



Swiss Government and World Bank to Support the Kyrgyz Republic in Financial Sector Reforms

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Bishkek, September 26, 2013 - The Government of Switzerland, the World Bank and the National Bank of the Kyrgyz Republic have signed today a Memorandum of Understanding on establishing a Financial Sector Development Trust Fund, which will provide technical assistance to the Kyrgyz Government on implementing reforms in the financial sector. The project will support further improvement of the legal, regulatory and supervisory framework for the banking sector. The project is also aiming to increase the National Banks capacity to monitor and address vulnerabilities to maintain financial stability in the sector. The Government of Switzerland will provide grant financing in the amount of more than USD 1 million for the Trust Fund, and the World Bank will administer and monitor the project. "We are happy to team up with the World Bank and provide technical assistance to the Kyrgyz Government in order to deepen reforms in the countrys financial sector, said Laurent Guye, Ambassador of Switzerland to the Kyrgyz Republic. "Our support will enhance the role and capability of the National Bank as regulator and supervisor of the banking sector and thus contribute to the consolidation of healthy financial markets. "There is a well-established link between the financial sector development and accelerated economic growth. A well-functioning financial system provides reliable and inexpensive payments services, makes available remunerative and safe deposit facilities and offers to entrepreneurs access to short- and long-term funding, said Alexander Kremer, World Bank Country Manager in the Kyrgyz Republic. "The Financial Sector Development Trust Fund will help the Kyrgyz government to ensure that financial systems work well and are stable, and that resources are allocated to the most productive uses - enhancing productivity, boosting poverty reduction effects of growth and promote equality of opportunity. "The National Bank of the Kyrgyz Republic highly appreciates the support provided by the Swiss Government and the World Bank. With the help of the Financial Sector Development Trust Fund, we will work on strengthening independence, responsiveness and overall capacity of the National Banks Department for Bank Supervision, as well as modernization of the Departments ICT infrastructure, said Deputy Chairman of the National Bank of the Kyrgyz Republic Zair Chokoev. The Trust Fund activities will complement the World Banks assistance to the Kyrgyz Republic under a US\$ 8.85 million Financial Sector Development Project, which is aimed at enhancing financial sector stability and increasing access to financial services. The World Banks overall mission in the Kyrgyz Republic is to reduce poverty, promote economic growth and shared prosperity. 45 percent of the World Banks 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, in the form of grants and highly concessional credits. World Bank (Bishkek) Dinara Akmatbekova : + 996 312 625235 dakmatbekova@worldbank.org Embassy of Switzerland to the Kyrgyz Republic Tursunai Chodurova : +996 312 301036 tursunai.chodurova@eda.admin.ch National Bank of the Kyrgyz Republic Sophya Balakina : +996 312 66 91 89 sbalakina@nbkr.kg
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