

## THE KYRGYZ REPUBLIC

### National Action Plan on Aid Delivery Harmonization and Alignment

Directions	Mid-Term Tasks (2005-2007)	Indicators	Timing/Responsible Agencies
<b>Section 1. Aid Delivery Harmonization and Alignment at the level of national strategies and programs</b>			
1.1. General aid delivery management and linkage to national development strategies	1.1.1. Ensure full and complete reflection of aid delivery flow in national strategies and programs. For this purpose to develop institutional mechanism of linkage and link aid delivery strategies and programs with NPRS, MTBF and sector strategies.	<ul style="list-style-type: none"> <li>- NPRS (2006-08) prioritised and costed;</li> <li>- MTBF (2006-08) fully linked to NPRS (2006-08)</li> <li>- Sector strategies (2006-08) prioritised, costed (with sector expenditure frameworks drawing on the MTBF) and linked to the NPRS</li> </ul>	3 quarter 2005 – CDF/NPRS Secretariat, Ministry of Finance, sector ministries and all donors
	1.1.2. Develop a joint framework for Poverty Reduction Support Credit (PRSC) and establish operational links with the NPRS (2006-08).	<ul style="list-style-type: none"> <li>- Joint framework of GOK, WB and all stakeholders in PRSC</li> <li>- PRSC is a de facto implementation plan of key elements of the NPRS</li> </ul>	PRSC - 4 quarter 2005  - Ministry of Finance, Ministry of Labor and Social Protection, other involved ministries, agencies and donors
	1.1.3. Develop government-initiated Joint Country Assistance Strategy with participation of all interested donors.	<ul style="list-style-type: none"> <li>- Joint CAS clearly linked to NPRS with joint monitoring and evaluation mechanisms</li> </ul>	3 quarter 2006 – Ministry of Finance and all interested donors

	<p>1.1.4. Annually conduct joint Country Project Portfolio Reviews (CPPR). Synchronize processes of annual Country Project Portfolio Reviews with national annual NPRS and CDF reviews and integrate Project Portfolio Reviews into NPRS and CDF reports.</p>	<ul style="list-style-type: none"> <li>- Participation of all interested donors in government-led Joint Country Project Portfolio Reviews</li> <li>- Agreed dates for reviews</li> <li>- Annual CDF and NPRS reports, linked to annual Country Project Portfolio Reviews</li> </ul>	<p>4 quarter 2005 – Ministry of Finance, CDF/NPRS Secretariat, all interested donors</p>
	<p>1.1.5. Elaborate the vision, process and first steps towards setting up a nationally-led technical assistance pool.</p>	<ul style="list-style-type: none"> <li>- Joint Analytical Work between the government and interested donors</li> </ul>	<p>4 quarter 2005 – Ministry of Finance and interested donors</p>
	<p>1.1.6. Expand joint analytical/program/assessment activities in order to release time of civil servants for implementation of their main duties; and to reduce overall number of donor missions.</p>	<ul style="list-style-type: none"> <li>- Plan/Recommendations on joint analytical/program/assessment activities and reduction of overall number of donor missions</li> <li>- Reduction of overall number of donor missions to the level determined by inventory of donor missions (Note: next Action Plan will include quantitative indicators on donor missions)</li> </ul>	<p>4 quarter 2005 (developed Plan/Recommendations) - Ministry of Finance and all donors</p>
<p>1.2. Sector-Wide Approach (SWAp) in the health sector</p>	<p>1.2. Implement the action plan for development of a SWAp in the health sector.</p>	<ul style="list-style-type: none"> <li>- Progress as planned on SWAp action plan</li> </ul>	<p>3 quarter 2005 – Ministry of Finance, Ministry of Health and all involved donors</p>

