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Rapid assessment of the employment impacts of the COVID-19 pandemic in Kyrgyzstan

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The Ministry of Labour and Social Development of Kyrgyzstan requested the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia Office' technical assistance for conducting a rapid assessment of the impact of the current pandemic on the labour market and employment. The initiative was launched, in April 2020, by the Deputy Minister of Labour and Social Development, Kamaldin Toktosartov; the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia Director, Olga Koulaeva; and Mikhail Pouchkin, Senior Employment Specialist at the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia. The rapid assessment takes advantage of the methodology elaborated by the ILO EMPLAB Branch, whose focus is on the transmission mechanisms of the COVID 19 crisis on a country's economy and labour market; reviews existing policy responses and identifies gaps in policy implementation.

The rapid assessment report builds on the information gathered and analyzed in a background paper prepared by the international experts Elena Zotova and Bakyt Tynaliev. The current version has been written by Fernanda Bárcia de Mattos, in close collaboration with Massimiliano La Marca (ILO Multilateral Cooperation Department), Mauricio Dierckxsens (ILO EMPLAB Branch) and Ramiro Pizarro (ILO Decent Work Team and Country Office for Eastern Europe and Central Asia).

The consultancy «A Rapid Diagnostics for Assessing the Country-Level Impact of COVID-19 virus on the Economy and Labour Market of Kyrgyzstan» has been coordinated and financed by the project "Partnerships for Youth Employment in the Commonwealth of Independent States (CIS) Phase II", a public-private partnership between the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia and the Russian Company LUKOIL, as a contribution to the CIS sub-regional network, supporting member countries to mainstream youth employment into national policies, voluntary peer-to-peer reviews on employment policies, institutions, services and active labour market programs, and to inform country case studies on evidence based employment policy design, monitoring and implementation.

Foreword

During the past months, the COVID-19 pandemic has intensified and expanded in terms of its global reach, with large impacts on public health and unprecedented shocks to economies and labour markets. The massive economic disruption arising from the COVID-19 crisis is affecting the world's workforce. The employment impacts of COVID-19 are deep, far-reaching and unprecedented. However, the shock to the labour market is not uniform - specific hard-hit sectors and some categories of workers who are particularly vulnerable are more affected than others.

Kyrgyzstan requested ILO's technical assistance for conducting a rapid assessment of the impact of this pandemic on the labour market and employment. In particular, the rapid diagnostics seeks to: a) Assess the current impact or most probable transmission mechanisms of the new coronavirus crisis on a country's economy and labour market; and b) Review existing policy responses and identify gaps in policy implementation.

The Rapid Assessment builds on the previous progress made towards the strategic objective of the Decent Work Agenda. Early in October 2018, within the framework of the Working Plan developed by the ILO and the Ministry of Labour and Social Development, the Government and social partners initiated a process aiming to improve the compliance of the national labour legislation with international labour standards. In 2019, the Government established a Tripartite Working Group to implement recommendations of the assessment. The guidelines for the Rapid Assessments were developed by the ILO's Employment, Labour Markets and Youth Branch (EMPLAB) to support countries, through ILO employment specialists, Decent Work Teams and Country Offices, in undertaking rapid diagnostics to assess the impact of the COVID-19 crisis on employment and policy responses

Furthermore, the national dialogue initiative on social protection provided a number of recommendations regarding design, adequacy and coverage of social protection benefits and led to the actuarial assessment of the pension system and further alignment of maternity protection with international labour standards. The ILO is providing additional support in reviewing the Kyrgyz national legislation on maternity protection, with a view to prepare for the ratification of the ILO Convention 183.

The ILO is currently partnering with the National Statistical Committee (NSC), the Ministry of Economy, Ministry of Labour and Social Development, the Kyrgyz National Bank, the Alliance of Universities for a Green Jobs Assessment Model (GJAM) project, implemented within the UN Partnership for Action Green Economy (PAGE). The project is supporting capacity building to the government and national institutions in the area of economic analysis and statistics. This includes the modernization of the national statistical system in line with the recommendations of the 19th International Conference of Labour Statisticians, the System of National Account (SNA 2008) and the System of Economic and Environmental Accounts (SEEA 2012). The production and establishment of the GJAM requires integration of data from the economic, social and environmental domains and from different sources. The GJAM dataset and methodology allowed for a rapid estimation of employment impacts as presented in this rapid assessment.

Furthermore, the ILO supported the national report “The Future of Work in Kyrgyzstan”, which offers a comprehensive diagnosis of the current situation in the labour market and a set of policy recommendations aiming to increase coherence between employment, social and environmental policies. The present rapid assessment report, re-assesses and further elaborates these recommendations in the light of the COVID 19 pandemic to advance towards r a sustainable and inclusive labor market taking into account the current crisis and the future of work drivers.

Finally, Kyrgyzstan and the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia agreed to expand the cooperation program by supporting evidence-based policy responses to the employment crisis triggered by the COVID 19 pandemic. The initiative was launched by the Deputy Minister of Labour and Social Development of Kyrgyzstan, Kamaldin Toktosartov, the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia Office Director, Olga Koulaeva; Branch Chief for EMPLAB in ILO headquarters, Sukti Dasgupta, and Mikhail Pouchkin, Senior Employment Specialist, Decent Work Team and Country Office for Eastern Europe and Central Asia. Following this, Kyrgyzstan was included as a priority country for the ILO world-wide initiative supporting rapid diagnostics for assessing the impact of COVID19 pandemic on the economy and labour market.

The current rapid assessment report builds on a background paper prepared by the international experts Elena Zotova and Bakyt Tynaliev. The final version has been written by Fernanda Bárcia de Mattos, in close collaboration with Massimiliano La Marca (ILO Multilateral Cooperation Department), Mauricio Dierckxsens (ILO EMPLAB Branch) and Ramiro Pizarro (ILO Decent Work Team and Country Office for Eastern Europe and Central Asia). The consultancy “A Rapid Diagnostics for Assessing the Country-Level Impact of COVID-19 virus on the Economy and Labour Market of Kyrgyzstan” has been coordinated and financed by the project “Partnerships for Youth Employment in the Commonwealth of Independent States (CIS) Phase II”, a public-private partnership between the ILO Decent Work Team and Country Office for Eastern Europe and Central Asia Office and the Russian Company LUKOIL, as a contribution to the CIS sub-regional network, supporting member countries to mainstream youth employment into national policies, voluntary peer-to-peer reviews on employment policies, institutions and programs and to inform country case studies on evidence-based employment policy design, monitoring and implementation.

Introduction

The impact of the global COVID-19 pandemic is being felt by societies and economies across the globe, including Kyrgyzstan. The first case of COVID-19 in the country was reported on 18 March, and by mid-October more than 49.870 persons had been infected, with 1.092 deaths reported as of 13 October.[1] In response, the Government declared a state of emergency and instituted containment measures, including border controls and travel constraints, restrictions on movement and temporary business and school closures. The state of emergency has since been lifted and while restrictions remain in place, many economic activities have resumed.

Against this background, this rapid assessment of COVID-19 employment impacts was conducted to appraise the current and expected effects of the social, economic and employment crisis in Kyrgyzstan. It aims to identify the main transmission mechanisms of the COVID-19 crisis on the Kyrgyz labour market, including the most affected sectors and groups of workers. This analysis informs an examination of the country's policy response with a view to identify gaps and point to areas for priority action.

The next section outlines the economic and labour market situation in Kyrgyzstan before the COVID-19 pandemic. Following, early impacts are examined and projections for further potential impacts are explored. Sectors likely to be hit the hardest are then identified, and the particular vulnerabilities of various groups of workers are reviewed. The final section analyses the current policy response and provides recommendations.

