

1. CAS Data	
Country: Kyrgyz Republic	
CAS Year: FY03	CAS Period: FY03 – FY06
CASCR Review Period: FY03 - FY06	Date of this review: June 11, 2007

2. Executive Summary
<p>The 2003 CAS for the Kyrgyz Republic had three objectives: 1) Supporting private sector-led growth; 2) Providing essential services; 3) Strengthening the governance framework. The strategy was <u>substantially relevant</u>, but over the CAS period the strategy became <i>progressively less realistic</i> as the political situation became more turbulent and the country authorities' reluctance to reform was more evident. Political instability began in 2004, resulted in the overthrow of President Akaev's regime in March 2005, and continued through 2006 with a number of serious political crises. The lack of progress in several key areas ought to have triggered a more coherent transition from the Base Case to the Low Case. While the Bank canceled some adjustment lending and focused on investment operations, the decrease in overall lending was not commensurate with political and reform developments given their correlation with the triggers for the Low Case, nor with lending levels consistent with the Low Case. Commitments came to US\$154.9 million (including US\$20 million in FY07), or 90.5 percent of the base case. The Low Case lending program called for in the CAS came to US\$97 million, although a full immediate transition to the Low Case might not have been appropriate. Lending was also insufficiently selective, with 13 projects across 8 sectors.</p> <p>The CASCR rates overall outcome of the Bank's program over the period as <i>moderately satisfactory</i>, while IEG rates this as <i>moderately unsatisfactory</i>. IEG's rates Bank performance as <i>moderately satisfactory</i>. IEG's assessment is that <i>poverty reduction</i> was successful, with incidence (based on consumption relative to a national poverty line) declining from 50 percent in 2003 to 43 percent in 2005. <i>Macroeconomic performance</i> was generally good, with real growth averaging 4.1 percent during the CAS period and inflation moderate. However, the CAS had envisioned that growth would be driven by private industry, energy, and agriculture, but instead the main drivers turned out to be consumption and the expansion of the service sector, fueled by a surge in remittances. The outcome of the Bank program under objective 1: <i>Supporting private sector-led growth</i>, is rated <i>moderately unsatisfactory</i> by IEG, with private sector investment increasing and some improvement in the business environment, but with industry, energy, and agriculture growing more slowly than the overall economy, and uneven progress with structural reforms. The outcome under objective 2: <i>Providing essential services</i>, is rated <i>moderately satisfactory</i> by IEG, with increased per capita expenditure for health and education and continued reform in the health care system and in social protection. Good progress was also made in decentralizing public services to the local and community level. The outcome under objective 3: <i>Strengthening the governance framework</i>, is rated <i>unsatisfactory</i> by IEG, as considerably less progress was achieved than envisioned in civil Service Reform, procurement reform, and anti-corruption programs. The CASCR does not address progress in several important areas such as environment or the impact of increased expenditure for health and education, and omits mention of the strong surge in remittances as a major source of growth. The document also does not explain the Region's decision to maintain lending at levels near those called for in the Base Case despite the relevance of a number of the triggers for the Low Case, nor does it explain the rationale for changes in the size and composition of the Bank program during a period of turmoil and reluctant reform and the relatively small changes which did take place in the Bank's assistance program.</p>

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IFC's strategy was to support objective 1 above by focusing on promoting micro/small and medium enterprises (MSMEs); assisting the agri-business sector; strengthening the financial sector through TA and investment, particularly focusing on existing intermediaries to develop their leasing activities, and provision of equity capital to meet capital adequacy levels; developing tourism sector; and expanding investment in the mining sector. IEG notes that IFC's strategy to use investment and advisory services in tandem was relevant in supporting private sector led growth in a transition economy. However, while IFC was able to develop several projects in the financial sector, potential investments in some areas of focus such as mining and tourism, were hindered by the political crisis from FY04-06 that led to a period of instability and slowed progress on regulatory reforms.

3. CASCR Summary

Overview of CAS Relevance:

The CAS projections of key economic outcomes were generally realistic. For example, real GDP growth was projected to average 3.6 percent per annum during the CAS period, while an average of 4.1 percent per year was achieved. The projected decrease in the poverty rate was only slightly optimistic, with a projected decrease to 39 percent against an actual of 43 percent in 2005, compared to 50 percent in 2003. (Formally, this was a target of the Kyrgyz Republic's National Poverty Reduction Strategy (NPRS), but it was endorsed by the CAS.) Other core CAS monitorable performance indicators (see Table 7 of the CAS) for 2005 with benchmarks for 1999 are discussed below, and included a cumulative increase in GDP by 29 percent, a decrease in debt from 134 percent of GDP in to 78 percent of GDP, primary education coverage to increase from 89 percent to 97 percent, under 5 child mortality to decline from 35.5 per 1000 live births to 28.0 per 1000 live births, and mortality from infectious diseases to decline from 33 per 100,000 to 25 per 100,000.

Against these performance indicators and the country's situation, the strategy was, on balance, *substantially* relevant, with the CAS objectives consistent with either currently relevant analytic work, or the country's National Poverty Reduction Strategy (NPRS), or both. The CAS objectives were:

- I. Supporting private sector-led growth—The relevance of this objective is supported by analytic work done during the CAS period, especially the FY06 CEM. Key constraints to private-sector growth included bureaucratic barriers, non-market pricing, inadequate infrastructure, and lack of access to market information and financing.
- II. Providing essential services—This objective is consistent with the NPRS, especially its second pillar of Building a Fair Society, and was supported by ongoing AAA to support the NPRS. Service provision needed to be more efficient while local communities needed to be empowered to identify priorities in keeping with the NPRS.
- III. Strengthening the governance framework—The third CAS objective is highly consistent with the first NPRS pillar of Formation of an Effective State and was supported by AAA on governance and corruption. Transparency and accountability needed to be increased, technical and implementation capacity enhanced, and the NPRS and public finance reform developed as vehicles for government planning and budgeting.

It should be noted that the FY03-FY06 CAS was implemented during a period of considerable political turbulence. Unrest in 2004 culminated in the overthrow of the government in March, 2005,

with continuing political crises in 2005 and 2006. While the Base Case for lending and AAA addressed key development barriers noted above, this strategy became progressively less realistic during the CAS period as the political situation became increasingly turbulent and the Borrower's reluctance to reform became more evident.

As intermediate process indicators for maintaining the base case, the individual CAS triggers (CAS Table 5) seem adequate. However, taken together, the seven triggers each with a number of components, and without an explicit roadmap for their application, provided unclear guidance on moving to the Low Case.

Overview of CAS Implementation:

In terms of aggregate lending, the Bank program in the Kyrgyz Republic was implemented in a manner broadly consistent with the Base Case proposed in the FY03-FY06 CAS (see Annex Table 1). Thirteen projects were approved during the CAS period, with commitments totaling US\$154.9 million, as compared with a planned 12 projects for US\$171.0 million in the Base Case. Considering the political turbulence and the shortfall in meeting the CAS assumption of continued reform progress in health, energy, and governance (for the Base Case), *it is remarkable that overall lending corresponded so closely to planned*. CAS Table 4 outlines a low case lending envelope of US\$97 million. This Low Case did not include two loans for \$28 million which in the event were approved before the CAS but included in the Base Case. This low case was to have guided Bank activity if reform progress was less than expected—which in the event was certainly the case.

Within these overall totals, a number of planned projects were dropped, postponed, split or modified, with little in the way of explanation provided by the CASCR. Policy based lending did not materialize and instead the Bank focused on investment lending. However, it is clear that political turbulence was an external shock which was an important factor in this shift. As described below, the decrease in the overall lending envelope did not seem to be commensurate with the deterioration of the political and reform environment.

