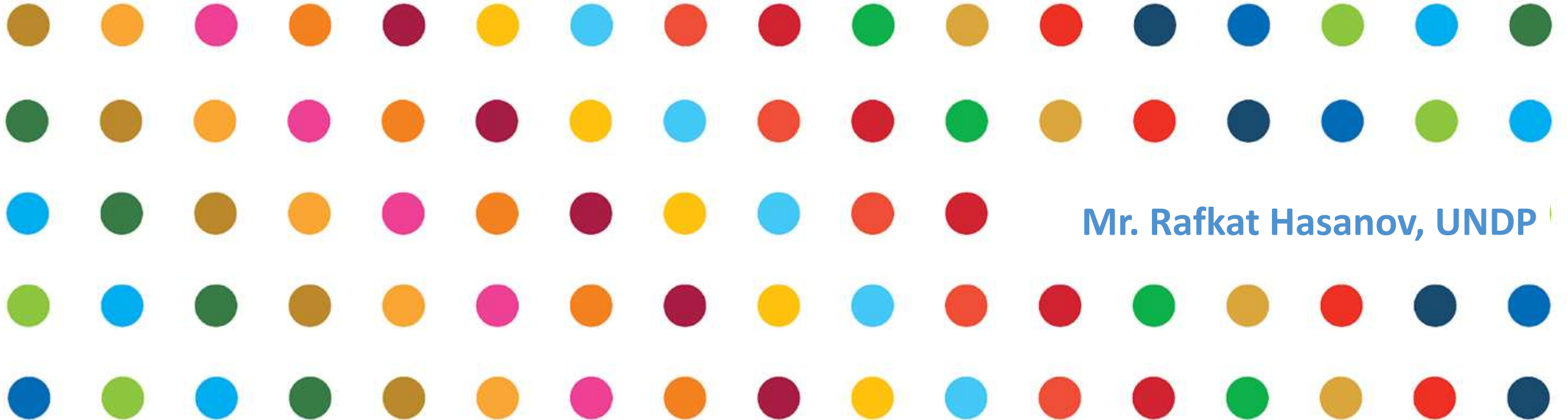

The impact of the Global Food, Energy and Financing Crisis on vulnerable groups of Kyrgyzstan in 2022



Mr. Rafkat Hasanov, UNDP

Selected finding of the joint DEM project

The DEM project "Closing statistical data gaps to measure impacts of war and enhancing the government's ability to mitigate the negative consequences" jointly implemented by UNDP, UNICEF, FAO and WFP

1. Global crisis impact:

- on **development finance flows** (UNDP)
- on **household well-being** (UNICEF, WFP)
- on **vulnerable groups** (people with disabilities and pensioners, informal workers, unemployed)
- on **Food market** and agri-food sector (FAO, WFP)

2. **Effectiveness of social policies** (UNICEF, UNDP) and agri-food policy (FAO, WFP)

