

**ASIAN DEVELOPMENT BANK**

**JFPR: REG 32143**

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

**TO**

**KAZAKHSTAN, KYRGYZ REPUBLIC, MONGOLIA,  
TAJIKISTAN, AND UZBEKISTAN**

**FOR**

**SUSTAINABLE FOOD FORTIFICATION**

**May 2004**

## ABBREVIATIONS

ADB	–	Asian Development Bank
CPO	–	country project office
EA	–	executing agency
IDA	–	iron deficiency anemia
IDD	–	iodine deficiency disorders
IMR	–	infant mortality rate
JFPR	–	Japan Fund for Poverty Reduction
MDG	–	Millennium Development Goal
MMR	–	maternal mortality ratio
NGO	–	nongovernment organization
PHC	–	primary health care
RCAO	–	regional coordination and administration office
SES	–	sanitary epidemiological services
SRC	–	staff review committee
UNICEF	–	United Nations Children’s Fund
USI	–	universal salt iodization

## NOTE

In this report, “\$” refers to US dollars.

# SUSTAINABLE FOOD FORTIFICATION IN CENTRAL ASIA AND MONGOLIA



JAPAN FUND FOR POVERTY REDUCTION (JFPR)  
JFPR Grant Proposal

<b>I. Basic Data</b>	
<b>Name of Proposed Activity</b>	Sustainable Food Fortification in Central Asia and Mongolia
<b>Country</b>	Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan
<b>Grant Amount Requested</b>	\$2,000,000
<b>Regional Project</b>	Yes
<b>Grant Type</b>	Capacity building

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

<p><b>Grant Development Objectives:</b> The goal of the Project is to reinforce and sustain the reduction of iodine deficiency disorder (IDD) and iron deficiency anemia (IDA) among poor children and women in Central Asia through parallel attention to supply (production and distribution); demand (public awareness and demand creation); and regulation (quality control, implementation of regulations and legislation, and trade facilitation). The specific objectives are to (i) obtain and sustain use of iodized salt by 90% of households; (ii) sustain fortification of at least one third of wheat flour consumed domestically; (iii) build capacity of the private and public sectors to produce quality fortified food; (iv) develop regulatory institutions or incentive schemes to facilitate fortification and ensure the trade of quality fortified food among Central Asian countries; and (v) build awareness of consumers about prevention of IDD and IDA, and benefits of micronutrient-enriched food.</p>
<p><b>Expected Key Performance Indicators:</b> (i) Increased use of iodized salt to 90% of households (ii) A permanent, sustainable system to procure annual requirements of potassium iodate established in each country (iii) Increased fortified commercial wheat flour production to country-specific targets (iv) National premix procurement and/or production systems established (v) Regulations/legislation to promote universal flour fortification in each country and establishment of trade regulations supporting cross-regional trade of fortified flour and iodized salt</p>

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

Category	Amount of Grant Allocated \$	Percentage of Expenditures
1. Equipment and Supplies	414,000	20.7
2. Training, Workshops, Seminars, Public Campaigns	549,000	27.5
3. Consulting Services	302,500	15.1
4. Project Management	225,000	11.2
5. Others (nongovernment organizations (NGOs) pilots, operational studies, surveys)	427,200	21.4
6. Contingencies	82,300	4.1
<b>Total</b>	<b>2,000,000</b>	<b>100.0</b>
<b>Incremental Costs</b>	<b>100,000</b>	<b>5.0</b>

## JAPAN FUND FOR POVERTY REDUCTION (JFPR)

**JFPR Grant Proposal  
Background Information**

<b>A. Other Data</b>	
<b>Date of Submission of Application</b>	18 November 2003
<b>Project Officer</b>	Rie Hiraoka, senior social sectors specialist
<b>Project Officer's Division, E-mail, Phone</b>	Social Sectors Division, East and Central Asia Department, <a href="mailto:rhiraoka@adb.org">rhiraoka@adb.org</a> , 632-6815 (local), 632-5426 (direct)
<b>Other Staff Who Will Need Access to Edit/Review the Report</b>	Cathy Viola, <a href="mailto:cviola@adb.org">cviola@adb.org</a>
<b>Sector</b>	Social sector
<b>Theme</b>	Reduction of micronutrient deficiency
<b>Name of Associated ADB Financed Operation(s)</b>	Community-Based Early Childhood Development Project; <sup>1</sup> Health Sector Reform Project; <sup>2</sup> Second Health Sector Development Project; <sup>3</sup> and Mother and Child Health Project <sup>4</sup>
<b>Executing Agency</b>	<p>Mr. Yerbolat Dosayev Minister of Health, Kazakhstan Tel No: (7-3172) 317409 Fax. No: (7-3172) 337327</p> <p>Mr. Mytalip Mamytov Minister of Health, Kyrgyz Republic Tel No: (996-312) 228697 Fax No. (996-312) 660493</p> <p>Mr. P. Nyamdawa Minister of Health, Mongolia Tel No: (976-11) 320916/451807 Fax No: (976-11) 320916</p> <p>Mr. N. Faizulloev Minister of Health, Tajikistan Tel No: (992-372) 211835/211248 Fax No. (992-372) 217252</p>

<sup>1</sup> 2003. ADB. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Kyrgyz Republic for the Community-Based Early Childhood Development Project*. Manila.

<sup>2</sup> 2003. ADB. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Tajikistan for the Health Sector Reform Project*. Manila.

<sup>3</sup> 2003. ADB. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Mongolia for the Second Health Sector Development Project*. Manila.

<sup>4</sup> 2004. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Uzbekistan for the Mother and Child Health Project*. Manila.

<b>Executing Agency</b>	Mr. Feruz Nazirov Minister of Health, Uzbekistan Tel No: (998-712) 411680 Fax No.: (998-712) 1441033
<b>Grant Implementing Agencies</b>	The same as above.

## B. Details of the Proposed Grant

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

<b>Component A</b>	
Component Name	<b>Strengthening the Capacity of Salt Industries and Flour Mills</b>
Cost (\$)	286,000
Component Description	This component aims to build the capacity of salt industries and flour mills to procure fortificants, equipment, and other essential items required for food fortification; and to assure the quality of fortified food. Salt industries are private except in Uzbekistan, where they are owned by the state. The Project will help establish and strengthen producers' associations, and train salt industries in procurement and food fortification technology. Technical assistance (TA) will help millers access the international premix market, including identifying the range of suppliers and procurement options.
Monitorable Deliverables/Outputs	(i) Production of fortified salt and flour increased (ii) Procurement procedures established and applied by participating industries and mills (iii) Quality assurance systems established and functioning among producers
Implementation of Major Activities: Number of months for grant activities	24 months

<b>Component B</b>	
Component Name	<b>Strengthening the Capacity of the Governments</b>
Cost (\$)	270,000
Component Description	This component aims to develop and strengthen the implementation of food fortification legislation and regulations; improve governments' quality assurance system, including the border control of trade in salt; and help governments develop regulatory frameworks and agreements that will ease the trade of fortified food in the region. The Project will provide TA to the governments in developing legislation and regulations; training; and providing laboratory equipment to the sanitary epidemiological services (SES), which are responsible for food inspection.
Monitorable Deliverables/Outputs	(i) Legislation and regulations developed and adopted by the government (ii) Increased percentage of fortified flour and salt that meets the standard (iii) Importation of non-iodized salt for human consumption

	eliminated
Implementation of Major Activities: Number of months for grant activities	24 months

