

Constant Crisis

**Perceptions of vulnerability and social protection
in the Kyrgyz Republic**



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HelpAge International

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HelpAge International helps older people claim their rights, challenge discrimination and overcome poverty, so that they can lead dignified, secure, active and healthy lives.

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Constant Crisis: Perceptions of vulnerability and social protection in the Kyrgyz Republic

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The research guide is available in Kyrgyz, Russian and English. To request a copy, email kyrgyzstan@helpageinternational.org or download it from www.helpage.org.

Contents

1. Introduction.....	4
Aim of the study.....	5
Study scope and approach.....	5
2. Key issues affecting vulnerability.....	6
Seasonality.....	6
Migration.....	11
Household debt.....	13
Summing up.....	14
3. Impact of social assistance on older people’s lives.....	15
The UMB top-up as a safety net.....	15
Defining vulnerability.....	17
Summing up.....	18
4. Impact of the study on older people as researchers.....	19
5. Conclusion and recommendations.....	20
Key findings.....	20
Recommendations.....	21
Annex: Research methodology.....	23

List of figures

Figure 1: Major sources of income

Figure 2: Main areas of expenditure

Figure 3: Temperatures in households (average across the regions)

Figure 4: Temperatures in households (comparison of two regions)

Figure 5: Average price fluctuations

Figure 6: Cost of coal – comparison of two regions

1. Introduction

In 2008, the Kyrgyz Republic experienced significant increases in food and fuel prices – a situation that was mirrored in other countries in Central Asia. Between January and December 2008 the prices for basic food items such as flour rose by 20 per cent¹, stretching the coping mechanisms of the most vulnerable populations to breaking point. In response, the World Bank announced a US\$10 million grant to the Kyrgyz Republic, under its Fast-Track Facility for Food Crisis (launched in November 2008), aiming to reduce risks associated with the crisis among the poorest households.

The grant consisted of approximately US\$5 million. This was directed at reducing poverty by topping up the existing cash transfer mechanism (the Unified Monthly Benefit, or UMB) by 35 Kyrgyz Som (KGS) – approximately US\$1 per month. The UMB targets low-income families, defined by the Kyrgyz government as having per capita estimated household income below the Guaranteed Minimum Consumption Level (GMCL), which in January 2008 was 200 KGS (approximately US\$5.5) per month.

There is some recognition² that the UMB is limited as a poverty reduction tool, partly due to significant errors in means testing. As a result of these errors, many individuals who are eligible for the benefit are excluded from the programme, while others who are not are nevertheless receiving it. Furthermore, the UMB is targeted at children (who make up 95 per cent of its recipients), which results in other vulnerable groups systematically falling through the net. These include:

- older people – especially older women
- households that have land but are unable to raise income from it
- people who do not own a complete set of required documents
- informal or migrant workers – a group that is forming a rapidly increasing proportion of the labour market, and is largely excluded from any social protection systems.

Meanwhile, the transformative impact of the UMB suffers because the rate of GMCL is informed by available government budgets rather than being based on actual costs for basic consumption.

Nevertheless, the UMB remains the only statutory cash transfer mechanism aimed explicitly at reducing poverty, so the World Bank used it as the fastest and most cost-effective channel for its ten-month funding. The European Commission has now committed to extending the top-ups, both for UMB and the social monthly benefits (such as child disability benefits and benefits for disabled adults not eligible for pension security). It is likely that this additional assistance will start in autumn 2009

¹ From www.24.kg, accessed 26.08.09

² S Ibragimova, *Assessment of cash transfers to families and children in the Kyrgyz Republic*, desk review report, Warsaw, Center of Social Economic Research, 2007; A Barrientos and M Davies, *Assessment of state benefits to children and families in the Kyrgyz Republic. Observations and a way forward*, final report, Kyrgyzstan, Ministry of Labour and Social Protection, 2008, available at: www.mlsp.kg, accessed 30.03.2009

Aim of the study

The study documented in this report aimed to assess the effectiveness of the World Bank's UMB top-up in reducing vulnerability of the poorest households to food and fuel price increases, as perceived by the vulnerable populations themselves. The report provides a snapshot of nine communities in five oblasts of the Kyrgyz Republic.

The purpose of the study was not to assess the UMB itself, as a number of existing reports have already identified issues associated with the structure and implementation of the benefit. However, in order to understand the top-up we had to look at the wider effectiveness of UMB, and therefore at the role of means testing in poverty reduction.

Study scope and approach

Over the winter months of 2008/09 (December to March), HelpAge International worked together with nine older citizens' groups (OCGs) to collect community-level information on the nature of the problems faced by vulnerable households at what was assumed the most difficult time of year, and on the impact of the World Bank UMB top-up in alleviating the risks of increased food and fuel prices.

Data was gathered at monthly intervals (including regular food-intake monitoring) in nine communities within five provinces across the country (Naryn, Talas, Batken, Chui and Issyk Kul). In addition to interviews with local authorities and service providers – including social workers, teachers and health professionals – the monitors from the OCGs collected panel data, also in monthly intervals, in 90 poor and 'ultra-poor'³ households that communities selected as representing their most vulnerable households. Thirty-five of the participating 90 families received UMB, while 55 did not. The findings below are drawn from this research.

The research methodology can be found in the Annex.

³ Government of the Kyrgyz Republic, *Interim national poverty reduction strategy in the Kyrgyz Republic for 2001-2003* and *National report on human development in the Kyrgyz Republic for 2000*. According to the Ministry of Labour and Social Development, the poverty level is at 55 per cent and the extreme poverty level at 23.3 per cent. Available at: World Bank Country Statistical Information Database : <http://ddp-ext.worldbank.org/ext/CSIDB/kyrgystan>

2. Key issues affecting vulnerability

This section considers three areas that stood out as markedly affecting degrees of vulnerability among the participating households:

- seasonality
- migration
- household debt.

