

PROJECT COMPLETION REPORT

ON THE

FLOOD EMERGENCY REHABILITATION PROJECT
(Loan 1633-KGZ [SF])

IN THE

KYRGYZ REPUBLIC

December 2003

CURRENCY EQUIVALENTS

Currency Unit – som (Som)

		At Appraisal (July 1998)	At Project Completion (August 2002)
Som1.00	=	\$0.0521	\$ 0.0217
\$1.00	=	Som19.2	Som46.08

ABBREVIATIONS

EA	–	Executing Agency
MEES	–	Ministry of Ecology and Emergency Situations
MESCD	–	Ministry of Emergency Situations and Civil Defense
PCR	–	Project Completion Review
PIU	–	project implementation unit
pm	–	person-month
PMU	–	project management unit
PSC	–	project steering committee
SDR	–	special drawings rights

NOTES

- (i) The fiscal year (FY) of the Government ends on 31 December.
- (ii) In this report, "\$" refers to US dollars.

CONTENTS

	Page
BASIC DATA	i
MAP	v
I. PROJECT DESCRIPTION	1
II. EVALUATION OF DESIGN AND IMPLEMENTATION	1
A. Relevance of Design and Formulation	1
B. Project Outputs	2
C. Project Costs	4
D. Disbursements	4
E. Project Schedule	5
F. Implementation Arrangements	5
G. Conditions and Covenants	6
H. Consultant Recruitment and Procurement	7
I. Performance of Consultants, Contractors, and Suppliers	7
J. Performance of the Borrower and the Executing Agency	8
K. Performance of ADB	9
III. EVALUATION OF PERFORMANCE	9
A. Relevance	9
B. Efficacy in Achievement of Purpose	10
C. Efficiency in Achievement of Outputs and Purpose	10
D. Preliminary Assessment of Sustainability	11
E. Environmental, Sociocultural, and Other Impacts	11
IV. OVERALL ASSESSMENT AND RECOMMENDATIONS	12
A. Overall Assessment	12
B. Lessons Learned	12
C. Recommendations	12
APPENDIXES	
1. Project Framework	14
2. List of Subprojects	15
3. Chronology of Events	17
4. Details of Subprojects	20
5. Loan Disbursements	33
6. Implementation Progress	34
7. Original Project Management Organization Chart	35
8. Revised Project Management Organization Chart	36
9. Compliance with Loan Covenants	37
10. Project Performance Rating	42

BASIC DATA

A. Loan Identification

1.	Country	Kyrgyz Republic
2.	Loan Number	1633-KGZ(SF)
3.	Project Title	Flood Emergency Rehabilitation Project
4.	Borrower	Kyrgyz Republic
5.	Executing Agency	Ministry of Ecology and Emergency Situations (formerly the Ministry of Emergency Situations and Civil Defense)
6.	Amount of Loan	SDR 3,774,000
7.	Project Completion Report Number	KGZ 785

B. Loan Data

1.	Appraisal	
	– Date Started	8 July 1998
	– Date Completed	25 July 1998
2.	Loan Negotiations	
	– Date Started	25 August 1998
	– Date Completed	27 August 1998
3.	Date of Board Approval	24 September 1998
4.	Date of Loan Agreement	10 November 1998
5.	Date of Loan Effectiveness	
	– In Loan Agreement	6 February 1999
	– Actual	26 November 1998
	– Number of Extensions	None
6.	Closing Date	
	– In Loan Agreement	30 April 2001
	– Actual	23 October 2002
	– Number of Extensions	Three
7.	Terms of Loan	
	– Interest Rate	1%
	– Maturity (number of years)	40
	– Grace Period (number of years)	10
8.	Terms of Relending (if any)	Not applicable
9.	Disbursements	
	a. Dates	

Initial Disbursement	Final Disbursement	Time Interval
9 December 1998	23 October 2002	40 months
Effective Date	Original Closing Date	Time Interval
26 November 1998	30 April 2001	28 months

b. Amount (\$ million)

Category or Subloan	Original Allocation	Last Revised Allocation	Amount Canceled	Net Amount Available	Amount Disbursed	Undisbursed Balance
Civil Works—JA	3.370	2.229	0	2.229	2.229	0
Civil Works—Osh	0.760	1.886	0	1.886	1.886	0
Equipment—JA	0.066	0.122	0	0.122	0.122	0
Equipment—Osh	0.051	0.090	0	0.090	0.909	0
Consulting Services—Int'l. (JA)	0.128	0.336	0	0.336	0.336	0
Consulting Services—Int'l. (Osh)	0.043	0.099	0	0.099	0.099	0
Consulting Services—Dom. (JA)	0.104	0.115	0	0.115	0.115	0
Consulting Services—Dom. (Osh)	0.035	0.043	0	0.043	0.043	0
Unallocated	0.443	0.020	0.020	0.000	0.000	0.020
Total	5.000	4.940	0.020	4.920	4.920	0.020

JA = Jalal-Abad.

10.	Local Costs (Financed)	
-	Amount (\$ million)	1.039
-	Percent of Local Costs	46.4
-	Percent of Total Cost	17.0

C. Project Data

1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	4.012	3.881
Local Currency Cost	2.329	2.241
Total	6.340	6.122

2. Financing Plan (\$ million)

Cost	Appraisal Estimate			Actual		
	Foreign	Local	Total	Foreign	Local	Total
Implementation Costs						
Borrower-Financed	0.000	1.340	1.340	0.000	1.202	1.202
ADB-Financed	4.012	0.989	5.000	3.881	1.039	4.920
Other External Financing	0.000	0.000	0.000	0.000	0.000	0.000
Total	4.012	2.329	6.340	3.881	2.241	6.122
IDC Costs						
Borrower-Financed	0.0	0.0	0.0	0.0	0.0	0.0
ADB-Financed	0.0	0.0	0.0	0.0	0.0	0.0
Other External Financing	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0

ADB = Asian Development Bank, IDC = interest during construction.

3. Cost Breakdown by Project Component (\$ million)

Component	Appraisal Estimate			Actual		
	Foreign	Local	Total	Foreign	Local	Total
A. Physical Infrastructure and Equipment						
1. Civil Works	3.280	1.885	5.165	3.147	2.038	5.185
2. Equipment	0.117	0.000	0.117	0.212	0.000	0.212
Subtotal (A)	3.398	1.885	5.282	3.359	2.038	5.397
B. Project Implementation Assistance						
1. Consulting Services	0.171	0.199	0.370	0.522	0.203	0.725
Subtotal (B)	0.171	0.199	0.370	0.522	0.203	0.725
C. Contingencies						
1. Physical	0.273	0.151	0.424	0.000	0.000	0.000
2. Price	0.170	0.094	0.264	0.000	0.000	0.000
Subtotal (C)	0.443	0.245	0.688	0.000	0.000	0.000
Total	4.012	2.329	6.340	3.881	2.241	6.122

4. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 24 November 1998 to 31 December 1999	Satisfactory	Partly Satisfactory
From 1 January 2000 to 31 December 2000	Satisfactory	Satisfactory
From 1 January 2001 to 31 December 2001	Satisfactory	Satisfactory
From 1 January 2002 to 31 December 2002	Satisfactory	Satisfactory
From 1 January 2003 to 30 April 2003	Satisfactory	Satisfactory

D. Data on Asian Development Bank Missions

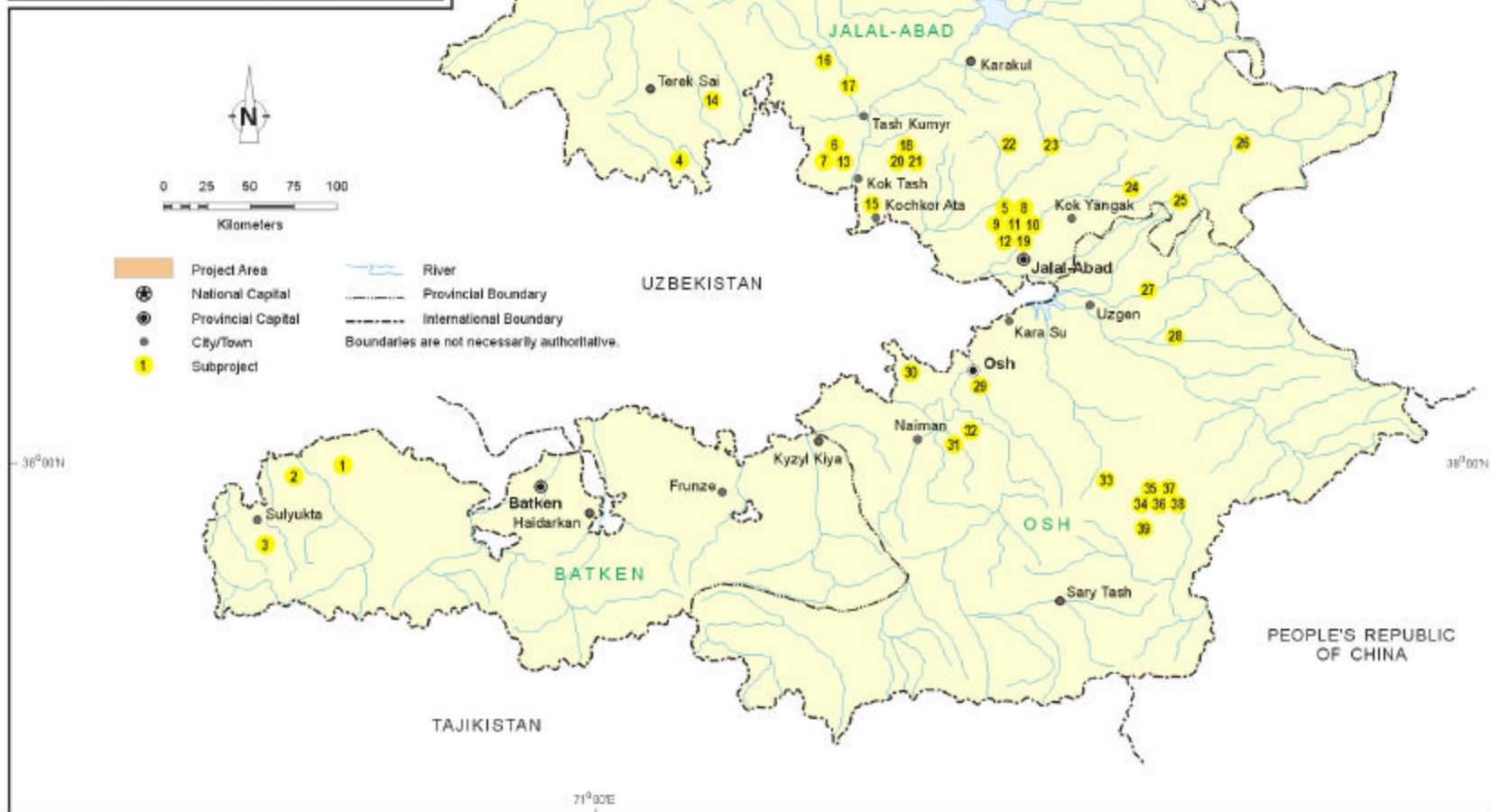
Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members^a
Appraisal	8–25 July 1998	4	54	a, b, c, n
Inception	19–28 October 1998	3	37	a, e, f
Disbursement	12–16 April 1999	1	5	e
Review 1	12–25 May 1999	2	26	f, d
Review 2	2–12 November 1999	2	22	a, d
Midterm	22 March–4 April 2000	3	48	f, d, g
Review 3	8–22 November 2000	3	30	h, i, d
Review 4	3–9 April 2001	2	14	a, j
Review 5	18–28 November 2001	3	22	j, h, k
Review 6	18–27 March 2002	4	18	f, g, l, k
Review 7	20–30 June 2002	3	22	f, g, l
Project Completion Review ^b	22 September–4 October 2003	3	33	m, d, k

^a a – financial analyst; b – programs officer; c – counsel; d – project engineer/staff consultant; e – control officer; f – urban development specialist; g – project analyst; h – project economist; i – economist; j – project engineer; k – project implementation officer (resident mission); l – international consultant/project supervisor; m – urban economist; n – municipal engineer/consultant.

^b The Project Completion Report was prepared by Lyaziza Sabyrova, Urban Economist.



