



COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS

Socio-economic context and role of agriculture

The Kyrgyz Republic is a low-income food deficit country (LIFDC)¹ with a population of nearly 6 million, of which two-thirds live in rural areas.² The country has experienced political and social instability since gaining independence in 1991 which, combined with economic shocks and natural disasters, jeopardizes development gains. The Kyrgyz economy is vulnerable to external shocks owing to its reliance on one gold mine, which accounts for about

10 percent of GDP, and on worker remittances, equivalent to about 30 percent of GDP in 2011–15.³

The country reached both the Millennium Development Goal 1c target and the World Food Summit goal of halving the number of hungry people by 2015.⁴ The official absolute poverty rate in the country declined from 37 percent in 2013 to 25.4 percent in 2016 with 66 percent of the poor residing in rural areas.⁵

Selected indicators		2007	2011	2016	
SOCIO-ECONOMIC	GDP (current billion USD) *	3 802.57	6 197.77	6 551.29	
	GDP per capita (current USD) *	721.77	1 123.88	1 077.04	
	Agricultural value added (% of GDP) *	31.08	18.62	14.86	
	Agricultural value added (annual % growth) *	1.61	1.84	6.16	
	Total population (million)	5.1	5.5	5.9	
	Rural population (% of total)	64	63.4	62.4	
	Share of Agriculture in total employment (%) **	NA	NA	26.8	
	Human Development Index***	[2016]	0.664 (ranking 120 out of 188)		
	Gender Inequality Index (GII)***	[2015]	0.394 (ranking 90 out of 188)		
	AGRICULTURAL PRODUCTION & TRADE	Per capita cultivated land (ha)	0.2	0.2 [2012]	NA
Area equipped for irrigation (ha)		1 023 300 [2014]			
Value of total agriculture (current million USD)		14 217	18 083	20 363[2014]	
Yield for cereals (hg/ha)		25 129	26 031	22 763 [2014]	
Cereal import dependency ratio (%)		[2006–2008]	24.8		
		[2011–2013]	28.3		
Top 3 commodities		Production quantity [2013]	Wheat and products; rice; barley and products		
		Production value [2013]	Milk; meat indigenous, cattle; meat indigenous sheep		
		Import value [2013]	Wheat; chocolate products; meat		
		Export value [2013]	Beans, dry; cotton lint; tobacco, unmanufactured		
FOOD SECURITY & NUTRITION	Per capita food supply (kcal/capita/day)	2 682	2 771	2 817 [2013]	
	People undernourished (million)	[2008–2010]	0.5		
		[2014–2016]	0.4		
	Prevalence of undernourishment (%)	[2008–2010]	9		
		[2014–2016]	6.4		
	Obesity (body mass index > 30), age-standardized (%) ^^	Male [2014]	11.4		
		Female [2014]	16.7		
	Global Hunger Index ^	[2016]	9.1 (Low)		
Access to improved water sources (% of population)*	83.8	86.9	90 [2015]		

Source: FAOSTAT; * WB; ** ILO; *** UNDP; ^ IFPRI; ^^ WHO (accessed on 18 September 2017)

¹ FAO. *Low-Income Food Deficit Countries (LIFDC) – List for 2016* [online]. Rome. [Cited 31 December 2017]. www.fao.org/countryprofiles/lifdc/en

² FAO. 2016. *FAOSTAT Annual Population Indicator* [online]. Rome. [Cited 31 December 2017]. www.fao.org/faostat/en/#data/OA

³ World Bank. 2017. *Country Context* [online]. Washington, DC. [Cited 31 December 2017]. www.worldbank.org/en/country/kyrgyzrepublic/overview

⁴ FAO, International Fund for Agricultural Development (IFAD) & World Food Programme (WFP). 2015. *The State of Food Insecurity in the World 2015. Meeting the 2015 international hunger targets: taking stock of uneven progress*. Rome, FAO (available at www.fao.org/3/a-i4646e.pdf).

