



SCOPING STUDY ON SOCIAL PROTECTION AND SAFETY NETS FOR ENHANCED FOOD SECURITY AND NUTRITION IN THE KYRGYZ REPUBLIC

2018



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KYRGYZ REPUBLIC

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This report is part of a larger series of scoping studies on **Social Protection and Safety Nets for Enhanced Food Security and Nutrition in the Kyrgyz Republic** that was commissioned by the World Food Programme in partnership with the University of Maastricht in 2017. Specific country focused studies have been conducted on Armenia, Kyrgyz Republic and Tajikistan with a view to contributing fresh evidence and sound policy analysis around social protection issues in relation to food and nutrition security, resulting in a set of country-specific policy recommendations on nutrition-sensitive social protection and safety nets that consider the perspectives of a wide range of stakeholders. The Regional Synthesis Report summarizes the findings of the three studies and provides a more general overview of social protection and safety nets issues in relation to food security and nutrition across the three countries, with a summary of the main trends and a set of consolidated findings and recommendations.

This research initiative has been conducted under the overall coordination of Carlo Scaramella, Deputy Regional Director, Regional Bureau for North Africa, Middle East, Central Asia and Eastern Europe, World Food Programme (WFP), Cairo with the support of Dipayan Bhattacharyya, Muriel Calo, and Verena Damerau, WFP. The report authors are Franziska Gassmann and Eszter Timar from the University of Maastricht.

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PACIFIC OCEAN

EXECUTIVE SUMMARY

After a difficult initial period of independence and transition, the Kyrgyz Republic has made remarkable progress in economic and social development. The economy is recovering from recent shocks, including financial crises in 2008 and 2014, political unrest and natural disasters. Economic growth is projected to slowly increase from 3.5 percent of gross domestic product in 2017 to 5.4 percent in 2022. The Kyrgyz Republic has recently become a member of the Eurasian Economic Union. Poverty has decreased dramatically, with less than 1 percent of the population living below the international cut-off point of 1.90 dollar a day as reported by the World Bank. The Global Hunger Index now categorizes the Kyrgyz Republic as a country with low level of hunger – a substantial improvement since the “serious” score estimated in 1995.

Yet, food insecurity and poverty still affect much of the Kyrgyz population.

Access to food, particularly economic access, is a major threat to household food security. According to the National Statistical Office, poor households spend on average 69 percent of their monthly budgets on food items. Micronutrient deficiencies, which result from inadequate quality and variability of the food consumed, affected many of the country’s children. In 2011, more than a third of children under five were anaemic. In 2014, according to United Nations International Emergency Children’s Fund more than every tenth child was stunted, a condition associated with chronic undernutrition. Instability hinders the food security of rural households and households in areas affected by natural

disasters and political unrest. Poverty and food insecurity are intertwined, as the lack of purchasing power prevents households to consume enough nutritious food. Even though poverty rates at the international lines have decreased, a fourth of the population consumes less than the national poverty line. Rural populations, particularly in the rural South, are disproportionately affected by poverty. Children and members of large households are among the poorest of the poor.

Social protection is relatively comprehensive in the country, but social assistance and active labour market programmes are relatively small.

Pensions are responsible for an estimated 56 percent decrease in extreme poverty, thanks to their wide coverage and relatively high benefit adequacy. Social assistance, however, suffers from fragmentation, low coverage and low transfer values – thus, these programmes do little to tackle poverty. Promotive social protection is strongly encouraged by international partners, particularly the World Food Programme, and is making its way towards the national social protection agenda. The growing scope of productive safety nets, most of all, WFP’s Productive Measures of Social Development programme has the potential to break the cycle of poverty and food insecurity. The “Optimizing School Meals” programme has undergone substantial reform with WFP support and is now a major contributor to the food security of children. In a context of salient external labour migration, remittances play an important role in the livelihoods of receiving households.

Since 2010, the Government of the Kyrgyz Republic and its partners have demonstrated dedication to improve the well-being of the population and have made important achievements in social protection policy.

The last two decades have brought about several reforms, and there have been ongoing efforts to expand and consolidate social protection. Yet, social protection in its current form does not comprehensively address the needs and vulnerabilities of the Kyrgyz population. A number of caveats and bottlenecks are present, which must be addressed by a comprehensive reform of social protection.

Several challenges exist in social protection, the key ones being gaps in protection, programmes being too small in scope, targeting errors and implementation difficulties.

Even though the Kyrgyz Republic has signed the International Labour Organisation’s Social Protection Floor initiative, no comprehensive income guarantees are in place for either children or people in working age. Promotive social protection is progressively being recognized as a powerful tool in breaking the poverty cycle, but it is still relatively small in scope, and government ownership is low. The main social assistance programme, the Monthly Benefit for Poor Families and Children, serves only extremely poor households with children, which excludes many of the poor. Moreover, even those who do benefit from the programme receive transfers too little to make a lasting change. Nutrition objectives are not considered in most social protection initiatives, with the “Optimizing School Meals” programme



being the only government-run scheme with an explicit food security objective. Social services address only a narrow sub-set of needs.

Most of the challenges are linked to insufficient funding of social protection. The government receives substantial support from its international partners. However, the resources currently directed at social assistance and active labour market policies are insufficient to address all the needs, fill gaps in provision and strengthen existing programmes. Targeted social assistance, for instance, only received 0.6 percent of GDP in 2015. Adding new programmes, expanding existing schemes and building capacity are only possible if additional resources are allocated to social protection.

A comprehensive reform aimed at strengthening social protection and its impact on food security should include the following elements:

- **Policy dialogue among all stakeholders involved in social protection.** Such a dialogue should be guided by a set of minimum standards, such as the inclusion of promotive and transformative measures and the International Labour Organisation's Social Protection Floor. Such standards should include nutrition objectives, to ensure a food security focus of social protection programmes.
- **Strengthen social protection programmes by reviewing design, standards (that guide eligibility and benefit values) and targeting approaches.** Ensure that the protective, preventive, promotive and transformative potential of social protection are de facto realized. Allow the poor, not only the officially unemployed, to access active labour market policies.
- **The implementation of social protection needs strengthening.** Capacity-building, introducing a nationwide electronic registry and carrying out robust monitoring and evaluation practices, could contribute to a more efficient and effective system.
- **The financing of social protection must be increased.** The efficiency of resource allocation within social protection should be reviewed, but an increased financial commitment to social protection is also necessary to overcome the gaps and bottlenecks.

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ABBREVIATIONS

ADB	Asian Development Bank	MOES	Ministry of Education and Science
ALMP	Active labour market policies	MOH	Ministry of Health
CADRI	Centre for Activation and Development of Rural Initiatives	MPI	Multidimensional Poverty Index
EC	European Commission	MSB	Monthly Social Benefit
EDB	Eurasian Development Bank	NGO	Non-Governmental Organization
EEU	Eurasian Economic Union	NSC	National Statistical Committee
FFA	Food for Asset Assistance	OECD	Organization for Economic Cooperation and Development
FAO	Food and Agriculture Organization of the United Nations	OSMP	Optimizing School Meals Programme
GDP	Gross Domestic Product	PMSD	Productive Measures of Social Development
GMI	Guaranteed Minimum Income	PPP	Purchasing Power Parity
GRASP	Georeferenced Real-time Acquisition of Statistics Platform	PSNP	Productive Safety Net Programme
ICM	Individual Case Management	SABER	Systems Approach for Better Education Results
IFPRI	International Food Policy and Research Institute	SKAP	State System for Training
ILO	International Labour Organization	SMSB	Supplementary Monthly Social Benefit
IMF	International Monetary Fund	UN	United Nations
IOM	International Organization for Migration	UNDP	United Nations Development Programme
KGS	Kyrgyz Republici Som	UNECE	United Nations Economic Commission for Europe
KIHS	Kyrgyz Integrated Household Survey	UNICEF	United Nations International Emergency Children's Fund
MBPF	Monthly Benefit for Poor Families and Children	USSR	Union of Soviet Socialist Republics
MLSD	Ministry of Labour and Social Development	WFP	World Food Programme
MOA	Ministry of Agriculture	WASH	Water and Sanitation for Health
		WHO	World Health Organization

MFP/Kyrgyz Republic



1. INTRODUCTION

The potential of social protection to alleviate poverty and deprivation has been established in different contexts.

However, effective programmes and an efficient investment of resources require the identification of specific needs of the population and gaps in existing programmes.

This country study was conducted to investigate these issues in the case of the Kyrgyz Republic.

Along with similar reports on Armenia and Tajikistan, it will provide crucial background information for a scoping study commissioned by the World Food Programme (WFP).

Insights from all country reports will be synthesized to identify potential social protection interventions by WFP, particularly to address gaps in the alleviation of food insecurity.

The report is structured as follows:

Chapter 2 provides an overview on the economic, political and demographic context while Chapter 3 goes into detail about poverty and food security in the Kyrgyz Republic, identifying particularly vulnerable groups and potential determinants of poverty and food insecurity.

Chapter 4 discusses existing social protection schemes in the Kyrgyz Republic, emphasizing specific characteristics such as eligibility criteria, targeting methods and benefit levels while also discussing their effect on poverty and food security. Institutional arrangements and the performance of specific programmes are also discussed.

Finally, Chapter 5 comprises a critical discussion where insights from the previous two chapters are linked, to formulate recommendations for future policy making.

METHODS

Findings presented and analysed in this report are based on a comprehensive desk research of reports published by international organizations, scientific journals and the National Statistics Committee. The desk research was complemented by in-depth interviews conducted with stakeholders currently involved in the design, support, administration or implementation of social protection and food security programmes in the Kyrgyz Republic.¹

¹ See Annex

WFP/Maxim Shubovich



2. COUNTRY CONTEXT

MESSAGES:

The Kyrgyz Republic gained independence in 1991. The country still faces challenges to its economic and human development, despite the overall tendency of growth.

The population of the Kyrgyz Republic has been growing continuously, reaching approximately 6 million by 2017. Most the population lives in rural areas. Increased old-age dependency is expected to be a challenge in the future.

The Kyrgyz economy is recovering from several shocks, including financial crises in 2008 and 2014, political unrest and natural disasters. GDP growth is projected to slowly increase from 3.5 percent in 2017 to 5.4 percent in 2022 (IMF, 2016).

Labour migration to Russia and Kazakhstan has been on the rise since independence. An annual average of approximately 5 to 10 percent of the working-age population left the Kyrgyz Republic between 2010 and 2014 to seek employment. As a result, remittances have become an important component of the economy.

The Kyrgyz Republic is a mountainous and landlocked country in Central Asia with a population of approximately 6 million. It borders on Kazakhstan, China, Tajikistan and Uzbekistan. The capital city, Bishkek, is located near the Kazakh border in the north of the country.

Throughout the period since independence from the Soviet Union in 1991, the Kyrgyz Republic has continuously faced social and political instability. In fact, large protests in 2005 and 2010 motivated by citizen frustration with the government forced presidents to resign.

The second period of upheavals was followed by the establishment of a parliamentary system, which has been in place since 2011 and is the first in Central Asia. Since then, President Almazbek Atambajev has been in power.

Upon independence, the transition to a market-based economy occurred quickly and effectively, also in comparison to other states of the former Soviet Union. In the Kyrgyz Republic, liberalization and privatization played an important role (ADB, 2013b).

The Kyrgyz economy currently relies on input from a few specific sectors. Growth has been slowed by continuing political and social instability as well as by natural disasters. The country therefore faces challenges in terms of economic and human development, despite an overall tendency of growth (World Bank, 2017).

2.1 DEMOGRAPHIC CONTEXT

The population of the Kyrgyz Republic has been growing continuously.

From 2011 until 2016, an average growth rate of 1.9 percent was recorded (ADB, 2017) and since 2006, population size has increased by 16 percent (NSC, 2017a). 64 percent of the population lives in rural areas (World Bank, 2017). The demographic composition is characterised by a large share of young people as 31.5 percent of the inhabitants are under the age of 15, which is also reflected in the comparatively high fertility rate of 3.2 births per woman in 2015 (UNECE Statistical Database, n.d.). Old-age dependency, assessed by the ratio of dependents above the age of 64 to the working-age population (15–64), was 6.6 percent in 2015 and similar to that of Tajikistan and Uzbekistan (UNECE, n.d.). It is expected to increase to 16.3 percent by 2050, given improved life expectancy and decreasing fertility rates (UNECE, n.d.)².

Further, the Kyrgyz Republic is ethnically diverse; 72.6 percent of the population is of Kyrgyz origin while minorities include Uzbeks (14.5 percent), Russians (6.4 percent) and Dungan (1.1 percent) (UNDP, 2014). Ethnic diversity, however,

has diminished significantly throughout the past twenty years as international migration increased (IOM, 2016).

Administratively, Kyrgyz Republic is divided into seven provinces and two cities (UNDP, 2014). Most the population lives in Bishkek, the capital, and three other administrative regions (Chui, Osh and Jalal-Abad) as shown in Table 1.

TABLE 1. REGIONAL DISTRIBUTION OF THE POPULATION

Kyrgyz Republic	
Region	Population share
Batken	8.18%
Jalal-Abad	19.05%
Yssyk-Kul	7.81%
Naryn	4.61%
Osh	20.93%
Talas	4.17%
Chui	14.74%
Bishkek	15.92%
Osh City	4.49%
Total	100.0%

Source: National Statistical Committee of the Kyrgyz Republic (2017a)

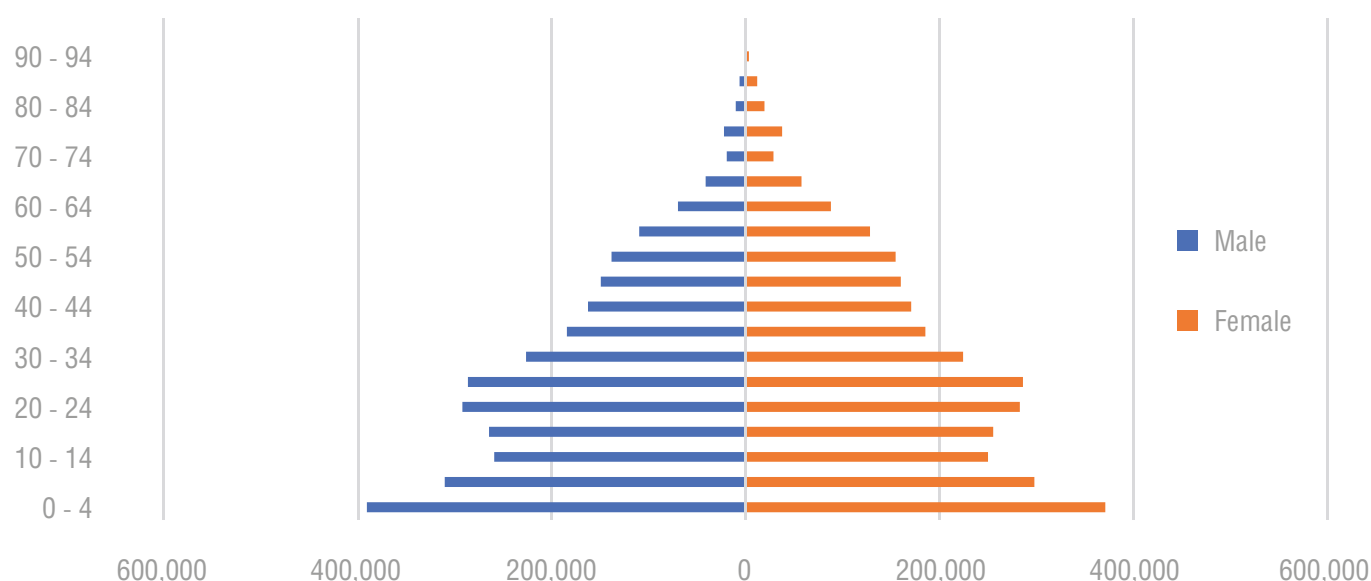
2.2 ECONOMIC CONTEXT

According to the World Bank (2017), the Kyrgyz Republic belongs to the category of lower-middle income countries.

As shown in Figure 1, GDP growth has been volatile throughout the past 20 years and the growth rate dropped slightly below zero during the financial crisis, more than in Tajikistan but much less than in Armenia and Russia. Throughout this period, economic growth was repeatedly affected by external and internal shocks, the financial crisis but also ethnic conflict, political unrest and natural disasters. Economic activity therefore only reached the pre-independence level in 2011 while Tajikistan has not reached it yet and Uzbekistan and Kazakhstan did approximately ten years ago (ADB, 2013b). In the Kyrgyz Republic, GDP growth is projected to slowly increase from 3.45 percent in 2017 to 5.39 percent in 2022 (IMF, 2016).

Given that the Kyrgyz economy mainly relies on income generated through one gold mine (10 percent of GDP) and on remittances (30 percent of GDP), its susceptibility to external shocks is evident (World Bank, 2017). Agriculture is an important sector as

FIGURE 1. POPULATION PYRAMID, KYRGYZ REPUBLIC 2015



Source: UNECE Statistical Database (n.d.)

it contributed approximately 13.2 percent of GDP in 2016 according to the National Statistics Committee (2017b). Table 2 shows that the contribution of the service sector is the most important, and it continues to increase while those of industry and agriculture are slowly decreasing.

In 2015, inflation increased by 6.5 percent while it almost stagnated in the following period and in general terms it has also been rather volatile (IMF, 2017).

As emphasised in a report by the Asian Development Bank (ADB, 2013b), to enhance and stabilize economic growth, the economy must become export oriented, which requires substantial diversification in markets and goods. According to the Ministry of Economy's figures for 2016, the Kyrgyz Republic mainly exported to six markets: Switzerland (41 percent from total export), Kazakhstan (14.6 percent), Russian Federation (10.2 percent), Uzbekistan (9.1 percent), Turkey (6.6 percent) and the United Arab Emirates (2.9 percent). In 2016, the export of goods (except gold) increased by 4.6 percent compared to 2015 (Ministry of Economy, 2017). However, overall export decreased by 1.5 percent compared to 2015

TABLE 2. VALUE ADDED TO GDP (% OF GDP)

	2011	2012	2013	2014
Industry	30.86	25.62	28.86	26.92
Agriculture	18.62	19.17	17	17.11
Services	50.52	55.2	54.14	55.13

Source: World Bank (2017)

(Ministry of Economy, 2017). The decrease in the volume of exports is related to the reduced export of gold, plastic and electric machines and equipment (Ministry of Economy, 2017). Export to European Union member countries fell by 8.1 percent in the same year, driven by a decline in purchasing power and a slowdown in these economies.

For food and basic subsistence, including fuel, the Kyrgyz Republic relies on imported goods. Changes in international food and fuel prices are transmitted to the Kyrgyz economy – for example, the recent decrease in oil prices had a positive impact by increasing real disposable income (IMF, 2017).

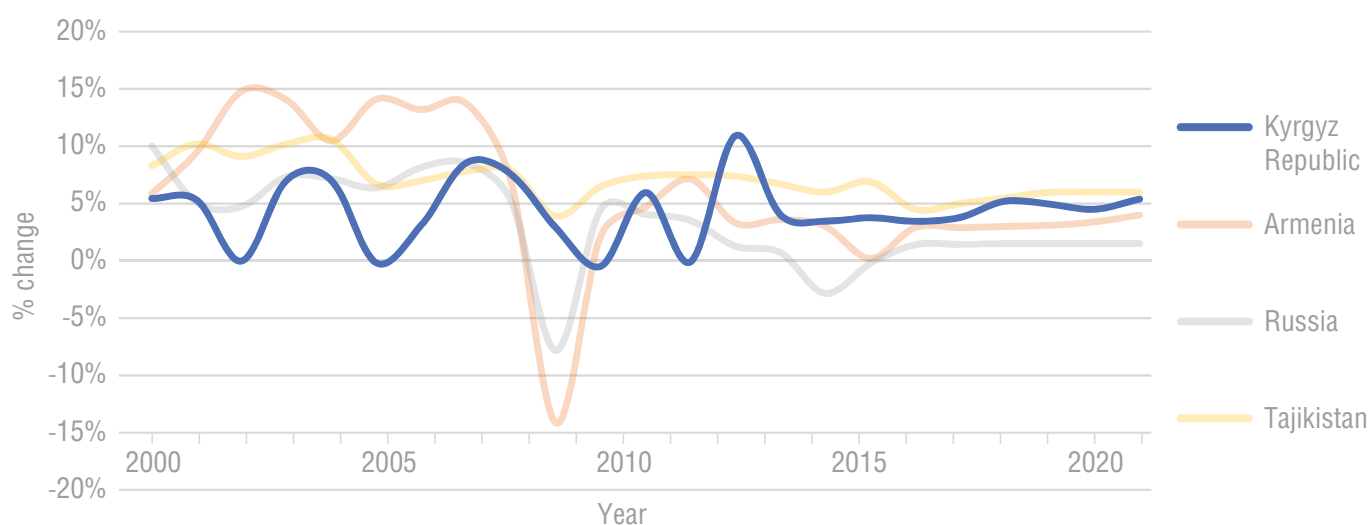
Fiscal deficit has been limited to 4.6 percent of GDP in 2016, despite a shortfall in tax revenues (ADB, 2016). In the same year,

external government debt has moderated to the equivalent of 10 percent GDP – a substantial ease compared to the 15.2 percent in 2015 (ADB, 2016).

The labour market in the Kyrgyz Republic is characterised by high levels of informality, unemployment and low wages (OECD, forthcoming, a).

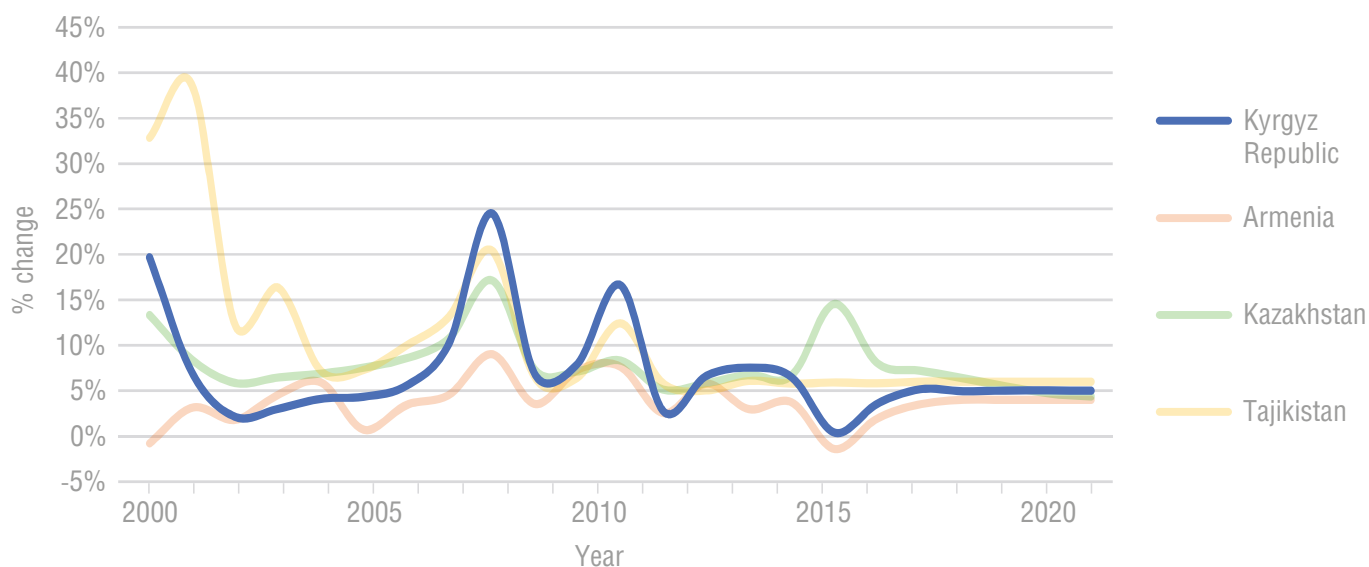
In 2015, approximately half of all those employed were working in the service sector, 20.9 percent in industry and 29.3 percent in agriculture. Further, the labour force participation rate of men is 75.5 percent, much higher than that of women (among all women of working age, about 50 percent are currently employed). Women and youth are the most affected by unemployment, with rates of 9.0 percent and 15.0 percent, compared to an overall unemployment rate of 7.6 percent (IMF, 2017). The ILO has not

FIGURE 2. GDP GROWTH RATES (CONSTANT PRICES)



Source: IMF World Economic Outlook Database (2016). Figures for 2016 and beyond based on IMF Staff projections

FIGURE 3. INFLATION



Source: IMF (2017)

published data on informal employment in the Kyrgyz Republic, but according to UNDP (n.d.), different estimates suggest that 40–60 percent of GDP is generated in the informal sector.

2.3 MIGRATION

Many households in the Kyrgyz Republic lack decent employment and experience income insecurity, with labour migration a common response to these challenges. In 26 percent of all households, at least one household member has left the country for work (UNDP, n.d.).

According to the Ministry of Labour and Social Development (MLSD), an annual average of approximately 5 to 10 percent of the working-age population left the Kyrgyz Republic between 2010 and 2014. Most intend to leave only temporarily rather than seek permanent residence elsewhere (IOM, 2016). This reflects a shift from the period shortly after the dissolution of the Soviet Union as in the years following independence, the annual number of emigrants was much larger and most of the emigrants intended to leave on a long-term basis (NSC, 2017a). The annual number of new emigrants is continuing to decrease as

83,581 were registered in 2010 compared to 39,700 in 2014 (NSC, 2017a). More than 90 percent of emigrants (520,000 people) lived in Russia in 2015, whereas Kazakhstan absorbs most of the remaining external migrant workforce (IOM, 2016; State Migration Service, 2016). In fact, since 2006, the share of emigrants moving to countries beyond the CIS has been negligible.

