

# Swiss economic co-operation with Kyrgyz Republic

## 1. Transition process: an overview

■ The Kyrgyz Republic gained independence in 1991, with the breakdown of the USSR. The challenges facing the creation of this newly independent country in Central Asia were considerable. Regional tensions and conflicts (Afghanistan) also created additional uncertainties. But, despite these constraints, political stability has prevailed. This positive achievement – in a rather difficult context – must be acknowledged; but the country has still a long way to go on the roads towards democracy, a free market economy, good governance and full respect of human rights.

■ The Kyrgyz Republic is a land-locked and mountainous country, with a small domestic market (5 millions people). It is endowed with rich natural resources, valuable minerals (mainly gold), abundant water and high hydroelectric potential. The country is predominantly agricultural. The fall of the USSR caused a massive disruption of the economy and institutions, and a dramatic deterioration in living standards. In 1990, Soviet subsidies amounted to about 10% of GDP and 30% of the budget of the Kyrgyz Republic; they were cut off overnight. Exports, previously focused on the USSR market, declined to 1/8 of their 1990 levels. As a result, GDP plummeted in 1995 to about 50% of its 1990 level. Foreign debt levels soared in the process of the transition.

■ Since 1993, the country has embarked – with the support of the international financial institutions - on drastic structural reforms that have helped create the basic foundation of a market-oriented economy with an open foreign trade regime and substantive private ownership of key productive assets. These efforts have borne significant results such as substantial economic growth since 1996, contained inflation, notable progress in the liberalization and deregulation of the economy, and the formulation of a National Poverty Reduction Strategy (2002). In 1998, the Kyrgyz Republic became the first Central Asian republic to join the WTO.

■ Nevertheless the Kyrgyz Republic remains the second poorest of the former USSR republics and one of the poorest countries in the world, with a per capita income of 280 USD. The level of poverty remains close to 50%, though some reduction in the absolute number of poor people



and a slight decline in inequality have been registered since 1999. Some social indicators - such as life expectancy, infant mortality or literacy - compare favorably with countries of similar income level. But the situation remains unsatisfactory and fragile, as reflected by the recent rise in the malnutrition among children. Continued serious action by the government, with the support of the international community, is therefore required to consolidate the transition process and to sustain a rapid and pro-poor growth.

■ The country must still overcome several constraints and challenges:

- *weak public finances*: domestic revenue mobilization remains low (13.9% of GDP) and impedes the capacity of government to appropriately face the challenges of transition and the reduction of poverty, including the financing of basic infrastructure. Although tax collection recently improved, the authorities will have to further reform both tax administration and collection, and broaden the tax base. Sustained efforts are also required to improve the development effectiveness of public expenditures, to contain the deficit of public utilities (such as the electricity companies) and to administer prudently and efficiently the fiscal devolution to local authorities;
- *high external indebtedness*: public external debt, which was non-existent at the time of independence, has since risen dramatically to reach now about 100% of GDP. While the recent implementation of a debt reduction strategy (including negotiation with the Paris Club) is a positive step, the Kyrgyz Republic will have to secure further significant debt reduction, to increase domestic revenue mobilization and to achieve higher levels of growth in order to reach a sustainable external debt position;
- *insufficient investments*: at 16.4% of GDP, the level of gross domestic investments is inadequate to sustain rapid economic growth. The government self-financing capacity must therefore increase substantially. Moreover, a major improvement of the business climate is needed to enhance the development of the private sector and attract domestic and foreign direct investments;
- *low diversification of production and trade*: agriculture (40% of GDP) and gold (50% of exports) represent major pillars of the economy. To mitigate the vulnerability to external shocks, the Kyrgyz Republic must pursue more aggressive policies aiming at diversifying its domestic production and exports, through the promotion of SME;
- *complex geo-strategic environment*: the Kyrgyz Republic is mountainous with difficult access to some remote areas. Bordered by China, Tajikistan, Uzbekistan and Kazakhstan, it is located in a politically sensitive area. Regional and bilateral relations, especially as regards trade, are complex and sometimes tense. Effective regional cooperation is very limited;

- *weak public and corporate governance*: fragile rule of law, pervasive corruption, political patronage and interference, excessive red tape and deficient control of illegal activities still affect the transition process;
- *uncertain political development*: recent constitutional changes further strengthened the presidential powers. The plans of the incumbent president, after expiration of his current term in 2005, are still unclear. The upcoming parliamentary and presidential elections will constitute an important test for the country and will impact on the future of the political reform agenda towards more democracy and full respect of human rights.

