



# Country Operations Business Plan

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January 2009

Kyrgyz Republic  
2009–2011

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 1 January 2009)

Currency Unit	–	som (Som)
Som1.00	=	\$0.025
\$1.00	=	Som39.54

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CAREC	–	Central Asia Regional Economic Cooperation
COBP	–	country operations business plan
GDP	–	gross domestic product
JCSS	–	joint country support strategy
PATA	–	policy and advisory technical assistance
PPTA	–	project preparatory technical assistance
TA	–	technical assistance

## NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on 31 December.
- (ii) In this report, “\$” refers to US dollars.

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## I. CONSISTENCY OF THE BUSINESS PLAN WITH THE CURRENT COUNTRY PARTNERSHIP STRATEGY

1. The Asian Development Bank (ADB) country partnership strategy for the Kyrgyz Republic is presented in the joint country support strategy<sup>1</sup> (JCSS) for 2007–2010 approved in October 2007. The JCSS was prepared in cooperation with four development partners—the Swiss Cooperation, the United Kingdom Department for International Development, the United Nations Agencies, and the World Bank Group. Two other development partners—the European Commission and the German Government—joined the JCSS in December 2007. The JCSS supports the government development agenda, articulated in the country development strategy for 2007–2010, of which the main theme is to contribute to robust and sustainable economic growth and poverty reduction, and the attainment of Millennium Development Goals.<sup>2</sup>

2. In line with the country development strategy, the JCSS identifies four priority areas: (i) promoting economic management consistent with strong and sustained pro-poor growth; (ii) improving governance, promoting effective public administration, and reducing corruption; (iii) building sustainable human and social capital; and (iv) ensuring environmental sustainability and natural resources management.

3. The country operations business plan (COBP) for 2009–2011 is broadly in line with the JCSS priorities, with some adjustments in the lending and non-lending program to reflect: (i) impact of the ongoing global financial and economic crises; and (ii) the Government's latest economic policy to address the country's short and long-term development challenges.<sup>3</sup> The COBP is prepared based on agreements reached with the Government during the 2008 Country Programming Mission.<sup>4</sup>

4. The new economic policy, announced by President Bakiev on 10 January 2008, calls upon the nation to refocus on economic growth and development after years of political uncertainty and languishing economic growth, through increased investments in public infrastructures and structural reforms. The President recently reaffirmed the importance of focusing on long-term growth and development, as the best long-term solution to both domestic development needs and negative external shocks is to build up a stronger and healthier economy. The Government has also revised the country development strategy to account for recent economic developments.

5. The COBP for 2009–2011 is also consistent with ADB's long-term strategic framework 2008–2020 (Strategy 2020),<sup>5</sup> focusing on inclusive economic growth, environmentally sustainable growth, and regional integration. The COBP will continue to promote long-term growth with a sharpened focus on investments in public infrastructures and policy reforms. The sectors and areas proposed for ADB support under the COBP are included in the five core specializations under the Strategy 2020: infrastructure, environment, regional cooperation, financial sector development, and education.

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<sup>1</sup> ADB. 2007. *Joint Country Support Strategy (2007–2010): Kyrgyz Republic*. Manila.

<sup>2</sup> Kyrgyz Republic. 2007. *Country Development Strategy (2007–2010)*. Bishkek.

<sup>3</sup> President Kurmanbek Bakiev's Address to the Nation delivered on 10 January 2008 in Bishkek.

<sup>4</sup> ADB. 2008. *Memorandum of Understanding between the Government of the Kyrgyz Republic and the Country Programming Mission of the Asian Development Bank signed on 12 November 2008*. Bishkek.

<sup>5</sup> ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank 2008–2020*. Manila.

6. Adjustments to the assistance program are also necessitated by the deterioration of the Kyrgyz Republic's short- and medium-term outlook, based on a recent International Monetary Fund assessment.<sup>6</sup> As a small open economy, the Kyrgyz economy has been adversely affected by the continuing global financial crisis and economic downturns. These external shocks threaten to erode considerable progress which the country has achieved over the past decade, by reducing incomes and employment opportunities. Growth, excluding gold production, is expected to slow to 5.0% in 2008 and further to 3% in 2009 from 8.7% in 2007, mainly due to spillover effects from its major economic and trading partners including the Russian Federation, Kazakhstan and People's Republic of China. By the end of 2008, inflation reached 20%, with projected deceleration to 12% by end 2009. The budget deficit in 2008 is expected to widen to 1.3% of GDP and further to 1.7% GDP in 2009, from 0.3% of GDP in 2007. The current account balance is expected to worsen substantially in 2008 to -6.4% of GDP, and further to -8.5% of GDP in 2009, from -0.2% of GDP in 2007, driven by large increases in import costs for food and energy products.

7. Earlier in 2008, the Government adopted a variety of measures to strengthen food and energy security, including increasing grain imports, instituting demand management of energy consumption, and enhancing social protection of vulnerable population groups. As global financial and economic crises unfold, the Government has reached agreement with the IMF in December 2008 on a macroeconomic stabilization framework, and adopted anti-crisis policy measures to enhance public financial position, strengthen the banking sector, support aggregate demand, and manage inflationary pressure. However, given the continuing financial and fiscal pressure expected in 2009, the Government may have short-term needs for budget support. Starting in November 2008, the Government has been in consultation with its development partners on this subject. ADB is working closely with other development partners in assessing, and developing strategies and measures, to meet such needs.

## **II. INDICATIVE LENDING, GRANT, AND NONLENDING PROGRAM FOR 2009–2011**

8. The Kyrgyz Republic received up to 50% of its ADF funding as grant during 2005-2006. In January 2007, following the adoption of the new ADB grant framework, the country received 100% grant assistance. Beginning in 2009, reflecting its improved debt sustainability, the country is expected to return to the 50% grant assistance formula for ADF assistance. The country's ADF IX allocation for 2008 is \$35.40 million. In addition, \$30.00 million from loan savings and cancellations was provided for supplementary financing for the Community-Based Infrastructure Services Sector Project. The 2009 and 2010 allocation will come from ADF X, with an indicative figure of \$120.78 million comprising \$53.68 million in grants and \$67.10 million in loans. The preliminary allocation for 2011 is estimated at about \$60 million, the same as annual allocation in 2009 and 2010.

