



European Bank
for Reconstruction and Development

THE EBRD IN THE KYRGYZ REPUBLIC

Results snapshot

#EBRDimpact

Overview

The EBRD has been active in the Kyrgyz Republic since 1992, investing around €900 million across the private and public sectors. In the Kyrgyz Republic, the Bank mostly focuses on sustainable infrastructure and private sector development.

The Bank's strategic priorities in the Kyrgyz Republic are:

- ▶ private sector competitiveness
- ▶ green economy transition
- ▶ sustainable infrastructure and regional integration.

To achieve these goals, the Bank looks to reduce regional economic disparities, namely through outreach to less developed rural areas, particularly the southern regions, and addressing inclusion gaps in relation to gender and youth across sectors.

The EBRD in the Kyrgyz Republic

As of December 2022

Total	2017-22
€881 million	€179 million
Net cumulative investment	
219	73
Number of projects	

31%

Private sector share of portfolio

€179 million	€94 million
Green economy financing commitments	

€169 million	€65 million
Financing in local currency	

Policy engagement

- ▶ Enhance competitiveness of the business environment
- ▶ Gender equality and economic empowerment of women
- ▶ Sustainability of public utilities
- ▶ Energy efficiency legislation

Read the latest EBRD strategy for the Kyrgyz Republic [here](#).



EBRD results highlights for the Kyrgyz Republic, 2017-22

SME growth: 79 per cent of small and medium-sized enterprises (SMEs) advised

by the EBRD in 2021 increased their turnover within a year of completing the advisory project, creating a total of €180 million of additional turnover.

Access to water: More than 3 million people across 20 cities now have better access to clean water thanks to support from EBRD projects.

CO₂ emissions reduced: An estimated 68,000 tonnes of CO₂ emissions a year were reduced through EBRD KyrSEFF investments, the equivalent to taking 100 cars off the road for a year.

Improved urban transport: More than 1.3 million people have better access to public transport through EBRD multi-project investments.

The Kyrgyz Republic in context

After suffering an economic contraction of 8.6 per cent in 2020, the Kyrgyz economy started to recover in 2021 and 2022. It has shown resilience despite the effects of Russia's war on Ukraine with an increase in real GDP in 2022, driven by domestic demand. However, the economy remains heavily reliant on gold exports and remittances, creating a vulnerability to external shocks.

In terms of transitioning to a sustainable and democratic market economy, the Kyrgyz Republic still needs to progress in some areas, namely competition, integration and the green economy. Low productivity and export-readiness is hampering the ability of Kyrgyz companies to compete within the wider Eurasian market, and a challenging business environment has inhibited the foreign investment necessary to increase skills, competition and standards. While international trade rebounded following the Covid-19 pandemic, the country would benefit from greater integration, for example by upgrading road and rail networks and strengthening cross-border linkages. Lastly, with one of the highest energy intensities in the EBRD regions and increasing challenges surrounding water stress, the country needs to invest significantly in sustainable municipal and energy infrastructure. With limited debt capacity, mobilising concessional finance in conjunction with long-term tariff reform, will be essential.



Key economic indicators

	Kyrgyz Republic (2017)	Kyrgyz Republic (2022)*	OECD comparators (2022)*
GDP per capita, PPP (constant 2017 international \$)	5,046	4,813	44,559
Personal remittances, received (% of GDP)	32.3	31.1	0.36
Bank non-performing loans to total gross loans (%)	7.4	10.8	-
Unemployment, female (% of female labour force)	8.9	11.6	6.5

Our approach and operational delivery

The EBRD supports the development of the private sector through a combination of investment, policy dialogue, technical assistance and business advisory. We offer a range of financial instruments, both directly and through partner financial institutions. We provide business advisory services and technical assistance to help improve institutional capacity and enhance the competitiveness of our clients. In our policy engagement work we help shape initiatives that create favourable conditions for sustainable and inclusive economic growth.

Since 2017 the EBRD has invested close to €200 million in over 70 projects. Investments span both the private and public sectors in areas such as water supply, electricity infrastructure, SME and trade finance, and agribusiness. The EBRD also supports policy dialogue initiatives in the Kyrgyz Republic, particularly through the Investment Council. Since its inception in 2007, the Council has contributed to the adoption and amendment of more than 160 laws aimed at improving the investment climate in the country.

