



Technical Assistance Report

Project Number: 39627
November 2005

Technical Assistance Kyrgyz Republic: Support to the Development and Implementation of the National Poverty Reduction Strategy II

CURRENCY EQUIVALENTS

(as of 1 November 2005)

Currency Unit	–	som (Som)
SOM1.00	=	\$0.0245
\$1.00	=	SOM 40.85

ABBREVIATIONS

ADB	–	Asian Development Bank
CDF	–	comprehensive development framework
CSP	–	country strategy and program
CSPU	–	country strategy and program update
DfID	–	UK Department for International Development
GDP	–	gross domestic product
IFI	–	international financing institution
MDGs	–	Millennium Development Goal
M&ES	–	monitoring and evaluation system
MoEF	–	Ministry of Economy and Finance
MTBF	–	medium-term budget framework
NPRS	–	national poverty reduction strategy
PEFA	–	public expenditure financial accountability
RB-CSP	–	results-based country strategy and program
SDC	–	Swiss Development Cooperation
SDU	–	Strategic Development Unit
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Law, economic management, and public policy
Subsector	–	National government administration
Themes	–	Governance, capacity development, inclusive social development
Subthemes	–	Civil society participation, client relations, network, and partnership development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. Following the March 2005 revolution, a new President was elected in July, and the new Government had been largely formed by the end of September 2005. The new leadership has expressed its commitment to address three main challenges: low living standards, unemployment, and widespread corruption. The Government has started to prepare its vision for the political and economic development. As the mandate of the first national poverty reduction strategy (NPRS) will end in 2005, the Government intends to complete NPRS-II by April 2006. Following the Government's request for assistance in formulating NPRS-II, the Asian Development Bank (ADB), the Department for International Development (DFID) of the United Kingdom, the Swiss Development Cooperation (SDC), and the World Bank—all of whom had earlier agreed on a joint country strategy and program (CSP)—agreed to provide assistance in the areas of their comparative advantage. The proposed technical assistance (TA)¹ was included in the 2005 program to assist the Government in preparing the following areas of NPRS-II: monitoring and evaluation, technical support in selected areas, and public awareness and project management. The design and monitoring framework is in Appendix 1.

II. ISSUES

2. **New Challenges and Opportunities.** In May 2001, the Kyrgyz Republic adopted a long-term development strategy, the comprehensive development framework (CDF) covering 2001–2010.² The NPRS for 2003–2005 (NPRS-I) was the first phase in CDF implementation and was used as a medium-term action program for economic, social, and political reforms aimed at poverty reduction, pro-poor growth, and sustainable human development. While some economic progress was achieved, implementation of some strategies fell short of the target. Although the income poverty rate declined from 55.3% in 1999 to about 39.0% in 2004,³ and the human development index improved from 0.719 in 2000 to 0.728 in 2003, poverty remains widespread and extreme in rural areas, which are home to about 65% of the population.⁴ Following the fall of President Akaev's regime in March 2005 in the wake of public upheaval following allegations of fraudulent practices during the February–March parliamentary elections, two opposition leaders became the country's President and the Prime Minister. The new Government has declared poverty reduction and the fight against corruption to be its main policy objectives. NPRS-II, planned for the period 2006–2010, will be the second phase of the CDF.

3. The preparation of NPRS-II is being undertaken in conjunction with an on-going review of the country's political system, which involves discussions within the Government and the Parliament, and a public debate on whether the Kyrgyz Republic should move toward a predominantly presidential or a parliamentary system. Although the situation seems stable, the differences within the coalition Government, the risk of political instability, and its potential impact on economic growth, remain.⁵ Nevertheless, this is a unique opportunity for the new Government to critically review the experience of the 15-year transition period, identify policies that worked and those that failed, analyze the underlying reasons, and develop a sound and feasible economic strategy and corresponding policies for the Kyrgyz Republic. The decision by

¹ The TA first appeared in *ADB Business Opportunities* (internet edition) on 10 November 2005.

² The Kyrgyz Republic is one of the 13 CDF pilot countries.

³ This significant reduction in poverty was brought about by good progress towards market economy together with implementation of policy reforms.

