



Technical Assistance Report

PUBLIC

Project Number: 56146-002
Transaction Technical Assistance (TRTA)
September 2022

Kyrgyz Republic: Preparing the Issyk-Kul Ring Road Improvement Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 5 September 2022)

Currency unit	–	som (Som)
som1.00	=	\$0.0123
\$1.00	=	Som81.0916

ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
MOTC	–	Ministry of Transport and Communications
TA	–	technical assistance

NOTE

- (i) In this report, "\$" refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 56146-002	
Project Name	Preparing the Issyk-Kul Ring Road Improvement Project	Department/Division	CWRD/CWTC
Nature of Activity Modality	Project Preparation Regular	Executing Agency	Ministry of Transport and Communications (formerly Ministry of Transport, Architecture, Construction and Communications)
Country	Kyrgyz Republic		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Transport	Road transport (non-urban)		1.000
		Total	1.000
3. Operational Priorities		Climate Change Information	
✓ OP1: Addressing remaining poverty and reducing inequalities		GHG Reductions (tons per annum)	0
✓ OP2: Accelerating progress in gender equality		Climate Change impact on the Project	Medium
✓ OP3: Tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability		ADB Financing	
✓ OP5: Promoting rural development and food security		Adaptation (\$ million)	0.000
✓ OP6: Strengthening governance and institutional capacity		Mitigation (\$ million)	0.000
		Cofinancing	
		Adaptation (\$ million)	0.000
		Mitigation (\$ million)	0.000
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 9.1		Effective gender mainstreaming (EGM)	✓
		Poverty Targeting	
		Geographic Targeting	✓
4. Risk Categorization Complex			
5. Safeguard Categorization Safeguard Policy Statement does not apply			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		1.000	
Transaction technical assistance: Technical Assistance Special Fund		1.000	
Cofinancing		0.000	
None		0.000	
Counterpart		0.000	
None		0.000	
Total		1.000	
Currency of ADB Financing: US Dollar			

I. THE ENSUING PROJECT

1. The Central Asia Regional Economic Cooperation (CAREC) road corridors 1 and 3 provide regional connectivity with other Central Asian neighboring countries including Kazakhstan and the People's Republic of China. The Bishkek–Torugart road (part of CAREC Corridor 1) and the Bishkek–Osh road (part of CAREC Corridor 3) also enable a north–south connectivity within the country. In addition, the Almaty–Bishkek Economic Corridor is spurring economic growth and creating jobs through greater private investments, trade, and agglomeration of economic activities.¹ The development of the Issyk-Kul Lake area, the country's most popular tourist destination, is an integral part of the Almaty–Bishkek Economic Corridor. The Issyk-Kul Ring Road also represents strategic importance for the livelihoods of local communities, including women and the vulnerable group, by improving their access to job opportunities and markets for their crops and livestock. The transaction technical assistance will support the preparation of the ensuing project, Issyk-Kul Ring Road Improvement Project which will contribute to these initiatives by eliminating the domestic connectivity bottleneck between the Issyk-Kul Ring Road and the CAREC Corridor 1.

2. The entire Issyk-Kul Ring Road has severely deteriorated. It has poor riding quality and a traffic capacity that does not meet the requirements of high volume of vehicles during tourist and harvest seasons, posing a safety risk. There is a lack of roadside public services such as visitor centers, public toilets, and streetlights lowering satisfaction for tourists. The government has been reconstructing the ring road using its own funds and with assistance from other development partners such as the Arab Coordination Group and the European Bank for Reconstruction and Development. The project will reconstruct the remaining road section and supplement the implementation of the action plan that was jointly developed by the Ministry of Transport and Communications (MOTC) and the Ministry of Culture, Information, Sports, and Youth Policy for the development of tourism infrastructure in the Issyk-Kul Lake area by providing selected facilities along the project road.

3. The project is aligned with the following impact: competitiveness of the Kyrgyz Republic increased.² The project outcome will be efficient movement of people and goods on Issyk-Kul Ring Road and CAREC Corridors 1 and 3 improved. The project outputs include: (i) climate-resilient³ Barskoon–Karakol road reconstructed, (ii) road asset management system institutionalized, (iii) implementation of the national road safety action plan institutionalized, and (iv) decarbonization of the road sector supported.