Economic and labour market situation before COVID-19

Prior to COVID-19, Kyrgyzstan was experiencing sustained growth, leading to its graduation from low- to lower-middle income country in 2014.[2] Following some volatility in the aftermath of the 2008-09 crisis, growth rates stabilized at an average 4.2 per cent per year between 2014 and 2019 (figure 1), driven by industry,[3] construction and trade. However, early 2020 data indicate that COVID-19 impacts in the Kyrgyz economy are likely to be severe. According to the National Statistical Committee, GDP in January-September 2020 was 6 per cent lower than in the same period last year.[4] The IMF estimates that real GDP growth in Kyrgyzstan will contract 12 per cent in 2020 (revised from 4 per cent in April).[5]

Exposure to the COVID-19 economic crisis is closely linked to Kyrgyzstan's insertion in the global economy and its reliance on remittances. The importance of international trade is reflected in the foreign trade turnover equivalent to more than 80 per cent of GDP in 2019.[6] Trade deficits have fluctuated between 35 and 40 per cent of GDP in the last five years, and have been compensated for by large inflows of remittances. Remittances, largely from Russia and, to a lesser extent, Kazakhstan, accounted for approximately 30 per cent of GDP in 2019.[7] It is, however, unclear whether the country will be able to continue to rely on remittances as the global pandemic is expected to impact partner countries. IMF projections suggest that real GDP will contract 4.1 per cent in Russia and 2.7 per cent in Kazakhstan in 2020, with impacts on demand for labour.[8]

[1] Ministry of Health of the Kyrgyz Republic, "Information".

[2] World Bank, "2014 World Bank Income Classifications: Kyrgyz Republic Becomes Lower Middle Income Country", 24 July 2014.

[3] Includes mining, manufacturing and utilities.

[4] National Statistical Committee of the Kyrgyz Republic, "Main Macroeconomic Indicators in January-September 2020"

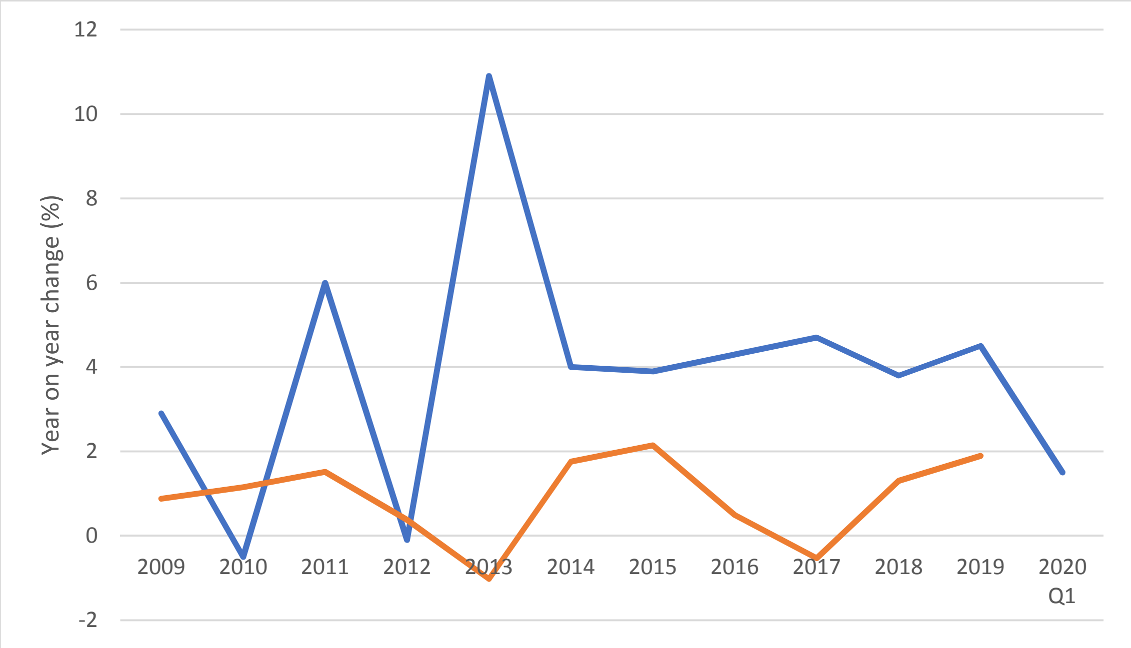
[5] IMF, World Economic Outlook Database April 2020, accessed 10 July 2020; IMF, World Economic Outlook Database October 2020, accessed 16 October 2020.

[6] Data on international trade from the National Statistical Committee of the Kyrgyz Republic.

[7] Remittances data from the National Bank of Kyrgyz Republic.

[8] IMF, World Economic Outlook Database October 2020.

Figure 1. GDP and employment growth, 2009-2010 Q1 (per cent)



Note: 2019 employment estimate from ILO modelled estimates, Nov. 2019.

Source: National Statistical Committee of the Kyrgyz Republic; National survey data processed by ILOSTAT and modelled estimates, accessed 06 October 2020.

Economic growth has been accompanied by socio-economic development. The incidence of poverty declined dramatically in the past few years, from 38 per cent in 2012, to 22.4 per cent in 2018. Still, approximately 1.3 million people in Kyrgyzstan lived below the national poverty threshold in 2019.[9] The latest internationally comparable data indicate that in 2018, 15.5 per cent of the population (nearly 1 million people) lived below the international poverty line of $3.20 per day, with an additional 45.8 per cent (2.9 million people) living just above this poverty threshold, at the risk of falling back into poverty subject to economic shocks.[10] Inequality measured as the ratio of income held by the top and bottom quintiles stood at 3.8 in 2018 – on par with that in many other Eastern Europe and Central Asia countries, such as Belarus, Kazakhstan, Moldova and Ukraine – and has been relatively stable in the past couple of years.[11]

In 2018, the population of Kyrgyzstan was 6.3 million, of which 4.2 million were of working age defined as persons 15 years old and older.[12] A relatively young population – 48.8 per cent under 25 – suggests potential for accelerated growth and socio-economic development, but also presents challenges in terms of quality employment generation. Employment growth has historically not kept pace with economic growth (figure 1). Negative impacts of the global pandemic in Kyrgyzstan and trading partners may add to existing employment and other labour market challenges in the country.

Workers faced many challenges prior to COVID-19

In 2018, prior to the onset of the COVID-19 crisis, there were nearly 2.5 million persons in the Kyrgyz labour force. Of these, almost 2.4 million were employed and 113 thousand persons were available and looking for work (i.e. unemployed) (figure 2). The remainder – about 1.7 million people – were inactive, outside of the labour force due to education, household work, discouragement (i.e. they belief that there are no suitable jobs available) and other reasons. 85 per cent of the inactive population, nearly 1.5 million, was of prime working age, defined as persons between 15 and 64 years old.

Part of this inactive population can be classified as the potential labour force. A measure of labour underutilization, the potential labour force encompasses persons of working age who are neither employed nor unemployed, meaning that they have a certain level of attachment to the labour force. They are either seeking employment but are not available to start immediately (e.g. because they are completing education) or are available but not looking for work (often due discouragement). In contrast, an unemployed person is available and looking for employment. In 2018, it was estimated that there were 113 thousand persons in the Kyrgyz potential labour force, suggesting latent potential which could be harnessed for accelerated socio-

[9] Poverty data from the National Statistical Committee of the Kyrgyz Republic.

