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The Assessment of Social Assistance Scheme in the Kyrgyz Republic: its importance in relation to employment and poverty alleviation

**Shyam Upadhyaya
Mariko Ouchi**

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Foreword

Following the breakdown of the former Soviet Union and the market-oriented changes, the CIS countries have experienced difficulties in coping with the various socio-economic challenges including increase of unemployment and expansion of informal economy. The transition to a market economy dramatically changed the scope and the character of the informal economy in CIS. Economic transition in these countries was accompanied by ethnic and national conflicts which further worsened the living standards of the population, not only in monetary terms, but also in terms of opportunities, access to decent employment, education, health service etc. The informal sector has become an independent segment of the labour market, absorbing an increasingly large proportion of the labour force.

These socio-economic changes have directly affected the operation of unemployment insurance and other social security schemes in many CIS countries. In the absence of a comprehensive social security framework, social assistance together with a pension scheme is considered to be one of the most reliable social safety nets to the poor in most of the CIS countries. While social assistance still serves as an effective complement to the passive labour market policies, technical assistance on formulating an unemployment insurance scheme and active labour market policies for employment promotion has been strongly sought in the CIS region, including Kyrgyzstan.

Based on this situation, the International Labour Organization – Subregional Office for Eastern Europe and Central Asia (ILO SRO Moscow) provided assistance for the Government of the Kyrgyz Republic in developing the National Employment Programme (NEP) of the Kyrgyz Republic. This publication, which was drafted by Mr. Shyam Upadhyaya, external collaborator of ILO SRO Moscow and Ms. Mariko Ouchi, Employment and Social Protection Specialist of ILO SRO Moscow, is one of a series prepared as a background for the NEP in the framework of technical cooperation projects supervised by Martina Lubyova, Senior Employment Specialist of ILO SRO Moscow, implemented in co-operation with the ILO and Department of International Development (DFID), UK.

Werner Konrad Blenk
Director, ILO Subregional Office for
Eastern Europe and Central Asia

Contents

Preface	iii
Introduction	1
Chapter 1	
Targeted Social Assistance Scheme in the Kyrgyz Republic	3
1.1. Arrangements for introducing Targeted Social Assistance (TSA)	3
1.2. Features of Target Social Assistance scheme in the Kyrgyz Republic	5
1.3. The amount of TSA in comparison with the other social payments	7
1.4. Cross-regional comparisons of the TSA scheme in the Kyrgyz Republic	9
1.5. Effect of TSA on the labour market situation and unemployment	11
1.6. Selected recipient groups of TSA	12
Chapter 2	
Aggregate Income of Household	15
2.1. Household and family	15
2.2. Income sources	18
2.3. Income taxes and fees	23
Chapter 3	
Levels of Poverty Measures and TSA	25
3.1. Subsistence minimum and the poverty line	25
3.2. Food basket and extreme poverty line (EPL)	27
3.3. Guaranteed minimum level of consumption (GMLC)	28
3.4. Reorganising TSA scheme	29
3.5. Estimated cost of raising GMLC to EPL	31
Chapter 4	
Employment and Social Security	33
4.1. Employment and poverty	33
4.2. Social mobilisation and employment	35
4.3. Social passport scheme	36
Conclusions	39
References	41
Annex: Listing of households	43

Currency Equivalents

(as of 01.06.2006)

Currency Unit: Som

USD 1 = 40.47 Som

Abbreviations

CIS	–	Commonwealth of Independent States
DFID	–	Department of International Development
EPL	–	Extreme Poverty Line
FAO	–	Food and Agriculture Organization
GDP	–	Gross Domestic Product
GMLC	–	Guaranteed Minimum Level of Consumption
HBS	–	Household Budget Survey
ILO	–	International Labour Office
LFS	–	Labour Force Survey
LPK	–	Личное подсобное хозяйство
MCB	–	Minimum Consumer Basket
MLSP-KR	–	Ministry of Labour and Social Protection in the Kyrgyz Republic
NCS-KR	–	National Committee of Statistics in the Kyrgyz Republic
NEP	–	National Employment Programme
SRO	–	Subregional Office for Eastern Europe and Central Asia
TSA	–	Targeted Social Assistance
UN	–	The United Nations
UNDP	–	United Nations Development Programme
WHO	–	World Health Organization

Introduction

The Kyrgyz Republic provides different kinds of assistance to low-income families and social groups according to the Law of State allowances. The state allowances comprise two main types: Social Allowances and Single Monthly Allowances (Единое Ежемесячное Пособие) which is described as Targeted Social Assistance (TSA) in this report.¹ TSA is the only target-based social assistance in Kyrgyzstan at the moment. The social allowances are provided to specific categories of people such as mothers of many children, orphans and disabled children, HIV infected children and disabled of different groups. TSA is given to all disabled family members as well as children from low-income families who live below the Guaranteed Minimum Level of Consumption (GMLC). TSA is calculated based on the difference between GMLC and the average per capita aggregate family income (the lower the family income, the higher the amount of benefit and vice versa).

Implementation of TSA is associated with conceptual problems related to household definition, aggregate income and its monitoring under the social passport scheme. This paper has been prepared based on the information gathered from various government departments at the Ministry of Labour and Social Protection (MLSP-KR) as well as the field offices in Bishkek and Issyk-Atinsky district under MLSP-KR.

The authors would like to express their gratitude to Ms. Gulmira Okoeva, official of the Ministry of Labour and Social Protection in the Kyrgyz Republic, for providing various data and many useful suggestions reflected in this report. The authors also appreciated the assistance of Ms. Pauline Barrett-Reid, Deputy Director of the Social Protection Department, ILO Headquarters and Ms. Martina Lubyova, Senior Employment Specialist of the ILO SRO Moscow, who provided valuable comments and made significant contributions to this paper.²

¹ In Kyrgyzstan, EEP, the abbreviated form of *Единое Ежемесячное Пособие* for explaining Single Monthly Allowances, is more commonly used instead of “Targeted Social Assistance (TSA)”. However, since the term “TSA” is more internationally used and EEP is *de facto* the targeted social assistance, the term “TSA” is uniformly used in this paper.

² Also, the authors appreciate the National Commission of Statistics in the Kyrgyz Republic, local social protection offices in Bishkek and Issyk-Atinsky district for providing statistical data and some explanations of TSA scheme.

Chapter 1

Targeted Social Assistance Scheme in the Kyrgyz Republic

When the Kyrgyz Republic became independent from the Soviet Union, more than one-third of Kyrgyz population had a monthly per capita income below the value of the Minimum Consumer Basket (MCB).³ The level of poverty continued to deteriorate after independence. By the mid-1990s, over 50 percent of the population fell below the poverty line due to the decline of industrial outputs and severe national budget constraints. Under the past social protection system, state allowances were considered as the basic means of public support towards the disabled people.⁴ During the period of transition, social benefits and allowances were distributed on category-based principles, not by target-based principles.

Thus, the social protection system in Kyrgyzstan needs to be reformed in order to cover and protect the extremely poor category of the population. The introduction of a more targeted and focused methodology for distributing state allowances is considered to be one of the key factors for achieving this aim.

1.1. Arrangements for introducing Targeted Social Assistance (TSA)

Reform of the social protection system started in 1995. New laws and legislations on social protection were adopted in 1998 after a series of pilot tests of the new methodology of social assistance schemes:

- The Law of Kyrgyzstan "On State Allowances in the Republic of Kyrgyzstan" (became effective in May of 1998);
- "Provision of the procedure for determining the aggregate income of individuals and families for providing single monthly allowance to low-income families and individuals";
- Kyrgyz Government Resolution No. 231 dated April 29, 1998 "On Approving a Guaranteed Minimum Level of Consumption".

These three legal acts made the existing social supports more targeted. In developed countries, the amount of social allowance is normally set at the level of the MCB or beyond but so far it has not been possible to implement this approach in Kyrgyzstan due to budget constraints. Therefore, the government decided to introduce another standard called "Guaranteed Minimum Level of Consumption (GMLC)" in 1998 for social allowances to support low-income and disabled or 'incapacity to work' individuals.

³ In Kyrgyzstan, the term "Minimum Consumer Budget" is also used instead of "Minimum Consumer Basket". Both mean the same.

⁴ Following categories of people are also included as the recipient group of social allowance: permanently/temporary incapable to work due to sickness and/or work injuries.

The Kyrgyz Government approves the amount of GMLC on the basis of the available budget and economic situation of the country annually. Thus, the amount of GMLC is largely influenced by factors such as budget constraints, although GMLC is intended to define the necessary level of consumption to low-income families and disabled individuals. GMLC is calculated based on the following formula:

$$GMLC = \frac{F + 12 \text{ (months)} K_{tsa} \times D}{(K_{tsa} + k K_{sa}) \times 12 \text{ (months)}}$$

- F – Earmarked budget
 Ktsa – Estimated recipients of Targeted Social Assistance
 Ksa – Estimated recipients of social allowances
 D – Average monthly income of a TSA recipient
 k – Adjustment coefficient

In 1998, GMLC was set at 100 som (12 percent of MCB) and since then it has been raised three times over the last eight years – up to 120 som (9.1 percent of MCB) in April 2001; 140 som (10.2 percent of MCB) in April 2002 and 175 som (9.53 percent of MCB) from the 1st of January 2006. Social allowance is based on the State Law "On Public Benefits in the Kyrgyz Republic" and the amount of social allowance solely depends on the amount of GMLC.

In order to conduct effective measurements to alleviate poverty, the Kyrgyz government introduced the special information format called "Social Passport". Social Passport is a special questionnaire for low-income households, which covers the composition of the family, income level, living conditions, existing assets, etc. The questionnaire is filled in by each low-income household, whose average income per capita is below MCB. Details of functions and problems related to the present Social Passport format are further touched upon in Chapter Two.

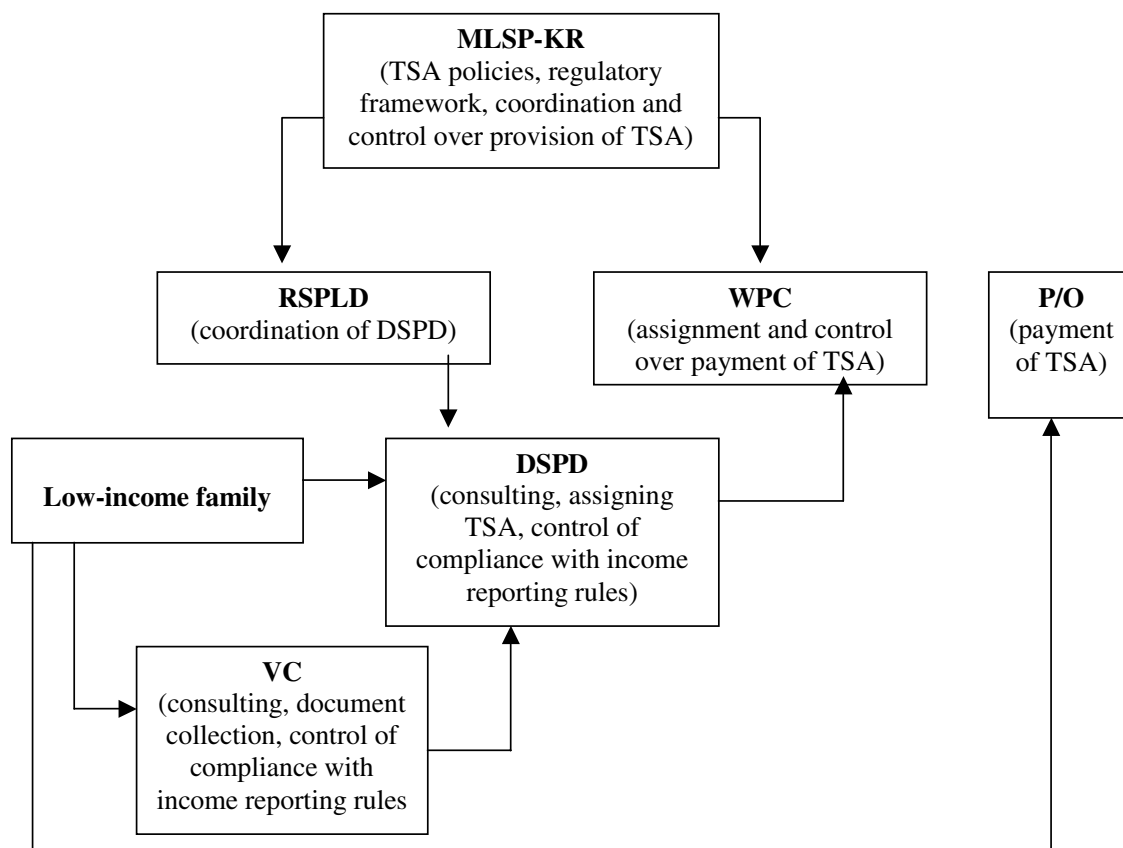
For the moment the social passports database software has been developed and tested at the MLSP-KR level. For implementing this programme in the field, it is necessary to have computers at each village council (ayil-okmotu) and social protection service departments, to provide training to the specialists and to continue work on database creation. Training on familiarization of the TSA regulatory framework is needed for social workers in order to avoid any misunderstanding of legislations. Such training is constantly needed as not many social workers stay at work in the long term mainly due to low salary scale.⁵

⁵ The following training has so far been conducted to the social workers: (1) The World Bank conducted general education of social workers in 1997, when TSA scheme was introduced; (2) UNDP supported to conduct training for social workers of village council (ayil-okmotu) in 2001.