Seasonality

As this project focused on monitoring the winter months, there is no comparable data for the spring months. However, in five roundtable discussions during the project period in nine of the target communities, it became clear that there is a need for much better understanding of seasonality. The winter and spring seasons predictably and frequently cause devastating shocks to the coping mechanisms of the poorest households – particularly due to restricted heating, fluctuating fuel and food prices, as well as poor nutrition during the cold months. These issues are discussed in more detail in the following sections.

Cold weather

While not classified as a conventional emergency, cold weather in the Kyrgyz Republic frequently stretches the coping strategies of at-risk households to breaking point. There is also increased food insecurity in pre-harvest spring time, at the end of the winter, when households have no savings left to invest in agricultural inputs – a factor that is seldom acknowledged.

The study highlighted the extent to which cold weather and long periods of food insecurity impact on vulnerable households. As expected, monthly household expenditure throughout the monitored period (December to March 2009) was dominated by food and fuel or electricity, accounting together for 66-75 per cent of total spending. Food costs made up 48-55 per cent, and electricity and fuel costs 12-24 per cent, with a drop in March as conditions became warmer.

The following figures show the major sources of income and the main areas of household expenditure during the winter months.

Figure 1: Major sources of income

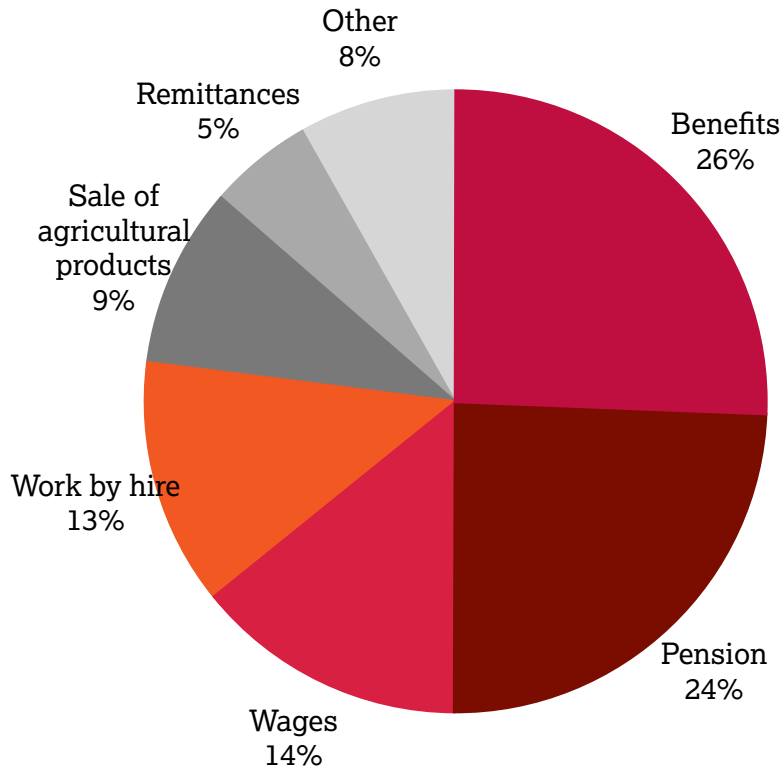
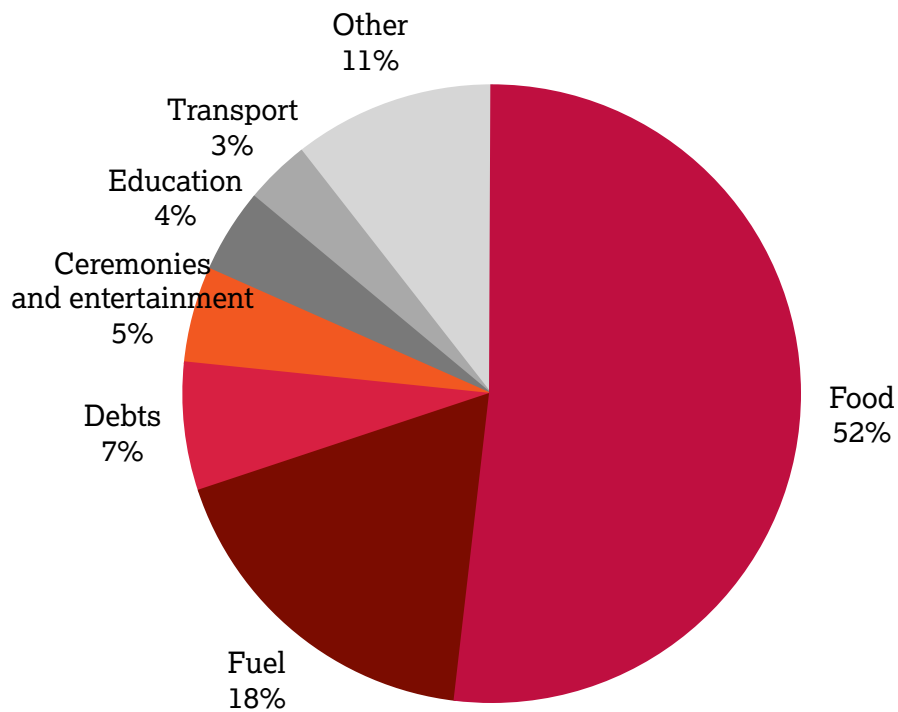


Figure 2: Main areas of expenditure⁴



⁴ Many families reported problems in paying for medicines, and it may be that that the relatively low monthly spending on health conceals a custom of taking loans to cover these costs as they arise.

Restricted heating

Winters last for several months, and the temperatures routinely fall below -15°C . At the same time, increasing shortages of energy (electricity and gas) are severely affecting people's ability to heat their homes. Older people and small children are especially at risk during the cold months, due to weaker immune systems, and thus have a higher risk of increased ill health. During these months, older people often employ a coping strategy of staying in bed and only leaving their homes in the most urgent of circumstances.