The Bank also engages with many partners in the Kyrgyz Republic and helps to mobilise finance from private investors. Between 2017 and 2021, the Bank's work was supported by €30.5 million of technical cooperation funds and €56.9 million co-investment funds. For example, the Kyrgyzstan Sustainable Energy Efficiency Financing Facility (KyrSEFF), which supports residential and commercial resource efficiency investments, is co-financed by the EU.

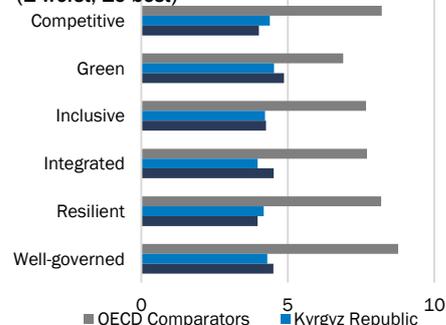
We seek to help countries transition towards democratic and sustainable market economies. We finance projects that strengthen the private sector in economies undergoing transition to a well-functioning market system. Our investment decisions are guided by six "transition qualities", which focus on making economies competitive, well-governed, green, inclusive, resilient and integrated.



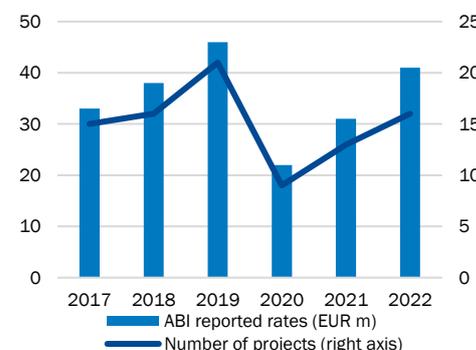
For more detail on our transition qualities visit www.ebrd.com/qualities



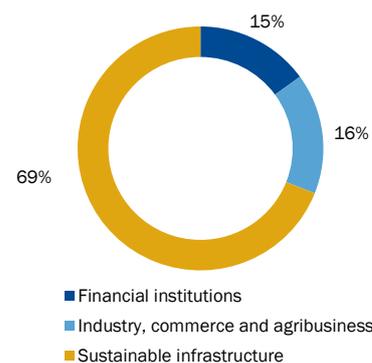
EBRD score (1-worst, 10-best)



EBRD investment in the Kyrgyz Republic



The EBRD in the Kyrgyz Republic: Portfolio by sector



* Or latest available World Development Indicators.

THE EBRD IN THE KYRGYZ REPUBLIC

Helping local businesses grow.

Private sector competitiveness

SDG contribution

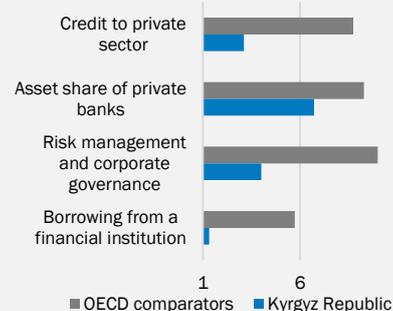


#EBRDImpact

The private sector in the Kyrgyz Republic plays a key role in the economy, generating an estimated 70 per cent of GDP. However, its share has remained largely unchanged since the early 2000s, reflecting low competitiveness and stagnant productivity. The private sector is dominated by small and medium-sized enterprises (SMEs) where growth and productivity is challenged by a lack of adequate access to finance, skilled labour and regional trade links.

SMEs also face a challenging business environment, including complicated tax administration, a weak rule of law and enforcement of contractual obligations. The government has made progress on tax administration reforms and to provide an independent recourse mechanism for businesses to help tackle some of these issues; yet further reform and structural changes are required. Commitment to digital transformation is also a key step the Kyrgyz Republic has taken, and governance improvements through digitalisation are highly anticipated.

EBRD score (1-worst, 10-best)



How we work

The EBRD provides direct and intermediated finance to micro, small and medium-sized enterprises (MSMEs) alongside business advice to help companies scale up, build capacity and improve corporate governance and business practices. The Bank facilitates access to finance for SMEs, in particular in local currency. To promote economic inclusion in the Kyrgyz Republic, the Bank seeks opportunities to support women-led businesses through its Women in Business programme and those located in less developed, rural areas, in particular in the southern regions. The Bank also engages in policy dialogue to improve the business environment, including working closely with the Investment Council.

