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KYRGYZ REPUBLIC

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2025 ARTICLE IV CONSULTATION—PRESS RELEASE; AND STAFF REPORT

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with the Kyrgyz Republic, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on consideration on lapse-of-time basis following discussions that ended on March 26, 2025, with the officials of the Kyrgyz Republic on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on May 8, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Debt Sustainability Analysis** prepared by the staffs of the IMF and the IDA.

The documents listed below will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

PRESS RELEASE

PR25/176

IMF Executive Board Concludes 2025 Article IV Consultation with Kyrgyz Republic

FOR IMMEDIATE RELEASE

- *The Kyrgyz Republic has shown strong economic performance despite global uncertainties with robust growth, stabilizing inflation, and declining public debt.*
- *Growth is expected to gradually moderate as external trade normalizes and domestic demand slows, while inflation remains stable with continued prudent monetary policy.*
- *Sustaining macroeconomic stability and strengthening inclusive growth will require rebuilding policy buffers, enhancing fiscal sustainability, safeguarding monetary policy independence, and advancing structural reforms to boost productivity.*

Washington, DC – June 4, 2025: The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation for the Kyrgyz Republic on a lapse of time basis on May 22, 2025.[1]

The Kyrgyz Republic has performed remarkably well amid a highly uncertain external environment. The economy grew by 9 percent annually since 2022, headline inflation has returned to the central bank's target range, and public debt declined to 36.6 percent of GDP in 2024.

Looking ahead, growth is projected to moderate to 6.8 percent in 2025 and converge to about 5¼ percent in the medium term as re-export trade moderates and domestic demand eases. Inflation is expected to remain broadly stable under the assumption of prudent monetary policy. The large-scale public investments would widen the overall fiscal deficit, but public debt would remain contained under 42 percent of GDP thanks to robust GDP growth.

In view of the heightened global uncertainty, medium term priorities include rebuilding policy buffers and advancing structural reforms to strengthen economy's resilience to shocks and support higher and more inclusive growth.

[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board. The Executive Board takes decisions under its lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

Executive Board Assessment

The Kyrgyz Republic has demonstrated remarkable resilience amidst global economic uncertainty. The economy has sustained robust growth supported by considerable expansion of external trade, inflows of remittances and labor, and resilient domestic demand. Inflation has moderated to mid-single digits, though underlying demand pressures warrant vigilance to keep inflation within the central bank's target range. Lower public debt provides the needed fiscal space for priority investment in public infrastructure, energy generation capacity and human capital development.

Looking ahead, economic activity is expected to moderate from the exceptionally high levels of the past three years as re-export trade normalizes. Growth is projected to converge to its potential rate of 5¼ percent in the medium term, but the outlook is highly uncertain and depends on regional geopolitical developments. A further escalation of sanctions on Russia could weaken remittances and growth due to a depreciation of the ruble and slower growth in Russia. Conversely, a lasting peace in the region could have the opposite impact, but may also unwind some of the trade and financial flows that have boosted growth in recent years. In an increasingly uncertain world, the medium-term priority is to strengthen resilience of the Kyrgyz economy to future shocks by rebuilding policy buffers and enhance prospects for higher and more inclusive growth through structural reforms.

Strong revenue performance and a prudent fiscal stance coupled with high GDP growth have contained public debt. To further strengthen fiscal sustainability and create fiscal space for large development needs, the authorities should enhance tax policy by reducing tax exemptions and special tax regimes, increasing progressivity of the Personal Income Tax, and further strengthening revenue administration. Containing the public wage bill and energy subsidies, channeling Kumtor profits to the budget, and privatization of nonstrategic commercial SOEs would also contribute to fiscal sustainability and provide additional fiscal resources. Containing fiscal deficits would also limit borrowing and ease inflation pressures.

Preserving monetary policy independence is essential to contain inflationary pressures and maintain price stability. In view of robust domestic demand, further efforts are needed to ensure that inflation remains within the central bank's target range. Tightening of interest rates and liquidity conditions might be warranted, if inflation pressures persist or rise. Monetary policy effectiveness could be enhanced by lifting interest rate caps, extending instrument maturities, phasing out subsidized lending, and enhancing exchange rate flexibility. Staff supports the discontinuation of domestic gold purchases by the NBKR and recommends halting NBKR profit transfers to the budget until its capital reaches the statutory threshold.

Sustaining high growth rates requires structural reforms to increase productivity and improve the business climate. Priority reform areas include governance and SOE management, competition policies, labor markets, and climate adaptation. If duly implemented, the authorities' anti-corruption strategy could lay a solid foundation for a more resilient and dynamic economy. Strengthening the rule of law and protection of property rights, reducing the SOE footprint and enhancing competition are crucial for building trust in public institutions and improving the business climate to encourage private investment and innovation. Reforms aimed at increasing labor market flexibility, reducing gender gaps, and improving social safety nets would also support more inclusive economic growth, while investments in sustainable energy and infrastructure, and health and education remain vital to enhance resilience to climate risks.

Table. Kyrgyz Republic: Selected Economic Indicators, 2023-30

I. Social and Demographic Indicators

Population (in millions, 2023)	7.2	GINI Index (2022)	0.26
Unemployment rate (ILO, in percent, 2023)	4.1	Life expectancy at birth in years (2022)	72.1
Poverty rate (in percent, national definition, 2023)	29.7	Adult literacy rate (percent of popul., 2019)	100
Per capita GDP (World Bank, in million U.S. dollars, 2023)	1,970	Under-five mortality (per 1000 live births, 2022)	17.3

II. Economic Indicators

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Real sector								
Nominal GDP (in billions of soms)	1,334	1,523	1,763	1,963	2,185	2,416	2,675	2,958
Nominal GDP (in millions of U.S. dollars)	15,148	17,722	19,849	21,222	22,807	24,427	26,202	28,068
Real GDP (growth in percent)	9.0	9.0	6.8	5.3	5.8	5.3	5.4	5.3
Nongold real GDP (growth in percent)	11.0	10.3	6.9	5.3	5.8	5.3	5.3	5.3
GDP per capita (in U.S. dollars)	2,185	2,504	2,747	2,879	3,030	3,178	3,342	3,506
Consumer prices (12-month percent change, eop)	7.3	6.3	6.0	5.5	5.0	5.0	5.0	5.0
Consumer prices (12-month percent change, average)	10.8	5.0	7.0	5.7	5.2	5.0	5.0	5.0
General government finances (in percent of GDP) 1/								
Revenue	34.5	35.6	32.1	31.8	31.4	31.4	31.1	30.8
Of which: Tax revenue	21.9	22.5	21.4	21.1	21.0	21.0	20.8	20.7
Expense	26.1	26.6	26.8	26.8	26.8	26.9	26.9	26.8
Gross operating balance	8.4	9.0	5.3	5.0	4.6	4.5	4.2	4.1
Net acquisition of nonfinancial assets	6.8	7.1	8.7	7.8	7.9	7.9	6.9	7.1
Overall balance (net lending/borrowing) 2/	1.6	1.9	-3.4	-2.8	-3.2	-3.3	-2.6	-3.0
Net lending/borrowing excluding CKU railways	1.6	1.9	-2.5	-2.0	-2.5	-2.6	-2.0	-2.4
Primary net lending/borrowing	2.6	2.7	-2.2	-1.4	-1.5	-1.4	-0.5	-0.8
Total state government debt 3/	42.0	36.6	38.5	39.5	40.3	41.2	41.3	41.9
Of which domestic debt	10.9	9.7	9.4	8.7	8.4	7.8	8.5	9.6
Monetary sector								
Reserve money (percent change, eop)	9.9	17.5	12.1	11.6				
Broad money (percent change, eop)	15.0	31.9	14.9	12.0				
Credit to private sector (percent change, eop)	25.9	33.9	15.3	13.0				
Credit to private sector (in percent of GDP)	19.8	23.3	23.2	23.5				
Velocity of broad money 4/	2.6	2.3	2.3	2.3				
Policy Rate	13.0	9.0	...	...				
External sector								
Current account balance (in percent of GDP)	-45.0	-30.7	-8.5	-7.5	-8.5	-7.3	-7.0	-6.4
Export of goods and services (in millions of U.S. dollars)	5,522	9,130	12,667	12,990	13,230	14,002	14,462	15,085
Export growth (percent change)	52.0	65.3	38.7	2.6	1.8	5.8	3.3	4.3
Import of goods and services (in millions of U.S. dollars)	14,461	17,244	17,315	17,774	18,618	19,578	20,142	21,049
Import growth (percent change)	35.6	19.2	0.4	2.7	4.8	5.2	2.9	4.5
Gross International reserves (in millions of U.S. dollars) 5/	3,044	4,684	4,597	4,535	4,482	4,437	4,393	4,358
Gross reserves (months of next year imports, eop)	2.1	3.2	3.1	2.9	2.7	2.6	2.5	2.3
Gross reserves (months of next year imports adjusted for re-exports, eop)	2.3	4.3	4.0	3.7	3.4	3.2	3.0	2.7
External public debt outstanding (in percent of GDP)	31.1	26.9	29.0	30.8	31.9	33.3	32.8	32.3
External public debt service-to-export ratio (in percent)	6.4	3.6	3.8	4.2	4.3	4.3	5.0	5.0
Memorandum items:								
Exchange rate (soms per U.S. dollar, average)	87.8	87.1	...	...	...	...	...	...
Real effective exchange rate (2010=100) (average)	116.1	121.6	...	...	...	...	...	...

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ General government comprises the State government, the Social Fund, and the Mandatory Health Insurance Fund (MHIF). The State government comprises central and local governments.

2/ Includes loans by the State government to state-owned enterprises in the energy sector.

3/ Calculated at end-period exchange rates.

4/ Twelve-month GDP over end-period broad money.

5/ Gross international reserves exclude reserve assets in non-convertible currencies.

KYRGYZ REPUBLIC

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

May 8, 2025

KEY ISSUES

Context: The Kyrgyz Republic has shown remarkable resilience amid heightened global uncertainty. Inflation has declined to mid-single digits, but underlying demand pressures require continued vigilance. Favorable debt dynamics have created fiscal space to invest in infrastructure, energy, and human capital. Looking ahead, growth is expected to moderate and converge to its potential of around 5¼ percent over the medium term as re-export trade normalizes. However, the outlook remains highly dependent on geopolitical developments. Priorities going forward include rebuilding policy buffers and advancing structural reforms to strengthen resilience and support sustained and inclusive growth.

Key Policy Recommendations

- Maintaining monetary policy independence is vital to anchor inflation and safeguard price stability. Given persistent demand pressures, timely monetary tightening might be warranted if inflation remains elevated. The effectiveness of monetary policy would improve by removing interest rate caps, lengthening instrument maturities, phasing out subsidized lending, and allowing greater exchange rate flexibility. Upholding the central bank law to allow the NBKR to retain profits until its capital reaches the statutory threshold is critical to strengthen the central bank's credibility.
- Strong revenue performance, prudent fiscal policy, and robust growth have helped contain public debt. To further strengthen fiscal sustainability and create space for priority spending, the authorities should streamline tax exemptions and special tax regimes, enhance the progressivity of personal income taxes and bolster revenue administration. Additional gains can be achieved by rationalizing the public wage bill and energy subsidies, channeling Kumtor profits to the budget, and privatizing nonstrategic commercial state-owned enterprises.
- Financial sector risks are contained, but continued vigilance is needed amid rapid credit growth and elevated NPLs. The NBKR should stand ready to provide targeted support to banks if needed.
- Sustaining strong growth will require accelerating structural reforms to boost productivity and improve the business climate. Priorities include strengthening governance and the rule of law, reducing the SOE footprint, enhancing competition, and implementing the anti-corruption strategy. Advancing labor market flexibility, promoting gender equity, and investing in sustainable infrastructure, health, and education will support inclusive and resilient growth.

Approved By
Subir Lall (MCD) and Stefania Fabrizio (SPR)

Discussions with the authorities were held during March 12–26, 2025 in Bishkek. The staff team comprised Nikoloz Gigineishvili (head), Jean van Houtte, Nasir Rao (all MCD), Anh Nguyen (FAD), Farid Talishli (Resident Representative), Erkeaim Shambetova and Anvar Muratkhanov (both Resident Representative office) with support from Aigerim Toigonbaeva. Patryk Loszewski and Lilia Kadyrberdieva (OED) participated in key discussions.

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CONTEXT

1. **The Kyrgyz Republic has performed remarkably well against the backdrop of a highly uncertain external environment.** The considerable expansion of external trade and inflows of labor and capital since the start of the war in Ukraine coupled with government supported construction have provided a boost to economic activity. Nominal per capita GDP has nearly doubled since 2021, surpassing US$2,500 in 2024, unemployment has declined to 4.1 percent, and the poverty rate (US$3.65/day), dropped to 9.7 percent in 2023 from 11.3 percent in 2022. The post-Covid surge in inflation has been contained, and public debt as a share of GDP has fallen to its lowest level in recent history. Nevertheless, the income gap with more advanced Eastern European economies, poverty and inequality remain high.

2. **The current political stability and favorable macroeconomic environment provide an opportunity to strengthen macroeconomic stability and promote sustainable growth.** In an increasingly uncertain world, the medium-term priority is to create policy space to support the large infrastructure projects, such as Kambarata-1 Hydro Power Project (HPP) and the China-Kyrgyzstan-Uzbekistan railway, while strengthening resilience. If executed in a fiscally sustainable manner, these initiatives offer considerable potential to foster regional integration and economic greening. Over the longer term, the main challenge is to accelerate income convergence with Eastern European countries and create sufficient jobs for the young and growing population with approximately 50,000 net new jobseekers added to the labor force annually. To achieve this, the Kyrgyz economy needs to grow by over 7 percent a year, which requires a new growth model where the private sector drives growth and job creation, and the state fosters an enabling business environment.