⁵ National Statistics Committee of the Kyrgyz Republic. 2016. *Poverty rate indicator* [online]. Bishkek City. [Cited 31 December 2017]. www.stat.kg/media/publicationarchive/01b28ef9-9e8c-4d84-9fae-4b1b58b1aa5a.pdf

The country also made progress in reducing both the prevalence of undernourishment in the total population from 9.7 percent to 6.4 percent between 2004–2006 and 2014–2016 and that of child stunting from 18.1 percent to 12.9 percent between 2005 and 2016.⁶ However, micronutrient deficiencies, overweight and obesity increased significantly over the last few years, coexisting simultaneously. The Kyrgyz Republic experiences severe levels of anaemia in the population (42.6 percent in children under five, and 37.8 percent in pregnant women), and the prevalence of vitamin A deficiency in adults is high (32.9 percent).⁷ Non-communicable diseases (NCDs) are increasing with 80 percent of all deaths caused by cardiovascular diseases, cancer, chronic respiratory diseases and diabetes.⁸ According to the MDG progress report, although the Kyrgyz Republic has made progress in terms of indicators related to extreme poverty reduction, it falls behind as regards maternal and child mortality, gender equality, fighting HIV/AIDS, and access to clean water and sanitation.⁹

The Kyrgyz Republic relies primarily on agriculture, which accounts for 15 percent of GDP in 2016.¹⁰ However, the share of the

agricultural sector in total GDP has decreased substantially since 2000 (down from 34 percent).¹¹ High economic disparities between the rural areas of the North and South regions of the country also persist: the North produces about 60 percent of GDP, whereas the South produces less than 30 percent of the country's GDP.¹² After independence from the Soviet Union in 1991, the government implemented several market-oriented reforms and land-reform policies, which converted the agricultural sector into an engine for growth during the late 1990s, resulting in robust economic expansion. However, growth in agriculture, as well as in the economy overall, has stagnated in more recent years owing to political volatility, economic shocks and frequent natural disasters. Over the last 25 years a number of structural issues have undermined the development of the agricultural sector, for example the prevalence of small-scale semi-subsistence farms, disinvestment in the sector, the inadequate technological level of production, land degradation (especially pasture), and an insufficient level of human and social capital in the sector.¹³

1. Government objectives in agriculture and food and nutrition security

The Kyrgyz Republic's economic development has been driven by medium-term programmes since 2007. The Government's vision for development is expressed in the **National Sustainable Development Strategy for the Kyrgyz Republic for the period of 2013–2017**, which focuses on: ensuring sustainable economic development and macro-economic stability; improving the agro-industrial sector; increasing agriculture production levels and product quality and expanding infrastructure.¹⁴ The development of the **National Sustainable Development Strategy mid-term (2018–2023)** and **long-term (to 2040) programmes** aligned with Sustainable Development Goals (SDGs) is under way.

To implement the National Sustainable Development Strategy 2013–2017, the country adopted the **Programme of Transition to Sustainable Development of the Kyrgyz Republic for the period of 2013–2017**, which is a five-year plan whose main priorities are economic and environmental sustainability and human development.¹⁵

The long-term vision for food security is defined by the **Concept of Food Security (2009–2019)**, which sets out ways and

mechanisms to minimize food insecurity by stimulating domestic production. The legislative basis for food security is Law 183 of the Kyrgyz Republic **On Food Security of the Kyrgyz Republic (2008)**.¹⁶ This is supplemented by Law 166 **On agricultural development (2009)**, which defines the long-term vision for agriculture and focuses on ensuring food security, developing the agro-industrial sector and creating favourable conditions for rural livelihoods.

In 2015, the government adopted the National Food Security and Nutrition Programme (2015–2017) which aims to serve as a road map to fulfilling people's rights to food, healthy nutrition and development and to ensure the availability of food through intensive development of the agriculture sector and regulation of food imports and exports. In addition, the programme aims to ensure people's physical and economic access to food, particularly for vulnerable rural populations. Another priority of the programme is to increase dietary quality, diversity and caloric intake, as well as control and supervise food safety. The planning process for the **2018–2022 Food Security and Nutrition**

⁶ FAO, IFAD, United Nations International Children's Emergency Fund (UNICEF), WFP & World Health Organization (WHO). 2017. *The State of Food Security and Nutrition in the World 2017. Building Resilience for Peace and Food Security*. Rome (available at www.fao.org/3/a-i7695e.pdf).