⁴ ADB. 2005. *Country Strategy and Program Update, Kyrgyz Republic 2006–2008 (CSPU)*. Manila.

⁵ Because of the political turmoil and a fall in gold production at the Kumtor mine (a major contributor to gross domestic product [GDP]), the economic performance has deteriorated, with most optimistic growth projection for 2005 being 3%, compared with 7.1% in 2004.

major international financing institutions (IFIs) to develop a joint country support strategy is another welcoming development.

4. **Joint Country Strategy and Program Process.** Of the many IFIs operating in the Kyrgyz Republic, the largest in terms of their assistance portfolio are ADB and the World Bank. ADB's current country strategy expires in 2005 and the World Bank's in 2006. In response to the Government's request, the key IFIs agreed to develop a joint support strategy for the period 2007 and beyond. The preparation of the joint assessment and joint results-based CSP (RB-CSP) started with a brainstorming retreat in September 2005, which discussed the development priorities, and the principles for developing the joint RB-CSP.⁶ The Government and the key IFIs agreed that the preparation of NPRS-II and of the joint RB-CSP should take place in parallel. The Government asked the IFIs to coordinate their support for NPRS-II preparation to harmonize their assistance programs among themselves and with the country's development priorities.

5. **Lessons Learned from NPRS-I.** The preparation of NPRS-I was a joint effort of the Government and civil society. It benefited from discussions with IFIs and their support.⁷ The NPRS-I was based on three principal components: (i) sustainable economic growth, (ii) an effective state, and (iii) building a fair society. Partnerships built under NPRS-I became an important tool in coordinating development aid and mobilizing domestic resources for development. Good progress has been made towards achieving the Millennium Development Goals (MDGs) and the achievement of four MDGs is on track: primary school enrolment, gender equality in primary education, reduction of child mortality, and access to safe drinking water. However, progress towards two MDGs has not been satisfactory: reducing the maternal mortality ratio and controlling tuberculosis.

6. The stakeholders involved in the preparation of NPRS-II appreciate the importance of identifying the lessons learned from NPRS-I implementation. Currently, the Government is preparing an assessment report on NPRS-I, which will be completed by the end of 2005. During an initial assessment, two key lessons learned from NPRS-I implementation became apparent: (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 and debates about how to overcome this problem have been at the center of discussions while the TA was being formulated and designed. It is, therefore, imperative to link the preparation and implementation of NPRS-II with the budgetary process, the medium-term budget framework (MTBF) and other fiscal initiatives by the Ministry of Economy and Finance (MoEF). The system of monitoring and evaluation developed during NPRS-I needs to be restored⁸ and refined, to focus on a few key performance indicators, and to take into account expenditure efficiency and improved statistics. Other lessons identified so far point toward the need for: (i) better participatory process, more transparency, and public discussions on feedback mechanisms, and a public information campaign; (ii) setting high and low level objectives; (iii) attributing specific responsibilities to line agencies; (iv) appreciating the

⁶ The participants at the brainstorming retreat included representatives of the Government, ADB, DFID, the European Bank for Reconstruction and Development (EBRD), European Union (EU), International Monetary Fund (IMF), Kreditanstalt für Wiederaufbau (KfW) and Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), Swiss Cooperation Office, various United Nations (UN) agencies, the the World Bank Group, as well as representatives of Soros Foundation, International Business Council, and Organization for Security and Co-operation in Europe (OSCE).

⁷ ADB provided TA to support the preparation of NPRS-I (ADB. 2000. *Technical Assistance to the Kyrgyz Republic for Support to the National Strategy for Poverty Reduction*. Manila.

⁸ Most hardware of the monitoring and evaluation system was destroyed during the 24 March 2005 events.

inevitably political nature of the NPRS document and thus the inherent difficulties for the Government to prioritize the strategies.

