

**Economic Commission for Europe**

Committee on Urban Development, Housing and Land Management

**Eighty-third session**

San Marino, 3-7 October 2022

Item 11 of the provisional agenda

**Response to the COVID-19 pandemic at city level and building urban economic resilience**

**Economic Resilience Building Plan – Bishkek, Kyrgyzstan**

**Note by the Secretariat**

*Summary*

This document contains the *Economic Resilience Plan for the City of Bishkek, Kyrgyzstan*, the capital city and the largest in the country. The Plan was developed within the context of the United Nations Development Account (UNDA)-funded project “Building Urban Economic Resilience during and after COVID-19” to help the local government strengthen urban economic resilience and build back better post-COVID-19.

The Plan was prepared by the United Nations Economic Commission for Europe (ECE) Housing and Land Management Unit working closely with the Bishkek City government and national experts.

The Committee is invited to take note of this document.

## I. Introduction

Cities have been at the epicentre of the COVID-19 pandemic, accounting for an estimated 90 per cent of all reported COVID-19 cases<sup>1</sup> as the size of their populations, combined with their high level of interconnectivity, rendered them particularly vulnerable to the spread of the virus.<sup>2</sup> Cities, as well as towns and suburbs, rose to the challenge. They upscaled public health preparedness to curb the spread of the virus pursuant to the World Health Organization advisory guidelines<sup>3</sup> and launched support measures to cater to the emergency needs of inhabitants across neighbourhoods, age groups and economic activities<sup>4</sup>, especially those belonging to vulnerable segments.

However, cities and local governments were quickly overwhelmed by the disruptive impact of health protection measures, particularly during the early pandemic period. This period saw countries implementing nationwide lockdowns, the sealing-off of many cities, the closure of educational institutions, non-essential businesses, and all forms of public transport. The negative impact of these measures was compounded by the lockdown and health protection measures in trading partner countries, which caused severe supply chain disruptions. These disruptions resulted in supply shortages that left the health sector and utility service providers struggling to meet the demand for their services. The disruptions also left many enterprises, particularly micro, small and medium enterprises, struggling to survive. Pay cuts and furloughs assumed an increasing trend so that losses in lives were compounded by livelihood crises.<sup>5</sup>

For many cities, the impact of the pandemic was amplified by climate change effects. Several cities suffered from floods, heatwaves and droughts<sup>6</sup>, while others were hard hit by a series of earthquakes (e.g. cities in Albania and Croatia) that caused considerable damage to the cities' housing stock and urban infrastructure.<sup>7</sup>

Cities across the globe suffered setbacks that are akin to complex humanitarian emergencies associated with disasters. The coping strategies of local governments as well as households, basic utility service providers and enterprises, are being challenged by the unfolding socio-economic crisis so that vulnerabilities are aggravated. It, therefore, stands to reason to avoid treating the pandemic as a temporary shock whose effects can be swiftly reversed once normality is attained. Several reports by the United Nations noted that the pandemic exacerbated many pre-existing

---

<sup>1</sup> UN-Habitat, *World Cities Report 2022: Envisaging the Future of Cities*. Available at [https://unhabitat.org/sites/default/files/2022/06/wcr\\_2022.pdf](https://unhabitat.org/sites/default/files/2022/06/wcr_2022.pdf). For a more detailed overview of COVID-19 cases reported by cities, see UN-Habitat Urban Indicators Database (<https://data.unhabitat.org/pages/covid19citydata>).

<sup>2</sup> United Nations, *Policy Brief: COVID-19 in an Urban World*, July 2020. Available at [https://www.un.org/sites/un2.un.org/files/sg\\_policy\\_brief\\_covid\\_urban\\_world\\_july\\_2020.pdf](https://www.un.org/sites/un2.un.org/files/sg_policy_brief_covid_urban_world_july_2020.pdf).

<sup>3</sup> <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>.

<sup>4</sup> For detailed examples of support measures implemented by cities, see, for example, OECD *Cities Policy Responses*, July 2020. Available at: <https://www.oecd.org/coronavirus/policy-responses/cities-policy-responses-fd1053ff/>; United Nations *Policy Brief: COVID-19 in an Urban World*, July 2020.