The EBRD in the Kyrgyz Republic

As of December 2022

Total	2017-22
€298 million	€98 million
Net direct investment in SMEs	
1,170	349
Number of local SMEs supported by EBRD business advisory services	

Quick links

- ▶ [Women in Business programme](#)
- ▶ [SME Local currency programme](#)
- ▶ [Blue Ribbon programme](#)

[EBRD Advice for Small Business](#) provides SMEs with finance, business advice, training and mentoring.



EBRD achievements and results in the Kyrgyz Republic: Private sector competitiveness

The EBRD promotes access to finance and skills for SMEs by:

- ▶ providing loans for MSMEs in local and hard currency, equivalent to €200 million via three partner banks
- ▶ investing in risk-sharing facilities for agribusiness, property and tourism, and manufacturing and services companies and introducing an innovative approach to local partner banks in inventory-backed loans.
- ▶ improving the capacity of local SMEs through over 1,527 advisory projects focused on helping SMEs develop strategy, marketing, digital and green infrastructure and beyond
- ▶ supporting the competitiveness of financial institutions through credit facilities to MSMEs and promoting innovation in strategy, products, processes and marketing related to MSME lending.

We enhance competitiveness of the business environment and promote digitalisation by:

- ▶ advising the government on e-governance reforms, including support for e-patent, e-notary and e-registration services and use of GIS technologies in agriculture e-procurement development
- ▶ helping the Investment Council to draft laws, including on developing the creative economy, optimising the licensing and permit system, and digitalising public services.



We promote an inclusive business environment by:

- ▶ improving access to finance for women entrepreneurs via US\$ 5 million in financing and advisory support under the Women in Business programme
- ▶ promoting gender-responsive business practices via policy engagement, including to design the Women Entrepreneurship National Programme with the Ministry of Economy and Finance and partnering with UN Women on improving gender statistics.

SME growth

SMEs advised by the EBRD achieved high growth: 79 per cent increased their turnover, creating a total of €180 million of additional turnover.*

Job creation

Fifty-four per cent of SMEs advised by the EBRD hired more people, creating 800 new jobs.*

Better business processes

The EBRD helped establish the Business Ombudsman Institute and provided support from 2020 to 2023 during which time over 40 complaints were received, more than 300 recommendations were sent to government agencies to eliminate systemic problems and over US \$24 million was returned (saved) to business entities.



Enhanced digitalisation

The e-notary system was launched in 2021, digitalising the work of notaries and the national e-Procurement platform was integrated with an SME e-catalogue in 2022.

E-governance reform

E-patent was successfully introduced in 2018 and is widely used across the country, while the e-registration of legal entities became possible in 2020.

Gender-inclusive business environment

In 2021 the government approved the National Women Entrepreneurship Programme and adopted a uniform definition of women entrepreneurship. This included the introduction of the sex-disaggregated SME statistics, and a 30 per cent quota for women on boards of state-owned enterprises.

Regional inclusion

Promoting business development across the region, 60 per cent of SMEs advised by EBRD consultants were located outside the capital city.



[Learn](#) how the EBRD supports women entrepreneurs in Central Asia, together with the Women Entrepreneurs Finance Initiative (We-Fi).



Read about [Mayak](#), a children's camp on Lake Issyk-Kul, which was able to improve its management systems and grow its client base with support from the EBRD's Advice for Small Businesses programme.



[Read](#) how the EBRD and Bai Tushum Bank boost financing to Kyrgyz businesses.

“Kompanion aims to encourage micro and small entrepreneurs in rural areas and contributes to the community development by providing financial and technical support. The EBRD credit line increases the availability of local currency finance to MSEs to support their businesses.”

Ulanbek Termechikov, Kompanion CEO



The Women in Business programme was launched in 2020 at an official ceremony attended by the Vice Prime Minister of the Kyrgyz Republic. Read more about the programme [here](#).

