

# 27 KYRGYZ REPUBLIC

## INTRODUCTION

**THE KYRGYZ REPUBLIC HAS A POPULATION OF 5 MILLION.** In 2006, the country had a gross national income (GNI) per capita of USD 1 927 (in purchasing power parity terms). The most recent poverty survey (UNDP's Human Development Index 2007-08) estimates that less than 40% of the population live below the national poverty line; 21% live below the two-dollars-per-day line. The country is on track to meet two of the eight Millennium Development Goals (MDGs): MDG 1 on poverty and hunger, and MDG 2 on universal primary education.

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Moderate	Budget execution does not fully reflect development priorities	Government to exercise stronger leadership
Alignment	Moderate	Aid disbursements not recorded on budget	Donors to provide government with better information about technical assistance
Harmonisation	Moderate	Donor reluctance to use common arrangements	Donors to reduce number of missions
Managing for results	Moderate	Lack of statistical capacity	Establish an effective system for monitoring and evaluation
Mutual accountability	Low	Lack of a system for mutual assessment	Establish a system for mutual assessment

### OVERVIEW

#### Box 27.1:

#### Challenges and priority actions

In 2007, total net official development assistance (ODA) provided by members of the OECD's Development Assistance Committee amounted to USD 294 million. The top five donors include the World Bank, the Asian Development Bank, the United States, the UN and the European Commission. Fourteen donors responded to the 2008 Survey, their aid constituting approximately 94% of total ODA provided by OECD-DAC members. This is a significant improvement on the 2006 Baseline Survey. With aid accounting for some 10% of GNI, it is vital that government and donors work together to enhance aid effectiveness.

## OWNERSHIP

**OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS** and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

### INDICATOR 1

Do countries have operational development strategies?

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

In the 2006 Baseline Survey, the Kyrgyz Republic received a rating of C for the extent to which it has an operational development strategy, together with 62% of participating countries. This indicates that some progress was being made but that more was required. As the country report noted, a difficult political environment was delaying progress.

For the 2008 Survey, the Kyrgyz Republic again receives a rating of C. Within the longer-term vision set out in the Kyrgyz Comprehensive Development Framework (2001 10), the Country Development Strategy (CDS) (2007 10) provides a roadmap for alleviating poverty and improving living standards. The CDS has four pillars: growth-oriented economic development and improving the business environment; governance and transparency in public administration; human resource development; and, environmental sustainability and the management of natural resources.

Sector strategies on education, energy, exports, transport and agriculture complement the CDS. The government is also introducing sector-level medium-term budget frameworks for the ministries of health, education, agriculture, labour and social protection, and transport. As the national health sector strategy *Manas Taalimi* (National Health Care Reform Programme) demonstrates, such an approach can do much to strengthen the link between strategic priorities and budget allocations. Challenges remain, however, in ensuring that budget execution reflects the priorities expressed in the CDS and sector-level strategies. The government is seeking to address these challenges as part of the national public financial management plan.

The Ministry of Economic Development and Trade, established in 2007, takes the overall lead (on behalf of the government) in planning and co-ordinating development assistance overall, while the Ministry of Finance is responsible for monitoring and implementation of ODA. Other ministries co-ordinate development assistance provided to particular sectors. For their part, donors established a Donors Co-ordination Council in 2004, which aims to strengthen co-ordination and to liaise with the government. The Kyrgyz Republic holds consultative group meetings, which are co-chaired by the government; the most recent was held in June 2007, co-chaired by the government and the World Bank.

Progress on ownership since the 2006 Baseline Survey has been limited at best. If the Kyrgyz Republic is to achieve the 2010 target of a B rating, a renewed effort will be required on the part of government and donors. In particular, the government will need to work with donors to address problems of weak institutional capacity and to exercise more effective leadership. ■

## ALIGNMENT

**FOR AID TO BE EFFECTIVE**, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

Overall, progress towards the Paris Declaration 2010 targets in the Kyrgyz Republic is patchy. Progress has been impressive on co-ordinating technical co-operation. However, it has stalled or even slipped for other aspects of alignment such as recording of scheduled aid flows in the budget, the in-year predictability of aid and the phasing out of parallel project implementation units (PIUs).