9. The strategic thrust of the program for 2008–2011 is to support both soft and hard public infrastructure, which will contribute to creating a favorable environment for sustainable growth led by the private sector, thereby generating more jobs and income.

10. Specifically, ADB will continue to support the following:

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<sup>6</sup> van Rooden, Ron. 2008. *Macroeconomic Policy Responses to Current External Shocks*. Presentation Made at Joint International Monetary Fund, World Bank, and Kyrgyz Government Workshop on Coping with Short-Term Risks and Vulnerabilities and Accelerating Long-Term Growth. Bishkek.

- (i) **Roads and transport to promote inclusive growth and regional cooperation.** The focus will continue to be on rehabilitating key road and transport networks that have regional and national strategic importance.
- (ii) **Urban infrastructure and services to promote major growth centers.** A majority of business and economic activities concentrate in urban centers led by the cities of Bishkek and Osh, and the potential center in the Lake Issyk-kul area. Dilapidated public infrastructure is a key constraint to sustainable growth and environmental sustainability in these centers.
- (iii) **Economic and financial sector reforms to improve investment climate and business environment.** Impediments to investment and doing business are key bottlenecks to private sector development and growth. Improvements in this area will complement ADB's investment in hard public infrastructure in (i) and (ii), to generate broad-based growth and development beyond any single sector.

Support to agriculture and education needs to be evaluated:

- (i) Agriculture, despite significant development support, remains at subsistence level and has been a drag on economic growth since 2000. ADB has two ongoing projects in the sector. Holding further investment would be prudent while ADB's approach to agriculture is examined for its effectiveness in raising productivity and generating jobs in rural areas.
- (ii) ADB has three ongoing projects in education including early childhood development. The effectiveness of ADB support will be evaluated before any further major investment is made.

11. ADB supports the Government in strengthening food and energy security. For 2008, the Investment Climate Improvement Program was increased from \$10.00 million to \$15.40 million, including \$12.50 million for policy lending to address priority country needs, including food and energy security.

12. ADB will step up efforts to seek cofinancing from other development partners. The success of this effort will provide some degree of flexibility to the program.

### III. SUMMARY OF CHANGES TO LENDING, GRANT, AND NONLENDING PROGRAMS

13. The 2008–2011 program, as presented in Appendix 1 (Tables A1.1 and A1.2) and Appendix 4 (Tables A4.1 and A4.2), entails the following specific changes:

- (i) The Agricultural Land Improvement and Community-Based Early Childhood Development projects were canceled from the 2008 program.
- (ii) Subprogram 1 of the Investment Climate Improvement Program Cluster was moved from the 2009 to the 2008 program to address the country's urgent need for improving the business environment. Subprogram 1 received \$15.40 million in 2008.<sup>7</sup>
- (iii) The CAREC Transport Corridor 1 (Bishkek–Torugart) Project received \$20.00 million in 2008 (increased from the original allocation of \$8.00 million);

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<sup>7</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Program Cluster, Grant for Subprogram 1, and Grant Assistance to the Kyrgyz Republic for the Investment Climate Improvement Program*. Manila.

and is expected to receive \$30.00 million in 2009, \$40.78 million in 2010, and \$40 million in 2011.<sup>8</sup>

- (iv) In addition to the country's ADF allocation for 2008, an extra \$30.00 million from ADB's loan savings and cancellations was provided for supplementary financing for the Community-Based Infrastructure Services Sector Project.<sup>9</sup>
- (v) The Education Sector wide approach (SWAP) Project originally planned for 2010 has been removed from the program.
- (vi) For 2011 \$20.00 million is allocated to support Improving Public Infrastructure to Support Growth in Bishkek and Osh. This assistance could be forwarded to 2010.

14. The nonlending program for 2008–2011 is programmed to support the lending program. Thus, priority is given to project preparatory technical assistance projects to ensure quality project preparation. Project advisory technical assistance projects are programmed mainly to address institutional strengthening, efficiency of public service delivery, and capacity development—all important to development impact of projects. Efforts will be made to supplement the nonlending program with cofinancing.

#### **IV. INDICATIVE INTERNAL RESOURCE REQUIREMENTS**

15. Staffing will be adjusted to support implementation of the business plan. Capacity for project administration will be strengthened at the Kyrgyz Resident Mission (KYRM). In view of increased responsibilities of KYRM, a portfolio management position was filled in December 2008; and additional budgetary resources for staff consultancies and business travel will be allocated to KYRM, as necessary.

#### **V. RESULTS-BASED MONITORING**

16. The JCSS 2007–2010 has a results framework (see Table below); however, the monitoring system is still being refined and developed as a management tool for implementation of the country partnership strategy with active government participation. So far, results matrices are available only for three sectors and three thematic areas. No major changes have been made to the existing results framework, except for revisions related to changes in the assistance program.

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<sup>8</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Asian Development Fund Grant to the Kyrgyz Republic for the CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project*. Manila.

<sup>9</sup> ADB. 2008. *Report and Recommendation of the President to the Board of Directors on a Proposed Asian Development Fund Grant to the Kyrgyz Republic for the Community-Based Infrastructure Services Sector Project*. Manila.

