



The institutional context of the transition from education to work in Kyrgyzstan

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1. Introduction

This working paper provides an institutional context in the Kyrgyz Republic. It is part of a series of working papers describing the institutional context in the countries of the Caucasus and Central Asia. It is based on a study conducted under the project "Opportunities and Barriers to Transition from Education to Work - A Comparative Study of Youth in Azerbaijan, Georgia and Tajikistan" (TEW-CCA), funded by VolkswagenStiftung between 2015 and 2019; the "Between Europe and the East" funding initiative called "Institutional Change and Social Practice". Studies on the political system, economy and society in Central Asia and the Caucasus".

It focuses on the institutional conditions that are considered relevant for the transition of young people from education to work, as well as the associated transitional periods of young people, including family formation (marriage and childbirth).

Chapter 2 of the present report provides background information by country.

Chapter 3 provides an overview of the education system in Kyrgyzstan. Within the framework of this chapter, the author provides an overview of the levels of education in the country. Sections are devoted, respectively, to the levels of the education system in the Kyrgyz Republic, such as preschool, general and vocational education, and higher education institutions.

Chapter 4 of this report contains extensive information on the country's labor market and changes that have occurred in the labor market in recent years due to transition.

Finally, Chapter 5 deals with the social security system of the Kyrgyz Republic. Within this chapter, the author describes the social and health insurance programs currently in place in the country.

2. Country background

Kyrgyzstan was annexed to Russia within Russian conquest of Central Asia between 1864 and 1868. Later in the 1920s, the region became part of the Soviet Union and in 1936 in the territory of today's Kyrgyzstan was formed a state for the first time – Kyrgyz Soviet Socialist Republic (KSSR). The state building process (1920-1936) was run by Russians and Slavic population of the country. As a result, Kyrgyz population underwent a period of russification taking advantage of the cultural and educational advances in Russia.

The literacy among Kyrgyz population was around one percent until the arrival of Soviet regime (1917), which also was one of the first areas of state intervention by making the education compulsory for all until the age of fifteen (eight classes). In 1940 Arabic based Kyrgyz script¹ was changed to Latin and later to Cyrillic in order to make Russian language to the state language. The mosques and madrasahs, the formal educational institutions of the time, were prohibited and the buildings were turned to museums and opera houses, completing the modernization of the education system of Kyrgyzstan (Bashiri, 1999).

Within the modernization process, the Kyrgyz people were forced to abandon their nomadic lifestyle and settle down in newly established townships and villages. Next to forced settlement, the Soviet government had to abolish the *Sharia* (Muslim legal code), *Adat* (traditional, tribal codes of conduct) and replace them by the Soviet Civil Code. With the introduction of the Civil Code, the traditional practices (informal institutions) such as prayers, death rituals, pilgrims, circumcisions, *Nikah* (Islamic marriages), practice of *Kalym* (bride price), *Ala-kachuu* (bride kidnapping) and *Ichkari* (confinement of females to women's quarters, only in the south of Kyrgyzstan) were outlawed. But except the practice of *Ichkari*, all above mentioned rituals were practiced throughout the Soviet time, especially by rural population. For example, *Nikah* was an obligatory ritual before the first night of the couple together by local native society, independently of the civil marriage. All these rituals were practiced 'behind the closed doors' and never questioned Civil Code; accordingly, these traditional practices were tolerated by the government officials.

The next biggest change in country's economy and society comes with the rapid industrialization and collectivization process. In the 1930s, the collectivization created more than 100 000 jobs in Kyrgyzstan. The country's workforce supply could not satisfy such demand of the labour market, especially for qualified, highly skilled workforce. The shortage of skilled labour was filled by voluntary and forcible migrants from the European part of the Soviet Union. In 1939 the number of resettled Russians achieved 302 000 and Ukrainians 134 000. The resettlement of Slavic population increased due to the World War II as the heavy industry plants were reallocated into Central Asia with their entire workforce. In addition to this, there was a huge inflow from military action areas, which included Germans, Turkish, Crimean Tatars, Greeks and Koreans among others. In addition, in 1944 more than 602 000 residents were forcibly resettled from North Caucasus (Chechens, Ingush, Karachai and Balkars) to Kyrgyzstan and Kazakhstan. Thus, Kyrgyzstan became one of the most diverse republics of the Soviet Union in terms of national composition. The proportion of ethnic Kyrgyz in the country declined from 66.7 % in 1926 to 40.5 % in 1959 (Abazov, 1999).

Stalin's social and ethnic policy (e.g. social engineering) drastically changed the patterns of labour market in Kyrgyzstan. First wave of modernization of the country focused on collectivization and mechanization of the agriculture sector which also brought, as mentioned above, migrants of European origin as mechanics, tractor drivers or agronomists. The second and third industrialization process of Kyrgyz economy, reallocation of heavy military industry into Central Asia and large investment into hydroelectric power generating sector, mining and metallurgical plants (1960-1970s), generated jobs mostly for urban population. The urban population consisted mainly of Slavic origin, immigrated between

¹ Until 1917 the formal education, comprising study of religion and Arabic language, was offered in theological seminaries at madrasahs situated mostly in the Fergana Valley, to which only view people had an access.

1926 and 1960s. Mobilization among Kyrgyz or Uzbek population into the cities was limited despite the spread of underemployment in the rural areas while in urban areas existed chronic shortage of labour. According to studies the slow mobilization of labour caused by formal as well as informal institutions.

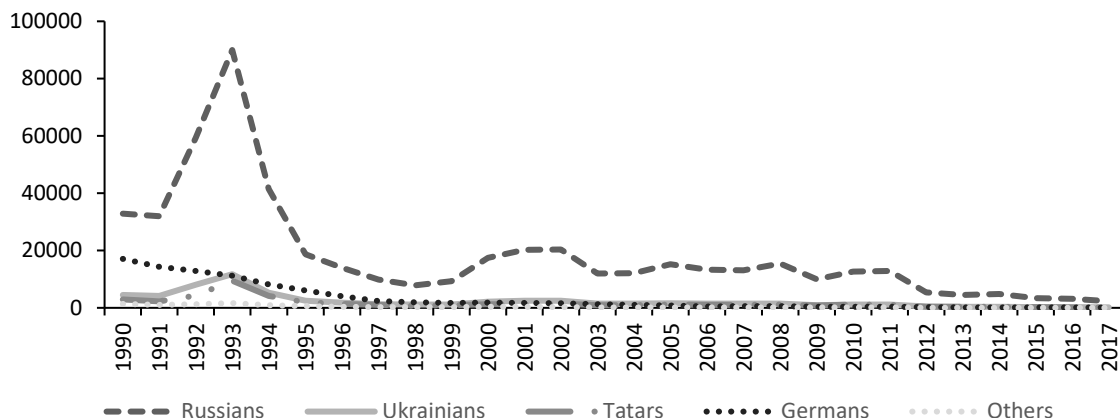
In regard to formal institutions, the generous welfare system of the Soviet regime and so called “propiska” undermined the economic stimulus to migrate workforce from the rural to urban areas and slowed the urbanization process in the Kyrgyz republic. The welfare benefits were allocated very broadly in terms of pensions for elderly and disabled, subsidies as well as child allowances, maternal and sick leave. Furthermore, additional in-kind benefits were granted for “deserving groups”, one of such groups is “hero mothers” who gave birth and raised 10 children. Most of the beneficiaries of this grant were women from the rural areas and Muslim society, e.g. Kyrgyz and Uzbeks.

The “propiska” was a residency permit and at the same time a migration control tool. It was mandatory for all citizens aged sixteen and older. This document restricted citizens to one legal place of residence and its presentation was required to be accepted for a work, get place for children in kindergartens or schools, enter higher education institutions, get married and perform other civic activities. Without “propiska” residing anywhere for longer than a few weeks was prohibited.

Next to formal institutions, the informal institutions such as the traditional patrimonial family and tribal relations were keeping especially youth from in-migration from rural to urban areas. Through the collectivization and settlement process, the extended family ties were kept alive, improving the family / clan social network. Accordingly the social transformation policies imposed by the Soviet system brought only superficial changes, while Kyrgyz population continued to be patriarchal with strong tribal and kinship traditions throughout the Soviet regime (Abazov, 1999).

With the collapse of the Soviet regime, Kyrgyz Republic became independent in 1991. The independency brought tremendous changes and challenges for the republic’s labour market, education and welfare systems. The economy of the country collapsed together with the regime. Most of the state enterprises next to privatization lost also common market for goods and direct as well as indirect subsidies from Russia. The enterprises faced high levels of labour surplus as the demand for their products fell sharply. The decline of the employment was greatest in the cities, especially in the capital, Bishkek – 38% between 1991 and 1994 (Windell, Anker, & Sziraczki, 1995). The collapse of manufacturing and fabricated metals firms led to high unemployment among urban population. This fact led to mass out-migration of Slavic population (who were concentrated in the cities, about 70 % in 1989) of the republic. Furthermore, since its independence the country underwent a period of reinforcement of national attributes. With the introduction of “titular nations” and the definition of the status of the national language, Kyrgyz as national language, as all other Central Asian republics, Kyrgyzstan adopted policies that favor indigenous ethnic group. For example, one of the requirements for jobs at the public sector was speaking of Kyrgyz language. Accordingly, the relationship between different ethnic groups has changed and as a result some groups (esp. Russians) have lost real and relative advantages they enjoyed prior to independency. Consequently out-migration has become one of the principal means of responding to these new rules (Schuler, 2007). As it is seen in the Figure (1) below, since independency of the country the highest out-migration is observed by the Russians. The Germans and Ukrainians follows Russian ethnic group. However, it is important to mention that the quantity of the outmigration is proportional to the number of ethnic minorities living in the country to that time. For example, the share of Russian ethnic population was bigger than of the Germans or Ukrainians. This also explains rather lower outmigration in numbers for Germans or other Slavic groups who left the country parallelly to Russians.

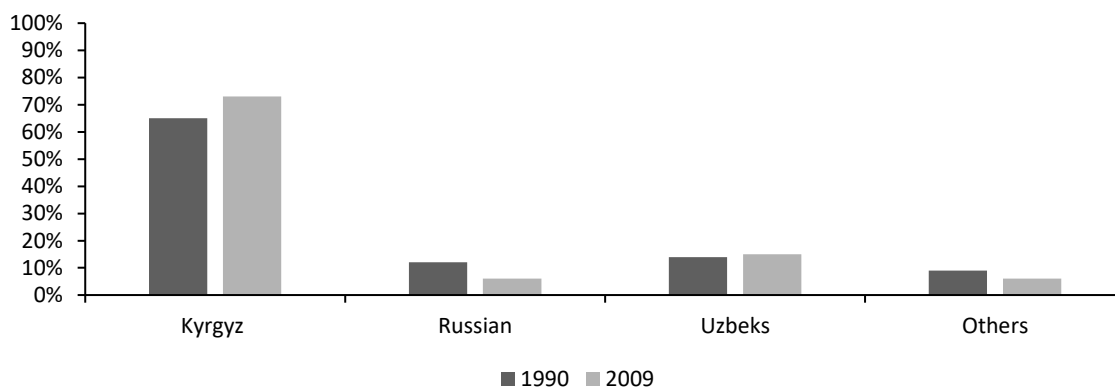
Figure 1. Out-migration of Slavic population from Kyrgyzstan



Source: National Statistic Committee of Kyrgyz Republic, 2018.

As a result of this outmigration of Slavic population of the country, the share of Kyrgyz ethnic population in the country rises up to 73% in 2009 (Figure 2). The sharp decline of the Slavic population was also related to the loss of qualified workforce, which had a positive effect on fast de-industrialization of the country's economy. Despite the lack of jobs in the urban areas, it was expected internal migration from rural to urban settlements in terms of re-occupation of vacant job opportunities. But the effect was limited to the cities with jobs in public sector (Schuler, 2007).

Figure 2. Demographic composition of the population in Kyrgyzstan, comparison between 1990 and 2009



Source: National Statistic Committee of Kyrgyz Republic, 2018.

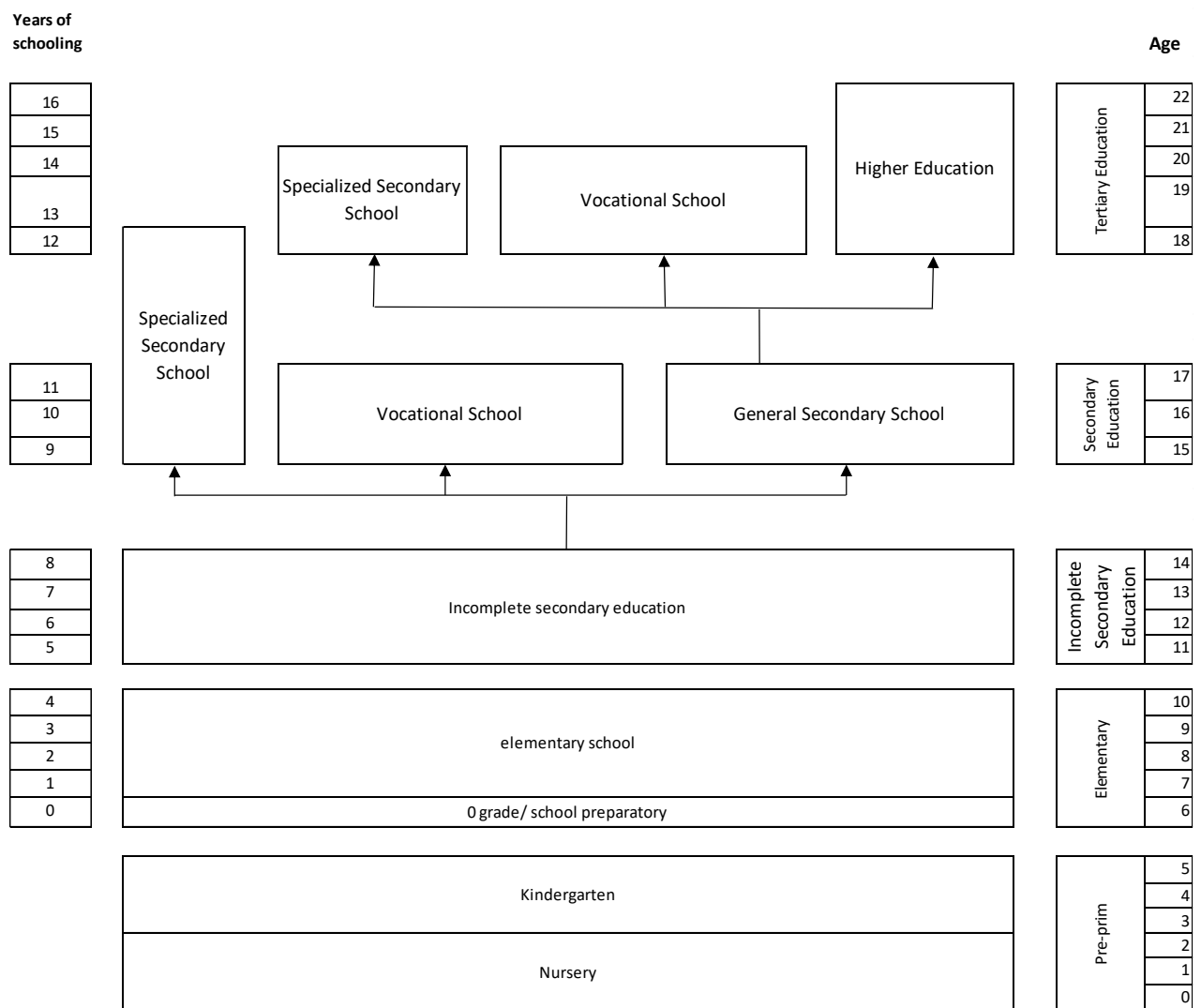
In regard to rural population, the share of which was about 65%, the de-industrialization of the agricultural sector and its privatization during the first years of transition also led to migration of Kyrgyz and Uzbek ethnicities due to acute rural unemployment and underemployment. Compare to Slavic population, the reasons for migration of the ethnic Kyrgyz and Uzbek were purely economic ones. Main destinations were Russia and Kazakhstan due to common language (Russian) and higher wage and employment opportunities compare to Kyrgyzstan (Mogilevsky, 2005).

3. Education system

Kyrgyz Republic inherited education system, which was build and developed during the Soviet time. The Soviet education system is well known for being highly centralized and making an emphasis on vocational training. The overall education system consisted of pre-primary education, primary and secondary education as well as vocational education at the levels of secondary and tertiary education and higher education (Figure 3).

After the secondary incomplete education or eight years of schooling the pupils were faced by two track system. The two-track education system consisted of general and vocational education. The differentiation between two tracks began after the 8th degree as it was mentioned above. The students had three options to continue with their education. Based on their abilities and achievements in the incomplete secondary education, the pupils could choose between three institutions to continue with their education. The options included 1) general secondary school, 2) specialized secondary school and 3) vocational school.

Figure 3. The structure of the Soviet educational system



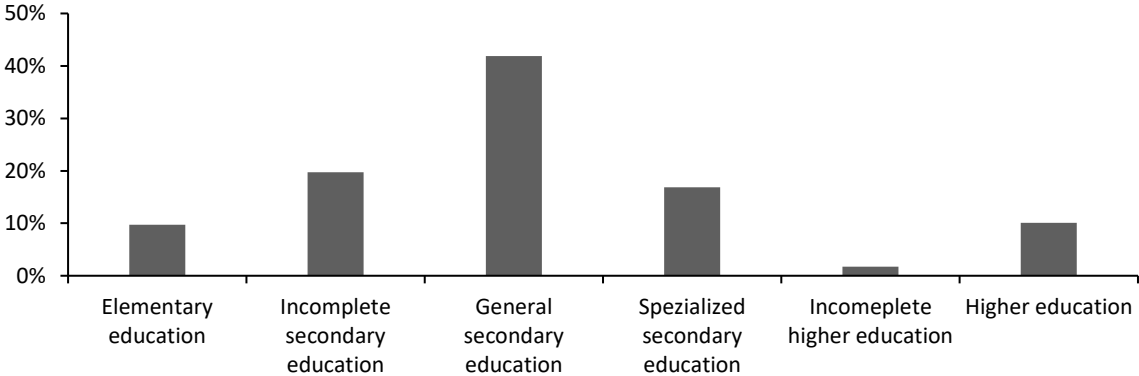
Source: Titma & Saar (1995)

There was clear linkage between type of school and later economic activity of the students. The students of general secondary schools had direct access to tertiary education and other types of post-

secondary education. The quality of education in this type of schools was the best at secondary level of education and curriculum covered wide range of subjects. The specialized schools recruited students for semi professions in humanities or engineering. The entrance into such schools was possible after 8th degree or after the secondary general education. Lastly the vocational education schools recruited students for industry and farming. The entrance requirements were the same as for special secondary education schools. About 10% of students from special secondary and vocational schools were allowed to enter higher education. However, in the praxis about 5% of students from special secondary education schools and 1% from vocational schools entered the tertiary education. Only students from the general secondary education schools had better chances to enter higher education, which is also related to the fact that only best students were allowed to stay in the general secondary schools after the 8th degree. The number of drop-outs was not counted during the Soviet time due to unwillingness of the local authorities. However large number of people dropped their education without completing 8th degree. (Titma & Saar, 1995).

The population literacy in Kyrgyz SSR just before the collapse of the Soviet Union shows that about 10% of population had elementary education. The number of people with incomplete secondary education made about 20% of population. The largest share was represented by the persons with general secondary education, being about 41%. About 17% of population acquired specialized secondary education. Just above 10% of people attained tertiary education, while drop-out at tertiary level made less than 2%.

Figure 4. Population literacy by persons above 15years in the Kyrgyz SSR for 1990



Source: National Statistic Committee of Kyrgyz Republic, 2018

With the collapse of the Soviet Union and communist regime Kyrgyzstan became an independent country in August 1991. After gaining the independency, the country started with the structural reforms in order to facilitate the transition from command to market economy. Within this drastic structural reform which included all spheres of people’s lives, education sector was also needed to be adapted to new socio-economic demands of the new regime.

Accordingly, Kyrgyz government took responsibility over reorganization of the state’s education system in the beginning of 90s. Special attention was given to expansion of higher education, as this meant to be an important strategy to successful entrance into the international market economy. The reform included areas such as program diversification, integration of new leaning methods and technologies, multi-channel funding of education institutions, opening up to new non-state actors that provide educational services (De Young, 2012). As a result of structural reforms given since the independency of the country, the landscape of today’s education system has changed in general.

Today, the compulsory education lasts 9 years, from age 7 to 15 years and the enrollment is nearly universal. The enrollment into pre-school and upper secondary institutions is much lower, but the

numbers after reform show an increasing trend for both sectors. At the same time the universal enrollment ratio and rising number of students with higher education qualification does not reflect the quality of the acquired education. For today the education system of the country faces challenges that include decline of state funding (from 7.9% of total public spending in 1990 to 3.7% in 2000), deficit of qualified and well-trained teachers as well as lack of learning materials (OECD, 2018). The corruption given within the Kyrgyz education system is another factor that contributes to the deterioration of the education system especially effecting negatively the credibility of the obtained qualifications by the students. The majority of policies related to the improvement of the education system within the several reforms since 1991 did not receive enough attention and finance; accordingly, they remained unimplemented in many respects (Ministry of Education and Sciences, 2006).

While formal state institutions have deteriorating characteristics, the informal institutions such as “parental informal payments” are well rooted turning public educational institutions into semi-private institutions. Such informal institutions have positive as well as negative impacts on the education system. From the one side, the informal parental payments help to mitigate not to fail the state institutions in providing of basic education (co-financing the education system). From the other side the same informal payments support the consolidation of the inequality as such “gatekeeping” payments are unsurmountable barrier for poor households whose children ultimately remained outside the educational system. In this context, for today the Kyrgyzstani public education does not offer either free and equal education opportunities or quality education for all (Ramas, 2016).

Despite the above-mentioned negative developments in the education system of the country due to transition, the successes of the education reform can be seen. The decentralization of the education system for example contributed to establishment of schools or institutions with programs updated based on the demand of the labour market. The number of pre-educations institutions are rising after its sharp fall due to collapse of the Soviet system. They are also private institutions at all educational levels that offer international programs, which facilitate the mobility of the students and their employment later. In regard to informal practices given in the education system, they are openly addressed. This openness creates platforms to analyze and develop solutions for negative aspects of the informality.

3.1 The structure of the current education system

The current education system of Kyrgyzstan is developed based on the old Soviet system. It consists of primary education, which is compulsory, secondary education distinguished by general and vocational education and tertiary education (see figure 6). Pre-primary education is also part of the education system; however, it is not compulsory as it is the case in the primary education.

The nurseries accept children between 6 months and 2 years. Beginning from their 3rd birthday children belong to Kindergartens. With 6 or 7 years start children primary education (depends on parents, when they start). Primary education (4 years) and basic secondary education (5 years) is compulsory for all children (1997) and provided for free in all state institutions. Compare to old system, the duration of the basic education for one year longer, instead of 8 years, the students need 9 years to complete basic secondary education. With the completion of general basic secondary education (GBE) students are tracked between four different educational types to continue with their education.