<sup>5</sup> See UNECE Findings and recommendations emerging from UNECE COVID-19 impact assessments targeting micro, small and medium enterprises in selected countries, 2021 ([https://unece.org/sites/default/files/2021-10/COVID-19%20Impact%20assessments.Summary.Paper\\_\\_0.pdf](https://unece.org/sites/default/files/2021-10/COVID-19%20Impact%20assessments.Summary.Paper__0.pdf)).

<sup>6</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7995187/>.

<sup>7</sup> [http://geofizika-journal.gfz.hr/vol\\_38/No2/38-2\\_Herak\\_et\\_al\\_a.pdf](http://geofizika-journal.gfz.hr/vol_38/No2/38-2_Herak_et_al_a.pdf); <https://reliefweb.int/report/albania/albania-earthquake-final-report-mdral008>.

systemic vulnerabilities, with the consequence of aggravating informality and homelessness, as well as income and gender inequalities.<sup>8</sup>

Local and regional governments need to, therefore, build capacities to strengthen resilience to disasters; address the long-term strategic needs of their inhabitants; contribute to overcoming the global challenges of today's world, particularly climate change; and ensure the successful achievement of the Sustainable Development Goals (SDGs) following the principles set out in the 2030 Agenda for Sustainable Development (2030 Agenda) and its overarching commitment to leaving no-one behind.

## **II. The work of UNECE in support of strengthening local resilience and building back better post-COVID-19**

The above concerns formed the focus of the United Nations Development Account (UNDA)-funded project “Building Urban Economic Resilience during and after COVID-19”,<sup>9</sup> which was implemented in the period 2020-2022 in collaboration with the United Nations Regional Economic Commissions (RECs), the United Nations Human Settlements Programme (UN-Habitat) and United Nations Capital Development Fund (UNCDF). The project targeted 16 cities from across the globe and involved developing a range of knowledge and capacity-building resources, which were piloted during training workshops.<sup>10</sup>

The project also involved evidence-based assessments of the impact of the pandemic on the local economies of the 16 targeted cities, including the ECE cities of Bishkek (Kyrgyzstan), Kharkiv (Ukraine) and Tirana (Albania), with a view to helping these cities develop economic recovery and resilience plans for building back better post-COVID-19. The ECE cities were also assisted in identifying potential sources of development funding for financing urban economic development and infrastructure projects aimed at supporting urban economic resilience and post-COVID-19-sustained recovery.

The impact assessments were conducted using the “Urban Economic Recovery and Resilience Diagnostic and Planning Tool”,<sup>11</sup> aimed at helping local authorities ascertain the strengths and weaknesses of their institutional and operational arrangements from the perspective of economic recovery and resilience. As shown in figure 1, the tool features city-focused resilience performance indicators (RPIs) that are grouped under five categories:

### **1. Resilience of local business environment;**

---

<sup>8</sup> See, for example, United Nations *Policy Brief: COVID-19 in an Urban World, July 2020*; ESCAP *Sustainable Cities Post-Coronavirus Disease Pandemic, 2020* ([https://www.unescap.org/sites/default/files/CED6\\_INF5.pdf](https://www.unescap.org/sites/default/files/CED6_INF5.pdf)); World Bank *Responding to COVID-19 in Urban Settings: Emerging Evidence, Lessons, and a Look Ahead, 2021* (<https://openknowledge.worldbank.org/handle/10986/36298>); UNECE *Summary of the Second Forum of Mayors, 2022* (ECE/HBP/2022/3); and UN-Habitat, *World Cities Report 2022: Envisaging the Future of Cities*.