THE KYRGYZ REPUBLIC FLOOD EMERGENCY REHABILITATION PROJECT (as completed)



Loan 1633-KGZ: Flood Emergency Rehabilitation Project
List of Subprojects

- 1 Construction of water supply to Maksat settlement in Leylac raion in Batken oblast
- 2 Rehabilitation of road to Maksat settlement in Leylac raion, Batken oblast
- 3 Rehabilitation of retaining walls in Osh-Isfana road in Leylac raion, Batken oblast
- 4 Rehabilitation of water supply to Shekaftar settlement
- 5 Rehabilitation of inner roads in Suzak village
- 6 Roads in Kyzyljar settlement
- 7 Health Post in Kyzyljar settlement
- 8 Rehabilitation of water supply system in Suzak village
- 9 Rehabilitation of drainage system in Suzak village
- 10 Telephone lines in Suzak village
- 11 School in Akmecchet village, Suzak raion
- 12 Jomok kindergarten Suzak raion
- 13 Rehabilitation of electric power lines in Kyzyljar settlement
- 14 Construction of new school in Sari Tala in Ala Buka raion
- 15 Construction of new school in Kurama village in Nookan raion
- 16 Construction of school in Syny village
- 17 Construction of school in Tegene village
- 18 Mailu Suu Water Supply
- 19 Electric supply to Suzak village
- 20 Electric power line in Mailu-Suu city
- 21 Heating system in Mailu-Suu town
- 22 Construction of school in Gumkana village
- 23 Construction of new school in Oogan Tala village in Bazar Korgon raion
- 24 Rehabilitation of bridge on Jalal-Abad Kazarman Rd.
- 25 Rehabilitation of Jalal-Abad Kazarman Road
- 26 Construction of school in Kazarman resettlement in Toguz-Toro
- 27 Rehabilitation of bridge in Nichke village
- 28 Construction of school in First May village in Kara-Kulja raion
- 29 Construction of school in Yangi-Turmush village, Kara-Suu raion
- 30 Construction of school in Aravan village, Aravan Raion
- 31 Construction of school in Kojoke village in Nookat raion
- 32 Construction of school in Baiysh village in Nookat raion
- 33 Construction of school in Murdash village in Alai Raion
- 34 Rehabilitation of 3 bridges on road in Budalik village
- 35 Rehabilitation of road Budalik village
- 36 Construction of culvert on road in Budalik village
- 37 Rehabilitation of water supply in Budalik village
- 38 Construction of new Health Post in Budalik village
- 39 Rehabilitation of Soppu-Korgon-Terek Road

I. PROJECT DESCRIPTION

1. Severe flooding and landslides occurred as a result of heavy rains in May–June 1998 in Jalal-Abad and Osh oblasts. The floods caused severe damage to public infrastructure including roads, water supply, sewerage, drainage, power and telephone lines, houses, and municipal buildings—in particular schools and health care facilities. The rain also triggered landslides and floods in various parts of Jalal-Abad and Osh oblasts that severely damaged public infrastructure and irrigation facilities. In response to the Government's request for emergency assistance, the Asian Development Bank (ADB) fielded an Appraisal Mission in July 1998 to assess the impacts of the floods and landslides and to prepare a project.¹ On 24 September 1998 ADB approved a loan of SDR3,774,000 (\$5 million equivalent) for the Flood Emergency Rehabilitation Project (the Project), and declared it effective as of 26 November 1998.

2. The immediate objective of the Project was to help restore public infrastructure damaged by the severe floods and landslides in Jalal-Abad and Osh oblasts.² The long-term objectives of the Project were to assist the Government's efforts in bringing social and economic life of the affected area back to normal and help sustain general economic activities in the two oblasts. The project framework is in Appendix 1.

3. During extensive field visits and in close consultation with the national and local government authorities and the people affected, the Project was defined to include (i) 37 subprojects (17 subprojects in Jalal-Abad and 20 subprojects in Osh oblast) for the rehabilitation of roads and bridges, power lines and energy supplies, water supply and sewerage facilities, telecommunications facilities, infrastructure, health care facilities, and schools; and (ii) procurement of equipment for health care facilities, schools, and project management. The list of subprojects was amended significantly during the course of implementation, and the final scope of the Project included 39 subprojects, listed in Appendix 2. Appendix 3 records major events in the project history.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

4. The Project was consistent with the Government's development strategy, as it assisted the Government in rehabilitating the public infrastructure damaged by floods and landslides and ensured that these unexpected expenditures did not disrupt the Government's macroeconomic stabilization program or its efforts to achieve sustainable economic growth. The Project was also consistent with ADB's policy on rehabilitation assistance after disasters, which seeks to enable its developing member countries to continue development expenditures that otherwise would have to be reallocated for disaster rehabilitation.

5. The Appraisal Mission, jointly with the concerned national and local government authorities, assessed the damage caused to public infrastructure by the floods and landslides. As a result, 58 subprojects in Jalal-Abad oblast requiring about \$9 million in financing and 26 subprojects in Osh oblast requiring about \$1.6 million in financing were identified in the following

¹ The Government had also requested the World Bank to provide emergency assistance. Based on ADB's operational experience in public infrastructure sectors and the previous involvement of the World Bank in agriculture and irrigation sectors in the country, it was agreed that ADB would focus on public infrastructure, while the World Bank would concentrate on irrigation facilities and flood prevention measures. Other international aid agencies responded to the Government's request by providing relief assistance.

² In October 1999, Batken oblast was created within Osh oblast.

sectors: (i) roads and bridges; (ii) power distribution and hot water distribution lines; (iii) drinking water distribution lines and sewers; (iv) telephone lines; (v) schools; (vi) health care facilities; (vii) municipal buildings; and (viii) the provision of roads, power, and water supply in the four relocation centers for people displaced by the floods in Suzak town. From the list of 84 subprojects, 37 subprojects (17 in Jalal-Abad oblast and 20 in Osh oblast) were identified for ADB financing, based on the priorities established jointly with the national and local governments.

6. During the course of implementation, the list of subprojects was significantly revised due to changes in priorities and financing obtained by the Government from other sources for infrastructure rehabilitation. Sixteen of the originally included subprojects were replaced by 18 new subprojects. Fifteen of the new subprojects were not on the original list of 84 subprojects identified during appraisal, and the Government confirmed that all new subprojects had been affected by the floods and landslides in May–June 1998. Several new school subprojects were added because of the severely deteriorated conditions of the old school buildings that had been affected by the heavy and frequent rains and floods, especially those of May–June 1998.

7. The project design and formulation process was directly relevant to the needs of the areas affected by the floods, and the design was flexible enough to accommodate necessary changes during implementation.

B. Project Outputs

8. Compared with the 37 subprojects to rehabilitate public infrastructure included at appraisal, the completed Project included 39 subprojects as shown in Table 1.

Table 1: Physical Components Included at Appraisal and as Completed
(number of subprojects)

Sector	At Appraisal		As Completed	
	Jalal-Abad Oblast	Osh Oblast	Jalal-Abad Oblast	Osh and Batken Oblasts
Roads and Bridges	2	17	3	7
Power	5	0	3	0
Health Post	1	1	1	1
Water Supply and Drainage	3	1	4	2
Schools	2	1	9	6
Telecommunications	1	0	1	0
Relocation Centers	3	0	2	0
Subtotal	17	20	23	16
Total	37		39	

9. The main changes in subprojects were made twice during project implementation. First, following the review of the Project in May 1999, the long list of subprojects was revised taking into consideration developments during the intervening period, namely, that 14 road projects were included under a regional “Greater Silk Road Project” and were dropped from the scope of the Project, while some additional projects were incorporated. Second, in August 2000, the Ministry of Emergency Situations and Civil Defense (MESCD) proposed to include the construction of nine new schools in the Project, which were not in the original long list. Following

the approval of the request by the project steering committee (PSC), and inspection of the proposed subprojects by the international consultant (project supervisor), ADB agreed to include the new schools in the Project in May 2001. The mix of the subprojects at completion differed from the list at appraisal in two respects: (i) the focus shifted from the transport sector to social infrastructure (schools), and (ii) the number of subprojects undertaken in Jalal-Abad oblast increased while that in Osh declined. In late 2000, it was agreed that two subprojects, construction of a new road in Mailu Suu and relocation of a water mains also in Mailu Suu, should be excluded from the project list as it would not be possible to complete these two subprojects before the loan closing date. The Government informed ADB that the two subprojects would be constructed using its own budget resources.

10. All 39 subprojects were completed.³ With the rehabilitation and restoration of the roads and bridges, the communities were able to access the larger towns for their needs, to market their agricultural produce, and to regain access to health care and educational facilities, particularly those poorer communities in the remote and fringe areas. The reconstruction of the damaged health care facilities and schools in particular helped restore the basic foundation for social and economic advancement, and supported the Government's efforts to improve the quality of social services. The water supply and electricity systems, as well as the roads reconstructed in Suzak town and the newly established Kyzyljar Relocation Center, provide a better living environment to the families who were affected by the flood and relocated from the disaster areas. Poor people living in remote areas have received more direct benefits from the Project, as they have been relatively heavily affected by damage to public infrastructure and disrupted social services.

11. A major concern of the Project was to redesign or relocate project facilities to avoid damage by future floods and landslides. The Project was generally successful in this respect, and only three out of 39 subprojects were damaged by the floods and landslides of April 2003, which exceeded the level of the 1998 floods. The three subprojects are all in the Budalyk area (para. 50), and since April 2003 they have not realized the full benefits intended. In some subprojects deficiencies were observed in the construction works, for example, the quality of wood used for floors and boiler facilities for schools, due to a lack of regular supervision (para. 34). However, works for most of the subprojects are of acceptable quality, which was confirmed by the Project Completion Review (PCR) Mission visits.⁴

12. The project outputs also include some supply of furniture for the 15 schools and medical equipment for the two health posts constructed under the Project. The quality of the equipment supplied was generally acceptable. The school administrations expressed appreciation for the furniture provided and its good quality.

13. Overall, the affected communities are satisfied with the completed subprojects and the resumed socioeconomic activities in the flood-affected areas. Appendix 4 shows outputs and achieved benefits at project completion.

³ One subproject (the Mailu Suu heating plant) was included in the original project scope, but it subsequently transpired that a major portion of the work had been carried out under a different local administration and not under the supervision of the project consultants, whose supervision had been obstructed during project implementation. The contractor was only paid the amount that corresponded to the works performed under the Project.

⁴ The PCR Mission visited 27 subprojects out of 39 (69%).

C. Project Costs

14. At appraisal, the total project costs, including taxes, were estimated at \$6.34 million, comprising \$4.0 million in foreign exchange costs and \$2.33 million equivalent in local currency costs. ADB was to finance \$5.0 million (79% of total costs), comprising the entire \$4.0 million of the foreign exchange cost and \$1.0 million equivalent in local currency costs. The Government's financing of local costs was estimated at \$1.34 million equivalent.

15. The actual project cost was \$6.12 million, comprising \$3.88 million in foreign exchange cost and \$2.24 million equivalent in local currency cost. ADB financed \$4.92 million (80% of total costs), which included the total foreign exchange cost and \$1.04 million equivalent of the local costs. The Government financed the remaining local currency costs amounting to \$1.20 million equivalent. The summary estimated costs at appraisal by component and the actual costs, as well as the financing plan, are shown in the Basic Data.⁵

16. Several factors influenced the dynamics of project costs. First, the inclusion of the new school subprojects and the deletion of roads and bridges subprojects led to a shift toward local costs as compared to the foreign cost components. Second, domestic inflation during project implementation had a tendency to increase the costs of civil works through higher costs of materials and supplies. At the same time, the depreciation of the som during the project period had the opposite effect of reducing overall costs. Third, expenses on consultancy services were almost twice as high as envisaged at appraisal because of (i) the increased inputs by the international consultant to address the weak implementing capacity of the Executing Agency (EA), and (ii) the three extensions of the Project. The net effect of these factors, together with the depreciation of the SDR against the US dollar during implementation (para. 18), was a net decrease of total project costs by \$218,000 as compared with the appraisal estimate.

D. Disbursements

17. The first disbursement of loan funds was made in December 1998 as a reimbursement of expenditures under retroactive financing, and the last disbursement was made in October 2002. Initial implementation progress was slow, and as a result, initial disbursements were also slow and consisted mainly of payments for consulting services. The first advance to the imprest account was made in June 1999. Once civil works were contracted, disbursements picked up significantly in 2000 and remained high in 2001 and 2002. The details of disbursements are in Appendix 5.

18. The SDR depreciated against the US dollar during project implementation, reducing the available loan amount from \$5.0 million to \$4.94 million. Disbursements were \$4.92 million, and \$0.02 million was canceled at loan closing.

19. To minimize the initial expenditures from the counterpart funds and to ensure that the loan account could be closed without any outstanding payments of retention money to contractors,⁶ advances to contractors were fully disbursed from the imprest account, whereas retention money was withheld in full from payments due to the contractors from the counterpart

⁵ No allocation for capitalization of the service charge was included in the project costs. During the implementation period, the Government paid \$138,400 in service charges. On two occasions there were slight delays in payment of the amounts due.

⁶ Retention money (10% of the contract amount) is paid to contractors at the end of the defects liability period, normally 1 year after completion of the works. For several contracts the defects liability period ends after the loan closing.

funds. Now that the loan has been closed, retention money is due to be paid to some contractors and the Government has difficulty allocating funds for this. As a result, some contractors have not been paid. It would have been more appropriate for the retention money to have been withheld both from payments due from the imprest account and from the counterpart funds. The retention money could then have been released to contractors before loan closing against an unconditional bank guarantee.

20. The imprest account was established in AK Bank Kyrgyzstan. There were some initial problems with accurate recording of transactions in the project accounts and with the use of statement of expenditure procedures, and the initial ADB review missions noted that there was an urgent need to substantially enhance the accounting function of the project. After replacement of the project accountant with a more experienced accountant, project accounting improved significantly.

E. Project Schedule

21. The loan was approved on 24 September 1998, the Loan Agreement was signed on 10 November 1998, and the loan became effective on 26 November 1998. The original loan closing date was 30 April 2001. Due to the lack of experience of the EA in implementation of projects funded by international agencies, particularly the bidding procedures and documentation for withdrawals of loan funds, initial implementation was substantially delayed. In addition, changes in the project management staff following reorganization of MESCD in January 2001 also contributed to delaying implementation. To allow for completion of project activities, including the newly added subprojects, the loan closing date was extended by 8 months to 31 December 2001. A second extension, of 3 months to 31 March 2002, was approved, mainly due to disruptions in international travel as a result of the heightened security in the region that followed the 11 September 2001 events, delaying resumption of work by the project supervisor. The third and final extension of 4.5 months until 15 August 2002 was approved due to delays in the completion of civil works caused by a severely cold winter with heavy snowfall in the subproject areas. The loan account was kept open until 2 April 2003, without a formal extension, to allow for liquidation of the imprest account advances. A comparison of the project implementation schedule at appraisal with actual implementation is in Appendix 6.