7. **Preparation Efforts to Date.** The Government has undertaken following initial steps in the preparation of NPRS-II: (i) the assessment report on NPRS-I is underway; (ii) extensive discussions have taken place on the 'ownership' of NPRS-II and the most appropriate Government body to take the lead; (iii) discussions have also taken place on the role and ways of MoEF involvement in the preparation and implementation of NPRS-II; (iv) a draft outline of the NPRS-II document has been prepared and working groups are being formed; and (v) a stocktaking of existing documents, assessments, fiscal activities and capacity building initiatives is being undertaken.⁹ A working group consisting of Government officials and representatives of key IFIs has identified the following components as necessary for the preparation and implementation of the NPRS-II: (i) methodology and institutional support, (ii) resource mobilization and linkage to MTBF, (iii) a monitoring and evaluation system (M&ES), (iv) technical expert support; and (v) public awareness activities. Based on its comparative advantages and experiences in the Kyrgyz Republic, ADB agreed to support monitoring and evaluation activities and selected areas of technical expertise, while DFID, SDC, and the World Bank will provide support for the remaining components and technical expertise areas. The principles for providing the TA and the financing plan were discussed and agreed with the Government and among the IFIs.

8. **Harmonization Efforts.** Coordination of IFIs has been institutionalized in the Kyrgyz Republic.¹⁰ The World Bank is planning to cofinance preparation and implementation of NPRS-II through \$500,000 support from its Poverty Reduction Strategy Trust Fund. DFID has agreed to allocate \$50,000 to support NPRS-II preparation, while SDC will provide technical support in selected areas.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA will contribute to the Government's efforts to reduce poverty and fight corruption. The main TA outcomes will be the required analytical and institutional framework for preparing and implementing the NPRS-II for the period 2006–2010, covering some sectors and thematic areas. The main outputs of the TA are: (i) sector and thematic studies; (ii) revival of the monitoring and evaluation system; (iii) better public awareness; and (iv) stronger capacity to plan, monitor and evaluate NPRS-II.

B. Methodology and Key Activities

10. The TA is based on the following principles: (i) it will build on the lessons learned from preparation and implementation of NPRS-I; (ii) the Government will take explicit ownership and leadership of NPRS-II preparation and implementation; and (iii) the TA will be implemented in a flexible way, with the possibility of refining and fine-tuning its activities as it progresses. The TA will provide support during the NPRS-II preparation, and early stages of its implementation and

⁹ These include the abovementioned MTBF initiative, Institutional Capacity Enhancement for the Public Expenditure Management in the MTBF (funded by the World Bank grant), and Public Expenditure Financial Accountability (PEFA).

¹⁰ The Kyrgyz Republic participated in the Rome High-Level Forum as one of the partner countries for the harmonization efforts to streamline the policies and procedures that guide aid delivery worldwide. (High-Level Forum. 2003. *Rome Declaration on Harmonization*. Rome.)

will, in the process, build capacity of the relevant Government agencies. The TA's three interrelated components are described below.

- (i) **Restoration of monitoring and evaluation system.** Based on the lessons learned from NPRS-I and international best practices for monitoring and evaluating poverty programs, this component will develop: (i) key monitorable indicators to measure poverty trends and track progress; (ii) mechanisms to track key indicators, and a data collection strategy using simple and effective instruments; and (iii) mechanisms for monitoring links between the NPRS-II and the MTBF.
- (ii) **Technical expert support.** Resources will be provided for studies in poverty, gender, and human development; sustainable economic growth and infrastructure development; governance and public expenditure management; risk assessment; and private and financial sector development. Specific requirements will be confirmed during the TA inception stage. This component will be financed, where appropriate, in parallel with DFID, SDC, and the World Bank.
- (iii) **Public awareness and project management support.** Public awareness activities will be carried out and project management support to the President's Administration (PA), which will be responsible for overall coordination of all NPRS-II activities both during preparation and early stages of implementation, will be provided.

11. The ADB TA-financed activities will be closely coordinated with the following other three components to be financed by DFID, SDC, and the World Bank.

- (i) **Methodology and institutional support.** This will facilitate the launch of NPRS-II preparation. It is envisaged that an expert will provide methodological advice on the design and structuring of a well-costed NPRS, including the procedures for effective involvement of line ministries, Parliament and other stakeholders.
- (ii) **Resource mobilization and linkage with MTBF.** This will improve the link between the poverty reduction strategy and the MTBF, to ensure that the resource needs identified by NPRS-II are prioritized and met on an ongoing basis.
- (iii) **Public awareness enhancement activities.** This will include (i) developing and implementing efficient mechanisms for involving all stakeholders in the process of preparation and implementation of the NPRS-II; and (ii) developing the Government's capacity to undertake participatory consultation processes.