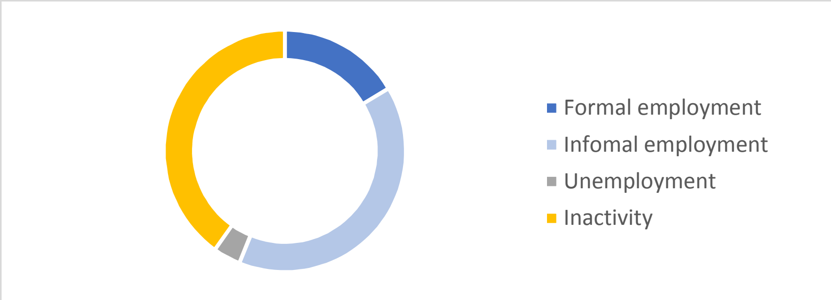
[10] Internationally comparable poverty data at $3.20 and $5.50 per day (2011 PPP) from World Bank, World Development Indicators database, accessed 10 July 2020.

[11] World Bank, World Development Indicators database.

[12] Population and labour market data refer to national survey data processed by ILOSTAT (accessed 6 October 2020) unless otherwise specified.

economic development.

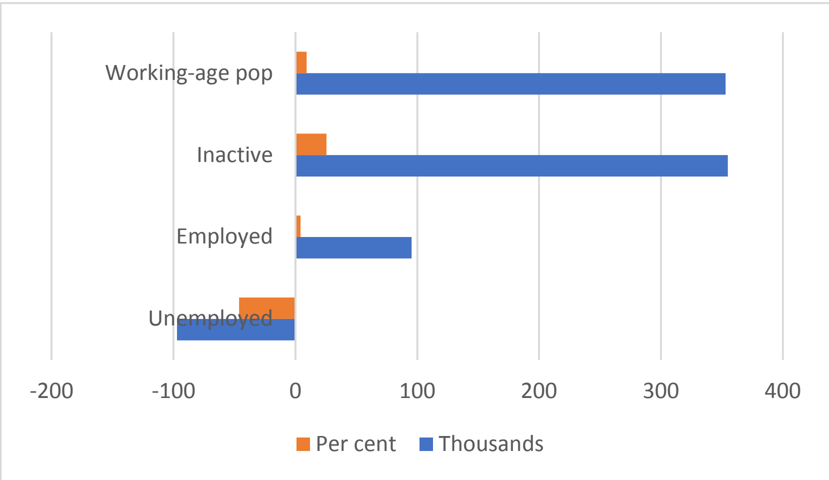
Figure 2. Distribution of the working age population by labour force status in 2018 (per cent)



Source: National survey data processed by ILOSTAT.

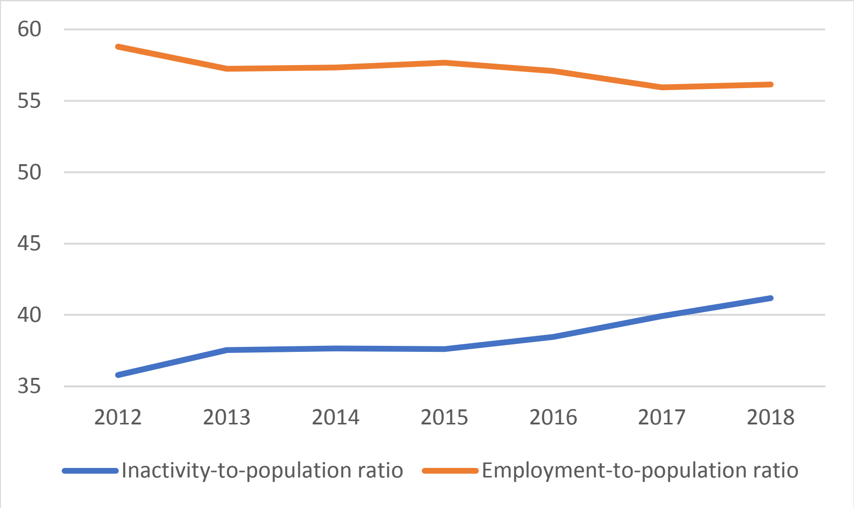
The incidence of unemployment has been declining steadily, falling from 8.4 per cent in 2012 to 4.5 per cent in 2018. But rather than reflect improvements in the labour market situation this trend has been accompanied by greater inactivity. Although the number of unemployed persons has been on the decline, the inactive population has been increasing much more than the number of persons in employment (figures 3 and 4) evidencing a dearth of jobs in Kyrgyzstan. As a result, inactive persons as a share of the working age population increased from 35.2 per cent in 2012 to 41.2 per cent in 2018 whereas the employment-to-population ratio declined from 58.8 in 2012 to 56.1 per cent in 2018.

Figure 3. Changes in working age population and labour force status between 2012 and 2018 (thousand and per cent)



Source: National survey data processed by ILOSTAT.

Figure 4. Inactivity and employment as a ratio of the working age population, 2012-18 (per cent)



Source: National survey data processed by ILOSTAT.

For those in employment, a job did not necessarily mean productive work. Education attainment is relatively high – more than 40 per cent of employed persons have post-secondary education and 52 per cent have upper secondary education – yet the majority of workers engage in vulnerable and informal employment, associated with low and unstable incomes, and limited legal and social protection.

It is estimated that 1.7 million persons were in informal employment in 2018 – 73.8 per cent of workers – often in agriculture, construction, transportation, accommodation and food services. Many of these are own-account workers, accounting for more than one-quarter of employment. Combined, own-account and contributing family workers (which are by definition informal) comprise the so-called vulnerable employment, equivalent to roughly one in three workers in 2018.[13]

Despite working for pay, many do not earn enough to lift themselves and their families from poverty. It is estimated that about 341 thousand workers – 14.2 per cent – earned under $3.20 per day (PPP) in 2018.[14] An additional 45.4 per cent of workers earned just above this threshold, considered near-working poor and vulnerable to fluctuations in work income.[15]

The share of workers in working poverty declined from about 17 per cent in 2012 to 14 per cent in 2018. This has been following a trend of growing labour productivity. Between 2012 and 2018, labour productivity (i.e. output per worker) increased more than 30 per cent, supported by investments in infrastructure and a movement of workers from agriculture towards higher productivity sectors.[16]

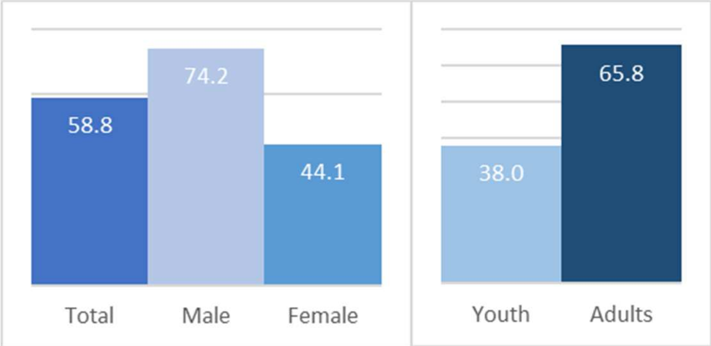
[13] Status in employment based on the International Standard Classification of Status in Employment (ISCE-93).

[14] Refers to modelled estimates. ILO, "Employment by sex, age and economic class -- ILO modelled estimates, Nov. 2019 (thousands)", ILOSTAT database, accessed 6 October 2020.

[15] Refers to workers who earned between $3.20 and $5.50 per day.

[16] Productivity estimated from National Statistical Committee data. This growth has been driven by within sector improvements, especially in agriculture, construction, wholesale and retail trade and public administration.

Figure 5. Labour force status in 2018 (per cent)



Note: Youth refers to ages 15-24 and adults to ages 25 and over.
Source: National survey data processed by ILOSTAT.

