



Technical Assistance Report

Project Number: 54442-001
Knowledge and Support Technical Assistance Cluster (C-KSTA)
November 2021

Supporting Debt Management and Transparency

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Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
COVID-19	–	coronavirus disease
CWRD	–	Central and West Asia Department
DMC	–	developing member country
IDA	–	International Development Association
IMF	–	International Monetary Fund
MTDS	–	medium-term debt strategy
SDFP	–	Sustainable Development Finance Policy
SOE	–	state-owned enterprise
TA	–	technical assistance

NOTE

In this report, "\$" refers to United States dollars.

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KNOWLEDGE AND SUPPORT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 54442-001	
Project Name	Supporting Debt Management and Transparency	Department/Division	CWRD/CWPF
Nature of Activity	Capacity Development, Policy Advice	Executing Agency	Asian Development Bank
Modality	Cluster		
Country	REG (KGZ, PAK, TAJ, UZB)		
2. Sector		Subsector(s)	ADB Financing (\$ million)
✓ Public sector management	Economic affairs management		1.04
	Public administration		1.04
	Public expenditure and fiscal management		1.04
		Total	3.12
3. Operational Priorities		Climate Change Information	
✓ Accelerating progress in gender equality		GHG Reductions (tons per annum)	0.000
✓ Strengthening governance and institutional capacity		Climate Change impact on the Project	Low
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 1.b		Some gender elements (SGE)	✓
SDG 5.5			
SDG 16.6, 16.8			
SDG 17.4			
4. Risk Categorization		Poverty Targeting	
Complex		General Intervention on Poverty	✓
5. Safeguard Categorization		Safeguard Policy Statement does not apply	
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		3.13	
Knowledge and Support technical assistance: Technical Assistance Special Fund		3.13	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		3.13	
Currency of ADB Financing: US Dollar			

I. INTRODUCTION

1. The knowledge and support technical assistance (TA) cluster will strengthen debt sustainability and debt management practices during 2021–2023 in the Kyrgyz Republic, Pakistan, Tajikistan, and Uzbekistan—four Asian Development Bank (ADB) developing member countries (DMCs) that benefit from concessional assistance.¹ The capacity building TA helps implement the Sustainable Development Finance Policy (SDFP) and aligns with ADB's Strategy 2030 priorities.² This TA is anchored in operational priority 6, strengthening governance and institutional capacity, thus promoting enhanced public management and financial stability.³ The TA also helps implement Sustainable Development Goals 1, 5, 16, and 17 under Agenda 2030.⁴

II. ISSUES

2. **Threats to debt sustainability in Central and West Asia.** During the coronavirus disease (COVID-19) pandemic, an increase in sovereign debt in Central and West Asia added to pre-pandemic debt vulnerabilities, threatening debt sustainability. The pandemic prompted an unprecedented fiscal response to support health systems and vulnerable households and firms. Before the pandemic, the region's public and private debt was already high and rising, reaching an average of 43% of gross domestic product in the region's most vulnerable countries in 2019.⁵ Along with a sharp decline in output and ensuing fall in government revenues, the fiscal response to the COVID-19 crisis pushed the region's public debt close to 50% of gross domestic product in 2020. As a result, most DMCs in the region will emerge from the pandemic with higher debt vulnerabilities. Record-high public debt levels will limit the room for further fiscal support, amid constraints of borrowing costs or access to financing. Further, significant downside risks to economic recovery exacerbate risks to debt sustainability in the medium term.

3. **Sustainable public finances for resilience against future shocks.** Sound debt management and debt transparency are critical to keep borrowing costs in check, maintain debt sustainability, contain fiscal risks, and ensure that public debt does not crowd out critical social spending or threaten development gains. ADB proactively provided financing support to DMCs in Central and West Asia during the pandemic, amid heightened fiscal risks stemming from a protracted economic downturn or volatile global financial conditions. Further, per the Concessional Lending Policy for the Asian Development Fund (ADF) 13 Period, ADB will strengthen its support for debt sustainability by aligning with the SDFP principles of the International Development Association (IDA).

4. **High external debt and underdeveloped domestic debt market.** The total debt stock in the four DMCs is largely composed of external debt.⁶ Shifts in external financing conditions may tip some of them into debt distress or lead to financial instability. If financial markets tighten abruptly, countries could see their borrowing costs spike, while local currency depreciation would add to the costs of debt denominated in foreign currencies; both situations would lead to further

¹ ADB. 2020. [Concessional Assistance Policy for the ADF 13 Period: Policy Paper](#). Manila.

² ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila. The TA first appeared in the business opportunities section of ADB's website on 5 October 2021.

³ [ADB. 2019. Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024](#). Manila. The TA also supports operational priority 2: accelerating progress in gender equality.

⁴ United Nations. 2015. [Transforming our World: The 2030 Agenda for Sustainable Development](#). New York.

⁵ The most vulnerable countries are defined as those belonging to the International Development Association (IDA) group, i.e., Afghanistan, Kyrgyz Republic, Pakistan, Tajikistan, and Uzbekistan.

⁶ External debt as a share of total public debt in 2020: Kyrgyz Republic (84%), Pakistan (31%), Tajikistan (81%), Uzbekistan (71%).

concerns about sovereign debt sustainability.⁷ Countries that issue a significant volume of domestic securities, such as Pakistan, need to monitor their investor base, in particular for domestic bank and nonbank holders of securities, to align borrowing programs with investor dynamics and effective market risk transfer. Authorities may have insufficient information about the investor base for government securities and limited dialogue with market players, despite evidence of some demand for longer-dated securities from institutional investors. Lack of a benchmark building strategy reduces the predictability and transparency of bonds issuance and increases difficulties in implementing their governments' medium-term debt strategy.

5. **Lack of transparency increases public exposure to fiscal risks.** Contingent liabilities are one of the largest sources of fiscal risk in the four DMCs under this TA. Fiscal risks stemming from state-owned enterprises (SOEs), public–private partnerships, and the financial sector are not adequately accounted for. Troubled SOEs often require government support to recapitalize and, in some cases, even assume their debt, thereby adversely impacting the government's fiscal position. To finance large infrastructure projects, governments also often resort to contractual arrangements with private sector entities that can contain provisions requiring government guarantees. The deterioration of economic outlook has raised the likelihood that contingent liabilities may materialize, putting additional pressure on debt sustainability in the medium term. These risks are exacerbated by the limited disclosure of debt reporting and debt statistics in the context of a comprehensive medium-term debt strategy. Debt statistics should cover public and publicly guaranteed debt, including SOEs' debt. There is a need to increase transparency in debt management practices and strengthen staff capacity to report and analyze debt statistics.⁸

III. JUSTIFICATION FOR CLUSTER MODALITY

6. The TA cluster modality will allow ADB to pool TA resources between subprojects in the four DMCs and ensure that ADB requests a comparable level of effort of each DMC in institutional reforms to ensure debt sustainability and transparency. It will also increase flexibility by integrating new specific TA requests, in line with the TA cluster's objectives, as they emerge. Further, grouping debt-related TA subprojects under one TA cluster will help reap the benefits of synergies across subprojects, minimizing transaction costs for ADB, solidifying its position as a key partner in the output areas covered by the proposal, and ensuring consistency in ADB's policy advice on these key reform areas across the region.

IV. THE TECHNICAL ASSISTANCE CLUSTER

A. Impact, Outcome, and Outputs

7. The TA cluster is aligned with the following impact: governance and institutional capacity strengthened.⁹ The TA cluster will have the following outcome: debt sustainability and transparency improved.¹⁰ ADB will leverage its experience to better support and promote

⁷ The Group of Twenty (G20) debt service suspension initiative aims to help selected countries, including the four DMCs under this TA cluster, deal with financing pressures by allowing them to temporarily suspend debt payments to official creditors amid large rollover needs.

⁸ Of the four DMCs covered under this TA, only Pakistan published a formal medium-term debt strategy (MTDS) document on the website of the Ministry of Finance. Uzbekistan published the MTDS report prepared during the joint International Monetary Fund (IMF) and World Bank mission in October 2019. Tajikistan published a formal MTDS document for 2015–2017, which has not been updated since then. Authorities in the Kyrgyz Republic produce but do not publish the MTDS or similar document.

⁹ ADB. 2019. [Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024](#). Manila

¹⁰ The design and monitoring framework is in Appendix 1.

sustainable borrowing practices and transparency in the four DMCs in three reform areas: (i) helping DMCs deepen their domestic debt markets, (ii) enhancing debt transparency, and (iii) implementing the SDFP in line with ADB's Concessional Assistance Policy for the ADF 13 Period (footnote 1). These areas are especially relevant in the context of the COVID-19 pandemic and the uncertain recovery that exacerbates debt vulnerabilities and may trigger additional fiscal risks associated with the materialization of contingent liabilities.