## UPDATED ASIAN DEVELOPMENT BANK OPERATIONS RESULTS FRAMEWORK

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
<b>Roads (Transport and Communications)</b>				
Improved access to markets, employment opportunities, and social services through better road infrastructure and trade facilitation in the region	<p>Improved transport infrastructure that provides better access to local and regional markets</p> <p>Improved road maintenance funding and management mechanism</p> <p>Private sector involvement in road operation and maintenance</p> <p>Better policy vision for the transport and communications sector</p> <p>Better management of transport</p> <p>Road safety standards are improved and enforced</p>	<p>Key regional corridors rehabilitated by 2010 (Bishkek–Georgievka 16 km, Bishkek–Osh 672 km, Osh–Irkeshtam 230 km, Bishkek–Naryn–Torugart 200 km)</p> <p>Share of regional road corridors (2,242 km) meeting operating standards from 55% in 2006 to 75% by end of 2010</p> <p>Improved operating standards of core national road network (5,500 km) from 32% in 2006 to 90% by end of 2010</p> <p>National road network is prioritized and reclassified to match maintenance needs</p> <p>Traffic density, cargo volume, passenger transportation indicator developed</p> <p>Maintenance cost financed out of tolls increased from 10% in 2006 to 32% in 2010</p> <p>Road network maintenance by private sector contractors increased from 6% in 2006 to 30% in 2010</p> <p>Community-based maintenance practices for rural roads introduced and strengthened</p> <p>Transport and communications sector strategy developed</p> <p>Road safety standards improved and enforced (traffic accidents down from 22 to 17 incidents per 1,000 cars a year in 2010)</p>	<p><b>Ongoing</b> Southern Transport Corridor Road Rehabilitation Project (2004–2009)</p> <p>CAREC Regional Road Corridor Improvement Project (SaryTash–Karamyk) 2007–2013</p> <p>CAREC Transport Corridor (Bishkek–Torugart) Project, phase 1</p> <p><b>TA Projects</b> Assistance in roads subsector strategy formulation</p> <p>Transport Sector Strategy in Central Asian Countries</p> <p>ADB provided assistance for</p> <ul style="list-style-type: none"> <li>• setting expenditure level for road maintenance in the annual state budget,</li> <li>• setting pilot maintenance contracts with the private sector,</li> <li>• developing regulations for community participation in road maintenance,</li> <li>• establishing the national secretariat on road safety,</li> </ul>	<p>Ownership and commitment to reforms</p> <p>Limited financial resources to improve and maintain the road network</p> <p>Political issues</p> <p>Deteriorated growth dynamics and adverse shocks in neighboring countries impede regional economic cooperation</p> <p>Physical and soft barriers to cross-border transport links with neighboring countries</p> <p>Implementation delays due to (i) poor construction quality, (ii) weak technical and managerial expertise, (iii) inadequate provision of counterpart funds</p> <p>Lower than projected traffic, especially internationally</p>

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
			<ul style="list-style-type: none"> <li>developing recommendations on Ministry of Transport and Communications (MOTC) restructuring</li> <li>introducing international design standards</li> </ul> <p><b>Proposed</b> CAREC Transport Corridor (Bishkek–Torugart) Project, phases 2, 3, and 4</p>	generated traffic arising from increased trade
<b>Education and Early Childhood Development</b>				
<p>Ensured access to and improved quality of preschool, primary, and general secondary education; and primary vocational education (PVE)</p> <p>Millennium Development Goals as indicators:</p> <ul style="list-style-type: none"> <li>literacy rate of 15–24 years old (% of population);</li> <li>percentage of children in school of all school-age children).</li> </ul>	<p><b>Early childhood development and basic secondary education</b></p> <p>Improved access to primary and general secondary and preschool education, particularly for children in rural areas</p> <p>Quality of preschool, primary, and general secondary education (including curriculum modernization and reform, and learning outcomes) improved</p> <p>Policy and management in the education sector improved</p> <p>Teachers’ capacity, teaching quality, and incentives enhanced</p> <p><b>PVE</b></p>	<p>Early childhood development and basic secondary education</p> <p>Enrollment rate in primary and secondary education increased from 93% in 2006 to 99% in 2010, including children with special needs</p> <p>Student learning achievement (performance at national examinations) improved by 10% by 2010</p> <p>At least 20% of children enter primary school after preschool (versus those without any kind of preschool)</p> <p>Coverage of preschool program expanded (annual 10% increase during 2007–2010)</p> <p>Physical and learning environment favorable (90 schools rehabilitated) and inclusive</p> <p>New curriculum, and new textbooks and learning materials available by 2008</p> <p>Policy study on introduction of 12-year system conducted</p> <p>Teachers’ capacity and quality enhanced,</p>	<p><b>Ongoing</b></p> <p>ADF Grant 0020-KGZ: Second Education Project (2005–2010):</p> <p>ADF Loan 2007-KGZ: Community-Based Early Childhood Development Project (2004–2008)</p> <p>JFPR 9108-KGZ: Improving Access to Quality Basic Education for Children with Special Needs (2007–2010)</p> <p>ADF Grant 0074-KGZ: Vocational Education and Skills Development Project (2007–2011)</p>	<p>Low capacity of public servants and weak management in the education sector</p> <p>Sector policy risk related to resistance from decision makers to pursue policy and legislative changes</p> <p>Financial sustainability risk of national and local governments to provide financing for adequate O&amp;M during project implementation and completion; and inefficient use of resources</p> <p>Assumption: Steady economic growth creates new job and</p>

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
	<p>PVE system consolidated and modernized</p> <p>Teaching and learning environment in primary vocational schools improved</p> <p>Curriculum, and teaching and learning materials developed</p> <p>Human resources developed</p>	<p>and incentives given</p> <p>Access of children to and quality of basic child health and nutrition services improved; preschools run by the state, or based in communities or homes</p> <p>Capacity of communities to plan and manage child development improved</p> <p><b>PVE</b> Enrollments in primary vocational schools increased by 15% and enrollment of females increased to 45% in 2012</p> <p>Participation of adults and out-of school youth in short skills training courses increased to 6,000 participants in 2012</p> <p>Employers actively involved in skill identification and course development</p> <p>Access for physically disabled in 20 rehabilitated PVE schools improved by 2010</p> <p>PVE schools consolidated and/ or merged by December 2010 and new assets management system in place by 2008</p> <p>New certification system established by 2010</p> <p>200 training workshops rehabilitated and equipped and 20 dormitories rehabilitated by 2010</p> <p>New curriculum and training materials introduced by 2010</p> <p>School staff and instructors trained by 2010</p>		<p>income-earning opportunities in the formal and informal sectors</p>
<b>Agriculture and Natural Resources</b>				
Increased productivity in agriculture	Land and labor productivity increased	Average annual growth of 4.5% during 2007–2010	<b>Ongoing</b> Agriculture Area Development	Weak institutional capacity in MAWRPI