ECONOMIC DEVELOPMENTS, OUTLOOK, AND RISKS

3. **The strong post-Covid recovery was followed by robust growth against the backdrop of the war in Ukraine.** The economy has maintained robust and broad-based growth of 9 percent annually since 2022[1], accelerating further to 13.1 percent in the first quarter of 2025. Trade, manufacturing and construction emerged as the leading sectors, followed by communication, transport, and agriculture while gold production slowed. Headline inflation bottomed out at 3.8 percent in August 2024 and rose to 6.9 percent by March 2025, but core inflation has continued to decline from the peak of 16.1 percent in February 2023 to 6.0 percent in March.

4. **The official external sector accounts have continued to show a large current account deficit.** In 2023, it reached 45 percent of GDP, while BoP errors and omissions exceeded 42 percent of GDP, largely reflecting unrecorded re-exports of mostly consumer goods from China to Russia, as trade within the Eurasian Customs Union is not subject to customs declarations. Adjusting for staff estimates of these re-exports – about 38 percent of non-oil imports – the 2023 CA deficit narrows to around 8 percent of GDP. Re-export trade has slowed in 2024, especially since Russia's tightening of its tax regime applicable to imported cars. Using the available BoP data for three quarters of 2024,

[1] Revised national accounts indicate annual GDP growth of 9 percent in 2022, 2023, and 2024.

staff estimates a CA deficit of nearly 31 percent of GDP for the full year (excluding Q1-Q3 re-exports). With re-exports, the CA deficit would narrow to 8.3 percent of GDP.

5. **Public debt declined from 42 percent of GDP in 2023 to 36.6 percent in 2024, underpinned by strong GDP growth and a general government budget surplus of 1.9 percent of GDP.** Tax revenue increased by 0.6 percent of GDP, thanks to higher receipts from corporate income tax and taxes on international trade[2], which more than fully offset the 0.9 percent of GDP decline in VAT. The latter was primarily due to a slowdown in imports. Total expenditure also increased by 0.5 percent of GDP, with the notable decline in the wage bill by about 1.3 percent of GDP compensated by higher goods and services spending. The Social Fund also recorded a surplus of 0.8 percent of GDP.

6. **Growth is projected to moderate to 6.8 percent in 2025 and converge to about 5¼ percent in the medium term which is staff's new estimate of potential growth** (see Selected Issues Paper on Potential Output). This slowdown from exceptionally high growth rates over the past three years reflects the expected normalization of re-export trade and some cooling of domestic demand. The commencement of construction of the China-Kyrgyzstan-Uzbekistan railway and Kambarata-1 HPP is expected to provide a growth boost of about ¼ percent in 2025 and 2027, respectively. Inflation is projected to remain broadly stable under the assumption of prudent monetary policy, and the CA deficit to stabilize at about 6-7 percent of GDP over the medium term, accounting for the gradual moderation of re-export trade, and large infrastructure-related imports. These large-scale public investments would widen the overall fiscal deficits, but public debt should remain broadly contained thanks to robust GDP growth.

7. **The outlook remains highly uncertain and depends on regional geopolitical developments**. Any escalation of Western sanctions on Russia that results in a slowdown in activity and depreciation of the ruble would reduce remittances and increase poverty in the Kyrgyz Republic. This risk would be compounded by a reversal of the recent surge in gold prices, an increase in global oil prices, extreme weather events, and cyberthreats. Conversely, the ending of the war in Ukraine could strengthen the ruble and growth in Russia, resulting in higher demand for Kyrgyz workers and tighter labor markets but also higher remittances, wages and inflationary pressures. Easing of sanctions, however, could also unwind some trade flows and reduce growth. The direct impact of US tariffs is likely to be insignificant because exports to the US are small, but the Kyrgyz Republic could be affected indirectly through global commodity prices, tighter global financial conditions, and higher imports from China.

Authorities' Views

8. **The authorities broadly shared the staff assessment of recent economic developments and the outlook but expect GDP growth to remain higher for longer.** While they agreed that increased trade has provided a boost to the economy in the past three years, they underscored that

[2] International trade tax reflects Kyrgyz Republic's share in the pooled revenue from all countries in the Eurasian Customs Union, which includes Russia, Kazakhstan, Belarus, Armenia and the Kyrgyz Republic.

economic activity has remained strong thanks to public administration reforms, digitalization, large public investments in infrastructure and the energy sector, and their targeted support to entrepreneurship, agriculture, and commercial and residential construction. They project these measures to continue and yield annual growth of about 8 percent in the medium term.

POLICY DISCUSSIONS

In an increasingly uncertain global environment, the key policy challenge for the Kyrgyz authorities is to preserve the hard-won gains in macroeconomic stability and unlock the potential for stronger and more resilient medium-term growth. This requires strengthening policy buffers by containing fiscal deficits, public debt, and inflation, rebuilding international reserves, and addressing structural impediments to growth to boost output and support job and income generation.

A. Fiscal Policy

9. The fiscal framework is impacted by the China-Kyrgyzstan-Uzbekistan railway and the Kambarata-1 HPP. The construction phases are expected to commence in earnest in 2025 and 2027, respectively, last for about 7 years each, and cost US$4.9 billion and US$3.9 billion respectively. The railway is expected to be co-owned by China (51 percent), Uzbekistan (24.5 percent) and the Kyrgyz Republic (24.5 percent), while the HPP will be jointly owned and financed by the Kyrgyz Republic, Kazakhstan, and Uzbekistan with equal shares. Staff expects the Kyrgyz share of the railway to be financed by external non-concessional borrowing. The World Bank and other multilateral and bilateral partners have pledged to provide financing for the Kyrgyz portion of the HPP. The authorities are also planning issuance of international bonds in the amount of US$1.7 billion over the next few years to finance smaller-scale hydropower generation and infrastructure projects. Of this, staff projects a US$500 million Eurobond in 2025, and US$400 million per year in 2026-28. The recent upgrade of the Kyrgyz Republic's sovereign credit rating by S&P to B+ with a stable outlook is a welcome development to support the authorities' plans to access international capital markets.

10. The overall fiscal balance is projected to swing from a surplus of 1.9 percent of GDP in 2024 to a deficit of 3.4 percent of GDP in 2025 and stay around 3 percent of GDP over the medium term. Tax revenue is projected to dip by about 1 percent of GDP in 2025 due to a moderation of taxes on international trade, CIT and VAT, and by another 0.7 percent by 2030, primarily because of lower VAT on imports as re-export trade moderates. High gold prices, on the other hand, are projected to boost dividends from Kumtor Gold Mining Company in 2025. Current expenditure is expected to increase by 0.2 percent of GDP in 2025, as wage and headcount freezes in the civil service help offset higher purchases of goods and services. Staff projects capital expenditure to increase by about 1.6 percent of GDP in 2025 to 8.7 percent of GDP, which includes the outlays for the railway, Kambarata-1 HPP, and the Eurobond-related investment in the amount of 3.5 percent of GDP. The higher borrowing raises the interest bill of the state from 1.2 percent of GDP in 2024 to 2.3 percent by 2030.

11. The authorities are projecting overall surpluses in the 2025 budget. They envisage the tax-to-GDP ratio to remain at 22.4 percent, but non-tax revenue to decline by about 3.4 percent of GDP due to more conservative assumptions about dividends than staff. On the expenditure side, they expect the wage bill to decline by 0.9 percent of GDP and capital spending by 2.2 percent of GDP. The budget does not include yet Kambarata-1 HPP, the railway and the Eurobond until the financing sources are fully secured. The authorities' budget also envisages capital injections in state-owned banks to support subsidized lending and other SOEs, which are recorded below the line and increase gross financing needs by an additional 1.3 percent of GDP in 2025.

Text Table 1. State Government Budget, 2023-2027 1/
(in present of GDP)

	2023	2024	2025	2026	2027	2025	2026	2027
			IMF Staff projections			State budget projections		
Revenues	29.4	30.4	27.4	27.1	27.0	26.9	26.1	25.9
Taxes	21.7	22.5	21.4	21.1	21.0	22.4	22.2	22.3
Grants (including project grants)	1.2	0.9	0.9	0.8	0.7	0.8	0.5	0.3
Other revenues	6.5	7.0	5.1	5.2	5.3	3.6	3.3	3.1
Expense 2	22.3	22.5	22.1	22.2	22.4	20.7	20.8	21.0
Compensation of employees	10.1	9.1	8.6	8.6	8.4	8.2	7.6	6.9
Use of goods and services	3.3	4.7	5.5	5.5	5.5	5.5	5.0	4.7
Interest	1.1	1.2	1.3	1.5	1.8	1.3	1.4	1.4
Subsidies to public corporations	0.5	0.6	0.6	0.6	0.6	3.5	3.1	2.8
Social benefits	1.3	1.4	1.3	1.3	1.3	1.3	1.4	1.4
Other expense	5.3	4.8	4.0	4.1	4.2	0.7	2.3	3.7
Capital transfers to SOEs (energy sector)	0.7	0.7	0.7	0.6	0.5	0.0	0.0	0.0
Net acquisition of nonfinancial assets	6.7	7.0	8.7	7.8	7.8	4.8	3.5	2.9
of which Kambarata-1 HPP, CKU railway, and energy program	0.0	0.0	3.5	2.9	2.9	0.0	0.0	0.0
Net lending/borrowing (overall balance)	0.4	0.9	-3.4	-2.8	-3.2	1.4	1.9	2.0
Net acquisition of financial assets	1.9	2.2	1.3	1.0	0.5	2.6	2.4	1.6
Net acquisition of liabilities (borrowing needs)	-1.5	-1.3	-4.7	-3.8	-3.8	-1.2	-0.5	0.4
Memorandum item:								
Nominal GDP (in billions of soms)	1,334	1,523	1,763	1,963	2,185	1,763	1,963	2,185
Nominal GDP growth (percent)	30.7	14.2	15.8	11.3	11.3	15.8	11.3	11.3

Sources: Kyrgyz authorities, and Fund staff estimates and projections.
1/ The State government comprises central and local governments.
2/ Expense includes capital transfers to energy SOEs for the IMF projections and do not include them for the state budget projections.

Sources: Kyrgyz authorities, and Fund staff estimates and projections.
1/ The State Government comprises central and local governments.
2/ Expense includes capital transfers to energy SOEs for the IMF projections and do not include them for the state budget projections.

12. The mission commended the authorities' strong track record in spending restraint and urged them to further strengthen fiscal buffers. Total public debt is projected to remain under 42 percent of GDP in the medium term, which is below the staff's estimated threshold of 50 percent of GDP beyond which long-term fiscal risks begin to emerge (Annex III). While there is a sizeable cushion and the Debt Sustainability Analysis (DSA) indicates that public debt is sustainable, the medium risk of debt distress points to the need for additional fiscal space to improve resilience to shocks. The mission noted that the Covid-19 crisis serves as a stark reminder of how swiftly public debt can expand in response to severe economic shocks – in 2021 Kyrgyz Republic's public debt surged by 16 percentage points of GDP in a single year, posing risks to debt sustainability. Given the current favorable macroeconomic conditions, it is an opportune moment for the authorities to build fiscal buffers by containing fiscal deficits, which would also limit high-cost domestic borrowing and ease inflation pressures. The mission also cautioned that excessive external commercial borrowing could undermine fiscal and debt sustainability.

13. The Kyrgyz Republic has room to create fiscal space for large spending needs on infrastructure, energy, human capital and climate. Tax revenue can be increased by up to 4 percent of GDP in the medium term by streamlining VAT exemptions and special tax regimes; increasing the progressivity of the Personal Income Tax; and improving revenue administration through digitalization, strengthening the taxpayer registry, and enhancing compliance risk management. The mission welcomed the authorities' decision to transfer part of Kumtor's net profits to the budget in 2023 and 2024, and advised that channeling the rest to the treasury would provide an additional fiscal resource of up to 1 percent of GDP. Expenditure optimization measures include reducing energy subsidies by continuing to raise electricity tariffs to reach full cost-recovery by 2030[3], and containing the public wage bill by limiting wage increases to below inflation, reducing headcount through attrition, optimizing wage setting and reviewing employment needs across sectors while maintaining part of compensation as discretionary bonuses (in line with ongoing Fund TA). A comprehensive reform of the public employment and compensation framework would help improve the quality and cost-effectiveness of public services.

14. Stronger Public Financial Management (PFM) can enhance the efficiency of public spending. The publication of a detailed medium-term budget in 2024 was a significant step to increase transparency. PFM reform priorities include implementing IFMIS modules for budget preparation and payroll management; improving the targeting efficiency of social spending; and strengthening public investment management with a PIMA support. Operationalizing an SOE fiscal risks management framework, for which the Fund has provided TA, would help reinforce fiscal discipline. The mission also underscored the importance of transparency of the Stabilization Fund, and offered Fund TA to strengthen its structure and management.

Authorities' Views

15. The authorities broadly agreed with staff's recommendations. They remain committed to preserving fiscal and debt sustainability and expressed strong confidence in their ability to maintain fiscal surpluses in the medium term. They expect continued strong revenue from tax policy and administrative reforms underpinned by high economic growth. They perceive the possible slowdown in VAT collections on imports as a moderate risk and envisage any such revenue losses to be offset by improved tax and customs administration, including thanks to ongoing digitalization, reduction in the shadow economy and broadening of the tax base. The authorities stressed that external commercial borrowing would be used primarily to finance infrastructure and energy projects with high economic and social returns.

[3] Residential tariffs, other than lifeline, were increased by 30 percent on average in May 2023, and an additional 23 percent increase was announced effective May 2025.

B. Monetary, Exchange Rate and Financial Sector Policies

16. Monetary policy should remain data-driven and focused on keeping inflation within the NBKR's target range of 5–7 percent. The direct impact of US tariffs on inflation is likely to be negligible due to limited imports from US, but consumer prices could be affected through global food and energy prices or increased imports from China. Strong GDP (9 percent), credit (34 percent) and real wage (6.9 percent) growth in 2024 coupled with the projected fiscal stimulus suggest persistent demand pressures which warrant timely tightening of interest rates and liquidity if inflation pressures were to persist or rise. The NBKR policy rate should remain sufficiently positive in real terms to prevent entrenchment of inflation expectations, and excess liquidity needs to be drained to contain excessive credit growth and demand. To strengthen monetary policy effectiveness, staff recommends lifting interest rate caps on NBKR notes, lengthening maturities of monetary policy instruments, enhancing liquidity management and curbing subsidized lending through state-owned banks. Staff strongly supports the NBKR's decision to discontinue purchases of domestic gold to prevent further liquidity injections, and to convert part of its non-monetary gold to monetary gold to enhance its international reserves.

