

**RESULTS IN AFGHANISTAN, KYRGYZ REPUBLIC, AND VIET NAM**

Supplementary Appendix C

to the

**SPECIAL EVALUATION STUDY ON THE  
ASIAN DEVELOPMENT FUND VIII AND IX OPERATIONS**

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## RESULTS IN AFGHANISTAN, KYRGYZ REPUBLIC, AND VIET NAM

1. **Viet Nam**, with over 84 million inhabitants in 2006 and a GDP of \$716 per capita, was one of the three prime beneficiaries of ADF VIII and IX and one of the success stories of rapid economic development. ADF loans and some grants were approved for a total of \$1,278 million from 2001 to 2006, or around \$210 million per year. The high success rate of past operations as assessed by Project Completion Reports (PCRs) and Project Performance Evaluation Reports (PPERs), would indicate that Viet Nam is one of the good performers, however, it is not among the top performers in terms of the currently ongoing portfolio of operations, indicating perhaps that the demands originating from Asian Development Fund (ADF) VIII and IX are meeting with some problems. Nevertheless, the Viet Nameese Resident Mission is fairly confident about the ultimate success of most operations, while the Development Brief issued by the Operations Department stated that the support in promoting pro poor economic growth has demonstrated the impact on reducing poverty of the efforts to link rural infrastructure with emerging national and regional infrastructure networks. ADF was also stated to have provided significant poverty targeted support via its health and education sector programs and through cofinancing core poverty programs such as the Poverty Reduction Support Credit. Furthermore, Viet Nam has significant programs in transport and energy. With the adoption of the new Country Strategy and Program (CSP) for 2007–2010, approval of large infrastructure projects under ordinary capital resources (OCR) is envisaged in energy, water supply and transport sectors. Relying on this assessment, the rating for the Viet Nam ADF operations would have to be successful.

2. **Afghanistan**, with over 31 million inhabitants in 2006 and a gross domestic product (GDP) of \$335 per capita, received assistance totaling more than \$1.2 billion including nearly \$150 million in cofinancing by other donors. ADF indicative allocations are \$200 million per year in 2007 and 2008 and \$265 million per year in 2009-2011. Unfortunately, no loan or grant has as yet been completed so it remains early for a country evaluation. Afghanistan has been the prime recipient of ADF grants due to its post conflict status, and has been benefiting from its exclusion from the performance-based allocations (PBA) exercise and from instead getting a set aside, which ensures a high and stable amount of aid. ADB has focused on the agriculture and natural resources, energy and transportation sectors, with support also for public governance. From 2007, Afghanistan will most likely receive its ADF exclusively in grants. Afghanistan is facing some serious constraints to effective portfolio management, including security issues, weak capacity, frequent changes in senior ministry personnel and lack of reliable data. Overall disbursement performance for donor assistance has remained well below expectations as has overall physical progress on most infrastructure operations. Highlights of ADB's program are the rehabilitation of key traditional irrigation systems, power transmission lines mainly in the north, damaged gas facilities in Sheberghan, regional airports and major portions of Afghanistan's ring road network, including connections and border facilities with Afghanistan's neighbors and links to the ring road. In addition, ADB provided loans for the Fiscal Management and Public Administration Reform Program and for the Private Sector and Financial Market Development Program. A new ADB-Afghanistan Country Partnership Strategy set for approval in 2007 will focus on agriculture, energy and road infrastructure. It is closely coordinated with other development partners. Given the tremendous challenges, it would be unlikely that ADF operations can be rated as more than partly successful, even when ADB's performance was flawless.

3. **Kyrgyz Republic**, with over 5.2 million inhabitants in 2006 and a GDP of \$543 per capita in 2006, joined ADB in 1994, and has been an ADF-only country, with 26 loans and four grants totaling \$644 million to date. ADB has been the largest donor in the transport,

education and financial sectors and the second largest donor in agriculture and rural development. Since 2005, up to 50% of project assistance has been provided as grants; from 2007, Kyrgyz Republic stands to see its ADF lending completely converted to grants albeit with a 20% volume discount, until its debt distress status changes. Due to a modest CPA rating of 11.5, the size of its 2007 and 2008 allocation will be only \$55 million. In addition, Kyrgyz Republic can receive some additional assistance as an active participant in the ADB-led Central Asia Regional Economic Program, for the transport, environment and power sectors. Of the 15 PCRs from 1994 to 2006, 14 were rated as successful, and only one was rated partly successful. In 2007, the ADF portfolio consists of 9 loans, 1 grant, 15 TAs and 5 JFPR grants. A joint country support strategy 2007–2010 developed in cooperation with five key development partners, is scheduled for Board consideration in early October 2007. ADB is set to specialize in transport, agriculture and education sectors. Good progress is booked with the donor harmonization agenda. From the evidence of the PCRs, the rating for the ADF operations in Kyrgyz Republic might be successful—another small country which would then achieve such a rating.