The pre-COVID-19 situation was markedly different for women and men, youth and adults. While 74.2 per cent of men ages 15 and over were economically active in 2018, only 44.1 per cent of women engaged in the labour force (figure 5). An analysis of trends suggests that, between 2012 and 2018, seven in ten persons who exited the labour force were women. Women's labour force participation rate contracted nearly 8 points while men's declined 3 points. A time-use survey indicates that women in Kyrgyzstan spend most of their time in household and care work,[17] and are thus classified as inactive. Women often engage in activities such as the production of goods and services for own-use (e.g. subsistence farming) which is considered work, according to the 19th International Conference of Labour Statisticians, but not employment. This leads many women to be classified as outside of the labour force, i.e. inactive, despite working. When women do partake in the workforce, they are more likely to be unemployed than men, and more often in lower pay, lower quality jobs. Working women earn, on average, about 51 per cent less than men (2018) compared to a 44 per cent gender gap globally,[18] and are more likely than men to be unpaid family workers – 13 per cent of working women relative to 3 per cent of men.

In 2018, there were approximately one million young persons (aged 15-24) in Kyrgyzstan representing one-fourth of the working age population. Young people's rate of labour force participation was 38 per cent, in contrast to 65.8 per cent for adults aged 25 and older. This is to be expected as many young people pursue education. Yet, many may wish to study and work concomitantly. The share of youth neither in employment nor in education or training (NEET) is, therefore, a useful broad measure of youth labour underutilization.[19] The NEET rate highlights various issues, including discouragement, inactivity and unemployment. In 2018, 218 thousand youth in Kyrgyzstan, approximately one in five, were NEET (figure 6). Of these, 38.6 thousand were unemployed. The youth unemployment rate was 2.7 times that of adults in 2018, as observed in much of the world. For young people in employment, quality can be elusive. Unpaid family work is more than twice as prevalent among youth than among adult workers, and whereas 52.2 per cent of adults engage in full-time employment, only 44.7 per cent of youth do so. Results from a school-to-work transition survey suggest that informal employment affects four in five young workers in Kyrgyzstan, indicating that this type of work is more frequent for younger than older workers.[20]

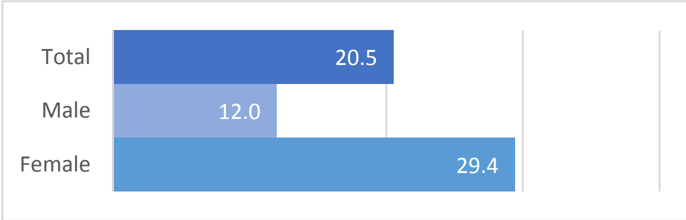
[17] Jacques Charmes, *Time Use Across the World: Findings of a World Compilation of Time Use Surveys* (UNDP, 2015).

[18] Gender gap in earnings refers to data from the UNDP Human Development Report, in Asian Development Bank (ADB) and United Nations Development Programme (UNDP). *COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response*, 2020.

[19] ILO, *Global Employment Trends for Youth 2020: Technology and the future of jobs*, 2020.

[20] ILO, *Kyrgyzstan SWTS Country Brief*, 2016.

Figure 6. Young people not in employment, education or training in 2018 (per cent)



Source: National survey data processed by ILOSTAT.

The limited ability of the economy to generate employment has also led to significant labour migration, most frequently rural young men with secondary education.[21] In 2019, there were 755 thousand migrants from Kyrgyzstan abroad, nearly 80 per cent of which in Russia.[22] Many emigrate in search of higher earnings and better employment opportunities, but estimates for the exact number of migrant workers vary widely. The National Statistical Committee estimates that there were 263 thousand labour migrants from Kyrgyzstan abroad in 2018, largely in Russia and Kazakhstan, based on labour force survey data.[23] At the same time, 2017 data from the State Migration Services indicates there could be 700 thousand Kyrgyz workers abroad.[24] There is, however, consensus on the country's reliance on remittances for household income, poverty alleviation and foreign currency reserves. It is estimated that remittances have reduced poverty by 5-10 per cent over the past decade, an impact which is even more pronounced in southern regions and rural areas.[25]

Overall, low-participation and high inactivity, pervasive informality and significant emigration suggest that the Kyrgyz economy has been unable to generate enough formal jobs for the working age population. The decoupling of economic growth and employment creation is clear in figure 1, which shows that employment has not only lagged behind economic growth but has not always changed in the same direction. Between 2012 and 2018, the working age population expanded 9 per cent, while employment grew 4 per cent. Prospects for employment growth are therefore dire in light of the economic crisis triggered by COVID-19.

Impacts of COVID-19 in Kyrgyzstan: Preliminary evidence and projections

The evolution of the COVID-19 pandemic has been highly uncertain, making it challenging to devise appropriate measures. Irrespective of the varied approaches countries have taken to contain its impacts, the disease has upended economies across the world. Restrictions on movement and economic activity in Kyrgyzstan and elsewhere disrupt trade, value chains, and directly impact the provision of goods and services, leading to job loss and reductions in labour income. In Kyrgyzstan, these effects will be compounded by an expected 20 per cent decrease in remittances.[26] These changes, in turn, have knock on effects on consumption patterns, affecting sectors which may not have been directly impacted by government containment measures.

Initial impacts of the economic crisis are already visible. In early April, the Ministry of Labour and Social Development suggested that about 1.8 million persons had lost earnings due to the emergency state imposed in the country.[27] On 18 May, the Ministry of Economy estimated that about 700 thousand people, roughly one in three employed persons pre-crisis, were temporarily released from work, including layoffs, contract suspension and mandatory unpaid leave, among others.[28] Early employment effects are reflected in an increase in the number of unemployed persons registered with the public employment services from 76 thousand in January to 78.5 thousand in June.[29] But the real number of unemployed persons could be four times as high[30] due to limited incentives to register (i.e. low unemployment benefits and strict eligibility

[21] ILO, *The Future of Work in the Kyrgyz Republic*, 2020.

[22] United Nations, Department of Economic and Social Affairs, Population Division, "International Migrant Stock 2019", United Nations database, accessed 7 July 2020.

[23] National Statistical Committee of the Kyrgyz Republic, *Statistics of labor migration in the Kyrgyz Republic*, 2019.

[24] International Organization for Migration, "Current migration situation and trends in Kyrgyzstan".

[25] ILO, *The Future of Work in the Kyrgyz Republic.*

[26] IMF, *Regional Economic Outlook Update: Middle East and Central Asia, April 2020*, 2020.

[27] "3/4 of working citizens in Kyrgyzstan lost money due to coronavirus", Regnum, 1 April 2020.

[28] Ministry of Economic of the Kyrgyz Republic.

[29] Refers to working age persons registered with the state employment agency as having no job or income generating activity, similar to employment or earnings (income). They are also willing to find a suitable job and are ready to start working (law no.214 "on employment promotion" 2015). ILO, *Social Protection Assessment-Based National Dialogue: Towards Nationally Defined Social Protection Floor in the Kyrgyz Republic*, 2017. Data from National Statistical Committee of the Kyrgyz Republic.

[30] It is estimated that only one in four unemployed persons registers as such. ILO, *Social Protection Assessment-Based*

criteria) and sizeable informality.

It is important to bear in mind that job loss will not be the only, nor necessarily the biggest, impact of the COVID-19 crisis in Kyrgyzstan. Underemployment with lower working times, reduced work income, greater informality and a movement from more to less modern productive sectors will likely be just as, if not more, prevalent in the country. Furthermore, disruptions in economic activity could increase discouragement, aggravating the rise in inactivity observed in recent years despite sustained economic growth.

Assessing risk

Recent changes in sectoral output and projections for 2020 by the National Statistical Committee of Kyrgyzstan can be combined with the ILO assessment of the impact of the COVID-19 crisis on various economic sectors to identify sectors which may be most at risk of disruptions in economic activity in the current crisis.[31] This analysis has identified businesses in wholesale and retail trade, transport and storage, accommodation and food services, arts and recreation, and real estate and business activities as those with highest risk of severe losses in Kyrgyzstan. In 2019, these sectors accounted for about 26 per cent of GDP.