The destination countries were Germany, Israel and the US (IOM, 2016). In January 2015, the number of Kyrgyz nationals working outside the CIS region was estimated to be approximately 30,000 (IOM, 2016; State Migration Service, 2016). The IOM (2016) suggests that three factors explain the regional focus of emigrants: the language barrier is much smaller, recruitment by suitable employers is less competitive and diaspora networks are stronger. Emigration is particularly common within certain regions of the Kyrgyz Republic as the majority comes from rural areas and Batken, Osh and Jalal-Abad (IOM, 2016).

It is important to note that legally approved labour migration has become more common, given the efforts of the Kyrgyz government to enhance international recruitment and to ensure that emigrants are

legally employed upon arrival. In this context, several agreements have been concluded with agencies and recruitment centres in destination countries (IOM, 2016).

Approximately 3.44 percent of the Kyrgyz population are immigrants, and the most common country of origin is China, followed by Russia and Kazakhstan. The IOM emphasises that factors motivating immigration to Kyrgyz Republic cannot be identified given a lack of data in this context (IOM, 2016).





WFP/Maxim Shubovich

3. FOOD SECURITY AND POVERTY

MESSAGES:

The Kyrgyz Republic has made remarkable progress in improving its population's food security profile. Food insecurity and malnutrition, however, remain problems, with the Global Hunger Index describing hunger in Kyrgyz Republic as "moderate".

The population suffers from the double burden of malnutrition: undernutrition (including micronutrient deficiencies) and overnutrition. Food insecurity is largely driven by lags in economic access to food, making poverty the key underlying issue. Steps need to be taken regarding the other dimensions of food security as well, since utilization, stability and to a lesser extent, availability, are problematic.

Poverty has decreased dramatically since independence, but a quarter of the population still lives below the national poverty line.

Salient geographical disparities in both food insecurity and poverty exist. Rural populations in general, and the populations of Osh and Jalal-Abad oblasts experience disproportionate deprivation.

Emerging issues include overweight and obesity, and urban poverty in the southwestern region.

The aim of this chapter is to provide a comprehensive poverty, vulnerability and food security profile for the Kyrgyz Republic. This mapping exercise helps explain the depth of food insecurity, which population groups are especially vulnerable to it and maps the patterns of poverty and vulnerability that contribute to the food insecurity of the Kyrgyz population.

3.1 FOOD SECURITY

Food insecurity in the Kyrgyz Republic remains a common issue.

Although hunger is less of an issue in the Kyrgyz Republic, food insecurity and malnutrition remain a challenge. About 6 percent of the population faces dietary energy deficiency and there is an important imbalance in the consumption of necessary nutrients. The diets of many people, especially in rural areas, consist of high levels of carbohydrates and insufficient levels of proteins and micro-nutrients (Piga, Novovic and Mogilevski, 2016).

Nevertheless, the Kyrgyz Republic has achieved significant improvements and fares relatively well in comparison with other countries in the region. The Global Hunger Index, published annually by the International Food Policy and Research Institute (IFPRI, 2016), shows a rather favourable trend between 1995 and 2015.

From a score of 24.1 (putting Kyrgyz Republic in the category of serious) in 1995, the country now registers a low level of hunger at a score of 9.4. This puts the Kyrgyz Republic in the mid-range of Central

TABLE 3. GLOBAL HUNGER INDEX IN COMPARATOR COUNTRIES

Country	1995	2000	2005	2015
Armenia	21.8	17.4	14.1	11.2
Georgia	31.8	15.2	10.2	8.5
Kyrgyz Republic	24.1	20.2	14.3	9.4
Moldova	16.0	15.3	15.7	9.1
Tajikistan	40.3	40.4	36.5	30.3
Uzbekistan	23.7	21.9	18.5	13.3

Source: ADB (2016)

Asian economies. Armenia, Uzbekistan and Tajikistan fare worse, and Georgia and Moldova have a more moderate hunger situation.

AVAILABILITY OF FOOD

Regarding food availability, an important issue is the decline in domestic wheat production.

Although wheat is the country's main staple, its production has fallen by 55 percent in the last 17 years (WFP, 2015). Multiple factors have contributed to this trend; for example, the harvested area has decreased in favour of other crops, such as animal fodder (WFP, 2015). During 2013–15, seven districts in Chuy, Talas

and Osh provinces produced almost 60 percent of the country's wheat production (NSC, 2017a). Because of the low quantity and quality of produced wheat, the Kyrgyz Republic covers an increasing share of its wheat needs through imports, mainly from Kazakhstan and the Russian Federation. For example, in 2007–08, the wheat flour imports were four times higher than in 1994 (WFP, 2015).

Wheat self-sufficiency is heterogeneous across provinces, with At-Bashy, Kara-Kulja, Alay in the South and the districts including and surrounding Toktogul in the northwest producing less than what their populations consume (WFP, 2015). Potato production, however, has been self-sufficient since 1994, with increasing

levels of production observed in the last two decades (WFP, 2015).

Improvements are reflected in the food security indicators of the Food and Agriculture Organization (FAO) of the United Nations.

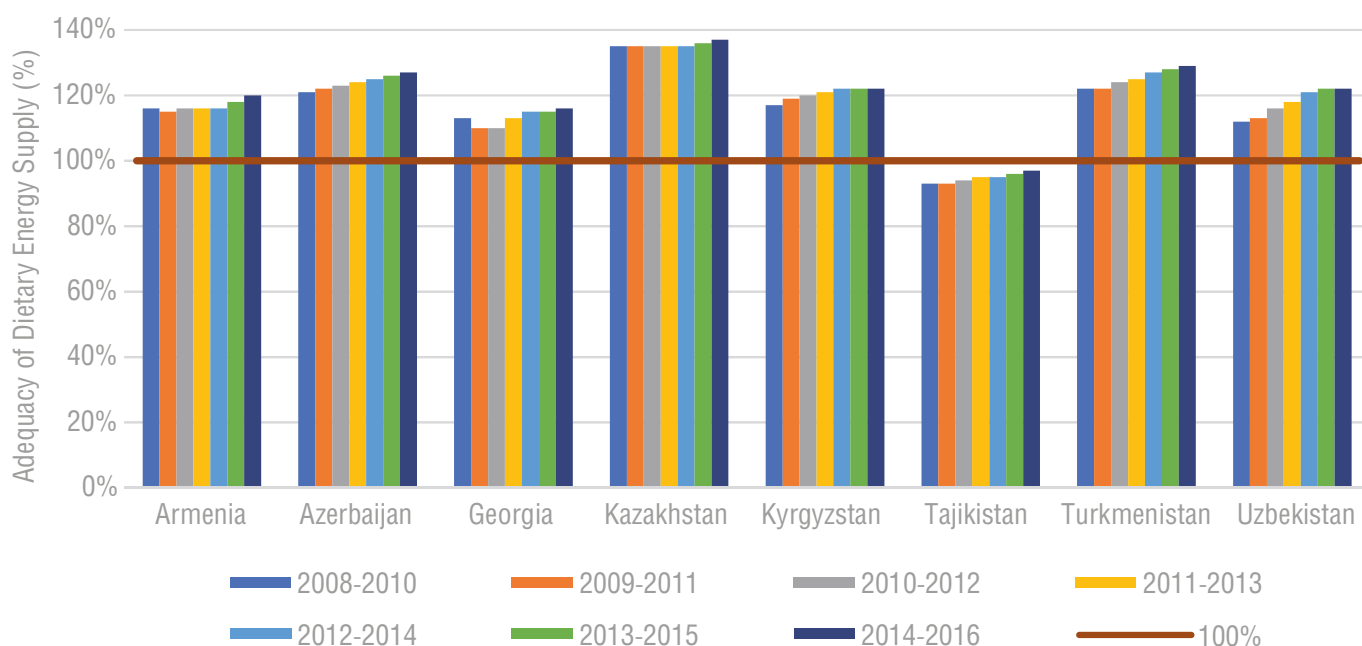
The last decade has seen a country-wide upward trend in the FAO's food availability indicators, such as energy supply adequacy and undernourishment. The average dietary energy supply adequacy had risen between 2008 and 2011, reaching and stagnating at 122% since then (FAO, 2017a).

Undernourishment figures for the Kyrgyz Republic are among the lower ones in the region, with a constant decrease between 2008 and 2013. According to the most recent measures, 6 percent of the population was undernourished in the period of 2014–2016 (FAO, 2017a).

ACCESS TO FOOD

Economic access to food is intertwined with poverty, which will be discussed in detail in the second part of this chapter (Section 3.2).

FIGURE 4. AVERAGE DIETARY ENERGY SUPPLY ADEQUACY (%) IN THE REGION



Source: FAO (2017a)

Regarding the financial burden households face to meet their nutrition needs, the National Statistics Committee estimates that an average low-income household spent 69 percent of its monthly budget on food in 2016 (NSC, 2017b).

Physical access to food largely depends on infrastructure and market access. The transportation of both freight and people depends on the road network, which is less developed in the mountainous and remote areas, such as Batken, Jalal-Abad and Naryn (WFP, 2016a). Besides the low road density and poor road connections in these regions, access is hindered by frequent natural disasters, in particular mudflows, avalanches and rock falls (WFP, 2016a)



The dimension of access is also reflected in food consumption.

Whereas FAO's figures (Figure 4 and Figure 5) reflect the country level, disaggregated data reveal substantial regional disparities in food access. In the Batken, Jalal-Abad and Naryn regions, between 50–60 percent of the population consumed less than the recommended 2,100 calories a day in 2011–13 (WFP, 2015).

In the country's other regions, the figure was between 30–50 percent (WFP, 2016a). During the same period, the population of

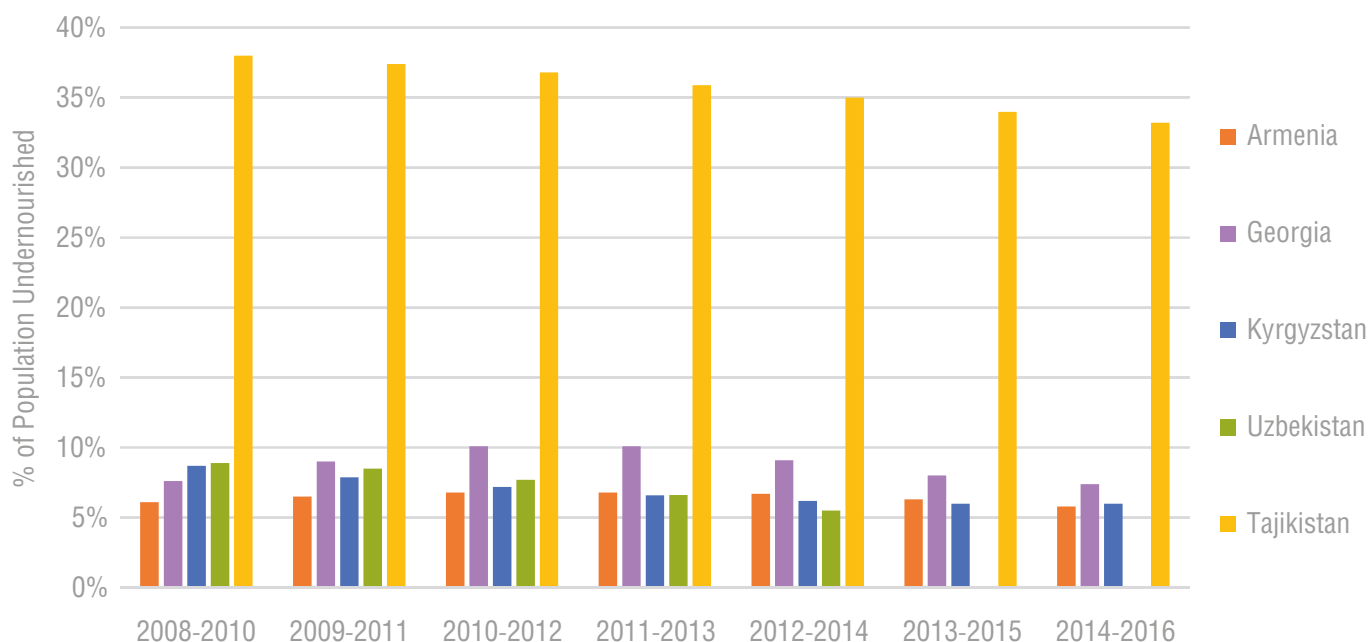
Batken province consumed much less protein than the rest of the country (WFP, 2016a).

UTILIZATION OF FOOD

Child-specific utilization indicators by the FAO paint a mixed picture about the Kyrgyz Republic. It has the lowest percentage (2.8 percent) of children under the age of 5 among comparison countries but performs relatively poorly in stunting. With a score

of 12.9 percent, the prevalence of stunting in the Kyrgyz Republic is more than four times higher than in Kazakhstan, and 11 times higher than in Georgia (FAO, 2017a). Chronic malnutrition is substantially higher in the Osh region: according to the WFP's Food Security Atlas, between 25–30 percent of children under five were stunted in this province (WFP 2017b). Batken region also registered higher than average (20–25 percent) stunting rates in 2014 (WFP, 2017b).

FIGURE 5. PREVALENCE AND TRENDS OF UNDERNOURISHMENT IN THE REGION



Source: FAO (2017a)

Micronutrient deficiency, sometimes also called hidden hunger, refers to an inadequate intake of essential vitamins and minerals” (FAO, 2015).

This condition can be associated with both under- and over-nutrition since it depends on the quality and variability of the food consumed rather than the mere amount of consumed food energy. Micronutrient deficiency has been widespread in the Kyrgyz Republic. In 2011, 35.8 percent of children under the age of 5, and 29.9 percent of pregnant mothers were affected by anaemia (FAO, 2017a). This condition, which arises from iron deficiency, causes fatigue and reduced working and learning capacity. Thus, it has the potential to seriously undermine a child’s development and future capabilities. More recent data and data on other forms of malnutrition of the Kyrgyz population is scarce, which limits understanding of food insecurity.

Infant feeding practices also should be considered when discussing food utilization, since they directly affect the nutrition status of young children, with long-term implications for their cognitive

and physical development. The Food Security Atlas sheds light on severe regional differences in this domain: in the Eastern provinces (Chuy, Naryn and Issyk-Kul), only 20 percent of infants were fed appropriately based on all three feeding practices³ recommended by the World Health Organization (WHO) in 2014 (WFP 2016a). In Talas and Osh, less than 10 percent, and in Batken and Jalal-Abad, between 10–15 percent of infants were fed according to the recommendations (WFP 2016a). According to WFP, a further constraint can be the low micronutrient content of staple foods, such as wheat products.

Female-headed households and families of larger sizes are more affected by food insecurity.

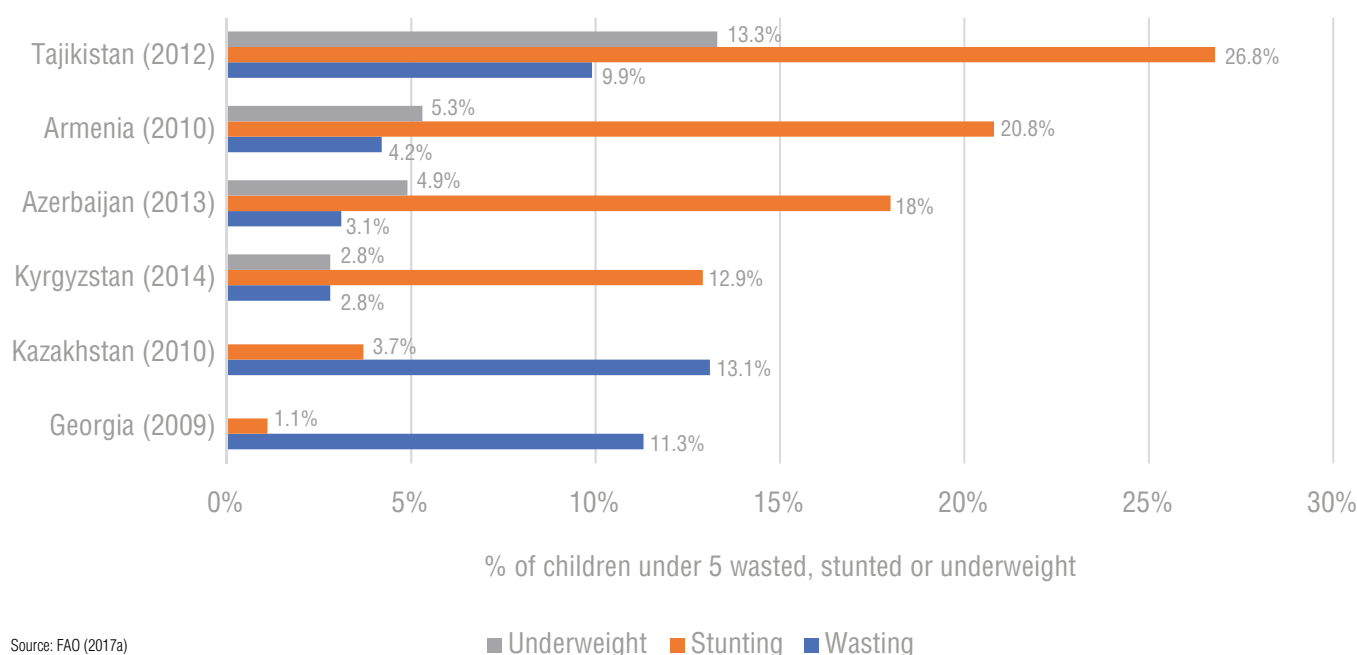
Geographical disparities can be observed between urban and rural areas, and between *oblasts*.⁴ As emphasized in the most recent Multiple Indicator Cluster Survey report published by the United Nations International Children’s Emergency Fund (UNICEF) (2015), both infant mortality and mortality of children under

the age of 5 in rural areas is 1.5 times as high as in urban regions⁵. Figure 7 depicts urban and rural rates of stunting, wasting and underweight. Rural areas have a higher percentage of children affected by all three dimensions, with the largest difference observed in the share of underweight children.

There are strong disparities among the oblasts and cities of the Kyrgyz Republic, as seen in the underweight figures presented in Figure 8.

Some regions have achieved sharp declines in the share of underweight children under 5. Osh, for example, has seen a decline from 11.3 percent to 3.9 percent in just two years (UNICEF, 2015). Batken, Issyk-Kul, Naryn and Talas have experienced a similar, constant decrease between 2006 and 2014. Osh Oblast and Bishkek have achieved reduction after a rise in 2012. Jalal-Abad is the only administrative region with a higher prevalence of underweight in 2014 than in 2006. The rise of underweight is rather sharp in this oblast, jumping from 2.5 percent in 2006 to 6.9 percent in 2014 (UNICEF, 2015).

FIGURE 6. CHILDREN UNDER 5 AFFECTED BY STUNTING, WASTING AND UNDERWEIGHT, SELECTED COUNTRIES IN THE REGION



Source: FAO (2017a)

3 WFP recommends: a) early initiation of breastfeeding (within the first hour following birth), b) exclusive breastfeeding of infants up to 6 months old, c) timely introduction of supplementary foods from month 6, together with continued breastfeeding for infants up to 2 years old. See: www.who.int/mediacentre/factsheets/fs342/en/

4 Oblasts are administrative regions.

5 Measured in deaths per 1,000 live births.

According to 2014 figures, the lowest underweight rates were observed in Osh Oblast (1.0 percent), Bishkek (1.1 percent) and Chul (1.6 percent). Those most affected were Jalal-Abad (6.9 percent) and Osh (3.9 percent) (UNICEF, 2015).

The case of Osh is a peculiar one, given that the oblast as a whole performs much better

than the city itself, which is contrary to the patterns of urban-rural disparities observed in the country.

The worrying figures in Osh, and in Jalal-Abad, are most probably a consequence of the violence that took place in Southern Kyrgyz Republic (particularly in these two cities)

during the summer of 2010. The clash between ethnic Kyrgyz and Uzbeks has reportedly been the country's worst in 75 years (Harding, 2010).

It led tens of thousands of ethnic Uzbeks to flee to bordering Uzbekistan and induced high levels of internal displacement (Harding, 2010).

FIGURE 7. PREVALENCE IN STUNTING, WASTING AND UNDERWEIGHT BY PLACE OF RESIDENCE IN KYRGYZ REPUBLIC

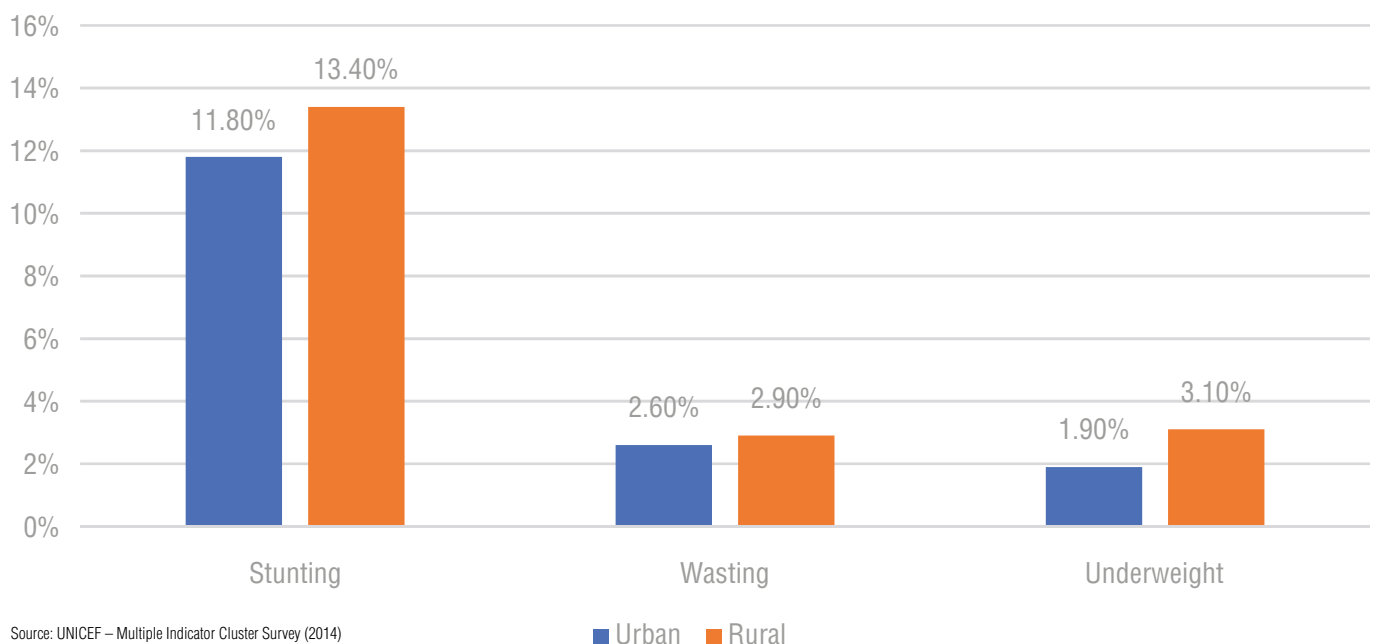
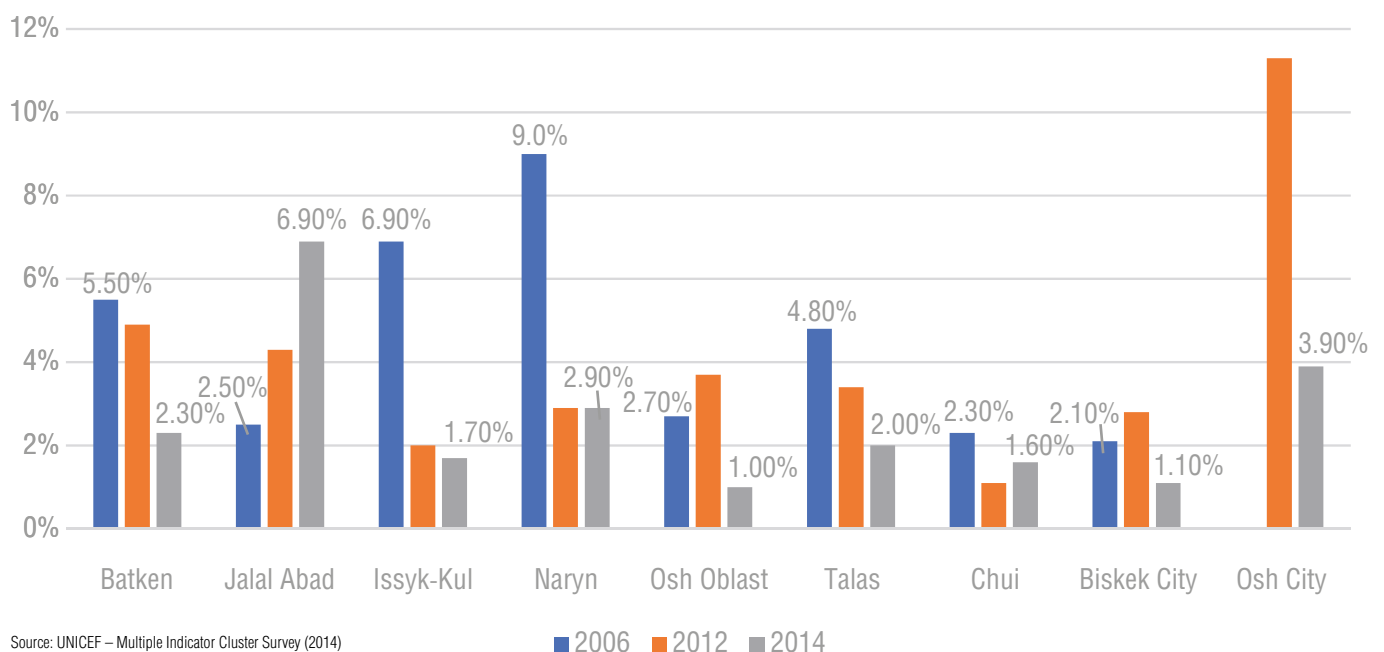


FIGURE 8. PREVALENCE OF UNDERWEIGHT (CHILDREN UNDER 5) BY OBLAST



STABILITY

There are several factors to be considered when addressing the stability dimension of food security in the Kyrgyz Republic. Socio-political instability, climate change and food price volatility have been leading risks to Kyrgyz livelihoods (WFP 2015). However, the political situation has progressively stabilized, providing a basis for a shift from the past civil conflict that has had detrimental effects on livelihoods and thus food security.