C. Cost and Financing

12. The TA will be financed on a grant basis by ADB's TA funding program. The TA¹¹ is estimated to cost \$470,000, comprising \$270,000 in foreign exchange cost and \$200,000 equivalent in local currency cost. ADB will provide \$400,000 equivalent, covering the entire foreign exchange cost and \$130,000 equivalent in local currency. The Government will finance the remaining \$70,000 equivalent of the local currency cost in-kind for office facilities, transport, and the remuneration and per diem of counterpart staff. Appendix 2 shows the cost estimates and financing plan.

¹¹ In parallel to ADB's support for preparation of the NPRS-II, the World Bank will provide \$500,000 and DFID \$50,000.

D. Implementation Arrangements

13. To oversee the general process of NPRS-II preparation and implementation, the Government will revive the national council on the NPRS, with high-level representatives from the President's Administration, Parliament, line ministries, civil society, the private sector, and the IFIs. The strategic development unit (SDU) within the President's Administration will be the Executing Agency for the TA. A steering committee,¹² consisting of representatives from the President's Administration, MoEF, regional authorities, ADB, the World Bank, and other agencies, will oversee the overall implementation of the TA, consider the need for adjustments in the scope as appropriate, and recommend or endorse the use of TA resources. The implementation arrangements will be further reviewed and confirmed at TA inception.

14. The TA will be implemented over a 24-month period, from January 2006 to December 2007, covering the preparation of NPRS-II and more than 1 year of its implementation. A total of 88 person-months of consulting services will be provided: 12 international and 76 domestic. Consultants may be hired on individual basis. The outline of terms of reference of international and domestic consultants is given in Appendix 3. The consultants will be engaged by ADB in accordance with the *Guidelines on the Use of Consultants by ADB and Its Borrowers* and other arrangements satisfactory to ADB for the engagement of domestic consultants. The consultants will work closely with, and under the supervision of, the SDU. Equipment provided under the TA will be procured in accordance with *ADB's Guidelines for Procurement* and will be retained by the EA.

15. The outputs for the monitoring and evaluation component will be an operational, cost-effective, and robust M&ES. The technical experts working on various sectors and thematic areas will produce sector studies, reports and assessments (outlined in the Appendix 3). The TA results and the NPRS-II goals will be disseminated during the preparation period and the early stages of its implementation, in cooperation with other IFIs through workshops, national conferences, consultations with civil society, and reports.

IV. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of the Kyrgyz Republic for Support to the Development and Implementation of National Poverty Reduction Strategy II, and hereby reports this action to the Board.