Table 1 combines these economic data with the distribution of employment in Kyrgyzstan prior to the COVID-19 crisis to assess employment risk in the country. This risk assessment suggests that approximately 737 thousand Kyrgyz workers were, at the onset of the crisis, employed in the sectors expected to be most severely affected. That is to say that nearly one-third of employed persons in the country face high-risk of job and income loss as a result of changes in economic activity due to COVID-19.

Table 1. Workers at risk: sectoral perspective

Economic sector	Current and projected impact on value added by sector		Risk level	Baseline employment situation, 2018			
	Jan-Sept 2020 change in GVA (%)	GVA projected rate of change in 2020 (%)	Immediate impact of crisis on economic output	Level of employment (000s)	Share in employment (%)	Women's share in sectoral employment (%)	Informal share in sectoral employment (%)
Wholesale and retail trade; repair of motor vehicles and motorcycles	-16	-10.5	high	373.9	16	40	95.5
Transport and storage	-32.9	-15	high	195.2	8	4	86.5
Accommodation and food service activities	-47.7	-23	high	142.7	6	49	89.4
Real estate activities	-2	-15	high	8.8	0	81	14.4
Arts, entertainment and recreation	0.4	-15	high	16.2	1	49	27.6
Manufacturing	-1.6	-6.5	moderate	285.7	12	40	71.2
Construction	-7.7	2.9	moderate	247.2	10	3	87.8
Financial and insurance services	2.6	-10	moderate	36.1	2	41	36.5
Agriculture, forestry and fishing	2.1	2	low	482.7	20	38	95.9
Mining and quarrying	-5.9	0.7	low	27.1	1	4	56.1
Electricity, gas, steam and air conditioning	-0.5	0.3	low	25.1	1	10	22.2
Water supply; sewerage, waste management	-10.9	2	low	6.1	0	33	11.6
Information and communication	0.4	1	low	28.1	1	37	24.1
Professional, scientific and technical activities	1.0	-2	low	26.7	1	45	35.9
Administrative and support service activities	1.5	1	low	24.2	1	38	67.9
Public administration	1.0	1	low	97.5	4	31	3.9
Education	1.7	1	low	215.1	9	80	7.8
Human health and social work activities	-0.2	1.2	low	97.8	4	83	14.5

National Dialogue: Towards Nationally Defined Social Protection Floor in the Kyrgyz Republic.

[31] ILO, *ILO Monitor: COVID-19 and the world of work, 2nd* edition – Updated estimates and analysis, 2020.

Economic sector	Current and projected impact on value added by sector		Risk level	Baseline employment situation, 2018			
	Jan-Sept 2020 change in GVA (%)	GVA projected rate of change in 2020 (%)	Immediate impact of crisis on economic output	Level of employment (000s)	Share in employment (%)	Women's share in sectoral employment (%)	Informal share in sectoral employment (%)
Other service activities	0.8	-2	low	46.3	2	52	91.1

Note: Gross value added (GVA) changes by sector from Jan. to Sept 2020 are estimates from the National Statistical Committee. Projections of GVA changes for the 2020 are based on June 2020 Kyrgyz financial programming model and the October 2020 IMF World Economic Outlook forecasts. Other indicators are from the ILO's assessment of real-time and financial data (see ILO, ILO Monitor: COVID-19 and the world of work, 2nd edition).

Source: ILO, National Statistical Committee of the Kyrgyz Republic, IMF and Financial Programming Model data.

The extent to which these risks will translate into actual employment impacts will depend on changes in output as well as, critically, on the type of employment most prevalent in different sectors and on the availability of alternative sources of income to workers, including social transfers and remittances. As previously noted, trends in employment have historically not accompanied trends in economic growth (figure 1), and this divergence is typical of situations where social protection is limited and informality is widespread (figure 2) as is the case in Kyrgyzstan. Some of the high-risk sectors – notably wholesale and retail trade, accommodation and food services, and transport and storage – have high shares of informal employment. These workers often cannot rely on savings and, unable to access social protection programmes, may continue to engage in informal work for survival (even if with lower earnings) instead of moving into unemployment or inactivity. Reductions in remittances – which in the first quarter were 9 per cent lower than in the same period in 2019[32] – also contribute to workers' imperative to work. The main impact of the pandemic in the Kyrgyz labour market is therefore likely to relate to the quality rather than the quantity of jobs.

Potential employment impacts

The analysis below shows the likely employment impacts of the COVID-19 crisis in Kyrgyzstan based on the current sectoral output projections in the year 2020.

Employment and national account data from the Kyrgyz National Statistics Committee (NSC) were used to generate a Green Job Assessment Model (GJAM) database with sectoral labor productivity estimates for the period 2012-2018. We estimated the average employment intensities (the value added per employed person) and the employment elasticities of production (the relative percent changes of value added and employment) to provide alternative employment responses to growth or contraction of the main economic activities. The latter were obtained by adjusting the NSC's year-over-year sectoral growth rates available in the third quarter of 2020 (table 1) to the October IMF World Economic Outlook GDP forecasts for the year 2020.

Table 2. Potential sectoral employment impacts, 2020 (persons)

Economic sector	Potential employment impact	
	Approach 1: Employment intensity	Approach 2: Employment elasticity
Agriculture, forestry and fishing	46 019	168 475
Mining and quarrying	-4 385	-5 853
Manufacturing	-13 268	-9 115
Electricity, gas, steam and air conditioning	-763	193
Water supply; sewerage, waste management	-9 585	11 723
Construction	-103 762	-3 509
Wholesale and retail trade; repair of motor vehicles and motorcycles	-248 689	-48 683
Transport and storage	-209 914	-349 400
Accommodation and food service activities	-202 662	-154 724
Information and communication	312	-20

[32] Organization for Economic Co-operation and Development (OECD), *COVID-19 Crisis Response in Central Asia*, 2020.

Financial and insurance services	3 260	1 323
Real estate activities	-647	-677
Professional, scientific and technical activities	843	845
Administrative and support service activities	1 073	526
Public administration	4 265	-718
Education	12 972	8 513
Human health and social work activities	-604	-698
Arts, entertainment and recreation	232	-63
Other service activities	1 713	572
Total	-723 589	-381 291

Note: The employment effects are obtained by estimating the effect of sectoral value added changes on employment according to (i) employment intensity and (ii) employment elasticities approaches. The two methods are applied to the same scenario based on the projected GDP contraction of 12 percent in 2020 as for the October IMF WEO and the sectoral growth and contraction rates produced by NSC in the third quarter of 2020.

Source: ILO – GJAM database, NSC of the Kyrgyz Republic and IMF WEO data.

The results show uneven effects on sectoral employment with a potential net job loss between more than 380 and 723 thousands. Some sectors show a clear tendency to shed labor (e.g. mining, manufacturing, construction, trade, transport, accommodation and food service activities) while others behave as absorbers of labour (e.g. agriculture and some other service activities). The projected job loss is the largest in wholesale and retail trade, transport and storage, and accommodation and food service activities, using both approaches and it is consistent with the risk assessment of table 1. In contrast, employment in agriculture is projected to expand as workers are displaced from services but must work for survival due to limited social protection and the lack of alternative sources of income. The employment quality consequences of this potential redistribution of employment can be illustrated by an examination of the latest available information on average weekly hours of work and mean monthly earnings by sector.[33] In 2018, the average worker in agriculture worked 24 hours per week, in contrast to 44 weekly hours in wholesale and retail trade, transport and storage and accommodation and food services. Mean monthly earnings in agriculture were equivalent to 42-63 per cent of average earnings in these service sectors. Often an employer of last resort, agriculture is associated with informality, low earnings and low productivity. A shift towards lower productivity sectors would be a setback in the ongoing process of structural transformation, reversing advances made in recent years.