<b>Component C</b>	
Component Name	<b>Social Mobilization and Poverty Targeting</b>
Cost (\$)	815,500
Component Description	This component aims to promote public awareness and acceptance of micronutrient–enriched salt and wheat flour, and support innovative activities in communities to increase access of the poor to fortified salt and wheat flour. The Project will support an information, education, and communication campaign through different levels of media, and social mobilization and marketing by civil society. The activities will include quality testing of iodized salt by producers and retailers. The component will also support innovative activities to address country- or region-specific activities to improve access of the poor to fortified food. A few examples of such innovative activities are collective fortification of wheat flour milled by small mills, and linking of food fortification efforts with support for oral forms of micronutrient supplements and “in-home” fortificant packets that can be used to fortify home-prepared complementary foods.
Monitorable Deliverables/Outputs	(i) Increased demand for fortified salt and flour (ii) Improved accessibility of fortified salt and wheat flour to the poor
Implementation of Major Activities: Number of months for grant activities	24 months

<b>Component D</b>	
<b>Project Management, Monitoring, and Evaluation</b>	
Cost (\$)	546,200
Component Description	The component will support the regional project administration office, which will oversee daily project activities in the participating countries, and each country project office (CPO) to implement investment plans. The Project will also support technical and supervisory workshops at 6-month intervals, including the midterm review workshop, and annual auditing.  The Project emphasizes rigorous evaluation through sentinel studies on the impact of fortified food, economic and financial analysis of food fortification, and other interventions to reduce IDD and IDA.
Monitorable Deliverables/Outputs	(i) Quarterly progress reports (ii) Annual project review reports (for succeeding years) (iii) Monthly financial reports (iv) Annual audited financial reports (v) Project completion report (vi) Evaluation reports (including sentinel studies and economic and financial analyses)
Implementation of Major	25 months

Activities: Number of months from grant activities	
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## 2. Financing Plan for Proposed Grant to be Supported by JFPR

Financier	Amount (\$)
JFPR	\$2,000,000
Government	\$546,000 (in kind)
Salt Industries and Flourmills	\$2,000,000 (estimated investment in equipment and fortificants, and cost-sharing of training)
<b>Total</b>	<b>\$4,881,000</b>

## 3. Genesis

The governments of Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan all aim to eliminate iodine deficiency and reduce IDA and folic acid deficiency. These deficiencies are more common in Central Asia than many other developing countries.<sup>5</sup> The baseline sentinel study conducted in a pilot province under JFPR 9005<sup>6</sup> (Note: The United Nations Children's Fund (UNICEF) has been active in addressing micronutrient deficiencies in the region, and will continue supporting various activities during the Project. JFPR and UNICEF will coordinate, especially in developing communication strategy and policy dialogue with governments.) and the results of demographic health surveys are presented below. The sentinel study was designed to document the impact of intake of fortified salt and flour in the JFPR 9005 pilot provinces but is not meant to provide nationally representative data on IDD or IDA. The survey and baseline sentinel study confirmed the prevalence of IDA, low iron store, folic acid deficiency, and IDD in the region (Tables 1–3). The data on children's nutrition status were examined as they reflect the nutrition status of the population.

<sup>5</sup> The five countries have demonstrated strong commitment to the goals and objectives of JFPR 9005, and deserve continued support to ensure sustainability. The Asian Development Bank (ADB) will continue dialogue with Azerbaijan and will explore separate assistance for it when it demonstrates political commitment to reduce micronutrient deficiency.

<sup>6</sup> ADB. 2001. *Grant Assistance to Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan for Improving Nutrition for Poor Mothers and Children in Asian Countries in Transition*.

**Table 1. Anemia Prevalence Among Children (%)**

Country	Demographic Health Survey	Sentinel Study (hemoglobin)	Sentinel Study (ferritin) <sup>a</sup>
Kazakhstan	48.9 (1999)	53.1	50.0
Kyrgyz Republic	38.0 (1997)	16.9	14.4
Mongolia	42.2 (1999)	12.5	12.5
Tajikistan	No survey	73.8	75.0
Uzbekistan	60.8 (1996)	41.9	31.4

<sup>a</sup> Serum ferritin level is the biochemical test that correlates with relative total body iron stores. A low serum level reflects depleted iron stores and is a precondition for iron deficiency.

Source: The Sentinel Study (2003).

**Table 2. Prevalence of Iodine Deficiency among Children, from Urine Iodine Test (%)**

Country	Kazakhstan	Kyrgyz Republic	Mongolia	Tajikistan	Uzbekistan
Mild	28.8	37.3	27.5	16.3	16.3
Moderate	12.5	13.3	26.3	42.5	14.0
Severe	7.5	16.9	10.0	30.0	17.4
<b>Total</b>	<b>48.8</b>	<b>67.5</b>	<b>63.8</b>	<b>88.8</b>	<b>47.7</b>

Source(s): The Sentinel Study (2003).

**Table 3. Prevalence of Folic Acid Deficiency among Children 2–15 Years Old, from Urine Iodine Test (%)**

Country	Kazakhstan	Kyrgyz Republic	Mongolia	Tajikistan	Uzbekistan
Mild	20.5	13.4	47.5	21.3	10.5
Severe	62.8	84.2	37.5	36.3	5.8
<b>Total</b>	<b>83.3</b>	<b>97.6</b>	<b>85.0</b>	<b>57.5</b>	<b>16.3</b>

Source(s): The Sentinel Study (2003).

Iodine deficiency has a negative impact on brain development of the fetus, while iron deficiency constrains cognitive development of the young child, and hampers mental and work performance of the older child and adult. Negative effects of iodine and iron deficiency at a young age are irreversible and affect school achievement and later productivity. Iron deficiency is also a major contributory factor for maternal mortality. Folate deficiency, prevalent in these countries, causes neurotube defects in infants. These deficiencies have a major impact on the educability and productivity of large segments of the countries' populations, straining education and health systems, lowering productivity, and raising levels of sustained poverty.

JFPR 9005 has focused support on the poor currently afflicted or at risk, (ii) piloted capacity-building processes to establish a regional marketing and distribution network and rules of trade, and (iii) demonstrated the efficacy of a regional approach to solving common nutrition problems that depress human and economic development. The four major components are (i) a roundtable conference and technical workshops, (ii) pilot fortification of salt and flour, (iii) support for regulatory authorities, and (iv) social marketing to create demand for fortified food

products by the poor. Most of the activities were focused on a few pilot provinces in each country.

