Eurasian
Development
Bank

Progress Report on the EDB Country Strategy for the Kyrgyz Republic: 2022

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Overview of Country Strategy Progress in 2022

Executive Summary

In 2022, the EDB launched its new 2022-2026 Country Strategy for the Kyrgyz Republic ("Country Strategy"). The EDB's main efforts in the Kyrgyz Republic were aimed at strengthening its role as a development bank through cooperation with public authorities and development institutions, and cultivating and implementing investment projects in the priority sectors defined by the Country Strategy.

As of 1 December 2022, the following results had been achieved:

→ **Improving the efficiency of internal project reviews.**
In line with the new strategic guidelines for project activities and as a result of strengthening its country focus, the Bank worked to improve the efficiency of its internal project cycle regulations. Technical assistance was deployed to ensure high-quality project preparation.

→ **Aligning project priorities with the development objectives outlined in the Country Strategy.**
In 2022, the Bank worked with stakeholders, executive authorities and businesses in the Kyrgyz Republic to focus efforts on the Bank's priority areas in the country.
As part of cooperation with multilateral and national development institutions, the Bank considered projects with a potential of joint participation.

→ **The Bank's digital transformation efforts earned international recognition.** The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) awarded the COVID-19 Free Travel app, developed by the EDB Fund for Digital Initiatives and listing approximately 300 labs across the Kyrgyz Republic, with its Sustainable Awards 2022. In early 2023, the EDB Fund for Digital Initiatives plans to launch the Kyrgyz Republic's national segment in its "Work in the EAEU" app.

→ **During the first year of implementing its Country Strategy for the Kyrgyz Republic,** the Bank met preliminary targets set for the five-year period through 2026.

→ **In 2022, the Bank preserved its strong focus on financial sector initiatives.** In subsequent periods, the EDB aims to diversify its investment in line with the key objectives envisaged in the Country Strategy, including in industry, infrastructure, agriculture and digital transformation.

Year 2022 in Figures

As of 1 December 2022

$113m
Cumulative portfolio

$63m
Current investment portfolio

↓ Cumulative expected results for 2022

$8m
New signings

↓ In 2022

In 2022, the EDB's investment in the Kyrgyz Republic began to grow for the first time since 2019

2 Progress on Strategic Objectives in 2022

Objective 1

Development of basic infrastructure for regional integration and sustainable development

↓ What we do

Our focus: preparing and reviewing projects in cooperation with public authorities and private initiators.

↓ Achievements

Project proposals under a signed memorandum were accepted for consideration

- The memorandum was signed with the PPP Centre of the National Investments Agency under the President of the Kyrgyz Republic in 2022

The EDB worked on preparing agreements for projects to construct renewable energy facilities

The Bank signed a cooperation agreement to finance the first phase of the construction of a solar power plant

The EDB and UNDP are financing feasibility studies for HPP construction projects

- The Technical Assistance Fund (TAF) engaged independent consultants

Objective 2

Economic diversification, promoting exports and developing private businesses

↓ What we do

Exploring promising areas of collaboration

The Bank took preliminary steps to intensify subsequent work in this area.

In 2022, the EDB continued to implement joint initiatives with its partner financial institutions in the Kyrgyz Republic to finance subprojects and targeted SME lending and trade finance programmes

↓ Achievements

Provision of a dedicated credit line to a financial institution for trade financing purposes

The project will contribute to:

- o Increasing mutual trade between the Bank's member states
- Implementing government programmes to support exports, SMEs and the financial sector
- The TAF is planned to finance a workshop on **Preparing and Launching PPP Projects in the Priority Sectors of the Kyrgyz Economy: Lessons Learnt and Best International Practices.**

$8m
Loan amount

Objective 3

Agricultural development

↓ What we do

Reviewing project initiatives of the Ministry of Agriculture and businesses

↓ Achievements

The EDB signed agreements with Aiyl Bank to develop the agricultural sector

- The project will support both agricultural producers and enterprises that process agricultural products

$8m
Agricultural subprojects financing volume

- It is also expected to help the country achieve its economic growth targets by:

boosting outputs

creating new jobs

increasing tax revenues

Objective 4

Digital transformation

↓ What we do

Reviewing project initiatives of the Ministry of Digital Development and businesses

The EDB Fund for Digital Initiatives holds consultations with national and regional executive authorities in the Kyrgyz Republic on the implementation prospects of:

- → the digital transformation of public administration
- → the introduction of smart city solutions
- → projects in the digital transformation in agriculture and industry

To realise digital competencies, the EDB Fund for Digital Initiatives conducts a Digital Project Competition. The competition aims to promote cooperation between Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan through digital projects.

