



39TH ANNUAL MEETING

BOARD OF GOVERNORS

ASIAN DEVELOPMENT BANK

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KYRGYZ REPUBLIC¹

Sabyrbek Moldokulov, Alternate Governor

It is an honor and privilege for me to speak at the 39th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). On behalf of the Government of the Kyrgyz Republic, let me thank the Management and staff of the Bank as well as the Government and the people of India for the kind hospitality and excellent organization of this meeting.

The Asian Development Bank is a key international financial institution in Asia. The key role of ADB in rendering assistance to countries in need, particularly in providing emergency assistance, was demonstrated last year. A relatively short period of time was needed for ADB to establish and successfully operate new funds, including the Asian Tsunami Fund and the Pakistan Earthquake Fund. I believe that ADB's response to the emergency needs in Southeast and South Asia was a good one.

I would also like to note that the ADB under the leadership of new President Mr. Haruhiko Kuroda has achieved a lot last year with the ADB reform agenda. Important strategic and policy papers for the Bank were approved, which will contribute to improvement of the operations and staff capacity of ADB. I would like to express our gratitude to the Management and to the Board of Directors.

The year 2005 was a turning point in the history of the Kyrgyz Republic. The most important political event after the March Revolution last year was the election of the President of the Kyrgyz Republic. The election was held on 10 July 2005 and was recognized as fair and transparent by the international community. One of the most urgent tasks of the new Cabinet of Ministers of the Kyrgyz Republic was to avoid a sharp economic recession, preserve macroeconomic stability, and meet all its commitments to the international and donor community.

The Government of the Kyrgyz Republic has succeeded in doing this. Despite the difficult political and social situation in the Kyrgyz Republic and contrary to the forecasts of some analysts, there was no economic collapse. The main achievement of the last year was the preservation of macroeconomic stability.

Currently the Government, within the framework of its new economic policy, has defined the medium-term priorities of the republic's social and economic development. The Government is developing a medium-term development strategy until 2010, aimed at accelerating economic development in order to solve the problem of poverty reduction. This important

¹ Statement delivered in Kyrgyz. Translation supplied by the delegation.

national document, with participation of donors and civil society, will be completed by 1 June this year.

In March 2005, the Government of the Kyrgyz Republic and the member countries of the Paris club of creditors reached an agreement on rescheduling the public external debt of the Kyrgyz Republic, according to the Evian approach. During the last year all bilateral negotiations were successfully completed and agreements with the members of the Paris club were signed. This rescheduling allows a reduction in the burden of external public debt servicing on the budget. At the same time, the problem of debt sustainability has remained an urgent one for us.

The Asian Development Bank is the major donor to the Kyrgyz Republic. Since joining ADB, the Kyrgyz Republic has received external financial aid in the amount of \$604 million. All these loans were financed from the resources of the Asian Development Fund (ADF). The funds were channeled to transport, social protection of the population, education, public administration, finance, and energy. It is worth noting that, within the Asian Development Fund IX, a substantial part of assistance to our country is provided on a grant basis (50%), which, we are sure, will have a positive impact on poverty in the Kyrgyz Republic.

I would like to inform you that in March 2006, a joint country portfolio review of the Kyrgyz Republic was conducted with such donors as the Asian Development Bank, the World Bank, the Islamic Development Bank, and German development assistance (KfW). ADB was the coordinating organization.

This year, we are planning to hold consultations with major donors, including ADB, on the elaboration of a joint country assistance strategy for the medium term. We plan to hold a consultative meeting of donor countries. We believe that the joint country assistance strategy will contribute to the achievement of the Millennium Development Goals by the Kyrgyz Republic.

The Central Asia Regional Economic Cooperation (CAREC) Program deserves a special mention. I consider it very important that implementation of CAREC should continue. ADB and member countries of this program have made tremendous efforts to achieve mutually beneficial results. At the same time, I would like to express the hope that the role of the CAREC Program in developing economic and trade cooperation in Central and Eastern Asia will grow.

In conclusion I would like to join to my Governor colleagues in expressing deep gratitude to the President of ADB, Mr. Haruhiko Kuroda, to the Bank staff and members of Board of Directors for their hard work during last year. I would like to wish you all the best in performing your tasks in the future and would like to assure ADB of the support of the Kyrgyz Republic in the coming years.