## BUILDING RELIABLE COUNTRY SYSTEMS

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country

### INDICATOR 2a

How reliable are country public financial management systems?

needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

In the 2006 Baseline Survey, the Kyrgyz Republic received a rating of 3.0 (moderately weak) for its PFM systems, placing it marginally below the average score of 3.2 for all International Development Association (IDA) countries. Capacity constraints, including a lack of qualified staff, were identified as limitations on the country's ability to improve its PFM systems.

To meet the 2010 target of registering a half-point increase on this Indicator, the Kyrgyz Republic should move up to a rating of 3.5. In the 2008 Survey, using 2007 CPIA scores, the country's PFM systems again received a rating of 3.0.

As part of its PFM Action Plan, the Ministry of Finance has recently undertaken several PFM reforms in the areas of budget classification, accounting, budget presentation and coverage. It remains to be seen whether these reforms will deliver the progress needed, but they provide some grounds for cautious optimism.

#### INDICATOR 2b

How reliable are country procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

The Kyrgyz Republic introduced the Public Procurement Law in 2004. On paper, this should lead to improvements in the country's procurement systems. In practice, implementation has been slow and weak, largely due to capacity constraints and budget processes that fail to provide timely resource allocations to those organisations responsible for procurement.

### ALIGNING AID FLOWS ON NATIONAL PRIORITIES

#### INDICATOR 3

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)	2007*	
	a	b		c = a / b	c = b / a
Asian Dev. Bank	34	32	100%		96%
EBRD	0	0	--	--	--
European Commission	11	34	95%	32%	
Germany	14	13	99%		92%
Global Fund	0	8	--	0%	
IFAD	0	0	--	97%	
Japan	0	6	12%	0%	
Sweden	2	5	0%	37%	
Switzerland	6	7	1%	75%	
Turkey	0	1	--	0%	
United Kingdom	3	3	0%	95%	
United Nations	0	21	0%	0%	
United States	0	0	0%	--	
World Bank	51	59	89%	87%	
Average donor ratio	--	--	40%		51%
<b>Total</b>	<b>121</b>	<b>191</b>	<b>70%</b>		<b>63%</b>

**TABLE 27.1:**  
Are government budget  
estimates comprehensive  
and realistic?

\* Ratio is  $c = a / b$  except where government budget estimates are greater than disbursements ( $c = b / a$ ).

\*\*Budget support to the health sector is provided through the health-SWAP. Donors participating in the SWAP – the World Bank, Sweden, United Kingdom and Switzerland – allocate their funding through a trust fund managed by the World Bank. The World Bank country office makes disbursements to the government. The amount contributed to the trust fund in 2007 where: World Bank (USD 3.28 million), United Kingdom (USD 2.12 million), Switzerland (USD 2.5 million) and Sweden (USD 2.5 million). The World Bank reported on the donor contributions made to the health-SWAP.

The final figure highlights any discrepancy between the government's budget estimates and actual disbursements by donors. The discrepancy (or gap) can be in either direction: budget estimates can be higher or lower than disbursements by donors. In order to have a single measure of discrepancy under 100%, the ratio is inverted when budget estimates are higher than donor disbursements. The 2010 target is to halve the proportion of aid flows to the government sector that is not currently reported on government budget(s), ultimately arriving at a point where at least 85% of aid is reported on the budget.

In the 2006 Baseline Survey, an encouraging 70% of aid disbursed in the Kyrgyz Republic was reported as being recorded on the government budget. As a result, the country's 2010 target was set at 85% (a halving of the proportion of aid flows to the government sector not reported on budget).

The 2008 Survey reports a slippage to 63% on this Indicator. However, on a donor average, 51% of aid disbursed by donors – compared to 40% in 2005 – is captured in the budget. There are a number of reasons for this gap including differences between donor and government budget procedures, and policies of budget approval by donors that require headquarter approval. Perhaps the major problem is a continuing failure on the part of some donors to share sufficient information about the technical assistance that they provide. As one way of tackling this, the government is considering introducing a regulation that technical assistance that is not reported to the government will not be counted as aid.

## CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

## INDICATOR 4

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

TABLE 27.2:  
How much technical  
co-operation is co-ordinated  
with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference) c = a / b	2007
Asian Development Bank	2	2	100%	100%
EBRD	0	0	--	0%
European Commission	8	9	0%	93%
Germany	1	6	0%	9%
Global Fund	0	0	--	--
IFAD	0	0	--	--
Japan	6	6	0%	100%
Sweden	3	4	0%	86%
Switzerland	0	3	0%	0%
Turkey	0	1	--	0%
United Kingdom	5	7	100%	77%
United Nations	19	22	40%	83%
United States	19	24	13%	77%
World Bank	5	6	100%	79%
<b>Total</b>	<b>67</b>	<b>91</b>	<b>24%</b>	<b>74%</b>

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

The 2006 Baseline Survey reported that just 24% of donor technical co-operation to the Kyrgyz Republic was provided in a co-ordinated manner, but noted the launch of several initiatives to improve the situation. Data reported in the 2008 Survey suggest that these initiatives have been successful: fully 74% of technical co-operation is now provided in a co-ordinated manner. However, it should be noted that some of this apparent improvement may be attributable to changes in the way the survey guidelines were interpreted.

One example of a useful, concrete initiative is the mapping of donor-supported assistance against priority areas set out in the CDS. Other examples of good practice are evident. The health sector has established a memorandum of understanding to govern a sector-wide approach (SWAp). In addition, several donor efforts have supported capacity building in the Ministry of Finance.

## USING COUNTRY SYSTEMS

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percent of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percent of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

## INDICATOR 5

**TABLE 27.3:**  
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management (PFM)					Procurement		
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2005	2007	Procurement systems (USD m) e	2005	2007
					(for reference)	(for reference)		(for reference)	e / a
									avg (b,c,d) / a
Asian Development Bank	32	0	0	0	0%	0%	0	0%	0%
EBRD	0	0	0	0	--	--	0	--	--
European Commission	34	14	0	0	0%	14%	0	0%	0%
Germany	13	4	4	4	0%	28%	13	0%	100%
Global Fund	8	0	8	0	--	33%	4	--	49%
IFAD	0	0	0	0	--	0%	0	--	0%
Japan	6	0	0	0	24%	0%	0	17%	0%
Sweden	5	0	0	0	0%	0%	0	0%	0%
Switzerland	7	0	0	0	0%	0%	0	0%	0%
Turkey	1	0	0	0	--	0%	0	--	0%
United Kingdom	3	0	0	0	0%	0%	0	0%	0%
United Nations	21	0	0	0	0%	0%	0	0%	1%
United States	0	0	0	0	0%	--	0	0%	--
World Bank	59	14	14	14	0%	24%	6	0%	9%
<b>Total</b>	<b>191</b>	<b>32</b>	<b>26</b>	<b>18</b>	<b>3%</b>	<b>13%</b>	<b>23</b>	<b>2%</b>	<b>12%</b>

The 2006 Baseline Survey reported that only 3% of aid to the government sector in the Kyrgyz Republic made use of the country's PFM systems – largely because of the weakness of such systems. Indeed, with a rating of 3.0 for reliability of PFM systems, no target was set for Indicator 5a. The 2008 Survey reveals that 13% of aid now uses the country's PFM systems. This may reflect the fact that donors in some sectors (such as health) are using country systems to greater extent – albeit with additional safeguards in place. Significant challenges remain, especially in relation to the audit function. With the rating still at 3.0 for the reliability of PFM systems in the Kyrgyz Republic, no 2010 target is set for their use.

The 2008 Survey shows that 12% of aid now uses the country's procurement systems, a substantial increase on the 2% recorded previously. As the 2006 Baseline Survey did not include an assessment of the country's procurement system, no 2010 target has been set.

## AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

## INDICATOR 6

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be “parallel” when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, parallel PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

TABLE 27.4:  
How many PIUs are parallel  
to country structures?