To heat their homes, some of the participating households were able to source small amounts of coal or wood, and some received fuel from neighbours. However, most collected and used cow dung. All 90 households said they only heated their homes when cooking the evening meal. The rest of the time, the home was cold. All of the participating households used only one room for living and sleeping during the winter, regardless of the number of family members.

Severe electricity cuts during the winter of 2008/09 affected all 90 households (all of which are dependent on electricity for heating) significantly. This resulted in their spending more money on purchasing fuel, and investing considerable time in collecting firewood (where available) and cow dung. The lowest electricity supply was in the households in Naryn, where the average number of hours with electricity was six per day, and Bokonbayevo, where the average was four hours per day. These were also the areas where the winter temperatures were the lowest, providing a sobering example of the risk of using statistical averages to assess extreme vulnerability.

Figure 3: Temperatures in households (average across the regions)

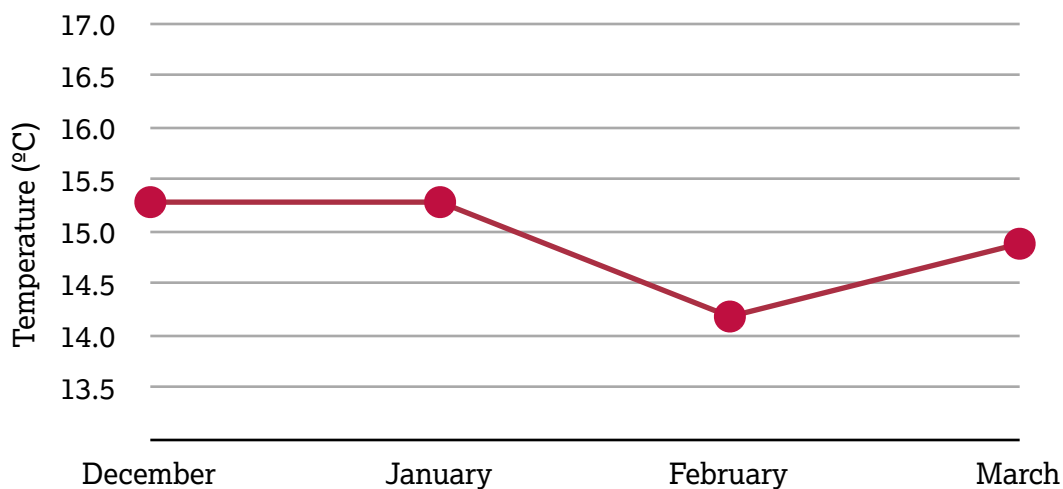
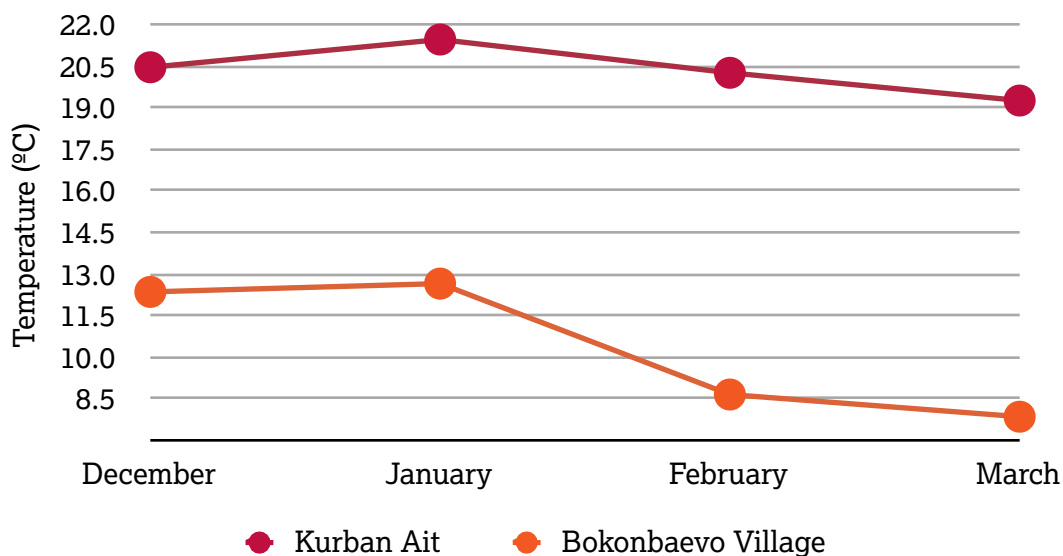


Figure 4: Temperatures in households (comparison of two regions)



Food and fuel prices

Less expected, but perhaps even more significant, is the finding that food and fuel prices vary significantly between the regions monitored (see Figures 5 and 6).