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
<p>Strengthened market mechanisms in agricultural production and processing</p> <p>Creation of a competitive food processing industry</p> <p>Enhanced productivity and connectivity in agriculture and natural resources use</p>	<p>Private sector agribusiness support services and marketing and processing facilities developed</p> <p>Domestic and export competitiveness Increased</p> <p>Integrated land and water management improved</p> <p>Agriculture policy and management improved</p> <p>Environmentally responsible economic development around the Issyk-Kul Lake area accomplished</p>	<p>Farmers' incomes increased (average annual growth of 7% during 2007–2010)*</p> <p>Rural auxiliary services developed</p> <p>Share of agroprocessing in agriculture sector increased by 25% by 2010*</p> <p>Share of SMEs in agroprocessing Increased by 40% by 2010*</p> <p>Agriculture exports increased to 15% of agricultural output by 2010*</p> <p>At least 435,000 ha drainage and irrigation infrastructure rehabilitated by 2010*</p> <p>Salinity and waterlogged areas decreased by 5%</p> <p>Efficiency of pastureland use improved</p> <p>Effectiveness of WUAs in water management increased, including increased cost recovery and operation and maintenance expenditure</p> <p>Capacity of the MAWRPI for agriculture public policy increased</p>	<p>Project (1999–2008)</p> <p>Southern Agriculture Area Development Project (2007–2013)</p> <p>Central Asian Countries Initiative for Land Management 2007–2017</p> <p>Community-Based Infrastructure Services Sector Supplementary Financing</p> <p>Issyk-Kul Sustainable Development Project (PPTA)</p> <p><b>Proposed</b> Issyk-Kul Sustainable Development Project supported by PATA</p> <p>RETA on Agriculture Marketing and Trade</p>	<p>to lead reform and perform regulatory and support functions effectively</p> <p>Frequent changes in management, policy, and legislative framework</p> <p>Negative impact of climate change and food crisis; and increased prices for wheat, fuel and other input supplies</p> <p>Weak cost recovery for on-farm O&amp;M and investment rehabilitation</p> <p>Lack of knowledge and operations management experience with farming and business enterprises</p> <p>Lack of market access</p>
<b>Thematic: Regional Cooperation</b>				
<p>Economic growth and export diversification through promotion of regional cooperation</p>	<p>Transport connectivity in the region improved</p> <p>Infrastructure for trade facilitation (customs) improved</p>	<p>Share of regional road corridors meeting operating standards increased from 55% in 2006 to 75% by 2010</p> <p>Agreements on electronic data exchange reached between the Kyrgyz Republic and Uzbekistan</p> <p>Border posts infrastructure rehabilitated</p>	<p><b>Ongoing</b> Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic and Tajikistan)</p> <p>Southern Transport Corridor Road Rehabilitation Project (2004–2009)</p>	<p>Deterioration in relationship with neighboring countries</p> <p>Deteriorated growth dynamics and adverse shocks in neighboring countries</p>

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
	<p>Opportunities for energy trade enhanced</p> <p>Regional sustainable tourism opportunities enhanced</p> <p>Policy-making capacity improved</p>	<p>Risk-based customs control systems adopted by 2008</p> <p>Understanding of regional electricity trade issues improved</p> <p>Number of tourists from neighboring countries; public revenues from tourism; environmental sustainability</p> <p>Regional strategies for transport, energy, and trade developed and adopted</p> <p>Understanding of policy issues in overall transport and communications sector improved</p> <p>Number of officials trained</p> <p>CAREC Institute research and outreach program</p>	<p>CAREC Regional Road Corridor Improvement Project (SaryTash–Karamyk) 2007–2013</p> <p>CAREC Transport Corridor (Bishkek–Torugart) Project, phase 1</p> <p>Central Asian Countries Initiative for Land Management 2007–2017</p> <p>RETA Transport Sector Strategy in Central Asia</p> <p>RETA Support to Central Asia–South Asia Regional Electricity Market</p> <p>RETA CAREC Electricity Regulators Forum</p> <p>RETA Strengthening Central Asia Regional Economic Cooperation, 2007–2009</p> <p>RETA Central Asia Regional Economic Cooperation Institute, 2009–2012</p> <p>RETA Capacity Building for Regional Cooperation in CAREC Participating Countries, Phase I</p> <p><b>Proposed</b> CAREC Transport Corridor (Bishkek–Torugart) Project, phases 2, 3, and 4</p> <p>RETA Agricultural Trade and Market Development in Central and East Asia</p>	<p>Political issues impede regional economic cooperation</p> <p>Nationalistic and separatist policy making prevails</p>

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
			RETA Policy Reforms in the Transport Sector in Central Asia	
<b>Thematic: Support for Policy and Institutional Foundations of Private Sector Development</b>				
Improved business environment and investment climate	<p>Productivity and international competitiveness of Kyrgyz businesses increased; potential for economies of scale improved</p> <p>Investment-to-GDP ratio increased; higher FDI</p> <p>Economic structure more diversified</p> <p>Tax and customs regime and administration improved</p> <p>Financial sector more sound and efficient, access to finance increased</p> <p>Procedures for licensing, permits, and business operations streamlined</p> <p>Enforcement of business-related regulation supported, the implementation gap addressed</p> <p>Public-private partnership initiated</p>	<p>Surveys <i>Doing Business, BEEPS</i></p> <p>Macro indicators</p> <p>Unified automated information system developed; border post infrastructure rehabilitated; border interagency cooperation improved</p> <p>Tax revenue collection increased through SCTC reorganization, ICT upgrade, and capacity of SCTC improved</p> <p>Financial soundness and intermediation indicators (private sector credit to GDP, M2 to GDP, capital adequacy ratios) developed</p> <p>Banking supervision and capital market regulation of non-bank financial regulation strengthened</p> <p>“Single window and one-stop shop” system supported</p> <p>Transactions costs for export-import operations reduced</p> <p>Policy support provided for restructuring, corporatization, or privatization of state-owned enterprises</p> <p>Demonstration project with institutional component for sustainable private sector investments in Issyk-Kul Lake area</p>	<p><b>Ongoing</b></p> <p>Regional Customs Modernization and Infrastructure Development Project (2004–2010)</p> <p>Tax Administration Reform and Modernization Project (2007–2012)</p> <p>Banking Sector and Capital Market Development Program (2005–2009)</p> <p>Investment Climate Improvement Program, subprogram 1 supported by PPTA and PATA</p> <p><b>Proposed</b></p> <p>Investment Climate Improvement Program, subprograms 2, and 3 supported by PPTA and PATA</p> <p>Issyk-Kul Sustainable Development Project supported by PPTA and PATA</p> <p>Improving Public Infrastructure to Support Growth in Bishkek and Osh, phase 1 supported by PPTA and PATA</p>	<p>Political instability</p> <p>Weak political commitment to the reform process and change management</p> <p>Delays in enacting legislation</p> <p>Vested interests hinder the reform process</p> <p>Economy caught in a “low-equilibrium trap”</p>
Strengthened Government	Government formulates	Capacity in economic policy making,	<b>Ongoing</b>	Political instability