1.2. Features of Target Social Assistance scheme in the Kyrgyz Republic

Assignment and payment of TSA are centralised. The TSA structure is illustrated below:

Figure 1.1: Structure of TSA payment



MLSP-KR – Ministry of Labour and Social Protection in the Kyrgyz Republic

RSPLD – Regional Social Protection and Labour Departments

WPC – Social Payment Centre

DSPD – District Social Protection Departments

P/O – Post Office

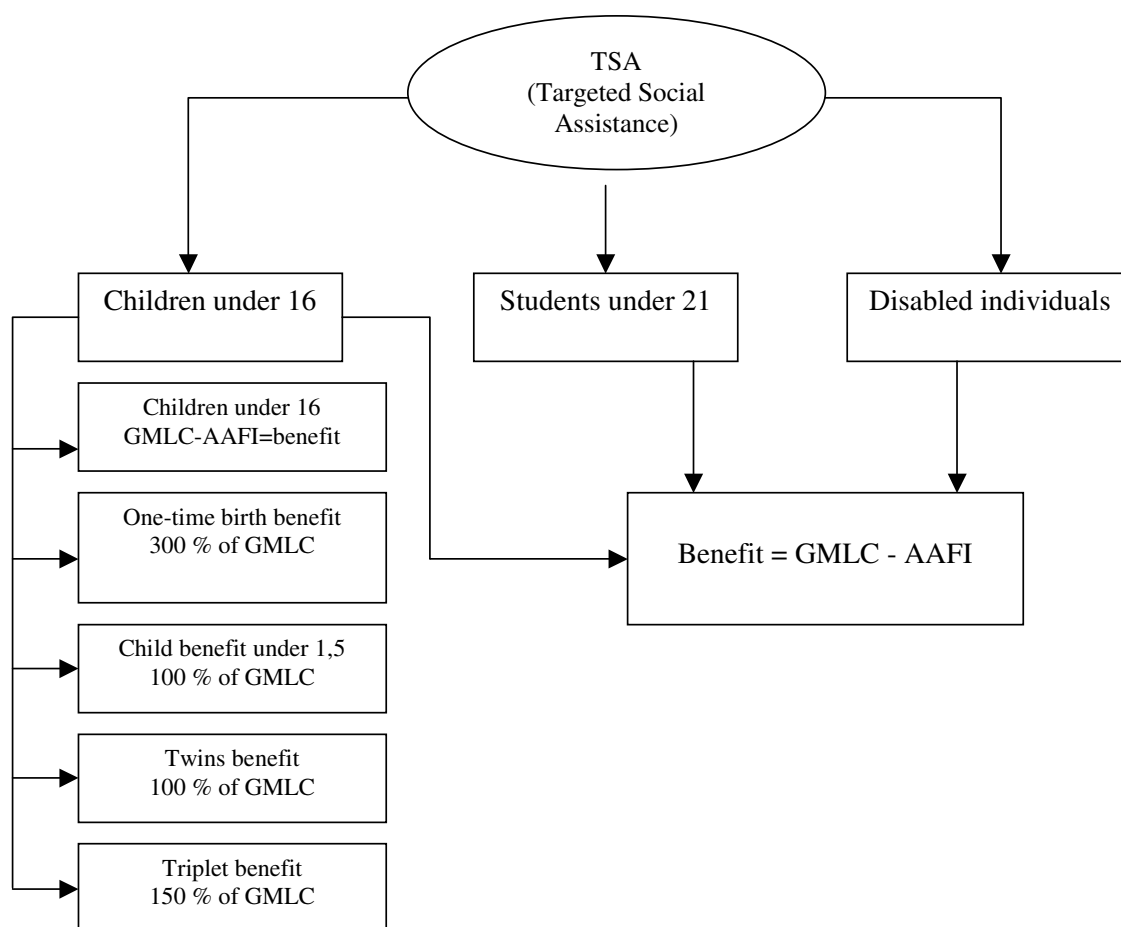
VC – Village Council

In order to be eligible for TSA, families should meet the following main criteria:

- Average per capita aggregate family income (monthly income per family member) below GMLC;
- Employable family members to be employed or registered with public employment agencies.

The Figure 1.2 further explains the categories of individuals eligible for TSA.

Figure 1.2: Categories of individuals eligible for receiving TSA



AAFI - Average Aggregate per capita Family Income

Since GMLC was introduced, the amount of TSA has been delinked from the amount of the minimum wage, which has remained the same for seven years. The provision of TSA could certainly be based on MCB or the poverty line, which were 1,725.93 som and 757.5 som respectively in 2004. Therefore, at the moment GMLC is as the most viable option in the country and is used as a social standard for TSA provision.

Together with GMLC, the total sum of family income serves as the base of TSA provision. A family income is calculated on the basis of income statements to be provided by TSA applicants themselves. This methodology allows us to:

- Identify those who most need social assistance;
- Exclude better-off families from the number of recipients;
- Ensure allocation of funds to those families that really need assistance.

With the purpose of checking the reliability of the statements provided for eligibility to TSA, experts on benefits visit homes, enterprises and organisations.

Each village council (ayil-okmotu) across the country will have a chief social protection specialist. Individuals may apply directly to the village council (ayil-okmotu) at their residence where chief specialists will provide necessary consultations and assistance in collecting the required

documents. These documents are then forwarded to the district social protection department for the allowance to be provided. This mechanism is very convenient, especially for the poor who are sometimes unable to meet the costs of travel to the district centre.

Meanwhile, the Kyrgyz TSA model is facing the following specific problems:

- (1) Unclear definition based on "family" concept instead of household concept;
- (2) Inconsistency of several existing poverty measurements (Minimum Consumer Basket, Poverty Line, Guaranteed Minimum Level of Consumption) and its relation with TSA;
- (3) Underreporting of actual income (including false income statement) by TSA claimants;
- (4) Complicated reporting system to confirm the eligibility of TSA;
- (5) Lack of calculating method of income from agricultural activities

These issues will be further discussed and analysed in the following chapters.

1.3. The amount of TSA in comparison with the other social payments

Comparing the average amount of TSA to other social payments, the average TSA amount is much less than any other social transfer (refer Table 1.1). Here, it is necessary to mention that the average monthly wage in Kyrgyzstan shown in the official statistics does not reflect the actual amount of income mainly due to unrecorded income sources coming from informal economy activities. It is rational that the maximum amount of TSA should not be more than the average monthly wage, pension or unemployment benefit. However, based on the principle that the social assistance scheme is to support the poor who are below the minimum living standard, the minimum amount of TSA needs to be more than MCB. Using the same logic, the minimum amount of any social security benefit needs to be above MCB, if it is the solo income source, in order to guarantee a minimum standard of living.

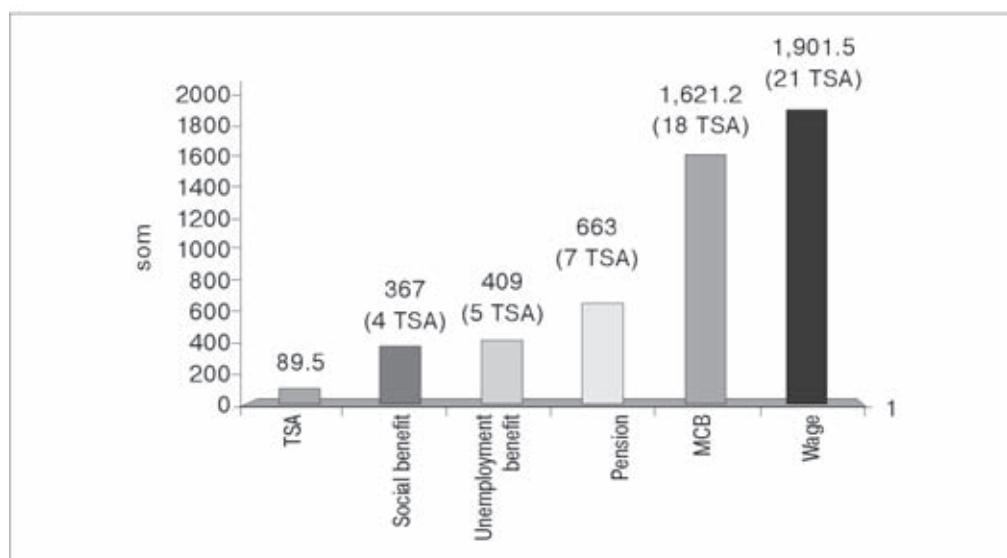
Table 1.1: Value of minimal consumer's basket and various benefits as % of MCB

	2001 (som)	2002 (som)	2003 (som)	2004 (som)
Minimum Consumer Basket	1,316.5	1,404.8	1,621.2	1,836.6
Average monthly wage (% of MCB)	1,455.1 (10.5 %)	1,684.4 (120 %)	1,901.5 (117.3 %)	2,240.3 (122.0%)
Average assigned pension (% of MCB)	558 (42.4 %)	560.9 (40 %)	663 (40.9 %)	668 (36.8%)
Average amount of TSA (% of MCB)	71.8 (5.5 %)	96.7 (6.9 %)	89.5 (5.5 %)	88.9 (4.8%)
Average unemployment benefit (% of MCB)	375 (28.5 %)	403,5 (28.7 %)	409 (25.2 %)	No data

Source: MLSP-KR

The continuous decline of the TSA amount as a percentage of MCB was seen since 2002 while the GMLC of 2004 remained the same as in 2002 (140 som). A comparative study shows that the amount of TSA payments is considerably less than that of other major social payments. For example, the average pension is 7.5 times, and the average wage 25 times, as much as TSA.

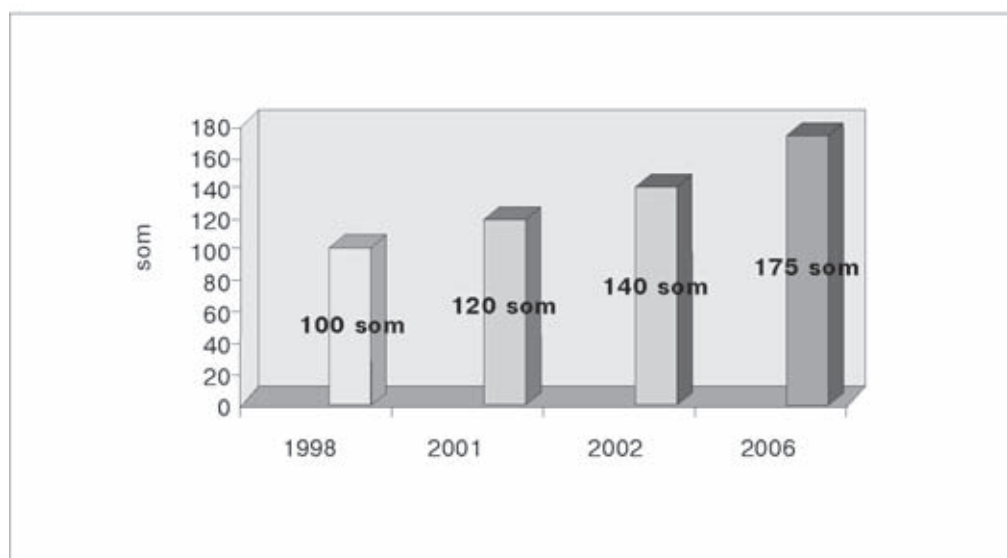
Figure 1.3: Ratio of main social payments to TSA, 2004



Source: MLSP-KR

Undoubtedly, the amount of TSA needs to be increased to guarantee the minimum living standard of the poor and for that, the current legislations on TSA defines that GMLC needs to be annually increased. From the 1st of January 2006 GMLC has been increased up to 175 som, increasing from 140 som in 2002.

