

Implementation Status & Results
Kyrgyz Republic
Capacity Building for Economic Management Grant (P108525)

Operation Name: Capacity Building for Economic Management Grant (P108525) Project Stage: Implementation Seq.No: 9 Status: ARCHIVED Archive Date: 26-Apr-2014

Country: Kyrgyz Republic Approval FY: 2009
 Product Line: IBRD/IDA Region: EUROPE AND CENTRAL ASIA Lending Instrument: Technical Assistance Loan
 Implementing Agency(ies):

Key Dates

Board Approval Date	01-Jul-2008	Original Closing Date	31-Dec-2012	Planned Mid Term Review Date	Last Archived ISR Date	08-Oct-2013
Effectiveness Date	18-Dec-2008	Revised Closing Date	30-Jun-2014	Actual Mid Term Review Date		

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

The objective of the Project is to assist the Recipient in establishing and institutionalizing an efficient and effective framework for formulating and implementing sustainable economic policies as well as in enhancing the capacity of public institutions responsible for the development and implementation of such policies to formulate and carry out the policies. [Objective as reflected in the Financing Agreement, which in substance is not different from the PAD but wordings are different. The most important project objectives are: a) contribute to government-wide coherent macro-economic policy development and decision making through establishing strong inter-ministerial coordination and interface; b) support process of economic policy development and implementation through enabling public institutions (and particularly the MEDT, through capacity building and restructuring) to formulate sound and analytically informed policy measure and proposals; and c) support reform of employment practices and wages in the civil service by building the capacity in a special task force in this area. [These other main objectives are from the PAD but are not reflected in the legal agreement except item b. although broadly in line in substance]

Has the Project Development Objective been changed since Board Approval of the Project?

Yes No

Component(s)

Component Name	Component Cost
Institutional and Technical Framework for Macro-Economic Policy	0.50
Strengthening the Capacity to Formulate and Implement Economic Policy	1.64
Building Capacity for Civil Service Reform	0.34
Project Management and Implementation Support	0.33

Overall Ratings

	Previous Rating	Current Rating
Progress towards achievement of PDO	Moderately Satisfactory	Moderately Satisfactory
Overall Implementation Progress (IP)	Moderately Satisfactory	Moderately Satisfactory

Public Disclosure Authorized

Public Disclosure Authorized

	Previous Rating	Current Rating
Overall Risk Rating	Substantial	Substantial

Implementation Status Overview

Overall, the project assessment remains moderately satisfactory. The project activities have been implemented as planned. The government has now established clear institutional arrangements for coordinating and developing macroeconomic projections/scenarios. The Ministry of Economy has strengthened its capacity to develop and implement economic policy measures and proposals, conduct regulatory impact analysis, and monitor and evaluate implementation of the anti-corruption program. The State Personnel Service has been carrying out pay and grading reform measures in the civil service.

Component 1

At a technical level, the economic policy coordination mechanism has been satisfactory. The technical expert group, which includes representatives from the Ministry of Economy, the Ministry of Finance, the PM's office, the Central Bank, the Statistics Committee, and the Social Fund, supports the Coordination Council on Macroeconomic and Investment Policies (CCMIP). The work of the technical group has satisfactorily ensured good coordination between the key government bodies at the technical level. As a result, the key government bodies are able to produce agreed macroeconomic projections and scenarios more effectively and faster than it was before the start of the projection.

At a decision making level, the CCMIP appears to play a limited role in economic policy coordination largely because the government uses other established arrangements for it. The meetings of the CCMIP were not regular. In 2013, the CCMIP only met three times, to consider the mid-term macroeconomic forecasts, the mid-term budget framework and the partnership strategies of the World Bank and the Asian Development Bank. However, the government maintains adequate coordination through regular government meetings and other meetings chaired by the Prime-Minister or Deputy Prime-Minister responsible for economic issues.

The Government institutionalized a mechanism for producing macroeconomic projections and scenarios. With its resolution No557 dated October 9, 2013, the Government approved the financial programming model (a macroeconomic consistency framework) and a manual for using it. The financial programming model has now become the main tool for key government bodies to produce agreed macroeconomic projections and scenarios.

Component 2

The current structure of the Ministry of Economy (MoE) enables it to adequately address the tasks assigned to the Ministry. The current structure was adopted in August 2013 reflecting new functions added to the Ministry and recommendations from functional review analysis conducted by a CBEM project consultant and USAID consultants. The Ministry now has assigned staff to work on policy development, macroeconomic analysis and projections and anti-corruption policy. The ministry has also strengthened its strategic planning function.

Analytical capacity of the policy development group has increased. The policy development group, with support from the CBEM consultants, developed analytical documents on economic policy, governance, strategic planning and monitoring and evaluation system.

