

ASIAN DEVELOPMENT BANK

JFPR: KGZ 38047

**GRANT ASSISTANCE
(Financed by the Japan Fund for Poverty Reduction)**

TO THE

KYRGYZ REPUBLIC

FOR

**REDUCING VULNERABILITY OF THE POOR
TO NATURAL DISASTERS**

September 2004

CURRENCY EQUIVALENTS

(as of 31 July 2004)

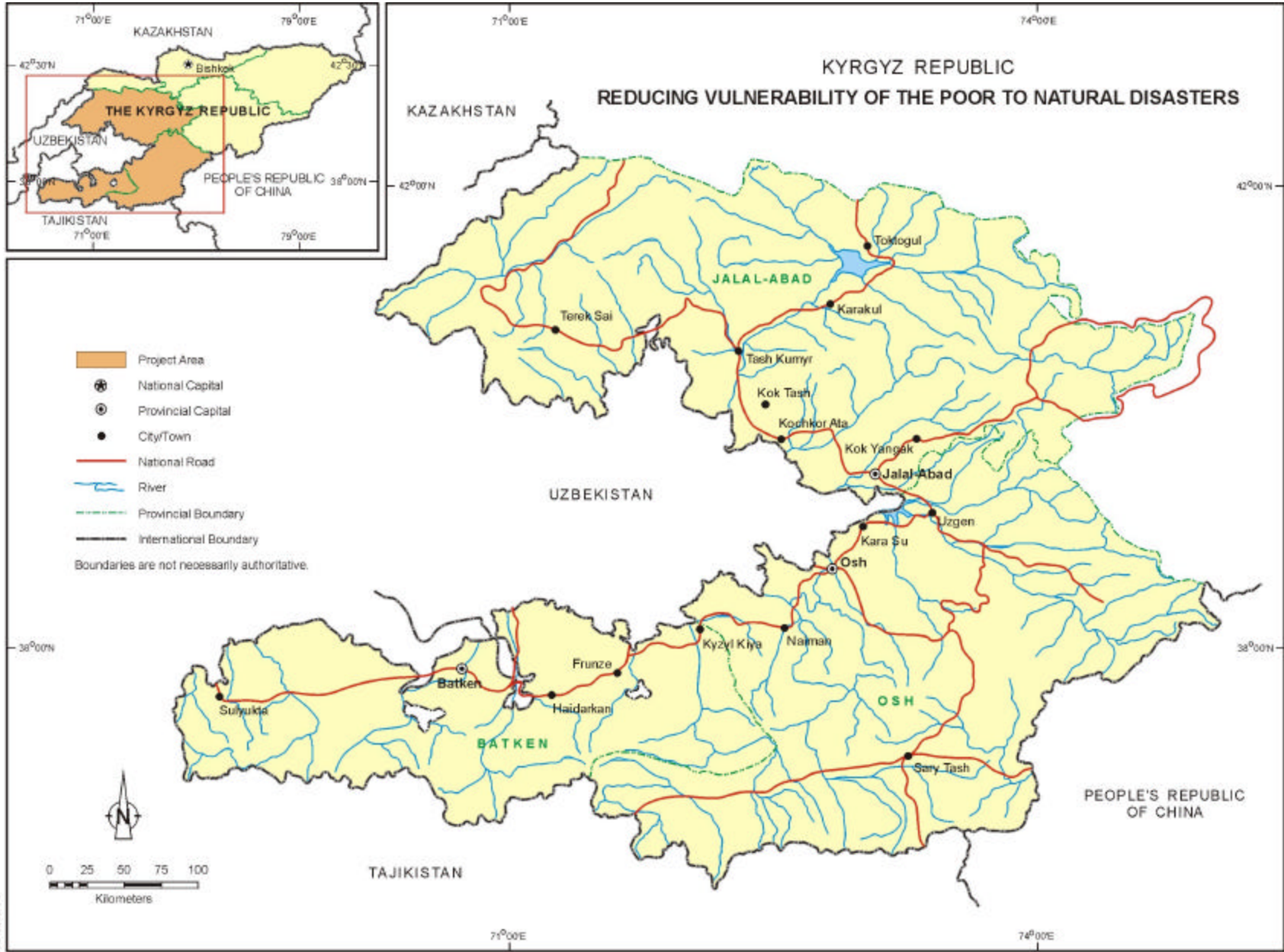
Currency Unit	-	som (Som)
Som 1.00	=	\$ 0.0235
\$1.00	=	Som 42.497

ABBREVIATIONS

ADB	-	Asian Development Bank
CD-ROM	-	compact disc read-only memory
GIU	-	grant implementation unit
JFPR	-	Japan Fund for Poverty Reduction
JICA	-	Japan International Cooperation Agency
MDG	-	Millennium Development Goal
MEES	-	Ministry of Ecology and Emergency Situations
NGO	-	nongovernment organization
UNDP	-	United Nations Development Programme
WB	-	World Bank

NOTES

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



JAPAN FUND FOR POVERTY REDUCTION (JFPR)

JFPR Grant Proposal

I. Basic Data

Name of Proposed Activity	Reducing Vulnerability of the Poor to Natural Disasters
Country	Kyrgyz Republic
Grant Amount Requested	\$ 1,000,000
Regional Grant	<input type="radio"/> Yes / <input checked="" type="radio"/> No
Grant Type	<input type="radio"/> Project / <input checked="" type="radio"/> Capacity building

II. Grant Development Objective(s) and Expected Key Performance Indicators

<p>Grant Development Objective:</p> <p>The objective of this grant is to improve the capacity of the national and local authorities in the Kyrgyz Republic for reducing the vulnerability of the country's poor to frequently occurring natural disasters. Natural disasters include floods, landslides, earthquakes, mudslides, and avalanches.</p>
<p>Expected Key Performance Indicators:</p> <ol style="list-style-type: none"> 1. Socioeconomic study of the impact of natural disasters on the country, in particular for the country's poor, undertaken and disseminated among Government officials and decision-makers at the central and oblast levels. A mechanism for incorporation of natural disasters issues into the fiscal planning process, national development plans, and donors' assistance strategies, developed and tested. 2. Enhanced institutional capacity of the Ministry of Ecology and Emergency Situations (MEES) and oblast authorities in natural disaster monitoring, management, preparedness, and response. 3. Enhanced capacity of the Government in issues of relocating the poor population from disaster-prone areas: resettlement/relocation plans prepared in accordance with Asian Development Bank (ADB) social safeguards and principles, and tested by national nongovernment organizations (NGOs) at the grassroots level. 4. Community-based disaster management projects in selected disaster-prone areas pilot tested in the context of the national and oblast capacities strengthened under the grant.

