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# Poverty, Food Security and Nutrition Analysis in the context of COVID-19 and the role of Social Protection in the Kyrgyz Republic



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# Acronyms

<b>ALMP</b>	Active Labour Market Programme
<b>CBT</b>	Cash-based Transfers
<b>CISSP</b>	Corporate Information System for Social Protection
<b>DHS</b>	Demographic and Health Survey
<b>FAO</b>	Food and Agriculture Organization
<b>FSOM</b>	Food Security Outcome Monitoring
<b>GDP</b>	Gross Domestic Product
<b>HHs</b>	Households
<b>KIHS</b>	Kyrgyz Integrated Household Survey
<b>MHSD<sup>1</sup></b>	Ministry of Health and Social Development
<b>MICS</b>	Multiple Indicator Cluster Survey
<b>MSL</b>	Minimum Subsistence Level
<b>MSMEs</b>	Micro, Small and Medium Enterprises
<b>NBKR</b>	National Bank of the Kyrgyz Republic
<b>NCDs</b>	Non-communicable diseases
<b>NSC</b>	National Statistics Committee
<b>PwD</b>	People with disabilities
<b>SOFI</b>	The State of Food Security and Nutrition in the World
<b>UBK</b>	Ui-Bulogo Komok
<b>UNICEF</b>	United Nations Children's Fund
<b>WB</b>	World Bank
<b>WFP</b>	World Food Programme
<b>WHO</b>	World Health Organization

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<sup>1</sup> Starting from October 2021 the Ministry of Health and Social Development was restructured in two separate ministries – the Ministry of Labour, Social Welfare and Migration (MLSWM) and the Ministry of Health (MoH).

# Executive Summary

Food insecurity and malnutrition are often interlinked with poverty and inequality, creating a vicious cycle with each fuelling the other. National social protection systems play a central role in safeguarding and fostering the ability of the most vulnerable to meet their essential needs, including food security and nutrition, and to build resilience against shocks and stressors.

In Kyrgyzstan, over the last 15 years prior to the COVID-19 pandemic, poverty rate has significantly declined from 39.9 percent in 2006 to 20.1 percent in 2019, with remittances playing an increasing role in poverty reduction. However, the share of population living below the minimum subsistence level in 2019 remained considerable. The gap between rural and urban poverty rates has shrunk from 21 percentage points in 2006 to 8.5 percentage points in 2019, meaning that more consideration should be given to urban poor as well.

Inadequate food security and nutrition take an enormous toll on the country's economy and negatively affect the livelihoods and economic capabilities of vulnerable populations. Malnutrition in all its forms, and diet-related non communicable diseases (NCDs), continues to be one of the main contributors to the disease burden of the country posing high social and economic costs on households, communities and the whole country. Kyrgyzstan is facing a triple burden of malnutrition, with an increased trend in overweight and obesity prevalence both among the adult population as well as in children and adolescents. Poor diets are a common denominator for both undernutrition and obesity. Micronutrient deficiencies also remain a concern. An adequate diet contributing to optimal nutrition outcome is vital for all-round growth and development, which ultimately leads to an improved quality of life and the graduation out of poverty.

Over the period from 2016 to 2019, food has made up over 60 percent of poor households' total expenditures. A high share of food expenditures leaves households little room for other expenses, hindering their ability to graduate out of poverty. In 2019, almost half of the population consumed less than 2,100 kcal per day and could not afford a healthy diet.

The COVID-19 pandemic led to a profound economic crisis and the resultant negative socio-economic shocks pose a serious threat to food security through various transmission mechanisms. The pandemic has increased

the numbers of newly poor and unemployed people, with poverty reaching 25.3 percent and an additional 8 percent being at risk of poverty. The overall number of income sources has decreased as a result of protracted crisis in the country and the poorest quintile of the population mostly relied on irregular jobs and social transfers. Households spent almost all their income and have no savings. The COVID-19 crisis has deepened the poverty gap, making the existing poor even more deprived. Urban areas have been particularly hit by the crisis.



Income declines not only reduced demand for food but also compromised diet diversity and quality. In order to cope with their reduced economic capacity and purchasing power, households reported applying different negative coping strategies related to asset depletion or changes in regular food consumption practices, which have direct negative consequences to their nutritional, health and productivity status and are difficult to reverse in the future perpetuating the cycle of poverty and vulnerability.

The rise of food prices due to the pandemic is impairing access to basic food – overall food prices increased by 18.8 percent for staple food items, including meat, vegetables, milk and dairy products (January – August 2021 compared to the same period last year). In 2021, following the high inflation rates, 97 percent of households in both rural and urban areas reported high food prices as a problem. This confirms how the major impacts of the pandemic on poverty and food security came from shocks to household incomes (reduction or loss of income sources), and hence from accessibility to nutritious food, rather than from

impacts on food markets directly (e.g. supply chain disruptions). To overcome the economic hardships, 44 percent of households cut food costs. The consumption of vegetables and fruits has decreased, while bread, sugar and oils are now consumed more. The study also reveals how female-headed households are more likely to underconsume protein and hemoglobin-iron-rich food items compared to male-headed households, highlighting the need for specific economic empowerment and nutrition sensitive programming targeting women.

Social protection in Kyrgyzstan covers a broad range of risks throughout the lifecycle and includes pensions, social benefits, social services and labour market programmes. Universal pension system dominates in overall social protection budget and plays a major role in poverty reduction and in ensuring access to healthy diets. Even though social assistance payments are less effective in reducing poverty headcount, they are essential in reducing poverty gap, thus partially decreasing vulnerability and consumption shortage of poor households. However, the design of these benefits in most cases is not necessarily nutrition sensitive with low adequacy in most cases not covering the minimum food basket.

The COVID-19 crisis revealed that vulnerable households fully excluded from social security programmes became the most vulnerable to external shocks. 43.2 percent of vulnerable households were not covered by social

assistance and social insurance schemes at a national level in 2019, with exclusion being more severe at urban level. To increase the coverage as part of ad-hoc shock-responsive measures during the pandemic, the Ministry of Health and Social Development (MHSD) provided one-off food assistance to 523,880 newly poor and vulnerable beneficiaries through 1227 hotline. However, more holistic and sustainable approach is needed to improve the effectiveness of shock-response measures.

The following solutions provide a mutually reinforcing pathway of measures to break the vicious cycle of poverty, food insecurity and malnutrition. Given the role of social protection programmes in improving food security, nutrition and livelihoods, it is essential to foster inter-sectoral linkages, particularly between social protection and food system. Healthy and diverse diets should be promoted alongside efforts to address the constant issue of malnutrition, including micronutrient deficiencies. The design of social benefits is recommended to consider the nutrition-sensitive approach, including the cost of healthy diets. Strengthening the shock responsive social protection systems, such as digital registries and clear mechanisms for humanitarian assistance distribution are key to safeguard the poor and most vulnerable when crisis hits. Moreover, the recovery phase should focus on income-generating activities, provision of integrated services, labour activation and poverty graduation programmes.

# Introduction

**Food insecurity and malnutrition are often interlinked with poverty and inequality, creating a vicious cycle with each fuelling the other<sup>2</sup>.** Food insecurity and malnutrition are the main causes of poverty. They affect health, impairing physical and cognitive development and capacity, thus reducing the work capacity and human capital of individuals, making them more susceptible to poverty or unable to break the cycle of poverty. Improving the wellbeing is the key element to foster food security, as the poor spend a large share of their incomes on food, leaving them vulnerable to shocks like high food prices. Income inequality and other forms of inequality affect these interlinkages<sup>3</sup>. For these reasons, well-functioning national social protection systems play a major role in safeguarding and fostering

the ability of the most vulnerable to meet their essential needs, including food security and nutrition, and to manage risks and shocks.

This paper aims to shed light on the linkages between poverty, food security and nutrition by highlighting their interconnectedness and the role of social protection in addressing these challenges. In Chapter 1 the trends prior to the pandemic are presented to then reflect on the changes brought up by the latter in Chapter 2. Linked to addressing the vulnerability and the food security and nutrition of the most vulnerable, Chapter 3 presents an overview of the social protection measures in response to pandemic-driven crisis in Kyrgyzstan. Chapter 4 provides conclusive remarks and recommendations on the way forward.

## KEY MESSAGES:

1. **Poverty, Food Security and Nutrition are interconnected; greater efforts and an integrated approach is needed to tackle these issues.**
2. **Although poverty levels were declining, the population at large still live around the poverty line, making them vulnerable to shocks. The pandemic increased the newly poor, especially in urban areas, while income sources have decreased.**
3. **Income declines not only reduce demand for food but also induce shifts in the mix of products consumed, notably resulting in less consumption of more nutrient-rich foods (like fruits, vegetables, and animal-sourced foods) and relatively more of calorie-rich foods (like basic grains and sugar).**
4. **Malnutrition in all its forms, and diet-related non communicable diseases, remains one of the main contributors to the disease burden of the country posing high social and economic costs on households, communities and the whole country. Prior to the pandemic, half of the population could not afford a healthy diet and this number is likely to have increased further due to the impact of COVID-19.**
5. **Kyrgyzstan is facing a triple burden of malnutrition, with an increased trend in overweight and obesity prevalence both among the adult population as well as in children and adolescents. Poor diets are a common denominator for both undernutrition and obesity.**
6. **Healthy and diverse diets should be promoted as part of the efforts to address the constant issue of malnutrition, including micronutrient deficiencies.**

<sup>2</sup> World Food Programme Strategy for Support to Social Protection - 2021. <https://www.wfp.org/publications/world-food-programme-strategy-support-social-protection-2021>

<sup>3</sup> Ibid.



### **KEY MESSAGES (continuation)**

7. COVID-19 causes a great threat to food security and nutrition. To overcome the shocks caused by the pandemic, households reported applying different negative coping strategies which have direct consequences to their nutrition, health and productivity status and are difficult to reverse in the future perpetuating the cycle of poverty and vulnerability. The prolonged crisis is pushing more and more households to adopt 'emergency' type of strategies.
8. It is essential to foster inter-sectoral linkages, particularly between social protection and food system, by applying nutrition sensitive approach in the design of social benefits. Strengthening social protection responses/systems is key to safeguard the poor and most vulnerable, especially when crisis hits. Houses not included in government social protection schemes suffered greatest during the pandemic.
9. There is a strong need to improve the overall coordination of all humanitarian assistance in the country, especially during times of crisis and shocks, also considering that climate-related shocks are becoming more and more frequent.
10. The recovery phase should focus on income-generating activities, productive inclusion measures, provision of integrated services, labour activation and poverty graduation programmes.

