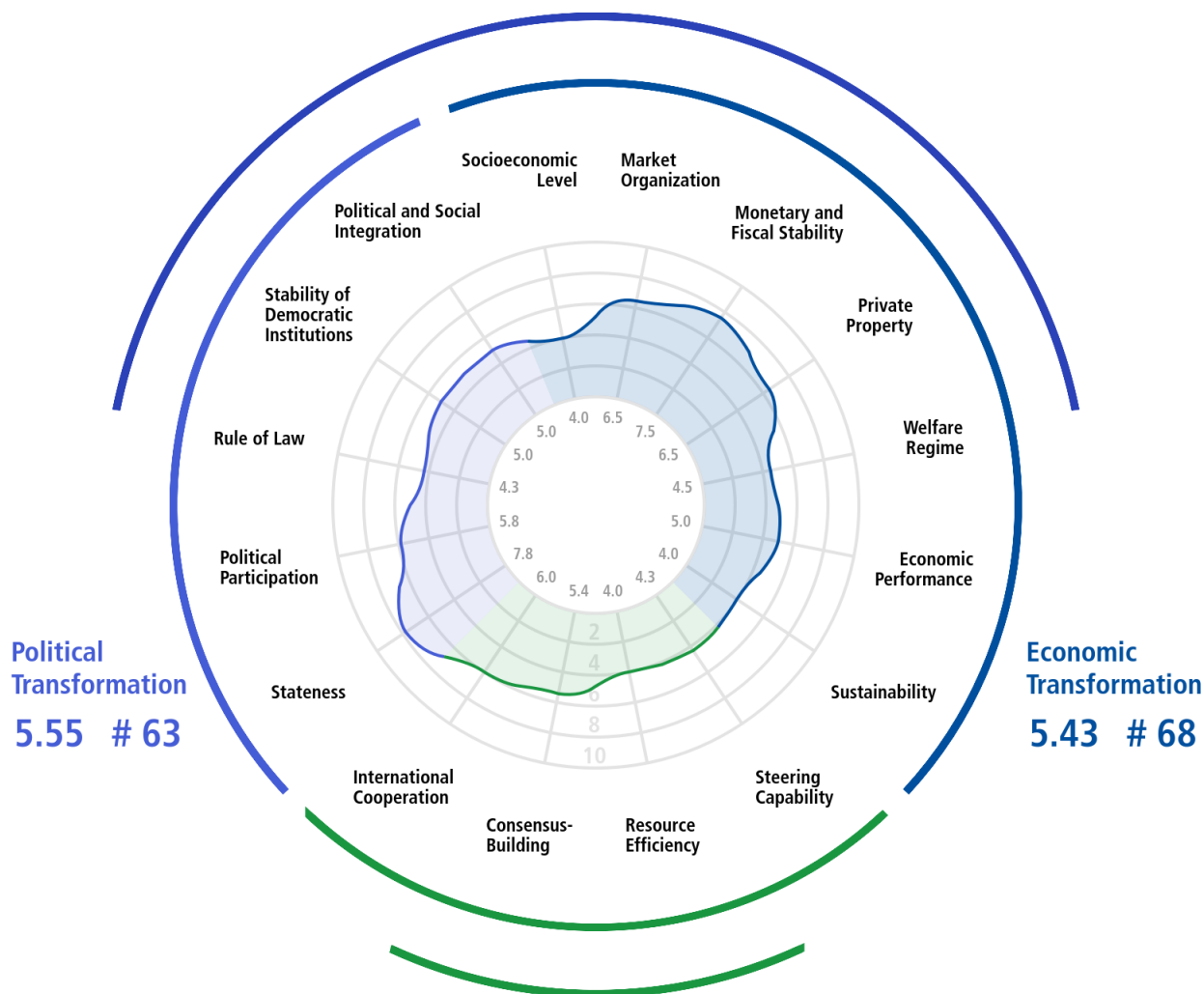


# Kyrgyzstan

## Status Index

**5.49 # 61**

on 1-10 scale out of 137



**Political Transformation**  
**5.55 # 63**

**Economic Transformation**  
**5.43 # 68**

## Governance Index

**4.42 # 85**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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## Contact

Bertelsmann Stiftung  
Carl-Bertelsmann-Strasse 256  
33111 Gütersloh  
Germany

### Sabine Donner

Phone +49 5241 81 81501  
[sabine.donner@bertelsmann-stiftung.de](mailto:sabine.donner@bertelsmann-stiftung.de)

### Hauke Hartmann

Phone +49 5241 81 81389  
[hauke.hartmann@bertelsmann-stiftung.de](mailto:hauke.hartmann@bertelsmann-stiftung.de)

### Claudia Härterich

Phone +49 5241 81 81263  
[claudia.haerterich@bertelsmann-stiftung.de](mailto:claudia.haerterich@bertelsmann-stiftung.de)

### Sabine Steinkamp

Phone +49 5241 81 81507  
[sabine.steinkamp@bertelsmann-stiftung.de](mailto:sabine.steinkamp@bertelsmann-stiftung.de)

**Key Indicators**

Population	M	<b>6.6</b>	HDI	<b>0.697</b>	GDP p.c., PPP \$	<b>4965</b>
Pop. growth <sup>1</sup>	% p.a.	<b>2.1</b>	HDI rank of 189	<b>120</b>	Gini Index	<b>29.7</b>
Life expectancy	years	<b>71.6</b>	UN Education Index	<b>0.730</b>	Poverty <sup>3</sup>	% <b>9.7</b>
Urban population	%	<b>36.9</b>	Gender inequality <sup>2</sup>	<b>0.369</b>	Aid per capita \$	<b>69.5</b>

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

For Kyrgyzstan, 2019 was not an easy year in either economic and political terms, although somewhat stable, while 2020 was a year of a complex and deep crisis.

In 2019, the political conflict between President Sooronbay Jeenbekov and his predecessor Almazbek Atambayev continued – a conflict that set in soon after Jeenbekov took the reins at the end of 2017 and occupied public attention for most of the new president’s first year. In 2019, the standoff culminated in the arrest of Atambayev at his house outside Bishkek, where he had set up a political base camp. The standoff was accompanied by the complicity of parliament and instrumentalization of the judiciary and especially of the State Committee for National Security – in the same manner as Atambayev did during his presidency when it came to his opponents.

Economically, 2019 was a year of relative calm, with no breakthroughs and a GDP growth of over 4%. The president’s announcement of 2019 as the “year of development of the regions and digitalization” – prioritizing a set of social and economic development measures for the year – did not result in any major achievements, being ideas that would in any case require more than a year to bear fruit.

An election year, 2020 began with awareness of the COVID-19 pandemic in China, though without a sense of how serious it would become – very soon and into the summer. The pandemic-induced crisis would expose all the government’s weaknesses, the effects of corruption and incompetence, as well as remarkable civic solidarity.

By the middle of March, the first cases of COVID-19 were registered in Kyrgyzstan, and before long, the country came under strain from the pandemic. By end of the year, the country had reported over 80,000 infections and over 1,400 deaths, and had gone through a complete lockdown in Bishkek, restrictions of many sorts, a near collapse of the hospital system in the months of June and July when daily infection rates were in the hundreds, with a crisis in the supplies of medicines, medical equipment and personal protection items. From the beginning of the pandemic in March

through its decline beginning in August, there was also an unprecedented level of mobilization of volunteering, charitable and mutual support activities among citizens.

The economic effects of COVID-19 were deeply damaging. The lockdown, followed by other restrictions and coupled with border closures and the dire situation for many labor migrants working in COVID-stricken Russia, were key negative factors that nearly brought the economy to a halt. The leadership of Kyrgyzstan was busy, on the one hand, soliciting help from all the international donors, and on the other, with drawing up strategies for helping the affected citizens and businesses and reviving the economy in general. The expected economic results of 2020 included a forecast of up to 10% decline in GDP, a quadrupling of the budget deficit, depreciation of the national currency by over 20% and inflation of over 9%.

By August 2020, however, it was not COVID-19 but the elections that occupied the population's attention. The competitive but ultimately very skewed, corruption-driven parliamentary elections led to protests that overthrew the Jeenbekov presidency and installed, unexpectedly for most, Sadyr Japarov – in prison until then – at the helm. From October 6 – the day of the sitting government's fall – until the end of 2020 and continuing into 2021, Kyrgyzstan was caught in a political crisis, from a leadership that lacked legitimacy, to an unpopular parliament that continued to sit beyond its constitutional term, a constitutional reform that was pushed through in disregard of numerous legal procedures, and a citizenry that became divided along many lines – urban and rural, Russian-speaking and Kyrgyz-speaking, progressive/liberal and traditionalist/nationalist, and most importantly, critical of Japarov and supportive of him. The second half of each of these divisions ended up on the winning side at the end of the year. The victory, however, came in the midst of a dire situation embattled by the COVID-19 crisis and political turmoil, requiring extraordinary abilities and measures to get the country back on its feet.

## History and Characteristics of Transformation

The year 2020 ended in Kyrgyzstan with yet another forced political turnover in which an incumbent administration was thrown out of office amid a post-election protest, marking one more inflection point along the country's uneven trajectory involving repeated commitments to the pursuit of democracy followed by shifts toward a more autocratic form of governance.

In the 1990s, Kyrgyzstan gained a reputation as the “island of democracy” within Central Asia when a young maverick politician of the former Soviet Union, Askar Akayev, was catapulted into the presidency under unique political circumstances, and the country, following independence in 1991, began targeting a pluralist electoral democracy and a free market economy under his leadership. However, by the late 1990s, Akayev, whose presidency lasted for about 15 years, began shifting toward more autocratic leadership. In March 2005, during the Tulip Revolution, his administration was overthrown by an electorate demanding an end to family rule, corruption and the reintroduction of just and democratic governance.

The presidency of Kurmanbek Bakiyev lasted only five years (2005 – 2010), between the Tulip and April revolutions, the first half of which saw numerous opposition groups demanding more

democracy, deepened constitutional reforms and improved transparency. During the second half of his presidency, when most of the opposition had been silenced and the president's sons and brothers installed themselves as the real wielders of corrupt and raw power, rampant corruption, violence and family rule became the targets of criticism.

The April Revolution of 2010 toppled the Bakiyev government, yielding a collective interim leadership of fourteen politicians led by Roza Otunbayeva. As the country's transitional president, Otunbayeva carried out constitutional reform and led the country to parliamentary elections later that year, successfully navigating the country out of its worst bout of violence due to interethnic conflict in June 2010. The constitution of 2010 introduced Kyrgyzstan to a parliamentary (albeit mixed) form of government that gave parliament considerable power and limited those of the executive. Presidential elections held at the end of 2011 resulted in Almazbek Atambayev as the victor. By 2017, at the end of his constitutionally permitted single term and despite the constitutional framework, Atambayev had won effective control over all branches of power and was therefore able to select his successor, who then won the election.

Atambayev's hand-picked successor, Sooronbay Jeenbekov, who was apparently chosen as a shadow candidate, proved that expectation wrong. Within two months of taking office, Jeenbekov began removing all Atambayev loyalists from positions of power, and by March 2018, Atambayev was openly scolding Jeenbekov for betrayal. From this point onwards, one after another, the former president's sacked loyalists found themselves charged with various crimes – mostly corruption-related – and put behind bars. From the electorate's perspective, much of Jeenbekov's first year in office was dominated by his seemingly endless confrontation with his former "friend," which involved the new administration itself getting caught up in the old trap of abusing the country's law enforcement, security and judicial institutions for political purposes.