1.3. Strengthening government capacity to promote harmonization programme	1.3. Involve technical assistance for strengthening government capacity to promote harmonization programme in the following spheres: (i) Public Finance Management; (ii) Budget formulation and execution; (iii) Aid coordination; and (iv) Other related issues.	- TA channeled through GSAC, PRSC, SWAp and other TA grants to the Government	Constantly in 2005-2007 - Ministry of Finance and all involved donors
<b>Section 2 - Financial Management Harmonization</b>			
2.1. Financial Management (FM) assessment of new projects	2.1. Conduct joint Financial Management assessment of projects.	- Joint Financial Management assessment of pipeline projects	4 quarter 2005 – 1 quarter 2006 - Ministry of Finance and interested donors
2.2. Institutional capacity building for training	2.2. Develop and implement joint plan of institutional capacity building on Financial Management.	- Joint plan of institutional capacity building and training on Financial Management	2 quarter 2005 – Ministry of Finance and interested donors
2.3. Monitoring of Financial Management	2.3. Jointly develop and implement the national plan of FM monitoring.	- Joint plan of FM monitoring	4 quarter 2005 – Ministry of Finance and interested donors
2.4. Financial accounting/reporting and audit	2.4. Agree on common formats of financial accounting/reporting and criteria of audit firms assessment. Conduct a joint assessment of audit firms.	- Common formats of financial accounting/reporting - Common criteria of audit firms assessment - Joint assessment of audit firms	1 quarter 2006 – Ministry of Finance and interested donors

<b>Section 3. Procurement Harmonization</b>			
3.1. Procurement Harmonization among the donors	3.1. Develop harmonized procurement documents.	- Common procurement documents	1 quarter 2006 – Ministry of Finance and interested donors
3.2. Procurement Harmonization between the donors and the Government	3.2. Accomplish the reform in the sphere of procurement necessary for effective, economical and transparent modes of implementation.	- Amendments and additions to national legislation related to procurement	2 quarter 2005 – State Commission on Public Procurement, Ministry of Justice and interested donors
3.3. Institutional capacity building in procurement	3.3. Using of the Regional Training Center for training of procurement specialists from the Kyrgyz Republic and other countries of the region.	- Training of procurement specialists from the Kyrgyz Republic and other countries of the region on working with new harmonized procurement documents	2 quarter 2005 – State Commission on Public Procurement and interested donors
<b>Section 4. Harmonization of Project Management and Implementation</b>			
4.1. Harmonization of legislative framework for donor project PIUs/PMUs	4.1. Undertake actions to improve legislative framework for donor project PIUs/PMUs.	- Amendments and additions to the corresponding legislation	2 quarter 2006 – Ministry of Finance, Ministry of Justice and interested donors

4.2. Streamlining of PIU/PMU operations	4.2. Government and donors jointly develop and implement actions aimed to increase efficiency of PIU/PMU activities.	<ul style="list-style-type: none"> <li>- Selection of PIU/PMU as a model for streamlining of operations and lessons learnt analysed;</li> <li>- Simplified and operational procedures for interaction of PIU/PMU with partners (agreement on and approval of documents)</li> <li>- Unified monitoring system of physical project implementation</li> </ul>	3 quarter 2005 – Ministry of Finance and interested donors
4.3. Joint project management and delegated cooperation on project management	4.3. Study possibilities of joint project management.	<ul style="list-style-type: none"> <li>- Agreed plans on establishing joint project management</li> <li>- Jointly managed model PIU/PMU established and lessons learnt analysed</li> </ul>	1 quarter 2006 – Ministry of Finance and interested donors

# **Programme of Activities for Implementation of the National Action Plan on Aid Delivery Harmonization and Alignment**

## **Section 1. Aid Delivery Harmonization and Alignment at the level of national strategies and programs**

### **Direction 1.1.** General aid delivery management and linkage to national development strategies

**Task 1.1.1.** Ensure full and complete reflection of aid delivery flow in national strategies and programs. For this purpose to develop institutional mechanism of linkage and link aid delivery strategies and programs with NPRS, MTBF and sector strategies.

#### **Activities**

- Establish working groups at the sector level in order to link aid delivery strategies and programs with NPRS, MTBF and sectoral strategies.

