Early Warning System

ADB-41544-088

Second Investment Climate Improvement Program (Subprogram 1)

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Financial Institutions	Asian Development Bank (ADB)
Status	Canceled
Bank Risk Rating	U
Voting Date	2015-06-17
Investment Amount (USD)	$ 20.00 million

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Project Description

DESCRIPTION

The proposed program aims to create a more attractive climate for private sector development in the Kyrgyz Republic. It will provide budget support to implement reforms to (i) increase and diversify financial products and services that better mobilize domestic savings; (ii) increase efficient private sector participation in physical and social infrastructure; (iii) diversify exports and export markets, and foreign direct investment; and (iv) increase the transparency and efficiency of public procurement, and reduce the costs of doing business. The programmatic approach will comprise three subprograms to be implemented during 2015_-2018.

The impact of the Second ICIP will be increased private sector investment. The outcome will be an improved business and investment climate in the Kyrgyz Republic. The Second ICIP will deliver four outputs through various policy actions: (i) financial deepening and access to finance increased; (ii) comprehensive public_private partnership program fostered; (iii) trade and investment facilitated; and (iv) transparency and efficiency of doing business increased.

Through the Second ICIP, ADB will continue to support the National Sustainable Development Strategy, 2013_-2017 in removing development constraints. Reforms listed in the policy matrix will facilitate the Kyrgyz Republic's transition to a sustainable economic development path. Budget support is necessary to finance part of the development financing needs, particularly covering the period between the introduction of reforms and the fiscal benefits resulting from the reforms. Although not used as a determinant of the program size, ADB's support can also help finance the direct and indirect fiscal costs to the government of implementing and monitoring the reforms. The government has the ability to implement the reforms effectively, demonstrated by its experience under the first ICIP and with the policy-based programs of other development partners.

The Second ICIP is estimated to cost $63 million equivalent for 2015_2018, to help support a part of the development financing needs from the perspective of the overall projected budgetary financing requirements of the country (para. 14). The development financing needs are projected at approximately $600 million (2015), $517 million (2016), and $424 million (2017). The government has requested a grant not exceeding $20 million from ADB's Special Funds resources to help finance subprogram 1. Subprogram 2 (with an estimated loan amount of $23 million) and subprogram 3 (with an estimated loan amount of $20 million) are subject to further discussion between ADB and the government.

The grant for subprogram 1 will be provided in a single tranche and funds may be withdrawn upon fulfillment of the policy actions. The subsequent subprograms will be submitted for ADB Board consideration upon completion of the policy actions. The proceeds of the grant will be disbursed in accordance with ADB's simplification of disbursement procedures and related requirements for policy-based loans

Note: A country's eligibility for Asian Development Fund grants under the revised grant framework is determined by its risk of debt distress. The outlook for the Kyrgyz Republic has deteriorated markedly since 2014. ADB considers that the Kyrgyz Republic is at moderate risk of debt distress for 2014, and is therefore eligible to receive 100% Asian Development Fund grant allocation.

PROJECT RATIONALE AND LINKAGE TO COUNTRY/REGIONAL STRATEGY

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Investment Description

- Asian Development Bank (ADB)

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Contact Information

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

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Bank Documents

- Contribution to the ADB Results Framework [Original Source]
- Country Economic Indicators [Original Source]
- Development Coordination [Original Source]
- Economic Analysis [Original Source]
- Grant Agreement
- Grant Agreement (Special Operations) for Second Investment Climate Improvement Program - Subprogram [Original Source]
- International Monetary Fund Assessment Letter [Original Source]
- Justification of Policy-based Assistance [Original Source]
- List of Ineligible Items [Original Source]
- Programmatic Approach Concept [Original Source]
- Project Disclosure PDF [Original Source]
- Risk Assessment and Risk Management Plan [Original Source]
- Second Investment Climate Improvement Program (Subprogram 1): Concept Paper [Original Source]
- Second Investment Climate Improvement Program (Subprogram 1): Initial Poverty and Social Analysis [Original Source]
- Second Investment Climate Improvement Program (Subprogram 1): Report and Recommendation of the Presi [Original Source]
- Sector Assessment (Summary): Multisector for Private Sector Development [Original Source]
- Summary of Achievements under the Investment Climate Improvement Program (2008 - 2014) [Original Source]
- Summary Poverty Reduction and Social Strategy [Original Source]
- Technical Assistance List [Original Source]

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Other Related Projects

- ADB-41544-089 Second Investment Climate Improvement Program (Subprogram 2)
- ADB-41544-091 Second Investment Climate Improvement Program (Subprogram 3)