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
capacity and capability for developing and implementing a market-oriented, private-sector-led and open economic development policy	and conducts an open, outward-oriented, and private-sector-led economic development policy  Capacity for policy formulation, and its monitoring and evaluation system improved	economic management, and M&E strengthened in President's Administration, Prime Minister's Office, and Parliament, and in selected key ministries (MEDT, MOTC, MOES, Energy)  Better capacity and capability in formulating and implementing market-based industrial and trade policy  Implementation gap addressed  Links between the authorities and the think tanks, consultancy industry, private sector, and civil society facilitated	Support to Investment Climate Improvement Program (PATA) attached to Subprogram 1  <b>Proposed</b> Support to Investment Climate Improvement Program (PATA) attached to Subprogram 2 and 3  Support to Economic Policy and Management (PATA)	and weak political commitment and ownership of the reform process  Politically-controlled appointments of public servants  Capacity constraints both managerial and technical  Inadequate financing  High staff turnover
ADB's private sector operations initiated	Development needs addressed without increasing public sector debt  Efficiency and competitiveness of Kyrgyz business enhanced  The economy is more diversified	Debt and equity operations  The use of political and credit guarantees explored	Potential sectors and subsector: telecommunications, banking, energy  Other opportunities to be identified	Political instability  Delays in enacting legislation, its inconsistencies with other laws, and best international practice  Limited PSOD resources
<b>Thematic: Environmental Sustainability</b>				
Ensure environmentally sound and sustainable economic development and natural resources management	Sustainable land management integrated into economic development planning  Sustainable land and water management practices adopted  Environmentally sustainable tourism developed  Vulnerability of poor to	Land productivity increased  Area of land affected by salinity and waterlogging decreased  Carbon sequestration increased  Area improvement in environmental quality indicators (e.g., air, water, solid waste)  Disaster preparedness plans by local communities and mitigation responses by all levels of government improved	<b>Ongoing</b> Agriculture Area Development Project (1999–2008)  Southern Agriculture Area Development Project (2007–2013)  Central Asian Countries Initiative for Land Management 2007–2017  JFPR Reducing Vulnerability of the Poor to Natural Disasters	Weak capacity and commitment to enforce legislation  Weak public administration hampers crosscutting environmental concerns  Delays in enacting appropriate legislation

Selected Country Development Goals and Outcomes Influenced by the JCSS	ADB Operations		ADB Intervention	Risks
	Outcomes Contributed to by ADB Operations	Milestones and Key Tracking Indicators		
	<p>natural disasters reduced</p> <p>Greenhouse gas emissions into the atmosphere reduced</p> <p>National capacity in environmental and natural resources management improved</p>	<p>National authority for carbon trading designated and operating</p> <p>CDM facility for gas emission developed with increased number of staff, operating budgets, and programs</p>	<p>Issyk-Kul Sustainable Development Project (PPTA)</p> <p>Community-Based Infrastructure Services Sector Supplementary Financing</p> <p><b>Proposed</b></p> <p>Issyk-Kul Sustainable Development Project supported by PATA</p> <p>CDM Project on Reducing the Gas Emissions</p>	<p>Vested interests oppose the reforms and enforcement of environmental safeguards</p>

ADF = Asian Development Fund, BEEPS = Business Environment and Enterprise Performance Survey, CAREC = Central Asian Regional Economic Cooperation, CDM = clean development mechanism, FDI = foreign direct investment, GDP = gross domestic product, ICT = information and communications' technology, JCSS = Joint Country Support Strategy, JFPR = Japanese Fund for Poverty Reduction, MAWRPI = Ministry of Agriculture, Water Resources and Processing Industry, MEDT = Ministry of Economic Development and Trade, MES = Ministry of Education and Science, MOTC = Ministry of Transport and Communications, O&M = operation and maintenance, PATA = Project Advisory Technical Assistance, PPTA = Project Preparatory Technical Assistance, PSOD = Private Sector Operations Department, PVE = primary vocational education, RETA = regional technical assistance, SCTC = State Committee for Taxes and Collections, SME = small and medium enterprises, WUA = water users association.

Source: Asian Development Bank.

**INDICATIVE ASSISTANCE PIPELINE**

**Table A1.1: Indicative Assistance Pipeline for ADF Lending and Grant Products, 2009–2011**

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)					
					Asian Development Bank				Gov't	Co- financing
					Total	ADF		Total		
					OCR	Loans	Grants	Total		
<b>2009 Firm Loans and Grants</b>										
<b>Transport and Communications</b>										
1. CAREC Transport Corridor (Bishkek–Torugart) Project, Phase 2	GI	PSD, REG, ECG	CWTC	—	0.00	15.00	15.00	30.00	0.00	0.00
<b>Multisector</b>										
2. Issyk-Kul Sustainable Development Project	GI	ENV, PSD	CWFM	2008	0.00	15.00	15.00	30.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>30.00</b>	<b>30.00</b>	<b>60.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2009 Standby Loan and Grants</b>										
<b>Law, Economic Management, and Public Policy</b>										
1. Crises Support Program	GI	ECG	CWFM	—	0.00	10.00	10.00	20.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>					<b>0.00</b>	<b>40.00</b>	<b>40.00</b>	<b>80.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2010 Firm Loans and Grants</b>										
<b>Transport and Communications</b>										
1. CAREC Transport Corridor (Bishkek–Torugart) Project, Phase 3	GI	PSD, REG, ECG	CWTC	—	0.00	27.10	13.68	40.78	0.00	0.00
<b>Law, Economic Management, and Public Policy</b>										
2. Investment Climate Improvement Program, Subprogram 2	GI	ECG, PSD	CWFM	2009	0.00	10.00	10.00	20.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>37.10</b>	<b>23.68</b>	<b>60.78</b>	<b>0.00</b>	<b>0.00</b>