4. The project is in line with the Asian Development Bank (ADB) Strategy 2030⁴ and will support its operational priority 7 by expanding trade and investment opportunities in the Issyk-Kul Lake area (Pillar 2: global and regional trade and investment opportunities are expanded). The project also supports operational priorities 1, 2, 3, and 6.⁵ The project is well aligned with (i) the CAREC 2030 Strategy, particularly cluster 2 (trade, tourism, and economic corridor development), and cluster 3 (economic infrastructure connectivity) by significantly improving road infrastructure along the Issyk-Kul Lake and removing the current transport bottleneck between the Issyk-Kul Lake and CAREC Corridors 1 and 3 and (ii) the ADB's Country Partnership Strategy for the Kyrgyz

¹ ADB. 2014. Operationalizing Economic Corridors in Central Asia: A Case Study of the Almaty-Bishkek Corridor. Manila.

² Government of Kyrgyz Republic. 2018. [National Development Strategy of the Kyrgyz Republic for 2018–2040](#). Bishkek.

³ Road is adaptable for natural hazards such as floods, landslides, and melting road surfaces.

⁴ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

⁵ ADB. 2018. [Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific](#). Manila.

Republic, 2018–2022 which supports growth and economic diversification through improved transport connectivity.⁶ The project is in line with the (i) National Development Strategy 2040,⁷ (ii) the updated NDC, and (iii) the Program for the Development of a Green Economy for 2019–2023,⁸ all of which support regional trade and tourism and making finance flows consistent with a pathway toward low greenhouse gas emissions and climate-resilient development.

5. The project is currently estimated to cost approximately \$90 million. ADB is currently considering a concessional loan of \$40 million from ADB’s ordinary capital resources and a grant of \$40 million from ADB’s Special Funds resources (Asian Development Fund). The balance will be financed by the government of the Kyrgyz Republic.

II. THE TECHNICAL ASSISTANCE

A. Justification

6. The proposed transaction technical assistance (TA) will help the government (i) prepare the project to acceptable technical, safeguards, and procurement standards; (ii) design the continuity of the ongoing reforms in road asset management and road safety with a gender-perspective; and (iii) contribute in transitioning to green economy.⁹ The ensuing project is expected to meet the “high readiness” criteria before the ADB’s Board consideration.

B. Outputs and Activities

7. **Output 1: Feasibility study on ensuing project prepared.** This output will include preparing project cost estimates, conducting economic and financial analysis, preparing safeguards documentation for the environmental and social aspects of the project consistent with ADB’s Safeguard Policy Statement (2009), and preparing a gender action plan.

8. **Output 2: Technical due diligence on ensuing project carried out.** This output will include due diligence of the detailed design prepared by the executing agency—the MOTC and road safety audit. The detailed design will be strengthened by reflecting the outcomes of the due diligence and the recommendations of the road safety auditor to ensure that the road widening will meet the anticipated traffic growth, climate resilience, and safe movement of goods and people including women. The final detailed design will be prepared in both digital and printed publications for the government agencies’ review and approval, and the prospective bidders for preparing their bids.

9. **Output 3: Institutionalization of the road sector reform activities designed.** This output will define scope and key activities to (i) mainstream the road asset management system delivered through the ongoing ADB’s CAREC Corridors 1 and 3 Connector Road Project¹⁰ (ii) implement the National Road Safety Strategy and Action being finalized under the ADB-financed

⁶ ADB. 2018. [Country Partnership Strategy: Kyrgyz Republic, 2018-2022—Supporting Sustainable Growth, Inclusion, and Regional Cooperation](#). Manila.

⁷ Government of Kyrgyz Republic. 2018. [National Development Strategy of the Kyrgyz Republic for 2018–2040](#). Bishkek.

⁸ Grantham Research Institute on Climate Change and the Environment. 2019. [Program for the Development of a Green Economy in the Kyrgyz Republic for 2019–2023](#).

⁹ The TA first appeared in the business opportunities section of ADB’s website in 2019.

¹⁰ ADB. 2016. [Report and Recommendation of the President: Central Asia Regional Economic Cooperation Corridors 1 and 3 Connector Road Project](#). Manila.

CAREC Corridors 1 and 3 Connector Road Project – Additional Financing,¹¹ and (iii) prepare a climate strategy and action plan in the road sector to contribute in achieving the goals of the Paris Agreement. The project is expected to integrate the gender perspective in road maintenance and safety management.

10. **Output 4: Procurement support provided.** This output will include assistance to MOTC in strategic procurement planning, assessing MOTC procurement capacity and support requirement, preparing master and contract-specific bidding documents for civil works and a request for proposals for construction supervision services, assisting MOTC with obtaining government and ADB approval of such documents, and preparing final versions of the bidding documents and requests for proposals for issue to potential bidders and consulting firms.