⁷ FAO Regional Office for Europe and Central Asia. 2015. *Addressing the social and economic burden of malnutrition through nutrition-sensitive agricultural and food policies in the region of Europe and Central Asia* [online]. Budapest. [Cited 31 December 2017]. www.fao.org/3/a-mo398e.pdf

⁸ WHO. 2014. *Non-communicable diseases (NCD) Country Profiles* [online]. Geneva. [Cited 31 December 2017]. www.who.int/nmh/countries/kgz_en.pdf?ua=1

⁹ Global Partnership for Effective Development Cooperation. 2016. *Monitoring Profile – The Kyrgyz Republic* [online]. New York, USA. [Cited 31 December 2017]. http://effectivecooperation.org/wp-content/uploads/2016/10/Kyrgyzstan_20.10.pdf

¹⁰ World Bank. 2017. *World Bank Open Data* [online]. Washington, DC. [Cited 31 December 2017]. https://data.worldbank.org/indicator/NV.AGR.TOTL.ZS?locations=ZW&name_desc=true

¹¹ FAO. 2011. *The Kyrgyz Republic: Opportunities and challenges to agricultural growth*. Rome (available at www.fao.org/3/a-i2711e.pdf).

¹² European Union (EU). 2016. *Action Document for the Integrated Rural Development Program (IRD) in the Kyrgyz Republic* [online]. Brussels. [Cited 31 December 2017]. https://ec.europa.eu/europeaid/sites/devco/files/aap-financing-The Kyrgyz Republic-annex2-c_2016_8290_en.pdf

¹³ Mogilevskii, R., Abdrazakova, N., Bolotbekova, A., Chalbasova, S., Dzhuhaeva, A. & Tilekeyev, K. 2017. *The outcomes of 25 years of agricultural reforms in The Kyrgyz Republic*. Discussion paper. Leibniz Institute of Agricultural Development in Transition Economies, No. 162. Halle (Saale), Germany.

¹⁴ The National Strategy for Sustainable Development of the Kyrgyz Republic for the period of 2013–2017 superseded the Medium-Term Development Program of the Kyrgyz Republic (2012–2014).

¹⁵ International Monetary Fund (IMF). 2014. *Poverty Reduction Strategy Paper* [online]. Washington, DC. [Cited 31 December 2017]. www.imf.org/external/pubs/ft/scr/2014/cr14247.pdf

¹⁶ The Government of the Kyrgyz Republic. 2009. *The Concept of Food Security of the Kyrgyz Republic for 2009–2019* [online]. Bishkek City. [Cited 31 December 2017]. www.gafspfund.org/sites/gafspfund.org/files/Documents/%24Food%20Security%20Concept%20for%202009-2019_0.pdf

Programme has recently started and will be aligned with the SUN Movement Strategy and Roadmap (2016–2020).¹⁷

The measures to strengthen social safety nets, reform the system of social care, step up child protection and improve social security for the elderly are expressed in the **Social Protection Development Strategy and Action plan 2012–2014**. The priority policy directions identified by the strategy include: increasing the benefit amounts paid to low-income families with children

(**MBLIF Monthly Benefit for Low-Income Families with Children**) and to the disabled (**MSB**); the deinstitutionalization of social care; and the development of alternative social services. The government developed its **Social Protection Strategy 2015–2017** to ensure that food security and nutrition are integrated within the social protection framework and to implement the **National Social Protection Programme 2015–2017**.¹⁸

2. Trends in key policy decisions (2007–2017)

2.1 Producer-oriented policy decisions

Following the collapse of the Soviet Union in 1991, the Kyrgyz Republic undertook land and agrarian reform whereby former collective enterprises were reorganized through the redistribution of land and property shares to rural residents. This led to increased household plots and the emergence of new family-style peasant farms. Agricultural growth in the country has been pro-poor and associated with the redistribution of land assets to small family farms, with a subsequent accumulation of livestock assets. Despite the reform, government support to farmers remains weak. Therefore, reinforcing support to farmers, strengthening disaster risk management and rehabilitating degraded pastures will be pivotal for the attainment of agricultural growth.