In addition, the Jeenbekov administration failed to offer a clear vision of development and act decisively in battling problems such as corruption. Aside from the fact that the Jeenbekov administration more or less brought an end to the legal harassment of critical media and civil society activists – a tactic pursued by his predecessor Atambayev – there was little indication of Jeenbekov's greater commitment to democracy or the rule of law.

The parliament of the sixth convocation, elected in 2015 for a five-year term and into a strong role as provided by the constitution, became possibly the most disrespected convocation of all six since independence, as its overwhelming majority applauded every move made by Atambayev and then those made by Jeenbekov against Atambayev. This kind of political spinelessness, compounded by the widespread perception of corruption, numerous episodes of incompetence and lack of education demonstrated by many members of parliament, created a growing resentment among the electorate toward what had been presented to them as a parliamentary form of government.

Amid this rather bleak environment for democracy and the rule of law, a sense of complacency regarding economic development, and growing public dissatisfaction with the country's leadership and its constitutional framework, Kyrgyzstan finds itself in a difficult period.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

## Transformation Status

### I. Political Transformation

#### 1 | Stateness

Despite repeated bouts of political instability and the perception of widespread interference with various state institutions on the part of organized crime groups, the state has maintained an intact monopoly on the use of force throughout the country's territory. No overtly political, secessionist or other movements that would question the sovereignty of the state are present, and there is no known evidence of organized criminal groups seeking to wield their force.

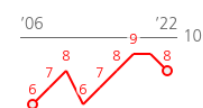
That said, there were two minor incidents during the review period that contested the state's authority. One involved the culmination of a standoff between former president Almazbek Atambayev and his successor, then-sitting president Sooronbay Jeenbekov, toward the middle of 2019. Atambayev engaged in an open feud with this successor and, by August 2019, was running a mobilization center in his native village outside Bishkek that showed all signs of not recognizing the authority of the incumbent president, the parliament, and law enforcement units. The standoff was resolved by a forceful capture and arrest of Atambayev at the cost of one soldier's life.

The second episode came at the end of the reporting period, with an October 4, 2020 parliamentary election resulting in large-scale protests of the outcomes that, again costing one life and numerous wounded protesters, toppled the leadership and ushered in a new one. In the process of a brief standoff between protesters and the leadership, there was a situation in which the state's sovereignty over the use of force became contestable. It was quickly resolved, however, when President Jeenbekov stepped down and a new president was elected on January 10, 2021, in a pre-term election.

Question  
Score

Monopoly on the  
use of force

8



1

The legitimacy of the state and identification with the state remain stable and nearly universal. Nevertheless, there is a young group of activists, mainly lawyers, who question the legitimacy of the state and especially of parliament. They consider parliament an attempt to usurp power, because the Jogorku Kenesh extended its term of office. Apart from this, no overt and known groups exist that deny the state's legitimacy; nor are there groups denied full citizenship due to any group criterion. Among ethnic minorities in Kyrgyzstan, specifically Uzbeks, the ability to exercise political rights and enjoy the full range of social and economic rights are to some extent impaired. This applies to the right to education in one's native language, effective equal rights to employment in state institutions and to running for political office. However, such perceptions and claims remain generally muted.

That said, there are Muslim groups and currents in society, which, in accord with their understanding of religion, have questioned the legitimacy of the secular state. Most openly, such calls were heard in late 2020 during the presidential election campaign, where one candidate was a prominent religious activist and ran in favor of an Islamic religious, spiritual rebirth in the country.

Kyrgyzstan remains a secular state, with the principle of separation of state and religion clearly written in the constitution. The secular state principle also appears to have been secured in the new text of the constitution that Kyrgyzstan will adopt in 2021 in a referendum.

However, the trend toward the ever-greater prominence of religion – of Islam – in Kyrgyz politics is notable. The former president, ousted in October 2020, was known as a devout Muslim who regularly attended mosque prayers and publicly confirmed his piety. In the parliamentary elections of 2020, the results of which were eventually overturned, there was a party called Yiman Nuru, which used religious campaign slogans. In the presidential election campaign, leading up to voting on January 10, 2021, there was a candidate who ran on an undisguised religious platform that championed the denial of secularism and a proper place for Islam in the country.

Should such trends continue, one might expect the omission of the principle of secularity from the Kyrgyz constitution. In the meantime, the general spread of religion and religious practices in society provide for supportive ground for such a change. However, as of early 2021, the country still remains a secular state governed by secular laws.

#### State identity

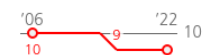
8



1

#### No interference of religious dogmas

9



1

All the relevant state institutions, territorial coverage and legal commitments remained in place as before, while the actual delivery of services continued to be incomplete – almost half of all villages in Kyrgyzstan lacked either drinkable water or any water supply and many rural schools and medical care sites were underfunded and underequipped. Gradual improvements, especially in clean water supplies, as well as improved maternity and child support benefits, occurred in 2019 and early 2020.

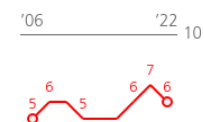
However, the challenges posed by COVID-19 exposed or worsened some key weaknesses of the state, from health care provision to support for the most affected and economically struggling citizens, to running an effective administration and the logistics of such systems. In the peak period of COVID-19 infections in June – July 2020, Kyrgyzstan citizens throughout the country found themselves needing to care for themselves, procuring the necessary medicines, oxygen concentrators, and much else, at suddenly spiked prices. The health care system of Kyrgyzstan came close to collapsing, but the peak was overcome by a combination of volunteer work, domestic and international charity and aid, and doctors and paramedics going beyond the call of their duties.

In the context of the global crisis, Kyrgyzstan's challenges were not unique. However, in a politically fluid setting, whether the government took preparations to manage possible new surges of infection, remained unclear. By early 2021, the relevant ministries reported preparations having been made to distribute medical supplies throughout the country in anticipation of a new outbreak. With various investigations revealing corruption and possible negligence during the pandemic, such government reports claiming an improvement in preparedness remained to be tested.

In addition to COVID-19-exposed shortcomings in health care, the lockdown and distancing measures during the pandemic worsened provision of basic education services, with schools closed and numerous children not equipped to adequately receive online education. Some other essential difficulties include preschool childcare facility shortages – both in urban and, especially, rural areas, and the seriously deteriorated air quality in Bishkek, often setting world records during winter.

Basic  
administration

6



1



## 2 | Political Participation

In the reporting period, one major election took place and was overturned under protests – the parliamentary elections of October 4, 2020, and a second major election took place – the early presidential election of January 10, 2021.

During the October 2020 parliamentary elections, though fiercely competitive, the vote tally gave a resounding victory to two major parties aligned with the sitting president (i.e., Birimdik, Mekenim Kyrgyzstan), both with nearly 24% of the vote and set to take firm control of parliament. A third runner-up, also a government-loyal party (i.e., Kyrgyzstan Party with 8.89%), ended up dominating the pro-government forces. This victory came about through massive vote-buying, abuse of authorities in favor of specific parties and frequent intimidation of party candidates and voters. That said, there was nonetheless a relatively open and level playing field in terms of access to information.

The presidential election, taking place after the toppling of the sitting president as a result of autumn protests, featured an open field of 16 candidates, but with uneven competition whereby Sadyr Japarov, by then the de facto country leader, enjoyed by far the greatest financial means and, to some extent, the leverage of incumbency. The other candidates, most of them in opposition to Sadyr Japarov, were able to voice criticism of the main candidate on national media, but enjoyed limited funding, had very limited outreach to voters in physical meetings, were subjected to frequent online intimidation and attacks, and occasionally to offline, on-site intimidation. Turnout in these elections was just under 40% – the lowest in all of Kyrgyzstan’s elections – and Sadyr Japarov secured 80% of the cast votes. No major or systematic unequal treatment of the candidates by the election authorities was observed; however, the overall context and the political and legal underpinnings of the elections, following the October events, ensured a skewed outcome from the start.

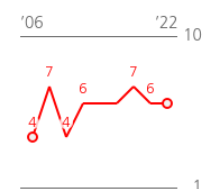
Thus, these elections were largely free, but systematically unfair, resulting in October 2020 in a toppling of the sitting government and then a lopsided victory for the de facto leader in early presidential elections in January 2021.

In Kyrgyzstan, the main problem is not with elected officials lacking power to govern or with veto powers wielding excessive power. Formally, the elected officeholders have power and are able to exercise it in governing the country, but concerns remain how they govern.

The most powerful office is that of the president, and this is an office filled through elections that tend to be competitive. Parliament is the other seat of power, wielding considerable influence on government policy and decisions both through open and

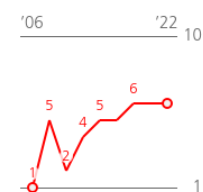
Free and fair elections

6



Effective power to govern

6



covert channels. These two institutions fill all the other main seats of official power, from cabinet ministers to special state agencies as well as the judiciary and procuracy.

It is in the functioning of all these institutions, elected and appointed, that illicit interests and powers have had near-veto influence. The most notorious of such influences, brought to public attention in 2019 – 2020, was Matraimov’s network, led by Raimbek Matraimov, a former top official in customs in the country. The group appeared to have succeeded in installing a number of its associates in the customs, tax, security services, financial police and other key structures, thereby becoming nearly unassailable to any corruption probes.

Beyond these, there are no significant groups able to resist or sabotage the capacity of elected offices to function. A brief effort at such an operation by former President Atambayev, aiming to undermine his successor and parliament, resulted in mid-2019 in his arrest amid violent resistance.

In 2019 – 2020, freedom of assembly and association in Kyrgyzstan, while remaining protected in legal provisions, were under attack. There were efforts at legal and practical curtailment. The constitution of Kyrgyzstan and applicable legislation provide the right for citizens to gather and protest, without any permission required.

In practice, however, there have been notable instances of disregard and even attacks. One broad attack was on ideological grounds: turning against protesters or activists “introducing Western values,” especially by presenting LGBTQ+ and gender rights as “Western.” Making such claims, attacks on civic activist marches in defense of women’s rights on March 8, in both 2019 and 2020, were carried out by intolerant conservative groups. Such instances, especially the brazen attacks on March 8, 2020, took place under the passive watch, if not implicit encouragement, of law enforcement, and were followed, most alarmingly, by the detention of activists who were attacked, rather than of their attackers.

A second kind of limitations took place under the COVID-19 lockdown conditions. Due to the imposed “state of emergency” and related curfew, citizens’ rights to assembly were temporarily suspended and rights of mobility were severely limited. There were also attacks on freedom of expression of people when they criticized the government.

This said, however, there were occasions of successful protests during the period, despite occasional attempts to disrupt them. One was a protest rally of citizens against a uranium mine in April 2019, which led to abandonment of the project and adoption of a law by the legislature banning uranium mining in the country. The second example was a series of protests entitled ReAction – civic activists coming out to protest corruption in the government and the government’s lack of effective reactions to reports of corruption.

Association /  
assembly rights

6



Trends similar to those that occurred with regard to assembly rights were observed in terms of freedom of expression during the 2019 – 2020 period. While the legislation remained unchanged and provided for broad protection of free speech and the press, there have been legislative initiatives to introduce limitations on these rights. A bill in 2020, in particular, proposed imposing controls on social media aiming to stop “fake news” and “trolling.” These provisions entailed clear pathways to restricting freedom of expression in arbitrary ways. The bill was slated after members of parliament demanded further elaboration with regard to its potential ramifications (under the current constitution, the president cannot veto a bill).