¹² Composition, leadership, frequency of meetings, and TOR of the two bodies will be worked out during the inception stage in close consultation with all stakeholders.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p>Impact Significant contribution to the Government's efforts to reduce poverty and fight corruption</p>	<p>Second national poverty reduction strategy (NPRS-II) achieving short-term and long-term performance targets</p>	<p>1. Evaluation reports prepared by various Government agencies and international financing institutions (IFIs) 2. Specific evaluation reports pertaining to NPRS-II 3. Statistics routinely published by various agencies 4. Feedback from non-government organizations (NGOs) and civil society</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Timely Government approval and adoption of the NPRS-II Support from all stakeholders is adequate, effective, and timely <p>Risk</p> <ul style="list-style-type: none"> Poor ownership of the strategy by its stakeholders
<p>Outcome The TA will improve Government's readiness for preparing and implementing NPRS-II by providing the required analytical and institutional framework in selected sectors and thematic areas</p>	<p>1. Sector development strategies prioritized 2. Key performance and evaluation indicators identified 3. Linkage of the proposed strategies with the medium-term budget framework established 4. A cost-effective and robust M&ES in place 5. Capacity of the relevant Government agencies built</p>	<p>Sources</p> <p>1. Lessons learned from NPRS-I 2. Feedback from civil society 3. Recent sector and thematic reports 4. Information on the Government's goals and priorities</p>	<p>Assumptions</p> <ul style="list-style-type: none"> Commitment and support of the concerned government agencies Adequate availability of funds Support from all participating IFIs is adequate and timely Active involvement of all stakeholders <p>Risk</p> <ul style="list-style-type: none"> Government agencies, and other stakeholders not providing monitoring data and feedback in a timely fashion
<p>Outputs</p> <p>1. Various sector and thematic studies 2. Monitoring and evaluation system 3. Public awareness 4. Capacity of the relevant institutions for planning, monitoring, and evaluation of NPRS-II</p>	<p>1. Timely availability of resources and fielding of suitably qualified consultants 2. Efficient and effective coordination and consultation among the relevant Government agencies, IFIs, civil society, and other stakeholders 3. Availability of the previous sector and thematic studies</p>	<p>Sources</p> <p>1. Results evaluation report for NPRS-I, prepared by the Government with the assistance of Asian Development Bank (ADB) staff consultant 2. Methodology evaluation report on NPRS-I preparation and implementation, prepared by the Government with the assistance of ADB staff consultant 3. Complementary studies and inputs from other participating IFIs 4. Recent sector and thematic reports</p>	<p>Assumptions</p> <ul style="list-style-type: none"> National Council for NPRS revived before the inception of the technical assistance (TA) Relevant institutions are adequately staffed and equipped Staff of these institutions are motivated and take interest in training Effective coordination among all stakeholders <p>Risks</p> <ul style="list-style-type: none"> High staff turnover Inadequate allocation of recurring budget for M&ES

<p>Activities with Milestones</p> <p>Component 1. Restoration of Monitoring and Evaluation System: Restoration of institutional and coordination framework for NPRS-II monitoring and evaluation Milestones: Input to NPRS-II preparation will be completed by month 5 while monitoring will continue until month 24 from the start of the TA</p> <p>Component 2. Technical Expert Support: Preparation of sector strategies and assessments on sustainable economic growth, private sector development, human capital development, and poverty assessment. Specific sectors and thematic focus will be fine-tuned at the TA inception stage. Milestones: Should be completed in 4 months</p> <p>Component 3. Public Awareness and Project Management Support: Enhancement of public awareness, and provision of project management support during preparation and implementation of the NPRS-II Milestones: Public awareness support will be provided for 8 months while project management support will be provided for 24 months</p>	<p>Inputs</p> <ul style="list-style-type: none"> • ADB \$400,000 For providing services of 12 person-months of international and 76 person-months of domestic consultants, and procurement of equipment and support services. • Government \$70,000, mainly in kind. For complementary studies and support, World Bank will provide \$500,000, Department for International Development of the United Kingdom \$50,000, while Swiss Development Cooperation will provide technical support.
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ADB = Asian Development Bank, IFI = international financing institution, M&ES = monitoring and evaluation system, NPRS = National Poverty Reduction Strategy, TA = technical assistance.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	180.00	0.00	180.00
ii. Domestic Consultants	0.00	60.00	60.00
b. International and Local Travel	15.00	5.00	20.00
c. Reports and Communications	0.00	10.00	10.00
2. Equipment ^b	40.00	0.00	40.00
3. Training, Seminars, and Conferences	0.00	15.00	15.00
4. Miscellaneous Administration and Support Costs	0.00	20.00	20.00
5. Unallocated	15.00	10.00	25.00
6. Contingencies	20.00	10.00	30.00
Subtotal (A)	270.00	130.00	400.00
B. Government of the Kyrgyz Republic Financing^c			
1. Office Accommodation and Transport	0.00	30.00	30.00
2. Remuneration and Per Diem of Counterpart Staff	0.00	20.00	20.00
3. Others	0.00	20.00	20.00
Subtotal (B)	0.00	70.00	70.00
Total	270.00	200.00	470.00

^a Financed by ADB's technical assistance funding program.

^b The equipment to be procured will comprise computers, printers, facsimile machine, projector, laptop, scanner, and other equipment as required.

