



Country Operations Business Plan

December 2013

Kyrgyz Republic
2014–2016

Asian Development Bank

CURRENCY EQUIVALENTS

(as of 25 November 2013)

Currency unit	–	som
Som1.00	=	\$0.020
\$1.00	=	Som48.86

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
CPS	–	country partnership strategy
TA	–	technical assistance
WSS	–	water supply and sanitation

NOTES

- (i) The fiscal year of the government and its agencies ends on 31 December.
- (ii) In this report, “\$” refers to US dollars.

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I. CONSISTENCY OF THE BUSINESS PLAN WITH THE COUNTRY PARTNERSHIP STRATEGY

1. The country operations business plan, 2014–2016 is consistent with the Asian Development Bank (ADB) country partnership strategy (CPS), 2013–2017¹ for the Kyrgyz Republic and the National Sustainable Development Strategy, 2013–2017 approved by the President of the Kyrgyz Republic in January 2013.² The main goal of the National Sustainable Development Strategy is to build a stable society and improve people’s living standards through stable economic growth, an enabling business environment, and improved rule of law for private sector development. The overarching goal of the CPS is poverty reduction through inclusive economic growth. The CPS supports the government in addressing key constraints to growth and equitable access to economic opportunities. It focuses on (i) public sector management for private sector development, (ii) transport and logistics, (iii) energy, (iv) education and training, and (v) water supply and sanitation (WSS). ADB has been active in these areas and within each sector will focus more strongly on addressing regional disparities.

2. The country operations business plan supports (i) public sector management for private sector development through policy-based support for regulatory and legislative reforms for private sector development; (ii) transport and logistics, focusing on rehabilitation of a regional corridor and maintenance of the expensive road network, through support to the government for the development and implementation of a road asset management policy and plan jointly with other development partners; (iii) the energy sector, focusing on rehabilitating and upgrading a major hydropower plant, and institutional and technological reform to improve sector efficiency; (iv) education and training, focusing on reform of the education system to improve the availability and quality of a skilled workforce, and to improve employability of the population, especially the poor and vulnerable; and (v) WSS, responding to the government’s request and commitment to sector reform. ADB will provide technical assistance to build government capacity for implementing WSS projects and identify a sustainable model. WSS infrastructure and services in selected areas may then be rehabilitated and/or upgraded. Support for the key drivers of change is integrated into the proposed projects and programs.

II. INDICATIVE RESOURCE PARAMETERS

3. The Kyrgyz Republic is eligible for resources from the Asian Development Fund (ADF). Based on the results of the 2012 country performance assessment, the country received an ADF allocation of \$121.44 million for 2013–2014, comprising \$53.97 million in grants and \$67.47 million in loans. The indicative ADF resource allocation for 2015–2016 is \$124.00 million, which will be confirmed by the country performance assessments for 2013 and 2014. The country may receive additional ADF resources for projects of regional importance. For 2013, a \$65.00 million (\$32.50 million in loans and \$32.50 million in grants) regional ADF allocation and cofinancing of \$60.00 million from the Eurasian Development Bank are confirmed to finance the Central Asia Regional Economic Cooperation Corridor 3 (Bishkek–Osh Road) Improvement Project, Phase 4. Cofinancing for other projects, especially in energy and transport, is actively sought.

4. The private sector may access ADB’s ordinary capital resources. ADB direct assistance for private sector projects may include lending to key sectors, such as energy, transport, finance, and water.

¹ ADB. 2013. *Country Partnership Strategy: Kyrgyz Republic, 2013–2017*. Manila.

² Kyrgyz Republic. 2013. *National Sustainable Development Strategy, 2013–2017*. Bishkek.

5. Technical assistance grants during 2014–2016, totaling \$4.0 million, will be extended for project preparation and implementation support, demand-led reforms, capacity development, and knowledge management.