# 1. Pre-Covid Poverty, Food Security & Nutrition Trends

## 1.1 POVERTY SITUATION

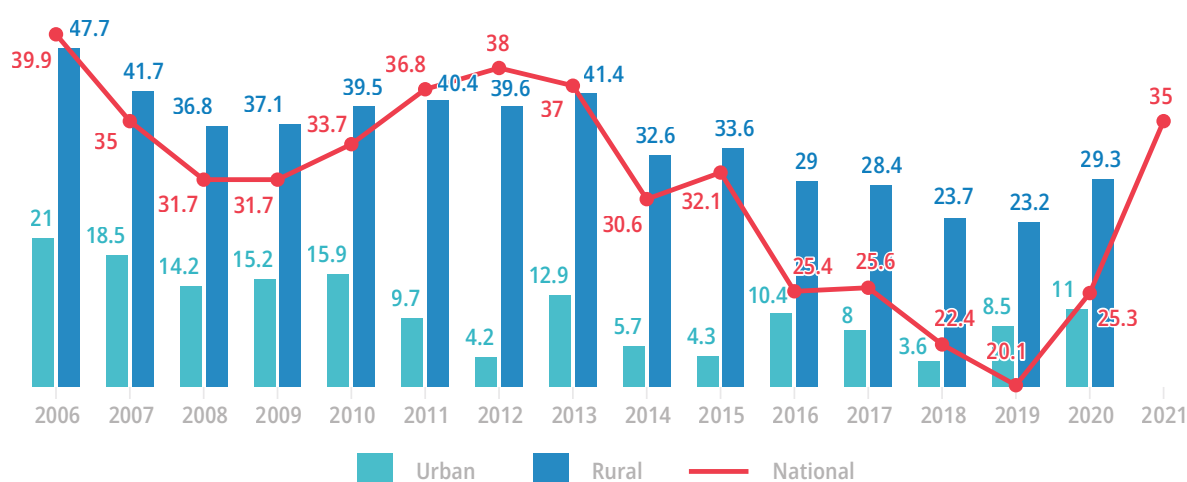
In Kyrgyzstan, over the last 15 years **prior to the COVID-19 pandemic, the poverty rate has significantly declined** from 39.9 percent in 2006 to 20.1 percent in 2019 (see Figure 1). The extreme poverty rate (according to the national extreme poverty line) fell from 9.1 percent in 2006 to 0.5 percent in 2019. **Remittances are playing an increasing role in poverty reduction** – meaning that a larger percentage of the population relies on them to be out of poverty. According to the National Statistics Committee, in 2019 remittances contributed to reducing the national poverty rate by 11.1 percentage points (from 31.2 percent to 20.1 percent), in indicating that 715,000 people relied on them to stay out of poverty. In 2019, every fifth vulnerable household<sup>4</sup> reported receiving remittances, out of them 29 percent were headed by women.

At the same time, **the gap between rural and urban poverty rates has shrunk** from 21 percentage points

in 2006 to 8.5 percentage points in 2019. This is due to the fact that poverty has declined twice as fast in rural areas compared to urban areas. During the considered period, rural poverty has decreased by 24.5 percentage points, while urban poverty by 12 percentage points<sup>5</sup>. The possible reasons for such trends could be growing impact of remittances and better coverage of rural population by state poverty reduction programmes. **As the gap is shrinking, more consideration should be given to urban poor as well.**

Although poverty has declined, the share of population living below the minimum subsistence level (MSL<sup>6</sup>) in 2019 remained considerably high at 70.2 percent<sup>7</sup>, with differences between urban (64.7 percent) and rural areas (73.4 percent) not far apart. If an individual has an income below the MSL this means that basic personal needs (food, non-food items, services and taxes) are not fully met, even though he/she is living above the poverty line. The fact that a large percentage of population has an income above the national poverty line but below the MSL

FIGURE 1. POVERTY LEVEL (%).



SOURCE: NSC, WB's forecast for 2021

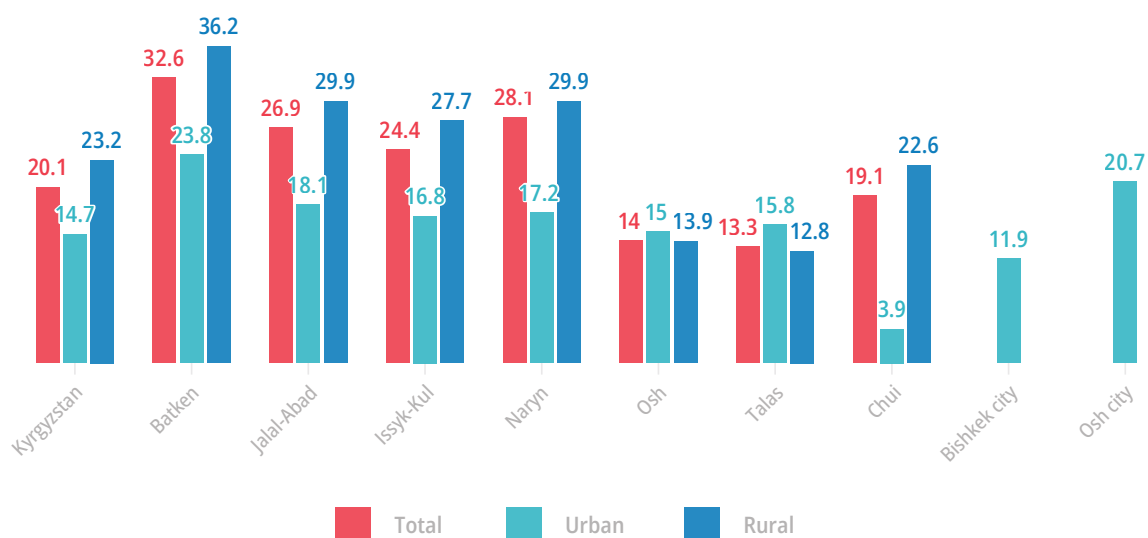
4 Hereinafter, households belonging to the bottom 40 percent of the population according to their consumption are considered vulnerable. Households living below the national poverty line are classified as poor.

5 NSC

6 MSL is a normative standard governed by Kyrgyz Law. Its food component reflects a balanced diet providing 2100 kcal per person per day. The components are costed based on the current market prices. The main purpose of the MSL is to assess the overall living standard of the population, to identify social policy interventions and to determine minimum state labour guarantees. <http://cbd.minjust.gov.kg/act/view/ru-ru/90333>

7 WFP's calculations based on KIHS 2019

FIGURE 2. REGIONAL POVERTY LEVEL (%) IN 2019.



SOURCE: NSC

demonstrates that there is a limited presence of people with a ‘middle class status’, i.e., those who have a stable income.

When not only monetary poverty, but also health, food security, housing, and education are taken in consideration (multidimensional approach), 42 percent of the population was considered in a state of deprivation in 2019<sup>8</sup>.

## 1.2 FOOD SECURITY AND NUTRITION

**Inadequate food security and poor nutrition situation take an enormous toll on the country’s economy and negatively affect the livelihoods and economic capabilities of vulnerable populations<sup>9</sup>.**

Household food insecurity, inadequate care and feeding practices, and an unhealthy household environment and inadequate health services are the three main underlying causes of malnutrition<sup>10</sup>.

The share of income spent on food is an indicator of food security. The poorer and more vulnerable a household is, the larger the share of their income is spent on food. A large share of income spent on food leave households vulnerable to fluctuation in prices, which in turn

influences both the quality and quantity of household food consumption. From 2016 to 2019, **on average food expenditures have made up 61.2 percent of poor households’ total consumption<sup>11</sup>**. A high share of food expenditures leaves households’ little room for other expenses like education and health services, hindering their ability to graduate out of poverty.

In 2019, it was estimated that **46 percent of the population consumed less than 2,100 kcal per day** (energy-sufficient diet)<sup>12</sup>. The task of addressing malnutrition, though, extends much beyond the first step of reaching those who cannot obtain a basic ‘energy-sufficient’ diet. The situation is more alarming with regards to a nutritious diet as up to **48 percent of the population could not afford a healthy diet** in 2019. This was due in part to the income needed to afford a healthy diet, which amounted to USD 5.23 per day<sup>13</sup>. **Consumption of protein and fruit are far below the required daily level**, with a higher share of the population consuming the latter in the poorest provinces<sup>14</sup>.

**Malnutrition in all its forms, and diet-related non communicable diseases continues to be one of the main contributors to the health burden of the country<sup>15</sup>**. Despite a significant decline in the last years,

8 Available at: <https://sustainabledevelopment-kyrgyzstan.github.io/2-1-1/>

9 <https://sustainabledevelopment.un.org/content/documents/1804stissuesfood.pdf>

10 UNICEF (United Nations Children’s Fund). 2013. Improving Child Nutrition: The Achievable Imperative for Global Progress. New York: UNICEF.

11 NSC

12 Available at: <https://sustainabledevelopment-kyrgyzstan.github.io/2-1-1/>

13 SOFI, 2021

14 WFP, FSOM 2021

15 WB and UNICEF (2011). Situational Analysis on improving economic outcomes by expanding nutrition programming in the Kyrgyz Republic.

A healthy diet contains not only enough calories but also a balanced set of nutrients from several different food groups. Healthy and adequate diets meet, but do not exceed, an individual's nutrient needs. The exact composition of a diversified and healthy diet varies depending on individual needs – based on age, gender, lifestyle, etc.

the prevalence of chronic malnutrition (stunting) among children under five-years of age is 11.8 percent<sup>16</sup> and almost 17 percent of under-five deaths are attributable to stunting and low birth weight<sup>17</sup>. Inequalities in stunting rate has been reported across geographical and social divisions of the population with the highest stunting rate among rural children (13.1 percent in rural children versus 8.8 percent in urban areas) and in children in the poorest households (14 percent versus 9.2 percent in the richest)<sup>18</sup>.

Micronutrients are essential elements needed in life in small quantities. They include microminerals and vitamins like vitamin A, iron, iodine and zinc.

**Micronutrient deficiencies remain a concern.** The country faces severe levels of anemia (42.6 percent in children under five<sup>19</sup>, and 39.8 percent in pregnant women<sup>20</sup>) and the prevalence of vitamin A deficiency in adults is high at 32.9 percent<sup>21</sup>. Furthermore, adolescent malnutrition (especially for girls) is overlooked, although this period should be considered as a window of

opportunity to prepare them for a healthy, reproductive life and to prevent the onset of nutrition-related chronic diseases in adult life. Childhood and adolescence are also critical periods when lifelong eating habits are established all of which influence the future well-being and economic potential.