The EBRD in the KYRGYZ REPUBLIC

Helping to modernise the electricity supply

Green economy transition

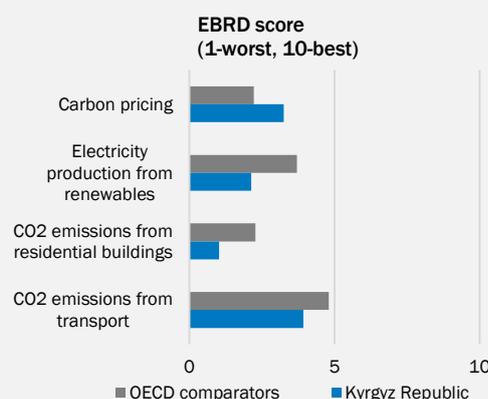
#EBRDimpact

SDG contribution



The Kyrgyz Republic has a high energy intensity, more than double that of the EU average. Oil remains the dominant share of total primary energy supply with less than 1 per cent of the country's huge renewable energy potential currently being used. Electricity is mostly generated from hydro sources. However, a decline in water resources is one of the most severe climate change risks facing the country as droughts are projected to become more frequent and severe.

The country also has one of the lowest electricity tariffs in the world, which contributes to inefficient energy use and under-spending on maintenance, and results in poor supply reliability and quality. A new policy in 2021 for heat and electricity tariffs outlines a gradual increase to achieve cost recovery by 2025 yet significant investment in green infrastructure and energy sources is needed to support the country's green transition.



How we work

The EBRD works to build green, low carbon and resilient economies. It invests in green technology, scaling up renewable energy capacity and decarbonising existing infrastructure through direct lending and credit lines. Through the Kyrgyzstan Sustainable Energy Financing Facility (KyrSEFF) and Advice for Small Businesses programme, the Bank provides financing and technical assistance for households and businesses that undertake projects promoting modernisation, energy and water resource efficiency and green technologies.

The EBRD in the Kyrgyz Republic

As of December 2022

Total	2017-22
€67 million	€4 million
Net cumulative investment in the energy sector	
€179 million	€94 million
Green economy financing commitments	

Quick links

- ▶ [Green Economy Transition](#)
- ▶ [Kyrgyzstan Sustainable Energy Financing Facility \(KyrSEFF\)](#)

KyrSEFF has disbursed US\$ 55 million over the last 10 years and a new KyrSEFF3 was launched in December 2022 – a US\$ 50 million financing programme supported by grant incentives and technical assistance for households and SMEs to invest in green technology and climate adaptation.



EBRD achievements and results in the Kyrgyz Republic: Green economy transition

We help the Kyrgyz Republic develop green infrastructure by:

- ▶ supporting the establishment of the Climate Finance Center to help the Kyrgyz government attract climate investments and develop project proposals through its Project Preparation Facility
- ▶ investing in electricity savings through smart meters and upgrading transmission lines (OshElectro and Vostokelectro)
- ▶ improving environmental conditions for local residents, including remediation of uranium sites via the Environmental Remediation Account for Central Asia (ERA)
- ▶ supporting the city of Bishkek in addressing its environmental issues and improving the quality of life of its residents through the Green Cities programme.



We promote increased energy and resource efficiency by:

- ▶ encouraging private businesses and households to invest in energy efficiency and renewable energy projects through credit facilities disbursed via six partner banks under KyrSEFF
- ▶ providing green financing tools for importing and locally distributing energy efficient technologies via the Trade Facilitation Programme (TFP)
- ▶ developing climate-resilient agriculture by investing in irrigation systems and green innovation in agribusiness
- ▶ providing technical assistance to improve the resilience of the water supply with the State Water Resources Agency (SWRA).

Electricity saved

By installing modern electricity meters in the Tup and Jeti-Oghuz regions in the east of the Kyrgyz Republic, electricity losses were reduced from 15.5 per cent to 12.6 per cent.

Environmental protection

Remediation efforts in two uranium legacy sites in Shekaftar and Min-Kush helped reduce the risks of exposure to contaminated material for 6,900 local residents.

Renewable energy

To counteract frequent power outages, a pharmaceutical company installed 23 kW of solar energy capacity in five pharmacy points across the country.

CO₂ emissions reduced

An estimated 68,000 tonnes a year are saved through KyrSEFF investments.

Improved resource efficiency

Eight SMEs improved their resource efficiency or introduced alternative energy sources with assistance from local consultants.

“I would like to thank the EBRD for supporting the development of our water supply system. The support will facilitate delivery of vital water resources to irrigation sites, specifically in the Aravan district.”