Further detracting from relevance of the CAS program as implemented was the *lack of selectivity*. As implemented, the program consisted of 13 projects across 8 sectors: Finance, 1; Environment, 1; Education, 1; Rural, 1; Water Supply and Sanitation, 1; Private Sector Development, 2; Health, Nutrition, and Population, 2. Public Sector Governance, 4. Six of the 13 projects were for US\$10 million or less. A planned FY05 PRSC of US\$15 million was dropped, as was a component of a planned FY04 Financial Sector and Business Development Credit (US\$12 million). Instead, non-programmed projects were substituted concerning Avian Flu, Reducing Technical Barriers (to entrepreneurship and trade), and a follow-on Village Technical Project 2—with total commitments for these three projects of US\$24 million. In general, it seems that *projects dependent on continued structural reform progress and improvement in the business environment were dropped and substituted by more narrowly-focused investment projects*—although this is not discussed by the CASCR. Considering the political turmoil and the Government's reluctance to reform, the decrement in overall lending relative to Base-case plans seems smaller than the CAS envisioned. IFC's strategy was focused on micro/small and medium scale enterprises (MSMEs), the agri-business sector, the financial sector, tourism, and mining through direct investments and advisory services. By contrast with Bank lending, IFC investments became more focused than suggested by the strategy, with six out of seven new investments in the financial market sector while one was in the pulp and paper sector. IFC also invested in several regional operations that benefited the Kyrgyz Republic, including the Central Asia Micro and Small Enterprises Facility and the Central Asia Small Enterprise Fund (see Annex Table 1. These facilities were approved by the CAS period but committed in FY03.

The AAA program is judged as fully relevant and consistent with the Bank's overall strategy and lending program. The Quality assurance Group (QAG) rated the Kyrgyz Republic's ESW program as

“Satisfactory” overall, with Strategic Relevance, Coherence, and Integration all rated Highly Satisfactory. Only 2 of the 12 tasks in the QAG review were rated less than satisfactory. Further, the CASCR adequately documents how AAA influenced the lending programs of the Bank and its partners. In terms of implementation, 14 of 17 planned pieces of AAA work were completed during the CAS period, with 4 of the 14 completed late (see Annex table 2). Only one planned product (an environmental expenditure and policy study) was dropped, while two tasks (Support for NPRS and a PER) have not yet been completed and are described as “ongoing”, in addition to the four annual pieces of AAA described in the CASCR as “ongoing” (Dialogue on Social Protection, Dialogue on PER, Dialogue on Mining, and Management of GFATM). IFC implemented several Technical Assistance and Advisory operations concerning micro-finance legislation, leasing, investment law, housing finance and biodiversity, while providing advice for tourism sector development. In addition, IFC provided advice through a biodiversity project in FY05 on long-term monitoring and management of areas adjoining the Kumtor mine site that may provide a mechanism to support future plans for post-closure land use and site security.

Portfolio performance was close to average in ECA. During the CAS period, the portfolio at risk (as measured by commitments) varied from 28 percent in FY04 to zero in FY06. The average for the four years was 14.6 percent at risk for the Kyrgyz Republic, compared to the ECA average of 10.5 percent and a Bank-wide average of 14 percent for that period (see Annex Table 4). However, disbursement ratio ranged from about 10 percent to 15 percent.

The outcome ratings of projects exiting the Kyrgyz portfolio during the CAS period were worse than the Bank-wide and ECA ratings. Five of the eight projects that exited the portfolio during the CAS period were rated satisfactory by IEG, a 62.5 percent satisfactory rating. This compares with 82.4 percent for ECA projects satisfactory by number during the same period, and 79.1 percent satisfactory Bank-wide by number. Sustainability and Institutional Development Impact ratings of the Kyrgyz projects were also lower than these comparators. Two out of three IFC investments evaluated by IEG had successful development outcomes.

Overview of Achievement by Objective:

Key Performance indicators:

- **Poverty Reduction:** Poverty declined during the CAS period from 50 percent in 2003 to 43 percent in 2005 (latest available data), with extreme poverty more than halved. Although this fell short of the ambitious CAS target of 39 percent, it represents a solid performance over 3 years and a continuation of the decline in poverty levels from 55 percent in 1999.
- **GDP Growth-** GDP in 2005 was 31 percent greater than in 1999 (see Annex Table 7), in excess of the CAS target of 29 percent, but lower than in comparator countries such as Tadjikistan, Georgia, or Armenia.
- **Debt –** External Debt at the end of 2005 was equivalent to 83 percent of GDP, above the target level proposed in the CAS of 78 percent and much higher than in many comparator countries such as Armenia and Georgia but in the same range as a few comparators such as Moldova and Tadjikistan.
- **Social Sector Indicators-** Primary education coverage was to increase to 97 percent in 2005, and enrollment reached 98 percent in that year (see Annex Table 7), higher than rates in Georgia, Tajikistan, Armenia, and most other comparators. Child mortality (under 5 years) was at a relatively high 68 per 1000, or per live birth, 35.2 per 1000, in 2005, but this is not comparable to the CAS target of 28.0 per live birth due to a change in methodology. Most other indicators seem to have shown little or no improvement, although mortality from infectious diseases decreased to 22.3 per 100000, better than the CAS target of 25 per 100000.

Objective 1: Supporting private sector-led growth

Objective 1 was described in the CAS as receiving “the highest priority”. Macroeconomic performance during the CAS period was generally good. Growth, while volatile, averaged 4.1 percent in real terms, in excess of CAS projections, while inflation was moderate and the fiscal situation improved (see Annex Table 7). Gross investment rose from 18.4 percent of GDP in 2002 to 21.8 percent in 2005. On the negative side, from 2003-06, FDI was low at 2 percent of GDP, and the quasi-fiscal deficit of the energy sector improved only slightly, decreasing to 9 percent of GDP in 2005 from 10.4 percent at the beginning of the CAS period (see explanation below in section on energy). This was a major factor in the Kyrgyz Republic failing to achieve the projected decrease in the overall quasi-fiscal deficit to the equivalent of 5 percent of GDP. It should be noted that from 2003-06, of the six lowest-income CIS countries, the Kyrgyz Republic had the lowest real GDP growth, the highest level of external debt as a proportion of GDP, and the largest current account deficit (IMF, Article IV Consultation, March 2007).

The 2003 CAS envisioned that private industry, energy and agriculture would be the “main drivers of growth,” but these 3 sectors grew much less rapidly than the overall economy.¹ Instead, the main drivers of growth were consumption and the expansion of the service sector, fueled by “a surge in remittances.” Remittances (not mentioned in the CASCR) grew from 3.7 percent of GDP in 2003 to 8.1 percent in 2004 (WDI), and reached nearly 15 percent in 2006 (IMF, 3/07).

Agricultural Development: Three sub-objectives were noted in the CAS for this sector: A) Improve efficiency and productivity; B) Expand commercial rural credit; and C) Improve environmental protection. Private ownership of land reached over 70 percent of total farmland. IDA supported a strengthened and expanded rural credit network through its support of the Kyrgyz Agricultural Finance Corporation (KAFC), and its loan repayment rate of 98 percent is something which commercial banks are seeking to emulate. While IDA was successful in helping to bolster irrigation systems and extend credit to agriculture and agribusiness, *overall developments in the sector were disappointing*. Annual growth in agricultural output, which had averaged 5.7 percent from 1996 to 1999, slowed to 2.5 percent from 2000 to 2006. The main reason was that while land privatization and market liberalization had been key forces behind rapid growth in the 1990s, in the more recent period the state’s propensity to intervene in commodity and input markets to support agricultural producers created uncertainty and unrealistic expectations among market participants and stifled private initiative. And while the Second Rural Finance Project succeeded in providing credit to 35,000 beneficiaries, no evidence is presented on the extent to which the overall proportion of the rural population with access to credit increased. The CASCR is likewise silent on environmental protection, although it does note that a planned FY06 Environmental Expenditure and Policy project was dropped. IFC supported development of the agribusiness sector through a 2002 investment in a leading agro-processing enterprise that uses improved technology for the production of flour and pasta largely for the export market. A repeat investment was made in a packaging company serving the agro-processing sector, while further investments were made in financial intermediaries focused on MSMEs in rural areas.