^c Financed by the Government of the Kyrgyz Republic.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. General

1. A team of 12 consultants will be hired for a total of 88 person-months. The team will comprise 5 international consultants for 12 person-months and 7 domestic consultants for 76 person-months. It will provide services in three key areas: monitoring and evaluation, technical expert support, and public awareness and project management support. The team will be led by the poverty reduction strategy development specialist who will be an international consultant and will coordinate the other consultants. All consultants will be hired on individual basis. The domestic consultants will work very closely with international consultants and will help in data collection, collation, and initial analysis; analytical studies; coordination with concerned Government agencies and other international financing institutions (IFIs); and discussion of reports. Detailed terms of reference for each consultant will be prepared at the time of selection. The consultants will be required to work very closely with the relevant Government agencies and other IFIs, notably the Department for International Development (DfID) of the United Kingdom, the Swiss Development Cooperation (SDC), and the World Bank, who will be preparing complementary studies for the preparation of the second national poverty reduction strategy (NPRS-II).

B. Monitoring and Evaluation

2. This group will comprise a poverty reduction strategy development specialist and team leader (an international consultant, 4 person-months), a poverty reduction specialist (domestic consultant, 8 person-months), and a monitoring specialist (domestic consultant, 24 person-months). While the first two specialists will mainly work on the preparation of NPRS-II, the third specialist will also work for more than a year in monitoring the implementation of and the benefits achieved from the NPRS-II.

3. The international consultant will be an economist who has extensive experience in strategy evaluation and a strong background in the development of national poverty reduction strategies, with emphasis on monitoring and evaluation. The domestic consultants will have expertise in poverty analysis and the use of participatory methods, and experience in developing indicators and monitoring them.

4. The main tasks of the team are given below.

- (i) Based on the lessons learned from the NPRS-I given in the evaluation report prepared by the Government and keeping in view the international best practices for monitoring and evaluating poverty programs, identify key issues relevant to the design and implementation of the strategy and the extent to which the strategy was translated into an effective operational program. In particular, examine monitoring and evaluation mechanisms used for the NPRS-I.
- (ii) Produce a list of key actions to conceptualize, refine, and develop a set of key monitorable indicators that can be tracked throughout the implementation period. Help develop a framework to implement the poverty monitoring indicator tracking and monitoring matrix defined in the NPRS-II.
- (iii) Develop mechanisms in consultation with stakeholders to take stock of the poverty data, take short-term measures to meet the need for critical data to track

key indicators for NPRS-II, develop a data collection strategy by identifying simple and effective instruments, and design an interim framework to monitor NPRS-II.

- (iv) Develop the monitoring and evaluation system (M&ES) by (a) including major components of well-being; (b) developing poverty profiles, taking into account many socioeconomic and demographic characteristics of households; (c) undertaking an economic analysis to target public expenditures and investments; and (d) developing a better targeting system as a means to channel public resources to the poor.
- (v) Establish appropriate institutional arrangements and processes to design and implement a new M&ES for the NPRS-II. Assess the effectiveness of the new system for monitoring and evaluating the inputs and impacts of NPRS-II. In close coordination with the World Bank consultants working on the links between the NPRS-II and the MTBF, develop mechanisms for annual monitoring of links between the NPRS-II and the medium-term budget framework (MTBF).
- (vi) Train key staff of the Government agencies (President's Administration, Office of the Prime Minister, Ministry of Economy and Finance, National Statistics Committee and others) to enhance their planning, strategy development, and monitoring skills so they can support the achievement of the Millennium Development Goals and the NPRS-II goals.
- (vii) Closely coordinate M&ES activities with other components of the TA, the joint activities of the donors involved in the NPRS-II preparation, and, with the Asian Development Bank's (ADB's) Kyrgyz Resident Mission, identify follow-up work for this TA and the tasks needed to disseminate results throughout the preparation and implementation phases.
- (viii) Prepare the required reports, including the inception report. Submit the interim report not later than 1 month after start of the TA implementation.

C. Technical Expert Support

5. This component relates to the evaluation work under the first component. It will include an update of the country poverty assessment, which is a key background study for comprehensive understanding of constraints to and opportunities for poverty reduction. For formulating the NPRS-II and preparation and updating of the key sector strategies, where appropriate, the Government will require the support of consultants in the key priority concerns of poverty, gender, and human development; sustainable growth and infrastructure development; governance and public expenditure management; and private and financial sector development. Specific requirements and additional needs for consultant support will be confirmed at the TA inception stage after the NPRS-I evaluation study is finalized.