Figure 5: Average price fluctuations

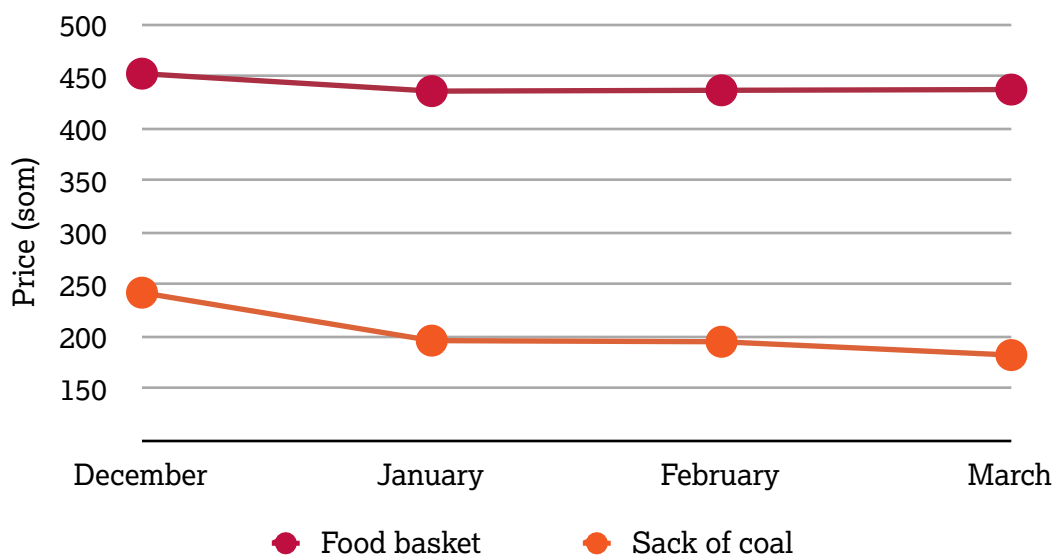
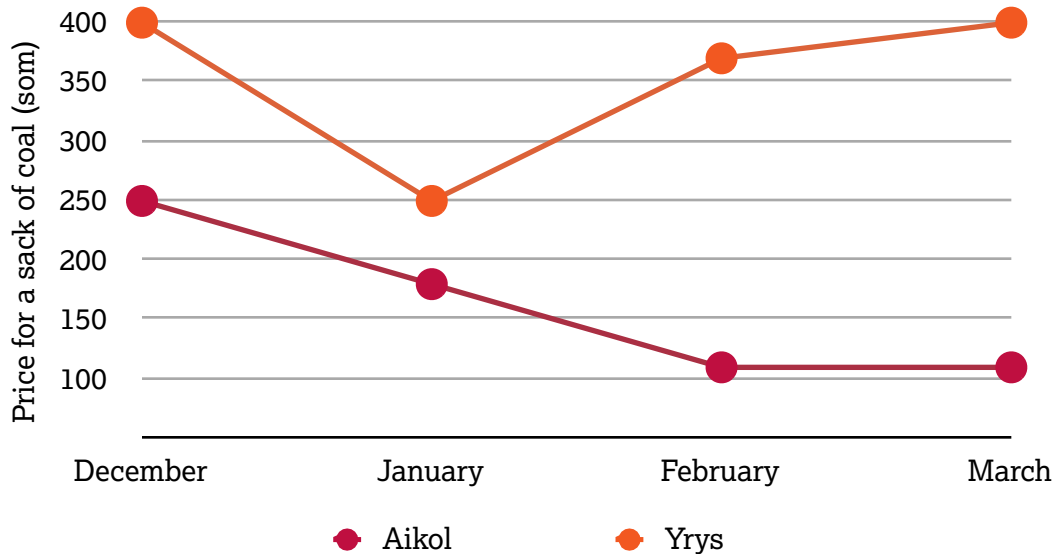


Figure 5 shows only limited fluctuations in the cost of the basic food basket from month to month (within 5 per cent) – even allowing for the peak of demand just before new year. A similar pattern can be seen with coal and the average price for one sack (40-45 kg) fell 25 per cent between December 2008 and March 2009. However, Figure 6 shows how between regions there were variations of as much as 70 per cent in the price of coal. This figure is even higher if one includes the community of Yrys, where transport costs make the purchase of coal almost prohibitive.

Figure 6: Cost of coal – comparison of two regions



In addition to fluctuating food and fuel prices, the monitoring visits revealed poor nutrition and insufficient diet during the winter months, as described below.

Nutrition

The 90 households that participated in the monthly monitoring of food intake showed remarkable consistency in types and quantities of foods consumed. Most households reported eating up to three times a day, but most had only one hot meal, typically consisting of plain noodles and a stock cube, with the other meals mainly bread and tea. The main food item purchased was flour, for making bread, pasta or noodles, but in some regions there was also significant use of beans (in Talas oblast), rice (in Leilek) and potatoes (in Issyk Kul).

Consumption of meat and vegetables was minimal. Twelve of the 90 participating households were able to eat meat or vegetables, but only occasionally. Consequently, the poor households had an extremely low intake of protein and vitamins over the winter and spring periods, as the following participant explains:

Our everyday meal is boiled or fried potato or macaroni. We can't buy meat because it's too expensive for us. Sometimes we don't have any for our evening meal – only bread and tea. Our income is the salary of my daughter-in-law, who cleans the local school, and my pension. All this in total is about 2000 Som.

If we want to buy a sack of flour, which costs 1300 Som we have almost nothing left to buy anything else. We can't buy coal sacks – that's why we collect animals' dry dung to heat our house.

Woman, Issyk-Kul oblast, 68 years

The current top-up does not take into account the significance of seasonal variability of poverty. There is no formal recognition that an individual or household who manages to grow food or generate a small income from garden products or day labour during the summer months may be unable to save and accumulate assets, and may well fall into ultra poverty during the winter months.

According to data on household temperatures, expenditure patterns and food intake in the participating households, the breaking point comes in February. At this point, any reserves (whether fuel, food or cash) come to an end, and households cannot afford to replace the assets. While heating becomes less critical during the spring period that follows, food security remains a substantial risk until the harvest.

Migration

Another, also seasonal, variable that affects levels of poverty is the high level of labour migration. The Kyrgyz Republic is among the world's most remittance-dependent countries⁵. While these remittances (money sent home from migrant workers) have the potential to contribute to wider development, they can often add another level of uncertainty to poor people's lives.

Labour migration in the Commonwealth of Independent States (CIS) is characterised by a very high proportion of irregular migrants. The International Labour Organization estimates that 80 per cent of the Kyrgyz migrants in Russia are irregular and therefore without protection or records. In practice, this means that data on migration refers to the minority of migrants who tend to be more income secure. It is therefore inadequate in understanding the patterns of actual total movement.