During the COVID-19 crisis, frequent instances of individuals being induced to post apologies for having criticized the government raised alarm. Behind the postings of such apologies stood the state security agency, although it denied having played such a role.

Freedom of expression came under a new form of attack as well: This was online abuse of people who expressed critical opinions of government policies and politicians, presumably hired (without waterproof evidence) by supporters of the government, certain politicians or parties. Such abuse reached a particular intensity in the run-up to the early presidential elections when online supporters of Sadyr Japarov acted as an organized army that speedily and aggressively attacked any prominent critic of Japarov, including sending unveiled threats to them. No legal action was taken against such abusers.

As of early 2021, it remained unclear what the new constitution, to be adopted in 2021, would state regarding freedom of expression. An early rough draft released in November 2020, a draft that itself lacked any legitimate or transparent explanation of how it emerged, proposed a number of provisions that threatened freedom of expression. That text underwent revision, with the end result to date unknown.

### 3 | Rule of Law

The separation of powers, in the constitution as of end of 2020 and in practice in most of 2019 – 2020, faced a significant downturn in late 2020. As has been the case for many years, separation of powers remains legally enshrined but weak in practice. The office of the president, often enabled by the state security service (the State Committee for National Security, SCNC) and the procuracy, has dominated parliament and the judiciary.

In the run-up to parliamentary elections in October 2020, two parties emerged as main vehicles of presidential loyalists installing a firm majority in parliament. One party was de facto run by a notorious figure who became a symbol of corruption in Kyrgyzstan, Raimbek Matraimov, the other party was – also de facto – run by a younger brother of the president, Asylbek Jeenbekov. At times rivals, the two parties nonetheless would have formed a strong alliance that would have been unscrupulous regarding the separation of powers when it suited them.

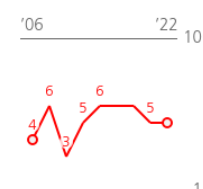
Freedom of expression

5



Separation of powers

5



The post-election protests and ousting of President Jeenbekov, however, led to an even more critical situation, where for over two months at the end of 2020, the country was ruled by interim presidents and prime ministers, who were mandated, in turn, by a parliament whose constitutional term had expired. Constitutionality and legitimacy were extremely compromised in post-coup governance.

COVID-19 measures and the introduction of a state of emergency between April 14 and May 10, 2020, further undermined the effective separation of powers, albeit within legal bounds for such extraordinary times. Parliament approved the introduction of the state of emergency. Subsequently, the continuance of the emergency situation was subject to parliamentary approval, which parliament gave. Observing the lockdown and distancing requirements, parliament and other state institutions switched to online mode, making it difficult to carry out oversight. Furthermore, parliament left for its regular summer recess on June 1, voting on several bills at once, both of these facts drawing sharp public criticism.

The new constitution, adopted in 2021, should institute a presidential form of government, as per the results of a referendum on January 10, during which voters were asked to choose between presidential and parliamentary government. The early draft of the new constitution, released well before the January 10 referendum, portended serious disregard for the separation of powers.

The judiciary in Kyrgyzstan, always declared independent in the national constitution, has always been impaired in its actual independence. In 2019 – 2020, the system continued its record of subservience to the executive, especially law enforcement and security agencies.

Just as it served the political interests of the previous president until the end of 2017, so the judiciary continued to serve the interests of the new administration from 2018 onwards. Such subservience included pre-trial detention authorizations and guilty verdicts in trials of many figures associated with the ex-president.

In the last months of 2020, in even more pliable than usual, the judiciary swiftly cleared Sadyr Japarov, who was released from prison by protesters on October 6, of his convictions, disregarding any legal procedures.

The relatively more independent Constitutional Chamber of the Supreme Court – de facto a Constitutional Court – too passed decisions in late 2020 that justified clearly unconstitutional legislative moves by parliament in collusion with Sadyr Japarov.

Thus, the independence of the judiciary declined at the end of 2020, becoming poised to lose even its minimal independence. The early draft of the new constitution contained provisions for new ways for the president to dominate the judiciary, such as the right to appoint the respective chairs of the Supreme Court and the Constitutional Chamber of the Supreme Court (upon agreement of parliament, which tends to be perfunctory). The draft underwent revision and was not yet public when this report was written.

Independent  
judiciary

3

'06 '22 10



1

It has become common in Kyrgyzstan that most instances of holding public officials to account for abuse of power are politically motivated. This practice has been particularly facilitated by the low level of judicial independence.

Starting in 2018 and continuing into 2020, a whole number of cases was initiated against former top officials under ex-President Atambayev, including the ex-president himself. By contrast, despite serious evidence suggesting abuse of office by former Prime Minister Abylgaziev under President Jeenbekov in 2019 – 2020, Abylgaziev never faced real accountability. Suspicious incidents involving Abylgaziev included, for example, two of his appointees being involved in possibly corrupt projects. Both cases, once publicly raised, were soon muted.

Only in spring 2020, during the critical situation with COVID-19 and under sustained criticism from civic organizations and some groups in parliament, did the prime minister step down, still with no legal investigation of his possible abuses. Once Jeenbekov resigned in October 2020, however, Abylgaziev was arrested upon allegations of abuse of office in January 2021. Earlier in 2020, the dismissed minister of public health was placed under arrest on suspicions of office mishandling – an event that was viewed by many as scapegoating of the ex-minister for the widespread public discontent over the government’s handling of pandemic measures.

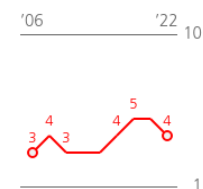
Generally, in late 2020 and early 2021, in a situation of political turmoil and a populist wave, the new authorities arbitrarily and with little procedural compliance placed some under arrest and let others go free in a number of questionable acts.

Protection of civil rights remains a concern in Kyrgyzstan. Formal protections of all civil rights, including protections against torture, discrimination and for gender equality, are in place. However, with some regularity, there have been initiatives that impinge on civil rights. For example, a bill – not passed as of early 2021 – aims to fight online fake news and misinformation yet would seriously risk compromising personal data and the privacy of users. The early draft of a proposed new constitution contained several provisions promoting the possibility for censorship, discrimination and limitations of various freedoms.

While not widespread, there is a steady trend toward compromising women’s and children’s rights and intolerance of people and groups of particular sexual orientations. A particularly offensive event was the release of a secretly taped video from the bedroom of a gay couple as part of an attempt to blackmail a liberal political party during the parliamentary race. The release did not result in any legal action. Generally, such attitudes exist among non-governmental, traditionalist groups. However, relevant government institutions regularly failed to take action to protect the rights of the targeted groups. Often, insensitive language toward various groups has been used in the parliamentary chamber.

#### Prosecution of office abuse

4



#### Civil rights

5



The restrictive measures during the pandemic, such as the brief state of emergency (with a curfew) in April – May 2020, and the emergency situation that continued for all of 2020 starting on April 1, affected some civil rights. The freedoms of assembly and mobility were limited (within legal provisions); freedom of expression was frequently limited (illegally) when people were critical of government actions regarding COVID-19. However, most of these efforts were of limited scope and/or within legal bounds.

It is also noteworthy that many civil groups remained vigilant and were able to maintain space for the exercise and protection of civil rights by remaining active and vocal.

#### 4 | Stability of Democratic Institutions

In the wake of the October 2020 toppling of the government – the third since the country’s independence in 1991 – and subsequent initiatives with regard to constitutional reform, many international commentators thought the only democratic experiment in Central Asia appeared to have ended. However, the democratic performance of public institutions in Kyrgyzstan was quite problematic even before the end of 2020.

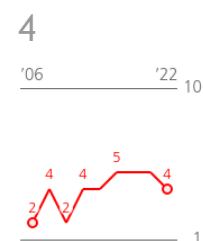
Ironically, the October 2020 events in large part constituted an outburst of public dissatisfaction with the work of parliament, in the wake of the protests. However, it was the president who ended up resigning while parliament remained in office, beyond its constitutional term, turning into a rubber-stamp for the new leadership. Parliament was viewed in 2019 – 2020 as a political bargaining club, lacking any stable political alignments, holding no principled positions on any public issue, and willing to join the side of the strongest contender. Parliament also became subject of constant derision among the public for instances of revealing a lack of basic education among some of its members.

The presidency, the office towering above all others, similarly turned into an object of criticism, mostly due to the performance of then-President Sooronbay Jeenbekov. While apparently open to consulting with the public, the office turned into a locus of inaction in the most urgent areas of public life, while routinely engaged in politically motivated persecution of its critics.

The rest of the country’s democratic institutions performed likewise poorly. Gestures of responding to public demands made by certain ministers and mayors (Bishkek, Osh) often proved to be only superficial.

Several obscure and secretive institutions, most importantly the State Committee for National Security, wielded immense influence over many public institutions, causing the latter to perform undemocratically.

Performance of democratic institutions



The groups with the greatest stake and interest in democratic institutions only displayed an instrumental relationship to democracy. While the legally prescribed procedures were still complied with, parliament became an odd institution waiting to be dismissed. Despite such low regard for parliaments sixth convocation in 2015 – 2020, specifically, the elections in October 2020 appeared to have brought most former members of parliament back for a new term, setting off large-scale post-election protests. But the fact that the same convocation of parliament stayed at least several months after the end of its term of office as a caretaker chamber, passing legislative acts of the highest significance (everything related to replacing the constitution, for example), will be remembered as one of the biggest political ironies in Kyrgyzstan.

The president fared better: The opposition, civil society organizations and political parties in general view the presidential office as the ultimate authority in the country. With regard to other national institutions such as the judiciary, law enforcement or government ministries, the level of legitimacy accorded to them varied somewhat, but generally was low.

In the most recent opinion poll by the International Republican Institute, carried out in December 2019, respondents' views of parliament, the president and various state institutions were about evenly split between positive and negative, with parliament generally considered slightly more negatively than the president. Noteworthy, the institution viewed most favorably, by over 70% of respondents, was the National Bank of Kyrgyzstan, and the institutions viewed favorably by only about 30% were the courts.

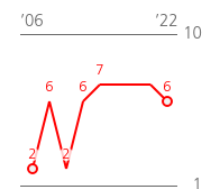
## 5 | Political and Social Integration

Political parties in Kyrgyzstan continued to be volatile, weakly institutionalized and by and large lacking social roots. Outside electoral periods, most parties remain dormant most of the time. One party that was not dormant in 2019 – a non-election year – was the Social Democratic Party of Kyrgyzstan, SDPK, identified with former President Atambayev. In the midst of its patron's feud with the sitting president, the party split into Atambayev and Jeenbekov loyalists, plus a splinter group that was against Atambayev but was not admitted into the Jeenbekov camp.

The elections in October 2020 were very illustrative. The Atambayev loyalists in the SDPK, led by two of his sons, ran in the 2020 elections under a new banner, the Social Democrats of Kyrgyzstan. Another new party in the elections, Birimdik, was assembled by the sitting president's brother, Asylbek Jeenbekov, and consisted mostly of former SDPK members who chose Jeenbekov. Birimdik finished first in the elections with over 24% of the vote. With just under 24%, the second-place winner was Mekenim Kyrgyzstan, a previously regional-level party comprised of some businessmen, patronized by the notorious Raimbek Matraimov, the figure at the center of a customs corruption scandals of 2019 – 2020. Several other parties were also new or paraded vastly changed casts of candidates.

