or concerns:** This will be determined at PPTA fact finding.

**f. Plans for disseminating results/deliverables:** This will be determined at PPTA fact finding.

**7. Proposed executing/implementing agencies:** Ministry of Agriculture

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

The proposed project objective, scope, and area have been discussed with the ministries of economy and trade, finance, and agriculture; and farmers in southern Kazakhstan (Mahta—aral district). Wider consultations will be carried out during the PPTA reconnaissance and fact finding.

(Note: Mention the institutions in government and civil society, including nongovernment organizations, that have been consulted about the project, and the nature of the consultations.)

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval  
Lending:  
Nonlending (project preparatory): 2004  
Nonlending (other than project preparatory):

c. Period and duration of assistance(s)  
Lending:  
Nonlending: 2004–2005

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
- Ordinary capital resources:
  - Asian Development Fund:
  - Other:

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

- b. For nonlending
- No resources required, other than ADB staff
  - ADB's administrative budget:
  - Grant TA funds: \$600,000

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, PPTA=project preparatory technical assistance, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.5: Regional Private Sector Development  
Concept Paper**

**Date: May 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input checked="" type="checkbox"/> Other: RETA</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Trade Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance &amp; Trade Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> To be assigned</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> A vibrant private sector is vital to growth and development in the CARs. While the share of the private sector of GDP in the CARs has increased, large state-owned enterprises dominate in the industrial sectors. These sectors tend to be heavily concentrated with few enterprises as well. Resource-rich countries like Kazakhstan and Azerbaijan have attracted foreign direct investments (FDI) in their oil industries but the other countries have received comparatively small amounts of FDI and there is a lack of private financing for infrastructure for example. Lack of coherent investment and competition policies hamper private sector development and investments, both domestic and foreign. Furthermore, these countries have to exploit the options for public-private partnerships in infrastructure finance. Private capital is necessary to complement the scarcity of government funding for investments and infrastructure in particular.</p> <p><b>b. Goal and purpose:</b> The goal is to promote private sector development in the region to enhance trade, investments and growth. The purpose of the TA is to identify the constraints to investment and private sector development and develop measures and actions to address these in a regional context.</p>										

<p><b>c. Components and outputs:</b> The TA will (i) examine investment policies, competition policies, the legal framework for public-private partnership for infrastructure financing, and the potential for the region's economies to attract private capital both foreign direct investment and financing for infrastructure, and (ii) develop recommendations for policies and guidelines for investment and competition policies in line with the proposed WTO recommendations, and measures to facilitate and enhance the flow of foreign direct investment and promote private-public partnerships for infrastructure finance.</p> <p><b>d. Expected results and deliverables:</b> Reports, workshops.</p> <p><b>e. Social or environmental issues or concerns:</b> none</p> <p><b>f. Plans for disseminating results/deliverables:</b> To be developed during TA preparation.</p>
<p><b>7. Proposed executing/implementing agencies:</b> The ADB will execute the overall TA. The Ministries of trade and industry, chambers of commerce or equivalents, industry associations or equivalent in the respective countries in the East and Central Asian Region will be the implementing agencies.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> Chambers of commerce (and equivalents) and industry associations have been consulted in the preparation of the initial concept.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2003</p> <p>c. Period and duration of assistance Lending: Nonlending: To be further assessed.</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: subject to further confirmation</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.6: Regional Financial Sector Development Phase I  
Concept Paper**