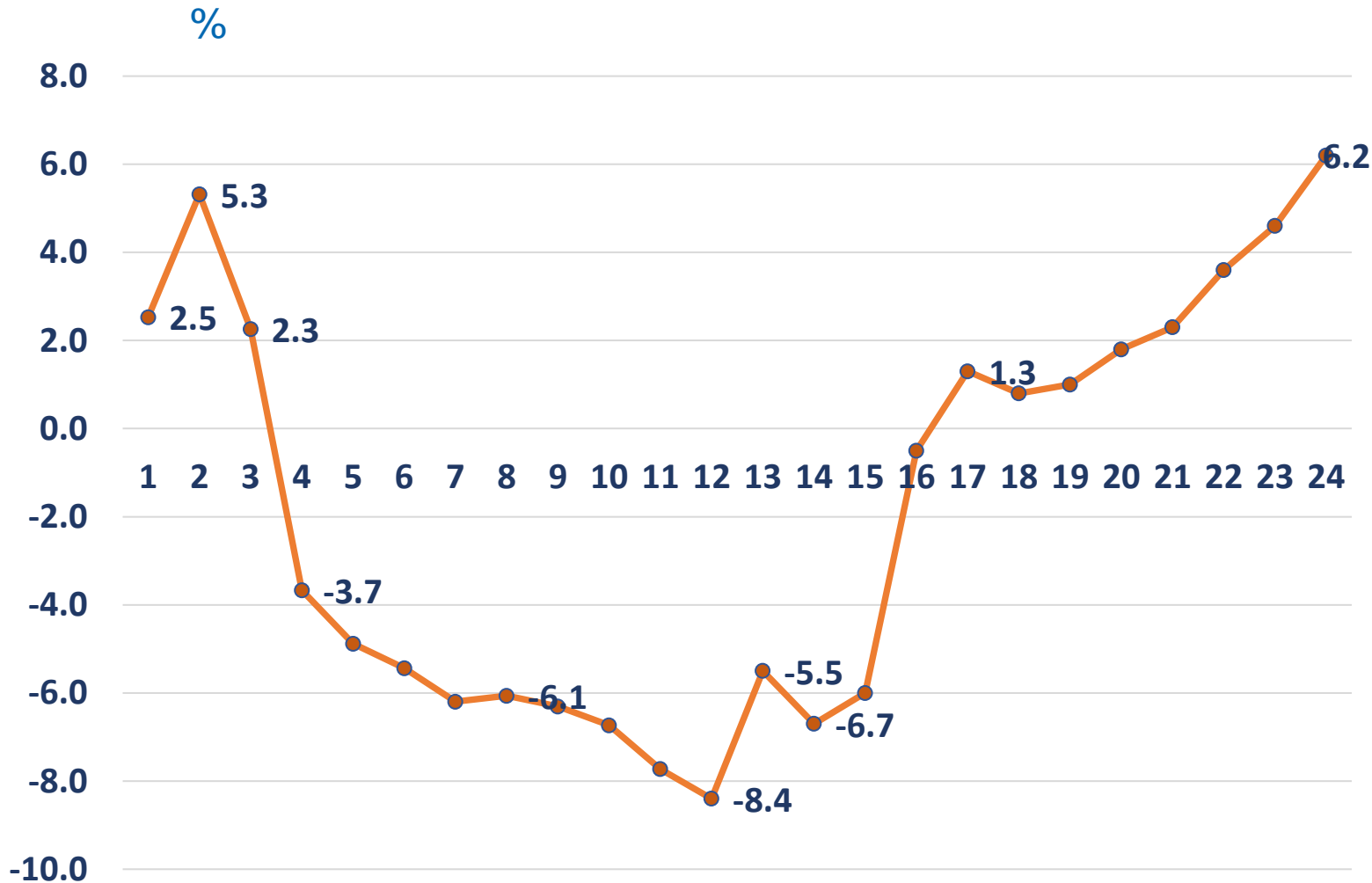
Risks for economic development as it was stipulated in Feb 2022

- ▶ Russian ruble depreciation could lead to a decrease in the remittances value in soms and a decrease of the income of Kyrgyz households
- ▶ Decrease in the income of Russian companies would lead to a reduction in jobs, primarily for the migrants; as a result, remittance would decrease significantly
- ▶ Decrease in demand from Russia for the products of Kyrgyz manufacturers would directly reduce the country's export earnings

Did they come true?



Pandemic and recovery: 2021-2022



GDP growth = 7%

Export growth without gold = 62.3%

Growth of created jobs = 4.3%

Effect of external shocks on the budget revenue is **+ 1.7% of GDP (!)**

Is this growth pro-poor one?