8. **Output 1: Domestic debt markets developed.** The excessive reliance on external borrowing increases vulnerability to exchange rate depreciation and global tightening, which threatens financial stability. Deeper markets for domestic government securities also reduce exposure to debt rollover risks, strengthening the efficiency of fiscal and monetary policies. Developing domestic debt markets widens government access to funds, lengthens bond maturities, and broadens the investor base. In turn, a diversified investor base helps increase market liquidity, reduces volatility in bond prices, and generates more competition and trading activity, thereby reducing government borrowing costs. Further, a well-functioning government bond market (i) helps the government to achieve the medium-term targets of their desired debt portfolio by increasing the number of potential borrowing strategies, and (ii) facilitates bonds reopening and liability management operations to smoothen the debt redemption profile and reduce portfolio refinancing risk. Finally, regular and predictable issuance of government bonds helps build up a reference yield curve for the private sector. The TA cluster will help enhance investor base diversification and form a stable demand profile for government securities and for longer-term products by supporting the expansion of different types of products that could channel investments to strategic segments and support DMC growth. The TA cluster will also focus on (i) market development strategies to support market liquidity, and (ii) interbank money and swap markets development to further support bond market liquidity.

9. **Output 2: Fiscal risk management to improve debt transparency strengthened.** The TA cluster will seek to strengthen the governments' institutional capacity to compile, record, manage, and disseminate state-guaranteed debt statistics on SOEs, while also helping the governments to closely monitor SOE non-guaranteed debt and overall financial position. The TA cluster will also help governments monitor contingent liabilities, which are commonly used in large infrastructure projects procured through the public-private partnership modality; such projects often carry sizeable guaranteed debt or implicit commitments from the government. Ensuring adequate identification, monitoring, and reporting of contingent liabilities requires close coordination between the Ministry of Finance, line ministries, key SOEs, project implementation agencies, and the International Monetary Fund (IMF), particularly the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center. The TA cluster will prioritize monitoring contingent liabilities that may have the largest impact on the government budget and help authorities evaluate their fiscal risks. To complement these efforts, the TA cluster will help authorities design and adopt measures that reduce public exposure to fiscal risk. Finally, to expand efforts to increase debt transparency, the TA cluster will help develop institutional capacity to simulate contingent liabilities shocks in the debt sustainability analysis, allowing authorities to test the resilience of their debt portfolios and more accurately assess the country's level of debt distress.

10. **Output 3: Policy actions agreed under the Sustainable Development Finance Policy complied with.** The replenishment of the ADF 13 for 2021–2024 occurred against mounting public debt vulnerabilities in Central and West Asia, particularly in group A and group B

countries.¹¹ The rising levels of debt, combined with a shift towards less transparent, more expensive, and riskier sources of financing, threaten debt sustainability across the region. As a result, the ADF 13 targets debt sustainability as priority.¹² The SDFP seeks to improve debt transparency and debt management capacity in group A and group B DMCs by linking specific reforms to future concessional resource allocations. Key reform areas to mitigate the adverse effects of debt accumulation require DMCs to continue improving their macro-fiscal policy frameworks, strengthen domestic resource mobilization, ensure efficient spending of scarce fiscal resources through improved public financial management systems, and strengthen their debt management capacity. To implement policy actions identified under the SDFP, the TA cluster will coordinate closely with government authorities, other development partners (in particular the IDA and the IMF), bilateral creditors, and civil society organizations that promote debt transparency and accountability of public financial management systems. It will take into account the context-specific institutional fragilities of each eligible DMC in Central and West Asia. The TA cluster will help ADB country teams (i) identify policy actions, (ii) support achievement of policy actions under the SDFP, and (iii) monitor and report progress towards achieving policy actions.

B. Cost and Financing

11. The TA cluster is estimated to cost \$3,125,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 7). Detailed cost estimates and financing arrangements will be presented in each TA subproject proposal submitted for approval.

12. For each TA subproject, the government will provide counterpart support in the form of counterpart staff, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions.