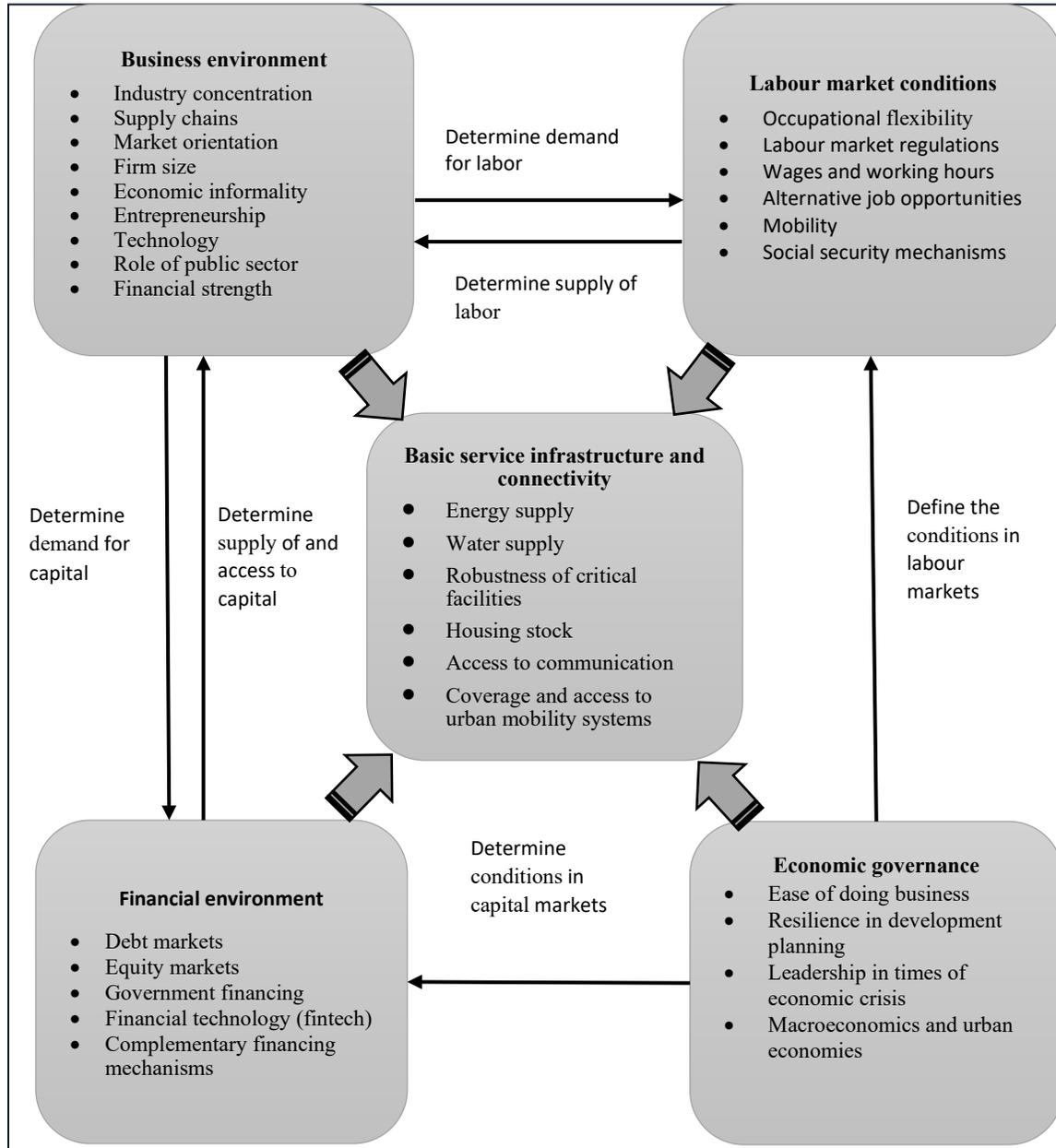
<sup>9</sup> <https://urbaneconomicresilience.org>.

<sup>10</sup> The resource materials along with detailed information on training workshops are published on the project website at <https://urbaneconomicresilience.org>.

<sup>11</sup> <https://urbaneconomicresilience.org/deliverables-resources/urban-economic-recovery-and-resilience-diagnostics-and-planning-tool-dpt/>.

2. Resilience of local labour market;
3. Resilience of local financial system;
4. Resilience of economic governance;
5. Resilience of basic service infrastructure and connectivity.