III. Grant Categories of Expenditure, Amounts, and Percentage of Expenditures

Category	Amount of Grant Allocated (\$)	Percentage of Expenditures
1. Civil works	60,000	6.0
2. Equipment and Supplies	39,000	3.9
3. Training, Workshops, Seminars, Public Campaigns	75,000	7.5
4. Consulting Services	594,000	59.4
5. Grant Management	157,600	15.8
6. Other Grant Costs	50,000	5.0
7. Contingencies	24,400	2.4
JFPR Grant	1,000,000	100.0
Government	60,000	

Category	Amount of Grant Allocated (\$)	Percentage of Expenditures
Communities	10,000	
Contributions	70,000	
Total	1,070,000	
Incremental Cost	50,000	

JAPAN FUND FOR POVERTY REDUCTION

JFPR Grant Proposal Background Information

A. Other Data	
Date of Submission of Application	1 June 2004
Project Officer	Lyaziza Sabyrova, Urban Economist
Project Officer's Division, E-mail, Phone	Social Sectors Division (ECSS) East and Central Asia Department lsabyrova@adb.org , (63-2) 632-6739
Other Staff Who Will Need Access to Edit/Review the Report	R. Mamatkulov, Project Specialist, ECSS A. Garrovillas, Assistant, ECSS
Sector	Multisector
Theme	Disaster Risk Reduction
Name of Associated ADB Financed Operation(s)	Loan 2045-KGZ Emergency Rehabilitation Project
Executing Agency	Ministry of Ecology and Emergency Situations Mr Aitaliev, Anarkul Maksutovich Director, Department of Emergencies Monitoring and Forecasting and Mining Tailings Management Tel: (+996-312) 54 79 85 Cell: (+996-502) 50 88 26
Grant Implementing Agency	Ministry of Ecology and Emergency Situations Mr Aitaliev, Anarkul Maksutovich Director, Department of Emergencies Monitoring and Forecasting and Mining Tailings Management Tel: (+996-312) 54 79 85 Cell: (+996-502) 50 88 26

B. Details of the Proposed Grant

1. Description of the Components, Monitorable Deliverables/Outcomes, and Implementation Timetable

Component A	
Component Name	Improved Planning and Decision Making for Natural Disasters
Cost (\$)	385,000
Component Description	Natural disasters have a significant but little understood impact on the national and local economies of the Kyrgyz Republic and the economy of the region. This impact is most severe on the poor, who are the hardest hit by the shocks of natural disasters. Despite the frequency and magnitude of natural disasters in the country, no comprehensive study of the impact of natural disasters on national economy has been undertaken. National and oblast capacities to incorporate natural disasters into planning and budgeting remain weak.

	<p>This component will (i) assess the risks of natural disasters and their impact on the national and local economies, (ii) assess alternative socioeconomic strategies for natural disasters, and (iii) build the capacity of national and local authorities to integrate natural disaster issues into national and local development planning and budgeting.</p> <p>The first subcomponent will (i) assess (a) the impact of natural disasters on the regional, national, and local economies, and (b) sources of vulnerability to natural disasters, especially of the country's most poor; (ii) review and update the mapping of highly dangerous areas; and (iii) assess the current and required fiscal expenditures on natural disasters.</p> <p>The second subcomponent will examine alternative strategies for natural disaster preparedness, in particular for the poor population living in the most disaster-prone areas of the country. In the past, people were relocated after emergency events. This subcomponent will consider alternative strategies, which may include the mitigation of risks for improving the safety of livelihoods in these areas, strategically increasing capital investment and/or maintenance budgets in disaster-prone areas, and/or relocating at-risk populations from unsafe to safer areas. If the latter is deemed the most appropriate approach, a careful assessment of the social issues (willingness to move, livelihood conditions in the new locations, etc.) should be undertaken.</p> <p>The third subcomponent will focus on incorporation of natural disaster risk assessment and policies into the national development planning and decision-making process and the necessary institutional and staff capacity building. This will include estimation of natural disaster preparedness expenditures, and their incorporation into the national and local budgeting processes; prioritization of social policies and options to maximize economic, social, and environmental benefits; and development by international funding agencies of a "disaster-proof" approach to specific infrastructure projects and country assistance and strategy plans.</p> <p>The component will build planning capacities of relevance to natural disaster preparedness and mitigation.</p>
<p>Monitorable Deliverables/Outputs</p>	<p>The outputs of this component will include a better understanding of the impact of natural disasters on the national economy, and of optimal social strategies for natural disasters. As a result, national economic policies will be better geared toward consideration of natural disasters, and thus be more effective in meeting the Millennium Development Goals (MDGs) to reduce poverty in the country. The socioeconomic study will provide analytical background for the development of a long-term strategy and capacity-building program for disaster management. Specific outputs will include the following:</p> <ul style="list-style-type: none"> (i) A socioeconomic assessment on the impact of natural disasters on the national economy will be prepared. (ii) Methodology for incorporation of natural disaster issues into the fiscal process will be developed. (This will include an economic analysis showing the direct and indirect costs of natural disasters, expenditures for natural disasters preparedness, and the ratio of investment spent on disaster preparedness to investment saved on relief and reconstruction, which are diverted from otherwise development and social spending.)

	<ul style="list-style-type: none"> (iii) Recommendations will be made for incorporating natural disaster management into the development assistance programs of external funding agencies. (iv) A tool-kit will be prepared for assessing projects in the public investment program for natural disaster-sensitivity, and for further review projects sensitive to flagging projects for further review sensitive to climatic and other natural disasters. (v) Economic planning officials will be trained on how to incorporate the natural disasters issues into the fiscal process.
Implementation of Major Activities: Number of months for grant activities	<ul style="list-style-type: none"> (i) A socioeconomic study of the impact of natural disasters on the economy will be prepared, with particular consideration of the country's poor (6 months). (ii) Extensive social surveys will be done on alternative strategies for natural disasters, including resettlement and risk mitigation (6 months). (iii) A framework for economic analysis of alternative strategies for natural disasters will be prepared, and the cost-effectiveness of investments will be analyzed (3 months). (iv) Training materials will be prepared for economic decision-makers and for MEES technical staff. Training workshops will be given for government officials on how to use the economic model in the fiscal planning process (2 months). (v) Training workshops will be given for MEES planners and technical specialists on the use of the socioeconomic model for funding applications (1 month). (vi) Workshops will be held to discuss and disseminate at central and local levels the results of the socioeconomic study (1 month).
Component B	
Component Name	Capacity Building of MEES and Local Authorities
Cost (\$)	240,000
Component Description	<p>This component will focus on capacity building of MEES and local authorities in natural disaster monitoring, management, preparedness, and response.</p> <p>Based on the results of the socioeconomic study (undertaken under component A), and in particular, of the analysis of socioeconomic alternatives, the first part of the component will strengthen the capacity of the Government for relocating poor people from disaster-prone to safer areas, where it was recommended as the most appropriate option.</p> <p>Currently, no comprehensive resettlement plan for moving people from unsafe to safer areas exists, and all relocations have been responses to emergency events. Any relocation must be approached by first recognizing that the target population must agree to be resettled, and that the facilities and infrastructure in the resettlement area need to be equal to or better than those in the area the people are being moved from. Even with an approved resettlement plan, no effective way exists in which local people could be informed of the advantages and safety of moving to safe areas. Therefore, a bottom-up approach will be used in developing a plan for</p>