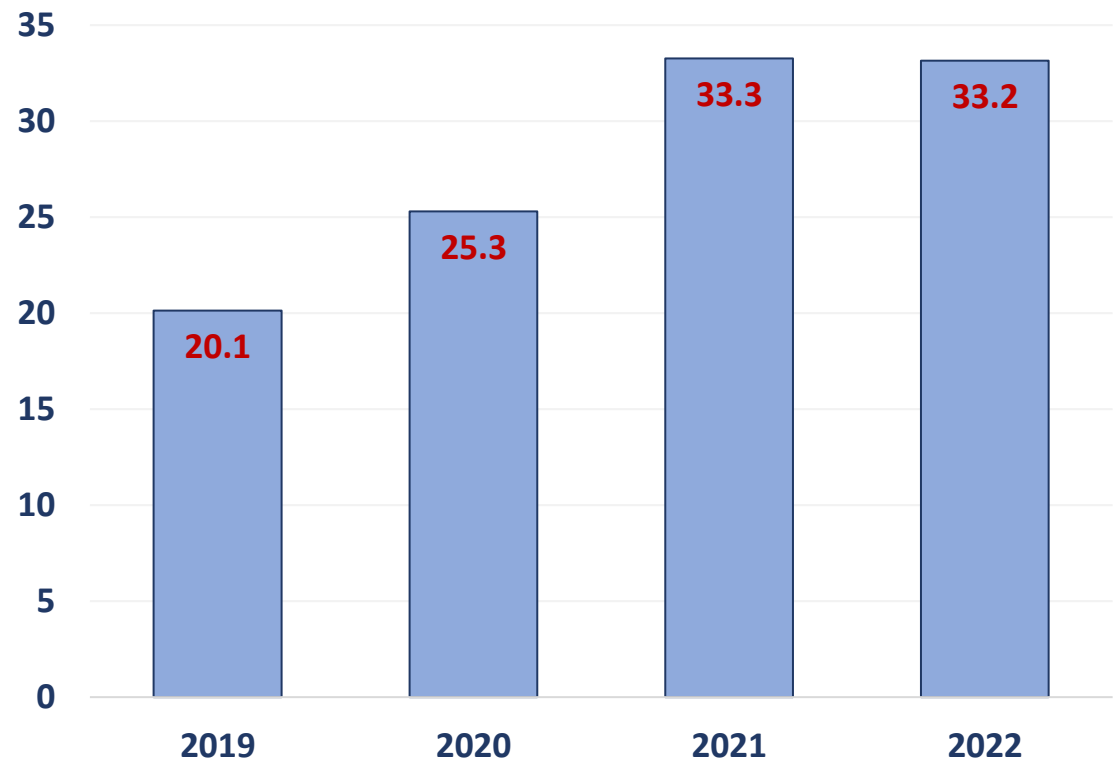
2022: Job growth lags economic growth:
4.2 (informal sector 0.3) vs 7%

CPI (Y-to-Y) = 13.9%

Food price index = 16.2% (bread = 20.1%)

Social protection expenditure growth =
42.4 % vs budget revenues = 43.2%

Poverty, %



How has this affected vulnerable groups? Who are they?



Group	General population characteristics
Informal workers– 1.8 million Individual entrepreneurs – 400 thousand	Very broad definitions. Features of the legislation: workers working for a relatively large business, but not a legal entity, belong to the informal sector (!?)
Pensioners – 700 thousand	average = USD 70 There are large pensions, max = USD 2000
Persons with disabilities – 100 thousand	Invisible group, population data for making a sample s mostly not available

Key vulnerable groups

Group 1: **Micro-entrepreneurs**: Individual business who do not have workers or self-employed.

Informal workers: based on ILO definition – lack of official contractual documents but **adding work for individual entrepreneurs and fear of losing a job instantly and unemployed**