Due to the direct and catalytic effects of JFPR 9005, these countries have moved toward universal salt iodization (USI) and begun fortifying wheat flour. After a decade of limited success in attempts to iodize salt and reduce iron and folate deficiencies, JFPR 9005 created an environment of national commitment and activities focusing on these key nutritional issues. In only two years the Project resulted in substantial increases in iodized salt production and the passage of supporting legislation. While only the Kyrgyz Republic had USI legislation at the beginning of JFPR 9005, Tajikistan enacted USI legislation in 2002, and Kazakhstan and Mongolia in 2003. Uzbekistan is drafting similar legislation. The iodization level has been adjusted to the world standard. Some salt industries have made a significant shift from free supply of potassium iodate to partial cost sharing for potassium iodate.

All countries also initiated production of fortified flour in a few provinces following successful project-supported actions that resulted in much-needed legislative and regulatory action. Pilot production introduced a world-standard fortification system enabled by competent flourmill engineers, which will help the countries access cheaper equipment in the long run. The equipment supplier has developed a much cheaper version of fortification equipment for the Central Asian market. JFPR 9005 created the momentum to improve nutrition through fortification of salt and flour and brought new micronutrient-enriched staples to families.

While these significant achievements have convinced the governments and private owners of salt industries and flour mills that USI and substantial wheat flour fortification are possible, the governments and private sector also know that these achievements may be lost if not made firm and sustainable. The JFPR 9005 experience has helped the governments and private sector identify steps required for sustainable food fortification, and also clarify what more needs to be done.

Although salt iodization is now said to be reaching 70% of total production in Uzbekistan, up almost 30% in the past three years, and almost 80% in Kazakhstan, the international and national goal of 90% still has to be reached and sustainable and permanent production systems put fully in place by 2005. Some countries still need to improve production and iodization, and all five countries need to develop systems for regular procurement of potassium iodate. By universalizing salt iodization and making iodized salt widely available and affordable, the Project will make iodized salt accessible to the poor. One third of flour consumed domestically should be fortified by the completion of JFPR 9005 on 30 June 2004. Due to unexpected grain shortage in 2003-2004, this target may not be met.

In contrast to the pilot nature of JFPR 9005, the Project will primarily build capacity of the public and private sectors to sustain food fortification. The Project will focus on sustaining salt and flour fortification, which JFPR 9005 has proven technically feasible. The Project will work with the private sector and government agencies nationwide rather than in a few pilot districts. The Project will help the private salt enterprises and flour mills access information, and tender and procure fortificants and equipment by themselves. The Project will also deal with the difficult issue of premix procurement by establishing links between global producers of premix and by encouraging production of premix within the region. The Project will also strengthen and upgrade the quality assurance system of public and private sectors to ensure that consumers receive fortified food that meets quality standards.

An enhanced and expanded social-marketing campaign, joining millers with civil-society groups and the media, will greatly increase demand for the new fortified wheat flour and its products, especially among poor families, who are at greatest risk from IDA. The Project will also help consumers monitor the quality of iodized salt. Universal salt iodization will ensure that the poor will have access to quality iodized salt. Fortified flour has been sold at the same prices as unfortified flour. To increase access of poor and rural households to fortified flour, the Project

will review how it is distributed, and support testing cost-effectiveness of different means of fortification, including flour fortification at smaller mills and use of fortification packets at home.

The Project will build on the achievements of JFPR 9005, including impact monitoring, region-wide communication exchange of technical information, multi-country training, and sharing of lessons learned through project Web site participation. Using the system developed in the first project will increase cost-effectiveness and overall technical resources available to all the countries involved. International technical assistance will be continued but on a limited basis and focused on critical tasks related to major goals. Region-wide technical assistance for project impact monitoring and Web site development and maintenance will be supported through the Kazakh Academy of Nutrition. Finally, project management strategies for the new Project will also draw on well-developed and trained groups in place. This will exploit the considerable investment already made during JFPR 9005 in training country and regional teams in procurement, administration, finance, and reporting procedures and ensure that the Project is cost-efficient.

#### **4. Innovation**

The Project's regional approach is unusual and innovative. In few other regions do countries share such similarities of government organizational structures, administrative norms, and technological and research heritage. Not only do these countries approach problems such as malnutrition from a similar starting point, but their rural populations also share many similar demographic characteristics. The regional as well as national structure of the Project will allow cross-country training, information sharing, and technical assistance. The structures, including regional technical assistance and training teams, regional impact evaluation support, and shared specifications for supplies and equipment procurement are already developed, tested, and in place. These significantly make assistance overall more cost-effective than separate projects for separate countries.

The private-public sector partnership developed under the Project is noteworthy. Basic health is a public good, and IDD and IDA are major public health problems. Flour fortification with iron and folic acid, and salt iodization have proven the most cost-effective public health interventions and are areas to which the private sector can contribute. Interventions to mitigate micronutrient deficiency tend to be public-sector driven in developing member countries in the form of supplements provided at public health facilities. Even salt iodization was often subsidized or based on potassium iodate given free to the salt industries by development agencies. The Project will create an equal partnership between the Government and salt industries and flour mills, and enable the private sector partner to help solve public health concerns.

A region-wide web site devoted to and serving the Project is unique. This web site, managed and maintained by the Kazakhstan Academy of Nutrition, has separate pages for each country's activities in salt and wheat flour fortification as well as in sharing technical experience and project-related activities. The Web site also provides project participants with a new and open channel to seek information and expertise from the other countries in the Project and from international sources on how to overcome project constraints. This web site will be maintained in Russian and English, providing a transparent view of project activities, and will actively seek comments from the international community.

Another innovative aspect of this Project will be the cross-sectoral steering committees and degree of involvement of civil-society organizations, private industry, and public sector in effective and critical alliances within each country. Major consumer groups and national and international NGOs are already committed to supporting communication and social-marketing activities to promote the use of iodized salt and fortified wheat flour among the rural population. Initial communication strategies are already designed, and the first round of social-marketing

activities was carried out during the first project. The Project will provide the resources needed to build on experience obtained, improve the strategies and communication materials, and mount an intensive and far-reaching social-marketing effort.

These innovative characteristics will be documented and communicated through the web site for the benefit of national and international groups in work to design future projects in and for these countries.

## **5. Sustainability**

Sustainability is the major goal of the Project. Food fortification will become self-sustainable if fortifying salt and flour is feasible and successful, reinforced by regulatory policies, and accepted by consumers. They will be willing to absorb small increase in costs, and substantial public and private savings will be generated through reduced public and private expenditures on health interventions and on cost-efficient education due to improved performance of schoolchildren. To a considerable degree, technical competency and the required regulations and laws have been achieved under JFPR 9005. Two years of intensive operation of JFPR 9005 was sufficient to prove the possibility and effectiveness of food fortification, but not to complete major institutional changes—development and implementation of new legislation, private sector development, and social mobilization—needed to make food fortification permanent. The achievements may not be sufficiently well established within the overall priorities and day-to-day actions of governmental regulators, salt producers, and flour mills. Consumer demand in some countries needs to be strengthened and sustained.

The Project aims to consolidate achievements and make them permanent. The Project changes the funding emphasis of the first project by allocating most of the funding to TA for the private sector and Government and to communication and advocacy, and in principle no longer supports procurement of fortificant or fortification equipment. The Project will ensure that fortified salt production processes are improved in a number of countries, flour fortification is expanded in the region, and pending quality control and international procurement issues are settled satisfactorily. Major emphasis will also be given to increasing national leaders' support for fortified salt and wheat flour as standard commodities and raising demand for these products among the population and especially among the poor. These actions are intended to make universal production of iodized salt permanent and to move each country toward universal wheat flour fortification.