■ Switzerland is a committed partner of the Kyrgyz Republic. This country is a member of the Swiss-led constituency at the Bretton Woods Institutions and the EBRD. The Swiss government recognizes – in the frame of its foreign policy – the importance for specific and close relations and cooperation with the reforming members of its constituency in the international financial institutions.

■ Economic relations between the Kyrgyz Republic and Switzerland are still embryonic. Trade flows are marginal (annual Swiss exports and imports amount respectively to 3 millions CHF and 100'000 CHF). Swiss investments are quasi-inexistent. However, a good framework for further strengthening the existing bilateral economic relations is now in place, with the recent entry into force of the Convention for the avoidance of double taxation (June 2002) and the Agreement on the Promotion and Reciprocal Protection of investments (April 2003).

## 2. Past experiences and lessons learned

■ Since 1992, **seco** has supported the transition process in the Kyrgyz Republic with assistance amounting to about 40 millions CHF. This economic cooperation has focused mainly on macroeconomic support (co-financing of IDA Structural Adjustment Credit, technical assistance, debt management), infrastructure financing (electricity) and private sector development.

■ The main lessons and experiences to be drawn from past cooperation activities are:

- The bilateral relations between Switzerland – and specifically **seco** – with the Kyrgyz Republic have benefited greatly from the regular contacts and dialogue within the constituency at the Bretton Woods Institutions and the EBRD;
- The results and performance of the individual completed cooperation projects have been evaluated as successful. Among persistent problems, to mention the difficulty by the Kyrgyz partners to mobilize local counterpart funds;



- Strengthened coordination among donors providing macroeconomic support is crucial to deepen the policy dialogue with the government on the economic reform agenda and the implementation of the National Poverty Reduction Strategy. **seco** should actively contribute towards the establishment of a Joint Donors' Group on Budget Support;
- Targeted and medium-term technical assistance is an essential component of macroeconomic aid;
- The financing of infrastructure has been focused on few sectors: electricity, land registration. A narrow portfolio is very pertinent (concentration of limited resources, critical mass, possible alliance building, etc.). Still, efforts are required to ensure a more direct and substantial participation of **seco** in the sector policy dialogue, and to better take into account the institutional and capacity building requirements of the partners;
- The partnership of **seco** with IFC has demonstrated to be an efficient and effective vehicle for the development of the private sector;
- A "regional approach" for trade development in Central Asia makes sense, but is rather difficult and complex. A pragmatic approach – country-based projects incorporating dense exchange of experiences and building networks with partners in neighboring countries – should be favored;
- close coordination with other donors is essential to improve aid effectiveness;
- good governance is key for the successful transition and fight against poverty in the Kyrgyz Republic; it has therefore to be adequately monitored in order to become an effective trigger on the actual scope, nature and volume of the **seco** program;
- The visibility of the **seco** program is already significant, but more can be done;
- Working relations with the Swiss Cooperation Office (COOF) in Bishkek are efficient. For each new **seco** project, a specific arrangement is to be agreed with COOF on the respective role, tasks and responsibilities, taking into consideration available resources and capacities.

### 3. Future orientation

■ The Kyrgyz Republic is a priority country for the Swiss economic cooperation. In the frame of its foreign policy, Switzerland supports actively the transition process of ex-communist Eastern Europe countries and their fight against poverty, as a contribution to European and world peace,

security and stability. Moreover, in the context of the Bretton Woods institutions and the EBRD, Switzerland has undertaken to play an active role as a facilitator and bilateral partner for reforming transition countries which are members of the Swiss-led constituency in these institutions.