PHOTO: WFP / PHOTO GALLERY

**Kyrgyzstan is facing a triple burden of malnutrition, with an increased trend in overweight and obesity prevalence both among the adult population as well as in children and adolescents.** 6.9 percent of children under 5<sup>22</sup> and 48.8 percent of women<sup>23</sup> are overweight. The increased trend in overweight and obesity has also been observed among children and adolescents aged 5–19 years with 16 percent of boys and girls estimated to be overweight in 2016<sup>24</sup>. This poses various risks for productivity and for the well-being of the nation, especially for women of reproductive age and for young children.

16 MICS 2018

17 WB and UNICEF (2011). Situational Analysis on improving economic outcomes by expanding nutrition programming in the Kyrgyz Republic.

18 MICS 2018

19 DHS 2012

20 Estimates from the global nutrition report: <https://globalnutritionreport.org/resources/nutrition-profiles/asia/central-asia/kyrgyzstan/>

21 European Commission on Agriculture (ECA/39/15/5). Addressing social and economic burden of malnutrition through nutrition sensitive agricultural and food policies in the region of Europe and Central Asia.

22 MICS 2018

23 World nutrition report or World Development Indicator

24 Global nutrition report. <https://globalnutritionreport.org/>



Although significant progress has been made in reducing the rate of premature mortality due to NCDs, **the burden of disease remains predominantly attributable to NCDs** which account for almost 80 percent of morbidity and mortality in the country. More than half of these (51.6 percent) are associated with cardiovascular diseases<sup>25</sup>. Overweightness and obesity are risk factors that underlie most non communicable diseases. While there are multiple underlying determinants of malnutrition, **poor diets are a common denominator for both undernutrition and obesity**. The diet in the Kyrgyz Republic is characterized by the consumption of starchy staples and the under-consumption of healthy fats, vegetables and fruits. Although availability of fruits and vegetables have slightly improved in the last two decades, availability of non-staple foods still falls short if compared to WHO dietary recommendations<sup>26</sup>. Simultaneously, an increase in the household's availability and consumption of foods high in saturated fats, trans fats, salt and sugar has been observed. **An adequate diet contributing to optimal nutrition outcome is vital for all-round growth and development, which ultimately leads to an improved quality of life and the graduation out of poverty.**

In addition to the drivers of food insecurity and malnutrition cited above, **climate change and natural disasters should also be considered in this context**. In fact, the Kyrgyz Republic has been ranked as the third most vulnerable country to climate change among 28 Central Asia and Eastern Europe countries<sup>27</sup> and it is prone to harsh weather, heavy snowfalls resulting in avalanches, floods, and other natural disasters. Climate change and natural disasters cause risks to the livelihoods of the most vulnerable and poor rural populations who mainly rely on agriculture, damage to productive assets and infrastructure, and disruption of critical services such as access to food, water and health services. The scale and frequency of natural disasters associated with climate change increased by 1.5 times over the last ten years<sup>28</sup>. The number of climate-induced disasters such as floods and mudflows, which makes up 39 percent of all disasters and avalanches (8 percent), has increased significantly causing major destruction leading to the loss of lives and livelihoods (0.1 percent of GDP as material damage every year)<sup>29</sup>.



PHOTO: WFP / PHOTO GALLERY

25 WHO (2019). Priority actions for primary health care development in Kyrgyzstan. Mission report

26 Global Nutrition Report 2018

27 <https://cdkn.org/wp-content/uploads/2013/08/Kyrgyzstan-Climate-Risk-Profile-Report.pdf>

28 <http://ru.mes.kg/category/raznoe/knigi/>

29 Ibid.

## 2. Impact of COVID-19

The COVID-19 pandemic led to a profound economic crisis and the resultant negative socio-economic shocks are having severe consequences on the food security of the country. **COVID-19 poses a serious threat to food security and nutrition through various transmission mechanisms.** The economic recession is causing many to lose income and leaving many vulnerable people unable to afford the food they need.

“All population groups have suffered from COVID consequences, but especially the poorest. Prices have increased for everything, while the unemployment/lack of jobs is everywhere.”

– Jalal-Abad Focus Group Discussion, June 2021

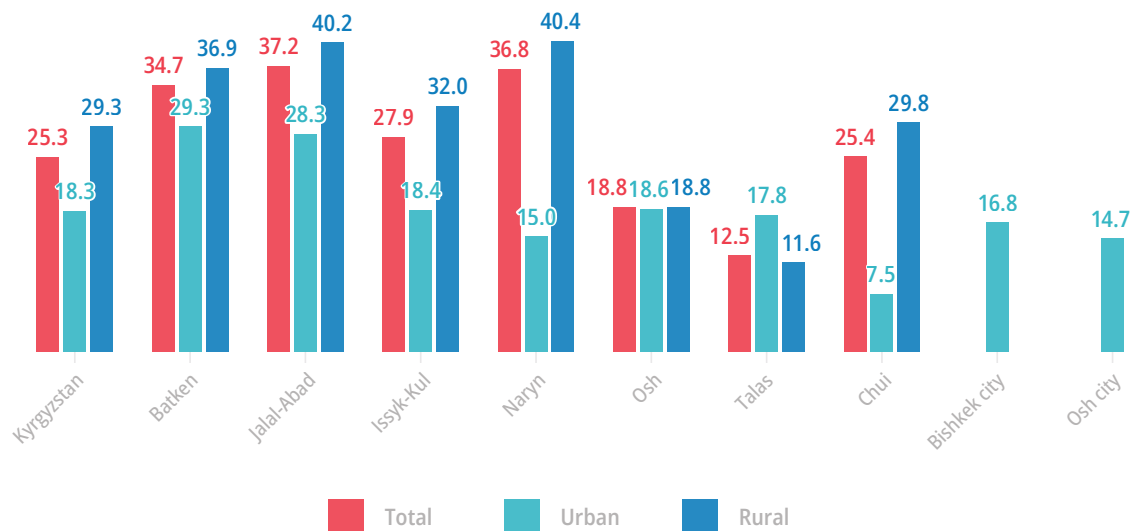
**Income declines not only reduce demand for food but also induce shifts in the mix of products consumed, notably resulting in less consumption of more nutrient-rich foods** (like fruits, vegetables, and animal-sourced foods) **and relatively more of calorie-rich foods** (like basic grains and sugar)<sup>30</sup>.

### 2.1 POVERTY SITUATION

**The pandemic has increased the numbers of newly poor and unemployed people**<sup>31</sup>. In 2020, poverty reached 25.3 percent (+5.2 percentage points compared to the previous year) and extreme poverty 0.9 percent (+0.4 percentage points compared to 2019)<sup>32</sup>. At the regional level, the highest increase in poverty rate was observed in Jalal-Abad, Naryn, Chui and Bishkek.

In 2020, remittances have contributed to a reduction of poverty rate by 9.3 percentage points, meaning that 613,800 people rely on them to remain out of poverty. This indicator is lower by 1.8 percentage points compared with 2019, mostly likely due to a reduction in remittances inflow caused by the crisis.

FIGURE 3. REGIONAL POVERTY LEVEL (%) IN 2020.



SOURCE: NSC

30 Laborde D., Martin W., Vos R., Impacts of COVID-19 on global poverty, food security, and diets: Insights from global model scenario analysis, 2021. <https://onlinelibrary.wiley.com/doi/full/10.1111/agec.12624>

31 Ibid.

32 National Statistical Committee of the Kyrgyz Republic (NSC), Poverty Rate 2020, 2021. <http://www.stat.kg/media/publicationarchive/27bf7b42-dfee-44e0-9698-864275e6b3b3.pdf>

As a result of the pandemic, 22 percent of households reported that at least one member has lost its job<sup>33</sup> – around 344,000 people or 13.3 percent of economically active population<sup>34</sup>. This was an immediate impact of economic crisis on the labour market. However, by the end of 2020 the situation has stabilized, most of the restrictions were lifted, and the annual unemployment rate was 5.8 percent (0.3 percentage points higher than in 2019).

In addition to the population living in poverty in 2020, about 8 percent of the population was at risk of poverty<sup>35</sup>. This means almost 2.2 million people living with around 96 KGS – 1.1 USD a day (based on the National Bank of the Kyrgyz Republic (NBKR) exchange rate). The World Bank estimated that poverty is likely to reach 35 percent by the end of 2021<sup>36</sup>.

### INSIGHT BOX: HOW IS THE POVERTY RATE DETERMINED?

In the Kyrgyz Republic, several methodological approaches coexist to calculate poverty headcount.

#### 1. National Statistical Committee (NSC)

Poverty is determined by the results of the Kyrgyz Integrated Household Survey, whose sample is representative at the national and regional level with an overall sample size of about 5,016 households. The poverty level is calculated based on the percentage of the population whose total consumption or expenditures on food (both purchased and produced), non-food items, services and durables is below the poverty line. The poverty line consists of two components: food expenses (that insures 2,100 Kcal intake) and non-food expenses based on the actual non-food costs of the 1<sup>st</sup>-3<sup>rd</sup> quartiles. In 2020, the poverty line amounted to 96 KGS (1.1 USD) per capita per day and 25.3 percent of the population had a consumption below this level. Despite the quite high precision at national and oblast levels, this methodology has limitations as sample size does not allow to obtain district and rural sub-district level poverty rates, which are important for field level targeting and project implementation.

#### 2. Ministry of Health and Social Development (MHSD)

To receive district and rural sub-district level data on poverty, as well as individual profiles of poor households, MHSD uses the national registry – Social Passport system. The Social passport is a form with information on the family composition and characteristics, employment, health status of family members, data on children, information on received social assistance, dwelling condition, access to basic services, possession of land, cattle, property and movables, durables, available income sources, etc. Most income data are from administrative sources, which could make it less accurate given the high share of informality in the country. Based on this income information, which is usually collected by local self-government, and updated at least once a year, the family could be categorised as living below the poverty line. Social passports are used for geographical and individual-level targeting. However, due to difference in methodology of income calculation, the data could differ from that reported by NSC.

33 NSC (2020), 'On the results of the sample survey "Impact of the COVID-19 pandemic on households". <http://stat.kg/ru/publications/vliyanie-pandemii-covid-19-na-domashnie-hozyajstva/>

34 WFP's estimates based on NSC (2020) 'On the results of the sample survey "Impact of the COVID-19 pandemic on households". <http://stat.kg/ru/publications/vliyanie-pandemii-covid-19-na-domashnie-hozyajstva/>

35 Ibid.

## INSIGHT BOX: HOW IS THE POVERTY RATE DETERMINED? (continuation)

### 3. Poverty level forecast provided by the World Bank (WB)

To forecast poverty level, the WB uses models based on KHS database. The 2020 and 2021 poverty forecasts were based on variables such as food prices and inflation, labour incomes with gradation by type of industry (low, middle, and high risk) and volume of remittances. Using the real changes observed in these variables and applying them to the households in KHS database with a probabilistic model, the WB estimated the poverty rate to reach up to 35 percent in 2021.