	<p>resettling people from at-risk to safe areas, and any such plan will be prepared in accordance with the ADB social safeguards and principles.</p> <p>The second part of the component will focus on the capacity building of MEES, and in particular, the Emergency Response Center (ERC), for natural disaster monitoring, management, and response. This subcomponent will be implemented in close coordination with the proposed World Bank (WB) Disaster Hazard Mitigation Project (approved June 2004). The exact scope, activities, and implementation arrangements are currently under discussion with the WB project team, to ensure full complementarity of activities under the two projects.</p>
<p>Monitorable Deliverables/Outputs</p>	<p>The component will lead to an enhanced institutional capacity of MEES and local authorities for adequate monitoring, management, preparedness, and response to natural disasters. In particular, MEES and local government agencies' capacity to reduce vulnerability of the country's poor people to natural disasters will be strengthened. Specific outputs will include</p> <ul style="list-style-type: none"> (i) a resettlement plan and criteria to move local populations from disaster-prone areas, meeting ADB criteria, developed and tested; (ii) workshops to introduce the concept and methodology of the resettlement/relocation strategy widely held, with comments of participants received and incorporated in the plan; (iii) a better-equipped and operationally effective ERC at MEES; and (iv) a resource center with an easy access to natural disaster information, data, and methodologies will be developed to provide support to local government agencies at short notice and for public access.
<p>Implementation of Major Activities: Number of months for grant activities</p>	<ul style="list-style-type: none"> (i) Development of the detailed capacity-building program in close collaboration with WB and other external agencies (1 month). (ii) Development of ADB-approved resettlement criteria that apply to moving local populations from unsafe to safer areas, and preparation of a model resettlement plan (4 months). (iii) Development of grassroots training materials to teach local populations what to look for as precursors to natural disasters (2 months). (iv) Recruitment of national NGOs and training for grassroots work with local populations living in disaster prone areas to provide information on the advantages of resettlement to disaster safe areas (4 months). (v) Training of MEES and local authorities in emergency management; preparation of an enhanced graphic information system (GIS) based on a GIS, to store and to retrieve all disaster information from different agencies in the country, and activities to improve communication between various entities; and procurement of critical monitoring equipment. The scope of these activities will be finalized in coordination with the WB team (24 months).

Component C	
Component Name	Pilot Testing Community-Based Disaster Risk Reduction Projects
Cost (\$)	235,000
Component Description	Community-based disaster management projects will be pilot tested based on the broader framework and criteria developed under components A and B.
Monitorable Deliverables/Outputs	Several small-scale community-based disaster management projects (e.g., local natural disaster control structures, safety of health and education facilities, community-based preparedness projects, relocation/resettlement plan introduced and tested in local communities subject to different types of natural disasters) pilot tested in selected highly vulnerable areas within the framework, approaches, and criteria developed under the grant.
Implementation of Major Activities: Number of months for grant activities	<ul style="list-style-type: none"> (i) Identification of poor communities most affected by different types of natural disasters (floods, landslides, earthquakes, avalanches) (2 months). (ii) Training of local communities in selected pilot sites on how to monitor for and respond to natural disasters (3 months). (iii) Detailed assessment of mitigation measures required by communities, local authorities, and NGOs, assisted by JFPR project experts; design and implementation arrangements for small-scale projects (12 months). (iv) Implementation of small-scale community-based disaster risk reduction projects in several highly vulnerable areas in the context of approaches developed under the grant (24 months).
Component D	
Component Name	Grant Management, Monitoring, and Audit
Cost (\$)	140,000
Component Description	The component will focus on the proposed grant management, monitoring, and coordination of activities. MEES will be the Executing Agency . The grant will support an implementation unit that will be headed by the director of the Department of Emergency Monitoring and Forecasting and Mining Tailing Management and will oversee daily grant activities and provide the reporting link to ADB. The unit will submit to ADB quarterly implementation progress reports and monthly financial reports indicating the appropriate use of budgeted funds. The Government will ensure that the overall grant accounts will be audited annually by an independent auditor in accordance with international audit standards. The auditor will be selected and engaged in accordance with the competitive selection procedures acceptable to ADB.
Monitorable Deliverables/Outputs	<ul style="list-style-type: none"> (i) Quarterly progress reports (ii) Monthly financial reports (iii) Annual audited financial reports (iv) Midterm review reports (v) Grant completion report (vi) Poverty impact assessment report

Implementation of Major Activities: Number of months for grant activities	These activities will be implemented during the entire grant period of 24 months.
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2. Financing Plan for Proposed Grant to be Supported by JFPR

Financier	Amount (\$)
JFPR	1,000,000
Government	60,000
Other Sources – Local Communities	10,000
Total	1,070,000

3. Genesis

The Kyrgyz Republic is highly susceptible to natural disasters, including earthquakes, floods, landslides, mudslides, and avalanches. According to the United Nations Economic Commission for Europe (UNECE) report, between 1992 and 1999, over 1,210 natural disasters were registered in the country. They took the lives of more than 400 people, and damaged or destroyed more than 50,000 houses; 222 school buildings; and 127 health-care facilities, roads, electricity transmission lines, hydrological constructions, and other important infrastructure. Direct economic damage caused by natural disasters exceeds \$20 million in a normal year. Indirect damage and secondary effects, such as ecological damage, epidemics, deterioration of living conditions, and decrease in soil fertility, have not been assessed.¹

The development process is less sustainable and poverty reduction is more difficult to achieve in the countries that are highly vulnerable to frequent natural disasters. In the Kyrgyz Republic, where much of the population is living below the poverty line, shocks from natural disasters are among the most difficult for a family or community to overcome. At the national level, shocks from natural disasters divert funding from medium-term investment for social services needed to meet the MDGs and targets of poverty reduction to the urgent needs of disaster relief and rehabilitation.

In December 2003, ADB approved a second emergency assistance loan, to rehabilitate public infrastructure destroyed by severe floods and mudslides in the spring of 2003. A similar flood emergency relief loan had been approved in 1998. During the preparation of the loan, the Government requested ADB for grant assistance funded by the JFPR to address the problem. In the subsequent months, ADB worked closely with the Government to prepare the grant, which focuses on capacity building to reduce the country's vulnerability to frequently occurring natural disasters.