**Figure 1. The Urban Economic Recovery and Resilience Diagnostic and Planning Tool: Main elements**

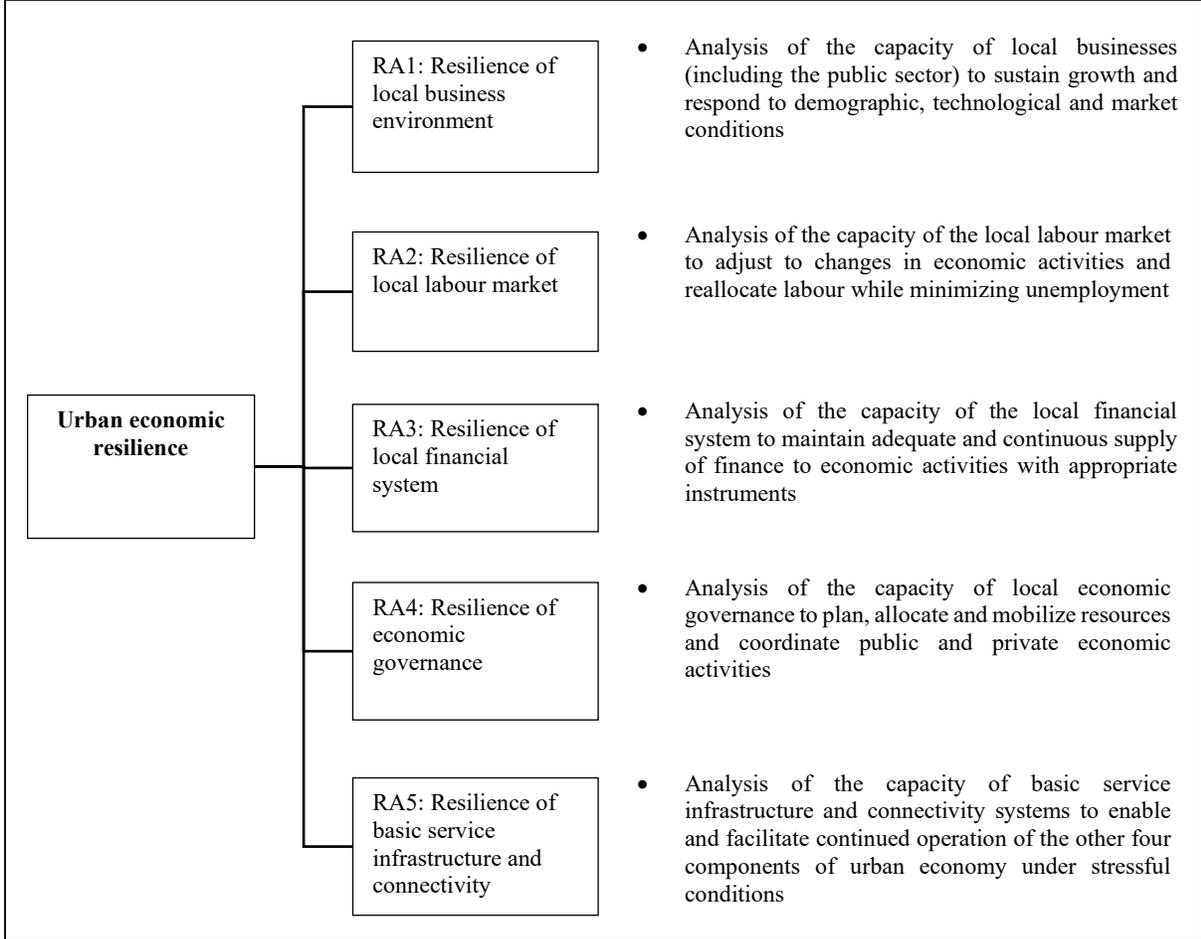


Source: UNCDF, 2020.<sup>12</sup>

<sup>12</sup> <https://urbaneconomicresilience.org/deliverables-resources/urban-economic-recovery-and-resilience-diagnostics-and-planning-tool-dpt/>.

The RPIs, 17 in total, include qualitative and quantitative composite indicators as well as indices, for measuring progress toward consolidating a conducive environment under each category. Cities are assessed against each of the indicators on a scale of A to F, with A being the highest score (maximum contribution to resilience) and F being the lowest score (no contribution to resilience). The ranking helps local decision makers gain a better understanding of major factors undermining the resilience of their cities and in establishing action-oriented plans for improving city resilience within the context of a holistic approach (see figure 2).