Group 2. **Persons with disabilities** and

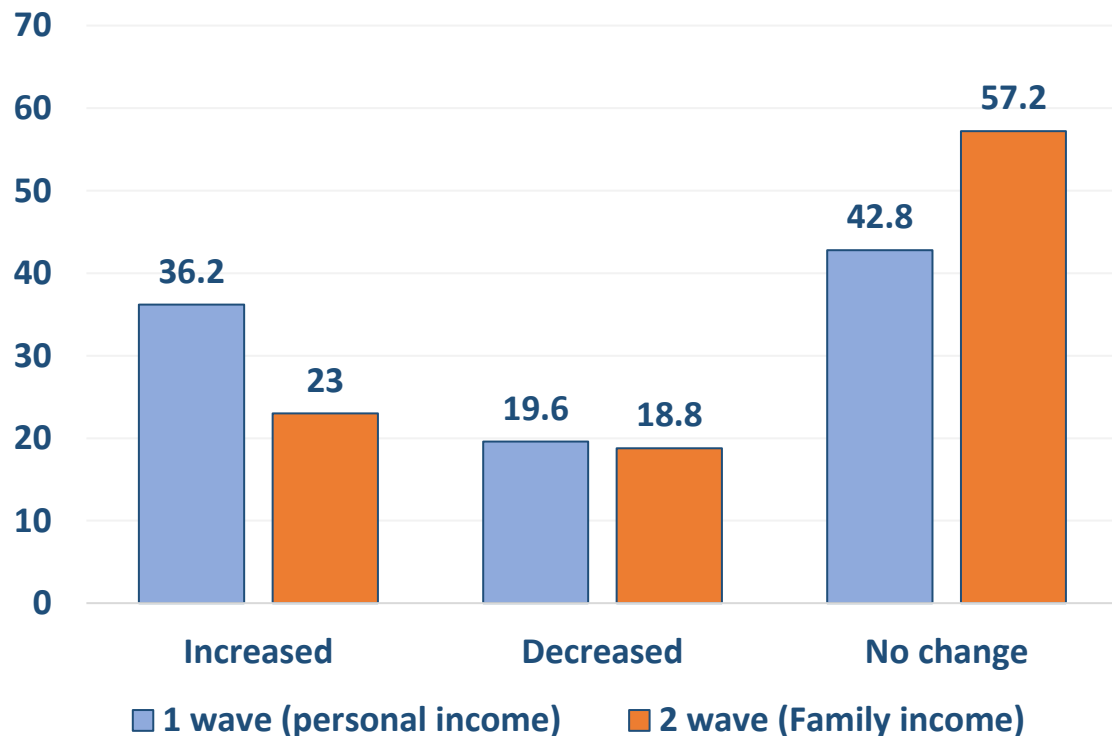
Group 3. **Pensioners**: based on National Red Crescent Society approach

Criteria for vulnerable groups: Persons with disabilities and pensioners

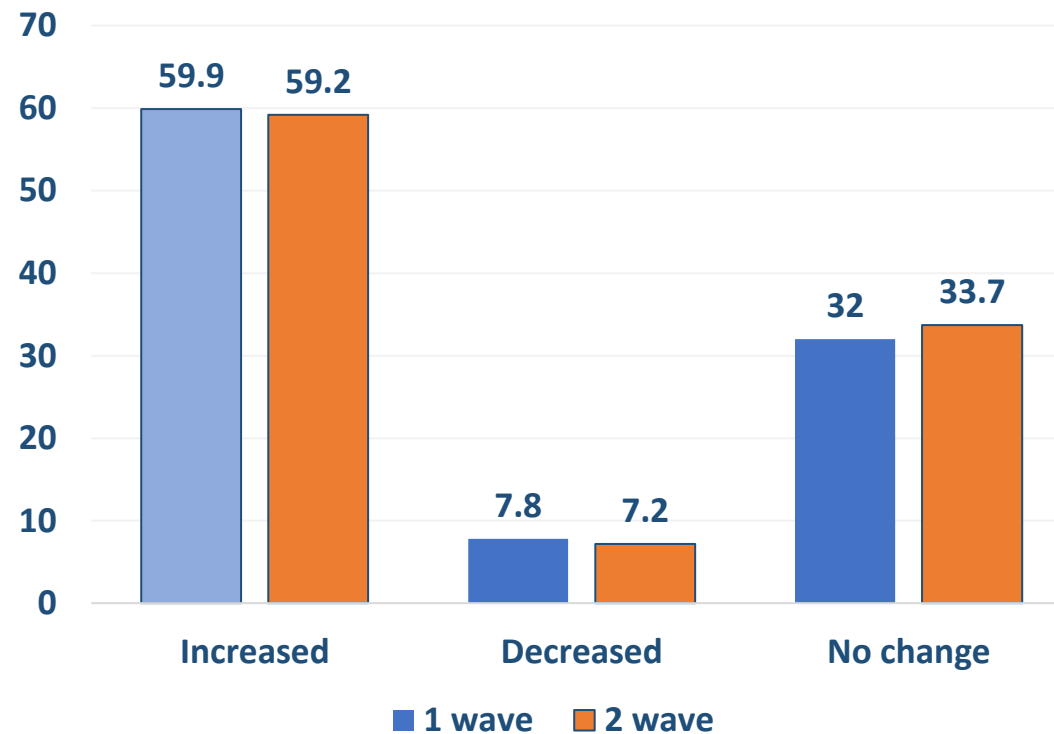
- ▶ does not meet the criteria for the government support
- ▶ lack of registration at the place of residence, which is eligible criteria for government allowance
- ▶ the size of the pension/allowance does not exceed USD 90
- ▶ the total family income does not exceed the cost of the consumer basket (USD 70 per person)
- ▶ the ratio of the number of dependents to the number of healthy family members
- ▶ social and living conditions (absence of small household appliances, condition of the dwelling, heating)
- ▶ lives alone