Furthermore, the Kyrgyz Republic is prone to natural disasters, which have become more frequent since 2006, affecting in particular Osh, Jalal-Abad and Batken regions (WFP, 2015; WFP, 2016a). The Kyrgyz Republic is a food-deficient country (WFP, n.d. a), and relies on food imports and on workers' remittances. This makes Kyrgyz households' economic access to food vulnerable to external shocks, such as increases in the prices of imported food and fluctuating remittance inflows as a response to regional economic circumstances.

CONCLUSIONS AND EMERGING CHALLENGES

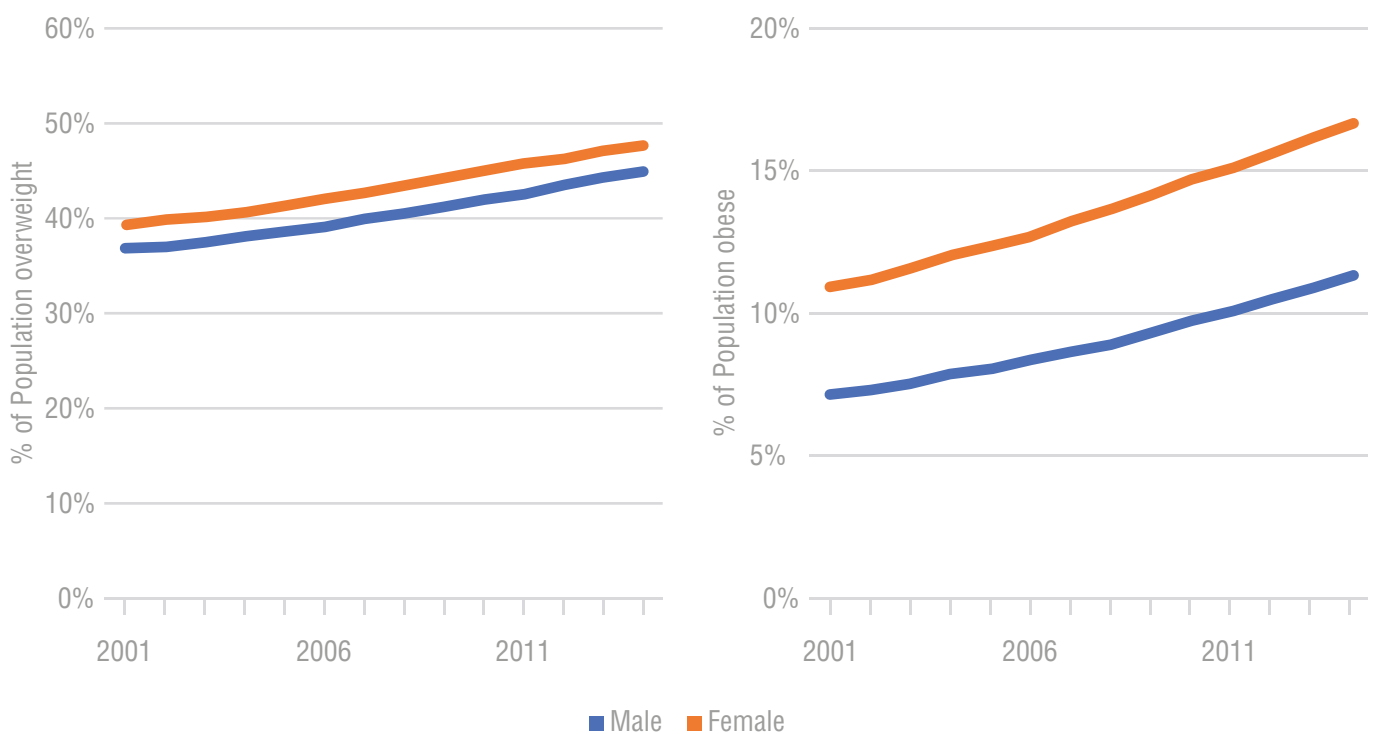
Food security of the Kyrgyz population is a multi-faceted issue, driven by several factors that interact. According to the WFP, food security and poverty among Kyrgyz households are very strongly correlated. Food insecure households' monetary resources are usually below the poverty line; thus, their food insecurity is mostly chronic. The prime driver of food insecurity is the lack of economic access to food: the monetary poverty of the population (WFP, 2014).

Although poverty remains a main reason for food insecurity, the utilization dimension of food security also requires attention. According to stakeholders interviewed for this study, poor diets that lack essential micronutrients are partially caused by behavioural patterns, arising from social norms and insufficient nutritional knowledge. Infant feeding practices also belong to the utilization dimension of food security, and impact the nutritional status of children.

Availability of nutritious food (particularly in the regions with low food self-sufficiency) and stability remain further issues, often exacerbating the adverse effects of poverty and poor diets. The southern provinces lack economic access because of poverty. In the southwest, instability (caused by frequent natural disasters) is a more salient issue than in other parts of the country (WFP, 2014). Instability in food availability in the most affected areas is detrimental to the food security of their populations, while also threatening self-sufficiency on the national level.

The increasing prevalence of overweight and obesity, an emerging issue in the country, can be linked to poverty and to behavioural factors (such as poor diets).⁶ Although the Kyrgyz Republic still performs relatively well in comparison with other countries in the region, the share of the adult population affected by overweight has been constantly growing (Figure 9). Overweight among males and females has increased by approximately a quarter since 2001, reaching 47.9 percent for women

FIGURE 9. PERCENT OF POPULATION AGED 18 AND ABOVE OVERWEIGHT (LEFT) AND OBESE (RIGHT)



Source: WHO (2017)

6 The link between poverty, poor diets and obesity is well established in the academic literature. See Pena & Bacallo (eds.), 2000.

and 45.2 percent for men by 2014 (WHO, 2017). Obesity affected 16.7 percent of the female, and 11.4 percent of the male adult population in 2014, after a sharp increase from 2001 (WHO, 2017). Overweight and obesity can be linked to inadequate dietary diversity, meaning that people affected by this condition can simultaneously suffer from malnutrition.

3.2 POVERTY

The previous section provided a diagnostic on food security for the population of the Kyrgyz Republic. As malnutrition and food insecurity are largely caused by households' low purchasing power, it is important to look at the incidence and nature of poverty in the country. The following section investigates the monetary and multidimensional poverty of the Kyrgyz population.

3.2.1 MONETARY POVERTY

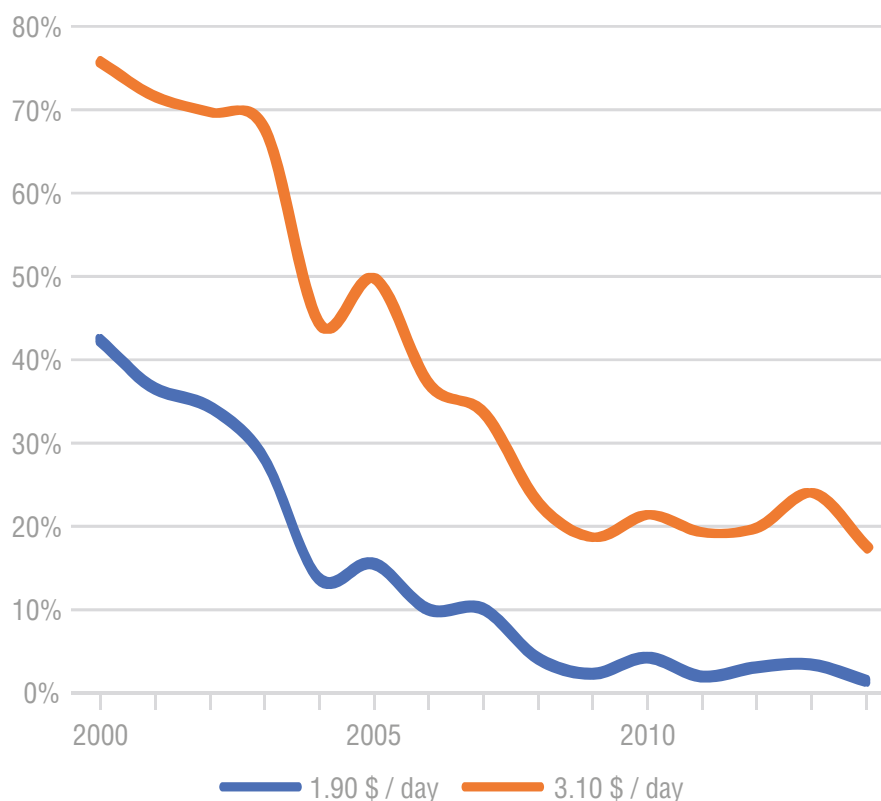
The Kyrgyz Republic emerged as an independent state after the dissolution of the USSR in 1991.

The transition to a market economy and to democratic governance, as in many former Soviet republics, did not begin smoothly: growth declined, while poverty and inequality rose. Between 1990 and 1995, the Kyrgyz Republic's GDP had dropped by nearly 50 percent.

Although absolute poverty was low during the Soviet era, 42.2 percent of the population lived below the international poverty line of USD 1.90 by 2000 (World Bank, 2017). After the turn of the century, the country started to achieve economic and social progress.

A decreasing trend in poverty has been observable since 2000; however, it has neither been stable nor uniform across different cut-off points⁷. Figure 10 compares poverty headcount figures according to different indicators.

FIGURE 10. POVERTY TRENDS 2000–2014



Source: World Bank (2017) Note: values of international poverty lines are in 2011 PPP.

Despite the improvements of the last decade and a half, a quarter of the Kyrgyz Republic's population still lives in poverty. The latest data from the National Statistical Committee (NSC)(2017a) estimates the poverty headcount at 25.4 percent (at the national poverty line), with 29 percent in rural and 18.6 percent in urban areas. According to the World Bank, 17 percent of the population lived below USD 3.10/day and 1 percent below USD 1.90/day in 2014 (World Bank, 2017).

The depth of poverty, measured as the poverty gap at the national poverty line, was measured at 5.4 percent in 2014. Populations living in rural areas experience a higher poverty gap than urban areas, at 7.9 percent and 7.3 percent in 2012.

Poverty is closely correlated with household size and with the number of dependents per

able-bodied household member, as shown in Figure 11. Whereas only 0.3 percent of one-member households are poor, the rate for households with 9–10 members is as high as 80 percent (OECD, forthcoming b). A similar pattern is observable in dependency ratios.⁸ The poverty rate for households with no dependent members is 3 percent. As soon as a household has dependent members (i.e. the ratio exceeds zero), the probability of poverty increases sharply. Among households with more dependent than able-bodied members (i.e. dependency ratio higher than one), the poverty rate is almost 40 percent (OECD, forthcoming b). Thus, single parent households and households with more than two children are at a greater risk of poverty.

Poverty varies across age groups. Children under 6 have the highest rate: four out of ten children belong to a household with

⁷ The value of the national poverty line compared to the international poverty lines has changed. A summary of the national poverty line and international poverty lines in the local currency is provided in the Annex.

⁸ The dependency ratio reflects the number of dependent household members over the number of able-bodied household members. Dependent members are: children (up to age 18), elderly (above the age of 65) and disabled household members. All other adults are considered as able-bodied household members. A value between 0 and 1 means that the number of able-bodied members exceeds the number of dependents in the household. A dependency ratio larger than 1 indicates that the household consists of more dependent than able-bodied members.

consumption below the poverty line. They are closely followed by children between the ages 6 and 15, whose poverty headcount rate stands at 38.2 percent (OECD, forthcoming b). Overall, 47.9 percent of the country's poor population is below the age of 18, down from 53.5 percent in 2014 (OECD, forthcoming b). Child poverty is largely a rural phenomenon as estimates

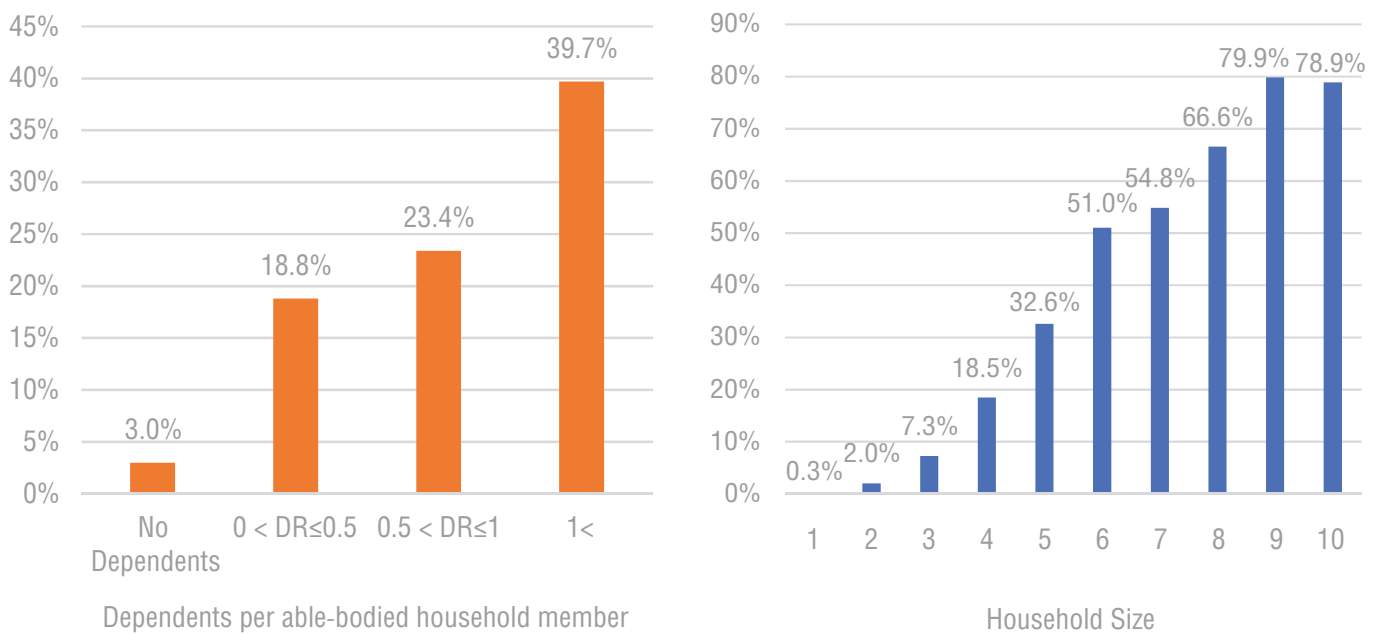
show that 52.3 percent of poor children below the age of six live in rural areas.

The most consumption-secure group is persons above 60. For those aged 61–70, the poverty rate is the lowest at 18.2 percent, followed by the population aged 71 and over with 21.0 percent (OECD, forthcoming b). This most likely is because of the

comprehensive pension system that covers all Kyrgyz citizens above retirement age.

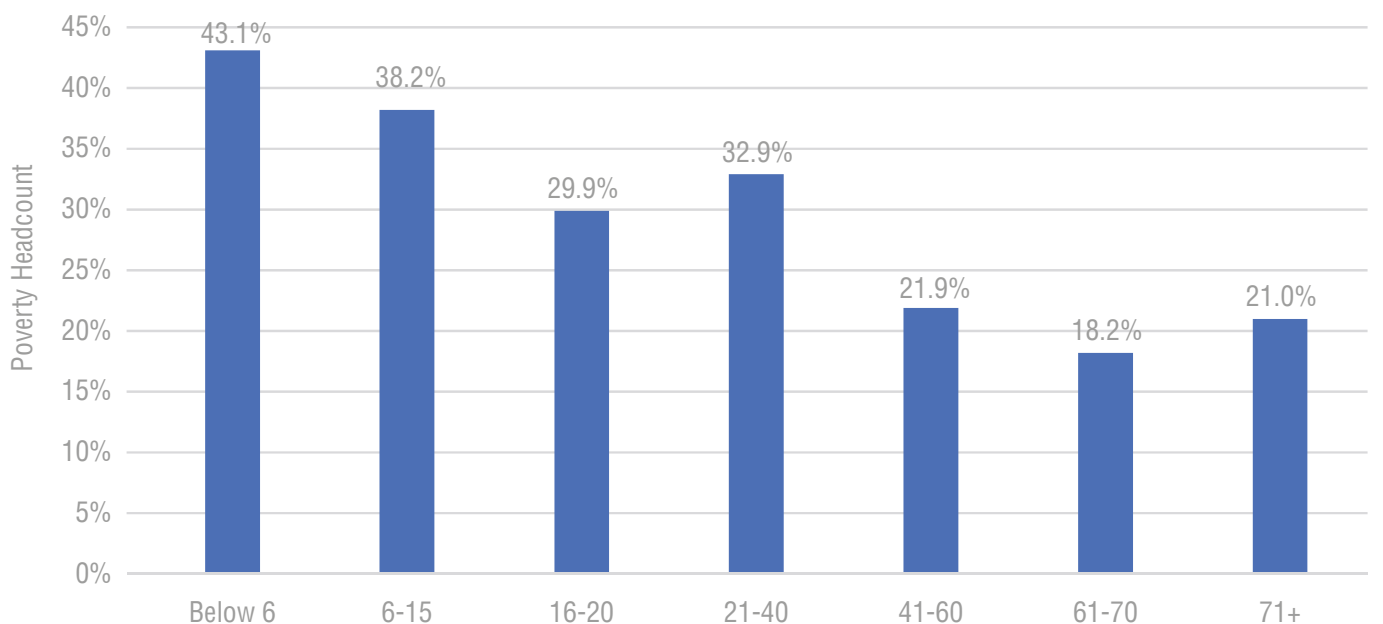
Geographical disparities exist between oblasts. Generally, the northern oblasts (Chui, Issyk-Kul, Talas and Bishkek) experience less poverty because of their favourable economic status. The highest poverty rates in 2016 have been registered

FIGURE 11. POVERTY RATES BY DEPENDENCY RATIO (LEFT) AND HOUSEHOLD SIZE (RIGHT), 2015



Source: OECD (forthcoming, a)

FIGURE 12. POVERTY RATES BY AGE GROUP, 2015



Source: OECD (forthcoming, b)

TABLE 4. POVERTY RATES BY REGION IN 2006 AND 2016

Year	Total	Batken	Jalal-Abad	Issyk-Kul	Naryn	Osh	Talas	Chui	Bishkek
2006	39.9%	50.9%	58.3%	43.9%	49.3%	52.1%	40.0%	20.1%	5.5%
2016	25.4%	37.0%	32.2%	24.7%	37.8%	22.0%	18.1%	30.3%	9.8%

Source: NSC (2017a)

in Naryn (38 percent), Batken (37 percent) and Jalal-Abad (32.2 percent) (NSC, 2017a). The civil conflict in 2010 affecting these areas contributed to the loss of livelihoods of the local populations. This division between the south and the north is especially salient when considering the urban-rural dimension. Overall, urban populations are less poor than rural populations.

However, the rural north registers a lower poverty headcount than the urban south. Data from the 2015 Kyrgyz Integrated Household Survey (KIHS) estimates 44.3 percent of poor Kyrgyz people live in rural settlements in the southern oblasts.

The analysis of monetary poverty statistics shows a positive trend in the alleviation of deprivation.

Nevertheless, certain population groups are more affected by poverty and special

attention should be paid to counteract their risk of chronic poverty. Populations of rural areas, especially the rural south, register much higher poverty rates than those with an urban place of residence. The oblast of Jalal-Abad and the city of Osh lack income security. Families with many children and single-parent households have a high risk of being monetary poor. Further attention should be directed at the concentration of the population just above the poverty line, since a small shock to their livelihoods could cause them to fall into poverty. Comprehensive social safety nets could help cushion these people in case shocks emerge.

3.2.2 MULTIDIMENSIONAL POVERTY

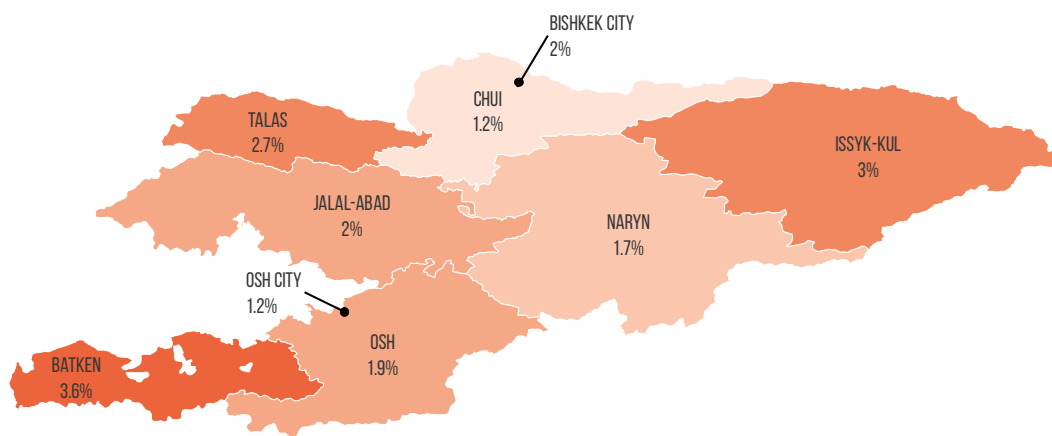
Besides monetary poverty indices, a consideration of multidimensional indicators can help better understand

the nature of deprivations the Kyrgyz population experiences. Lack of access to education, health, good living conditions and services can be causes and consequences of poverty.

Figure 13 looks at multidimensional poverty by oblast, using the OPHI's 2014 estimates. In comparison to monetary poverty indices, one can observe that monetary and multidimensional poverty cannot be directly associated. Whereas monetary poverty rates were highest in Jala-Abad and lowest in Talas, multidimensional poverty is most prevalent in Batken and least prevalent in Chui and Osh City.

Figure 14 shows the contributions of each indicator to the overall Multidimensional Poverty Index (MPI). Mortality, poor nutrition and children's low school attendance are the main drivers of

FIGURE 13. MULTIDIMENSIONAL POVERTY BY OBLAST



Source: OECD (forthcoming b)

poverty, suggesting that education and health services are the most difficult to access.

3.3 CONCLUSIONS

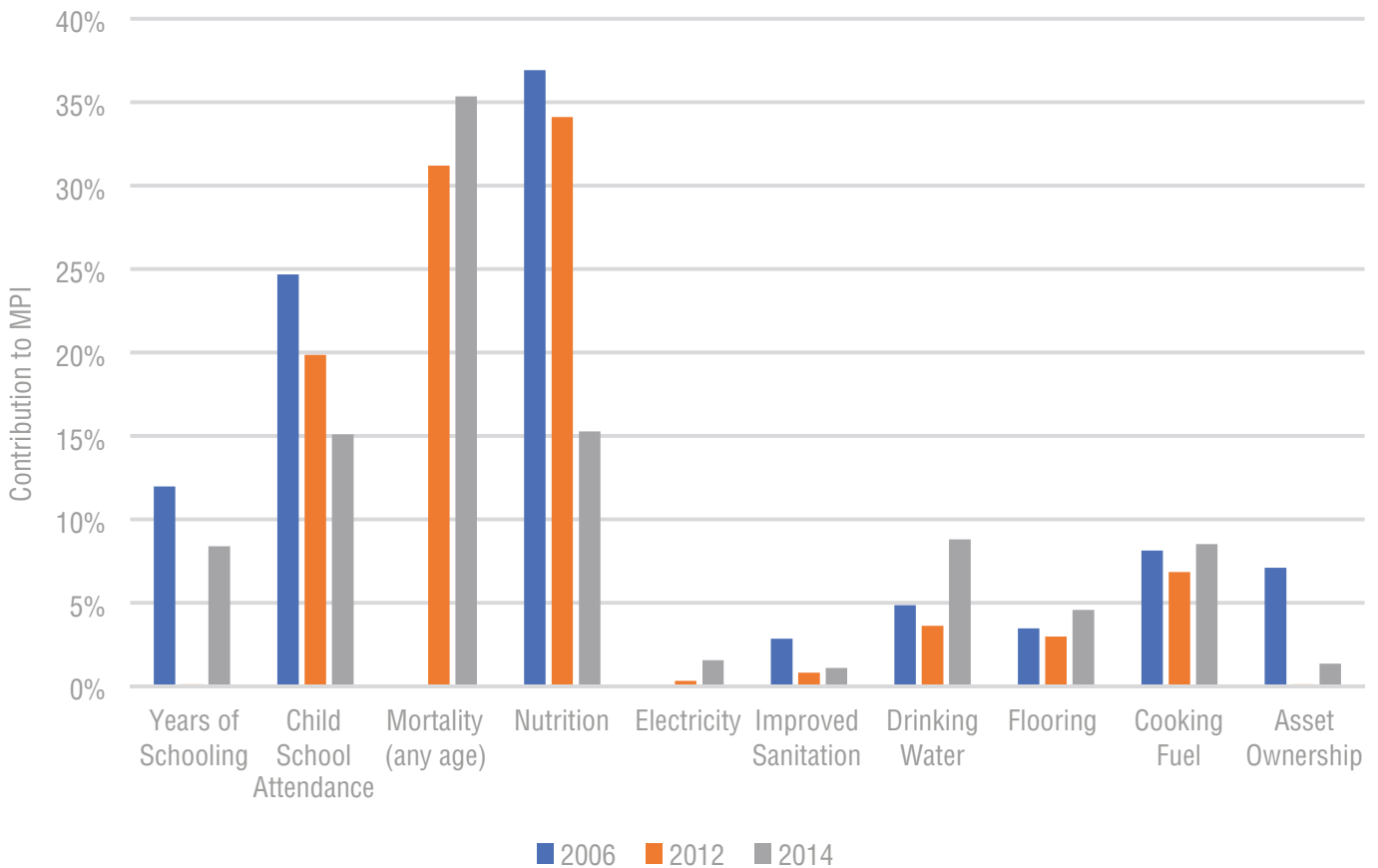
The Kyrgyz Republic has achieved much in fighting food insecurity. With its Global Hunger Index dropping from serious to low within two decades, and with most nutrition indicators showing a consistent improvement, the country is clearly on the right path.