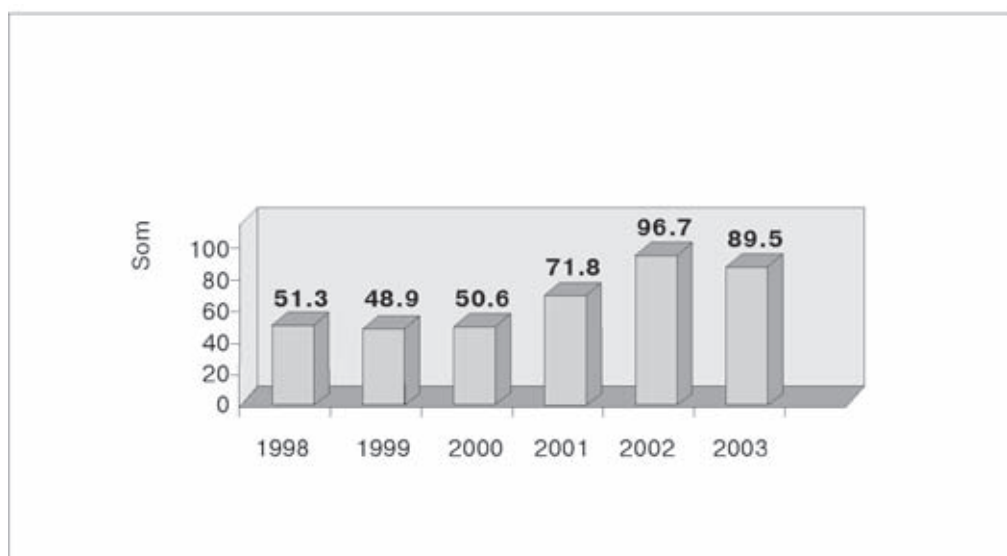
Figure 1.4: Increase of guaranteed minimum level of consumption amount



Source: MLSP-KR

Nevertheless, despite the fact that the level of TSA is considerably lower than that of other social payments, the average amount of TSA has increased substantially from 1998 to 2003 (refer to Figure 1.5). Based on Figures 1.4 and 1.5, the increase of the TSA amount is particularly noticeable in a year when GMLC increased (in years 2001 and 2002).

Figure 1.5: Increase of average Targeted Social Assistance



Source: MLSP-KR

1.4. Cross-Regional Comparisons of the TSA scheme in the Kyrgyz Republic

Many TSA recipients are families with many children. The average size of a family receiving TSA across the country is 5 while the average family size in Kyrgyzstan is 4.5. The size of families receiving TSA varies among the regions - the largest being Osh (city) with 6.5 and the smallest in Bishkek with 3.1 in 2004. The number of TSA recipients in a family also varies among regions, with the maximum in Batken (3.19) and the minimum in Bishkek (2.12). The average proportion of TSA eligible persons in the family is shown on a scale from 0 to 1 where 0 means nobody in the family depends on TSA and 1 means that all family members depend on TSA. This scale highlights several important facts. First, it is observed in all regions except Osh (city) that more than half of the family members become eligible for receiving TSA if the family fits the TSA recipient category. Second, the regions with a smaller average family size depending on TSA such as Issyk-Kul, Chui, Bishkek, actually have a higher ratio of family members depending on TSA scheme.

Table 1.2: Average family size and eligible number of receiving TSA, 2004

Region (Oblast):	Average family size depending on TSA (A)	Number of family members eligible for receiving TSA (B)	Average proportion of TSA eligible persons in the family (B)/(A)
Osh (city)	6.5	2.74	0.42
Talas	5.8	3.01	0.52
Osh	5.3	3.10	0.58
Batken	5.1	3.19	0.63
Jalalabad	4.9	3.06	0.62
Naryn	4.2	2.78	0.66
Issyk-Kul	3.9	3.10	0.79
Chui	3.7	2.92	0.79
Bishkek (city)	3.1	2.12	0.68
Kyrgyzstan (average)	5.0	3.04	0.61

Source: MLSP-KR and self- calculation by the authors

Table 1.3 explains the regional differences in the numbers of TSA recipients. The TSA amount varies among the regions due to differences in the level of economic development and income level of the poor individuals. The highest amount of TSA per capita is paid in Naryn Oblast because Naryn is a high mountain region where, according to the Law of State Allowance of the Kyrgyz Republic, specific regional coefficients apply for the calculation of TSA.

Table 1.3: Regional differences of TSA recipients and average per capita TSA, 2004

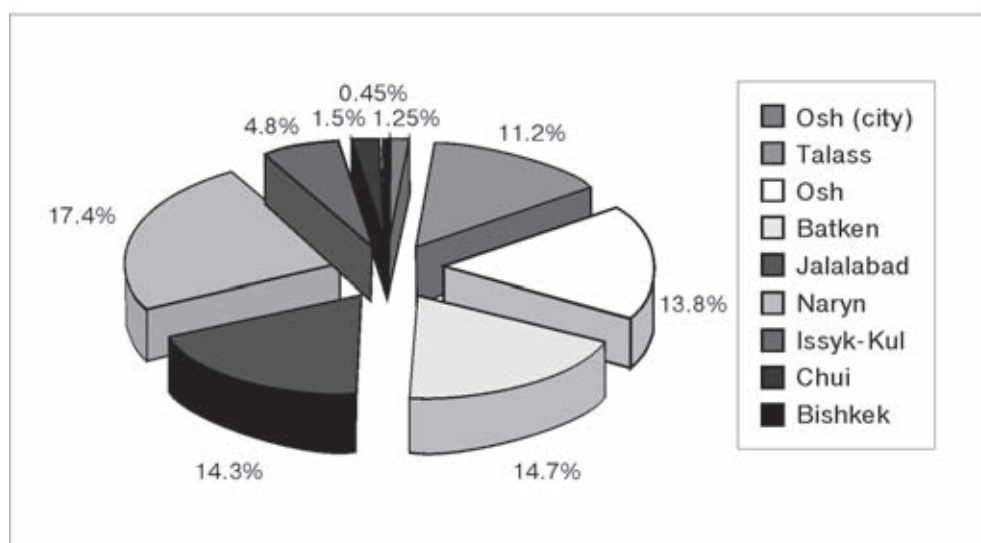
Region (Oblast):	Population (thousand)	TSA recipients (thousand)	% of TSA recipients to total population in region	Average per capita TSA (unit: som)
Osh (city)	252	3.7	1.47	76.0
Talas	211.2	25.4	12.0	88.1
Osh	1,016.9	152.7	15.0	89.9
Batken	406.7	60.8	15.0	97.2
Jalalabad	934.2	148.1	15.9	67.7
Naryn	263.7	45.9	17.4	141.3
Issyk-Kul	425.9	22.2	5.21	94.5
Chui	752.4	9.4	1.25	90.6
Bishkek (city)	802.5	3.6	0.45	86.1
Kyrgyzstan (total)	5,065.5	471.9	9.31	88.9

Source: MLSP-KR

* data as of January 1, 2004

The maximum number of TSA recipients is reported in Naryn Oblast where 17.4 percent of total population receives TSA. The lowest indicators are observed in Bishkek (city) and Chui region where TSA recipients account for 0.45 percent and 1.25 percent, respectively. Table 1.4 explains clearly the low dependency on the TSA scheme in city areas (in Osh and Bishkek) and Chui region (where Bishkek is located) and a significantly higher dependency on TSA in central (Naryn) and southern regions (Osh, Batken, Jalalabad). As Figure 1.6 shows, total shares of TSA recipients in the central region and all three southern regions are 17.4 and 42.8 percents respectively whereas the total percentage in Bishkek, Osh (city) and Chui region is merely 3.2 percent.

Figure 1.6: Regional Breakdown of TSA recipients by percentage



Source: MLSP-KR

The data related to TSA suggests that the Naryn region has the highest percentages of both TSA recipients to total population in the region and TSA amount per capita and thus it is possible to say that the highest incidence of poverty in relation to TSA is observed in Naryn region in Kyrgyzstan. In northern part such as the Bishkek and Chui regions, the combination of remarkably low percentage of TSA recipients, amounts of TSA per capita close to the national average and very high TSA dependency ratio of individuals in families are observed. Therefore, based on TSA data, the highest discrepancy of rich and poor is observed in these Bishkek and Chui regions.

Table 1.4 shows the provision of budget required for the TSA scheme in each region in 2004. The budget required for TSA differs from region to region due to the different number of TSA recipients and different amounts required by each TSA recipient. Although the total amount of the budget required for TSA is rather high in Osh and Jalalabad regions, the proportion of the TSA budget to the total population is significantly higher in Naryn region (0.33) than any other regions (from 0.007 in Bishkek to 0.17 in Batken region with the national average of 0.10). Again it explains the high dependency on the TSA scheme and the significant incidence of poverty observed in Naryn region.

Table 1.4: TSA financing – budget required for TSA scheme in each region, 2004

Region (Oblast):	Budget required for provision of TSA (unit: million som)
Osh (city)	4.8
Talas	30.3
Osh	148.6
Batken	70.0
Jalalabad	123.3
Naryn	88.2
Issyk-Kul	25.7
Chui	9.3
Bishkek (city)	3.7
Kyrgyzstan (total)	503.9

Source: MLSP-KR

Total TSA expenditure in Kyrgyz Republic has grown from 371.3 million som in 2001 to 516.8 million som in 2002 and 567.8 million som in 2003 while TSA expenditure as a percentage of GDP has been changing only extremely minor extent – from 0.50%, 0.69% and 0.68% in the three years from 2001 to 2003. In 2004, TSA expenditure as a percentage of GDP decreased further to 0.54 percent.

1.5. Effect of TSA on the labour market situation and unemployment

Many unemployed register with employment agencies exclusively in order to receive TSA. Whatever the purpose is, official registration of the unemployed as a consequence provides a better picture of the unemployment situation in the country. Unemployed individuals registered with public employment agencies have better opportunities for getting new jobs and access to the labour market than those who do not register: attending vocational training/retraining courses, receiving advice and financial support (such as micro-credit) to set up their own business, engaging in public works, finding employment in rural areas by supporting community initiatives and receiving unemployment benefits if all conditions are met.

TSA recipients are the worst-off population group unable to start their own business by themselves, even if they wish to, due to an extremely low income. Some TSA recipients would want to but cannot receive a micro-credit due to lack of collateral. Thus, the poorest population will need not only passive but also active measures of support. The study shows that the vast majority of TSA recipients demonstrate reliance on TSA as their solo income source. Therefore, incentives are needed to discourage low-income families from continuous reliance on TSA. One of the ideas suggested was to make optional lump sum TSA payments to eligible families as start-up capital to be invested into business or agricultural activities.

For this purpose, in the year 2002 a pilot exercise to make annual lump sum TSA payments has started. The main purpose of this exercise was to support the initiatives of developing entrepreneurial self-employment by low-income families in order to get out of poverty. In 2002, 25 families received a lump sum TSA payment under this pilot exercise. In 2003 its scope was expanded to cover 250 families, in 2004 - 618 families and in 2005 - over 9000 families. Low-income families would invest the received funds into agricultural and business activities to increase their income by self-employment and leave the category of TSA recipients.