■ The orientation of the future **seco** program will be fully consistent with the priorities and objectives set by the government in its National Poverty Reduction Strategy (2002). It will also respect the main lines of intervention defined between the Swiss Development Cooperation (SDC) and **seco** in their *joint Swiss Mid-Term Program for Central Asia (2002-2006)*, i.e. (i) establishment of reliable and adequate infrastructure as a basis for economic and social development; (ii) improvement of macro-economic framework conditions; (iii) development of private sector, focusing on SME.

■ The main axes of the **seco** bilateral cooperation program in the coming years are as follows:

- greater attention will be given to close coordination with other donors and an active participation to the direct (bilateral or multi-donors) policy dialogue with the government;
- continued strong focus on supporting efforts aiming at improved public finance;
- continued significant contribution to infrastructure financing, with a focus on two intervention sectors only;
- contribution to the improvement of the business environment, the promotion of SME, and the diversification of exports;
- projects will as much as possible support decentralization efforts of the authorities and thereby seek to exploit possible synergies with SDC;
- special attention to be given to the institutional and capacity building requirements of the partners when preparing new projects or programs;
- management of projects and activities to be results-based and incorporate clearly defined performance indicators (including expected contribution to poverty reduction);
- careful monitoring of the evolution as regards good governance (political, public, and corporate levels);
- further efforts to ensure high visibility of the program (including through information and dissemination of results, impact and experiences made about specific projects).



## Thematic focus/domains of action

■ Taking into consideration the needs of the population and the priorities of the government, and considering the past experience of its bilateral cooperation, **seco** undertakes – based on the available competences, capacities and resources, and subject to sustained satisfactory performance by the Kyrgyz partners – to further support the transition process in the Kyrgyz Republic, in the following three main cooperation areas:

### Strengthening public finances management

■ Macroeconomic stability is an important precondition for economic growth, private sector development and poverty reduction. Over the recent years, the country has achieved – with the support of the international financial institutions - significant progress on the macroeconomic front, as reflected by the containment of inflation and a substantial growth (more than 5% in 2003). However, substantial risks remain. In particular, external debt is far from sustainable levels and public finances are strained, at a time when the government is facing huge spending needs for its National Poverty Reduction Strategy. In addition, the implementation of the government's fiscal decentralization is hampered by an unclear legal framework and insufficient human resources and capacity at the local level.

■ Major efforts are still required to establish the foundation required for achieving a sustainable balance of the public finances through a transparent, sound and solid budgetary process. Important reforms of the tax administration and customs, effective but prudent fiscal devolution to the local authorities and improved quality management of public expenditures must remain high on the reform agenda of the government. The international community should continue supporting these efforts.

#### *Strategic orientation :*

■ In the context of the National Poverty Reduction Strategy, **seco** undertakes to pursue – and eventually strengthen – its macroeconomic support along the following lines:

- specialized and targeted technical assistance and capacity building to ensure sound public finance management in a context of fiscal devolution to local authorities;
- continued assistance to improve debt management;
- building on the experience gained (during the co-financing of SAC), intense consultations to be conducted with like-minded donors, international financial institutions and the government

on the possible frame and the conditions for the establishment of a Joint Donors' Group on Budget Support. Subject to positive results of these consultations and to satisfactory macroeconomic performance by the government, bilateral budget support by **seco** to be then considered as from 2005.

## Improving basic infrastructure

■ Although originally designed under the planned economy to ensure a far-reaching public service, the existing basic infrastructures and their management do not meet the needs of the population and enterprises. Insufficient budgetary allocations, delayed rehabilitation, poor maintenance, inadequate tariffs and inefficient management negatively affect the provision of basic services. This situation represents a serious impediment to business development and growth, and seriously affect the living conditions in the difficult Kyrgyz environment and climate. **seco** will continue to support the Kyrgyz Republic in developing and reforming two key sectors, electricity and water supply.