F. Implementation Arrangements

22. MESCD was designated as the EA for the Project. In January 2001 MESCD was merged with the Ministry of Ecology and the new ministry was named the Ministry of Ecology and Emergency Situations (MEES), which retained the responsibility to implement the Project. Implementation arrangements at appraisal envisaged two project implementation units (PIUs), one in each of the affected oblasts, and a PSC at the national level to supervise project implementation. The PIUs were to be headed by the deputy governors of the two project oblasts, as part-time project directors. The project director was to be assisted by a full-time project manager in each PIU. In addition, the oblasts were expected to second adequate technical and administrative staff to the PIUs. One international project adviser was to be engaged for 6 person-month (pm) and three domestic consultants (road engineer, municipal engineer, and accountant) for a total of 72 pm (24 pm each, the original implementation period of the Project) to assist the PIUs with project implementation. The PIUs were expected to initiate and coordinate key project implementation activities, including the detailed engineering designs, preparation of tender documents, evaluation of bids, award of contracts, construction supervision, and maintenance of project accounts. The project management organization chart as envisaged at appraisal is in Appendix 7.

23. Soon after the start of the Project, both the Government and ADB realized that the envisaged implementation arrangements did not work well. Although advance action on recruitment of consultants was provided for, their engagement was delayed. During the Inception Mission in October 1998, MESCD requested that the number of domestic consultants be increased from three to five as it anticipated difficulties in assigning oblast staff who would work as project managers within the government budget. Although ADB agreed to this, no consultants were engaged until May 1999. During the course of implementation, it also became apparent that it was necessary to establish a core group in MESCD responsible for project implementation, a Project Management Unit PMU headed by a project coordinator. The PMU was established in May 1999. Attached to the PMU were the international project adviser, the domestic road and municipal engineers, and the accountant. Instead of each PIU undertaking procurement, this task was centralized at the PMU, which took over responsibility for tendering the works and evaluating bids for review and approval by a bid committee in MESCD. The revised project management organization chart is in Appendix 8.

24. During a review in May 1999, it became evident that neither the PIUs nor MESCD had staff or resources to do the following: carry out the required topographic and geotechnical surveys; prepare the detailed engineering designs, specifications, and bills of quantities; and supervise the construction works. It was therefore agreed that a local consulting firm/design institute be engaged to carry out these tasks. A local design institute was selected and a contract with the institute was signed in June 1999.

25. In 1999, ADB noted that MESCD had fully followed neither ADB's *Guidelines for Procurement* nor the Government's own bidding procedures in tendering the works. ADB and the Government therefore agreed to upgrade the position of the international project adviser to a project supervisor, to strengthen the control and supervision of project implementation. Correspondingly, the consultant's contract was extended in steps from the original 6 pm to a total of 23.5 pm.

26. MESCD and the concerned departments in the oblasts had no experience of implementing projects financed by ADB or other international agencies and the procurement procedures to be followed under such projects. Considering this, the implementation arrangements as designed at appraisal, though adequate for an experienced EA, were not adequate for MESCD. In addition, given the wide geographic spread of the subprojects, the implementation arrangements did not envisage permanent construction supervision at sites, an issue especially important for a geographically dispersed project. Although the Project continued to experience some implementation problems, the revised implementation arrangements were found to be more appropriate for the Project.

G. Conditions and Covenants

27. Compliance with covenants is in Appendix 9. In general compliance was satisfactory, but several covenants were only partly complied with. MESCD did not initially follow ADB's *Guidelines for Procurement*, but subsequently adopted adequate procurement procedures. The capacity of MESCD was weak and although implementation arrangements were amended in the course of implementation, the Project continued to experience considerable difficulties and delays. MESCD submitted progress reports, but with delays, and did not submit an acceptable project completion report, despite reminders. The PSC did not meet regularly, and maintenance of project facilities has not been fully adequate.

H. Consultant Recruitment and Procurement

28. At appraisal, ADB had approved advance action on recruitment of consultants, but this was not utilized. In 1999, the Project engaged an international consultant as project adviser for a total of 6 months over a period of 12 months. On account of the lack of experience of MESCD, ADB and the Government subsequently agreed that his contract be extended on a more regular basis with added responsibilities, and upgraded the position to project supervisor. The consultant commenced his services as the project supervisor in April 2000, and his services were extended several times until 15 August 2002. Compared with the initial allocation of 6 pm, the consultant provided a total of 23.5 pm of input.

29. Contracts with the five local consultants were signed only in May 1999. After it was agreed that the services of a local consulting firm/design institute were required, local firms were invited to submit proposals, and a design institute in Osh was selected and contracted in June 1999.

30. At appraisal, it was envisaged that the 37 subprojects included under the Project would be tendered in 10 packages. However, in the course of implementation ADB and the Government agreed to tender each subproject separately because (i) the distances between individual subprojects were quite large, and (ii) most of the local contractors had too limited capacity to work on more than one subproject at the same time.

31. The tendering procedures for civil works initially did not fully follow either ADB's *Guidelines for Procurement* or the Government's local bidding procedures. MESCD did not use the standard tender document format prepared by the project adviser and cleared by ADB, and the tender documents that were used had several deficiencies. During bidding, contractors were confused whether taxes were to be included in bids or not. As a result, some bids included value-added tax, and others did not. Some initial contracts were awarded and signed prior to obtaining ADB approval. Advance payments to contractors in some cases considerably exceeded the amount stipulated in the tender documents, and guarantees for the advance payments were not provided. Contractors for several subprojects had started the works before these were tendered. ADB requested that the initial 19 existing civil works contracts be amended in line with the Government's procedures and ADB *Guidelines for Procurement* and thereafter submitted to ADB for post facto approval. ADB approved the amended civil works contracts in April 2000. Appropriate tendering procedures were adopted for the remaining contracts.

I. Performance of Consultants, Contractors, and Suppliers

32. The international consultant carried out field inspections with the local consultants and reported to MEES on his observations of project progress and matters that required attention. He worked closely with the project accountant and checked certificates approved by the consultants for payment. The consultant also assisted MEES in preparing (i) withdrawal applications for replenishment of funds to the imprest account, and (ii) the required reports to ADB.

33. The international consultant was very experienced and made a significant contribution to solving the many problems that hampered the implementation of the Project. Due to a heavy workload, the consultant had little time for formal training of counterpart staff and local consultants. However, most training occurred on the job, which was particularly valuable for the project accountant. The effect of training on the overall capacity of MEES to implement foreign-

funded projects is considered marginal, since only a few of the counterpart staff continue to work in MEES. The consultant focused mainly on his direct responsibilities of project management, procurement, disbursement, and construction supervision, and his inputs were invaluable to keep the project running. The performance of the international consultant is rated as highly satisfactory.

34. The five local consultants were all former MESCD staff. Their contracts were extended as the dates for project completion were extended. However, the contracts for the two project managers and the road engineer was only extended until late 2001, whereas the municipal engineer and the accountant continued to work until loan closing in August 2002. To assist with liquidation of the imprest account and other remaining matters (retention money, audit report), MEES retained the services of the project accountant up to October 2003. This proved very useful for turning over the project knowledge and files to MEES upon project closing. An important task of the four engineering consultants was to supervise the construction works. However, the extent of construction supervision given to each subproject was inadequate.⁷ The local consultants had no previous experience of contract management with interim payments based on actual quantities of work and running totals. In addition, the geographic spread of the 39 subprojects in the three oblasts impeded the efficient supervision by the four consultants. The performance of the local consultants varied between partly satisfactory and satisfactory.

35. When ADB agreed to include the services of the design institute under loan financing, the intention was that staff from the design institute would supervise the construction work on site. However, the supervision work was not included in the contract with the design institute, as MESCD proposed that the local consultants assisted by MESCD staff carry out supervision. The designs prepared by the design institute were generally satisfactory, but for some subprojects, for example the Budalyk bridges, there were design flaws. The overall performance of the design institute is rated as partly satisfactory.

36. The performance of contractors varied from partly satisfactory to satisfactory. As confirmed by the PCR Mission, works for most of the subprojects are of acceptable quality. However, with the lack of regular supervision (para. 34), there were some deficiencies in works. Inadequately dried wood was used for the wooden floors in several schools, which has resulted in shrinking and deformation of the wooden planks. In one school, a second-hand boiler motor was reportedly installed, and is now not functioning. There were frequent delays in payments to contractors, and in some cases the contractors had to stop work due to lack of funds.

37. There was only minor supply of furniture for the schools and medical equipment for the health centers, and the quality was generally of an acceptable standard (para. 12).

J. Performance of the Borrower and the Executing Agency

38. The performance of the Borrower is rated between partly satisfactory and satisfactory. Coordination of project implementation at the central level was done through the PSC, but due to frequent changes in the Cabinet, the meetings of the PSC were not regular. Delayed release of counterpart funds by the Borrower during the latter part of project implementation hampered the progress of civil works. The Joint Country Portfolio Review Mission of ADB and the World

⁷ The PCR mission met with PIU staff from the World Bank-financed flood emergency rehabilitation project, which includes assistance to irrigation facilities and flood prevention measures. The project, which included 24 subprojects, had 14 full-time construction supervisors on the sites and three engineers from the design institute who regularly visited the construction sites. Thus, much more emphasis was given to supervision in the World Bank project.

Bank in August 2003 identified the delayed release of counterpart funds as a systemic issue. To address this, the Government issued a decree to ensure adequate provision of counterpart funding in a timely manner without quarterly ceilings.⁸

39. MESCD and later MEES was not an effective EA. It did not have previous experience in implementing internationally funded projects, and it went through a major reorganization in January 2001. Inadequate numbers of counterpart staff were assigned to the PMU and the PIUs to guide the Project and direct the consultants. There were three ministers during the implementation period, with the latest change in mid-2002. Prior to that, MEES did not appreciate the need for continuous supervision of the construction works. Required progress reports and audit reports were provided to ADB but with delays. MEES submitted a short draft project completion report in February 2003, which did not follow the format requested by ADB and contained mainly facts, with little analysis and evaluation. The capacity of MEES to implement this Project was overestimated at appraisal, and as a result substantial changes were required in the implementation arrangements in the course of implementation. With a new administration, the performance of MEES improved in mid-2002 in terms of commitment to quality of work. Unfortunately, at that point the Project was almost complete. The performance of the EA is rated as partly satisfactory.

K. Performance of ADB

40. The Project was processed very quickly. The request for emergency assistance was received by ADB on 19 June 1998, and the Appraisal Mission was fielded from 8 to 25 July 1998. The loan was approved on 24 September 1998, and became effective on 26 November 1998. ADB fielded 10 missions during project implementation, including inception, midterm, disbursement, and regular review missions. This exceeds the norm of two reviews per year. During the implementation period, four different project officers in ADB were responsible for the Project, mainly due to staff movements. ADB staff were in regular contact with the PMU, provided advice on various issues, and conducted two workshops on project implementation for MESCD, PMU, and PIU staff. The overall performance of ADB is rated as satisfactory.

III. EVALUATION OF PERFORMANCE

A. Relevance

41. ADB responded quickly in assisting the Government to reconstruct damaged infrastructure facilities in affected oblasts. The Project was designed and formulated in close consultation with the national and local authorities and the affected communities, and it helped in alleviating the hardships facing these communities. Although changes were made to the mix of subprojects in the course of implementation, the project objectives and scope remained unchanged. The changes in the list of subprojects reflected refinements in national and local priorities, and financing obtained from other sources. The Project was consistent with the Government's development strategy and with ADB's policy on rehabilitation assistance after disasters. The Project is rated as relevant.

B. Efficacy in Achievement of Purpose

42. The Project achieved its basic objective of helping restore public infrastructure damaged by the severe floods and landslides in what are now Jalal-Abad, Osh, and Batken oblasts. As

⁸ GosKomInvest. No 11, 24 July 2002.

envisaged at appraisal, the project benefits were mainly nonincremental in nature and the project scope was principally limited to restoring damaged facilities to their pre-flood levels to facilitate resumption of economic activities and social life. No benefit monitoring and evaluation system was designed at appraisal and no baseline data were collected. It is thus not possible to quantify the achievement of the long-term objectives of the Project in bringing social and economic life back to normal and sustaining general economic activities in the two oblasts. However, based on observations and interviews with project beneficiaries during the field visits, the completed subprojects in all sectors have alleviated the hardships experienced by the affected communities after the 1998 floods, and economic and social activities now are back to normal. The Project benefited a large proportion of the population in Jalal-Abad, Osh, and Batken oblasts, in which 55%, 52%, and 46% respectively, live below the poverty line.⁹

43. The appraisal estimated that more than 85,000 people would directly benefit from the Project. As the subproject mix changed during implementation and the focus shifted from transport to social infrastructure (schools) (paras. 6–10), it is not possible to make a direct comparison. The PCR Mission estimates that about 170,000 people have received benefits from the Project, including around 105,000 people in Jalal-Abad, and 65,000 people in Osh and Batken oblasts.

44. A major concern of the Project was to redesign or relocate project facilities to avoid damages by future floods and landslides. As only three out of 39 subprojects were damaged by the 2003 floods—which exceeded the level of the 1998 floods—and landslides, the Project has been successful also in this respect (para. 50). The Project is rated as efficacious.