**Figure 2. The Diagnostic and Planning Tool: Focus areas**



Source: UNCDF, 2020.<sup>13</sup>

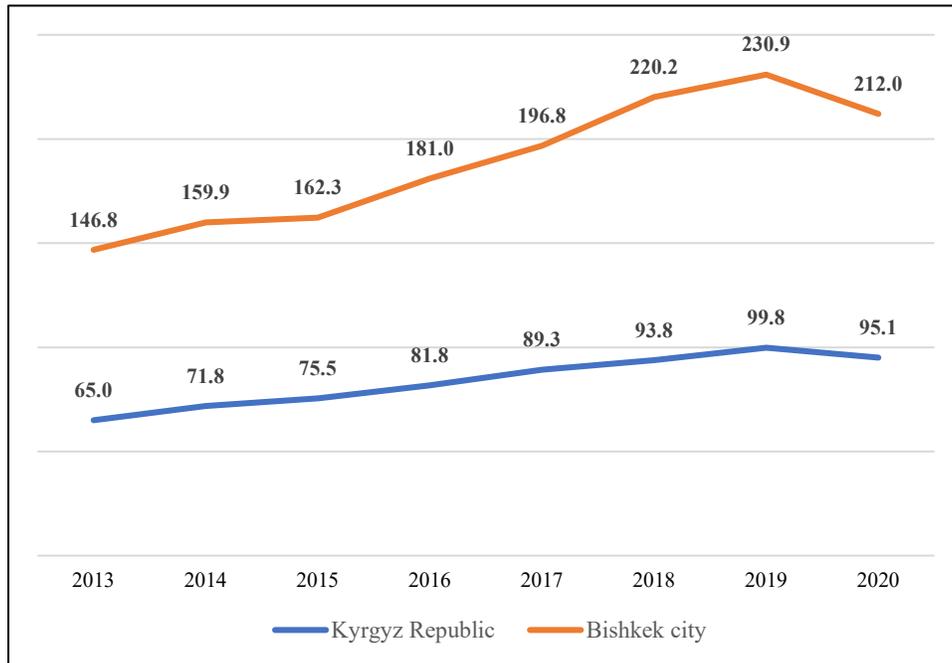
**III. Economic impact of COVID-19 on the city of Bishkek**

Located in the northern parts of the country, around 25 kilometres away from the borders with Kazakhstan, Bishkek inhabitants were estimated at 1.5 million in 2020 to account for 16.2 per cent

<sup>13</sup> <https://urbaneconomicresilience.org/deliverables-resources/urban-economic-recovery-and-resilience-diagnostics-and-planning-tool-dpt/>.

of the population of Kyrgyzstan and with the young constituting around 50 per cent of the city's population.<sup>14</sup> As shown in figure 3, Bishkek has registered an impressive growth record over the past decade, with the gross regional domestic product (GRDP) per capita consistently exceeding the national gross domestic product (GDP).

**Figure 3. Kyrgyzstan GDP and Bishkek GRDP per capita**  
(Thousands of Kyrgyzstani soms)



Source: National Statistical Committee of the Kyrgyz Republic.<sup>15</sup>

The city of Bishkek is the industrial hub of Kyrgyzstan. It is home to around 60 per cent of the SMEs (the backbone of the economy) of the country and generates around 40 per cent of the national GDP. The city also stands as the country's gateway to regional and global markets, with its location in the northern parts placing it at the intersection of two Central Asia Regional Economic Cooperation Programme (CAREC) transport corridors that have already been completed. These are the corridors connecting Europe and East Asia (Corridor 1<sup>16</sup>), which starts from the People's Republic of China and runs through Torugart-Bishkek- Chu- Astana-Russian Federation; and the corridor connecting the Russian Federation, the Middle East and South Asia (Corridor 3<sup>17</sup>), which starts from the Russian Federation and runs through Semei-Almaty-Bishkek- Osh-Satytash -Karamyk -Tajikistan -Afghanistan-Iran- Persian Gulf ports).

<sup>14</sup> National Statistical Committee of the Kyrgyz Republic, Regional Statistics, Permanent Populations. Available at <http://www.stat.kg/ru/socialno-ekonomicheskoe-polozhenie-regionov/>.

<sup>15</sup> <http://www.stat.kg/en/opendata/category/28/>.