## **6. Participatory Approach**

As with JFPR 9005, the Project will be implemented through three key alliances:

- (i) A public-private coalition that will motivate private sector investment by increasing consumers' preferences for iodized salt and fortified flour across the region. This will help reduce poverty and hidden hunger among mothers and children.
- (ii) A regional partnership between multiple external agencies and developing countries to stimulate policy and trade reforms that will bring long-term improvement of child development in Central Asia.
- (iii) An alliance between governments and civil society involving NGOs and mass consumer organizations in the social-marketing campaign to promote iodized salt and fortified flour as well as supplemental iron or fortified complementary foods for young children.

The Project emphasizes close cooperation among stakeholders in government organizations, private and government producers of salt and wheat flour, technical and research institutes, and a wide variety of consumer organizations and other NGOs in civil society. The broad participatory approach will be assured in the Project because it will build on the organizational achievements of the first project, which also emphasized broad participation. In the five countries, civil-society project support groups have been formed and demonstrated their competency in social mobilization and social marketing.

Primary Beneficiaries and Other Affected Groups and Description	Other Key Stakeholders and Brief Description
The populations of Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan will benefit from the Project, especially women and children.	<ul style="list-style-type: none"> <li>• Ministries of health, education, trade, industry, and agriculture</li> <li>• Salt producers associations, grain millers associations</li> <li>• Consumer groups,</li> <li>• National health and nutrition research institutes</li> <li>• External agencies and NGOs: National Red Cross, International Red Cross; Save the Children, UK; Aga Khan Foundation; US Communicable Disease Center; UNICEF; World Food Program; World Bank (health reform projects)</li> </ul>

## 7. Coordination

UNICEF and the Kazakhstan Academy of Nutrition are the key partner agencies to collaborate with the ADB throughout project implementation. The Swiss Red Cross has also been involved in community-level monitoring of quality of salt iodization. While it has not actively addressed nutrition issues in Central Asia, the World Bank has expressed interest doing so as part of its planned health sector projects, and possible cooperation is being explored.

## 8. Cost Estimates

Cost estimate tables are in Appendix 2.

## C. Linkage to ADB Strategy and ADB-Financed Operations

### 1. Linkage to ADB Strategy

Document	Document Number	Date of Last Discussion	Objective(s)
World Summit for Children		1990 Commitment to IDD prevention is to be reviewed in 2003.	Virtual elimination of micronutrient deficiency including iron and iodine deficiency were the specific goals of the summit. All participating countries have promised to achieve these goals. ADB's Policy for the Health Sector acknowledges and endorses the summit's goals.

<b>Document</b>	<b>Document Number</b>	<b>Date of Last Discussion</b>	<b>Objective(s)</b>
Kyrgyz Poverty Reduction Strategy Paper 2003–2005		2003	Salt and wheat flour fortification is included in priority health interventions.
ADB Policy for the Health Sector		1999	The policy stipulates that food fortification is one of the priority health interventions for developing member countries.
ADB Nutrition and Development Series		First published in 2001	The series delineates the dire consequences of malnutrition and promotes food fortification as the most cost-effective means to reduce or eliminate micronutrient deficiency.

## **2. Linkage to Specific ADB-Financed Operation**

The Project is linked to the projects below, all of which aim to improve child health by enhancing public sector health care delivery.

<b>Project Name</b>	<b>Community-Based Early Childhood Development Project</b>
<b>Project Number</b>	<b>2007 KGZ</b>
<b>Date of Board Approval</b>	29 September 2003
<b>Loan Amount (\$ million)</b>	\$10,500,000

## **3. Project's Development Objective:**

The goal of the project is to improve health, nutrition, and psychosocial development of children from birth up to 8 years in the 12 poorest districts. Specific objectives are to (i) reduce IMR and under-5 mortality rate, (ii) reduce iodine deficiency disorder, (iii) reduce IDA among children and pregnant women, and (iv) improve the psychosocial development of preschool children.

No.	Component Name	Brief Description
1	Child Health and Nutrition	<p>Sustaining universal immunization of children. The project will support the purchase of vaccines and procure equipment to maintain an effective cold chain from participating district centers to primary health care (PHC) facilities.</p> <p>Reducing child mortality. The project will support the training of PHC workers (feldshers) on Integrated Management of Childhood Diseases (IMCI) in the project districts. The project will also support essential drugs and medical supplies required by PHC facilities to implement IMCI.</p> <p>Reducing IDD and IDA. The project will finance social mobilization, especially monitoring of iodized salt by communities and retailers. The project will provide salt-testing kits, and information, education, and communication materials.</p> <p>Rehabilitation of PHC facilities. This subcomponent aims to rehabilitate PHC facilities that need major repair.</p>
2	Early Childhood Care and Education	<p>Community and home-based preschools. The project will support (i) child and family coordinators who will work with village authorities, mobilize communities, and initiate preschool programs in the community; (ii) one resource kindergarten per raion as a resource center for community or home-based preschools; (iii) provision of instructional materials and supplies necessary for children's activities, and other necessary supplies to village authorities; and (iv) training for teachers of kindergarten preparatory courses, and community or home-based preschools, and monitoring of their performance.</p>
3	Capacity Building	<p>Strengthening village authorities' capacity. Village authorities will be trained by child and family coordinators to plan and implement project activities. The coordinators will be selected on a competitive basis from the locality and hired on a contractual basis for 2 years and supported by the project.</p>

<b>Project Name</b>	<b>Second Health Sector Development Project</b>
<b>Project Number</b>	<b>Loan 1998 MON</b>
<b>Date of Board Approval</b>	5 June 2003
<b>Loan Amount (\$ million)</b>	\$14,000,000

**Project's Development Objective:**

The project aims to improve people's health, especially the poor and vulnerable, including women and children in targeted rural areas. The project targets reduction of MMR by 50%, IMR by 20%, and under-5 mortality rate by 20%. Project objectives are (i) improving the quality and

use of rural health services; and (ii) building the health sector's capacity by extending reforms for sector efficiency, effectiveness, and sustainability, and institutional development, which were initiated by the first health sector reform project.

#### Project's Main Components

No.	Component Name	Brief Description
1	Integrated Improvement of Rural Health Services	This focuses on improvement of access to, use of, and quality of PHC services in an integrated way in the project provinces.  Referral system support. Inter-village and provincial hospitals will be strengthened as the first-referral system for targeted essential services, particularly maternal and child health services in project aimags. Five inter-village and five provincial hospitals will be upgraded and equipped.
2	Institutional Capacity Development	Ongoing reforms initiated by the first Health Sector Development Project are to be consolidated and sector capacity strengthened to plan, manage, coordinate, and monitor system development.

