

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division : KYRM

TA No., Country and Name			Amount Approved: \$400,000	
TA 4705-KGZ: Support to the Development and Implementation of the National Poverty Reduction Strategy II			Revised Amount: N.A.	
Executing Agency President's Administration		Source of Funding TASF	Amount Undisbursed: \$24,428.00	Amount Utilized: \$375,572.00
TA Approval Date:	TA Signing Date:	Fielding of First Consultant:	TA Completion Date	
29 November 2005	27 December 2005	07 May 2006	Original: 31 December 2007	Actual: 11 January 2008
			Account Closing Date Original: 31 December 2007	Actual: 21 October 2008
<b>Description</b>				
<p>The TA was approved in November 2005, in response to Government's request to help in formulating its national poverty reduction strategy II. This coincided with changeover of the Government following March 2005 events and its review of the development policies and strategies. The new leadership has expressed its commitment to address three main challenges: low living standards, unemployment, and widespread corruption. Based on lessons learned out of the first National Poverty Reduction Strategy 2001-2005 (NPRS I), the Government decided to develop the strategy called Country Development Strategy (CDS) 2007-2010<sup>1</sup>, instead of the NPRS II envisaged originally. The main focus of the CDS becomes a growth agenda through development of priority sector, rather than poverty reduction strategy.</p> <p>The assessment report on NPRS-I, emphasized on two key lessons learned (i) the need for sound resource planning and mobilization, and (ii) the need for an effective monitoring mechanism. NPRS-I and the policies to implement it were not linked strongly enough with the state budget and resource planning. It was, therefore, imperative to link the CDS with the budgetary process, the medium-term budget framework (MTBF) and other fiscal initiatives. The system of monitoring and evaluation developed during NPRS-I needed to be restored and refined, to focus on a few key performance indicators, and to take into account expenditure efficiency and improved statistics. Another challenge was a parallel preparation of the Joint Country Support Strategy (JCSS)<sup>2</sup>, which was to be aligned with CDS.</p>				
<b>Expected Impact, Outcome and Outputs</b>				
<p>The TA was to contribute to the Government's efforts to reduce poverty and fight corruption. The main outcomes of the TA was improved Government readiness/capacity for preparing and implementing NPRS II (which is now been changed to CDS) by providing the required analytical and institutional framework in selected sectors and thematic areas.</p> <p>The main outputs of the TA would be: (i) sector and thematic studies, which were to be used for JCSS as well; (ii) revival of the monitoring and evaluation system; (iii) better public awareness; and (iv) stronger capacity to plan, monitor and evaluate CDS. To avoid duplication, the TA activities were to be closely coordinated with DFID, SDC, and the WB, which also provided support for (i) methodology and institutional support and (ii) resource mobilization and linkage with MTBF.</p>				
<b>Delivery of Inputs and Conduct of Activities</b>				
<p>The TA helped in formulating the CDS through inputs of the consultants who helped Government draft various sections of the CDS, produce private sector assessment, formulate the road sector strategy, and develop monitoring and evaluation (M&amp;E) system for the CDS (major component of the TA). The possibility for an alternative M&amp;E system with the involvement of NGOs has also been explored. The software has been developed and hardware procured on time.</p> <p>The TA was highly relevant in the context of Government priorities and development needs. To allow for changes in the priorities focus by the Government the TA was flexible enough to support development of the CDS instead of the originally planned NPRS II. At the TA processing stage, it was agreed implementation arrangements to be finalized during the inception mission. The minor changes to the original scope and inputs by international and national consultants were implemented to fine-tune with the growth orientation of the Government and were well justified and efficient. The consultant's team comprised international (8 person-months) and national (79 person-months), including monitoring and evaluation specialists, macroeconomist, poverty reduction and governance specialists,</p>				

<sup>1</sup> The CDS was approved in May 2007

<sup>2</sup> The JCSS was developed as a joint strategy by ADB, Swiss Cooperation (SDC), United Kingdom Department for International Development (DfID), United Nations (UN) Agencies, and World Bank (WB) Group. Subsequently European Union and German Government joined the strategy in December 2007.

private sector, energy, agriculture, industry and transport specialists. The terms of reference of consultant were appropriate and were fully met. The inception, mid-term, and final reports were submitted on time. The use of consultants and procurement under the TA were carried out in accordance with the respective ADB guidelines.