C. Efficiency in Achievement of Outputs and Purpose

45. Given the emergency nature of the Project, no economic analyses were undertaken at appraisal to justify the investment. The Project focused on the restoration of flood-damaged infrastructure facilities, and aimed to bring these facilities back to the original levels of productivity and efficiency. The economic benefits arising out of such restoration activities were those that accrued at the time of the initial construction but were mostly lost due to the damage caused by the floods and landslides. Without baseline and socioeconomic data and given the fact that the damaged facilities were restored only to their pre-flood status, no attempt was made to conduct an economic evaluation of the completed subprojects.

46. ADB's internal processing of the Project was speedy and efficient. However, the implementation was delayed by nearly 2 years mainly because of the weak capacity of MEES and because the implementation arrangements as envisaged at appraisal were inadequate. MEES and the concerned departments in the oblasts had no experience of implementing projects funded by international agencies and had limited staff and resources to prepare the detailed engineering and supervise the construction works. Considering this, more assistance from the international consultant should have been included at appraisal. Services of a domestic consulting firm/design institute to prepare the detailed engineering designs and supervise the construction works should also have been included from the start of the Project. Although the implementation arrangements were amended during the course of implementation to include more inputs from the international consultant and services of a design institute, the arrangements for supervising the construction, in particular, remained inadequate.

⁹ ADB. 2003. *Country Strategy and Program (2004-2006): Kyrgyz Republic*. Manila. About half of the 5 million population of the Kyrgyz Republic live below the poverty line, with the incidence of poverty higher in rural areas.

47. Delayed recruitment of both the international and domestic consultants contributed to implementation delays. The procurement procedures followed by MESCD at the beginning of the Project were deficient (para. 31) and required contracts to be amended for endorsement by ADB. This delayed replenishments of the imprest account and payments to contractors, and thus the implementation of several of the subprojects. Late release of counterpart funds also contributed to delays in implementation. The Project is rated as less efficient.

D. Preliminary Assessment of Sustainability

48. The restored infrastructure facilities have been turned over to the relevant local governments and utility companies for operation and maintenance upon completion. However, in many instances local governments are not providing adequate budget allocations for the maintenance of the roads, bridges, schools, and other facilities rehabilitated under the Project. The Government needs to take action to assure that the schools and other facilities are properly maintained. The sustainability of the Project is rated as less likely.

E. Environmental, Sociocultural, and Other Impacts

49. The rehabilitation works had no negative impact on the environment. Project activities included restoration of damaged facilities and reconstruction in locations better protected from floods and landslides. For all subprojects, an initial environmental examination was undertaken and no adverse environmental impacts were found. The project works have generally improved the quality of life in the affected communities. The rehabilitation works allowed normal activities to be resumed with access to places of employment, markets, hospitals, and schools.

50. The rehabilitated facilities were designed to minimize damage from future floods and landslides, and in some cases facilities were relocated to safer grounds. Although the 2003 floods exceeded the magnitude of the 1998 floods, they damaged only three out of 39 subprojects, all in one area. These three subprojects are the access road to Budalyk village, a water pipeline, and two culverts close to Budalyk village. For the Budalyk works there is a dispute between the EA and the contractor regarding price escalation payments. The road rehabilitation works were damaged by landslides in two places. The road is aligned in a valley along a river and the area is exposed to landslides. The cost of a road with an alternative alignment would be very high, but also the cost to maintain the present road will be high as landslides are likely to recur in the future.

51. The Project was formulated at appraisal in close consultation with local governments, the communities affected by the floods and landslides, and other local groups including nongovernment organizations and women's associations. From the beginning, there was active community involvement in restoration of damaged public infrastructure. The affected communities helped with urgent work, including cleaning of roads and school facilities. Volunteers from the affected communities played an important part in rehabilitation work, particularly in schools, where cleaning and repainting were entirely carried out by teachers, parents, and other unpaid workers. These collaborative efforts with communities have continued for the implementation of most subprojects. In several schools, parents contribute funds and labor for maintenance of the schools. Overall, environmental and sociocultural impacts are rated as moderate.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

52. The Project achieved the immediate objective of restoring the infrastructure damaged by the floods and heavy rains of 1998 in the southwestern part of the Kyrgyz Republic, and its long-term objective of bringing social and economic life back to normal in the affected communities. The project benefited a large proportion of the population in Jalal-Abad, Osh, and Batken oblasts, many of whom are living below the poverty line. The implementation arrangements were not entirely adequate and were adjusted during implementation. However, the 2003 floods and landslides did not damage the constructed or rehabilitated facilities, with a few exceptions. This indicates that overall, the Project has been successful in rehabilitating and relocating the previously damaged facilities. The Project is rated as successful. Details of the rating are in Appendix 10.

B. Lessons Learned

53. MEES's ability to implement the Project was overestimated at appraisal, which required changes to be made in the implementation arrangements during the course of implementation, and the provision of significant additional consultancy inputs.

54. The supervision of the 39 subprojects was inadequate. As a result, performance of the contractors was not always satisfactory and included such problems as the use of substandard materials.

55. No provision for hiring a detailed design firm was included in the Project at appraisal. The EA did not have the capacity to undertake adequate design works, and during project implementation, a decision was made to engage such a firm.

56. The retention money for the civil works contractors was to be paid entirely from counterpart funds at the end of the Project. Although this mechanism mitigated the financial burden on the Government during implementation, it resulted in some contractors not being paid after project completion.

C. Recommendations

1. Project-Related

57. The following activities require follow-up through the Project:

- (i) The Government should ensure that the local governments and public utilities responsible for the rehabilitated or newly constructed facilities provide adequate funds for maintenance, to avoid rapid deterioration of the facilities, and that they operate and maintain them adequately.
- (ii) The Government should take immediate action to pay the outstanding amount of \$134,000 of the retention money to the qualified contractors. This should be urgently followed-up both by headquarters and by the Kyrgyz Resident Mission.
- (iii) The EA should find out if there are any possibilities to request the contractors, based on the provisions of contracts and deficiencies noted during inspections by the

Working Inspection Commission or the State Inspection Commission, to rectify these deficiencies as part of the contractual obligations. If these deficiencies are caused by flaws in the design, action should be taken in accordance with the provisions of the contract with the design institute.

- (iv) For the Budalyk works there is a dispute between MEES and the contractor regarding price escalation payments. The contract documents include provisions for solving such disputes. Both parties should strictly follow these provisions and efforts should be made to solve these disputes without further delay.
- (v) It is very likely that the Budalyk road will be subject to more landslides in the future, and the cost of maintaining this road will be very high. The construction of an alternative road will also be prohibitively expensive. The Government should investigate whether the people in the village would be willing to relocate if an attractive relocation site is provided to them.
- (vi) A project performance audit report should be scheduled for the second half of 2004. By this time all project facilities will have been in use for more than 2 years.

2. General

58. Based on key lessons learned from the review of the Project, the following general recommendations are made for future ADB projects:

- (i) Project implementation suffered from the weak capacity of MEES. As a result, implementation arrangements had to be significantly adjusted and additional international consultant inputs provided. A local consulting firm should from the start of the Project have been engaged for topographic and geotechnical surveys and required laboratory tests. It is essential that appraisal missions for emergency loans carefully assess implementation capacities and design implementation arrangements accordingly.
- (ii) On-the-job training of executing agencies and implementing agencies in project implementation seems to be more effective than 1- or 2-day seminars.
- (iii) Regular supervision is essential to ensure good quality works. The appraisal missions should provide for adequate construction supervision by the consulting firm undertaking the design works and by the PMU/PIUs.
- (iv) For similar future projects, it is recommended that the retention money should be withheld both from payments due from the imprest account and from the counterpart funds, and that it should be released to contractors before loan closing against an unconditional bank guarantee.

PROJECT FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Goal Bring social and economic life of affected area back to normal and avoid severe disruption to the economic development of Jalal-Abad and Osh oblasts ^a	Economic activities reestablished and economic growth maintained.	<ul style="list-style-type: none"> National statistics; Review missions. 	<ul style="list-style-type: none"> General economic and social conditions in the oblasts and in the country will not decline; Further disasters will not occur.
Purpose Assist in restoring economic activity by rehabilitating roads and bridges, power and energy, water supply and sewerage, schools, telecommunications. Construct roads, and power and water supply facilities in relocation centers.	<ul style="list-style-type: none"> Reestablished transport access; Restored power and water supply and sanitation services; Restored access to medical and educational facilities; Improved living environment in relocation centers. 	<ul style="list-style-type: none"> Items procured and operational; Project review missions. 	Further disasters will not occur. The Government is committed to rehabilitating the damaged infrastructure and maintaining it thereafter.
Outputs <ul style="list-style-type: none"> Rehabilitated public infrastructure (roads and bridges, water supply and sanitation, power); Access to schools and medical facilities for affected families; Constructed relocation centers for affected families. 	<ul style="list-style-type: none"> 39 subprojects in transportation, power, water supply and sanitation, telecommunications sectors; Constructed new and rehabilitated old schools; Constructed public infrastructure in relocation centers. 	<ul style="list-style-type: none"> Executing Agency and implementing agency reports; Project review missions. 	<ul style="list-style-type: none"> Adequate capacity of EA for effective project management; Adequate capacity of local construction industry; Adequate supervision of construction works; Counterpart funding available.
Inputs <ul style="list-style-type: none"> Design, procurement, and supervision of civil works Equipment procurement Consulting services/project management 	Actual costs: <ul style="list-style-type: none"> \$5.185 million \$0.212 million \$0.725 million 	<ul style="list-style-type: none"> Project progress; Quarterly and annual reports; Midterm review. 	<ul style="list-style-type: none"> Government will allocate the necessary funding to the project; Effective project management.

^a In October 1999, Batken Oblast was created within Osh Oblast.

LIST OF SUBPROJECTS

No	Subproject	Subproject Code	Location	Completed under RF
A. Jalal-Abad Oblast				
Roads and Bridges				
1	Inner Suzak Roads	R-11	Suzak Raion	
2	Bridge on Jalal-Abad-Kazarman Road	R-1	Suzak Raion	
3	Jalal-Abad-Kazarman Road	R-2	Suzak Raion	
Subtotal (no. of subprojects): 3				
Power				
4	Suzak Ail Power Lines	E-1	Suzak Raion	RF
5	Mailu-Suu Power Line	E-2	Mailu-Suu Raion	
6	Heating Network Repair	E-12	Mailu-Su Raion	
Subtotal (no. of subprojects): 3				
Health				
7	Kzyljar Relocation Center Health Post	H-1	Suzak Raion	
Subtotal (no. of subprojects): 1				
Water Supply and Drainage				
8	Rehabilitation of Water Supply System	W-1	Suzak Raion	RF
9	Rehabilitation of Drainage System	W-2	Suzak Raion	
10	Repair of Water Mains	W-4	Mailu-Suu Raion	
11	Chatkal Raion Water Pipes	W-5	Chatkal Raion	
Subtotal (no. of subprojects): 4				
Education				
12	Akmechet School	S-4	Suzak Raion	RF
13	Jomog Kindergarten	S-1	Suzak Raion	RF
14	Teyene Akis Village School	S-5	Aksi Raion	
15	Syny Village School	S-7	Aksi Raion	
16	Gumkana Village School	S-8	Bazar Korgon Raion	
17	School in Kazarman Settlement	S-9	Toguz-Toro Raion	
18	New School in Sari-Tala Village		Buka Raion	
19	New School in Kurama Village		Nookan Raion	
20	New School in Oogan Tala Village		Bazar Korgon Raion	
Subtotal (no. of subprojects): 9				
Telecommunications				
21	Reinstallation of Telephone Lines	T-1	Suzak Raion	
Subtotal (no. of subprojects): 1				
Resettlement Centers				
22	Roads in Kazeljal Relocation Center	HS-1R	Suzak Raion	
23	Power Lines in the Kazeljal RC	HS-1E	Suzak Raion	
Subtotal (no. of subprojects): 2				

No	Subproject	Subproject Code	Location	Completed under RF
B. Osh and Batken Oblasts				
24	Three Bridges on Roads to Budalik AU	R-2	Budalik	
25	Side Road Repair	R-2A	Budalik	
26	Culvert Repair on the Side Road	R-2B	Budalik	
27	Sopu Korgon-Tereg Road	R-3	Alay	
28	Repair of Lilac Road	R-13	Lilac Raion	
29	Bridge in Nichke Village	R-18	Uzgen Raion	
30	Road in Maksat Settlement	R-19	Lilac Raion	
	Subtotal (no. of subprojects): 7			
Health				
31	Health Post Rehabilitation	H-1	Budalik	
	Subtotal (no. of subprojects): 1			
Water Supply				
32	Water Pipe Reinstallation	W-1	Budalik	
33	Water Supply in Maksat Settlement	W-3	Lilac Raion	
	Subtotal (no. of subprojects): 2			
Education				
34	School in Kojoke Village	S-4	Nokat Raion	
35	School in Aravan Village		Aravan Raion	
36	School in Yangi-Turmush Village		Kara-Suu Raion	
37	School in First of May Village		Kara-Kulda Raion	
38	School in Murdash Village		Alai Raion	
39	School in Baiysh Village		Nookat Raion	
	Subtotal (no. of subprojects): 6			
	Total: 39			

RF = retroactive financing.

