

KYRGYZ REPUBLIC

SABYRBEEK MOLDOKULOV, Head of Delegation

For me it is a great honor and privilege to participate at this Thirty-Fifth Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). On behalf of the Kyrgyz Republic, I would like to express my gratitude and appreciation to ADB Management and staff, as well as the Government and the people of the People's Republic of China for their very warm hospitality and excellent arrangements for this meeting.

The role of ADB in rehabilitating our economy, and carrying out social and economic reforms is tremendous. ADB assistance has been covering all the important and key sectors of the Kyrgyz Republic economy: agriculture, energy, transport, education, health care, finance, governance, and many others.

Thanks to ADB our country was able to provide for considerable changes in our economic and social development for the last years. Now the annual gross domestic product (GDP) growth averages 5%. The last year was special with other good development indicators—GDP increased by 5.3% and the inflation rate made up only 3.7%, which was the lowest for the last 10 years. The poverty level has also declined considerably.

ADB has been playing an exclusively important role in addressing one of the vitally important problems of the beginning of the third millennium, the problem of poverty alleviation. This problem is especially vital for the countries with transition economies. With evolution of these societies, when life of people is improving gradually, perhaps very slowly, poverty problems are extremely crucial, but not so burdensome as when living standards reduce sharply—this situation has been characteristic of the majority of the former Soviet Union countries, including the Kyrgyz Republic.

Therefore we believe that, together with timely economic assistance, we have been receiving huge moral support from the world community, including one of our primary external assistance agencies, ADB.

For the purposes of alleviating poverty we designed and adopted the 10-year development program in our country, the Comprehensive Development Framework (CDF). At this moment the document for the first stage of the CDF program is being completed—this is the National Strategy for Poverty Reduction (to 2005).

All the development agencies operating in our country agree that the objectives and tasks of this strategy can be achieved only with coordination of their activities. To provide such coordination is a big challenge for the Government. However the Government can succeed only if all the providers of aid understand this situation.

Speaking of that, the country has been pursuing the economic policy supported by the International Monetary Fund under the three-year agreement within the mechanism of poverty alleviation and promotion of economic growth. This economic policy provides for annual reduction of foreign borrowings. However, the actual portfolio of the projects does not let us match with the parameters of the program. It means that we have to choose—either we implement the program or reduce the number of the projects. Probably we will have to implement the program, which means that the terms of implementation of some of the projects will have to be revised, or we will have to close some of them. In this connection we would request all the development agencies to understand these steps that we have to undertake. We have a saying: “your finger even cut out will not hurt you, if it was under mutual agreement.”

However one should remember that the whole hand can be lost together with the finger. With this regard there is another saying: “offer a finger, the whole hand will be taken out.” Thus the question now is whether under the conditions of restricted investment resources we should give up soft loans offered by international financial agencies. Can we hope that by reducing investments we could provide for economic growth; can we hope that by implementing only social projects we could alleviate poverty in a long-term period? These questions require answers.

Thus we have got the problem of efficiency of projects. In fact, not all the projects implemented in the country are efficient, and there are different reasons for that. In this case both parties—the borrower and the lender—should be courageous to acknowledge it and undertake fast and efficient measures with regard to such projects. I would urge the assistance agencies to work together on this problem.

We appreciate ADB’s efforts to design and promote regional projects. Apart from the economic effect, such projects must have a big political impact in the form of strengthening mutual trust and cooperation between the countries, which is very important for Central Asian countries because of the situation and circumstances you know about.

We highly appreciate ADB’s activity in the Kyrgyz Republic and believe that its input in the development of the economy of the country has been tremendous for the last years. We hope to continue our efficient cooperation in future.

Finally, I would like to express my deep gratitude to the President of ADB, Mr. Tadao Chino as well as the staff of ADB for their hard work during the last year and to wish them a lot of more successes this year.