Informal workers/Micro-business

Income



Expenditures



Wave 1: 62.4% – personal income decreased or did not change
Wave 2: 76.0% – family income decreased or did not change



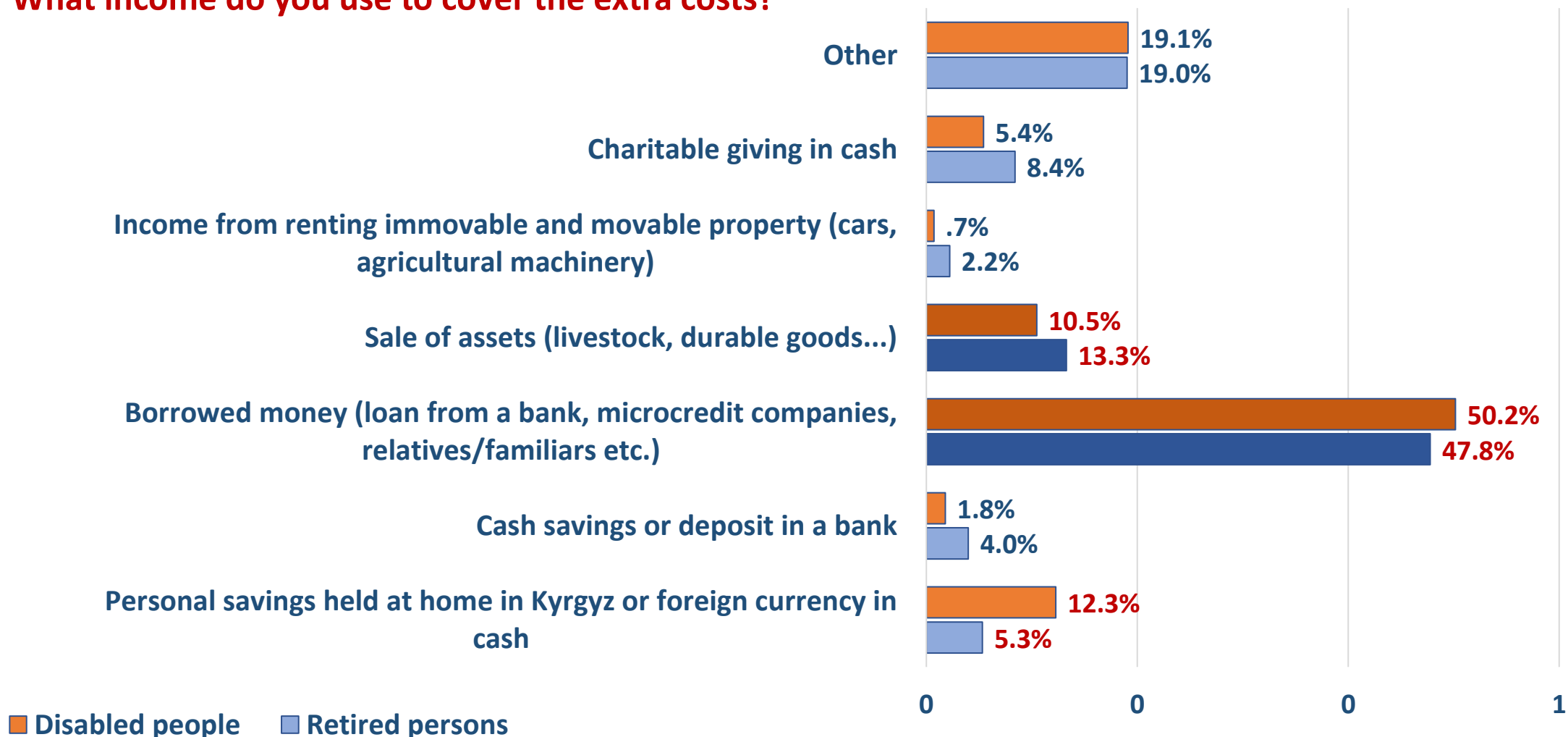
Real income decreased for the majority of respondents