Energy and Industry: The CAS sub-objectives for the sector were: A) Continue reforming the energy sector; B) Accelerate private involvement in large SOEs; and C) Promote exports by reducing regional trade barriers. The CAS did not propose performance indicators in this area, but it is clear that performance was disappointing. *Structural change and private sector involvement in the energy sector was negligible*, and the Consolidation SAC (CSAC), designed (in part) to introduce energy sector reforms, was canceled before its third tranche was disbursed. The quasi-fiscal deficit of the energy sector declined by less than the equivalent of 2 percent of GDP to the equivalent of 9 percent of GDP.

¹ From 2000 to 2006, with the overall economy growing at an average rate of 3.9%, agriculture grew at 2.5%, the power sector at 1.1%, gold mining at -3.9%, and manufacturing and non-gold mining at 1.4%. Source: 2007 JCSS, Table 1.

Further progress was prevented owing mainly to the authorities' failure to raise tariffs, which are very low by regional and world standards (1.2 USct/kWh in 2002). Entrenched rent-seeking and vested interests in the sector also kept private involvement in large non-energy SOEs at negligible levels. Regarding the mining sector (which comprises around ten percent of GDP), there was agreement between the Bank and the Government that the legal and institutional framework was weak, but little progress in implementing reforms was made and the regulatory regime did not improve during the CAS period. This limited IFC's prospects for expanding its investments in the mining industry. Concerning regional trade barriers, the CASCR comments only that trade disruptions caused by adverse political developments in neighboring Uzbekistan adversely affected agricultural performance during the CAS period. "Doing Business" indicates that 18 documents are needed for imports (regional average, 10), 127 days are required for imports (regional average 37), and the import costs per container are \$3,032 (regional average, \$1,589). While it is not clear to what extent these impediments to import are due to regional trade barriers, infrastructure, or Kyrgyz' location, respectively, it is clear that much more could be done to improve trade.

Business and financial environment: The CAS sub-objectives in this area were: A) Eliminate unnecessary regulations, inspections, licensing requirements; B) Accelerate financial market development; and C) Expand growth of small enterprises. Numerous sources, including an Investment Climate Assessment and the CASCR itself, have documented the poor business climate in the Kyrgyz Republic, the lack of progress during the CAS period, and the extent to which this inhibited growth. As measured by the Bank's "Doing Business" indicators, corruption has worsened. However, there are a few areas which showed some improvement. Although the level of financial intermediation in the country remained low, Kyrgyz' ranking for ease of getting credit in "Doing Business" improved from 96th out of 175 countries in 2005 to 65th in 2006, a substantial improvement. Relatedly, private investment rose from 15.8 percent of GDP in 2003 to 17.6 percent of GDP in 2005. IDA helped enhance rural access to credit through the Second Rural Finance Project, and rural credit now accounts for 25 percent of the country's loan portfolio. IFC also financed several commercial banks that provide financing to SMEs, and IFC has also assisted several small manufacturers. However, the CASCR (page 30) concludes concerning the CAS program that "results are mixed and that dealing with the complex set of entrenched interests will require better mechanisms..." Further, while the CAS accorded considerable importance to the growth of small and medium-sized enterprises in particular, the CASCR does not present evidence that progress was made in this area (aside from anecdotal reports on IFC projects), but the CASCR (para 107) does note that the weak banking system continues to constrain SME growth. A more complete presentation of anecdotal evidence from IFC project experience does indeed support a mixed picture. IFC contributed toward expansion of the financial sector through investments in several commercial banks and non-bank financial intermediaries that were focused on lending to the MSMEs. A key IFC contribution was to help transform some financial intermediaries into commercially oriented and sustainable banking institutions, including one in which more than 83 percent of its clients were women. However, the prospects for several of IFC's projects continue to be undermined by difficulties in the business environment as well as limited progress in improving regional market access for Kyrgyz products.

Infrastructure: IDA successfully pursued a relatively small agenda in this area, including urban transport and community-driven development approaches adopted through the Village Improvement Project 1 (and its follow-on). Assistance was also provided for small town infrastructure and refurbishing of power and district heating systems. In addition, IDA successfully provided assistance for rural water supply and sanitation. These projects were complementary to those of other donors, principally ADB, which refurbished trunk roads in the country. However, none of the donors has developed a successful approach to funding the currently inadequate maintenance of the country's roads, which, as the CASCR states, threatens the viability of large road investments.

Reducing Natural Resource and Environmental Risks: Although the CAS lists this as an area of concern, and a Natural Hazard Mitigation project was initiated in FY04, the CASCR does not present information on progress in this area.

IEG rates the outcome of Objective 1 as *moderately unsatisfactory*. Although poverty rates were lowered and GDP growth materialized in line with projections, the lack of improvement in the business climate, shortfalls in energy sector reform related to the cancellation of the third tranche of the CSAC facility, the failure to implement many mining sector reforms, and shortfalls in areas such as the financial sector and road maintenance all leave future development at risk.

Objective 2: Providing essential services

Sub-objectives stated in the CAS were: A) Increase per capita expenditure for health and education; B) Improve health and education facilities for the rural poor; and C) Implement reforms in health, education, and social protection. There appears to have been little progress in key health and education indicators, though comparability of health indicators over time is an issue (see below).

Health: Implementation of health system reforms that were started before 2003 continued. Budgetary procedures were strengthened, efficiency of health care delivery was increased, and a greater emphasis was placed on primary health services. Expenditures on health, which had been low prior to the CAS period, comprised 2.0 percent of GDP in both 2003 and 2004 and then rose to 2.3 percent in 2005. However, access to quality care by the poor and by rural residents remained limited, and regional disparities in the availability of quality care remained high. Further, health system reform did not seem to improve health outcomes. Health status indicators showed an increase in infant, child, and maternal mortality during the CAS period, although part of this deterioration may be due to methodological changes in the calculation of mortality rates when the Kyrgyz Republic moved to internationally comparable data.

Education: In keeping with the CAS objective noted above, expenditures on education rose modestly during the CAS period, comprising 4.2 percent of GDP in 2003, 4.6 percent in 2004, 4.9 percent in 2005, and a projected 5.0 percent in 2006. Primary school net enrollment increased from 86 percent of the relevant age group in 2000 to 90 percent in 2005, and the primary school completion rate increased from 90.6 percent in 2003 to 93.1 percent in 2005 (see Annex Table 8), although it had been 99.1 percent in 1997. However, there was strong evidence of a declining quality of education. In particular, Monitoring Learning Achievement surveys carried out by UNICEF in 2001 and 2005 showed a decline in student achievement scores. Additional deficiencies included substantial gaps in achievement as between urban and rural students, difficulties in recruiting teachers for rural posts, and insufficient resources allocated to early childhood development programs. The Rural Education Project (approved FY05) has made a start in addressing these areas, but there has not yet been sufficient time to gauge its effects.

Social Protection: Progress in this area was relatively strong, with continued progress in social assistance programs built on means-tested benefits and categorical assistance for vulnerable groups that had been established in the 1990s. Targeting criteria were improved, wages of teachers and medical workers increased, and program focus on poverty reduction was enhanced. During the CAS period, the base of workers contributing to pension funds increased by 30 percent, while average pensions increased by around 20 percent in real terms, with larger increases going to the poorest recipients. However, overall expenditures on social security and welfare did not increase during the CAS period, comprising 2.4 percent of GDP in 2003, 2.1 percent in 2004, 2.1 percent in 2005, and a projected 2.3 percent in 2006.

Decentralizing Public Services to the Local and Community Level: Good progress was made in this area. Under the On-Farm Irrigation Project, more than 400 Water User Associations were established, serving around 65 percent of the country's agriculturally developed area. Local O&M capacity was enhanced, and the completed works were turned over to local oblast and raion branches of the Department of Water Resources as owners of the completed infrastructure—thereby further enhancing local capacity. Also, under the Irrigation Rehabilitation Project (IRP), which closed in May 2006, 20

irrigation systems covering around 23 percent of the country's agricultural land were rehabilitated.