INDICATIVE ASSISTANCE PIPELINE

Table A1.1: Lending and Grant Products, 2014–2016

Project/Program Name	Sector	Targeting Classification	Primary Theme	Division	Year of PPTA	Cost (\$ million)						
						Total	OCR	ADB		Total	Gov't	Co-finance
								Loans	Grants			
2014 Firm												
Education Reform SDP	EDU	GI	SOD	CWPF		tbd	0.00	0.00	20.00	20.00	tbd	tbd
Power Sector Rehabilitation Project, Phase 2	ENE	GI	GRO	CWEN		tbd	0.00	35.00	00.00	35.00 ^a	10.00	145.00
Investment Climate Improvement Program, Subprogram 3	MUL	GI	GRO	CWPF		22.00	0.00	0.00	22.00	22.00	0.00	0.00
Rural Water Supply and Sanitation Project	WSM	GI	GRO	CWUW		20.00	0.00	0.00	20.00	20.00 ^b	tbd	0.00
Total						tbd	0.00	35.00	62.00	97.00	tbd	tbd
2015 Firm												
Second Investment Climate Improvement Program, Subprogram 1	MUL	GI	GRO	CWPF		20.00	0.00	0.00	20.00	20.00	0.00	0.00
Issyk-Kul Sustainable Development Project, Phase 2	WSM	GI	ENV	CWUW		tbd	0.00	15.00	15.00	30.00	tbd	20.00
Total						tbd	0.00	15.00	35.00	50.00	tbd	tbd
2015 Standby												
Energy Sector Distribution Improvement Project	ENE	GI	GRO	CWEN		tbd	0.00	00.00	30.00	30.00	tbd	tbd
Total						tbd	0.00	00.00	30.00	30.00	tbd	tbd

Project/Program Name	Sector	Targeting Classification	Primary Theme	Division	Year of PPTA	Cost (\$ million)						Gov't	Co-finance	
						Total	ADB			Total	Gov't			Co-finance
							OCR	ADF						
								Loans	Grants					
2016 Firm														
Power Sector Rehabilitation Project, Phase 3	ENE	GI	GRO	CWEN		tbd	0.00	24.00	0.00	24.00 ^c	tbd	86.00		
Road Maintenance and Rehabilitation Project	TCT	GI	RCI	CWTC	2012	tbd	0.00	30.00	20.00	50.00	tbd	tbd		
Total						tbd	0.00	54.00	20.00	74.00	tbd	tbd		
2016 Standby														
Education Reform SDP, Phase 2	EDU	GI	SOD	CWPF		tbd	0.00	0.00	20.00	20.00	tbd	tbd		
Financial Technology for the Poor	MUL	GI	GRO	CWPF		tbd	0.00	10.00	00.00	10.00	tbd	tbd		
Total						tbd	0.00	10.00	20.00	30.00	tbd	tbd		

ADB = Asian Development Bank; ADF = Asian Development Fund; CWEN = Energy Division; CWPF = Public Management, Financial Sector, and Trade Division; CWTC = Transport and Communications Division; CWUW = Urban Development and Water Division; EDU = education; ENE = energy; ENV = environment; GI = general intervention; Gov't = government; GRO = economic growth; MUL = multisector; OCR = ordinary capital resources; PPP = public-private partnership; PPTA = project preparatory technical assistance; RCI = regional cooperation and integration; SOD = social development; SDP = sector development program; tbd = to be determined; TCT = transport, and information and communication technology; WSM = water supply and other municipal infrastructure and services.

^a The regional allocations of \$70 million may be sought subject to the availability of the funds in 2014.

^b The project to be financed out of ADF savings.

^c The regional allocations of \$36 million may be sought subject to the availability of the funds.

Source: Asian Development Bank estimates.