The MoE continues to strengthen its role in implementing and coordinating the government's anti-corruption action plan. The MoE has developed and approved:

- i) a methodology on anti-corruption monitoring and evaluation system;
- ii) a manual on monitoring and evaluation of the implementation of the government's anti-corruption action plan (Order of the Minister of Economy, number 80, date d April 16, 2013); and
- iii) a methodology to help individual ministries and government agencies develop and implement their own anti-corruption programs (Order of the Minister of Economy, number 89, dated May 6, 2013).

The MoE has made good progress in developing tools to produce and maintain a macroeconomic framework. With the support from the CBEM consultants, the MoE is now able to maintain:

- i) the RMSM-X model;
- ii) a simplified financial programming model; and
- iii) an inflation model.

In addition, CBEM consultants have developed a methodology for economic forecasting at the regional level.

The MoE's capacity for tax policy development and public investment management remains weak. CBEM consultants have developed a tax and non-tax revenues forecasting model, conceptual proposals on strengthening revenue policy, and recommendations on improving public investment management. However, the MoE's capacity remains weak. This is partly due to lack of efforts to reach strong results in these areas. The MoE's senior management needs to put more efforts to strengthen the ministry's capacity before the closure of the project.

The MoE has enhanced its capacity in regulatory impact analysis (RIA). A CBEM consultant, in cooperation with the MoE staff, prepared a new RIA methodology, which is expected to be approved by a government resolution. In addition, the CBEM consultant prepared a manual to assess the quality of RIA.

Component 3

Outcomes under this component have been achieved. The Wage Reform Strategy for civil and municipal servants covering 2013-2020 and an action plan for its implementation have been approved by the Government (Resolution number 383 dated June 28, 2013). The Government has also adopted standards for job descriptions and qualifying requirements in the civil service, and regulation for assessing performance of civil servants. In addition, the President approved a new civil and municipal services registry (Order number 145 dated June 26, 2013). These documents incorporate proposals and comments from ministries and government agencies collected during presentations and round tables conducted by the state personnel service in May and June 2013.

Locations

No Location data has been entered

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Enhanced inter-ministerial coordination and capacity to ensure a coherent economic policy decision-making process.	<input type="checkbox"/>	Text	Value	Poor coordination	The CCMIP held no meetings in the second half of 2013 and in the first two months of 2014.	High level coordination committee operational, holds regular meetings with relevant agenda for major economic policy decisions.
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		It is uncertain when the next CCMIP would meet. The government resigned after the break-up of the ruling coalition on Mar 18, 2014.	
Public institutions (and particularly the MEDT, through capacity building and restructuring) are enabled to formulate sound and analytically informed policy measure and proposals.	<input type="checkbox"/>	Text	Value	MEDT has old dysfunctional structure and low analytical capacity.	The new structure of the MoE adopted in August 2013 is adequate to the tasks assigned to the MoE.	MER reorganized consistent with new structure.
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014

			Comments		The MoE's capacity to develop policy measures improved.	
Capacity for carrying out a reform of wages and employment in the civil service, together with options developed	<input type="checkbox"/>	Text	Value	No existing capacity to carry out a pay reform	The government is implementing the action plan.	Salary task force presents options for wage and employment reform
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Outcome is achieved.	

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Presidential Decree/govt Regulation which (a) clearly defines roles & responsibilities in economic policy design, implementation & evaluation at central level (b) establishes an effective coordination	<input type="checkbox"/>	Text	Value	No coordination in economic policy	Coordination procedures formalized in the government regulation. Agreement reached on composition and agenda of coordination committee.	Coordination procedures formalized in decree or regulation. Agreement reached on composition and agenda of coordination committee
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Done.	
Regular meetings of coordination group taking place, with appropriate agenda and relatively few major economic policy decisions being taken outside the mechanism.	<input type="checkbox"/>	Text	Value	N/a	The CCMIP held no meetings in the second half of 2013 and in the first two months of 2014.	Coordination committee meeting regularly with substantive appropriate agenda.
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		It is uncertain when the next CCMIP would meet. The government resigned after the break-up of the ruling coalition on Mar 18, 2014.	
Publication of macroeconomic and fiscal forecasts with evidence that these forecasts provide the basis for budget and economic policy discussions.	<input type="checkbox"/>	Text	Value	Not currently published by Govt.	The government publishes the Mid-term Socia-economic Development Prognosis, the Mid-term Budget Framework and annual budget laws.	Publication of more detailed forecasts at least twice during the year, and evidence that forecasts form the basis of budget planning.
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Is being implemented.	
New structure of MEDT corresponds to that proposed in the SDP	<input type="checkbox"/>	Text	Value	Dysfunctional current structure	The new structure of the MoE adopted in August 2013 is adequate to address the tasks assigned to the MoE.	MEAMP reorganized consistent with new structure