Each of the 90 households participating in the survey had at least one family member working in Russia or Kazakhstan. All of these migrants were working without registration, and all the households in question received the remittances in cash, rather than through a recorded system such as a bank.

Level of income

On average, remittances from migrants constituted less than 5 per cent of total household income. Only two of the nine participating communities (Kurban Ait and Yrys) reported significant income from remittances during the monitoring period. This may reflect the dependence of many unskilled migrants on seasonal work during the summer, highlighting the need for a full year of data collection in order to understand trends of irregular migration and remittance patterns.

⁵ D Ratha and X Zhimei, *Migration and remittances factbook 2008*, Washington DC, International Bank for Reconstruction and Development/World Bank, 2008

Respondents confirmed that where remittances were received, they were not monthly but irregular, and averaged US\$100 at a time. Significantly, most households were not in contact with family members working abroad.

This evidence supported earlier findings by HelpAge International in Moldova and the Kyrgyz Republic⁶ on the irregularity and low value of remittances received by the poorest households. Migrants from these households typically have the lowest levels of skills, which makes it harder to earn enough money to send home. In other words, while the national remittance flow is substantial, benefits from migration are not distributed to the poorest population, even when they have family members in the diaspora.

Impact of social assistance

With regard to accessing social assistance, the participating households reported that having a migrant in the family often resulted in external assumptions of wealth. In some cases, families were refused the Unified Monthly Benefit (UMB) because they had a member working abroad. This perception of potential income actually interfered with decisions on social assistance.

Families who discussed these assumptions pointed out that the cost of migration can exceed the resulting remittances. The cost of sending a family member abroad appears to be approximately US\$500-700, compared to only US\$100 for regular migrants (as only paperwork is required). Moreover, many of the irregular migrants work in the construction and agricultural sectors, with inadequate or non-existent safety standards. There are long-term costs for those migrants who have been injured or disabled during their employment, as the following participant explains:

Last year my son went to Moscow with our neighbours, to work in the construction industry. When he was negotiating with his employer he was promised US\$700 per month. My son was happy, and said that he would be able to transfer us about US\$200-250. But he was deceived – he was paid less than US\$450 and could send us [only] US\$300 during his six-month stay.

More than half of his salary went to pay for his room, which he was sharing with other migrants. Half of them were sleeping while the rest were going to their working places... Almost all employers talk about the global crisis, and economise by paying less than they promised to.

Then my son acquired serious problems with his health, decided that it made no sense to continue working in Moscow, and came back. Now we need a lot of money to buy necessary medicines for him, but there is no work.

Man, Batken oblast, 66 years

Some of the social workers interviewed recognised a longer-term consequence of high levels of labour migration on social protection. According to the Kyrgyz government, 12 per cent of the population works overseas – often in Russia or Kazakhstan. These hundreds of thousands of people will return to the Kyrgyz Republic with no access to social security in old age. The lack of bilateral agreements prevents the portability of social insurance such as the old-age

⁶ HelpAge International/American University of Central Asia, *Who cares? Impact of migration on older carers in Kyrgyzstan*, London, HelpAge International, available at: www.helpage.org, 2008; HelpAge International/UNICEF, *Project: grandparents and grandchildren: impact of migration in Moldova*, final report on findings and recommendations, Chisinau, Moldova, HelpAge International 2008

pension, but also of health insurance, even if the individual has been a regular migrant and has contributed to the system in Russia or Kazakhstan.

Moreover, as most migrants work in the informal sector, they do not contribute to any social security system. The current lack of any non-contributory old-age pension, coupled with an official unemployment rate of 11 per cent, means that the number of vulnerable people reaching retirement age with no access to social security in the Kyrgyz Republic is increasing rapidly. On the basis of these official statistics for unemployment, informal labour and migration figures, in the next 10-15 years up to 1 million Kyrgyz citizens will be without a complete official labour record, and will therefore be without any pension or health insurance.

Household debt

Most mechanisms for means testing, including the UMB, focus on assets such as land, livestock or goods. A significant, and unforeseen, finding of this study was the very high prevalence of informal debt. This factor is not considered in the eligibility criteria, nor in the criteria for identifying vulnerability.

Each of the 90 participating households used an average 6.68 per cent of their expenditure to repay debt, with the average unpaid balance totalling 2,250 KGS (US\$62). All participating families reported ongoing debts to neighbours and local shops. None of the participating households would qualify for bank loans or even most micro-credit schemes.

The reasons for falling into debt were often linked to fulfilling community expectations of contributing to social events such as weddings and funerals, as the following participant explains:

If you don't participate and contribute to weddings, funerals and such, you drop out of community life and become isolated. You risk staying alone without any support from people around if you don't contribute. Even if you have no money, you must contribute. This is why we borrow money or goods.

Woman, Talas oblast, 74 years

Sometimes, households fell into heavy debt in order to send a member of the family abroad as a migrant worker.

Multigenerational households

Many multigenerational households consisting of older people and young children (with the middle generation working abroad) reported deepening debt simply due to basic expenditures exceeding income. The discrepancy was particularly marked during the winter period. Old-age pensions provided the only source of income in these households (the basic pension being 600 KGS, or US\$16.5 in January 2009 and the average pension being 1400 KGS, or US\$38.5, which includes the basic pension plus certain insurance costs). The vast majority of this income was spent on food items, heating and children's education.

The findings correlate with a wealth of global evidence that demonstrates unambiguously that where older people are looking after children, they prioritise expenditure on food, housing and

education for the children⁷. Grandparents said they did their best to stretch the pension to ensure education for the grandchildren, although this was not always possible.

Again, the winter period proved to be critical. Thirty-five per cent of children in the participating households did not attend school in the winter due to lack of adequate shoes or clothing for the cold weather.