<b>Project Name</b>	<b>Health Sector Reform Project</b>
<b>Project Number</b>	<b>Loan 2054-TAJ</b>
<b>Date of Board Approval</b>	22 December 2003
<b>Loan Amount (\$ million)</b>	\$7,500,000

#### Project's Development Objective:

The project goal is to improve the health, particularly of the poor, women, and children, by (i) improving management capacity of the health sector and system efficiency through institutional strengthening and reforms, (ii) increasing equitable access to and use of quality basic health services, and (iii) support informed policy dialogue to pursue reform. The project targets reduction of MMR by 20% and IMR by 30%.

#### 4. Project's Main Components

No.	Component Name	Brief Description
1	Institutional Development of the Health Sector	The project will build capacity in planning, management, and monitoring at the national, region, and district levels. Ministry of Health and training institutes such as the medical university will be strengthened to provide training for health service delivery, financing strengthening, and human resource development.
2	Drug Supply and Quality Control	The Project aims to help the Government ensure adequate and reliable supply of drugs and control the quality of drugs that come into the country.  Establishment of an efficient drug procurement center. This subcomponent aims to strengthen the capacity of the national procurement and distribution agency.
3	Efficient and Sustainable Delivery of a Pro-Poor Health Service Package	This component will focus on increasing access to, quality of and use of basic health services, especially among the poor, women, and children in the five project districts.

No.	Component Name	Brief Description
		<p>Provision of a pro-poor health service package. The Project will provide a standard pro-poor health package that includes basic drugs and contraceptives, to family group practices and rural health centers in the pilot districts.</p> <p>Reforming service delivery and financing. The Project will (i) finance and test the capitation payment mechanism to pay family group practices, (ii) rationalize the health system and staffing distribution to reflect national plans, (iii) strengthen management capacities of district and region administrations, (iv) set up and implement the Health Management Information System in the pilot districts.</p>

<b>Project Name</b>	<b>Women and Child Health Project</b>
<b>Project Number</b>	<b>P36509- UZB</b>
<b>Date of Board Approval</b>	Expected in 2004
<b>Loan Amount</b>	\$40 million

Project preparatory technical assistance is being undertaken. The Project will focus on improving health services to enhance the health of women and children.

### 5. Rationale for Grant Funding versus ADB Lending

The crucial contribution of the Project comes from its regional approach, which will enable establishment of common standards of fortified salt and flour, achieve economies of scale, and merit cross-learning. ADB loans meant for one country will not have these advantages and will be unable to address regional issues such as trade and regulation.

The health-related projects mentioned aim to improve the health of the poor, especially children and women. The project frameworks almost exclusively work with the government service delivery system and have limited provisions for working with the private sector. Adding a food fortification component would complicate project designs, which are extremely intricate, and may negatively affect other important objectives of strengthening public health care.

Financing the private sector may be theoretically possible through ADB's private sector development arm. However, given the small size of the financial needs of each private sector enterprise, and ADB's reluctance to be involved in direct financing of producers, a private sector loan is not a feasible solution.

JFPR allows ADB to overcome the difficulties of public health and private sector loans.

### D. Implementation of the Proposed Grant

<b>1. Name of the Implementing Agency</b>	Ministry of health in each country, acting also as the executing agency (EA)
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Implementation arrangements details are in Appendix 3.

## 2. Risks Affecting Grant Implementation

Type of Risk	Brief Description	Measure to Mitigate the Risk
Sustainability	Consumer demand is insufficient for private enterprises to continue fortification.	Create demand for fortified food through public information campaign.  Establish legislation and regulations to make fortification obligatory.
Lack of sufficient grains to fortify	Small countries—e.g., the Kyrgyz Republic and Tajikistan—rely on imported grains for domestic consumptions.	A mechanism will be established to promote imports of fortified flour in the case of shortage of domestic grains.
Subsidized potassium iodate and premix provided by external agencies in some countries	Some external agencies may prefer providing free potassium iodate and flour premix for a few more years. This may create prolonged dependency of the private sector on subsidies, and discourage other countries that do not receive free supplies.	Strongly advocate ADB's principles and regularly dialogue with the private sector and develop innovative nonmonetary support for the salt industries and flour mills.

## 3. Incremental ADB Costs

Component	Incremental Bank Cost
Amount requested	\$ 100,000
Justification	This regional project requires extensive coordination among the five different countries and administrative work.
Type of work to be rendered by ADB	A regional coordination office staffed with a regional coordinator, an administrative assistant, and a financial assistant.

## 4. Monitoring and Evaluation (M&E)

Key Performance Indicator	Reporting Mechanism	Plan and Timetable for M&E
IDD and IDA prevalence	Sentinel studies funded by the Project, and demographic and health survey, if available	The baseline will be established based on the sentinel study conducted under JFPR 9005, and national surveys funded by other agencies. The evaluation survey will be done 6 months before project completion.
Use of iodized salt and fortified flour	Household survey	The Project will fund an annual sample survey. Care will be taken to analyze it by the district poverty level.
Number of salt enterprises and flour mills that procure fortificant and equipment by themselves	Biannual reports of the producers' association	Every 6 months

**5. Estimated Disbursement Schedule**

<b>Fiscal Year (FY)</b>	<b>Amount (\$)</b>
FY 2004	400,000
FY 2005	1,000,000
FY 2006	600,000
<b>Total Disbursements</b>	<b>2,000,000</b>

## E. Clearances

To be Cleared By	Name / Division	Comments
1. Director general of the relevant regional department	M. E. Tusneem, ECRD	<b>Cleared</b> <b>Comments:</b>
2. Director of the division in the relevant regional department	W. M. Fraser, ECRD	<b>Cleared</b> <b>Comments:</b>
3. Staff review committee (SRC) members	1. H. S. Rao, ECOD 2. A. Ruthenberg, ECOC 3. D. Yang, COCS 4. L. C. Hung, CTL 5. C. Gautrot, OGC 6. K. Hardjanti, OED 7. S. W. Handayani, ECSS 8. Y. Fernandez, ECOC 9. J. van Ommen, OCO.	<b>Cleared</b> <b>Comments:</b> Minutes of the SRC are in Appendix 6.
4. Other reviewers (peer review was held on 1 October 2003)	1. J. Hunt, RSAN 2. L. Studdert, RSAN 3. B. Lochmann, SESS 4. M. Dugue, PAHQ 5. A. Weber, SASS 6. P. Choynowski, EREA	<b>Cleared</b> The peer reviewers commended the Project's strategy and objectives. Discussion focused on the role of small mills in reaching poor communities. Examples from Africa were drawn. Component 3 of the Project will cover piloting at smaller mills. Another issue was financial sustainability and cost-effectiveness of the fortification. Although food fortification proved to be the most cost-effective mitigating intervention in other countries, the mission agreed that analysis might be conducted for this Project in its second year. Last, different measures to make food fortification sustainable were reviewed. Food fortification may be sustained through obligatory legislation, creation of consumer demand for fortified food through social mobilization, and government subsidies for fortification. Each measure has advantages and disadvantages. Cost-effectiveness of the different measures may be looked into during implementation.
5. Carbon copied list	C. Viola	