CHRONOLOGY OF EVENTS

1998

May – June	Severe floods and landslides in Jalal-Abad (JA) and Osh oblasts
July	Appraisal Mission in response to Government request for assistance
September	Loan Approval by ADB Board
November	Four subprojects completed under retroactive financing
November	Loan Agreement signed; loan effectiveness
November	Inception Mission
December	Disbursement of \$0.84 million for retroactive financing made
December – March 1999	Change in senior Cabinet staff

1999

April	Disbursement Mission
May	Review Mission
May	Recruitment of international consultant as project adviser Establishment of PIU in JA and Osh oblasts
May	Decision is made to hire Dolboor Design Institute Revision in contract packaging PMU is established in MESCD
May	First Project Implementation and Administration workshop held at MESCD
June	Reassignment of PSC members following changes in the Government
June	Establishment of imprest account Initial deposit of \$0.5 million to imprest account
August	All local consultants engaged
October	Batken oblast created within Osh oblast; decision is made that Osh PIU will also cover Batken subprojects
November	Review Mission
November	Deletion of 16 subprojects and addition of 11 subprojects; total scope 32 Subproject (21 in JA, 8 in Osh, and 3 in Batken)
November	Problems with procurement procedures for 19 subprojects recorded Part-time project adviser is upgraded to a full-time project supervisor

	and services extended initially by 6 months followed by later extensions up to a total of 23.5 months
November	First PSC Meeting
December	Second PSC Meeting
December	Audit report for 1998 and for 1999 (up to November 1999) by the Accounting Chamber is received
<u>2000</u>	
March/April	Mid-term Review Mission Mission notes an urgent need to: strengthen the accounting function of PMU; to strictly follow ADB procurement procedures; and to improve Project management and coordination Time-bound action plan is agreed with MESCD for PMU/PIU strengthening; coordination in project implementation; counterpart financing; refinements in project scope; and auditing and reporting Second workshop on ADB procurement procedures The Midterm Review Mission notes a need for equipment procurement for the constructed schools to fully obtain project benefits. MESCD requests changes in subprojects (cancel 7 and add 13 subprojects not in the original long list)
April	ADB approved amended contract for 19 subprojects on a post-facto basis
April	Third PSC meeting
April	International consultant commences services as project supervisor
June	Fourth PSC meeting
September	Project accountant/consultant replaced with a more experienced Accountant
November	Fifth PSC meeting
November	Review Mission
November	Request to include new school subprojects
December	Tenders issued for the eight new schools
December	Two subprojects in Mailu Suu (new road and water main) excluded from Project scope to be financed entirely by the Government
<u>2001</u>	
January	Merger of MESCD with Ministry of Ecology and the new ministry named Ministry of Ecology and Emergency Situations (MEES). New minister appointed and project coordinator replaced

April	Review Mission
May	First extension of loan closing date from 30 April 2001 to 31 December 2001
May	ADB agrees to include eight new schools
May	New members to PSC appointed due to reorganization of the Government
May	Last civil works contracts (schools) awarded
November	Review Mission
December	Second extension of loan closing date from 3 December 2001 to 31 March 2002
December	Audit Report for 2000 submitted
December	PIU for Osh/Batken closed with its functions transferred to Jalal-Abad PIU. Services of two project managers and road engineer discontinued. Services of municipal engineer, re-designated as project manager, and accountant continued
<u>2002</u>	
January	Contracts for procurement of equipment for schools and medical facilities awarded
March	Review Mission
April	Third extension of loan closing date from 31 March 2002 to 15 August 2002
June	Minister and staff of MEES replaced by new appointees
June	Review Mission
July	Additional equipment for school procured
August	Loan closing, but loan account kept open for liquidation of imprest advance account
October	Final disbursement from loan account
December	Audit Report for 2001 submitted
<u>2003</u>	
April	Loan account closed
September–October	Project Completion Review Mission
October	Audit report for 2002 submitted

ADB = Asian Development Bank, PIU = project implementation unit, MESCD = Ministry of Emergency Situations and Civil Defense, PMU = project management unit, PSC = project steering committee

DETAILS OF SUBPROJECTS

Jalal-Abad Oblast

No.	Subproject	1. Damage caused and hardship to community 2. Scope of work	Impact of project, including number of beneficiaries	Outstanding balance of retention money to contractors?	Completion Date
1. ^a	Rehabilitation of bridge on Jalal-Abad–Kazarman Rd. (R-1)	<p>1. Two spans and 3 piers on right hand side washed off inclusive of approaches. Road impassable and communication to villages affected</p> <p>2. Construct temporary detour with bridge and temporary dam. Dismantling and removal of damaged elements of the existing bridge. Construction of 3 piers (1 open abutment and 2 intermediate piers).</p> <p>Construction of 4 spans of deck out of precast concrete, wearing surface with concrete and asphalt concrete. Construction of pavements, side rails and installation of metal fences. Dismantling of detour road and diversion of waterway. Construction of concrete wing wall on upstream side.</p>	Due to rehabilitation of the bridge over the river Kugart, on the 40 th km on the JA-Kazarman road, access from Toguz-Toro region with a population of about 35,000 in five villages to Suzak raion center is possible. The bridge is of strategic importance. The opportunity is now available to obtain medical attention and transport produce. The bridge has been turned over to the Ministry of Transport.	No	Dec 2000

^a = Subproject visited by the Project Completion Review Mission, JA = Jalal-Abad, km = kilometers, m = meters, R-1 (etc.) = subproject code, RF = retroactive financing.

Source: MEES

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
2	Rehabilitation of Jalal-Abad–Kazarman road (R-2)	1. Eight sections of the road were rendered impassable due to 8 culverts being washed away by flood waters and mud flow. Communications were interrupted and access to Toguz-Toro region not possible. 2. To restore communications by reconstructing 8 damaged culverts and approaches: 5 culverts of concrete box section 2m x 2m and 3 culverts of metal pipe 1.62 dia.	In the community from Toguz-Toro region, about 25,000 people benefit from the Project. The opportunity is now available to transport produce and seek medical attention in Suzak region center.	Yes (5%)	Aug 2002
3 ^a	Rehabilitation of inner roads in Suzak village (R-11) Partly under RF	1. About 23 km of roads of different categories were covered by silt and damaged due to intense flooding, and movements of traffic and pedestrians were interrupted. Communication from nearby villages was also cut off. 2. To rehabilitate roads in 4 settlements, i.e., Suzak, At-Chabar, Lavdan-Kara, and Stadium. Work involves rehabilitation of 10.6 km of road with gravel-sand mixture overlay, construction of ditches, and rehabilitating road sides for a total length of 14 km; installation of 231 m of concrete culverts of 0.4 m dia., installation of 33 pieces of road signs, and construction of water pipe wells - 3 pieces.	About 50,000 people from the nearby villages of Lavdan-Kara, Stadium, At-Chabar, and Susak regional center have benefited, being able to move through the affected areas to other destinations. With the elimination of stagnant water from damaged sections, the health of the people has improved and about 15,000 people living within the affected areas are no longer troubled by dust and splash water.	No	Jun 2002
4 ^a	Electric supply to Suzak village (E-1) Under RF	1. The power lines in Susak regional area were damaged and the supply to 3 villages was cut off. 2. To restore the power supply by rehabilitating the power supply lines, 3 substations.	About 5,000 persons in 3 villages i.e., At-Chabar, Stadium and Lavdan-Kara benefited by the restoration of the power supply resulting in a better standard of living.	No	Nov 1998
5	Electric power line in Mailu-Suu city (E-2)	1. The power supply to Mailu-Suu in 8 areas was cut off due to the total destruction of the power line by landslides resulting in 12 enterprises and organizations, including the main water intake facility and about 5,000 persons, being denied of electricity. 2. To reconstruct the power line with the necessary transformers through a safe location and restore the power supply	With the completion of the subproject, 8 areas were supplied with electricity, providing benefits to around 8,000 people. The interrupted industries resumed production and the general welfare of the area improved. Currently, 2 sections of the 8 are not properly maintained and not working.	Yes (5%)	Jan 2002

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
6	Heating system in Mailu-Suu town (E-12) Partly under RF	1. The former heating plant was damaged by a major landslide and about 3.2 km of the hot water transmission mains were destroyed, and a section of the town could not be supplied with hot water. About 20,000 people were affected by the lack of proper heating. 2. To construct a new heating plant in a safer location closer to the town and restore the hot water supply	The heating plant is currently functioning. Although the subproject was included into the original project scope, at subsequent verification it transpired that a major portion of the work had been carried out under a different administration and not under the supervision of the project consultants; corresponding adjustments were made.	No	Not completed under Project.
7	Mailu-Suu Water Supply (W-4) Under RF	1. Water mains were destroyed by a major landslide, and people were cut off from the water supply. 2. To relocate the water mains as a temporary solution for the provision of the water supply.	Temporary water supply mains were relocated, and around 20,000 people living in the Mailu Suu Center have benefited from the restored water supply. The following works involve identification of a safe location for the permanent solution.	No	Nov 1998
8 ^a	Health post in Kyzyljar settlement (H-1)	1. Displaced people were located in the new settlement, which did not have adequate maternity and other health care facilities. 2. To construct a new health post unit and equip same to cater to the needs of the people in the settlement and nearby.	The subproject benefits those in the settlement and nearby, and affords an opportunity to a population of about 4,000 people to consult a doctor and obtain medical attention. FAP was not considered a high priority project as there is a hospital close by in Suzak. Currently there is a health post, medical nurses, and half of the health post is for dentistry.	No	Aug 2001
9 ^a	Rehabilitation of water supply system in Suzak village (W-1) Partly under RF	1. As a result of severe flooding, 5 pumping plants and about 7.1 km of water mains were destroyed and about 20,000 people were deprived of potable water and there was a great health risk of the health of the community being affected. 2. To rehabilitate the water supply system and provide safe drinking water to the community; pipes and 2 pumping stations.	Safe water was provided for about 6,000 people under retroactively financed work and on completion of the subproject about 20,000 people benefited from the availability of safe potable water and a better quality of living with fewer health hazards. The facilities need to be better maintained by the local authorities.	No	Jun 2002

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
10 ^a	Rehabilitation of drainage system in Suzak village (W-2) Partly under RF	1. About 5 km of the surface water drainage system was completely clogged with silt and damaged by flood waters resulting in an increase in the water table and the accumulation of water in several areas. Most of the vegetation died as a result of the high water table and submergence, and there was a high risk of the spread of disease during the hot season due to the vast amounts of stagnant water. About 20,000 people were affected. 2. To rehabilitate the system by constructing about 4,000 m of surface and underground drainage channels to collect and drain off all surface water into a nearby river and free the area of stagnant water.	With the complete drainage of the area, about 20,000 people can live a comfortable life with fewer health risks. After the successful lowering of the water table, vegetation has been re-established and the community can raise productive crops and improve their living standards. The Project proved to be very successful.	No	Nov 2000
11 ^a	Rehabilitation of water supply to Shekaftar settlement (W-5)	1. About 5.2 km of water mains were destroyed by landslides, and a population of about 3,000 people was denied a water supply. The operation of important social institutions like schools, dispensaries, polyclinics, etc. was also affected by the lack of water. There was also a risk of the spread of diseases. 2. To construct a new pumping station, 2 reservoirs on high ground, reconstruct 3.06 km of new water main, provide 9 standpipes and restore the water supply.	With the restoration of the water supply to improved standards, the quality of life of a nearby community of about 600 families has improved. Problems were noted with a proper operation and maintenance (O&M) of the scheme, and a recommendation is made for the local government to coordinate with the ADB-financed Community-Based Infrastructure Services Project for establishing proper institutional arrangements and additional reservoir facilities.	Yes (5%)	Aug 2002
12 ^a	Jomok kindergarten, Suzak raion (S-1) Under RF	1. The entire school premises was covered with mud flows and the building was dangerously damaged. The children were deprived of education and playground facilities. 2. Reconstruction of the damaged building to safe standards, remove all mud debris and make the school operational.	Education facilities have been restored to 170 children and 17 teachers are being engaged. The children of the locality have been given the opportunity of continuing with their education and the social status of the community has improved. Some furniture of good quality has been provided from the Project.	No	Nov 1998
13	School in Akmecchet village, Suzak raion (S-4) Under RF	1. The old school was destroyed by mud flows and about 400 students were deprived of proper education and recreation facilities. Classes were held in open spaces and different temporary locations. 2. To reconstruct the damaged school and provide better educational and recreational facilities to the students.	After completion of the school the level of education has improved; about 400 students have been provided with a more spacious, warm, and comfortable environment. The new school building is also used for social activities like meetings and cultural events. Some problems are reported with a boiler house.	No	Oct 1999

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
14 ^a	Construction of school in Tegene village (S-5) Partly under RF	1. The old school building was damaged by heavy rains and mud flows and all classes were suspended depriving about 300 students of education. 2. To carry out immediate repairs to resume classes and reconstruct the school to a better standard and provide education to more students.	The school is providing education opportunities to a community in a remote area. The capacity is 192 places; currently there are 21 teachers. Problems are noted with floors and roof, and overall maintenance of the school. The school can also be used for other social activities like meetings and cultural events.	No	Oct 1999
15 ^a	Construction of school in Syny village (S-7)	1. The old school was damaged by heavy rains, strong winds and mud flows and was very dangerous and classes were being held in the open in very adverse climatic conditions. About 800 students were affected. 2. To construct 2 new single-story buildings in a safer location and provide improved accommodation and recreational facilities	The school is providing education opportunities to a community in a remote area. The capacity is 360 places. The new school is located in a well-ventilated area, which is environmentally superior to the old location. The school needs to be better maintained.	No	Oct 1999
16	Construction of school in Gumkana village (S-8)	1. The old school was declared dangerous since most of the buildings had cracked due to subsidence following heavy rains and landslides. About 70% of the students had to accommodated in various temporary locations. 2. To construct a new school in a safer location with improved facilities.	The new school is located in a very scenic location and provided with spacious accommodation and recreational facilities. The capacity of the school is 350 places. The nearby community appreciates the school, which is also used for social events. Furniture is provided under the project.	No	Dec 1999
17	Construction of school in Kazarman resettlement in Toguz-Toro (S-9)	1. The existing school was damaged by heavy landslides and all classes were suspended affecting 800 children. 2. To construct a new school to accommodate about 800 children.	A population of about 4,000 person benefits from the availability of school facilities. The school's capacity is 422 places. The school is also being used for other activities like meetings and cultural events.	Yes (5%)	Aug 2001