The research study revealed that irregular and low levels of remittances, as well as heavy informal debts of already poor households, place older people who are caring for their grandchildren at high risk of falling into extreme poverty during the winter months. This makes them particularly unable to ensure regular school attendance of their dependants.

Summing up

Three key factors that stood out as having particular impact on vulnerability among the participating households were seasonality, migration and household debt. These factors must be taken into account in any poverty reduction strategy.

⁷ See, for example, S Devereux, J Marshall, J MacAskill and M Pelham, *Making cash count: lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households*, London, Save the Children UK/HelpAge International/Institute of Development Studies, 2005; S Hofmann, M Heslop, G Clacherty and F Kessy, *Salt, soap and shoes for school: the impact of pensions on the lives of older people and their dependents*, London, HelpAge International, 2008

3. Impact of social assistance on older people's lives

The study findings demonstrate the minimal impact of the current social assistance programme on older people's lives. This is due to the obvious limits of means testing as well as the insufficiency of the Unified Monthly Benefit (UMB) top-up as a safety net. These factors are particularly affecting a newly emerging vulnerable group: multigenerational households consisting of older people and young children.

The UMB top-up as a safety net

According to the Ministry of Labor and Social Protection, as a result of improved administration, the number of recipients that received welfare payments in the first quarter of 2009 was reduced by 9.7 per cent in comparison with the same period of the previous year. The total number of people receiving benefits was 414,000, including 352,800 receiving UMB and 61,200 receiving social benefits.

This 'improved administration' may have been a case of tightening the eligibility criteria and focusing on reducing inclusion errors while not addressing the exclusion errors. This pattern lowers the fiscal costs while undermining contribution to social protection.

Overall, the participants considered the monthly 35 KGS (US\$1) top-up to be necessary but limited. All households receiving the top-up said it was helpful and enabled them to buy a little more of the essential food items. Most of the social workers and community nurses who we interviewed felt that the rate was set at a level that did not mitigate the costs of coping with cold weather. This may have been particularly the case with the unusually poor electricity provision in winter 2008/09, which resulted in high demand for fuel.

Most respondents (including households and social workers) were aware of the top-up arriving but not of its purpose or how long it would be available. Ultimately, any safety net is only as good as the underlying social protection system that it covers, and discussions on the impact of the top-up tended to return to the criteria of UMB.

Overall, most recipients stated that the UMB was insufficient. They understood that the UMB was calculated to cover the gap between household per capita income and the Guaranteed Minimum Consumption Level (GMCL), but argued mainly for a rise in the GMCL from 200 to 450 KGS, which was what they regarded as the true subsistence level.

The limits of means testing

In some discussions, participants raised the question of seasonality of vulnerability and the possibility of providing support that targets the hardest times at higher rates. This is exactly the debate that those designing temporary cash transfer programmes need to hold themselves. A stronger focus on the winter and early spring period might indeed have a more pronounced impact on coping with risk.

Overall, the communities perceived inadequate targeting of social assistance. They observed no obvious differences in family composition or income between poor households receiving the top-up through UMB (35) and the poor households not receiving it (55). Not surprisingly, the major common characteristics among all the poorest households were lack of regular

income and numbers of dependent household members (including children, older people, and disabled people in need of assistance).

There were two main reasons for refusal of UMB applications: first, failure to present adequate documentation, and second, possession of assets (including land and livestock) in excess of the eligibility criteria. A further barrier to receiving the funding was eligibility for alternative benefits. Each of these barriers is explored below.

Documentation

The issue of documentation arose frequently in discussions among participants. While the actual process of applying for UMB was said to be relatively simple (albeit lengthy, at up to two months or more), obtaining all the relevant documentation was both complicated and expensive – especially as the application process has to be renewed each year. In some cases, applicants had spent up to 200 KGS (US\$5.7) collecting the full set of documents, only to have their application refused.

Some social workers said they never asked the applicant to collect the documents unless they were certain to be eligible, to avoid wasting scarce private resources.

In theory, most documents should be available without charge, and some for 2 or 5 KGS (US \$0.06 or US\$0.14), but most respondents reported having to pay informal fees for copies, and some had been asked for informal fees of up to 200 KGS simply to process the application.

Particular problems were reported in relation to registration documents for families who had moved recently, either within Kyrgyzstan or especially from neighbouring countries (for example, in the case of refugees from Tajikistan). Failure to register was another common problem. For example, several mothers in Bokonbaevo (Issyk Kul oblast) reported that they had not been able to obtain birth certificates for their children because they could not afford the costs of registration. Meanwhile, in other areas families admitted deliberately failing to register births in order to avoid the levy for water supply (calculated at 25 KGS or US\$0.7 per person per month).

Land assets

Land assets, whether owned or rented, were frequently cited as a reason for refusal of benefit applications. For example, in Yrys (Jany Pahta oblast), all 40 applicants had been turned down due to potential income obtained from land. Yet most of the households were unable to pay for water required to cultivate the land, and actually received no income from the land holdings.

Participants perceived the following additional problems with the Kyrgys government's proxy indicators:

- Where livestock exists it may be in weak health, typically through poor nutrition – for example, a cow may produce no milk.
- Public irrigation systems often have not been maintained and are now irreparable, or water flows have altered due to drought or river levels. Alternatively, the household may not be able afford to pay for water. Some plots of land simply have no access to water.
- Electricity required for heating the house or apartment may be scarce, and income may not cover utility costs during the winter months. Alternatively, there may be a house or apartment that is largely uninhabitable during cold weather.

- Transport in remote rural areas is often expensive or unavailable. Where vegetable gardens or fruit orchards are productive, people may not be able to afford to travel to bazaars to sell the produce.

Eligibility for alternative benefits

Eligibility for alternative benefits was a barrier in some cases. Participants reported that UMB applications had been refused because household members were receiving a monthly social benefit, such as child disability benefit. This should not be happening because, for UMB assessment purposes, benefits (unlike pensions) are not regarded as income.