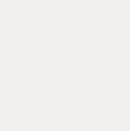
<sup>16</sup> <https://www.carecprogram.org/uploads/carec-priority-investment-projects-corridor-1.pdf>.

<sup>17</sup> <https://www.carecprogram.org/uploads/carec-priority-investment-projects-corridor-3.pdf>.

The centrality of Bishkek in driving the country’s successful achievement of the 2030 Agenda is also reflected in the Government’s decision to pilot test many of its ambitious initiatives in the city as part of the National Development Strategy of the Kyrgyz Republic for 2018-2040. Most notable are the “School of the Future”, “Safe City” and “Healthy City”, which aim at addressing the country’s longstanding challenges in education, transport and health care.

Just like other cities across the globe, Bishkek was hard hit by COVID-19 with the losses of lives compounded by a socio-economic crisis as national lockdown and health safety measures in the country and economic partner countries disrupted all aspects of everyday life. Due to geographical proximity to China, Kyrgyzstan registered the first cases in January 2020. The Mayor's Office established an emergency regime on 22 March 2020, which involved a curfew (starting from 25 March 2020) and a national lockdown from 11 May 2020 to June 2020. These measures disrupted all aspects of the city’s everyday life with adverse consequences for the economy (see box 1).

**Box 1. Economic impact of the pandemic on the city of Bishkek**

	<p><b>Impact on labour market</b></p> <p>According to the city government, the lockdown measures caused many inhabitants to lose their jobs as a result of layoffs. The most affected were those engaged in the services sector, particularly retail, transport and tourism. The official unemployment rate in Bishkek in 2020 was 1.1 per cent while the national figure was 3.1 per cent. The rapid increase of unemployment in Bishkek during the pandemic was also due to 22,440 Kyrgyz nationals who returned from the Russian Federation after losing their jobs as a result of the lockdown measures in the country.</p>
	<p><b>Impact on business environment</b></p> <p>Some supply chains were interrupted due to border closures, lack of aviation services and installation of checkpoints around the city. The lockdown measures also involved the temporary closure of non-essential businesses - about 88.8 per cent of the enterprises in the city. Retail turnover decreased 14.5 per cent in January-June 2020 compared to the same period in 2019.</p>
	<p><b>Impact on financial environment</b></p> <p>The national government and the Central Bank launched relief measures for borrowers (e.g. recommendations to banks to apply no penalties for delays in servicing debts). The revenues from taxes of Bishkek dropped by 63 per cent compared year-over-year in January-June 2020.</p>

**IV. Crisis response and emergency support measures**

To mitigate the economic impact of the pandemic, the city government established a Committee on Minimizing Negative Impact of the COVID-19 Pandemic and Achieving Economic Stability on 16 March 2020. A Commission for Civil Protection was also formed, which was in charge of

the organization of civil protection measures (keeping the sanitary requirements). The Mayor's office also held consultations with the civil society and representatives of the business community, including the owners of large retail chains and suppliers to avoid food shortages. The consultations informed the city's emergency response plan, which involved, among other things, the following measures:

- Together with the National Bank of the Kyrgyz Republic, the Mayor's Office launched the nationwide cash-based transfer (CBT) programme in the city to enable inhabitants to make instant payments, make money transfers, repay loans, replenish deposits and settle accounts.
- The Mayor of Bishkek appointed a city coordinator for organizing the distribution of food and financial assistance to those in need during the lockdown period. The coordinator also organized the issuance of special permits for drivers engaged in transporting agricultural products to avoid food shortages during the lockdown period. The appointment of the city coordinator was critical for reaching out to vulnerable groups, many of which belong to the large informal settlements areas with unregistered residential buildings and inhabitants.
- The Mayor's Office developed an action plan for supporting SMEs. The Plan focused on extending the national support package,<sup>18</sup> which featured cash injections and subsidized loans, to the enterprises operating in the city.
- The city government mobilized private donations to help vulnerable groups during the lockdown period (see box 2).