**F. Checklist**

<p>1. Does the application support activities that will assist the poorest and most vulnerable groups eligible for JFPR funding? <b>Yes</b> Response is found in section B3.</p>
<p>2. Do the proposed activities fit within at least one of the following basic purposes of the JFPR?  a. Support innovative social programs which directly respond to the needs of poor and vulnerable groups in recipient countries and have high potential for ameliorating their destitute living conditions.  b. Provide relatively rapid, demonstrable benefits for affected populations through initiatives and mechanisms, with positive prospects for sustainability over the long term.  c. Provide direct assistance to programs designed and implemented by local populations, civil society, and NGOs to facilitate their empowerment and enhance their participation in the development process.  <b>Yes for a, b, and c</b> Response is found in section B3.</p>
<p>3. Are the proposed activities designed and expected to be implemented with full participation by local community groups and NGOs?  <b>Yes</b> Response is found in section B3, especially in section 6.</p>
<p>4. Do the activities support interventions that will have a catalytic effect or magnify the impact of ADB-financed operation(s)?  <b>Yes</b> Improved nutrition will help attain the goals of ADB-financed education and health projects. Improving nutrition of women and children will reduce the IMR and MMR, and improve children’s achievements in school. Response is found in section(s) C2.</p>
<p>5. Does the application identify methods to monitor and evaluate outcomes, implementation progress, and the impact of the grant on the beneficiaries?  <b>Yes</b> Response is found in section D4.</p>
<p>6. Are Japanese NGOs participating in this JFPR activity?  <b>No.</b> No Japanese NGOs are active in Central Asia.</p>
<p>7. Have Japanese aid agencies (e.g., JBIC, JICA) been consulted in the development of the JFPR application?  <b>No.</b> Representatives from the Japanese embassies in Central Asia have attended all workshops held in various countries, and have been consulted.</p>

<p><b>Please confirm statements 8-16 below.</b></p>
<p>8. Proposed JFPR activities are not eligible or cannot be funded under loans, or through other sources of funding available to ADB.  <b>Confirmed</b></p>
<p>9. Proposed JFPR activities are not being used to prepare projects or supplement existing project preparation activities being funded through JSF or other project preparation fund.  <b>Confirmed</b></p>
<p>10. The application does not include pilot activities that are not linked to ADB-funded operations in the pipeline or under implementation.  <b>Confirmed</b></p>
<p>11. The application includes an exit strategy or a mechanism to ensure long-term sustainability.  <b>Confirmed</b></p>

12. The legal status, financial soundness, track record, and arrangements for use and accounting of grant funds have been checked for grants that are expected to be executed by community groups or NGOs. <b>Not applicable</b>
13. Where funding of incremental costs (staff or consultants) for grant preparation and/or implementation is requested, a full justification is provided. <b>Confirmed</b>
14. The grant will not include study tours or foreign training. <b>Confirmed</b>
15. The application does not include support for academic training, research work, and core program activities of global/regional programs. <b>Confirmed</b>
16. The director-general and the director of the relevant regional department have endorsed the grant activity. <b>Confirmed</b>

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## Appendixes

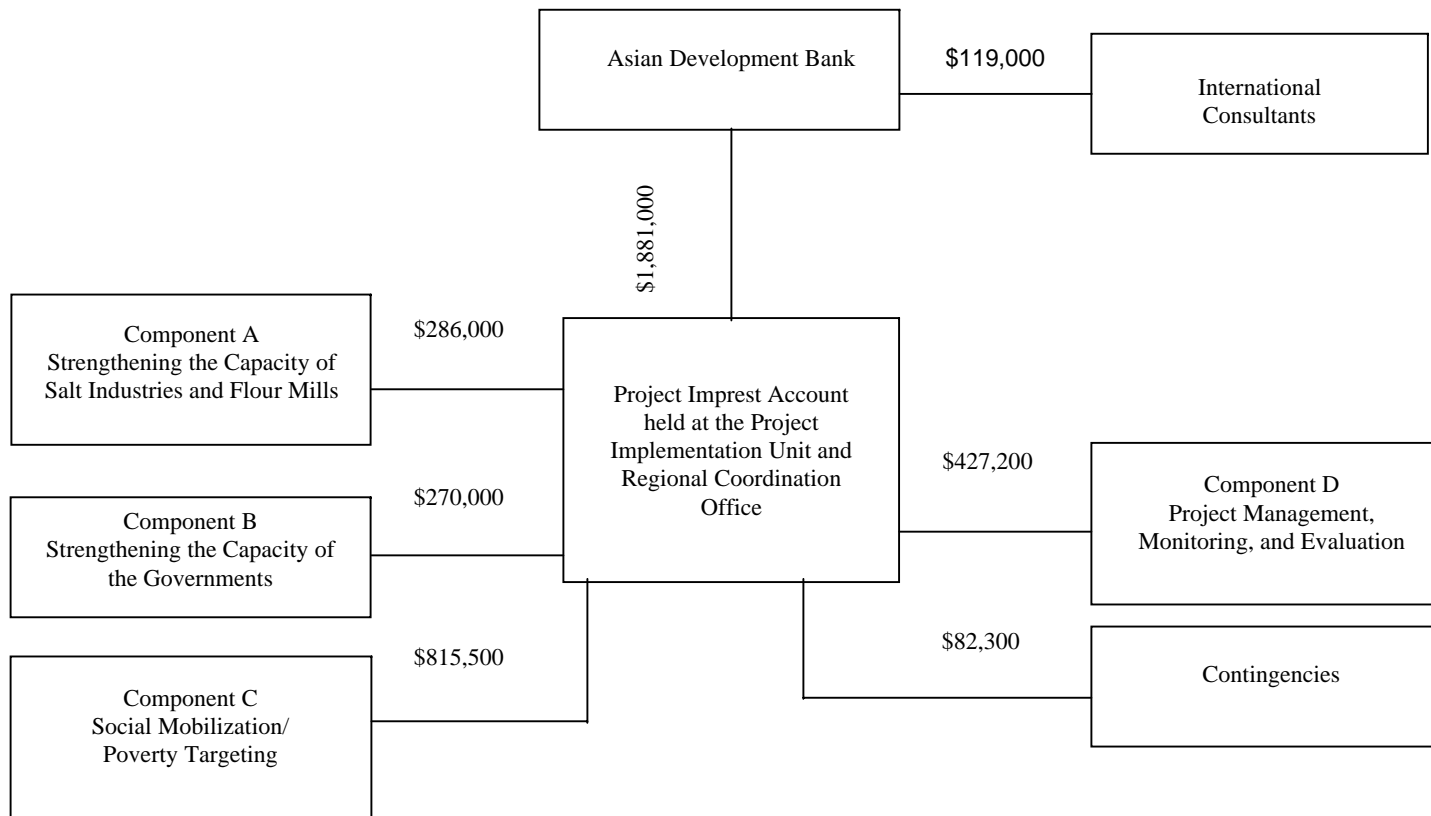
1. Fund Flow Arrangement
2. Cost Estimates
3. Implementation Arrangements

## FUND-FLOW ARRANGEMENT

1. Each government will establish an imprest account at a bank acceptable to ADB. The imprest account will be established, managed, replenished, and liquidated in accordance with ADB's *Loan and Disbursement Handbook* (January 2001) and detailed arrangements agreed on between the government, regional coordination and administration office (RCAO), and ADB. The initial amount to be deposited into the imprest account will be agreed on between ADB and the government, and will be a sum sufficient to cover the initial project start-up costs. The amount should not exceed equivalent of \$50,000.