17. The External Sector Assessment (ESA) suggests that the external position of the Kyrgyz Republic in 2024 remained substantially weaker than the level implied by medium-term fundamentals and desirable policies. It also found that after adjusting the CA deficit for unrecorded re-exports, the som was overvalued by 9.9 percent. The Kyrgyz som appreciated by 2.4 percent against the US dollar in nominal terms during 2024, and by 6.0 percent in real effective terms due to the inflation differential with trading partners. The NBKR purchased about US$370 million during the first three quarters of 2024, but market conditions have changed since October due to more volatile external environment and deprecation of the ruble, and the NBKR sold US$676 million in the last quarter of 2024. Reserves reached 4.3 months of imports in 2024 thanks to the purchases and the conversion of non-monetary gold to monetary gold, approaching their adequacy level[4], but are projected to decline gradually to 2.7 months by 2030 due to overall BoP deficits and rising imports. The mission emphasized that conversion of the remaining US$700 million worth of non-monetary gold to monetary gold or to FX would bolster reserves by 0.7 months of imports. Greater exchange rate flexibility would further strengthen external buffers. Staff also cautioned the authorities that excessive concentration of reserves in gold, which currently represents around 70 percent of total reserves, exposes reserves to the risk of gold price volatility. Restrictions on exports of cash US dollars introduced in 2023 constitute an outflow CFM under the Institutional View on the Liberalization and Management of Capital Flows.[5] The CFM remains in place, and staff recommended its removal. The Kyrgyz Republic maintains an exchange system free of multiple currency practices.

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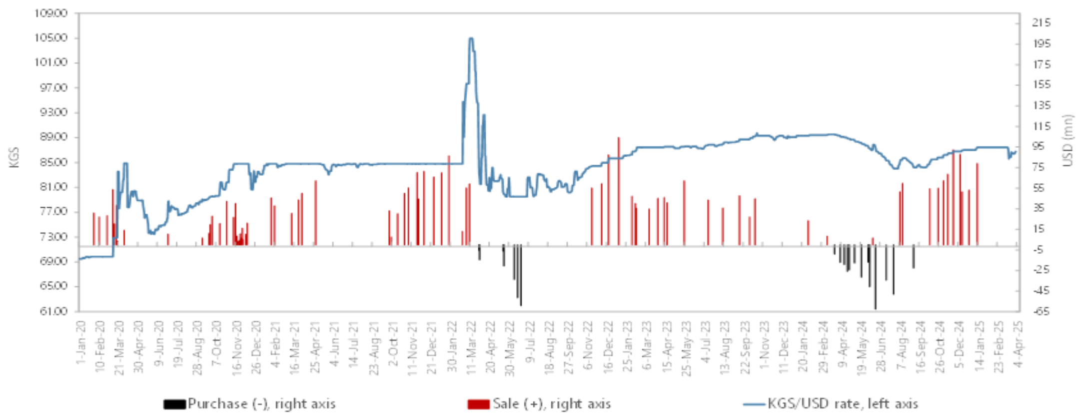
[4] Reserve adequacy for credit constrained economies is assessed at 4.5 months of prospective imports.

[5] In January 2023, the authorities introduced restrictions on the export of cash U.S. dollars from the Kyrgyz Republic, setting different limits for non-residents/foreign citizens (US$5,000) and residents/Kyrgyz citizens (US$10,000). If a resident/Kyrgyz citizen exceeds the US$10,000 limit, a charge of 10 percent is applied to the amount above the limit. In August 2024, the restrictions were eased by lifting them for commercial banks, exchange offices, microfinance and microcredit companies licensed by the NBRK to transact in foreign exchange cash.

Text Figure 1. Kyrgyz Som/US Dollar Rate and NBKRFX Interventions

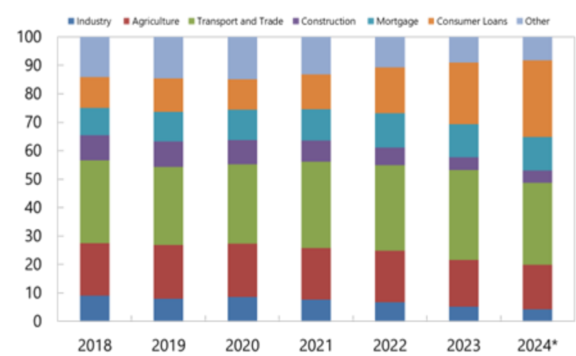


18. Strengthening the autonomy and governance of the NBKR is critical to safeguard its ability to maintain price and financial sector stability. The mission welcomes the NBKR's decision to sell Keremet Bank, the ongoing efforts to phase out its ownership in the Guarantee Fund, and the full repayment of the NBKR loan by the Russian-Kyrgyz Development Fund. NBKR's governance could be further strengthened by implementing the remaining recommendations of the Safeguards Assessment which include an introduction of a non-executive majority to the NBKR's board and the audit committee. Moreover, the repeated transfers of NBKR profits to the budget even as its capital remains below the statutory threshold constitutes fiscal dominance. It weakens the NBKR's credibility and institutional integrity, unduly increases liquidity, and adds to inflation pressures. The entrenched expectations of regular profit transfers also carry a risk of diverting the NBKR's focus from its price stability mandate to generating additional income through non-core activities such as gold operations in international markets. The mission strongly recommends discontinuing this practice and upholding the provisions related to NBKR capital in the constitutional law on the NBKR.

19. The authorities' legislative initiatives about digital assets require further scrutiny. While a digital som could enhance payment efficiency and financial inclusion, it could also impact financial stability, integrity, monetary policy, and the banking system. The design of the digital som should encourage its use primarily as a means of payment and be backed by a clear legal and regulatory framework, robust cybersecurity measures, AML/CFT controls and international cooperation to address cross-border issues. Trading in crypto assets and establishment of crypto banks, especially if integrated with traditional banking, could give rise to systemic vulnerabilities due to inherent volatility of crypto assets, coupled with ML/TF and fraud risks. Granting a legal tender status to crypto assets should be avoided to safeguard monetary sovereignty and stability and ensure consumer protection. The regulatory framework should integrate the standards of the FATF and Basel Committee on Banking Supervision for crypto assets, including risk-based capital charges, robust risk management, and clear categorization and reporting of crypto assets. The mission offered Fund technical assistance in this area.

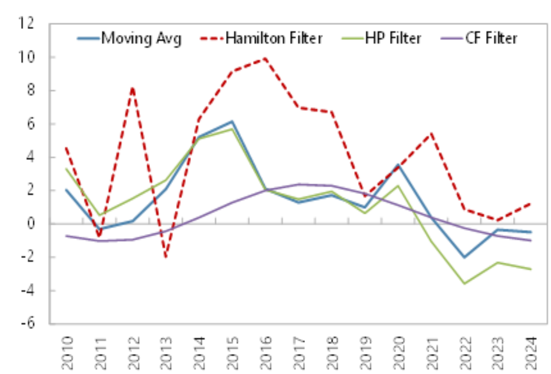
20. Systemic risks to the financial sector are contained, but supervisory vigilance is warranted in view of heightened uncertainty. Banks are well capitalized and liquid, but NPLs remain elevated at over 10 percent of total loans, which suggests pockets of vulnerability. Despite high interest rates, credit grew by 34 percent in 2024. Consumer loans surged, rising from 11 percent of total loans in 2020 to 27 percent by end-2024 with 68 percent classified as long-term. While the credit gap is negative, its upward trajectory and the shift towards debt-driven consumption suggest heightened risks. Staff discussed the NBKR's stress-test results and urged the authorities to consider proactive macroprudential measures such as building countercyclical capital buffers, limits on loan-to-value ratios, and enhancing liquidity requirements to mitigate risks and ensure resilience to shocks. To support securities market development, the capital markets legislation should be aligned with international standards and clearly define the roles and functions of Central Security Depositories, custodians, registrars, and settlement agents. The initial assessment of recent sanctions by the US on one commercial bank suggests a limited impact on the banking sector as the action is viewed as bank-specific and not affecting the country.

Text Figure 2.1. Credit to Different Sectors (percent of total)



Sources: NBKR data and IMF staff calculations.

Text Figure 2.2. Credit Gap (calculated through different measures)



Source: IMF staff estimates.

Authorities' Views

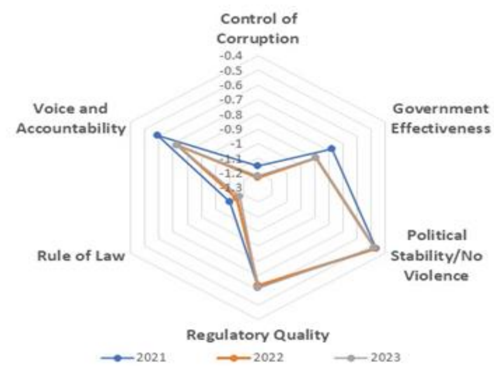
21. The authorities and staff shared the view that inflation is becoming increasingly demand driven. The NBKR reaffirmed its strong commitment to its price stability mandate and its readiness to implement the necessary policy measures to keep inflation within the target range of 5–7 percent. It noted that its gold operations, including conversions of non-monetary to reserve assets, would remain guided by its reserve management strategy. They also acknowledged the risks and challenges related to crypto assets and requested Fund technical assistance on crypto assets and risk-based payment systems.

C. Structural Reforms

22. Structural reforms remain crucial to enhance sustainable and inclusive growth. The Kyrgyz Republic scores below its peers on most World Governance Indicators (WGI), and especially on Control of Corruption, the Rule of Law, and Government Efficiency. Moreover, the country's rating has worsened since 2021 on almost all WGIs. Key reform areas to focus on include improving governance and SOE management, strengthening competition, reforming the electricity sector, and bolstering labor markets. These reforms are estimated to raise the growth potential by about 2.5 percentage points per year[6] and generate new jobs for the young and growing population. Closing gender gaps in the labor market and addressing the risks of climate change would yield additional output gains and strengthen resilience.

Text Figure 3.1. World Governance Indicators, 2023 (Score, higher =better)

Text Figure 3.2. World Governance Indicators 2021-2023 (Score, higher=better)



23. Good governance is essential for fostering a transparent and accountable public sector. In 2024 the Kyrgyz authorities adopted an Anti-Corruption Strategy for 2025-2030, which emphasizes the need for comprehensive legal and institutional reforms to combat corruption. An anti-corruption unit was recently created in the Ministry of Finance, which is developing an ambitious action plan. The authorities' strategic priorities include modernizing anti-corruption legislation; enhancing income and asset disclosure by public officials and public access to government information; improving transparency and efficiency of public procurement and management of SOEs; developing digital governance; strengthening the rule of law; and reducing administrative barriers for businesses. If effectively implemented, these reforms would lay the foundation for a more resilient and dynamic economy, fostering sustainable development and improving the quality of life for all. The mission stressed that protection of property rights, avoiding state monopolies and fostering competition are crucial for building trust in public institutions and improving the business climate to encourage private investment and innovation. The AML/CFT regime needs to be strengthened by improving the risk-based AML/CFT supervision and monitoring of cross-border activities. To support the authorities' efforts in addressing governance vulnerabilities, the mission offered the Fund's Governance Diagnostics and Fiscal Transparency Assessment.

[6] 'Paving the Way to More Resilient, Inclusive and Greener Economies in the Caucasus and Central Asia', MCD Departmental Paper DP/2023/004.

24. SOEs can pose significant fiscal risks, distort competition, and undermine market efficiency due to their privileged access to resources. SOE management in the Kyrgyz Republic faces several challenges, including fragmented legal frameworks, conflicting objectives, soft budget constraints resulting in chronic weak financial performance, especially in the energy sector, and inadequate oversight mechanisms. The State Agency on State Property Management (SASPM) monitors contingent liabilities and the financial performance of SOEs through standard annual reporting, the timeliness and the content of which can be improved further to help provide strategic guidance. The state should also develop a comprehensive SOE ownership and management strategy that defines the government's policy objectives for SOEs and improves corporate governance, oversight, reporting and disclosure frameworks. The strategy should guide the decisions about which SOEs to retain based on their strategic importance, the nature of their activity and their financial viability. Divestiture from non-strategic commercial SOEs through an open and transparent privatization process would enhance the role of the private sector and generate significant resources for government's priority spending.

25. The Kyrgyz Republic has significant opportunities to enhance its labor market for inclusive and sustainable growth (see Selected Issues Paper on Labor Market Challenges). Reforms should focus on increasing labor market flexibility, strengthening social safety nets, and expanding active labor market programs such as vocational training and job search assistance. Education system improvements are critical to addressing skills gaps, reducing unemployment and informality, and mitigating emigration of skilled workers. Labor force participation for women remains significantly lower than for men, with only 45 percent of working-age women employed compared to 70 percent of men. Women are predominantly employed in the informal sector with low wages, minimal job security, and limited opportunities for advancement. Boosting female employment by 10 percent could unlock an additional 4-5 percent in GDP growth by 2050. Affordable childcare, flexible work arrangements, and targeted skills training can enhance female labor force participation.

26. The authorities have developed ambitious plans to reduce carbon emissions and adapt to climate change. Though a minor emitter of greenhouse gases, the country is vulnerable to climate change due to its mountainous terrain and significant agricultural sector. Recognizing these challenges, the National Development Strategy for 2018-2040 prioritizes climate change adaptation and disaster risk reduction. In its updated Nationally Determined Contribution the country has also committed to reducing emissions by 15.97 percent unconditionally and by 43.62 percent conditional on external financing by 2030. The National Green Economy Program for 2025-28 outlines priority areas such as enhancing energy efficiency, improving mineral resource management, increasing hydropower capacity, and promoting low carbon transportation, sustainable agriculture, tourism and water and waste management practices. The authorities have secured US$50 million from the Asia Development Bank and the Green Climate Fund to finance these initiatives and are seeking more financial support from development partners.