[33] National data processed by ILOSTAT. It is worth noting that a more complete understanding of employment quality impacts would also require an analysis of status in employment and workers' access to legal and social protection, among other aspects.

Job losses could relate to unemployment or inactivity. In the first case, a person without a job is both available and looking for employment, while in the latter case, the person is not actively seeking employment. Addressing these issues requires different policies, including the need to further understand why some persons are outside of the labour force (e.g. for education versus discouraged). For countries with available data globally, the decline in employment in early 2020 has led to greater inactivity than unemployment.[34] This is likely to be the case in Kyrgyzstan given the pre-crisis trend of growing inactivity and declining unemployment. A simple linear projection of the trend observed between 2012-18 suggests that the inactivity rate could surpass 42 per cent in 2020.[35] The real situation could, however, be worse as the pandemic brought the sustained economic growth observed between 2012-18 to an abrupt halt.

These estimates should be interpreted with caution. This exercise is based on the assumption that sectoral output will change as predicted, yet there is a considerable degree of uncertainty associated with the economic impact of the crisis. Moreover, it is hard to predict the future and the very different results from these two approaches illustrate the complexity of attempting to anticipate labour market responses to changes in economic activity. This difficulty is heightened by the lack of timely labour market information. In the periodic ILO COVID-19 Monitors, impact analysis and projections rely on quarterly labour market data for 2020 and 2019, which are not available for Kyrgyzstan. Furthermore, as previously stressed, these projections examine potential job loss, but the crisis is likely to engender greater informality and underemployment perhaps more so than lead to unemployment and inactivity.

Impacts will be uneven across groups of workers

Risk and potential job loss by sector are useful in identifying economic activities which may need tailored policies, but understanding which workers are most at risk requires deeper probe. The impacts of the economic crisis will be uneven depending on enterprises size, formality, workers' gender and age, among other characteristics such as households' dependence on migrant labour.

Although the economic crisis is impacting businesses of all sizes, own-account workers and smaller enterprises are particularly vulnerable to fluctuations in economic activity. According to official statistics, in 2018, individual entrepreneurs, small and medium enterprises, combined, accounted for approximately 41 per cent of value added in GDP and 20 per cent of employment (excluding peasant farmers).[36] In times of crisis, sudden and dramatic drops in demand and revenues, coupled with tight access to credit threatens their solvency and business continuity.[37] A study of the private sector in Kyrgyzstan indicates that SMEs are predominant in several of the sectors identified as those likely to be most adversely impacted by the COVID-19 economic crisis, including wholesale and retail trade, accommodation and food services.[38] Reduced operations and business closures could lead to greater underemployment (with lower working hours and income), unemployment, and inactivity. Another likely outcome of a decrease in SME employment is an increase in survivalist strategies such as informal work.

Informal workers typically have unstable and low incomes, limited savings and lack access to social protection, making them some of the most vulnerable workers during an economic downturn. Already pervasive in Kyrgyzstan prior to the COVID-19 crisis, informality could become even more prominent as a result of a contraction in the demand for formal employment and return migration. Economic activity in the informal sector accounted for nearly one-fourth of value-added in 2018 and nine in ten new jobs in Kyrgyzstan in 2019.[39] As highlighted in table 1 and figure 7, informality is widespread in high-risk sectors. As the economic situation deteriorates, informal employment and employment in the informal sector are likely to expand. Greater informality could lead to reversals in poverty reduction achieved in past years due to the high share of the population living just above the poverty line at the onset of the crisis, combined with limited access to income support programmes.

Figure 7. Distribution of employment by risk level and formality status, 2018 (per cent)

[34] *ILO Monitor: COVID-19 and the world of work, 6th edition – Updated estimates and analysis*, 2020.

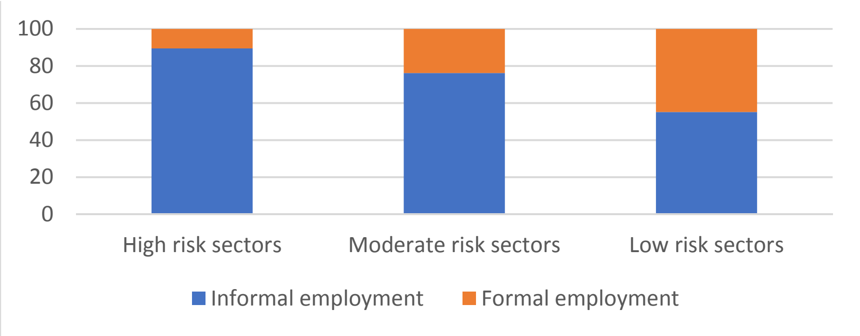
[35] Linear estimate based on national survey data processed by ILOSTAT.

[36] National Statistical Committee of the Kyrgyz Republic, "Small and Medium Enterprises, Dynamic Table 1.1 Number of Employees and the Amount of the Gross Value Added of Small and Medium-sized Enterprises", accessed 10 October 2020.

[37] OECD, *The Impact of the Global Crisis on SME and Entrepreneurship Financing and Policy Responses*, 2009.

[38] Hans Holzhacker and Dana Skakova, *Kyrgyz Republic Diagnostic* (European Bank for Reconstruction and Development, 2019).

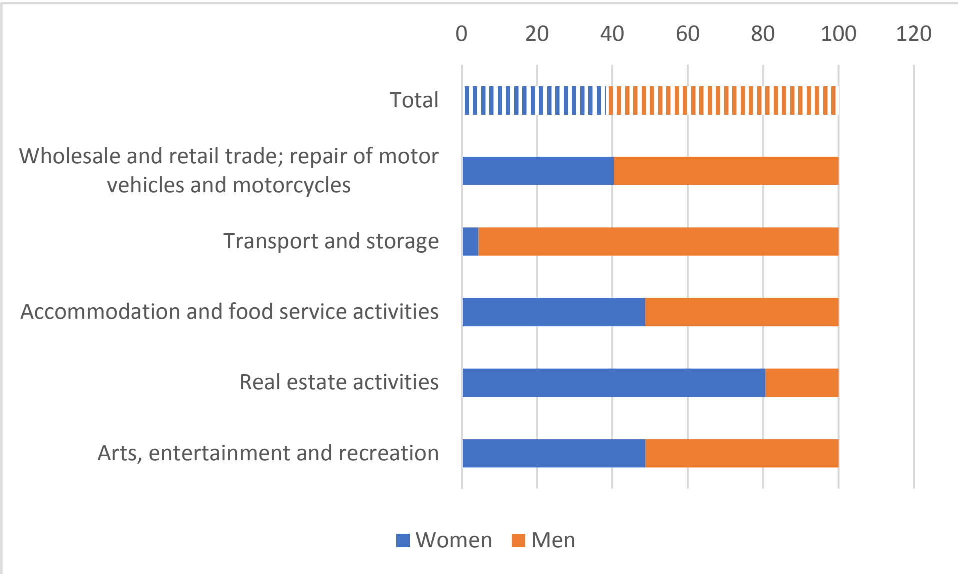
[39] National Statistical Committee of the Kyrgyz Republic.



Source: Estimates from National Statistical Committee of the Kyrgyz Republic data.

Women were already disadvantaged in the Kyrgyz labour market before the pandemic, and may be now in a particularly precarious situation. As evidenced in figure 8, women are overrepresented (relative to their share in employment) in all high-risk sectors, with the exception of transport and storage, and therefore face an acute risk of job and income loss. Previous crises indicated that in periods of retrenchment and scarce jobs, women are often the first out and the last in, considered secondary earners.[40] This trend may be aggravated by an increase in women's household and care burden, which decreases the time available for market income earning activities. In normal times, Kyrgyz women spend more than 60 per cent of their time in unpaid work,[41] a burden likely to increase due to restrictions in business and school activities. At the same time, women represent more than 80 per cent of workers in healthcare and are disproportionately represented in other essential services (such as food service activities), where the risk of infection is higher.