4. Innovation

The proposed grant responds to the needs of the poor and vulnerable groups and has a range of innovative features. The grant will develop an economic planning model to show cost-effectiveness of expenditures on disaster preparedness and risk mitigation as part of the

¹ United Nations Economic Commission for Europe (UNECE). 2000. *Environmental Performance Review of Kyrgyzstan*.

national fiscal planning. In the United States, each \$1 spent on disaster preparedness saves \$4 in relief and recovery, on a recurrent annual bases. The World Meteorological Organization has shown that \$1 spent on natural disaster measurement (floods) saves \$10 in disaster management. The savings generated could then be allocated directly for poverty reduction and other developmental efforts. The grant will also introduce and incorporate natural disaster risk assessment and policies into the national and local level development planning and decision-making process, and develop a "tool kit" for assessing disaster sensitivity of infrastructure projects. In the context of the Kyrgyz Republic, these approaches are innovative.

Development of a resettlement and relocation strategy to help the local communities to decide to move from areas prone to natural disaster to less prone to disaster areas is relatively innovative for both the Government and the ADB.

Training of the poorest local communities in related pilot projects is specifically targeted to minimize the impact of natural disasters on the communities' livelihood. It will also give them the opportunity for skills development and employment on a recurring basis.

As part of the capacity-building program, a resource center will be developed to provide easy access to natural disaster information, data, and methodologies developed under this grant. Such access will be important for national NGOs to raise public awareness on natural disasters issues.

5. Sustainability

The mechanism of long-term sustainability of the grant is based on in-depth training of staff. A reason that many grant projects have not been sustainable in small developing countries is the limited number of staff trained, and short time periods for applying the training in practice. This will be addressed by training senior, medium, and entry-level public servant in the technologies introduced by the grant, and by training trainers in the ERC of MEES and NGOs to ensure that the training is sustained. At the national and local levels, NGOs will be introduced to the technologies of grassroots disaster risk reduction to expand the pool of competent national grassroots facilitators and trainers.

The grant will thoroughly document the activities and outcomes and will establish a library and database for monitoring reports and special publications, available in hard copy and on CD-ROM. The resource center at MEES will maintain this library and database after the completion of the grant.

6. Participatory Approach

Stakeholder participation and decision-making in the design and implementation of the grant activity has been and will continue to be achieved in a number of ways.

Grant Design. NGOs have been widely consulted during the preparation of the grant. Because of the difficult topography of the country (94% of its area is mountainous) and small population (5 million), it is difficult to obtain input from large numbers of local participants. This was overcome through extensive discussions and a preparatory workshop held with national NGOs during grant formulation. The national NGOs gave input for the grant based on their experience working at the grassroots level in the country.

Grant Implementation. National experts and national NGOs with a broad knowledge of local participatory methods and local grassroots concerns will be used to carry out the grant activities

Grant Sustainability. Grant sustainability will be ensured by use of national NGOs at the local level in different disaster-prone regions of the country. This could require the recruitment, training, and fielding of NGOs not currently working in community-based natural disaster risk reduction. These NGOs will continue to be available in the future for participatory work in other multisectoral natural disaster risk reduction projects, and will be qualified to introduce the important concept of natural disaster risk reduction into sectoral projects of ADB and other funding agencies.

Nongovernment Organizations. The grant provides an opportunity to involve international and local NGOs and other entities in disaster risk mitigation in the Kyrgyz Republic. The grassroots training materials used in other countries susceptible to earthquakes and landslides to teach their local population to see the natural signs of impending disaster are directly transferable to grassroots training in the Kyrgyz Republic.

Primary Beneficiaries and Other Affected Groups and Relevant Description	Other Key Stakeholders and Brief Description
Poor People in Disaster Prone Areas: This group is especially prone to natural disasters because their assets are exposed to natural disaster risks, they are susceptible to food insecurity because of resulting land degradation; and they have insufficient resources and savings to cope with shocks when they happen.	National NGOs: This group is a key stakeholder because they will have an opportunity to learn grassroots participatory methods for reducing risk from natural disasters. This will give national NGOs a new and important area of development support.
Poor People in Rural Areas: This group is prone to natural disasters because, compared to the non-poor, they may be unable to afford to live in safer areas.	National Consultants: This group is a key stakeholder because much of the grant activities will be performed by them. This will help to increase the pool of national experts qualified to work in the important area of natural disaster risk reduction.
Total Population: The entire country will benefit when scarce public resources and social funding can be used for its intended purposes, and not frequently reallocated for relief, rehabilitation, and recovery from natural disasters.	

7. Coordination

Coordination of grant components with other funding agencies in the Kyrgyz Republic has been carefully considered to avoid duplication, while enhancing cooperation and synergy between ADB and other major development partners, including the Japan International Cooperation Agency (JICA), UNDP, and WB.

Asian Development Bank. In 1998, ADB provided an emergency assistance loan to rehabilitate public infrastructure in Jalal-Abad, Osh, and Batken oblasts destroyed by severe

floods and mudslides. In response to the request from the Government for assistance to areas affected by the 2003 landslides and floods, ADB approved a second emergency assistance project to rehabilitate the damaged infrastructure. Unlike the reconstruction of the damaged infrastructure, the grant will be a first step in support of building long-term institutional capacity of the Government to reduce the country's vulnerability to natural disasters. The grant will complement the Emergency Rehabilitation Project approved in December 2003 (item C).

The following components are unique to this ADB grant:

- (i) a socioeconomic study of natural disasters to improve the capacity of the country to reduce poverty, meet the MDGs, and serve as a tool for guiding economic planning and fiscal decisions;
- (ii) analysis of alternative socioeconomic policies on natural disasters; and preparation, testing, and implementation of sound resettlement plans in accordance with ADB standards and principles;
- (iii) use of national NGOs for grassroots development and teaching of strategies to protect the poor from the shocks of natural disasters; and
- (iv) training of the poor population in selected pilot project sites on how to monitor for impending natural disasters, and how to function economically during and after natural disasters.

World Bank. The World Bank approved Disaster Hazard Mitigation Project in June 2004. The major component of this project is to mitigate the potential impact of the failure and flow of uranium tailings and mining waste rock slopes at Mailuu-Suu in the southwest of the country. The proposed ADB grant will not duplicate any of this work. The scope, activities, and implementation arrangements for the capacity building of MEES and local governments in disaster monitoring, management, and preparedness are currently being discussed with the WB project team, to ensure the best added value through complementarities of the activities. The proposed cooperation in this area between ADB, UNDP, and the WB is highly appreciated by the Government.

United Nations Development Programme. UNDP cooperates under its mandate in the United Nations (UN) system as the focal point for disaster risk reduction. UNDP has indicated its desire to work with ADB in preparing the socioeconomic study and capacity-building components.