Table A1.2: Nonlending Products and Services, 2014–2016

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2014								
Second Investment Climate Improvement Program	MUL	CWPF	PPTA	TASF	600			600
Strengthening Policy and Portfolio Monitoring	MUL	KYRM, CWPF	CDTA	TASF	800			800
Energy Sector Distribution Improvement Project	ENE	CWEN	PPTA	TASF	700			700
Total					2,100			2,100
2015								
Education Reform Support	EDU	CWPF	PATA	TASF	400			400
Road Maintenance and Rehabilitation Project	TCT	CWTC	PPTA	TASF	1,000			1,000
Total					1,400			1,400
2016								
Implementation Support for the Second Investment Climate Improvement Program	MUL	CWPF	CDTA	TASF	500			500
Total					500			500

ADB = Asian Development Bank; CDTA = capacity development technical assistance; CWEN = Energy Division; CWPF = Public Management, Financial Sector, and Trade Division; CWTC = Transport and Communications Division; EDU = education; ENE = energy; KYRM = Kyrgyz Republic Resident Mission; MUL = multisector; PATA = policy and advisory technical assistance; PPTA = project preparatory technical assistance; TASF = Technical Assistance Special Fund; TCT = transport, and information and communication technology.

Source: Asian Development Bank estimates.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A2.1: Lending and Grant Products, 2013

Project/Program Name	Sector	Targeting Classifi- cation	Primary Theme	Division	Year of PPTA	Cost (\$ million)						
						Total	ADB		Total	Gov't	Co- finance	
							OCR	ADF				
								Loans				Grants
2013 Firm												
CAREC Corridor 3 (Bishkek– Osh Road) Improvement Project, Phase 4	TCT	GI	RCI	CWTC	2012	193.00	0.00	65.00	35.00	100.00 ^a	33.00	60.00
Regional Improvement of Border Services Project	MUL	GI	RCI	CWTC	2010	9.88	0.00	4.20	4.20	8.40 ^b	1.48	0.00
Women's Entrepreneurship Development Project	FIN	GI	GRO	KYRM		1.82	0.00	0.00	1.50	1.50 ^c	0.06	0.26
Total						204.70	0.00	69.20	40.70	109.90	34.54	60.26

ADB = Asian Development Bank; ADF = Asian Development Fund; CAREC = Central Asia Regional Economic Cooperation; CWTC = Transport and Communications Division; FIN = Finance; GI = general intervention; Gov't = government; GRO = economic growth; KYRM = Kyrgyz Republic Resident Mission; MUL = multisector; OCR = ordinary capital resources; PPTA = project preparatory technical assistance; RCI = regional cooperation and integration; TCT = transport, and information and communication technology.

^a Includes country allocation of \$35.0 million (\$32.5 million in loans and \$2.5 million in grants) and regional allocation of \$65.0 million (\$32.5 million in loans and \$32.5 million in grants).

^b The project is financed out of 2012 ADF savings.

^c The project is financed by the Japan Fund for Poverty Reduction.

Source: Asian Development Bank estimates.

Table A2.2: Nonlending Products and Services, 2013

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				Total (\$'000)
				ADB		Others		
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2013								
Water Supply and Sanitation Strategy	WSM	CWUW	CDTA	TASF	750			750
Toktogul Rehabilitation Project, Phase 2	ENE	CWEN	PPTA	TASF	700			700
Strengthening the Education System SDP	EDU	CWPF	PPTA	TASF	750			750
Support to High Level Forum on PPP	MUL	CWPF	S-CDTA	TASF	225			225
Strengthening Enabling Environment for PPP	PSM	CWPF	CDTA	tbd	1,000			1,000
New Rural Water Supply Project	WSM	CWUW	PPTA	TASF	600			600
Total					4,025			4,025

ADB = Asian Development Bank; CWEN = Energy Division; CDTA = capacity development technical assistance; CWPF = Public Management, Financial Sector, and Trade Division; CWUW = Urban Development and Water Division; EDU = education; ENE = energy; MUL = multisector; PATA = policy and advisory technical assistance; PPP = public-private partnership; PPTA = project preparatory technical assistance; PSM = public sector management; SDP = sector development program; S-CDTA = small-scale capacity development technical assistance; TASF = Technical Assistance Special Fund; tbd = to be determined; WSM = water supply and other municipal infrastructure and services.

Source: Asian Development Bank estimates.