Figure 8. Distribution of employment high risk sectors by sex, 2018 (per cent)



Source: Estimates from National Statistical Committee of the Kyrgyz Republic data.

In regular times, young people are more likely to be unemployed and in lower quality jobs than adults, and COVID-19 could exacerbate disparities, striking young workers fast and severely. Youth who enter the labour market during an economic crisis face a particularly unfavorable environment with greater competition and reduced demand for workers, irrespective of their education level and pre-crisis expectations in regards to the school-to-work transition.[42] In addition, those youth that were in employment at the onset of the crisis are often the first to be let go. It is typically less expensive to fire young people due to employment protection legislation, the lower likelihood that they have permanent full-time contracts, and because productivity tends to increase with experience.[43] Early unemployment can have long-term consequences, hampering lifelong earnings and career prospects. Scarring effects will be compounded by COVID-19 disruptions in education, no longer as attractive an alternative to those who wish to delay labour market entry. These challenges threaten social cohesion and the future development of Kyrgyzstan given the largely young population and labour force.

[40] ILO, *A Gender-Responsive Employment Recovery: Building Back Fairer*, 2020.

[41] Charmes.

[42] ILO and ADB, Tackling the COVID-19 youth employment crisis in Asia and the Pacific, 2020.

[43] ILO*, Preventing exclusion from the labour market: Tackling the COVID-19 youth employment crisis*, 2020; ILO, ILO Monitor: COVID-19 and the world of work, 4th edition – Updated estimates and analysis, 2020.

Pre-crisis, Kyrgyzstan depended on migration for jobs and remittance. Reports indicate that by late April 2020, about 20 per cent of Kyrgyz workers in Russia had lost their jobs due to COVID-19, according to the Representative Office of the State Migration Service of the Kyrgyz Republic in the Russian Federation.[44] On the one hand, this means foregone remittances, further slowing domestic demand and hampering the reactivation of the economy. According to IOM reports, 90 per cent of labor migrants in Russia and Central Asia are currently not capable of sending remittances to their families.[45] On the other hand, this situation could lead to return migration. Many of these migrants will search for employment, increasing pressure on the Kyrgyz labour market. In a context of limited formal employment opportunities, an expanded pool of workers could contribute to informality, un- and underemployment, lower wages and working poverty. Many others, particularly children and women, may add to the number of Kyrgyz in need of income support. Prospects for migrants remain unclear. Migration experts' expect that between 20 and 30 per cent of foreign workers and labor migrants in Russia will not be able to resume their jobs once the lockdown ends.[46]

Policy responses and recommendations

Effectively addressing the labour market impacts of the COVID-19 health and economic crisis and ensuring no worker is left behind requires concerted action commensurate with the multidimensional character of the crisis and its severity. Integrated large-scale and targeted measures to stimulate the economy and employment creation, support enterprises, jobs and income retention, and protect workers are critical.[47]

This includes action for the short-term reactivation of the economy and job retention, as well as medium- and long-term measures aimed at resuming and accelerating the creation of decent employment and socio-economic development, while ensuring a supportive and flexible fiscal space[48] to finance the crisis response. Policy measures on all fronts should rely on social dialogue involving governments and employers' and workers' organizations to effectively overcome the challenges imposed by COVID-19.

In response to COVID-19, the Kyrgyz Government developed policy packages in March, May and August 2020.[49] In addition to a health sector contingency plan, the focus of policies has been on stimulating the economy and supporting enterprises, particularly increasing liquidity. This has included the deferral of tax payments, temporary exemption of land and property taxes, subsidized credit lines for SME funding, simplified access to credit, financial mechanisms to support exporters, adjustments to procurement contracts, and measures to manage inflation and the exchange rate, among others.

[44] Jazgul Masalieva, "Every fifth citizen of Kyrgyzstan lost job in Russia due to coronavirus", in 24.kg News Agency, 28 April 2020.

[45] United Nations, "Migrants from the countries of Central Asia, left without means to exist, urgently need help", 15 May 2020.

[46] "The coronavirus epidemic has left hundreds of thousands of migrants in Russia without means", Sputnik News, 1 June 2020.

[47] The ILO COVID-19 policy framework, based on International Labour Standards, encompasses four pillars, namely stimulating the economy and employment creation; supporting enterprises, jobs and income retention; protecting workers in the workplace; and relying on social dialogue for solutions. See ILO, *A policy framework for tackling the economic and social impact of the COVID-19 crisis*, 2020.

[48] Vitor Gaspar and Gita Gopinath, "Fiscal Policies for a Transformed World", *IMF Blog*, 10 July 2020.

[49] Summary of policy packages from ILO, "Country Policy Responses", accessed 9 October 2020; IMF, *Kyrgyz Republic: Request for Purchase under Rapid Financing Instrument and Disbursement Under Rapid Credit Facility*, Country Report No. 20/158, May 2020; ADB and UNDP, *COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response*; Government of the Kyrgyz Republic, *Action Plan of the Government of the Kyrgyz Republic for 2020 to Ensure Social Stability, Sustainability of the Economy and Maintenance of the Population's Incomes*, 13 August 2020.

There has been, however, less action to protect jobs, workers and incomes. Early measures included the prohibition of the dismissal of workers and employees (except for good reasons), a request that work arrangements be adapted, temporary price controls on essential food items and food distribution to low-income families. In August, the Government outlined provisions to expand income and livelihood support through the simplification of procedures for unemployment benefit payments, greater temporary financial support to families with children under 16 years of age, and one-time loans to low-income families for business or farm development.

These measures are much needed but may not be sufficient to address Kyrgyz labour market challenges. Lower economic activity will likely increase inactivity, unemployment, underemployment and the ranks of informal workers, particularly in high-risk sectors, while return migration is likely to increase labour supply, threatening living standards and socio-economic development. Moreover, employment impacts will be uneven and some of the workers most at risk, including women, youth, migrants and informal workers need special attention. Realizing the three-pronged goals of safeguarding public health and social stability while promoting economic sustainability and protecting people's incomes at the center of the August Action Plan requires addressing policy gaps.

Stimulating the economy, protecting jobs and fostering employment generation

Lower economic activity will negatively impact the quantity and quality of jobs, particularly in high-risk sectors. In this context, large-scale economic reactivation measures should be more closely linked to job retention and employment promotion, including measures targeting vulnerable groups. Job retention and creation could be built into policies for business support, for instance, through preconditions for financial aid. Additional concerns related to workers' safety and health can also be integrated into enterprise support policies.

This should be balanced with tailored policies addressing sector-specific challenges and needs, especially for economic activities identified as high-risk and sectors which account for large shares of employment. With approximately one-third of workers engaged in sectors identified as those most adversely impacted by decreases in economic activity, targeted support to enterprises in high-risk sectors is a priority. Another key sector is agriculture, an employer of last resort and critical for food security.

In the medium and long-term, a key challenge lies in generating enough decent jobs in a context where limited formal job generation and poverty have historically led to informality, labour emigration, and inactivity. A recovery strategy must, therefore, aim at "building back better". This necessitates policies to foment strategic sectors with potential for large employment generation, as well as those which support the transition towards environmental sustainability and a green economy in line with sustainable development principles enshrined in national development plans, including the National Development Strategy 2018-2040. Moreover, supporting small economic units for job-rich growth should be central in Kyrgyzstan's drive towards sustainable and inclusive socio-economic development. This includes promoting an enabling environment for small business development, improving access to markets and other measures in support of formal enterprise and employment creation.