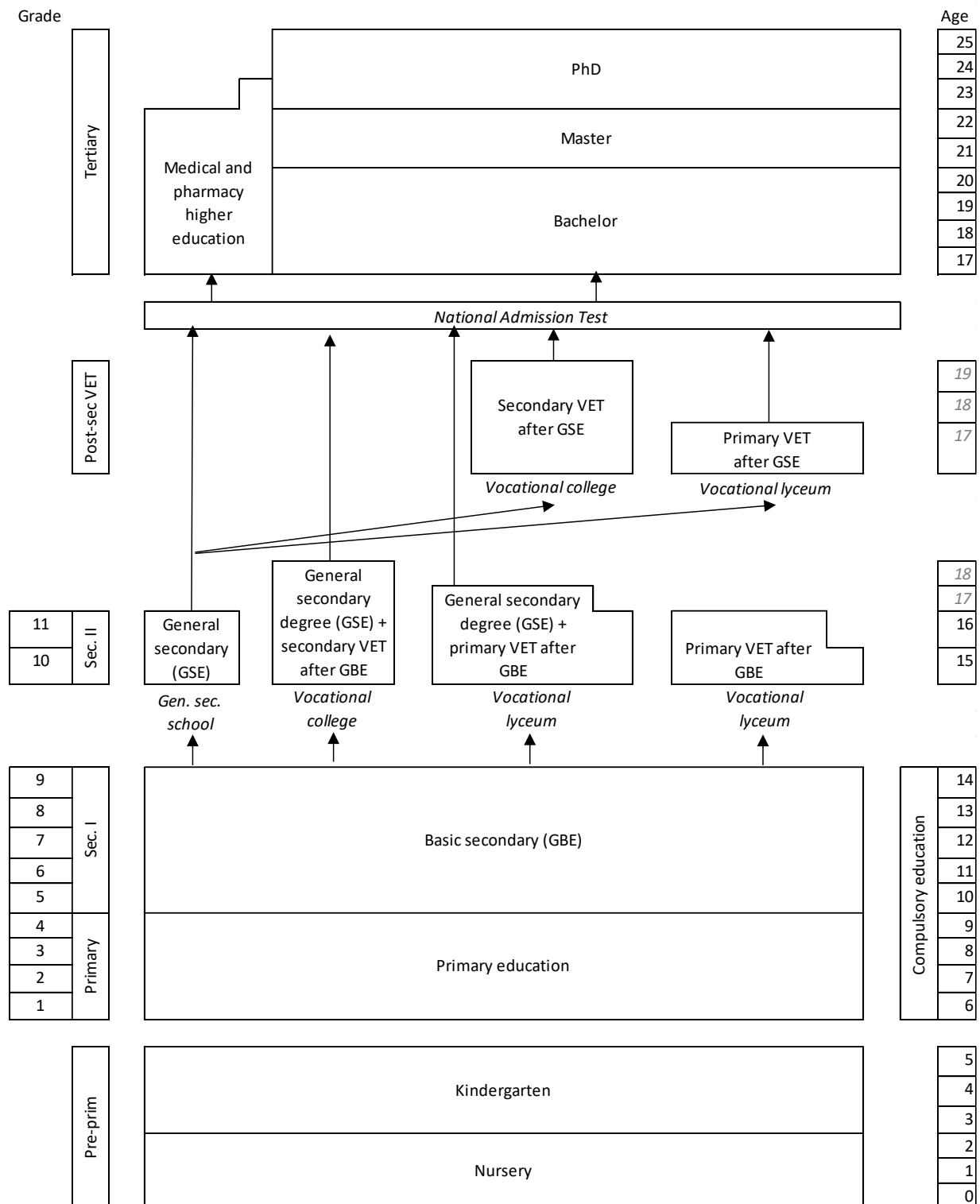
The general secondary education (GSE) is not compulsory; accordingly, students can leave education system with 14 years. The allocation into different tracks takes place based on the decisions of the students themselves and their parents, which was not the case during the Soviet time. Thus, the students have choice between four types of education. 1) General secondary education at the schools, where the education endures 2 years and students get attest about the completion of the general secondary education. After the completion of this level, the students fulfill basic requirements to enter tertiary education. However, the graduates of the general secondary schools have also access to vocational education. 2) The education at the vocational colleges takes up to 4 years and this type education

is comparable with the specialized secondary education in the old system. For entrance into the vocational college, the students need completed basic secondary education for four-year program and general secondary education for two-year program. 3) The education at the vocational lyceums takes 3 years, which covers two-year program of general education and one year of specialized training. 4) The fourth option for students is primary vocational training after completion of general basic education or general secondary education at the vocational lyceums. These vocational training institutions offer one or two-year programs. After completion of the training, the graduates get certificate and enter into labour market.

The current tertiary education system of the country can be considered as a hybrid system. Since 2012 the Kyrgyz higher education institutions (HEIs) fully adopted two-tier higher education system, which consists of bachelor and master degrees. In order to obtain Bachelor degree, it is necessary to get 240 credits and it lasts about 4 years. The master programs last normally two years and it is necessary 120 credit points to complete it. Despite the adoption of two-tier higher education system by all HEIs, there are programs which did not change their form despite the reforms given in the education sector. Thus, in Kyrgyzstan, the students are able to get a specialist degree, which lasts up to 5-6 years or longer depending on the subject and program. These programs are available in the areas of medicine, engineering and aviation.

In regard to post-graduate programs, most of the HEIs still offer and prefer the old system post graduate program (*Aspirantura + Doctorantura*), which lasts longer than 3-year PhD program. According to the Ministry of Education currently 14 HEIs offer old system doctorate programs. However, since 2013 about seven Universities offer also PhD programs as a part of Bologna system.

Figure 5. The education system in Kyrgyzstan



Source: Ministry of Education and Sciences of the KR, own illustration

3.2 Early Childhood Education and Care (ECCE) Programs

The Law on Preschool Education Nr.198 of June 2009 defines the basic principles of state policy on pre-school education and child development, as well as legal, institutional and financial framework of the pre-school education system. The law defines pre-school age as a period of physical, mental, and social

formation of the child from birth to 7 years of age and a pre-school educational organization as an organization designed for children from six months to 7 years (UNESCO, 2011, p. 2).

The official body in charge of supervision and coordination of the pre-education system is The Ministry of Education and Sciences (MoES)² (UNESCO, 2006). The formal pre-education system consists of nurseries for children aged 6 months to 3 years, different types of kindergartens for children aged 3-7 years and state institutions for orphans and social orphans. For today there are 1325 state-financed and 171 privately-financed pre-primary education institutions countrywide (table 2). According to UNICEF data, in 2016 only one in five children aged 3-5 have access to pre-school education (UNICEF, 2016).

Table 1. Number of pre-school institutions and number of children attending pre-school for 2017/2018

State pre-school educational institutions	Number of institutions	Number of children
Nursery	126	12728
Nursery/Kindergarten	414	82271
Kindergarten	681	80241
Community-based Kindergarten	25	2413
School/Kindergarten	2	1048
<hr/>		
Private pre-school educational institutions		
Nursery	31	2046
Nursery/Kindergarten	54	2890
Kindergarten	53	3065
School/Kindergarten	4	376
<hr/>		
TOTAL	1390	187078

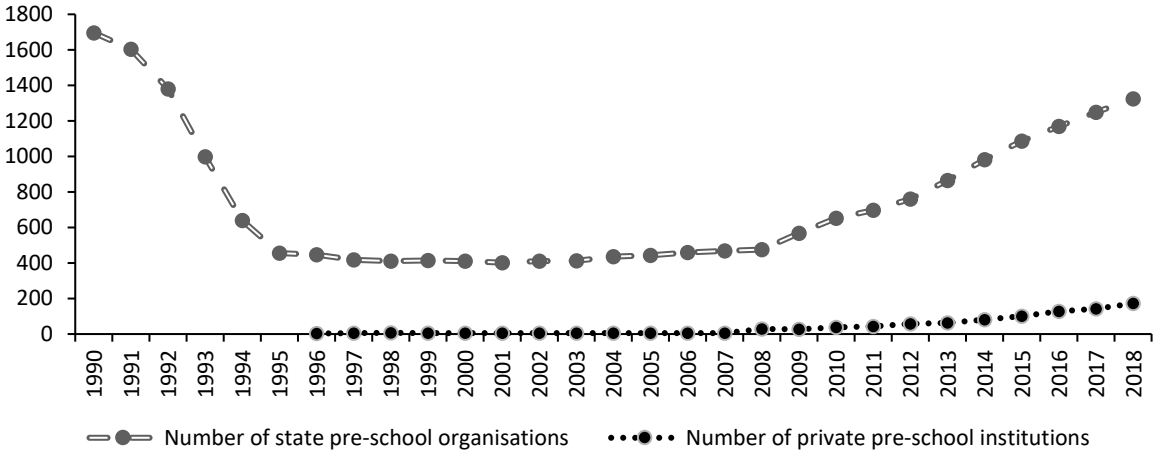
Source: National Statistic Committee of Kyrgyz Republic, 2018.

Due to economic hardships by the state in the beginning of the transition period, the state was not able to provide sufficient financial and technical support to the pre-education facilities inherited from the Soviet time (UNICEF, 2016). As a result, the number of institutions decreased drastically from 1696 in 1990 to 402 in 2001. Only 25% of the institutions survived economic hardships in the first 10 years of the transition period (figure 7). At the same time the enrollment rate into pre-primary education fell significantly from 33.9% to 9.3% (OECD, 2018). The main cause of the enrollment drop rates is accordingly shut down of most of the facilities, which was caused in return by the lack of financial support.

² The Ministry of Education and Sciences (MES) has changed its name in line with structural adjustments in education system (an example Ministry of Education and Culture until 2004, Ministry of Education and Youth Policy until 2010, since 2011 the Ministry of Education and Sciences).

The lack of pre-primary education facilities remains even today and the rural areas are mostly affected by the problem. Under public pressure and with the help of international community the state-initiated reforms to address lack of pre-schools and related policies for their regulation. The reform initiated by the state included privatization of pre-school institutions, simplification of licensing procedures to open such institutions, exemption of private pre-schools from the value-added tax (VAT) and provide government buildings for kindergarten purposes and attracting international organizations to build community kindergartens³ (OECD, 2018; UNICEF, 2012). The results of the reforms undertaken by the government to develop pre-education system can be seen in the increased number of pre-primary education facilities.

Figure 6. Number of pre-school educational institutions



Source: National Statistic Committee of Kyrgyz Republic, 2018.

As it is seen in the above figure (figure 7) the number of pre-education facilities is growing since 2008. For 2018 there were 1325 state supported pre-education facilities. These were ensured by opening community-based kindergartens established by the local government mainly in the rural areas of the republic, and by reconstructing buildings adjusted for pre-school educational institutions funded by the Aga-Khan Foundation and other international agencies, especially Asian Development Bank (IOM, 2014). The establishment of small number of private daycare facilities, the number of which is growing, is another reason for growth of pre-primary education institutions in the country.

Despite the reforms and international aid to restore the pre-school education system as well as increase of pre-education facilities in number, today about 25.3% of children are enrolled into pre-school institutions. The enrollment disparity between rural and urban areas is still remaining. In 2014 only 13.5 % of children were enrolled in rural areas, while about 39.2% of children attend kindergartens in the urban areas. According to the same OECD study (2018), the children who do not have access to pre-school are disadvantaged compare to children who attend pre-school facilities in terms of cognitive development associated with early access to education. This disparity in access to pre-school education affects negatively the further educational outcome of children creating more inequality

³ Compare to other types of pre-school institutions, the community-based kindergartens are given only in the rural areas of the country. These kindergartens work normally in two shifts. So, the children can attend in the morning or in the afternoon. These institutions are not considered to be daycare facilities; they were thought to deliver services for child development and early education in the rural areas where pre-school institutions are not existent (UNICEF, 2016).

between rural and urban areas as well as between wealthier and poorer families (OECD, 2018; UNICEF, 2012).

To resolve this issue the Kyrgyz government designed 100- and 240-hour school “catch up” programs for children who do not attend formal public or private kindergartens. The 100-hour program is organized during the summer period and 240 hour starts already in spring for children who enter primary school in September each year. The organizers of the programs are respective primary schools. These short time preparatory programs are to be replaced by the 480-hour, one year, program “*Nariste*”. The implementation of the “*Nariste*” program started in 2015. This program is not seen as a replacement of the kindergarten, but supports nearly all children that are not enrolled into kindergarten (MoES, 2015; OECD, 2018).

Despite increased preschool establishments in the last years, family or third persons continue to be the primary child care providers. There are no government programs or regulations to support home based child care (UNESCO, 2006, p. 8). First option for home-based child care is relatives, especially grandparents of the family. They do take care of children during parents are at work in case if both live in the same city or village. In some cases, the children grow up with grandparents until the children are above 12 years, especially if the parents work in urban areas and grandparents live in rural areas. The latter case is also applicable for children of work migrants.

The better off families can organize informal childcare arrangements. Private service-providers are often pensionable teachers who are in need to top up small pension from state or young girls who moved to the bigger cities in order to get education or just for work. There is no information available regarding these both informal home-based child-care possibilities given in the country.

3.3 General education

The general education system is organized in Kyrgyzstan in three stages. The primary education lasts 4 years and basic secondary education, completion of which takes another 5 years. Since 1997 the primary and basic secondary education (BSE) is compulsory and free for all in the state schools. After completion of the basic secondary education the students are tracked into general secondary and vocational education. The final phase of schooling, complete general secondary education is carried out by three different institutions. At public schools (incl. gymnasiums and lyceums) it takes two years (10-11 degrees). At vocational colleges and lyceums it takes between 1 and 2 years.

The first stage of the basic education admits children at the age of six or seven years and enrollments in the further stages based on the years of schooling. While the choice of school based on proximity of school in rural areas, the choice and admission of children to schools in urban areas are more complicated. In urban areas the enrollment to schools based on “*Propiska*” (registration of the child’s parents in the school’s district) or on their financial wellbeing. Officially the primary education is free. But almost each school has introduced so called “enrollment fees” or “parental contribution”. These informal monthly payments might be a burden for some parents independently of their “*Propiska*” for the district. Accordingly, these parents opt for more affordable school in other districts. In some public schools in urban areas the children are enrolled on the basis of an interview in order to identify of their preparedness to enter the school. This informal procedure is used especially in the better of schools (IOM, 2014). Bribery and expensive preparatory courses are the result of this procedure (Ramas, 2016).

After successful completion of the basic secondary education, the students get state certificate about the completion of incomplete secondary education. With this certificate the students have access to primary and secondary vocational educational institutions, but not to tertiary education. After successful completing of general secondary education, the students are provided with the state accredited school diploma (*Attestat*) which gives direct access to National Admission Test (NAT), introduced

in 2002⁴. The further access to tertiary education is based on the basis of credit points achieved within the NAT (UNESCO, 2011).

For today, the general education is offered by 2139 state financed and 126 privately financed educational institutions. Among them 130 institutions offer only primary/elementary education. The institutions which offer basic secondary education are 195 countrywide. The educational institutions offering complete general secondary education including all three stages makes the largest share of educational institutions with 1922 schools. Special schools for children with learning disabilities make the smallest number of schools among the total number of schools, with only 18 schools. In total there are 2,265 general education schools and cover about 1,298,574 students (table 3).

Table 2. Number of schools and pupils in general educational institutions in 2017/2018

State educational institutions	Number of schools	Number of pupils
General education schools	2139	1,268,068
Elementary (1 - 4 grades)	101	12331
Junior (1 - 9 grades)	169	39433
High (1 - 11 grades)	1852	1212974
For children with learning disabilities	17	3330
<hr/>		
Private educational institutions		
General education schools	126	30,506
Elementary (1 - 4 grades)	29	2064
Junior (1 - 9 grades)	26	4874
High (1 - 11 grades)	70	23521
For children with learning disabilities	1	47
<hr/>		
TOTAL	2,265	1,298,574

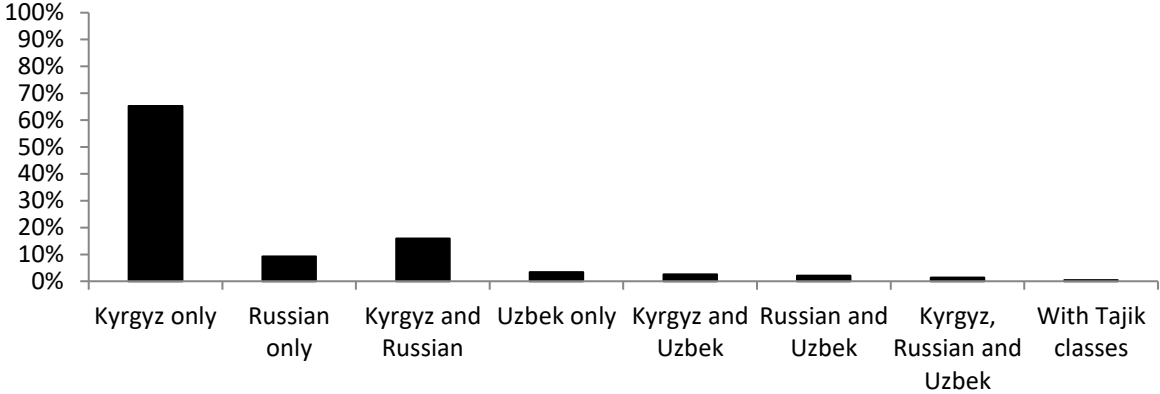
Source: National Statistic Committee of Kyrgyz Republic, 2018

According to the law on education, general education institutions shall provide education in the mother language of citizens. So Kyrgyzstani citizens can get education in Kyrgyz and Russian. Instructions are also provided in Uzbek and Tajik languages. As the figure (11) below shows more than 60% of state-financed schools offer secondary education in Kyrgyz language. Less than 20% of schools offer education in both countries' official languages, Kyrgyz and Russian. Schools offering education in only Russian or only in Uzbek languages make less than 10%. In this regard it is important to underline that Uzbek and Russian populations are the biggest minority ethnic groups living in Kyrgyzstan. There are also a few schools offering education in Tajik language, which make less than 1% of the schools.

⁴ <http://edu.gov.kg/ru/schools/>, last access 24.09.2018.

There are also private schools, instruction languages of which vary depending on the donor and organization, e.g. Cebat Lyceum provide in Turkish and European School in Central Asia (ESCA) in English. Officially there are no informal institutions, such as home teaching, that offer primary education.

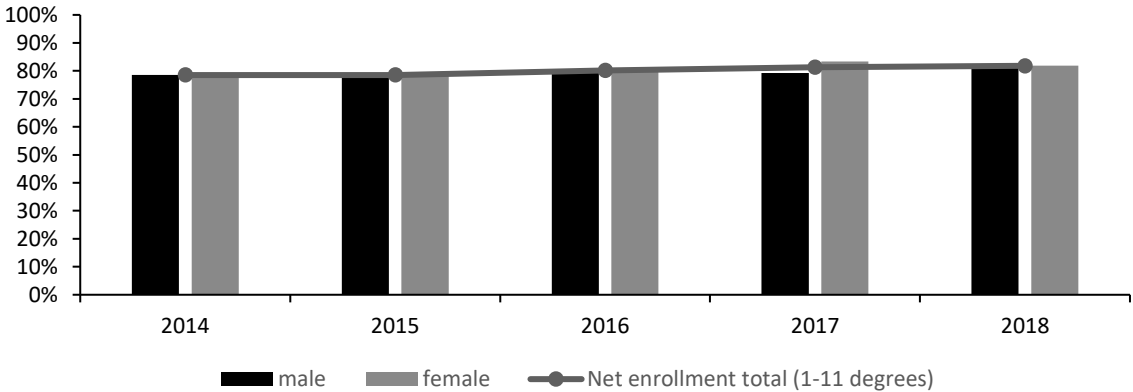
Figure 7. Distribution of state general secondary schools by language of teaching 2012/2014



Source: World Bank, 2014

The economic hardships faced by the state and society due to transition had severe negative impacts on the funding (decline of state funding from 7.9% of total public spending in 1990 to 3.7% in 2000) and quality of the general education in Kyrgyzstan (OECD, 2018). However the total net enrollment rate into secondary education is still remaining high and developed positively in the last years as it can be seen in the figure below.

Figure 8. Total net enrollment rate in general secondary education by gender, 2014-2018



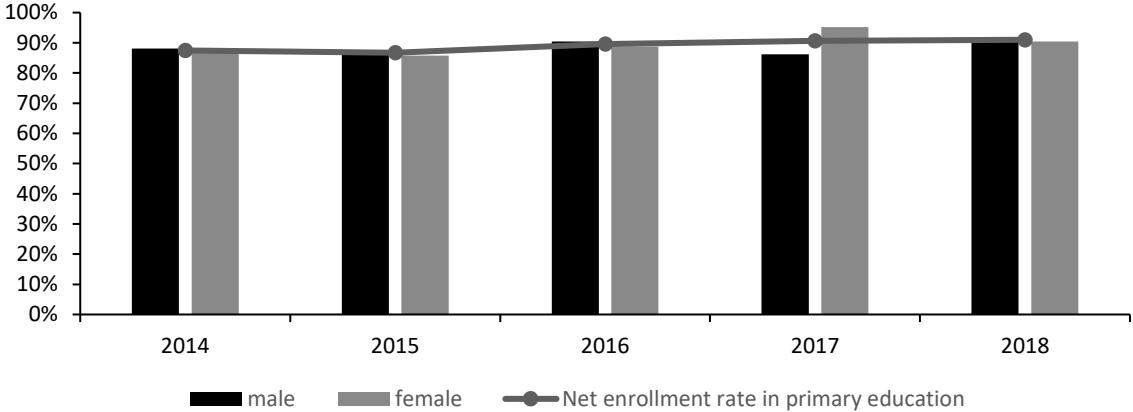
Source: National Statistic Committee of Kyrgyz Republic, 2018

This positive trend in net enrollment applies for both genders, male and female. Thereby the net enrollment of females is slightly higher than that of males. The total net enrollment increased by 3% in the last four years from 78.5% in 2014 to 81.9% in 2018.

The next figures show the differences in the attendance rates between primary, general secondary and upper secondary educations. The net enrollment into primary education is 91% (figure 9). There is only small difference between female and male students. Here we can see also positive trend in net

enrollment into primary education. Compare to enrollment rate in 2014, the rate has increased from 87.3% to 91% in 2018.