**The overall number of income sources has decreased as a result of protracted crisis in the country.** The agricultural sector is crucial as a source of employment, income, and food security for the large rural population as over 700,000 rural households derive their livelihoods from this sector<sup>37</sup>. During the crisis, the number of households receiving income from agriculture (which includes livestock) decreased by 1.5–2 times (see Table 1 below). This could be explained by COVID-related movement restrictions, export restrictions due to closed borders, raising prices on agricultural inputs, dry weather conditions, lack of irrigation water, and overall decline in population's purchasing power. The same trend is observed among households relying on income from self-employment and Micro, Small and Medium Enterprises (MSMEs). During the pre-crisis period almost a third of all

households reported self-employment, while currently this share dropped to 7–10 percent. Even seasonal and irregular jobs became less available, as the share of households mentioning this source of income decreased twice. In 2020–2021, the share of households with income from remittances has decreased by 1.5 times in comparison with pre-crisis period. Among the households receiving remittances, about 13 percent reported that at least one migrant family member has returned to the country. The majority of returned migrants did not find employment (81 percent), while the rest found only temporary employment. As remittances are a vital safety net for families left behind, the loss of this source of income due to halted transfer of remittances is a major concern for migrants and their families.

**TABLE 1. INCOME SOURCES (% HOUSEHOLDS)**

Income sources and social assistance	2019	2020	2021
Sale of crops	34	22	24
Sale of livestock and its products	41	23	23
Irregular labour (seasonal, temporary)	47	21	21
Regular unskilled	13	12	10
Regular skilled	5	6	2
Independent worker	27	7	10
Government employee	22	18	23
Small business	10	5	6
Remittances	36	21	29
Pension	42	47	58
Ui-Bulogo Komok (UBK)	13	8	12
Monthly Social Benefit	9	13	15
Public works	1	1	1

SOURCE: FSOM<sup>38</sup> 2018-2021

<sup>37</sup> FAO (2020), Smallholders and family farms in Kyrgyzstan, Country study report 2019.

<sup>38</sup> For the comparison analysis the sample from five oblasts (Talas, Naryn, Jalal-Abad, Osh, Batken) was used.



In contrast to the overall population, **the poorest quintile** (bottom 20 percent of the population) **still relies mostly on irregular job and social transfers.** The smallest share of households receiving income from agriculture is observed in the poorest quintile. This could be explained by lack of access to means of production, lack of knowledge, climate shocks and limited access to market among the poorest population. Therefore, more attention should be paid to this group in terms of providing support to increase their agricultural livelihoods and consequently improving food security situation.

The level of indebtedness of households has decreased<sup>39</sup> compared to 2020 when the crisis first hit: 38 percent of households reported that they took new loans during the past 12 months in 2021 versus 48 percent of households that reported taking loans during the past 6 months in 2020. This finding could be explained by a stabilization of the situation for some groups (remittance receivers), however, for many, this entails that the coping capacity was already exhausted and new loans and credits are not affordable. Indeed, the share of households with loans is higher among the wealthiest quintile (50 percent in 5<sup>th</sup> quintile) and lower among the poorest population (32 percent in 1<sup>st</sup> and 2<sup>nd</sup> quintiles). Most of the loans were used to cover food and essential non-food needs. A quarter of all indebted households spent the loan to buy food, this indicator is higher among the 1<sup>st</sup> quintile – 33 percent.

**Almost half** (47 percent) **of all households is not satisfied with current income sources.** Therefore, one third (32 percent) of households were looking for additional jobs during the past year. For the vulnerable population, these indicators are slightly higher – 53 percent (1<sup>st</sup> quintile) and 34 percent (second quintile). This situation is exacerbated by the fact that **households spent almost all their income and have no savings**<sup>40</sup> (only around 1 percent of income is saved on average, while for the poorest this is closer to zero).

### 2.1.1 COVID-CRISIS AND GROWING POVERTY GAP AND INEQUALITY

The poverty gap among poor population, a ratio showing the average shortfall of the poor population's consumption from the poverty line, equalled 17.3 percent in 2020<sup>41</sup>. This means that, to get out of poverty, on average the poor household would need to increase their



PHOTO: WFP / PHOTO GALLERY

monthly per capita consumption by 17.3 percent of the poverty line level or by 508 KGS (6 USD)<sup>42</sup>. However, if we consider the average gap between poor household's consumption and the minimum subsistence level, the difference is much greater amounting to about 36 USD per capita per month<sup>43</sup>. The range between poverty gap and the gap from the minimum subsistence level [6 USD; 36 USD] should be considered by policy makers when deciding on the adequacy of social transfers, as well as by donors and development partners during the implementation of cash transfer programmes. **The COVID-19 crisis has not only increased the poverty headcount, but also deepened the poverty gap, making the existing poor even more deprived.** Thus, in 2020 the poverty gap (among poor population) has increased by 1.3 percentage points compared to 2019.

**Income inequality and other forms of inequality affect the interlinkages between poverty, food security and nutrition.** The GINI index in Kyrgyzstan has fallen from 32.3 percent in 2006 to 22.1 percent in 2020 (see Figure 4), which demonstrates a reduction in inequality and more even distribution of income. Yet, from 2016 to 2019 the coefficient has been increasing. As a result of the crisis, short-term projections by the World Bank and the International Monetary Fund suggest that in longer-term perspective income inequality for low-income and emerging economies is likely to increase<sup>44</sup>.

39 Ibid.

40 WFP, FSOM 2021

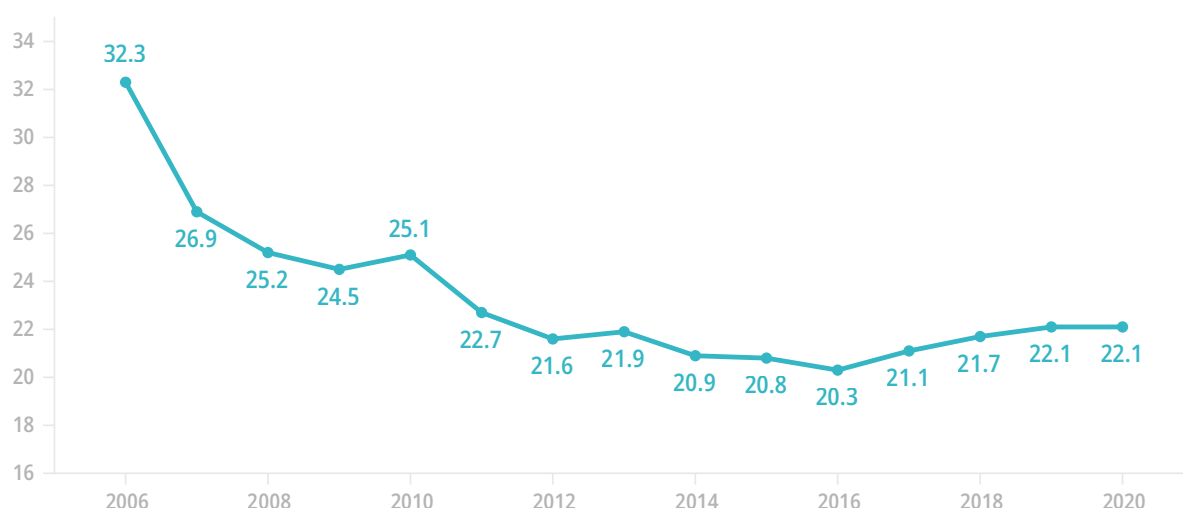
41 WFP's and NSC's calculations based on KIHS 2019 and KIHS 2020

42 Ibid.

43 WFP's calculations based on KIHS 2019 and NSC data on MSL 2021

44 <https://blogs.worldbank.org/voices/what-covid-19-can-mean-long-term-inequality-developing-countries>

FIGURE 4. GINI COEFFICIENT (%).



SOURCE: NSC

In most countries, those with less education, young, low-skilled or without access to capital, employed in industry or urban services, in micro and small firms will be disproportionately affected by long-term erosion of jobs. In the long-run income growth is often slower for poor households in recovery as they lost human capital and assets during the crisis<sup>45</sup>. Thus, in the coming years, the welfare gap could widen.

### 2.1.2 DETERIORATION OF URBAN LIVELIHOODS DUE TO COVID-19 CRISIS

**The COVID-19 crisis has deteriorated urban livelihoods.** In 2020, urban poverty reached 18.3 percent (+3.6 percentage points in comparison with 2019) and rural poverty increased up to 29.3 percent (+6.1 percentage points compared to 2019)<sup>46</sup>. Every third urban household reported loss of job (30.3 percent), while in rural area this share was half (15.7 percent). Three out of five urban households indicated reduction in income (58.1 percent).

The breakdown in Figure 5 provides even more evidence of growing urban vulnerability in the two major cities with Bishkek and Osh suffering the most from job loss (39.9 percent and 30.5 percent respectively compared to 21.8 percent nationally), income reduction (63.6 percent and 68.8 percent respectively compared to 53.8 percent nationally) and higher percent of households experiencing financial issues (87.6 percent and 67.4 percent respectively compared to 72.6 percent nationally)<sup>47</sup>.