**Date: 19 September, 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input checked="" type="checkbox"/> Other: RETA</p>											
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Trade Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>		<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development										
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance										
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development										
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection										
<input type="checkbox"/> Other:											
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>											
<p><b>4. Responsible division/department:</b> Governance, Finance &amp; Trade Division/East and Central Asia Department</p>											
<p><b>5. Responsible ADB officer(s):</b> To be assigned</p>											
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> The financial sectors in the CARs are dominated by banks that provide basic financial services, but the financial sectors are shallow as indicated by low ratios of deposits and credit to GDP, and ineffective in financial intermediation due to inadequate experience in credit risk and management and be ineffective in providing credit and trade finance to the private sector. While efforts have been made to upgrade regulation and supervision of financial institutions enforcement is still lagging. The financial institutions are not effective in providing financing and catalyzing private sector development in the region, and capital markets have yet to develop to broaden and deepen the financial sectors. Effective financial sectors and institutions will catalyze private sector development and facilitate regional trade and growth.</p> <p><b>b. Goal and purpose:</b> The goal is to promote effective financial sectors in the region that can catalyze private sector development, regional trade and growth. The purpose is to identify weaknesses in the financial sectors in the region that are obstacles to private sector development and develop recommendations and actions to address these. The TA will also complement the private sector and financial management assessments being undertaken for each of the countries in the region.</p>											

<p><b>c. Components and outputs:</b> The TA will have two components. The first component is a diagnostic study of the financial sectors in the region to (i) assess the capability of financial institutions in the region to provide financing (working capital, medium-term credits, trade finance) to support private sector development, (ii) the state of regulation and supervision of financial institutions and need for capacity building, and (iii) the options and role of the capital markets to support enterprise growth and development in a regional context. The second component will be development of a blueprint for (i) capacity building for financial sector regulators, (ii) harmonization of banking sector policies, and (iii) development and integration of capital markets.</p> <p><b>d. Expected results and deliverables:</b> Reports containing the diagnostic and blueprint.</p> <p><b>e. Social or environmental issues or concerns:</b> No social and environmental issues involved</p> <p><b>f. Plans for disseminating results/deliverables:</b> workshops</p>
<p><b>7. Proposed executing/implementing agencies:</b> The ADB will execute the overall TA. The Ministries of Finance, Central Banks, and other regulatory agencies in the respective countries in the East and Central Asian Region will be the implementing agencies.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b> To be determined.</p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2003</p> <p>c. Period and duration of assistance Lending: Nonlending: To be further assessed.</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: Subject to further confirmation</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.7: Capacity Building in Priority Areas of Regional Cooperation  
Concept Paper**

**Date: 26 July 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Others Subsector: Others</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Operations Coordination Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> Lan Wu</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Supporting regional economic cooperation is one of the three pillars of ADB's poverty reduction strategy and a strategic focus in ADB operations as enunciated in the LTSF. Under the overall objective of promoting sustained economic growth and poverty reduction, ADB has provided support for economic cooperation in Central Asia since 1997. Its operational focus is on three areas: transport- to alleviate the region's locational disadvantage; energy – to encourage rational use of vital resources of energy and water; and trade facilitation – to promote trade within the region and with outside world. To date, modest success has been achieved, as evidenced in (i) increased awareness and understanding of cooperation, with an overall framework established to further cooperation; and (ii) a preliminary set of priority regional projects identified in each of the focused areas, which are now at various stages of implementation.</p> <p>With the gradual return of peace to Afghanistan, renewed world focus on Central Asia, and a general climate more conducive to cooperation in the region, ADB faces new challenges: principally, how to advance cooperation to assist the countries in seizing this historical window of opportunity to achieve and maintain peace, stability and prosperity through cooperation? One key to future success on a sustainable basis lies in the</p>										

strengthening of capacity of the countries participating in the ADB supported Central Asia regional cooperation program. Specifically, the institutional capacity of government agencies involved in regional cooperation, the capacity of the officials in charge of or participating in regional cooperation (policy making and implementation) would be the basis for bringing forward the cause of regional cooperation.

This important role of capacity for regional cooperation has been clearly recognized by the participating governments, and the request for ADB to assist in capacity building for regional cooperation especially in the three priority areas of cooperation was reflected in the Ministerial Statement issued at the Ministerial Conference on Economic Cooperation in Central Asia held 25-26 March 2002.

**b. Goal and purpose:** The overall goal of the TA is to promote economic growth and reduce poverty in Central Asia. The specific purpose of the TA is to promote economic cooperation through strengthening the capacity of the participating governments for regional cooperation, particularly in the area of transport, energy and trade facilitation.