C. Cost and Financing

11. The TA financing amount is \$1,000,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF 7). The key expenditure items to be funded by ADB under the TA are listed in Appendix 1. Additional consulting inputs may be required to complete the TA to its intended scope. Should this eventuate, a request for additional financing will be processed.

12. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

13. ADB will administer the TRTA. The Transport and Communications Division of ADB's Central and West Asia Department will select, supervise, and evaluate consultants. Implementation arrangements are summarized in Table 1.

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	November 2022–November 2023		
Executing agency	MOTC		
Implementing agency	Project Implementation Unit of MOTC		
Consultants	To be selected and engaged by ADB		
	Firm: QCBS, 90:10	International and national expertise (45.5 person-months)	\$535,663
	Individual: ICS	International expertise (13 person-months)	\$323,060
	Individual: ICS	National expertise (17 person-months)	\$109,465
Procurement	To be procured by the TA consultants		
	Shopping ^a	Multiple contracts	\$5,000
Advance contracting	To expediate the conduct of TA, the selection of key individual consultant positions will commence through advance contracting		

¹¹ ADB. 2018. [Report and Recommendation of the President: Central Asia Regional Economic Cooperation Corridors 1 and 3 Connector Road Project \(Phase 2\) - Additional Financing](#). Manila.

Aspects	Arrangements
	following PAI 2.04. Negotiation and signing of the consulting contracts will only occur after the TA becomes effective.
Disbursement	Disbursement of TA resources will follow ADB's <i>Technical Assistance Disbursement Handbook (2020, as amended from time to time)</i> .
Asset turnover or disposal arrangement upon TA completion	Equipment procured using TA funding will be turned over to MOTC upon TA completion.

ADB = Asian Development Bank, ICS = individual consultant selection, MOTC = Ministry of Transport and Communications, PAI = project administration instructions, QCBS = quality- and cost-based selection, TA = technical assistance.

^a Equipment such as printers/scanners, other office equipment.

Source: Asian Development Bank.

14. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated staff instructions.¹² The consultants will procure the goods and equipment such as multifunctional printers/scanners and other office equipment required to undertake the services using the shopping method. The TA will require approximately 32 person-months of international consultants and 43.5 person-months of national consultants' inputs. The consultants will provide expertise in road engineering, economic and financial assessments, procurement, environment and climate change, resettlement, and gender and social development. The summary of consultants' required inputs is in Table 2.

Table 2: Summary of Consultants' Required Inputs

International Positions	PM	National Positions	PM
Consulting Firm			
Team leader/transport economist	7.0	Key Experts	
Highway design engineer	2.0	Deputy team leader/highway engineer	7.0
Financial management expert	1.5	Road safety engineer	2.0
Pavement cum materials engineer	2.5	Road maintenance expert	3.0
Road safety auditor	2.0	Gender expert	1.5
Climate change cum decarbonization expert	2.0	Total	13.5
Procurement expert	2.0		
Total	19.0	Non-key Experts	
		Materials engineer	1.0
		Structural engineer	2.0
		Quantities engineer	3.0
		Translator	7.0
		Total	13.0
Individual Consultants			
Environment expert/EIA study team leader	2.5	Ornithologist	1.0
Air quality expert (impact modelling)/EIA study deputy team leader	1.5	Fisheries expert	1.0
Resettlement expert	6.0	Biodiversity expert (flora and fauna)	2.0
Social safeguards external monitor	3.0	Water quality expert (impact modelling)	1.0
		Noise and vibration expert	1.0
Total	13.0	Stakeholders engagement expert	2.0
		Archaeologist	2.0
		Resettlement expert	7.0
		Total	17.0

EIA = environmental impact assessment, PM = person-month.

Source: Asian Development Bank estimates.

¹² Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount ^a
Asian Development Bank^b	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	626.8
ii. National consultants	156.8
b. Out-of-pocket expenditures	
i. International and local travel	76.3
ii. Reports and communications	10.4
iii. Goods (rental and/or purchase) ^c	5.0
iv. Surveys	50.5
v. Miscellaneous administration and support costs ^d	45.4
2. Contingencies	28.7
Total	1,000.0

Note: The technical assistance (TA) is estimated to cost \$1,050,000, of which contributions from the Asian Development Bank are presented in the table. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The value of the government contribution is estimated to account for 5% of the total TA cost.

^a Numbers may not sum precisely because of rounding.

^b Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF 7).

^c Includes multifunctional printers/scanners, and other office equipment. Equipment procured using TA funding will be handed over to the Ministry of Transport and Communications, through the Project Implementation Unit, upon TA completion.

^d Includes translation, interpretation, and Office 365 licenses costs.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=56146-002-TARreport>

1. Terms of Reference for Consultants