	2005 (for reference)	2007 (units)
Asian Development Bank	12	12
EBRD	--	0
European Commission	40	11
Germany	0	0
Global Fund	--	0
IFAD	--	0
Japan	0	0
Sweden	2	5
Switzerland	10	10
Turkey	--	0
United Kingdom	6	3
United Nations	4	16
United States	0	31
World Bank	11	0
<b>Total</b>	<b>85</b>	<b>88</b>

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

The Government of the Kyrgyz Republic has repeatedly asked donors to phase out parallel PIUs, but progress on Indicator 6 has been slow. The 2006 Baseline Survey reported 85 parallel PIUs. Donors indicated they had established parallel PIUs because of concerns about the limited experience and capacity of the civil service. In many cases, donors still prefer to make use of such units.

The 2008 Survey shows an increase of parallel PIUs from 85 to 88, moving the country further away from the 2010 target of 28 parallel PIUs (a two-thirds reduction in the stock of PIUs). The data suggest that progress made by some donors has been more than cancelled out by the activities of other donors. In part, this apparent increase is due to the publication of clearer guidance regarding what constitutes a parallel PIU. Nevertheless, if the 2010 target is to be reached, donors will need to put their trust and resources behind the country’s structures for project implementation. Working with the Ministry of Economic Development and Trade, donors will need to make a concerted effort to reduce the number of existing parallel PIUs. Donor efforts to establish joint PIUs provide ground for some optimism; one example is increased joint activity for projects on agriculture and on rural water supply.

## PROVIDING MORE PREDICTABLE AID

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is as an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.

## INDICATOR 7

**TABLE 27.5:**  
Are disbursements  
on schedule and recorded  
by government?

	Disbursements recorded by government in 2007 (USD m) a	Aid scheduled by donors for disbursement in 2007 (USD m) b	Aid disbursed by donors for government sector in 2007 (USD m) for reference only	2005	2007*	
				(for reference)	c = a / b	c = b / a
Asian Development Bank	34	37	32	100%	91%	
EBRD	0	0	0	--	--	
European Commission	11	34	34	0%	32%	
Germany	14	11	13	88%		75%
Global Fund	0	6	8	--	0%	
IFAD	0	0	0	--	97%	
Japan	0	6	6	0%	0%	
Sweden	2	7	5		26%	
Switzerland	6	11	7	1%	50%	
Turkey	0	0	1	--	--	
United Kingdom	3	7	3	0%	46%	
United Nations	0	18	21	0%	0%	
United States	0	0	0	0%	--	
World Bank	53	54	59	86%	98%	
Average donor ratio	--	--	--	31%	47%	
<b>Total</b>	<b>123</b>	<b>191</b>	<b>191</b>	<b>66%</b>	<b>64%</b>	

\* Ratio is  $c=a/b$  except where disbursements recorded by government are greater than aid scheduled for disbursement ( $c=b/a$ ).

Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

In the Kyrgyz Republic, the 2006 Baseline Survey reported that 66% of planned disbursements were recorded in the national accounting system. With a global 2010 target of closing the predictability gap by one-half, the target for the country was set at 83%.

The 2008 Survey reports a slight decline for in-year predictability to 64%, with USD 68 million of planned disbursements unrecorded. By contrast, data for the average donor show improved in-year predictability, rising from 31% (2005) to 47% (2007). At present, the gap is very small between planned and actual donor disbursements. Thus, almost all of the predictability gap can be explained by the government's inability to record disbursements.

The slippage on predictability is due to three factors: slow progress on the budget reform process, slow progress on the part of donors in moving towards budget support, and the failure of donors to provide government with sufficient information on planned technical assistance. Meeting the 2010 target will be a challenge, but with a concerted effort – particularly through the Joint Country Support Strategy (JCSS) for 2007-10 – progress is certainly possible.

### UNTYING AID

#### INDICATOR 8

How much aid is untied?

Aid is said to be “tied” when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country's capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD Development Assistance Committee (OECD-DAC). The 2010 target is to continue progress towards untying aid over time.

Based on data covering 54% of aid provided to the Kyrgyz Republic by members of the OECD-DAC, the 2006 Baseline Survey reported that 97% of such aid was untied. The Paris Declaration 2010 target is for continued progress over time with untying. The most recent data, covering 99% of aid provided by OECD-DAC members shows that 99% of aid is untied. ■

## HARMONISATION

DECADES OF DEVELOPMENT EXPERIENCE show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

As with alignment, progress on harmonisation in the Kyrgyz Republic is patchy. Meeting the Paris Declaration 2010 targets will require faster progress, particularly in the use of common arrangements.