Nevertheless, food insecurity is still an important issue, affecting approximately 12 percent of the country’s population (WFP Country Profile). The main driver behind the phenomenon is households’ lack of purchasing power – which requires measures that tackle poverty by raising their incomes.

Certain population groups are hit harder by poverty and food insecurity by others. The most affected are people living in Jalal-Abad and Osh City and residents of the rural south. Children have higher poverty rates than the rest of the population, with single parent and large households at especially high risk of being poor. Given that children depend on their caregivers for their well-being, the conditions of families should be sustainably improved to reduce child poverty. Difficulties in accessing health services and education, especially in rural areas, is a cause and consequence of poverty and food insecurity.

Besides economic access to food, lags in utilization and stability are important factors in explaining the food insecurity of the Kyrgyz people.

FIGURE 14. CONTRIBUTION OF INDICATORS TO THE OVERALL MPI



Source: Alkire and Robles (2016)



WFP/Kyrgyz Republic



4. SOCIAL PROTECTION IN THE KYRGYZ REPUBLIC

MESSAGES:

The Kyrgyz Republic has a well-developed, comprehensive social protection system, comprising of social assistance and social insurance transfers, active labour market policies and social services. Remittances received from migrant workers play an important role as informal safety nets.

Pensions are very important in combating poverty, with an estimated 56% decrease of extreme poverty being attributed to them.

Social assistance is fragmented and inefficient. The only poverty-targeted programme, the MBPF, is limited in its poverty reduction potential by low coverage and low benefit adequacy. Spending on categorical transfers, primarily the Cash Compensations, undermines the efficient allocation of resources.

Social services are limited in scope, encompassing mainly child protection and residential care. The government and its partners are working towards the professionalization of social work.

Productive safety nets are currently underdeveloped, but WFP is supporting the Government through the PMSD project.

School feeding is a major component of the social protection system, combining protective and promotive elements. The Optimizing School Meals programme (OSMP) has contributed to improving school feeding.

Social protection, including pensions, accounts for more than a quarter of government expenditures. However, the funds allocated for social assistance remain inadequate for effective poverty reduction.

The Ministry of Labour and Social Development is responsible for social protection. The MLS D cooperates with other state entities, such as the Ministries of Health and of Education, the Social Fund and local governments.

Development partners, such as UN agencies, donors and NGOs, contribute to social protection in the country.

Despite overall economic progress, the Kyrgyz Republic still faces challenges from poverty and food insecurity. The Government of the Kyrgyz Republic and its donor partners are committed to improving the well-being of the population and provide social protection programmes. The Kyrgyz Republic inherited a comprehensive social protection system from the Soviet era. Yet, as observed in many other former USSR member states, the transition to a market economy brought about the downsizing of social safety nets.

The current formal social protection system comprises social assistance and social insurance schemes, active labour market programmes, social services and several pilot projects run by the government or its partners.

Kyrgyz social assistance schemes are designed to alleviate poverty, assist households to face certain idiosyncratic shocks or to provide merit payments to

privileged groups of the population. Social insurance is dominated by the state pension system, which covers the risks of old age and disability.

Besides the government-owned social protection initiatives, international donor partners operate programmes, such as the WFP’s School Feeding and Productive Safety Net programme. Informal safety nets, such as remittances, also support households. Figure 15 depicts the system of social safety nets currently in place in the Kyrgyz Republic.

4.1 PROGRAMME OVERVIEW

4.1.1 SOCIAL INSURANCE

The social insurance system of the Kyrgyz Republic includes an old age, disability and survivor’s

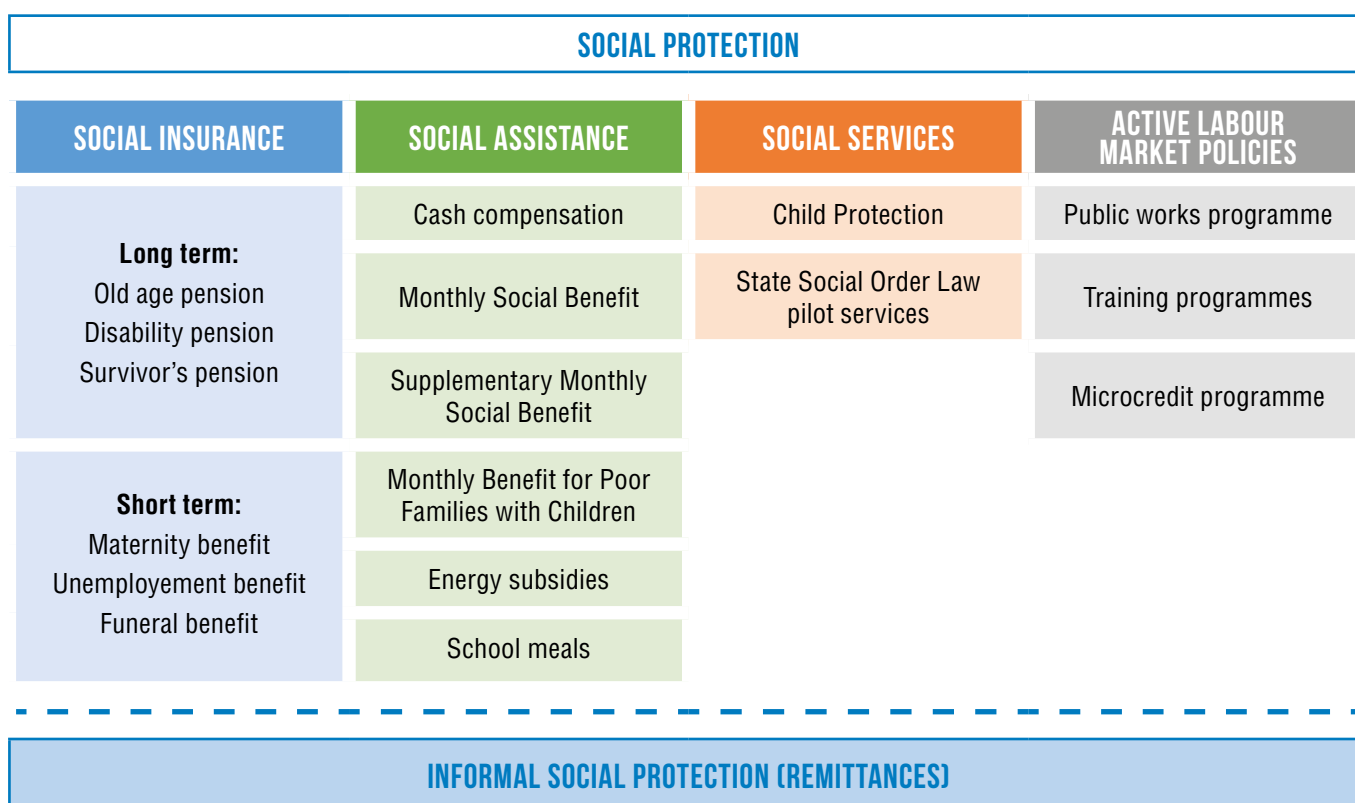
pension system, temporary social insurance benefits for maternity and unemployment and a lump-sum funeral benefit payment. These programmes either provide income security for those who have lost their ability to work in the long run or smooth consumption when risks such as child birth or loss of employment occur.

PENSIONS

The state social insurance pension is paid as an old age pension, a disability pension or a survivor’s pension. The pension system is complex, comprising four components: a basic pension, two insurance elements and a fully funded defined contribution pension. Table 5 provides an overview of these components by their finance and benefit types.

The basic pension component provides a flat benefit, which is at least the value of 12 percent of the national average wage. It is

FIGURE 15. SOCIAL PROTECTION SCHEME OF THE KYRGYZ REPUBLIC



Source: author’s elaboration

TABLE 5. COMPONENTS OF THE STATE SOCIAL INSURANCE PENSION

Contributory				
	Basic Pension (BP)	SP1 Pension	SP2 pension	Fully Funded Defined Contribution
Financing Source	State Budget	23% payroll tax		2% payroll tax
Benefit Type	Flat benefit (at least 12% of economy-wide average wage)	Earnings-related (defined benefit)	Notional defined contributions	Fully funded defined contributions

Source: OECD (forthcoming, a)

financed through the state budget. All formal and informal sector workers are entitled to this benefit if they are eligible for a social insurance pension (or they receive a pro-rata basic pension for shorter contribution periods).

The pension amount is equal to the sum of the basic pension and the pension retrieved from the three social insurance components.

Old Age Pension

Eligibility is differentiated by sex: men qualify at the age of 63, with a contribution history of 25 years; while women qualify when turning 58 years old, given that they have contributed for 20 years. In case the applicant does not meet the statutory minimum contribution period, a pro-rata pension is available.

Disability Pension

A disability pension is paid to persons who have been certified as permanently disabled, if they have met the requirements of contribution history. The required time of contribution payment depends on the age of the insured:

- 1 year for those aged 23 or younger;
- 2 years for those aged between 23–26;
- 3 years for those aged between 26–31; and
- 5 years for those aged 31 years or older.

The benefits are paid for life or until vocational rehabilitation is achieved. The amount of the disability pension is the sum of the basic pension and the full insurance pension (SP1 and SP2) for recipients with a Group I or Group II disability; and 50 percent of the full amount for persons with a Group

III disability. Applicants who do not have the required contribution history can receive a pro-rata pension.

Survivor's Pension

Fully dependent household members of a deceased are eligible for a survivor's pension, if the deceased qualified for a social insurance pension before death. The recipients of the survivor's pension must be fully dependent on the deceased and fall into one of the following categories (defined as unemployable):

- Children under the age of 16, or under the age 18 if they have disabilities;
- Siblings and grandchildren until the age of 16, given that they have no employable parents; and
- Parents and spouses, if above the pensionable age by the time of death, or have disabilities.

The survivor's pension is calculated as the sum of the basic and the insurance components of the pension: BP + SP1 + SP2, and is assigned at a rate based on the number of dependents. One dependent receives 50 percent of the total amount, two receive 90 percent, three receive 120 percent and the rate for four or more dependents is set at 150 percent.

Unemployment benefit

The Kyrgyz Republic provides a social insurance-type unemployment benefit. Benefits are paid to those who have contributed to the Employment Assistance Fund for at least 12 months within the 36 months before applying (OECD, forthcoming, a). The benefit is low, ranging from KGS 250 to KGS 500 (or 10 percent of the subsistence minimum) per month. The duration of this benefit is a maximum six months in a year, and no more than 12 months within a three-year period.



WFP/Maxim Shubovich

According to a press release (MLSD, 2015) by the MLSD, the unemployment benefit does not have wide coverage. In 2015, only 463 people received this transfer.

Maternity benefit

The Kyrgyz Government provides a maternity benefit to mothers of new-borns that covers the period of their maternity leave. It can be paid for a duration of 126 to 180 calendar days, depending on the number of births, difficulty of delivery and the region of work.

The maternity benefits are calculated on the basis of either the recipient's wage or the imputed rate (IR) (set at KGS 100). Table 6 summarizes the benefit amounts by employment status.

The benefit amount varies depending on the beneficiary's employment. Informal sector workers are not eligible for maternity benefits, which has been identified as an important gap in previous assessments of the social protection system (ILO, 2017; WFP, 2016d).

Unemployed persons who have registered with the employment services are entitled to a flat benefit amount of ten times the IR. Employees, self-employed persons and those working at farm enterprises receive 100 percent of their wage for the first ten days of the maternity leave, and ten times the IR for the remaining time.

Mothers who reside in mountainous or remote areas and who work as wage employees benefit from their full wage for the entire duration of the maternity leave.

Funeral benefit

Upon the death of a citizen of the Kyrgyz Republic, the family members of the deceased are eligible for a state funeral allowance. This is a lump sum payment paid in an amount that depends on the deceased person's employment and dependent family members. Table 7 summarizes benefit amounts for each category.

Labour migrants who have lived and worked outside the Kyrgyz Republic are not eligible for the funeral benefit.

TABLE 6. MATERNITY BENEFIT AMOUNTS

Employee category	First 10 working days	After the first 10 working days
Residents of mountainous/remote areas working as wage employees	100% of wage	
Wage employees	100% of wage	10 x IR
Self-employees		(NOTE: Imputed Rate (IR) = KGS 100)
Members of peasant/farm enterprises		10 x IR
Registered unemployed	10 x IR	
Unregistered unemployed	Not eligible	

Source: OECD (forthcoming, a)

TABLE 7. FUNERAL BENEFIT CATEGORIES AND VALUES

Category (at the death of)	Amount of benefit	Amount of benefit in 2015, KGS	Amount of benefit in 2015, USD
Employed person	100% of the average wage ⁱ	12,285	190.60
Individual entrepreneurs working on the basis of a patent or tax contract; Head or adult member of an unincorporated peasant enterprise; Unemployed person registered with the Employment Service; Dependent family member supported by an employed person.	50% of the average wage	6,142	95.30
Dependent family member supported by an individual entrepreneur Dependent family member supported by a head or adult member of a peasant farm enterprise; Dependent family member supported by an unemployed	20% of the average wage	2,457	\$38.10
Person entitled to the MSB	30 of the IR ⁱⁱ	3,000	\$46.50
Unemployed person (registered with unemployment services)	20% of the average wage	2,457	\$38.10
Pensioner	10 times the baseline pension ⁱⁱⁱ	15,000	\$232.70
Dependent family member supported by a pensioner	3 times the baseline pension	4,500	\$69.80

i Average wage (AW) means average monthly wage prevailing in the Kyrgyz Republic for the previous calendar year (KGS 12,285 for 2014)

ii IR is the imputed rate (KGS 100);

iii Baseline pension (BP) is the basic pension (KGS 1,500).

Source: OECD (forthcoming, a)

4.1.2 SOCIAL ASSISTANCE

The Kyrgyz Republic was one of the first countries in the Commonwealth of Independent States to reform its social assistance system. The replacement of the Soviet-type categorical system of cash transfers started during 1995–1998 and is still in progress. The current state of social assistance contains elements of privilege payments, reflecting the Soviet model, means-tested benefits to reach the poorest of the population and categorical benefits for vulnerable groups.

Currently, the social assistance system consists of:

- Monthly benefit for poor families with children;
- Monthly social benefit;
- Cash compensations for privileged groups of the population;

- Supplementary monthly social benefit;
- Energy subsidies/compensations.

MONTHLY BENEFIT FOR POOR FAMILIES (MBPF)

The Monthly Benefit for Poor Families (MBPF) is a means-tested, unconditional cash transfer directed at children in poor households. The transfer uses a hybrid targeting approach to identify eligible households, consisting of a categorical element (households raising children under the age of 16), a filter⁹ and a means-test. The MBPF is the only poverty-targeted cash transfer in the Kyrgyz Republic that provides benefits unconditionally and on a monthly basis.

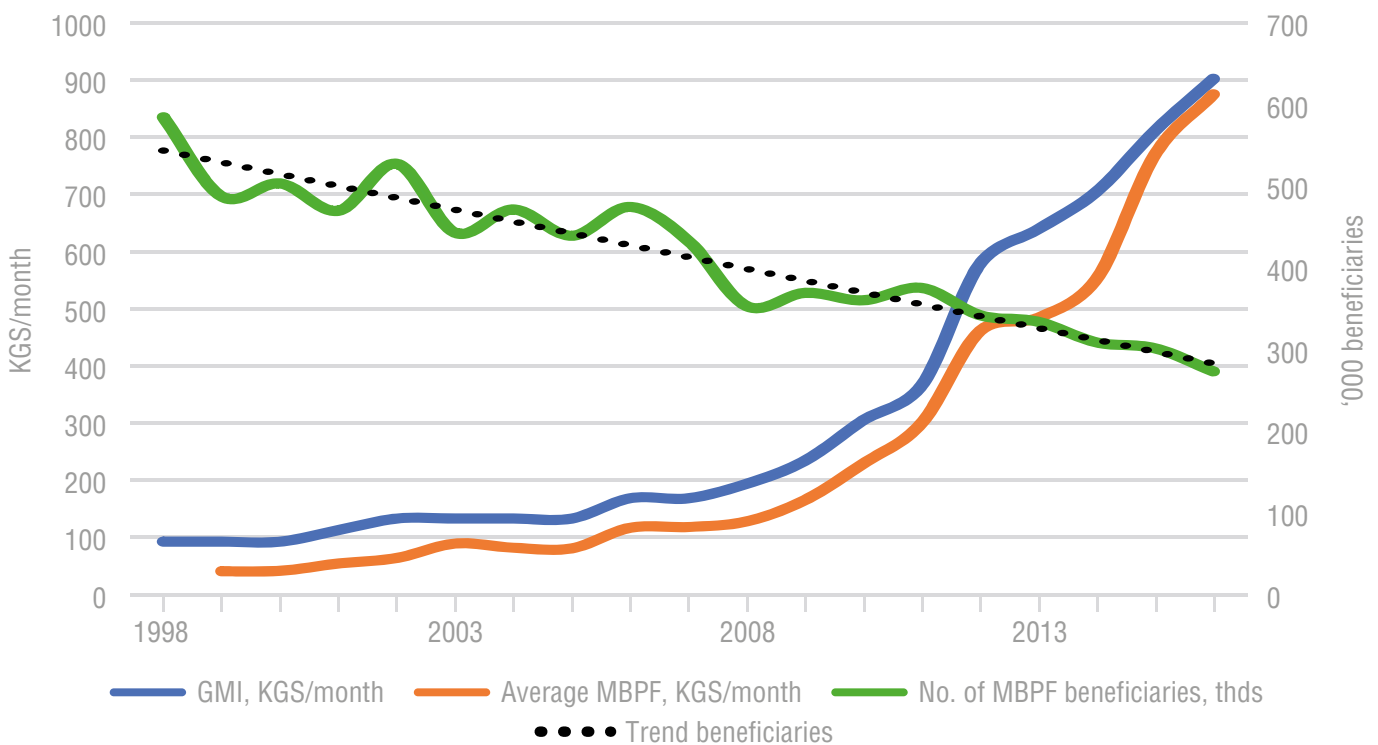
For means-testing, the government has established and annually reviews a Guaranteed Minimum Income (GMI). Households who qualify for the transfer have a gross per capita income that

falls below this threshold. In the effort to include all sources of income, the method of means-testing has become complex.

It captures cash incomes through a regular means-test, and includes durables and livestock as income proxies. Since subsistence agriculture makes up an important fraction of rural households' livelihoods, there is a component of imputed incomes from plots and allotments, calculated based on national standards.

The Guaranteed Minimum Income was introduced in 1998 as 50 percent of the extreme poverty line. The GMI is reviewed annually but is not linked to any measure of subsistence or poverty, and it is driven solely by budget availability. Ever since its introduction, the GMI has never reached the extreme poverty line (Gassmann, 2013). Setting the income threshold for eligibility so low narrows the pool of potential beneficiaries and excludes many poor households.

FIGURE 16. TRENDS IN THE GMI, AVERAGE BENEFIT AMOUNTS AND BENEFICIARY NUMBERS



Source: MLSD (2017) and own elaboration

9 The filter for the MBPF includes three items: passenger car, truck and agricultural machinery (such as harvester or tractor). Possession of any of these disqualifies the applicant from the MBPF.

Despite the almost four-fold increase in the GMI since 2010, beneficiary numbers have been decreasing, and the number of people covered in 2016 was approximately 47 percent of the level in 1998 and 78 percent of the level in 2008 (MLSD, 2017). This decrease can largely be explained by the sharp decline in poverty, and especially extreme poverty, over the years. In 2016, 276,000 individuals received the MBPF. This figure equals 4.6 percent of the population, a stark contrast to the poverty rate, which indicates that 32 percent of the population lives below the poverty line, with children particularly affected by poverty.

The low coverage becomes even more of a concern by the fact that the MBPF is the only poverty-targeted cash transfer programme in the Kyrgyz Republic.

The MBPF is expected to be replaced by a partly universal child benefit starting in January 2018. The new transfer will provide a universal birth grant to every new-born child.

Children under the age of 3 will receive a monthly benefit of KGS 700. Children between the age of 3 and 16 in families

with three or more children in this age group will receive a monthly benefit of KGS 500. Benefits will be paid starting from the third child in this age group. It is foreseen that 2018 is a transition year during which both the MBPF and the new child benefit will operate, until all MBPF beneficiaries have reached the end of their eligible period.¹⁰

MONTHLY SOCIAL BENEFIT

The Monthly Social Benefit (MSB) is a regular social assistance transfer for vulnerable groups of the population, identified by categorical targeting.

Eligible are those who belong to one of the following categories:

- Children under the age of 18 with disabilities;
- Children under the age of 18 born to mothers with HIV/AIDS; and
- Group I, II and III disabled who are not eligible for a social insurance pension;
- Senior citizens who are not eligible for a social insurance pension;

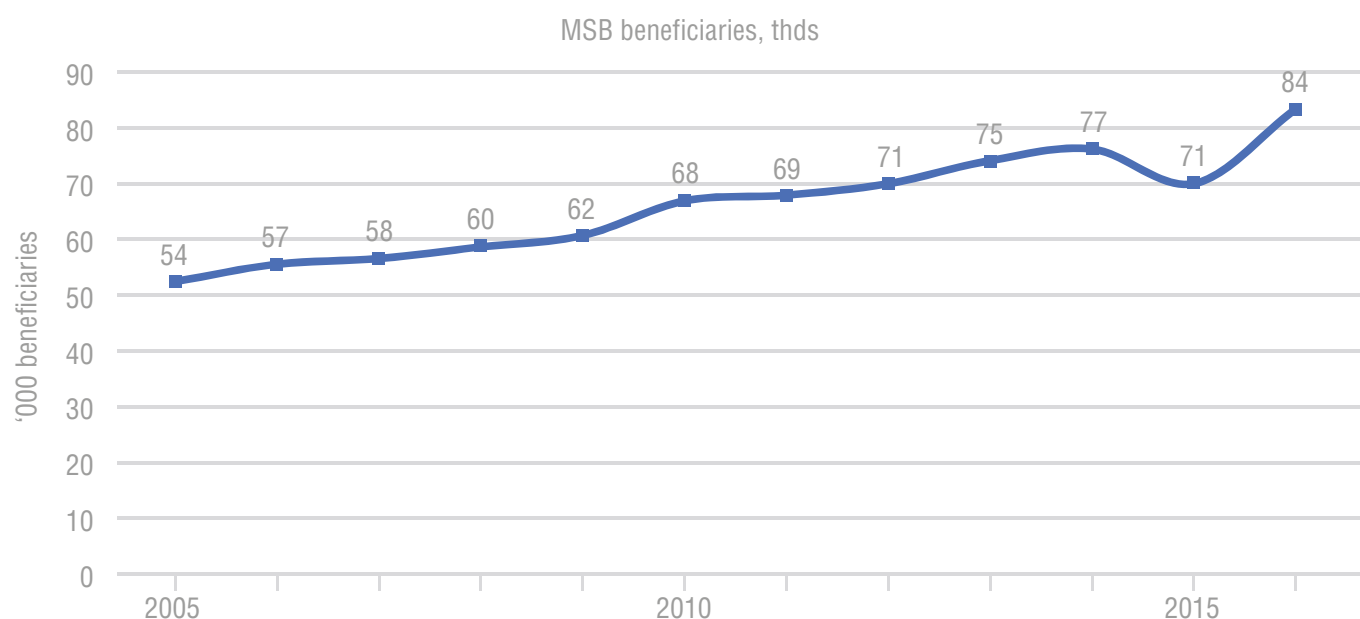
- Heroin mothers (i.e. who have seven or more children) who are not eligible for a social insurance pension; and
- Child survivors and orphaned children, if not eligible for a social insurance pension.

The identification of beneficiaries relies solely on categorical targeting. The benefit is paid monthly, unconditionally, to 84,000 recipients, or 1.4 percent of the population in 2016 (MLSD, 2017). Compared to 2005, the number of MSB beneficiaries has increased by 56 percent (MLSD, 2017).

The amount of the MSB was tied to the Guaranteed Minimum Income until the end of 2009.

After this policy change, the MSB's value increased until 2012, not only in absolute terms but also relative to the poverty line, to the subsistence level, to household consumptions and to the average poverty gap. Since then, however, the average nominal benefit value has remained nearly the same, meaning that the benefits have not been indexed and have lost some of their purchasing power.

FIGURE 17. TRENDS IN THE MSB BENEFICIARY NUMBERS



Source: MLSD (2017)

¹⁰ Information provided orally by MLSD in October 2017.

STATE CASH COMPENSATIONS

In 2010, cash compensations replaced the system of state privileges that had existed in the Kyrgyz Republic since the Soviet era. Cash compensations identify as beneficiaries several groups of people involved in the “Great Patriotic War” (World War II) or the Chernobyl accident.

Despite its name, the cash compensation system also provides in-kind transfers and services:

- Free medical care;
- Free or subsidised health resort treatment;
- Free privatisation of housing;
- Burial of veterans with military honours;
- Free indoor wheelchairs, prosthetic and orthopaedic products; and
- Housing subsidies (in Bishkek).