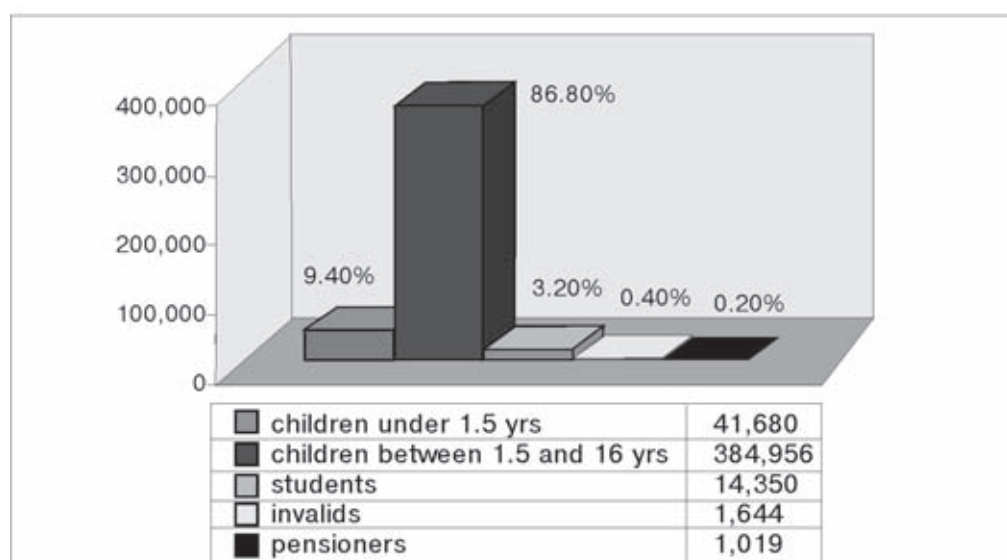
According to the preliminary analysis, the following figures related to lump sum TSA payment scheme was provided in 2005: out of 9,308 families, which received annual lump sum TSA payment, 6,758 families or 72.6 percent invested the money into livestock enterprises, 1,546 families or 16.6 percent – into agricultural activities, 230 families or 2.5 percent – into garment manufacture, 774 families or 8.3 percent – into the haggling business. Business results show that garment manufacture and haggling businesses turned out to be profitable fields.

Despite this, an annual lump sum TSA payment is not sufficient for the majority of families to improve their circumstances within one year. According to MLSP-KR, the ratio of those discontinued to receive TSA in the following year was approximately 10 percent in 2005. Based on the result of this pilot exercise, MLSP-KR is considering amending the Law of State Allowance of the Republic of Kyrgyzstan, stipulating an annual lump sum TSA payment in order to promote self-employment for the family.

1.6. Selected recipient groups of TSA

According to the data provided by MLSP-KR, more than 95 percent of all TSA recipients are children under 16. Students account for only 3 percent and invalids and pensioners for 0.3 and 0.2 percents, respectively. This low ratio of invalids and pensioners receiving TSA is due to the fact that pensions and other social benefits, which these categories receive, would supplement the function of TSA.

Figure 1.7: Categories of TSA recipients, 2004



Source: MLSP-KR

In 2004, there were nearly 155 thousand families or nearly 472 thousand individuals receiving TSA in the country. Breakdown by social categories is as follows: children under 16 – 455.5 thousand, students – 14.1 thousand, invalids unable to work – 1.6 thousand, and unemployed pensioners – 1.0 thousand.

Table 1.5 presents the regional breakdown of TSA recipients by social categories in 2004. Though there are some regional differences observed in terms of the number of TSA recipients and average monthly per capita TSA, children under 16 remain as main recipients of TSA in whole regions in Kyrgyzstan with the highest in Jalalabad (98.2 percent) and the lowest in Osh – city (90.7 percent).

Table 1.5: Regional breakdown of TSA recipients by social categories, 2004

Region	Families	Recipients under 16	of whom:				Average monthly amount (thousand som)	Expended monthly
			Children	Students	Invalids	Pensioners per capita TSA		
Bishkek (city)	1,719	3,642	3,334	126	179	3	86.1	313.4
Chui	3,234	9,429	8,973	253	139	64	90.6	854.7
Talass	8,439	25,429	24,699	677	21	32	88.1	2,239.1
Naryn	16,544	45,919	44,341	1,278	237	63	141.3	6,487.6
Issyk-Kul	7,170	22,207	21,134	943	119	11	94.5	2,098.4
Osh	49,225	152,659	146,530	5,378	244	507	89.9	13,729.7
Osh (city)	1,364	3,739	3,394	254	91	–	76.0	284.3
Batken	19,058	60,820	57,568	2,883	329	40	97.2	5,909.3
Jalalabad	48,402	148,141	145,476	2,326	153	186	67.7	10,031.8
Kyrgyzstan (total)	155,155	471,985	455,449	14,118	1,512	906	88.9	41,948.3

Source: MLSP-KR

Chapter 2

Aggregate Income of Household

The basic criterion for the provision of state allowances in Kyrgyzstan is the per-capita income of the family members. For this purpose, a guaranteed minimal level of consumption (GMLC) is fixed. According to the Law of State Allowance of the Kyrgyz Republic (hereinafter - the Law), low-income families are those with per-capita monthly income less than GMLC. The following issues of methodological importance are involved in this provision:

- Definition of a family and a household
- Calculation of the aggregate income
- Basis of GMLC

Clarity of these issues is required for better implementation of the state allowances and to make it an efficient instrument of the social security. In the following paragraphs these terms are discussed in terms of internationally and nationally accepted statistical standards.

2.1. Household and family

There are some inconsistencies in official statistics due to the use of different concepts in the household surveys conducted by the National Committee of Statistics in the Kyrgyz Republic (NCS-KR) and social passports implemented by the MLSP-KR. Both the Law and the Provision "On procedures of determining the aggregate income of individuals and families for providing the single monthly allowances to low-income families and individuals"(hereinafter – the Provision) do not precisely define the family but imply that the family is a group of relatives. In the Soviet era, a family was a common unit used in the statistical inquiries and social security schemes. However, in the recent years, demographic and income and expenditure surveys in Kyrgyzstan use the household as a statistical unit. The standard UN definition states that: "The family within the household is defined as those members of the household who are related, to a specific degree, through blood, adoption or marriage⁶".

A standard definition of the household accepted internationally is that: *The household is defined as a small group of people, who live together, pool some or all of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food.* The household may comprise of one or more persons.

1. A one-person household consists of a person who makes provision for his or her own food or other essentials for living without combining with any other person to form part of a multi-person household; or
2. A household that consists of two or more persons living together who make common provision for food or other essentials for living. The persons in the group may pool their incomes and may, to greater or lesser extent, have a common budget. They may be related or unrelated or constitute a combination of persons both related and unrelated.

⁶ The United Nations: Principles and recommendations for population and housing censuses, Series M, No.67/Rev-1, NY 1997

A household includes all members, who usually live together. The period of usual residence may vary, but most commonly a minimum duration of 6 months is used as a criterion of usual residence. It implies that those who are absent temporarily are included in household, such as:

- persons on travel and vacation;
- patients in hospital for short-term treatment;
- students living away for study in school, college or university;
- persons away for a seasonal job for a period of less than 6 months

On the other hand, the household does not include persons living together temporarily as a guest, a paying guest, a paid employee or a servant, who may share the food and accommodation with household members. Individuals living away for longer period are not included, such as:

- persons living away from home for a job for more than 6 months;
- persons on military service;
- members of religious orders living in monasteries, convents or similar institutions;
- long-term patients including those in mental hospitals;
- prisoners serving long sentences;
- old and disabled persons living permanently in retirement homes and other designated facilities

The above definitions of household require that an appropriate distinction be made from the institutionalised population. Statistical surveys conducted for measurement of household income and expenditure cover the civilian, non-institutionalised population. The household as a statistical unit includes only persons considered as permanent residents. It includes persons temporarily away from home such as those on vacation, in hospital for short-term treatment and students living away in school, college or university during the academic year. However, the household does not include members of religious orders living in monasteries, convents or similar institutions, long-term patients in hospitals, including mental hospitals and others who are absent for longer periods.

While determining the composition of household for the purpose of social assistance, it is necessary to note that each member should have some claim upon the collective resources of the household. For example, a paid employee (particularly a non-family member) engaged at a small private/family business, a servant or a paying guest would share food and accommodation. However, it does not make such individuals a member of the household. Generally, such people neither pool all their income together with the others nor have a common budget and such persons have no claim on the share of the collective resources of households.

A family can be taken as an income unit for implementation of certain social policy such as social assistance. However, in Kyrgyzstan the current practice of providing social assistance has several provisions that exclude also the legitimate members of the family. Here we take the example of the TSA scheme in Kyrgyzstan.

Ideally, the amount of this allowance, if targeted to whole low-income family, would have been equal to:

$$TSA = (GMLC \times \text{number of persons in the family}) - \text{Total income of the family}$$

However, it is not the case in Kyrgyzstan for several reasons. First, the provision of TSA requires that all members of the family must be registered in a single dwelling unit. Actually, the dwelling

unit concept is closer to household rather than to family. However, a person registered in the same dwelling unit, but living away from the family is still included as a family member, such as a person at military service. More interestingly, the same individual whose income is included as a part of the aggregate family income is not qualified to be the recipient of TSA. The actual amount of TSA according to current provision equals to:

$$TSA = \left[GMLC - \frac{\text{Aggregate income of a family}}{\text{Total number of persons in a family}} \right] \times \text{Number of eligible persons in a family}$$

In the above relation, not all the members who are included in the income side are included in the recipient side. TSA is granted only to children, students, pensioners and disables. In other words, nobody in the working age, except these 4 categories is given TSA irrespective of his/her relation to the family. Therefore, the rule of association whether in family or in household has importance only to compute the aggregate income. In such a case, it would be more appropriate to use the concept of household, as it is the group of people, as mentioned above who pool some or all of their income and share common finances at least for meals. In this case, TSA would have been equal to:

$$TSA = \left[GMLC - \frac{\text{Aggregate income of a household}}{\text{Number of household members}} \right] \times \text{Number of eligible persons in a household}$$

There are two more clear reasons to prefer the household concept to family. Firstly, the household, as mentioned above, is a wider concept than family. A complete list of all household members in the application form would have given better information to the authority responsible for TSA. Secondly, if the household concept is accepted, information collected from social passports could be compared to the results of the household survey conducted by NCS-KR. It requires some changes in the questionnaire form for social passports, especially in the last columns of the second table as shown below (Social Passport form used at present is attached as Annex 1).

Figure 2.1: Proposed change in the listing format of households for social passports

1	2	...	8	9	10
ID Number	Name	...	For how many months during the past year s(he) has been away from this household?	Is s(he) a household member?	Is s(he) eligible for EEP?
	Make a complete list of all persons who live in this household.		IF NONE, WRITE ZERO	YES...1 NO....2	>>NEXT PERSON. YES...1 NO....2
		...	Months	CODE	
		...		1 2	1 2
				1 2	1 2

Even if not all the members of households can get TSA, it is advisable to list all the persons first and allow a filter to get the required number of persons in the household. A correctly defined composition of households leads to the precise computation of aggregate income. If any member has been excluded from the list of TSA eligible persons, then his/her income cannot be regarded as part of the total household income. This is especially applicable to those members who are living away. For example, if a student is not included in the list of eligible members, then the stipend received cannot be part of the household income. Similarly, any member living away for a longer period for a job cannot be a member of the household, thus the income from the job is also excluded. However, if these persons are helping their relatives by sending a part of their

income, such amounts are to be included in the household income. In most of the cases such income is defined as the remittance.

There is a clear distinction between the TSA application form and the social passport. Unlike the TSA form, which is designed for administrative and financial procedures, the social passport scheme was meant to create a database of low-income population. Thus the social passport scheme must meet the basic statistical standards. Therefore, it is recommended to collect data on social passport on a household basis. The social passport has a large coverage of the low-income population. Only in 2004, information was gathered from more than half a million households. However, data collected from this scheme are not compatible with the results of the regular household surveys conducted from the NCS-KR, thus its value for analytical purpose is seriously limited. In Table 2.1, the number of families is presented from the social passport database and the number of households from the population census 1999.

Table 2.1: Coverage of families in social passport scheme by Oblasts, 2004

	Number of households (Census-99)	Number of families in social passports by poverty measures ⁷				
		Below the GMC line	Below the extreme poverty line	Below the poverty line	Above the poverty line	Total
Osh (city)	53,975	905	3,152	3,880	822	4,702
Talas	40,788	5,722	9,317	12,409	2,380	14,789
Osh	175,255	45,227	105,983	120,386	10,958	131,344
Batken	79,172	18,354	36,474	47,143	0	47,143
Jalalabad	172,572	34,110	56,571	74,275	5,337	79,612
Naryn	50,169	15,730	21,936	25,698	672	26,370
Issyk-kul	98,623	7,338	12,645	21,766	11,062	32,828
Chui	208,514	3,770	14,636	30,418	12,311	42,729
Bishkek (city)	230,648	1,719	5,603	22,686	6,573	29,259
Kyrgyzstan (total)	1,109,716	132,875	266,317	358,661	50,115	408,776

Source: The First National Population Census of the Kyrgyz Republic, 1999, NCS-KR; MLSP-KR

If the Social Passport used the same concept as an appropriate measure, such as the percentage of households below the extreme poverty level, the total could be selected for monitoring the poverty reduction.