Shifting from direct to indirect farmers' subsidies

Despite the abolition of direct subsidies to farmers after the collapse of the Soviet Union in 1991, the government continues to provide different types of support, namely by distributing wheat seeds through the **Seed Distribution Scheme**, fertilizers through the **State Fund of Material Reserves** or fuel at subsidized prices. Since 2008, fertilizers are also exempted from value added tax (VAT), when sold to farmers. The government also supports farmers through indirect price subsidies for the use of irrigation services and through subsidized leasing and renting fees charged for the use of agricultural machinery and equipment. Furthermore, the government provides subsidized interest rates on loans to farmers under a series of government programmes. This provides support to farmers who receive subsidized loans from partner banks in the government programme. The government compensates banks by paying the difference between the subsidized loan interest rate and the average market interest rate on loans. Thus, farmers pay

an interest rate of 10 percent regardless of the market rate (which reaches 25 percent).¹⁹ The volume of support, however, is limited. The total amount of loans is USD 50–60 million per year²⁰ and the government gives the banks a sum of USD 7.5–9 million per year in compensation. The legislative basis of this programme is the **Law on the Development of Agriculture of the Kyrgyz Republic**²¹ and the programme is implemented under the framework of the project **Financing of Agriculture –I-IV (2013–2016)**.²²

Attempts to strengthen disaster risk management

The Kyrgyz Republic is located in an area where two immense tectonic plates collide, exposing the country to natural disasters which threaten food security. In light of this, in 2011, the government established the National Platform for Disaster Risk Reduction (NP DRR) and, in 2012, it formulated the National Strategy for the Comprehensive Safety of the Population and Territories from Disasters and Emergencies (2012–2020), whose overall goal is to ensure long-term disaster risk reduction until 2020 by developing measures to address not only natural disasters, but also those of human origin and bio-social disasters, including social conflicts.²³ Furthermore, the government is aiming at increasing the use of agricultural insurance. Legislation was enacted in 2009 to set up a compulsory weather-index crop insurance programme, with 50 percent of insurance premiums to be financed by the state. The law was not taken up by the insurance industry and the scheme has yet to become operational. In 2011 the Ministry of Agriculture drafted a law on livestock insurance, but it has not yet been passed.²⁴

Improving pasture management

In the Kyrgyz Republic more than 40 percent of the agricultural land is seriously degraded, and over 85 percent of the total land

¹⁷ Scaling Up Nutrition. 2017. *Sun Countries: Kyrgyzstan* [online]. Geneva. [Cited 31 December 2017]. <http://scalingupnutrition.org/sun-countries/kyrgyzstan>

¹⁸ WFP. 2016. *Operation Evaluation Report: Kyrgyz Republic* [online]. Rome. [Cited 31 December 2017]. http://documents.wfp.org/stellent/groups/public/documents/reports/wfp286818.pdf?_ga=2.244707653.1958004797.1497857338-1896232263.1497857338

¹⁹ The Government of the Kyrgyz Republic. 2017. *The Government of Kyrgyz* [online]. Bishkek. [Cited 31 December 2017]. www.gov.kg/?p=92690&lang=ru

²⁰ Idem.

²¹ Ministry of Justice of the Kyrgyz Republic. 2009. *Law of The Kyrgyz Republic No. 166 on the development of agriculture in the Kyrgyz Republic* [online]. Bishkek. [Cited 31 December 2017]. <http://cbd.minjust.gov.kg/act/view/ru-ru/202555>

²² Ministry of Justice of the Kyrgyz Republic. 2017. *Government of the Kyrgyz Republic Decision No. 58 on the approval of the project Financing of Agriculture – 5* [online]. Bishkek. [Cited 31 December 2017]. <http://cbd.minjust.gov.kg/act/view/ru-ru/98762?cl=ru-ru>

²³ The Government of the Kyrgyz Republic. 2012. *National Strategy for the comprehensive safety of the population and territories of the Kyrgyz Republic from disasters and emergencies: 2012–2020* [online]. Bishkek. [Cited 31 December 2017]. <http://extwprlegs1.fao.org/docs/pdf/kyr148748.pdf>