45 Ibid.

46 NSC, Poverty Rate 2020, 2021. <http://www.stat.kg/media/publicationarchive/27bf7b42-dfee-44e0-9698-864275e6b3b3.pdf>

47 NSC, 'On the results of the sample survey "Impact of the COVID-19 pandemic on households"', 2020. <http://stat.kg/ru/publications/vliyanie-pandemii-covid-19-na-domashnie-hozyajstva/>

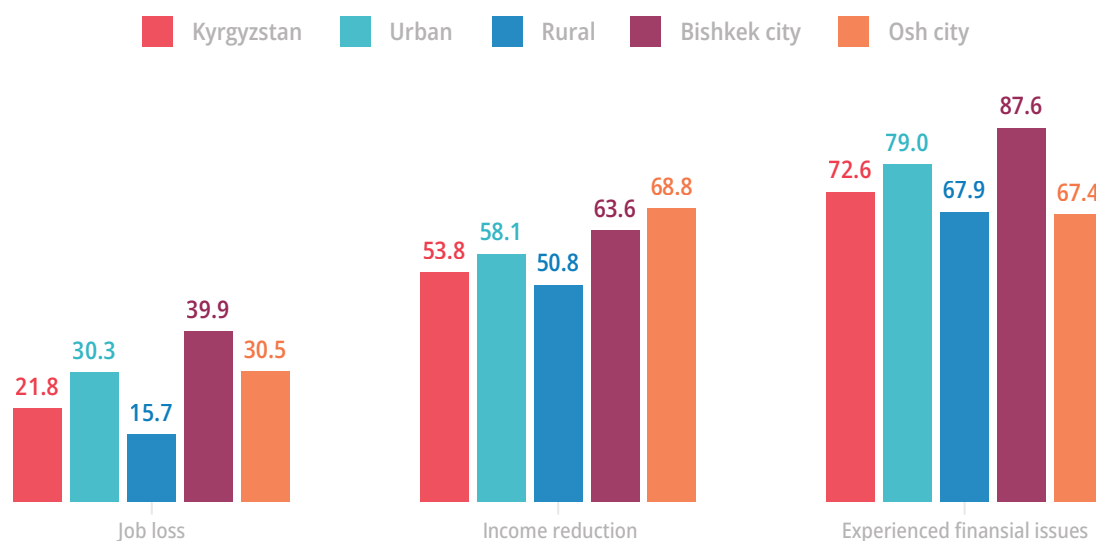
48 NSC's calculations based on KIHS 2019 and KIHS 2020

The extensive exposure of urban area to economic crisis could be explained by high level of informal employment and high concentration of MSMEs (68 percent are situated in Bishkek and Osh cities). In 2020, the share of vulnerable population working in the informal sector was 63.7 percent (74.8 percent in 2019), among vulnerable youth – 60.6 percent (81.9 percent in 2019) and among vulnerable women – 54.2 percent (65 percent in 2019)<sup>48</sup>. The considerable decrease of informal employment could be explained by the fact that enterprises operating in shadow economy were more exposed to the risk of closure and bankruptcy during the crisis and with the shrinking of the economy informal workers were more likely to lose their job.

## 2.2 FOOD SECURITY AND NUTRITION

The economic crisis resulted by the pandemic, have left the most vulnerable exposed to shocks affecting their income and/or food prices. The **exposure to market price fluctuations poses a risk to food security, which not only means reduction in food consumption, but also compromised diet diversity and quality.** In order to cope with their reduced economic capacity and purchasing power, **households reported applying different negative coping strategies which have direct negative consequences to their nutritional, health and productivity status and are difficult to reverse in the future, perpetuating the cycle of poverty and vulnerability.**

**FIGURE 5. IMPACT OF COVID-19 (% HOUSEHOLDS).**



SOURCE: NSC

A consistent monitoring of supply and demand factors has become particularly critical during the outbreak of COVID-19 when lockdowns introduced throughout the country affected food production, supply and availability. In order to address the need in real-time food security information, the Government of the Kyrgyz Republic has decided to develop an online system for monitoring stocks of socially significant food products and their prices<sup>49</sup>, which requires considerable technical support and upgrade to produce relevant information.

**Impact of ‘pandemic-induced’ economic shocks on food accessibility.** The rising of food prices due to the

pandemic is impairing access to basic food – overall food prices increased by 18.8 percent for main food items<sup>50</sup> (January – August 2021 compared to the same period last year), 69 percent for wheat and 18 percent for wheat flour, 58 percent for sugar and 82 percent for vegetable oil (as of 24 September in comparison to February 2020). One of the main drivers of the food price surge is the depreciation of national currency – 8 percent compared to September 2020 and 21 percent compared to pre-COVID estimates. Both phenomena are affecting the purchasing power and economic access to food of already vulnerable households.

**INSIGHT BOX: HOW CAN WE MITIGATE THE IMPACT OF RISING IN FOOD PRICES ON THE PROVISION OF SCHOOL MEALS?**

The rising of food prices is putting a strain on the ability of schools to provide hot meals for their students on a daily basis. Within the framework of the School Meals Optimization Program, WFP, the executive partner Insan Leilek, together with the responsible school feeding specialists of the District Education Department / City Public Education Organization, made an approximate forecast of the impact of price increases on the quality of hot food (frequency, variety, energy, and nutritional values) in 2021-2022 academic year. As per prices in July 2021, the cost of a 5-day hot meals school menu is around KGS 24-25 per child per day, thus government funding at a rate of 7-10 KGS/child/day are able to cover just 30 percent of the total programme food costs. In order to ensure the continuation of provision of nutritious school meals, several mitigation measures were considered and, among those, the strengthening of the existing school gardens and the establishment of new ones. This year, the Government of the Kyrgyz Republic has endorsed the Decree on approval of the procedure for organizing the activities of school farms to support school meals, which will enhance the establishment of school gardens countrywide. The uptake of school gardens, and the related increase in the ability of schools to meet their needs by self-producing, might help improve their resilience to provide hot meals despite the increase in prices in the domestic market.

49 Protocol of the meeting of the operational headquarters to combat the spread of coronavirus infection and eliminate its consequences in the territory of the Kyrgyz Republic, dated April 14, 2020, No. 24, and the Decision of the Security Council of the Kyrgyz Republic dated March 14, 2020, No. 5.

50 Cereals, meat, fish, milk and dairy products, fruits and vegetables.

In 2020, the top three shocks faced in rural and urban areas were: high food prices, lack of food stock and decrease in incomes<sup>51</sup>. Compared to a similar assessment in these target areas during the pre-COVID time (2018), high food prices and a decrease in income were problems for around 57 percent and 52 percent of households respectively, while currently it is a vast majority of households that have reported these problems in the last twelve months. In 2021, following the high inflation rate, 97 percent of households in both rural and urban areas reported high food prices as a problem. Among other most frequently mentioned problems were high fuel prices, high cost of electricity, lack of food stocks and decrease in income levels (see Figure 6).



PHOTO: WFP / PHOTO GALLERY

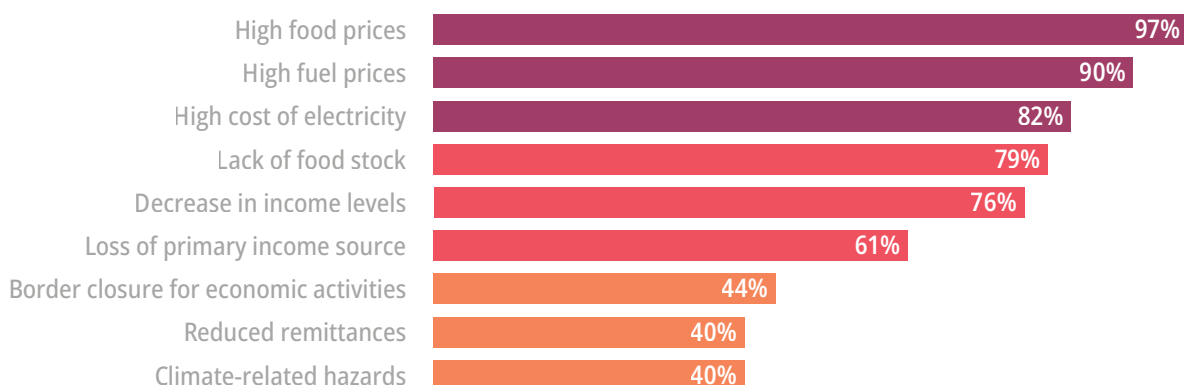
Availability of food in the market was considered sufficient by the majority households. This confirms the global finding that **the major impacts of the pandemic on poverty and food security are more likely to come from shocks to household incomes, and hence, from accessibility to nutritious food** than from impacts on food markets directly<sup>52</sup>.

**To overcome the economic hardships, 44 percent of households cut food costs<sup>53</sup>.** In 2020, it was estimated that 45.3 percent of the population consumed less than 2,100 kcal per day – 1 percentage point decrease compared to 2019. According to the NSC, in 2020 the first quintile was spending **64.8 percent of their expenditures on food** and can barely afford minimally sufficient diets and have to apply negative coping mechanisms. **The share of food expenditures has increased** by 1.2 percentage points **compared to 2019**,

that could be explained by overall food inflation and decline in incomes.

The assessment conducted by WFP in June 2021 in the seven provinces of the country revealed that the poorest households' (1<sup>st</sup> income quintile) monthly per capita food expenditure was of only KGS 1,111 (USD 13), well below the Extreme Poverty Line (KGS 1,648 – USD 19.5) and almost 4 times less what the wealthiest households (5<sup>th</sup> income quintile) were able to spend on food (USD 48 per person per month). On average, households spent KGS 2,041 (USD 24) per capita on food, which is almost half the Minimum Subsistence Level for food items (KGS 3,483/capita/month or USD 41). Regardless of the income group, large households (with seven or more members) were spending on average only KGS 1,557 (USD 18) per person per month on food items, compared to small households (up to three members) who spent KGS 3,333 (USD 40).

**FIGURE 6. PROBLEMS FACED (% HOUSEHOLDS).**



SOURCE: FSOM, 2021

51 WFP, 'Rapid Household Food Security Assessment – Effects of COVID-19 on the poor and food insecure', 2020. [https://kyrgyzstan.un.org/sites/default/files/2020-10/WFP\\_Rapid\\_HFSA\\_Report\\_Final\\_Eng.pdf](https://kyrgyzstan.un.org/sites/default/files/2020-10/WFP_Rapid_HFSA_Report_Final_Eng.pdf)

52 Laborde D., Martin W., Vos R., Impacts of COVID-19 on global poverty, food security, and diets: Insights from global model scenario analysis, 2021. <https://onlinelibrary.wiley.com/doi/full/10.1111/agec.12624>

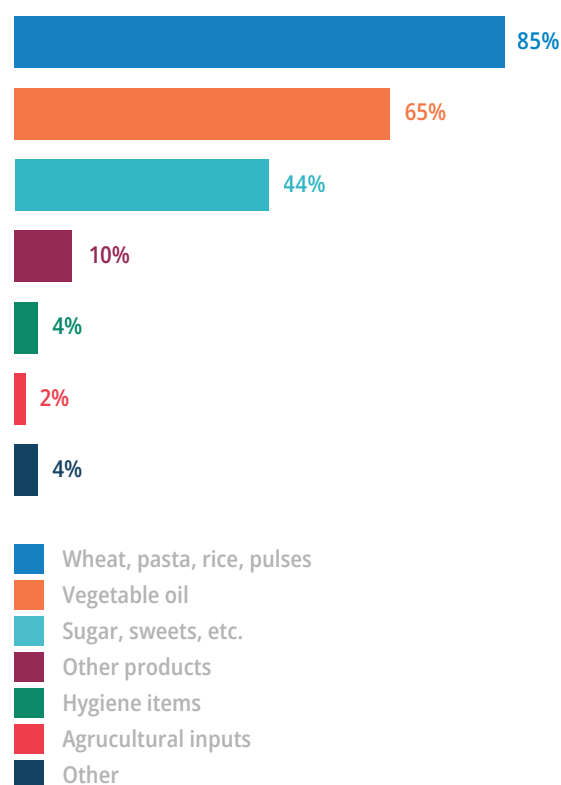
53 NSC, 'On the results of the sample survey "Impact of the COVID-19 pandemic on households"', 2020. <http://stat.kg/ru/publications/vliyanie-pandemii-covid-19-na-domashnie-hozyajstva/>

This confirms how households with a high dependency ratio are among the most vulnerable groups in the society and should receive assistance in order not to be left behind. Among the vulnerable households, the share of households with high dependency ratio (5 dependants per 1 working member) is about 15 percent, and 13 percent of such households are headed by women<sup>54</sup>. The largest non-food expenditure was debt repayment and health expenditures.