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
18 ^a	Construction of new school in Sari Tala in Ala Buka raion	<p>1. The existing school is in a dilapidated condition since the walls and foundations have been weakened by flood waters. The timber flooring has perished due to submergence by floods. Due to poor condition of the building, the school has to be closed for long periods during the winter period since it is considered dangerous and hazardous for occupation by children. The school provides education to 612 children in 3 sessions.</p> <p>2. To resume construction of a partly built new school building where work has been suspended due to lack of funds. The new building will comprise a basement and 2 floors. New heating system and recreational facilities also to be provided.</p>	New school benefits a population in Sari Tala village. The capacity of the school is 422 places. There are about 900 students in 2 shifts; total 38 teachers. The new building can be used for meetings and cultural events; there is a gymnasium. The construction quality is in general good. Because of the better condition of the school, pupils from neighboring schools are transferred here. The social benefits are appreciable.	No	Jul 2002
19 ^a	Construction of new school in Kurama village in Nookan raion	<p>1. Former school comprising of 2 buildings where 292 students were educated was damaged and weakened earlier due to an earthquake, but were repaired and classes continued. However, during heavy rains accompanied by strong winds and floods in 1998 the foundations of the building started settling and the roof was blown off. The children were temporarily accommodated in a school in Uzbekistan territory, but with the closure of the Uzbekistan border, the children could no longer attend the school and are now being educated in various temporary locations.</p> <p>2. To construct a new single-story building in a safe location on high ground to accommodate about 200 students and hold 2 sessions.</p>	The new school benefits a community in Kurama village. The school's capacity is 192 places. Necessary preventive measures because of the subsiding soils were designed and implemented. While the building is structurally sound, the finishing of the walls has problems of cracks and salt eruption. The school can also be used for meetings and cultural events. The social benefits are appreciable.	No	May 2002
20 ^a	Construction of new school in Oogan Tala village in Bazar-Korgon raion	<p>1. The former school has been badly damaged by heavy rains and floods and has been abandoned since it is dangerous for occupation by children. The roof has collapsed and some of the walls are also badly damaged. The doors have been boarded to prevent the entry of children. About 600 children are being accommodated in neighboring schools and have to walk long distances.</p> <p>2. To construct a new 2-story school building with proper heating and recreational facilities at a safe site to accommodate 422 students and hold 2 sessions.</p>	New school benefits a population in Oogan Tala village. The new school has 422 places. Currently 643 students study in the school or grades 5–11 A suggestion has been made to accommodate the students of grades 1–4 with a 2 shift system if feasible. The new building can also be used for meetings and cultural events. The floors are a problem. The social benefits are appreciable.	Yes (5%)	Aug 2002

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
21 ^a	Telephone lines in Suzak village (T-1)	1. 3.2 km of telecommunications lines were destroyed on account of strong winds and flooding and about 820 telephone connections were affected. A major portion of the community of Suzak were denied of telecommunications services affecting about 20,000 people. 2. To rehabilitate the system and restore telecommunications services	On restoration of the telecommunications system about 8,000 people have the benefits of telecommunications services and improved living standards.	Yes (5%)	May 2002
22 ^a	Roads in Kyzyljar settlement (HS-1R) Partly under RF	1. The new settlement did not have a developed road system and movement within the settlement was difficult. The absence of a surface water drainage system also created an unhealthy environment. 2. To develop a satisfactory road system of about 4 km within the settlement with proper surface drainage to enable smooth movement of traffic.	With the development of the overall 8 km (including under RF) road network within the settlement, the community of about 3,500 could move around freely. The improved road surfacing resulted in lower vehicle operating costs. With improved surface drainage, pedestrians could move about without being splashed by moving traffic. All roads in the settlement are gravel roads.	No	Mar 2002
23 ^a	Rehabilitation of electric power lines in Kyzyljar settlement (HS-1E) Partly under RF	1. There was no electricity supply to the new settlement causing tremendous hardships to the community of about 20,000 people. 2. To provide an electricity supply to the community, involving the construction of 0.8 km of power lines and the installation of 2 transformers.	On completion of the subproject, the community of about 3,500 people enjoyed the benefits of electricity and better living standards. With the availability of electricity, the settlement will be safer at night.	No	Sep 2001
Osh and Batken Oblasts					
24 ^a	Rehabilitation of 3 bridges on road in Budalik village (R-2)	1. Due to excess flood waters and landslides, three river crossings were washed away and the road leading to 3 villages was impassable and the population had no means of accessing the towns for personal reasons and for transportation of basic essentials. The cemetery was also in danger of being washed away by the river. 2. To replace the damaged structures with one 18 m span bridge and two 1.5 m diameter metal pipe culverts.	The communities could access the main towns for their personal needs and transportation of essentials to the villages until the 2002 floods. About 4,500 people in 3 villages have benefited from the subproject. The 2 metal pipe culverts were constructed in the body of the landslide, and are subject to erosion. Deficiencies in works as completed are noted.	No	Nov 2001

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
25 ^a	Rehabilitation of road Budalik village (R-2A) Partly under RF	1. The road leading to 5 villages was damaged in 7 sections due to heavy erosion from flood waters in the river flowing alongside, and landslides, and was impassable. The community could not access the main towns for their needs and transport of agricultural produce; this caused much economic hardship. 2. To rehabilitate the road over a total length of 2,920 m and provide slope protection to the embankment to prevent future scouring by flood waters. The rehabilitated sections to be resurfaced with a gravel and sand mix.	With the rehabilitation and restoration of the road, there was free movement of traffic and the communities could access the main towns for their needs and also market their agricultural produce. The social life and the economy of the communities have improved. About 5,000 people in 5 villages benefited from the subproject until April 2003, where a significant landslide destroyed the 1 st and the 4 th sections of the road. The road passes through an area of potential landslides. However, the alternative road is prohibitively expensive. The maintenance of the road will be expensive due to high likelihood of landslides.	No	Sep 2001
26 ^a	Construction of culvert on road in Budalik village (R-2B)	1. Due to excess flood waters and landslides, one river crossing was washed away and the road leading to 3 villages was impassable and the population had no means of accessing the towns for personal reasons and for transportation of basic essentials. 2. To replace the damaged structure with one 11 m span bridge and restore communications.	The "culvert" is really a bridge. The communities could access the raion towns, market their agricultural produce, and transport essentials to the villages. The social life and the economy of the community have improved considerably. About 4,500 people in 3 villages have benefited from the subproject. The landslide of 2003 destroyed some sections of the road.	No	Aug 2001
27	Rehabilitation of Sopus-Korgon-Terek road (R-3)	1. About 2.4 km of the road was washed away at 3 locations due to heavy rains and flooding of the nearby river, and mud flows. The population of Terek village was unable reach the main towns for their essential needs and to market their produce.	With the rehabilitation and restoration of the gravel road, there is free movement of traffic and the community can access the main towns for essential needs and also market agricultural produce. The social life and the economy of the community have improved. About 600 people have benefited from the subproject.	Yes	Dec 2001
28	Rehabilitation of retaining walls on Osh-Isfana road in Leylac raion, Batken oblast (R-13)	1. Due to heavy scouring of the river bed, the foundations of retaining walls along the main national highway at 8 locations were exposed and were in danger of collapse resulting in communications being disrupted. 2. To construct cross walls across the river and stabilize the river bed and protect the foundations from future damage and repair all damaged sections of retaining walls.	With the protection work carried out under the subproject, the safety of the main national highway linking Leylac raion with the rest of the country has been ensured. Any interruption to communications would have had very adverse social and economical effects on the communities. The subproject has benefited about 35,000 people living in 10 villages and 2 towns. The road has strategic importance.	No	Oct 2001

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
29 ^a	Rehabilitation of bridge in Nichke village (R-18)	<p>1. The right side abutment of the existing bridge had been washed away by flood waters and the bridge deck had collapsed. The road leading to 3 villages was impassable and communication with the main towns was not possible causing much hardships to the communities, which could not transport and market their produce. Education of children was also affected since the children from distant locations could not reach the schools.</p> <p>2. To reconstruct the damaged abutment and rehabilitate and reuse the original deck. A cross wall to be constructed and the bridge invert to be paved with concrete to prevent future scouring of the bridge foundations. New approaches to the bridge also to be constructed.</p>	With the rehabilitation of the bridge there is free movement of traffic and the communities can access the main towns for their personal and essential needs. The farmers are now able to market their agricultural produce and the quality of life of about 2,000 people in 3 villages has improved. School children are now able to attend classes. Currently the bridge is maintained by the Road Maintenance Enterprise-5 under the Ministry of Transportation. Wooden deck needs to be replaced, and O&M should be improved.	No	Aug 2000
30	Rehabilitation of road to Maksat settlement in Leylac raion, Batken oblast (R-19)	1. The existing road to the settlement had been washed away in several places and the road surface was badly eroded over a length of about 22 km. Public transport to the settlement was suspended and those in the settlement were enduring much hardship due to the lack of communications. The settlers could not transport and sell their produce in the main towns.	With the rehabilitation of the gravel road to a motorable level, communications have been restored and the settlers will be able to move freely and access the main towns for their personal and essential needs. The communities can transport and market their produce resulting in improved economic benefits and a better quality of life. About 5,000 people in 3 villages benefit from the subproject.	No	Oct 2001
31 ^a	Construction of new health post in Budalik village (H-1)	<p>1. The existing health post was completely damaged by landslides and affected about 7,500 people in 5 villages. The community could not obtain healthcare and maternity benefits and people were compelled to travel long distances to seek treatment in distant towns.</p> <p>2. To construct a new hospital in a safe location and provide the necessary equipment in order to provide the community with its needs.</p>	A population of 7,500 people in 5 villages benefit from the primary health care and maternity treatment. There are 1 hospital post and 2 medical nurses. The FAP has been turned over to the Center of Family Care under the Ministry of Health. The quality of living improved with the completion and operation of the health post.	No	Sep 2000

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
32	Rehabilitation of water supply in Budalik village (W-1)	<p>1. The existing water supply lines were damaged by landslides and about 1,600 people were deprived of safe water and the community is compelled to collect polluted water from small open streams. This is a great health hazard.</p> <p>2. To rehabilitate the water supply by tapping 2 sources in Karasu and Octyabr at a high elevation, and laying about 12 km of new delivery lines to transport the water to the town center into an overhead reservoir. Thirty-five communal outlets are to be provided of which 21 would serve as combined fire hydrants. The other 14 will be purely for domestic needs. The line will be extended to provide water to the new hospital post being constructed under the Project.</p>	On completion of the subproject, the community received the benefits of a regular supply of clean water resulting in better health standards. A total of 12.5 km of pipes were constructed, with one outlet approximately every 200 m for domestic use. During this year's landslide, about 1 km of pipe was destroyed, and people in Kara-Su (105 families) are currently without a water supply.	No	May 2002
33	Construction of water supply to Maksat settlement in Leylac raion in Batken oblast (W-3)	<p>1. The new settlement where 60 to 70 families who were affected by floods are settled and a further 460 families are proposed to be settled had no water, since the river, which runs quite close to the settlement and from where water could have been pumped, is in Tajikistan territory. The settlers have no regular supply of water for their normal needs and to cultivate crops and are living in very arduous conditions.</p> <p>2. To tap a water source at a high elevation from the Kulunda canal and convey the water by gravity through a siphon across the Hajabakargan river and over an island in the river. Thereafter the line would run through a tunnel over a distance of 500 m and finally through a steel pipeline and open channels. In all, the work will involve the transmission of water over a distance of about 3 km.</p>	The project is completed, and when the water is supplied to communities, the benefits will be significant, as the land is very fertile and agricultural productivity in the area will improve. With the new road now being constructed under the Project, the community will be able to transport and market its produce. The subproject will contribute toward improving the social and economic status of the settlers. Local authorities should construct a distribution network for the project to obtain the full benefits of the project.	Yes (5%)	May 2002

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
34 ^a	Construction of school in Kojoke village in Nookat raion (S-4)	<p>1. The former school constructed in 1927 was damaged by flood waters and landslides and was very weak and dangerous. The foundations had been submerged for about 20 days. Three teachers and 13 children were reported to have affected by rheumatism as a result of dampness of the building. Children were being educated in various locations and the community was greatly inconvenienced as a result of the school not being fully operational.</p> <p>2. To abandon the existing school and complete a partly constructed 2-story building with basement which was started by the raion administration but work was suspended due to a shortage of funds.</p>	The school accommodates 422 places in 13 classrooms, and brings significant benefits to the community. The new building can also be used for meetings and cultural events.	No	Dec 1999
35 ^a	Construction of school in Aravan village, Aravan raion	<p>1. The former school was completely destroyed and was demolished and a new single-story school building is being constructed on the same site by the raion administration. The work has been stopped due to a lack of funds. The former school catered to children from 3 villages and at present the children are being accommodated in 3 neighboring village schools and have to walk long distances.</p> <p>2. To complete the construction of the incomplete building where work has been done up to ceiling level, but some defective work will have to be demolished and reconstructed. The new building will accommodate 400 students in 2 sessions.</p>	The new school benefits the population of Aravan village; its capacity is 250 places in 9 classrooms; 360 students study currently in the school. The new building can also be used for meetings and cultural events. Education is in the Uzbek language. Problems are the floors and the boiler motor.	Yes (5%)	May 2002

