

July 27, 2010

Kyrgyz Republic

Donors Conference Concluding Remarks

The international community expressed its strong commitment to assist the Kyrgyz Republic deal with the aftermath of the violence that engulfed the South in June. The international financial institutions and development partners along with the government's sustained help have produced an assessment of the needs for reconciliation, recovery and reconstruction; and a large variety of donors have pledged their support. The donors have clearly demonstrated:

- Their recognition of the burden on the country and the implications for the Central Asia region of continued social tension, and hence the vital importance of a rapid, sustained recovery; and
- Their determination to support the recovery strategy of the government by financing it over a 30 month period

In her opening remarks, President Otunbaeva highlighted the importance of committing to a long term engagement on reconciliation and recovery and pledged to ensure transparency and equity in delivering the much needed investments. She highlighted the importance of strengthening democracy, freedom of expression and the continued fight against corruption as well as the rule of law. The importance of equality before the laws was stressed as a basis for starting the process of healing wounds and moving towards peace and understanding.

The President emphasized the protection of ownership rights. In this regard, donors stressed that it was crucial to permit families to reconstruct on their own property and to avoid forced resettlement of internally displaced persons. The President emphasized that peace and stability in Kyrgyz Republic is not only desirable for her country but that it is crucial for the region and its partners.

Both the government and the donors agreed that the restoration of confidence among the affected communities was an essential for reconciliation and recovery. The donors stressed the importance of the planned independent inquiry into the June events in the South as well as the OSCE police advisory support.

In support of the Government's program and the proposals of the Joint Economic Assessment and the United Nations Flash Appeal, donors have pledged today a total of about \$1.1 billion over the next 30 months; and of this amount, about \$ 650 million is earmarked for the remaining months 2010. By any standard this is significant and rapid support in recognition of the urgent needs of the Kyrgyz Republic.

The Government ensured tight safeguards over public finances so that essential public services and payments can be maintained and directed to those most needy. There will be resources for quick

public works especially in the south to generate employment as well as spending in the rest of the country to mitigate the nationwide economic decline.

Donor funding would support three principal areas:

First budget support to assure that the Government has the resources to execute the approved budget including resolution of financial sector issues.

Second, substantial funding for social reconciliation reconstructions and recovery, including transitional winterized shelters, construction of durable, permanent housing in line with the wishes of the people involved, restoration of markets, help for re-building producer to seller links; and social help to victims of violence and their families.

Third, donor funding for the repair of essential infrastructure including , electricity lines, heating plant and generating equipment to assure adequate supply of power and heat during winter and repair or re-building of public buildings to support government services.

The conference further stressed the importance of effective implementation of the proposed programs by the Government and the swift provision of the pledged resources by the donors.

President Otunbaeva referred to the importance of a long term effort to rebuild the economy as a whole and it was noted that pledged resources are meant not just for urgent needs but also for economic development of the country. To this end the conference stressed the importance of normalization of border relations with neighboring countries.

The civil society organizations highlighted the importance of wide consultation with the affected population to ensure appropriate response to their needs. They recommended clear communication and transparency in execution of the projects and requested that these resources be provided in grant form.

Donors have shown clearly that the efforts of the interim government to raise standards in public life, to improve accountability, to strengthen oversight over public spending, and manage public assets in a transparent way deserve encouragement and early and flexible donor support. There will be technical assistance in these areas that complement the government's own efforts. The government is committed to demonstrating to the Kyrgyz people and the world that it will spend public funds responsibly and transparently and the donor community will be there for support.

By its actions, the government seeks to promote social peace and political stability – these are essential pre-conditions for growth and a lasting fall in poverty. The donors have shown that they will stand behind such policy objectives.