

IMF, Swiss (SECO), EBRD, and the National Bank of the Kyrgyz Republic Conference Focuses on the Twenty-Year Transition of the Caucasus and Central Asia Countries and the Road Ahead

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A high-level conference hosted by the International Monetary Fund (IMF), the Swiss State Secretariat for Economic Affairs (SECO), the European Bank for Reconstruction and Development (EBRD), and the National Bank of the Kyrgyz Republic (NBKR) in Bishkek during May 19-20, assessed the experience and lessons of the transition of the past two decades, as well as key challenges and priorities going forward. The conference focused on the macroeconomic and structural reform policies needed to foster high, sustainable, diversified and inclusive growth in the region.

Speakers and participants noted the significant achievements of the past 20 years, including high growth, a sharp reduction of inflation, and building of essential institutions for policy development and management. At the same time they highlighted remaining challenges such as heavy reliance on natural resources and remittances, volatile inflation, high dollarization, substantial social and infrastructure needs, and still-weak transparency and accountability. Countries of the Caucasus and Central Asia (CCA) should aim to become dynamic and diversified emerging market economies over the next decade. Conference participants highlighted reforms that target a breakthrough in the business environment—overcoming vested interests—and greater international integration. On the regional level, this will require closer cooperation in trade, energy and water.

The conference brought together senior officials of CCA governments and central banks, international institutions, and development partners from Europe, Asia, and the U.S. It also drew on the expertise of academics, policy makers from non-CCA transition countries, and former senior staff from international financial institutions.

In closing the conference, NBKR Governor Zina Asankojoeva stated that “the Kyrgyz authorities are very pleased to have hosted so many regional partners and colleagues. We have had excellent discussions on ways to strengthen further our policy frameworks and institutions to deliver strong growth, inflation, and social outcomes going forward.” IMF Deputy Managing Director Min Zhu said, “the IMF has been pleased to support the transition of the past two decades. The CCA countries now have the potential to join the next generation of emerging market countries, but to do so, they will need to build on their achievements”. He encouraged the authorities “to be bold in creating the conditions for sustained, diversified, private-sector led growth.”

Among the specific policy priorities going forward, conference participants identified clearer fiscal anchors (such as debt or deficit targets), stronger medium-term budget frameworks, further steps to reduce inflation, greater financial sector competition and structural reforms aimed at improving the business environment.

Swiss State Secretary for Economic Affairs, Marie-Gabrielle Ineichen-Fleisch, told the conference that “accompanying the transition journey of our CCA partner countries is a priority for Switzerland. The IMF and the EBRD are important partners for providing technical assistance. This support is geared towards enhancing macroeconomic and financial stability, strengthening economic institutions and addressing structural challenges that are conducive for private sector development and economic diversification.”

EBRD Chief Economist Erik Berglof noted that, “to sustain the growth momentum, it will be important for CCA countries to continue to strengthen market-supporting institutions across all sectors – in the corporate sector, infrastructure, energy and finance—and to make further advances in the area of competition policy and its consistent implementation. These actions, together with improved cross-border infrastructure and greater regional economic cooperation will help promote and diversify output and exports.”

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