**c. Components and outputs:** The TA will have the following components and corresponding outputs:

- (i) A comprehensive assessment of the capacity building needs – the output will be a comprehensive capacity building plan. The plan will identify and analyze the medium and longer term needs for institutional and technical capacity building, a plan to meet these needs with sequenced steps of implementation, with clear monitorable indicators.
- (ii) Capacity building activities for National Focal Points (NFP) – as NFPs are a central part of the overall framework and key to the coordination of cooperation activities in their respective governments, their capacity both as an institution and as individual officials would be crucial to future success of cooperation. The capacity building needs including training needs would need to be tailored to suit the specific mandate of the NFPs.
- (iii) Sectoral capacity building activities – two sets of activities including training courses will be important: one more skills and capacity in the more general area of administration and management pertinent to economic cooperation; and the other more technical skills and capacity specific to their respective sectors.
- (iv) Supporting activities – based on the assessment, some support for equipment may be necessary in order to ensure the effectiveness of capacity building activities.

**d. Expected results and deliverables:** The TA is expected to generate (i) enhanced institutional capacity of the governments in furthering regional cooperation in general; and (ii) strengthened technical and institutional capacity of the priority sectors of economic cooperation.

**e. Social or environmental issues or concerns:** none foreseen.

**f. Plans for disseminating results/deliverables:** Dissemination will be through workshops, meetings, publications and other means including ADB websites, in addition to wide circulation of materials (including consultant reports) within each government and among development partners and other stakeholders.

**7. Proposed executing/implementing agencies:** Operations Coordination Division/East and Central Asia Department

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** ADB has committed to developing capacity building at the request of the governments as explicitly stated in the Ministerial Statement of the Ministerial Conference on Economic Cooperation in Central Asia during 25–26 March 2002.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): 2003

## c. Period and duration of assistance

Lending:

Nonlending: 2003–2005

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

## a. For lending

 Ordinary capital resources: \$ Asian Development Fund: \$ Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

 No resources required, other than ADB staff ADB's administrative budget: \$ Grant TA funds: Subject to further confirmation

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB = Asian Development Bank, CSP = country strategy and program, SCSP = subregional cooperation strategy and program, TA = technical assistance.

**Table A3.8: Trade Facilitation and Customs Cooperation Program Phase II  
Concept Paper**

**Date: May 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input checked="" type="checkbox"/> Other: RETA</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Trade Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance &amp; Trade Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> To be assigned.</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Supporting regional economic co-operation to promote sustainable economic growth and poverty reduction is a key objective of ADB's operations. Facilitating trade, especially cross-border trade, has been a focus of ADB's program in the Central Asian region since 1997. Since 2000, ADB's trade facilitation has focused on the potential for customs modernization and cooperation. The first phase of technical assistance for regional trade facilitation and customs cooperation is being processed in 2002 comprising the following components: (i) harmonization and simplification of documentation; (ii) simplification of border and transit procedures; (iii) establishment of data transfer protocols; (iv) coordinated data gathering and information systems; (v) development of common performance standards; (vi) effective use of technical resources; (vii) possible regional initiatives to promote post-transit/entry compliance audits; (viii) establishing pilot joint processing centers of customs; and (ix) regional capacity building and training initiatives.</p> <p><b>b. Goal and purpose:</b> The goal is to establish efficient and effective customs arrangements in the region that will facilitate foreign trade and investment, encourage movement of goods and people, and promote economic growth.</p>										