### *Strategic orientation :*

- Electricity to remain the central intervention sector for **seco**, along following lines:
  - Further mobilization of significant financial resources for development and rehabilitation projects, with a focus to remain on the Naryn region;
  - Increased attention being paid on reduction of technical and commercial losses and implementation of capacity building measures in order to boost effectiveness;
  - More active involvement of **seco** (through COOF) in direct or multi-donors policy dialogue regarding the restructuring of the electricity sector, with special emphasis on: (i) strengthening the regulatory authority; (ii) technical, financial and economic sustainability of the infrastructure; (iii) affordability of electricity by the poor; (iv) involvement of the private sector;
  - To the extent possible, **seco** to support public-private partnerships.
  
- Water supply to be the second intervention sector. Rehabilitation and development projects should integrate strong components related to institution building and cost-recovery mechanisms. A first operation is being prepared in the city of Karakol.
  
- Close coordination and harmonization of procedures with bilateral and multilateral donors – such as the World Bank, the EBRD or the German-KfW - will be targeted so as to ensure maximum effectiveness.
  
- Counterpart funds generated under past **seco** financial aid to be utilized to further enhance the benefits of **seco**-funded infrastructure projects and to contribute to their long-term sustainability in particular through mitigating the social impact of the sector



reforms. The financial capacity of Kyrgyz partners to service their debt – in the context of new **seco** infrastructure projects - must be analyzed carefully *ex-ante*; the option of re-capitalizing heavily indebted partner organizations will be offered.

## Promoting SME development

■ In its National Poverty Reduction Strategy, the government has set the growth of SME as a top priority. There are currently about 9000 registered SME in the Kyrgyz Republic, representing 16% of GDP. SME have a great development potential, particularly in the areas of agribusiness, tourism, and services.

■ The growth potential of SME is far from having been fully exploited. Obstacles include imperfect legislation, complex registration process, trade barriers, red-tape, corruption and capital constraints. At the same time, SME represent the backbone of the future development and fight against poverty of the Kyrgyz Republic. Their potential for job creation, technological innovation and industrial decentralization is considerable. The export potential of Kyrgyz SME must be better tapped. **seco** will continue to support various measures or mechanisms aiming at contributing to the promotion of a more dynamic development of SME in Kyrgyz Republic.

### *Strategic orientation:*

- contribution to improve the enabling business environment, through continued support to initiatives such as the regional Swiss-IFC Central Asia Private Enterprise Partnership, including specific Kyrgyz Republic-based projects;
- participation to the development of regional or national financing instruments or mechanisms to better address the requirements of SME, as a contribution to the deepening and development of the financial sector. Special attention to be given to innovative mechanisms for the Kyrgyz Republic, such as private equity financing or leasing. Continued selective support to medium to long-term credit lines administered by local banks including the EBRD Kyrgyz Small-Medium Enterprises Finance Facility;
- “niche approach” to be considered for supporting targeted capacity and institution building activities to improve the skills and capacities of local providers of business service for SME;
- continued support to the EBRD Trade Facilitation Program, which aims at facilitating trade transactions (through consolidated international payment system) and strengthening international relations and experience of selected private Kyrgyz banks;



- continued substantial support to develop and diversify foreign trade, and in particular to enhance the formulation and implementation of the national export strategy, with targeted capacity building of Business Support Organizations in order to strengthen export capacities and international competitiveness of export-oriented SME;
- possible future support to be considered for assisting the Kyrgyz Republic to deal with the complexity of the multilateral trading system and the multiple demands of regional, bilateral and multilateral trade agreements, by undertaking of specific and very focused capacity building activities.

## Indicative financial disbursement

■ For the implementation of its program during the period 2003-2006, **seco** plans – subject to continued progress in the transition (economic and political) of the country and to satisfactory performance in the implementation of bilateral projects – the mobilization of an envelope of **about 40 million CHF**. Efforts will be undertaken to smoothen the annual disbursements, but the nature of some of the main operations (basic infrastructure) could still cause considerable fluctuations in the annual flows.

## 4. Program management

■ In Berne, the directly involved WE/**seco** divisions are (i) Infrastructure Financing (WEIN); (ii) Macroeconomic Support (WEMU); (iii) Investment Promotion (WEIF) and (iv) Trade and Clean Technology Cooperation (WEHU).