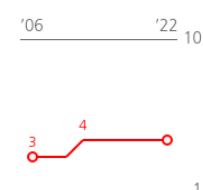
Commitment to democratic institutions

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Party system

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The top two parties won almost 50% of the vote and were poised to take firm control parliament. A third runner-up, the Kyrgyzstan Party, was an obedient ally of both. Thirteen remaining parties, all but possibly one failing to surpass the 7% threshold, quickly united into a joint protest on October 5. In a further sign of the weakness and incapacity of Kyrgyzstan’s political parties, the spontaneous coalition was stuck in indecision when one of them went its own way and took power. That was Sadyr Japarov’s party, Mekenchil.

The political parties, given such disappointing performance, were dubbed “joint stock companies,” minding mostly their pecuniary interests rather than politics and government. As a result of such low public regard, one of the principal post-October reforms was a proposal to abandon the proportional electoral system based on political parties – a system Kyrgyzstan had since 2007.

The field of interest groups in Kyrgyzstan remains narrow. Their effectiveness is generally low and only certain niche interests are represented effectively – and often, to the detriment of the rest of society and to fairness.

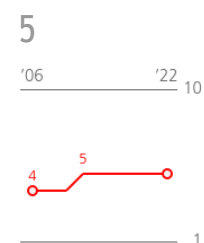
Some groups, comprising both spontaneous activists and more organized civic associations, are active in the fields of women’s rights and children’s rights. However, they remain relatively ineffective, their efforts to foster equality falling mostly on unreceptive ears in national institutions. At the same time, certain loosely organized, almost semi-clandestine movements, such as the Kyrk Choro movement of traditionalist males, have been vocal, not brought to account when they trespass upon others’ rights, and have gained wide support among the general public. Generally, activist groups touting slogans of patriotic nationalism have been on the rise, turning into a prominent constituency among supporters of the newly elected President Sadyr Japarov.

There have been various other interest groups in narrow arenas, such as associations of private operators of city transport or associations representing various other business sectors, which lobby, often successfully achieving outcomes they deem necessary for themselves. A recently emerging field of activism has been environmental, especially with regard to activism against air pollution and smog during the winter. Other than making the issue public, the activities of such groups have failed to result in any substantial policy measures.

An emerging new field of interest group activism is that of advocates for religious principles and rights. Such groups have become ever more vocal in advocating for the abandonment of secularism in the constitution and allowing hijabs in public schools. While these efforts have not resulted in major legal changes, they have enjoyed a positive public reception.

A number of youth activist movements and organizations, such as Bashtan Bashta, the Lawyers’ Association and various anti-corruption initiatives, have also emerged

Interest groups





and were increasingly active by early 2021, in the run-up to the constitutional reform. Such activism was somewhat successful in generating political responses to activists' demands, such as the April 2019 rejection of a uranium mining project.

Overall, interest groups have yet to become an effective way of influencing policy in public interests (as opposed to private or niche interests).

As evidence for public support of democracy, the most relevant surveys are the most recent national opinion surveys conducted by the International Republican Institute. These are: November – December 2019 (published in February 2020), August 2020 (published in September 2020), and December 2020 (published in January 2021). However, it has to be noted that the set of questions asked by each survey is not always identical.

Most relevant to support of democracy, in the late 2019 poll, 51% of respondents answered they were either fully or somewhat satisfied with how democracy was developing in the country – a low results compared to previous rounds. More indicatively, only 33% thought democracy was the best form of government for the country, while 36% thought there were other equally good options, and another 15% thought there were options better than democracy. At the same time, 70% of respondents thought citizens should have a greater say in governmental decision-making. These disparate results reflect disapproval of the performance of democratic institutions.

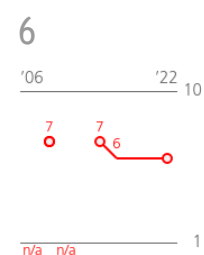
In the survey of August 2020, during questions were primarily geared toward the expected parliamentary elections, a great majority of respondents were disposed to actively participate in the elections, especially when the reverberations of the COVID-19 crisis of July were still fresh.

In the most recent survey, conducted after the October 2020 change of power, the general mood had swung somewhat back in favor democracy and citizen engagement. Thus, 47% of those surveyed thought democracy was the best form of government for Kyrgyzstan, 29% thought there were equally good options, and 17% that there were better options. When a popular leadership came to power by way of popular uprising, at the people's mandate and with its support, the mood swung toward support of democracy.

The strength of social capital was significantly tested in Kyrgyzstan in 2020, eliciting very contradictory results, sequentially. Generally, social capital has been effective at the local level and especially among communities identifying along kinship lines, and in various small segments of society, such as religiously associated communities or communities of common social concerns, such as families with children with autism.

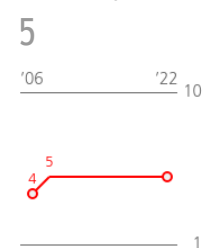
In 2020, volunteer activism was remarkable during the pandemic crisis in the summer months. At a time when government institutions were nearly collapsing, volunteer

Approval of democracy



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Social capital



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citizens formed into groups to provide a wide range of support, from buying oxygen concentrators and other vital equipment and medication, to organizing groups to help locate hard-to-find medicines, to delivering insulin, food and other items to people in need who were in quarantine, to groups of doctors returning to Kyrgyzstan from abroad to help their colleagues at home, to businesses collecting money to fund various expenses, including those for opening temporary clinics.

That internationally applauded show of solidarity and capacity for self-organization and support was soon replaced by electoral fragmentation, which then yielded to still bitter divisions in the post-October period. In this polarized political climate, social capital within this or that political camp was hard to estimate.

Unfortunately, the most recent national surveys did not contain questions about social capital.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Kyrgyzstan has lived through a very difficult period in terms of socioeconomic development in 2019-2020. The country enters 2021 carrying the heavy baggage of 2020's economic and social distress and political stabilization from late 2020.

Kyrgyzstan moved up from its previous status as a low-income to a lower middle-income economy in 2015. In 2019, the country's total GDP amounted to \$8.87 billion, according to the latest available data from the National Statistical Committee, \$8.5 billion according to World Bank data. Both sources put 2019 GDP per capita at just above \$1,300. The GDP growth rate remained stable at 4.6% in 2019 (National Statistical Committee data), but the forecast for 2020 shows a sharp decline: -5.3% (Ministry of Economy).

Indicators of socioeconomic development remained stable during the reporting period. Kyrgyzstan's Human Development Index remained stable at 0.698 (2019), which is nearing the threshold of medium to high human development levels. The 2019 Gender Inequality Index stood at 0.369, a miniscule improvement upon previous year, and the Gini coefficient remained stable for 2018 (latest available) at 27.7. The overall loss to HDI due to inequality (a UNPD HDI measure) was 9.6% in 2018.

Since then, however, socioeconomic conditions have deteriorated. Most of the difficulties have yet to be unaccounted for in official statistics but are observable in news reports of current events and daily life. A household survey of the impact of

Question  
Score

Socioeconomic  
barriers

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COVID-19 conducted by the Kyrgyz National Statistical Committee in October-November 2020 shows 54% of households reporting a drop in their incomes, 22% reporting at least one previously employed family member as now unemployed, 68.5% reporting difficulties in accessing some essential social services (most frequently transportation, food and social services). In a Ministry of Economy assessment from May 2020 regarding the impact of a lockdown for one month in April-May of the same year, more than 700,000 citizens became unemployed, with the service sector (restaurants and cafes, hotels, tourism) being hit the hardest. After the lockdown, these indicators certainly improved, but no credible data are available.

A key indicator is the level of poverty. In early 2021, a World Bank forecast predicted every third person in Kyrgyzstan to fall below the national poverty line, which is about \$1.1 per day per person in current exchange rates (early 2021). In the period up to 2020, the poverty level had been declining, exceeding 25% in 2017 and 22% in 2018.

An entirely different set of problems is posed by the situation of the country's labor migrants working abroad. Rough estimates suggest that the annual remittances sent back to Kyrgyzstan by nearly one million migrants (from a country of 6.5 million) employed outside the country amount to anywhere from 25% to 30% of GDP, comprising a crucial segment of Kyrgyzstan's economy that has been hit hard by the coronavirus crisis with wide-ranging repercussions for households and the national economy. However, again, hard data in this regard remained unavailable as of early 2021.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	7702.9	8271.1	8871.0	<b>7736.0</b>
GDP growth	%	4.7	3.8	4.6	<b>-8.6</b>
Inflation (CPI)	%	3.2	1.5	1.1	<b>6.3</b>
Unemployment	%	6.9	6.8	6.7	<b>7.9</b>
Foreign direct investment	% of GDP	-1.4	1.7	3.1	-
Export growth	%	6.1	-2.7	16.2	<b>-18.5</b>
Import growth	%	7.4	7.4	6.1	<b>-24.0</b>
Current account balance	\$ M	-535.6	-961.7	-1066.8	-

Economic indicators		2017	2018	2019	2020
Public debt	% of GDP	58.8	54.8	51.6	<b>68.0</b>
External debt	\$ M	8124.6	8157.8	8448.3	<b>8697.1</b>
Total debt service	\$ M	583.4	563.6	760.2	<b>628.5</b>
Net lending/borrowing	% of GDP	-2.7	-0.3	0.4	-
Tax revenue	% of GDP	17.0	18.0	16.9	-
Government consumption	% of GDP	17.1	17.2	16.4	<b>17.6</b>
Public education spending	% of GDP	6.0	5.6	5.4	-
Public health spending	% of GDP	2.3	2.8	-	-
R&D expenditure	% of GDP	0.1	0.1	-	-
Military expenditure	% of GDP	1.6	1.6	1.6	<b>1.8</b>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Kyrgyzstan has long embraced liberal market policies, ease of doing business and an attractive investment climate as priorities in its economic policy. To some extent, such targets have been met, as, for example, the indicators (2019) for Starting Business (10 days, four procedures and 1.4% of GNI per capita) show.

In practice, however, conditions for healthy market-based competition remain weak. The main challenges continue to be, as in previous years, the instability of institutions and rules that shape market governance, omnipresent corruption, and, as a result, a high share of the economy remaining informal. Estimates of the latter range widely, from 30% to 50%, making any such estimate hard to use. Competitive advantages are enjoyed most by those who engage in informal practices, while those who play by the rules are at a disadvantage.

Restaurants during the pandemic provide a glaring example of unclear rules and advantages rule-breakers enjoy. For violating the rule that there could be no more than 50 customers at a time, a restaurant could be fined 13,000 soms (about \$180) or just 3,000 in some cases (less than \$40). Most restaurants complied with the rule, foregoing revenue, while some broke the rule, paid the fine, but earned many times more than they had to pay.

Market organization

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No change has taken place with regard to anti-trust laws and regulation. The State Agency for Anti-Monopoly Regulation is the main anti-trust policy implementor, while the National Bank is charged with anti-monopoly regulation in the financial sector. Market competition regulation is governed by the law “On Competition” adopted in 2011.

Thus, the institutional and legal foundations for fair competition are in place and relatively stable. Implementation is another issue. Occasionally, there are complaints about pricing in the coal industry (mostly private), the high prices charged for natural gas (a monopolistic private supplier – Gazprom) or electricity (for which there are dominant suppliers in different regions, with partial state ownership, such as Severelektro – the largest company serving Bishkek and the north of the country), and other concerns that speak to uneven market competition. Illicit, corrupt influence is often wielded by members of parliament and other influential figures to secure purchases or adoption of regulatory or deregulatory policies or to favor particular sectors or particular firms. Such instances may get covered in news reports, but most often they are not prosecuted.