Japan International Cooperation Agency. One of the major areas of JICA's work in the Kyrgyz Republic is agricultural reform.² This program will directly help the agricultural sector of the JICA program in the Kyrgyz Republic by helping farmers to understand why inappropriate agricultural practices produce conditions conducive to natural disasters. Further, training materials to be pilot tested by this grant could be shared with JICA, which would develop direct synergy between the JICA program and the JFPR grant project.

² At a meeting in Kyrgyzstan the director of JICA noted that due to landslides and the existing agricultural practices, topsoil is being eroded, and farmers move further uphill. As a result, surface slopes become bare and prone to the infiltration of rainwater, eventually leading to more landslides.

8. Detailed Cost Table

Appendix 1 provides the detailed cost estimates and Appendix 2 for funds flow arrangements.

C. Linkage to ADB Strategy and ADB-Financed Operations

1. Linkage to ADB Strategy

Document	Document Number	Date of Last Discussion	Objectives
Country Strategy and Program 2004–2006	Sec.M103-03	October 2003	To reduce poverty through contributions to private sector development in the areas of (i) agriculture and rural development, (ii) finance, and (iii) regional cooperation, to reduce cross-border transport and trade bottlenecks. The Country Strategy Program Update importantly points out that ADB may need to respond to unanticipated internal and external shocks that a small economy like the Kyrgyz Republic is particularly vulnerable to.
Disaster and Emergency Assistance Policy	R71-04	1 June 2004	ADB's disaster and emergency assistance activities will be implemented in the context of working more closely with developing member countries to help them adopt a new approach that emphasizes preventive measures. Furthermore, disaster rehabilitation and post conflict reconstruction must be seen by ADB and its developing member countries as involving much more than just building new roads, bridges, and schools. Such interventions should also strengthen or rebuild institutions, develop appropriate policies, and train people.

2. Linkage to Specific ADB-Financed Operation

Project Name	Emergency Rehabilitation Project
Project Number	Loan 2045-KGZ
Date of Board Approval	11 December 2003
Loan Amount (\$ million)	5.0

3. The Project's Development Objective

The immediate purpose of the above-mentioned project is to assist the Government to restore economic and social activity quickly in four oblasts struck by landslides and floods, by rehabilitating damaged public infrastructure. The long-term goal of the project is to help sustain economic growth and poverty reduction in the country. The project areas cover the oblasts of Chui, Issyk-Kul, Jalal-Abad, and Osh.

4. The Project's Main Components

No.	Component Name	Brief Description
1.	Roads and bridges	Rehabilitation of 5 damaged roads and 10 damaged bridges.
2.	Electricity	Rehabilitation and rebuilding of 21 kilometers (km) of four damaged power distribution lines and damaged transformer stations.
3.	Schools	Construction of 4 schools in areas less prone to natural disasters.
4.	Municipal Infrastructure	Municipal infrastructure in two permanent resettlement centers for the disaster-affected people (about 4.3 km of on-site roads, 8.6 km of power lines, two electric substations, 4.3 km of water supply network, and about 1 km of drains).

5. Rationale for Grant Funding Versus ADB Lending

The ADB Emergency Rehabilitation Project (2003) was in response to the Government request to provide immediate assistance with rehabilitation and reconstruction of the damaged infrastructure. The grant is justified for funding from the JFPR because of its innovative features of capacity-building to reduce the vulnerability of the country's poor to natural disasters, wide engagement of grassroots population and national NGOs, and significant positive externalities generated, including dissemination and replication of the grant's outcomes in the region.

D. Implementation of the Grant

MEES (through its Department of Monitoring and Forecasting of Emergencies and Management of Mining Tailings) will be the Executing Agency for the grant. International and national experts and national NGOs will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of domestic consultants. All procurement under the JFPR grant will be conducted in accordance with ADB's *Guidelines for Procurement*. Details of the implementation arrangements are presented in Appendix 3.

2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Governance	Delay in approval	Use of government agency with prior experience in ADB projects
	Problems of corruption	Include good governance measures and strict financial control
State of Infrastructure	Bad road conditions, difficult transport	Use of national experts and national NGOs familiar with conditions
Staffing	Recruitment of qualified national experts	Advertisement and careful screening of applicants
Field work	Recruitment of sufficient NGO opportunities	Training in workshops before selection

3. Incremental ADB Costs

Component	Incremental ADB Cost
Amount requested	\$50,000
Justification	<p>Funds will be required</p> <p>(i) for the staff consultant to assist in developing the grant implementation manual and establishing effective grant management system and logistics (2-3 weeks), and</p> <p>(ii) to support the cost of annual and midterm reviews and field visits to remote disaster-prone areas.</p>
Type of work to be rendered by ADB	<p>A staff consultant will be hired to help in developing the grant implementation manual and establish an effective grant management system and logistics. The staff consultant will be hired in accordance with ADB's <i>Guidelines on the Use of Consultants</i>.</p> <p>Annual and midterm review visits will be made to remote disaster prone areas.</p>

4. Monitoring and Evaluation

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
<p>1. Socioeconomic study of the impact of natural disasters on the country, and in particular on the country's poor, undertaken and disseminated among Government officials and decision-makers.</p> <p>2. A mechanism for incorporation of natural disasters issues into the fiscal planning process, national development plans, and assistance strategies of external funding agencies developed and tested.</p>	Reports, workshops, and ministerial letters	<p>Progress reports (quarterly)</p> <p>Workshop proceedings (when held)</p> <p>Manual (at completion)</p> <p>Final report in soft and hard copy (at completion)</p> <p>MEES acceptance (to be determined)</p> <p>External evaluation of impact of component (at completion)</p>
3. Enhanced capacity of the Government in natural disaster monitoring, management, preparedness and response.	Reports and workshops (ERC; resource center)	<p>Progress reports (quarterly)</p> <p>Workshop proceedings (when held)</p> <p>External monitoring of response of grassroots populations (midway through work)</p>

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
		Manuals (at completion) Final report in soft and hard copy (at completion) External evaluation of impact of component (at completion)
4. Enhanced capacity of the Government in issues of relocation of the poor population from the disaster-prone areas.	Resettlement/relocation plan is prepared in accordance with ADB social safeguards and principles, and tested by national NGO's at the grassroots Reports and workshops	Progress reports (quarterly) Workshop proceedings (when held) External monitoring of response of grassroots populations (midway through work) Manuals (at completion) Final report in soft and hard copy (at completion) Ministry acceptance (to be determined) Video training materials (at completion) External evaluation of impact of component (at completion)
5. Community-based disaster management projects in selected disaster prone areas piloted.	Reports and workshops	Progress reports (quarterly) Workshop proceedings (when held) External monitoring of response of grassroots populations (midway through work) Manual (at completion) Final report in soft and hard copy (at completion) Ministry acceptance (to be determined) External evaluation of impact of component (at completion)