↓ Achievements

The EDB signed a letter of intent with the Ministry of Digital Development of the Kyrgyz Republic

Objective: cooperation in the field of digital transformation, in particular as part of the data infrastructure initiative

The Kyrgyz Republic joined the COVID-19-Free Travel project of the EDB Fund for Digital Initiatives

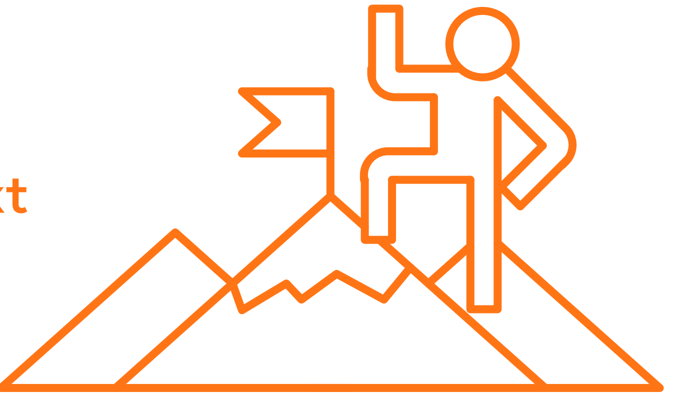
300

labs connected to the app in the Kyrgyz Republic

> 1.3 million

times used by country residents

3 Strategic Objectives for the Next Period



Plans

The EDB will pursue the following plans in 2023:

Increased investment diversification. In addition to projects in the financial sector, the Bank will seek to develop cooperation on investment initiatives in other priority sectors.

Exploring opportunities for the potential use of TAF resources for promising real-sector projects. The Bank will continue preparing and reviewing projects with TAF resources as a tool for reducing borrowing costs within investment initiatives implementation.

Objective 1

Development of basic infrastructure for regional integration and sustainable development

↓ What we do

Objective

Financing three investment projects to construct and operate renewable energy facilities

Expected project effects:

1 establishing renewable energy facilities to supply electricity to the Kyrgyz Republic's energy system

177.5 MW
Total capacity

600 million kWh
Electricity generation

2 enhancing the Kyrgyz Republic's position in the regional power market and ensuring energy security in the Kyrgyz Republic

3 promoting economic development and the population's economic activity in the region

4 creating jobs during the construction and operation phases

5 expanding irrigated farmland

6 reducing dependence on fuel prices in the Kyrgyz Republic's energy sector

7 augmenting the Kyrgyz Republic's export potential

8 reducing greenhouse gas emissions

Objective 2

Economic diversification, promoting exports and developing private businesses

↓ What we do

Objective

In 2023, the EDB will continue implementing ongoing and new joint initiatives with its partner financial institutions in the Kyrgyz Republic to finance sub-projects and targeted SME lending and trade finance programmes.

Objective 3

Agricultural development

↓ What we do

Objective

A loan facility to construct a drip irrigation plant

Project effects: an annual increase in GDP of up to $4m; annual water savings of up to 7 million tonnes; and an annual increase in irrigated areas of up to 8,000 hectares

Objective 4

Digital transformation

↓ What we do

Objective

Exploring mechanisms and opportunities to support the development and deployment of digital infrastructure in the Kyrgyz Republic

Objectives:

- → Consolidating all governmental information systems in a single data processing centre
- → Reducing maintenance costs and IT services' operating personnel by eliminating overlapping functions
- → Implementing high-quality, convenient and accessible information provision and storing services for citizens, public organisations and other entities
- → Ensuring guaranteed high-performance, fault-tolerant (Tier 3), resilient, secure and continuous operation of the services-related infrastructure

Developing secure and resilient digital solutions and infrastructure

Launching the Kyrgyz Republic’s national segment in the EDB Fund for Digital Initiatives’ “Work in the EAEU” mobile app

To realise digital competencies, the EDB Fund for Digital Initiatives conducts a Digital Project Competition.

The EDB will continue working on key digital transformation initiatives and implementing ongoing projects of its Fund for Digital Initiatives.

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