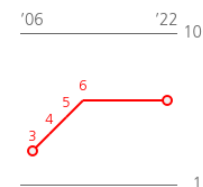
A liberal and open foreign trade regime has been one of the key characteristics of Kyrgyzstan’s economic policy from early on, with some results. These include, for example, joining of the WTO in 1998 as one of the earliest ex-Soviet states, and tariff and duty policies that welcome trade. In 2019, the simple average most favored nation applied tariff rate was 6.6%, up from 6.1% in 2018, but still rather low in the global context. The liberal tariff regime has contributed considerably to making the Kyrgyz economy a vibrant re-export hub for Chinese goods. Yet these liberal policies may also have contributed to a steady and serious trade deficit over the years, with imports up to three times greater than exports.

Kyrgyzstan’s entering the Eurasian Economic Union (EAEU) in 2015 was possibly the second most important event since its accession to WTO in 1998. The EAEU introduced supranational mechanisms and measures of trade for Kyrgyzstan, both within the EAEU and especially for imports and exports with non-EAEU markets. While Kyrgyzstan remains a heavily importing economy, the EAEU has resulted in free entrance for imports from member states, and greater burdens for imports from third-party countries.

Kyrgyzstan has a relatively small, but dynamic and developing banking sector. About 20 full-service banks, of which three are state-owned, operate in the country. The banking and capitals market enjoys broad autonomy, with the National Bank serving as the chief independent financial regulator. Because of the overall size of the banking sector, however, it remains exposed to external influences. In 2020, serious fluctuations in the currency market created a situation of frenzy in the banking sector, leading the National Bank to introduce arbitrary limits on commercial banks’ ability to buy and sell U.S. dollars.

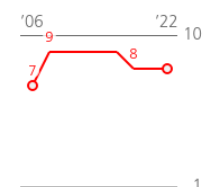
#### Competition policy

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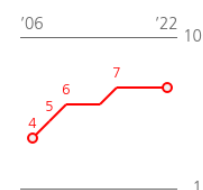
#### Liberalization of foreign trade

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#### Banking system

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The bank capital to assets ratio in Kyrgyzstan in 2019 was 18.2, a slight increase from the preceding period, and among the highest among countries included in the World Development Indicators dataset. The rate of non-performing loans was 7.7%, a relatively stable indicator over the years.

The capital market in Kyrgyzstan continues to be small and undeveloped. Increasingly, people have learned to trade in international stock exchanges, online or in other ways. Domestically, the Kyrgyz Stock Exchange offers a limited choice of a handful local stock companies and a slow trading pace.

## 8 | Monetary and fiscal stability

Kyrgyzstan has maintained a free, open monetary governance regime, with the National Bank of the Kyrgyz Republic (NBKR) functioning as the main custodian of monetary stability. The National Bank enjoys considerable autonomy to implement its own policy, which is particularly significant in a context where all other major institutions of governance tend to be highly politicized and subject to populist pressure.

Despite occasional turbulences, often emanating from Russia and Kazakhstan, monetary stability was maintained through 2019. Indicatively, the currency exchange rate began in early January 2019 at about KGS 69.8 to \$1, and at the end of December 2019, it was exactly the same – just about KGS 69.8 to \$1.

In 2020, amid the crisis caused by COVID-19, a serious period of stress took place, as shown by the sudden depreciation of the Kyrgyz som against the U.S. dollar and the euro. By the end of 2020, the som had lost about 20% in value against both the dollar and euro and stabilized in early 2021 at about KGS 84.0 to \$1. Following the depreciation, there occurred a rise in inflation, estimated at a rate of 7 – 8% in 2020 (likely to be higher when complete analyses are published). Prices for food items and gasoline in particular continued to rise steadily in early 2021.

At the beginning of significant currency exchange fluctuations early in 2020, the National Bank intervened by selling (and briefly at one point, buying) U.S. dollars, to lessen the fluctuations. By the end of 2020, the bank had sold around \$500,000 in total. Currency exchange rates and inflationary risks, in particular, remained serious concerns at the start of 2021.

### Monetary stability

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Kyrgyzstan ended the 2019 fiscal year with a stable outlook. At the end of the year, the government expected the inflation rate to be slightly lower than planned (4.2% as opposed to expected 4.7%), total government revenue to be slightly higher than planned, and a stable budget deficit of about 1.7% of GDP. That performance was in line with the steady indicators of several previous years.

That fiscal stability was seriously affected by the COVID-19 pandemic. Going into 2020, early on, the government had planned for a budget deficit of about 1.4% of GDP, but by the end of 2020, that rose to 6.1%, and will possibly be higher once the final actual deficit is known. Due to a full lockdown in April – May and further restrictions on economic activity, additionally affected by border closures, the country's economy virtually came to a halt and then slowly began to recover.

Despite some early warnings, by the time of arrival of COVID-19 in Kyrgyzstan in mid-March, the country's preparedness level was rather low. Among the first moves by the government in March 2020 was locating sources of revenue support. The president and government members actively knocked the doors of both bilateral and multilateral donors, and by April, had secured pledges of aid and loans from several sources. The largest and one of the fastest was the IMF, providing two installments of \$120 million.

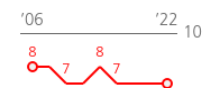
The government worked on crisis-management and recovery plans, presented in three phases, and comprising primarily business-oriented action, such as tax postponements, loan access support, loan repayment facilities, and so on. Due to seriously limited capacity, the government did not implement direct payouts to the population.

The strains of fiscal shortages in 2020 were further complicated by debt service challenges. Kyrgyzstan's debt at about 57% of GDP is just under \$5 billion, and over 40% of it is owed to China. From April 2020 until the end of the year, on several occasions, the Kyrgyz leadership appealed to the Chinese government for debt deferment. Finally, Beijing offered a one-year postponement, with interest imposed on the postponed amount in addition to the regular interest.

Kyrgyzstan was included in the Debt Service Suspension Initiative (DSSI) by multilateral and major donors, which provided further relief during the most difficult period. Looking beyond 2020, Kyrgyzstan expects a difficult recovery after 5% – 10% negative growth, with the debt service imminent, revenue collection weak, and many parts of the economy – such as tourism and labor remittances – hit particularly hard.

#### Fiscal stability

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## 9 | Private Property

No serious changes have occurred in property rights. Legal guarantees are in place, while cases of violation of property rights in practice have occurred, albeit without the frequency of earlier years. There have been some high-profile disputes, such as the never-ending saga over ownership of the Vecherniy Bishkek newspaper publishing house and its affiliated advertising agency, Rubikon. More recently, there have been disputes among the co-owners of the Aknet telecommunications company. Typically, these disputes involve different stakeholders within a company, and sometimes outside interests. Small-scale property disputes often involve real or movable property that was not registered properly after Kyrgyzstan embraced a market economy and comes under dispute when the owners change or when an owner dies and property rights cannot be established.

Kyrgyzstan is a market economy with most of its economic enterprises and activity in the private sector. There are some sectors where state ownership is still present, or where the state has significant shares, such as the KyrgyzTelecom and Alfa Telecom companies, which the government unsuccessfully attempted to sell at auctions several times in the past but has not done in recent years.

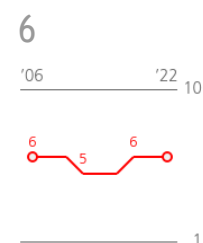
There is clear recognition and appreciation of the weight of private enterprise for the Kyrgyz economy, and there is a corresponding legislative foundation. However, as in many other spheres, the Kyrgyz government is weak in implementing its own policies and guaranteeing protection.

The most troubled and significant sector in this regard is the mining industry. On the one hand, the industry has been a highly corrupt, and on the other became a highly politicized sector. Several major mining enterprises, most often run by foreign investors, have come under attack by local citizens, whose attacks were often fueled by opportunistic politicians. The government repeatedly failed to ensure the smooth operation of such enterprises.

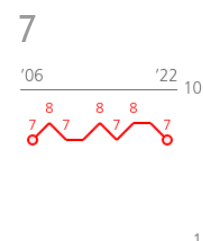
The political events of October 2020 left several major mining companies exposed to mob attacks, the most severely hit – with property destroyed and set on fire – being the gold mining site at Dzheruy. Ominously, the main victor in the political upheaval was Sadyr Japarov – a politician whose name is best known among the general population for his call for the nationalization of Kumtor – Kyrgyzstan’s largest mining company and the single largest contributor to the national economy. After assuming power, Japarov backtracked from his rhetoric. However, some of his campaign trail speeches and promises still carry weight.

In addition to attacks on mining companies, more routine ways of preying on private enterprises have occurred from tax inspection authorities and some enforcement agencies, such as the financial police, procuracy and anti-corruption committee. Such attacks typically have the motive of extracting bribes from businesses. Many private companies are exposed to such attacks because, at least partially, they operate informally.

Property rights



Private enterprise





## 10 | Welfare Regime

Social safety nets in Kyrgyzstan have consistently been more symbolic than real, and the stress produced by the COVID-19 crisis has exposed the limits of the government-provided safety net.

The system was inherited from the Soviet Union and has retained much of the structure from those times. It is primarily government-provided; private insurance has been available, however, only very few people – and almost never the most vulnerable – have turned to such options.

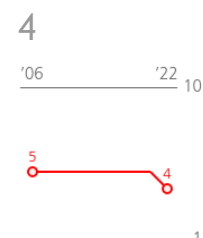
The typical benefits actually been provided include childcare benefits, disability payments, a one-time childbirth benefit, public transport subsidies for the elderly and the disabled. Unemployment benefits exist formally but are provided to an extremely small number of people. As reported by the Ministry of Social Development, in April 2020, only 155 persons were receiving unemployment in the amount of KGS 300 per month (equivalent to \$4). All monetary benefits provided are very small. Often people forego them because the procedures required to qualify for payments are more burdensome than the benefits are beneficial. All government benefits are paid from tax revenues, primarily from the social protection insurance tax.

During the hardest period of the pandemic in mid-2020, it became obvious that the most vulnerable categories of citizens were largely left to care for themselves and to hope for ad hoc and charitable support from private sources. The government mobilized some support, mainly in the form of one-time grocery packages, to families and individuals most in need, and primarily around Bishkek and a few other urban centers. Such help fell far short of the real needs of the households that received the benefits.

The gender aspect of the COVID-19 crisis is notable, although not yet properly measured. This includes the added load of household chores, lost income, caring for children left at home for online schooling, in addition to widespread domestic violence (by men), which only increased in frequency during the pandemic lockdown and quarantine measures.

Public expenditure on health, at 2.3% of GDP in 2017, may rise somewhat after 2020, but is unlikely to change significantly due to limited revenue capacity. During the pandemic, the underfunded health care sector revealed systemic shortcomings, from shortages of basic medicines, protective gear and infrastructure, to underpaid medical personnel.

Social safety nets



Equality of opportunity for different social groups generally exists in Kyrgyzstan, in law and to a lesser extent in practice. Certain structural, long-term inequities still persist. Such trends have not changed in recent years.

The literacy rate remains at close to 100%, and there is virtually no difference between males and females in this regard. Similarly, the ratio of female to male enrollment rates in schools is 1:1, and at tertiary level, female enrollment is slightly higher than male enrollment. However, women made up just over 38% of the labor force in 2020, a stable figure for many years.

There is apparently a disparity in enrollments in rural versus urban communities, and of tertiary enrollment in different ethnic-linguistic groups. However, stronger statistical evidence than exists is required in order to make a firm statement regarding these disparities.

As a result of COVID-19 and its longer-term effects on education and employment opportunities, Kyrgyzstan may see an increase of disparities in various ways, such as by gender or income level. However, in early 2021, it was too early for such effects to be in evidence.