In 2021, the assessment<sup>55</sup> revealed that 11 percent of households have received some type of assistance during the past twelve months (see Figure 12 for information on assistance sources). Among the recipients, 90 percent reported receiving food items, 4 percent receiving non-food items and 6 percent receiving both food and non-food items. If we look into the specific items received, the top three are (i) wheat, pasta, rice and pulse, (ii) vegetable oil and (iii) sugar, sweets (see Figure 7). Wheat, vegetable oil and sugar are among the commodities for which there was the highest increase in price due to the high import dependency ratio of these commodities.

In order to cope with their reduced economic capacity and purchasing power, **households reported applying different negative coping strategies related to asset depletion or changes in regular food consumption practices** (see Table 2). While in April 2020, at the onset of economic crisis, households were finding ways to cope with deteriorated purchasing power mainly by borrowing money to meet food needs ('stress' level). In 2021, when the prolonged crisis has been exacerbated with increase in prices, natural and man-made emergencies, in addition to borrowing, more households had to apply **'crisis' and**

**FIGURE 7. ITEMS RECEIVED (%).**



SOURCE: FSOM 2021

**'emergency' type strategies** (selling assets, reducing essential non-food expenditures, selling property and asking for humanitarian assistance). The number of households applying crisis and emergency level asset related coping strategies increased from 12 percent in

**TABLE 2. ADOPTION OF ASSET RELATED COPING STRATEGIES BY STRATEGY (% HOUSEHOLDS).**

Asset related coping	2019	2020	2021
Migration of HH member in search of income	20	7	19
Borrow money to meet food needs	37	66	49
Reduction of agriculture expenses	13	13	26
Using savings	26	35	32
Sale of productive assets/transport	5	1	9
Sale of livestock more than usual	13	2	15
Reducing health care/education costs	13	7	26
Sale of a house or land	2	1	7
Sale of the last cattle	3	0	8

SOURCE: FSOM 2021

54 KIHS, 2020

55 FSOM, 2021



**TABLE 3. ADOPTION OF FOOD RELATED COPING STRATEGIES (% HOUSEHOLDS).**

Food related coping strategies	All	1 <sup>st</sup> quintile	5 <sup>th</sup> quintile
Use less desirable / less expensive food	34	45	24
Take food in loan, relying on the help of friends / relatives	40	49	30
Reduce number of meals per day	23	34	17
Limit the size of food portions	18	29	12
Restrict food consumption by adults for children enough eating	13	21	8

SOURCE: FSOM 2021

2020 to 36 percent in 2021. This translates into a reduced ability to deal with future shocks, reduction of current and future productivity, human capital formation and jeopardizing future livelihoods.

Similarly, to 2020, the analysis shows that the use of asset depletion coping strategies among the poor and non-poor was not significantly different (68 percent of the first quintile and 69 percent of the fifth quintile have applied some of these strategies). This suggests that households that live above the minimum subsistence level are also at risk of becoming vulnerable or poor if they are unable to recover from the current protracted crisis. Female-headed households are more vulnerable to food insecurity as data suggests that they have less members who generate income, have lower per capita food expenses (KGS 1,865 or USD 22 compared to KGS 2,101 or USD 25 of male-headed households) and use asset depletion coping strategies more often than male-headed households<sup>56</sup>.

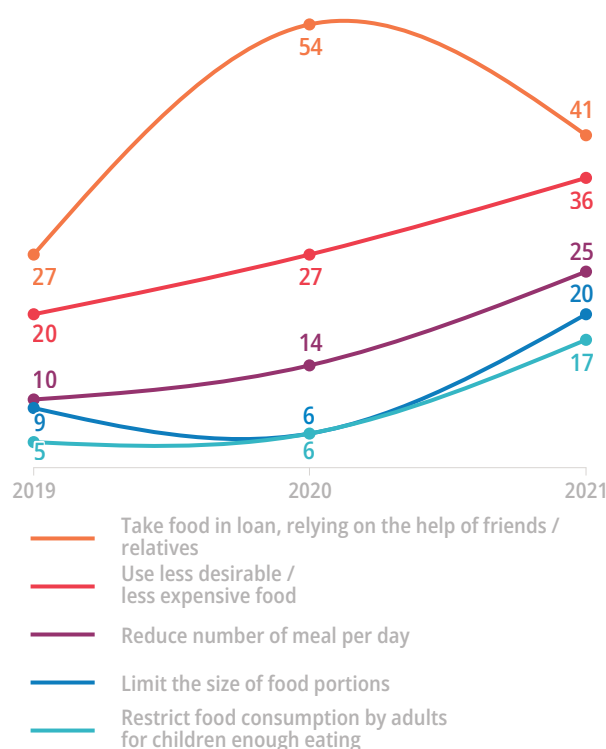
Out of five **food consumption-related coping strategies** applied during the last week, the most frequently applied were: **consuming less desirable or less expensive food items** (34 percent on average, 37 percent among female-headed households and 45 percent for households in the first income quintile), **taking food in loan or rely on other assistance** (40 percent on average, 46 percent among female-headed households and 49 percent for households in the first income quintile) and **reducing the number of meals eaten during a day** (23 percent on average, 30 percent among female-headed households and 34 percent for households in the first income quintile), thus **limiting their food intake** to cope with food and money shortages (see Table 3). While on average 18 percent of households limited the size of their food portion, the share increases up to 29 percent when only households from the poorest income quintile are considered. Similarly, up to 13 percent of households reported adults restricting their food consumption in favour of children having enough to eat, this percentage reaches 21 percent

in case of households from the first income quintile.

Using a comparable sample, there is an undeniable upward trend in the adoption of food related coping strategies (see Figure 8). These strategies were used to maintain access to food during the crisis and, if applied regularly in the medium or long-term, could pose a risk to the health and nutrition situation, especially for women and children. Moreover, the wide appliance of these strategies by households already living in poverty (as 25.3 percent of the population lived under the poverty line in 2020), acerbates their existing deprivations and prevent them from breaking the cycle of poverty.

**Impact of Food coping mechanism on Nutrition**

**FIGURE 8. ADOPTION OF FOOD RELATED COPING STRATEGIES (% HOUSEHOLDS) - COMPARISON.**



SOURCE: FSOM 2021

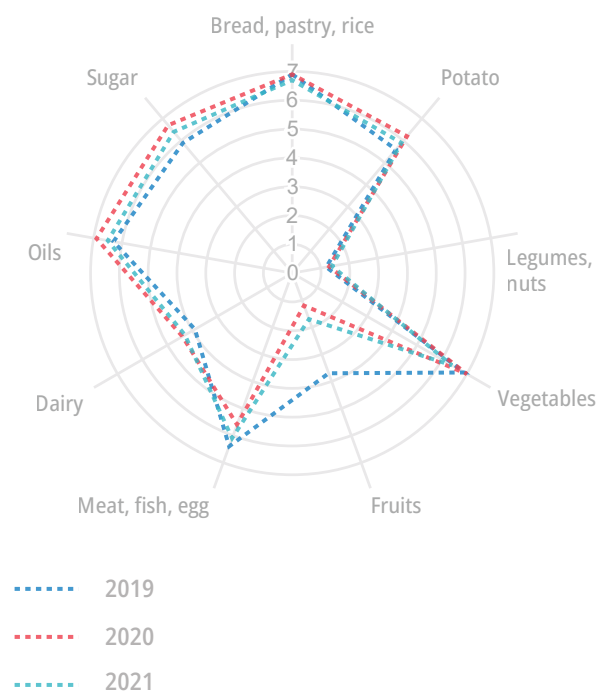
56 WFP, FSOM 2021



**(dietary diversity and quality).** The number of people who cannot afford a healthy diet is likely to have increased further due to the compounding effects of inflation in consumer food prices and income losses, stemming from the economic impacts of the COVID-19 pandemic. WFP's assessments in 2020 and 2021 also revealed a deterioration in consumption patterns compared to the pre-COVID data, confirming the global findings that **reduction in income have led to a shift in consumption towards less nutritious food.** Indeed, as figure 9 suggests, the consumption of vegetables and fruits have decreased, while bread, sugar and oils are now consumed more.

**Decreased intake of micronutrients.** As presented in Table 4, the share of households consuming **vitamin-A rich food** daily decreased from 97 percent in 2019 to 94 percent in 2020 (88 percent for the first income quintile) and to 92 percent in 2021 (85 percent for the first income quintile). Similarly, protein-rich foods were consumed to a reduced extent: 85 percent have consumed it daily and 13 percent have consumed it at least once a week while in 2019, almost all households (94 percent) have consumed these food items daily. In 2021, the percentage of households consuming protein-rich foods slightly increased compared to 2020 but remains lower than 2019. Protein plays a key role in growth and is crucial for the prevention of wasting as well as stunting, which takes place largely within the first 1000 days of life. While in 2019, 59 percent of households consumed **hemoglobin**

**FIGURE 9. DIETARY DIVERSITY SCORE.**



SOURCE: FSOM, 2021

**iron-rich foods** daily, in 2020 the number of households consuming it daily almost halved reaching just 35 percent. 49 percent of households consumed these food items at least once a week. One-quarter of households (and every second household among the first income quintile)

**TABLE 4. MICRONUTRIENT'S INTAKE AND FREQUENCY.**

Micronutrients intake	2019	2020	Change 2019 - 2020	2021	Change 2020 - 2021
% of households consuming Vitamin-A rich foods daily	97%	94%	↓	92%	↓
% of households consuming Protein-rich foods daily	94%	85%	↓	89%	↑
% of households consuming Haemoglobin Iron rich foods daily	59%	35%	↓	61%	↑

Frequency of micronutrients intake		Vitamin A-rich foods			Protein-rich foods			Hemoglobin iron-rich foods		
		2019	2020	2021	2019	2020	2021	2019	2020	2021
1st income quintile	Never consumed	0%	1%	1%	0%	7%	3%	1%	32%	17%
	Sometimes consumed (1-6 days/week)	5%	11%	15%	13%	22%	16%	50%	49%	33%
	Consumed daily	95%	88%	85%	87%	71%	82%	49%	19%	50%
Average	Never consumed	0%	1%	0%	0%	2%	1%	1%	16%	9%
	Sometimes consumed (1-6 days/week)	3%	5%	8%	6%	13%	10%	40%	49%	30%
	Consumed daily	97%	94%	92%	94%	85%	89%	59%	35%	61%

SOURCE: FSOM 2021

did not have any **hemoglobin iron-rich foods** in their diet during the last seven days. However, in 2021, an increase of consumption of hemoglobin-iron rich foods was observed. Iron deficiency, one of the main causes of anemia, affects a significant share of children and women and may cause long-term impacts on the productivity and quality of life, if these types of food items are not consumed sufficiently.