Authorities' Views

27. The authorities agreed that structural reforms are essential for higher and more inclusive growth. They stressed their commitment to public administration and governance reforms and expressed strong confidence that their new anti-corruption strategy and its enforcement measures would yield tangible results soon. They underscored the importance of regulatory reforms such as simplified electronic invoicing, improved tax and customs administrations, ongoing reforms in the energy sector to eliminate subsidies, and the easing of the administrative burden on the private sector. They remain committed to addressing climate risks, including through significant investment in hydropower capacity and environmentally friendly transportation and tourism, but noted that insufficient financing was a significant constraint.

D. Data Adequacy

28. Data quality has shortcomings but is broadly adequate for surveillance. The main challenge is the exceptionally high errors and omissions in the balance of payments. Staff recommended that the authorities explore alternative data sources, such as mirror trade statistics, and banking and fiscal data, and reiterated the availability of Fund technical assistance in this area. Improvements in national accounts are also needed to reduce the frequency of revisions. With support from CCAMTAC, the authorities are working to develop and publish discrete quarterly GDP estimates. In addition, STA is providing technical assistance to address discrepancies in public debt statistics arising from the use of cash versus accrual accounting.

STAFF APPRAISAL

29. The Kyrgyz Republic has demonstrated remarkable resilience amidst global economic uncertainty. The economy has sustained robust growth supported by considerable expansion of external trade, inflows of remittances and labor, and resilient domestic demand. Inflation has moderated to mid-single digits, though underlying demand pressures warrant vigilance to keep inflation within the central bank's target range. Lower public debt provides the needed fiscal space for priority investment in public infrastructure, energy generation capacity and human capital development.

30. Looking ahead, economic activity is expected to moderate from the exceptionally high levels of the past three years as re-export trade normalizes. Growth is projected to converge to its potential rate of 5¼ percent in the medium term, but the outlook is highly uncertain and depends on regional geopolitical developments. A further escalation of sanctions on Russia could weaken remittances and growth due to a depreciation of the ruble and slower growth in Russia. Conversely, a lasting peace in the region could have the opposite impact, but may also unwind some of the trade and financial flows that have boosted growth in recent years. In an increasingly uncertain world, the medium-term priority is to strengthen resilience of the Kyrgyz economy to future shocks by rebuilding policy buffers and enhance prospects for higher and more inclusive growth through structural reforms.

31. Strong revenue performance and a prudent fiscal stance coupled with high GDP growth have contained public debt. To further strengthen fiscal sustainability and create fiscal space for large development needs, the authorities should enhance tax policy by reducing tax exemptions and special tax regimes, increasing progressivity of the Personal Income Tax, and further strengthening revenue administration. Containing the public wage bill and energy subsidies, channeling Kumtor profits to the budget, and privatization of nonstrategic commercial SOEs would also contribute to fiscal sustainability and provide additional fiscal resources. Containing fiscal deficits would also limit borrowing and ease inflation pressures.

32. **Preserving monetary policy independence is essential to contain inflationary pressures and maintain price stability.** In view of robust domestic demand, further efforts are needed to ensure that inflation remains within the central bank's target range. Tightening of interest rates and liquidity conditions might be warranted, if inflation pressures persist or rise. Monetary policy effectiveness could be enhanced by lifting interest rate caps, extending instrument maturities, phasing out subsidized lending, and enhancing exchange rate flexibility. Staff supports the discontinuation of domestic gold purchases by the NBKR and recommends halting NBKR profit transfers to the budget until its capital reaches the statutory threshold.

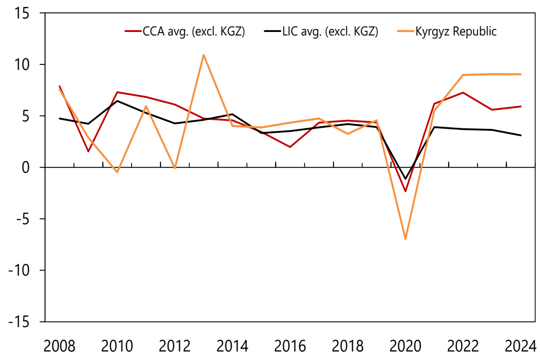
33. **Sustaining high growth rates requires structural reforms to increase productivity and improve the business climate.** Priority reform areas include governance and SOE management, competition policies, labor markets, and climate adaptation. If duly implemented, the authorities' anti-corruption strategy could lay a solid foundation for a more resilient and dynamic economy. Strengthening the rule of law and protection of property rights, reducing the SOE footprint and enhancing competition are crucial for building trust in public institutions and improving the business climate to encourage private investment and innovation. Reforms aimed at increasing labor market flexibility, reducing gender gaps, and improving social safety nets would also support more inclusive economic growth, while investments in sustainable energy and infrastructure, and health and education remain vital to enhance resilience to climate risks.

34. **Staff recommends that the next Article IV consultation is held on a standard 12-month cycle.**

Figure 1. Kyrgyz Republic: Real Sector and Social Indicators

Growth outpaced comparators for the past 3 years

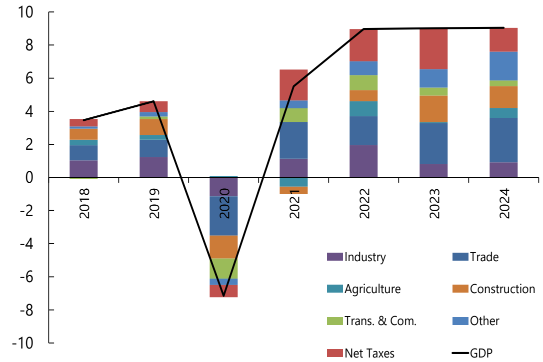
Real GDP Growth
(Percent)



Sources: country authorities and IMF staff estimates.

thanks to trade and construction

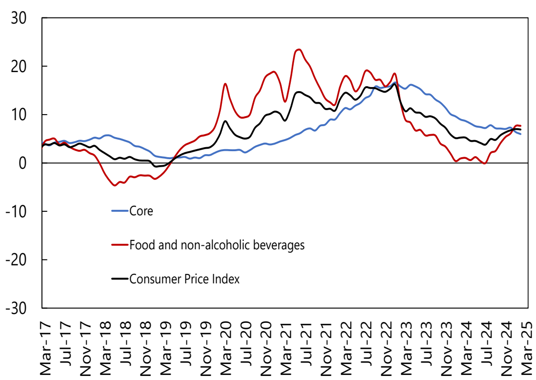
Contribution to GDP Growth
In percent, year on year change)



Sources: country authorities and IMF staff estimates.

Inflation eased, but food prices are rising

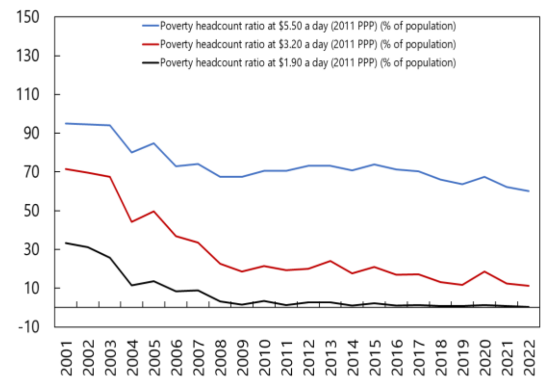
Headline Inflation
(In percent, year on year change)



Source: country authorities.

threatening recent poverty reduction

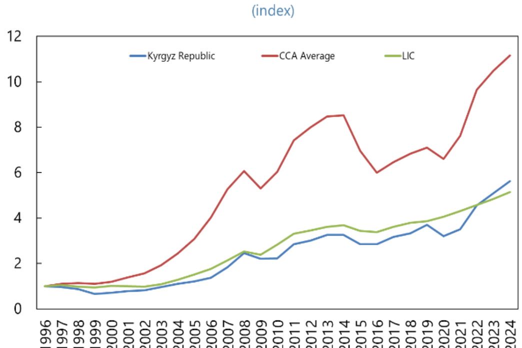
Poverty Rate
(Percent of population)



Source: World Development Indicators, World Bank.

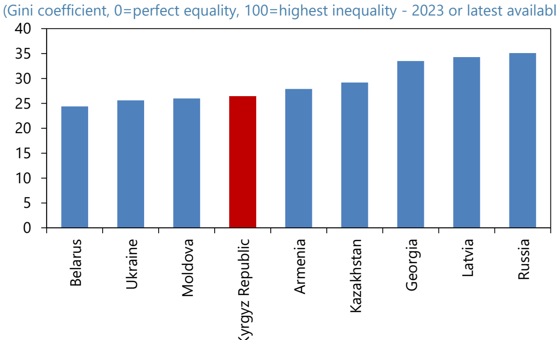
Per capita income rose sharply since 2021…

GDP per capita
(index)



but income inequality remains significant.

Income inequality in selected CIS and Baltic states
(Gini coefficient, 0=perfect equality, 100=highest inequality - 2023 or latest available)



Source: country authorities.

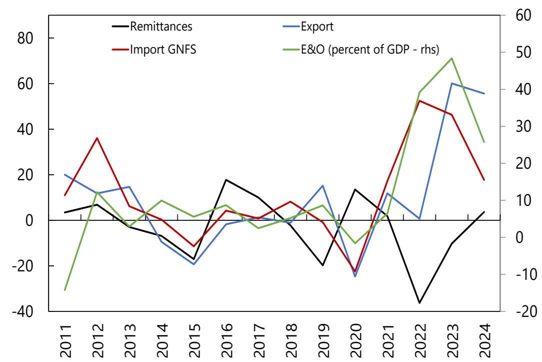
Figure 2. Kyrgyz Republic: External and Monetary Sectors

External accounts are undermined by large errors and omissions…

offsetting the sizable CA deficit.

Elements of the Current Account

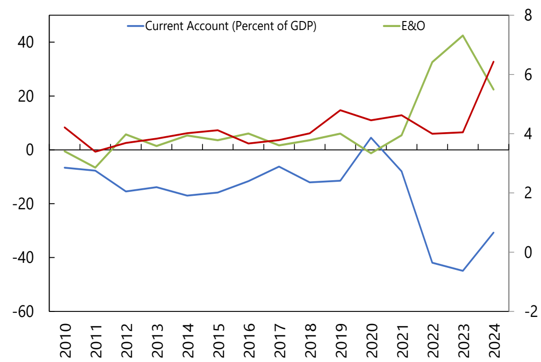
(Percent change, except where noted)



Source: country authorities

CA Deficit and International Reserves

(In percent of GDP)



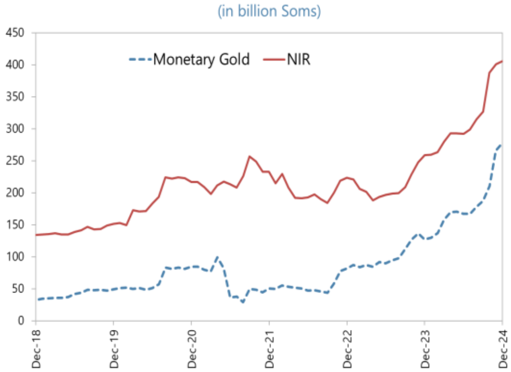
Sources: country authorities.

The conversion of non-monetary gold to monetary gold boosted international reserves

The exchange rate appreciated in real effective terms…

International Reserves

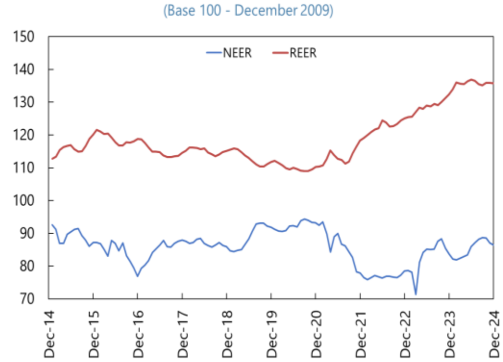
(in billion Soms)



Sources: country authorities

Nominal and Real Effective Exchange Rates, 2014-24

(Base 100 - December 2009)



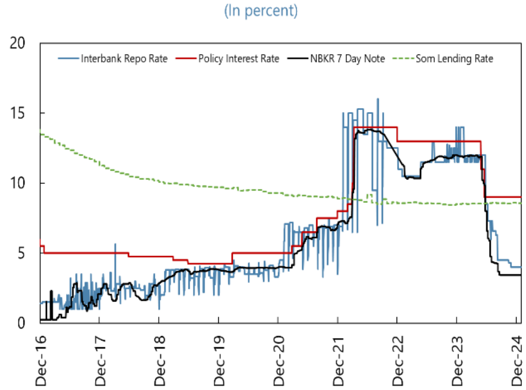
Sources: country authorities; and IMF staff estimates.

while interest rates declined…

and money and credit increased

Interest Rate Corridor and Market Interest Rates, 2016-24

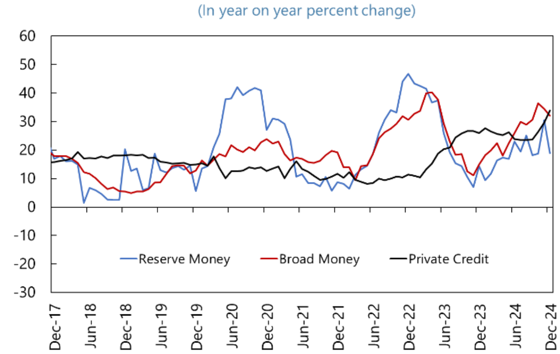
(In percent)



Source: country authorities.