### USING COMMON ARRANGEMENTS

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

### INDICATOR 9

TABLE 27.6:  
How much aid is  
programme based?

	Programme-based approaches (PBAs)			Total aid disbursed (USD m) d	2005 (for reference)	2007  e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b			
Asian Development Bank	0	0	0	33	0%	0%
EBRD	0	0	0	0	--	0%
European Commission	0	0	0	36	53%	0%
Germany	4	1	4	17	0%	26%
Global Fund	0	5	5	8	--	61%
IFAD	0	0	0	0	--	0%
Japan	0	0	0	7	0%	0%
Sweden	0	0	0	5	0%	0%
Switzerland	0	0	0	9	0%	0%
Turkey	0	0	0	1	--	0%
United Kingdom	0	0	0	11	0%	0%
United Nations	0	2	3	24	96%	12%
United States	0	0	0	24	0%	0%
World Bank	6	24	29	59	0%	50%
<b>Total</b>	<b>9</b>	<b>32</b>	<b>41</b>	<b>234</b>	<b>12%</b>	<b>18%</b>

According to the 2008 Survey, only 18% of aid to the Kyrgyz Republic makes use of PBAs, a negligible increase from the 12% reported in the 2006 Baseline Survey. The health sector SWAp – in which four donors channel funds directly to the budget, with joint performance indicators and a joint monitoring and evaluation process – meets the four criteria for classification as a PBA. However, it is the only project that does. Some effort is underway to use common arrangements in the energy and water sectors. Overall, donors are moving slowly towards providing aid through budget support. Thus, meeting the Paris Declaration 2010 target of 66% of aid being provided by PBAs will be a major challenge.

### CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

#### INDICATOR 10a

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

TABLE 27.7:  
How many donor missions  
are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005 (for reference)	2007 c = a / b
Asian Development Bank	3	57	3%	5%
EBRD	0	21	--	0%
European Commission	0	12	--	0%
Germany	5	11	25%	45%
Global Fund	0	3	--	0%
IFAD	2	2	--	100%
Japan	0	12	0%	0%
Sweden	0	5	0%	0%
Switzerland	7	21	37%	33%
Turkey	0	3	--	0%
United Kingdom	7	7	64%	100%
United Nations	83	100	63%	83%
United States	0	4	0%	0%
World Bank	13	84	8%	15%
<b>Total</b>	<b>78</b>	<b>342</b>	<b>23%</b>	<b>23%</b>

\* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

The 2006 Baseline Survey reported that 23% of a total of 121 donor missions in the Kyrgyz Republic were conducted jointly. The Survey also noted that the government had made repeated requests for donors to reduce the number of missions, particularly during the period of budget preparation.

Data for the 2008 Survey again shows 23% of missions conducted jointly. This represents no progress towards the Paris Declaration 2010 target of 40%. More troubling is that the data suggest an increase in the total number of missions to 342. There is considerable variation amongst donors in the proportion of their missions that are conducted jointly. If the government is to realise the benefits of joint missions, donors will need to improve efforts to reduce the total number of missions and increase the proportion of missions conducted jointly. This may be an issue for donor headquarters (more than for local offices), which tend to make decisions about missions.

Data for the Kyrgyz Republic in the 2008 Survey shows a notable decline in relation to Indicator 10a – from 53% of country analytical work being carried out jointly in the 2006 Baseline Survey to only 38% in the latest round of monitoring. This is despite the fact that several donors – the Asian Development Bank, the United Kingdom, Switzerland, the UN and the World Bank – undertook joint country analytical work in relation to the Joint Country Support Strategy. Meeting the 2010 target of 66% should be achievable, but will require a more active role on the part of the Donor Co-ordination Council. ■

#### INDICATOR 10b

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2005 (for reference)	2007 c = a / b
Asian Development Bank	3	3	78%	100%
EBRD	3	3	--	100%
European Commission	0	0	--	--
Germany	4	8	20%	50%
Global Fund	0	3	--	0%
IFAD	0	0	--	--
Japan	0	0	--	--
Sweden	0	0	0%	--
Switzerland	1	2	100%	50%
Turkey	0	0	--	--
United Kingdom	1	1	100%	100%
United Nations	20	41	66%	49%
United States	0	4	20%	0%
World Bank	2	3	13%	67%
<b>Total</b>	<b>26</b>	<b>68</b>	<b>53%</b>	<b>38%</b>

\* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

TABLE 27.8:  
How much country analysis  
is co-ordinated?