Empowerment of local communities also gained from the introduction of community-driven initiatives with assistance from the Bank's Village Investment Project 1 (Village Improvement 1 was approved in FY04, while under this CAS a Second Village Investment Project was approved in August, 2006). Under the first project, transparency, citizen involvement, and public accountability grew.

IEG rates the outcome of Bank assistance under Objective 2 as *moderately satisfactory*.

Objective 3: Strengthening the Governance Framework

Improved efficiency and transparency of public administration:

Sub-objectives in this area were: A) Civil Service reform, streamlining of general administration; and B) Separation of ministries' commercial, administrative, and regulatory functions.

Progress in this area has been slow. A Civil Service law was passed in 2004 but was later amended to increase the power of ministers to make appointments, thus undermining the Civil Service Agency. Following the change of government in March, 2005, there was a great deal of pressure to make high-level appointments without regard for the newly-established procedures, which led to cancellation of the third tranche of the Governance Structural Adjustment Credit, which was supporting these reforms. At the close of the CAS period, adherence to the new procedures remained uneven.

A new procurement law was passed in 2004 which attempted to introduce improvements in the transparency and efficiency of public procurement. But enforcement has lagged due to lack of resources, lack of trained procurement staff, and a propensity of the State Commission on Public Procurement to participate directly in individual procurement actions.

With regard to corruption, a number of laws have been passed and initiatives started, including better training and higher salaries for judges. However, serious problems continue to weaken the rule of law, including corruption and incompetence in law enforcement agencies and the judiciary, which undermines public confidence in these institutions. As mentioned earlier, corruption has worsened during the CAS period, and a number of sources rate the Kyrgyz Republic as having one of the highest levels of corruption in the world.

The Bank CPIA rating for Public Sector Management and Institutions rated the Kyrgyz Republic at 3.2 in 1999, 2.8 in 2003, and 2.7 in 2005—indicating some deterioration in this area.

Improved and more transparent public expenditure management:

Progress has been disappointing. Despite the efforts made to strengthen budgetary processes, significant problems in public financial management remain. There has been some improvement in the documentation of the budget and in public access to key fiscal information. However, frequent and non-transparent revisions to the budget make execution at the sectoral level unpredictable. According to the CASCR, accountability for the use of funds is further weakened by the lack of robust internal controls and a modern and comprehensive accounting framework. Progress in procurement reform was also disappointing.

The Law on Declaration of Income and Assets by high state officials (approved in June, 2004) achieved only limited compliance until recently. However, starting in March, 2006, observance reportedly increased to a level of 95%, and declarations are now public information. Nevertheless, corruption is still a major issue as confirmed by a number of rankings.

Improved participatory governance:

The CAS envisioned Community Driven Development (CDD) as a major theme, and progress in this area has been good. The First Village Investment Project reportedly has had an important impact on governance at the local level in the areas of transparency, citizen involvement, and public accountability; this will be extended by the follow-on project which was approved in FY07. Land Registration and enlargement of the mortgage market has been facilitated by the Land and Real Estate Registration Project. And, as noted above, the On-Farm Irrigation Project assisted in creating Water User Associations covering around 65 percent of the arable land.

Assessing overall progress in this area, the CASCR states: "The Government's record on and its commitment to improving governance has been very weak" (para v.); IEG concurs, and rates the outcome of Objective 3 as *unsatisfactory*.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Objective 1: Supporting private sector-led growth	N/A	Moderately Unsatisfactory	Poverty declined, private investment increased, but growth in the industry, agricultural, and energy sectors lagged the overall economy. While aspects of the business environment improved somewhat, structural reforms were limited raising the issue of sustainability.
Objective 2: Providing essential services	N/A	Moderately Satisfactory	Achievements in the areas of social protection and decentralizing public services outweighed some deficiencies in education and health outcomes.
Objective 3: Strengthening the Governance Framework	N/A	Unsatisfactory	Borrower reluctance to follow through on reforms, along with political turmoil, impeded progress in civil service, procurement, and public expenditure management. These deficiencies considerably outweighed the progress achieved in participatory governance.
Overall Rating	Moderately Satisfactory	Moderately Unsatisfactory	

Comments on Bank Performance:

The Bank's assistance strategy was relevant insofar as it addressed development barriers that remain important to the country's progress and are also part of the Borrower's strategy. However, the Bank strategy became progressively less realistic during the CAS period, as the political situation became more turbulent and the Borrower's reluctance to reform became more evident. An underlying cause of these problems has been lack of government capacity which has been an important constraint, with shortfalls in civil service reform, procurement reform, and the serious problems noted above in corruption and incompetence in law enforcement agencies and the judiciary. As noted in the CASCR (page 1), "the CAS was overoptimistic in assessing the institutional capacity and technical

capacity of the Government to implement an ambitious and wide-ranging reform program". On the positive side, while donor coordination was poor at the start of the CAS period, it improved significantly, in part as a result of donor response to the traumatic political events, also the relationship of the relatively high bilateral aid flows to performance criteria is not clear.

There is no indication that the Bank evaluated the triggers for the Low Case specified in the CAS and explicitly refocused its strategy in response to the unfolding political turmoil and the Borrower's evident reluctance to reform. This may have been a factor explaining why commitments comprised 90.5 percent of the base case amount despite these factors. However, the resulting increased focus on investment lending represents a reasonable response on the part of the Bank to the circumstances.

Five of the seven investment projects exiting the portfolio during the CAS period produced satisfactory outcomes, while the one adjustment credit was unsatisfactory. Thus, only 62.5 percent of the exiting projects in Kyrgyz were rated with satisfactory outcomes (see Annex Table 3), well below the averages for ECA (82.4 percent) and the overall Bank average (79.1 percent). Disbursement ratios have been low, ranging from 10 to 15 percent. With regard to policy-based lending, the Bank engaged in a continuous dialogue with a reluctant Borrower in trying to achieve agreed reforms. Progress was stymied by resistance from vested interests—for example in the area of mining sector reform—and by the Borrower's propensity to intervene in agricultural input and product markets, *inter alia*. In retrospect, the Bank should have given greater consideration to moving to the Low Case, in which commitments would have been lower, which might have been more effective and efficient given the political circumstances. Bank performance is, on balance, rated moderately satisfactory.

4. Overall IEG Assessment

Outcome:	<i>Moderately Unsatisfactory</i>
Bank Performance:	<i>Moderately Satisfactory</i>

This Review rates overall outcome as *moderately unsatisfactory*, although this is rated moderately satisfactory by the Region. The greatest weight was given to Objective 1, in accord with the CAS statement that its "top priority is private sector-led growth, with a particular focus on three main drivers of economic growth—agriculture, industry, and energy, and the development of an enabling environment conducive to the growth of small and medium enterprises." As noted above, the 3 sectors cited grew much less rapidly than the overall economy (see footnote 1) and the business environment hindered the performance of all types of private firms. However, private sector investment did increase and some improvements in the business environment were achieved. With good progress on poverty reduction but with the outcome of 2 of its 3 objectives—including the most important—rated unsatisfactory, an overall outcome rating of *moderately unsatisfactory* is indicated.

As noted above, Government capacity was an important constraint which was not adequately taken into account. Increased political instability has lowered the quality of dialogue as it is now difficult for the Government to set more than a short term agenda, as noted in the CASCR. In addition, exogenous shocks played an important role. In particular, a number of natural disasters resulted in a high degree of volatility in gold output, which in turn greatly increased GDP volatility.

Bank performance, on balance, is rated *moderately satisfactory*. AAA was rated satisfactory, while portfolio performance was below average. The lending program was not adjusted as quickly as would have been desirable as political turmoil unfolded. The Bank's efforts to pursue reform seem justified, with the *caveats* noted in the previous section, but there have been important shortfalls.