C. Implementation Arrangements

13. ADB will administer the TA cluster. The Public Management, Financial Sector, and Trade Division of ADB's Central and West Asia Department (CWRD) will administer and coordinate implementation, monitor measures to assess accomplishment towards TA cluster objectives, and enhance knowledge capture and dissemination. The Public Management, Financial Sector, and Trade Division will coordinate closely with CWRD's Regional Cooperation Division, resident missions, and ADB's Strategy and Policy Department in the implementation of the TA cluster. Each TA cluster subproject proposal will be submitted for approval following the business process for knowledge and support TA cluster processing. The Director General, CWRD will approve each TA subproject, regardless of its amount and the TA subproject's risk category. A no-objection letter will be obtained before starting any undertaking in a DMC. Management and the Board will be informed of the approval of TA subprojects as part of the quarterly summary report. Subproject activities will start only after approval. Implementation arrangements are summarized in Table 1.

Table 1: Implementation Arrangements for the Technical Assistance Cluster

Aspects	Arrangements
Indicative implementation period for the TA cluster	December 2021–December 2023

¹¹ In CWRD, group A countries are Afghanistan, the Kyrgyz Republic, and Tajikistan; group B countries are Pakistan and Uzbekistan.

¹² The objective of IDA's SDFP is to incentivize countries to move towards transparent, sustainable financing and to promote coordination between IDA and other creditors in support of recipient countries' efforts. Starting from July 1, 2020, it replaced the Non-Concessional Borrowing Policy.

Aspects	Arrangements		
Executing agency	ADB		
Implementing agency	Public Management, Financial Sector, and Trade Division of ADB's Central and West Asia Department		
Consultants	Package title	Selection method	Engaged by
	Firm: Debt Management and Transparency in Central and West Asia	QCBS 90:10 CQS SSS	ADB
	Individual (International): to be determined	ICS	ADB
	Individual (National): to be determined	ICS	ADB
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time). Each subproject proposal will specify and assess the use of an advance payment facility or reimbursement.		

ADB = Asian Development Bank, CQS = consultants' qualification selection, ICS = individual consultant selection, QCBS = quality- and cost-based selection, SSS = single source selection, TA = technical assistance.

Source: Asian Development Bank.

14. **Subprojects.** The TA cluster will be implemented through five subprojects (Appendix 2). Each subproject will be designed to help achieve the cluster outputs (paras. 8–10) as and when needed during the implementation period. The indicative implementation period and the budget allocation for the subprojects are summarized in Table 2.

Table 2: Indicative Implementation Period and Budget Allocation for Subprojects

Item	Subproject Title	Implementation Period	Budget (\$'000)
Subproject 1	Support to Public Debt Management in Pakistan	Feb 2022–Dec 2023	900.0
Subproject 2	Support to Public Debt Management in Uzbekistan	Feb 2022–Nov 2022	900.0
Subproject 3	Support to Public Debt Management in Tajikistan	Feb 2022–Jan 2023	400.0
Subproject 4	Support to Public Debt Management in the Kyrgyz Republic	Feb 2022–Dec 2023	525.0
Subproject 5	Regional Technical Assistance: Public Debt Sustainability and Transparency in Central and West Asia	Jun 2022–Dec 2023	400.0

Source: Asian Development Bank.

15. **Consulting services.** International and national individual consultants will be recruited to provide support to the TA cluster outputs. A firm will be recruited using the quality- and cost-based selection method with a 90:10 quality–cost ratio. Once the terms of reference are developed, the selection may be revised to consultants' qualification selection or single source selection methods in consultation with ADB's Procurement, Portfolio and Financial Management Department. The selected consulting firm will assist with the delivery of technical assistance to debt officers in the DMCs to achieve specific outputs specified in the design and monitoring framework. The

consultants will be engaged following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions. The estimated costs in Table 2 are indicative, and detailed implementation arrangements of ADB procurement and estimates will be finalized before the approval of each TA subproject in consultation with the governments during follow-up missions.