The TA implementation by the executing agency - the Economic and Social Policy Department (ESPD) of the President's Administration (PA) and the implementing agency - the Ministry of Economic Development and Trade (MEDT) was satisfactory. While the IA managed all inputs by the consultants, ensured its the quality and was responsible for the CDS and its M&E preparation; the EA coordinated well intergovernmental inputs, participatory consultation process, and approval of the CDS. To oversee the general process of CDS preparation and implementation, the Government revived the former national council on the NPRS, with high-level representation by the Government, Parliament, civil society, private sector, and IFIs. Also a steering committee, consisting of representatives of all stakeholders involved in CDS preparation provided good guidance for the TA implementation.

### **Evaluation of Outputs and Achievement of Outcome**

The uncertain political situation delayed the CDS approval by more than one year. The CDS was approved in May 2007, and the Matrix of M&E indicators was approved by President Bakiev's decree in November 2007. However this did not undermine TA outputs and outcomes. TA deliverables as set forth under the scope of activities to be undertaken were accomplished. As well as the principles on which the TA was based were accomplished: (i) built on the lessons learned from preparation and implementation of NPRS-I; (ii) the Government took explicit ownership and leadership of CDS preparation and implementation; and (iii) the TA was implemented in a flexible way, with the possibility of refining and fine-tuning its activities as it progresses.

Under the TA eight sector/thematic development strategies/studies (that built the core of the CDS) were produced covering macroeconomic development, poverty reduction, governance, private sector development, energy, agriculture, industry and road sector development strategies. The TA has successfully built central-level operational M&E system<sup>3</sup> for the CDS and its institutional framework. The decree of the President on M&E matrix stipulates Government agencies to regularly update the M&E indicators and assigns responsibilities for monitoring and evaluation of the CDS. The TA has also built capacity of the relevant institutions in producing adequate M&E indicators, and the M&E system. The web-based M&E system, for which the software has been developed, is now accessible on-line for regular data updates by authorized line ministries and agencies, as well as for general public for information. The TA results and goals of CDS were well disseminated through rounds of workshops with participation of all stakeholders, including central and provincial Government, civil society, private sector, think-tanks, and IFIs.

As envisaged at the TA appraisal stage, the TA has successfully improved Government's capacity for formulation and implementation of the CDS: (i) the Government is now able to build the required analytical and institutional framework in selected sectors and thematic areas; (ii) the Government is able to maintain, update and build-on the robust M&E system; (iii) the Government is able to establish linkage of the strategies with the medium-term budget. This is proven by the fact that Government produced by its own the revised version of the CDS recently, which will now cover the period of 2008-2011 and will account for new priorities of the Government.

### **Overall Assessment and Rating**

The TA is rated as satisfactory. The TA expected impact and outcome were consistent with Government's priorities; and was processed in response to Government's request and in close consultation with all stakeholders. Overall, the TA design was appropriate for accomplishing its objectives and the TA outcomes were fully achieved. The TA outcomes were institutionalized, through appropriate decrees related to the CDS implementation. However, the Government still needs to focus on ensuring the sustainability of the project outputs as the risks pertaining to inadequate operation and maintenance of the M&E system and high turnover of staff could later undermine project outcome and impact.

### **Major Lessons**

Two major lessons have emerged. First, such advisory assistance is complicated in nature and as envisaged in this project to be designed with adequate degree of flexibility to account for changing strategic focus and priorities of the Government. Second, the risks of ensuring sustainability of the project outcomes and impact due to insufficient financing for O&M and availability of trained staff for operating any such systems like M&E should not be underestimated. Adequate measures for addressing these issues should be embedded in all such projects.

### **Recommendations and Follow-Up Actions**

The best way forward for ADB would be to stay engaged in economic policy/strategy formulation and management area. The Government is in real need of assistance for developing sustainable mechanisms/institutions for capacity building and training opportunities for Government staff with longer than TA/project timeframe.

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<sup>3</sup> ADB provided follow-up TA (ADTA 4801-KGZ: DEVELOPMENT OF A MONITORING AND EVALUATION SYSTEM AT OBLAST LEVEL) to establish the M&E system and build adequate capacity at oblast-level.