5. Assessment of CAS Completion Report

The CASCR is very frank in describing achievements during the CAS period and the reasons for shortcomings. The CASCR presents a great deal of useful information, and acknowledges that the CAS was overly optimistic regarding the country's institutional capacity. The CASCR also provides a relatively detailed description of IFC activities, including regional operations, and coverage of IFC contributions in the CAS results matrix is very helpful. However, the report has several deficiencies; as outlined below.

In assessing outcome, in many cases the CASCR focuses more on anecdotal evidence and process measures than on outcomes and results. For example, in assessing the Business and Financial Environment, the report cites successful IFC investments, technical assistance, and studies (as well as some successful outcomes), but these are not convincing in the face of evidence—some of it cited in the report—that the environment did not greatly improve.

The CASCR does not explain the rationale for changes in the size and nature of the Bank program during the CAS period, e.g., if the triggers for the Low Case were evaluated and how the lending program was modified in response this assessment reflecting the lack of reform progress and political upheaval, and why the Bank apparently stayed with the Base Case when three key triggers were not achieved (Governance, Business and Financial Environment, and Energy Reform).

Also, the CASCR description of macroeconomic performance during the CAS period misstates the sources of growth: "This growth was driven mainly by services, light industry and construction sectors, and reflected the favorable nexus of a stable macro environment and increased demand from fast-growing neighboring markets." The discussion omits mention of the strong surge in remittances from Kyrgyz citizens living abroad (which fueled the demand for services, construction, etc.). Remittances grew from 3.7 percent of GDP in 2003 to 8.1 percent in 2004 (WDI), and reached nearly 15 percent in 2006 (IMF, 3/07).

The CASCR also does not address progress in three important areas that are explicitly listed in the CAS Country Program Matrix:

- Expanded growth of micro and SMEs (the report does present anecdotal data)
- Improved environmental protection and natural resource management
- Increased per capita expenditure for healthcare and education

6. Findings and Lessons

IEG concurs with the CASCR lessons and this section elaborates on three of the most important (the first three listed below).

- **Some projects were overly-complex:** In a country with limited capacity and consensus for reform, simpler is usually better.
- **Greater selectivity will be needed in the next CAS/JCSS period:** This was also noted as a "key issue" in the 2003 CAS (para 76): "As a small country with limited capacity, the Kyrgyz Republic will have difficulty in effectively implementing a wide range of investments and reforms within a relatively short period."
- **CAS triggers should provide clear guidance on moving from the Base Case to other cases. A large number of triggers, each with multiple components can provide unclear guidance. It would be preferable to have a small number of simple triggers, with clear guidance as to how they are to impact the lending program.**

- **Greater use should be made of quantitative performance indicators:** While this might have been difficult in the area of strengthening governance, specific targets should have been specified for growth in the agricultural, industry, and energy sectors, and for improvement in the business climate. This would have provided a much clearer picture of progress in these areas.
- **Research is needed on the efficacy and efficiency of decentralizing public services to the community level:** It is assumed that decentralization brings better quality and greater efficiency in the delivery of public services, but there is as yet little empirical verification of this in key sectors such as health. Considering the amount of development work in this area, this assumption should be verified as a matter of some urgency.

Annex Table 1: Actual vs. Planned Lending

Annex Table 2: Analytical and Advisory Work: actual vs planned

Annex Table 3: IEG Project Ratings

Annex Table 4: Portfolio Status Indicators by Year

Annex Table 5: IBRD / IDA Net Disbursements and Charges

Annex Table 6: Net Aid Flows (net or gross, ODA or ODA+OOD, as relevant)

Annex Table 7: Economic and Social Indicators

Annex Table 8: Millennium Development Goals

Annex Table 1: Kyrgyz Republic - Planned and Actual Lending, FY03-06 (US\$ million)

Programmed Projects	Planned FY	Approval FY	Planned \$	Approved \$
GSAC	2003	2003	20.0	20.0
GSAC TA	2003	2003	8.0	7.8
Village Investment Project	2004	2004	15.0	15.1
Financial Sector & Business Development ^{1/}	2004	Divided into 2 projects	12.0	-
Payment & Banking Modernization ^{1/}	2004	2004	-	9.0
Natural Hazard Mitigation project	2004	2004	5.0	6.9
PRSC	2005	Dropped	15.0	-
Agri-Business & Marketing ^{2/}	2005	2005	20.0	8.1
Water Management Improvement ^{2/}		2006	-	19.0
Rural Education	2005	2005	15.0	15.0
Small Town Infrastructure ^{3/}	2005	2005	15.0	15.0
PRSG (to be absorbed into HIPC)	2006	Delayed to 2007	15.0	-
Health & Social Protection SWAP	2006	2006	15.0	15.0
Energy Investment Project	2006	Delayed to next CAS	16.0	-
Non Programmed Projects		Approval FY	Planned \$	Approved \$
Avian Influenza Project ^{4/}		2006	-	4.0
Reducing Technical Barriers ^{5/}		2007	-	5.0
Village Investment Project 2 ^{5/}		2007	-	15.0
Total			171.0	154.9

^{1/} The project was divided into two separate projects: 1.Payment & Banking modernization and 2.Business Enhancement project.

^{2/} The Agricultural Modernization & Marketing Project included in the CAS for US\$20 million was split into the Agri-Business & Marketing Project (FY05) and the Water Management Improvement Project (FY06).

^{3/} The project was planned as IDA grant, however due to IDA recourse limitations 3.1 millions - IDA grant and 12 - IDA credit

^{4/} Funded by Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response (GPAI).

^{5/} The Reducing Technical Barriers and Village Investment Projects were approved in July and August of FY07, respectively.

Sources: Kyrgyz Republic CAS 2003 and WB Business Warehouse as of May 30, 2007.

IFC PROJECTS DURING CAS PERIOD		CURRENT STATUS	
Approval FY	Project Name	Status	IFC commitment (US\$'000)
2006	Bai Tushum	Active	1,200
2005	SEF Altyn-Ajydar II	Active	1,400
2005	KICB II	Active	2,500
2004	AKB Kyrgyzstan	Active	1,500
2004	Ineximbank	Active	1,500
2003	Demirbank Kyrgyz	Active	111
Total IFC investments in Kyrgyz Republic (FY03-06)			8,211

Approved: FY02 Committed FY03	Central Asia Micro and Small Enterprise Finance Facility (MSEF) (IFC funding of \$5 million out of \$15 million total funding for Kyrgyz Republic from IFC, EBRD & SECO)	Active	5,000
Approved: FY01 Committed FY03	SEF SEAF Central Asia Small Enterprise Fund (CASEF)	Active	2,500
Total IFC Central Asia regional operations (FY01-02)			7,500

Annex Table 2: Kyrgyz Republic - Planned Non-Lending and Actual Deliveries, FY03-06

Programmed in 2003 CAS	Planned FY	Delivered FY
Public Expenditure Review	2003	2004
Poverty Assessment	2003	2004
FSAP	2003	2003
CFAA	2003	2003
CPAR	2003	2003
Trade Diagnostic	2004	1/
Support of NPRS	2005	Ongoing
Investment Climate Survey	2004	2004
Local Governance and Anticorruption	2004	2004
Kyrgyz Republic Public Expenditure Review	2004	Ongoing
Agriculture Policy Update	2004	2004
<i>Country Economic Memorandum: Trade and Growth Study</i>	2005	2005
Livestock Sector Review	2005	2006
Poverty Profile Update	2006	2006
Poverty Mapping Report	2006	2006
Environmental Expenditure and Policy	2006	Dropped
Urban Slums Note	2006	2006
Dialogue on Social Protection	Annual	Ongoing
Dialogue on PER	Annual	Ongoing
Dialogue on Mining	Annual	Ongoing
Management of GFATM (TB)	Annual	Ongoing

1/ Two ESW – Trade Study & Development Policy Review were combined into one – CEM: Trade & Growth Study.