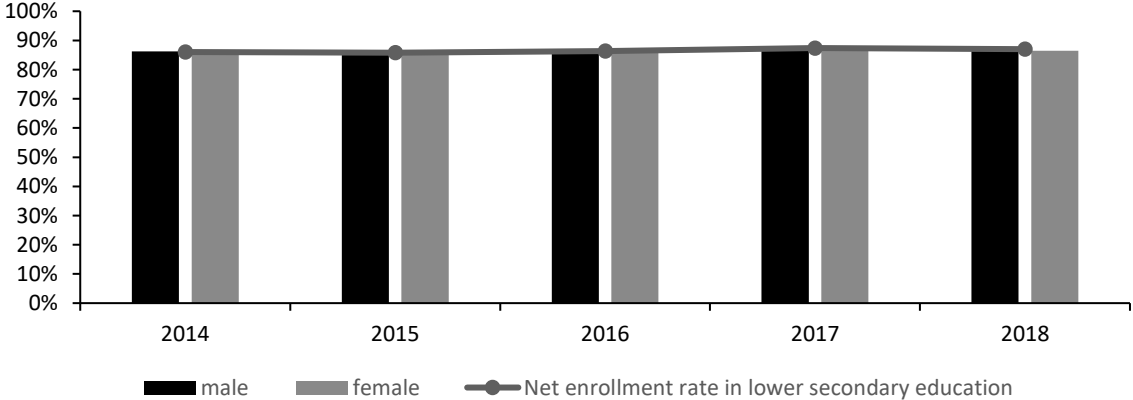
Figure 9. Net enrollment rate in primary education by gender, 2014-2018



Source: National Statistic Committee of Kyrgyz Republic, 2018

The net enrollment rate into general secondary education is also high, which made 87% in 2018. There is no big change in terms of trend, differences between 2014 and 2018 is about 2% (figure 10). The high enrollment rates into primary and general secondary education reflect the fact that both education levels are compulsory and financed by the state.

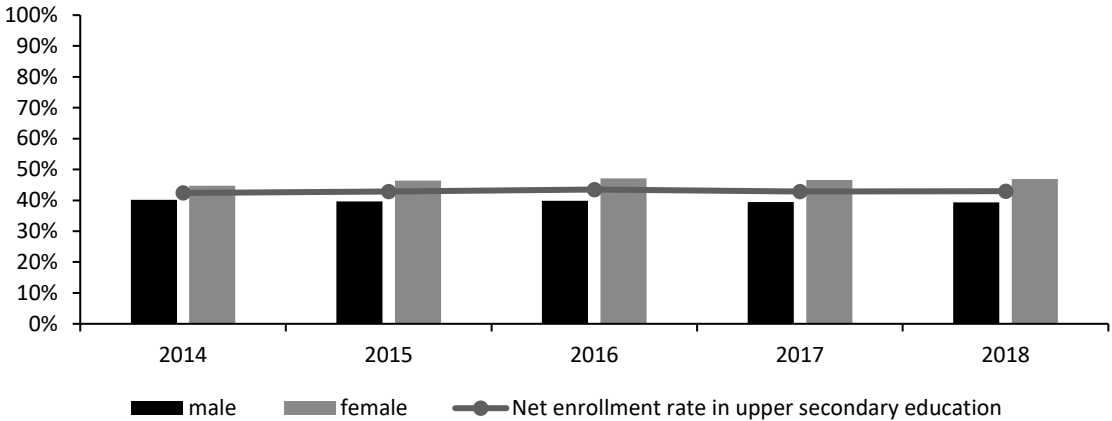
Figure 10. Net enrollment rate in lower secondary education



Source: National Statistic Committee of Kyrgyz Republic, 2018

The following figure (11) displays the net enrollment rate into upper secondary education. Compare to net enrollment rates to compulsory education, the enrollment into upper secondary education is only 43%. Thereby there is a difference between boys and girls, about 6% more girls enroll into upper secondary education compare to their male counterparts. If to compare the general enrollment rate between 2014 and 2018, there is small positive change. This positive change is caused by the increase of the female enrollment, which is about 2% higher in 2018 compare to 2014. Meanwhile the enrollment of the male students into upper secondary education is decreased insignificantly, by 1% in 2018 compare to 2014.

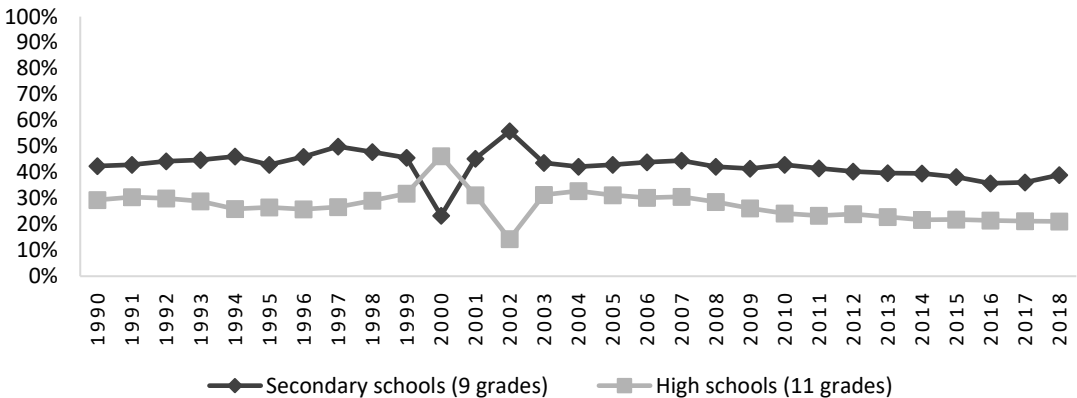
Figure 11. Net enrollment in upper secondary education by gender, 2014-2018



Source: National Statistic Committee of Kyrgyz Republic, 2018

In regard to graduation with general and upper secondary education, the percentage of graduates reflect the enrollment rates in some degree. The percentage of graduates with the general secondary education is 42,5 % in average, while the average percentage of students who left education with upper secondary education is about 27% in the last 28 years.

Figure 12. Graduates with general secondary and upper secondary education from 1990 to 2018⁵



Source: National Statistic Committee of Kyrgyz Republic, 2018

In regard to general trend in these years, the percentage of graduates with general secondary education went down slightly from 42% in 1990 to 29% in 2018, while the percentage of graduates with upper secondary education decreased from 29% to 21% for the above-mentioned years (Figure 12).

After the completion of basic secondary education, the graduates have three options to continue their education. They can choose between vocational and general education as well as special secondary education (colleges) institutions (see figure 8).

⁵ The percentage of the graduates related to the percentage of overall graduates including vocational and higher education.

The graduates with the secondary general education can continue their education at the vocational or participate at the National Admission Test (NAT) in order to pursue higher education.

3.4 Vocational Education and Training (VET)

The Vocational Education and Training (VET) system in Kyrgyz Republic is divided into three levels, primary, secondary and higher vocational education (Castel-Branco, 2009). The vocational education institutions are meant to develop skilled workers, crafts personal at PVE level and technicians as well as middle level staff at SVE level (ADB, 2016). Obtaining of the basic secondary education (9th grade) is an entry qualification for vocational education institutions. The primary vocational education (PVE) institutions include professional lyceums and technical colleges. These institutions provide two programs, 10-month vocational qualification and two-year programs for graduates of basic secondary education. The 10-month vocational qualification target not only youth, but also adults in general. For 2006 about 60% of students entering 10-month courses were school leavers. This indicates that the rest of the places are used by adults for re-training and by unemployed. The two-year program is designed specifically for graduates of the basic secondary education and offer short general education program additionally to vocational skills. However, the graduates of the PVE institutions do not have an access to higher education. In order to do so, the graduates of PVEs need to spend one more year. The 3-year programs are offered by secondary vocational education (SVE) institutions. The institutions of SVE offer program of secondary general education and vocational training. Accordingly, the graduates of these 3-year programs are eligible to participate at the national admission test in order to be able to continue their education at the institutions of the tertiary education. Most of the vocational institutions offer both, primary and secondary vocational education (UNESCO, 2011; Castel-Branco, 2009).

Secondary vocational education (SVE) institutions provide secondary and post-secondary education programs below the level of tertiary education. The system of the SVE institutions is not comparable with other educational institution systems in KR. There are 145 SVE institutions consisting of traditional technical schools and colleges⁶. The traditional technical schools are the vocational education institutions that existed prior to independency of the Kyrgyz Republic and provide skilled workers for heavy industry, especially technicians of middle level. They accept students after 9th or 11th degree. The colleges consist of technical education schools at upper-secondary and postsecondary levels. After three-year program that combines two years of general education and one-year vocational specialty allows students to continue their education in higher/tertiary education institutions, the *Technicums*; The *technicums* (Higher vocational education institutions) offer a more professional and academic focus, accepting students after the SVE or general secondary education. The education and training in these institutions takes up to four years. These institutions offer diploma and bachelor programs (ILO, 2016; ADB, 2016; UNESCO, 2011).

The newly established colleges, mostly under the state and private universities, accept the students after the 9th or 11th degree. Most of them are self-financed. After graduating this type of colleges, which normally lasts two to four years, students can continue their studies in higher education institutions. These colleges are seen as the better alternatives for public schools that offer general secondary education and programs of post-secondary education.

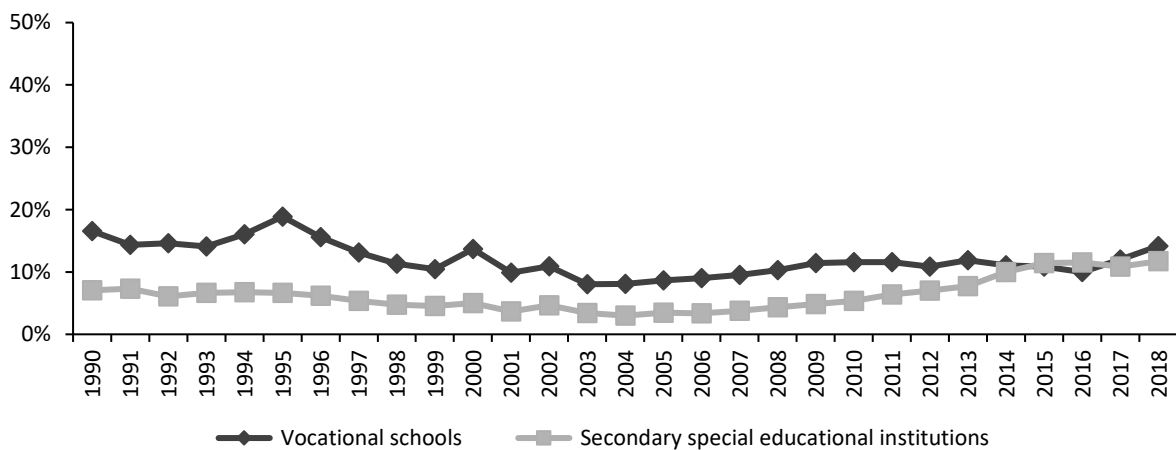
The vocational education and training at the traditional vocational education institutions paid by the state, while the college education is paid by students and their parents, even if this college under the public university. However, according to Mertaugh (2004), the number of “contract students” is growing also at the traditional vocational education institutions and about 25% students were paying fees

⁶ <http://edu.gov.kg/ru/profi-tech-edu/list-of-uni/>

between seven and fourteen thousand Soms (between 100 and 200 US \$) per year in 2004 (Mertaugh, 2004).

The attractiveness of the PVE institutions for students gradually declined in beginning of the transition period. This is reflected in the admission numbers. The admission to PVE decreased from 16,5% in 1990 to 8% in 2003 despite the small increase in 1995 (figure 15). Since 2004 the admission PVE institutions is slowly increasing and in 2018 the percentage of admitted students achieved 14%. Compare to PVE admission, the admission to SVE institutions increased gradually since 1990. Despite the small decrease in the beginning of 2000, the gradual increase of admitted students into SVE continued and achieved its highest level in 2018, which is 11,7%. Compare to primary vocational education, the secondary vocational education is only partly financed by the state budget. For 2017/2008 the percentage of students studying on the state budget made about 33%, while other 67% of students were studying on the fee (contract) basis (Castel-Branco, 2009).

Figure 13. Percentage of students admitted into vocational and secondary special education institutions



Source: National Statistic Committee of Kyrgyz Republic, 2018

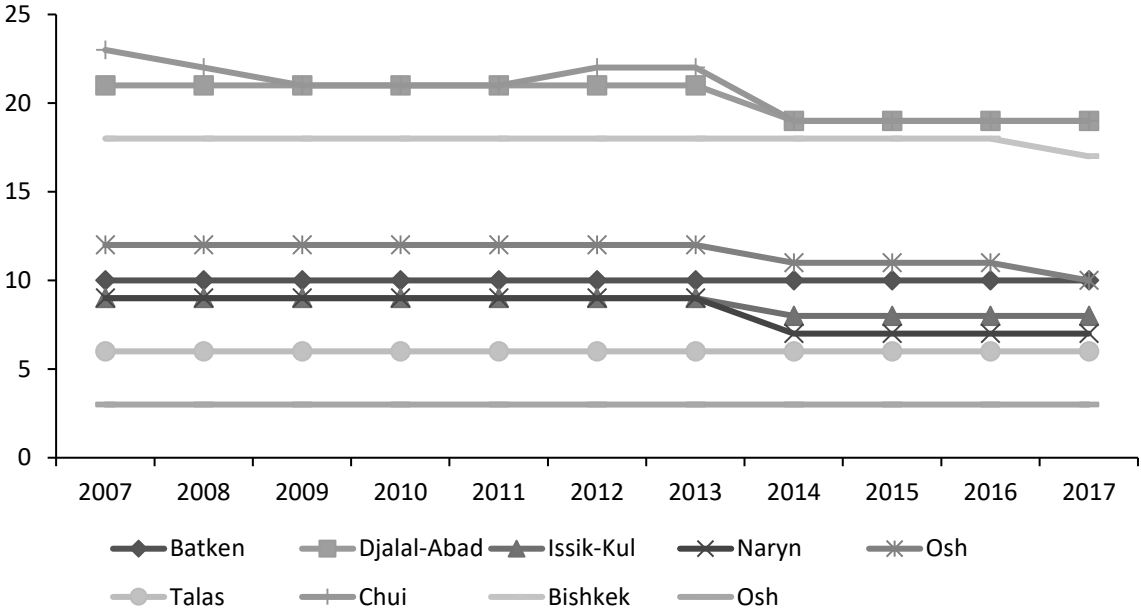
The increase of the attractiveness of the PVE institutions for the students in the recent years is related to the reforms of the primary VET system by the state and international organizations. The reform process of the PVE system is seen as a measurement against the high unemployment in the country among youth between 15 and 29 years. Hence the reforms target curricula of the VET institutions and in-service teacher training. In order to make more attractive the primary VET, the national and international agencies updating curricula of the vocational institutional by offering more demand oriented and suitable to today's market economy programs. These reforms are accompanied by the promotional campaigns by the State Agency for Professional and Technical Education in order to improve image of the vocational education in general in the republic.

The increase in the admission into secondary vocation education institutions is based on three factors. The first factor is the rapid growth of the secondary vocational education institutions. Kyrgyzstan inherited 48 SVET institutions from the Soviet time. Since then the number of secondary vocational education institutions has almost tripled. Today there are 145 institutions offering secondary and post-secondary (non-tertiary) education countrywide. Second, the newly established colleges are normally part of the higher education institutions and seen by the population as a better alternative to public general secondary education institutions. Additionally, the graduates of such institutions have opportunity to be admitted automatically to the higher education programs of the same university or technicum on fee basis. With the introduction of the NAT, the admission opportunities of students into the

higher education is lower compare to previous years in the context of low quality of education at the public general secondary schools. The third factor is related to the cost of education, which is increasing year by year since independency of the country. The SVET programs are time and cost-effective compare to tertiary education programs.

For today there are 99 PVE institutions nationwide. The number of primary vocational institutions is decreased from 111 to 99 in the last decade, especially in oblasts Chui, Osh and Naryn (Figure 14). According to the law on vocational education and training from 1999 (amended 2008), all primary and partly secondary vocational education institutions are public and are not allowed to privatize. This fact protected the vocational education institutions from commercialization (Castel-Branco, 2009). Furthermore, with the collapse of the industry sector in Kyrgyzstan due to transition process, the vocational institutions were left without financial support from industry sector. The physical and financial isolation of vocational institutions from the country’s economy led to deterioration of education quality and attractiveness of the vocational education (UNESCO, 2011). As a result, 12 vocational education institutions were closed as it can be seen in the figure below.

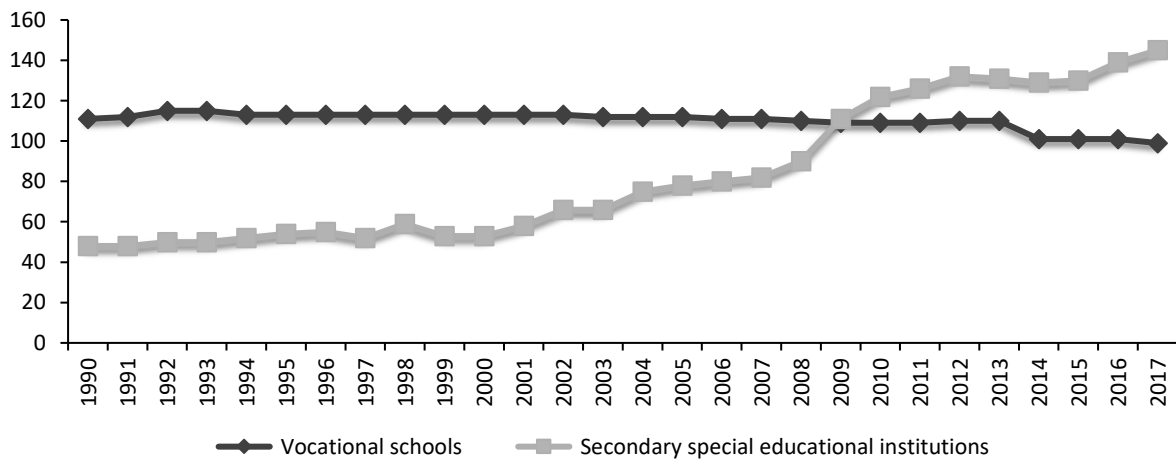
Figure 14. Development of primary vocational education institution by region between 2007 and 2017



Source: National Statistic Committee of Kyrgyz Republic, 2018.

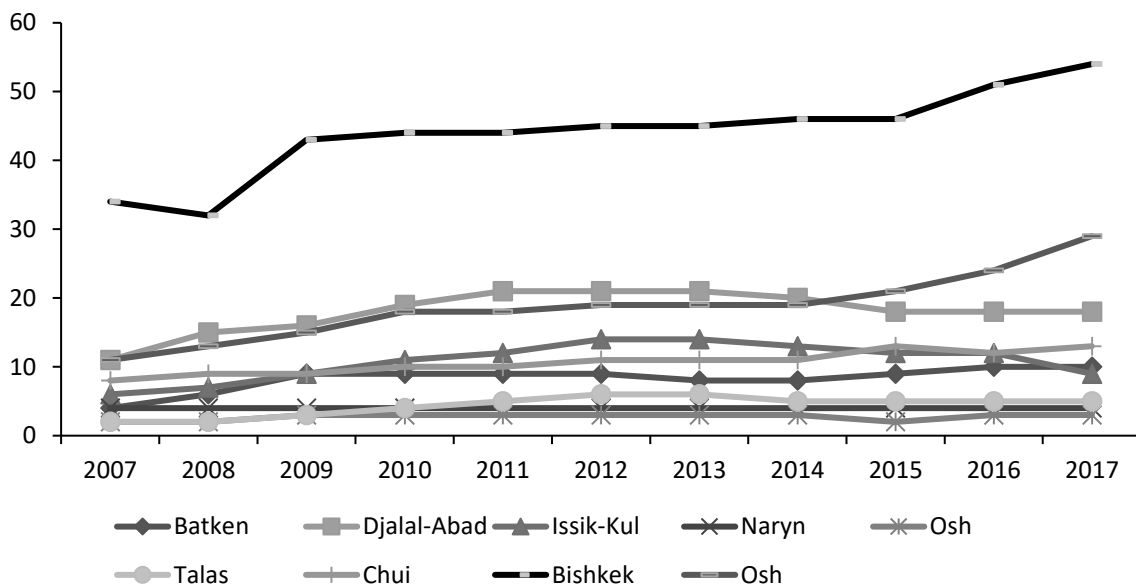
The number of institutions offering secondary vocational education is increased next to tertiary education institutions since 1990. In the beginning of the transition period there were 48 institutions inherited from the Soviet time. Beginning from 2000 the number of which has risen rapidly and for 2017, 145 institutions were in place (figure 15). This is partly due to vertical backward integration of tertiary education institutions by offering secondary vocational education programs at the colleges, established under the umbrella of the universities or technicums as it was mentioned above (Castel-Branco, 2009).

Figure 15. Development of the primary and secondary vocational education institutions from 1990 to 2017



Source: Ministry of Education and Sciences of the KR, 2018.

Figure 16. Development of secondary vocational education in Kyrgyzstan between 2007 and 2017



Source: National Statistic Committee of Kyrgyz Republic, 2018.

Compare to primary vocational education institutions, the secondary vocational institutions are more focused in the two big cities of the country, Bishkek and Osh as its shown in the figure 16 above. About 60% of SVET institutions are located in these cities. Other 40% of institutions are distributed between six oblasts. Thereby the Djalal-Abad oblast has the highest number with 18 institutions and Osh oblast the lowest, with 3 institutions. The same figure also shows that number of SVET institutions in the peripheries went slightly down since 2014, while the number of institutions in the cities is growing since then.

General evaluation of the vocational education institutions by the international community show that quality and relevance of the vocational education and training institutions (traditional institutions) suffer from outdated curriculum and pedagogical practices, aging teaching staff, inadequate and obsolete

equipment, weak institutional management, insufficient funding, and weak links with industry (ADB, 2016).

The newly established colleges are not subject for research despite their rise in all parts of the country. Accordingly, there is no information about what type of training they offer. But the population literacy in Kyrgyz Republic has grown since country's independence. Nowadays the biggest share of the population owns secondary general education and the rise of colleges might be a response to the demand given in Kyrgyzstan. They are seen more prestigious (under university) by the citizens compare to general public schools or traditional vocational education and training institutions. As they are privately financed, they might be able to offer modern curriculum incl. language and ICT skills, the skills that are relevant nowadays in the labor markets.

The medium-term development plan (2020) of the Kyrgyz government has outlined seven economic sectors as priorities, which are construction, mining, energy, tourism, textiles and garment, land-transport and agriculture/food-processing. These sectors jointly constitute 54% of gross domestic product and 63% of formal employment and are expected to drive the economy and create jobs for the growing number of unemployed, particularly among youth. However, according to enterprises, the country lacks skilled workers. The mismatch between the outputs of the education and training sector and labor market needs is another big issue in the country. So the Kyrgyz government together with international organizations (ADB and UNDP) is up to modernization of the state vocational education and training system. However, the modernization program covers only primary vocational education institutions in urban and rural areas (ADB, 2016).