### **Box 2. Measures for bolstering social solidarity**



To curb the spread of the virus, the Mayor's Office launched a special appeal to raise funds from the city inhabitants and business community. The Mayor also created a working group for deciding on the distribution of funds, which comprised the vice-mayors of the city of Bishkek, deputies of the Bishkek city council (Kenesh), and representatives of the business community and non-profit and non-governmental public organizations. As of 1 August 2020, the Mayor's Office received 11,458.2 million Kyrgyzstani soms (KGS) in the form of voluntary donations.

In addition, with contributions from the business community and inhabitants, hotels and restaurants joined forces with the youth to provide health care, including counseling and the supply of medicine to the sick and elderly.

*Source:* Information provided by the Office of the mayor of Bishkek.

<sup>18</sup> For detailed examples of support measures implemented by cities, see, for example, OECD *Cities Policy Responses*, July 2020. Available at <https://www.oecd.org/coronavirus/policy-responses/cities-policy-responses-fd1053ff/>; United Nations *Policy Brief: COVID-19 in an Urban World*, July 2020.

While the Kyrgyz economy rebounded, with estimates showing unemployment dropping to 2.9 per cent in December 2021 from 5.8 per cent in December 2020<sup>19</sup> and GDP growing by 5 per cent in 2022,<sup>20</sup> this recovery is fragile. This is due to positive trends masking growing poverty, with 25.3 per cent of the population living below the national poverty line of 1.90 United States dollars (USD) per day in 2020 (up from 20 per cent in 2019) and another 8 per cent of the population at risk of poverty.<sup>21</sup> Furthermore, the improvements in the labour market mask the large size of the informal sector, which represented 71.8 per cent of the working force in 2020.<sup>22</sup> While the above problems are more pronounced in the country's rural areas, their impact on the city cannot be over-emphasized as they are likely to expand the informal settlements.

## V. Diagnostic assessment for the city of Bishkek

Overall, the city of Bishkek exhibits weak resilience in view of the following:

1. Limited economic diversification. Internal trade stands as the major contributor to income generation ( 53.78 per cent of GRDP), followed by the construction sector (13.77 per cent) and manufacturing sector (7.42 per cent). These sectors employed 57 per cent of the city's workforce.<sup>23</sup>
2. The city lacks adequate financial resources, being heavily dependent on Government transfers as a major source of revenues.
3. The scope and quality of city planning are weak and more could be done to improve consultations with the inhabitants.
4. The overall investment attractiveness of the city received a low score.
5. The coverage and functionality of basic public services and infrastructure are weak, evidenced by the lack of public open spaces, access to water, and sanitation and waste management services in some parts of the city, especially in informal settlements.
6. Connectivity and mobility within the city remain inadequate, with walkability and cyclability receiving low scores.

---

<sup>19</sup> National Statistics Committee of the Kyrgyz Republic. Unemployment in the city of Bishkek was estimated at 5 per cent in 2020 ( <http://www.stat.kg/en/pendata/category/113/>). Unemployment figures for 2021 are not disaggregated by city.