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			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments			
Satisfactory implementation (according to private sector surveys) of significant measures to improve the business environment proposed by the investment council.	<input type="checkbox"/>	Text	Value	No specific survey to measure reforms proposed by the investment council.	The survey has not been done yet.	Surveys indicate progress in other areas of business environment and increase satisfaction with the performance of IC and MEDT.
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Reforms to improve the business environment would probably reflect well on the results of a survey when undertaken.	
High quality policy papers are produced and subsequently translated into policy decisions.	<input type="checkbox"/>	Text	Value	No policy papers	The anti-corruption research is being conducted. The three studies under component 1 have been launched.	At least six policy papers developed, of which three are judged to be of high quality and at least one forms the basis of a significant policy decision
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		An analysis of the corruption in the state property management is planned under component 2.	
Pay and grading reform group established	<input type="checkbox"/>	Text	Value	No existing taskforce	The group was established and it finalized the civil service wage strategy and prepared an action plan to implement the strategy.	Salary task force established and basic data collected
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Done. The salary working group has finished its work.	
Options paper for pay reform is produced	<input type="checkbox"/>	Text	Value	No current options for pay reform	The government approved the wage reform strategy for civil and municipal servants for 2013-2020 and an action plan to implement this strategy.	Salary task force presents options for wage and employment reform
			Date	15-Jul-2008	25-Mar-2014	30-Jun-2014
			Comments		Done.	

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Data on Financial Performance (as of 25-Mar-2014)

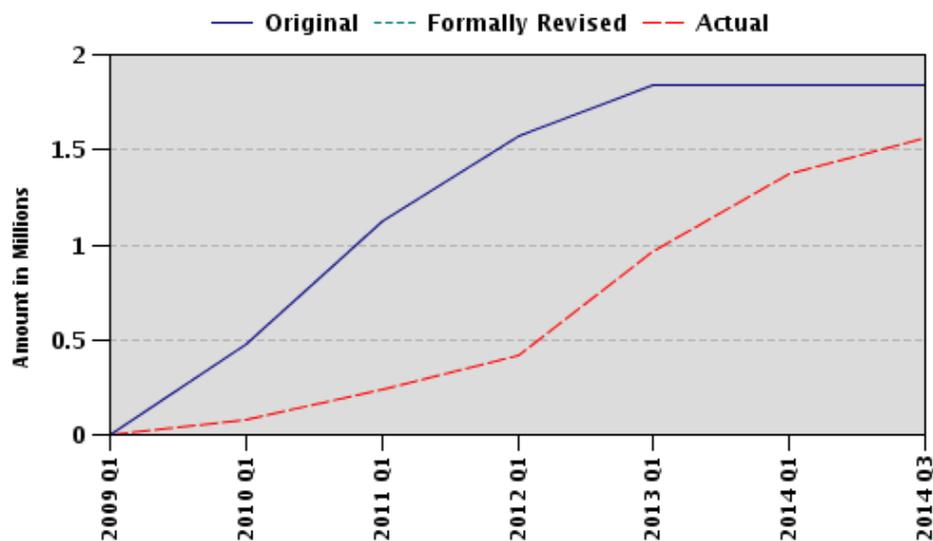
Financial Agreement(s) Key Dates

Project	Ln/Cr/Tf	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date
P108525	IDA-H3880	Effective	01-Jul-2008	22-Sep-2008	18-Dec-2008	31-Dec-2012	30-Jun-2014

Disbursements (in Millions)

Project	Ln/Cr/Tf	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P108525	IDA-H3880	Effective	XDR		1.90	0.00	1.56	0.34	82.00

Disbursement Graph



Key Decisions Regarding Implementation

The macroeconomic policy coordination in the government has improved at a technical level. The Government’s capacity to use technical tools to maintain a consistent macroeconomic framework has increased.

The Ministry of Economy has enhanced its capacity to:

- i) develop macroeconomic projections/scenarios;
- ii) prepare analytical documents related to economic policy, governance, strategic planning and monitoring and evaluation system; and
- iii) monitor and evaluate the implementation of strategic programs and plans.

The State Personnel Service (SPS) has developed a program for improving the wage system for civil and municipal servants during 2013-2020, and an action plan to implement the program. The action plan is being implemented.

Restructuring History

Level two Approved on 14-Nov-2011, Level two Approved on 28-Dec-2012, Level two Approved on 05-Mar-2013, Level 2 CD Decision on 07-Nov-2013

Related Projects

There are no related projects.