3.5 Tertiary Education system of the Kyrgyz Republic (KR)

The reform of tertiary education system of the Kyrgyz Republic was determined as a priority in the government's agenda from the beginning of the transition. Decentralization of the education system and its partly privatization were primary goals of the reform. The education system of the country was fully state-funded and regulated totally by the communist party until 1991. In general, there were about 12 higher education institutions. Within 25 years of reform process, the landscape of the higher education system of the country very much changed. Today the country has an expansive, diverse, unequal, semi-privatized and marketized higher education system. The internationalization of the university education took also place especially due to Bologna Process, results of which can be seen in the structure of the higher education system of Kyrgyzstan (Shadymanova & Amsler, 2018). Since 2012, the Kyrgyz Republic has moved to a two-tier system of higher education, which gives an opportunity to obtain a bachelor's degree (240 credits), a master's degree (120 credits) and a specialist degree (5 years of study, a number of medical, engineering programs and specializations related to creativity)⁷. Additionally, in 2013 the implementation of the pilot PhD programs was launched in seven Higher Education Institutions (HEIs) of the country⁸.

Nowadays, there are four types of higher education institutions (HEIs), categorized based on their teaching and research profiles. The *academies* usually offer training programs and conduct fundamental applied scientific research. The *universities* are considered to be multi-profile institutions, which provide a wide range of specialist training at all levels of higher education including academic and in-service training. They also conduct fundamental and applied scientific research. *Institutes* can be either independent or units in universities carrying out programs of higher education and in-service trainings for specialists at all levels. The „*profiled*“ institutions offer more narrowly defined education and training programs in specific areas such as arts or military training (Shadymanova & Amsler, 2018).

⁷ <https://supporthere.org/page/higher-education-kyrgyzstan>

⁸ Temporary State Requirements for Pilot Doctoral Programs of postgraduate professional education (PhD), approved by the Order No 311/1 of the MoES of the Kyrgyz Republic on 31 May 2013.

The Higher Education system of KR has a network of 53 institutions countrywide, 34 of them are public and 19 are private. Until 1991 about 80% of the students could get university education only in the capital of the country, as 10 of the 12 HEIs were located in Bishkek. Since its independency, the Kyrgyz government has prioritized the development of the HEIs infrastructure in other regions of the country. As a result, in almost all seven regions were established new institutions or branches of given institutions offering programs at higher education level. Accordingly, the number of students studying in the capital declined up to 53% and the remaining 47% of students were studying in the regions according to the EACEA report from 2012.

Overall, the HEIs have a high level of autonomy for defining their academic programs (within the framework of the state educational standards⁹), for dictating their forms and methods of teaching and for developing international collaboration. Public HEIs have lightly limited autonomy compare to private HEIs. Especially the public institutions are accountable to the MoES for programs which are to be taught according to the state standards and for the proper administration of scholarship funds, according to the established criteria. Despite the extensive autonomy of the HEIs in their management, the Ministry of Education and Science (MoES) is the main agency responsible for the quality of education in the country. Nevertheless, several institutions are regulated by both the MoES and related field ministries. This is the case of the Kyrgyz Medical Academy (managed together with Ministry of Health), the Kyrgyz Academy (together with Ministry of Internal Affairs), the Diplomatic Academy (together with Ministry of Foreign Affairs), and the Academy of Management (President's Administration of the Kyrgyz Republic). In addition, eight universities are intergovernmental and their activities are overseen by Ministries of Education of different states (e.g. Kyrgyz-Russian Slavic University, Kyrgyz-Uzbek University, Kyrgyz-Turkish University 'Manas' or the private universities such as the American University in Central Asia, the Kyrgyz-Russian Academy of Education, the Kyrgyz-Kuwait (East) University, the International University Ala-Too, the University of Aga-Khan). Furthermore, there are 10 University Branches from different Universities of CIS countries (EACEA 2012).

For admission to the HEIs, it is necessary to have a certificate in general secondary education, a diploma in secondary vocational education or a diploma in higher professional education (in case they wish to obtain a second or third higher education diploma. After the completion of the secondary education (*Srednaya Shkola*, Gymnasium) the students have to participate in the *National Admission Test* (NAT) to get a place at the HEIs. College students, especially those studying at the colleges integrated into the HEIs system get direct access without participating in NAT. In most of the cases, these students are second year students as the 2 years college's curriculum consists of two years general secondary education and the first year of tertiary education.

The 50 applicants with highest scores (above 220 out of a maximum 240) get Golden Certificate, which gives them a right to be enrolled in any university and in any discipline of their choice on budget basis. The second option to get scholarship is to participate in the competition for educational grants that is held in schools. Each university has own grant committee consisting of representatives of the education authorities (school director) as well as representatives of the universities. The admission procedure consists of three rounds and gives applicants the opportunity to participate in several competitions in various universities.

The applicants have the right to be accepted by the university following the results of the universal admission test. Furthermore, the HEIs conduct entrance examination for applicants for:

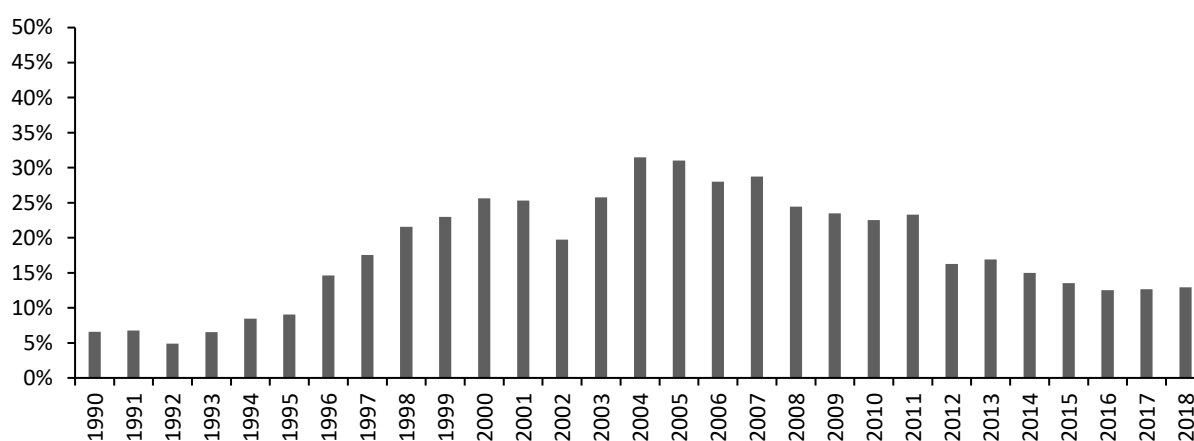
- ✓ Applicants who have not participated in the universal admission test or have scores below the threshold and still willing to join programs on "contract" basis;
- ✓ Applicants who apply for distance and evening classes;
- ✓ Applicants of foreign nationalities.

⁹ <http://edu.gov.kg/ru/high-education/standarty/>, last access 25.01.2018

The NAT is conducted yearly at the end of May, selection and grants are awarded between 10th and 23rd of July. The entrance examination for full time education to be held until 20th of August and for distance courses until 30th of August (EACEA 2012).

Public universities, managed by MoES, finance the tertiary education system combining both budget and private sources (multi-channel funding). It means that in public HEIs, the students' study on a grant and contract basis. In accordance with the national regulations of the Kyrgyz Republic, tuition fee in higher education institutions is set for one academic year. The HEIs determine the number of fee-paying students (*contractniki*) while the state defines the number of grant funded students (*budgetniki*). The cost of education on a contract basis in public and private HEIs varies from 250 EUR to 5.250 EUR for those enrolled in bachelor programs and up to EUR 9.100 for those enrolled in master programs. In the 2014-15 academic year 4.130 students were enrolled on a grant basis in public HEIs representing about 24% of the enrolled students based on the results of the national testing (EACEA, 2017).

Figure 17. The percentage of admitted students into higher education institutions



Source: National Statistic Committee of Kyrgyz Republic, 2018.

Despite the commercialization of tertiary education in context of economic hardships due to transition process, the demand of the population for higher education has grown in the beginning of the transition. According to official data, student enrollment in HEIs reached its highest point in 2005 with 31%. According to the previous studies, such increase in admission into higher education is related to the positive perception of higher education by the population. Additionally, the increase of universities and its branches in the peripheries improved the access to tertiary education for students from rural areas, which also supported the increase in the admission. However, since 2008 the enrollment into higher education institutions declining and achieved lowest point since 1996, with less than 13%. The reasons for decrease in enrollment into HEIs can be related to the increase of financial costs of education, while returns of education is relatively low in terms of wage and high unemployment among youth with tertiary education (EACEA, 2017; Castel-Branco, 2009; DeYoung, 2008).

While the attaining of the tertiary education and qualification is formally well regulated, the informal regulations within the higher education system cannot be denied. The corruption within education system is given also in Kyrgyzstan as in most of the former Soviet countries. The informal regulations in terms of bribes or personal favors can be find at all levels of the education system. In the case of procurement and accreditation, the educational institutions are the one who bribe the Ministry of Education and Sciences (MoES) and its staff. Accordingly, the institutions can be accredited independently from their qualification. Despite the National Admission Test, still students can obtain illegally a place at the HEIs even if they don't pass the national qualification exam for HEI entrance. Further

the grades can be “bought”. Here the sellers are faculty members, teachers, rectors incl. members of the MoES. The main reasons for these informal practices are low wages in public education sector and inefficient control of the HEIs due to weakness of the state agencies (Heyneman, Anderson, & Nuralieva, 2007). The initiatives were launched to fight the corruption in the education system, but these actions are not efficient and only of a short time character. It is important to mention that not all institutions are suffered under corruption or at least the level of corruption is lower that it does not deteriorate the institutions’ credibility. These institutions are private and mostly international institutions. Accordingly, the entrance into these institutions is general limited to students from better off families. They have still small amount of scholarships, making possible the entrance to gifted students¹⁰.

3.6 State policy on education and related laws as well as decrees

According to the constitution the Kyrgyz government guarantees free compulsory education for all children and free access to general secondary education in public and municipal educational institutions (Constitution of the Kyrgyz Republic, §45, p.2). Furthermore, the Law on Education, adopted in 1992 and amended 2003, underlines the right of all citizens to education regardless of their sex, nationality, language, social status, political or religious belief (UNESCO, 2011). Next to the laws on education, the Kyrgyz government developed education strategy (2012-2020) which serves as a guideline for the reform of the education system of the country.

From early beginning of the transition, the reform of education system was considered as a priority for the government, which can be also seen in a number of decrees on the functions of the educational system. The first Presidential Decree “*Kadry 21 Veka*” has been adopted in 1995. The year 1996 was declared as a year of education by the same Presidential Decree. At the same year, the “*Bilim National Education Program*” was launched. The program underlined the importance of pupil-oriented education and created environment for development of new types of schools and ground for experiments. These efforts in terms of policies, laws and decrees aimed to contribute to the development of education system and its adaptation to the new socio-economic conditions and speed up reforms. Especially the Education Development Strategy reflects widely the main developments given in the education sector worldwide. It includes the principles and regulations of the Universal Declaration of Human Rights, Convention on Children’s Rights, Dakar framework activities on education for all, Lisbon Convention, Bologna Declaration for higher education and other initiatives. This strategy considers also nation specific issues related to education quality and financing as well as it integrates foundations for lifelong learning. Furthermore, within this strategy it was formulated main principles and objectives to be achieved at the end of educational reform. The main objectives include (a) ensure equal access to quality education, (b) develop and adapt content of educational and learning technologies, (c) efficient use of resources and (d) democratization of education and its management (Ministry of Education and Sciences, 2012).

3.7 Administration of the Education system

The Ministry of Education and Science (MoES, until 2004 Ministry of Education and Culture) is responsible for education policy and its implementation, education strategy development as well as sets education standards. The MoES guards the equal rights for education in all regions (7 Oblasts of the KR), trains teachers, and provides statistical support and monitoring, responsible also for international co-operation.

¹⁰ The information about the scholarships can be find on the webpage of the respective institutions, equally as the tuitions for programs.

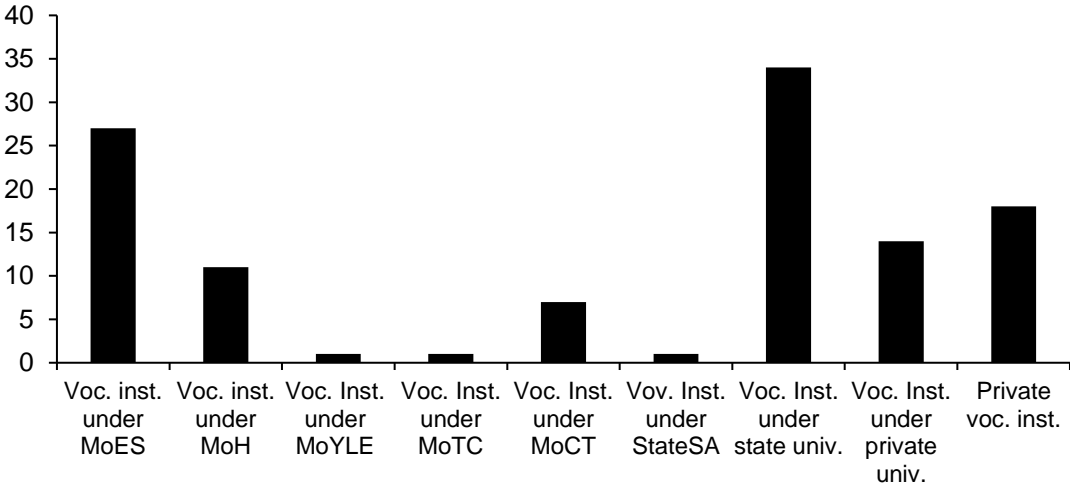
The MoES administers all public/national institutions, e.g. vocational and specialized secondary schools, colleges, and higher education institutions. Furthermore MoES determines according to norms the expenditure for education on behalf of local government. The Ministry is headed by the Minister, that nominated by the President of KR. The departments are higher and secondary professional education, general secondary education, and pre-school education.

The seven provinces in KR are divided into 40 districts. In every province and district (rayon) Department of Education (DoE) has been established by the local authorities. The provincial DoE are responsible for secondary education and administer vocational, technical and higher education. The district DoE are responsible for pre-school and primary education and administer secondary education. Ail-Okmotu (local government) administers their schools and is responsible for providing maintenance and materials.

The Kyrgyz Academy of Education (KAE) under MES is responsible for developing the curriculum and text books and learning materials in all curriculum subjects, at all grades, in the four approved languages of instruction generating author’s manuscripts, and approving text-books and learning materials. Under KAE operated National Institute for Raising the Qualifications of Teachers and Teacher Training (NTTI) is responsible for coordination of teacher’s trainings nationally. In Oblasts in-service teacher training is handled by a network of seven teacher training institutes (TTI).

The Primary Vocational Education (PVE) at the senior secondary level is administered by the Department for Vocational Training and Education (DVTE) under the Ministry of Labour and Social Protection (MLSP), while midlevel vocational education at the post-secondary level falls under the responsibility of the Ministry of Education and Sciences. Senior vocational education is also provided by other ministries and agencies, including the Ministry of Health (MoH), the MLSP, the State Commission on Culture, the Kyrgyz Union for Consumers, the Ministry of Interior (MoI) and the Ministry of Transport and Communication (MoTC). The decentralized management of the vocational education and training is illustrated in the figure below (figure 18).

Figure 18. Public and private vocational educ. institutions, administered by different players



Source: Ministry of Education and Sciences, 2018.

Principals of state pre-schools, schools and professional educational institutions are appointed by the state authorities / Commissions of Education. Representatives of higher education institutions are elected by the teaching staff and students of higher semesters. Their appointment must be approved by the representatives of the central educational authorities. Principals of the private institutions are appointed by the founder(s). The highest authority of the educational institution is its Council. Higher

and secondary professional institutions and secondary schools have freedom in curriculum choice and selection within the state educational standards (UNESCO, 2011, p. 4).

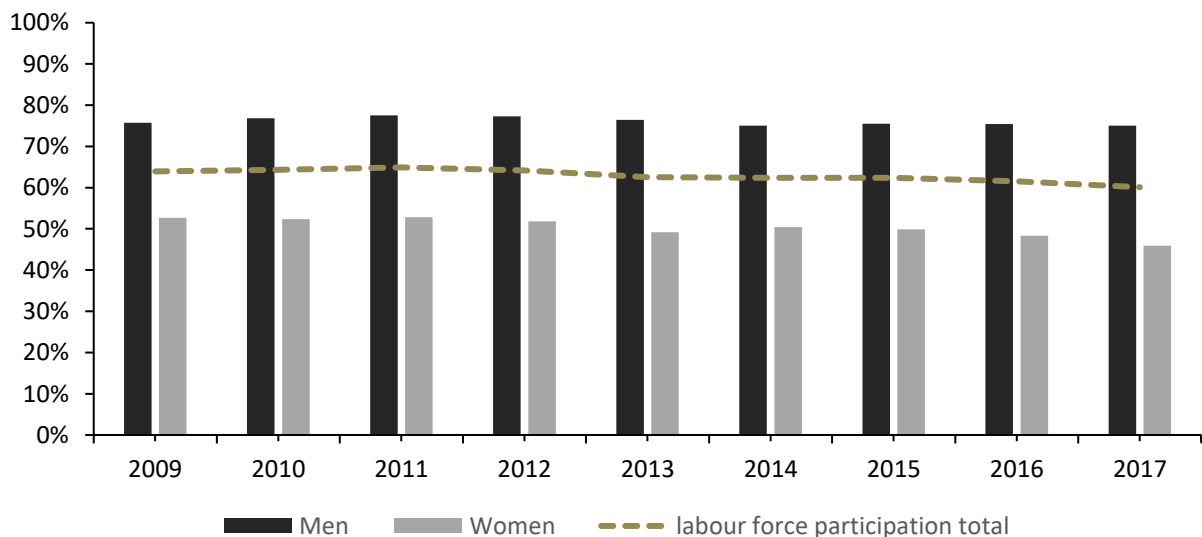
Currently the education system funding is input based and decentralized at provincial and local levels. Central government funds 65% of total education funding and for the remaining 35 % funding local or provincial governments are responsible. Still the resources are not enough to maintain the education system. Hence the Kyrgyz government shifted partly responsibility for public primary, secondary and higher education to local governments and parents and authorized schools to raise money from the rental of facilities and other activities. As a result, the public schools introduced so called “parental contribution funds”, informal payments that co-finance education system (Ramas, 2016).

4. Labour Market system

4.1 Labor force participation

In the Kyrgyz Republic, the total share of economically active population for 2017 is decreased compare to previous years. According to OECD report (2018) the total labour force participation was about 84 % for 2005. Today in total about 60 % of working age population is economically active according to ILO data (figure 199). While the male labour force participation is relatively constant (about 75%), there is a significant decline in labour force participation of women from 64,5 % in 1991 to 45 % in 2017. The decline in total labour force participation is due to this decrease in women's economic activity. The same OECD report claims that the women's participation in the labour market related to the legal barriers. The labour code of the Kyrgyz Republic (Law N 440-XII of 20.04.1991) prohibits women's involvement in heavy industry sector in general. Additionally there is limited jobs for pregnant women and the women with children are allowed to refuse the work tasks outside the official working hours. This legal regulations were meant to be to protect women. However such regulations made even bigger the gender segregation given in the Kyrgyz employment sectors and led to discrimination of women by employers. Additionally the domestic and child care burdens are also among main reasons for low labour force participation of women. Despite this gender the gap in labour force participation, the gender pay gap is decreased compare to the years of 2000 and 2010, which was about 35 % in average, so for 2014 the gender pay gap was 29% (OECD, 2018; Khitarishvili, 2016; Jenish, 2015).

Figure 19: Total labor force participation by gender 2009-2017

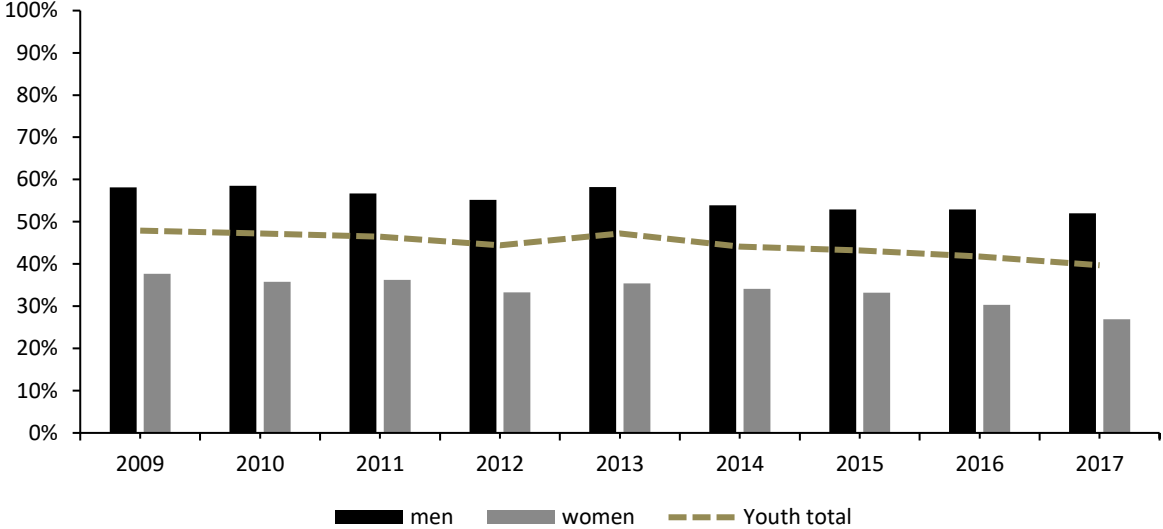


Source: ILO (2018), own illustration

Next to women, the Kyrgyzstani youth is challenged in their integration into labour market. According to ILO study only about 19 % youth were in regular employment in 2013, while about 38% of youth was employed irregularly (Elder et. al., 2015). The total youth labour participation rate is also lower than of the general working population with 39,7 % in 2017. Whereby the informal employment affects about 80 % of youth. The gender gap in labour participation among youth even greater compare to the total labour force participation in Kyrgyzstan. More than 50% of young male workforce (15-24y) is economically active, with small increase in 2013 up to 58%. At the same time the economic activity by young women has decreased from 37,7 % in 2009 to 26,9 in 2017 (figure 20). In this regard, Schwegler-Rohmeis (2013) accentuates the challenges facing by young women by their transition from education to work. Additionally there is a rise of teenage pregnancy among urban women and lack of

contraception options for young married women might be the reasons behind such low participation of young Kyrgyzstani women in the labour market (Schwegler-Rohmeis, 2013).

Figure 20: Total youth (15-24y) labor force participation by gender



Source: ILO (2018), own illustration.