## 11 | Economic Performance

Economic performance in 2019 followed previous trends but turned sharply negative in 2020.

According to World Bank data, Kyrgyzstan has had GDP growth rates of just above 4% on average since 2014 (in 2019 GDP growth was 4.5% and 2.5% per capita). The inflation rate in 2019 was 1.1%, according to the World Bank. Exports grew by 19.8%, while imports by only 2.9% – a positive dynamic for an economy with negative trade balance.

Along with these moderately positive indicators for 2019 were some negative results. Attraction of FDI was very lackluster at only 2.5%, a slight improvement over the preceding two years. Public debt was over 54% of GDP, with a total debt servicing burden in 2019 equal to about 7% of GDP. Government consumption in 2019 was just under 17% of GDP, and tax revenue was slightly higher than that – 18% of GDP. That said, the state budget ran a deficit of 1.7% of GDP in 2019.

In 2020, COVID-19 caused a sudden and severe crisis in the economy. The budget deficit, planned to remain at roughly the same rate as in 2019, more than quadrupled. GDP in 2020 is expected to have declined by between 5% and 10%. The crisis also produced a sharp rise in unemployment due to many businesses closing, much of the service sector contracting and a large working-age population, previously in labor migration abroad, returning to Kyrgyzstan to joblessness. While estimated unemployment rates were 6.3% in 2019 and 6.6% in 2020 (World Bank), in a

Equal opportunity

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'06 '22 10



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Output strength

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Ministry of Economy estimate from late May of 2020, following the end of the state of emergency, over 700,000 people – or about 28% of working age people – remained jobless.

In 2020, the national currency also sharply depreciated against the dollar and euro, leading to a much higher inflation rate than previously, estimated by the national statistical center at 9.7%.

More precise economic performance data for 2020 were yet to be released in early 2021. But, whatever the final figures, it is clear that 2020 will show the worst economic performance for Kyrgyzstan since the early 1990s.

## 12 | Sustainability

Despite consistent talk about environmental problems, there has been a prevalence of consumerist and passive treatment of the environment. There is the law in place to protect the environment and a government agency charged with overseeing environmental sustainability norms. There are many provisions and institutions at least partially responsible for environmental sustainability. Beyond this, numerous donor-funded projects and organizations have been actively working in this sphere.

However, the practical side has been seriously problematic. These include the lack of any effective controls over gasoline quality and vehicle emissions, no control over the coal grades used in municipal heating stations, laissez-faire attitudes among individuals in their choice of household energy sources, poor management of forests and pastures and numerous other issues.

A case in point is the air quality in Bishkek, which deteriorates every year and set new records for poor quality in the most recent winter period in 2020. Numerous times during the winter months, Bishkek set world records among major cities for air poor quality, far outdoing well-known polluted cities such as Karachi, Lahore and New Delhi.

There are minor, donor-encouraged mechanisms for green energy solutions in businesses and sustainable house heating in place, such as the one by the European Bank for Reconstruction and Development. Such mechanisms remain very limited. There are no tax incentives for environmentally friendly behavior or consumption.



Kyrgyzstan continues to rely mostly on its pre-independence baseline as part of the Soviet Union in terms of education and R&D.

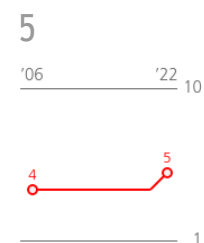
The high literacy rate of just under 100%, universal primary school enrollment and high levels of secondary and tertiary enrollment, where there is also gender equality, are a legacy of the Soviet Union. This also applies to the poorly reformed schools and universities and the stagnant, unreformed research and science institutions. An attempted reform in 2016 – 2017 to merge higher education and science and research institutions stopped short of introducing any change. Universities being primarily education focused, and a system of research institutions headed by the National Academy of Sciences, charged with scientific research and not education, is another unreformed legacy.

The fact that 6% of GDP is spent on education does not translate into quality, with student performance at all three levels of education remaining poor. Expenditure on R&D is minimal, at 0.1% of GDP.

There has been a slow growth of private education at all levels, from pre-K to tertiary institutions, but no private R&D institutions beyond some thinktanks and social research firms. Often, private educational institutions lack proper quality assurance, which creates opportunities for corruption – essentially selling degrees for profit. Alarming was the news in mid-2020 that the government of Pakistan advised its citizens not to pursue medical degrees in Kyrgyzstan due to the poor quality of training. The government does not appear to have made any effort to address this criticism.

In the online education mode caused by COVID-19, the education sector suffered further losses in quality, not measured precisely but noted universally. Online education encountered one basic difficulty – a lack of computers or even smartphones in numerous households, especially in ones in which multiple children had to study remotely. There is also poor internet connectivity in rural areas. At the end of 2020, these difficulties added to all the other long-existing challenges in this sector.

Education policy /  
R&D



## Governance

### I. Level of Difficulty

Kyrgyzstan faces major structural constraints.

The country's geographic and geopolitical location constitutes one such constraint. The country is surrounded by China, Kazakhstan, Uzbekistan and Tajikistan, and Russia is always a contiguous fifth neighbor – a neighborhood that is neither particularly promising for economic development nor conducive to robust democratization. Geopolitical rivalries have more often stifled Kyrgyzstan's options than expanded them. The recently emerged goodwill among the country's Central Asian neighbors, mostly since 2018, has yet to bear fruit beyond declarations of readiness to cooperate. The geography of the country also contributes its share of complications, as more than 90% of its terrain is mountainous and less than 10% is arable land. The mountain range dividing the northern and southern halves of the country inhibit communication and trade.

A second difficulty is the infrastructural legacy of the Soviet Union, which has been mostly beyond Kyrgyzstan's economic capacity to contravene and therefore continues to weigh the country down as a looming threat. This includes the roads and railroad infrastructures, energy production and delivery systems, urban communications and utilities systems in Bishkek and the country's second largest city, Osh.

A third difficulty is the country's cultural makeup and history. These include two major ethnic-based conflicts in 1990 and in 2010, a degree of north-south division (which tended, however, to play less of a role in politics in recent years compared to previously, including during the early presidential elections of 2021), and a growing percentage of citizens turning to dogmatic forms of religiosity. The effects of largescale labor migration, the language divide between speakers of Kyrgyz and Russian, the noticeable divide among urban and rural communities, liberals and conservatives, add additional layers of complications. While most of these phenomena should be welcomed as healthy markers of diversity, in Kyrgyzstan they have been rather lines of cleavage within society.

How these disparities figured in the COVID-19 pandemic still requires proper analysis. By itself, the pandemic became a likely new structural constraint. The country was among the more severely hit in the region and the world, with close to

Structural  
constraints

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85,000 reported infections by early 2021, over 1,400 reported COVID-19 deaths, and severe economic fallout. Yet, there are serious doubts about the accuracy of the data, due to factors such as limited testing and underreporting of the number of deaths. An independent study of excess mortality rates in 77 countries by two European researchers found Kyrgyzstan to have experienced a 19% increase in deaths compared to a five-year average before COVID-19. Most independent observers estimated the total death count to be up to four times higher than the reported number of 1,400.

Last but not least, political volatility has also become a structural constraint on development. Previously, this factor could be seen as a one-off or an expression of normal political change. The events of late 2020, however, suggest that we consider political instability and populist dynamics as among Kyrgyzstan's structural constraints. Governments appear not to be able to prevent this increasingly cyclical phenomenon. Kyrgyzstan's numerous revolutions have direct effects on the ability of the government to borrow, attract investments, plan and implement long-term development strategies and reforms.

Kyrgyzstan's society embodies a diverse set of backgrounds, Soviet and independent, secular and religious, traditionalist and modern. This diversity translates into the areas in which civil society works, as well.

Commonly, Kyrgyzstan is said to have numerous civil society organizations and great dynamism in the sector. However, a lot of the declared numbers tend to be mostly inactive NGOs and those which are active tend to be concentrated in the capital, Bishkek, and most of such organizations tend to be dependent on donor funding from primarily foreign sources.

The society's traditional, culturally embedded civil society phenomena such as community self-help collectives, come with rather conservative, closed value systems that can impede development and innovation. However, such traditional social capital has often been a bulwark against corrupt practices and a defense of integrity.

In the past two years, and especially in 2020, vibrant and contradictory capacities in civil society manifested themselves. First, as the COVID-19 pandemic began to set in, peaking in July 2020, Kyrgyzstan experienced remarkable civil society activism, as volunteers individually and in groups, spontaneously and organized, in small ways and large, plugged into helping their communities and neighbors, as well as hospitals and doctors. The display of solidarity and activism among ordinary citizens was even noted in international media.

But only three to four months later, a very different form of activism occurred in civil society, as large crowds of agitated citizens clashed with each other over who should govern the suddenly leaderless country in the days and weeks after October 5. To be noted, the more concerning, aggressive citizen groups were counterbalanced by

Civil society traditions

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spontaneously gathered groups of volunteers, especially in Bishkek, who guarded public security and safety, strictly abstaining from taking a political side.

Largely receiving support from conservative, populist and illiberal members of civil society, the country's de facto leadership engaged in deeply questionable initiatives of constitutional reform and so on, while the incumbent parliament sat beyond its term, rubberstamping pseudo-legitimate legislation. Still, amid such troubling processes, there remained an active if less numerous pro-democratic civil society, incessantly voicing criticism of illegitimate actions and calling for respect for the rule of law.

Thus, civil society traditions in Kyrgyzstan are contradictory, mostly lacking social roots, tending to change quickly, and can pose difficulties to proper governance, as well as lend support to it. On balance, as of late 2020, against the background of a weak, incapable and then-illegitimate political leadership, civil society capacity came up strong.

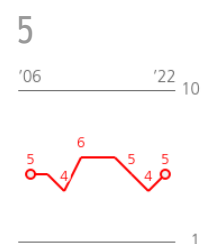
Late 2020 culminated in the bursting of pent-up public feelings of dissatisfaction with and resentment toward the government and opposition-minded political activities. Much of the three-year tenure of ex-President Jeenbekov was spent fighting with his predecessor, patron-turned-adversary, Almazbek Atambayev. In August 2019, Atambayev was arrested in an operation that resembled the squashing of a mini-insurgency and involved the use of a large contingent of special law enforcement units. Until his arrest, Atambayev had succeeded in fueling a disquieting level of adversarial public rhetoric that was notably testing the boundaries of the rule of law.

In 2020, a different, although related, locus of conflict emerged: the unapologetic, money-driven parliamentary election campaign of the most notorious symbol of corruption in the country, Raimbek Matraimov, through his Mekenim Kyrgyzstan party. This ended in widespread protests against the election results, leading to yet another toppling of the government. In the aftermath of the fall of Jeenbekov's government, intense conflicts ensued after the strongest party, that of Sadyr Japarov, engaged in a grab of power.

The relative calming of political rivalries in early 2021 appears to falsely suggest the resolution of social conflicts, whereas in reality, the situation seems headed to additional political conflicts, persecution, authoritarian tactics and a potential backlash.

The south of Kyrgyzstan deserves a special note as a complex region with a number of challenges to stability stemming from interethnic relations between ethnic Kyrgyz and the Uzbek minority (which makes up 15% of the population, but is in some locations a majority), economic difficulties, and frequent flash border disputes with Tajikistan and Uzbekistan. While the echoes of the 2010 interethnic conflict have slowly receded, grievances and mutual animosity remain a concern.