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)					
					Asian Development Bank				Gov't	Co- financing
					Total	ADF		Total		
					OCR	Loans	Grants	Total		
<b>2010 Standby Loan and Grants</b>										
<b>Urban Development</b>										
1. Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1	GI	PSD	CWUS	2009	0.00	20.00	0.00	20.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>20.00</b>	<b>0.00</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>					<b>0.00</b>	<b>50.00</b>	<b>30.00</b>	<b>80.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2011 Firm Loans and Grants</b>										
<b>Transport and Communications</b>										
1. CAREC Transport Corridor (Bishkek–Torugart), Project, Phase 4	GI	PSD, REG, ECG	CWTC	—	0.00	20.00	20.00	40.00	0.00	0.00
<b>Urban Development</b>										
2. Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1	GI	PSD	CWUS	2010	0.00	20.00	0.00	20.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>40.00</b>	<b>20.00</b>	<b>60.00</b>	<b>0.00</b>	<b>0.00</b>
<b>2011 Standby Loans and Grants</b>										
<b>Law, Economic Management, and Public Policy</b>										
1. Investment Climate Improvement Program, Subprogram 3	GI	ECG, PSD	CWFM	2011	0.00	10.00	10.00	20.00	0.00	0.00
<b>Subtotal</b>					<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>20.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Total</b>					<b>0.00</b>	<b>50.00</b>	<b>30.00</b>	<b>80.00</b>	<b>0.00</b>	<b>0.00</b>

CWFM = Central and West Asia Governance, Financial Sector, Public Management and Trade Division, CWTC = Central and West Asia Transport and Communications Division, CWUS = Central and West Asia Urban Services Division, ECG = sustainable economic growth, ENV = environmental sustainability, GI = general intervention, PSD = private sector development, REG = regional cooperation.

Source: Asian Development Bank.

**Table A1.2: Indicative Assistance Pipeline for Nonlending Products and Services, 2009–2011**

Sector Assistance Name	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2009</b>							
<b>Law, Economic Management, and Public Policy</b> Support to Investment Climate Improvement Program, Subprogram 2	CWFM	PPTA	TASF	800.00	—	0.00	0.00
<b>Multisector</b> Issyk-Kul Sustainable Development Project	CWUS	PPTA	TASF	800.00	—	0.00	0.00
Issyk-Kul Sustainable Development Project	CWUS	PATA	TASF	800.00	—	0.00	0.00
<b>Law, Economic Management, and Public Policy</b> Support to Economic Policy and Management	CWFM	PATA	TASF	500.00	—	0.00	0.00
<b>Urban Development</b> Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1 [standby]	CWUS	PPTA	TASF	[800.00]	—	0.00	0.00
	<b>Subtotal</b>			<b>2,900.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>Total</b>			<b>3,700.00</b>		<b>0.00</b>	<b>0.00</b>
<b>2010</b>							
<b>Law, Economic Management, and Public Policy</b> Support to Investment Climate Improvement Program, Subprogram 2,	CWFM	PATA	TASF	600.00	—	0.00	0.00
<b>Urban Development</b> Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1	CWUS	PPTA	TASF	800.00	—	0.00	0.00
Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1 [standby]	CWUS	PATA	TASF	[800.00]	—	0.00	0.00
	<b>Subtotal</b>			<b>1,400.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>Total</b>			<b>2,200.00</b>		<b>0.00</b>	<b>0.00</b>

Sector Assistance Name	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2011</b>							
<b>Law, Economic Management, and Public Policy</b>							
Support to Investment Climate Improvement Program (Subprogram 3)	CWFM	PPTA	TASF	1,000.00	—	0.00	0.00
<b>Urban Development</b>							
Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 2 [standby]	CWUS	PPTA	TASF	[800.00]	—	0.00	0.00
	<b>Subtotal</b>			<b>1,000.00</b>		<b>0.00</b>	<b>0.00</b>
	<b>Total</b>			<b>1,800.00</b>		<b>0.00</b>	<b>0.00</b>

CWFM = Central and West Asia Governance, Financial Sector, Public Management and Trade Division, CWTC = Central and West Asia Transport and Communications Division, CWUS = Central and West Asia Urban Services Division, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, TASF = Technical Assistance Special Fund.  
Source: Asian Development Bank.

**PRELIMINARY SUMMARY INFORMATION ON PROPOSED INDICATIVE ADF LENDING,  
GRANT, AND NONLENDING PRODUCTS AND SERVICES FOR FIRST YEAR OF THE  
BUSINESS PLAN**

**Table A2.1: Summary Information on Proposed Indicative ADF Lending and Grant  
Products and Services for 2009**

<b>Project Name</b>	<b>Description</b>
CAREC Transport Corridor (Bishkek–Torugart) Project Phase 2	<p><b>Impact</b> The Project will contribute to reducing transport costs and fostering regional trade and tourism between the Kyrgyz Republic and the PRC.</p> <p><b>Major Components</b></p> <ol style="list-style-type: none"> <li>1. Road Improvement</li> <li>2. Project Management Support</li> <li>3. Policy and Institutional Support</li> </ol> <p><b>Expected Outputs and Outcomes</b> The outcome is improved access to markets, social services, and tourist destinations. Outputs: (i) improved 39-km road stretch from Km 439 to Km 480 (within Char Pass–Ak Beit Pass section), including earthworks, pavement and drainage works, and reconstruction of bridges; (ii) policy and institutional support to MOTC (to be identified at fact-finding).</p>
Issyk-Kul Sustainable Development Project	<p><b>Impact:</b> The improved environmental conditions in the Issyk-Kul zone is expected to enhance the quality of life of currently residing 300,000 persons, enhance the region’s tourism potential by providing environmental infrastructure to a floating population of 1million tourists annually, spawn private sector investment, and facilitate economic development in the region.</p> <p><b>Major Components:</b> The proposed Project will focus on: (i) improving the basic urban infrastructure and services management in the region; (ii) addressing the institutional issues associated with basic urban services; (iii) addressing the strategic environmental management issues identified under the Integrated Development Plan for the Issyk-Kul Zone and specifically meeting the objectives of sustaining the Biosphere; and (iv) introducing innovative financial instruments and improving the financial management of the institutions to facilitate efficient service delivery.</p> <p><b>Expected Outputs and Outcomes:</b> The outcome of the project will be creation of the necessary conditions for sustainable development of Issyk-Kul area while observing various safeguards and financing most critical public infrastructure project. The specific outputs of the project include: (i) Rehabilitated water, sewerage and solid waste infrastructure; (ii) institutional, legal and regulatory framework established to ensure sustainable development in the Issyk-Kul zone; (iii) financial management practices adopted to ensure efficient service delivery; and (iv) strategic environmental management framework developed to sustain the Biosphere.</p>
Crises Support Program [standby]	<p><b>Impact:</b> The program will help mitigate the adverse impact of external shocks and to maintain macroeconomic stability. Based on further consultations and needs analysis, ADB could support a program or an incentive tranche based on a subset of sector reforms in close consultation with other donors.</p> <p><b>Major Components:</b> [Major components are being discussed and to be determined at the processing stage]</p> <p><b>Expected Outputs and Outcomes:</b> [Major outputs and outcomes are being discussed and to be determined at the processing stage]</p>

Source: Asian Development Bank.