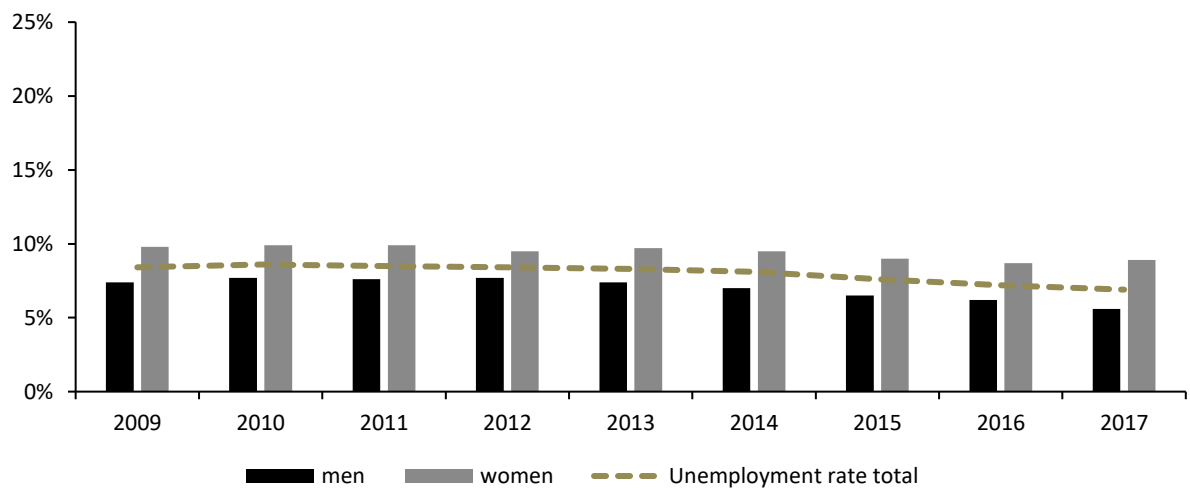
4.2 Unemployment and inactivity

Due to transition process, the structural changes in the labour market were more of passive character – massive destruction of industry sector employment and low job creation by the overall economy (Cazes & Nesporova, 2003). As a result of this structural changes among others, the unemployment rate increases dramatically in the beginning of 90s. While the national statistics showed far more low percentages of the unemployment, for example 1,5 % for 1998, the international studies using different definitions of unemployment find out that the unemployment reached 22% for the same year (Bernabe & Kolev, 2003).

Even today despite the economic recovery since then, the job creation remained low in the Kyrgyz labour market, which resulted in tremendous increase in unemployment and inactivity. However, the share of unemployed men seems to decrease in the last years, while the share of unemployed women stays constant over the last ten years as it is seen in the figure 21.

The unemployment has a regional character in the Kyrgyz Republic. In the two biggest cities of the country, Bishkek and Osh, the unemployment is lowest, while in the periphery regions such as Issyk-Kul and Naryn the share of it is highest. According to Bernabe & Kolev (2013) this difference in unemployment shares between urban and rural areas mostly due to high share of inactive individuals. If exclude the inactive workforce from statistics, the regional unemployment decreases while the unemployment in the cities increases (Bernabe & Kolev, 2003).

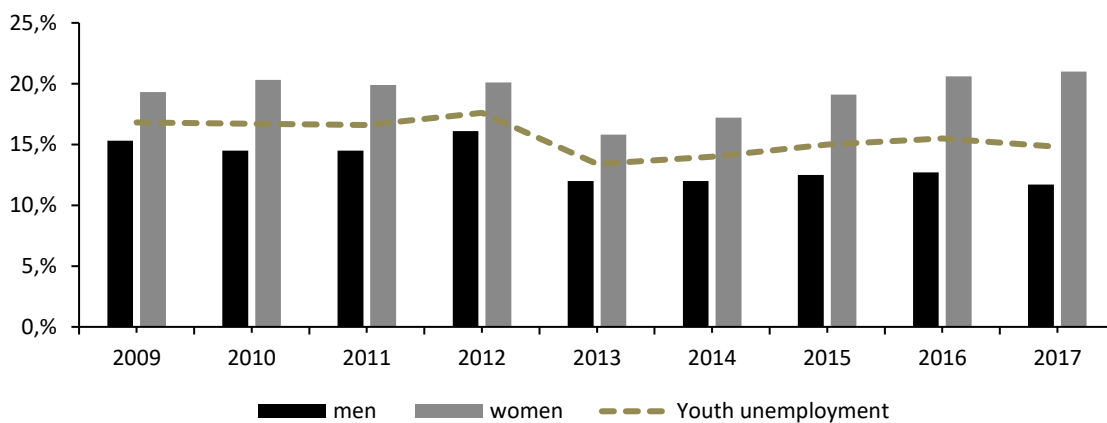
Figure 21: Total unemployment rate by gender (%)



Source: ILO (2018), own illustration.

Compare to adult workforce, the youth is much more vulnerable to unemployment in context of transition states. This is also the case of the Kyrgyzstani youth. The youth unemployment is twice higher than the total unemployment as it is shown in the following figure. The highest unemployment is given for 2012 for both genders, female (20%) and (16%) male. After the slight decrease in 2013, it rises again in the last years. An interesting fact is here, the male youth unemployment decreases in 2017, while the female youth unemployment increases again and achieves the same level as in 2012, about 20% (figure 22).

Figure 22: Total youth unemployment by gender, in %

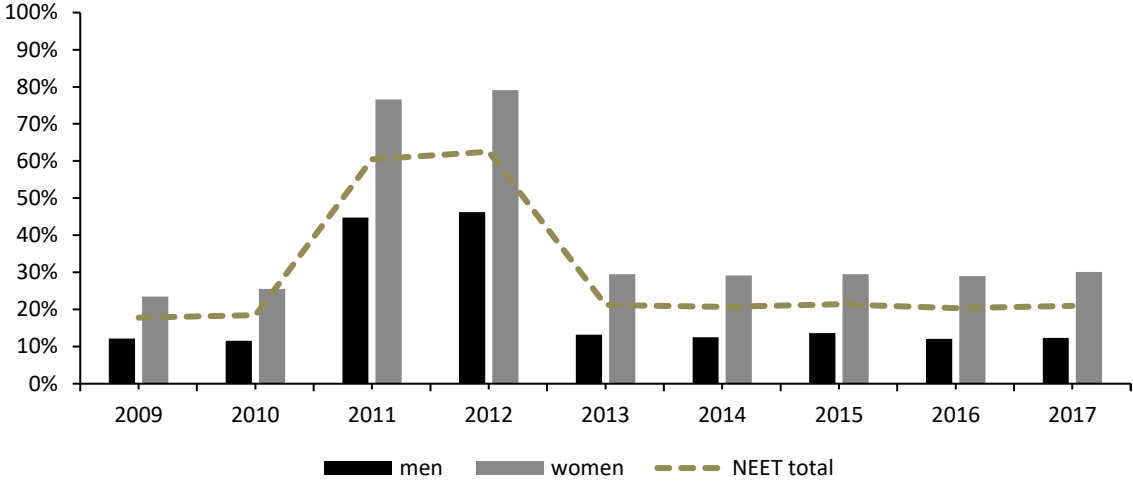


Source: ILO (2018), own illustration.

The inactive youth – working age individuals (15-24y.) who are not in employment, education or training (NEET) – are most vulnerable group among workforce groups. The total share of inactive youth made 21% in 2017, which is about 6% higher than the total youth unemployment (14,8%). As the figure below shows (figure 23), the gender gap is present here too. The share of inactive females is higher than that of inactive males, 30% vs. 12% accordingly for 2017. Thereby the share of inactive women in 2017 has increased by 7% compare to 2009. In regard to inactive young men, the share of it remains

constant over the years ranging between 11 and 13%, being much more lower than of female counterparts.

Figure 23: Total youth inactivity (15-24y) by gender (%)



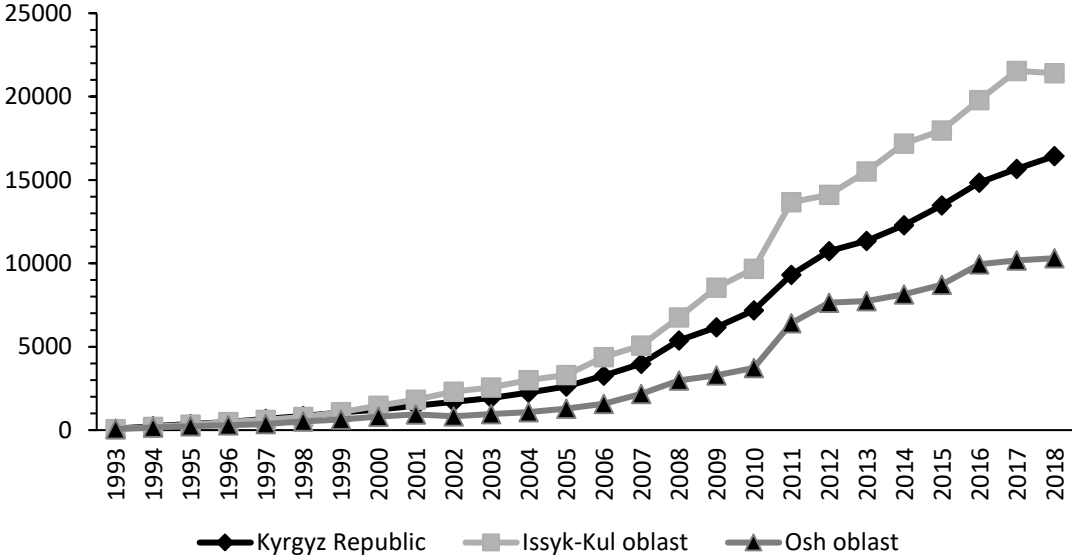
Source: ILO (2018), own illustration. *For 2011 and 2012 youth 29y included.

Within the same figure, the share of inactive youth is higher for the years 2011-2012 compare to other years. This change in shares is given due to the fact that for these two years the ILO included the age cohorts up to 29 years by their estimations. By doing so, the share of inactive youth increased to dramatic levels, 79 % for females and 46% for males. Based on this data, it can be said that the youth is challenged by their transition from education to work.

4.3 Average wage and minimum subsistence level

The average wage for 2018 was about 16427 KGS with considering of enterprises, in which the average monthly wage exceeds the national average wage by 50% (National Statistical Committee of the Kyrgyz Republic, 2019). There are regional differences in the average wage. The highest average wage is given for Issyk-Kul region while the lowest is for the Osh region (figure 24). These differences in the average wages show also the differences in the economic growth between south and north of the country. The north-east is wealthier than south-west part of the country in general due to several (historical and economic) factors, which also reflects in the average wages of the workers. The capital city is in the north of the country and the economic and political life is very much concentrated here. The regions close to capital city have several advantages in access to economic assents or education. The highest average wage is given for the region Issyk-Kul. This is due to fact that the largest gold mining company “Kumtor” is situated in this region. The Kumtor is one of the enterprises, in which the average monthly wage exceeds the national average wage by 50%. Additionally, in this region the tourism sector is widely developed thanks to the lake Issyk-Kul and hosts tourists from all over the world (National Statistical Committee of the Kyrgyz Republic, 2019).

Figure 24: Average wage in the Kyrgyz Republic, incl. highest and lowest wages at regional level for 1993-2018

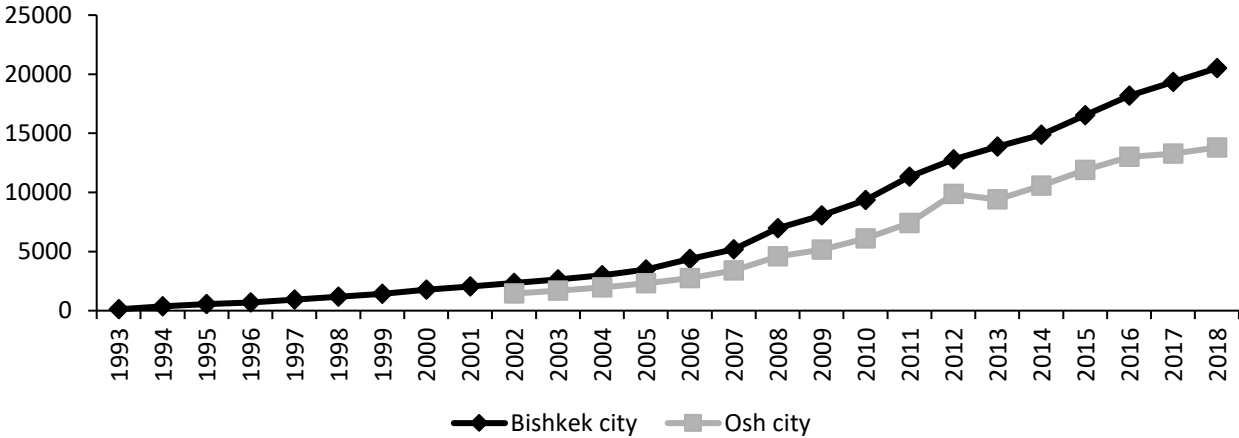


Source: National Statistics Committee of Kyrgyz Republic (2018), own illustration.

In Bishkek, in the capital city of the country, the average wage for 2018 was slightly over 20 000 KGS. In the second largest city of the country in Osh people earn in average just above 13 000 KGS. The north-south wage gap is given in urban areas too. The city of Osh was considered by the statistical committee separately from Osh oblast beginning of 2002. Therefore, data for Osh city is available starting from 2002.

In the beginning of the century, the average wage in Osh city was about 40% less compare to average wage in Bishkek city. The average wage gap between two cities has slightly decreased in the last years. Still, the average wage in Osh city continues to be about 33% less than in Bishkek city (figure 25).

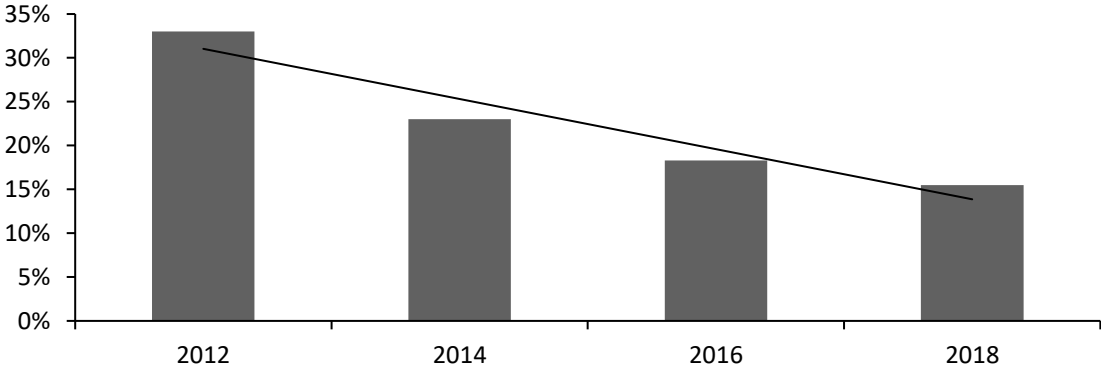
Figure 25: Average wages in two biggest cities in Kyrgyzstan for 1993-2018, in Th. KGS



Source: National Statistics Committee of Kyrgyz Republic (2018), own illustration.

The subsistence minimum level for Kyrgyzstan is around 4700 KGS for total population and 5200 KGS for working age population. There are also regional differences in regard to subsistence minimum level in the Kyrgyz Republic, for example in the lower wage south-west region the subsistence minimum is higher, between 4800 KGS and 5000 KGS in Osh region and Djalal-Abad regions accordingly. In the north-west regions the minimum subsistence level is lower while the wages are higher, in Chui and Issyk-Kul regions for example, it is between 4200 KGS and 4500 KGS in average (National Statistical Committee of the Kyrgyz Republic, 2019). If we compare the minimum subsistence level for two biggest cities, Bishkek and Osh, so in Bishkek it is around 4600 KGS while in Osh 4800 KGS. According to official statistics the average wages in the Kyrgyz Republic are higher than the minimum subsistence level on average for all regions. These improvements in average wages reflect in the decrease of working poverty rate in Kyrgyzstan (figure 26). The available data on total working poverty rate shows a decrease of 50%.

Figure 26: Total working poverty rate, in %.

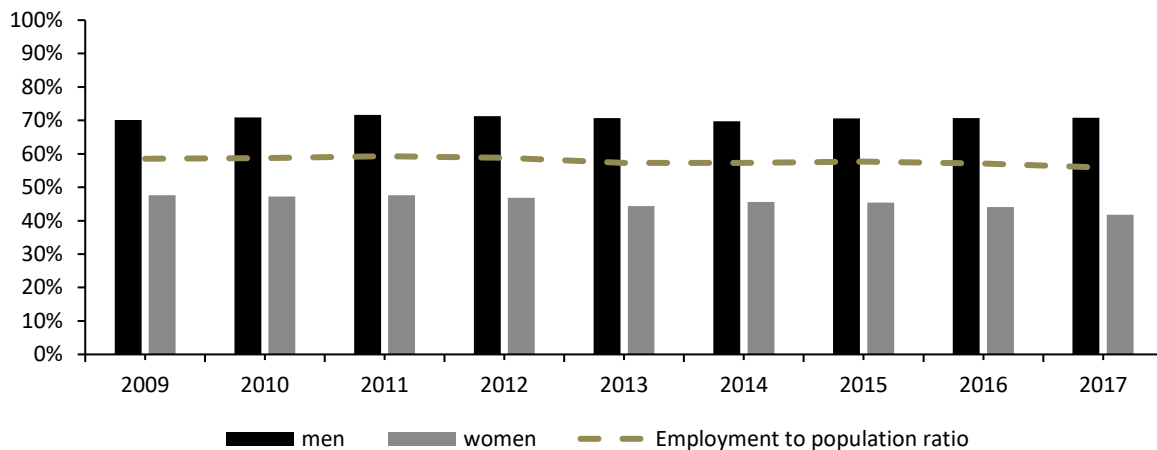


Source: ILO (2019), own illustration.

4.4 Employment

The total employment to population ratio is 55 %. While men’s share is slightly increased (0,7 %) in 2017 compared to previous years, the share of employed women to population ratio decreased considerably, from 47,7 % in 2009 to 41,8 in 2017. A gender gap in this regard is almost 30 % (figure 27). According to Khitarishvili (2016), this large gender employment gap might be due to the fact that more women contribute as family workers than men. Additionally they are also more likely to be involved in unpaid activities. Therefore the employment statistics data does not cover all working women and hence, most women in the developing countries are considered by the statistics as inactive (Khitarishvili, 2016).

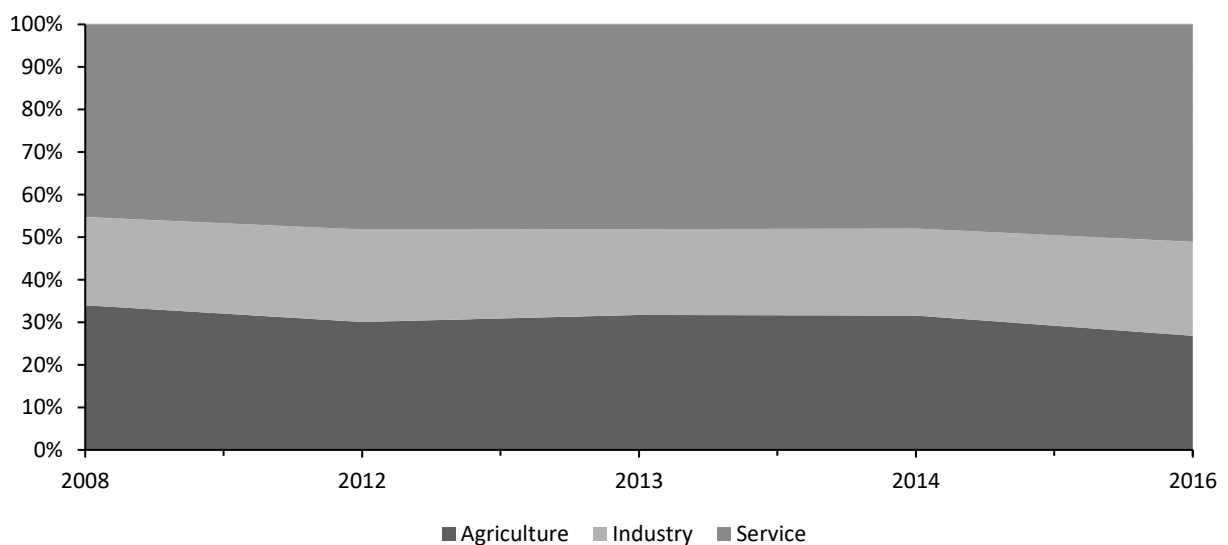
Figure 27: Total employment to population ratio by gender



Source: ILO, 2019

The following figure (figure 28) shows that the biggest share of workforce is absorbed by the service sector with 51,1 %, the second largest employment sector is the agricultural sector with 26,8 % and the industry sector engages about 21,1 % of the workforce.

Figure 28: Employment distribution by economic sector (%)



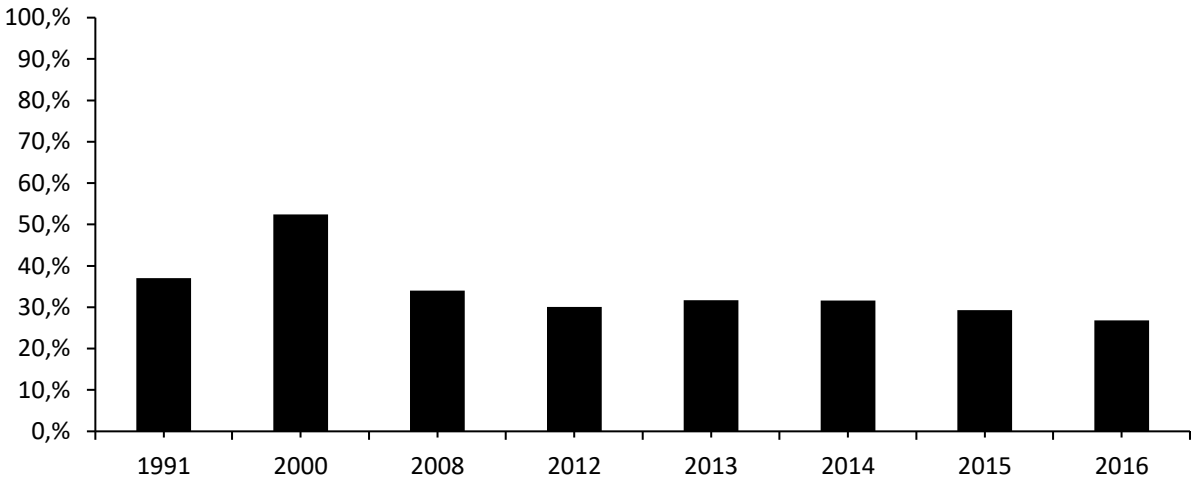
Source: National Statistics Committee of Kyrgyz Republic, (2019).