■ The Swiss Cooperation Office (COOF) in Bishkek, attached to the Swiss Embassy in Tashkent, is the main direct Swiss partner of **seco** for the strategic orientation, the preparation, the implementation and the supervision of the economic cooperation program in the Kyrgyz Republic. COOF staff includes National Program Officers directly responsible for **seco** projects or programs.

■ A legal framework cooperation agreement with the Kyrgyz Republic has been signed in February 2003, and covers all **seco** and SDC financial, economic and technical cooperation projects and activities.

■ The Swiss Embassy in Tashkent provides additional important support to **seco** for context analysis and information, as well as representation at high political level.

**Annex 1**

**Swiss development aid flows (millions CHF)**

	1997	1998	1999	2000	2001	2002
<b>seco</b>	5.6	2.2	1.2	1.1	0.1	12.3
SDC	6.7	5.0	7.0	8.8	7.4	9.0
<b>Swiss Total</b>	<b>12.3</b>	<b>7.2</b>	<b>8.2</b>	<b>9.9</b>	<b>7.5</b>	<b>21.3</b>

**Comments and remarks**

- The above-mentioned figures do refer exclusively to bilateral annual net flows.
- The Table does not take into account the benefits derived by the Kyrgyz Republic from global or regional **seco**-funded programs such as SIPPO, SOFI, and projects funded under the **seco** Consultants Trust Funds at the multilateral development banks.



## Annex 2

### On-going projects and programs

#### Strengthening public finances management

- *Co-financing the World Bank Consolidation Structural Adjustment Credit (CSAC)*

Contribution to the macroeconomic stabilisation and structural reforms. Following a first contribution of 2.5 million CHF by the end of 2000, **seco** approved in June 2002 a second contribution to the CSAC for a total amount of 5 millions USD (2 millions USD as general budget support and 3 millions USD earmarked for a "social fund" to mitigate the social consequence of the increase of electricity tariff). Synergy could be developed with the activities in the electricity sector (progress in the analysis of the condition for a national policy aiming at ensuring the affordability of electricity by the poor). The operation was concluded in 2003.

Sector: Macroeconomic stabilisation, structural reforms  
 Amount: US\$ 5 millions  
 Duration: 2002 – 2003  
 Partners: World Bank, Ministry of Finance

- *Regional Technical Assistance Project for Public Debt Policy Management*

The Project aims at increasing the debt management capacity of the government. Assistance includes the provision of consultancy, the appropriate hard and software as well as capacity building on debt management, analysis and negotiation. The national project for the Kyrgyz Republic is integrated into a regional debt management project, which is implemented by the IMF and covers all member countries of the Swiss-led IMF constituency of Central Asia as well as Azerbaijan. Besides direct country-specific assistance, seminars and workshops of more general nature will be delivered regionally.

Sector: Debt policy  
 Location: Azerbaijan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan  
 Amount: US\$ 2,679,210  
 Duration: 2002 – (approx 24 months)  
 Partner: IMF

- *Support for Bilateral Debt Negotiations (Paris Club)*

**seco** has been supporting the Kyrgyz Government in the preparation of the negotiations of its Bilateral Debt restructuring in the context of the Paris Club. **seco** has financed consultancy services to offer the necessary backstopping and capacity building to the government. On the basis of the positive outcome of the last round of negotiations at the Paris Club, **seco** will continue to provide such support for the follow-up discussions within the Paris Club..

## Improving basic infrastructure

- *Karakol Water Supply Project*

The city of Karakol has contaminated drinking water (causing the spread of epidemic disease) and serious leakage problems; the entire water supply system requires urgent rehabilitation. The project essentially involves redeveloping all the mains, the mountings, and the ground-water pumps as well as the drinking-water treatment plants. The project also calls for strengthening the technical, organizational and financial management of the water supply company and increased involvement on the part of the population in the process. The goal of the project is to provide the city's 8000 inhabitants and some neighbouring districts with a safe and uninterrupted supply of drinking water.