Monetary Aggregates and Credit

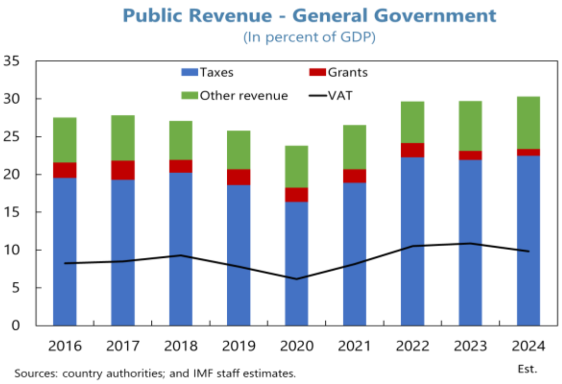
(In year on year percent change)



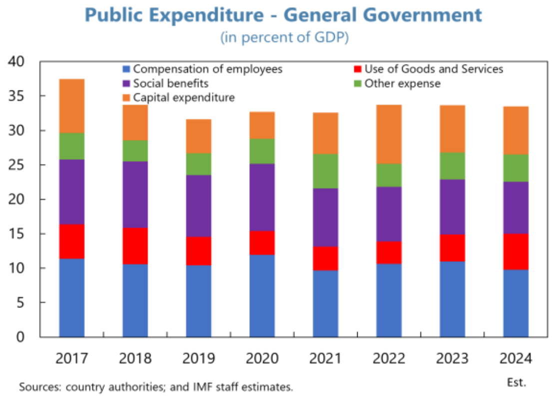
Source: country authorities.

Figure 3. Kyrgyz Republic: Fiscal Sector

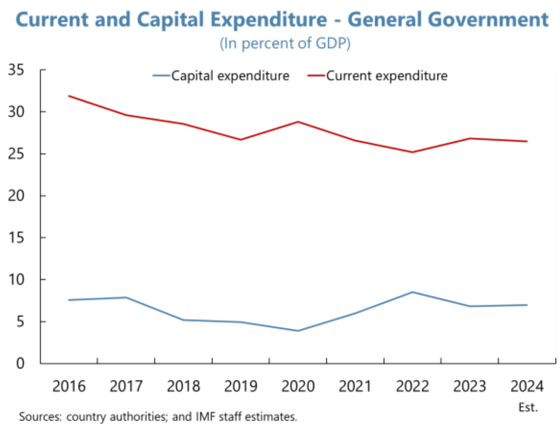
VAT on imports is ebbing but revenue remains strong,



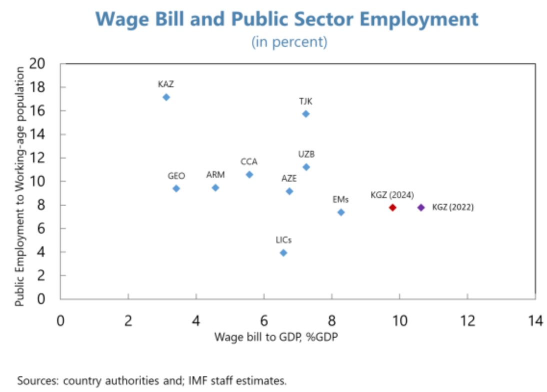
while expenditure is contained.



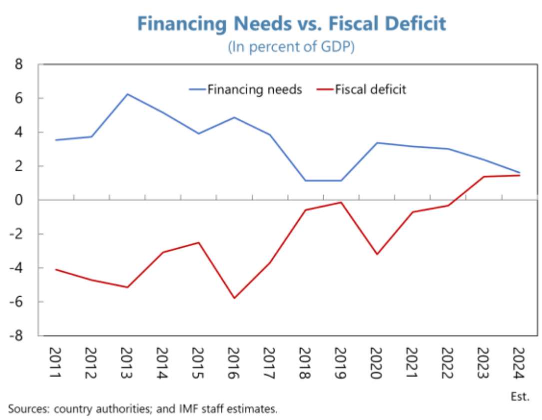
Current and capital expenditure stabilized….



and the wage bill declined, but remains comparatively high.



Despite the fiscal surplus, below-the-line spending is driving financing needs.



Total public debt continued to decline thanks to fiscal discipline and strong nominal GDP growth..

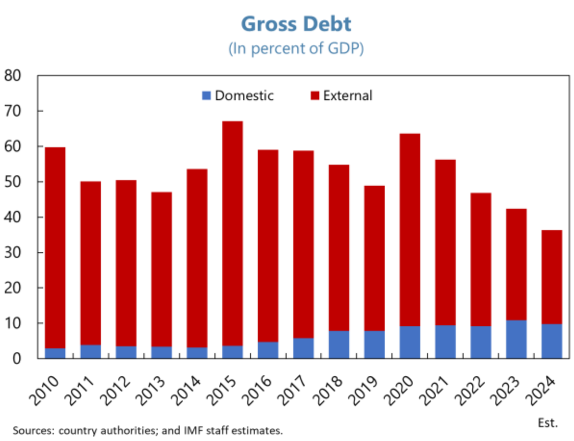
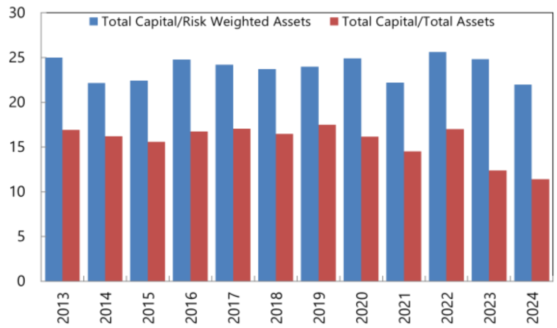


Figure 4. Kyrgyz Republic: Financial Soundness Indicators

Kyrgyz banks remain well capitalized...

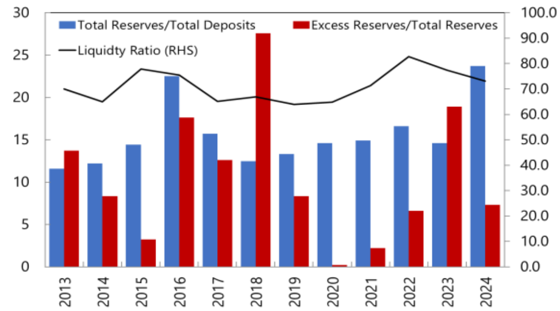
Capital Adequacy Ratio
(In percent)



Source: country authorities.

and liquid.

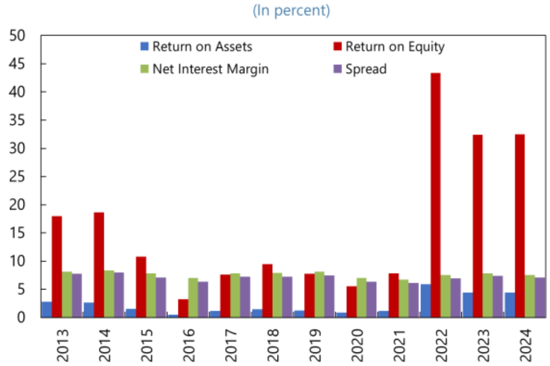
Banking System Liquidity
(In percent)



Source: country authorities.

Profitability remained strong ...

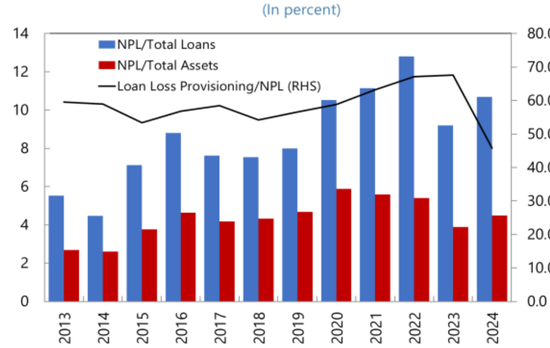
Profitability
(In percent)



Source: country authorities.

but NPLs remain high.

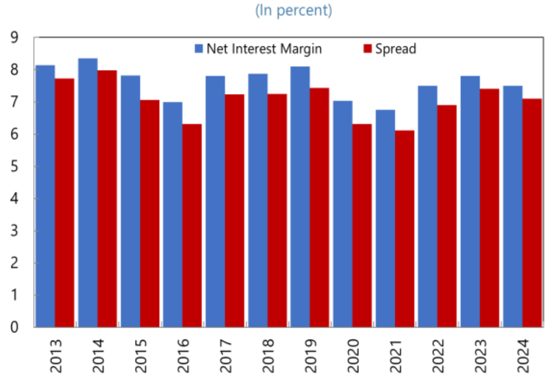
Asset Quality
(In percent)



Source: country authorities.

Key indicators of banking income remained stable ...

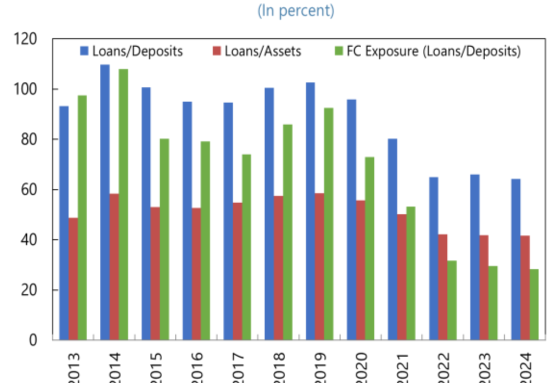
Spread and Net Interest Margin
(In percent)



Source: country authorities.

while FX exposure stayed at a 10-year low.

Loan Structure
(In percent)



Source: country authorities.

Table 1. Kyrgyz Republic: Selected Economic Indicators, 2023-30

I. Social and Demographic Indicators

Population (in millions, 2023)	7.2	GINI Index (2022)	0.26
Unemployment rate (ILO, in percent, 2023)	4.1	Life expectancy at birth in years (2022)	72.1
Poverty rate (in percent, national definition, 2023)	29.7	Adult literacy rate (percent of popul., 2019)	100
Per capita GDP (World Bank, in million U.S. dollars, 2023)	1,970	Under-five mortality (per 1000 live births, 2022)	17.3

II. Economic Indicators

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Real sector								
Nominal GDP (in billions of soms)	1,334	1,523	1,763	1,963	2,185	2,416	2,675	2,958
Nominal GDP (in millions of U.S. dollars)	15,148	17,722	19,849	21,222	22,807	24,427	26,202	28,068
Real GDP (growth in percent)	9.0	9.0	6.8	5.3	5.8	5.3	5.4	5.3
Nongold real GDP (growth in percent)	11.0	10.3	6.9	5.3	5.8	5.3	5.3	5.3
GDP per capita (in U.S. dollars)	2,185	2,504	2,747	2,879	3,030	3,178	3,342	3,506
Consumer prices (12-month percent change, eop)	7.3	6.3	6.0	5.5	5.0	5.0	5.0	5.0
Consumer prices (12-month percent change, average)	10.8	5.0	7.0	5.7	5.2	5.0	5.0	5.0
General government finances (in percent of GDP) 1/								
Revenue	34.5	35.6	32.1	31.8	31.4	31.4	31.1	30.8
Of which: Tax revenue	21.9	22.5	21.4	21.1	21.0	21.0	20.8	20.7
Expense	26.1	26.6	26.8	26.8	26.8	26.9	26.9	26.8
Gross operating balance	8.4	9.0	5.3	5.0	4.6	4.5	4.2	4.1
Net acquisition of nonfinancial assets	6.8	7.1	8.7	7.8	7.9	7.9	6.9	7.1
Overall balance (net lending/borrowing) 2/	1.6	1.9	-3.4	-2.8	-3.2	-3.3	-2.6	-3.0
Net lending/borrowing excluding CKU railways	1.6	1.9	-2.5	-2.0	-2.5	-2.6	-2.0	-2.4
Primary net lending/borrowing	2.6	2.7	-2.2	-1.4	-1.5	-1.4	-0.5	-0.8
Total state government debt 3/	42.0	36.6	38.5	39.5	40.3	41.2	41.3	41.9
Of which domestic debt	10.9	9.7	9.4	8.7	8.4	7.8	8.5	9.6
Monetary sector								
Reserve money (percent change, eop)	9.9	17.5	12.1	11.6				
Broad money (percent change, eop)	15.0	31.9	14.9	12.0				
Credit to private sector (percent change, eop)	25.9	33.9	15.3	13.0				
Credit to private sector (in percent of GDP)	19.8	23.3	23.2	23.5				
Velocity of broad money 4/	2.6	2.3	2.3	2.3				
Policy Rate	13.0	9.0	…	…				
External sector								
Current account balance (in percent of GDP)	-45.0	-30.7	-8.5	-7.5	-8.5	-7.3	-7.0	-6.4
Export of goods and services (in millions of U.S. dollars)	5,522	9,130	12,667	12,990	13,230	14,002	14,462	15,085
Export growth (percent change)	52.0	65.3	38.7	2.6	1.8	5.8	3.3	4.3
Import of goods and services (in millions of U.S. dollars)	14,461	17,244	17,315	17,774	18,618	19,578	20,142	21,049
Import growth (percent change)	35.6	19.2	0.4	2.7	4.8	5.2	2.9	4.5
Gross International reserves (in millions of U.S. dollars) 5/	3,044	4,684	4,597	4,535	4,482	4,437	4,393	4,358
Gross reserves (months of next year imports, eop)	2.1	3.2	3.1	2.9	2.7	2.6	2.5	2.3
Gross reserves (months of next year imports adjusted for re-exports, eop)	2.3	4.3	4.0	3.7	3.4	3.2	3.0	2.7
External public debt outstanding (in percent of GDP)	31.1	26.9	29.0	30.8	31.9	33.3	32.8	32.3
External public debt service-to-export ratio (in percent)	6.4	3.6	3.8	4.2	4.3	4.3	5.0	5.0
Memorandum items:								
Exchange rate (soms per U.S. dollar, average)	87.8	87.1	…	…	…	…	…	…
Real effective exchange rate (2010=100) (average)	116.1	121.6	…	…	…	…	…	…

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ General government comprises the State government, the Social Fund, and the Mandatory Health Insurance Fund (MHIF). The State government comprises central and local governments.
2/ Includes loans by the State government to state-owned enterprises in the energy sector.
3/ Calculated at end-period exchange rates.
4/ Twelve-month GDP over end-period broad money.
5/ Gross international reserves exclude reserve assets in non-convertible currencies.