Income / expenditures

- ▶ 5.4% of respondents **do not have enough money for food** (17.4% among the unemployed)
- ▶ 21% of respondents **cannot buy clothes** (37% among the unemployed)
- ▶ on average, the **income of families with 5 or more children is 28% lower** than that of families with 1-2 children
- ▶ the **income of female respondents averages 76%** of the income of male respondents
- ▶ more than **10% of female respondents consider themselves to be the poorest** category – they do not have enough money for basic food, while such male respondents are 3.7%

Pensioners and Persons with Disabilities

What income do you use to cover the extra costs?



Family ID

Consider vulnerabilities at the family level (!)

- ▶ The main source of income for pensioners is a pension (69.5%), for PWDs - disability allowance (55.1%). 37% of families (people with disabilities) do not have enough money for food
- ▶ 15% have the first group of disability (lost ability to work) and they are the only breadwinners in the family

Family composition:

- ▶ Families with many children: pensioners – 4.5% and PWD – 6.5%
- ▶ 28% of pensioner' families + 1 PWD,
- ▶ 5% of pensioner' families + 2 or more PWDs.
- ▶ 16% PWD families + 2 or more PWDs

Applications for benefits

	PWD	Pensioners
Number of applications for any allowance last year	12.8%	10.3%
Number of rejections	7.0%	7.0%
Still considered	1.8%	0.5%

What was the reason to reject your application?		
	PWD	Pensioners
I could not collect all the necessary documents	37.9%	22.7%
Unknown	27.6%	22.7%
I suspended the process due to length and complexity	17.2%	54.5%
I don't qualify	10.3%	0.0%
Other	6.9%	0.0%

Inclusion

- ▶ **16% of PWDs continue to receive education**
- ▶ **3% stopped studying** due to the lack of an accessible environment in educational institutions
- ▶ **Among 46 employed PWDs, 40 people (87%) answered that the institution where they work does not create conditions for PWDs**

Recommendations

1. Strengthen an integrated approach to addressing job creation challenges

- ▶ Increase funding for unemployment benefits or streamline their allocation
- ▶ Emphasis on learning needs to be strengthened (including PWDs)
- ▶ Medium-term plans for workplace inclusion should be adopted
- ▶ Simple and minimal requirements for taxes and Pension Fund contribution should be kept specifically for these groups.

2. Procedures for obtaining support should be understood and publicly available, and the results of decisions of government departments should be open and justified, posted on websites

Recommendations

3. Plans should be outlined for the transition of government departments to the single window approach
4. The introduction of a special category of support / category of social assistance recipients should be considered: as a family in a difficult life situation (ID Family)
 - ▶ Criteria may be based on the number of pensioners and PWDs in one family. Approaches to providing non-financial assistance to such families should be reviewed
5. There is a need for detailed study of the mechanisms for including PWDs in the education system (at all levels), as well as the mechanisms for disseminating home and distance education for PWDs

Thank you!