2.2. Income sources

The difference in the concept of household and family also has an impact on the method of calculating the aggregate income. Apart from TSA, families with low-income status get different kinds of social assistance. Such status is awarded based on the aggregate income of the family. The aggregate income at the family level can be smaller than household income as more than one family can be derived from the same household. It should be noted that UN recommends the household as the most appropriate unit for income and expenditure analysis. On the income side, it is possible to find a smaller income unit within the household, but it is not practical to do the same on the expenditure side. Therefore, UN recommendations are made for household income and expenditure. The household is the most commonly used unit throughout the world for statistical inquiries related to income and expenditure. This is also true in the case of the

⁷ Detail description of these measures is given in the Chapter 3.

national statistical system of the Kyrgyz Republic. In this paragraph, we mainly discuss the household income sources and its aggregation, which is similar to those for a family.

The income of a household consists of the individual income of its members and the mixed income of the household as a whole. The most recent definition of household income is given in the Resolution of Seventeenth International Conference of Labour Statisticians, which states that: "Household income consists of all receipts in cash, in kind or in services that are received by the household or by individual members of the household at annual or more frequent intervals, but excludes windfall gains and other such irregular and typically one-time receipts"⁸.

The individual income of the household members comes from the wages and salaries and other types of remuneration received from employment. When one or more household members are engaged in any kind of economic activities on their own account they get mixed income, which combines the remuneration for time worked as well as the profit. The household members may also receive cash or other types of income from current transfers such as pensions, social assistance and allowances. The Provision provides a detailed list of different kinds of income. In line with the standard methods of income statistics, the household income can be divided into the following broad categories.

Income from employment

Income from employment covers the remuneration received from primary and secondary occupations in civil, military or security services or any other kinds of employment. It includes earnings from regular, temporary, part-time and seasonal work including public works arranged by the Labour bureau during the waiting period when a household member was unemployed. It also includes any compensation or terminal allowances received upon completion of the contract period of the previous job. Such income may be received in cash, or in kind as goods or services.

Remuneration from the job may include following types of payments:

- Wages and salaries; overtime, bonus etc
- Living and other allowances
- Saving from the travel allowances (on official purposes)
- Services in kind (medical care, accommodation)
- Goods in kind (clothing, food, other goods)

According to the household income and expenditure survey results, income from employment represented the highest share in the total income of households in Kyrgyzstan in 2002. Income from employment in the form of remuneration comprised almost two-thirds of the total income in urban areas. However, in rural areas, where households are mainly engaged in agricultural activities, self-employment generated more income as shown in Table 2.2.

⁸ ILO Geneva, Resolutions of International Conference of Labour Statisticians (ICLS), 2003

Table 2.2: Percentage distribution of household income by major sources, 2002

	Urban	Rural	Total
Income from employment	65.34	27.34	43.81
Income from self-employment ⁹	10.26	39.81	27.00
Property income	0.44	0.44	0.44
Social current transfers	9.05	9.97	9.57
Income not adequately classified	14.91	22.44	19.18
Total	100.00	100.00	100.00

Source: NCS -KR

Income from self-employment

Income from self-employment is received by household members for their involvement in different kinds of economic activities with the purpose of producing goods and services for their own consumption as well as for the market. The services produced by a household entirely for its own consumption cannot be counted as income. However, services produced for the market can be exchanged for cash or kind, which brings income to the household. Consumption of goods from own production is counted as part of the household income in kind. The household also gets income from the sale or exchange of products in the market. The income from the economic activities is not the same as output. The output is the value of goods and services produced during a certain period of time. The output combines cost of production and surplus. In the case of larger establishments or farms, the labour cost and the material cost are separated in the balance sheet. But in the economic activities carried out at the scale of a household, only material cost is deducted from the total value of output, assuming that the necessary labour input for this activity is provided solely by households. Thus the income from household economic activities becomes the mixed income that combines the surplus and return to labour.

The private farm activities in the rural part of Kyrgyzstan account for around 35 percent of the aggregate household income. Even among the low-income families observed under the social passport scheme, ownership of land for farming or gardening was found to be quite common. More than 80 percent of such land is used for production. Similarly, more than 75 percent of such families (excluding Bishkek) owned livestock. The household-run farm activities are called Личное подсобное хозяйство (LPK), which is a production unit within the household sector engaged in producing goods and services from agriculture and livestock related activities for own consumption as well as for market. LPK are directly owned and controlled by members of households and cannot be separated from households. Thus, they cannot be regarded as an independent legal entity. The land, machinery and other items of fixed and other assets belong to households, not to any farm or enterprise. Their owners are personally liable, without limit, for any debts or obligations incurred in the course of production. The surplus arising from the productive activities of LPK provides a major part of the household income in rural area.

In urban areas, where income from farm activities is not common, household economic activities are mostly related to manufacturing, trade and services. Such activities generate a little more than 10 percent of the total household income in 2002.

⁹ The publication of NSC-KR presents the mixed income from unincorporated enterprises run by households separately from the private farm activities. These two items are aggregated in this table following the ILO recommendations. For details, see Resolution of ICLS 2003.

In recent years, a significant part of household income comes from self-employment in the informal sector. However, it is difficult to measure the income coming from employment as well as self-employment in the informal sector. The definition of the informal sector is often vague, but it is normally understood that economic activities under the informal sector are those which are not recognised or protected under the national legal and regulatory framework¹⁰. The informal sector should be distinguished from illegal economic activities. Illegal economic activities are those which are forbidden by national law, for example growing opium or trafficking and selling drugs, money laundering etc. even though these activities are in principle economic activities. The informal sector carries out similar activities to the formal sector. There may be some internal arrangements and rules regulating the economic activities within the informal sector, however, for various reasons, these activities are not within the legal framework of the country. There is no formal contract between employers and employees that specifies the wage rate, working hours and leaves. Therefore, the informal sector often employs people at a wage rate lower than the minimum wage level.

However, the informal sector plays a significant role in the labour market and in generating income for households. It is very important to measure the income of household members from the work done in the informal economy. The household income from the informal economy cannot be measured in the present conditions of the implementation of the social passport scheme in Kyrgyzstan. As a result, local authorities collecting information on household income demand documents for any income generated by the household. According to the current regulation, the income without any documental proof is not recognised. The income from work in the informal sector cannot be proven, thus it remains hidden from the social passport scheme.

Property income

The property income includes income from financial and non-financial assets. The income from the financial assets is the interest from the bank deposits and other forms of lending and dividend for the share owned by a household (or its members). The scope of the financial assets in the lower income group of the population might be very limited. However, income from non-financial assets is frequently observed. Households may receive income from non-financial assets, such as:

- Rent from goods (machinery and equipment, means of transport etc.)
- Rent from land
- Rent from apartment, houses and other kinds of buildings

In the household budget analysis, income of households is balanced with expenditure. But when the aggregate income is computed separately, it is important to note that the cost of maintaining the property should be taken into account. For instance, a rented apartment or house requires repair and maintenance for which a household may have to spend part of rent received.

According to the observation made under the social passport scheme, about 60 percent of low income households covered by the inquiry owned a private house or apartment. In terms of property ownership, the share of rural households with some kind of property was much higher than in Bishkek, where low income households had no land, no cattle and only a one-fifth of them had their own apartment.

¹⁰ ILO Geneva: International Labour Conference 90th Session 2002; Report VI: Decent work and the informal economy

**Table 2.3: Ownership of assets by low income households
(in % of total households observed)**

	Own private house or apartment	Land for farming	Livestock	Vehicles
Talas	59.52	78.11	69.12	36.71
Osh	65.12	82.17	57.85	13.05
Batken	67.01	82.98	76.71	9.15
Jalalabad	61.72	67.67	99.98	25.39
Naryn	50.46	20.68	67.41	18.73
Issyk-kul	50.55	67.56	68.16	33.49
Chui	73.41	56.32	51.43	12.35
Bishkek	21.68	0.00	0.89	1.56
Kyrgyzstan total	58.44	63.62	71.03	20.42

Source: MLSP-KR

Income generated from production activities using own assets is included in the income from self-employment. The property income includes only the income for renting out the land or building and equipment to others. Receipts from the sale of assets are not considered as income. Sale of assets changes the wealth of household but not its regular income. However, ownership of asset items by a household may indicate its overall level of living.

Current transfers

Current transfers include payments to a household for which no return is asked from the recipient. Current transfers can take place under the different schemes of social assistance provided mainly by the government or public institutions, such as:

- State assistance of all kinds
- Pension
- Stipend
- Social insurance

Other types of transfers take place between enterprises and households and between households themselves. Such transfers include assistance from friends and family members, alimony and other current transfers.

While in principle all kinds of current transfers are included in the household income, the method of computation of aggregate income for the purpose of providing social assistance, especially TSA is different. For example, aggregate income does not include, for obvious reasons, the amount received in social and state assistance and concession on goods and services received under the different social assistance programmes. Except these items of current transfer, the method of computation of the aggregate household income should be the same in the household budget survey and the social passport scheme.

However, there is some more exclusion that applies to both cases. Such exclusions are irregular and non-recurring receipts such as lottery prizes, gambling winnings, non-life insurance claims, inheritances and other similar receipts¹¹. The household income does not include receipts from the sale of assets, withdrawals from savings and loans obtained.

¹¹ See for details, Resolutions of the Seventeenth International Conference of Labour Statisticians, ILO, 2003.

2.3. Income taxes and fees

The Provision of TSA has mentioned that the aggregate income of the citizen is the total of all types of receipts after deducting the different types of taxes and fees. One could argue that TSA is a scheme for the low-income population, thus income tax should be out of the question. However, it is not the case in Kyrgyzstan. The income tax threshold is fixed at a level lower than the official poverty line. For example, the latest figure for the poverty line is 757.5 som per month. This amount exceeds the income tax threshold, which is 500 som per month.

The income tax of 10 percent is imposed for any income that does not exceed an amount 50 times the minimal wage rate i.e. 5,000 som per month. Any excess amount is levied at the rate of 20 percent. The minimum wage rate, fixed at 100 som per month, is itself outdated from a practical point of view. However, it is still used for income tax purpose. Income tax does not fall under the scope of the current study. However, such a high level of income tax, below the subsistence minimum, looks unusual. For the purpose of social assistance, the aggregate income is not calculated for tax purposes or fees to be paid. However, income tax, when imposed from such a low level, can itself be a factor that pushes the population to poverty.

When low-income people have to lose a part of their income in the form of income tax, they are automatically required to limit their consumption. Since the number of such people is sufficiently large, it negatively affects the overall purchasing capacity of people and thereby reduces demand. Lower demand in the domestic market limits the domestic production of essential goods. The gap that results in the market is filled by imported goods, which have caused unfair competition for local producers.

Chapter 3

Levels of Poverty Measures and TSA

Generally, the poverty measure is based on the minimum level of consumption that is essential for the subsistence of an individual. Such a level is measured by the subsistence minimum, which is the value of goods and services objectively determined for minimum consumption. Subsistence minimum is a consumption concept, while poverty is related to income. Poverty is the incidence when income fails to meet minimum consumption but these terms are not so close in Kyrgyzstan. In addition, there are other different levels of poverty measures including one subjectively determined for the purpose of social assistance.

3.1. Subsistence minimum and the poverty line

The Kyrgyz Republic adopted the Law of Minimum Consumer Basket (MCB) on 6 May 1993. According to Article 2 of this law, MCB should serve as a basis for the formulation and implementation of social assistance to the needy people as well as for the determination of a minimum wage rate, pensions, allowances and social benefits. In order to implement the law, minimum consumption rate for different age groups of the population was fixed and approved by Parliament in May 1995. The Law stipulates that the basket itself has to be revised at least once in 5 years and that the value of goods and services included in the basket be revised every year.

Table 3.1: Value of Minimal Consumer Basket on 1 January 2006

	Value in som	In % to total
Food items	1,336.90	72.79
Cereals	289.27	
Potato	23.87	
Vegetables	43.15	
Fruits	202.63	
Sugar and confectionery	29.67	
Meat and meat products	481.15	
Fish and fish products	9.87	
Milk and milk products	166.74	
Eggs	11.21	
Cooking oil	37.87	
Other food items	40.24	
Non-food items	227.01	12.36
Services	237.83	12.95
Taxes, fees and other payments	34.90	1.90
Total	1,836.63	100.00

Source: NCS -KR

Based on this, a new Guaranteed Minimum Level of Consumption (GMLC) per capita and the structure of a MCB were consulted by a working group, consisting of MLSP-KR, Ministry of Health, NCS-KR and some other ministries concerned in 2004. New standards were approved by the Regulation of the Kyrgyz Government in January 2006. According to the Law on "Minimum consumption level", these norms come into force only after they have been approved by the Parliament of the Kyrgyz Republic. Adjustment of the minimum consumption level was carried out on the basis of recommendations by the World Health Organization (WHO) together with Food and Agriculture Organization (FAO).