²⁴ World Bank. 2016. *Kyrgyz Republic: Agricultural Sector Risk Assessment*. Bishkek (available at <http://documents.worldbank.org/curated/en/744171467997560716/pdf/103078-KG-P154004-Box394863B-PUBLIC-ASRA.pdf>).

area is exposed to erosion.²⁵ Land degradation is largely the result of poor pasture management in recent years. After the collapse of the USSR, roads and bridges that connected with highland pastures deteriorated, and the traditional practice of seasonal migration of livestock (transhumance) disappeared. Improving pasture management is, therefore, a national priority. The 2009 Pasture Law provides the main framework for pasture management reforms in the country, introducing several innovations. One of these is that pasture use is now based on pasture tickets for which individual herders pay fees – the value of the pasture fee depends on the number of livestock. This has replaced the previous system where pastures were leased and the payment varied according to the area that was farmed. The guidelines for pasture management reforms are further reinforced by two policy documents, namely the Pasture Sector Development Concept 2012–2015 and the Strategy of Pasture Sector Development and Plan of Action 2012–2015, whose goals are the improvement of living standards for the Kyrgyz population, guaranteed food security and the preservation of pasture ecosystems.²⁶

2.2 Consumer-oriented policy decisions

Non-contributory social assistance is targeted at certain categories of the population and encompasses cash transfers, nutrition and health-related programmes, and school-feeding schemes. The government increased non-contributory social assistance expenditure for categorically targeted programmes from 1.3 percent of GDP in 2008 to 2.2 percent in 2014 (higher than levels in Europe and Central Asia). Nevertheless, the performance of the social assistance system in terms of coverage, targeting accuracy and adequacy, remains a challenge.²⁷

Shifting social spending towards cash transfer programmes

Since 1990, the government has implemented two cash transfer programmes targeting vulnerable households: the Monthly Benefit for Low-Income Families with Children (MBLIF) and the Monthly Social Benefit (MSB). The MBLIF programme aims at ensuring high quality and sustainable social services, targeting vulnerable families with children living below the guaranteed minimum income (GMI). Entitlement to the transfer depends on the presence of children in the household combined with means tests. The transfer covers the difference between children's per capita household income and the Guaranteed Minimum Income (GMI).²⁸ The other cash transfer programme is the MSB, which is a cash income replacement and

categorical benefit programme (not means-tested) targeting vulnerable groups with limited income-generating abilities (orphaned, disabled, and elderly people etc.), irrespective of the income of the beneficiary. Today, the amount of the transfer ranges from KGS 1 000 (USD 14.61) to KGS 3 000 (USD 43.83) per month depending on the category.²⁹

Although the MBLIF programme had potential to alleviate extreme poverty and contribute to equalizing opportunities in the early years, the inclusion/exclusion errors remained high, causing inadequate coverage of children in the poorest quintile. Despite the fact that the government adopted the National Social Protection Programme 2015–2017, which aimed to shift spending toward the MBLIF programme to receive 45 percent of the total benefit budget and to improve its adequacy, no significant improvements have been attained.³⁰ Hence, to enhance the coverage of children and improve targeting, the government will replace the MBLIF programme with the Child Grant Programme (comprising three schemes) that will be operational as of 1 January 2018. The Child Grant programme will no longer depend on a household's income, envisaging universal coverage of children under one of the three child grant schemes. The programme provides: (1) a one-off cash transfer for each new-born child; (2) monthly cash transfers to families with children under three-years of age (per child); (3) monthly cash transfers to families with three or more children under 16 years of age enrolled in schools or vocational training institutions.³¹

Reinforcing health and nutrition interventions

In the Kyrgyz Republic, micronutrient deficiencies coexist with obesity and overweight, which are rapidly increasing. Some of the reasons for malnutrition are: the fact that agricultural policy is highly concentrated on producing staple crops; low productivity levels; and inadequate consumer awareness of healthy diet choices. In terms of health programmes, the government implemented the Den Sooluk, National Health Reform Programme (2012–2016 – extension to 2018), which aims to improve the quality of health care and achieve a reduction of anaemia among pregnant women by improving women's awareness of anaemia prevention and maternal nutritional needs. In 2013, the government launched the National Programme on the Prevention and Control of NCDs 2013–2020 (embedded in the Strategy for Health Protection and Promotion of the Population until 2020), whose main goal is to create a national system for the prevention and control of NCDs in the country. With regard to nutrition interventions, in 2009