<p><b>c. Components and outputs:</b> The Phase II TA will build on and carry forward the activities started in Phase I, but expand issues related to the WTO. Phase II will tentatively focus on (i) continued capacity building for customs officials, (ii) information and communication technology applications for trade facilitation and customs and regional information linkages, (iii) continue and expand pilot joint processing centers, (iv) support implementation of simplified border and transit procedures, and (v) assessment of issues relating to WTO accession for applicant countries and development of action plans to support applicant countries in their preparations for WTO accession. The details will be decided upon completion of Phase I TA.</p> <p><b>d. Expected results and deliverables:</b> Reports, workshops and seminars.</p> <p><b>e. Social or environmental issues or concerns:</b> none</p> <p><b>f. Plans for disseminating results/deliverables:</b> To be developed during TA preparation.</p>
<p><b>7. Proposed executing/implementing agencies:</b> The Ministries for Trade and State Customs Administrations in the respective countries in the East and Central Asian Region will be the implementing agencies. The ADB will execute the overall TA.</p>
<p><b>8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:</b></p>
<p><b>9. Timetable for assistance design, processing, and implementation</b></p> <p>a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002</p> <p>b. Expected date of submission for approval Lending: Nonlending (project preparatory): Nonlending (other than project preparatory): 2004</p> <p>c. Period and duration of assistance Lending: Nonlending: To be further assessed.</p>
<p><b>10. Financing Plan</b> (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)</p> <p>a. For lending <input type="checkbox"/> Ordinary capital resources: <input type="checkbox"/> Asian Development Fund: <input type="checkbox"/> Other:</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p> <p>b. For nonlending <input type="checkbox"/> No resources required, other than ADB staff <input type="checkbox"/> ADB's administrative budget: <input checked="" type="checkbox"/> Grant TA funds: Subject to further confirmation</p> <p>If cofinancing is required indicate sources, and amount sought: If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):</p>

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.9: Regional Tourism Development  
Concept Paper**

**Date: May 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input type="checkbox"/> Other than project preparatory</p> <p>        <input type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input type="checkbox"/> Institutional development</p> <p>        <input checked="" type="checkbox"/> Other: RETA</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the</p> <p>    Sector: Trade</p> <p>    Subsector: Customs</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input type="checkbox"/> Human development</td> </tr> <tr> <td><input type="checkbox"/> Gender and development</td> <td><input type="checkbox"/> Good governance</td> </tr> <tr> <td><input type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development	<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance	<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input type="checkbox"/> Human development									
<input type="checkbox"/> Gender and development	<input type="checkbox"/> Good governance									
<input type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input checked="" type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Governance, Finance &amp; Trade Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> To be assigned</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Supporting sustainable economic growth through regional cooperation would greatly enhance the economic transition process in the CARs. One of the sectors which particularly lends itself to regional cooperation is the tourism sector. Regional tourism development is an engine to economic growth and presents an opportunity for sustainable economic and social development by generating foreign exchange revenues, promoting economic diversification, and strengthening regional cooperation and collaboration.</p> <p>The most suitable countries for a regional approach to tourism development among the CARs are Kazakhstan, the Kyrgyz Republic, and Uzbekistan. In addition to their natural beauty, these countries share a rich historic past and cultural heritage. Both topography and politics have resulted in historical trade patterns in the CARs, such as the legendary "Silk Road," a loose network of trade routes linking the CARs with the People's Republic of China (PRC), Europe, South Asia and central Siberia. More recently land bridges such as the famous Trans-Siberian Railroad were established. Coupled with the region's Tian Shan Mountains attracting both foreign and domestic skiers and trekkers, the three countries provide considerable potential for tourism development.</p>										

**b. Goal and purpose:** The objectives of the proposed RETA are to (i) evaluate the feasibility of sustainable development of the tourism potential of Kazakhstan, the Kyrgyz Republic, and Uzbekistan in a way that advocates subregional cooperation; (ii) promote economic growth in the subregion; (iii) facilitate information exchange with the private sector; and (iv) identify a pipeline of subregional tourism development projects.

**c. Components and outputs:** The components of the RETA includes (i) comprehensive analysis of the current status of the tourism sector in the three countries and the subregion, including identification of obstacles to sector growth on a subregional basis; (ii) preparation of a tourism development study identifying subregional projects based, inter alia, on social, economic, legal, financial, and environmental analysis; (iii) identification of ways and management mechanisms needed to increase subregional cooperation in tourism development while preserving and protecting the joint cultural and historical heritage and the environment; (iv) dissemination of tourism development strategy to key stakeholders including the private sector.