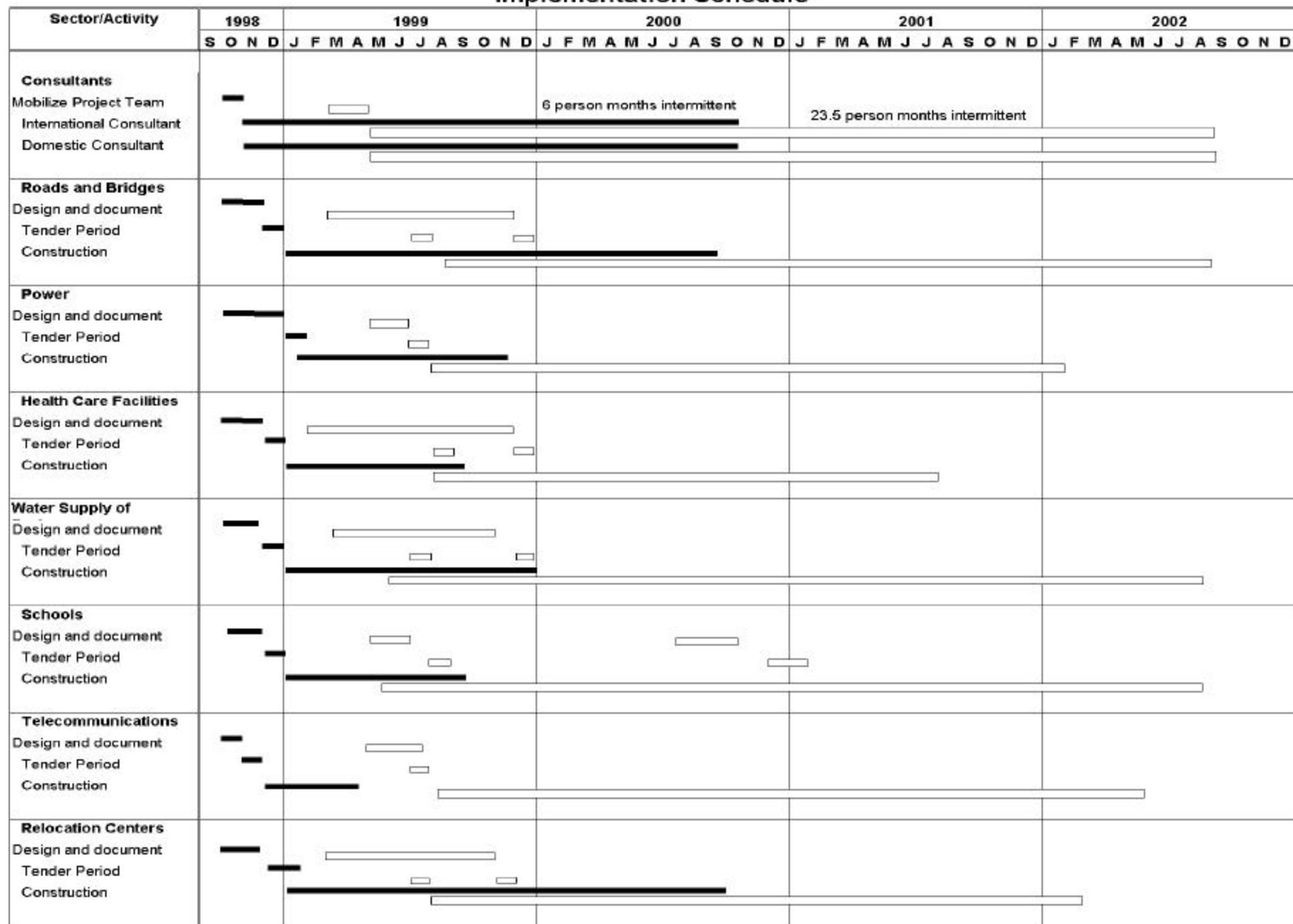
No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
36 ^a	Construction of school in Yangi-Turmush village, Kara-Suu raion	<p>1. The present school, which is about 40 years old, is in a dilapidated condition and the lower sections of the walls and foundations have been weakened by flood waters. The premises are subject to flooding. Part of the roof and most of the ceiling have collapsed and sections of the wooden floor have also been damaged as a result of having been under water. The school caters to 670 students from grades 1 to 11 from 5 villages and classes are held in 3 sessions. If the school is to be closed, the nearest school is 7 km away. The laboratory has been extensively damaged and is not being used.</p> <p>2. To construct a new type plan 2-story school building without basement to accommodate 422 students and hold classes in 2 sessions</p>	The new school accommodates 422 places in 13 classrooms; 650 pupils from families in Yangi-Turmush (pop. around 4,000–5,000) study in 2 shifts (grades 5–11) Education is in the Uzbek and Kyrgyz languages. The new building can also be used for meetings and cultural events. The furniture provided is of good quality and is appreciated by the beneficiaries. Problems are wooden floors and a boiler house.	Yes (5%)	Aug 2002
37 ^a	Construction of school in 1st of May village in Kara-Kulja raion	<p>1. The old school has been badly affected by heavy rain and floods. The foundations have been weakened and the roof is propped with timber posts on the rear side. Seepage from the roof has damaged the ceiling, which is now hanging very dangerously. The wooden floors have badly warped as a result of submergence by flood waters. Two buildings, which were a part of the school, have been abandoned. The school caters to 522 students.</p> <p>2. To construct a new single-story school building similar to the one built in Tegene on a 2 ha site available behind the school to accommodate 350 students in each of 2 sessions.</p>	The new school benefits a community in the 1 st of May village (pop. around 10,000). The new school's capacity is 350 places. Currently 550 students study in 2 shifts. The new building can also be used for meetings and cultural events. The social benefits are appreciable.	Yes (5%)	Aug 2002

No.	Subproject	1. Damage Caused and Hardship to Community; 2. Scope of Work	Impact of Project, including Number of Beneficiaries	Outstanding Balance?	Completion Date
38 ^a	Construction of school in Murdash village in Alai raion	<p>1. The present school comprises 4 buildings; 2 smaller buildings have been abandoned since in 1998 there was a heavy gush of water from the mountains behind the school and the buildings were flooded. The foundations are sinking and the walls are weak and there are several cracks running through the walls. The ceiling is sagging in most places and is dangerous. The school caters to 565 students in 2 sessions.</p> <p>2. There had been an attempt to construct a larger school in 2 sections, but the work was suspended. The basement of one section has almost been completed, but no work has been done on the superstructure. The work is of poor quality. It is not economic to complete this building since the basement serves no useful purpose and is not healthy to be used for continuous occupation, as it is very poorly ventilated. The other partly built section is to be completed as a single-story building and supplemented with a new additional building to accommodate about 400 students. This proposal provides for a better layout of the classrooms and a healthier environment.</p>	The new school benefits a population of 2 villages (including Murdash, pop. around 4,000), and the new school accommodates 420 places in 14 classrooms; there are 48 teachers. Currently 600 students study (in grades 1–11). The school is in good condition, and it has a sports facility. The building can also be used for meetings and cultural events. The social benefits are appreciable.	Yes (10%)	Sept 2002
39 ^a	Construction of school in Baiysh village in Nookat raion	<p>1. During the 1998 floods, it is reported that the school was submerged and a part of the school collapsed and was temporarily rebuilt. The school is located near a river and when the river water level rises, the area is flooded. The walls are very weak and are being supported by buttress walls. The ceilings are sagging badly and are a source of danger to the children. The school caters to 419 students from 4 villages. Many students have not been accommodated due to inadequate space.</p> <p>2. To construct a new 2-story building similar to the one built in Kojoke but without the basement, to accommodate 422 students on a new, safe site nearby.</p>	The new school's capacity is 422 places; 418 students study currently. The new building can also be used for meetings and cultural events. Some problems are noted with the floors and drainage. The social benefits are appreciable.	Yes (5%)	Aug 2002

LOAN DISBURSEMENTS
(\$)

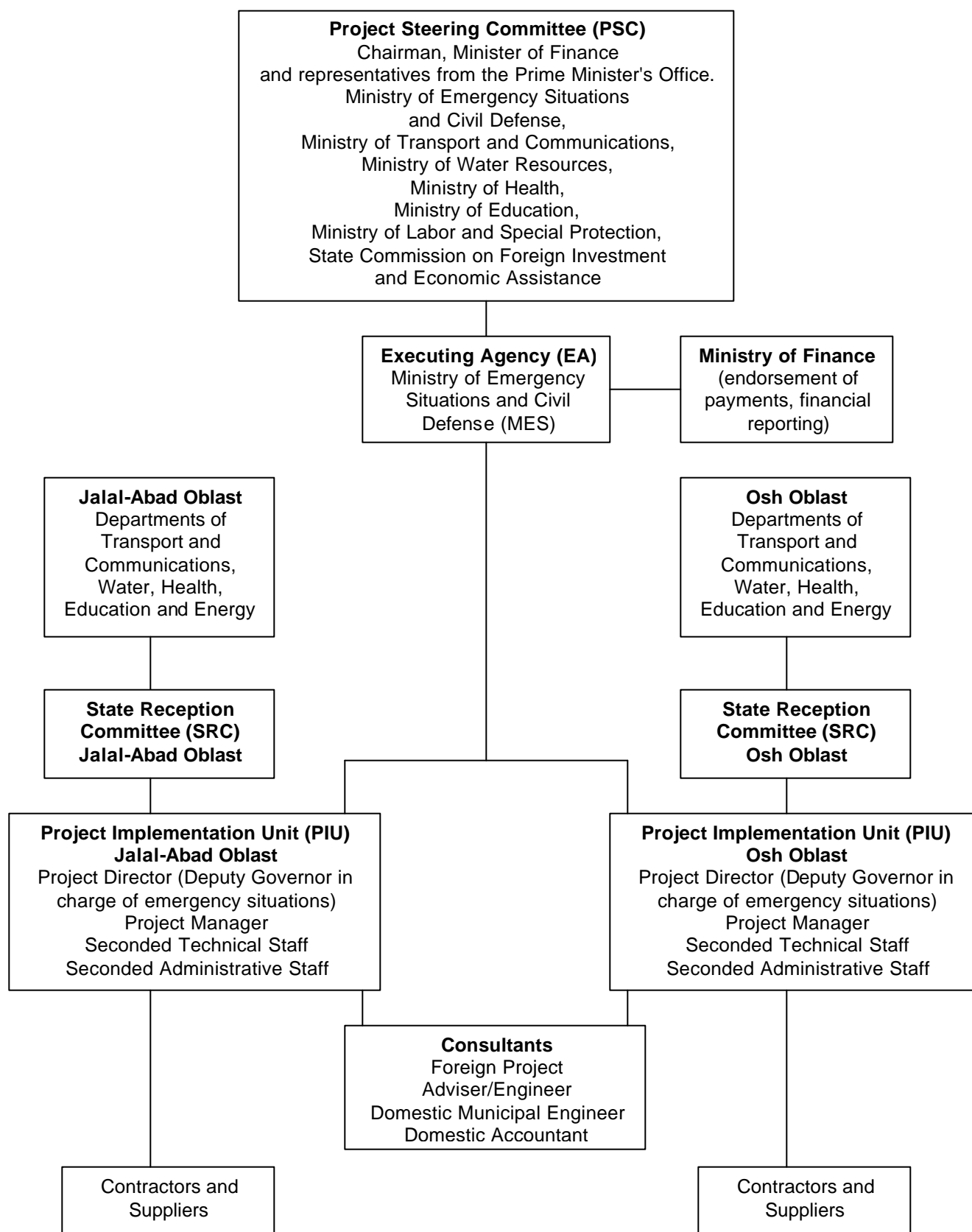
Year	Quarter	Projection	Actual Disbursements	Actual Cumulative Disbursements	% of Loan
1998					
	I	-	-	-	-
	II	-	-	-	-
	III	-	-	-	-
	IV	-	842,307.00	842,307.00	0.17
		-	842,307.00	842,307.00	0.17
1999					
	I	-	-	842,307.00	0.17
	II	200,000.00	358,034.00	1,200,341.00	0.24
	III	300,000.00	17,451.24	1,217,792.24	0.25
	IV	500,000.00	41,627.88	1,259,420.12	0.26
		1,000,000.00	417,113.12	1,259,420.12	0.26
2000					
	I	30,000.00	25,613.44	1,285,033.56	0.26
	II	700,000.00	778,166.83	2,063,200.39	0.42
	III	740,000.00	232,255.60	2,295,455.99	0.47
	IV	-	437,806.70	2,733,262.39	0.56
		1,470,000.00	1,473,842.57	2,733,262.69	0.56
2001					
	I	500,000.00	11,711.50	2,744,974.19	0.56
	II	1,000,000.00	440,802.42	3,185,776.61	0.65
	III	700,000.00	316,469.45	3,502,246.06	0.71
	IV	-	916,173.56	4,418,419.62	0.90
		2,200,000.00	1,685,156.93	4,418,419.62	0.90
2002					
	I	-	115,619.81	4,534,039.43	0.92
	II	-	173,176.44	4,707,215.87	0.96
	III	-	201,221.94	4,908,437.81	0.99
	IV	-	12,285.48	4,920,723.29	100.00
		-	502,303.67	4,920,723.29	100.00