Conflict intensity



## II. Governance Performance

### 14 | Steering Capability

Policy prioritization remains a major weakness in the government in Kyrgyzstan. As in recent years, the government has continued to act in short bursts, with frequently changing agenda, declaring priorities without corresponding resource allocations.

Under Presidency Jeenbekov, several major issues were declared priorities – the social and economic development of the provinces (stated in such broad terms), digitalization of government processes and fighting corruption. In the end, however, there were neither activities nor any results, only pure rhetoric.

When COVID-19 hit Kyrgyzstan, the government’s incapacity worsened. Despite some months of advance knowledge, by April, it was apparent that the government and the relevant institutions lacked resources for many first-order needs. With growing signs of poor management, there were several replacements of key government officials. Major corruption and allegations of drug market manipulations emerged just as the country leadership was busy soliciting help from foreign donors.

When the post-election protests of October 2020 toppled Jeenbekov’s administration, policy priorities changed in major aspects once more. Amid political turbulence, the number one concern of the new leadership became constitutional reform, which went in tandem with legitimizing the new leadership. As political tactics and balancing took center stage, the more fundamental priorities of reviving the economy, returning confidence to the private sector and helping the crisis-affected, most vulnerable strata of the population effectively stalled.

Not much has changed in the capacity of the government of Kyrgyzstan to implement policy during the reporting period. The years 2019-2020 capture the majority of ex-President Jeenbekov’s nearly three-year period in office. During 2019, much of the political landscape was dominated by journalist-driven revelations of systemic corruption with by a former top customs official, Raimbek Matraimov, at the helm, and by the standoff between the new administration and former President Atambayev and his circle of loyalists.

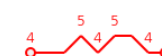
On Matraimov and corruption, President Jeenbekov’s posture became defined by the publicly mocked “give me facts” response, which most people read as the president’s inability to do anything and/or his complicity in those corruption schemes. The challenge from Atambayev culminated in early August 2019 in the forceful arrest of Atambayev in his home, which involved the death of one officer and critical injury of another.

Question  
Score

Prioritization

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Implementation

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The COVID-19 crisis began in the last, incomplete year of Jeenbekov administration. Policy implementation challenges were once again amply evident. From emerging evidence of corruption at many levels, to mismanagement of procurement, distribution and supplies of critical medical items, to systemic problems managing the work of medical personnel, numerous failures were evident.

In late 2020, the country's new de facto leadership showed a different kind of policy implementation weakness: opting for a barrage of high-level and highly consequential reforms with little if any analysis or justification. Such initiatives included a constitutional reform, a public administration reform, an economic amnesty initiative and electoral reform, to name but the most significant ones. Each of these initiatives bore clear risks of negative effects, from authoritarianism and stifling of civic freedoms, to administrative chaos, to paving the road for laundering reputations of corruption.

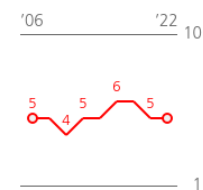
Kyrgyzstan's relative openness to liberalism and democratization has in large part also concerned being open to learning. Institutional learning most actively took place in the early years of independence, but some degree of openness has persisted to date. The problem, however, has been the effectiveness and consistency of institutional learning.

In the period of 2019 – 2020, there were declarations of openness and even eagerness to learn but these failed to translate into stable, improved government performance. Thus, the introduction of digital and governance mechanisms, while welcomed, most often met with bureaucratic resistance and failed to take root. While attracting young professionals to governance, a much-repeated commitment, was part of the promise of institutional innovation and learning, in practice, these efforts were weak, short-sighted and often lost to established interests.

The new leadership post-October 2020, given its controversial status, acted in a headstrong manner that did not welcome consultation or debate. Early reform initiatives appeared poised to reject much of the previous innovation and learning, especially in terms of introducing a parliamentary democratic constitutional system, and stood oriented to move toward more conservative and centralizing forms of governance.

Policy learning

5



## 15 | Resource Efficiency

Kyrgyzstan's typically limited resources (e.g., human, financial and organizational) are rarely used efficiently and are often exploited by corrupt interests.

President Jeenbekov worked with one of the country's longest-serving prime ministers, Mukhammedkalyi Abylgaziev, who resigned under increasing criticism in May 2020, during the crisis of the pandemic. The curious thing about Abylgaziev's tenure of just over two years was that, when he resigned, he left behind a cabinet that was vastly different from the one he brought into office in spring 2018. Such inconsistency at the top level, rendering long-term planning and implementation impossible, is a key problem in terms of human resources.

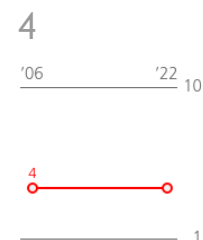
Financial resources are equally bound by inefficient use, including bloated bureaucracies, an expensive and redundant administrative apparatus in the national government, and a lack of transparency in the allocation of financial resources, including money borrowed from foreign sources. In 2020, to support the country in the COVID-19 crisis, Kyrgyzstan received one of the largest amounts of aid of any country in the world, over \$400 million. But as soon as that money began to arrive, questions arose regarding its possible embezzlement and the lack of proper and transparent reporting. As of 2021, special government commissions promised to initiate thorough investigations into these allegations.

Greater administrative efficiency became a regular slogan of both the government and the opposition. Both the parliamentary elections of October 2020 and the presidential elections of January 2021 featured across-the-board promises by parties and candidates to optimize the administrative system through decentralization and trimming the bureaucracy. However, no one presented a well-founded plan. In early 2021, drastic cuts to the number of ministries and agencies by grouping them together in a haphazard manner will likely produce the opposite result, creating confusion, bottlenecks and opportunities for corruption.

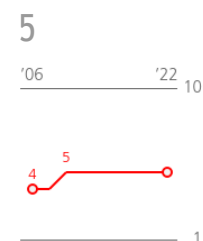
There is poor policy coordination and cohesion in Kyrgyzstan. In this regard, 2019 – 2020 represented a continuation of this pattern and may have even been worse than previous years.

Lack of policy cohesion is often caused by a clash in political interests, on the one hand, and limited financial resources, concerns for the rule of law and securing business and investor interests, on the other. Thus, while the Ministry of Finance usually pushes for less spending of funds, parliament and other ministries push for more spending. Whereas the Ministry of Economy and the Agency for Investment Attraction worked on improving the business climate, law enforcement agencies often engaged in campaigns that intimidated businesses under the banner of fighting corruption.

Efficient use of assets



Policy coordination



In late 2020, under the weight of the new populist government pushing forward, almost the entire state apparatus appeared to be succumbing to its ill-measured reform ideas, in a semblance of cohesion and unity, but most probably in a process of uncritical obedience.

The pressures of the COVID-19 crisis may have introduced a greater degree of coordination as a result of sheer urgency. However, even at that time, systematic mismanagement, ad hoc decisions and a lack of transparency suggested that there was only a superficial level of coordination.

Corruption as a top issue of public concern has continued to attract both the attention and the apparent efforts of the government. However, the tools and approaches have not changed from previous years, and often the government simply fails to take action against corruption.

The prevailing anti-corruption mechanism consists of retroactive punitive tools of law enforcement agencies: the State Committee for National Security, the special (and extra-constitutional) Anti-Corruption Service within the SCNC, the Financial Police (disbanded in 2021), the procuracy system and the courts. The latter agencies themselves became prominent seats of corruption: every corruption case could be closed if an appropriate ransom were paid. Anti-corruption raids by law enforcement units becoming increasingly frequent reportedly led to many decision-makers in various state agencies growing passive and overly cautious.

Some high-level officials were charged with corruption or held as suspects, but nearly every time, such cases turned out to be political score-settling or show trials of figures outside the core circles of power. Contemporaneously with prosecution of corruption, certain obvious cases were neglected. The most evident of these was that of the former customs official, Raimbek Matraimov, whose corrupt criminal system was described by investigative journalists. These reports suggested that Matraimov's scheme had succeeded in capturing control of all the investigative state agencies, thus explaining why he was never charged.

Beyond such retroactive, punitive measures, anti-corruption efforts have included transition to e-governance and transparency. Some success was achieved by these measures, but various means of sabotage still left areas such as government procurements, court hearings and the tax administration system with loopholes that allowed corruption. The mandatory anti-corruption expertise in legislative processes has been in place but applied perfunctorily.

In late 2020, the new government took up the promise of ending corruption. However, its activities suggest that behind the slogan stood a mixture of decisions for which there was poor consulting, populist instincts and corrupt interests. Both the draft of a new constitution and various bills, in particular the economic amnesty bill that was speedily adopted in December 2021, contain clear corruption loopholes that have not been properly addressed.

Anti-corruption  
policy

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## 16 | Consensus-Building

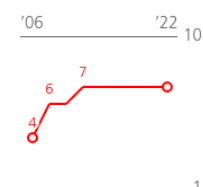
There is general but shallow agreement among all major political actors in Kyrgyzstan that the country should stay committed to democracy. In part, such commitment is due to the publicly ingrained normative commitment to democracy; in part, there is an understanding among political players that everyone needs democratic rules. But commitment to democracy remains shallow. As with nearly every leader, ex-President Jeenbekov in 2019 – 2020 had acted to consolidate his hold on power, threatening democratic principles. The October 2020 protests overthrowing his administration took place under slogans of democracy and popular power, but different groups had different ideas of what constitutes democratic government. The new leadership, riding a wave of populism, has been on a course to undermine key democratic institutions, but has done so rhetorically in the name of better democracy. Moving into 2021, one cannot with certainty conclude that democracy is safe in the country. In part, the undemocratic populist tide, in part, the ruling group's dominant position in politics, and in part, because democracy itself has become a point of objection for many, it is conceivable that the country may move in a direction of a “more genuine democracy” that in practice would be a populist autocracy. But such a development, were it to occur, would be unlikely to last long before unraveling. Some issues raised under the rubric of constitutional reform in late 2020, such as the preference for a presidential form of government, the introduction of a deliberative body in the Kurultay and the simultaneous downgrading of parliament are indications of potentially undemocratic developments in the near term.

There is also widespread, and possibly more genuine, commitment to a market economy. Most of the major political actors also happen to have major business interests, and it is in their own interests to defend the market economy. However, the depth of understanding and commitment in this area, too, is not necessarily waterproof. Propelled by special economic interests or popular demand, there are groups willing to undermine the market economy in favor of government regulation, such as restrictive price-setting, protectionist or preferential rules, nationalization of private property, and other actions that would interfere with the functioning of a free market.

The powers that are committed to democracy can, under certain circumstances, also emerge as anti-democratic actors. In particular, throughout its independence, the main anti-democratic actors have been those in power, Presidents Akayev to Bakiyev to Atambayev and Jeenbekov. Yet, whenever Kyrgyzstan's leaders embark on subverting democracy, the pro-democratic reformists – the political opposition, civil society and the free media – push back. However, these opposition forces, once in power, start playing the same role.

Consensus on goals

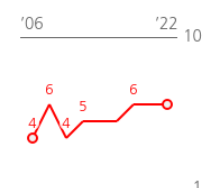
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Anti-democratic actors

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Apart from the undemocratic instincts of the sitting leaders, there are no serious veto players who uphold anti-democratic agendas in the country. Some religious groups have emerged on the political arena, but they are neither clearly anti-democratic, nor in a position to wield veto power.

The populist mood among the general public is another potential threat to genuine democratic development. This phenomenon is relatively recent, tends to occur in short bursts and is unlikely to result in long-term anti-democratic trends. However, in late 2020 – early 2021, such an electorate was dominant, and pro-democratic reformers had little ability to garner votes for a democratic course.