5. Estimated Disbursement Schedule

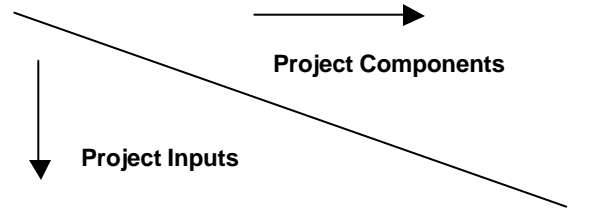
Fiscal Year (FY)	Amount (\$)
FY 1	400,000
FY 2	600,000
Total Disbursements	1,000,000

Appendixes

1. Detailed Cost Estimates
2. Fund Flow Arrangement
3. Implementation Arrangements

DETAILED COST ESTIMATES (\$)

Table A1.1: Summary Cost Table

	Component A Improved Planning and Decision Making for Natural Disasters	Component B Capacity- Building of MEES and Local Authorities	Component C Pilot Testing Community- Based Disaster Risk Reduction Projects	Component D Grant Management, Monitoring and Audit	Total (Input)	Percent
1. Civil Works			60,000		60,000	6.0
2. Equipment and Supplies	10,000	10,000		19,000	39,000	3.9
3. Training, Workshops, Seminars, Public Campaigns	25,000	30,000	20,000		75,000	7.5
4. Consulting Services	291,000	165,000	113,000	25,000	594,000	59.4
5. Grant Management	35,000	14,000	15,000	93,600	157,600	15.8
6. Other Project Inputs	15,000	15,000	20,000		50,000	5.0
7. Contingencies: Use of contingencies requires prior approval from ADB	9,000	6,000	7,000	2,400	24,400	2.4
Subtotal JFPR Financed	385,000	240,000	235,000	140,000	1,000,000	100.0
Government contribution	10,000	10,000	15,000	25,000	60,000	
Other Donor Contributions						
Community Contributions (mostly in kind)			10,000		10,000	
Total Estimated Costs	395,000	250,000	260,000	165,000	1,070,000	
Incremental Costs				50,000	50,000	

MEES = Ministry of Ecology and Emergency Situations

Source: Asian Development Bank estimates.

Table A1.2: Cost Estimates by Component

Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost per Unit	Total (\$)	JFPR		Govt.	Other Donors	Communities
						Amount	Method of Procurement			
Component A. Improved Planning and Decision Making for Natural Disasters				Subtotal:	386,000	376,000		10,000		
1.1	Civil Works									
1.2	Equipment and Supplies			Subtotal:	10,000	10,000	LCB			
1.2.1	Office Equipment	Lump sum	1	5,000	5,000					
1.2.2	Office Supplies	Lump sum		5,000	5,000					
1.3	Training, Workshops, Seminars			Subtotal:	25,000	25,000	QCBS			
1.3.1	Workshops	Number	3	5,000	15,000					
1.3.2	Final Workshop for Provincial and Central Participants	Number	1	10,000	10,000					
1.4	Consulting Services			Subtotal:	291,000	291,000	QCBS			
1.4.1	International Disaster Mitigation Expert / Team Leader	Work-month	4	15,000	60,000					
1.4.2	International Socioeconomic Expert	Work-month	3	15,000	45,000					
1.4.3	International Environmental Expert	Work-month	2	15,000	30,000					
1.4.4	International GIS Expert	Work-month	2	15,000	30,000					
1.4.5	National Disaster Mitigation Expert	Work-month	6	1,000	6,000					
1.4.6	National Socioeconomic Expert	Work-month	6	1,000	6,000					
1.4.7	Naitonal Environmental Expert	Work-month	4	1,000	4,000					
1.4.8	National GIS Expert	Work-month	6	1,000	6,000					
1.4.9	National Training Coordinator	Work-month	4	1,000	4,000					
1.4.10	Local Subcontract for Socioeconomic Studies	Lump Sum	1	20,000	20,000					
1.4.11	Local Subcontract for Natural Disaster Studies	Lump Sum	1	20,000	20,000					
1.4.12	Travel and Per Diem	Month	12	5,000	60,000					
1.5	Management and Coordination of this Component			Subtotal:	45,000	35,000		10,000		
1.5.1	Staff	Lump Sum	1	15,000	15,000					

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Table A1.2—Continued

Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost per Unit	Total (\$)	JFPR		Govt.	Other Donors	Communities
						Amount	Method of Procurement			
1.5.2	Travel and Per Diem	Month	12	1,500	18,000					
1.5.3	Operational Costs	Month	12	1,000	12,000					
1.6	Other Inputs			Subtotal:	15,000	15,000				
1.6.1	Other Subcontracts	Lump sum	1	15,000	15,000					
Component B. Capacity Building of Ministry of Ecology and Emergency Situations and Local Authorities				Subtotal:	244,000	234,000		10,000		
2.1	Civil Works									
2.2	Equipment and Supplies			Subtotal:	10,000	10,000	LCB			
2.2.1	Office Equipment	Lump sum	1	5,000	5,000					
2.2.2	Office Supplies	Lump sum	1	5,000	5,000					
2.3	Training, Workshops, Seminars			Subtotal:	30,000	30,000				
2.3.1	Training for Local People in Disaster Prone Areas	Number	2	10,000	20,000		QCBS, NGO Contracts			
2.3.2	Workshops	Number	2	5,000	10,000					
2.4	Consulting Services			Subtotal:	165,000	165,000	QCBS			
2.4.1	International Disaster Mitigation Expert/ Team Leader	Work-month	3	15,000	45,000					
2.4.2	International Socioeconomic Expert	Work-month	2	15,000	30,000					
2.4.3	National Socioeconomic Expert	Work-month	4	1,000	4,000					
2.4.4	National Training Coordinator	Work-month	2	1,000	2,000					
2.4.5	Subcontract with NGOs for Training	Lump sum	1	60,000	60,000					
2.4.6	Travel and Per Diem	Month	12	2,000	24,000					
2.5	Management and Coordination of this Component			Subtotal:	24,000	14,000		10,000		
2.5.1	Operational Costs	Month	24	1,000	24,000					
2.6	Other Inputs			Subtotal:	15,000	15,000				
2.6.1	Other Subcontracts	Lump sum	1	15,000	15,000					
Component C. Pilot Testing Community-Based Disaster Risk Reduction Projects				Subtotal:	253,000	228,000		15,000		10,000
3.1	Civil Works									
3.1.1	Community-based Disaster Risk	Lump sum	1	20,000	20,000	60,000	LCB			