Almaz Baketayev, Minister of Finance of the Kyrgyz Republic, 2022



Cleaner water

Waste water treatment technologies introduced via KyrSEFF and Advice for Small Businesses, and installed in 24 SMEs all over the country.



[Read](#) more about the EBRD's work to remediate legacy uranium sites, reducing the risks of exposure to contaminated material.



Read how a [grocery store chain](#) and a [food production facility](#) adopted green technology with support from the KyrSEFF programme.

“I am very excited about our new energy-efficient building. It not only brings economic benefits, but also contributes to a more sustainable and green future for our children. If we decide to construct a new coffee shop, we will certainly consult KyrSEFF engineers again.”

Sardar Umarov, KyrSEFF client



[Read](#) about the EBRD project to support climate-resilient irrigation in the Osh region.

The EBRD in the KYRGYZ REPUBLIC

Investing in infrastructure development.

Regional integration and sustainable infrastructure

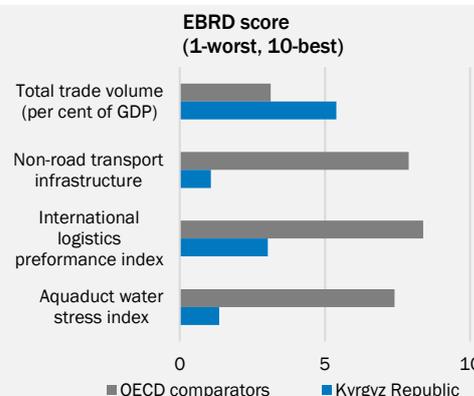
#EBRDimpact

SDG contribution



The Kyrgyz Republic became a member of the Eurasian Economic Union in 2015, providing significant opportunity for regional integration in terms of trade and labour markets. The country has become relatively open to trade, with high foreign direct investment (FDI) flows. However, cross-regional integration is still inhibited by a weak logistics sector, including inefficiencies in customs and border clearance and the quality of infrastructure.

While progress has been made to improve road and railway infrastructure, significant investment is required to improve connectivity and transport for cargo and passenger flow. Municipal infrastructure, especially the water sector, also has significant investment needs with outdated infrastructure and limited maintenance capacity due to very low water tariffs.



How we work

The EBRD seeks to strengthen regional cross-border linkages by promoting economic and trade cooperation, integration within the region and the rehabilitation of critical infrastructure. Through the TFP the Bank provides access to trade guarantees and advisory services, helping local businesses to access foreign markets.

Through the EBRD Green Cities programme the Bank provides over €3 billion of EBRD and donor support to help cities address their environmental challenges through targeted infrastructure investments, policy actions and capacity building. Bishkek joined the EBRD Green Cities in 2019 to tackle its environmental issues and improve the quality of life for its residents.

The EBRD in the Kyrgyz Republic

As of December 2022

Total	2017-22
€222 million	€62 million
Net cumulative investment in sustainable infrastructure	
€125 million	€58 million
Net cumulative investment in municipal and environmental infrastructure	

Quick links

► [Municipal and Environmental Infrastructure](#)



The [EBRD Green Cities](#) initiative strives to build a better and more sustainable future for cities and their residents. The

programme achieves this by connecting cities' environmental challenges with sustainable infrastructure investments and policy measures.

EBRD achievements and results in the Kyrgyz Republic: Sustainable infrastructure and regional integration

We help improve the sustainability of municipal infrastructure by:

- ▶ expanding access to water supply across 20 cities via infrastructure upgrades
- ▶ improving the solid waste management system in Bishkek and Osh, along with other significant environmental improvements
- ▶ providing regulatory support on tariff methodologies for water and wastewater to apply cost recovery principals
- ▶ supporting the long-term improvement of public transport systems and reducing greenhouse gas emissions through trolleybus and green bus investments in Bishkek and Osh.



The EBRD promotes better integration and connectivity by:

- ▶ investing in domestic road infrastructure and advising the government on ways to improve commercialisation of road maintenance
- ▶ providing trade guarantees for SMEs to access international markets and advisory services for export-oriented businesses (for example, how to expand to foreign markets in Russia, Kazakhstan and Uzbekistan)
- ▶ supporting the climate resilience of railways by investing in climate adaptation measures and upgrading railway infrastructure.