Sources: Kyrgyz Rep. CAS 2003, WB Business Warehouse, IRIS, and Integrated Controller's Systems, as of May 30, 2007.

Annex Table 3: Kyrgyz Republic - Project Ratings, Exit FY03-06

Exit FY	Approval FY	Project	IEG Outcome	IEG Sustainability	IEG ID Impact	Net Commitments
2003	1996	SHEEP & WOOL IMPRVMT	MODERATELY UNSATISFACTORY	UNLIKELY	MODEST	5.8
	1995	PRIV ENT SUPPT	MODERATELY UNSATISFACTORY	LIKELY	MODEST	4.6
2004	1999	FLOOD EMERGENCY	SATISFACTORY	HIGHLY LIKELY	SUBSTANTIAL	9.7
2005	2001	CONSOLIDATION SAC	UNSATISFACTORY	UNLIKELY	NEGLIGIBLE	17.2
	2001	KYRGYZ URBAN TRANSPORT	SATISFACTORY	LIKELY	SUBSTANTIAL	31.3
	1999	RUR FIN 2	SATISFACTORY	LIKELY	SUBSTANTIAL	21.3
2006	1998	IRREGATION REHABILITATION	MODERATELY SATISFACTORY	NA	NA	45.7
	2001	HEALTH 2	SATISFACTORY	NA	NA	22.6

	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)	Inst Dev Impact % Subst (No)	Sustainability % Likely (\$)	Sustainability % Likely (No)
Kyrgyz Republic	158.3	8	82.5	62.5	69.0	50.0	74.3	66.7
ECA	12,993.4	222	88.5	82.4	72.0	61.2	93.3	89.0
Overall	90,191.0	1,055	83.4	79.1	60.0	54.7	85.6	79.3

Source: WB Business Warehouse tables 4a.5 and 4a.6 as of May 30, 2007.

Annex Table 4: Kyrgyz Republic - Portfolio Status Indicators, FY01-06
(US\$ million)

Country	2001	2002	2003	2004	2005	2006
<u>Kyrgyz Republic</u>						
# Proj	15	14	14	16	16	17
Net Comm Amt	262.4	255.5	259.2	278.1	244.2	232.2
# Proj At Risk	2	1	1	4	3	0
% At Risk	13.3	7.1	7.1	25.0	18.8	0.0
Comm At Risk	57.0	10.0	15.0	77.8	60.0	0.0
% Commit at Risk	21.7	3.9	5.8	28.0	24.6	0.0
<u>Armenia</u>						
# Proj	13	17	14	18	16	18
Net Comm Amt	268.3	307.5	260.7	295.5	251.3	266.5
# Proj At Risk	1	1	0	2	0	0
% At Risk	7.7	5.9	0.0	11.1	0.0	0.0
Comm At Risk	30.0	21.0	0.0	16.4	0.0	0.0
% Commit at Risk	11.2	6.8	0.0	5.5	0.0	0.0
<u>Georgia</u>						
# Proj	18	17	17	18	17	18
Net Comm Amt	348.5	326.2	301.7	344.8	328.8	290.4
# Proj At Risk	0	4	1	4	0	2
% At Risk	0.0	23.5	5.9	22.2	0.0	11.1
Comm At Risk	0.0	106.8	15.0	82.1	0.0	55.7
% Commit at Risk	0.0	32.7	5.0	23.8	0.0	19.2
<u>Moldova</u>						
# Proj	9	8	11	12	10	13
Net Comm Amt	132.8	117.8	142.5	160.5	143.8	170.0
# Proj At Risk	2	2	1	1	1	0
% At Risk	22.2	25.0	9.1	8.3	10.0	0.0
Comm At Risk	25.9	24.9	30.0	11.1	35.0	0.0
% Commit at Risk	19.5	21.1	21.1	6.9	24.3	0.0
<u>Tajikistan</u>						
# Proj	9	10	11	10	10	14
Net Comm Amt	129.7	151.5	171.5	127.3	143.2	164.1
# Proj At Risk	2	4	1	2	0	0
% At Risk	22.2	40.0	9.1	20.0	0.0	0.0
Comm At Risk	19.0	29.3	20.0	23.7	0.0	0.0
% Commit at Risk	14.7	19.3	11.7	18.6	0.0	0.0
<u>Uzbekistan</u>						
# Proj	7	8	9	8	7	5
Net Comm Amt	277.0	287.1	345.5	302.8	285.0	237.5
# Proj At Risk	3	4	4	5	3	3
% At Risk	42.9	50.0	44.4	62.5	42.9	60.0
Comm At Risk	132.0	162.0	170.3	188.8	153.3	141.3
% Commit at Risk	47.7	56.4	49.3	62.4	53.8	59.5
Country	2001	2002	2003	2004	2005	2006
<u>Vietnam</u>						
# Proj	25	27	26	27	34	37
Net Comm Amt	2,556.6	2,814.1	2,479.0	2,983.2	3,514.7	3,949.5
# Proj At Risk	2	3	4	2	0	3
% At Risk	8.0	11.1	15.4	7.4	0.0	8.1
Comm At Risk	139.9	96.0	305.6	220.0	0.0	285.0
% Commit at Risk	5.5	3.4	12.3	7.4	0.0	7.2
<u>Egypt</u>						
# Proj	18	18	16	17	14	16
Net Comm Amt	1,083.0	1,012.0	763.8	1,014.1	1,085.5	1,795.1
# Proj At Risk	1	5	2	3	1	1
% At Risk	5.6	27.8	12.5	17.6	7.1	6.3
Comm At Risk	15.0	347.2	123.7	16.4	15.0	15.0
% Commit at Risk	1.4	34.3	16.2	1.6	1.4	0.8
<u>Nicaragua</u>						
# Proj	15	15	15	16	13	13
Net Comm Amt	458.5	461.1	428.1	498.7	369.2	357.3
# Proj At Risk	0	1	4	1	2	1
% At Risk	0.0	6.7	26.7	6.3	15.4	7.7
Comm At Risk	0.0	13.5	94.2	13.5	39.6	12.0
% Commit at Risk	0.0	2.9	22.0	2.7	10.7	3.4
<u>Bolivia</u>						
# Proj	16	17	16	14	11	6
Net Comm Amt	566.5	644.3	582.5	537.7	462.7	265.6
# Proj At Risk	4	2	3	4	4	2
% At Risk	25.0	11.8	18.8	28.6	36.4	33.3
Comm At Risk	203.6	64.3	111.5	61.8	127.3	105.4
% Commit at Risk	35.9	10.0	19.1	11.5	27.5	39.7

**Annex Table 4: Kyrgyz Republic - Portfolio Status Indicators, FY01-06
(US\$ million)**

Country	2001	2002	2003	2004	2005	2006
ECA						
# Proj	291	286	288	285	276	294
Net Comm Amt	15,869.1	15,719.9	14,800.4	14,383.0	15,675.5	16,295.5
# Proj At Risk	36	56	22	50	24	28
% At Risk	12.4	19.6	7.6	17.5	8.7	9.5
Comm At Risk	2,491.3	3,332.7	1,246.7	2,507.9	1,413.0	1,177.8
% Commit at Risk	15.7	21.2	8.4	17.4	9.0	7.2
Bank wide						
# Proj	1,457	1,428	1,395	1,346	1,332	1,345
Net Comm Amt	106,640.7	102,601.3	94,772.5	92,554.3	93,211.7	92,888.8
# Proj At Risk0	184	272	218	228	224	188
% At Risk	12.6	19.0	15.6	16.9	16.8	14.0
Comm At Risk	12,539.2	17,385.4	14,141.5	14,742.1	12,552.7	10,849.8
% Commit at Risk	11.8	16.9	14.9	15.9	13.5	11.7

Source: WB Business Warehouse Table 3a.4 as of May 30, 2007.