Protecting workers and incomes

The pandemic has devastating consequences on the world of work, destroying livelihoods, causing income and job losses, and layering on pre-existing vulnerabilities. Employment impacts will be uneven and addressing the needs of vulnerable groups requires targeted policies and programmes. Currently, there is a dearth of policies to protect workers (e.g. paid sick leave and family leave)[50] as well as targeted measures addressing challenges specific to vulnerable groups, such as informal workers, youth, women, and migrants.

Increasing coverage and improving adequacy of social protection policies is crucial.[51] Short-term support should focus on redesigning and expanding existing programmes and income support measures to respond to the needs of the population, including targeted social assistance to low income families and unemployment benefits. Strict eligibility criteria and low benefit levels have historically translated into limited registration of unemployed workers in public employment services, with an even smaller number of unemployment insurance beneficiaries. Although the Government included the goals of facilitating and expanding access to unemployment benefits in the August Action Plan, this is still restricted to worker's with a history of social insurance contributions.

The social dimension of the COVID-19 crisis has reiterated the importance of a social protection floor.[52] Medium- and longer-term solutions require the identification of priority areas and the design of costed policy options for effective and sustainable social protection programmes.[53] The Programme of Labour and Social Protection Development for 2020-23 provide a window of opportunity to revise social protection measures

[50] ILO, *Social Protection Reponses to the COVID-19 Crisis: Country Responses and Policy Considerations*, 2020.

[51] ILO, *Social Protection Assessment-Based National Dialogue: Towards Nationally Defined Social Protection Floor in the Kyrgyz Republic.*

[52] See also ILO, *Social Protection Assessment-Based National Dialogue: Towards Nationally Defined Social Protection Floor in the Kyrgyz Republic.*

[53] ILO, "Social Protection Responses to COVID crisis: webinar in Kyrgyzstan", 29 April 2020.

that address unmet needs of some of the most vulnerable groups, including informal workers, youth, women and migrants.

With roughly 1.7 million workers in informal employment pre-crisis, ensuring access to social protection and promoting formalization are paramount to an inclusive recovery process. There is a strong economic case for re-designing social protection programmes: the inclusion of informal workers could smooth consumption and boost demand, supporting the local economy. In addition, although the National Development Strategy 2018-40 identifies the need for a set of measures to support formalization, the Development Program of the Kyrgyz Republic for the period 2018-2022 does not include mechanisms for formalization.[54] Receiving government support could, for instance, be conditional on formal employment relationships and compliance with labour standards.

Active labour market policies must be at the center of a comprehensive labour market response and recovery strategy. They can help mitigate potential scarring effects from unemployment, reduce discouragement and contribute to greater productivity and incomes. Combined, income and employment support can not only improve long-term employment prospects for those whose jobs and income are negatively affected by the crisis, but also contribute to the reactivation of the 1.5 million persons of prime working age who were outside of the labour force at the onset of the crisis.[55]

Income support measures need not be restricted to cash transfers and unemployment benefits, but could also include wage subsidies and direct job creation through public works programmes. Wage subsidies can facilitate labour market entry and attachment by reducing the cost of recruitment, retention and training.[56] Cash-for-work programmes could provide an opportunity to address infrastructure needs with long-term impacts in facilitating structural transformation and improving competitiveness, supporting Kyrgyzstan's recovery and development.

As the economy recovers, many workers will need skilling and reskilling to respond to shifts in demand across occupations and industries. Existing programmes, including vocational guidance, job search assistance, training and public works, could be expanded to facilitate workers' reallocation and support the unemployed and the inactive.

Cross-cutting priorities

Both reactivation and recovery measures require a strong occupational safety and health component. Occupational safety and health needs to be prioritized for workers' safety and to prevent future escalation of cases and further restrictions in economic activity. This includes regulations as well as health-related training and education. Institutional and budgetary allocations for such measures will be required of all actors in the labour market.[57]

One of the main outcomes from the current analysis is that the crisis will have uneven impacts. To specifically support vulnerable populations – such as youth, women and migrants – it is important to consider the effects of wider labour market and economic recovery measures on these groups, and complement these policies with targeted interventions. For example, for women it is critical to consider their household and care burden and the need to balance household and market work.[58] Youth who are transitioning from school-to-work at the time of the crisis face unique challenges in accessing employment and maintaining labour market attachment.[59] For return migrants, it will be critical to facilitate reintegration, including skills recognition and development, job creation, and social protection.

Investing in labour market information systems is critical to understand the impacts of the crisis on the labour market, including its differentiated impacts across the population. Rapid surveys, administrative data and high-frequency data analysis, disaggregated by sex- and age, can complement labour force survey data for needs identification, policy targeting, monitoring and evaluation.[60] In the medium- and long-term, monitoring traditionally vulnerable groups and preventing the emergency of new vulnerabilities necessitates a revision of statistical instruments to include new and flexible forms of work – such as telework and gig work – which are expected to remain a permanent feature of the post-pandemic world.[61]

Cooperation across governmental institutions at various levels as well as the involvement of workers' and employers' organizations is paramount in all stages of crisis response. Meaningful social dialogue helps secure stakeholders' ownership of the crisis response and recovery, and supports priority setting and policy design to maximize efficiency and resource allocation.

[54] ILO, *The Future of Work in the Kyrgyz Republic.*

[55] ILO, *Delivering Income and Employment Support in Times of COVID-19: Integrating Cash Transfers with Active Labour Market Policies*, 2020.

[56] ILO and ADB.

[57] ILO, *Employment Situation in Latin America and the Caribbean, Work in Times of Pandemic: The Challenges of the Coronavirus Disease (COVID-19)*, 2020.

[58] ILO, *A Gender-Responsive Employment Recovery: Building Back Fairer.*

[59] ILO, *ILO Monitor: COVID-19 and the world of work, 4th edition – Updated estimates and analysis.*

[60] ILO and ADB.

[61] ILO, *The Future of Work in the Kyrgyz Republic; ILO, COVID-19: Guidance For Labour Statistics Data Collection*, 2020.

Annex

Table 3. Summary of policy response measures

Policy pillar	Policy measure
Stimulating the economy and employment	Health sector contingency plan. Fiscal policies such tax and rent relief and exemptions, including for SMEs. Mobilization of foreign aid. Subsidized credit lines and simplified access to credit. Changes to public procurement processes. Temporary price controls on essential food items Negotiations with trade partners for freight transport. Financial mechanisms to support exports. Measures to manage inflation and the exchange rate.
Supporting enterprises, jobs and incomes	Food distribution to low-income families. Prohibition of the dismissal of workers and employees (except for good reasons). Simplification of procedures for unemployment benefit payments. Financial support to families with children under 16 years of age. Automatic extension of the standard one-year enrollment term for beneficiaries of poverty-targeted cash transfer which term was due to finish during the quarantine period. One-time loans to low-income families for business or farm development in support of self-employment. Assistance to business continuity such as restrictions to on-site inspections.
Protecting workers in the workplace	Request that work arrangements be adapted. Managers and heads of medical organizations should be under 65.

Note: Summary of main areas of policy action as of 13 August 2020. Some of these policies have been enacted, while others remain in the planning stage.

Source: Summary of policy packages from ILO, "Country Policy Responses", accessed 9 October 2020; IMF, *Kyrgyz Republic: Request for Purchase under Rapid Financing Instrument and Disbursement Under Rapid Credit Facility*, Country Report No. 20/158, May 2020; ADB and UNDP, *COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response*; Government of the Kyrgyz Republic, *Action Plan of the Government of the Kyrgyz Republic for 2020 to Ensure Social Stability, Sustainability of the Economy and Maintenance of the Population's Incomes*, 13 August 2020.