V. 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 \$3,125,000 on a grant basis for Supporting Debt Management and Transparency, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Impacts the TA is Aligned with Governance and institutional capacity strengthened (Strategy 2030) ^a			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
Outcome Debt sustainability and transparency improved	By December 2024: a. External debt as a share of total public debt decreased (2020 baseline: Kyrgyz Republic: 84%; Pakistan: 31%; Tajikistan: 81%; Uzbekistan: 71%) (OP6.1; OP6.1.3) b. Number of low scores (D, D+, or C) in PEFA Pillar 3 indicators for PI-10 and PI-13 falls by at least 50% compared to pre-2020 country-specific baseline (2019 baseline: 8 out of 24 indicators for PI-10 and PI-13 across 4 DMCs are scored D, D+, or C) (OP6.1; OP6.1.4)	a. Annual World Bank and IMF International Debt Statistics Report b. PEFA reports published upon completion of TA	R: The key risk stems from a prolonged COVID-19 outbreak. R: Negative external and domestic shocks divert capacity away from proposed reforms.
Outputs 1. Domestic debt markets developed	By December 2023: 1a. Domestic debt market development road map approved, published, and implemented in the Kyrgyz Republic and Tajikistan (2020 baseline: Kyrgyz Republic: no domestic debt market development road map; Tajikistan: domestic debt market road map in early stages of implementation) (OP6.1; OP6.1.2; OP 6.1.3) 1b. MTDS updated annually and published by the MOF in the Kyrgyz Republic and Tajikistan (2020 baseline: Kyrgyz Republic: no annual update	1a. Government approved road map with key performance indicators 1b. Annual IMF Article IV report	R: Country-specific considerations and geopolitical tensions may pose challenges to sustainable policy commitment to proposed reforms.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	<p>of MTDS; Tajikistan: no annual update of MTDS) (OP6.1; OP6.1.1)</p> <p>1c. Formal calendar for issuance of government securities published (2020 baseline: no formal calendar published in the Kyrgyz Republic and Tajikistan) (OP6.1; OP6.1.1; OP6.1.3)</p>	<p>1c. Annual calendar issued on MOF website</p>	
<p>2. Fiscal risk management to improve debt transparency strengthened</p>	<p>2a. By December 2022, technical guidelines for identification, management, and reporting of contingent liabilities adopted by DMCs under the TA. (2020 baseline: no comprehensive technical guidelines for identification, management and reporting on contingent liabilities). (OP6.1; OP6.1.1; OP 6.1.3)</p> <p>2b. By December 2023, annual comprehensive fiscal risk statements produced and published by DMCs under the TA. (2020 baseline: no annual comprehensive fiscal risk statements produced and published) (OP6.1; OP6.1.3; OP6.2)</p>	<p>2a. Annual IMF Article IV report</p> <p>2b. Annual MOF fiscal risk statement</p>	
<p>3. Policy actions agreed under the SDFP complied with</p>	<p>3a. By December 2023, an MOU on SDFP policy actions for 2021–2023 approved with all policy actions met. (2020 baseline: no SDFP policy actions identified) (OP6.1; OP6.2)</p> <p>3b. By December 2023, integrated debt management information systems operational in all selected DMCs and MOF staff provided with adequate training on</p>	<p>3a. ADB annual progress reports on implementation of policy actions under SDFP</p> <p>3b. Most recent DEMPA or PEFA report</p>	

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	selected software. (2020 baseline: integrated debt management information system not fully operational or updated) (OP2.3; OP6.1; OP6.1.1)		

Key Activities with Milestones

1. Domestic debt markets developed

- 1.1 Complete diagnostic assessment of institutional and legislative framework for domestic debt markets for all DMCs that identifies key bottlenecks for further deepening of domestic debt markets (Q2 2022).
- 1.2 Prepare report with policy recommendations for deepening of domestic debt markets (Q2 2022).
- 1.3 Integrate policy recommendations on development of domestic debt markets into the MTDS and the DMS document and policy actions for the SDFP (Q3 2022, Q3 2023).
- 1.4 Develop road map for development of domestic debt market for government securities and local currency bond markets (Q3 2022).
- 1.5 Develop capacity-building workplan for public debt management officers, addressing capacity gaps which hinder the operationalization of the local current bond market development road map and DMS (Q1 2022).
- 1.6 Prepare progress reports on implementation of DMS and road map for development of domestic debt market with policy recommendations to address emerging challenges (Q1 2022, Q1 2023, Q4 2023).

