

TA COMPLETION REPORT

Division: Programs Department (East)
Division II

TA NO. AND NAME TA No. 3249 KGZ: Strengthening Capacity in the Office of the President			TA AMOUNT APPROVED: \$335,000	
			REVISED AMOUNT:	
EXECUTING AGENCIES: Economic Policy Department of the Office of the President			TA AMOUNT UNDISBURSED: \$65,430.74	TA AMOUNT UTILIZED: \$269,569.26
REPORT DATE: 26 October 2001	APPROVAL DATE: 30 August 1999	SIGNING DATE: 27 September 1999	CLOSING: Original: 15 July 2001 Actual: 15 October 2001	

TA DESCRIPTION:

The Economic Policy Department (EPD) of the Office of the President is one of the most important agencies in the country. EPD provides the President with information, analysis, and advice on economic policy and prepares proposals on economic issues. It assists the President in controlling and monitoring (i) the economic activities of the Government and other agencies; and (ii) the implementation of laws, presidential decrees, resolutions, and directives on economic issues. EPD has limited analytical and policy formulation capacity. This is particularly so as regards monetary and fiscal policy. Consequently, in September 1998, the Government requested advisory technical assistance from the Asian Development Bank to strengthen capacity in EPD. Following detailed discussions with EPD during fact-finding conducted in July 1998, which resulted in understanding being reached on the objectives, scope, costs, terms of reference and implementation arrangements, ADB approved technical assistance for this purpose in August 1999.

TA OBJECTIVES AND SCOPE:

The objective of the TA was to strengthen EPD's capacity to (i) track key developments in the economy; (ii) initiate and manage macroeconomic policy and reforms, monitor their progress and assess their impact; and (iii) improve coordination mechanisms related to the reform process.

To achieve this objective, the scope of the TA covered three main areas: developing an effective and systematic monitoring of macroeconomic developments and reforms; providing policy advice to the President on economic matters; and improving coordination mechanisms for key government agencies involved in economic management. In the first of the above areas, the TA sought to meet EPD's requirements by identifying a selected subset of macroeconomic indicators with an emphasis on the particular requirements of the Kyrgyz economy and its reform program. A computer-based reporting system consisting of the selected macro indicators was to be established. EPD staff would be trained to systematically evaluate reports for effective monitoring, and to make appropriate and timely proposals to the President regarding macroeconomic matters. In the second of the above areas, the skills of concerned EPD staff in providing policy advice on major economic issues would be upgraded through on-the-job training by the consultants to be fielded under the TA. Particular emphases was to be placed on (i) fiscal, monetary, and external policy, and debt management; and (ii) providing policy advice on and assessing the impact of the Government's ongoing program of macroeconomic stabilization and structural reforms. Finally, the TA sought to assist EPD in identifying the major impediments to effective coordination of the key economic agencies, in systemizing and establishing improved coordination mechanisms both between it and the concerned agencies and between the agencies themselves.

TA INPUTS EVALUATION:

The TA envisaged a total of 39 person months of consultant inputs comprising 9 person months of international consultant (Adviser) and 30 person months of domestic consultants in the monetary and fiscal areas. The Adviser was envisaged to be fielded intermittently over three work assignments of 3 months each. The work of the Adviser was cut down by 15 days in his last work assignment owing to the security developments in the region arising from the terrorist incidents of 11 September 2001 in the USA. This did not have any real impact on the outcome of the project as the Adviser was able to finish the final report of the TA to the satisfaction of both the Government and the ADB. The project design and terms of reference (TOR) were generally satisfactory. However, an important element of the TOR viz. improving coordination with and between key economic agencies was not addressed under the TA. The TA design envisaged that the Adviser should have experience in providing similar high-level advisory services. The Adviser selected under the TA was particularly suited for the task since he was well qualified for the job and fluent in the Russian language. The monitoring of the TA was

delegated to ADB's Kyrgyz Resident Mission resulting in closer supervision and interaction with the Government and the consultants during implementation. Both the Government and the ADB found the consultant inputs as timely, pertinent and of a high quality. EPD took a keen interest in the Implementation of the TA and the President of the Kyrgyz Republic has also expressed his appreciation of the project.

TA OUTPUTS EVALUATION:

The TA resulted in considerable benefits for EPD: (i) existing economic reporting systems were examined and analyzed and deficiencies identified; (ii) a set of macroeconomic indicators focusing on monetary and fiscal aspects was developed; (iii) a computerized database system using these indicators was set up in EPD; (iv) EPD staff were trained on the composition, maintenance and interpretation of the database; (v) general macroeconomic training needed to comprehend the data and undertake meaningful analysis was also provided; (vi) a reporting system from key economic agencies to keep the database current was established; (vii) the preparation of economic reports for briefing the President and senior EPD and Government staff was instituted; (viii) advice was provided to EPD staff on a wide range of issues that were examined for the President's attention; and (ix) on-the-job training was provided to EPD staff to prepare policy proposals and monitor progress and impact of the Government's reform program.

When evaluating the TA outputs it needs to be recognized that the benefits of the training imparted were affected by the frequent turnover of EPD staff. Another factor to be recognized is that one of the original thrusts of the TA, namely, improving coordination with and between key economic agencies was not undertaken. This proved to be an issue of wider scope than could be tackled under the TA. The coordination among the agencies has been identified as one of the major problems to be addressed under the Comprehensive Development Framework (CDF) till the year 2010. The CDF is the country's blueprint for future social and economic development and is a document of immense national importance. The CDF Secretariat which was set up recently under the aegis of EPD for the implementation of the CDF has improving coordination between key public agencies as one of its principal goals. An adequate counterpoise to the above aspects, is the fact that the TA achieved a number of strategic and important outputs which were not originally a part of the TOR. The Adviser was invited on a number of occasions to meet with the President to discuss various economic issues. He prepared three major policy statements for delivery by the President in the context of the formulation of the CDF. Another major contribution was the key role played by the Adviser in the editing and the finalization of the CDF document during April and May 2001. His inputs in this regard were highly valued by the Government and contributed significantly to ensuring the logic, structure and content of the paper.

TA OVERALL ASSESSMENT AND RATING:

The project outcomes have met most of its objectives and purposes and the only specific purpose missed has been the formal establishment of interagency coordination mechanisms on economic policy. Offsetting this is the excellent contributions under the TA in the formulation and finalization of the important CDF document. In addition, the project has exceeded design expectations in the areas of developing economic policy and providing guidance to EPD in its implementation. On the completion of the TA, a very good economic and social database has been set up in EPD, thoroughly documented, and staff trained in its maintenance and operation. Overall, the TA is found to be "Successful."

MAJOR LESSONS LEARNED:

Some of the training benefits of the TA have been affected by the frequent turnover of staff in EPD. A number of the staff trained under the TA have moved on to other jobs and postings. Whereas movement to better paying jobs in the private sector cannot be prevented, a firm commitment needs to be obtained from the Office of the President, to ensure the retention of staff in EPD to the extent possible as a condition to any future assistance. Other lessons learned are that (i) advisers need to be flexible in their approach to their task and not strictly limited by the terms of reference as the needs of such a high level agency can change over time; and (ii) familiarity with the Russian language is very important advantage in such a project owing to the volume of documents that need to be read/worked on.

FOLLOW-UP ACTION AND RECOMMENDATIONS:

The TA has been successful in meeting its overall objective. ADB needs to extend follow-up support for further strengthening capacity in EPD and to build upon the foundations laid under this project.