In regard to changes in the labour market sectors, during the Soviet time, the agriculture sector represented with 37 % the largest employment sector and made about 35.5 % of the Kyrgyzstani GDP in 1991 (Mogilevskii et al., 2017). About 500 collective farms existed country wide and employed most of the rural population. These collective state farms were turned into 70 000 small private farms as a result of privatization process. While supporters of the reform saw in it a ground for sustained economic growth in agriculture, in the reality it turned to be a dramatic decrease in agricultural production and in the course of just few years the rural population returned to subsistence farming in order to survive (Pelkmans, 2003).

Within the third agricultural reform process, which started in 2004, the government prioritized the further development of the agricultural extension services (AES) and the service provider institution the Rural Advisory Service (RAS), the formal institution at national level, which was established in 1998 in order to coordinate and support the rural population through providing know-how and facilitating access to markets and loans required for more efficient and marketable farming and other small-scale enterprises in the rural Kyrgyzstan. The RAS covers the whole seven oblasts and also present at rayon levels. Their services are wide ranged. They provide advisory services include adaptation and cultivation of the relevant crops and livestock types, soil and water management, pasture administration and sharing, small-scale food processing, establishment of small-scale enterprises or income generating activities, business planning and access to credits as well as establishment of service providers at local level such as community seed funds, research on cultivation and insemination and agrarian-and veterinary control points etc. The RAS is financed largely by donors such as World Bank, so the sustainability of the service is not ensured at national level according to Mogilevskii et al. (2017). Additionally, the farmers and small agricultural enterprises pay for their services in form of fees, which was calculated being only about 3 % of overall operational costs of the institution. In 2011, the Swiss association for international cooperation Helvetas conducted an assessment of the achievements of the RAS. According to this assessment, the farmers who got support from the RAS indeed improved the productivity and profitability of their farms. However, the RAS assists only about 20% of the farms given in Kyrgyzstan (Swiss Association for International Co-operation Helvetas, 2011).

According to employment statistics and international organizations, e.g. World Bank, the agricultural sector is still considered to be as a backbone of the Kyrgyz economy, which accounts for 13 percent of GDP in 2018 (World Bank, 2019). However it should be mentioned that the share of the agricultural sector in total GDP is decreasing year by year since 2000 after increasing sharply and achieving its peak in 1996, accounting for about 47% of the total GDP (Food and Agriculture Organization of the United Nations, 2018).

Figure 29: Share of agriculture in total employment, in %



Source: ILO, 2019

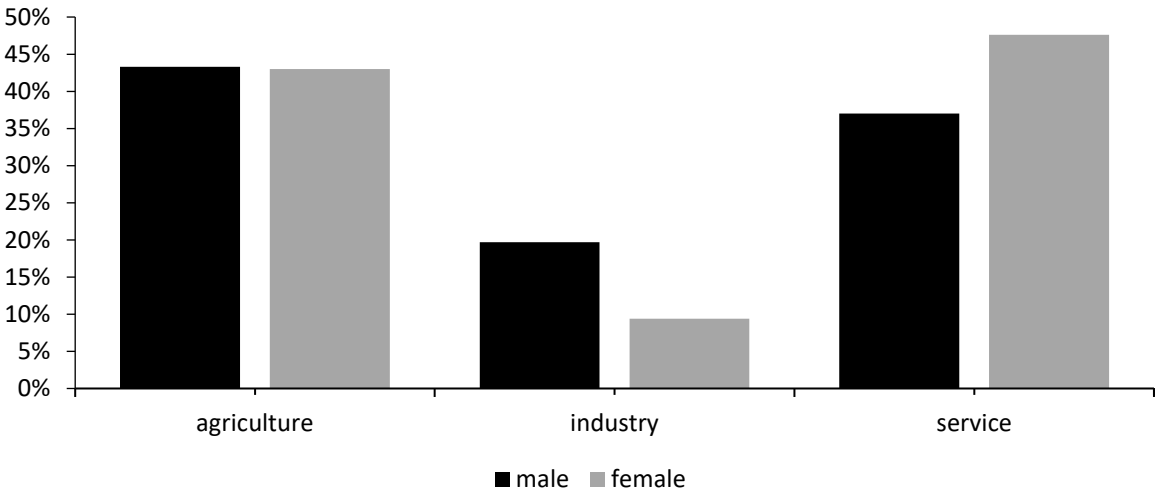
As we can see in the above figure (figure 29), the share of agriculture in total employment decreasing since 2000 after sharp increase during the first years of transition period. Nowadays it makes about 27 % of total employment, the lowest point since independency of the country. According to recent studies, this drop of employment in agriculture sector is attributed to the migration of labor to service sector within the country and migration abroad in general (Mogilevskii et al., 2017).

The next *figure (30)* shows the employment distribution by economic sectors and gender on average. This figure highlights that in the agricultural sector the share of employed men and women is almost equal.

Considering the above information about the employment character of the women, the share of women engaged in the agricultural sector should be higher than of the men. But as the unpaid family workers (mainly women) are not considered by the official statistics, the employment share in the agricultural sector for men and women looks like equal.

However, the gender gap is given in the second and third economic sectors. The gender employment gap in the industry sector is about 10%, disadvantaging women. The gender employment gap in the service sector is 10, 6 %, engaging more women than men (47, 6% vs. 37%). Such distribution might also explain the gender pay gap given in the country, as the industry sector jobs are better paid than the jobs at the first and third sector (Dubok & Turakhanova, 2018; Khitarishvili, 2016).

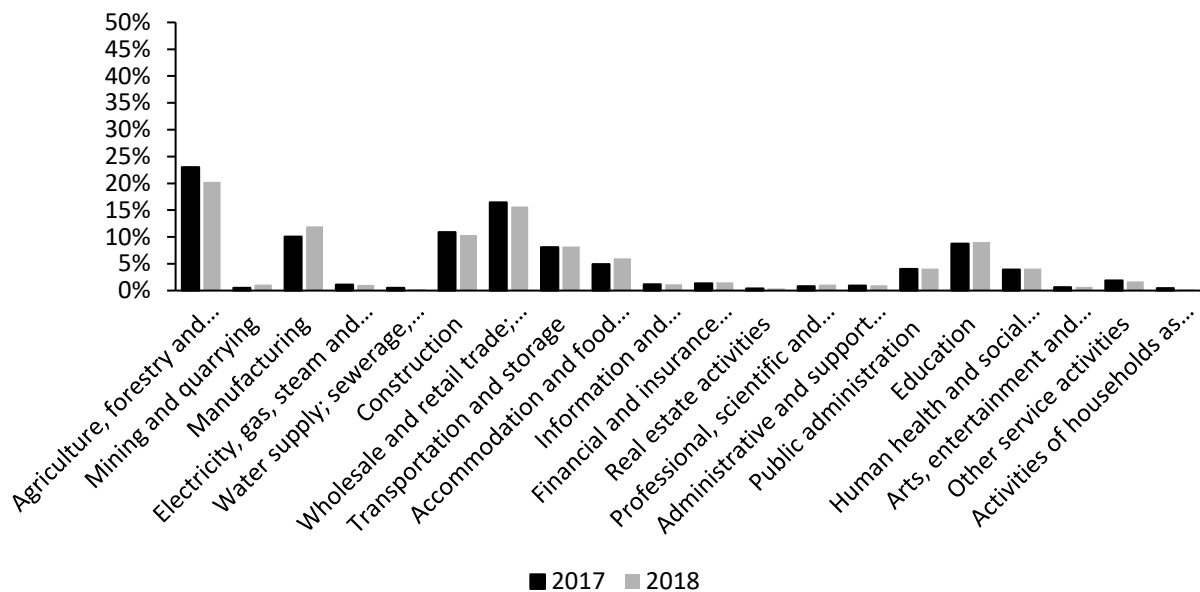
Figure 30: Employment distribution by economic sector and gender on average



Source: Khitarishvili (2016), own illustration.

The following figure on employment by type of economic activity (figure 31) shows in which economic branches are employed the working population of the country. The biggest share of workforce is employed in the education sector; this is followed by health and social services sector as well as by public administration according to data of the National Statistics Committee of the Kyrgyz Republic. While other sectors show relative low employment numbers. As it was mentioned previously, this numbers are from official statistics. In this statistical data, employments in the informal sector as well as unpaid and family workers are not considered. The above-mentioned institutions, education, health and public administration have large share of employment in public sector, where the employment is formal and therefore the employment data is considered by the official statistics.

Figure 31. Employed people by type of economic activity



Source: National Statistics Committee of Kyrgyz Republic, (2019), own illustration.

The biggest share of youth work in the agricultural sector, which made about 46 % in total for 2012-2013. The share of young women workers (55%) in this sector is higher than of men (39 %) for the above-mentioned period. The service sector is a second economic sector that absorbs about 33 % of youth workforce. The share of women in this sector is also slightly higher, being 34,5 % for women and 33,2 % for men. The industry sector engages about 19,5 % of youth. The more detailed analysis by sector branches shows that manufacturing absorbs about 8% and mining only 0,5 % of youth workforce according to school to work transition survey conducted in 2012-2013 by the ILO (ILO, 2016).

4.5 Self-employment and informal employment

The self-employment in the transition countries associated with informal work conditions and poverty. The main reason for self-employment is considered to be lack of appropriate wage employment. In the Kyrgyz Republic about 43,3 % of workers were self-employed for 2016. The share of informally employed persons in the non- agricultural sector made 59% for 2015 (Mirkasimov & Ahunov, 2017). According to latest studies, the reason for a such high share of informal jobs in Kyrgyzstan is the combination of high birthrate and low employment creation in the formal economy (Shpilina et. al., 2017). In this case, the workforce supply outnumbers the economic demand for. So, the workforce supply, which is not absorbed by the formal economy, end up working informally or being self-employed. Self-employment (mostly informal) and informal wage employment are considered to be specific characteristics of today’s Kyrgyz labor market.

The self-employed or mostly called own-account workers run small trade activities (a holder of container in Bazaars) or shops (Kiosks). The official statistics include only formal own-account workers, who work based on “patent”. The “patent” is a document that allows individuals to run small business or work for several small businesses as an unincorporated entity. This is a simplified income tax and value-added-tax procedure, especially for earnings up to 4 million KGS within 12 months. Until 2019, individuals buying patent had to prove the availability of social insurance. The patent was issued by the tax authorities, while the social insurance certificate was given by the district offices of the Social Insurance Fund. The control of availability of both documents in order to operate legally was conducted also by two separate authorities without any coordination between tax authorities and social

insurance fund offices. Due to informal practices within public authorities, most of the individuals could get patent without having social insurance. Accordingly, the workers could work legally but without social insurance. In order to improve this situation, the government integrated the social insurance administration into tax authorities under the action “single window”. Accordingly since 2019, all the individuals seeking patent pay for social insurance certificate directly by the tax authorities and the same tax authorities also control for legal compliance (State Tax Service Agency under the Government of the Kyrgyz Republic, 2019).

However, there are several informal ways (practices) of not buying the patent and paying taxes as well as escaping contributions to the state social insurance fund. The shops, restaurants and other so-called mini-markets can operate without patent and the personal does not have to pay any taxes and they don't have social insurance. This is possible if the economic unit has so called “*Krysha*”, state officials or criminal groups linked to state authorities, who protect the “business” in exchange for financial and other non-financial favors (Ismailbekova, 2018). Furthermore, most of the small and medium size businesses are run by the entire family in case of Kyrgyzstan. In this case only the head of the family might be registered as the owner of the enterprise, but all other family members are active informally within this economic unit. These informal economic practices are widely spread in Kyrgyzstan and researchers address it under the different terms and concepts such as “shadow economy”, “underground economy” or nowadays “informal economy” (Bernabe & Kolev, 2005; Bernabe & Kolev, 2003).

4.6 Labor migration

Poverty and instability in Kyrgyzstan, which is the outcome of the structural changes given in the labour market due to transition process, triggered a quite significant domestic and outward migration. The out-ward migration, whether it be permanent or temporary, considered to be one of the important coping mechanisms to overcome the poverty, especially in the poor rural areas. The permanent migration took place between 1991 and 1996. The Slavonic and German population of the country left country just after the collapse of the Soviet Union. The main countries they migrated to are Russian Federation, Ukraine and Germany. Their reasons for out-ward migration is related less to economic factors but more to identity questions and nationalist outlook of the new government after the independency of the Kyrgyz Republic (Nedoluzhko, 2007; Schuler, 2007). However studies showed that there is a strong correlation between net outward migration and decrease of jobs in the manufacturing, mining and construction, in which sectors the Slavonic workforce was outnumbered. Accordingly the economic factors are also among the factors, which triggered outflow of the workforce of Slavonic nationalities (Abazov, 1999).

Next to mass emigration of Slavonic and German nationalities, it was expected massive rural-urban inland migration. The emigration of slavonic groups meant also vacant jobs and housing in the urban areas. Furthermore they were not anymore mobility hindering policies like during the Soviet time. Still, the expected massive urban-rural migration did not take place in the beginning of the transition period. This can be explained by following social and economic factors:

the role of family as a safety net during the economic downturns – after the independency, in rural areas the families who worked in the Kolkhozes and Sovkhozes have got land and cattle distributed due to dismantling of the agricultural cooperations and some of the families have got housing properties. Accordingly the rural population had already base for subsistence farming. Furthermore if the family had retirees in the family house, they had also social transfers in terms of pensions. So families could take care of themselves independently of the availability of jobs (Spoor & Visser, 2001).

In the cities the situation was different. As it is well known, the income came from wage employment. As soon as the state-run enterprises stopped functioning, most of the urban population left without income. They were no land for urban population. The economic recession and non-availability of new jobs in the urban areas hindered the rural-urban migration, especially in the beginning of the transition period.

However this picture changed in the last 10 years. Today the internal migration is taking place in Kyrgyzstan, which is characterized by the tendency of inter-regional flows to Chui oblast from other regions of the country. As a result of it other oblasts are losing population, especially the southern oblasts of the country. The main destination of the internal migrants is the capital Bishkek. In 2018 about 64,4 % of total internal migrants moved to Bishkek and other 35,6% to Chui valley. The largest outflow of internal migration is observed in Naryn oblast, about 9 persons per 1000 habitants. The reason for inter-regional migration is a job search. Accordingly mostly working age group of the population is involved in this process. For example, young people aged 20-34 accounted for almost half (48,9%) of inter-regional migrants who arrived in Bishkek in 2018. The inter-regional migration in Kyrgyzstan has both, permanent and temporal character (National Statistical Committee of the Kyrgyz Republic, 2019).

According to International Organization for Migration (IOM) Kyrgyzstan is considered to be the origin country of the most labour migrants working in the Russian Federation and Kazakhstan. In 2014 for every person who arrived to the country, left about 3,8 persons the country. Compare to the first phase of the outmigration, this time the migrants are of Kyrgyz and Uzbek nationalities. The survey conducted in 2013 by the National Institute for Strategic Studies shows that 97,2% of migrants were of Kyrgyz ethnic. The initial aim of the outmigration was making some earning known as "Zarabotki", and come back to Kyrgyzstan as soon as they made enough money to improve their living conditions. The labour migration had temporal character. However it is changing today. The recent outmigration is more of permanent character. The new generation of migrants leave the country in search for better opportunities. Additionally the comeback of temporal labor migrants working in Russia and Kazakhstan seems to be unlikely due to persistency of economic and political problems in the country.

According to the Migration Service of the Kyrgyz Republic, approximately 50 000 people per year leave the country in the search of better job opportunities outside. In 2015, about 520 000 people was working in Russian Federation, about 80 000 in Kazakhstan, 14 000 in South Korea, another 14 000 in Turkey, and around 30 000 people left country for USA, European and Southeast Asian countries. About 80% of the total share of migrants work in Russia while other 15% in Kazakhstan. Kyrgyzstan is a full member of the Eurasian Economic Union, which means this 95% of labour migrants have many facilities to stay in the destination countries on permanent terms.

The majority of labor migrants come from southern regions of the country. About 35% of the 700,000 Kyrgyz who work abroad are from Batken oblast, 28% from Jalal-Abad oblast, and 22% from Osh oblast. In regard to age, about 75% of all migrants are under 35 years. The survey conducted by the National Institute for Strategic Studies show that more than a half of migrants attained general secondary education (52,2%) and about one third attained higher education (36,7%). However only about 12,8 % of them found a work according to their respective study field (International Federation For Human Rights, 2016).

The migration and remittances play crucial role in the economic well-being of families but also of the country. The economy of the country is mostly consumption and trade oriented and the remittances are main or for some families only income source. So in 2014, the labour migrants sent about 2.2 billion US Dollars to Kyrgyzstan, which made 30% country's yearly GDP which, according to some estimates, are equal to the state budget of the Kyrgyz Republic (Mogilevsky, 2005; Dubok & Turakhanova, 2018).

4.7 Employment Protection Legislation

The principle legal act regulating labour relations is the labour code of the Kyrgyz Republic. This official document contains rules of market entry and exit as well as conditions of labour agreements. According to the labour code children under 14 year are not allowed to work, young persons between 14-16 years are allowed to work only certain and regulated hours and starting with 17 years young people can work without any formal regulations. It includes also regulations for foreign workforce as well as the regulations in regard to labour conditions and agreements (Schwegler-Rohmeis, 2013).

The labour code was drafted first time in 1997 and amended 2004. The amended labour code reflects stronger interests of employers in order to attract more investments into poor economy of the country.

About 94 % of formally employed workers from both private and public sectors are members of trade unions. The commercial associations are also developed in form of chamber of commerce. The government institutors work together with employer associations as well as trade unions in order to regulate the employer and employee relationship. However, the collective bargaining is not given in the country. The strikes are rarely used as an instrument to defend worker's rights. Besides the labour code regulates the strikes; under the §78 (3) of the labour code strikes are prohibited in the railway transport, public transport, civil aviation, communication services and enterprises that work 24 hours. Other regulations related to employer and employee relationship are to find in the Employment Promotion Act from 1998 (amended several times, last amendment in 2014). The labour code (1998), Employment Promotion Act and trade unions represent a formal system of labour regulation in the Kyrgyz Republic (Schwegler-Rohmeis, 2013).

The latest amendment of the labour legislation in 2004 redefines employer and employee relationship involving stronger the Government of the Kyrgyz Republic. The role of the labour regulation instruments incl. trade unions on the labour conditions and job creation is not evaluated yet. Considering the high share of the informal employment and labour working temporally in other countries, the formal regulations are applied for regulation of only for small group of formal workers and especially to formal public sector jobs.

In regard to labour market institutions, the Kyrgyz Republic allows to operate next to Public Employment Service (PES) also the private employment agencies. In the first case, the PES with headquarter in Bishkek is a main and for today only public employment service agency. The agency is a subordinate unit of the Ministry Labour and Social Protection of KR. The PES assists the Kyrgyzstani citizens in job search not only in the internal but also in the external labour markets, especially in the Russian Federation and in South Korea. Since the access of the Kyrgyz Republic into Eurasian Economic Union (EAEU), the workforce from Kyrgyzstan is allowed to work in Russian Federation without any limitations, e.g. work permission, which was not the case until 2015. Despite the free labour movement within the EAEU members, there is now information about the regulation of the common labour markets. For now, the labour migration is regulated by domestic legislation of each country.

Sending of the workers to South Korea is regulated by the Memorandum signed between the State Committee of the Kyrgyz Republic on Migration and Employment and the Ministry of Labour of the Republic of Korea. This Memorandum (2007) gives the right to PES to send workers to South Korea by a system issuing work permits (Schenk, 2015).

Private employment services will need special license to operate in the territory of the republic which can be issued only by PES. One of them is Bishkek Job Centre who cooperates with private agencies in the United Arab Emirates, especially in Dubai and Abu-Dhabi. The Bishkek Job Centre offers comparatively high quality of employment services. According to studies the private/commercial employment agencies in KR are likely to address only a view labour market niches and service better skilled and highly educated jobseekers.

Nevertheless, the PES has practically a monopoly status as an employment service institution being responsible for all aspects of employment/employer services, including supervision of commercial employment service institutions. The PES was financed through state social fund until 2006. Today all expenditures of PES covered by the central state budget and managed by the Ministry of Labour and Social Protection (MLSP). However, with budget of 100 Mio KGS per annum, the agency is severe underfinanced as this sum is about 50% of that what has been asked by the responsible authorities. The effectiveness of the agency is limited due to low remuneration of and limited career perspective for the staff. Poor quality of the agency is triggered also by the high case load per counsellor (1:332, highest case load in Central Asia (Schwegler-Rohmeis, 2013).

5. Welfare system of the Kyrgyz Republic

5.1 Structural changes in the welfare system of the Kyrgyz Republic due to transition

Next to education system and labour market, the system of social protection of the Kyrgyz Republic has been also undergoing series of reforms due to transition process since 1990. The Soviet social protection system is well known for being generous and universal. The regulatory framework for which was formulated first time in 1922 in the Kyrgyz ASSR. It included old-age pension, medical services and broad system of cash and income support benefits such as child allowances, maternity benefits and consumer subsidies financed by the state. The eligibility requirements for benefits have been low. However, the eligibility process did not consider vulnerability or other poverty related indicators and therefore even being generous and universal, the social protection system has failed to reach vulnerable groups of the country. According to World Bank study (1993) almost half of the total population living in the Kyrgyz SSR was entitled to pensions or child allowances in 1990. So, the expenditure on maintaining of a such broad and state financed social system was very high compare to country's tax and non-tax revenues. Only for pensions the state allocated about 6,7 % and another 3,5 % of GDP for family support, while the country's tax and non-tax revenues made only about 30% of GDP on average. The funding of the state social protection system of the Kyrgyz SSR, which also called "cradle to grave system" due its broad coverage, was subsidized by the central government in Moscow consequently (World Bank, 1993). The first branch of the Pension Fund of the Soviet Union in Kyrgyzstan was established in December 1990 (Social Fund of the Kyrgyz Republic, 2019). This allows us to interpret that social protection system of the country was not only subsidized by the central government but also managed by Moscow at least until 1990.

After the independence 1991, the republic began to reform its social protection system improving the institutional backbone. On the basis of three different institutions given during the Soviet time, the Pension Fund, the Social Insurance Fund of the Council of the Federation of Trade Unions and the State Employment Fund of the Ministry of Labour and Social Protection, the new government establishes a Social Fund of the Kyrgyz Republic in November 1993. This fund was responsible for collecting payments for the national pension and health insurance funds. Its legal status was defined as an independent financial and credit institution and considered to be part of the state social protection system and have equal status to other central government bodies. Since 1998 the institution has a Ministry status. Since 2004 the Social Fund was also defined as an executive body for state social insurance and pension provision, which acts on principles of self-government (Social Fund of the Kyrgyz Republic, 2019).