Table 2. Kyrgyz Republic: National Accounts, 2023-30
(in percent)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
				(growth rate in real terms)				
Agriculture, Hunting, Fishing, Forestry	0.6	6.3	3.5	3.0	3.0	3.0	3.0	3.0
Industry	4.8	5.6	7.1	5.2	7.9	12.2	8.4	5.1
Construction	22.7	18.0	18.0	14.0	19.0	14.0	13.0	13.0
Transport	7.7	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Communication	11.3	6.7	5.0	5.0	5.0	5.0	5.0	5.0
Trade	16.2	16.3	11.5	5.5	5.5	5.5	5.5	5.5
Other	3.6	6.0	2.0	3.0	3.0	3.0	3.5	3.5
Net Taxes on Products	17.9	9.2	6.5	5.0	5.0	5.0	5.0	5.0
Gross Domestic Product	9.0	9.0	6.8	5.3	5.8	5.3	5.4	5.3
Gold 1/	-3.7	-26.2	4.0	3.7	9.4	18.3	10.5	3.6
Non-Gold GDP1	11.0	10.3	6.9	5.3	5.8	5.3	5.3	5.3
Memorandum items:				(In billions of soms)				
Gross Domestic Product	1,334	1,523	1,763	1,963	2,185	2,416	2,675	2,958
Gold	76	85	111	127	141	177	206	224
Non-Gold GDP	1,257	1,438	1,652	1,836	2,044	2,238	2,469	2,734

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ Staff estimate.

Table 3. Kyrgyz Republic: Balance of Payments, 2023-30

(Millions of U.S. dollars, unless otherwise indicated)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Current account balance	-6,822	-5,448	-1,692	-1,593	-1,933	-1,790	-1,828	-1,793
Excluding transfers	-9,133	-8,314	-4,865	-5,100	-5,814	-6,091	-6,322	-6,622
Trade balance	-8,287	-7,984	-4,592	-4,800	-5,303	-5,458	-5,502	-5,791
Exports, fob 1/	3,385	5,559	8,928	9,102	9,224	9,823	10,117	10,503
CIS countries	1,610	3,384	6,269	6,227	6,142	6,162	6,055	6,236
CIS countries w/o Re-exports	1,610	1,984	2,019	2,190	2,286	2,461	2,557	2,930
Of which: Energy products	104	103	102	103	104	106	110	110
Re-exports to CIS Countries	0	1,400	4,250	4,038	3,856	3,702	3,498	3,306
Non-CIS countries	1,775	2,175	2,659	2,875	3,082	3,660	4,062	4,267
Of which: Gold	1,284	1,553	1,932	2,112	2,264	2,770	3,115	3,283
Imports, fob	11,672	13,543	13,520	13,902	14,527	15,281	15,619	16,293
CIS countries	3,563	5,199	5,160	4,963	5,053	5,139	5,416	5,504
Of which: Energy	890	1,211	1,157	1,114	1,118	1,133	1,157	1,185
Non-CIS countries	8,109	8,344	8,360	8,939	9,474	10,141	10,204	10,789
Services	-651	-130	-56	16	-85	-117	-178	-173
Receipts	2,137	3,571	3,738	3,888	4,006	4,179	4,345	4,583
Payments	-2,788	-3,701	-3,795	-3,872	-4,091	-4,297	-4,523	-4,755
Income	-194	-199	-217	-317	-426	-516	-641	-658
Interest payments	-98	-59	-58	-146	-233	-313	-395	-428
Other net income	-96	-140	-159	-170	-193	-203	-247	-230
Current Transfers (net)	2,311	2,865	3,173	3,507	3,881	4,301	4,493	4,829
Of which: Private	2,306	2,795	3,150	3,484	3,857	4,277	4,470	4,805
Capital Account	221	256	279	281	285	295	300	305
Official	191	147	166	161	162	163	164	165
Private	30	35	37	40	44	47	51	55
Financial account	158	1,050	1,371	1,277	1,619	1,470	1,505	1,464
Commercial banks	-217	-185	-175	-167	-158	-150	-143	-171
Medium- and long-term loans (net)	249	351	971	833	831	926	535	529
Disbursement	788	865	1,694	1,555	1,534	1,622	1,294	1,322
Public	517	554	1,341	1,177	1,128	1,187	827	822
Private	270	311	353	378	406	435	467	500
Amortization	-538	-515	-723	-721	-704	-696	-758	-793
Public	215	215	413	409	356	317	352	357
Private	323	300	310	312	348	379	406	436
Foreign direct investment	151	741	675	705	850	869	1057	1232
Portfolio investment	0	0	0	0	0	0	0	0
Other (including SDR allocation)	0	0	0	0	0	0	0	0
Net short-term flows	-26	143	-100	-95	97	-175	55	-125
Errors and omissions 2/	6,450	3,971	0	0	0	0	0	0
Overall balance	6	-171	-43	-35	-28	-26	-24	-24
Financing	-6	171	43	35	28	26	24	24
Net international reserves	-6	-1,722	43	35	28	26	24	24
Gross official reserves (–, increase)	64	-1,640	87	63	53	45	43	35
IMF	-71	-82	-44	-28	-24	-19	-19	-12
Exceptional financing (including arrears)	0	0	0	0	0	0	0	0
Conversion of non-monetary gold into monetary gold 3/	0	1,893	0	0	0	0	0	0
Financing gap	0	0	0	0	0	0	0	0
Memorandum items:								
GDP (in millions of U.S. dollars)	15,148	17,722	19,849	21,222	22,807	24,427	26,202	28,068
Current account balance (percent of GDP)	-45.0	-30.7	-8.5	-7.5	-8.5	-7.3	-7.0	-6.4
Current account balance excluding official transfers (percent of GDP)	-45.1	-31.1	-8.6	-7.6	-8.6	-7.4	-7.1	-6.5
Growth of exports of GNFS (volume, percent)	60.1	55.6	35.8	4.1	1.7	5.4	3.1	4.1
Growth of imports of GNFS (volume, percent)	46.3	17.7	0.6	2.4	3.6	3.9	1.6	3.2
Terms of trade (goods, percentage change)	4.6	1.0	0.9	-1.2	-0.8	-0.7	-0.9	-0.8
Gold price (U.S. dollars per ounce)	1,943	2,387	2,948	3,107	3,043	3,148	3,203	3,259
Fuel Price Index (2005=100)	189.5	179.5	175.0	165.6	158.6	155.4	153.6	152.3
External Public Debt (in millions of U.S. dollars) 4/	4,653	4,718	5,645	6,412	7,160	8,011	8,466	8,920
As percent of GDP	31.1	26.9	29.0	30.8	31.9	33.3	32.8	32.3
External public debt service-to-exports ratio 4/ 5/	6.4	3.6	3.8	4.2	4.3	4.3	5.0	5.0
Gross reserves 6/	3,044	4,684	4,597	4,535	4,482	4,437	4,393	4,358
In months of subsequent year's imports	2.1	3.2	3.1	2.9	2.7	2.6	2.5	2.3
In months of subsequent year's imports (adjusted for re-exports)	2.3	4.3	4.0	3.7	3.4	3.2	3.0	2.7

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ Total export number includes the staff assessed re-exports for the second half of 2024 and outer years.

2/ Errors and omission for 2024 reflect the actual figure for the first half of the year

3/ This is the amount of increae in monetary gold holdings of NBKR during 2024, which includes conversion of NM gold and also some purchases from domestic market.

4/ Public and publicly-guaranteed debt.

5/ Net of rescheduling.

6/ Valued at end-period exchange rate. Gross international reserves exclude reserve assets in non-convertible currencies.

Table 4. Kyrgyz Republic: NBKR Accounts, 2023-26

	2023	2024	2025	2026
		Est.	Proj.	Proj.
	(In millions of soms)			
Net foreign assets	277,568	429,572	425,697	422,439
Net international reserves 1/	258,986	406,015	402,140	398,882
Long-term foreign liabilities	-10,205	-12,905	-12,905	-12,905
Other foreign assets	28,787	36,462	36,462	36,462
Net domestic assets	-27,622	-135,925	-96,567	-55,260
Net claims on general government	-32,076	-21,401	-16,139	-15,875
Of which: Total government deposits (including foreign exchange deposits)	-42,492	-42,129	-41,865	-41,601
Of which: Securitized government debt	10,416	20,727	25,727	25,727
Claims on commercial banks	-68,193	-73,122	-59,026	-27,984
Of which: NBKR notes	-54,282	-1,107	-23,019	-13,581
Claims of other financial corporations	-1,608	-2,575	-2,575	-2,575
Other items net 2/	74,255	-38,827	-18,827	-8,827
Reserve money	249,946	293,647	329,130	367,179
Currency in circulation	207,251	240,425	273,178	304,758
Commercial banks' reserves	42,695	53,222	55,952	62,420
Of which: Required reserves	32,004	43,529	50,357	56,241
	(Contribution to reserve money growth, in percentage point) 3/			
Net foreign assets	23.7	60.8	-1.3	-1.0
Net domestic assets	-13.8	-43.3	13.4	12.6
Of which: Net claims on general government	-2.6	4.3	1.8	0.1
Reserve money	9.9	17.5	12.1	11.6
Of which: Currency in circulation	3.7	13.3	11.2	9.6
Memorandum items:				
Gross International Reserves (in millions of U.S. dollars)	3,044	4,684	4,597	4,535
Exchange rate, som per U.S. dollar, end of period	89.1	87.0	90.7	94

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ Gross international reserves exclude reserve assets in non-convertible currencies.

2/ Includes holdings of non-monetary gold.

3/ Contribution is defined as change of asset stock relative to previous end-year reserve money stock (in percent).

Table 5. Kyrgyz Republic: Monetary Survey, 2023-26

	2023	2024	2025	2026
		Est.	Proj.	Proj.
	(In millions of soms)			
Net foreign assets	364,037	548,853	544,978	541,720
Net domestic assets	146,233	124,256	228,478	324,821
Domestic credit	219,438	322,986	383,207	439,551
Net claims on general government	-45,259	-31,543	-25,566	-22,161
Credit to the rest of the economy 1/	264,697	354,529	408,774	461,711
Of which: In foreign exchange	56,839	68,368	78,829	89,038
Other items net	-73,205	-198,730	-154,730	-114,730
Broad money (M2X)	510,269	673,109	773,456	866,541
Of which:				
Broad money, excluding foreign exchange deposits (M2)	373,629	489,407	561,730	645,670
Currency held by the public	178,765	205,866	234,933	304,758
Total domestic currency deposit liabilities	194,865	283,541	326,796	340,912
	(Contribution to broad money growth, in percent) 2/			
Net foreign assets	15.9	36.2	-0.6	-0.4
Net domestic assets	-0.9	-4.3	15.5	12.5
Domestic credit	9.0	20.3	8.9	7.3
Net claims on general government	-3.2	2.7	0.9	0.4
Credit to the rest of the economy	12.3	17.6	8.1	6.8
Other items (net)	-9.9	-24.6	6.5	5.2
Broad money (M2X)	15.0	31.9	14.9	12.0
Of which:				
Broad money, excluding foreign exchange deposits (M2)	8.6	22.7	10.7	10.9
Currency held by the public	0.5	5.3	4.3	9.0
Total deposit liabilities	8.1	17.4	6.4	1.8
Memorandum items:				
Broad money (M2X) (12-month change, in percent)	15.0	31.9	14.9	12.0
Credit to the rest of the economy (12-month change, in percent) 2/	25.9	33.9	15.3	13.0
Credit to the rest of the economy (in percent of GDP)	19.8	23.3	23.2	23.5
M2X velocity 3/	2.6	2.3	2.3	2.3
M2X multiplier	2.0	2.3	2.4	2.4

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ Includes lending by the Russia-Kyrgyz Development Fund via banks.

2/ Contribution is defined as change of asset stock relative to previous end-year broad money stock (in percent).

3/ Twelve-month GDP over end-period broad money.

Table 6. Kyrgyz Republic: State Government Finances, 2023-30[1]