**Female-headed households are more likely to underconsume protein and hemoglobin-iron-rich food items compared to male-headed households,** highlighting the need for specific economic empowerment and nutrition sensitive programming targeting women. In

2021, 92 percent of male-headed households consumed protein-rich food items on a daily basis, compared to 86 percent of female-headed households and 66 percent of male-headed households consumed haemoglobin-iron-rich food items daily compared to 54 percent among female-headed households. 15 percent of female-headed household reported never consuming hemoglobine-rich foods in the last 7 days compared to 8 percent of male-headed households. Over half of women of reproductive age (58 percent) reported not consuming five or more food groups during the last 24 hours, thus failing to meet the minimum dietary diversity and showing lack of protein and hemoglobin-iron rich food items in their diets.

# 3. Overview of Social Protection Measures

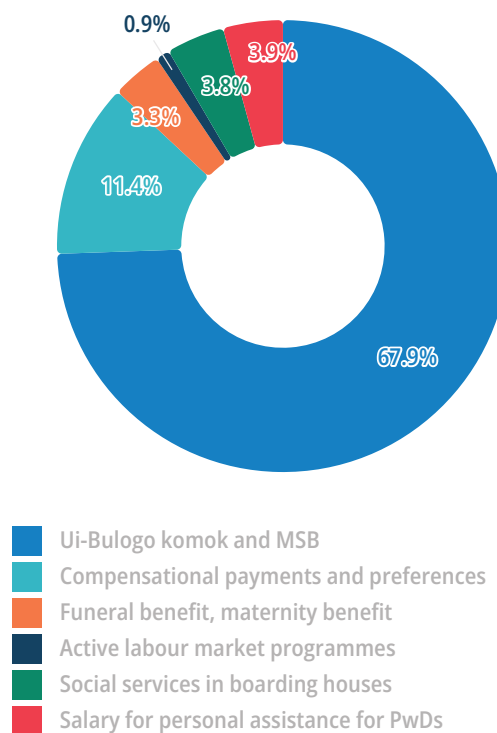
## 3.1 THE ROLE OF SOCIAL PROTECTION IN REDUCING POVERTY, FOOD INSECURITY AND MALNUTRITION

**National social protection systems play a central role in safeguarding and fostering the ability of the most vulnerable to meet their essential needs, including food security and nutrition, and to build resilience against shocks and stressors<sup>57</sup>.**

Social protection in Kyrgyzstan covers a broad range of risks throughout the lifecycle and plays a critical role in alleviating poverty, thus fostering food security and nutrition. The tools include contributory and non-contributory payments, social services and labour market programmes. Universal pension system is one of the key safety nets for vulnerable families. With total expenditures of about 9.8 percent of GDP<sup>58</sup>, pensions protect one fifth of total population from falling into poverty (i.e., reduce the overall poverty rate in average by 20 percentage points)<sup>59</sup>. The average size of pensions is 124 percent of MSL, which allows to cover key nutrition needs. However, despite the considerable progress achieved in improving the adequacy of contributory benefits, still 36 percent of pensioners receive pensions below MSL<sup>60</sup>.

The overall social assistance budget made 1.7 percent of GDP (10.9 billion KGS) in 2021<sup>61</sup>. Despite constituting about 68 percent of the total social assistance budget, most non-contributory social benefits are below MSL and do not have direct link to the cost of food basket or cost of healthy diet. The only poverty targeted social benefit – UBK covers 113,665 families or 367,135 children (5.5 percent out of total population or 22 percent out of total poor<sup>62</sup>)<sup>63</sup>. In this regard the recent government reforms were aimed at gradual increase of the size of social benefits, that could better align them to the minimum living standards and thus improve the food security and nutrition outcomes.

**FIGURE 10. MHSD 2021 BUDGET BREAKDOWN OF SOCIAL ASSISTANCE (%).**



SOURCE: MINISTRY OF ECONOMY AND FINANCE

Active Labour Market programmes (ALMP), that include paid public works and vocational training, is the only programme aimed at employment promotion. Notwithstanding the growing number of newly poor, unemployed and increased poverty gap, the budget of ALMP remains less than 1 percent from total social assistance expenditures. The annual caseload of 30–40 thousand beneficiaries covered less than 10 percent of potential demand during the crisis in 2020<sup>64</sup>.

Even though social assistance payments are less effective in reducing poverty headcount than social insurance

57 World Food Programme Strategy for Support to Social Protection - 2021. <https://www.wfp.org/publications/world-food-programme-strategy-support-social-protection-2021>

58 State budget for 2021, Ministry of Economy and Finance

59 WFP's modelling based on KIHS 2017-2020

60 Social fund of the Kyrgyz Republic data (2021)

61 Ministry of Finance of the Kyrgyz Republic, approved budget for 2021. Available at: <http://minfin.gov.kg/ru/novosti/novosti/utverzhdennyi-byudzhets-2021-goda>

62 The WFP's estimation is based on dividing the number of UBK recipients by the number of total poor population. The estimation doesn't include analysis of the number of UBK recipients across the consumption quintiles

63 MHSD data as of October 2021.

64 WFP's estimates based on NSC (2020) 'On the results of the sample survey "Impact of the COVID-19 pandemic on households"'. <http://stat.kg/ru/publications/vliyanie-pandemii-covid-19-na-domashnie-hozyajstva/>

schemes, it should be noted that social assistance benefits are playing the important role in reducing poverty gap, thus partially decreasing vulnerability and consumption shortage of poor households. The recent ministry reforms resulting in merging the Ministry of Labour and Social Development, the State Migration Service, the Social Fund, the Mandatory Health Insurance Fund, and the Ministry of Health into the MHSD<sup>65</sup>, could facilitate the inter-sectoral linkages between health and social protection, thus making existing programmes and tools more nutrition sensitive. Another area for improvement is expanding current ALMP and giving due focus to the productive inclusion measures, labour activation, provision integrated services and poverty graduation programmes.

### 3.2 SHOCK-RESPONSIVE SOCIAL PROTECTION MEASURES IN RESPONSE TO COVID

In Kyrgyzstan, limited ex-ante adaptations have been made to the existing, regular social protection programme to be able to flex and scale in response to shocks. Indeed, the COVID-19 crisis has revealed that, due to the absence of shock-responsive social protection mechanisms, the initial targeting principle for the Government was to address the needs of existing beneficiaries of the system, i.e. recipients of poverty benefits (UBK), monthly social benefits (mostly people with disabilities), and pensions below minimum existence

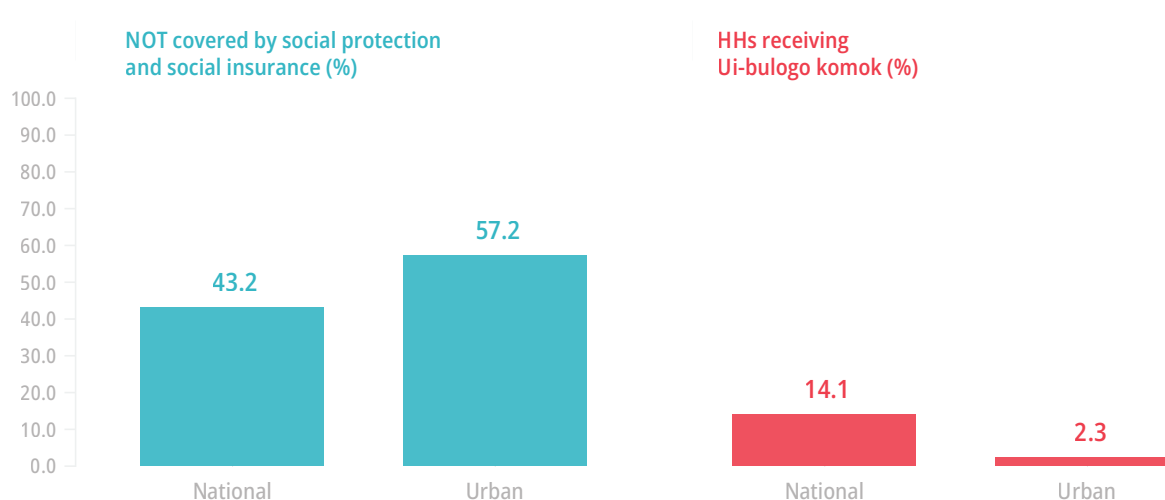
level. Households who were already covered by some type of social security programmes – either social assistance or social insurance – could count on a stable and predictable transfers to cover basic needs during this economic crisis. On the contrary, **households fully excluded from social security programmes and relying only on employment revenues, became the most vulnerable to external shocks.**

**Among vulnerable households<sup>66</sup>, 43.2 percent were not covered by social assistance and social insurance** schemes at a national level in 2019<sup>67</sup> (see Figure 11). **More severe is the exclusion at urban level** with 57.2 percent of vulnerable households not receiving any social support. It should be noted that among the urban poor and vulnerable only 2.3 percent receive the monthly allowance UBK – the only poverty targeted programme.

In order to increase the coverage during the crisis and to provide food kits to the newly poor and unemployed, MHSD created an ad hoc emergency hotline (<https://1227.tunduk.kg/>), which families in need could call to receive one-off food assistance. Since the beginning of the pandemic, 523,880 people have received food assistance from the MHSD<sup>68</sup>.