MCB is determined similarly to the subsistence minimum based on the nutrition requirement (2,249 Kcal per year). However, its composition in terms of the expenditure of households in MCB is not commensurate with the reality on the ground at present. The base data compiled in 1995 has allocated 69 percent of consumption to food items, whereas this percentage is much lower now. The Household Budget Survey (HBS) suggests that the share of food items is less than 50 percent of the per-capita monthly consumption expenditure. Even for the poorest 10 percent, food expenses are less than 65 percent of the total consumption expenditure.

Table 3.2: Consumption expenditures in base data and in current estimates

	1995 Base data	HBS 2002			Estimates ¹² for 2002	
		Overall average	Poorest 10%	Richest 10%	Poorest 10%	Richest 10%
Food items	69.00	49.15	64.40	43.82	63.32	41.03
Non-food items	17.20	29.12	23.55	29.32	23.16	27.45
Services	11.90	17.38	12.05	26.86	11.85	25.15
Taxes, fees etc.	1.90	4.34	NA	NA	1.67	6.37
	100.00	100.00	100.00	100.00	100.00	100.00

Source: NCS-KR

On the other hand, there is even greater inconsistency between MCB and the poverty line. The poverty line should be based on the minimal requirement of consumption. The value of the food basket at the current price is 1,220 som. If we consider that the food basket should be only 60 percent of the total minimal consumption, as suggested by recent HBS data on the consumption structure, the value of MCB would go up to 2,033 som. However, NCS-KR has determined the poverty line at 637.3 som (recent figure 657 som per month).

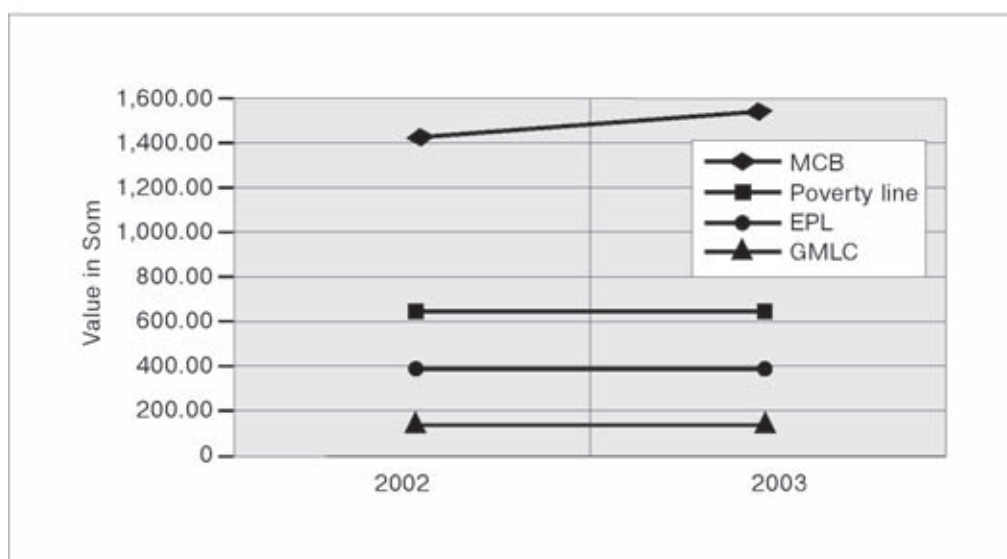
While HBS data suggest that MCB is already underestimated, the poverty line has been lowered to less than half of the subsistence minimum. These criteria seem to have been based not on the required level of consumption, but on the actual level of consumption. NCS-KR has recognised that application of this method has resulted in reducing the level of food consumption below the required nutritional level¹³. It has ignored that the household, especially in rural areas, tends to consume less than they need in order to save some resources for running economic activities.

The poverty line cannot be fixed separately from the subsistence minimum. Therefore, determination of the new poverty line requires the revision of the subsistence minimum, based on the nutrition and consumption expenditure data for more recent years. At the moment, the poverty line and other measures of the poverty used in the official statistics of Kyrgyzstan is considerably lower than the consumption expenditure data suggest.

¹² MCB of 1995 includes taxes and fees in the consumption expenditure. However, statistical tables produced from the HBS in more recent years are presented excluding this component. A crude estimate of consumption expenditure presented including tax and fees. In any case, MCB 1995 is not consistent to the current composition of consumption expenditure.

¹³ NCS: Social Development of the Republic of Kyrgyzstan 1998–2002, Bishkek, 2003

Figure 3.1: Level of poverty measures in Kyrgyzstan



MCB – Minimum Consumer Basket

EPL – Extreme Poverty Line

GMLC – Guaranteed Minimum Level of Consumption

Source: Figure made by authors based on data provided by MLSP-KP and NCS-KR

Even in the one-year comparison shown in the above chart, it can be seen that the poverty measures lie almost stagnant while the subsistence minimum rises due to the growth of the consumer price index. This trend has caused a growing gap between the subsistence minimum and the poverty line. At the moment, the poverty line is below half (43 percent) of the subsistence minimum.

3.2. Food basket and extreme poverty line (EPL)

Apart from the poverty line, official statistics in Kyrgyzstan use the term of the Extreme Poverty Line (EPL). This concept is equivalent to food poverty in Kyrgyzstan and thus the definition of EPL in this text is the calculated amount based on the minimal nutrition level required to support life. The food basket excludes expenses on non-food items and services. However, as described above, there is a discrepancy between the value of food items in MCB and the extreme poverty line. EPL is determined at 60.2 percent of the poverty line. This proportion of food expenses in the total consumption is more consistent with the actual composition of expenditure shown in Table 3.3. The extreme poverty line in the most recent period was 396 som (657 r 0.602). However, if the same concept of minimal food consumption were followed, the extreme poverty line would have been 1,221 som, not 396 som. So EPL is only 32.4 percent of the food basket value. This discrepancy again comes from the difference between the subsistence minimum and the poverty line.

The extreme poverty line in Kyrgyzstan is based on the actual value of the minimal food consumption. Although it is mentioned that the minimal food consumption is determined at the level of 2,100 Kcal, there is no official explanation as to why the value of the food basket of 2,249 Kcal is 1,221 som and of 2,100 Kcal is just 396 som. It is noteworthy however that average per capita income and expenditure are far below the value of the minimal food basket. In 2002, the average expenditure per-capita per month was 72 percent of the value of the food basket.

The average salary per month was just above MCB, but the ratio of the average salary to MCB rose to 1.20 in 2002 in compare to 1.02 in 2000.

Table 3.3: Major income and expenditure indicators by years

	Currency unit: som		
	2000	2001	2002
Minimum Consumer Basket	1,205.30	1,316.50	1,404.80
Food basket	839.70	913.30	980.70
Monthly per-capita monetary income	495.45	611.97	706.27
Monthly per-capita expenditure	497.47	612.03	703.93
Average monthly salary	1,227.00	1,455.00	1,684.40

Data: NCS-KR

In a situation where average total consumption is lower than the food basket, determination of EPL would be sensible only if it indicates an extremely deprived segment of the population. Official statistics do not present data on the population living below the MCB. But the number of persons living below the poverty line with a consumption less than 43 percent of the MCB (Poverty index) and below the extreme poverty line with a consumption less than 27.3 percent of the MCB (**Extreme poverty index**) are reported in the official statistics. Value of these indices as well as Gini coefficients for the year 2002 is given in next page.

Table 3.4: Poverty and inequality measures by urban and rural domains, 2002 (%)

	Urban	Rural	Total
Poverty index	39.6	47.0	44.4
Extreme poverty index	12.0	14.7	13.8
Inequality index (Gini coefficient)	0.334	0.321	0.328

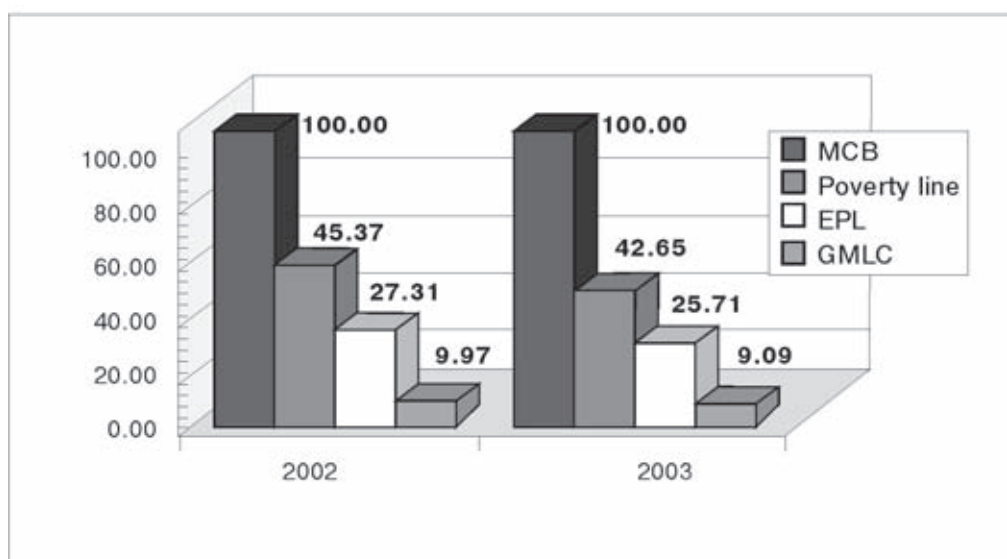
Data: NCS-KR

NCS-KR also calculates the poverty gap and squared poverty gap ratio. These variables are also based on a poverty line that is 43 percent of MCB.

3.3. Guaranteed minimum level of consumption (GMLC)

The Article 4 of the State Assistance Law of the Kyrgyz Republic states that GMLC is an annually updated social standard based on budgetary provisions as well as MCB. However, GMLC is the lowest level of the poverty measures in Kyrgyzstan so far. Despite the fact that MCB is mentioned in the law, GMLC has been fixed solely from the budgetary point of view without any relation to objective poverty measures. Thus, GMLC is a directive measure used for state assistance in the form of TSA to the low-income group of population (more precisely, the poorest segment of the population). This group of the population has less than 140 som per-capita per month. This amount is barely enough to buy a loaf per day. It is the minimal level of consumption, which, by law, is guaranteed for everyone. However, as described in the previous chapter, not everyone below the GMLC is entitled to TSA. In 2002, almost one quarter of the people below the poverty line were denied TSA for different reasons. GMLC is fixed at less than 10% of MCB and similarly GMLC is only around 20 percent of the poverty line and less than 40 percent of the extreme poverty line, which does not support even a food basket to meet minimal nutritional requirement. The portion of GMLC in relation to other poverty measures is illustrated in the following chart as a percentage to MCB.

Figure 3.2: Comparison of GMLC in relation to other poverty measures (MCB=100.00)



Source: Figure made by authors based on data provided by MLSP-KP and NCS-KR

Despite the efforts made by the MLSP-KR to collect data from low-income households through the social passport scheme there is no precise information on how many people are living below the GMLC. The number of persons below the poverty line estimated from the social passport data does not match with the NCS-KR estimates from the HBS results. This is not surprising, because NCS-KR estimates of the poverty index are based on consumption, while the social passport collects income data. Nevertheless, the social passport scheme identified about 2 million people living below the poverty line and 772 thousand below the extreme poverty line as shown below.

Table 3.5: Population below the different poverty measures, 2004

Poverty measures	Number of persons in '000'	In % to the people below the poverty line
Below the poverty line	1,931.3	100.0
Below the extreme poverty line	772.9	40.0
Below the GMC	690.9	35.8
Eligible to TSA	529.6	27.4

Source: MLSP-KR

Despite the limited amount and scope of TSA, it is the only social assistance targeted to the poorest group of the population. Therefore it requires some financial and administrative reforms described in the next paragraph.

3.4. Reorganising TSA scheme

Apart from methodological changes with regard to the definition of household, household income and poverty measures, there are certain areas of reform needed in the organisation of TSA.