**d. Expected results and deliverables:** The major outputs of the RETA include (i) a subregional tourism development study, including pipeline of subregional tourism development projects; (ii) identification of subregional economic growth potential through tourism development; (iii) cooperative management mechanisms for subregional tourism development; (iv) enhanced visibility of tourism development in the subregion through industry forum and publication on study results; and (v) identification of opportunities for private sector participation.

**e. Social or environmental issues or concerns:** none

**f. Plans for disseminating results/deliverables:** To be developed during TA preparation.

**7. Proposed executing/implementing agencies:** ADB would be the executing agency.

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**

**9. Timetable for assistance design, processing, and implementation**

a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002

b. Expected date of submission for approval  
 Lending:  
 Nonlending (project preparatory):  
 Nonlending (other than project preparatory): 2004

c. Period and duration of assistance  
 Lending:  
 Nonlending: To be further assessed.

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

a. For lending  
 Ordinary capital resources:  
 Asian Development Fund:  
 Other:

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

b. For nonlending  
 No resources required, other than ADB staff  
 ADB's administrative budget:  
 Grant TA funds: Subject to further confirmation

If cofinancing is required indicate sources, and amount sought:  
 If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.

**Table A3.10: Participatory Water Management in Central Asia  
Concept Paper**

**Date: 28 May 2002**

<p><b>1. Type/modality of assistance</b></p> <p><input type="checkbox"/> Lending</p> <p>    <input type="checkbox"/> Project loan</p> <p>    <input type="checkbox"/> Program loan</p> <p>    <input type="checkbox"/> Sector loan</p> <p>    <input type="checkbox"/> Sector development program loan</p> <p>    <input type="checkbox"/> Other:</p> <p><input checked="" type="checkbox"/> Nonlending</p> <p>    <input type="checkbox"/> Project preparatory</p> <p>    <input checked="" type="checkbox"/> Other than project preparatory</p> <p>        <input checked="" type="checkbox"/> Economic, thematic, and sector work</p> <p>        <input checked="" type="checkbox"/> Institutional development</p> <p>    <input type="checkbox"/> Other:</p>										
<p><b>2. Assistance Focus</b></p> <p>a. If assistance focuses on a particular sector or subsector, specify the Sector: Water Resources Subsector:</p> <p>b. For project preparatory and lending, classification</p> <p>    <input type="checkbox"/> Core poverty intervention</p> <p>    <input type="checkbox"/> Poverty intervention</p> <p>c. Key thematic area(s)</p> <table border="0"> <tr> <td><input checked="" type="checkbox"/> Economic growth</td> <td><input checked="" type="checkbox"/> Human development</td> </tr> <tr> <td><input checked="" type="checkbox"/> Gender and development</td> <td><input checked="" type="checkbox"/> Good governance</td> </tr> <tr> <td><input checked="" type="checkbox"/> Environmental protection</td> <td><input checked="" type="checkbox"/> Private sector development</td> </tr> <tr> <td><input type="checkbox"/> Regional cooperation</td> <td><input type="checkbox"/> Social protection</td> </tr> <tr> <td><input type="checkbox"/> Other:</td> <td></td> </tr> </table>	<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development	<input checked="" type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance	<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development	<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection	<input type="checkbox"/> Other:	
<input checked="" type="checkbox"/> Economic growth	<input checked="" type="checkbox"/> Human development									
<input checked="" type="checkbox"/> Gender and development	<input checked="" type="checkbox"/> Good governance									
<input checked="" type="checkbox"/> Environmental protection	<input checked="" type="checkbox"/> Private sector development									
<input type="checkbox"/> Regional cooperation	<input type="checkbox"/> Social protection									
<input type="checkbox"/> Other:										
<p><b>3. Coverage</b></p> <p><input type="checkbox"/> Country                      <input checked="" type="checkbox"/> Subregional                      <input type="checkbox"/> Interregional</p> <p><input type="checkbox"/> Internal policy development</p>										
<p><b>4. Responsible division/department:</b> Agriculture, Environment &amp; Natural Resources Division/East and Central Asia Department</p>										
<p><b>5. Responsible ADB officer(s):</b> M. A. Malik</p>										
<p><b>6. Description of assistance(s)</b></p> <p><b>a. Background/linkage to country/regional strategy:</b> Agriculture in many Central Asian countries is heavily dependent on irrigation. Most of the existing irrigation systems were built in 1960's under the Soviet era. As a result of severe financial crisis followed by the collapse of the Soviet Union, the governments have not been able to meet the increasing operation and maintenance (O&amp;M) budget requirements. As a result, operational status of these massive and energy-intensive irrigation infrastructure systems are rapidly deteriorating. At the same time, rapid privatization of farms within the irrigated command areas also resulted in disruption of on-farm level water management.</p> <p>Concerned with declining efficiency of the irrigation supply systems, many Central Asian governments place high priority to the immediate rehabilitation/ restoration of the supply systems, such as high-lift pumps and long feeder (main) canals. However, issues relating to the maintenance of on-farm water courses and management of irrigation water distribution (where largest loss of water takes place) do not receive much attention of the policy makers and sector planners.</p>										

