



Kyrgyz Republic: Promoting Economic Diversification Program (Subprogram 2)

Project Name	Promoting Economic Diversification Program (Subprogram 2)	
Project Number	52225-003	
Country	Kyrgyz Republic	
Project Status	Approved	
Project Type / Modality of Assistance	Grant Loan	
Source of Funding / Amount	Grant 0800-KGZ: Promoting Economic Diversification Program (Subprogram 2)	
	Asian Development Fund	US\$ 10.70 million
	Loan 4114-KGZ: Promoting Economic Diversification Program (Subprogram 2)	
	Concessional ordinary capital resources lending	US\$ 69.30 million
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Public sector management - Economic affairs management - Public expenditure and fiscal management - Social protection initiatives	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The program continues to support the implementation of reforms in the National Development Strategy of the Kyrgyz Republic for 2018-2040 (NDS 2040) and its overarching objective of gradually diversifying the Kyrgyz economy away from an over-reliance on gold production and exports (about 6% 10% of gross domestic product each year) and remittance-led consumption (about 30% of GDP). The program is a continuation of past reform support efforts from the Asian Development Bank (ADB) to the Government of Kyrgyz Republic on trade and investment competitiveness, small and medium-sized enterprise (SME) development, infrastructure development (including through public-private partnerships), and industry-based skills development. While the Kyrgyz Republic is still recovering from the coronavirus disease (COVID-19) pandemic outbreak that began in March 2020 and the severe economic and employment contraction and fiscal difficulties that was already underway, this program helps the government stay on the reform course, by (i) insulating the originally planned and needed medium-term reform efforts from the current crisis effects, (ii) while adding urgent reforms to improve the fiscal management (and buffers) and social protection mechanisms that have now been agreed to be crucial enablers of the original medium-term reform agenda.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>In addition to being developed on the basis of the NDS 2040, the proposed program is aligned with ADB's Strategy 2030, including operational priorities on addressing remaining poverty and reducing inequalities, accelerating progress in gender equality and strengthening governance and institutional capacity, and with ADB's Country Partnership Strategy for 2018-2022. The program has been prepared with ADB technical assistance (TA) and support from the IMF on the policy dialogue with Government on debt sustainability and on the preparation of fiscal management reforms. The transition to a dynamic, globally oriented, market-based economy requires consideration for a number of issues that the coronavirus pandemic has illustrated as key: (i) importance of social safety nets to help cushion the impact of the pandemic and structural adjustment costs on the populace, (ii) fiscal buffers to allow an immediate crises response and to create fiscal room to safeguard public expenditures related to the reform effort, and (iii) constituency building through policy measures to safeguard public expenditure on social protection while addressing low coverage and inadequacy of existing social protection transfers. ADB's programmatic assistance helps incorporate this emerging consensus.</p>	
Impact		
Project Outcome		
Description of Outcome		
Progress Toward Outcome		
Implementation Progress		
Description of Project Outputs		
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
Safeguard Categories		
Environment	C	
Involuntary Resettlement	C	
Indigenous Peoples	C	
Summary of Environmental and Social Aspects		
Environmental Aspects		

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Responsible ADB Officer	Tora, Laisiasa Natakubu
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, CWRD
Executing Agencies	Ministry of Finance Hon. Sultan Mederov Public Debt Department Room 500 58 Erkindik Boulevard Bishkek 720040, Kyrgyz Republic

Timetable

Concept Clearance	02 Nov 2018
Fact Finding	21 Sep 2020 to 25 Sep 2020
MRM	06 Apr 2021
Approval	23 Sep 2021
Last Review Mission	-
Last PDS Update	23 Sep 2021

Grant 0800-KGZ

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
23 Sep 2021	-	-	31 Dec 2021	-	-

Financing Plan		Grant Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	10.70	Cumulative Contract Awards			
ADB	10.70	18 Oct 2021	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	18 Oct 2021	0.00	0.00	0%

Loan 4114-KGZ

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
23 Sep 2021	04 Oct 2021	23 Oct 2021	31 Dec 2021	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	69.30	Cumulative Contract Awards			
ADB	69.30	18 Oct 2021	0.00	0.00	0%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	18 Oct 2021	0.00	0.00	0%

Project Page <https://www.adb.org/projects/52225-003/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=52225-003>

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