2. Fiscal risk management to improve debt transparency strengthened

- 2.1 Undertake diagnostic assessment of compliance with PEFA's Pillar III PI-10 indicators across the four DMCs, identifying key challenges for improved performance (Q2 2022).
- 2.2 Prepare report with policy recommendations to improve fiscal risk management in line with IMF and other development partner recommendations (Q2 2022).
- 2.3 Develop context-informed road maps to ensure strengthened fiscal risk management to improve debt transparency across DMCs (Q2 2022).
- 2.4 Draft capacity-development workplan for MOF staff responsible for fiscal risk monitoring (Q3 2022).
- 2.5 Recruit consultants to support implementation of the road map (Q2 2022).
- 2.6 Integrate policy recommendations under the road map into the DMS or MTDS document (Q3 2022).
- 2.7 Prepare regular progress reports on implementation of the DMS and road map for strengthening fiscal risk management (Q2 2022, Q1 2023, Q4 2023).

3. Policy actions agreed under the SDFP complied with

- 3.1 Prepare debt sustainability and transparency diagnostic reports for each DMC (Q2 2022).
- 3.2 Submit draft policy actions for SDFP to the authorities, IMF, IDA and other relevant development partners for their review (Q4 2022, Q3 2022).
- 3.3 Final review of SDFP policy actions agreed with the authorities (Q1 2022, Q4 2022).
- 3.4 Draft briefing note identifying TA support needs to achieve actions in the SDFP (Q1 2022).
- 3.5 Recruit consultants to support with SDFP policy action implementation (Q1 2022).
- 3.6 Prepare regular monitoring of progress through TA support (quarterly).
- 3.7 Prepare annual progress reports (Q4 2022, Q4 2023).
- 3.8 Discuss progress reports with the authorities and other development partners to reach consensus on conclusions (Q4 2022, Q4 2023).
- 3.9 Present results and submit progress reports to SPD (Q4 2022, Q4 2023).

Inputs

ADB: \$3,125,000

ADB = Asian Development Bank; COVID-19 = coronavirus disease; DEMPA = debt management performance assessment; DMC = developing member country; DMS = debt management strategy; IDA = International Development Association; IMF = International Monetary Fund; MOF = Ministry of Finance; MOU = memorandum of understanding; MTDS = medium-term debt strategy; OP = operational priorities; PEFA = Public Expenditure and Financial Accountability; PI = performance indicator; Q = quarter; R = risk; SDFP = Sustainable Development Finance Policy; SPD = Strategy, Policy, and Partnerships Department; TA = technical assistance.

^a ADB. 2019. *Strategy 2030 Operational Plan for Priority 6: Strengthening Governance and Institutional Capacity, 2019–2024*. Manila.

Contribution to Strategy 2030 Operational Priorities:

The expected values and methodological details for all OP indicators to which this TA will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 3).

Source: Asian Development Bank.

SUBPROJECT DESCRIPTIONS

Subproject 1	Support to Public Debt Management in Pakistan
Indicative outputs and activities	<p>Indicative outputs include:</p> <p>Output 1: Institutional capacity for public debt management strengthened.</p> <p>Output 2: Debt management information system improved to strengthen decision-making processes.</p> <p>Output 3: Primary dealer system enhanced to deepen government securities distribution channels to support debt management goals achievement.</p> <p>Major activities include (i) review of the debt office's current debt sustainability analysis framework, (ii) development of a debt information system strategy, (iii) review of the current debt management system and gap analysis, (iv) review of the existing primary dealer system, (v) capacity building workshops on the debt sustainability framework and debt office management, and (vi) diagnostics and recommendations to improve the operational efficiency and governance of the Central Directorate of National Savings.</p>
Indicative implementation arrangements	<p>CWPF will administer, coordinate implementation, and monitor TA measures of the subproject.</p> <p>The proposal for subproject 1 will be submitted to the director general of CWRD for approval following the business process for knowledge and support TA cluster processing.</p>
Implementation schedule	February 2022–December 2023
Subproject 2	Support to Public Debt Management in Uzbekistan
Indicative outputs and activities	<p>Indicative outputs include:</p> <p>Output 1: Institutional capacity for integrated fiscal risk management strengthened.</p> <p>Output 2: Institutional and operational framework for SOEs improved.</p> <p>Output 3: Institutional capacity for public sector debt recording strengthened.</p> <p>Major activities include (i) supporting the development and strengthening of risk management practices; (ii) developing analytical work underpinning development of commercially oriented financial products and services; (iii) strengthening of implementation capacity for innovative financing solutions for private sector; (iv) providing analytical support supporting diversification of lending portfolio away from government-led schemes to private sector; (v) drafting market analysis and feasibility assessment for potential privatization (including participation of foreign investment), restructuring and divestment; (vi) strengthening of institutional framework for quantification and management of quasi-fiscal activities; (vii) capacity building for effective rollout of DMFAS; and (viii) capacity building on</p>