Access to water

More than 1 million people across 20 cities now have better access to clean water thanks to EBRD projects.

Better public transport

More than 1.3 million people have improved access to public transport through EBRD multi-project investments.

Sustainable public services

A new water tariff methodology has been adopted in several cities supported by the EBRD, helping providers reach cost recovery.



[Read](#) more about improving access to safe drinking water and better sanitation, supported in partnership with the EU and Japan.

“I view all of these EBRD-supported infrastructure improvements as major milestones for our city and the water company. It really makes me happy to see how they benefit Kyzyl-Kiya residents.”

Dykanbai Usonov, Chief engineer of the Kyzyl-Kiya municipal water company, 2022



[See](#) how the EBRD is helping Bishkek transition to a Green City by tackling the city's most pressing environmental challenges.

More trade

The EBRD supported local businesses in conducting over 900 trade transactions with a value of €480 million.

Increased exports

Thirty advisory projects have helped export-oriented SMEs to improve export capacity and supply chain integration.



Water saved

An estimated 30,400 m³/year of water is being saved through climate-resilient infrastructure upgrades.



The EBRD is supporting sustainability and the climate resilience of Kyrgyz Railways. Read more [here](#).

The EBRD in the Kyrgyz Republic: Selected achievements and results

Electricity saved in Uzgen (1)

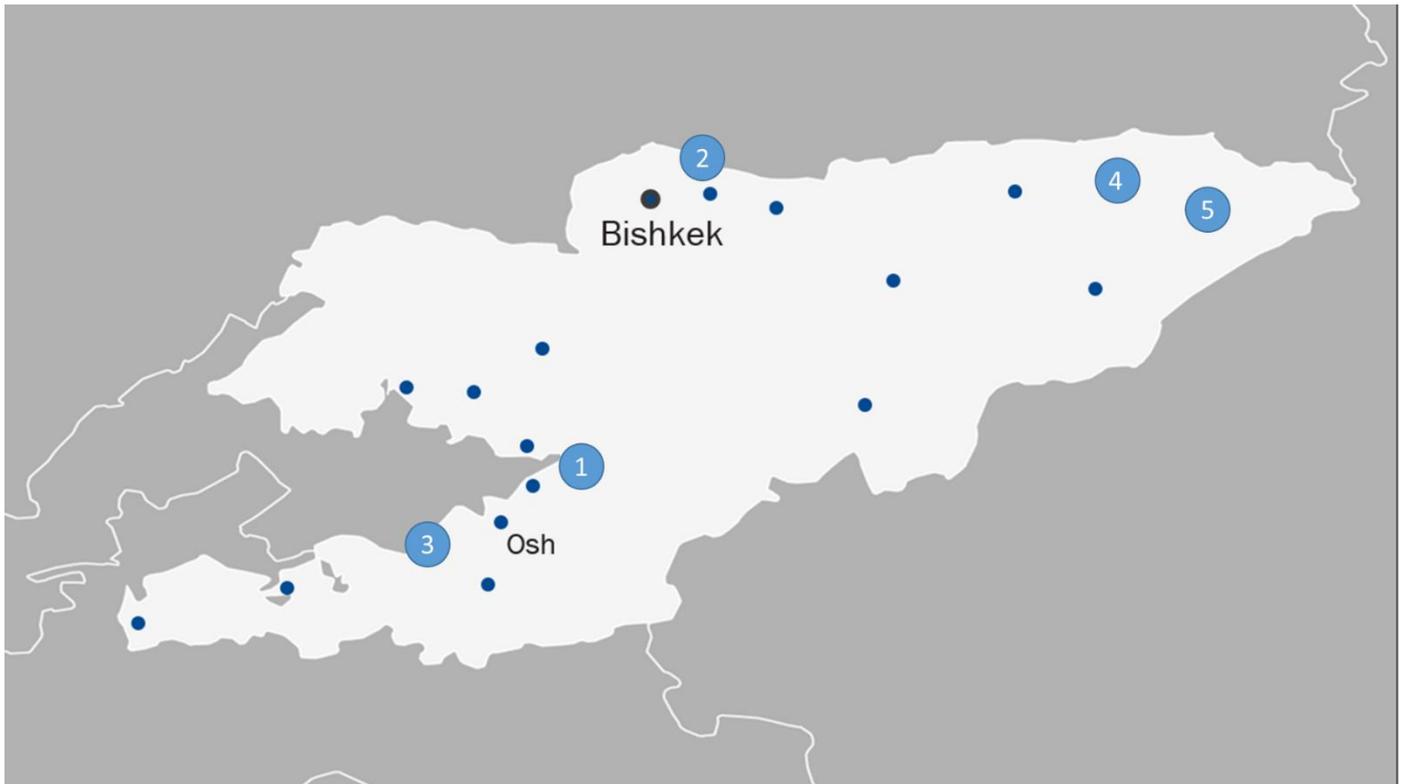
The EBRD financed the replacement of water intake facilities, including old pumps, in Uzgen. As a result, Uzgen Water Company reduced its electricity consumption by 33 per cent.