**Annex Table 5: Kyrgyz Republic - IBRD/IDA Net Disbursements and Charges, FY01-06
(US\$ millions)**

FY	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2001	29.5	0.0	29.5	2.7	0.0	26.9
2002	32.7	0.0	32.7	2.9	0.0	29.8
2003	29.5	0.0	29.5	3.3	0.0	26.2
2004	29.9	1.3	28.6	3.8	0.4	24.4
2005	35.2	3.8	31.5	4.2	0.5	26.8
2006	34.7	4.8	29.8	4.2	0.3	25.4
Total	191.5	9.9	181.7	21.0	1.2	159.5

Source: Client Connection as of May 30, 2007.

Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid to Kyrgyz Republic 2000-05, (US \$ Million)

	Calendar years					
	2000	2001	2002	2003	2004	2005
Australia	0.0	0.0	0.0	-	-	-
Austria	0.4	0.1	0.1	0.4	0.5	0.5
Belgium	0.0	-	-	-	-	0.4
Canada	0.6	0.8	0.7	0.4	0.3	0.7
Czech Republic	-	0.0	0.1	0.1	1.1	0.5
Denmark	0.3	0.7	0.6	0.1	0.6	3.6
Finland	0.4	0.4	0.1	0.4	1.3	1.5
France	0.4	0.2	0.4	0.7	0.9	1.7
Germany	4.8	7.4	11.0	14.8	13.7	27.6
Greece	-	-	-	-	0.0	0.1
Hungary	-	-	-	0.0	0.1	0.1
Ireland	-	-	0.2	-	0.0	0.3
Italy	-	0.0	0.1	0.0	0.1	-
Japan	47.8	23.2	8.1	31.2	26.7	21.0
Korea	0.6	0.1	0.2	0.6	0.5	0.4
Netherlands	1.9	1.8	1.7	4.8	3.1	3.1
New Zealand	0.0	-	0.0	0.0	0.1	0.2
Norway	0.3	0.5	1.3	3.1	3.1	3.1
Poland	0.0	0.1	0.0	0.0	0.1	0.1
Slovak Republic	-	-	0.0	0.2	0.2	-
Spain	0.0	0.0	0.0	0.0	0.1	0.1
Sweden	0.3	0.9	0.8	1.0	2.5	2.5
Switzerland	7.2	4.9	13.9	8.6	10.4	9.3
Turkey	2.1	1.5	2.5	2.3	34.7	57.5
United Kingdom	2.2	2.4	4.5	7.1	6.3	9.4
United States	24.6	28.1	51.7	40.1	39.9	41.4
Arab Agencies	2.3	4.8	4.0	0.5	5.3	-0.7
Arab Countries	6.3	1.8	3.3	2.3	-	-
AsDF (Asian Dev.Fund)	21.4	58.3	27.2	25.7	54.4	29.6
EBRD	0.0	1.0	1.8	2.0	2.7	2.3
EC	15.0	11.2	12.8	10.1	22.9	18.0
Global Fund (GFATM)	-	-	-	0.1	2.1	4.0
Nordic Dev. Fund	0.4	-	-	-	-	-
IDA	51.7	26.7	33.4	31.9	24.1	35.5
SAF+ESAF+PRGF(IMF)	14.5	6.1	-1.4	5.2	-3.9	-13.0
IFAD	1.9	0.9	0.8	0.8	1.6	0.4
UNDP	1.7	1.2	1.5	1.6	2.1	2.4
UNFPA	0.4	0.5	0.6	0.6	0.7	0.8
UNHCR	1.1	1.0	0.9	0.9	1.1	2.0
UNICEF	0.9	0.9	0.9	1.0	1.1	1.1
UNTA	0.3	0.4	0.5	0.7	0.3	0.8
Other Bilateral Donors	2.8	1.3	1.3	0.9	0.4	0.3
DAC EU Members, Total	10.7	13.9	19.5	29.2	29.1	50.8
Non-DAC Bilateral Donors, Total	11.8	4.8	7.4	6.4	37.1	58.8
All Donors, Total	214.7	188.9	185.6	199.8	261.1	268.5

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid Disbursements as of May 30, 2007.