	internationally comparable approach to public sector debt recording.
Indicative implementation arrangements	<p>CWPF will administer, coordinate implementation, and monitor TA measures of the subproject.</p> <p>The proposal for subproject 2 will be submitted to the director general of CWRD for approval following the business process for knowledge and support TA cluster processing.</p>
Implementation schedule	February 2022–November 2022
Subproject 3	Support to Public Debt Management in Tajikistan
Indicative outputs and activities	<p>Indicative outputs include:</p> <p>Output 1: Legal and regulatory framework for public debt management updated, in line with Medium Term Debt Management Reform Plan.</p> <p>Output 2: Legal and regulatory framework for financial sector development improved.</p> <p>Output 3: Fiscal risk management strengthened.</p> <p>Output 4: SDFP effectively implemented.</p> <p>Major activities include (i) supporting the development and implementation of a medium-term financial sector strategy, (ii) supporting the development and drafting of law on Islamic Banking, (iii) supporting MOF-led pilot program to test investor demand for securities at longer tenors, (iv) supporting the development of updated MTEF, (v) supporting the broadening of scope of the annual fiscal risk statement, (vi) annual identification of policy actions under the SDFP, and (vii) annual assessment of compliance with policy actions agreed under SDFP.</p>
Indicative implementation arrangements	<p>CWPF will administer, coordinate implementation, and monitor TA measures of the subproject.</p> <p>The proposal for subproject 3 will be submitted to the director general of CWRD for approval following the business process for knowledge and support TA cluster processing</p>
Implementation schedule	February 2022–January 2023
Subproject 4	Support to Public Debt Management in Kyrgyz Republic
Indicative outputs and activities	<p>Indicative outputs include:</p> <p>Output 1: Institutional capacity for public debt management strengthened.</p> <p>Output 2: Fiscal risk management strengthened.</p> <p>Output 3: SDFP effectively implemented.</p> <p>Major activities include (i) support development of a dedicated fiscal risk management unit, (ii) capacity building of fiscal risk management unit staff, (iii) support expansion of scope and coverage of annual fiscal risk statement, (iv) procurement of hardware and software requirements for rollout of DMFAS-6, and (v) deliver seminar on smart debt restructuring.</p>

Indicative implementation arrangements	<p>CWPF will administer, coordinate implementation, and monitor TA measures of the subproject.</p> <p>The proposal for subproject 4 will be submitted to the director general of CWRD for approval following the business process for knowledge and support TA cluster processing</p>
Implementation schedule	February 2022–December 2023
Subproject 5	Regional Technical Assistance: Public Debt Sustainability and Transparency in Central and West Asia
Indicative outputs and activities	<p>Indicative outputs include:</p> <p>Output 1: Knowledge management, strategic collaborations, and capacity development supported.</p> <p>Output 2: Subproject findings disseminated and shared with policy makers.</p> <p>Major activities include (i) identify and prepare knowledge products assessing debt vulnerabilities in CWA; (ii) conduct internal knowledge-sharing sessions on debt sustainability in CWA; (iii) participate in external knowledge-sharing events alongside key development partners such as the IMF, the World Bank, academic institutions, and civil society; (iv) conduct DMC policy dialogue events on matters related to public debt management and fiscal risk management in CWA; (v) forge collaboration with partners; (vi) implement capacity-building activities, such as peer-to-peer learning, among relevant DMCs; and (vii) organize workshops targeting government officials from relevant DMCs on common challenges to sound public debt management.</p>
Indicative implementation arrangements	<p>CWPF will administer, coordinate implementation, and monitor TA measures of the subproject.</p> <p>The proposal for subproject 4 will be submitted to the director general of CWRD for approval following the business process for knowledge and support TA cluster processing.</p>
Implementation schedule	June 2022–December 2023

CWA = Central and West Asia; CWPF = Public Management, Financial Sector, and Trade Division; CWRD = Central and West Asia Department; DMC = developing member country; DMFAS = Debt Management and Financial Analysis System; IMF = International Monetary Fund; MOF = Ministry of Finance; MTEF = medium-term expenditure framework; SDFP = Sustainable Development Finance Policy; SOE = state-owned enterprises; TA = technical assistance.
Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=54442-001-TARreport>

1. Contribution to Strategy 2030 Operational Priorities