6. ADB will recruit an economist (international, 2 person-months) to lead the team of experts to provide technical support for the NPRS-II preparation in close coordination with the team of consultants financed by the World Bank. The ADB team will consist of an infrastructure development specialist (international, 2 person-months); private and financial sector development specialist (international, 2 person-months); human capital development specialist

(international, 2 person-months); and three domestic consultants (4 person-months each) with complementary knowledge and skills to support the international consultants.

7. The outline terms of reference for the international consultants, who will be supported by domestic consultants, are given below.

1. Economist, Group Leader (international, 2 person-months)

- (i) Provide general support and management oversight to ensure delivery of the outputs by international and domestic consultants engaged under this component.
- (ii) Ensure close coordination with consultants engaged for this component and financed by other IFIs, as well as other groups engaged in the preparation of the NPRS-II, in particular the group working on links between the NPRS-II and the MTBF.
- (iii) Provide overall technical support for formulating and setting implementation mechanism for the NPRS-II.
- (iv) Oversee the training program to strengthen the capacity of key staff of the Government agencies to enhance their planning and strategy development capacity, ensuring that the plan is up-to-date, and maximize its relevance to the process.
- (v) Provide assistance to ADB, as necessary, to prepare the country strategy and program including finalizing the country economic growth analysis, country risk assessment, poverty assessment, and private sector assessment.

2. Infrastructure Development Specialist (international, 2 person-months)

- (i) Formulate the sector strategies, with an emphasis on structural reforms in agriculture, industry, and services sectors.
- (ii) Examine opportunities for economic diversification and its potential impact on poverty reduction, in particular, in the framework of the NPRS-II.
- (iii) Closely coordinate with consultants engaged for this component and financed by other IFIs, the group working on links to the MTBF, as well as other groups engaged in the preparation of the NPRS-II.
- (iv) Provide technical support where necessary for formulating and setting implementation mechanism for the NPRS-II.
- (v) Provide assistance to ADB, as necessary, to prepare the country strategy and program.

3. Private and Financial Sector Development Specialist (international, 2 person-months)

- (i) Formulate the private sector development strategy, with an emphasis on financial sector reforms, small and medium-sized enterprises and microfinance development, and creating a favorable investment climate.

- (ii) Explore new opportunities in the framework of the regional cooperation and World Trade Organization (WTO) issues, economic diversification, export potential, and new technologies development.
- (iii) Closely coordinate with consultants engaged in this component and financed by other IFIs, the group working on links to the MTBF, as well as other teams engaged in the preparation of the NPRS-II.
- (iv) Provide technical support where necessary for formulating and setting implementation mechanism for the NPRS-II.
- (v) Provide assistance to ADB, as necessary, to prepare the country strategy and program, update private sector assessment, and explore opportunities for launching private sector operations in the Kyrgyz Republic.

4. Human Capital Development Specialist (international, 2 person-months)

- (i) Formulate a social sector development strategy, with an emphasis on reducing poverty and improving the well-being of people, in particular the the group working on links to the MTBF.
- (ii) Explore new opportunities and potential for the development of education and health care with increasing private sector involvement, and skills outsourcing.
- (iii) Closely coordinate with consultants engaged in this component and financed by other IFIs, the M&ES team financed by ADB, as well as other teams engaged in the preparation of the NPRS-II.
- (iv) Provide technical support where necessary for formulating and setting implementation mechanism for the NPRS-II.
- (v) Provide assistance to ADB, as necessary, to prepare the country strategy and program, and prepare a poverty assessment.

D. Public Awareness and Project Management Support

8. The TA will support the project management group under the President's Administration, which will be responsible for the coordination of all activities under the NPRS-II, both during preparation and implementation. The World Bank will finance the project manager and auditor, while ADB will recruit two domestic consultants, one for 8 person-months to support public awareness activities and the other for 24 months to support project management. The public awareness consultants will be responsible for organizing workshops, training, national conferences, and consultations with civil society, while the project management support consultant will be responsible for the project management activities.