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The World Bank's Board of Executive Directors today discussed a new Country Partnership Strategy (CPS) for the Kyrgyz Republic that will guide the support of the World Bank and International Finance Corporation (IFC) to the country in 2013-2017. The CPS is a key document that sets out the framework of cooperation between the World Bank Group and the Government of the Kyrgyz Republic, and describes the Bank Groups planned program in the country. The new strategy will focus the World Bank Group's support on areas that will bring direct benefits to people of the Kyrgyz Republic, and contribute to improved governance and social accountability, said Saroj Kumar Jha, World Bank Regional Director for Central Asia. "While some improvements have been made, the Kyrgyz Government recognizes that governance represents a critical development challenge for the country. Our new strategy will scale up efforts to reduce poverty by improving governance. The new CPS is aligned with the Kyrgyz Government's 2013-2017 National Sustainable Development Strategy (NSDS), which sets an ambitious reform agenda to improve governance and reduce corruption to foster the country's economic and social development, while focusing on maintaining macroeconomic stability; improving the business environment and investment climate; and promoting strategic industries, such as agro-processing, energy, mining, transport, telecommunications, and tourism. Corresponding to the dimensions of the Kyrgyz Republic's NSDS, over the next four years the Bank Groups support to the Kyrgyz Republic will be focused on the following three broad areas: 1. Public administration and public service delivery; 2. Business environment and investment climate; and 3. Management of natural resources and physical infrastructure. The CPS focuses on more efficient public administration and public services, which are preconditions for effective public expenditure, long-term growth, shared prosperity, and poverty reduction, and are in line with the Government's National Sustainable Development Strategy, said Alex Kremer, the World Bank's Country Manager in the Kyrgyz Republic. "An improved business environment and investment climate are prerequisites for promoting competitiveness, diversification, and productivity, as well as job creation. Better management of scarce natural resources and physical infrastructure is crucial for improved poverty outcomes, in particular, for the almost two-thirds of the Kyrgyz population that live in isolated rural and mountainous areas. Encouraging the Kyrgyz economy's diversification and competitiveness, as well as promoting private sector development, will be a joint World Bank-IFC effort. According to Moazzam Mekan, IFC Regional Manager for Central Asia, "during the next four years, IFC will provide investments and advice that will focus on improving the investment climate, broadening access to finance for micro, small, and medium enterprises, and increasing private sector participation in the Kyrgyz economy." In 2013-2017 the World Bank will provide its support to the Kyrgyz Republic through the existing portfolio of projects and through new grants and loans averaging US\$55 million annually. Activities under the new CPS will help build the capacity of national institutions in public procurement, the management of public finance, and statistics; improve the management of water resources, pastures, and forests; and boost agricultural productivity. Support will also continue for reforms in the health, social protection, education, and energy sectors, for essential infrastructure, including roads and water supply and sanitation, and for climate change adaptation. IFC's advisory services will remain focused on helping improve the investment climate, while discussing new investments in energy efficiency and renewable energy, including opportunities for public-private partnerships. In the financial sector, IFC will work on enhancing the regulatory framework, strengthening financial institutions, and providing financing to local banks. In the economic sector, IFC will help improve corporate business practices, while at the same time pursuing opportunities to invest, particularly in agribusiness, mining, and infrastructure. Subject to the availability of suitable opportunities, IFC could commit up to US\$10 million annually in the financial sector, up to US\$15 million annually in infrastructure, and up to US\$5 million annually in agribusiness, manufacturing, and services. The new CPS, which was prepared in close collaboration with the Government and involved extensive consultations with parliamentarians, representatives of civil society, the private sector, and media, marks the Bank Groups return to a standard assistance framework for the Kyrgyz Republic. In 2010-2013, because of the uncertainty that followed the political turmoil and violence of April-June 2010, Bank Group activities in Kyrgyzstan were guided by a Joint Economic Assessment and by the Interim Strategy Note. The World Bank's overall mission in the Kyrgyz Republic is to reduce poverty, and to promote economic growth and shared prosperity. Forty-five percent of the World Bank's assistance to the Kyrgyz Republic is in the form of grants. The other 55 percent is in highly concessional credits - no interest, and only a 0.75 percent service charge. Credits are repayable in 40 years, including a 10-year grace period, while grants require no repayment. The financial assistance to the Kyrgyz Republic since 1992 amounts to over US\$1 billion. The Kyrgyz Republic became a member of IFC in 1993. IFC began operating in the country by pioneering advisory projects in 2002. Since 1996, IFC has invested more than US\$100 million to support over 20 private sector projects across a variety of sectors. As of June 30, 2013, IFC's portfolio in the Kyrgyz Republic stands at US\$23.3 million, with investments in financial markets, manufacturing, and infrastructure sectors. The World Bank
1818 H Street, NW
DC 20433 Washington
USA
Telefon: (202) 473-1000
Telefax: (202) 477-6391
Mail: investigations_hotline@worldbank.org
URL: <http://www.worldbank.org/>

Pressekontakt

The World Bank

DC 20433 Washington

worldbank.org/
investigations_hotline@worldbank.org

Firmenkontakt

The World Bank

DC 20433 Washington

worldbank.org/
investigations_hotline@worldbank.org

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