A more sustainable water sector in Tokmok (2)

The EBRD supported the financial stability of the water and wastewater sector in Tokmok. Tariffs increased by 20 per cent in 2022 and collection rates reached 106 per cent – necessary measures for a sustainable water supply.

Lower water losses in Kyzyl-Kiya (3)

The EBRD, EIB and EU provided €6 million to ensure a reliable water supply in Kyzyl-Kiya. Water losses are expected to drop by 40 per cent and 45,000 inhabitants will have access to safe drinking water.



Improving the management systems of SMEs in Issyk-Kul (4)

The EBRD helped a number of SMEs to grow. For instance, Mayak, a children's camp on Lake Issyk-Kul, was able to improve its management systems and grow its client base with help from the EBRD's Advice for Small Businesses initiative.

A more reliable power supply in the Tup and Jeti-Oghuz regions (5)

The EBRD provided €4 million to Vostokelectro for the modernisation of low and medium voltage networks. This included the installation of 32,000 smart meters in the Tup and Jeti-Oghuz regions.

Better access to clean water across the Kyrgyz Republic:

The EBRD supported better access to water and wastewater infrastructure. The Bank also helped to improve the governance of water companies across the country (see ●)

Partnerships

The EBRD supports the transition process by combining investment, risk mitigation, capacity building and policy dialogue with local and central governments, regulators, financial institutions and representatives of civil society. Partnerships with donors is critical in this process to address

transition challenges and affordability constraints, improve market outcomes in the presence of significant externalities, steer investments towards improved sustainability and transition impact across the EBRD's regions. With a focus on sustainable and inclusive private sector development, donor funds also

play a key role in building low carbon economies and mitigating climate risks. The EBRD has worked with donors since its creation and currently manages relations with a broad and varied donor community of up to 50 different partners, primarily governments and multilateral organisations.

Our partnerships in action

- ▶ The Kyrgyz Water Framework, co-financed by the EU and SECO, has been providing access to clean water in over 20 towns since 2009.
- ▶ The Kyrgyzstan Sustainable Energy Efficiency Financing Facility (KyrSEFF), co-financed by the EU, supports residential and commercial resource efficiency investments. Advisory services and investment incentives were funded by the Investment Facility for Central Asia (IFCA) of the European Union (EU).
- ▶ Advice for Small Businesses and the Women in Business programmes in

the Kyrgyz Republic are supported by donor funding from the Swiss State Secretariat for Economic Cooperation (SECO), Women Entrepreneurs Finance Initiative (We-Fi) and the EBRD's Small Business Impact Fund (Italy, Japan, Korea, Luxembourg, Norway, Sweden, Switzerland, Taipei China and the USA).

- ▶ Together with the World Bank and other international financial institutions, the EBRD reviewed the draft Public Procurement Law to ensure compliance with international standards.



- ▶ EBRD financing is supported by grants from the EU and Japan to improve water infrastructure in Nookat.

Work with us

Financing

Loans

Equity

Guarantees (including to local banks for trade finance)

Advice

Expand

Improve processes and governance

Meet standards

Navigate regulatory environment

Train workers

Goods and services

Procurement

Careers

Participate

NGO roundtable

Have your say on EBRD policies and strategies

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New business enquiries

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Shareholding

5 June 1992

Joined the EBRD

1992

EBRD started investing

€21.01 million

The Kyrgyz Republic's capital subscription

Daniyar Amangeldiev

EBRD Governor for the Kyrgyz Republic

Çağatay İmirgi

EBRD Board Director for Kyrgyz Republic

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