1. Questions on eligibility and entitlement for receiving TSA

As stated in Article 5 of the State Assistance Law of the Kyrgyz Republic, TSA is provided to low-income families and citizens. It is not clear from the current practice, why the working members of the family who get less than 175 som per capita are not entitled to get TSA.

Example: There is a family of 5 members, consisting of 2 working parents and 3 children (between the age of 6 to 15). If total income of parents is 500 som (including salaries and allowances except TSA), the aggregate income of the family per-capita is 100 som. At the moment, they receive TSA equal to 225 som, i.e. $[(175-100) \times 3 \text{ people}]$. After getting TSA the total income of the family reaches 725 som. However, according to GMLC, a family of four should have at least 875 som (175×5) .

Thus, minimal consumption is not guaranteed even for people who work and do not merely seek state assistance. The policy of state assistance aims to discourage people from staying jobless and relying only on state assistance. However, the reason for being below the GMLC level in the above example is not the idleness in a family member of working age, but the low wage rate. This practice also confines state assistance to individuals because, if TSA were targeted to address low-income families, it would have not been provided to the whole family rather than certain individuals.

2. Fraud and underreporting of actual income by TSA claimants

If a family member of working age is not working and not registered as unemployed, then the entire family, not only the particular person, is disqualified from getting TSA. Therefore, the family is asked to produce a document that proves the job and remuneration of all members of working age. This provision has encouraged fraudulence in generating documentation for state assistance. The second document is also used to calculate the aggregate income. However, it is always easier to prove low income rather than a higher gain in society, where low income from a formal job is often compensated by activities in the informal sector. Therefore, the demand for documented evidence to prove income has been not only ineffective, but also counterproductive. It has worked better in the hands of smart people rather than those in need.

3. Complicated reporting system to confirm the eligibility of TSA

For eligibility to TSA, it is necessary to provide statements confirming income, family composition, disability etc. The statements confirm the reliability of information required for eligibility for TSA and thus ensure better targeting of assistance. On the other hand, this requirement is a burden on recipients who demand a reduction in the number of documents required for eligibility. Reducing these documents will undermine the targeting principle, as it will create loopholes for the underreporting of income.

4. Lack of calculating method of income from agricultural activities

The current mechanism for registering income from agricultural activities fails to reflect the actual income received from land and livestock. Income from farmland and land holdings is currently registered on the basis of ratios developed by the Ministry of Agriculture, Water Systems and Processing Industry, NCS-KR and MLSP-KR, approved as long ago as 1998. In calculating aggregate family income, livestock income will not be accounted for which also undermines the targeting principle of social assistance. An attempt to approve new land and livestock ratios

developed by the Ministry of Agriculture, Water Systems and Processing Industry turned out to be a failure. Thus, it is still unclear how to ensure the targeting principle of social assistance in assigning TSA to families with livestock and land holdings. There is a need to take into account the underlying income and develop methodologies for the calculation of real income from agricultural activities.

5. Administrative restructuring for providing TSA

The problem related to false claims for TSA would have been solved, if local bodies, such as village committees (ayil okmotu) administered it. Almost three quarters of low-income families seeking state assistance live in rural areas of the country. In a small rural community, the local authority is more aware of the economic well-being of individual families. When visiting a village committee (ayil okmotu) in Issyk-Ata Region, the local head reported that he knew the economic status of everyone in his community. If the process of identification of low-income families, and nomination of beneficiaries as well as delivery of payment were authorised to local administration, many negative aspects of administering TSA could be possibly solved.

6. Calculation of GMLC as an objective poverty criteria

The most important financial aspect of TSA is to tie the amount of GMLC to an objective poverty measure as stipulated in the Law. The financial possibility of the government bringing GMLC at the level of MCB or even the existing poverty line does not seem viable at this moment. However, it could be brought to at least to the level of EPL. In that case, the purpose and the basis of GMLC as well as TSA would have been clear and well-founded.

3.5. Estimated cost of raising GMLC to EPL

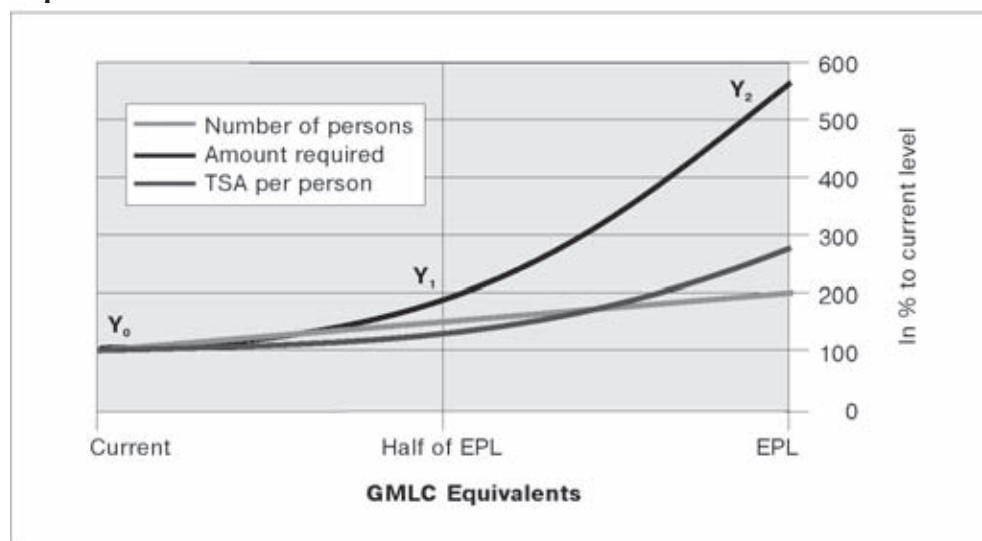
The reform agenda described in the previous section will have some impact on the budget to be allocated for state assistance. What then would be the extra cost on the part of the state if the current level of GMLC were raised to at least EPL? Because the current level of GMLC is so low, there is a serious concern that any increment would raise the cost considerably. By the end of 2003, there were 443 thousand persons eligible for TSA with the average amount of request 89.55 som per person. This means that average income per capita was 50.45. If the GMLC is raised, it increases not only the amount of TSA per persons, but also makes more people eligible to TSA.

Table 3.6: Estimation of the cost of raising GMLC¹⁴

Number of eligible persons to EEP in '000'	N_0	443.65
Requested monthly amount, '000' Som	Y_0	39,727.80
From current level to half of EPL		
Expected number of eligible persons in '000'	N_1	663.68
Estimated mean income in this group, Som	\bar{X}_1	84.39
Difference between half of EPL and mean income (expected request per person), Som	$D_1 = \frac{1}{2} EPL - \bar{X}_1$	113.61
Expected amount required '000' Som	$Y_1 = D_1 \cdot N_1$	75,400.68
From current level to EPL		
Expected number of eligible persons in '000'	N_2	906.76
Estimated mean income in this group, Som	\bar{X}_2	150.28
Difference between EPL and mean income, Som	$D_2 = EPL - \bar{X}_2$	245.72
Expected amount required, '000' Som	$Y_2 = D_2 \cdot N_2$	222,809.07

Source: Self-calculation by the authors based on data provided by MLSP-KR

If GMLC were raised to the level of EPL (396 som), the average amount of TSA to be paid per person would increase to 245 som resulting in 223 million som per month. The government may not be able to increase the budget in such a proportion. In that case, it would be appropriate to raise the GMLC at least to half of EPL or 198 som. Then the increment rate of the budget required would be considerably less as shown in the chart below.

Figure 3.3: Expected increment of TSA eligible persons and budget demand for different GMLC equivalents

Source: Figure made by authors based on data provided by MLSP-KR

There is no doubt that raising the GMLC level results in increased demand for TSA, so it only can be done depending on the financial possibilities of the state. But it is also absolutely necessary to tie GMLC with an objective poverty measure. At the moment, GMLC could be made at least half of EPL.

¹⁴ Figures for eligible persons do not always exactly match with those for recipients and requested amount with the actually paid amount. These discrepancies are ignored in estimates presented here.

Chapter 4

Employment and Social Security

The idea of increment in targeted social assistance, or widening its coverage to more people in the low income group often meets with difficulties due to substantial concerns about the tendency of increasing dependency on TSA. This logic has some valid points. As fallout of Soviet time, when citizens enjoyed strong social protection, many people still prefer to seek state assistance rather than rely on their own initiative. Even though the amount of assistance sometime, as recipients complain, is less than the cost of transportation to reach the point of delivery, they prefer to maintain it because they like to remain under the umbrella of the state until they gain full confidence in their future. Perhaps the best social protection in such a situation would be not a miserable amount of assistance, but employment and self-employment that generates better income and places these people in a respectful position in society.

The Republic has a high rate of labour force participation. According to the results of the Labour Force Survey (LFS) conducted in 2002 (LFS-02), the rate of labour force participation for urban area was 74.0 percent and for rural 55.35 percent, while the national average was 64.4 percent. Similarly, the unemployment rate was 12.5 percent for the whole country with 8.3 percent for rural and 19.6 percent for urban area. The unemployment rate was highest in Batken and Bishkek and lowest in Talas Oblast¹⁵.

Table 4.1: Labour force participation and unemployment rate by Oblasts

Oblast	Labour force participation rate (%)	Unemployment rate (%)
Batken	58.7	20.7
Jalal Abad	67.8	9.5
Issyk-kull	54.1	9.3
Naryn	60.0	11.8
Osh	61.9	5.8
Talas	73.0	5.1
Chuy	67.5	15.7
Bishkek	68.0	20.4
Kyrgyzstan (total)	64.4	12.5

Data: LFS-02, NCS-KR

However, among the poorest group of the population, the unemployment rate is much higher. The unemployment rate among low-income peoples observed in the social passport scheme was as high as 65 percent in Bishkek and 30 percent in Batken. As a whole in the country, almost half of the households (44.6 percent) headed by an unemployed person fell below the poverty line. Employment has been one of the most important aspects to be addressed for poverty reduction, which eventually reduces the social security burden of the state.

4.1. Employment and poverty

According to the HBS results, the number of poor people among those who get a regular income from employment is much less than those with other sources of income. Even the pensioners

¹⁵ For details see: Labour force sample survey in the Kyrgyz Republic, Bishkek 2003

who have more guaranteed regular income are less likely to fall below the extreme poverty line than those with income from farm activities. This clearly illustrates the extent of rural poverty, where more than 70 percent of poor people are living. Poverty incidences for different categories of income sources are given below.

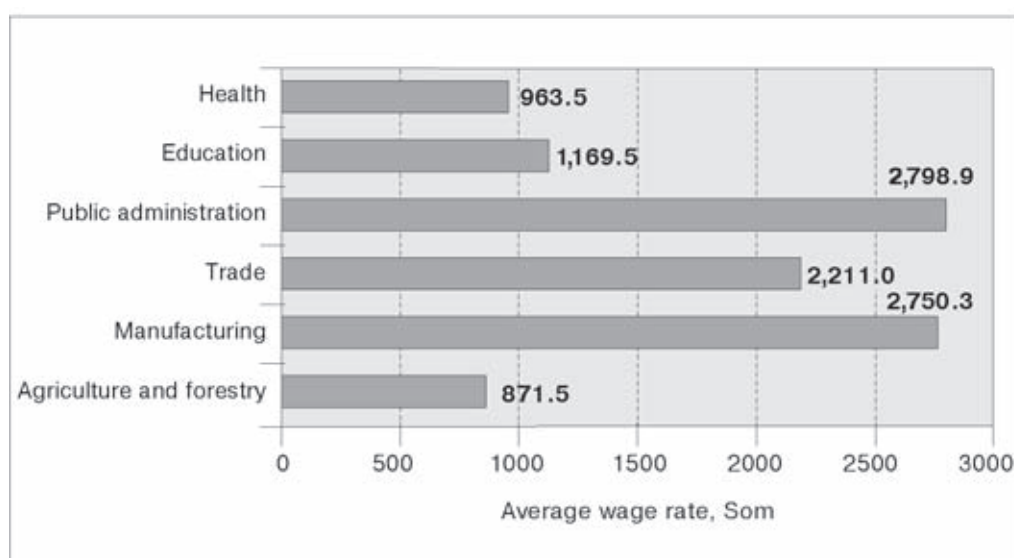
Table 4.2: Poverty indices by the main income source of the household head

Main income source of the household head	Number of persons living: ('000)	
	Below the poverty line	Below the extreme poverty line
Remuneration from hired work	34.5	9.2
Own-account work	34.4	10.9
Income from co-operative farms	49.6	13.1
Income from private farm activities	47.0	18.6
Pension	25.2	6.0
Other sources of income	40.8	15.1
No particular income (dependants)	38.9	15.7

Source: NCS-KR

Kyrgyzstan is basically an agriculture-based country, where two-third of the population is living in a rural area. The agriculture sector provides half of the total employment and contributes 35 percent of GDP. The average per-capita income in rural areas is 30 percent less than in urban areas. The urban-rural difference in the average income is a common feature in developing and transitional countries. However, the problem in Kyrgyzstan is the very low level of the minimum wage rate that is regulated by the government. The official minimum wage rate is still 100 som, which just one-quarter of the extreme poverty line. The average wage rate in major sectors is given below.