In many other parts of Asian, however, importance of on-farm water management through strong beneficiary participation has been recognized as a key to address issues relating to sustained maintenance of irrigation systems and equitable distribution of water. In some Asian countries, participatory management of water management has advanced to a stage of irrigation management transfer to the beneficiaries, resulting in more efficient assessment/collection of irrigation fees, and more cost-effective, transparent and participatory management of irrigation systems. Initial attempts to develop participatory management of on-farm irrigation distribution (e.g., through development of water user associations) are implemented in a number of Central Asian countries, but their experiences and progress are not shared among themselves.

**b. Goal and purpose:** The goal of the proposed study is to promote awareness of the Central Asian governments on the importance and potential of the participatory water resources management.

Specific purpose of the study is to compile the collective experience and lessons gained in the participatory management of water in the Central Asia, analyze comparative progress/outcome in relation to the relevant policy framework, and study the relevance of the experiences and lessons from other Asian countries where participatory water resources management is in a much advanced stage.

**c. Components and outputs:** The study would involve specific case study on the selected irrigation systems in the Central Asia, secondary data analyses of the experiences in other Asian countries, participatory workshops (including presentation of advanced irrigation management transfer in Indonesia or Philippines) and preparation of policy recommendations.

**d. Expected results and deliverables:** The study is expected to result in a set of specific policy recommendations for the Central Asian governments to promote participatory water resources management.

**e. Social or environmental issues or concerns:** To be determined.

**f. Plans for disseminating results/deliverables:** To be determined.

**7. Proposed executing/implementing agencies:** Asian Development Bank

**8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:** None so far.

**9. Timetable for assistance design, processing, and implementation**

- a. Year included in CSP, CSP update, SCSP, SCSP update, or interregional work plan: 2002
- b. Expected date of submission for approval
  - Lending:
  - Nonlending (project preparatory):
  - Nonlending (other than project preparatory): 2004
- c. Period and duration of assistance
  - Lending:
  - Nonlending: To be further assessed.

**10. Financing Plan** (Indicate possible financing sources and amount of assistance, cost estimates, and financing arrangements)

- a. For lending
  - Ordinary capital resources: \$
  - Asian Development Fund: \$
  - Other: \$

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

## b. For nonlending

- No resources required, other than ADB staff
- ADB's administrative budget: \$
- Grant TA funds: Subject to further confirmation

If cofinancing is required indicate sources, and amount sought:

If known, provide cost estimates and financing arrangements. (e.g., total cost, ADB financing, other financing, and government financing):

ADB=Asian Development Bank, CSP=country strategy and program, SCSP=subregional cooperation strategy and program, TA=technical assistance.