(In millions of soms)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenues	391,875	463,800	482,718	532,713	589,037	653,691	719,774	791,082
Taxes	289,599	343,396	378,172	414,928	458,066	507,943	556,501	611,657
Taxes on income, profits, and capital gains	75,868	100,222	109,964	122,281	135,906	153,640	170,957	187,011
Payable by individuals	25,164	30,104	34,755	39,215	42,802	46,765	51,094	55,767
Payable by corporations and other enterprises	50,704	70,118	75,209	83,066	93,104	106,876	119,862	131,244
Taxes on property	3,929	4,664	5,329	5,931	6,602	7,299	8,083	8,939
Land tax	1,263	1,526	1,744	1,941	2,161	2,389	2,646	2,926
Property tax	2,666	3,137	3,585	3,990	4,441	4,910	5,438	6,014
Taxes on good and services	178,779	196,519	222,923	242,754	267,039	292,837	318,580	349,720
VAT	144,795	151,997	169,678	184,299	201,989	220,670	238,742	261,193
Turnover tax	19,225	25,103	28,833	32,203	35,915	39,745	44,144	48,589
Excises	17,425	19,418	24,412	26,252	29,134	32,421	35,695	39,938
Taxes on international Trade	28,356	41,984	39,946	43,951	48,507	54,153	58,866	65,970
Grants (including project grants)	16,189	14,096	15,092	15,218	15,841	16,455	17,093	17,756
Program grants	513	3,053	2,092	2,178	2,256	2,329	2,404	2,482
PIP grants	15,676	11,043	13,000	13,040	13,585	14,126	14,689	15,274
Other revenues	86,087	106,308	89,387	102,505	115,102	129,259	146,138	161,618
Expense	297,065	342,829	389,416	435,781	489,354	545,427	608,324	672,304
Compensation of Employees	134,414	138,072	152,353	167,939	184,284	201,850	221,092	242,167
Wages and salaries	119,575	123,056	134,091	147,808	162,193	177,654	194,589	213,138
Social Fund Contribution	14,839	15,016	18,263	20,131	22,090	24,196	26,503	29,029
Use of goods and services	43,871	71,027	97,831	108,884	121,202	134,004	148,392	164,111
Interest payments and financing fees	14,071	18,385	23,585	29,556	38,602	48,644	58,958	68,281
Domestic interest	7,569	11,641	16,300	14,147	14,702	16,419	17,709	22,551
Foreign interest and fees	6,502	6,744	7,285	15,408	23,900	32,226	41,248	45,730
Subsidies to public corporations	7,149	9,554	9,825	10,880	12,051	13,257	14,607	16,073
Grants	61,702	62,163	57,897	65,906	73,657	81,988	91,731	101,106
to international organizations	949	1,419	1,593	1,741	1,903	2,066	2,246	2,439
to other general government units	60,752	60,744	56,304	62,665	69,755	77,122	86,684	95,866
Social benefits	16,754	21,646	23,500	26,155	29,114	32,189	35,645	39,421
Other expense	19,104	21,982	24,425	26,461	30,444	33,495	37,900	41,145
o/w capital transfers to SOEs in the energy sector	10,000	11,000	11,500	11,500	12,000	12,500	13,938	15,540
Gross operating balance	94,810	120,971	93,302	96,932	99,683	108,264	111,450	118,778
Net acquisition of nonfinancial assets	89,524	107,079	153,203	152,310	170,443	188,589	182,303	207,559
Acquisition of nonfinancial assets	89,524	107,079	153,203	152,310	170,443	188,589	182,303	207,559
Domestically financed capital expenditure	65,240	77,920	55,000	58,765	62,143	68,706	95,105	110,437
Foreign loan financed PIP	11,741	16,064	24,499	25,434	31,430	39,484	37,079	35,463
Foreign grant financed PIP	12,543	10,817	12,051	11,922	12,445	12,971	13,499	14,007
Kambarata HPP-1			1,995	3,335	9,680	10,913	19,112	29,577
CKU railway			15,237	15,861	16,429	16,960	17,508	18,075
Energy Program	0	0	44,422	36,993	38,317	39,556	0	0
Disposals of nonfinancial assets	0	0	0	0	0	0	0	0
Net lending/borrowing (overall balance)	5,286	13,892	-59,901	-55,378	-70,760	-80,325	-70,853	-88,781
Net lending/borrowing excl. CKU railway	5,286	13,892	-44,665	-39,517	-54,332	-63,365	-53,345	-70,706
Net acquisition of financial assets	25,928	33,670	23,233	18,712	11,361	7,623	11,208	13,811
Domestic	25,928	33,670	23,233	18,712	11,361	7,623	11,208	13,811
Currency and deposits (NBKR)	-12,958	-12,320	-264	-264	-264	-264	-264	-264
Loans	1,193	6,690	-50,455	-20,764	4,557	7,887	11,472	14,075
Shares and Equity (Privatization)	37,693	39,300	73,952	39,740	7,068	0	0	0
Foreign	0	0	0	0	0	0	0	0
Net Incurrence of Liabilities	32,115	16,857	83,134	74,090	82,121	87,948	82,061	102,592
Foreign	14,147	-3,182	82,420	70,948	73,990	86,027	48,472	49,017
Public investment program (PIP)	24,556	24,019	32,828	32,841	48,553	55,921	61,807	63,309
Disbursements (Program)	14,818	3,838	86,311	75,977	59,535	61,460	22,612	23,345
Total amortization	-25,227	-31,039	-36,719	-37,870	-34,098	-31,353	-35,947	-37,636
Domestic	17,968	20,039	714	3,142	8,132	1,921	33,589	53,574
Net domestic debt issuance to banks	25,640	8,392	714	3,142	8,132	1,921	33,589	53,574
Net domestic debt issuance to the Social Fund	-7,672	11,648	0	0	0	0	0	0
Errors and Omissions	11,472	-2,921	0	0	0	0	0	0

Sources: Kyrgyz authorities, and Fund staff estimates and projections.

1/ The State government comprises central and local governments.

Table 7. Kyrgyz Republic: State Government Finances, 2023-30[1/]

(In percent of GDP)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenues	29.4	30.4	27.4	27.1	27.0	27.1	26.9	26.7
Taxes	21.7	22.5	21.4	21.1	21.0	21.0	20.8	20.7
Taxes on income, profits, and capital gains	5.7	6.6	6.2	6.2	6.2	6.4	6.4	6.3
Payable by individuals	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9
Payable by corporations and other enterprises	3.8	4.6	4.3	4.2	4.3	4.4	4.5	4.4
Taxes on property	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Land tax	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Property tax	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Taxes on good and services	13.4	12.9	12.6	12.4	12.2	12.1	11.9	11.8
VAT	10.9	10.0	9.6	9.4	9.2	9.1	8.9	8.8
Turnover tax	1.4	1.6	1.6	1.6	1.6	1.6	1.7	1.6
Excises	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.4
Taxes on international Trade	2.1	2.8	2.3	2.2	2.2	2.2	2.2	2.2
Grants (including project grants)	1.2	0.9	0.9	0.8	0.7	0.7	0.6	0.6
Program grants	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1
PIP grants	1.2	0.7	0.7	0.7	0.6	0.6	0.5	0.5
Other revenues	6.5	7.0	5.1	5.2	5.3	5.4	5.5	5.5
Expense	22.3	22.5	22.1	22.2	22.4	22.6	22.7	22.7
Compensation of Employees	10.1	9.1	8.6	8.6	8.4	8.4	8.3	8.2
Wages and salaries	9.0	8.1	7.6	7.5	7.4	7.4	7.3	7.2
Social Fund Contribution	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Use of goods and services	3.3	4.7	5.5	5.5	5.5	5.5	5.5	5.5
Interest payments and financing fees	1.1	1.2	1.3	1.5	1.8	2.0	2.2	2.3
Domestic interest	0.6	0.8	0.9	0.7	0.7	0.7	0.7	0.8
Foreign interest and fees	0.5	0.4	0.4	0.8	1.1	1.3	1.5	1.5
Subsidies to public corporations	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Grants	4.6	4.1	3.3	3.4	3.4	3.4	3.4	3.4
to international organizations	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
to other general government units	4.6	4.0	3.2	3.2	3.2	3.2	3.2	3.2
Social Benefits	1.3	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Other expense	1.4	1.4	1.4	1.3	1.4	1.4	1.4	1.4
o/w capital transfers to SOEs in the energy sector	0.7	0.7	0.7	0.6	0.5	0.5	0.5	0.5
Gross operating balance	7.1	7.9	5.3	4.9	4.6	4.5	4.2	4.0
Net acquisition of nonfinancial assets	6.7	7.0	8.7	7.8	7.8	7.8	6.8	7.0
Acquisition of nonfinancial assets	6.7	7.0	8.7	7.8	7.8	7.8	6.8	7.0
Domestically financed capital expenditure	4.9	5.1	3.1	3.0	2.8	2.8	3.6	3.7
Foreign loan financed PIP	0.9	1.1	1.4	1.3	1.4	1.6	1.4	1.2
Foreign grant financed PIP	0.9	0.7	0.7	0.6	0.6	0.5	0.5	0.5
Kambarata HPP-1			0.1	0.2	0.4	0.5	0.7	1.0
CKU railway			0.9	0.8	0.8	0.7	0.7	0.6
Energy Program			2.5	1.9	1.8	1.6	0.0	0.0
Disposals of nonfinancial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending/borrowing (overall balance)	0.4	0.9	-3.4	-2.8	-3.2	-3.3	-2.6	-3.0
Net lending/borrowing excl. CKU railway	0.4	0.9	-2.5	-2.0	-2.5	-2.6	-2.0	-2.4
Net acquisition of financial assets	1.9	2.2	1.3	1.0	0.5	0.3	0.4	0.5
Domestic	1.9	2.2	1.3	1.0	0.5	0.3	0.4	0.5
Currency and deposits (NBKR)	-1.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.1	0.4	-2.9	-1.1	0.2	0.3	0.4	0.5
Shares and Equity (Privatization)	2.8	2.6	4.2	2.0	0.3	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Incurrence of Liabilities	2.4	1.1	4.7	3.8	3.8	3.6	3.1	3.5
Foreign	1.1	-0.2	4.7	3.6	3.4	3.6	1.8	1.7
Public investment program (PIP)	1.8	1.6	1.9	1.7	2.2	2.3	2.3	2.1
Disbursements (Program)	1.1	0.3	4.9	3.9	2.7	2.5	0.8	0.8
Total amortization	-1.9	-2.0	-2.1	-1.9	-1.6	-1.3	-1.3	-1.3
Domestic	1.3	1.3	0.0	0.2	0.4	0.1	1.3	1.8
Net domestic debt issuance to banks	1.9	0.6	0.0	0.2	0.4	0.1	1.3	1.8
Net domestic debt issuance to the Social Fund	-0.6	0.8	0.0	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	0.9	-0.2	0.0	0.0	0.0	0.0	0.0	0.0

Sources: Kyrgyz authorities, and Fund staff estimates and projections.

1/ The State government comprises central and local governments.

Table 8. Kyrgyz Republic: General Government Finances, 2023-30, *GFSM 2014* Presentation [1/]

(In millions of soms)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenues	459,904	541,912	566,253	623,780	687,040	758,690	832,113	912,443
Taxes	292,265	343,396	378,172	414,928	458,066	507,943	556,501	611,657
Taxes on income, profits, and capital gains	75,868	100,222	109,964	122,281	135,906	153,640	170,957	187,011
Payable by individuals	25,164	30,104	34,755	39,215	42,802	46,765	51,094	55,767
Payable by corporations and other enterprises	50,704	70,118	75,209	83,066	93,104	106,876	119,862	131,244
Taxes on property	3,929	4,664	5,329	5,931	6,602	7,299	8,083	8,939
Taxes on goods and services	181,445	196,519	222,923	242,754	267,039	292,837	318,580	349,720
Value-added taxes	144,795	151,997	169,678	184,299	201,989	220,670	238,742	261,193
Turnover and other general taxes on goods and services	19,225	25,103	28,833	32,203	35,915	39,745	44,144	48,589
Excises	17,425	19,418	24,412	26,252	29,134	32,421	35,695	39,938
Taxes on international trade and transactions	28,356	41,984	39,946	43,951	48,507	54,153	58,866	65,970
Social contributions	63,962	74,208	82,887	90,346	97,201	104,112	111,356	120,275
Grants	16,189	14,096	15,092	15,218	15,841	16,455	17,093	17,756
Program grants	513	3,053	2,092	2,178	2,256	2,329	2,404	2,482
Project grants	15,676	11,043	13,000	13,040	13,585	14,126	14,689	15,274
Other revenue	87,488	110,212	90,035	103,226	115,904	130,146	147,120	162,704
Expense	347,519	405,520	471,995	525,806	586,210	649,167	719,276	792,138
Compensation of employees	146,693	148,262	162,913	178,884	195,711	213,804	233,624	255,507
Wages and salaries	130,085	131,797	143,260	157,340	172,159	188,090	205,538	224,799
Social contributions	16,607	16,465	19,653	21,544	23,551	25,714	28,086	30,707
Purchases/use of goods and services	51,984	79,297	107,110	119,000	132,344	146,231	161,858	178,936
Interest payments and fees	14,071	13,332	20,325	28,141	37,132	47,002	57,187	66,026
Foreign interest and fees	6,502	6,744	7,285	15,408	23,900	32,226	41,248	45,730
Domestic interest	7,569	6,588	13,040	12,733	13,232	14,777	15,938	20,296
Subsidies to public corporations	7,149	9,554	9,825	10,880	12,051	13,257	14,607	16,073
Grants	10,197	13,400	11,987	14,283	15,042	15,724	16,060	16,243
To international organizations	954	2,928	3,101	3,249	3,411	3,574	3,755	3,948
To other general government units	9,243	10,472	8,886	9,534	9,631	9,350	9,505	9,495
Social benefits	96,048	117,063	132,457	144,938	159,941	175,763	193,756	213,492
Other expense	21,377	24,612	27,377	29,679	33,989	37,385	42,184	45,862
o/w capital transfers to SOEs in the energy sector	10,000	11,000	11,500	11,500	12,000	12,500	13,938	15,540
Gross operating balance	112,384	136,392	94,258	97,974	100,831	109,523	112,837	120,305
Net acquisition of nonfinancial assets	91,226	107,931	154,159	153,352	171,591	189,848	183,690	209,086
Acquisition of nonfinancial assets	90,226	107,931	154,159	153,352	171,591	189,848	183,690	209,086
Domestically financed	66,942	78,772	55,956	59,807	63,290	69,966	96,491	111,964
Foreign financed	24,284	26,881	36,550	37,356	43,875	52,455	50,578	49,470
Kambarata HPP-1			1,995	3,335	9,680	10,913	19,112	29,577
CKU railway			15,237	15,861	16,429	16,960	17,508	18,075
Energy Program	0	0	44,422	36,993	38,317	39,556	0	0
Disposals of nonfinancial assets	1,000	0	0	0	0	0	0	0
Net lending/borrowing	21,158	28,460	-59,901	-55,378	-70,760	-80,325	-70,853	-88,781
Net lending/borrowing excl. CKU railway	21,158	28,460	-44,664	-39,517	-54,332	-63,365	-53,345	-70,706
Net acquisition of financial assets	25,928	33,670	23,233	18,712	11,361	7,623	11,208	13,811
Domestic	25,928	33,670	23,233	18,712	11,361	7,623	11,208	13,811
Currency and deposits	-12,958	-12,320	-264	-264	-264	-264	-264	-264
Loans	1,193	6,690	-50,455	-20,764	4,557	7,887	11,472	14,075
Shares and equity (privatization)	37,693	39,300	73,952	39,740	7,068	0	0	0
Foreign	0	0	0	0	0	0	0	0
Net incurrence of liabilities	7,436	5,210	83,134	74,090	82,121	87,948	82,061	102,592
Foreign	14,147	-3,182	82,420	70,948	73,990	86,027	48,472	49,017
Program loans	14,818	3,838	86,311	75,977	59,535	61,460	22,612	23,345
Public investment program loans	24,556	24,019	32,828	32,841	48,553	55,921	61,807	63,309
Amortization	-25,227	-31,039	-36,719	-37,870	-34,098	-31,353	-35,947	-37,636
Domestic	-6,711	8,392	714	3,142	8,132	1,921	33,589	53,574

Sources: Kyrgyz authorities and IMF staff estimates and projections.
1/ General government comprises the State government, the Social Fund, and the Mandatory Health