2. Replenishment will be subject to the liquidation of expenditures. The accounts should be replenished regularly to ensure that sufficient funds are always available. All withdrawal applications will be monitored by the country project office (CPO) and approved by the executing agency (EA). The designated commercial bank will provide monthly statements of imprest account to the EA and CPO, which will claim liquidation on the basis of the statement and other supporting documents.

**Figure A1: Fund Flow Arrangements for the Project**



**COST ESTIMATES**  
**Table A2.1: Summary Costs**  
 (\$)

<b>Inputs and Expenditure Category</b>	<b>Component 1</b>	<b>Component 2</b>	<b>Component 3</b>	<b>Component 4</b>	<b>Total (Input)</b>	<b>Percent</b>
1. Civil Works		0	0	0	0	
2. Equipment and Supplies	21,000	20,000	373,000		414,000	8.5
3. Training, Workshops, Seminars, Public Campaigns	175,000	194,000	125,000	55,000	549,000	11.2
4. Consulting Services	5,000	56,000	42,500	199,000	302,500	6.2
5. Project Management			0	225,000	225,000	4.6
6. Other Project Inputs	85,000	0	275,000	67,200	427,200	8.8
7. Contingencies					82,300	1.7
<b>Subtotal JFPR Financed</b>	<b>286,000</b>	<b>270,000</b>	<b>815,500</b>	<b>546,200</b>	<b>2,000,000</b>	<b>41.0</b>
<b>Government Contribution</b>	<b>0</b>	<b>135,000</b>	<b>100,000</b>	<b>100,000</b>	<b>335,000</b>	<b>6.9</b>
<b>Other Donors' Contributions</b>						
<b>Private Sector</b>	<b>2,546,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,546,000</b>	<b>52.1</b>
<b>Total Project Costs</b>	<b>2,832,000</b>	<b>405,000</b>	<b>915,500</b>	<b>646,200</b>	<b>4,881,000</b>	<b>100.0</b>

Note: Project management costs are assumed in component 4, as estimating the cost for each component is not feasible.  
 Source: Asian Development Bank Staff estimates.

**Table A2.2: Detailed Cost Estimates**  
(\$)

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
<b>Component 1. Strengthening the capacity of salt industries and flour mills</b>				<b>Subtotal</b>	<b>2,829,000</b>	<b>286,000</b>		<b>0</b>	<b>0</b>	<b>2,546,000</b>
<b>1.1</b>	<b>Equipment and Supplies</b>									
1.1.1	Quality assurance equipment for salt industries and supplies	Per country	5	3,000	15,000	12,000	IS			3,000
1.1.2	Quality assurance equipment for flour mills and supplies	Per country	3	3,000	9,000	9,000	IS			3,000
1.1.3	Fortification equipment and fortificants	Per country	5	500,000	2,500,000	0	IS			2,500,000
<b>1.2</b>	<b>Training, Workshops, Seminars</b>									
1.2.1	Regional workshops and seminars for salt enterprises and flour mills Organizational costs (renting space, supplies, etc,)	Per workshop	2	11,000	22,000	22,000				
	Travel costs of participants	Per workshop	2	16,500	33,000	33,000				
1.2.2	Training in fortification technology	Per activity	10	5,000	50,000	40,000				10,000
1.2.3	Training for lab technicians Seminars on marketing and other business	Per activity	10	5,000	50,000	40,000				10,000
1.2.4	management	Per activity	5	10,000	50,000	40,000				10,000

Continued on next page

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
<b>1.3 Consulting Services</b>										
1.3.1	Salt industry specialist	Person-months	5	500	2,500	2,500				
1.3.2	Flour mill specialist	Person-months	5	500	2,500	2,500				
<b>1.4 Other Project Inputs</b>										
1.4.1	Market research and consumers survey	Lump sum	5	10,000	50,000	40,000			10,000	
1.4.2	Operational studies (e.g., research for developing fortification means for less refined wheat flour)	Lump sum	4.5	10,000	45,000	45,000				
<b>Component 2. Strengthening the capacity of the Governments</b>				<b>Subtotal</b>	<b>407,000</b>	<b>270,000</b>		135,000	0	<b>0</b>
<b>2.1 Equipment and Supplies</b>										
2.1.1	Laboratory equipment for SES or reference laboratory and accessories	Per country	4	3,000	12,000	12,000	IS			
2.1.2	Reagents	Per country	5	4,000	20,000	8,000	IS	10,000		
2.1.3	Laboratory Supplies	Per country	5	5,000	25,000	0	DP	25,000		
<b>2.2 Training, Workshops, Seminars</b>										
2.2.1	Workshops for custom officers	Per activity	15 (3*5)	5,000	75,000	75,000				
2.2.2	Workshop on legal enforcement	Per activity	5	10,000	50,000	50,000				

Continued on next page

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
2.2.3	Training for SES laboratory staff	Per activity	10 (2*4.5)	5,000	45,000	45,000				
2.2.4	Regional round table on trade regulations	Per activity	1	24,000	24,000	24,000				
<b>2.3</b>	<b>Consulting Services</b>									
2.3.1	Domestic legal specialist	Person-months	10 (2*5)	600	6,000	6,000				
2.3.2	Kazakhstan Academy of Nutrition	Lump sum	1	50,000	50,000	50,000				
<b>2.4</b>	<b>Management costs to Governments</b>									
2.4.1	SES and government staff time	Per country	5	20,000	100,000		100,000			
<b>Component: 3 Social mobilization/poverty targeting</b>				<b>Subtotal</b>	<b>915,500</b>	<b>815,500</b>	100,000	0	0	
<b>3.1</b>	<b>Equipment and Supplies</b>									
3.1.1	Fortification equipment for piloting at mills that cannot use the standard equipment			30,000	30,000	30,000	IS			
3.1.2	Table fortificant packets	Per country	4	2,000	8,000	8,000	DP			
3.1.3	Portable salt test kits for communities and retailers	Per country	4	5,000	20,000	20,000	DP			
3.1.4	Communication materials	Per country	4.5	70,000	315,000	315,000	LCB			
<b>3.2</b>	<b>Training, Workshops, Seminars</b>									
3.2.1	Advocacy and communication workshops	Per activity	15(3*5)	5,000	75,000	75,000				