Annex Table 7: Kyrgyz Republic - Economic and Social Indicators, 1998-2005

	Kyrgyz Republic										1998-2005 average										
	1998	1999	2000	2001	2002	2003	2004	2005	Kyrgyz Republic	Armenia	Georgia	Moldova	Tadjikistan	Uzbekistan	Vietnam	Egypt	Nicaragua	Bolivia	ECA	Low Income	
Growth and Inflation																					
GDP growth (annual %)	2.1	3.7	5.4	5.3	0.0	7.0	7.0	-0.6	3.7	9.7	5.5	3.4	8.1	4.9	6.8	4.3	3.8	2.9	4.4	5.6	
GDP per capita growth (annual %)	0.6	2.2	4.4	4.5	-0.8	6.1	5.9	-1.6	2.7	10.3	6.7	3.7	6.9	3.6	5.6	2.3	2.5	0.8	4.4	3.6	
GNI per capita, Atlas method (current US\$)	350.0	300.0	280.0	280.0	290.0	340.0	400.0	450.0	336.3	866.3	853.8	538.8	211.3	538.8	445.0	1,336.3	790.0	971.3	2,565.8	430.9	
GNI per capita, PPP (current international \$)	1,320.0	1,370.0	1,460.0	1,570.0	1,580.0	1,710.0	1,860.0	1,870.0	1,592.5	3,270.0	2,347.5	1,616.3	917.5	1,636.3	2,286.3	3,828.8	3,221.3	2,443.8	7,048.6	1,991.7	
Inflation, consumer prices (annual %)	10.5	37.0	18.7	6.9	2.1	3.0	4.1	4.4	10.8	3.1	7.0	16.3	..	..	4.0	4.4	8.8	3.8	..	..
Composition of GDP																					
Agriculture, value added (% of GDP)	39.5	37.7	36.8	37.3	37.7	37.1	33.3	34.1	36.7	26.5	21.7	24.8	25.7	32.4	23.4	16.4	19.1	15.1	9.1	25.2	
Industry, value added (% of GDP)	22.8	25.0	31.0	28.9	23.3	22.3	24.1	20.9	24.8	35.9	24.2	23.2	35.0	24.6	37.6	33.6	27.7	29.9	31.7	26.6	
Services, etc., value added (% of GDP)	37.7	37.3	32.2	33.8	39.0	40.6	42.6	45.0	38.5	37.6	54.1	52.0	39.3	43.0	39.0	50.0	53.2	55.0	59.1	48.2	
External Accounts																					
Exports of goods and services (% of GDP)	36.5	42.2	41.8	36.7	39.6	38.7	42.6	39.0	39.6	25.6	28.5	51.3	62.5	30.2	57.2	20.5	24.2	23.7	38.9	20.1	
Imports of goods and services (% of GDP)	58.0	57.0	47.6	37.0	43.3	45.3	51.3	56.2	49.7	47.3	43.9	78.8	72.2	26.6	62.1	25.4	51.5	28.2	38.7	23.0	
Current account balance (% of GDP)	-22.1	-14.7	-5.6	-1.2	-3.0	-4.4	-3.4	-8.3	-7.9	-10.5	-7.9	-6.7	-1.3	..	-0.3	0.8	-18.7	-2.1	..	..
Total debt service (% of GNI)	7.3	9.4	13.5	12.1	8.3	8.8	7.6	5.4	9.0	3.3	3.9	11.4	6.4	6.1	3.3	2.5	5.5	6.1	8.4	3.1	
External debt (% of GNI)	96.1	147.7	142.1	117.5	119.5	109.0	99.3	86.1	114.7	48.8	46.9	87.6	87.6	37.5	50.6	34.8	163.5	68.9	50.7	39.7	
Total reserves in months of imports	2.2	3.9	4.2	5.3	4.9	5.0	5.5	4.9	4.5	3.8	1.4	2.2	1.2	..	2.4	7.9	2.4	5.7	5.2	6.8	
Gross domestic savings (% of GDP)	-6.1	3.2	14.3	17.7	13.8	5.3	5.8	-4.7	6.2	0.4	8.1	-3.3	4.0	23.7	27.1	13.9	2.2	11.7	22.4	21.5	
Gross fixed capital formation (% of GDP)	13.2	16.0	18.3	17.0	16.5	13.8	14.8	14.5	15.5	20.8	22.5	18.9	12.2	24.8	30.1	18.4	27.2	15.9	20.5	22.6	
Fiscal Accounts																					
Revenue, excluding grants (% of GDP)	17.6	15.8	14.2	16.1	..	..	..	..	15.9	18.4	12.3	26.7	11.3	..	..	21.0	19.5	20.3	31.1	12.4
General government final consumption expenditure (% of GDP)	17.9	19.1	20.0	17.5	18.6	16.8	18.2	18.9	18.4	10.9	11.4	15.1	8.9	18.3	6.5	12.0	11.2	15.2	16.5	11.6	
Gross national expenditure (% of GDP)	121.5	114.8	105.7	100.3	103.8	106.6	108.7	119.1	110.1	121.6	115.4	127.5	109.8	96.5	105.0	105.0	127.3	104.5	..	..
Cash surplus/deficit (% of GDP)	-3.6	-3.0	-2.9	-0.8	..	..	..	..	-2.6	-0.9	-0.9	-0.4	-2.9	..	..	-3.5	-2.1	-6.4	0.4	-3.6
Social Indicators^{1/}																					
Health																					
Life expectancy at birth, total (years)	67.1	67.0	68.6	68.7	68.1	68.3	68.2	68.3	68.0	72.9	70.6	67.7	63.7	67.4	69.8	69.6	69.6	63.9	68.9	58.5	
Immunization, DPT (% of children ages 12-23 months)	97.0	97.0	99.0	99.0	98.0	96.0	99.0	96.0	98.1	91.1	81.1	95.8	81.9	98.1	93.0	96.5	83.3	77.4	92.7	60.3	
Improved water source (% of population with access)	..	..	..	..	..	..	77.0	..	77.0	92.0	82.0	92.0	59.0	82.0	85.0	98.0	79.0	85.0	91.9	75.1
Improved sanitation facilities, rural (% of rural population with access)	..	..	..	..	..	..	51.0	..	51.0	61.0	91.0	52.0	45.0	61.0	50.0	58.0	34.0	22.0	71.1	28.5
Mortality rate, infant (per 1,000 live births)	..	..	60.0	..	..	..	..	58.0	59.0	28.8	41.0	18.1	67.2	58.0	19.5	34.0	32.0	57.5	29.5	78.8
Education																					
School enrollment, primary (% gross)	..	10.2	10.0	10.5	10.6	11.0	11.6	12.5	10.9	28.1	44.0	48.5	8.8	27.6	45.7	12.6	30.7	47.2	46.5	23.2	
School enrollment, primary (% gross)	..	97.7	96.8	95.9	96.0	96.9	96.0	97.9	97.0	91.9	95.8	95.0	98.3	99.6	102.0	100.6	107.1	113.8	100.8	93.2	
School enrollment, secondary (% gross)	..	83.5	84.5	85.5	84.6	89.5	88.0	86.4	86.0	86.3	81.1	82.5	77.5	94.9	69.0	85.0	59.3	81.2	89.7	41.7	
Population																					
Population growth (annual %)	1.5	1.4	1.0	0.8	0.8	0.9	1.1	1.0	1.1	-0.5	-1.1	-0.3	1.2	1.3	1.2	1.9	1.3	2.0	0.0	1.9	
Population, total (million)	4.8	4.9	4.9	5.0	5.0	5.0	5.1	5.1	5.0	3.1	4.6	4.3	6.3	25.1	79.9	69.3	5.0	8.6	472.1	2,207.5	
Urban population (% of total)	35.8	35.6	35.4	35.5	35.6	35.6	35.7	35.8	35.6	64.8	52.6	46.3	25.6	37.2	24.9	42.6	57.7	62.5	63.5	28.9	

Note: Some data for recent years are not available on an annual basis, so some averages are based on fewer observations.

1/ Some of these indicators are still estimates.

Source: WB World Development Indicators (April 2007)

Annex Table 8: Kyrgyz Republic - Millennium Development Goals

	1990	1994	1997	2000	2003	2005
Goal 1: Eradicate extreme poverty and hunger						
Income share held by lowest 20%	..	..	..	..	9	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	11	7	8	7
Poverty gap at \$1 a day (PPP) (%)	..	3	19	1	1	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	8	20	2	2	..
Poverty headcount ratio at national poverty line (% of population)	..	..	..	52	..	..
Prevalence of undernourishment (% of population)	..	..	..	..	4	..
Goal 2: Achieve universal primary education						
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..	100
Persistence to grade 5, total (% of cohort)	..	..	..	..	..	..
Primary completion rate, total (% of relevant age group)	..	..	99.1	94.6	90.6	93.1
School enrollment, primary (% net)	..	..	..	87	86	90
Goal 3: Promote gender equality and empower women						
Proportion of seats held by women in national parliament (%)	..	..	1	1	10	3.2
Ratio of girls to boys in primary and secondary education (%)	..	..	..	101	100.4	100.6
Ratio of young literate females to males (% ages 15-24)	..	..	..	..	..	100.1
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	48	47	46	43	44	43
Goal 4: Reduce child mortality						
Immunization, measles (% of children ages 12-23 months)	..	88	98	98	99	99
Mortality rate, infant (per 1,000 live births)	68	..	..	60	..	58
Mortality rate, under-5 (per 1,000)	80	..	..	70	..	68
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	..	..	98.1	99	99	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	110	..	..
Goal 6: Combat HIV/AIDS, malaria, and other diseases						
Children orphaned by HIV/AIDS	..	..	..	..	..	..
Contraceptive prevalence (% of women ages 15-49)	..	..	60	..	..	..
Incidence of tuberculosis (per 100,000 people)	54.9	..	..	..	..	122.1
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	0	0
Tuberculosis cases detected under DOTS (%)	..	..	3.5	41.9	55.8	61.7
Goal 7: Ensure environmental sustainability						
CO2 emissions (metric tons per capita)	2.8	1.3	1.2	0.9	1	..
Forest area (% of land area)	..	..	..	4	..	5
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	2	2	3	3	3	..
Improved sanitation facilities (% of population with access)	60	..	..	..	..	59
Improved water source (% of population with access)	78	..	..	..	..	77
Nationally protected areas (% of total land area)	..	..	..	..	15	15
Goal 8: Develop a global partnership for development						
Aid per capita (current US\$)	..	38.3	50.7	43.7	39.7	50.7
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	..	4	6	9	8	6
Fixed line and mobile phone subscribers (per 1,000 people)	71	74.6	74.3	78.3	106.1	..
Internet users (per 1,000 people)	0	..	..	10.5	39.7	51.6
Personal computers (per 1,000 people)	..	..	..	5.2	14.9	17.1
Total debt service (% of exports of goods, services and income)	..	4	11	29	19	14
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	21.2	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	19.3	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	20.1	..
Other						
Fertility rate, total (births per woman)	3.7	3.1	2.8	2.4	2.5	2.5
GNI per capita, Atlas method (current US\$)	..	370	390	280	340	440
GNI, Atlas method (current US\$) (billions)	..	1.7	1.9	1.4	1.7	2.3
Gross capital formation (% of GDP)	24.2	9	21.7	20	11.8	20.4
Life expectancy at birth, total (years)	68.3	66	66.9	68.6	68.3	68.2
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	..	98.7
Population, total (millions)	4.4	4.5	4.7	4.9	5	5.2
Trade (% of GDP)	78.8	73.8	84.5	89.4	83.9	96.4

Note: Figures in italics refer to periods other than those specified.
Source: World Development Indicators database, September 2006.