The modalities of the cash compensations vary greatly. Figure 19 summarizes the types of compensation payments.

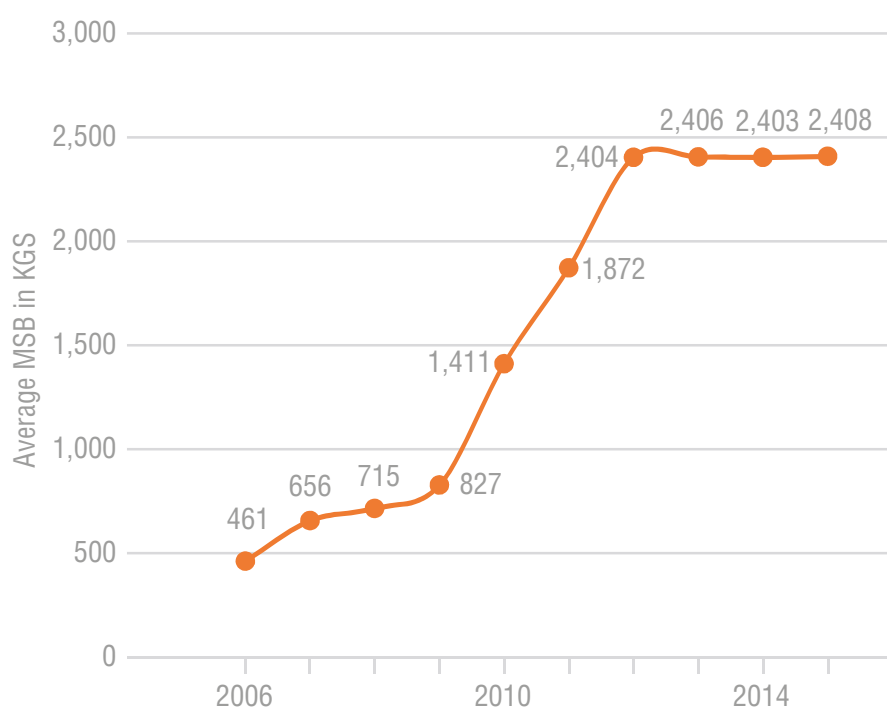
Simultaneous with the monetization of the privilege payments, the number of eligible groups decreased from 38 to twenty-five. As a result, the number of beneficiaries dropped from 281,000 before the reform in 2009 to 54,000 after the reform in 2010 (MLSD, 2017).

The government has resisted continuous pressure from parliament and other stakeholders to add new groups. In 2016, approximately 0.8 percent of the population (47,600 persons) received monthly cash compensations, a further decrease of 12 percent compared to 2010 (MLSD, 2017).

The decrease in beneficiaries is predominantly a result of demographic changes, as many of the recipients belong to older age groups.

This trend can be expected to continue in the upcoming years, lowering the financial requirements of the cash compensations. Moreover, the value of the cash compensations has remained unchanged.

FIGURE 18. AVERAGE MONTHLY VALUE OF THE MSB



Source: NSC (2017a)

SUPPLEMENTARY MONTHLY SOCIAL BENEFIT (SMSB)

The SMSB is paid to the families of citizens killed and/or injured during the Kyrgyz revolution during April–June 2010. The benefit is targeted at the following groups:

- Children (natural and adopted) of citizens deceased during the revolution, from the date of death until the beneficiary reaches the age of eighteen;
- Parents of citizens deceased during the revolution, from the date of death until the beneficiary's retirement, or as a lifelong monthly payment in case the deceased was the beneficiary's only child; and

Citizens with a medically recognized disability, caused by an injury during the revolution. In 2015, 637 people (0.01 percent of the population) received these payments (OECD, forthcoming a).

FIGURE 19. OVERVIEW OF CASH COMPENSATION PAYMENTS

Type of transfer	Eligible groups
Lifelong monthly cash payments	Veterans of the “Great Patriotic War”, Leningrad blockade survivors, underage survivors of concentration camps
Annual cash payments by or on the 9th of May	Veterans of the “Great Patriotic War”, widows of participants of the GPW, awarded home-front workers, underage survivors of concentration camps, citizens in the labour army
Lump sum payment	Rehabilitated and injured citizens
Issuance of loans	Chernobyl accident clean-up workers

Source: OECD (forthcoming, a)

ENERGY COMPENSATIONS AND SUBSIDIES

Besides the cash transfers, the Government of the Kyrgyz Republic provides social assistance through compensations and subsidies for energy consumption. This programme was introduced in 2010 as a response to the increasing electricity tariffs and their growing burden on household budgets. It consists of two components: the energy compensations for pensioners, and lifeline subsidy for the population living in high altitude areas (World Bank, 2014a).

Since 2010, energy compensations and subsidies remained in place, despite the government’s actions to revoke the energy price increase. The programme is targeted at pensioners with a low pension and households in high altitude areas. In 2011, 35 percent of the population benefited from the compensations for pensioners, and 10 percent for the subsidies in high altitude locations.

4.1.3 SOCIAL SERVICES

Social services in the Kyrgyz Republic are predominantly focussed around child protection, and within that, the residential care of children without parental custody.

In 2007, approximately 1 percent of the country’s child population, and 0.7 percent of the infant population had been placed in a residential institution (UNICEF, 2011). This number reflects a 40 percent increase between 2000 and 2007.

The problem is at least two-fold. First, the overall number of children needing residential care (thus, separated from their families) is high. Since it is estimated that nine out of ten children in state care have at least one living parent, it is reasonable to assume that many children are placed under such care because of preventable factors, including inadequate parental coping strategies or economic reasons.

According to the Convention on the Rights of the Child, the separation of children from their families should be a last-resort solution. In fact, little attention is given to the support to families and children that could prevent their separation. Gatekeeping mechanisms are underdeveloped, and social service providers do not have sufficient capacity. (UNICEF, 2011). Available and accessible social work support for families and children, professional case work and the cooperation and efficient information sharing among health, education and child protection staff is essential to strengthen this preventive function.

The reduction of the number of children in state care is an explicit target of the cooperation between the European Union and the government, which envisions an annual 3 percent decrease. UNICEF reports substantial improvements in this area and attributes most of the success to the strengthened gatekeeping mechanisms established after the 2012 adoption of the Child Code. According to UNICEF



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estimations, the number of infants referred to residential institutions fell by 30 percent between 2011 and 2014, and the number of children referred to ministry-owned institutions fell by 7 percent (UNICEF, 2015).

Second, even if the last-resort step of separating a child from his or her family must be taken, residential institutions are internationally recognized as an unfavourable solution. Yet, in the Kyrgyz Republic, this is the main form of state-sponsored care.

The dominance of institutionalization in child protection is well demonstrated by the fact that in 2014, only six children were referred to foster care instead of institutional placement (EU). The value of alternative forms of care has been recognized by both the government and international development partners such as UNICEF and the European Union. For example, a shift towards family-based residential care is an explicit target of the cooperation with the European Union, and is established in the Law on State Social Order and the Social Services Action Plan 2014-16.

The EU cooperation envisions a yearly allowance for foster care providers of approximately KGS 11,000 per child per month. This would help accelerate the process by incentivising foster families and by ensuring that adequate resources are available to cover the needs of the children. Building a network of foster families is a difficult but not impossible task. Hungary, for example, inherited a similar structure of residential institutions but since 2013 has prohibited the placement of children under the age of 12 in institutional care¹¹.

An important step in this shift was the transformation of foster parenthood into a form of salaried employment by the responsible agencies. As a result, only six Hungarian children under the age of 12 were placed in an institution in 2016.

Non-residential social services for children and families as well as other forms of social support are provided by the Departments of Family and Child Support at the *rayon*

(district) level, and by the lead specialist on social protection at the *ayil okmotu* (village council) level (UNICEF, 2011). Both suffer from a serious lack of capacity, since an inadequate number of staff is responsible for many administrative and social work functions. The *ayil okmotu*'s lead specialist on social protection handles most child protection tasks in the scope of social work. He is or she is responsible for the identification of families and children at risk, the organization and implementation of family support programmes and assisting applicants to access social assistance.

The specialist also is responsible for a wide array of administrative tasks, such as preparation of annual and interim progress reports, materials to apply for social assistance, administrative work related to the assignment of custodians and guardians and monitoring of custodian and foster families.

Individual case management (ICM) is necessary for the preventive function of social work with families and children and the promotion of the interests of children under state care. Case management is only partially utilized, but its provision to all children under state care is foreseen in the next three years.

The professionalization of social work is another necessary step to ensure quality social services. Social workers in the Kyrgyz Republic are not certified and their qualifications vary. Development partners, such as UNICEF and the ILO, provide topical trainings for social workers. The government is expected to develop the necessary legislation and the Ministry of Labour and Social Development is required to contract at least one educational institution to deliver professional courses to social workers in the following years. WFP and the University of Eastern Finland, jointly with MLSD, have undertaken an exploratory mission to assess the capacity development needs of social workers and potential follow up action, including training and curriculum development.

Perhaps the Kyrgyz Republic's thriving civil society sector will provide solutions to the

lack of comprehensive social services. The ADB estimated the number of NGOs operating in the country between 8,000 and 12,000 in 2011 (ADB, 2011). Many of these (42.7 percent) organizations operate projects that provide social services. The State Social Order Law is the legislation governing the subcontracting and regulation of social services provided by civil society organizations. The expansion of services subcontracted under the Social Order Law is an important target in the cooperation with the European Union. Between 2014 and 2016, subcontracted social services have run as pilot projects under the Social Services Action Plan 2014-16.

A further weakness of Kyrgyz social services is their monitoring and evaluation. Currently, there are no formal procedures for M&E other than internal audits. Monitoring of services and regular inspections are particularly important in child protection, as there is often a conflict between the interest of the child and the interest of service providers (for example residential institutions and foster care providers).

4.1.4 ACTIVE LABOUR MARKET POLICIES

Under the MLSD, active labour market policies (ALMP) contain public works, training programmes and a microcredit programme. All three programmes are severely underfunded and only available for unemployed people registered with the Employment Services¹². Hence, the scope of these programmes is small. In 2017, only 1.2 percent of the MLSD budget is reserved for ALMP. In addition, the government is currently testing productive safety net programmes in cooperation with WFP.

PUBLIC WORKS PROGRAMMES

Public work programmes receive the highest share (more than half of the corresponding funds) of government funding for active labour market policies (Schwegler-Rohmeis et al, 2013). In 2016, 21,100 unemployed persons participated in public work programmes (MLSD,

11 Except for cases in which other rights of the child override the right to family-type residential care, for example, the right of siblings to receive residential care in the same facility.

12 Note that farmers with land plots exceeding 0.05ha are considered employed and hence cannot benefit from active labour market policies (Law on employment promotion, #214, 2015)

2017). The public works programme offers employment by public and private employers, such as local governments or commercial enterprises. Wages comprise a base wage, paid by the employer, and a top-up provided by the MLSD. Employment is based on a fixed-term contract, which can be terminated early if the participant finds a permanent job. Public works participants received an average monthly wage of KGS 1,000–KGS 1,500 in 2016 (MLSD, 2017).

TRAINING PROGRAMMES

Training programmes are offered to the registered unemployed by the employment services across the country but are concentrated in urban areas. In 2016, 7,600 people participated in the programme, comprising 24 percent of all active labour market policy participants (MLSD, 2017). The training programmes are provided by licensed vocational training schools contracted by the MLSD. For the duration of the training, participants receive a stipend of 120 percent of the unemployment benefit (Schwegler-Rohmeis et al, 2013).

MICRO-CREDIT PROGRAMME

The MLSD has an agency called Ala-Too Finance that offers micro-credit services to the registered unemployed. The agency is responsible for the implementation of the programme, including eligibility assessments.

The programme is considerably smaller than the other two active labour market policies, and the numbers are decreasing. Whereas in 2011, almost 2,000 participants benefitted from a microcredit (OECD, forthcoming a), this number dropped to 700 in 2016.

They received an average credit of KGS 28,000 (MLSD, 2017). In 2012, almost 50 percent of all microcredit programme beneficiaries were women (Schwegler-Rohmeis et al, 2013).

The ministry wishes to increase the maximum loan from KGS 50,000 to KGS 100,000, and the maximum loan term from one to two years. For the last several years, the micro-credit agency has not received funds from the central government budget but has operated with previously accumulated revolving funds.

PRODUCTIVE MEASURES OF SOCIAL DEVELOPMENT

WFP is supporting MLSD in the design and piloting of the PMSD programme in the two districts of Kochkor in Naryn and Bazar Korgon in Jalal-Abad. The Support for National Productive Safety Nets and Long-Term Community Resilience programme was launched mid-2014.

It is implemented through a joint agreement with ten ministries to mobilize existing resources to pilot the promotive role of social protection. The purpose of the pilot is to provide a basis for the institutionalization of productive safety nets within national social protection systems. The programme consists of capacity development and technical assistance to responsible ministries (the MLSD) and field-level support for projects to build resilience and improve livelihoods.

As of July 2017, the WFP and MLSD have supported more than 1,900 different projects in 163 sub-districts (WFP, 2017d). The projects supported 69,000 families, reaching more than 346,200 beneficiaries.¹³

These projects include creation and restoration of assets, such as disaster mitigation structures, roads, irrigation and drinking water systems. WFP applies the Three-Pronged Approach (3PA): Integrated Context Analysis, Seasonal Livelihood Programming; and Community Consultations (WFP, 2017c:1). Women's leadership and economic empowerment, particularly in rural areas,

are transformative programme elements whose goal is to support gender equality.

The supported activities include:

- Rural and agricultural infrastructure improvement, for example, roads, irrigation networks, water systems;
- Agricultural production enhancement through training;
- Agricultural produce processing, for example, equipment provision;
- Vocational training;
- Projects aimed at disaster mitigation, for example, reinforcement of riverbanks, construction of canals and dams; and
- Income-generating activities, for example, fisheries, fruit and vegetable gardens, bee hiving.

These activities follow WFP's Food Assistance for Assets (FFA) initiative. The FFA "addresses immediate food needs through cash, voucher or food transfers, while at the same time it promotes the building or rehabilitation of assets that will improve the long-term food security and resilience" (WFP, n.d. b). In the first three quarters of 2017, 14,000 MT of food was distributed. By the end of 2017, more than 40 mini-processing workshops will be launched and 94 informational resource centres opened. By the end of 2017, USD 500,000 will be distributed in cash-for-asset and training activities.¹⁴

In April 2016, an inter-ministerial working group was established to develop a state system of short-term training for vulnerable groups. The working group included the MLSD, the Ministry of Education and Science (MOES), the Ministry of Agriculture (MOA) and WFP. This was followed by a memorandum in July 2016 to create a state system for training (SKAP). The SKAP has been successfully launched and implemented in 34 *ajyl okmotus* and five towns. 23 Vocational Training Lyceums

¹³ Information provided by WFP Country Office in the Kyrgyz Republic.

¹⁴ Information provided by WFP Country Office in the Kyrgyz Republic.

are providing free training for low-income families under the SKAP system.¹⁵

According to stakeholder interviews, the programme is generally seen as successful. Cooperation with local self-governments and aiyl okmotus has been cited as an important factor in its success. One concern that emerged during the interviews is the impact of the food rations on households' dietary diversity.

As the food basket has been said to comprise mainly flour, butter and sugar, it does little to diversify the average Kyrgyz household's carbohydrate-rich diet. However, as the flour is fortified, the food rations address conditions related to micronutrient deficiency, such as anaemia.

Moreover, the provision of these staples frees up some of the household budget, which in return can be used to purchase nutritious food. In any case, a robust and detailed evaluation of the programme is needed to draw conclusions. During this year, an impact evaluation of the programme will be conducted in project areas, making use of WFP's expertise in monitoring and evaluation.

4.1.5 SCHOOL FEEDING AND THE OPTIMIZING SCHOOL MEALS PROGRAMME (OSMP)

The Kyrgyz Government has been operating a national school meals programme since 2006, regulated by the law Organization of Feeding in General Education Schools of the Kyrgyz Republic (WFP, 2016b). The goal of the programme is to provide meals at school for all children in primary education.

The programme enjoys the government's political support and financial commitment, but concerns have been raised about the efficiency and the quality of the national school meals. Although the government's achievements in coverage and in increased spending were substantial, the nutritious value of the meals provided has remained low, consisting of products such as an unfortified wheat bun and tea. Resources have been rather modest,



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¹⁵ Information provided by WFP Country Office in the Kyrgyz Republic.



with the school meals costing KGS 7 /student/ day (or KGS 10 in mountainous and remote locations). School feeding is provided for grades 1–4. School meals are sometimes also available for children in higher grades if there is adequate infrastructure and parents pay for it.

To strengthen its school meals programme, the Government of Kyrgyz Republic requested the WFP’s technical assistance and support.

The first round of the OSMP was launched by WFP and the government in 2013, for a duration of four years. The co-operation between the WFP and the government follows a two-fold approach. The first is the development of a reformed, national school meal strategy (including policy formulation and an action plan for implementation), and capacity-building.

The national school meals policy until 2025 is entrenched in the document “Key Directions for Development of the School Meals Programme in the Kyrgyz Republic”, which has been approved by the government. The WFP and the government have established the Inter-Ministerial Working Commission, chaired by the Vice Prime Minister for Social Affairs. Members of the commission, relevant ministries and government agencies are working on legal and technical regulations to develop the system for sustainable and high-quality school meals, as well as overseeing the piloting and further expansion of optimised

school meals modalities in selected schools, with the support of WFP and other development partners.

The second component of the co-operation is the pilot project, in which the WFP and the Government of the Kyrgyz Republic implement improved school feeding programmes in selected schools. The main purpose of the pilot project is to give practical experience on how to implement best practices in school feeding – an area in which WFP’s expertise cannot be overestimated.

Providing adequate equipment and infrastructure, designing nutritious menus, disseminating knowledge on efficient and effective management, training cooks, providing interactive nutrition training, creating school gardens and improving procurement practices are among the activities, in addition to the provision of hot meals. The pilot programme has assisted 82,812 children as of March 2017. Selected schools have also received necessary canteen equipment, of which 25–30 percent was funded by local authorities, parents and donors, and the remaining 70 percent by WFP (WFP, 2017).

The need to improve school meals is demonstrated by the conditions in the pilot schools before the project. According to the WFP (2016b), only 27 percent of pilot schools had provided hot nutritious meals

before joining the project. On average, the condition of canteen equipment had deteriorated by 90 percent, and all pilot schools required additional equipment to provide hot meals.

A key aspect of the programme has been the mobilization and engagement of parents and other community members in the school feeding programme. This has led to better accountability and to the generation of community contributions, which range between KGS 1.5 and KGS 3.0 per child per day, depending on the geographic area.

To ensure that the government develops a sustainable budget for the programme, WFP provides, on a temporary basis, 60 grams of fortified wheat per child for the school meals until the school meal programme is fully up and running, while the government covers the remaining 87 percent of school meal costs. Although this is a substantial contribution to the costs of the programme, it only consumes 0.2 percent of GDP – a small allocation, but it demonstrates commitment.

The monitoring and evaluation system for the pilot project is well developed and comprehensive. According to the programme’s evaluation in 2016, the monitoring system contributed to the performance of the pilot project (WFP, 2016b). In 2016, WFP switched to an electronic data collection software, thus making the collection, entry, cleaning and analysis of the data more efficient. Regular visits to pilot schools are conducted by WFP, the Ministries and WFP’s partner organization, the Centre for Activation and Development of Rural Initiatives (CADRI). Monitoring is more frequent in newly joined schools, and less so in schools from previous rounds. A comprehensive checklist ensures that the school visits examine the entire implementation process at schools.

The programme’s contribution is primarily evaluated according to two expected outcomes. “The first is ownership and capacity strengthened to reduce undernutrition and increase access to education at regional, national, and community levels; and the second is increased equitable access to and utilization of education” (WFP, 2016b).

Evaluation based on a national capacity index has revealed major improvement in the government's capacity because of the OSMP programme. This indicates the ongoing institutionalization of core government capabilities, among them the adoption of the national strategy, and the work of the national implementation strategy (WFP, 2016b).

The effects on education are less clearly demonstrated by results, most likely because of the already high (98.5 percent) attendance in 2014, which remained unchanged (WFP, 2016b), notwithstanding the effects that the school feeding programme may have had on educational performance. The effects of the school feeding programme on enrolment and attendance have both been unchanged compared to previous years against the background of already high levels of enrolment.

At the end of the 2015/16 school year, a stakeholder survey¹⁶ was conducted by WFP among parents, school directors and authorities on the local and district levels. Almost all (over 99 percent) of the respondents found the programme to be excellent or very good (WFP, 2016b). The benefits mentioned included the improved quality of the meals and better WASH facilities.

Anecdotal evidence links the programme to improved school attendance. The school meals have been found to have positive effects outside of the school as well, helping recipient households save on average more than 10 percent of their budget (WFP, 2014).

The Theory of Change developed for the programme serves two critical purposes. It is the basis of monitoring and evaluation and is key to framing the school meals programme as a protective and promotive social safety net. Thus, it contributes to the strategic positioning of school feeding on the social protection agenda. The 'Theory of change' is based on the five, internationally recognized Systems Approach for Better Education Results (SABER-SF) policy goals, which the school meals programme implements to ensure

that all children in the Kyrgyz Republic are healthy, educated and food secure. School feeding contributes to this goal through four policy pathways (Dunn and Gichigi, 2017):

- Institutional development
- Food security
- Education
- Health and nutrition

4.1.6 INFORMAL SOCIAL SAFETY NETS

Like other countries in the Central Asia region, remittances play an important role as informal safety nets for Kyrgyz households. Remittances constitute a large and growing fraction of the economy, accounting for 25.7 percent of the Kyrgyz Republic's gross domestic product (GDP) in 2015 (World Bank, 2015). The pace by which the share of remittances increases has been rapid: in 2002, they made up only 1 percent of the country's GDP (EDB, 2013).

Estimates of the number of migrant workers for the years 2011–2013 vary between 500,000 and 1,000,000, or 10–20 percent of the country's population (EDB, 2013). Most migrants work in Russia (92 percent) and Kazakhstan (8 percent), with less than 1 percent estimated to seek employment in Belarus. Regionally speaking, migrant workers typically come from Chui or the three southern regions, Osh, Jalal-Abad or Batken, and are residents of rural areas.

Differences in wages and labour demand are the main reasons for external labour migration (EDB, 2013). The relationship between the lack of income security in the Kyrgyz Republic and external labour migration is confirmed by the respondents to the EDB's survey conducted in 2013. Of all interviewed Kyrgyz labour migrants working in Russia, 91 percent reported that they had decided to work abroad to improve their financial situation (EDB, 2013).

A further support is found in the statistical association between GNI per capita and emigration: a 1 percent drop in GNI per

capita is associated with a 0.65–0.77 percent increase in the number of emigrants (EDB, 2013).

Remittances have improved livelihoods and reduced poverty of the Kyrgyz population. Karymshakov et al (2012) report two main findings about the role of remittances. First, they represent a substantial part of household expenditure. Second, they decrease poverty levels considerably by increasing household expenditure.

The consumption of many households that receive remittances from abroad would be below the poverty line without the transfers (Karymshakov et al, 2012). Similar observations have been made by the ADB (2013a). The high rate of poverty reduction during times of contractions in industry was possible, they argue, because of the growth in remittances and demand for services. Remittances are an essential source of income, and this is especially true for rural areas, which remain poorer. The ADB (2013a) also confirmed that poverty rates would be higher without remittance inflows raising household incomes and expenditures.

But the reliance on remittances holds risks on the macro- and micro-levels. Brain-drain, as a consequence of external labour migration, can cause the country's human capital to leak, and its workforce to "erode" (EDB, 2013). The loss of skilled workers limits the Kyrgyz Republic's innovation and production potential. This can impact economic growth, increase poverty in the long-term, increase the social cost of and decrease the returns of public expenditure on education.

On the household level, remittances are an unreliable social safety net, and they should not be expected to replace formal social protection systems. They make remittance-receiving households especially vulnerable to external forces such as the economic situation of the Russian Federation or Kazakhstan. As discovered earlier in this report (see Chapter 3.1), stability is a critical dimension of food security in the Kyrgyz context. Reliance on volatile informal transfers exacerbates vulnerability instead of cushioning recipients against it.

16 The survey covered 567 participants in 60 pilot schools.

4.2 PERFORMANCE OF SOCIAL PROTECTION

As the overview of programmes has shown, the Kyrgyz Republic's social protection system consists of several contributory and non-contributory formal social protection schemes and informal safety nets such as remittances received from migrant workers.

The performance of social protection is determined by its capability to reach those in need and the amount of resources directed at them. This section evaluates the Kyrgyz social safety nets through common performance indicators and looks at their contribution to the population's food security.

4.2.1 THE ROLE OF STANDARDS

Social protection in the Kyrgyz Republic is guided by a number of basic standards: the extreme poverty line, the poverty line, the subsistence minimum, the guaranteed minimum income, the imputed rate, the base pension, the minimum wage and the national average wage.

The subsistence minimum is the estimated cost of a normative set of basic goods and services that are minimally required for healthy living standards. The food component reflects a nutritious diet covering daily 2,100 kcal per capita. In 2016, the value of the subsistence minimum was calculated at KGS 4,794 per capita per month (MLSD, 2017).

The poverty line reflects the empirically derived monetary resources required to meet basic needs, and was estimated at KGS 2,631 per capita per month in 2016.

Note on standards:

The two poverty lines and the subsistence minimum are used primarily for statistical purposes, such as measuring the poverty incidence of the population, although they also influence policy and programme formulation. They indirectly influence social protection policy by identifying the need for such measures. For a summary, see Table 8.