²⁵ UNDP/UNEP Poverty-Environment Initiative (PEI). 2016. *Poverty and Social Impact Assessment (PSIA) Report, Kyrgyzstan* [online]. Bishkek. [Cited 31 December 2017]. www.unpei.org/poverty-and-social-impact-assessment-psia-report-kyrgyzstan

²⁶ Idem.

²⁷ World Bank. 2014. *Kyrgyz Republic Public Expenditure Review Policy Notes, Social Assistance*. Washington, DC.

²⁸ The GMI is a discretionary threshold set by the government, whose value has been gradually increasing, from KGS 310 (USD 7.02) in 2010 to KGS 810 (USD 13.74) in 2015, but still falling well below the poverty line. The poverty line amounted to KGS 2 631 (USD 44.65) in 2015. United Nations Research Institute for Social Development. 2016. *A new social protection model in the CIS Countries: from social assistance to labour activation* (available at www.h-brs.de/files/paper10_dugarova_web.pdf).

²⁹ WFP. 2016. *Operation Evaluation Report: Kyrgyz Republic* [online]. Rome. [Cited 31 December 2017]. http://documents.wfp.org/stellent/groups/public/documents/reports/wfp286818.pdf?_ga=2.244707653.1958004797.1497857338-1896232263.1497857338

³⁰ United Nations Research Institute for Social Development. 2016. *A new social protection model in the CIS Countries: from social assistance to labour activation* [online]. Sankt Augustin, Germany. [Cited 31 December 2017]. www.h-brs.de/files/paper10_dugarova_web.pdf

³¹ Ministry of Justice of the Kyrgyz Republic. 2017. *Law of the Kyrgyz Republic #163 on State Benefits in the Kyrgyz Republic. Article 5. 2017*. Bishkek (available at <http://cbd.minjust.gov.kg/act/view/ru-ru/111670>).

the government adopted two laws: The Law on Compulsory Enrichment of Bread-making Flour to ensure access to iron and other nutritious micro elements to prevent anaemia; and the Code for the Marketing of Breast Milk Substitutes to protect women from the aggressive advertising of breast milk substitutes. The Food Fortification Working Group established by the government is aiming to achieve universal salt iodization by expanding the related programmes and introducing flour fortification.³²

Scaling up the National School Meals Programme

Since 2013 the government has been scaling up and enhancing the National School Meals Programme, and it currently supports core school-feeding programmes in many schools and school vegetable and garden pilot projects. The National School Meals Programme utilizes gardens located on the school premises. In September 2015, more than 62 000 primary school students received a nutritious hot meal during the school day, almost six times the number of students in the project's first year.³³ Furthermore, the government endorsed a School Meal Policy in December 2014, which set a strategic direction for the development of the National School Meals Programme until 2025.³⁴ In 2017, the UN World Food Programme and the Kyrgyz Ministry of Education and Science are partnering to scale up the National School Meals Programme in the country's poorest rural areas. To ensure the sustainability of the school meals project, WFP supplies only fortified wheat flour, while the government covers the remaining 87 percent of the cost of school meals.³⁵

Trade- and market-oriented policy decisions

The country depends on the import of basic food products, particularly wheat, which, combined with the high domestic wheat flour price, affects the most vulnerable food-insecure households.³⁶ The objective of the National Strategy for Sustainable Development (2013–2017) is to increase exports of national agricultural commodities and food products through the adoption of the Export Development Plan and accession to the Eurasian Economic Union.

3. Challenges

Despite the remarkable progress of the Kyrgyz Republic in poverty reduction, the country still faces several challenges. Several studies have identified the need to reform the social assistance system, to increase farmers' resilience in the face of climate change, and to integrate small-scale farmers into modern supply chains.