Continued on next page

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
	3.2.2 TV spots and other mass media campaigns	Per country	5	10,000	50,000	50,000				
<b>3.3</b>	<b>Consulting Services</b> (e.g., for management and monitoring/assessments)									
	3.3.1 Domestic communication consultant	Person-months	75(15*5)	400	30,000	30,000				
	3.3.2 Regional communication specialist (Kazakhstan Academy of Nutrition)	Per country	5	2,500	12,500	12,500				
<b>3.4</b>	<b>Social Mobilization</b>									
	3.4.1 Social mobilization by a group of NGOs and households	Per country	5	50,000	250,000	250,000				
	3.4.2 Pilot activities for poverty targeting	Lump sum	10	2,500	25,000	25,000				
<b>3.5</b>	<b>Management Costs to Governments</b>									
	3.5.1 Central and local government staff time	Per country	5	20,000	100,000		100,000			
<b>Component 4: Project management, monitoring, and evaluation</b>				<b>Subtotal</b>	<b>646,200</b>	<b>546,200</b>	<b>100,000</b>		<b>0</b>	
<b>4.1</b>	<b>Training, Workshops, Seminars</b>									
	4.1.1 Midterm review workshops	Per activity	1	30,000	30,000	30,000				
	4.1.2 Annual review workshop in countries	Lump Sum	10 (2*5)	2,500	25,000	25,000				

Continued on next page

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
<b>4.2</b>	<b>Consulting Services</b> (e.g., for management and monitoring/assessments)									
4.2.1	External audit	Lump sum	2	40,000	80,000	80,000				
4.2.2	Private sector specialist	Person-months	2	17,000	34,000	34,000				
4.2.3	Nutrition advisors	Person-months	2	17,000	34,000	34,000				
4.2.4	Trade and regulation specialist	Person-months	1	17,000	17,000	17,000				
4.2.5	Salt fortification specialist	Person-months	1	17,000	17,000	17,000				
4.2.6	Flour fortification specialist	Person-months	1	17,000	17,000	17,000				
<b>4.3</b>	<b>Management and Coordination of this Component</b>									
4.3.1	Country project office (project coordinator, financial analyst, operational costs)	Monthly	120 (24*5)	1,500	180,000	180,000				
4.3.2	Office space for project period	Per country	5	10,000	50,000		50,000			
4.3.3	Government's administration (e.g., ministers, treasury, steering committee members)	Per country	5	10,000	50,000		50,000			
4.3.4	Regional coordination office's operational costs (including rent)	Monthly	25	1,000	25,000	25,000				
4.3.5	Regional coordinator's supervision missions	Annually	2	10,000	20,000	20,000				
<b>4.4</b>	<b>Other Project Inputs</b>									
4.4.1	Impact assessment	Lump Sum	10	5,000	50,000	50,000				

Continued on next page

Code	Supplies and Services Rendered	Costs			Contributions					
		Unit	Quantity Units	Cost Per Unit	Total \$	JFPR		Govern- ment	Other Donors	Private Sector
						Amount	Method of Procure- ment			
4.4.2	Maintaining Web site	Per Month	24	300	7,200	7,200				
4.4.3	Preparing final reports	Lump sum	1	10,000	10,000	10,000				
Components 1 to 4 = Subtotal				<b>Subtotal</b>	<b>4,797,700</b>	<b>1,917,700</b>		<b>335,000</b>		<b>2,546,000</b>
Contingency						<b>82,300</b>				
				<b>Total</b>		<b>2,000,000</b>		335,000		2,546,000
<b>Incremental costs</b>										
	Regional coordinator, financial analyst, administrative assistant	Monthly	25	3,200	80,000					
	RCAO's operational costs	Monthly	25	800	20,000					
				<b>Total</b>	<b>100,000</b>					

KAN=Kazakhstan Academy of Nutrition, RCAO= Regional Administration and Coordination Office, SES= sanitary epidemiological services.

## IMPLEMENTATION ARRANGEMENTS

1. The Project is expected to commence in September 2004 and end in August 2006. The executing agencies (EAs) are the ministries of health in the participating countries. Each EA will be supported by a country project office (CPO) staffed by a country project coordinator, a financial assistant, and an administrative assistant. The EA will be responsible for overall coordination of the Project, including the following:

- (i) coordinating with other ministries, agencies, salt enterprises, and civil society (nongovernment organizations [NGOs] and community groups);
- (ii) approving country investment plans, and 6-month plans; and
- (iii) ensuring compliance in procurement in accordance with ADB guidelines.

2. The CPOs will be responsible for the day-to-day implementation and management of project activities, including

- (i) detailed project planning;
- (ii) procurement and contract administration;
- (iii) recruitment and supervision of domestic consultants (and regional consultants from other participating countries, if necessary) in accordance with ADB guidelines on the use of consultants;
- (iv) preparation of the disbursement of plans;
- (v) review of withdrawal application for imprest account;
- (vi) disbursement of funds and timely submission of withdrawal application; and
- (vii) preparation of quarterly progress reports.

3. A regional coordination and administration office (RCAO) will be established in Almaty, Kazakhstan. The RCAO will be staffed by a regional coordinator, financial specialist, and administrative assistant to be recruited by ADB and financed under the Project. The RCAO will act as the central project coordination unit and will coordinate project planning, reporting, monitoring of implementation progress, international procurement, and organizing of workshops and roundtable meetings. However, the RCAO will not sign withdrawal applications, which will be the responsibility of the EAs.

4. Each Government will establish a steering committee, to be chaired by the minister or deputy minister of the EA or by higher government authority deemed most appropriate to coordinate multiple sectors. The steering committee should comprise representatives of the EA, parliamentarians, captains of the salt and flour industries, scientific community, NGOs, and others. Members of the SC will be approved by the government. The steering committee will monitor the work plan and budget allocations and facilitate project implementation. The EA may also establish a working group, to facilitate monitoring and implementation arrangements.

5. The United Nations Children's Fund (UNICEF) will be the partner agency in addressing micronutrient deficiencies. The project team in each country and UNICEF will jointly plan communication and other activities, and cooperate especially in information, education, and communication activities. The Kazakhstan Academy of Nutrition will act as a technical advisor to the Project. The academy will provide regional leadership in nutrition assessment and technical monitoring and evaluation of the Project. The academy will be responsible for developing capacity of a research laboratory in participating countries.

6. The need for local consultants varies by country. The CPO may propose to ADB to engage consultants. When ADB approves the consultants' terms of reference, EAs will select local consultants in accordance with ADB's *Guidelines on the Use of Consultants* or other arrangements acceptable to ADB. ADB will engage a group of international consultants who will advise participating countries in different technical matters. An estimated 7 person-months of international consultant service are needed. The proposed international consultants are the following:

- (i) A private sector specialist (2 person-months) will advise and train salt industries and flour mills in developing business plans, marketing, and financial management.
- (ii) A nutrition advisor (2 person-months) will advise the participating countries in matters related to nutrition policies, micronutrient deficiency and its different remedies, and nutrition surveillance.
- (iii) A flour fortification specialist (1 person-month) will advise flour mills in technical matters related to flour fortification.
- (iv) A salt fortification specialist (1 person-month) will advise salt industries on technical matters related to salt iodization.
- (v) A trade and regulation specialist (1 person-month) will review the legal frameworks for food fortification and the situation of trade of wheat flour and salt among participating countries, and suggest adjustments to these policies to increase the availability of fortified flour and salt in these countries.

7. NGOs, women's federations, consumer groups, or other community-based organizations will be selected by the EAs in a way acceptable to ADB, and will be engaged in the project activities based on work plans agreed on by the EA and ADB.

### Organization Chart