The extreme – or food – poverty line is calculated as the cost of consuming a diet of 2,100 kcal per person per day. The value is empirically derived from the food consumption habits of the Kyrgyz population. In 2016, the extreme poverty line was estimated at KGS 1,519 per capita per month (MLSD, 2017).

The GMI plays an important role in the identification of beneficiaries in poverty targeted schemes. Applicants are eligible for the MBPF if their per capita monthly income is below this amount.

Until 2012, the benefit size was the gap between the GMI and average household income per capita. The GMI in 2016 was set at KGS 900 per month (MLSD) and the flat-rate MBPF benefit was equal to KGS 810 per month and recipient.

The Imputed Rate (IR) guides the value of the maternal benefit, the unemployment benefit and the funeral benefit, when the beneficiary's average wage is not applicable. The value of the IR is KGS 100.

Social insurance benefit values are benchmarked against the national

average wage, calculated as a pre-set percentage of this standard. The national average wage also guides pension values, since the baseline pension cannot be less than 12 percent of the national average wage. The trends in the value of the social protection standards are depicted in Figure 20. The differences between standards are notable. The minimum wage, for example, is strikingly low in comparison with the poverty lines and the minimum subsistence level.

The minimum wage is only two thirds of the food poverty line, less than 40 percent of the absolute poverty line and 22 percent of the subsistence minimum. The GMI, which plays a crucial role in social assistance targeting, is also low. Its value of KGS 900 per month is equal to only 57 percent of the food poverty line, which is the highest share in its history.

Setting the GMI so low means that only the most destitute of the population can apply for the only poverty targeted social assistance programme, the MBPF. Thus, the potential exclusion of the poor is present by design.

4.2.2 COVERAGE, DISTRIBUTION AND ADEQUACY

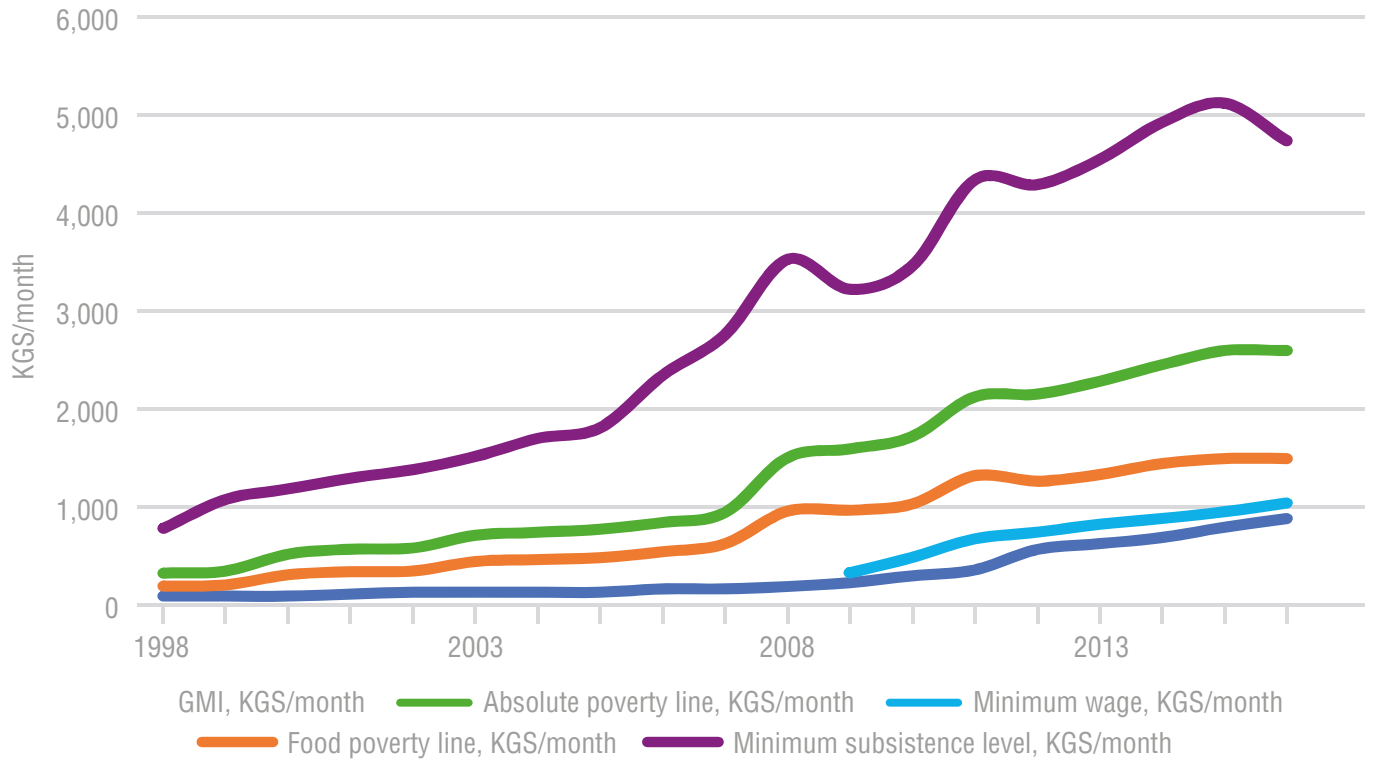
Basic performance indicators, such as coverage, distribution and adequacy allow for the evaluation of the extent to which social protection policies can provide income security for the population. Based on the analysis of KIHS (2015), 52 percent of the population is living in a household where at least one person receives any kind of social transfers.

TABLE 8. SUMMARY OF POVERTY LINES

Standard	Monetary value of standard (per capita per month)	Remarks
Subsistence minimum	KGS 4,794	Cost of normative set of basic goods and services required for decent and healthy living standards
Poverty line	KGS 2,631	Empirically derived monetary resources required to meet basic needs
Food (extreme) poverty line	KGS 1,510	Empirically derived costs of consuming a diet of 2 100 kcal per day

Source: MLSD (2017)

FIGURE 20. TRENDS IN THE VALUE OF STANDARDS OVER TIME



Source: MLSD (2017)

Social insurance pensions account for the largest coverage rate with 45 percent of the population directly or indirectly benefiting. Coverage with social insurance pensions is considerably higher among the poorer population and declines with increasing welfare levels.

that while the GMI and benefit values were increased over time, the budget allocated to the MBPF remained under constant pressure. To reconcile this paradox, the MLSD tried to limit the number of beneficiaries by informally asking local level staff to reduce beneficiary numbers.

There seems to be a paradox regarding the coverage of the MBPF. Essentially, the MBPF aims to support extremely poor households. Extreme poverty was estimated at 1.4 percent for rural and 1.1 percent for urban households in 2015 (MLSD, 2017). The GMI, which is

Social assistance programmes in the Kyrgyz Republic are characterized by low coverage. Based on the KIHS data, 8.5 percent of the population was living in a MBPF household in 2015. Among the poorest households, MBPF coverage was 15.5 percent. This is a substantially less compared to 2010 when almost 30 percent of the poorest 20 percent of the population benefited from the MBPF (Figure 22) even though overall coverage was only slightly higher at 12 percent of the population.

According to the MLSD, approximately 60 percent of children in the bottom quintile do not receive this benefit. Given that the MBPF is the only poverty-targeted regular social assistance transfer in the Kyrgyz Republic, this trend is a cause for concern. Key informant interviews further revealed



officially used as the eligibility threshold for the MBPF, is less than 50 percent of the extreme poverty line. How is it possible then, that 14 percent of all children live in a household benefiting from the MBPF? Gassmann (2013) argues that the paradox is partially because of the difference between household consumption derived from household surveys and used for poverty measurement, and the administrative income used for benefit eligibility assessment.

The MSB is the only of the three social assistance instruments with increasing number of beneficiaries, and hence coverage, since 2005. Recipients of the MSB have increased by one third between 2005 and 2016 (MLSD, 2017). Still, coverage remains low at 1.3 percent of the population covered.

Cash compensations are predominantly received by persons in older age groups, since many of the compensations are tied to participation in World War II.

Moreover, given the moratorium on eligible categories, coverage has decreased over time. About 2 percent of the population lives in a household benefiting from cash compensations or other local subsidies.

Informal transfers, which include the receipt of remittances from migrant family members, are received by 18 percent of the population. Coverage with informal transfers is relatively uniform and does not depend on the welfare level of the household.

Overall, social transfers are slightly progressive with a relatively larger share of spending reaching the poorest 20 percent of the population. Table 10 shows that 50 percent of the allocated MBPF funds have been received by the poorest households.

With a targeting performance indicator of 2.5¹⁷, the MBPF is clearly progressive. Informal transfers are also progressive, contrary to earlier years. Of all transfers from relatives, more than 30 percent are actually received by the poorest 20 percent of the population.

The distribution of the MBPF is pro-poor, but suffers from exclusion and inclusion errors. Gassmann and Trindade (2016) found that the programme excluded almost 80 percent of extremely poor children in 2012, which inevitably undermines the poverty reduction impact of the MBPF. KIHS 2015 data show progressive distribution of both benefits and beneficiaries, but there are serious exclusion errors: only 17 percent of the population in the lowest decile, and 16 percent in the lowest quintile live in a beneficiary household. Yet, both benefits and beneficiaries are allocated progressively.

Benefits are clearly concentrated in lower deciles: 37.6 percent of all transfers are distributed in the poorest 10 percent of the population.

Top deciles capture a small fraction of benefits: the 8th, 9th and top decile altogether received 3.8 percent of all transfers in 2015. The World Bank (2014a)

came to a similar conclusion using data from 2011: over 70 percent of recipients, capturing more than 80 percent of benefits, have belonged to the bottom 40 percent of the population.

The Government of the Kyrgyz Republic plans to replace the MBPF programme with a universal child benefit, beginning January 2018. The benefit will cover every child up to the age of 3, and the third and subsequent child between 3 and 16 in families with more than three children in this age group. It is expected that the new programme will strongly improve performance as exclusion errors will be considerably reduced. Given that poverty is strongly correlated with the number of children in a household, it is also expected that the new benefit will still be progressive and benefit the poor proportionally more.

According to the World Bank's analysis of 2011 data (World Bank, 2014), the bottom quintile received 10 percent of MSB benefits. The highest share of beneficiaries was found to be in the second and third quintile. Beneficiary incidence of the Monthly Social Benefit is not particularly progressive; however, results should be used with caution because of the small number of MSB recipients in the analysed sample. Out of the 366 observations, 150 MSB recipient households reported that they were poor (OECD, forthcoming, a). Moreover, given that the MSB is not a poverty targeted programme, assessing the programme in terms of pro-pooriness

TABLE 9. COVERAGE OF SOCIAL PROTECTION PROGRAMMES 2015

	Poorest 20%	II	III	IV	Richest 20%	Total
Any social transfer	70.9	59.3	50.2	42.9	36.1	51.9
Pension	62.9	48.8	42.6	38.5	33.4	45.2
MSB	2.3	0.6	1.1	1.4	1.0	1.3
MBPF	15.5	10.7	8.1	6.5	1.6	8.5
Other social benefits	4.3	2.9	2.6	1.6	1.6	2.6
Cash compensations & local subsidies	1.7	1.5	4.5	1.7	1.7	2.2
Money from relatives	23.0	18.5	16.1	17.7	16.0	18.3

Source: Author's elaboration based on KIHS 2015. Quintiles are based on annual per capita consumption before a given transfer assuming a marginal propensity of 33 percent

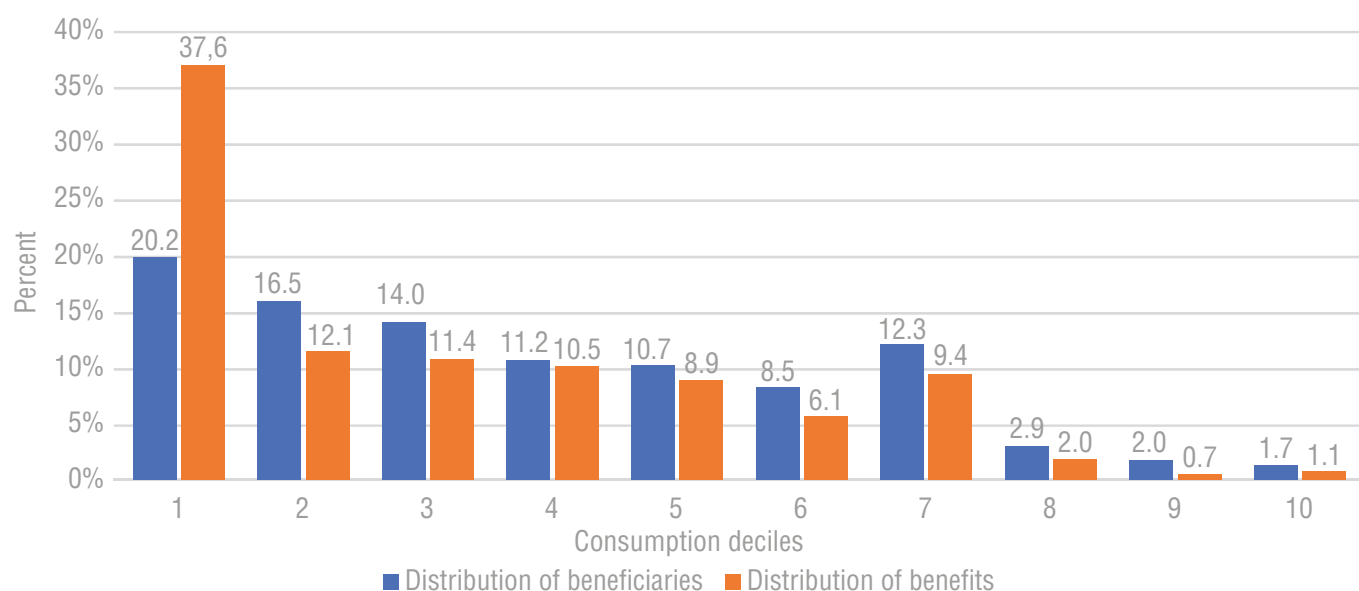
17 Calculated as the share of benefits going to the first quintile divided by the share of the population in the first quintile: 49.7/20.

TABLE 10. DISTRIBUTION OF SOCIAL PROTECTION BENEFITS 2015

	Poorest 20%	II	III	IV	Richest 20%	Total
Any social Transfer	26.3	17.5	17.2	17.2	21.7	100
Pension	25.4	17.8	16.8	17.7	22.3	100
MSB	26.4	9.8	11.2	34.7	18.0	100
MBPF	49.7	21.9	15.1	11.4	1.8	100
Other social benefits	35.5	17.2	19.8	13.0	14.5	100
Monetary compensations & local subsidies	25.8	2.4	9.6	12.5	49.7	100
Money from relatives	31.4	14.1	13.5	18.1	23.0	100

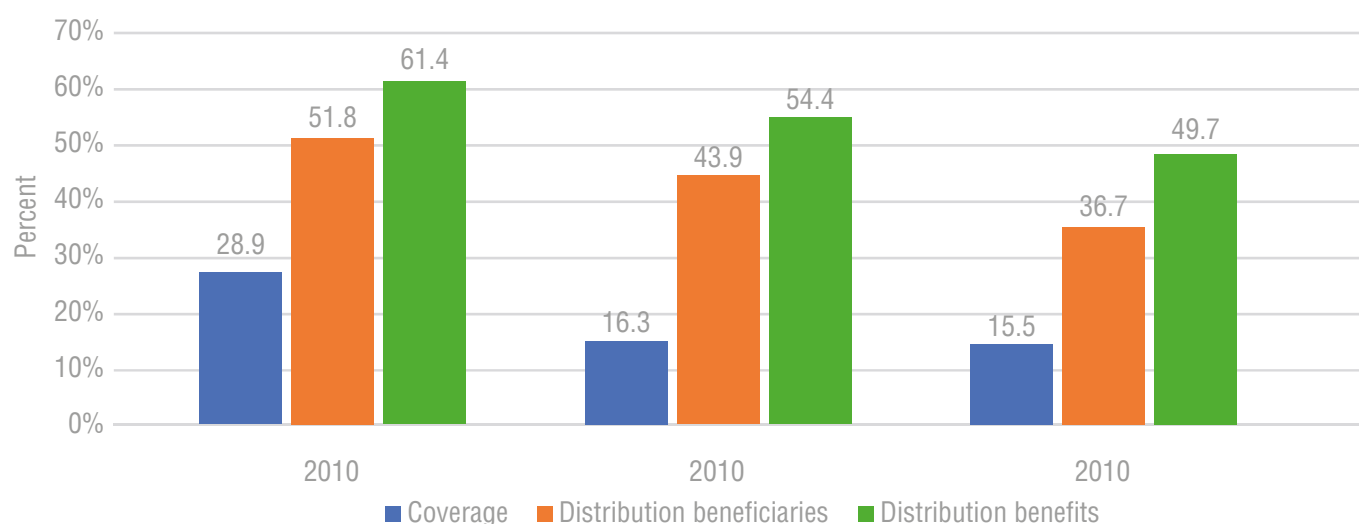
Source: author's elaboration based on KIHS 2015. Quintiles are based on annual per capita consumption before a given transfer assuming a marginal propensity of 33 percent

FIGURE 21. DISTRIBUTION OF MBPF BENEFICIARIES AND BENEFITS, 2015



Source: author's elaboration based on KIHS 2015. Deciles are based on annual per capita consumption before a given transfer assuming a marginal propensity of 33 percent

FIGURE 22. DEVELOPMENT OF MBPF PERFORMANCE INDICATORS, 2010-2015



Source: author's elaboration based on KIHS 2015. Quintiles are based on annual per capita consumption before a given transfer assuming a marginal propensity of 33 percent

and poverty reduction is not entirely appropriate. The cash compensation programme is regressive (World Bank, 2016), since transfers are not targeted at the poor, pose a potential misallocation of scarce social assistance funds and are expected to have minimal effects on poverty.

Besides coverage and distribution, the adequacy of benefits determines the capacity of social assistance programmes to contribute to recipients' livelihoods. As Table 11 indicates, social protection transfers are an important financial contribution in recipient households. Overall, they account for 38 percent of household consumption. Social insurance pensions are the most important in this respect. Pensions account for 43 percent of household consumption for recipient households belonging to the poorest quintile.

The adequacy of social assistance transfers is much more limited. Both, the MSB and MBPF account for about 8 percent of consumption in recipient households. For the poorest households, the share of MBPF transfers is 12 percent, which is very low in international comparison. Money from relatives, including remittances, account for one fifth of consumption. However, informal transfers seem to be considerably larger in richer households given that they represent almost one quarter of consumption. For the poorest households, informal transfers contribute only 15 percent.

The value of the cash compensations varies considerably across categories, which is reflected in the adequacy of benefits. Table 17 in the Annex gives an

overview of beneficiary categories and the corresponding benefit values. The most generous benefits are received by Category I, which includes war heroes and disabled veterans. For this category, in 2015, the transfers are equal to 282 percent of the poverty line per month.

Monthly entitlements decrease until Category VII, in which benefits reach 40 percent of the poverty line. The flat-rate benefit values for each category have been set at the policy change in 2010, and have remained unchanged with the exception of compensation payments for Category III beneficiaries – Chernobyl victims – whose nominal benefit has been raised from KGS 3,000 to KGS 7,000 between 2010 and 2015.

In general, social assistance in the Kyrgyz Republic is fragmented, with low coverage. The only means-tested social assistance programme, the MBPF, offers small benefits to a narrowly targeted group of the population. Although its allocation is progressive, the programme suffers from exclusion and inclusion errors. The social insurance pension system provided benefits for 647,000 people in 2015, or 10.7 percent of the population. The number of pensioners and their share in the population has been growing in the last decade and is expected to continue.

The average adequacy of pensions had been growing steadily between 2008 and 2012. In 2015, an average pension equalled 186 percent of the national poverty line and 167 percent of recipient households' consumption (OECD, forthcoming a). Since 2012, the average pension has been above

100 percent of a pensioner's subsistence minimum (OECD, forthcoming a).

It needs mentioning that pension amounts vary to great extent by type (and by the individually accumulated funds). Figure 24 depicts the three types of pensions as a percentage of the subsistence minimum, between 2005 and 2014.

With regards to both the coverage and amount of pension payments, the dominance of the informal sector, and the growing magnitude of external migration, pose serious constraints. Informal sector workers and those who work abroad do not contribute regularly to the pension system. For example, the OECD found that only one third of agricultural workers contribute to the pension fund. The contributions of agricultural workers make up approximately 1 percent of all contribution payments but they account for 37 percent of pensioners (OECD, forthcoming b).

This puts financial pressure on the defined benefit component of pensions since it limits the number of present contributors and contributions. However, these people will either be ineligible for a social insurance pension or will have to rely on the basic component and thus receive inadequate pensions.

4.2.3 CONTRIBUTION TO FOOD SECURITY

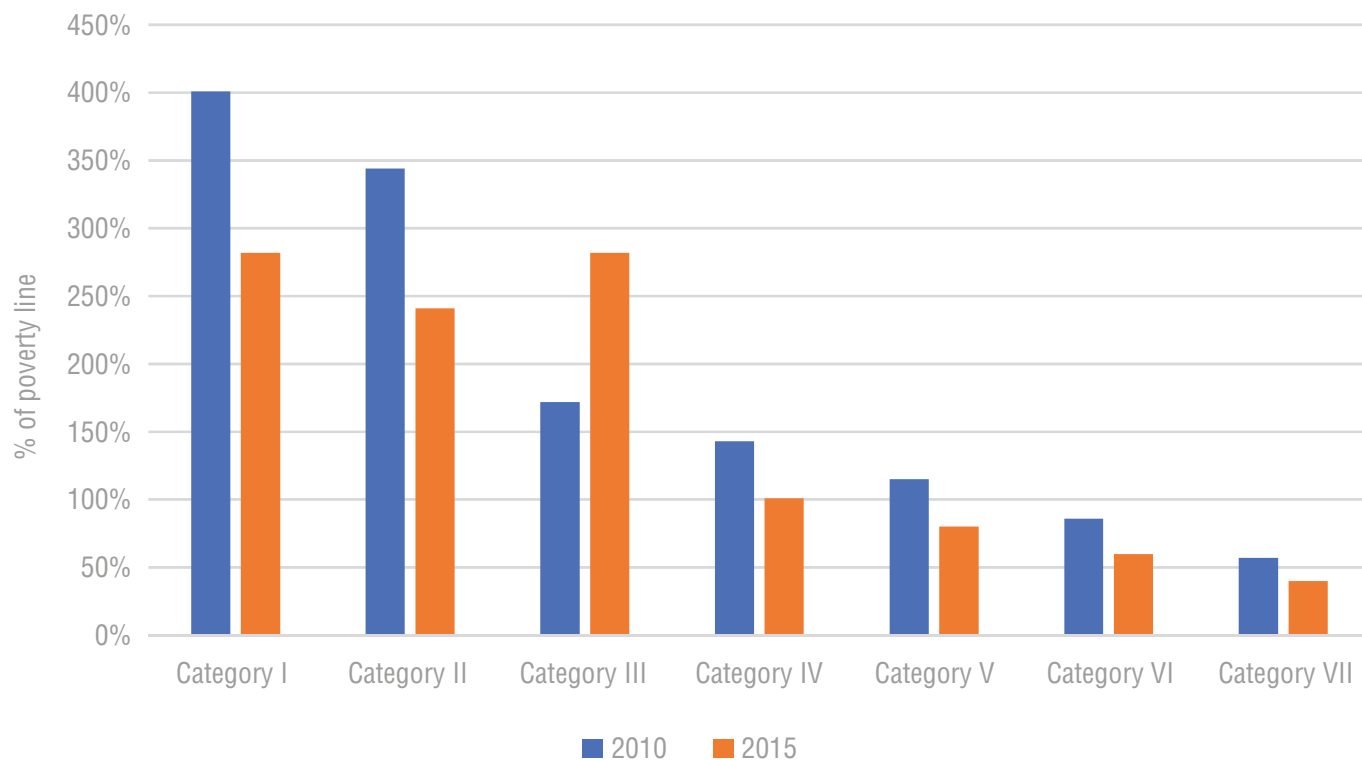
As discussed in Chapter 2, food insecurity among the Kyrgyz population is predominantly a

TABLE 11. BENEFIT ADEQUACY (BENEFIT AS % OF TOTAL HOUSEHOLD CONSUMPTION, RECIPIENT HOUSEHOLDS ONLY), 2015

	Poorest 20%	II	III	IV	Richest 20%	Total
Any social transfer	40.1	35.3	35.3	36.4	41.2	37.7
Pension	43.1	40.6	37.8	38.3	43.0	40.6
MSB	10.0	11.5	4.0	9.6	7.7	8.5
MBPF	12.3	8.6	6.7	10.1	3.3	8.2
Other social benefits	0.4	0.3	0.3	0.1	0.1	0.2
Monetary compensations & local subsidies	1.0	8.5	0.5	3.5	9.5	4.6
Money from relatives	15.0	27.3	18.5	24.0	23.1	21.6

Source: author's elaboration based on KIHS 2015.