It may be that in some cases, local authorities are using their own discretion to decide which households are in greatest need. Certainly the Minister for Labour and Social Development has estimated that about 20 per cent of benefit recipients 'live well enough without it'. In general, however, it was accepted that the local authorities were following the criteria correctly, and that the main complaints were about the criteria themselves.

Defining vulnerability

Focus-group discussions with social workers, health professionals and community members in each of the target areas revealed a remarkable consistency in terms of those regarded as most vulnerable and in need of support. These included:

- all households dependent for their income on pensions and benefits, but particularly those with no land, or with land but no capacity to cultivate it
- those with few or no livestock
- those with larger numbers of children or other dependants (such as disabled adults in need of assistance)
- multigenerational households consisting of older people and young children.

The final group – a newly emerging vulnerable group of multigenerational households, consisting of older people and young children – was identified in all target locations. There was also some recognition that vulnerable groups could include households with adults unable to find work, including people with alcohol misuse problems and former prisoners.

The discussions indicated a widespread belief that there was little or no difference between the level of need of those receiving UMB and that of those denied it, and that documentation and assets were the main reasons for failure to qualify.

Social workers in the nine study regions were fully aware of the level of vulnerability in their own communities (estimating vulnerability at 30-70 per cent of all households). None of them felt that the level of the US\$1 monthly top-up over the past winter had made much, or any, difference to living standards of vulnerable households in their area.

Several suggested that the effort and expenditure required to apply for UMB was greater than the value of the benefit once approved. Five out of nine thought that the eligibility criteria should be simplified – in particular, to reduce the number of documents required – and several suggested dropping the assessment of household 'income from land'.

Discussions with the older citizens' groups (OCGs) conducting the monitoring found that in addition to help from family, friends and neighbours, in most areas there were a number of social institutions providing assistance to vulnerable households. These included:

- local mosques and businesses, which might distribute assistance
- schools and medical centres, which sometimes provide services for free to very poor families
- local authority social protection departments, which occasionally help by distributing additional food, fuel or clothing, resources permitting – usually at festival times – and some of which can offer discount prices for electricity and transport.

Another remarkable factor in the surveyed areas was the almost total absence of discrimination by the local population and local authorities between 'deserving' and 'undeserving' poor. The debate at national and international level focuses heavily on trying to reduce or prevent the 'dependency culture' among recipients of state social benefits, often questioning people's willingness to work and assuming a Soviet-era legacy of over-reliance on central government support. However, the understanding at local level is that most people are already making use of all available assets and opportunities to keep their families warm and fed.

Summing up

The current social assistance programme appears to have a minimal impact on the lives of older people. For the programme to have more impact, two key changes are needed: an alternative to means testing, with more sophisticated means of assessing vulnerability, and increased levels of top-up.

4. Impact of the study on older people as researchers

Significantly, and quite unexpectedly, the older citizens' group (OCG) monitors conducting the research noted a significant positive change in community support as a result of the study. Just five months of frequent home visits by the OCGs to the vulnerable households was sufficient to noticeably increase social contact and a sense of mutual support. Many of the OCG monitors said that conducting the study had made them open doors to their neighbours, and generated a sense of community and proactive mutual support that had not existed previously.

One of the OCG leaders at the final roundtable, in Bishkek, stated: 'We can't give people benefits or money, but we can give them moral support and listen to each other. It is important: it makes our lives better.'

For example, in some cases the OCGs (all of whom had been trained in basic social protection systems) facilitated communication between vulnerable families and local authorities – a simple act that resulted in eligible but extremely marginalised households accessing social assistance:

I didn't even realise that we have so many poor families in our community. Some of them don't go to the local authorities for any assistance because they are ashamed of their own inability to solve their problems themselves. They don't like to complain, and think that nobody can help them – so why waste time if it's useless?
Member of OCG, retired teacher of rural school, Batken oblast

This new sense of capability to change one's environment and make a valuable contribution to one's community by the OCG members was unexpected, simply because the short project period was very focused on evidence collection.

5. Conclusion and recommendations

Resources such as land or other assets can be imperfect indicators of wellbeing or poverty. Since poverty is closely linked to human development, or the lack of it, income poverty is only part of the picture. Not all people are equal in their capacity to convert resources into wellbeing, and not all live under the same social constraints, so promotion of equality needs to be achieved within existing capabilities.

The study described in this report was conducted in the context of the global financial crisis, so its timing turned out to be particularly poignant. Evidence from the Asian crisis in the late 1990s shows that a crisis period is not the moment when social expenditures should be cut⁸. On the contrary, it should be used as an opportunity to redress imbalances and set up comprehensive social security systems. The same opportunity exists today in the Kyrgyz Republic. The right to social security should be seen as a necessary policy tool to help tackle the crisis.

Key findings

The four key findings from the research study are as follows:

1. The shocks that push households and individuals into poverty are frequent and unpredictable.

The factors that push people into poverty include:

- the loss of income-generating capacity, particularly of older people and women, due to migration of family members
- reduced water levels for agriculture
- loss of livestock in winter
- the high number of social obligations, such as weddings and funerals, that require significant financial contributions
- decreased access to services, including health care
- illness or disability
- decreasing overall job opportunities
- inflation
- accumulating household debt.

The global food-price crisis and the current economic crisis are seen as just the latest in a long series of crises. In the words of an older man from Naryn Asylbek, 'For the past 20 years, we have been living in constant crisis.'

2. The World Bank top-up of the Unified Monthly Benefit (UMB) is not sufficient to make a noticeable difference.

While short-term safety nets can play a significant role in boosting poor families' capacity to manage risk, the US\$1 monthly top-up (an increase from US\$5.5 to US\$6.5 for a period of nine months) is not sufficient to make a noticeable difference to those families who receive it.