**Task 1.1.2.** Develop a joint framework for Poverty Reduction Support Credit (PRSC) and establish operational links with the NPRS (2006-08).

#### **Activities**

- Solve the principal tasks in defining the first Poverty Reduction Support Credit:
  - (i) conduction of a joint fiduciary risk assessment led by the government in preparation of PRSC;
  - (ii) formulation of a credible program to reduce the fiduciary risk building on past and on-going initiatives;
  - (iii) an evaluation of *the medium term programme* (2005-2008) of fighting poverty to include the results envisaged to be attained by the end of the programme—this sub-task also includes an assessment, in consultation with the IMF, as to the maintenance of macroeconomic stability and the direction of fiscal spending to high priority needs;
  - (iv) an assessment of the weight and relevance of *actions taken* under the first PRSC in addressing the key policy priorities;
  - (v) the development of suitable policy and institutional actions, expressed as *benchmarks*, in the period of one year running to the planned presentation of the forthcoming PRSCs; and
  - (vi) the establishment of *monitoring indicators* to track progress towards the final results. It is also expected that the PRSC preparation process will feed into preparation, implementation and monitoring/evaluation of the second NPRS, scheduled to be initiated in 2005.

**Task 1.1.3.** Develop government-initiated Joint Country Assistance Strategy with participation of all interested donors.

**Activities**

- Develop Joint CAS clearly linked to NPRS;
- Develop joint monitoring and evaluation mechanisms.

**Task 1.1.4.** Synchronize processes of annual Country Project Portfolio Reviews with national annual NPRS and CDF reviews and integrate Project Portfolio Reviews into NPRS and CDF reports

**Activities**

- Annually conduct joint Country Project Portfolio Reviews (CPPR);
- Agreed dates for annual Country Project Portfolio Reviews and national annual NPRS and CDF reviews;
- Integrate Project Portfolio Reviews into NPRS and CDF reports.

**Task 1.1.5.** Elaborate the vision, process and first steps towards setting up a nationally-led technical assistance pool.

**Activities**

- Conduct a Joint Analytical Work between the government and interested donors on setting up a nationally-led technical assistance pool.

**Task 1.1.6.** Expand joint analytical/program/assessment activities in order to release time of civil servants for implementation of their main duties; and to reduce overall number of donor missions.

**Activities**

- Take an inventory of donor missions (assessment of needs in donor missions and possibilities to conduct joint missions) by sectors and projects and develop Plan/Recommendations on joint analytical/program/assessment activities and reduction of overall number of donor missions.

**Direction 1.2.** Sector-Wide Approach (SWAp) in the health sector

**Task 1.2.** Implement the action plan for development of a SWAp in the health sector.

**Activities**

Preparations for the SWAp will involve developing:

- A comprehensive sector strategy (an updated and revised version of the Manas Health Care Reform Program);

- A medium-term Program of Work that reflects and is designed to realize the priorities from the strategy;
- A medium-term expenditure framework and investment plan, tightly linked to the Program of Work; and
- Efforts to coordinate donor-supported activities around the sector strategy and the Program of Work.

**Direction 1.3.** Strengthening government capacity to promote harmonization programme

**Task 1.3.** Involve technical assistance for strengthening government capacity to promote harmonization programme.

**Activities**

- Within the technical assistance channeled through GSAC, PRSC, SWAp and other TA grants for the Government strengthen government capacity to promote harmonization programme in the following spheres:
  - (i) Public Finance Management;
  - (ii) Budget formulation and execution;
  - (iii) Aid coordination; and
  - (iv) Other related issues.

**Section 2 - Financial Management Harmonization**

**Direction 2.1.** Financial Management assessment of new projects

**Task 2.1.** Conduct joint Financial Management assessment of projects.

**Activities**

- Obtain consensus on need for and logistics of joint Financial Management assessments for new projects;
- Study possibilities for joint Financial Management assessments for one of pipeline projects (FY2005);
- Conduct joint assessments of Financial Management for selected pipeline projects.