FIGURE 23. ADEQUACY OF CASH COMPENSATION PAYMENTS

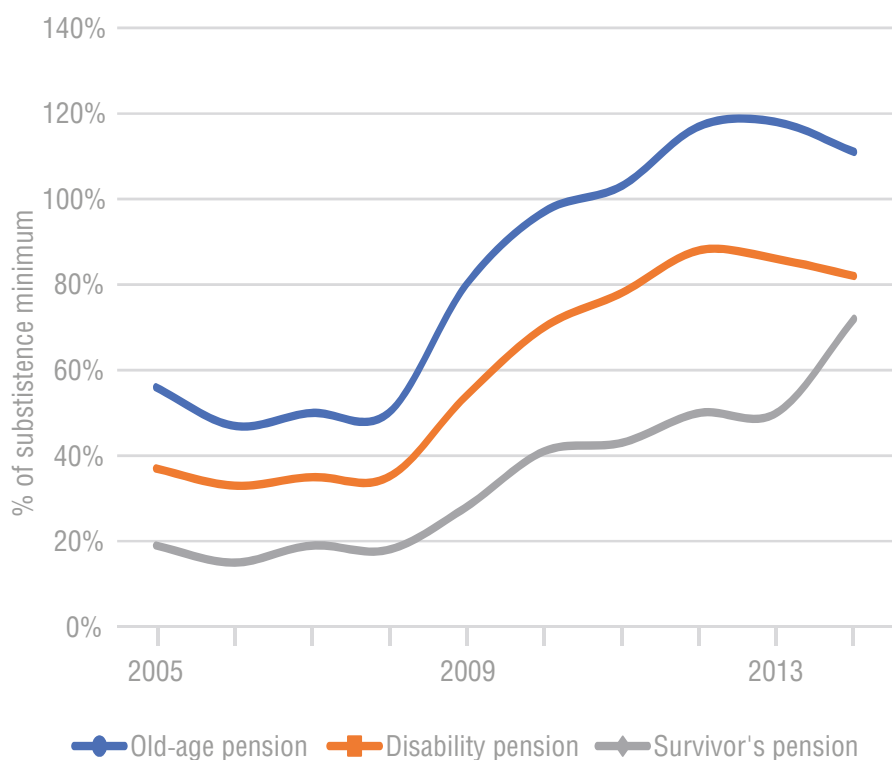


Source: OECD (forthcoming, a)

consequence of low purchasing power, thus, poverty. Social protection in the form of food or cash transfers can primarily improve food security by alleviating poverty through skills enhancement or asset creation and by raising or smoothing the consumption of households. Social assistance and social insurance cash payments and certain active labour market programmes (such as public works or food assistance for assets programmes) increase beneficiaries' economic access to food.

Cash transfers can have positive effects on food security but they may be insufficient to guarantee improvements in poor families' livelihoods and food security. Although evidence on the link between cash transfers and food security in the Kyrgyz Republic is limited, the fact that less than one fifth of the poorest 20 percent of the population are covered by the MBPF (Table 9) and that the number of beneficiaries has been decreasing over time (Figure 16) indicates that the MBPF is hardly protective against food insecurity

FIGURE 24. PENSIONS AS % OF PENSIONERS' SUBSISTENCE MINIMUM



Source: MLSD (2017)

(see also WFP and ILO, 2017). Yet, there is a large pool of global empirical evidence¹⁸ on how social transfers have reduced poverty and how they can positively influence food security and nutrition beyond raising incomes.

A recent study on the rates of returns of social transfers by Dietrich et al. (2017) in the Ugandan context found a statistically significant decrease in the likelihood of child underweight because of social protection transfers.

In a study on the rates of return of social transfers by Gassmann et al. (2013), a higher household education level was found to be related with a lower probability of malnourishment. This, coupled by the evidence that social protection has a positive effect on education (Behrman, 2006; Dammert, 2009; Gassmann et al. 2013; Dietrich et al. 2017), demonstrates one of the ways social cash transfers can contribute to food security beyond raising purchasing power.

Overall, social transfers reduce the poverty rate by one fifth based on data from 2015 (Table 13). Social insurance pensions are essential for poverty reduction even though their primary aim is income smoothing in case of life-cycle risks. Without social

insurance pensions, poverty rates would be considerably higher. They also close the poverty gap with 30 percent. All other transfers are much less relevant for poverty reduction.

The MBPF has no major impact on poverty, but it manages to reduce extreme poverty – even though these results should be interpreted with caution. Given that extreme poverty is reduced by 14 percent and the extreme poverty gap by 33 percent, the MBPF reaches households in extreme poverty and reduces the average distance to the poverty line.

As the previous section has shown, the limited effect of social assistance on poverty is expected because of the low coverage and low adequacy of benefits. An analysis (OECD, forthcoming b) of KIHS 2015 data measured the poverty reduction efficiency of social assistance programmes.

Assuming a 33 percent marginal propensity to consume¹⁹, the study has found that the poverty gap reduction efficiency of the MBPF is 18.5 percent (OECD, forthcoming b). This means that that a KGS 1 reduction of the poverty gap costs KGS 5.42 from the budget. Extreme poverty gap reduction efficiency was estimated to be even lower:

an extreme poverty gap reduction of KGS 1 KGS costs KGS 25.9, which means a 3.9 percent efficiency (OECD, forthcoming). A World Bank (2014a) study found regional variations in the impact of the MBPF on poverty.

4.3 FINANCING OF SOCIAL PROTECTION

The Government of Kyrgyz Republic allocated much of its resources to social expenditures: this function makes up 56.6 percent of government expenditures. Social protection, including social insurance, accounts for 28 percent of government expenditure, far more than education (17 percent), health care (9.2 percent) and recreation, culture and religion (2.3 percent) (MLSD, 2017).

Figure 25 shows the expenditure on social protection disaggregated by programme, in percentage of GDP. Overall, social protection expenditures are equivalent to 10.6 percent of GDP in 2015. Including spending on school meals adds another 0.2 percent of GDP.²⁰ The dominance of social insurance pensions is clearly visible in the figure, accounting for 7.4 percent of GDP in 2015. Compared to pensions, social assistance programmes are rather small in terms of

TABLE 12. POVERTY RATE REDUCTION DUE TO SOCIAL PROTECTION TRANSFERS, 2013

	Absolute poverty		Extreme poverty		Absolute poverty gap		Extreme poverty gap	
	Rate	% change	Rate	% change	Rate	% change	Rate	% change
Poverty rates after all transfers	36.6		2.5		7.1		0.2	
Before:								
Any social transfer	44.7	-18.1	5.9	-57.4	10.0	29.4	0.9	72.9
Pensions	44.2	-17.1	5.8	-56.4	9.8	27.9	0.8	70.5
MSB	36.6	0.0	2.5	0.0	7.1	0.2	0.2	1.4
MBPF	36.9	-0.8	2.8	-9.6	7.2	1.9	0.3	15.3
Other social benefits	36.8	-0.3	2.5	-1.3	7.1	0.3	0.2	2.0
Monetary compensations & local subsidies	36.6	0.0	2.5	0.0	7.1	0.0	0.2	0.1
Money from relatives	38.2	-4.2	3.0	-14.8	7.6	7.5	0.4	33.7

Source: author's elaboration based on KIHS 2013. Poverty rates before a given transfer assuming a marginal propensity of 33 percent.

18 A comprehensive collection on such indicators is available in the World Bank's ASPIRE database: www.worldbank.org/aspire

19 The 33% marginal propensity to consume is a strong assumption and results depend on it to a high extent.

20 Note that expenditures for school meals fall under the MOES budget and are not considered as social protection spending.

TABLE 13. POVERTY RATE REDUCTION DUE TO SOCIAL PROTECTION TRANSFERS, 2015

	Absolute poverty		Extreme poverty		Absolute poverty gap		Extreme poverty gap	
	Rate	% change	Rate	% change	Rate	% change	Rate	% change
Poverty rates after all transfers	32.1		5.9		1.2		0.11	
Before:								
Any social transfer	39.7	-19.1	8.6	-31.4	4.0	-70.0	0.6	-81.9
Pensions	39.2	-18.1	8.4	-29.8	3.8	-68.4	0.5	-78.2
MSB	32.1	0.0	5.9	0.0	1.3	-7.7	0.1	0.0
MBPF	32.5	-1.2	6.1	-3.3	1.4	-14.3	0.16	-33.0
Other social benefits	32.1	0.0	5.9	0.0	1.3	-7.7	0.1	0.0
Monetary compensations & local subsidies	32.1	0.0	5.9	0.0	1.2	0.0	0.1	0.0
Money from relatives	33.8	-5.0	6.4	-7.8	1.7	-29.4	0.26	-58.4

Source: author's elaboration based on KHHS 2015. Poverty rates before a given transfer assuming a marginal propensity of 33 percent.

budget. The MSB consumed 0.6 percent of GDP, and the cash compensations 0.4 percent in 2015. Spending on the MBPF decreased from 0.6 percent of GDP in 2011 and 2012 to 0.4 percent of GDP in 2014 and 2015. Of the MLSD budget, 67.5 percent is directed to social benefits. Only 2.1 percent is allocated for active labour market policies.

In real terms, allocations to social protection have been increasing (Figure 26). Annual allocations for pensions have been increasing from USD 411 million in 2011 to USD 548 million in 2015. Over the same period, spending on cash compensations decreased as a result of the decrease in number of recipients. Allocations to the MBPF have also almost doubled reflecting the steady increase of the GMI over the last couple of years. Yet, the number of beneficiaries and coverage with the MBPF has been decreasing. MBPF policy making applies a top-down approach in which the available budget determines the number of beneficiaries given the predetermined GMI.

Besides the central government-funded social assistance schemes that are available country-wide, local authorities at the ayil okmotu (village council) level are involved in financing. Their primary role is to finance the salaries of social workers involved in social service provision at the local level. Furthermore, these authorities may provide discretionary social assistance benefits for their residents, such as housing subsidies, income supplements and in-kind benefits (World Bank, 2014a).

4.4 INSTITUTIONS AND GOVERNANCE

A number of ministries and state agencies and international partners provide social protection services in the Kyrgyz Republic.

This section overviews these actors and their roles and responsibilities. Table 15 shows the government entities.

The development of social protection is guided by several national strategies. The most important policy documents are:

- The National Sustainable Development Strategy for 2013–2017;
- The Programme of the Government of the Kyrgyz Republic for transition of the Kyrgyz Republic to sustainable development for 2013–2017;

- The Programme for the development of the system of social protection of the population for 2015–2017;
- The concept of development of the pension system (2014);
- The Programme to promote employment and regulate internal and external labour migration until 2020;
- The Education Development strategy of the Kyrgyz Republic for 2012–2020; and
- The State Social Order Law (2014).

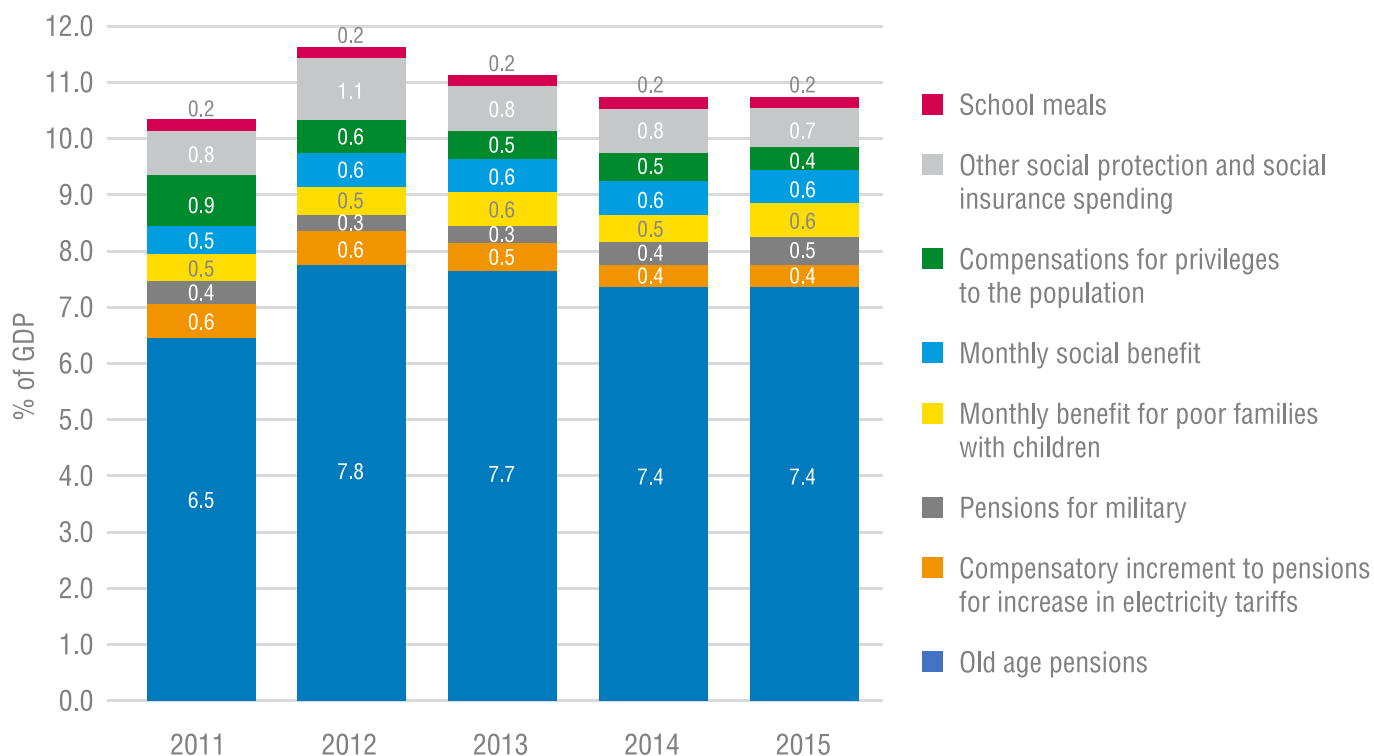
The National Sustainable Development Strategy for 2013–2017, and the Programme of the Government of the Kyrgyz Republic serve as the strategic plan for the forthcoming reforms of the social protection system.

TABLE 14. GOVERNMENT SOCIAL EXPENDITURES IN 2015

	Expenditure in KGS million	Expenditure in USD million	Expenditure as % of total government spending
All social expenditure	91,134	1,414	56.6%
Social protection and social insurance	45,164	701	28%
Education	27,454	426	17%
Health care	14,833	230	9.2%
Recreation, culture and religion	3,683	57	2.3%

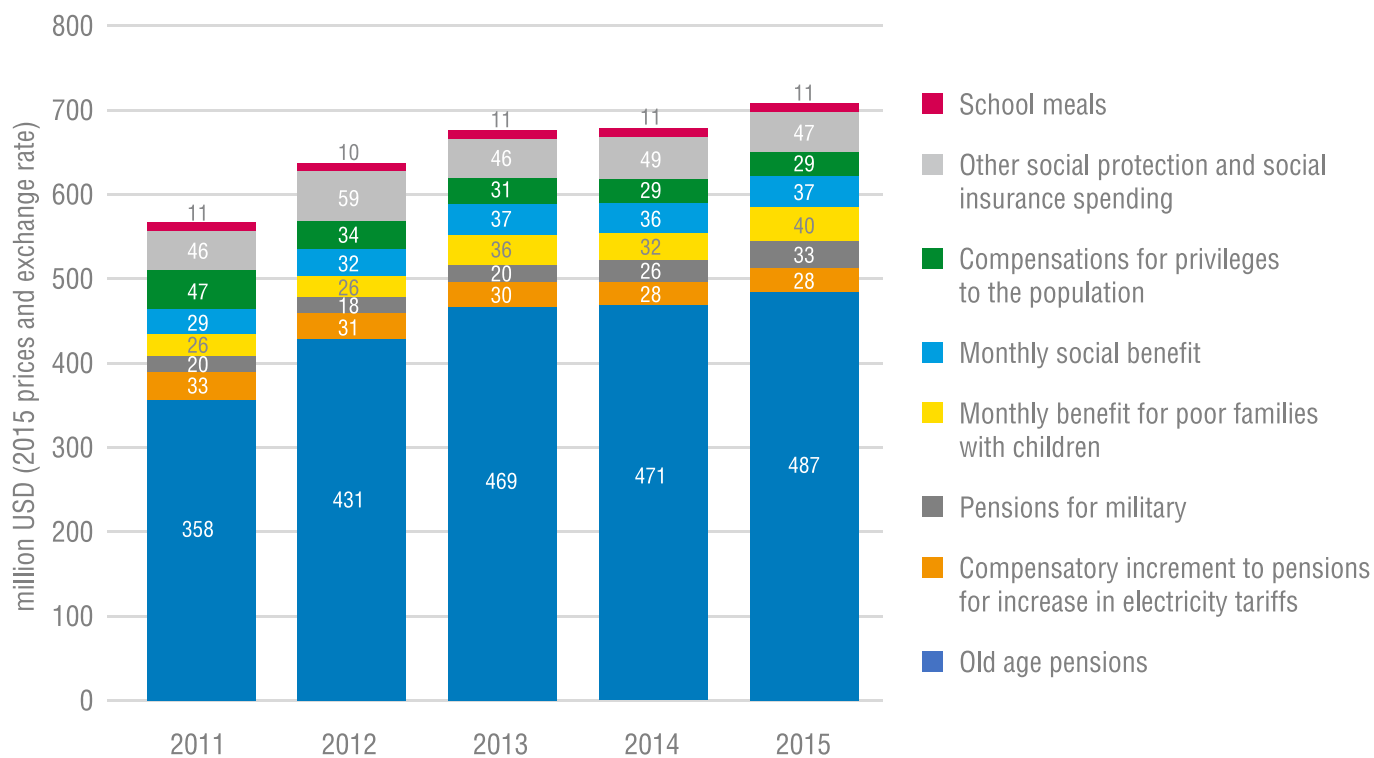
Source: World Bank (2017)

FIGURE 25. SOCIAL PROTECTION EXPENDITURES AS % OF GDP, 2011–2015



Source: based on OECD (forthcoming, b)

FIGURE 26. SOCIAL PROTECTION SPENDING BY PROGRAMME, USD MILLION, 2011–2015



Source: based on OECD (forthcoming, b)

The Programme for the Development of the System of Social Protection of the Population for 2014–2017 (SPDS) is the main strategic document guiding the reform of the social protection system.

The programme envisions the reform of the social protection system based on three main identified constraints of the current system (OECD, forthcoming, b).

First, the document acknowledges the low benefit values as the main challenge to social protection's contribution to poverty reduction and livelihoods. Second, the programme seeks to resolve the inconsistency between social insurance and social assistance systems.

Third, it identifies the need and demand for high quality, accessible and comprehensive social services to support the population. The document prioritizes three segments of the population: children in poor or vulnerable households, people with disabilities, and the elderly.

The SPDS seeks to initiate a policy dialogue on reform, with the goal to improve the targeting and adequacy of the MBPF programme, to strengthen the preventive function of the social sector (including gatekeeping mechanisms in child protection and the prevention of disabilities and chronic illnesses), to reform the policies guiding social insurance contributions and payments and to increase the quality, availability and accessibility of education, health care and social services.

The social protection strategy's delivery process is strengthened by an action plan for programme implementation and a financial plan to meet budget requirements.

The sectoral strategic documents, such as the Concept of Development of the Pension System, the Programme to Promote Employment and Regulate Internal and External Labour Migration Until 2020, and the Strategy for the Protection and Improvement of the Health of the Population

of the Kyrgyz Republic for 2020 and the Education Development Strategy of the Kyrgyz Republic for 2012–2020 form a coherent and harmonized strategy together with the social protection strategy, under the overall guidance of the Strategy for Sustainable Development (OECD, forthcoming b).

To improve governance at the local level, the document Local Self-Government Development Programme of the Kyrgyz Republic for 2013–2017 gives guidance to achieve the goals set out in the national development strategy. The State Social Order Law guides the accreditation and subcontracting of NGOs for the provision social services.

4.5 DEVELOPMENT PARTNERS

With respect to social protection, UNICEF, the World Bank and the European Commission (EC) have traditionally been the main supporters of the Kyrgyz

TABLE 15. OVERVIEW OF THE INSTITUTIONAL ACTORS OF THE SOCIAL PROTECTION SYSTEM

Government body	Roles and responsibilities in social protection	Level
Ministry of Labour and Social Development	Main governmental body for social protection. Responsible for programme design and overview of programme implementation, setting state-guaranteed minimum standards, accreditation of professional development service providers, certification of social services providers and administration of vulnerable population groups.	Central
Ministry of Health	Supports implementation of social protection programmes relevant to the health sector.	Central
Ministry of Education and Science	Supports implementation of social protection programmes relevant to the education sector, such as those improving access to education and training programmes as part of active labour market policies. Primary line ministry in charge of the school meals programme.	Central
State Agency for Local Self-Governance and Interethnic Relations	Not directly part of the social protection system but implements policies that can be understood as the transformative element in social protection. Also, responsible for strengthening local governance.	Central
State Migration Service	Oversees policies concerning immigrants, emigrants and repatriates. Responsible for inter-governmental and other legal arrangements regarding labour migration.	Central
Social Fund	Collects social insurance contributions and social taxes to finance social protection. Collects and maintains contribution records and is the main government agency responsible for all social insurance and pension programmes.	Central
Ministry of Finance	Creates government budget, including budget for the social sector.	Central
Office of the President of the Kyrgyz Republic	Drafts sectoral development strategic plans and is responsible for their alignment with the country's general strategic plan.	Central
Office of the Government of the Kyrgyz Republic	Coordinates the activities of the involved ministries and agencies and ensures the social protection sector's coherence.	Central
The Jogorku Kenesh (Parliament of the Kyrgyz Republic)	The legislative body of the government.	Central
Rayon offices	Employs social protection department or lead specialist on social protection; responsible for the street-level implementation of social protection programmes.	Local
Aiyl okmotu municipalities	Employs social workers responsible for the street-level implementation of social protection programmes.	Local
Non-governmental organizations (NGOs)	Under the State Social Order Law, NGOs provide social services to the population of the Kyrgyz Republic.	Regional/local

Source: OECD (forthcoming, a)

government and the MLSD in providing financial and technical assistance. Over the last couple of years, the number of international organizations supporting the Kyrgyz Republic in the development of social protection programmes has expanded.

WFP, ILO and FAO have been expanding their social protection portfolios in the country, whereas others, such as the World Bank and the EU, are reducing or withdrawing their sector involvement.

World Food Programme (WFP). The WFP has been a long-term development partner of the Kyrgyz Republic since 2009, first providing assistance in the form of emergency response projects. It later shifted to the implementation of development programmes to support food security and nutrition and livelihoods, with a specific emphasis on social protection, rural development and disaster risk reduction and climate change adaptation. WFP's current involvement in social protection covers multiple areas. The Optimising School Meals programme aims to support the

government in strengthening the national school feeding programme (see programme overview in Chapter 3).

The WFP has developed a complex strategy with the MLSD to enhance and strengthen the promotive function of the social protection system through the design and implementation of PMSD, which have so far targeted more than 300,000 poor and vulnerable beneficiaries who have been engaged in more than 1,900 skills training, asset creation and infrastructure-building projects in their pilot districts. This also includes policy and capacity development support to the Ministry of Labour and Social Development and MOES.

Food and Agriculture Organization of the United Nations (FAO). The FAO has been active in the Kyrgyz Republic since 2009, when it established its country office in Bishkek. The organization has been giving the government policy and strategy advice on various agricultural topics, with inputs to the national Rural Development Strategy, the National Food Security and

Nutrition Programme jointly with UNICEF and WFP). FAO is planning a pilot project, CashPlus, following the examples of similar projects in Zambia and Lesotho (FAO, 2017b). The programme will supplement the MBPF cash transfers with promotive elements, such as agricultural inputs, specialized trainings or nutrition education training. Cash+ is still in the design phase; thus, it has not yet been implemented.

United Nations International Children's Emergency Fund (UNICEF).

UNICEF has been active in the country since 1994, becoming a partner of the government on the topics of child protection and the well-being of women and children, including their food security, especially nutrition. The Gulazyk programme has provided micronutrient powders to children aged 6 to 24 months, and as a result, anaemia rates fell in target areas by 25 percent by 2011 (UNICEF, 2011). UNICEF participated in reforming social assistance and provides policy and strategic advice on child protective social services and pre-school education.



WFP/Usmanov Daniil

In cooperation with the Ministry of Health (MOH), UNICEF participates in the prevention of mother-to-child-transmission of HIV and paediatric AIDS. Besides policy advice, UNICEF has implemented emergency services to affected women and children after the violent political protests of 2010. Currently, UNICEF is involved in policy dialogue on the upcoming social protection reform, and is in support of the universalization of the MBPF for children under 3.

European Commission (EC). The government's main partner in creating a system of comprehensive, accessible and monitored social services, especially in child protection, including a resilient system of public finance management. The European Commission provides a budget support programme to the government, reaching a value of EUR 30,000,000 for 2015–2017. The budget support is paid in three instalments, linked to audits and conditional on several targets. These conditions include:

- Restructuring institutional care for children and creating alternative forms of residential care, expanding and strengthening social services, including guidelines, standards, a training system for social workers and functional reviews;
- Improving the MBPF; and
- Introducing programme-based budgeting.

Earlier programmes have strongly focused on social assistance to improve the targeting of the current transfers, in particular the MBPF. Moreover, the EC pressed for the phasing out of the cash compensations, by not introducing additional categories and not increasing benefits. As seen in the developments of the cash compensation programme, these conditions have been successfully fulfilled. The current budget support programme presumably is the last one, as the EC is phasing out of the Kyrgyz Republic.

World Bank (WB). The World Bank has been supporting the social protection sector mainly through technical assistance and analytical work. The administrative capacity of the MLSD has been strengthened under

a health project. A management information system has been created to support local governments in registering social assistance applicants and beneficiaries and making transfer payments. The WB provided support in the design of the social contract pilot project but is no longer affiliated with it.

Scaling Up Nutrition (SUN)

Movement. The Kyrgyz Republic is a member of the global Scaling Up Nutrition movement, which works on food security and nutrition issues, including advocating for the mandatory fortification of flour. UNICEF and WFP are supporting the government in the coordination of this multi-stakeholder platform on food security and nutrition, while WFP and FAO chair the UN SUN Network.

International Labour Organization (ILO)

(ILO). Between 2015 and 2017, the ILO – in collaboration with MLSD and other UN Agencies – has been conducting an assessment-based national dialogue on the social protection system of the Kyrgyz Republic. This project aims to support the government in improving the national SPF.

