

## Data Sheet

<b>USAID Mission:</b>	Kyrgyzstan
<b>Program Title:</b>	Energy and Water
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	116-0161
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$1,500,000 FSA
<b>Prior Year Unobligated:</b>	\$1,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$1,630,000 FSA
<b>Year of Initial Obligation:</b>	2001
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's energy and water program is helping Kyrgyzstan improve economic policy and governance; increase private sector growth; and expand and improve access to economic and social infrastructure. The Clean Energy and Water for the Poor Presidential Initiatives are supported via activities noted below.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Economic Policy and Governance (\$310,000 FSA, \$1,000 FSA carryover). Kyrgyzstan is home to Central Asia's major dams and hydroelectric power generating facilities. Because Kyrgyzstan has access to few oil and natural gas resources and has yet to implement tariffs and decrease energy losses to offset fuel imports, the country uses excessive amounts of hydroelectric power for winter heating. Downstream water users are dependent on the water stored in Kyrgyzstan for economically-important summer irrigation. Proper use of these facilities, with consideration of regional priorities, is important for reducing tensions in Central Asia. Through a program for regional cooperation in energy and water, USAID will continue to work with Kyrgyzstan authorities on bilateral and multilateral agreements for regional energy markets and water-sharing. Principal contractor/grantee: TBD (prime).

Increase Private Sector Growth (\$420,000 FSA). Agricultural Finance Plus (AgFin+) is part of USAID's agricultural development program, the purpose of which is to stimulate economic growth throughout the farm-to-market value chain. Agriculture plays a significant role in the economy of Kyrgyzstan, including 50% of employment. The AgFin+ project will increase the income of Kyrgyzstan's farmers by linking them to specific markets. The AgFin+ program, complementing USAID's economic development activities such as small business development, will also stimulate agriculture-related businesses such as agri-services, agri-trade, and agri-processing which are critical to the farm-to-market chain. Through improved production tied to specific markets, AgFin+ will link farmers to underserved markets, address financial constraints, provide on-farm support and coordinate with other agricultural sector programs and institutions. Principal contractors/grantees: Development Alternatives, Inc. (prime), Winrock International (sub).

Expand and Improve Access to Economic and Social Infrastructure (\$770,000 FSA). The growth of rural economies in Central Asia depends on local control of resources and increased citizen participation in decision making. Local management of water resources is critical to the agricultural economy of Kyrgyzstan, which represents 40% of GDP. USAID will increase its assistance to newly-formed Water User Associations (WUAs) in Kyrgyzstan. These non-governmental organizations (NGOs) have been legally mandated with the responsibility for water distribution and management for agricultural production. The program will work with the Government of Kyrgyzstan to promote and stimulate WUA policy and procedural reforms, develop irrigation system demonstration models, increase incomes through improved agricultural production, conduct public outreach campaigns, and implement a competitive small grants program to assist WUAs. Principal contractor/grantee: Winrock International (prime).

**FY 2006 Program:** Improve Economic Policy and Governance (\$360,000 FSA). Through a program for regional cooperation in energy and water, USAID will continue to work with Kyrgyzstan authorities on bilateral and multilateral agreements to support the development of regional energy markets and water-

sharing. This may include activities related to energy efficiency, regulatory policy, and participation in the Central Asia Cooperation Organization's Water and Energy Consortium. Principal contractor/grantee: TBD.

Increase Private Sector Growth (\$445,000 FSA). USAID will continue to invest in agricultural development through AgFin+ by expanding the number of target agricultural producers and businesses, increase their access to markets, and overcome constraints in the farm-to-market chain. Principal contractors/grantees: Development Alternatives, Inc. (prime), Winrock International (sub).

Expand and Improve Access to Economic and Social Infrastructure (\$825,000 FSA). USAID will continue assistance to newly-formed WUAs in Kyrgyzstan, including replication of efficient irrigation demonstration models; expanding public outreach to farmers, the government, and other donors; and continued implementation of a competitive small grants program. Principal contractors/grantees: Winrock International (prime).

**Performance and Results:** Kyrgyzstan has made very slow progress in improving the nation's energy system, due largely to a lack of commitment by the Government to enact essential reforms. However, USAID has been successful in assisting specialists on technical issues related to efficiency and energy losses. Energy losses, which regularly reach up to 40%, have been identified as one of the most serious corruption problems the nation faces, as well as a barrier to foreign investment. A critical part of USAID's energy loss reduction program has been the provision of equipment and training to enable specialists to better identify where losses are taking place and how they can be addressed. The World Bank recently committed a \$5 million loan to the four distribution companies to implement additional energy loss reduction pilot projects, following USAID's model. Successful heating efficiency demonstration projects have been completed at two schools in Kara Balta, achieving energy savings of 20% last year and anticipated higher savings this year. In water, specialists are using USAID training and equipment on a daily basis to forecast, plan, and share data regionally. USAID funded the development of two important management tools needed for improved management as part of a transboundary water and energy policy activity. The Decision Support System (DSS) for the Middle Syr Darya, a water planning model, was installed at key regional water management agencies and staff were trained in its use. The objective of the DSS is to facilitate transparent and equitable water distribution within Central Asia, and officials used the DSS for the first time in Kyrgyzstan this past year. The second management tool is the Naryn Cascade Operation Planning Instrument (NOPI), which is being installed and will be operational in FY 2005 in all four basin countries to plan and monitor regional water and energy exchanges. The NOPI will help to maximize power production at Kyrgyzstan's Naryn Cascade for any water release from the Toktogul Reservoir. USAID funded a loan guarantee program in Kyrgyzstan that will help villages improve their potable water supply. These small municipalities will consequently become eligible for participation in a World Bank loan program that will fund water infrastructure projects.

By program completion, demonstration models will be in place to improve heating efficiency, reduce energy losses in transmission systems, and harness hydropower. Specialists will be trained to effectively utilize and replicate these models. An improved system of collecting, analyzing, and transmitting water data also will be fully implemented, resulting in more effective management of critical resources. A greater number of WUAs will be producing higher yields and operating in a more favorable legislative environment. The resulting increases in crop yields, productivity, and income will be fully documented. Kyrgyz water and energy specialists and policy makers will have improved regional cooperation over shared water and energy resources through the use of internationally-recognized agreements and standards.

## US Financing in Thousands of Dollars

Kyrgyzstan

116-0161 Energy and Water	DCA	FSA
<b>Through September 30, 2003</b>		
Obligations	0	3,155
Expenditures	0	1,244
Unliquidated	0	1,911
<b>Fiscal Year 2004</b>		
Obligations	83	1,974
Expenditures	0	1,914
<b>Through September 30, 2004</b>		
Obligations	83	5,129
Expenditures	0	3,158
Unliquidated	83	1,971
<b>Prior Year Unobligated Funds</b>		
Obligations	0	1
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	1,500
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	1,501
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	1,630
Future Obligations	0	1,550
Est. Total Cost	83	9,810