Strengthening agricultural export potential

In 2015 the Kyrgyz Republic developed a new Export Development Plan (EDP) for 2015–2017, whose main goal is to develop the competitive export potential to achieve sustainable economic growth. The government identified raw and processed meats, milk and dairy products, as well as fruits and vegetables as priority product groups for exports. The main tools that EDP uses are: access to trade information; improvement of entities and institutions' capacities; trade promotion, in particular export support and promotion; trade facilitation; development of and support for quality infrastructure; reduction of the tax burden; and providing exporters with access to financial resources. Since the adoption of the EDP, the government has launched several initiatives, such as the simplification of export procedures, signing memorandums of understanding with the major business associations, and providing support for the private sector to participate in trade fairs. In August 2016, the government approved the Action Plan for the Creation and Development of the Trade and Logistics Centres in the Kyrgyz Republic.³⁷

Accession to the Eurasian Economic Union (EAEU)

In August 2015, the Kyrgyz Republic joined the Eurasian Economic Union (EAEU), thus facilitating its access to international trade and foreign investment. By joining the EAEU, the Kyrgyz Republic also benefited from China's role in funding large-scale infrastructure projects through direct lending to the Kyrgyz Government. As part of its EAEU accession package, the Kyrgyz Republic committed to adopting the unified tariff schedule of the EAEU. The Kyrgyz Republic is now able to apply customs duties, until 2020, that are different from (lower than) the EAEU tariff rates for various agricultural items (bovine and fish genetics, young plants, seed potatoes, kidney beans for sowing, corn seed hybrids, sauces, and preparations for animal feeds).³⁸

Reform of the social assistance system is needed

According to a World Bank policy review, the Kyrgyz Republic needs to reform its social assistance system. The system of non-contributory social assistance has undergone several reforms. The adoption of the Law on State Social Benefits in 2009 led to the monetization of the former in-kind categorical benefits, revised the MBLIF targeting criteria and scaled up measures to

³² World Bank & UNICEF. 2011. *Situational Analysis: Improving economic outcomes by expanding nutrition programming in the Kyrgyz Republic*. Washington, DC.

³³ WFP. 2015. *WFP works with Education Ministry and Russian Federation to boost school meals in Kyrgyz Schools* [online]. Rome. [Cited 31 December 2017]. www.wfp.org/news/news-release/wfp-works-education-ministry-and-russian-federation-boost-school-meals-kyrgyz-scho

³⁴ FAO. 2016. *Regional Overview of food insecurity in Europe and Central Asia*. Budapest (available at www.fao.org/3/a-i6877e.pdf).

³⁵ WFP. 2015. *WFP works with Education Ministry and Russian Federation to boost school meals in Kyrgyz Schools* [online]. Rome. [Cited 31 December 2017]. www.wfp.org/news/news-release/wfp-works-education-ministry-and-russian-federation-boost-school-meals-kyrgyz-scho

³⁶ WFP. 2016. *Country Brief*. Rome.

³⁷ FAO. 2016. *Workshop: agricultural export promotion in The Kyrgyz Republic* [online]. Bishkek. [Cited 31 December 2017]. www.fao.org/3/a-br884e.pdf

³⁸ United States Department of Agriculture (USDA). 2015. *The Kyrgyz Republic Joins Eurasian Economic Union (Gain Report)* [online]. Washington, DC. [Cited 31 December 2017]. www.fas.usda.gov/data/The-Kyrgyz-Republic-The-Kyrgyz-Republic-joins-eurasian-economic-union

mitigate the impact of rising energy tariffs affecting vulnerable households. While government expenditure on non-contributory social assistance transfers has significantly increased since 2008, performance of the system in terms of coverage, targeting accuracy and adequacy, is still a challenge. The categorical transfers, such as cash and energy compensations and subsidies, are poorly targeted. For instance, more than 60 percent of children in the poorest quintile remain uncovered.³⁹ Therefore, the poverty reduction impact of the social safety net is still limited and inadequate. Over time, the cost-efficiency of the various transfers, including the MBLIF, has worsened. According to a World Bank Analysis, the government should develop a medium-term plan aimed at reforming the social assistance system by progressively shifting expenditure from categorical to means-tested programmes, and gradually phasing out the regressive categorically targeted programmes.⁴⁰ As mentioned above, to enhance the coverage of poor children, the government will replace the MBLIF programme with the Child Grant programme that will be operational as of 1 January 2018.