The Government of the Kyrgyz Republic has made important and sustained achievements in social protection policy design.

The period since 2010 has brought about several reforms, and there are ongoing efforts to build a comprehensive scheme that addresses all needs of the population.

Yet, there are caveats and bottlenecks that interact and that should be addressed by a comprehensive reform of social protection. This section first describes the challenges, discusses the achievements stakeholders have already made in these areas and makes recommendations that could strengthen the overall system of social protection.

MFP/Kyrgyz Republic



5. ACHIEVEMENTS, CHALLENGES AND RECOMMENDATIONS

MESSAGES:

The Kyrgyz social protection system still suffers from gaps and neglected issues, such as promotive and transformative measures, shock-responsive nets, nutrition objectives and social services.

Challenges in policy design and implementation persist. Challenges in financing underpin the shortcomings of the system.

Fostering policy dialogue, improving policy design and policy implementation and ensuring sound public financial management of social protection are essential for the future development of an effective social protection system.

International development partners can play a major role in addressing these issues and supporting the government.

5.1 ACHIEVEMENTS AND CHALLENGES

Although the social protection system is relatively complex, certain gaps remain, particularly with regards to social assistance. The interviews and the desk review have revealed several challenges of the Armenian social protection system.

Gaps and neglected issues prevent the system from addressing all basic needs of the population. Challenges related to the design of programmes, policy implementation and financing limit the potential of existing and future programmes.

5.1.1 GAPS AND NEGLECTED ISSUES

The Kyrgyz Republic has a solid foundation of social protection, with social assistance, social insurance and active labour market policies. Nevertheless, there are gaps that need to be filled if the system is to respond to the Kyrgyz population's needs and vulnerabilities. The main gaps are the following:

- Promotive and transformative social protection measures
- Shock-responsive safety nets
- Nutrition objectives in social protection
- Comprehensive social services

The current social protection system focuses predominantly on the protective and preventive functions, with underdeveloped promotive and transformative elements

(see Box on the left). Strong promotive social protection programmes, however, are necessary to break the cycle of poverty.

Active labour market policies, such as the government-run public works programme, currently are the only country-wide programmes with a promotive element. However, these programmes are only available for unemployed persons who are officially registered, which is a very small group of the working age population. Moreover, the public works programme (PWP) is not particularly strong in creating infrastructure and a sustainable and productive asset base, which could strengthen its promotive function. Furthermore, the transfer value received for the work is not sufficient to allow beneficiary households to successfully graduate from the programme.

To be effective, the PWP needs to better match the livelihood challenges faced by the poor and vulnerable in their communities through a focus on productive assets creation, together with complementary inputs such as the introduction of skills training, improved agricultural techniques, marketing support and micro-finance. Community consultations are an important ingredient of such an approach.

These issues have been recognized by the government and donors, and programmes are being piloted or in the planning phase to strengthen social protection's promotive element. The MLSD is piloting Social Contracts, the WFP implements a food assistance-for-assets pilot programme, Promotive Measures for Social Development, using food and cash and other inputs (see Chapter 4.1.4), and FAO is planning to pilot a Cash+ programme.

- The Government of Kyrgyz Republic launched the pilot project **Social Contract** in September 2016 as an additional element of the Monthly Benefit for Poor Families. This programme consists of a one-time agreement between a low-income household and the local ayil okmotu. The agreement imposes obligations on both parties. The recipient family benefits from a lump sum payment of no more than 75 percent of the annual amount of the MBPF. In return,

The three P's of social protection

Protective social protection includes ex-post measures, providing relief from deprivation and chronic poverty. Typically, targeted social assistance schemes (such as the MBPF) and disaster relief belong here. **Preventive** measures are ex-ante policies that aim to avert deprivation and alleviate poverty. Social insurance, contributory pension systems, risk diversification strategies and informal ex-ante coping strategies belong to this group. Labour pensions are an example in the context of the Kyrgyz Republic. **Promotive** measures seek to decrease vulnerability by promoting and stabilizing income and by capital building. Devereux and Sabates-Wheeler (2004) mention school feeding and micro-credit programmes as promotive social protection instruments, the former as a tool to incentivize human capital formation, the latter to promote asset building. In the Kyrgyz context, active labour market policies and the PMSD programme belong here. **Transformative** social protection measures go beyond consumption smoothing and redistribution policies, aiming to reduce poverty and inequality through addressing social equity, exclusion and marginalization. Besides its protective and promotive function, the school meals programme fulfils a transformative role by removing access barriers to education.

Source: Devereux & Sabates-Wheeler (2004)

the household invests the money in productive assets, such as crops production, livestock production or small entrepreneurial activities. The purpose of the social contract programme is to activate the free labour potential and increase livelihoods of the beneficiary low-income families. By March 2017, 169 households had entered the social contract pilot project, and 137 have invested the grant in livestock, 22 in crops production and ten in entrepreneurial activities (MLSD).

- In two districts, **WFP** is piloting a **PMSD** programme, which includes a partnership agreement with ten ministries to use resources to pilot productive social protection measures. The programme is currently benefitting from the design and delivery by WFP of a series of short-term courses to improve knowledge and skills in livelihood enhancement and income diversification. The purpose of the pilot is to provide a basis for the institutionalization of PMSD within national social protection systems.
- FAO's **Cash+** project, which is still in the inception phase, aims to boost the livelihoods and productive capacities of vulnerable households through a flexible combination of cash transfers with productive activities, inputs, assets

and/or technical training and extension services. FAO proposes to complement the existing cash benefits provided by the Government of Kyrgyz Republic under the MBPF with:

- Menu of options for potential productive interventions;
- Input distributions (e.g. seeds);
- Specialized training to families to enhance the efficiency of the selected productive intervention (e.g. crop rotation, fertilizers), including nutrition-sensitive agriculture;
- Nutrition education training; and
- Regular follow-up of households.

The Kyrgyz Republic is vulnerable to shocks – both natural disasters and external economic shocks – but its social protection programmes have little ability to respond to the them. There are no means for the MBPF – or any other programme – to identify shocks and scale up horizontally and vertically.

The lack of shock-responsiveness is also linked to the lack of promotive measures, as such safety nets that can strengthen the population's resilience.

Government-run programmes do not have nutrition-sensitive or nutrition-specific elements, except for the School Meals programme. The need for a nutrition focus has been repeatedly mentioned by interviewed stakeholders, signalling that the potential and importance of nutrition-specific and nutrition-sensitive social protection has already been acknowledged by both the government and its international partners.

The fact that the government has been running its school meals programme, and opted for strengthening it with the help of WFP, is also evidence of this.

Social services are another area for policy reforms, as there is a lack of comprehensive systems that can support the population in combating difficulties throughout the life-cycle.

The government and its donor partners have realized the importance of social services and social work but there is still much room for improvement.

Social services are predominantly concerned with child protection but are characterized by outdated solutions and an inability to protect and promote the best interests of children.

There is a need to expand social services to family and household support and socio-economic services, such as employment promotion, training and capacity-building. The EC and UNICEF provide valuable support to the government for improvement, with clear targets and guidelines, ranging from public finance management to social work.

5.1.2 POLICY DESIGN

Since 2010, reforms have contributed to a more sustainable and efficient social protection system but various design features still can be strengthened. For example, the former scheme of privilege benefits has been transformed into the simplified cash compensation system. The reduction in the number of eligible groups and the introduction of flat-rate cash transfers have been the first steps in phasing out the cash compensations.

Choosing not to index the benefits, the government opted for a politically feasible way of reducing the fiscal pressure created by this transfer. The increased adequacy of social insurance pensions is also a notable step in the right direction.

Old-age social insurance pensions surpassed 100 percent of the elderly's subsistence minimum for the first time in 2011 and have stayed above this benchmark ever since.

Some of the recent developments in social protection, however, have not contributed to a more comprehensive and efficient system. The MBPF, which is the only means-tested social assistance cash transfer, covers a lower percentage of households than ever since 2000.

Moreover, the adequacy of the transfer is not high enough to substantially contribute to income security. Reforming the role of standards could be essential to the much-needed reform of social assistance. The GMI in its current form is an arbitrary cut-off point to determine eligibility for the MBPF transfer.

Targeting errors in the Kyrgyz social assistance system arise from both policy design and policy implementation. The primary objectives of cash compensations and the MSB are not poverty alleviation. Yet, directing a substantial share of these transfers to the better-off segments of the population can be seen as a misallocation of limited public resources.

The MBPF also suffers from targeting errors. The exclusion of the poor is partly rooted in policy design: the eligibility threshold is set extremely low, and benefit values are so low that they might not be worth the affiliated costs borne by the applicants. Exclusion errors can also be a consequence of barriers to social assistance, and thus arise during the implementation of the policies.

A further issue is the accessibility of active labour market policies. Because these programmes can only be used by the officially unemployed, many of the poor – either inactive or trapped in vulnerable employment and/or low productivity jobs – are excluded from trainings, microcredit and public employment schemes.

5.1.3 POLICY IMPLEMENTATION

One of the main challenges in strengthening social protection policy implementation is capacity-building at the rayon and aiyl okmotu levels. Local staff at the rayons and the aiyl okmotus lack sufficient capacity. This is especially true for the aiyl okmotu, where one person is appointed as lead specialist on social protection.

This position includes a wide array of administrative tasks related to social protection applications and monitoring, social work and child protective services. Capacity-building at the local level is crucial to achieve a well-functioning system and remove barriers to access social protection.

Capacity-building should include not only the quantitative upscaling of employees but also the training of professional staff and the provision of support (such as effective administrative systems and supervision of social work staff).

Development partners, such as the ILO, the EC, the Open Society Foundation and UNICEF have been involved in training social workers. Eastern-Finland University and WFP are currently developing a training module for social workers on the productive measures of social development activities. The module will be part of the social work curriculum at the Bishkek Humanitarian University's Social Policies Department.

The introduction of the flat-rate MBPF had some unintended consequences. Benefits became much more appealing for households with incomes above the GMI. Given that the benefit is paid for each child in the household, families with several children have an incentive to apply for the MBPF because the benefit could be a sizeable monthly addition to household income.

The MLSD noticed that corruption in benefit allocation became an issue at the local level. Local staff are offered bribes by non-poor applicants. Given the overall pressure to reduce the number of beneficiaries, this practice can lead to excluding the most vulnerable households. MBPF eligibility is de facto "sold" to the highest bidder. UN

Women conducted a case study on the issue, in which they randomly selected MBPF beneficiaries and checked for the underlying documentation at the *aiyl okmotu*, which revealed irregularities. The issue of corruption in beneficiary selection has been raised to the Ministry of Labour and Social Development and the parliament.

The lack of an effective, efficient and sustainable monitoring and evaluation system is a further challenge to the implementation of social policies. None of the government-owned social protection programmes is monitored in a systematic manner.

With the support of the World Bank, an administrative registry system was developed which registers beneficiaries and payments, thereby strengthening the administrative capacity at the local level. However, there clearly is room for further development.

5.1.4 FINANCING

The government spends much of its budget on the social sector but a very small fraction is directed at social assistance programmes. In 2015, more than half – 56.6 percent – of the public budget was spent on the social sector, including health, education and social protection. Social protection spending accounted for 10.6 percent of GDP; 10.8 percent if spending on school meals is included. This, however, is dominated by social insurance, since social assistance accounts for only 1.6 percent of GDP. Both social assistance cash transfers and active labour market policies are currently underfunded.

The pressure on the MBPF budget is substantial. Since 2013, the MLSD has tried to reduce the number of beneficiaries. The MLSD informally instructed local institutions to admit fewer beneficiaries into the programme; for example, by applying additional filters or granting the benefit for only six months instead of 12. This led to savings of KGS 353 million in 2013 and KGS 787 million in 2014. Additional funding,

however, would be necessary to increase coverage and benefit adequacy. The solution to the underfinanced social assistance programmes should be two-fold, namely: increasing overall resource allocation and improving efficiency.

Financing issues have been raised regarding the pension system, explaining the overwhelming share of social protection expenditures consumed by social insurance (ILO, 2017).

The sustainability of the pension system is questionable, and it is a challenge that must be addressed soon. The growing informal labour market and the high number of workers migrating abroad can cause severe difficulties in financing the pension system in the future. This problem is expected to be compounded by the aging of the population. As a result, the ratio of pension contributors and pension recipients has been decreasing, and the trend is likely to continue.

5.2 THE WAY FORWARD – POLICY RECOMMENDATIONS

As the current period of development and social protection strategies will soon end, a window of opportunity for reform is opening. The new social protection strategy is currently being drafted but its content cannot be known at this point. Substantial reforms of the MBPF, such as a universal child grant, are being discussed by the parliament.

The discussions on a universal child grant have been triggered by the recently identified problems in the implementation of the MBPF, as previously discussed. To eliminate corruptive practices at the local level when assigning benefits, the MLSD proposed to replace the MBPF with a universal child grant. The new draft law envisions a birth grant, a universal child grant for children up to the age of 3 and for children aged 3 to 14 (or 16 if attending school) in families with three or more children. The draft law also includes the introduction of electronic applications and payment from 2020 onwards.

Recommendations for strengthening social protection for food security:

- **Foster policy dialogue** that is guided by a set of minimum standards, such as the inclusion of promotive and transformative measures and the ILO's SPF. Such standards should include nutrition objectives to ensure a food-security focus of social protection programmes.
- **Strengthen the design** of social protection programmes by reviewing standards (that guide access, eligibility and benefit values) and targeting approaches.
- **Strengthen the implementation** of social protection programmes through capacity building, introducing a nation-wide electronic registry, and carrying out robust monitoring and evaluation practices.
- **Review the efficiency** of resource allocation within social protection. An increased financial commitment to social protection also is necessary to overcome gaps and bottlenecks.

Wire transfers will replace payments by the post office, except for certain groups, such as the elderly and visually impaired.

5.2.1 FOSTERING POLICY DIALOGUE

The policy dialogue on the focus of upcoming strategies should be underpinned by a set of minimum standards on social assistance, social services, food security and nutrition.

A common agreement on standards is crucial, especially when many stakeholders are involved. Minimum standards for social protection could refer to ILO's SPF recommendation, since it covers the basic livelihood needs throughout the life-cycle, and is already embedded in the international and national policy arena²¹.

21 The Kyrgyz Republic, among 185 ILO member states, adopted the ILO SPF Recommendation in 2012.



The local context of vulnerability to shocks and unemployment provides a solid rationale for strengthening promotive safety nets. In addition to the protective function covered by the SPF, all “three P’s” of social protection (as described by Devereux and Sabates-Wheeler, 2004) should be included in the minimum standards. This step is essential to leverage productive safety nets as a central social protection element and to eventually include PMSD in an upcoming national social protection strategy. Once common standards on social protection are established, gaps and weak links can be addressed. This includes the strengthening of active labour market policies and other productive measures, such as asset creation, training and income-generating programmes.

Social services should be included in any standards. Stronger social services have a greater potential than just improving the situation of children under state care. Integrated social services can act as gatekeeping mechanisms and strengthen the referral system between the different aspects of social policies. For example, the current lack of a referral mechanism between active labour market policies and poverty targeted social assistance could be overcome. Using the expertise of WFP, FAO, WHO and UNICEF (among other possible partners) further standards in food security and nutrition can be developed in cooperation with the national government. This would help to mainstream nutrition objectives within social protection and could contribute to better integration among policies in social protection, agriculture, health and food security.

5.2.2 STRENGTHENING SOCIAL PROTECTION PROGRAMMES

Increasing the coverage and benefit adequacy of social protection benefits should be a priority²². This recommendation is in line with the ILO’s Assessment-Based National Dialogue results (ILO, 2017).

Replacing the GMI’s function with a standard that represents an actual level of human need – such as the extreme poverty line, the poverty line or (a share of) the subsistence minimum, which covers the cost of a nutritious diet – would have many advantages. It would link the value of benefits to an actual level of needs instead of the current, arbitrary amount, thereby ensuring a higher level of adequacy. As

²² This does not apply to the cash compensation benefits.

the main driver of the population's food insecurity is poverty, providing adequate social transfers are essential to achieve results in this domain.

Targeting issues should be reviewed at the design level and in the implementation stage.

Targeting errors can arise from policy design or policy implementation. With the MBPF, they are most probably influenced by caveats at both stages and are underpinned by financing shortages. First and foremost, regarding policy design, the eligibility threshold should be set higher to allow more households to qualify. Second, capacity-building at the local level should remove the burdens on officials and allow them to carry out administrative procedures more effectively. Both elements are strongly linked to financing, as expanding the pool of beneficiaries and the staff dedicated to reviewing applications requires monetary resources.

Wider access to active labour market policies and other promotive social protection measures should be facilitated, accompanied by a larger budget allocation to active labour market and employment promotion programmes. Access is currently limited to the officially unemployed, whereas other vulnerable groups might benefit from training, microcredit and public works programmes. Taking a targeting approach of self-selection for these programmes is recommended. WFP's PMSD can be a platform for cooperation to extend access to promotive social protection.

Electronic registry systems should be expanded and monitoring and evaluation strengthened.

The comprehensive and well-established monitoring and evaluation system used by WFP in the Optimising School Meals and Productive Safety Net Programmes could serve as example for M&E reform. The Georeferenced Real-time Acquisition of Statistics Platform (GRASP) is software used to collect, enter, clean and consolidate data affiliated with the school meals programme.

Switching to this electronic tool has decreased the resources needed to enter and clean the data by limiting the required time and labour and eliminating many potential

data entry mistakes. WFP has already started to include the government (namely, the MOH and the MOES) in the monitoring and evaluation system. This cooperation could be the platform of expanding the use of the GRASP to other line ministries.

Such a step would result in an efficient and comprehensive way to monitor and evaluate social protection programmes, would create a possible referral system between programmes (even of different sectors) and could generate evidence that can feed into policy discussion. In fact, such evidence on the links between social protection and food security in the Kyrgyz context can be used to strengthen the programme's nutrition objectives.

5.2.3 FINANCING

The challenges and their possible solutions are all strongly linked to the question of financing.

Low coverage, low adequacy, missing elements and low staff capacity arise from insufficient programme funds. Filling in gaps, scaling up coverage and adequacy, and building capacity-building all depend on the amount of resources for social protection.

Money could be spent more efficiently if resources were freed up by phasing out cash compensations.

These programmes are politically difficult to remove, yet the government has already come a long way in phasing them out. The drafting of a new national strategy could be a window of opportunity to take a further step in this direction, re-structuring programmes and funding in a more efficient way.

Working with relevant strategic partners – first and foremost the ILO – the reform of the pension system should be an important step in facing financing challenges. Establishing a sustainable and efficient pension scheme could potentially free up some of the social protection budget.

The government should increase social assistance spending, active labour market policies and other promotive forms of social protection to meet the needs of the population.

Active labour market policies and promotive safety nets (such as WFP's PMSD

programme) should be given special attention because of their potential to bring about lasting changes in livelihoods. Their central role as a graduation mechanism from social assistance should be acknowledged by increased funding.

Covering the occurring costs of stronger social assistance should be done with carefully selected public finance management tools. Increased tax efficiency, and re-prioritizing expenditures, could be preferred ways of financing social protection reform.

As the OECD (forthcoming, b) noted, there is room for improvement in the country's tax administration, since tax avoidance and tax evasion are common. International aid in the form of loans should be used carefully, since the Kyrgyz Republic is already characterized by rather high aid dependency, with foreign aid making up 16.8 percent of government expenditure in 2015 (OECD, forthcoming, b). As the ILO is already active in assessing the social protection system of the country, the organization could be a main strategic partner in financing further investments.

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ANNEXES

ADDITIONAL TABLES

TABLE 1. NATIONAL AND INTERNATIONAL POVERTY LINES

	National Lines		International Lines			
	General Poverty Line	Extreme Poverty Line	\$1.25	\$1.90	\$2	\$3.10
2004	24.9	15.7	10.9	16.6	17.5	27.1
2010	57.4	34.5	19.0	28.9	30.5	47.2
2014	81.7	48.2	25.8	39.3	41.3	64.1
2015	86.5	49.9	27.9	42.3	44.6	69.1

Source: OECD (forthcoming). Note: values to be understood per capita per day.

TABLE 2. ELIGIBILITY CATEGORIES AND CORRESPONDING CASH COMPENSATION VALUES

Eligibility categories		Amount of Cash Compensation payment (per month)			
		2010 (local currency)	2015 (local currency)	2010 (USD)	2015 (USD)
Category 1	People with disabilities/Great Patriotic War [World War II] (GPW) participants	7,000	7,000	152.30	108.60
	Underage survivors of concentration camps and Leningrad blockade				
	Heroes of the Soviet Union and the Kyrgyz Republic with merits for combat services				
	Servicemen and peacekeepers with disabilities				
Category 2	Peacekeepers	6,000	6,000	130.50	93.10
Category 3	Persons with disabilities resulting from the Chernobyl accident and persons having contracted or suffered radiation sickness	3,000	7,000	65.30	108.60
Category 4	Chernobyl accident clean-up workers in 1986-1987	2,500	2,500	54.40	38.80
Category 5	Awarded home-front workers with disabilities	2,000	2,000	43.50	31
	Citizens forcibly conscripted into brigades (labour army)				
Category 6	Rehabilitated and injured citizens	1,500	1,500	32.60	23.30
Category 7	Chernobyl accident clean-up workers in 1988-1989	1,000	1,000	21.80	15.50
	Children of the first and two next generations with genetic disorders inherited from their parents affected by the Chernobyl accident				
	Surviving families of the Chernobyl accident victims deceased because of radiation sickness, deceased people with disabilities and clean-up workers in 1986-1987				
	Awarded home-front workers with disabilities				
	Families of the deceased servicemen, including the Great Patriotic War (GPW) participants				
	Surviving families of law enforcement officers				
	Widow(er)s of the deceased GPW participants and veterans with disabilities and deceased Leningrad blockade survivors				
	Persons with sight and hearing disabilities (Groups I and II) and lifelong disabilities				
	Honorary donors				

Source: OECD (forthcoming, b)

INFORMANT INTERVIEWS

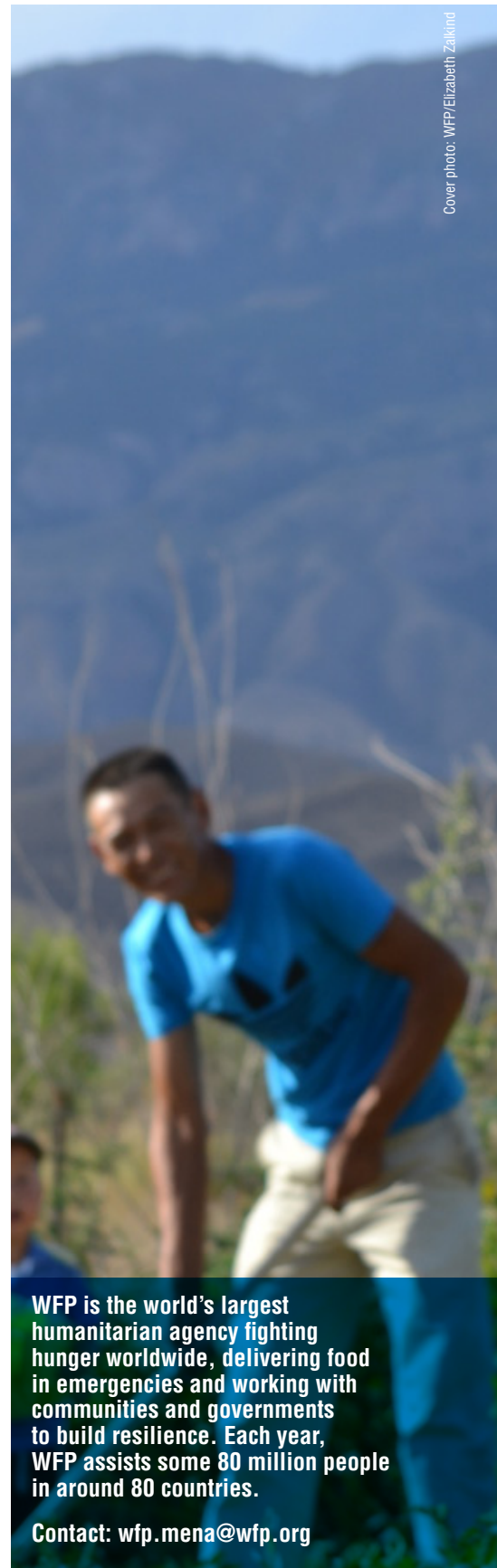
- Gulsana Turusbekova (UNICEF)
- Nazgul Tashpaeva, expert on social protection (independent consultant)
- Robert Brudzynski (European Commission)
- Nurdolot Sadyrbekov, Head of the Department of Social Assistance, and Zaripa Niyazbekova, Specialist of the Department of Social Assistance (MLSD)
- Lunara Mamytova, Deputy Minister (MLSD)
- Jipara Rysbekova, Head of the Department of State Benefits and Monetary Compensations (MLSD)
- Nazgul Musaeva, Chief Specialist on School Nutrition (MoES)
- Dr. Kanat Tilekeyev, expert in agriculture and food security (University of Central Asia)
- Gulnura Kojobergenova, Director, and Kalida Amanova, Coordinator (SUN Movement)
- Alexi Slushinskii, (World Bank)
- Saule Kasymbaeva, Chief Specialist of Employment Department (MLSD)
- Ana Ocampo and Jessica Owen (FAO)
- Kadenova Zuurakan Azhimatova, Deputy Minister of the Ministry of Labour and Social Development
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- Kuykeev Eric Asanovich, Adviser to the Minister of Labour and Social Development
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WFP is the world's largest humanitarian agency fighting hunger worldwide, delivering food in emergencies and working with communities and governments to build resilience. Each year, WFP assists some 80 million people in around 80 countries.

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