Figure 4.1: Average wage rate by major sectors of economy, 2003



Source: NCS-KR

The agriculture sector has the lowest average wage rate. Similarly, important social sectors, such as health and education also have a wage rate considerably below the subsistence minimum.

These three sectors combined contribute more than 60 percent to total employment. Unemployment and the low wage rate have mainly affected the rural population where most of the demand on state assistance is currently coming from. One of the major areas to address is the revision of the minimum wage rate that has been kept low. While the average rate is subject to change under the labour market condition, the minimum wage is more of a governmental decision.

4.2. Social mobilisation and employment

The Kyrgyz Republic is currently working on the Social mobilisation programme stipulated in the President's Decree on further enhancement of social mobilisation for poverty reduction issued on 18 April 2003. One of the directions of this programme is to assist unemployed persons in getting work, especially those living below the poverty line. Several programmes are being implemented under the social mobilisation programme.

According to the information provided by labour officials working in the Pervomaysk District of the city of Bishkek, several families were assisted to uplift their level of living in the process of social mobilisation. In the last 12 months 820 families benefited from the programme. Methods applied to raise the level of living above the poverty line were as follows:

- Provided job
- Retrained (qualified for new job)
- Got job on their own
- Sent to social work
- Provided micro-credit
- Attached to sponsors
- Provided social assistance

Not everyone who applied for assistance is recognised as unemployed. Since registered unemployed are entitled to get allowances, there may be some false applicants. In addition, those who own the land (it implies that they can work on their own land) are not recognised as genuinely unemployed. However, the employment office provides different types of training for job seekers and trainees get a stipend during the training period. There were many persons reported to have outdated specialities. These people are retrained, provided with a job or for some time with a paid social job. Most of the people annulled from the record in Table 4.3 were those who were either provided with a job or paid social work. Some others continue to get social assistance.

Table 4.3: Number of Registrants in the Employment Office of Issyk-Atinsky District

	Total in the register	Out of which: Unemployed
On 1 January 2003	1,190	935
Addition during the year	853	471
Annulled from the record	1,013	629
On 1 January 2004	1,030	777

Source: Employment Office, Issyk-Atinsky District, The Kyrgyz Republic

4.3. Social passport scheme

Social mobilisation and other activities directed to reduce poverty and help those who have fallen below the poverty line require an effective monitoring mechanism. MLSP-KR has launched a Social passport scheme, which aims to set up a database of different social groups who are in need of social assistance. From the objective, it is clear that the social passport scheme is an operation of data collection, for which appropriate statistical methods rather than administrative measures should be preferred. This point has also been mentioned above more than once. There are other aspects of methodological importance that need the immediate attention of the MLSP-KR for further improvement of the social passport scheme.

Today, social passports data are processed and analyzed manually and certain important initial information can be lost. Computerization of social passport information for data saving and statistical processing will further facilitate the analysis of information obtained from social passports and prompt managerial decisions of higher quality and in a tighter schedule. Listing process automation will improve the TSA scheme and the effective use of recourses available for low-income households.

4.3.1. Scope and coverage of observation

Any statistical investigation requires that its scope and coverage be precisely defined prior to collecting data. The scope defines the target population of the research, for example, low income people seeking assistance, while coverage defines the proportion of the population to be surveyed, for example those persons who have applied for social assistance. Depending on the purpose of the survey, it would also be possible to limit the coverage of the survey to some districts or sub-population.

By definition, the social passport currently covers those families who are living below the poverty line (with per-capita income below 757.5 som per month) and who have applied for different kinds of social assistance and allowances in practice such as; TSA, social assistance, concessions and entitlements provided to war veterans, victims of the Chernobyl nuclear disaster. Other citizens living below the poverty line may have qualified for different types of humanitarian assistance. It means that the social passport does not precisely cover all the people below the poverty line but only those who are seeking assistance. In this case, the social passport data must tell how many of the people living below the poverty line are covered in the social passport. However, social passport data for 2003 shows that it covered 3 million people which is more than 60 percent of population against the official Poverty index of 44.4 percent. Such discrepancy and inconsistency in data has occurred as a result of a lack of understanding by local staff about the coverage of the social passport. Therefore, it is imperative that the scope and coverage of social passport be precisely defined.

4.3.2. Statistical unit

As mentioned above, NCS and MLSP-KR use different statistical units in their poverty related studies. A family can be used for the special purpose of the social assistance. However, for the social passport it is necessary to use the concept of household following the international statistical standard. A family is a unit within the household, which can be identified through the household. These concepts are not contradictory, because a family is an inclusive unit in the household.

4.4.3. Questionnaire

The questionnaire of the social passport does not meet the standard of a plausible statistical investigation. It must be absolutely clear that the application form for TSA or any other kinds of assistance and the questionnaire for social passport are two entirely different things. The Social Passport questionnaire does not need to include the personal identification and passport number of each citizen. There are other inconsistencies too and thus the questionnaire requires some technical changes.¹⁶

4.4.4. Data reporting and analysis

When the questionnaire is not formulated properly, meaningful results cannot be expected. Besides, there are certain techniques of consolidating and scrutinising the data collected in the form of analytical tables. At the moment, there is one report in a single table spread out in 3 pages. However, there are more efficient methods of data reporting that make the results of the survey more visible and impressive.

In conclusion, it would be necessary to note that MLSP-KR has many qualified specialists in the field of labour and social protection issues. But, these specialists lack formal training and adequate experience in statistical aspects. Ongoing projects under the technical assistance of international organisations could address the training necessities of the MLSP-KR staff in basic statistics to improve the social passport programme and thereby consolidate the monitoring capacity of MLSP-KR.

Initially, it was thought that a few changes on social passport might improve the questionnaire. But at later stage, it was realised that these "few changes" are required in every part of the questionnaire. Moreover, the questionnaire needs structural change. So, it can be concluded that the questionnaire for social passport should be redesigned. The proposed change of only the listing the household is given in the annex for illustration.

¹⁶ Details of inconsistencies as follows: The questionnaire asks the income of each individual in Part III. There are several other questions not related to income following the income part. In part VI, the question about per-capita income is asked. The per-capita income per family member is obvious from the number of family members in Part I and income details from Part III. Income per month is asked under the Item 16 of Part II, then again per month and per year under the Part III. Item 12 is about asset, Item 13 and 14 are about other income and Item 15 is again asset and 16 is again income. It lacks logical order and consistency in formulating the questions.

Conclusions

In the Kyrgyz Republic, Targeted Social Assistance is mainly provided to the population who are facing deterioration of living standards due to the transition to a market economy. An effective system of social protection should be based on the execution of sound policy. Also, functioning social protection system is able to reduce social tension, which consequently prevents possible conflicts and drastic forms of opposition. In order to cope with a serious degree of poverty incidence, it is necessary to take following measures:

- Re-orienting social policies while increasing labour productivity in order to raise the welfare level of the Kyrgyz citizens;
- Guaranteeing state support to the most vulnerable groups of the population such as old-age, incapable of working due to sickness/disability and loss of the breadwinner, according to the Constitution of the Kyrgyz Republic;
- Emphasizing social protection as a prominent tool for poverty alleviation and to provide substantive life support for those remaining below the poverty line today;
- Implementing comprehensive and systematic analysis of social problems and identifying trends and forecasts of social development;
- Developing new cost-effective mechanisms of social policy implementation;
- Enhancing the role of the society in social protection establishment;
- Promoting awareness-raising in order to facilitate understanding of the changes that the whole society is going through

With respect to the measurement criterion of poverty in Kyrgyzstan, there are too many layers of poverty measures, which are often confusing. The lowest level of these measures is GMLC, as used for targeted social assistance. TSA is paid as the difference between GMLC and per-capita income of a family member, while GMLC is less than 10% of the subsistence minimum. Thus, even after providing TSA, the family income does not reach the minimum guaranteed level. Therefore, in order to make TSA a poverty relief measure for the most vulnerable group, the amount of GMLC needs to be fixed not arbitrarily but based on an objective poverty measure, such as Extreme Poverty Line (EPL). In order to cope with the meaning of TSA as being an absolute poverty relief measure and the very severe budget constraints of the government, it is suggested, as a first step, to raise GMLC to at least half of EPL. Extra cost for this move has been estimated and presented in this report. Consequently, the average per-capita income of a family after providing TSA should reach at least the level of GMLC in the course of developing a national economy.

Receiving TSA still requires a complex bureaucratic procedure involving several documents, certifications and recommendations at different levels of authorities. Often recipients pay more (time and money) for getting TSA than they receive. However, low-income families being not confident in their future do not wish to get out of the social security umbrella and prefer to remain listed at least for a while. One practical suggestion to ease the administrative burden would be to decentralise the payment of TSA under a one-window system. For instance, Ayl-Okmutu in a rural area could be authorised to identify needy families, recommend assistance, deliver payment and fill the social passport questionnaire form.

The social passport is an effective instrument for monitoring the poverty and effectiveness of the social assistance system. However, it needs methodological improvement. The social passport is not an administrative form but a statistical instrument of data collection, thus statistical logics and methods must prevail in administering the data collection, processing and reporting. The social passport must provide results comparable to other statistical indicators produced by the NCS-KR, especially in terms of the results of the regular household budget survey.

As social assistance can only be a relief measure, more attention should be paid to assisting low-income families to find job opportunities. There have been some plausible efforts in this respect directed to raising poor families to a respectful life. In this respect, the attempt to providing lump sum micro-credit to low-income families as a start-up capital for their small business is one of the positive challenges for supporting self-employment opportunities. When the number of poor people reduces, the social assistance funds become surplus and the possibility of increasing the allowances rises automatically.

TSA should serve only as an emergency measure to solve the problem of poverty. In the mid to long- term perspective, further emphasis should be on the effective implementation of both active and passive labour market policies. For that, the formulation of a comprehensive social protection framework is inevitable and social assistance schemes as well as the other social security schemes (unemployment benefit schemes, for example) need to be structured and implemented along with sound and coherent employment policies.

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Annex: Listing of households

Current form:

Part I: Social data of the family

Item 1: Social status of applicant (tick mark appropriate box)

- | | | | |
|----------------------------|--------------------------|---------------------------|--------------------------|
| 1. Never married | <input type="checkbox"/> | 3. Mother/Father | <input type="checkbox"/> |
| 2. Widowed | <input type="checkbox"/> | 4. Guardian | <input type="checkbox"/> |
| 5. Divorced (officially) | <input type="checkbox"/> | 7. Married (officially) | <input type="checkbox"/> |
| 6. Divorced (unofficially) | <input type="checkbox"/> | 8. Married (unofficially) | <input type="checkbox"/> |

Item 2: Composition of the family

SN	Sex	Date of birth	ID No	Name of the family member	Relation	Type of business	Education	PP No	Living:
					Head.....1	Employed....1	Higher ...1		with family..1
					Spouse..2	Unemployed.2	Incomplete higher....2		Away from family.....2
					Son/daughter..3	Child care....3	Secondary special...3		Workplace..3
						Study.....4
							...		In prison.....5

Proposed change of above form to the Listing of household members

1	2	3	4	5	6	7	8	9	10
ID CODE	Name Make a complete list of all persons who live in this household.	Relation to the household head Head1 Spouse.....2 Son, daughter...3 ... Non relatives....9	Sex Male...1 Female.2	Age If age below 16 → End	Level of education completed Higher....1 Incomplete higher....2 Secondary special...3 ...	Present marital status? Married.....1 Divorced.....3 Separated.....4 Widow(er).....5 Never married..6	For how many months during the past year s (he) has been away from this household? IF NONE, WRITE ZERO	Is s(he) a household member? YES...1 NO....2	Is s(he) eligible for EEP? >>NEXT PERSON.
		CODE		Years	CODE		Months	CODE	
1.								1	2
2.								1	2
...								1	2

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