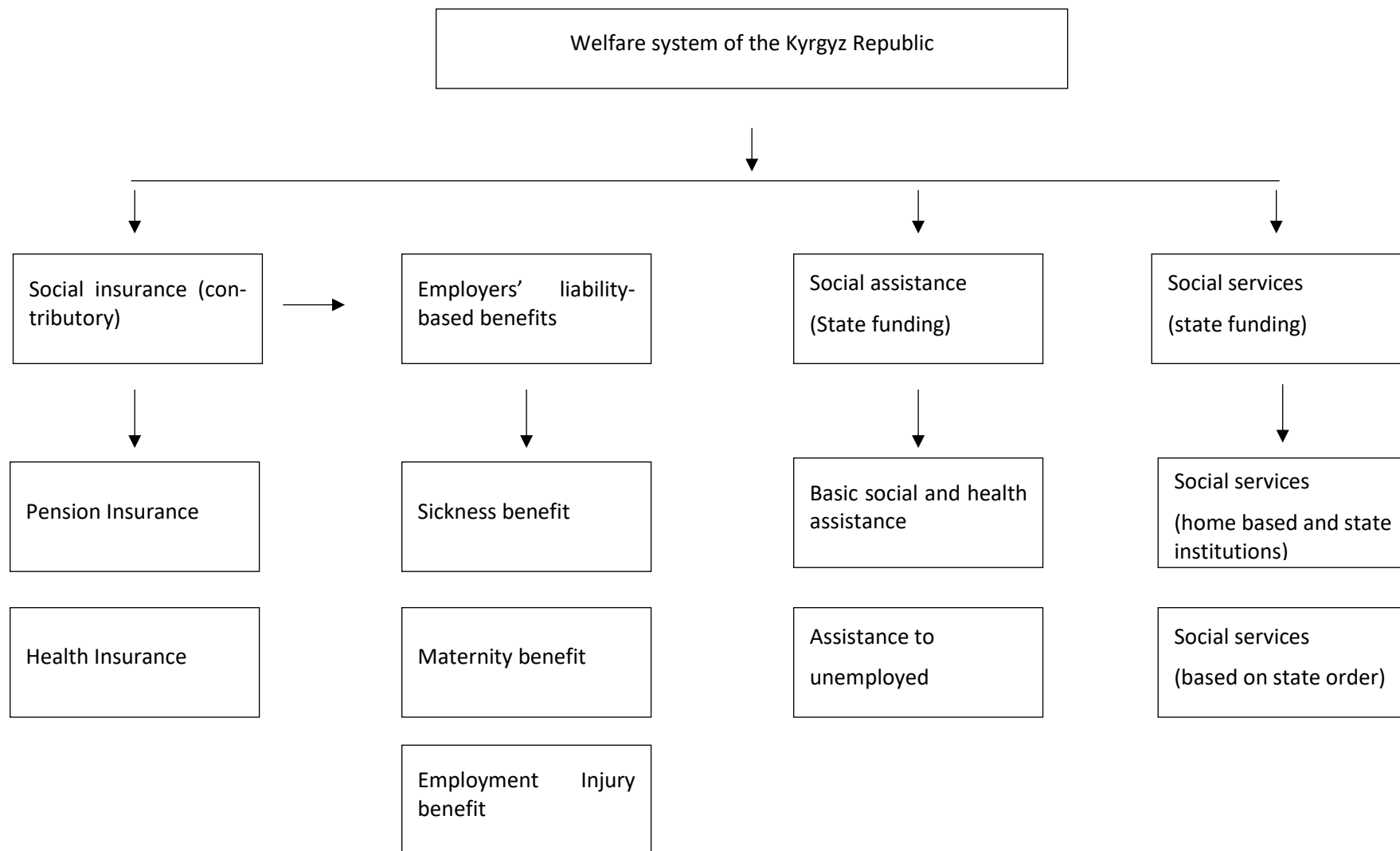
The next structural change in the social protection system was caused by the financial cut offs in the funding of state health system. Prior to independency, the health system of the country was financed by mainly workers contributions and central state budget. However, the broadly covered health assistance was not affordable for newly independent country due to economic shocks and its consequences – shutting down of most production entities and early retirement cases as a consequent of it and rising of unemployment as well as informal employment. Considering the fact that subsidies from the SSR central budget have been stopped and the new government was not able to finance the maintaining of the health system of universal coverage prior to independency, it was necessary to find out new sources of funding for maintaining of health infrastructure and to improve the health assistance to population (Mogilevsky & Omorova, 2013; OECD Development Centre, 2009). In order to do so, in the end of 90s the government introduced Mandatory Health Insurance Fund, which also forms part of today's state social protection system (Mandatory Health Insurance Fund under the Kyrgyz Government, 2019).

The Pension Fund and Mandatory Health Insurance Fund, both are state insurance institutions with contributory and non-contributory funding sources. Furthermore, in order to reflect the labour market imperfections in terms of large share of informal employment, self-employment or subsistence farming, both insurance institutions integrated voluntary insurance opportunities for individuals.

Today, despite the challenges faced due to transition the level of social protection of the Kyrgyz Republic is relatively broad in its scope. The government guarantees basic social protection of universal coverage. Accordingly, the state' welfare system covers risks in case of old age, disability, unemployment, employment injury, health care, sickness as well as family, maternity and survivors' benefits. The system includes social insurance schemes (contributory old-age, disability and survivor pensions, as well as health insurance), employer's liability schemes (employment injury, unemployment, maternity, and sickness benefits), social services, and social assistance schemes (unemployment, non-contributory old-age, disability, and survivors' benefits) as its shown in the following table 4.

The management of the social protection system and delivery of social services distributed among several ministerial institutions. These are Ministry of Labour and Social Development, Pension Insurance Fund, Ministry of Health of the Kyrgyz Republic and Compulsory Health Insurance Fund. Based on the new market economy principles the roles of service providers and client/payers were defined within the system, e.g. prior to reforms the health services, its funding and evaluation of services were in the responsibility of the same institution – Ministry of Health of the Kyrgyz Republic; today the Ministry of Health is responsible for delivery of services, while the Compulsory Health Insurance Fund takes care of the evaluation of services provided by the above mentioned ministry and payment of it.

Table 3. The Welfare System of the Kyrgyz Republic

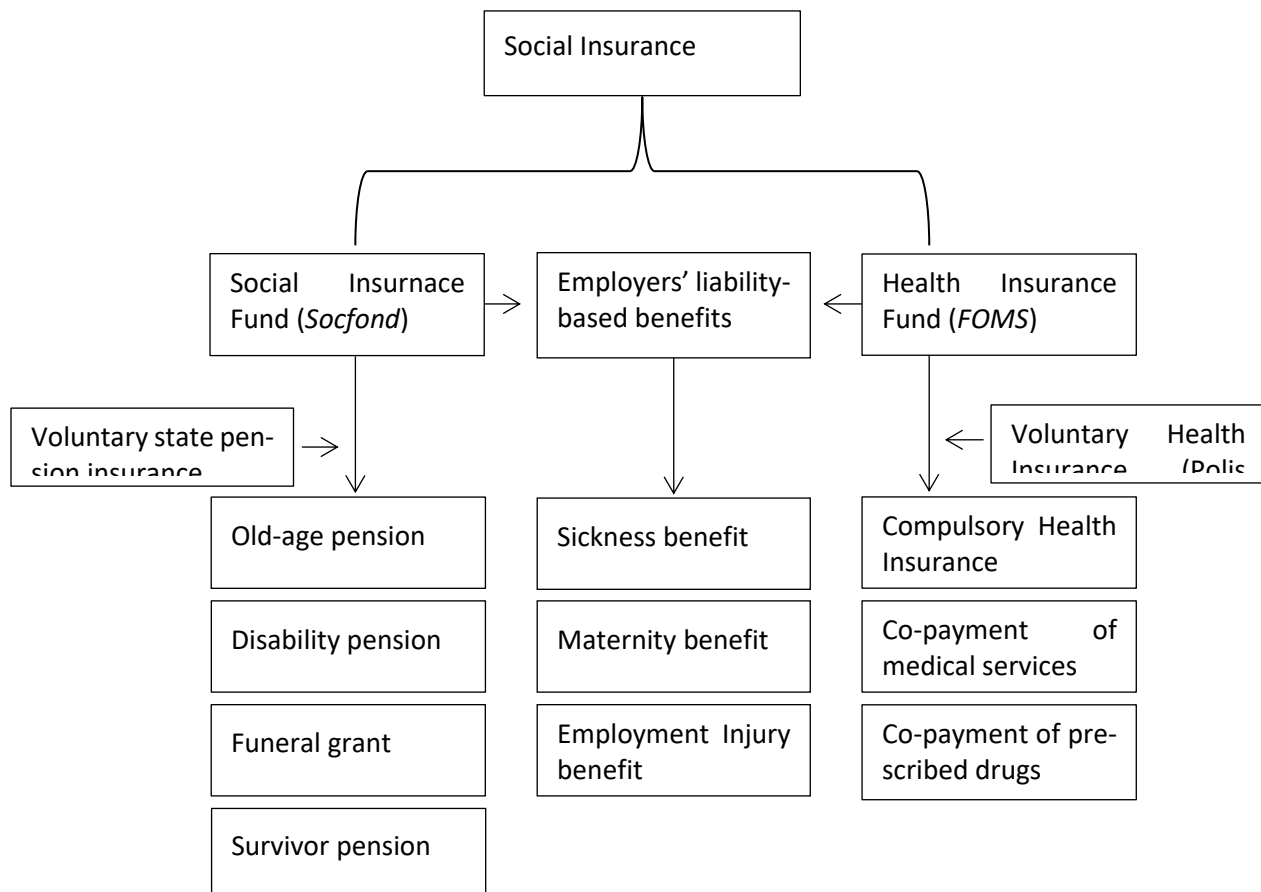


Source: ILO and Social Fund of the Kyrgyz Republic (2019), own illustration.

5.2 Social insurance

Under the social insurance, in context of the Kyrgyz Republic, is to understand the pension and health insurance as well as employer’s liability-based benefits. The insurance system is managed by two agencies. The responsible body for social insurance is Social Fund of the Kyrgyz Republic (*Socfond*); and Mandatory Health Insurance Fund of the Kyrgyz Republic (*FOMS*) is accountable for the health insurance. The management of workers benefits divided between these two institutions. Both insurance institutions form part of the overall state welfare system but act independently and do not form overall state budget. The organization of the social insurance system is presented below, in table 5.

Table 4. Social Insurance System of the Kyrgyz Republic



Source: ILO and Social Fund of the Kyrgyz Republic, (2019), own illustration.

5.2.1 Pension Insurance (*Socfond*)

Today the pension insurance system can be defined as a hybrid system which consists of several pillars: old system SP1 – earnings-related defined benefit and the new system SP2 – notional defined contribution and fully funded defined contribution. Considering the share of informal employment given in the country and other irregularities in the employment regulation, the pension system has introduced voluntary state pension insurance, which is managed by both state pension institution and by the insured individuals e.g. by their pension plan choice.

The pension insurance covers three types of pensions: **a) the contributory old-age pension, b) the disability pension** and **c) the survivor’s pension**. Furthermore, the insurance covers one-time **funeral costs** (Graph 2).

The old age pension for insured individuals is calculated taking into account basic pension plus their entitlement to SP1 and SP2 as well as their voluntary contributions.

$$Total\ Monthly\ Pension\ (OP) = B\ (Basic\ Pension) + SP1 + SP2$$

The state guarantees a basic pension to all citizens and its amount depends on the total employment of a pension age person. A basic pension is about 12 % of nationwide average wage and to get the full amount of it men need 25 years and women 20 years of full employment. Otherwise the basic pension will be cut proportionate to the years of employment. The SP 1 - the first component of the pension insurance applies only to people who started working until 1996. This is due to the introduction of the law on pension reform, which entered into force from February 1996. The total benefit of SP1 is calculated considering the length of qualified period, highest wage of the pension age person prior to 1996, amount of savings after 1996 and indexation coefficient. The indexation coefficient is calculated based on the food price changes and average wage in the country for the previous year. The first component of today’s pension insurance system (SP 1) is to cease due to 2030. According to calculations of national experts, by that time there will be no more persons who started working until 1996. Accordingly from 2030 the pension insurance system will consist of two components for all citizens, the basic and SP 2 component (Sooronbayeva, 2018; Social Fund of the Kyrgyz Republic, 2019).

$$Total\ Monthly\ Pension\ (OP) = B\ (Basic\ Pension) + SP2 + (personal\ voluntary\ savings)$$

The total benefit of the SP2 is calculated considering basic pension, the volume of accumulated capitalized contributions and the share from the investment activities multiplied by an actuarial factor that reflects an individual’s age of the retirement and life expectancy across the population. The last and newest element of the pension system is the personal voluntary schemes for individuals, the share of which within full pension calculated based on the accumulated contribution and their returns from individual’s pension plan choice. For this voluntary part of savings, the workers can choose between state and non-state pension funds. However, for today there is only one non-state pension fund in Kyrgyzstan. (Social Fund of the Kyrgyz Republic, 2019). The general structure of today’s old age pension system is illustrated below, in table 6.

Table 5: Structure of the Pension System in Kyrgyzstan

	Basic pension	SP1 pension	SP2 pension	Fully funded defined contribution

Financing source	Republican Budget	23% of contribution rate	2% mandatory contribution rate by employees into individual saving account; 3-8,75 by self-employed; 0,5-2% by agricultural workers	Voluntary contribution of the workers
Benefit type	Flat benefit (universal coverage)	Earnings-related (defined benefit)	Notional defined contribution	Fully funded defined contribution
Calculation method of pension	12 % of economy-wide average wage	Length of service multiplied by the average earnings over the five years until 1996 and all years after 1996 and by accrual rate of 1%	Notional accumulated contributions of the workers multiplied by an actuarial factor that reflects individuals' age and life expectancy across the population.	Differentiated value depends on the pension plan employee's choice.

Source: Social Fund of the Kyrgyz Republic (2019) and OECD, (2018), own illustration.

For today a general eligibility criterion for contributory old age pension is 20 years of contribution for women and age 58 and 25 years plus age 63 for men. However, in 2008 new rules were introduced in regard to eligibility criteria. New regulations make the retirement age more flexible while underlining the years of contribution, which actually defines the total size of pension. So employed individuals are entitled to full pension until the age 63 for men and 58 for women if they already contributed to the social insurance 40 years for men and 35 years for women. Earlier retirement (60 for men and 55 for women) is also possible with reduced pension if they contributed to the social protection system at least 35 years (for men) and 30 years (for women). The years of study, maternity leave, caring for family members with disability and registered unemployment are taken into consideration in the calculation process.

The pre-reform pension system allowed retirement with 55 years for women and 60 for men and it was universal. In 1997 the government adopted its first pension law, as it was mentioned above. According to the new law on pension the retirement age has to be gradually increased from 55 to 58 for women and from 60 to 63 for men by 2007. The abolishing of number of privileges for pensioners (free public transport, subsidized health care, heating, basic food items and holidays) including early retirement for members of certain professions or social groups were the result of this reform. Still within this social security system distinct provisions are seen for armed forces personnel, workers in aviation, the performing artists and citizens with special merits (e.g. Artists/citizens who contributed to national development or women with more than 5 children / mothers' heroines and mothers of children with disabilities) (Social Fund of the Kyrgyz Republic, 2019). Persons who are not eligible for contributory pension due to inadequate history of formal/registered employment get so-called solidarity social assistance benefit.

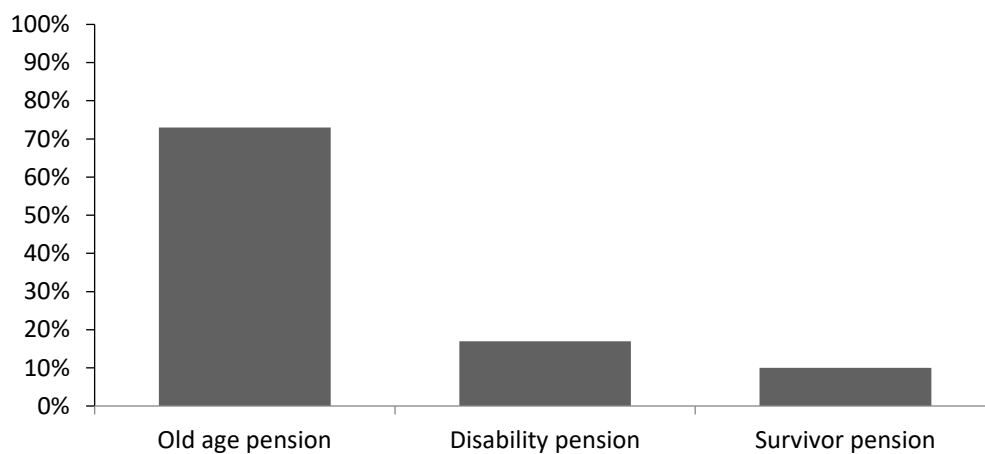
The disability pension is seen for insured workers, who must have 1 to 5 years of covered employment. The pension amount depends on age when disability began and disability grade. This pension is considered to be temporary. In case of temporary disability due to work related injury, the insured person gets paid 100% of earnings from the first day of incapacity until recovery or until the permanent incapacity benefits

are awarded. As soon as the permanent character of the disability approved, the affected persons will be provided with monthly disability benefit from the state solidarity social assistance program.

The survivor pension is paid to spouses, children younger than 16 (age 21 if a student), dependents (including sisters, brothers and grandchildren younger than age 16) or parents of pensionable age, if the deceased had 1 to 5 years of covered employment. Solidarity social assistance benefits are available for non-eligible survivors - if deceased was not insured.

According to latest available data, in 2017 about 73% of pensioners were receiving old age pension, 17 % of persons are receivers of disability pension and about 10 percent of overall pension receivers get survivor pension. The figure 1 below illustrates it well.

Figure 32. Distribution of pension types by receivers' status in Kyrgyzstan for 2017



Source: Sooronbayeva, (2018), own calculation.

Additional to above-mentioned types of pensions, the insurance covers partially **funeral payments**. This one-time payment is provided to the relatives (legally recognized funeral organizers) in case of death of insured and non-insured workers as well as their dependents in and out of the country. In case of death of pensioners and their dependents as well as receivers of state social assistance and their dependents, the Social Fund (Socfond) pays directly the funeral costs. In case of death of workers or their dependents, the employer pays first the funeral costs and later gets a refund from a state budget. Except, the worker dies on the job, in this case all funeral costs are paid by the employer. The dependents are the legally recognized children under 18 years, full time students under 23 years, siblings and grandchildren under 18 years, in case of missing of employable parents and husband or wife or parents of the insured person, if they all are in pension age or receivers of state assistance. In this regard, the registered unemployed and their dependents are also eligible for one-time funeral costs. While almost every Kyrgyzstan's citizen and their dependents get one-time funeral costs paid from Social Fund or their employer, the amount of the payments vary from case to case as it is seen in the table below (Sooronbayeva, 2018).

Table 6: Amount of funeral corresponding to Kyrgyz citizens in case of death

Workers	Self-employed	farmers	Registered unemployed	Receivers of state benefits	Citizens died outside KG	pensioners
100% of av. m. salary	50% of av. m. salary	50% of av. m. salary	50% of av. m. salary	50 % of av. m. salary	20% of av.m. salary	10 basic pensions
dependents	dependents	dependents	dependents	dependents	dependents	dependents
50% of av. m. salary	20% of av.m. salary	20% of av. m. salary	20% of. Av. m. salary	20 % of av. m. salary	20% of av. m. salary	3 basic pensions

Source: Sooronbayeva, 2018, own illustration.

The state pension system is funded by both, workers and employers. The share of employers' contribution for basic solidarity pension is 15 % of gross wage while the workers contribution is 8%. From this 23% only 20% will be considered in the later calculation of the pension. The other 3% goes to finance the solidarity social assistance programs. Additionally, the employed pay 2% of gross wage into individual saving account, which is compulsory. From the mandatory individual saving account are excluded working pensioners and men who were born until 1st of January 1964 and women who were born earlier than 1st of January 1969. This exclusion is related to the fact that this category of individuals will not be able to form sufficient level of a funded part of the pension within the mandatory funded component prior to their retirement. However, all groups of workers are encouraged to make voluntary contributions, the share of which depends upon the employees' wish and possibilities.

Due to changes in the labour market structure of the country new regulations were adapted in order to cover large part of workers who are self-employed and workers in agriculture sector as it was mentioned earlier. The self-employed in non-agricultural sector work based on so-called "Patent". This group pays taxes under the simplified tax regime. Depending on the occupation of the self-employed and earnings they are entitled to choose between general and special tax regime by purchasing the "Patent". The established contribution rate for the self-employed who pays tax under general tax regime (GTR) is 10 % of the monthly average salary at the country level, which is calculated by the National Statistical Committee of the republic. From this 10% about 8.75% goes to basic pension and they are encouraged by the state to have individual saving account, but it is not compulsory compare to employed workers. The self-employed who voluntary purchase "Patent" under the special tax regime (STR) are asked to contribute to social insurance system with 6 % of the average salary for previous year given at the regional or local level. About 89.75% of which is allocated to the pension insurance of the individuals. This group includes own-account workers who operate kiosks or containers in the bazaars. This tariff is also applied for self-employed who hire workers on temporary basis. In this case they need to make contribution not only for themselves but also for hired workers.

The street sellers and other workers with similar economic activities are able to be insured by paying 3% of the average salary at the local level and the percentage allocated to pension insurance is the same as for above mentioned group.

Compare to employed workers, the self-employed, the "Patent" workers and workers from agriculture sector do not pay into solidarity system. Furthermore, the individual saving account (2%) is not compulsory

for the above workers. However, they have an option to make a voluntary contribution in order to improve their future pensions.

The funding system of the current pension insurance system is presented below in Table 8.