**Table A2.2: Summary Information on Proposed Indicative Nonlending Products and Services for 2009**

Project Name	Description
Issyk-Kul Sustainable Development Project (PATA)	<p><b>Impact</b> The impact of the PPTA and ensuing project will be improved potentials for economic growth in the region with an emphasis on the environmental preservation of Issyk-Kul.</p> <p><b>Major Components</b> The TA will: (i) identify technically and environmentally sustainable subprojects that address the environmental preservation of the lake and contribute to the economic growth of the region; (ii) identify legal and regulatory measures, policy measures and capacity development needs that will regulate development in the zone, improve service delivery, improve institutional sustainability, and address social development in the region resulting in improved quality of life; (iii) prepare action plans for implementing the Strategic Environmental Management Plan identified in the Integrated Development Plan for Issyk-Kul Zone and complementing identified investments; and (iv) explore options of ensuring financial and institutional sustainability of subprojects inter-alia comprising output-based aid and clean development mechanism (CDM).</p> <p><b>Expected Outputs and Outcomes</b> The outcome will be an investment project for ADB financing comprising environmentally, institutionally and financially sustainable infrastructure services. The outputs shall comprise: (i) Infrastructure Plan for environmentally sustainable assets developed and potential output-based service delivery options indicated; (ii) Institutional Plan for institutional, legal and regulatory framework established for overseeing regional development; and (iii) Financial Plan developed to address prudent financial management practices and adopting innovative financing instruments.</p>
Support to Economic Policy and Management (PATA)	<p><b>Impact</b> Improved economic policy formulation and its management at higher decision-making levels.</p> <p><b>Major Components</b> The TA will focus on capacity building and help in policy making in the following broad areas; (i) strengthening of macroeconomic and fiscal management through introduction of resource-based planning; (ii) development of key cross-sectoral policy reforms underpinning long-term growth and the competitiveness of the Kyrgyz economy, and (iii) formulation of the policies for improving governance, accountability and transparency in public finance management systems. The TA will be implemented in close coordination with other donors implementing similar activities with the Government.</p> <p><b>Expected Outputs and Outcomes</b> The expected outcome of the project would be an improved policy making and management capacity by President's Administration staff. [The detailed outputs to be determined at the processing stage in consultation with the Government and donors].</p>
Support to Investment Climate Improvement Program, Subprogram 2 (PPTA)	<p><b>Impact:</b> The TA will to support effective implementation of the Investment Climate Improvement Program cluster. Specifically, the TA will help ensure effective achievement of the policy reforms envisioned for subprogram 2 of ICIP through technical inputs, stakeholder consultations, and public awareness to build consensus on the reform agenda. The TA will also support capacity building in specific areas to ensure reform sustainability.</p> <p><b>Major Components:</b> In line with ICIP components, the TA will have 3 main components: (i) regulatory reforms to reduce compliance costs; (ii) financial</p>

	<p>sector reforms to improve access to finance; and (iii) enabling environment for PPP to enhance infrastructure investment.</p> <p><b>Expected Outputs and Outcomes:</b></p> <ol style="list-style-type: none"> <li>1. Regulatory Reforms to Reduce Compliance Costs <ul style="list-style-type: none"> <li>- draft laws and regulations related to the one-stop-shop business registration and pre-customs single window</li> <li>- detailed and transparent mechanisms for streamlining and disclosure business licenses and permits</li> <li>- detailed and transparent regulatory recourse mechanisms</li> </ul> </li> <li>2. Financial Sector Reforms to Improve Access to Finance <ul style="list-style-type: none"> <li>- draft laws and regulations for strengthening the enforcement of loan and lease contracts</li> <li>- draft laws and regulations on credit information sharing mechanisms</li> </ul> </li> <li>3. Enabling Environment for PPP <ul style="list-style-type: none"> <li>- draft laws and regulations on PPP in infrastructure</li> <li>- risk management policies and guidelines</li> <li>- feasibility studies for pilot PPP projects</li> <li>- bidding processes for pilot projects</li> </ul> </li> </ol>
<p>Improving Public Infrastructure to Support Growth in Bishkek and Osh Phase 1 [standby] (PPTA)</p>	<p><b>Impact:</b> Improved conditions for sustainable economic and social development of Bishkek and Osh cities.</p> <p><b>Major Components:</b> The PPTA components will be (1) identify technically and environmentally sustainable public infrastructure subprojects that address the most critical needs of the urban population, (2) identify legal and regulatory measures, policy measures and capacity development needs that will improve service delivery, improve institutional sustainability, and address social development in the region resulting in improved quality of life, and (3) introduce options of ensuring financial and institutional sustainability of subprojects.</p> <p><b>Expected Outputs and Outcomes:</b> The outcome of the project will be the investment project for ADB financing including environmentally, institutionally and financially sustainable public infrastructure services. The expected outputs will be: (1) public infrastructure investment project, (2) plan for institutional, legal and regulatory framework established for improving the public services delivery; and (iii) financial plan developed to address prudent financial management practices and adopting innovative financing instruments.</p>

Source: Asian Development Bank.