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Table A1.2—Continued

Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost per Unit	Total (\$)	JFPR		Govt.	Other Donors	Communities
						Amount	Method of Procurement			
	Reduction Project Number 1									
3.1.2	Community-based Disaster Risk	Lump sum	1	20,000	20,000					
3.1.3	Community-based Disaster Risk	Lump sum	1	20,000	20,000					
	Reduction Project Number 3									
3.2	Training, Workshops, Seminars			Subtotal:	20,000	20,000	QCBS, NGO			
3.3.1	Training for Local People	Lump sum	1	10,000	10,000		Contracts			
3.3.2	Workshops	Lump sum	2	5,000	10,000					
3.3	Consulting Services			Subtotal:	113,000	113,000	QCBS			
3.3.1	International Disaster Mitigation Expert/ Team Leader	Work-month	3	15,000	45,000					
3.3.2	International Socioeconomic Expert	Work-month	2	15,000	30,000					
3.3.3	National Socioeconomic Expert	Work-month	6	1,000	6,000					
3.3.4	National Training Coordinator	Work-month	2	1,000	2,000					
3.3.5	Travel and Per Diem	Month	6	5,000	30,000					
3.4	Management and Coordination of this Component			Subtotal:	30,000	15,000		15,000		
3.4.1	Travel and Per Diem	Month	24	1,000	24,000					
3.4.2	Operational Costs	Month	6	1,000	6,000					
3.5	Other Inputs			Subtotal:	30,000	20,000				10,000
3.5.1	Necessary Subcontracts	Lump sum	1	30,000	30,000					
Component D. Project Management, Monitoring, and Auditing				Subtotal:	162,600	137,600		25,000		
4.1	Equipment and Supplies			Subtotal:	19,000	19,000	LCB			
4.1.1	Office Equipment	Lump sum	1	10,000	10,000					
4.1.2	Office Supplies	Lump sum	1	9,000	9,000					
4.2	Management and Coordination of this Component			Subtotal:	118,600	93,600		25,000		
4.2.1	National Project Coordinator	Work-month	24	1,000	24,000					
4.2.2	National Training Coordinator	Work-month	2	800	1,600					
4.2.3	Secretary / Translator / Interpreter	Work-month	24	500	12,000					

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Table A1.2—Continued

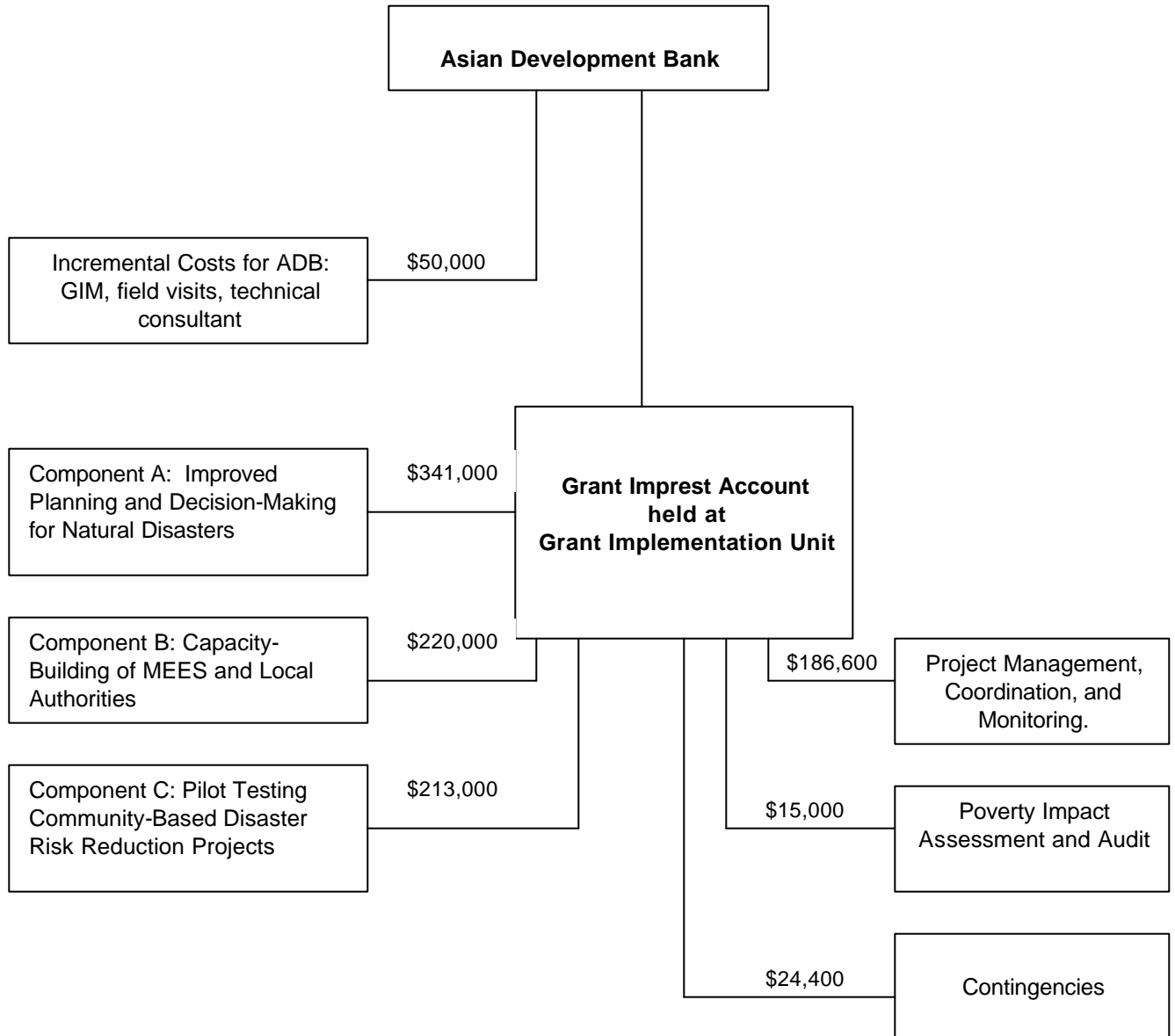
Code	Supplies and Services Rendered	Costs				Contributions				
		Unit	Quantity Units	Cost per Unit	Total (\$)	JFPR		Govt.	Other Donors	Communities
						Amount	Method of Procurement			
4.2.4	National Information Technology Expert	Work-month	9	1,000	9,000					
4.2.5	Other Staff	Work-month	24	500	12,000					
4.2.6	Travel and Per Diem	Month	24	1,000	24,000					
4.2.7	Operational Costs	Month	24	1,500	36,000					
4.3	Consulting Services			Subtotal:	25,000	25,000	QCBS			
4.3.1	External Audit	Number per Year	2	10,000	20,000					
4.3.2	Poverty Impact Assessment	Number	1	5,000	5,000					
Subtotal (Components A to D)				Subtotal:	1,045,600	975,600		60,000		10,000
Contingency (Maximum 2.4% of total JFPR Contribution)					24,400	24,400				
Total Project Cost				Total:	1,070,000	1,000,000		60,000		10,000
Total Incremental Cost					50,000					

Sources: Asian Development Bank estimates.