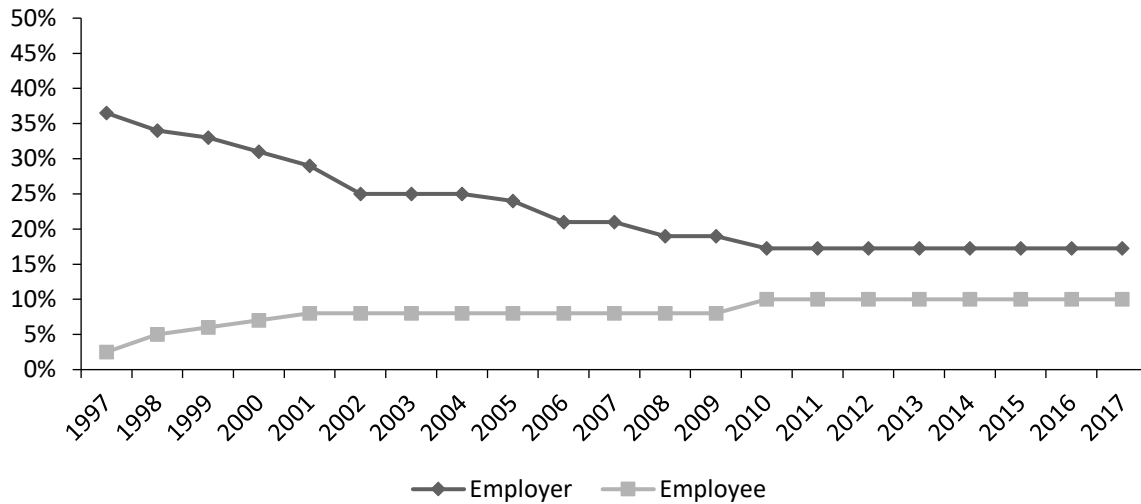
Table 7: Tripartite funding system of the pension insurance of the Kyrgyz Republic

Contributor	Employer	Employee	Self-employed		Agr. workers
			GTR	STR	
Contributory Pension	15%	8%	8,75%	3-6%	0.5% - 2% depending on land size
Health Insurance	2%	-	1%		
Ind. saving account	-	2%	-	-	-
Fund for Worker's Health Improving	0.25%	-	0.25%	-	-
Voluntary contributions	-	-	-	-	-
Total	17.25%	10%	10%	3-6%	0.5%-2%

Source: Social Fund of the Kyrgyz Republic (2019)

After the reform of the pension insurance system, the contribution shares changed especially for two groups, the employer and employed workers. The share of contribution by the employers went down from 36.5 % in 1997 to 17.25 % in 2010, while the share of employed workers went up from 2.5% to 10 % in the same time period as it is seen in the figure 33.

Figure 33: Shares of Employers and Employees contributed into social protection system between 1997 and 2017

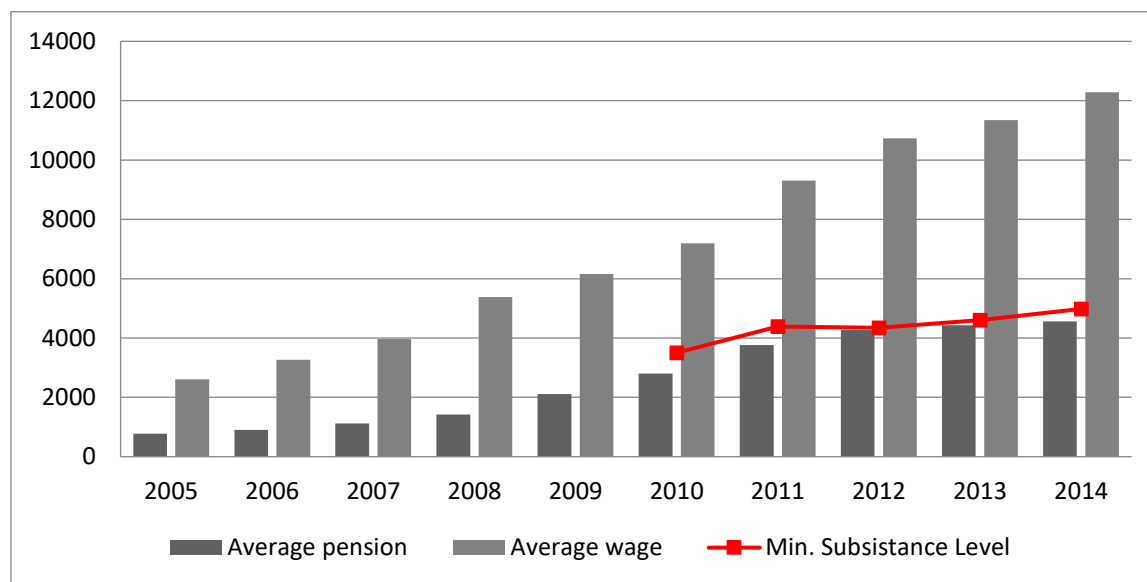


Source: Social Fund of the Kyrgyz Republic (2019), own calculation.

Evaluation studies of the social protection system and especially reforms of the pension insurance system underline the fact of two systems given within one pension system; 1) one half of the system deals with the contributory pensions available to formal employment sector workers and 2) the other half of the workers incl. workers from agricultural and “bazar” sector continue to depend fully on state funding and is classified as social assistance (Yefimov, Mikkonen-Jeanneret, & Rayapova, 2011).

In regard to the amount of old age pension, the average pension was just below minimum subsistence level in 2014 and made about 37% of the average monthly salary (Figure 34).

Figure 34. Average pension in relation to average wage and Min. subsistence level

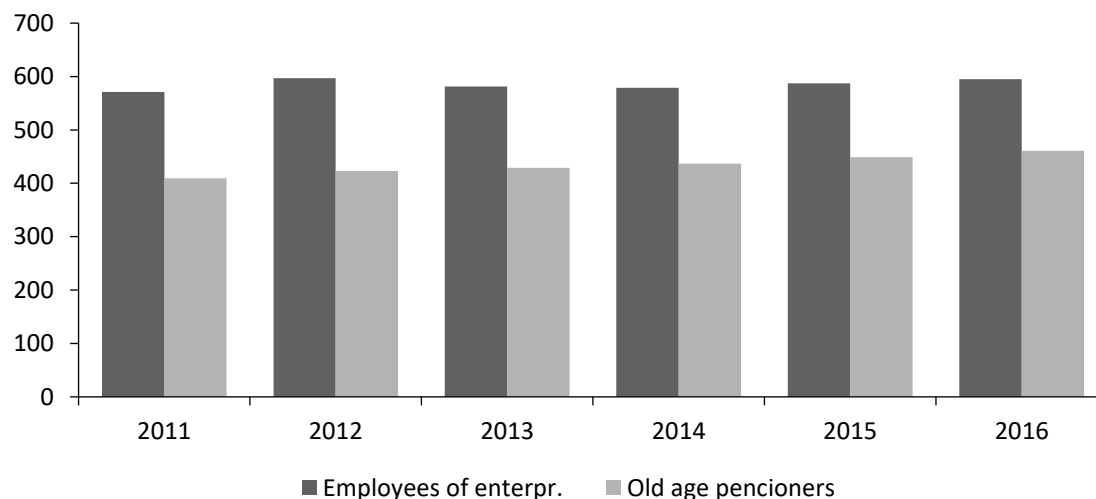


Source:

Source: Social Fund of the Kyrgyz Republic and NSCKR (2019), own illustration.

According to the latest announcements of the NSCKR regarding the average pension amount, it made slightly over the minimum subsistence level in 2018 and show rising trends. However next to rising of average old age pensions, the number of old age pension receivers is growing equally. For today there are 1.2 registered employees per one pensioner. Additionally, the informal employment is widely practiced in Kyrgyzstan and most of the employers as well as employees try avoiding taxes and in order to pay less contribution to social insurance get paid part of their salaries in envelopes. Underfinancing of the system is a result.

Figure 35. Number of registered employees in relation to old-age pension receivers in Th.



Source: Sooronbayeva, (2018), own illustration.

Based on the above trends, the experts are warning the government that today's pension insurance system will not be able to cover pensions latest in 10-12 years. As a reaction, the Kyrgyz government gave space for development of private pension funds. However, for now there is only one private pension fund in the territory of Kyrgyzstan.

5.2.2 Mandatory Health Insurance Fund (MHIF)

With the reform of the health sector in Kyrgyzstan, the Mandatory Health Insurance Fund (MHIF) was created in 1997. The newly established fund had to manage the funds, which came with an introduction of mandatory health insurance (MHI) for all working age citizens of the Kyrgyz Republic in the same year. According to the law on health insurance in Kyrgyzstan (1999-10-18, № 112), today in Kyrgyzstan three types of insurance options available, these are a) state guaranteed benefit package – basic public health insurance, b) mandatory health insurance and c) voluntary health insurance (OMS card).

The contribution to MHI was set at 2% of payroll tax for the employed which is paid by employer. The self-employed who pay taxes under general tax regime, contribute about 1% of the monthly average salary to the MHI. The pensioners and officially registered unemployed are insured by the state and their contribution is calculated on a base equal to 1.5 times the minimum wage. All self-employed and own account workers, who work with Patent and pay taxes under special tax regime are asked to get voluntary health insurance (OMS Card) which costs about 1400 KGS (20 USD) nowadays and it is valid for 12 months. According to the last available data about 70% of the population in Kyrgyzstan is covered by the MHI (Giuffrida, Jakab, & Dale, 2013).

In order to understand the insurance options given in the Kyrgyz Republic, it is important to understand the health delivery system of the country. The health delivery is differentiated between three levels, primary, secondary and tertiary health care.

Under the State-guaranteed Benefits Package (SGBP) all Kyrgyz citizens have rights to get a basic package of health services independently of their insurance status and these services are financed by the state. The basic package includes primary health care and emergency care, which is available to the entire population. However, the payment of the primary health care is capitation based, i.e. conditions which restrict the amount of free health services per person. As soon as these caps are exceeded the additional services are provided on copayment basis. Health care at primary level is delivered by local and regional levels and facilities include Feldsher-Obstetrical Ambulatory Points (FAPS), Family Group Practices (FGPs) and Family Medicine Centers (FMS). The costs are covered by the state; accordingly, it is called basic public health insurance. The budget for the basic primary health care is transferred to the MHIF, as the Fund is defined to be a single payer (Giuffrida, Jakab, & Dale, 2013; Ibraimova, Akkazieva, Ibraimov, Manzhieva, & Rechel, 2011).

The secondary care is provided by oblast and territorial hospitals. For the secondary health care, it is necessary referrals from primary care physicians. The patients get referrals in case of more complex health issues for further inpatient and specialized outpatient care. The health services are provided based on copayment. Patients without referral have to pay full costs for their hospital stay independently of their insurance status. The main reason for such "punishment" measurement is to make more use of primary health care. Patients with referral from primary health care facilities and MHI have to pay about 50% of co-payment and some services are free of charge. Individuals without MHI but with referral need to pay 100% of copayment (Mandatory Health Insurance Fond of the Kyrgyz Republic, 2019; Giuffrida, et al., 2013).

The tertiary level health care is delivered at the national level hospitals, research institutes and highly specialized health institutions. These institutions provide services for specific diseases and complicated

conditions such as tuberculosis, oncology and radiology, treatment of infectious diseases etc. The copayment conditions are equal as for secondary medical care services.

Except the basic package of health services, all other services at all three levels are delivered based on copayment costs. Copayments are lump-sum payments upon admission for all types of inpatient and specialized outpatient care at secondary and tertiary levels of health delivery. The level of copayment is differentiated depending on the insurance status of the person (Mandatory Health Insurance Fund under the Kyrgyz Government, 2019)

The co-payment is fully or partly covered by the MHIF if the person is insured. These are the one who is insured by the employer (2% of payroll tax) or privately insured persons by buying OMS card. Next to insured persons, there are category of groups who have equal status as insured ones. These groups are persons who get social assistance from the state, registered unemployed and pensioners as well as children until 16 years and students until 21 years. The costs for these groups covered by the state budget.

The co-payment for uninsured persons is higher than the above-mentioned groups. Today about 30% of working age population are not covered by the MHI (Mandatory Health Insurance Fund under the Kyrgyz Government, 2019). Accordingly, the first difference between insured and uninsured patients is the level of co-payment.

The second difference between insured and uninsured patients is related to the program of preferential drug coverage – co-payment of prescribed drugs. Since 2000 the MHIF introduced new program on co-payment of the prescribed drugs for two groups. First group consists of persons with mandatory and voluntary insurance and group of persons whose insurance is paid by the state (pensioners, students, registered unemployed and military personal). The second group consists of patients with epilepsy, bronchial asthma, paranoid-schizophrenia, affective disorder and cancer. The costs of this program for the first group covered by the MHIF and for the second group by the state budget (Mandatory Health Insurance Fund under the Kyrgyz Government, 2019).

5.2.3 Employer's liability based social benefits

Employers are required by law to insure employees against liability for injuries and illnesses arising from working conditions. They are also obliged to pay maternity benefits to formally employed women. Injury and sickness benefits are paid directly by the employer from its own funds. During the first ten working days, maternity and sickness benefits are paid by the employer, while from the eleventh working day onwards they are paid from the national budget (ILO, 2019). Benefit payments are administered by the Social Fund (Socfond) and the Compulsory Health Insurance Fund (MHIF). Paid sickness and maternity benefits are available to employed persons, students and farmers who pay social security contributions, as well as to registered unemployed persons (OECD, 2018, ILO, 2019).

According to a government decision of 2011, the duration of paid maternity leave is 126-180 days, depending on the difficulty of the birth, the number of births and the region. Only working women living in mountain areas are entitled to a benefit of 100% of salary during the entire maternity leave. Otherwise, women in formal paid employment are entitled to 100% of their salary for only ten days, after which the benefit is reduced to ten times the so-called imputed rate paid by the Republican household. The imputed rate is calculated by the State and may vary from year to year. Women who are (formally) self-employed, working on agricultural holdings or registered unemployed are entitled to a benefit of ten times the imputed rate for the duration of their maternity leave. In 2015, the average maternity benefit was 7,660 PPS (about 110 dollars). The benefit for women who are either self-employed, farm workers or registered unemployed was 3 500 PPS (about \$55). The benefit for women living and working in mountainous and remote areas was more than 30 700 KGS (almost \$440) (OECD, 2018).

In the case of sickness benefit, the monthly benefit is 60% of the insured person's average monthly wage for the first ten working days if he or she has worked for less than five years; 80% if he or she has worked for five to eight years; 100% if he or she has worked for eight or more years (100% if there are three or more dependent children, if the insured person is a disabled veteran or if he or she is disabled as a result of the Chernobyl disaster). After 10 days, the monthly benefit is 50 times the basic rate. The basic rate is about 100 KGS and is occasionally adjusted on the basis of changes in the consumer price index and the national average salary (ILO, 2019).

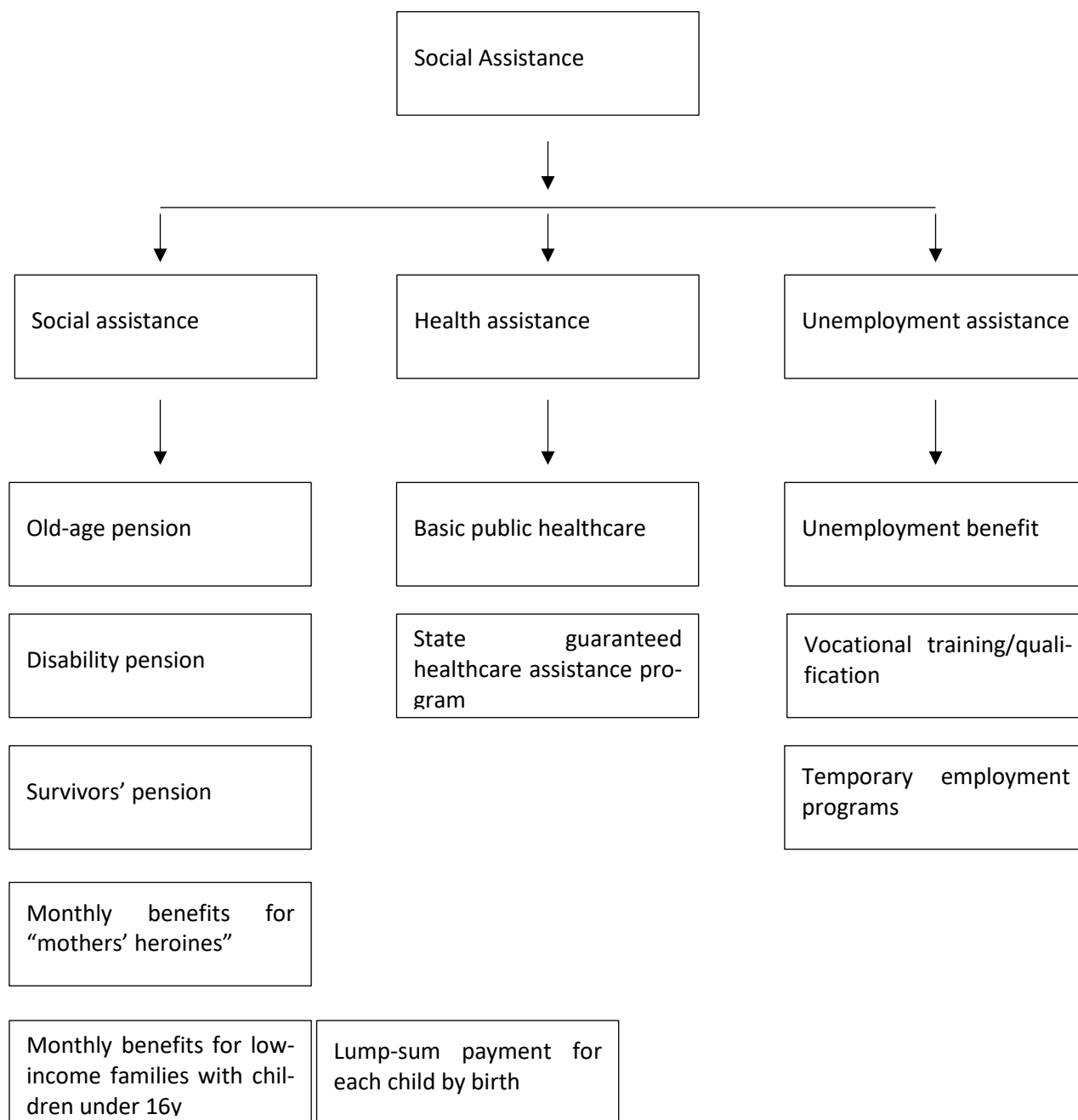
In the event of injury, employees are entitled to a temporary disability pension. It is seen for insured employees who have been in insured employment for 1 to 5 years. The amount of the pension depends on the age at the beginning of the disability and the degree of disability. In general, the insured person receives 100% of the earnings from the first day of incapacity for work until recovery or until the benefits for permanent incapacity for work (disability pension) are granted. As soon as the permanent nature of the disability is recognized, the person concerned receives monthly disability benefits from the state solidarity social assistance program (Social Fund of the Kyrgyz Republic, 2019).

Unemployment benefits are not considered under the contributory insurance scheme, even if the employee was in employment before becoming unemployed. The benefits for the unemployed, including active labour market policy, can be found under the social assistance program.

5.3 Social assistance

Kyrgyz Republic defines itself as a social state, which is a legacy of the Soviet time. However due to state financial constraints the social assistance system is not developed well. As a result, the social assistance programs are realized on a much lower scale than programs of social insurance. International organizations compare the social assistance system of the country with charity in terms of caring for orphans, the elderly, the infirm, the disabled, and so forth. Social assistance programs are managed by the Ministry of Labour and Social Development (MoLSD) (OECD, 2018). The same institution is responsible for labour-market programs. The social assistance system includes non-contributory benefits and targeted benefits provided to certain groups of the population. These are divided into three programs; social assistance, health assistance and unemployed assistance. Thereby the first two assistance programs are designed for poor families and for category of vulnerable groups including for people with disability. The third program assists unemployed and implements active labour policies given in Kyrgyzstan (ILO, 2019). The programs are implemented by three agencies. These are Social Fund (*Socfond*), Mandatory Health Insurance Fund (MHIF) and Public Employment Service (PES).

Table 8. Social assistance provided by the state



Source: ILO and Social Fund of the Kyrgyz Republic, (2019), own illustration.

Under the first assistance program, the state support low income families through cash benefits, which are calculated based on the national standard called “Guaranteed Minimum Level of Consumption” (GMLC). This standard was introduced in 1998 within the reform process of the social assistance system, as the financial constraints given in the republic would not allow to calculate the social assistance benefits based on the international standard index “Minimum Consumer Basket” (MSB). The GMLC rate calculated last time made about 175 KGS (2006). The families with children under 16 years, whose household income is below the GMLC are entitled for social assistance. In order to get the support, the low-income

households need to fill out social passport, which contain information about family's composition, its income sources and other assets as well as about living condition. In case of eligibility of the family for social benefit, the families receive social support for one year, after which it is necessary to reapply in case of further need of social assistance. About 90% of the beneficiaries of cash programs reside in rural areas (OECD, 2018; Upadhyaya & Ouchi, 2006).

Additionally, for monthly social benefits are entitled persons not covered by the social insurance system. As it was mentioned in the previous chapter on social insurance, pension age and disabled citizens and their survivors get also monthly social benefits from state budget. The other groups eligible for this type of social assistance are orphan children who are not entitled for insurance-based survivor's pension, children under age 18 with disabilities, children of mothers with HIV/AIDS until 18 months and "heroin mothers" who gave birth to more than 5 children (OECD, 2018).

Under the same program, the state provides additional cash benefits, for example one-time lump sum payments for each child by birth – *Balaga Suyubchu*. For this program are eligible the children born from 1st of January 2018. The size of the cash benefit is 4000 KGS per child (for twins - 4000 KGS for each child) (MoLSD, 2019).

The health assistance is provided to all above mentioned vulnerable groups under the State-guaranteed Benefits Package (SGBP). For more information, see the previous chapter on Mandatory Health Insurance Fund (MHIF).

The unemployment assistance programs cover unemployment benefit in terms of temporary monthly social benefit for insured persons and two programs designed under the active labour market policy. These are vocational training and qualification and temporary employment programs (up to six months) at the state enterprises. The programs are implemented by the PES. For more information about PES, see the chapter 4 on labour market.

A very small proportion of the unemployed population receives unemployment benefits. In order to be eligible for benefits, unemployed workers had to have contributed to the Social Fund for at least 12 months over the last three years. Besides, they can only receive unemployment benefits after they have completed other two labour market programs. The unemployed cash benefit is between 250 and 500 KGS or 10% of subsistence minimum and provided maximum for six months or no more than 12 months over a period of 3 years (OECD, 2018).

PES serves as a starting point for public works programs, which are by far the largest active labour market policy in terms of coverage and costs. Temporary employment is provided at the local level without a comprehensive national policy. After leaving the program, participants in public works programs are not linked to other social protection instruments. Participation in the public works program is open to all registered unemployed persons. However, priority is given to those who have been registered with authorized government agencies for more than six months, have more than three dependents under the age of 16 and/or do not receive unemployment benefits. Unemployed jobseekers cannot be forced to participate in the program. Most registered persons are men. Public works program provides temporary employment for approximately 23,000-26,000 participants per year. The average monthly salary in 2011 was 750 KGS (about 10\$). Approximately 24,000 people participated in public works program in 2014, representing 26 per cent of the number of people registered with the Employment Service or 12 per cent of the total unemployed population. Public works programs are managed by local state administrations in cooperation with local enterprises and authorized state bodies. Temporary low-skilled employment under social infrastructure improvement projects in the region is provided on an ad hoc and contractual basis. Employees' health, age, professional and other individual characteristics are taken into account in hiring. Individuals may terminate a fixed-term employment contract before it expires when they obtain another job. Wages must exceed 50 per cent of the unemployment benefit, but may not exceed four times that amount.

Remuneration includes the basic wage received from the employer and additional payments from the funds of authorized state bodies in accordance with the procedure established by the Government. Participants are subject to the standard labour and social insurance laws and regulations (ibid).

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