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

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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)
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?
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%
How has this affected vulnerable groups? Who are they?

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

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
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%
What income do you use to cover the extra costs?

- **Disabled people**
- **Retired persons**

**Personal savings held at home in Kyrgyz or foreign currency in cash**
- Disabled people: 12.3%
- Retired persons: 5.3%

**Charitable giving in cash**
- Disabled people: 5.4%
- Retired persons: 8.4%

**Income from renting immovable and movable property (cars, agricultural machinery)**
- Disabled people: 0.7%
- Retired persons: 2.2%

**Sale of assets (livestock, durable goods...)**
- Disabled people: 10.5%
- Retired persons: 13.3%

**Borrowed money (loan from a bank, microcredit companies, relatives/familiars etc.)**
- Disabled people: 50.2%
- Retired persons: 47.8%

**Cash savings or deposit in a bank**
- Disabled people: 1.8%
- Retired persons: 4.0%

**Other**
- Disabled people: 19.1%
- Retired persons: 19.0%

**Other**
- Disabled people: 5.4%
- Retired persons: 8.4%
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

<table>
<thead>
<tr>
<th></th>
<th>PWD</th>
<th>Pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of applications for any allowance last year</td>
<td>12.8%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Number of rejections</td>
<td>7.0%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Still considered</td>
<td>1.8%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

### What was the reason to reject your application?

<table>
<thead>
<tr>
<th>Reason</th>
<th>PWD</th>
<th>Pensioners</th>
</tr>
</thead>
<tbody>
<tr>
<td>I could not collect all the necessary documents</td>
<td>37.9%</td>
<td>22.7%</td>
</tr>
<tr>
<td>Unknown</td>
<td>27.6%</td>
<td>22.7%</td>
</tr>
<tr>
<td>I suspended the process due to length and complexity</td>
<td>17.2%</td>
<td>54.5%</td>
</tr>
<tr>
<td>I don't qualify</td>
<td>10.3%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Other</td>
<td>6.9%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
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**
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!