Mainstreaming disaster risk management into sectoral policies

The Kyrgyz Republic is highly vulnerable to shocks associated with climate change which threaten livelihoods and food security. The climate change adaptation priorities are expressed through the Priority Directions for Adaptation to Climate Change in the Kyrgyz Republic until 2017, approved in 2013. The policy prioritizes agriculture and food security as the sectors most vulnerable to climate change and variability and adopts a multisectoral approach to adaptation by emphasizing improvements in production systems, drought resisting crops, pastureland management, improvement of agriculture infrastructure, food security monitoring systems and an early warning system.⁴¹ Furthermore, the government launched the Programme of the Health Sector of the Kyrgyz Republic on Climate Change Adaptation, which spans 2011–15, and focuses on direct climate change-induced risks to human health, for example on the preparedness of health service infrastructure and staff. In addition, the government launched the Programme of the agriculture and water resources adaptation to climate change 2016–20 to enhance the resilience of the agricultural sector, encompassing measures



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21 March 2017, Isfana, Kyrgyzstan - A woman sells fruits and vegetables at the market in Isfana. Small-scale farmers are not integrated in modern supply chains and they are not connected to markets, thus, the majority of the food products are distributed through open markets or bazaars.

such as plant farming (e.g. climate-smart practices such as no-till⁴² and conservation agriculture, improvement and diversification of crop varieties), animal husbandry (e.g. new breeds more adapted to changing climate conditions), pasture restoration and management, water resource management (e.g. irrigation and drainage rehabilitation).⁴³

Small-scale farmers need to be part of modern supply chains

Low investment and low mechanization in the agricultural sector constrain growth for all the stakeholders in the supply chain. In the Kyrgyz Republic, most of the agricultural production is concentrated in family-style peasant farms.⁴⁴ Nevertheless, small-scale farmers are not integrated into modern supply chains and they are not connected to markets, thus, the majority of food products are distributed through open markets or bazaars. The unstable macroeconomic and political situation, the poor judicial system, the lack of foreign direct investment, and the farm structure (predominantly small scale operations) hinder farmers becoming part of modern supply chains.⁴⁵ As small farmers dominate the sector and represent the majority of the potential supply base, processing companies and retailers should include them in the supply chain in order to have sufficient supplies.⁴⁶

³⁹ World Bank. 2016. *Kyrgyz Republic Partnership Program Snapshot* [online]. Washington, DC. [Cited 31 December 2017]. <http://pubdocs.worldbank.org/en/465561475782007362/Kyrgyz-Republic-Snapshot-October2016FINAL-en.pdf>

⁴⁰ World Bank. 2014. *Kyrgyz Republic Public Expenditure Review Policy Notes, Social Assistance*. Washington, DC.

⁴¹ WFP. 2014. *Kyrgyz Republic: An overview of climate trends and the impact on food security*. Rome (available at http://documents.wfp.org/stellent/groups/public/documents/ena/wfp274707.pdf?_ga=2.233375900.32892053.1517322686-1659985865.1465386073).

⁴² No-till farming (also called zero tillage or direct drilling) is a way of growing crops or pasture from year to year without disturbing the soil through tillage.

⁴³ Climate Investment Funds. 2015. *Kyrgyz Republic – Pilot Program for Climate Resilience (Joint Multilateral Development Bank Scoping Mission)* [online]. Washington, DC. [Cited 31 December 2017]. www.climateinvestmentfunds.org/sites/default/files/meeting-documents/2015-10-26_kyrgyz_republic_ppcr_scoping_mission_draft_aide_memoire_final_-_en.pdf

⁴⁴ Kyrgyz Agricultural Investment Forum. 2011.

⁴⁵ FAO. 2017. *Family Farming Knowledge Platform* [online]. Rome. [Cited 31 December 2017]. www.fao.org/family-farming/countries/kgz/en

⁴⁶ FAO. 2011. *The Kyrgyz Republic: Opportunities and challenges to agricultural growth*. Rome (available at www.fao.org/3/a-i2711e.pdf).



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