

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. Major development partners in the Kyrgyz Republic road subsector include the Arab Coordination Group,¹ the Eurasian Development Bank (EDB), the European Bank for Reconstruction and Development (EBRD), the Islamic Development Bank, the Japan International Cooperation Agency (JICA), the Government of the People’s Republic of China, and the World Bank. They help develop sector policies and the regulatory framework, reconstruct and rehabilitate strategic roads and regional corridors, and facilitate cross-border agreements.

2. From 1996 to August 2013, the Asian Development Bank (ADB) financed 10 road projects, with loans and grants totaling nearly \$352 million. During the same period, other development partners have together provided about \$630 million to finance another 17 projects. These projects are listed below:

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Transport			
ACG	Rehabilitation of Bishkek–Naryn–Torugart Road (Km 272–Km 365)	2013–2017	66.2
ADB	Road Rehabilitation Project	1996–2001	50.0
	Second Road Rehabilitation Project	1998–2005	50.0
	Almaty–Bishkek Regional Road Rehabilitation Project	2000–2006	5.0
	Third Road Rehabilitation Project	2001–2007	40.0
	Southern Transport Corridor Road Rehabilitation Project	2004–2008	32.8
	CAREC Regional Road Corridor Improvement Project	2007–2013	25.3
	CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project	2008–2012	20.0
	CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project 2	2009–2013	50.0
	CAREC Regional Road Corridor Improvement Project (Supplementary Loan)	2010–2013	23.0
	CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project 3	2012–2016	55.0
EBRD/EC	Osh–Isfana Road Upgrading Project	2008–2013	54.4
IsDB	Rehabilitation of Uzgen–Jalal-Abad Road Project	1998–2005	10.0
	Rehabilitation of Suusamyр–Talas–Taraz Road Project	2004–2009	10.0
	Rehabilitation of Suusamyр–Talas–Taraz Road (Phase II) Project	2008–2009	11.2
JICA	Osh–Irkeshdam Road Reconstruction Project	2007–2010	17.3
	Road Rehabilitation Project	1996–2001	28.0
PRC	Second Road Rehabilitation Project	1998–2005	40.8
	Rehabilitation of Osh–Irkeshdam Road Project (I)	2004–2005	7.2
	Rehabilitation of Osh–Sarytash–Irkeshdam Road ^a (II)	2008–2010	25.3
	Rehabilitation of Osh–Irkeshdam Road Project	2008–2011	75.3
	Rehabilitation of Bishkek–Naryn–Torugart Road Project	2011–2014	200.0

¹ The Arab Coordination Group comprises the Saudi Development Fund, Kuwait Fund for Arab Economic Development, Organization of the Petroleum Exporting Countries, and Abu Dhabi Fund.

Development Partner	Project Name	Duration	Amount (\$ million)
World Bank	Bishkek, Osh and Jalal-Abad Urban Infrastructure Project	1998–2005	22.0
	National Road Rehabilitation (Osh–Batken–Isfana) Project	2010–2013	41.0
	National Road Rehabilitation (Osh–Batken–Isfana) Project	2010–2013	10.0
	—Additional Financing		

ACG = Arab Coordination Group, ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, EC = European Commission, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, PRC = People's Republic of China.

^a According to the scheme "resource exchange for investment".

Source: Ministry of Transport and Communications of the Kyrgyz Republic and the Asian Development Bank.

3. ADB held consultations with major development partners on cofinancing the Central Asia Regional Economic Cooperation Corridor 3 (Bishkek–Osh Road) Improvement Project, Phase 4. The EDB expressed its interest to cofinance the project and providing a \$60 million loan on terms that are suitable to the government and match with project financing needs. During the ADB annual meeting in India in May 2013, ADB and the EDB signed a cofinancing framework agreement which serves as a basis for cofinancing collaboration between two institutions for the project and other future projects. In general, development partners have been increasingly seeking and using cofinancing opportunities for road sector projects that demonstrate the growing collaboration between them.

B. Institutional Arrangements and Processes for Development Coordination

4. The development coordination mechanism among partners has been established through exchange of information, policy dialogue, and country portfolio reviews. Since the 2003 Rome Conference on Harmonization where the Kyrgyz Republic was chosen as a pilot country, key development partners in the country have been coordinating and/or harmonizing procurement procedures, financial management and monitoring, and the activities of project management units.