The number of applications approved for Bishkek and Osh cities via the hotline was close to 191,000, over a third of overall approved applications (see Figure 12). Assuming that one application was received per household, one

**FIGURE 11. COVERAGE OF POOR AND VULNERABLE BY SOCIAL ASSISTANCE AND SOCIAL INSURANCE.**



SOURCE: WFP'S ESTIMATIONS BASED ON KIHS 2019

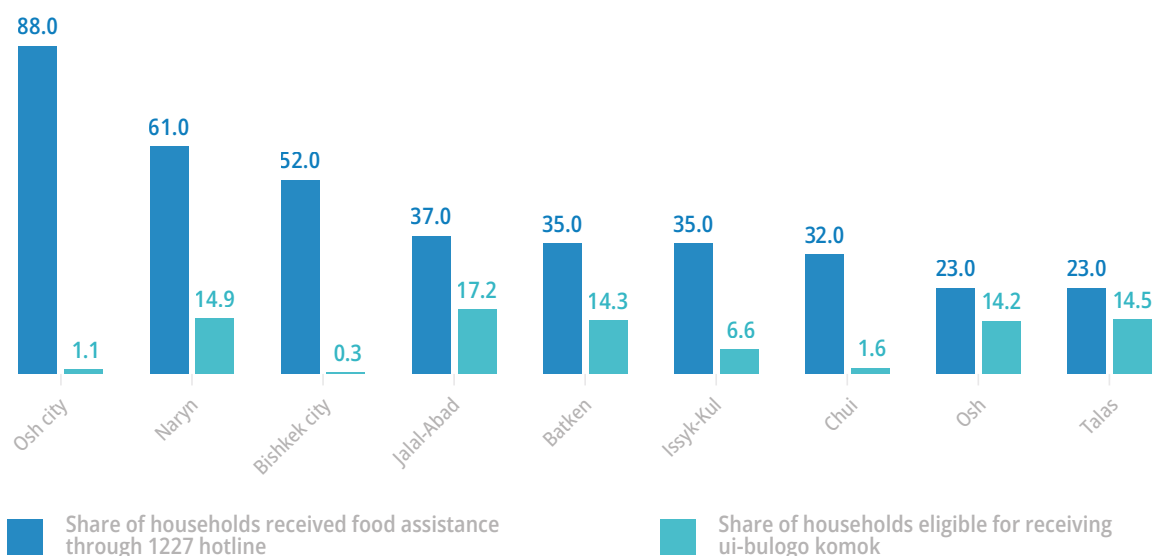
65 Starting from October 2021 the Ministry of Health and Social Development was restructured in two separate ministries – the Ministry of Labour, Social Welfare and Migration (MLSWM) and the Ministry of Health (MoH).

66 1st and 2nd consumption quintiles (bottom 40 percent of the population)

67 WFP's calculations based on KIHS 2019

68 MHSD data, 2021

**FIGURE 12. RECIPIENT OF ASSISTANCE THROUGH 1227 HOTLINE AND ELIGIBILITY FOR UBK BY REGION (% HOUSEHOLDS).**



SOURCE: MHS D

can estimate that 52 percent of all households in Bishkek and 88 percent of households in Osh city applied for emergency assistance in 2020 due to COVID-19 crisis.

**Both cities are almost fully excluded from the government poverty targeted programme.**

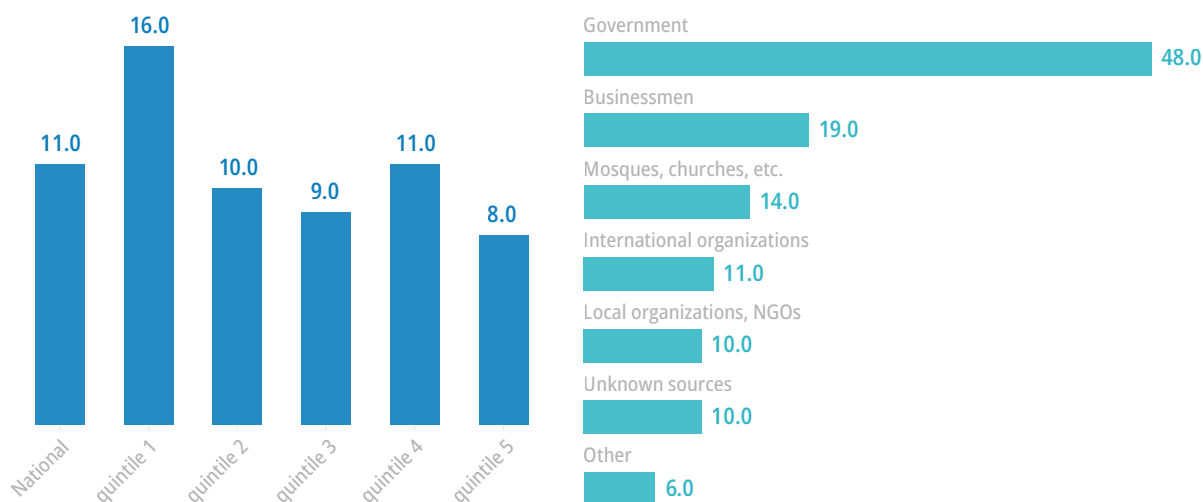
As reported in Chapter 2.2, during the last 12 months (May 2020-May 2021), about 11 percent of the households reported receiving an assistance from different sources (see Figure 13). It should be noted that the assistance was distributed almost evenly among the consumption quintiles, with slightly higher share in the poorest quintile (16 percent versus 11 percent nationally). This could

be explained by both lack of strong poverty targeted principles from one side and raising number of newly poor among the wealthier quintiles from another side.

**Majority of assistance (48 percent) was channelled through the state system, however significant amount of assistance (mostly in-kind) was provided by other stakeholders,** such as private sector, religious organisations, international organisations, and local NGOs.

**The pandemic-driven crisis clearly demonstrated the necessity to develop shock-responsive mechanisms in the national social protection**

**FIGURE 13. SHARE OF HOUSEHOLD THAT RECEIVED ASSISTANCE BY QUINTILE AND SOURCES OF ASSISTANCE (%).**



SOURCE: FSOM 2021



**system**, including development of digital social registry and improved information-management system for humanitarian assistance.

**To be able to scale up the existing social protection tools both horizontally and vertically it is important to have a digital social registry in place.** MHSD is

using the Social Passport system as a social registry (see the detailed description in the section 2.1). However, so far this registry was paper based which limited its usage and overall analysis of beneficiary data. Currently MHSD jointly with Ministry of Digital Development are working on digitalisation of Social Passports. This will allow to analyse the data on vulnerable households and improve overall targeting and effectiveness of shock-responsive assistance. Digitalisation process could require further

technical improvements such as integration of Social Passport system into Government Information System “Tunduk”<sup>69</sup> and through it building linkages to MHSD’s Corporate Information System for Social Protection (CISSP) and other relevant systems to ensure effective information exchange and timely update of data.

**There is also a strong need to improve the overall coordination of all humanitarian assistance in the country, especially during times of crisis and shocks**, also considering that climate-related shocks are becoming more and more frequent. For these purposes the existing 1227 hotline’s functions could be expanded to provide full-cycle overview and management of humanitarian assistance, starting from warehouse to beneficiary.

#### INSIGHT BOX: WFP’S CASH-BASED TRANSFERS DURING THE PANDEMIC AND POST-CRISIS RECOVERY PHASE

WFP is implementing cash-based transfer (CBT) projects starting from 2014, providing complementary action to the national social protection system. Indeed, due to the growing share of urban poor and their exclusion from poverty targeted benefits, the geography of projects is mainly urban area. As part of the COVID-emergency response WFP provided CBT assistance to more than 120,000 beneficiaries in 23 urban and semi-urban locations. Each participant received the 100 USD transfer for participation in construction and rehabilitation of community assets and income generation activities. With CBT programme WFP covered the most vulnerable categories such as UBK recipients, households (HHs) living under the poverty line, single female-headed HHs, HHs with people with disabilities (PwDs), returned migrants, elderly, unemployed youth, HHs dependent on informal employment and those who lost the jobs. Provided transfer allowed vulnerable people to improve their short-term food security situation and gain longer-term benefits from received knowledge and improved livelihoods.



PHOTO: WFP / PHOTO GALLERY



PHOTO: WFP / PHOTO GALLERY

<sup>69</sup> Tunduk – is the Government Electronic Information Exchange System aimed to provide technical coordination in the implementation of electronic management and electronic interaction between state bodies, local self-government bodies, state institutions and enterprises, as well as legal entities and individuals, including the provision of state and municipal services in electronic format.

## 4. Conclusion and Recommendations

Although in the past 15 years the country has achieved significant accomplishments in reducing poverty and improving the nutritional status of its population, the COVID-19 pandemic led to a profound economic crisis and the resultant negative socio-economic shocks are having severe consequences on the food security and nutrition of the population. As shown in Chapter 2, the pandemic not only has aggravated the poverty and unemployment situation in the country pushing it 5 years backwards, but

also the loss of income and reduced purchasing power of households have deteriorated their food security, leading them to adopt negative coping mechanism that can contribute to malnutrition in all its forms. The increase in vulnerability poses pressure on the social protection system of the country, revealing gaps such as lack of effective shock-responsive and post-crisis productive social protection measures.

### RECOMMENDATIONS:

1. Malnutrition in all its forms, and diet-related non communicable diseases, remains a concern. It is important that the Kyrgyz government addresses these issues in a coordinated and aligned way – wherever possible, double-duty actions should be identified that promote healthy and diverse diets at the same time as tackling the constant issue of malnutrition, including micronutrient deficiencies as well as the increased trend in overweight and obesity. **Policies, programmes and investments, also in social protection, need to be “nutrition-sensitive”, which means that nutrition must be mainstreamed across sectoral policies.**
2. There is a need to **establish a streamlined system for collecting, monitoring, analysing and reporting food security information** in the Kyrgyz Republic for all pillars of food security.
3. The COVID-19 pandemic has had profound implications with immediate and long-term economic consequences for families, communities and the whole country. Given the role of social protection programmes in improving food security, nutrition and livelihoods, **it is essential to foster inter-sectoral linkages, particularly between social protection and food system.** This can enhance the impact of social protection in other systems and sectors for more sustainable results addressing poverty, risk and vulnerability.
4. **As part of shock-responsive agenda the unified digital social registry on the basis of Social passport system is recommended to be created** and linked to the main state digital systems (Tunduk). With clear and effective inter-ministerial coordination, digital registry could improve overall outreach and decrease inclusion and exclusion errors, providing support to those who are usually left behind, i.e. households not covered by social protection system, migrants and their families, informally employed, unemployed youth, and others.
5. **The “1227 hotline” could be modernised to be able to register, monitor, distribute and provide reporting on all types of humanitarian assistance.** If linked to Corporate Information System for Social Protection (CISSP) and Tunduk system, it could effectively improve the targeting and overall coordination of distribution of humanitarian assistance during situations of crisis when shock responsive actions are needed.

## RECOMMENDATIONS (continuation)

- 6. The recovery phase should focus on income-generating activities, productive inclusion measures, labour activation and poverty graduation programmes.** ALMP is the only governmental programme aimed at provisioning employment services; however, its current targeting, coverage and overall financing is too limited. Therefore, this area should be given due attention by donor's safety net projects, including joint advocacy on expanding the ALMP by introducing innovative activities and improving the effectiveness of existing ones.



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