Sector: Water  
 Contribution: max. CHF 10.3 million  
 Duration: 2003 - 2006  
 Partner: City of Karakol

- *Naryn III Electricity Transmission and Distribution Losses Reduction Project*

The project involves operations to the benefit of the Kyrgyz Electricity Supply Industry: a) Technical losses reduction measures, mainly in the distribution sector in the Naryn region, the poorest in the country; b) Commercial losses reduction measures for better billing, collection systems and management of arrears, provided, in parallel financing with the World Bank and Germany's Kreditanstalt für Wiederaufbau (KfW) , to the four electric distribution companies countrywide. The project is in line with the sector priorities of the Kyrgyz Government, which has taken noticeable steps to reform an electricity industry plagued with considerable technical and commercial losses.



It represents the continuation of the Naryn II project, also financed by seco (1996-2000 CHF 6.8 million).

Sector: Energy  
 Contribution: CHF 12.5 million  
 Duration: 2003 - 2007  
 Partners: Electricity distribution, transmission and generation companies of the Kyrgyz Electricity Supply Industry

- ***GIS/Land Registry Project, Consolidation Phase***

In addition to having executed the different legal reforms required for land privatisation, the Kyrgyz government began the "Land and Real Estate Registration Project" in 1995. The first phase of the **seco** GIS/Land Registry project was carried out within this framework. A corresponding WB project, scheduled to set up and to equip the regional registry offices, is currently being carried out. The goal of the current consolidation phase is to make better use of the equipment supplied and the know-how provided during the first phase, and to make a tangible contribution to the WB project. With this goal in mind, **seco** is supplying additional survey, data processing and map producing equipment, taking aerial photographs of the cities of Bishkek and Osh (conducted by the Swiss Federal Office of Topography), offering different training courses in cartography, land registry, management and marketing, and is providing support to set up a new land registry department.

Sector: Land Registry  
 Contribution: Total CHF 3.3 million (CHF 1.65 million per phase)  
 Duration: 2001 - 2003  
 Partner: Ministry of Finance and GosCartography/Fed. Office of Topography

## Promoting SME development

- ***SEAF Central Asia Small Enterprise Fund (CASEF)***

**seco**, in partnership with IFC and USAid, launched in July 2002 this new private equity fund in Central Asia. The Fund provides financing as well as support and advisory services to local SMEs. As the main investor in the SEAF Central Asia Fund, **seco** committed \$4.3mio in equity financing and \$700'000 as grant for technical assistance to the portfolio companies in the region. The Fund's objective is to provide efficient equity financing and business assistance to growth-oriented SMEs in Central Asia. The Fund seeks to achieve long-term capital growth by making direct equity, equity-related, debt, and leasing investments in individual portfolio companies in the region. The



Fund seeks to enhance the business performance of its Investments by actively assisting its portfolio companies in implementing appropriate improvements in management techniques and practices, especially relating to financial control, cost accounting, quality control, and marketing.

Sector: SME promotion, equity financing  
 Location: Kazakhstan, Kyrgyz Republic, Tajikistan, Uzbekistan  
 Amount: USD 5m  
 Duration: 2002-2012  
 Partner: SEAF  
 Internet: [www.seaf.com](http://www.seaf.com)

- *Kyrgyz Republic Leasing Development (Swiss-IFC Central Asia Partnership)*

In the framework of the Central Asia Partnership, IFC and **seco** have launched a technical assistance initiative to develop leasing industry in Central Asia, with the aim of increasing the use of lease financing as a mechanism for private enterprise growth, thereby creating a more attractive environment for foreign and domestic investment. The project provides TA to local government, potential and existing leasing companies, and entrepreneurs to develop a competitive leasing industry. The project advises government on creating appropriate leasing legislation to create a favourable environment for sector's growth.