**Direction 2.2.** Institutional capacity building for training

**Task 2.2.** Develop and implement joint plan of institutional capacity building on Financial Management.

**Activities**

- Identify the needs in institutional capacity building and discuss the joint strategy;

- Within the developed strategy for institutional capacity building and training – agree on priority institutions;
- Selected implementation of plans of institutional capacity building and training.

**Direction 2.3.** Monitoring of Financial Management

**Task 2.3.** Jointly develop and implement the national plan of FM monitoring.

**Activities**

- Discuss and agree on the joint strategy of FM monitoring;
- Jointly develop the national plan of FM monitoring;
- Jointly implement the plan of FM monitoring (ADB/WB).

**Direction 2.4.** Financial accounting/reporting and audit

**Task 2.4.** Agree on common formats of financial accounting/reporting and criteria of audit firms assessment. Conduct a joint assessment of audit firms.

**Activities**

- Carry out analysis of requirements of financial accounting/reporting and audit (ADB/EBRD/WB);
- Agree on common formats of financial accounting/reporting and criteria of audit firms assessment;
- Conduct a joint assessment of commercial banks to determine eligibility to hold Special Accounts;
- Conduct a joint assessment of audit firms (ADB/EBRD/WB).

**Section 3. Procurement Harmonization**

**Direction 3.1.** Procurement Harmonization among the donors

**Task 3.1.** Develop harmonized procurement documents.

**Activities**

- Develop one set of procedures and documents for National Competitive Bids (NCB) (Goods/Works), Shopping (for goods and works), Request for Proposals for Small Consultant Assignments (Firms and Individuals);
- Agree on common financial thresholds for NCB, Shopping and Request for Proposals for Small Consultant Assignments;

- Agree on common procedures for conducting assessment reviews;
- Agree on common formats of procurement plans and reporting;
- Conduct joint monitoring of projects, including procurement.

**Direction 3.2.** Procurement Harmonization between the donors and the Government

**Task 3.2.** Accomplish the reform in the sphere of procurement necessary for effective, economical and transparent modes of implementation.

**Activities**

- Ensure compatibility with international practices of procurement;
- Make amendments and additions to the legislation on procurement;
- Ensure harmonization of donor policies in using the national legislation on procurement.

**Direction 3.3.** Institutional capacity building in procurement

**Task 3.3.** Using of the Regional Training Center for training of procurement specialists from the Kyrgyz Republic and other countries of the region.

**Activities**

- Donor support to the Kyrgyz Regional Training Center under the State Commission on Procurement;
- Using of the Regional Training Center by all donors for training and re-training of procurement specialists;
- Preparation of the Training Center for servicing other countries of the region.

**Section 4. Harmonization of Project Management and Implementation**

**Direction 4.1.** Harmonization of legislative framework for donor project PIUs/PMUs

**Task 4.1.** Undertake actions to improve legislative framework for donor project PIUs/PMUs.

**Activities**

- Specify legislative framework for donor project PIUs/PMUs as economic entities and the PIU/PMU staff as subjects of Labour Code and Tax Code;
- Make amendments and additions to the corresponding legislation.

**Direction 4.2.** Streamlining of PIU/PMU operations

**Task 4.2.** Government and donors jointly develop and implement actions aimed to increase efficiency of PIU/PMU activities.

**Activities**

- Develop and implement actions on harmonization of human resources in PIU/PMU (unification of staff and job descriptions);
- Reduce transaction costs by improving interaction of PIU/PMU with partners: Ministry of Finance, an executing agency, other state bodies, representatives of donor organizations, project beneficiaries and contractors;
- Establish a unified monitoring system of physical project implementation.

**Direction 4.3.** Joint project management and delegated cooperation on project management

**Task 4.3.** Study possibilities of joint project management.

**Activities**

- Assess economic expediency/advisability of joint project management of future new projects and delegated cooperation on project management;
- Ensure harmonization of goals, objectives/tasks, components and resources of such jointly managed projects;
- Establish a model PIU/PMU and replicate the experience to PIUs/PMUs of new projects.