Lastly, a factor of concern is the class of illicit actors engaged in large-scale corruption, such as the network of the ex-customs official Matraimov. While these players tend not to have any normatively defined political agenda, their activities generally undermine democracy. They do not represent an organized, defined veto player, but happen to be amorphous and omnipresent and partly benefit precisely from the freedoms availed by democracy.

In 2019-2020, the country did not witness any serious cleavage-based conflicts like those witnessed during the ethnic conflict of 2010. However, in 2020, some divisions between rural and urban communities, the Kyrgyz-speaking and the Russian-speaking communities, the traditionalists and the liberals emerged. Though these divisions are not comparable with cleavages that could lead to actual conflicts in early 2021, such conflicts could emerge if the relevant issues are not properly addressed.

Another division that has emerged in recent years is that between the secularists and the Islamists, though this does not constitute an actual cleavage, at this point. Here, too, conflict is possible if no systematic mitigating effort is undertaken.

While the country was spared any serious cleavage-based conflict in the past two years, the political leadership had adopted a generally passive, detached position on such matters. Kyrgyzstan's leadership lacked any thought-out policy to prevent emerging differences from creating deeper cleavages. Declared state policies on religion, language and interethnic relations amounted to little more than empty rhetoric.

Most of ex-President Jeenbekov's short-cut tenure will be remembered as the one that was open to dialogue with civil society in principle, but closed to accepting civil society's suggestions in practice.

On several occasions, representatives of civil society were consulted in ceremonial meetings with the president. Some were also called on to consult with or even to lead initiatives such as police reform or the protection of children's rights. But more often than not, were it not for the sustained, vocal reactions from civil society via media

Cleavage /  
conflict  
management

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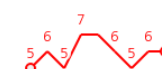


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Civil society  
participation

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and social media platforms, the leadership would not have sought the contributions of the third sector.

Many times in the period under review, controversial legal bills or judicial acts and political or regulatory decisions met with organized civil society and media protests and thus were changed or withdrawn. In late 2020 – early 2021, civil society was active and vocal, but the capacity of the new leadership to push its own agenda was also high, mainly due to its populist mass support. Disregard for civil society and media criticism was also achieved by the notably successful strategy of depicting civil activists as conduits for self-interested Western patrons and culturally destructive to Kyrgyz traditions.

The main event that qualifies for consideration in terms of post-conflict reconciliation in Kyrgyzstan is the 2010 interethnic conflict between the Kyrgyz and Uzbeks in the southern city of Osh and nearby regions. The reconciliation process after the conflict was very brief, politically charged and not constructed to be truly objective.

In the summer of 2020, when the tenth anniversary of the conflict was marked, the country was in the midst of a fast-accelerating COVID-19 crisis. Properly solemn and open reconciliation events did not take place. President Jeenbekov did not define post-2010 reconciliation as a priority at all.

Instead, a major negative event took place: an ethnic Uzbek rights activist, Azimjan Askarov, sentenced to life imprisonment for allegedly killing of police officer during the June 2010 events, died while in prison. Askarov's guilt was not established in an objective court process. There were numerous violations, and the case was systematically identified by international advocacy groups as in need of revisiting. Askarov died in July 2020 of COVID-related pneumonia complications because he was not taken from prison to the hospital before it was too late. The political leadership had virtually nothing to say about his death, which is itself a clear response to any questions regarding reconciliation. The political developments in late 2020 promised still fewer prospects for a genuine, objective coming to terms with the tragedies of 2010, given the nationalist mobilization behind the new leadership.

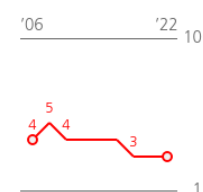
## 17 | International Cooperation

The political leadership of Kyrgyzstan has failed to improve its use of international support, continuing the patterns of previous years of seeking primarily short-term and subsistence aid, and of failing in the areas of transparency and accountability.

Kyrgyzstan received in 2020 a large volume of international support (\$600 million) to mitigate the effects of the coronavirus crisis. Most of this came from the IMF. At the beginning of 2021, following the political upheaval, the new leadership was reportedly investigating possible mismanagement and improper use of those funds.

### Reconciliation

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### Effective use of support

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In late 2020, presumably in response to requests from the new leadership, the government of Russia announced a disbursement of \$20 million aid to offset budget shortfalls.

According to the IMF COVID-19 policy response tracker, the government of Kyrgyzstan reported a number of anti-crisis measures, including a medical budget reserve allocation, large-scale tax postponements, support for low interest credit to SMEs and monetary and exchange rate stabilization measures by the National Bank. Most of these measures, presumably, were commitments required by the terms of the IMF and other donors (including the ADB and the World Bank). However, much of the effects of anti-crisis economic measures was diluted by the internal political crisis and investment flight.

The leadership has yet to realize its oft-repeated commitment to change its relationship with its partners from one of dependency for consumption and subsistence to one that leads to development.

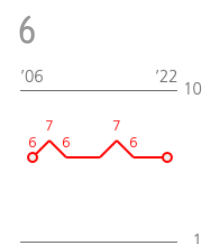
Until October 2020, the government of Kyrgyzstan under President Jeenbekov sought to restore credibility with major international and regional partners, after the presidential term of Almazbek Atambayev featured a streak of confidence-eroding behavior with regard to several partners. Jeenbekov's moderately active, balanced policy faced a crisis in 2020 during COVID-19, when the government was compelled to seek urgent, large-scale international help. Among its aid-seeking solicitations, the Kyrgyz government also requested a deferral of its debt repayment dues to China (Kyrgyzstan's largest lender) – a request that lingered for several months and was only answered late in 2020 to the new interim Kyrgyz government.

Having seized its power, the new leadership of Kyrgyzstan lacks legitimacy in the eyes of international partners. Instead of rectifying the situation, the government has insisted on taking controversial actions such as rewriting the constitution under dubious circumstances, postponing the election of a new parliament, and making a number of other consequential but non-urgent decisions in the context of compromised legitimacy. Heading into 2021, the government faces an uphill battle in terms of regaining full credibility among its international partners.

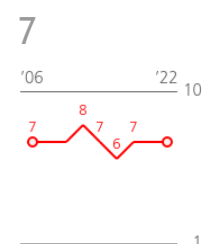
Kyrgyzstan remains committed to being a cooperative partner with its Central Asian neighbors. That commitment was explicitly reiterated in the inaugural speech of the newly elected president, Sadyr Japarov, in January 2021.

However, certain issues have prevented Kyrgyzstan from being as productive as it could in this regard. The most problematic is the Kyrgyz-Tajik relationship, featuring regular clashes of varying intensity along the border. In mid-2019, following another major conflict, Presidents Jeenbekov and Rakhmon met at the Kyrgyz-Tajik border near the site of the conflict, and then continued talks in Issyk-Kul. However, no particular details of these meetings were made public, suggesting that there were no

#### Credibility



#### Regional cooperation



breakthrough agreements. Furthermore, within a short period thereafter, new clashes took place.

There continued to be regular difficulties at Kyrgyz-Kazakh border crossing points, too, as in previous periods: for various reasons, northbound trucks from Kyrgyzstan were regularly held up at Kazakhstan entry points, creating tense situations.

The 2020 COVID-19 crisis introduced other complications, albeit predictable ones. Specifically, in 2020, it was Bishkek's turn to host the annual informal summit of leaders of the five Central Asian states. Due to the pandemic, the meeting was postponed, and since the year ending in a political crisis, it was rumored that Turkmenistan would take Kyrgyzstan's turn instead.

That said, some positive events also occurred. Among initiators of some of the earliest gestures of help during the COVID-19 crisis were Uzbekistan and Kazakhstan. Likewise, following the political crisis erupting in Kyrgyzstan, these neighbors adopted an engaged, cooperative position.

Kyrgyzstan remains an active member of various regional and international multilateral cooperation processes. In the post-Soviet orbit, it is a member of the Eurasian Economic Union, the Shanghai Cooperation Organization and the Collective Security Treaty Organization. Outside the region, while the Kyrgyz government has always vocally maintained commitment to multi-vector foreign policy, its most important relationship has been with Russia, followed by China. Other principal partners have included Turkey, the European Union and Germany, as well as the United States.

Thus, while Kyrgyzstan has remained committed to regional cooperation, it has experienced some complications with regard to such cooperation, mostly not of Kyrgyzstan's doing.



## Strategic Outlook

Looking back at 2019 from 2020, relative stability prevailed despite the periodic intensification of the political standoff between the president and his predecessor. Moderate economic growth, a mostly silent and indecisive president, a languid prime minister and cabinet, and a pliable solid majority in parliament, in presence of seemingly impermeable schemes of corruption – these were some of the characteristics in 2019.

The year 2020 was the country's most challenging since the early 1990s. Beginning in the middle of March, Kyrgyzstan became caught in the whirlwind of COVID-19. From a relatively quick, decisive set of measures to curb the spread of the coronavirus in March and April, government actions moved into an ill-advised, relaxed mode by mid-May, which led to a sharp rise in infections throughout June and July, bringing the medical capacities of the country to near collapse and resulting daily in hundreds of infections and dozens of deaths. By August, as infection rates and the number of deaths declined, the country proceeded into election mode, with COVID-19 precautions remaining mostly perfunctory. Politics, energized by the parliamentary election process in August and culminating in the early October post-election protests that toppled the sitting government, kept the country in suspense into the beginning of 2021.

Moving forward, Kyrgyzstan is in urgent need of leadership action to stabilize the country, reestablish the rule of law and the legitimacy of the government, resuscitate the economy, and reunite its divided society. Doing all of that while COVID-19 remains a threat is extremely complicated. Facing such a tall order, all relevant parties need to focus on some fundamental issues.

One is ensuring that the process of constitutional reform, already set in motion by a referendum on January 10, 2021, instead of being dividing society, serves as an occasion to restore governmental legitimacy, encourage constructive and open public dialogue, and send a message of commitment to the rule of law. These problems lie at the core of the deep crisis that Kyrgyzstan was thrown into in late 2020. As the country moved into 2021, most indicators revealed, alas, the embrace of undemocratic populism, disrespect for alternative views and the undermining of whatever constitutional democracy there might have been.

Two other important issues are showing genuine and unequivocal commitment to protecting legitimate economic and investor interests, and devising a transparent, welcoming, supportive package of legal, fiscal and other instruments to benefit the private sector. Having closed 2020 with a net capital outflow of several hundred million dollars (estimated in November at over \$700,000), the economy critically needs a turnaround if there is going to be a chance of recovery.

Third, the country leadership needs to focus on preparing for potential new increases of COVID-19 rates, including fair benefits and protections for medical professionals. While some measures in medical infrastructure and supplies have been implemented, guarantees for doctors remained a serious concern, essentially leaving them to behave selflessly should Kyrgyzstan's health care system once more enter crisis mode.

The political scene assuming greater importance than COVID-19 concerns by fall 2020 and the lull of declining infection rates (often in double digits daily) and deaths (in single digits daily) made the problem of the pandemic mostly residual, with only perfunctory measures, such as closed schools, while all the rest of social and economic life had resumed its normal level of activity.

To take these necessary courses of action, given the mostly inhospitable political and economic conditions, there will be need for concerted action from civil society, political parties, all other independent groups of interest and from international partners. But in making such action possible, the main burden lies with Kyrgyzstan's political leadership led by newly elected President Sadyr Japarov, who must demonstrate his capacity to lead for everyone, not just his base. In addition, Japarov must aim to mitigate divisions and bring society together while demonstrating a strong commitment to democracy.