Sector: SME promotion, financial leasing  
 Location: Kyrgyz Republic  
 Amount: USD 450'000  
 Duration: 2001-2004  
 Partner: IFC  
 Internet: [www.ifc.org/centralasia](http://www.ifc.org/centralasia)

- *Kyrgyz Republic Small and Medium-Sized Enterprise Finance Facility*

To respond to the increasing demand for small loan funding and to meet the banks' need to strengthen and diversify their loan operations, **seco** co-finances the EBRD Finance Facility SME program in the Kyrgyz Republic. The program consists of two parts: (1) credit lines for Kyrgyz banks to lend these funds exclusively to SME; (2) technical assistance financed by the EU offering training to banking personnel on the SME loan market.

Sector: SME promotion, financing  
 Location: Kyrgyz Republic  
 Amount: USD 2.2m  
 Duration: 2002-2012  
 Partner: EBRD  
 Internet: [www.ebrd.org](http://www.ebrd.org)



- *EBRD Trade Facilitation Programme (TFP)*

EBRD takes the political and commercial payment risk of transactions undertaken by issuing banks in the countries where the EBRD operates (**seco** participates in the TFP risk-sharing). The program can guarantee any genuine trade transaction associated with exports from, imports to and between EBRD's countries of operations.

Sector: Trade promotion  
 Location: Kyrgyz Republic  
 Amount: CHF 1m  
 Duration: 2002-  
 Partner: EBRD  
 Internet: [www.ebrd.org](http://www.ebrd.org)

- *Promotion of organic cotton*

With this project, HELVETAS aims at promoting organic farming in Central Asia and trade of organic cotton and other organic products on the international and domestic markets, allowing interested farmers to improve their income. To do so, HELVETAS is closely co-operating with the already existing agricultural extension service, which had been set-up in the framework of a SDC-project. **seco** is financing the trade component of the project, which involves training of the different stakeholders in the marketing chain and the establishment of direct links between producers, exporters and importers in Switzerland.

Sector: Export diversification, agricultural commodities  
 Contribution: 1'865'000  
 Duration: 2003 - 2006  
 Partner: HELVETAS

- *ITC Trade Promotion Program Central Asia*

The aim of the program is the development and diversification as well as the expansion of foreign trade in the partner countries. A huge effort will be required to develop international competitiveness. The program consists of the following modules: development of a practical and business-oriented structure for the exploitation of trade potential; planning and implementing effective national foreign trade strategies; increasing the capacity of SMEs and national trade organizations to better understand the international trade system and to identify and realise trade potential; quality management and trade information system.



Sector: Trade Promotion  
Contribution: USD 3'300'000 (Kyrgyz Republic 840'000)  
Duration: 2004 – 2005  
Partner: International Trade Centre (ITC)



## Annex 3

### Main current development partners

Type	Public	Private	Other donors
<b>Strengthening public finances management</b>	<ul style="list-style-type: none"> <li>- Ministry of Finance</li> <li>- Ministry of Local Self Government, Regional Development</li> <li>- Regional and local administrations</li> </ul>		<ul style="list-style-type: none"> <li>- World Bank</li> <li>- IMF</li> <li>- DFID</li> </ul>
<b>Improving basic infrastructure</b>	<ul style="list-style-type: none"> <li>- National Electricity Companies</li> <li>- Municipalities</li> <li>- GosCartography</li> </ul>		<ul style="list-style-type: none"> <li>- World Bank</li> <li>- EBRD</li> <li>- KfW</li> <li>- DFID</li> </ul>
<b>Promoting SME development</b>	<ul style="list-style-type: none"> <li>- Ministry of Finance</li> <li>- Ministry of Trade</li> <li>- Ministry of Agriculture, Water Development and Processing Industries</li> <li>- Municipalities</li> </ul>	<ul style="list-style-type: none"> <li>- Banks</li> <li>- Enterprises</li> <li>- Business Associations</li> </ul>	<ul style="list-style-type: none"> <li>- IFC</li> <li>- World Bank</li> <li>- EBRD</li> <li>- Asian Development Bank</li> <li>- ITC</li> </ul>

This Table refers only to local (national or international) partners. Swiss executing agencies or development partners are not included.



[www.seco-cooperation.ch](http://www.seco-cooperation.ch)



Economic Development Cooperation