5. The Ministry of Finance synchronizes financial assistance from various partners, while the Investment Project Implementation Group under the Ministry of Transport and Communications implements projects. The ADB Kyrgyz Resident Mission has facilitated policy dialogue, programming, and project implementation since 2000. The government adopted the National Strategy of Sustainable Development, 2013–2017, which states five objectives for the transport sector: (i) rehabilitating five international transport corridors, including the project road; (ii) preserving and improving the network of hard-surface roads; (iii) ensuring transport independence of the country; (iv) completing the feasibility studies and commencing construction of the Sino–Kyrgyz–Uzbek Railroad and a railway branch connecting the north and the south rail systems in the Kyrgyz Republic; and (v) creating an air transport hub.

6. Development partners in the Kyrgyz Republic have had a long history of collaboration and coordination. For example, the Joint Country Support Strategy, 2007–2010 was prepared by ADB, the Swiss Cooperation, the Department for International Development of the United Kingdom, United Nations agencies, and the World Bank Group. To further facilitate development coordination, in December 2012 the government requested a consultative conference with development partners to be held in July 2013 to discuss and develop an indicative investment plan for 2013–2017. Development partners closely collaborated to prepare a transport sector background paper, with a list of proposed projects and activities with the focus on connectivity and sustainability.

7. On the regional level, the Central Asia Regional Economic Cooperation (CAREC) Program (of which the Kyrgyz Republic is an active member) serves as the development coordination mechanism. ADB acts as the transport sector secretariat, taking the lead in the CAREC Program, for transport, customs cooperation, and trade facilitation. The CAREC Program helps the government through the CAREC Transport and Trade Facilitation Strategy to strengthen ties with its neighbors. The strategy is undergoing midterm review; renewal commitment from the Kyrgyz Republic and the participating countries will foster commitment to regional cooperation.

8. The project is seeking to build partnership in its design and implementation through formal and informal collaboration and coordination. For example, ADB and the EDB have entered into a cofinancing agreement, signed in June 2013, to cofinance the project, and JICA is rehabilitating the major bridge on one of the two project sections (Madaniyat–Jalal-Abad). Furthermore, the project will build upon some of outputs of the EBRD and World Bank ongoing technical assistance to fill in the gaps that are required to strengthen the transport sector in the Kyrgyz Republic. For example, in the road asset management area, the EBRD, through its road sector reform technical assistance, is investigating the institutional framework which would enable the environment for carrying out performance-based maintenance (PBM) contracts in the long run, while the project has a component which will pilot PBM. The World Bank is collecting data and computerizing the road asset management system, and JICA is helping collect data for tunnels, bridges, and road structures which may be used for the project's PBM component. The project also has a component for road safety outreach and campaign, which would further the World Bank's Road Safety Strategy that is being developed.

C. Achievements and Issues

9. **Achievements.** Coordination among development partners on the operational level has been improving. Since 2011, development partners hold regular meetings of the Donors Transport Working Group, which consists of major multilateral and bilateral donors. ADB, the EDB and JICA co-chair meetings wherein development partners share information on each activity and discuss the most important issues in the sector in order to develop a coordinated approach. Government officials are invited to discuss the government's strategy and policy in the sector and how partners can contribute to helping the government develop the transport sector.

10. **Issues.** Despite the Joint Country Support Strategy, the Donors Transport Working Group, and the CAREC mechanisms to coordinate donor involvement, not all development partners are included in these joint activities. The Arab Coordination Group, Islamic Development Bank, and the People's Republic of China are not yet represented in the Donors Transport Working Group. To achieve effective development coordination and coherent policy design, it is recommended that all donors are included.

D. Summary and Recommendations

11. Development coordination practices in the Kyrgyz Republic are well advanced under mechanisms such as the Donors Transport Working Group and CAREC. The project will improve regional and national connectivity, reduce transport costs, introduce a pilot PBM contract system, and improve road safety. The project was discussed extensively with the major development partners and all recognized its urgency and usefulness. ADB's intervention through the project will advance the government's key objectives and make overall development partner assistance more effective.