Implementation Schedule

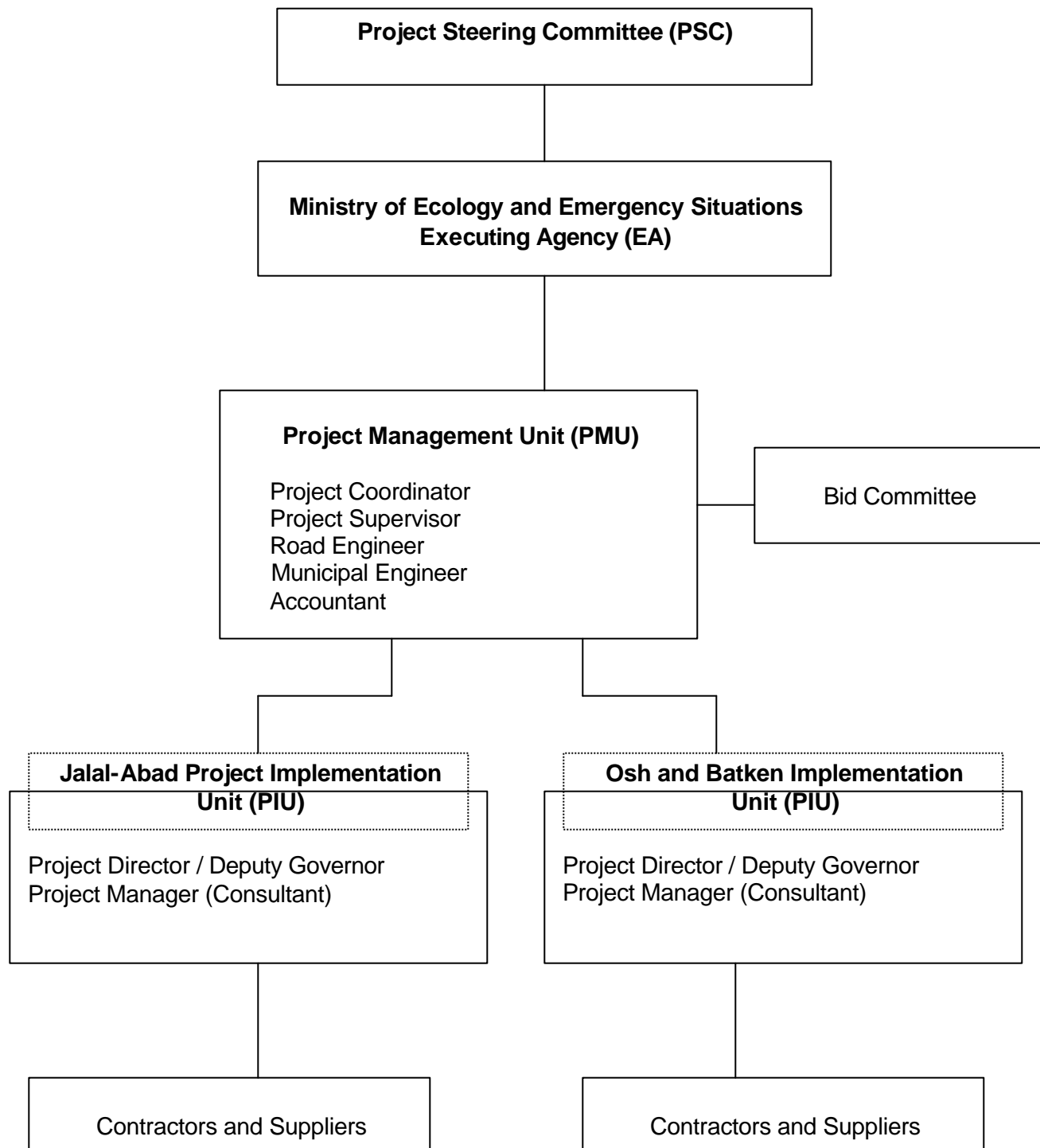


Appraisal Estimate ■
Actual □

ORIGINAL PROJECT MANAGEMENT ORGANIZATION CHART



REVISED PROJECT ORGANIZATION CHART



COMPLIANCE WITH LOAN COVENANTS

	Covenant	Compliance
	General	
1	<p>Except as the Borrower and ADB may otherwise agree, all eligible items to be financed out of the proceeds of the loan shall be procured in accordance with the provisions of Schedule 4 to this Loan Agreement. ADB may refuse to finance a contract where goods or services have not been procured under procedures substantially in accordance with those agreed between the Borrower and ADB or where the terms and conditions of the contract are not satisfactory to ADB. (LA, Sec. 3.03)</p>	<p>Partly complied with. In view of urgency involved in project implementation during the initial phase, the EA's lack of familiarity in implementing externally funded projects, the bidding procedures of the ADB were initially not strictly followed. However, for subsequent procurement ADB's standards and procedures have been complied with.</p>
2	<p>The closing date for withdrawals from the loan account for the purposes of Section 8.03 of the Loan Regulations shall be 30 April 2001 or such other date as may from time to time be agreed between the Borrower and ADB. (LA, Sec. 3.07)</p>	<p>The loan was extended three times until 15 August 2002. The loan account was kept open until 2 April 2003 to liquidate the imprest account advance.</p>
3	<p>The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental, and infrastructure practices. (LA, Sec. 4.01)</p>	<p>Partly complied with.</p>
4	<p>The Borrower shall make available, or cause to be made available, promptly as needed, the funds, facilities, services, and other resources which are required, in addition to the proceeds of the loan, for the carrying out of the Project and for the operation and maintenance of the project facilities. (LA, Sec. 4.02)</p>	<p>Partly complied with. There were some delays of the counterpart financing mainly due to overall budgetary constraints. Some contractors have still not been paid the retention money.</p>
5	<p>The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the project facilities are conducted and coordinated in accordance with sound administrative policies and procedures. (LA, Sec. 4.03)</p>	<p>Complied with.</p>
6	<p>The Borrower shall maintain, or cause to be maintained, records and documents adequate to identify the eligible items financed out of the proceeds of the loan, to disclose the use thereof in the Project and to record the progress of the Project (including the cost thereof). (LA, Sec. 4.04[a])</p>	<p>Complied with.</p>
7	<p>The Borrower shall make arrangements satisfactory to ADB for insurance of any equipment financed out of the proceeds of the loan to such extent and against such risks and in such amounts as shall be consistent with sound practice. (LA, Sec. 4.05[a])</p>	<p>Not relevant, as only small amounts of furniture for schools and medical facilities were procured under the Project.</p>

Covenant	Compliance
<p>8 Without limiting the generality of the foregoing, the Borrower shall insure, or cause to be insured, the goods to be imported for the Project and to be financed out of the proceeds of the loan against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods. (LA, Sec. 4.05[b])</p>	<p>Not relevant, as only small amounts of furniture for schools and medical facilities were procured under the Project.</p>
<p>9 Without limiting the generality of the foregoing, the Borrower shall furnish to ADB every three (3) months report on the carrying out of the Project. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following quarter. (LA, Sec. 4.06[b])</p>	<p>Complied with, but with delays.</p>
<p>10 Promptly after the closing date for withdrawals from the loan account, but in any event not later than one (1) month thereafter or such later date as may be agreed for this purpose between the Borrower and ADB, the Borrower shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the carrying out of the Project, including its cost, the performance by the Borrower of its obligations under this Loan Agreement and the accomplishment of the purposes of the loan. (LA, Sec. 4.06[c])</p>	<p>Partly complied with. A short draft completion report, mainly providing facts but without any analysis and evaluation, was submitted.</p>
<p>Project Implementation</p>	
<p>11 The Ministry of Emergency Situations and Civil Defense (MESCD) in its role as project Executing Agency shall have overall responsibility for implementation of the Project. MESCD shall work in close coordination with the technical departments of the project oblasts and the project implementation units (PIUs) established by the Borrower in such oblasts for implementing the Project, including procurement of goods and services. (LA, Sch. 6, para. 1)</p>	<p>Complied with.</p>

Covenant	Compliance
<p>12 The PIUs shall be the focal point for project implementation and, as such, assist MESCD in all aspects of project implementation and coordinate with the technical departments of the project oblasts in carrying out their tasks. The PIUs shall be responsible for initiating and coordinating the key project implementation activities, such as procurement, including awarding of contracts, construction supervision, monitoring and quality control, maintenance of the project accounts, and accomplishment of the environmental examination. (LA, Sch. 6, para. 2)</p>	<p>Partly complied with. Due to the changed implementation arrangements, the PMU became the focal point.</p>
<p>13 Each PIU shall be headed by a project director on a part-time, secondment basis. The project director shall be the deputy governor in charge of emergency situations of each of the project oblasts administration. the project directors shall be assisted by a full time project manager on day-to-day project implementation matters. In addition, the Borrower shall assign an adequate number of technical staff, on secondment basis, to the PIUs. The skills and numbers of such technical staff shall be determined in consultation with ADB. (LA, Sch. 6, para. 3)</p>	<p>Complied with.</p>
<p>14 The project steering committee (PSC), established by the Borrower, shall be chaired by the Minister of Finance, comprising representatives of the Office of the Prime Minister, MESCD, Ministry of Transport and Communication, Ministry of Water Resources, Ministry of Health, Ministry of Education, Ministry of Labor and Social Protection, and the State Commission of the Kyrgyz Republic on Foreign Investments and Economic Assistance, and shall supervise overall project implementation and provide guidance at the national level. The PSC shall meet quarterly and review, among others, the quarterly reports to be provided by MESCD on project implementation and progress. (LA, Sch. 6, para. 4)</p>	<p>Partly complied with, as meetings of the PSC were irregular and no effective guidance was provided.</p>

	Covenant	Compliance
	Financial Matters	
15	<p>The Borrower shall (i) maintain separate accounts for the Project; (ii) have such accounts and related financial statements audited annually, in accordance with appropriate auditing standards consistently applied, by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB; (iii) furnish to ADB not later than nine (9) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto (including the auditor's opinion on the use of the loan proceeds and compliance with the covenants of this Loan Agreement as well as on the use of the procedures for imprest account and statement of expenditures), all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.</p> <p>(LA, Sec. 4.04[b])</p>	Complied with, but with delays.
16	<p>Separate accounts and records in respect of the imprest account shall be maintained in accordance with consistently maintained sound accounting principles and shall be audited annually by independent auditors, whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with appropriate auditing standards. Promptly after their preparation but in any event not later than six (6) months after the close of the fiscal year to which they relate, or not later than six (6) months after the date of the closing of the loan account, as the case may be, certified copies of such audited accounts and records shall be furnished to ADB, all in the English language.</p> <p>(LA, Sch. 3, para. 4[a])</p>	Complied with. The accounting and internal auditing system of the EA improved after some initial difficulties.
17	<p>The Borrower shall retain, until at least 1 year after ADB shall have received the report of audit for the fiscal year in which the last withdrawal from the imprest account shall have been made, all records and other relevant documents, (contracts, orders, invoices bills and receipts) which formed the basis for withdrawal from the imprest account.</p> <p>(LA, Sch. 3, para. 4[b])</p>	Complied with.

Covenant	Compliance
<p>18 If ADB shall have determined at any time that any payment out of the loan account or the imprest account (i) was made for any expenditure or in any amount not eligible for financing under this Loan Agreement (including any local currency taxes or duties), or (ii) was not justified by the evidence furnished pursuant to this Schedule, the Borrower shall, promptly upon notice from ADB, deposit into the imprest account (or, if ADB shall so request, refund to ADB) such payment or the portion thereof not so eligible or justified. The imprest account shall not be replenished by ADB until the Borrower has made such deposit or refund. (LA, Sch. 3, para. 4[c])</p> <p>Other Matters</p> <p>19 The Borrower and ADB shall jointly carry out a midterm review, during the second year of project implementation to assess, among others, (i) project implementation status, (ii) design and construction standards, (iii) physical progress made and disbursements in relation to the implementation schedule, (iv) performance of consultants and contractors, and (v) status of compliance with the covenants stipulated in this Loan Agreement (LA, Sch. 6, para. 5)</p> <p>20 The Borrower shall ensure that the project facilities are maintained in accordance with sound administrative policies and practices by the project oblasts, through their concerned departments and the utility companies that are in charge of operation and maintenance of such facilities. (LA, Sch. 6, para. 6)</p> <p>21 The Borrower shall also ensure that, in implementation of the Project, (i) the environmental regulations of the Borrower are closely observed, (ii) the necessary permits are obtained in a timely manner, and (iii) an IEE is undertaken in accordance with ADB's guidelines. (LA, Sch. 6, para. 7)</p>	<p>Complied with.</p> <p>Complied with. A midterm review was undertaken from 22 March to 4 April 2000.</p> <p>Partly complied with. Maintenance of the facilities is not fully adequate.</p> <p>Complied with. IEEs were undertaken for all subprojects.</p>

ADB = Asian Development Bank, EA = Executing Agency, IEE = initial environmental examination, PSC = project steering committee.

OVERALL PROJECT RATING

Criterion	Assessment	Rating (0–3)	Weight (%)	Weighted Rating
A. Relevance	Relevant	2	20	0.40
B. Efficacy	Efficacious	2	25	0.50
C. Efficiency	Less Efficient	1	20	0.20
D. Sustainability	Less Likely	1	20	0.20
E. Environmental, Socio-cultural, and Other Impacts	Moderate	2	15	0.30
Overall Rating	Successful		100	1.6