GIS = graphic information systems, JFPR = Japan Fund for Poverty Reduction, LCB = local competitive bidding, QCBS = quality and cost-based selection

FUND FLOW ARRANGEMENTS FOR JFPR FUNDS

1. The Asian Development Bank (ADB) will channel the Japan Fund for Poverty Reduction (JFPR) funds directly to a JFPR imprest account, which will be opened and maintained by the grant implementation unit (GIU) in Bishkek, Kyrgyz Republic, at a bank endorsed by the Executing Agency, the Ministry of Ecology and Emergency Situations (MEES), and acceptable to ADB, to facilitate day-to-day local expenditures of the JFPR grant. MEES and the Ministry of Finance will be kept informed by the GIU about all transactions, and will receive copies of all financial statements and audit reports. The JFPR imprest account will be managed by the GIU through a cosignatory arrangement with MEES, initially based on the first 6-month activity plan and related budget, and afterward based on the approved annual work plan and budget.
2. ADB will initially channel \$50,000 to the imprest account as an advance for day-to-day grant implementation during the inception period, and will replenish the funds every 3–6 months, based on the requests from the GIU through MEES, and in accordance with ADB's statement of expenditures procedure. The statement-of-expenditures procedure will apply for all payments and transactions under \$10,000 to ensure speedy grant implementation. Detailed implementation arrangements, such as the flow, replenishment, and administrative procedures will be detailed in the Grant Implementation Manual, and be established between ADB and the Government through the JFPR letter of agreement. The schematic fund flow for the JFPR grant is shown in Figure A2.

Figure A2.1: Fund Flow Arrangement

GIM = Grant Implementation Manual, MEES = Ministry of Ecology and Emergency Situations

IMPLEMENTATION ARRANGEMENTS

A. Executing Agency

1. The Ministry of Ecology and Emergency Situations (MEES) will be the Executing Agency for the grant. The head of the Department of Emergencies Monitoring and Forecasting and Mining Tailings Management will be the director of the grant.

B. Grant Implementation Unit

2. The grant implementation unit (GIU) will be responsible for implementing and coordinating the grant activities and will report to MEES and the Asian Development Bank (ADB). Responsibilities of the GIU include (i) contracting of nongovernment organizations (NGOs) and other agencies, consultants, and technical experts; (ii) financial management of the grant accounts and disbursement of funds to NGOs and other agencies; (iii) management of procurement activities; (iv) submission of implementation progress, financial, and audit reports to ADB; (v) ensuring of timely submission of audited accounts of the grant; (vi) coordination of monitoring and evaluation activities; and (vii) coordination of grant supervision. A national grant coordinator will manage day-to-day implementation of the grant. GIU staff will also include full-time specialists: a training coordinator, a secretary-translator-interpreter, an accountant, and a procurement specialist. Other staff will be recruited as necessary in the process of grant implementation. All GIU staff will be recruited on a competitive basis acceptable to ADB. Detailed total GIU staff input and terms of reference will be provided in the grant implementation manual. MEES will provide the GIU with a suitably furnished office with utilities and telecommunication.

C. Implementation Schedule

3. The grant will be implemented over a period of 2 years, commencing in January 2005. The total staff input is estimated at 144 person-months. The allocation of person-months will be adjusted reflecting the grant implementation progress.

D. Procurement

4. Goods and services financed by the grant will be procured in accordance with ADB's *Guidelines for Procurement*. Contractors will be engaged through local competitive bidding procedures or international shopping.

E. Consulting Services

6. The grant will require consulting services in project management, disaster mitigation, socioeconomic analysis, environment, and geographic information system. The GIU will select consultants, in consultation with ADB, to assist in (i) analyzing and improving planning and decision making for natural disaster mitigation; (ii) socioeconomic analysis; (iii) assessment of the pilot community-based disaster risk reduction projects; (iv) incorporation of natural disaster risk assessment and policies into the national development planning and decision-making process; (v) professional training and capacity building of MEES staff and local (oblast) level officials; (vi) the management and activities of the GIU; and (vii) maintenance of accurate and sufficient accounts for the grant in accordance with international accounting standards. The consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants*

based on the quality and cost-based selection method. Detailed terms of reference will be provided in the grant implementation manual.

F. Nongovernment Organizations

7. NGO services will be tendered in accordance with competitive selection procedures, acceptable to ADB, based on the following criteria: (i) the NGO should be registered and based in Kyrgyz Republic; (ii) the NGO will have in-depth knowledge of and ready access to existing information on the nature of and issues related to poverty in the country; (iii) the NGO will have skills to undertake the awareness campaign based on participatory processes and consultations; (iv) the NGO will have a good track record in similar projects; and (v) the NGO will maintain a good standing among key stakeholders. The NGOs and their services will have formal contracts administered by the GIU.

G. Disbursement

8. The GIU will be responsible for preparing disbursement projections, collecting supporting documents, preparing withdrawal applications, and sending them to ADB in accordance with ADB's *Loan Disbursement Handbook* (dated January 2001, as amended from time to time). To facilitate implementation of the grant, an imprest account will be established at a bank acceptable to ADB. The funds will be disbursed to the GIU imprest account after adequate financial and accounting control mechanisms are established. Fund flow arrangements are schematically depicted in Appendix 2. The initial ceiling of the imprest fund will not exceed \$100,000. The initial deposit will not exceed \$50,000 and ADB will replenish funds every 3–6 months, based on the replenishment requests from the GIU through MEES and in accordance with ADB's statement-of-expenditures procedure. Any individual payment to be reimbursed or liquidated under the statement-of-expenditures ceiling per transaction will be \$10,000 or less. The imprest account will be established, managed, and liquidated in accordance with ADB's *Loan Disbursement Handbook* and with detailed arrangements agreed between the Government and ADB through the Japan Fund for Poverty Reduction letter of agreement. Implementation arrangements will be detailed in the grant implementation manual.

H. Auditing and Reporting

9. The GIU will submit to ADB (i) quarterly implementation progress reports, (ii) monthly financial reports, and (iii) annual audited financial reports. The quarterly progress reports will contain (i) achievement of agreed-upon grant indicators, (ii) description of problems encountered, and (iii) recommendations for improvement. The financial report will indicate the use of funds based on the budget. The Government will ensure that the overall grant accounts will be audited annually by an independent auditor in accordance with international audit standards and will ensure that the auditor will be selected and engaged in accordance with competitive selection procedures acceptable to ADB. Annual audited grant accounts will be submitted to ADB within 9 months of the end of each fiscal year. A grant completion report will be submitted by the GIU within 3 months of grant completion.