⁸ A Fiszbein, N Schady, *Conditional cash transfers, reducing present and future poverty*, policy research report, Washington DC, World Bank, 2009

The limitations of the UMB are due to the small sum of the original transfer as well as the top-up itself. Meanwhile, many vulnerable families do not receive the UMB at all, due to the range of barriers that families encounter in accessing the benefit. These barriers include:

- lack of information
- high costs associated with applying for the scheme
- deep-rooted corruption in the administration of the programme.

Addressing the needs of poor and vulnerable families in Kyrgyzstan requires consideration both of the levels of support given and of programme design. There also needs to be an exploration of policy options that are not limited to means testing, as the present model will always be difficult to implement in a context of high levels of poverty, weak local administrative capacity, high levels of corruption, and unrecorded income and consumption patterns (such as money sent home from migrant workers and subsistence farming).

3. Poverty fluctuates according to seasons. Cold weather, coupled with limited energy, is a crucial factor affecting the depth of poverty in the Kyrgyz Republic.

Many poor families fall into ultra-poverty during the winter months, as they are unable to accumulate resources (including cash, food, and fuel) for the period of the year that requires extended capital. Spring brings relief to low temperatures but actually heightens food insecurity, as pre-harvest resources are at their lowest but investments are required for agricultural inputs.

4. Migration as a coping mechanism has a very limited poverty-reducing impact for the poorest households.

The incidence of migration is high – especially in the rural areas. However, remittances from migrant workers are not sufficiently frequent or high to lift the families at home out of poverty, or to significantly reduce the poverty gap. This is largely due to the fact that most migrants are low skilled and low paid, and typically work without registration (‘irregular migration’).

As a consequence of high levels of migration, multigenerational households consisting of older people and young children are emerging as a newly identified vulnerable group at high risk of chronic rural poverty.

Recommendations

The recommendations presented here are addressed mainly to the Government of the Kyrgyz Republic, as well as to the World Bank and the donor community at large, all of which can play a significant role in advising social policy development:

- **Simplify criteria for poverty testing.** The most vulnerable people will always find it harder than others to prove their eligibility. This is due to two factors: first, a lack of information on the full procedure and required documents, and second, the private costs, which frequently exceed the value of the benefit.
- **Consider wider policy options for non-contributory social protection programmes.** Many low-income countries with extremely limited budgets are choosing categorical coverage for those who are too old or too young to work (for example, old-age pensions and child benefits), instead of administratively expensive and cumbersome means testing. However, there is no blueprint. A feasibility study of alternatives would be relatively low

cost, and would provide a sound basis for decisions on affordable relevant long-term policy.

- **Make sure that information outreach incorporates measures to remove any physical, geographical and other barriers to access** by certain groups who face particular obstacles – in particular, people with disabilities, older people and members of ethnic minority groups. Providing information about benefits is not sufficient to ensure that the benefits themselves are accessible, and that everyone who is eligible is actually in a position to claim them. Special measures should be taken for local authorities – perhaps in collaboration with civil society organisations – to reach beneficiaries living in remote rural areas.
- **Take into account seasonal poverty** when designing any safety-net programmes, and consider rates of cash transfers in the context of fluctuating levels of vulnerability. If the fiscal space is restricted, it may be more beneficial to deliver higher cash transfers for a shorter period of time – in other words, to focus on risk coping at the crisis time.
- **Encourage exchange of well-informed horizontal policy making** between different government departments and policy institutions that recognises the critical linkages between social protection, migration and disaster risk reduction (in winter). For example, assumptions on potential income from land need to be reviewed and issues such as lack of agricultural inputs and services (irrigation) taken into account.
- **Ensure participation of vulnerable people and civil society in development** – both at the design and evaluation stages. This is the only way to predict and assess potential gaps between theory and practice, and to prevent implementation of unintentionally ineffective or regressive programmes.

Annex: Research methodology

The selection criteria for the nine target communities included:

- existence of active groups of older people trained in advocacy campaigns and community work
- experience of working with local authorities within their respective communities
- willingness and commitment of group leaders to conduct monthly household visits and focus groups with stakeholders during the six-month project
- overall coverage of a range of socio-economic environments, including rural and urban settings in the Batken, Talas, Issyk Kul and Naryn oblasts.

The most vulnerable households in each community were chosen through random sampling. A total of 90 households were monitored over a period of four months.

HelpAge International worked together with the nine participating older citizens' groups (OCGs) to develop a research guide for collecting information in each of the nine communities. OCGs, typically consisting of ten active members, carried out community mapping of their respective locations to identify:

- demographic statistics
- available services
- resources of local authorities, including the annual budget available for UMB
- characteristics of vulnerable households receiving UMB
- characteristics of vulnerable households not receiving UMB
- characteristics of the most vulnerable groups
- coping strategies and support systems in vulnerable households during the winter months.

The mapping was conducted in collaboration with local authorities (through at-risk lists and data on UMB recipients), and through participative rapid appraisals (PRAs), in order to record the experiences of the most vulnerable households and individuals, as well as community perceptions of who is considered poor. Focus groups and semi-structured interviews were held with community members, local authorities, teachers, social workers and health professionals in each community.

The OCGs conducted focus groups with individuals and households receiving UMB, and therefore receive the top-up, in order to collect qualitative data on how the US\$1 monthly top-up was being used. The assessment did not aim to provide a comprehensive study on impact, and nor is it able to, but it has detected trends and provided a picture of the perceptions of beneficiaries themselves.

Additionally, monthly panel data in 90 ultra-poor households was collected on:

- household temperatures
- food intake
- expenditure patterns
- income sources.

The OCGs also monitored inflation of staple food and non-food items (including coal) in their respective communities, in order to provide actual data on the cost of minimum consumption. The groups visited local suppliers – typically local bazaars, once a month – and recorded prices of items identified as essential by the communities themselves.



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