

**DOCUMENT OF THE EUROPEAN BANK  
FOR RECONSTRUCTION AND DEVELOPMENT**

**STRATEGY FOR THE KYRGYZ REPUBLIC**

**REPORT ON THE INVITATION  
TO THE PUBLIC TO COMMENT**

## **1. INTRODUCTION**

In accordance with the EBRD Public Information Policy (PIP), the draft Strategy for the Kyrgyz Republic was posted on the EBRD website in English, Russian and Kyrgyz for 45 calendar days, starting from 12 December 2014 to 26 January 2015. The previous Strategy was also made available on the website in English and Russian at <http://www.ebrd.com/downloads/country/strategy/kyrgyz.pdf>.

Information about the public consultation process was posted on the EBRD's dedicated webpage "Have your say", which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. In addition, targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that have expressed interest in the Bank's work in the country. The start of the review process was also advertised through social media platforms (e.g. Facebook and Twitter).

In line with the Bank's increased efforts to involve civil society at an early stage of country strategy development, the EBRD organised a consultative meeting with civil society organisations (CSOs) on 12 July 2014 in Bishkek to gather civil society's feedback during the preparatory phase leading to the draft strategy. The event provided a platform for dialogue between civil society representatives and relevant EBRD teams involved in the Strategy preparation process, including senior political councilors and economists.

The consultative meeting was opened by the EBRD Political Counsel and chaired by the Head of the Resident Office in the Kyrgyz Republic. The workshop attracted civil society representatives from 11 local and international CSOs. The summary of the meeting and list of participating organisations are provided in the Annex to this report.

During the consultation period no comments were received by the Bank in written format.

### **Summary of EBRD meeting with civil society – 2 July 2014, Bishkek**

On 2 July 2014 the EBRD Resident Office in the Kyrgyz Republic hosted a workshop with civil society representatives in Bishkek. The event was attended by 11 participants from local and international CSOs, including human rights groups, organisations working on environmental, gender and development issues, as well as research institutions. Following a presentation on the Bank's activities and key operational priorities in the forthcoming EBRD Strategy by the Head of the Bishkek Office, the floor was opened for a roundtable discussion on a wide range of topics, including democracy and human rights, inclusion, development of the SME sector, regional integration, as well as natural resource management and fighting corruption.

Civil society welcomed the Bank's approach in consulting civil society at an early stage of the country strategy process and encouraged the Bank to pursue dialogue with civil society as part of institutional decision-making processes. CSO representatives furthermore broadly endorsed the main operational priorities set forth in the upcoming country strategy.

#### *Democracy, human rights and inclusion*

Representatives from civil society organisations expressed strong concerns about the freedom of expression, the treatment of certain vulnerable groups, and the independence of the judiciary in the Kyrgyz Republic. They also highlighted that there are remaining inter-ethnic tensions, as well as problems with the economic empowerment and political representation of women, as many women work in low-paid informal sectors and are underrepresented in decision-making positions. CSOs furthermore emphasized the need to reduce regional disparities and to promote the development of underdeveloped rural areas in the Kyrgyz Republic. In response to the issues raised, the Bank official stressed that EBRD will seek to address inclusion gaps in relation to gender and youth across sectors and to support the reduction of regional economic disparities, by increasing its outreach to less developed rural areas, in particular in the southern regions.

#### *Development of the SME sector*

According to civil society participants, there are several factors constraining the growth of SMEs in the country, including corruption, poor understanding of technology, and the shortage of business skills and a skilled labour force. According to CSO representatives, there is a need to foster a climate conducive to business and to improve the access of small businesses to infrastructure and finance. Leveraging its recently reinforced SME finance and development capabilities, the Bank informed CSOs of its plans to support competitiveness and sustainable growth of SMEs with viable business models through investment and business advice, promoting in particular skills transfer and operational efficiency improvements. The Bank will also seek to strengthen the financial sector in order to facilitate SMEs' access to finance, in particular in local currency, as well as to step up its efforts to improve the business environment through policy dialogue.

### *Regional cooperation*

Civil society representatives consider that advancement of regional economic cooperation in Central Asia is inherently linked to cross-border engagement and trade, which play an essential role in underpinning long-term peace, stability and democratic governance in the region. This is achieved by increasing regional interactions and breaking down cultural barriers, especially among vulnerable sectors of the population such as women. In relation to these issues, the Bank officials advised CSOs of its aim to help facilitate economic and trade cooperation and integration within the region by supporting rehabilitation of critical infrastructure, strengthening the export sector including through access to finance and advisory services, as well as supporting cross-border investments and regional cooperation projects.

### *Corruption*

One of the main civil society concerns in the Kyrgyz Republic is corruption, which is seen as a serious barrier for socio-economic development and poverty alleviation. The level of the informal economy is influenced by high social contribution requirements for businesses, although corporate taxes are lower than in other countries from the region. Corruption in energy and natural resources sector, in particular, is a key challenge to strengthening critical infrastructure according to CSOs. Civil society representatives consider that the EBRD should promote good governance, transparency and accountability principles in this sector. The Bank officials informed CSOs that the EBRD has provided finance and support to the Secretariat of the Business Development and Investment Council, a public-private dialogue platform which facilitated important improvements in investment, fiscal and business related laws and regulations aimed at improving business climate and decreasing corruption. The Bank will explore opportunities to assist with further strengthening of mining sector governance, regulatory framework, employment of women and practical implementation of Extractive Industries Transparency Initiative (EITI), as well as strengthening the institutional capacity of key agencies involved in the sector.

### *Environmental and social standards*

Representatives of civil society organisations shared their expectations in terms of the role played by the EBRD in advancing corporate social responsibility practices and enhancing compliance with environmental and social standards. In particular, improving environmental standards in the extractive industry was regarded as a priority. EBRD representatives assured CSO representatives that the Bank's Environmental and Social Policy and Performance Requirements will apply to all projects carried out in the Kyrgyz Republic. The Bank will work closely with clients in developing Environmental and Social Action Plans with the objective of mitigating potential negative impacts and ensuring compliance with Kyrgyz national standards and the applicable EBRD Performance Requirements. Furthermore, many priorities that the Bank has currently set for the Kyrgyz Republic are anticipated to provide environmental and social benefits, such as water and wastewater treatment, improvements to urban infrastructure and energy efficiency projects. These projects, along with environmental and social capacity building initiatives and specific measures to support both water and biodiversity conservation will be targeted for Technical Cooperation support.

**List of participating organisations to the consultation meeting in Bishkek on 12 July 2014**

1. Kyrgyz Committee for Human Rights
2. “Bir Duino-Kyrgyzstan” Human Rights Movement
3. Women’s Forum “Kurak” Public Association
4. Soros Foundation – Kyrgyzstan
5. Anticorruption Business Council
6. Transparency International
7. NGO Tree of Life
8. National Institute of Strategic Studies
9. Aga Khan Foundation
10. Eurasia Foundation Central Asia
11. Forum of Women NGO