## MANAGING FOR RESULTS

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead*. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

#### INDICATOR 11

Do countries have  
results-based monitoring  
frameworks?

The assessments are expressed in scores running from A (high) to E (low), with B representing a “largely developed results-based monitoring framework.” The 2010 target is to reduce by one-third the proportion of countries lacking transparent, results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

At the time of the 2006 Baseline Survey, the Kyrgyz Republic had not yet established a transparent and monitorable performance assessment framework – the key building block for results-oriented reporting and assessment. As a result, the World Bank AER gave the country a rating of C, placing it in the same category as 59% of the countries participating in the 2006 Baseline Survey.

The Paris Declaration 2010 target is that all countries move up one grade, implying a target of a B rating for the Kyrgyz Republic. In fact, the country again received a C rating in the 2008 Survey. This indicates that little progress was made, despite considerable efforts to enhance the quality of development information and improve stakeholder access to development information. Overall, progress towards establishing an effective system for monitoring and evaluation has been slow. Concerted effort will be needed for the country to merit a B by the next round of monitoring in 2010. ■

## MUTUAL ACCOUNTABILITY

### INDICATOR 12

Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

The 2006 Baseline Survey reported that the Kyrgyz Republic had not yet undertaken a mutual assessment of progress on aid effectiveness. This was the case with 56% of the countries participating in that round of monitoring. The country has begun conducting annual assessments in relation to the health SWAp and the country portfolio performance review. However, these do not equate to a country-level mechanism for jointly assessing progress on aid effectiveness, and no such mutual assessment has yet been conducted. ■

## PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

THE KYRGYZ REPUBLIC'S PROGRESS against the 12 indicators of aid effectiveness is mixed. There has been little progress in the area of ownership. On alignment, there is impressive progress on some measures (such as co-ordinating technical support) but slippage on others. Much remains to be done in relation to harmonisation, particularly on the use of common arrangements and the joint conduct of donor missions. If the Paris Declaration 2010 targets are to be met, substantial effort will also be needed to establish both a results-oriented framework and a country-level mechanism for mutual assessment of progress on aid effectiveness. The hope is that the CDS and the Joint Country Support Strategy, both of which run from 2007-2010, will accelerate progress on aid effectiveness. ■

**SUMMARY**  
TABLE 27.9

INDICATORS		2005 REFERENCE	2007	2010 TARGET
1	Operational development strategies	C	C	B or A
2a	Reliable public financial management (PFM) systems	3.0	3.0	3.5
2b	Reliable procurement systems	Not available	Not available	Not applicable
3	Aid flows are aligned on national priorities	70%	64%	85%
4	Strengthen capacity by co-ordinated support	24%	74%	50%
5a	Use of country PFM systems	3%	14%	No target
5b	Use of country procurement systems	2%	15%	Not applicable
6	Strengthen capacity by avoiding parallel PIUs	85	88	28
7	Aid is more predictable	66%	64%	83%
8	Aid is untied	97%	99%	More than 97%
9	Use of common arrangements or procedures	12%	13%	66%
10a	Joint missions	23%	23%	40%
10b	Joint country analytical work	53%	38%	66%
11	Results-based monitoring frameworks	C	C	B or A
12	Mutual accountability	No	No	Yes

## CONTRIBUTORS

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## ACRONYMS

CDS	Country Development Strategy
CPIA	Country Policy and Institutional Assessment (World Bank)
GNI	gross national income
IDA	International Development Association
JCSS	Joint Country Support Strategy
MDGs	Millennium Development Goals
ODA	official development assistance
OECD-DAC	OECD Development Assistance Committee
PBAs	Programme-based approaches
PIUs	project implementation units
PFM	public financial management