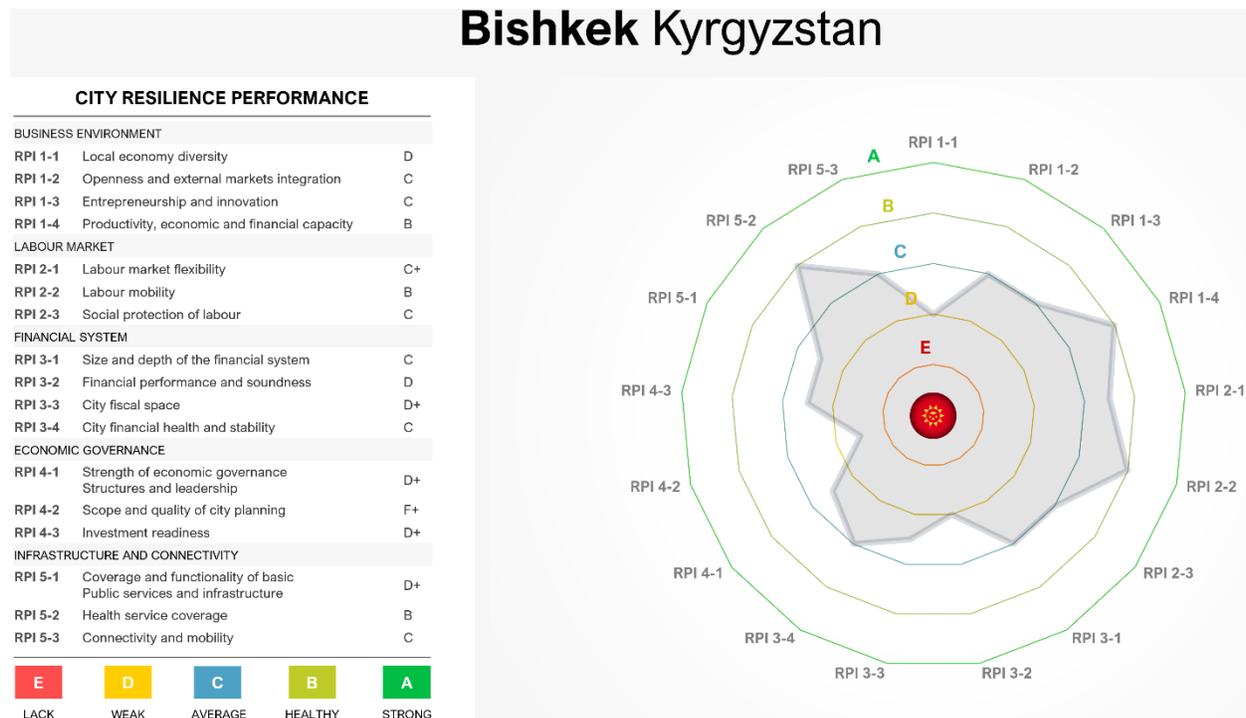
<sup>20</sup> <https://www.adb.org/publications/asian-development-outlook-2021-update>.

<sup>21</sup> <https://reliefweb.int/sites/reliefweb.int/files/resources/WFP-0000136892.pdf>.

<sup>22</sup> [https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms\\_761673.pdf](https://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-moscow/documents/publication/wcms_761673.pdf).

<sup>23</sup> Data provided by the Office of the Mayor of Bishkek.

**Figure 1. Bishkek City economic resilience performance**



## VI. Recommendations

Based on the results of the diagnostic assessment, the following recommendations within the five resilience areas are made:

### 1. Resilience of the local business environment:

- Further develop broad-based consultations with the city inhabitants. In this regard, the Municipality's effort to establish institutional mechanisms for ensuring sustained consultations is an important step in this direction.<sup>24</sup>

### 2. Resilience of the local labour market:

- Establish a municipal programme of vocational (re-)training for the unemployed, with a special emphasis on women, youth and those belonging to low-income households.

### 3. Resilience of the local financial system:

- Improve transparency and accountability of the local budget management through introducing information and communications technology (ICT) management systems and external independent audits.
- Establish a local debt management unit and regular local bonds issuance programme via the Kyrgyz Stock Exchange.

<sup>24</sup> <https://www.opengovpartnership.org/members/bishkek-kyrgyz-republic/>.

- Upscale public-private partnership (PPP) initiatives to mobilize the required funds for financing urban development.
4. Resilience of economic governance:
- Scale up support to start-ups to create new jobs and diversify the economy.
  - Scale up support to existing SMEs to improve their competitiveness in domestic and global markets.
  - Promoting active involvement of the High Technologies Park is important for supporting innovation as an essential requisite for achieving structural transformation toward increased specialization in high value-added activities.
  - Support arts, entertainment, culture and recreation to help the city realize its tourism potential.
  - Scale up investment attraction efforts.
5. Resilience of basic service infrastructure and connectivity:
- Establish a connected system of bicycle paths to reduce dependence on cars.
  - Modernize basic utility services.

## **VII. Follow-up measures by the city**

- The city established an Innovation Agency, which is in the process of developing sector-focused investment projects and is maintaining a database of donor agencies in the city. The city government requested UNCDF assistance to further develop the agency's capacity.
- With UNECE support, the city government conducted a survey to map the informal settlements and then partnered with the Cities Development Initiative for Asia (CDIA) to design a pre-feasibility study for upgrading five informal settlements and supporting job creation in these settlements. UNECE is mobilizing partnerships with international financial institutions to finance the upgrading of the informal settlements once the feasibility studies are completed.