### UPDATED COUNTRY SECTORS AND THEMATIC STRATEGIES AND PLANS

Priority Sector	Developments since the Adoption of the Country Strategy
Roads Subsector	There have been no significant changes since the adoption of the JCSS 2007–2010.
Education and Early Childhood Development	The Government is drafting a long-term education sector development strategy for 2011–2020 to set up priority areas for intervention and provide a basis for SWAP in the education sector. Dialogue with the Government on the education policy issues and assistance is essential for moving towards SWAP. Particularly, education sector efficiency has to be addressed to achieve the long-term sustainability and quality of the education services. Improving education finance system is a key issue where adequate advice and consultations with various education stakeholders are urgently required.
Agriculture and Natural Resources	The agriculture sector is still suffering from weak productivity and continues to expand at a modest level of 1.5% only (2007). This growth was supported mainly by the increase in livestock and vegetable production. Due to the decrease in the grain plantation and unfavorable climate conditions in 2006–2007, the sector was experiencing a serious decline in wheat production by 16% (2007), which contributed to the increase of wheat and flour prices in 2006–2007. In response to sharp increase in imported wheat prices the country was able to increase the grain plantation by 9% in 2008. The main goal of the sector is to prevent the consequences of the world food crisis and provision of food security. ADB assisted the Government in formulating the agriculture development strategy 2007–2015. <sup>a</sup>

Priority Theme	Developments since the Adoption of the Country Strategy
Environmental Sustainability	In 2007, the Government adopted a Concept on Environment Security <sup>b</sup> that identifies the main principles of sustainable development and rational use of natural resources. In 2008, inventory of forests has been conducted and framework program on sustainable management of land resources has been launched. Following the national program on forestry development the Government has expended the plantation of trees.
Regional Cooperation	In 2007, the CAREC transport and trade facilitation strategy <sup>c</sup> (TTFS) has been adopted, while the action plan <sup>d</sup> for TTFS has been endorsed at the 7th Ministerial Conference in Baku on 21 November 2008. The action plan outlines a coordinated schedule of transport and trade facilitation initiatives for the next 10 years, entailing \$21.1 million for infrastructure investments and \$68.5 million for technical assistance projects, including a number of investment and TA projects for the Kyrgyz Republic. Another major step forward was the endorsement of the CAREC energy sector strategy and the trade policy strategic action plan in November 2008; and development of a detailed work plan for the CAREC Institute (2009–2011).
Support to Policy and	The Kyrgyz Republic's "Doing Business" ranking in 2008 has improved

Priority Theme	Developments since the Adoption of the Country Strategy
Institutional Foundations of Private Sector Development	from 94 <sup>th</sup> to 68 <sup>th</sup> out of total 178 countries, largely reflecting recent policy announcements and legal reforms to simplify business registration and the permit system for construction. While this is a step in the right direction, private sector development and sustainable growth and employment creation will require further reforms to put in place the institutional setting, incentive structures, and systems and procedures necessary for effective implementation and enforcement as well as investments especially in public infrastructure. Helping the Government meet this challenge will require a long-term engagement and comprehensive approach covering policy and institutional reform as well as capacity building.

<sup>a</sup> Government of the Kyrgyz Republic. 2007. *The Agriculture Development Strategy 2007–2015*. Bishkek (approved by President of the Kyrgyz Republic in May).

<sup>b</sup> Government of the Kyrgyz Republic. 2007. *The Concept on Environment Security*. Bishkek (approved by Prime Minister of the Kyrgyz Republic in October).

<sup>c</sup> ADB. 2007. *The CAREC Transport and Trade Facilitation Strategy*. Manila.

<sup>d</sup> ADB. 2008. *The Action Plan for the CAREC Transport and Trade Facilitation Strategy*. Manila.

<sup>e</sup> World Bank. 2008. *Doing Business 2008*: Washington, DC. The survey ranks economies based on 10 indicators of business regulation that tracks the time and costs to meet government requirements. The indicators include: starting a business, dealing with permits, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and closing a business.

Source: Asian Development Bank.

## ASSISTANCE PROGRAM FOR 2008

**Table A4.1: Assistance Pipeline for ADF Lending and Grant Products, 2008**

Sector Project/Program Name	Targeting Classification	Thematic Priority	Division	Year of Project Preparatory Assistance	Cost (\$ million)						
					Total	ADB			Total	Gov't	Co- financing
						OCR	ADF				
							Loans	Grants			
<b>2008 Firm Grants</b>											
<b>Transport and Communications</b>											
1. CAREC Transport Corridor (Bishkek–Torugart) Project Phase 1	GI	PSD, REG, ECG	CWTC	2008	0.00	0.00	20.00	20.00	0.00	0.00	
<b>Law, Economic Management, and Public Policy</b>											
2. Investment Climate Improvement Program Subprogram 1	GI	ECG, PSD	CWFM	2008	0.00	0.00	15.40	15.40	0.00	0.00	
<b>Water Supply, Sanitation, and Waste Management</b>											
3. Community-Based Infrastructure Services Sector Supplementary Financing	GI	ISD, HD	CWUS	—	0.00	0.00	30.00	30.00	0.00	0.00	
<b>Subtotal</b>					<b>0.00</b>	<b>0.00</b>	<b>65.40</b>	<b>65.40</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total</b>					<b>0.00</b>	<b>0.00</b>	<b>65.40</b>	<b>65.40</b>	<b>0.00</b>	<b>0.00</b>	

CWFM = Central and West Asia Governance, Financial Sector, Public Management and Trade Division, CWTC = Central and West Asia Transport and Communications Division, CWUS = Central and West Asia Urban Services Division, ECG = sustainable economic growth, GI = general intervention, HD = human development, ISD = inclusive social development, PSD = private sector development, REG = regional cooperation.

Source: Asian Development Bank.

**Table A4.2: Assistance Pipeline for Nonlending Products and Services, 2008**

Sector Assistance Name	Responsible Division	Assistance Type	Source of Funding				Total (\$'000)
			ADB		Others		
			Source	Amount (\$'000)	Source	Amount (\$'000)	
<b>2008</b>							
<b>Law, Economic Management, and Public Policy</b>							
Support to Investment Climate Improvement Program, Subprogram 1	CWFM	PPTA	TASF	500.00	—	0.00	0.00
Support to Investment Climate Improvement Program, Subprogram 1	CWFM	PATA	TASF	600.00	—	0.00	0.00
		<b>Subtotal</b>		<b>1,100.00</b>		<b>0.00</b>	<b>0.00</b>
		<b>Total</b>		<b>1,100.00</b>		<b>0.00</b>	<b>0.00</b>

CWFM = Central and West Asia Governance, Financial Sector, Public Management and Trade Division, PATA = policy and advisory technical assistance, PPTA = project preparatory technical assistance, TASF = Technical Assistance Special Fund.  
Source: Asian Development Bank