Table 9. Kyrgyz Republic: General Government Finances, 2023-30[1/], GFSM 2014 Presentation

(In percent of GDP)

	2023	2024	2025	2026	2027	2028	2029	2030
		Est.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Revenue	34.5	35.6	32.1	31.8	31.4	31.4	31.1	30.8
Taxes	21.9	22.5	21.4	21.1	21.0	21.0	20.8	20.7
Taxes on income, profits, and capital gains	5.7	6.6	6.2	6.2	6.2	6.4	6.4	6.3
Payable by individuals	1.9	2.0	2.0	2.0	2.0	1.9	1.9	1.9
Payable by corporations and other enterprises	3.8	4.6	4.3	4.2	4.3	4.4	4.5	4.4
Taxes on property	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Taxes on goods and services	13.6	12.9	12.6	12.4	12.2	12.1	11.9	11.8
Value-added taxes	10.9	10.0	9.6	9.4	9.2	9.1	8.9	8.8
Turnover and other taxes on goods and services	1.4	1.6	1.6	1.6	1.6	1.6	1.7	1.6
Excises	1.3	1.3	1.4	1.3	1.3	1.3	1.3	1.4
Taxes on international trade and transactions	2.1	2.8	2.3	2.2	2.2	2.2	2.2	2.2
Social contributions	4.8	4.9	4.7	4.6	4.4	4.3	4.2	4.1
Grants	1.2	0.9	0.9	0.8	0.7	0.7	0.6	0.6
Program grants	0.0	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Project grants	1.2	0.7	0.7	0.7	0.6	0.6	0.5	0.5
Other revenue	6.6	7.2	5.1	5.3	5.3	5.4	5.5	5.5
Expense	26.1	26.6	26.8	26.8	26.8	26.9	26.9	26.8
Compensation of employees	11.0	9.7	9.2	9.1	9.0	8.9	8.7	8.6
Wages and salaries	9.8	8.7	8.1	8.0	7.9	7.8	7.7	7.6
Social contributions	1.2	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Purchases/use of goods and services	3.9	5.2	6.1	6.1	6.1	6.1	6.1	6.0
Interest payments and fees	1.1	0.9	1.2	1.4	1.7	1.9	2.1	2.2
Foreign interest and fees	0.5	0.4	0.4	0.8	1.1	1.3	1.5	1.5
Domestic interest	0.6	0.4	0.7	0.6	0.6	0.6	0.6	0.7
Subsidies to public corporations	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.5
Grants	0.8	0.9	0.7	0.7	0.7	0.7	0.6	0.5
To international organizations	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1
To other general government units	0.7	0.7	0.5	0.5	0.4	0.4	0.4	0.3
Social benefits	7.2	7.7	7.5	7.4	7.3	7.3	7.2	7.2
Other expense	1.6	1.6	1.6	1.5	1.6	1.5	1.6	1.6
o/w capital transfers to SOEs in the energy sector	0.7	0.7	0.7	0.6	0.5	0.5	0.5	0.5
Gross operating balance	8.4	9.0	5.3	5.0	4.6	4.5	4.2	4.1
Net acquisition of nonfinancial assets	6.8	7.1	8.7	7.8	7.9	7.9	6.9	7.1
Acquisition of nonfinancial assets	6.8	7.1	8.7	7.8	7.9	7.9	6.9	7.1
Domestically financed	5.0	5.2	3.2	3.0	2.9	2.9	3.6	3.8
Foreign financed	1.8	1.8	2.1	1.9	2.0	2.2	1.9	1.7
Kambarata HPP-1			0.1	0.2	0.4	0.5	0.7	1.0
CKU railway			0.9	0.8	0.8	0.7	0.7	0.6
Energy Program			2.5	1.9	1.8	1.6	0.0	0.0
Disposals of nonfinancial assets	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net lending/borrowing	1.6	1.9	-3.4	-2.8	-3.2	-3.3	-2.6	-3.0
Net lending/borrowing excl. CKU railway	1.6	1.9	-2.5	-2.0	-2.5	-2.6	-2.0	-2.4
Net acquisition of financial assets	1.9	2.2	1.3	1.0	0.5	0.3	0.4	0.5
Domestic	1.9	2.2	1.3	1.0	0.5	0.3	0.4	0.5
Currency and deposits	-1.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0
Loans	0.1	0.4	-2.9	-1.1	0.2	0.3	0.4	0.5
Shares and equity (privatization)	2.8	2.6	4.2	2.0	0.3	0.0	0.0	0.0
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net incurrence of liabilities	0.6	0.3	4.7	3.8	3.8	3.6	3.1	3.5
Foreign	1.1	-0.2	4.7	3.6	3.4	3.6	1.8	1.7
Program loans	1.1	0.3	4.9	3.9	2.7	2.5	0.8	0.8
Public investment program loans	1.8	1.6	1.9	1.7	2.2	2.3	2.3	2.1
Amortization	-1.9	-2.0	-2.1	-1.9	-1.6	-1.3	-1.3	-1.3
Domestic	-0.5	0.6	0.0	0.2	0.4	0.1	1.3	1.8

Sources: Kyrgyz authorities and IMF staff estimates and projections.

1/ General government comprises the State government, the Social Fund, and the Mandatory Health Insurance Fund (MHIF).

Table 10. Kyrgyz Republic: Selected Financial Soundness Indicators, 2020-24

	Dec-20	Dec-21	Dec-22	Dec-23	Dec-24
Capital Adequacy					
Regulatory capital to risk weighted assets	24.9	22.2	25.6	24.8	22.0
Tier 1 capital to risk weighted assets	21.6	19.2	19.2	20.3	17.4
Capital to total assets	16.2	14.5	17.0	12.4	11.4
Liquidity					
Liquidity ratio	64.9	71.3	82.8	77.4	73.1
Total reserves/total deposits	14.6	14.9	16.6	14.6	23.7
Excess reserves/total reserves	0.2	2.2	6.6	18.9	7.3
Asset quality					
Nonperforming loans/total loans	10.5	11.1	12.8	9.2	10.8
Loan-loss provisioning/nonperforming loans	58.9	63.2	67.1	67.6	45.9
Nonperforming assets/total assets	5.9	5.6	5.4	3.9	4.5
Earnings and profitability					
Return on equity	5.5	7.8	43.4	32.4	32.5
Return on assets	0.9	1.2	5.9	4.4	4.3
Net interest margin	7.0	6.7	7.5	7.8	7.5
Spread	6.3	6.1	6.9	7.4	7.1
Income from services and commission fee/total income	10.2	13.4	8.9	12.7	12.0
Loans and deposits					
Loans/deposits	95.9	80.3	65.0	66.0	64.3
Loans/total assets	55.8	50.3	42.1	41.8	41.7
Foreign currency exposure					
Foreign currency exposure (in KGS billion)	1.3	2.7	2.1	(1.3)	(9.1)
Loans/deposits (in foreign currency)	72.9	53.2	31.7	29.6	28.3
Share of foreign currency deposits in total deposits 1/	43.4	42.2	48.3	49.3	45.7
Share of foreign currency loans in total loans	33.0	28.0	23.6	22.1	20.1

Source: National Bank of the Kyrgyz Republic.

1/ Without deposits of banks, nonbank financial-credit institutions, and deposits of the Government of the Kyrgyz Republic.

Annex I. Risk Assessment Matrix
(February 2025)

Risk 1/	Description of Potential Shock	Likelihood / Timeframe	Possible Impact *(if realized)* / Transmission Channels	Policy Advice
Conjunctural risks				
Trade policy and investment shocks.	Higher trade barriers or sanctions reduce external trade, disrupt FDI and supply chains, and trigger further U.S. dollar appreciation, tighter financial conditions, and higher inflation.	**High**	**Medium** The Kyrgyz Republic's relatively limited integration into the global economy dampens the likely impact of trade policy and investment shocks.	Allow for more exchange rate flexibility and recalibrate monetary policy to respond to possible inflation pressures. Provide targeted support and safety nets to the most vulnerable, while creating additional fiscal space by reducing universal subsidies, eliminating inefficient tax exemptions, and seeking external concessional financing. Enhance oversight of the financial and banking systems, including crypto-based payments and assets.
Sovereign debt distress.	Higher interest rates, stronger U.S. dollar, and shrinking development aid amplified by sovereign-bank feedback result in capital outflows, rising risk premia, loss of market access, abrupt expenditure cuts, and lower growth in highly indebted countries.	**High**	**Medium** High global interest rates would increase the cost of the planned external borrowing, including a Eurobond, and the interest bill, and negatively impact public debt.	Increase fiscal space by strengthening tax policy and administration, and reducing energy subsidies and the public wage bill. Accelerate structural reforms to support private sector-led growth.
Tighter financial conditions and	Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in	**Medium**	**Medium** The limited integration of the Kyrgyz banking system in international	Maintain supervisory vigilance and closely monitor banks' balance sheets.

Risk 1/	Description of Potential Shock	Likelihood / Timeframe	Possible Impact *(if realized)* / Transmission Channels	Policy Advice
systemic instability.	cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFI distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.		financial markets would contain the impact, but a growth slowdown could weaken banks' asset quality.	Calibrate stress tests to reflect such a risk.
Regional conflicts.	Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	**Medium**	**Medium** A reversal of trade flows and a stronger contraction of the Russian economy could result in lower growth and remittances, trade disruptions, and a possible return of migrant workers. The resulting reduction in disposable incomes could increase poverty and add to social pressures.	Allow for more exchange rate flexibility and recalibrate monetary policy to respond to possible inflation pressures. Provide targeted support and safety nets to the most vulnerable, while creating additional fiscal space by reducing universal subsidies, eliminating inefficient tax exemptions, and seeking external concessional financing.
Commodity price volatility.	Supply and demand volatility (due to conflicts, trade restrictions, OPEC+ decisions, AE energy policies, or green transition) increases commodity price volatility, external and fiscal pressures, social discontent, and economic instability.	**Medium**	**Medium** Higher food and energy prices would increase inflationary pressures, weaken the CA and the exchange rate, lead to food and energy insecurity, and cause social discontent. Depreciation would increase public debt. Higher gold prices, on the other hand, would strengthen the current account.	Allow for more exchange rate flexibility and adequately recalibrate monetary policy to contain second round inflation. Provide targeted social assistance to the poor, while seeking external concessional financing.

Risk 1/	Description of Potential Shock	Likelihood / Timeframe	Possible Impact *(if realized)* / Transmission Channels	Policy Advice
Global growth acceleration.	Easing of conflicts, positive supply-side surprises (e.g., oil production shocks), productivity gains from AI, or structural reforms raise global demand and trade.	**Low**	**Medium** Ending of war in Ukraine could strengthen the ruble and growth in Russia resulting in higher demand for Kyrgyz workers and tighter labor markets but higher remittances, wages, and inflationary pressures. Easing of sanctions on Russia, however, could also unwind some of trade flows and reduce growth.	Allow for more exchange rate flexibility and adequately recalibrate monetary policy to contain second round inflation. Provide targeted support and safety nets to the most vulnerable, while creating additional fiscal space by reducing universal subsidies, eliminating inefficient tax exemptions, and seeking external concessional financing.
Structural risks				
Deepening geoeconomic fragmentation.	Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	**High**	**Medium** A stronger contraction of the Russian economy and the weakening of the ruble could result in lower remittances, growth and tax revenue.	Allow for more exchange rate flexibility and recalibrate monetary policy to contain possible inflation pressures. Provide targeted support to the most vulnerable, while creating additional fiscal space by reducing universal subsidies, eliminating inefficient tax exemptions, and seeking external concessional financing. Enhance oversight of the financial system and mitigate risks to the banking sector.
Cyberthreats.	Cyberattacks on physical or digital infrastructure	**High**	**Medium**	

Risk 1/	Description of Potential Shock	Likelihood / Timeframe	Possible Impact *(if realized)* / Transmission Channels	Policy Advice
	(including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.		Cyberattacks could disrupt the payment system, which relies on electronic means.	Enhance cybersecurity.
Climate change.	Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability.	**Medium**	**Medium** The Kyrgyz Republic could face escalating natural disasters such as droughts, heatwaves, floods, mudflows, and landslides, causing land degradation, air pollution, infrastructure damage, and loss of life.	Implement policies to advance the green transformation, including by fostering mitigation and adaptation. Build fiscal buffers if needed to facilitate the transition.
Social discontent.	Real income loss, spillovers from conflicts, dissatisfaction with migration, and worsening inequality ignite social unrest, populism, polarization, and resistance to reforms or suboptimal policies. This weakens growth and leads to policy uncertainty and market repricing.	**Medium**	**Medium** A significant reduction in remittances and incomes combined with high inflation would further increase poverty, result in social discontent, higher country risk and lower investment and growth.	Allow for more exchange rate flexibility and adequately recalibrate monetary policy to contain inflation. Provide targeted support and safety nets to the most vulnerable, while creating additional fiscal space by reducing universal subsidies, eliminating inefficient tax exemptions, and seeking external concessional financing. Accelerate reforms to support private sector-led growth.

[1] The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path (the scenario most likely to materialize in the view of IMF staff). The likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and the overall level of concern at the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. "Short-term" and "medium-term" are meant to indicate that the risk could materialize within one year and three years, respectively.

Annex II. External Sector Assessment

***Overall Assessment**: The external position of the Kyrgyz Republic in 2024 is assessed to remain substantially weaker than the level implied by medium-term fundamentals and desirable policies. At the time of the assessment official BoP data was available only for Jan-Sep 2024, and the full year BoP reflects staff estimates for the fourth quarter of the year. The officially reported current account has been adjusted to reflect staff estimates of unrecorded re-exports to Russia, which have increased considerably since the start of the war in Ukraine and are captured by the large and positive errors and omission. With this adjustment the remaining current account gap and the respective overvaluation reflect strong domestic demand for imports. Gross official foreign exchange reserves are slightly below the adequate levels indicated by the IMF reserve adequacy metric for resource constrained economies and are projected to decline further over the medium term.*

***Potential Policy Responses**: Greater exchange rate flexibility, accumulation of reserves and reforms to strengthen competitiveness could reduce external sector imbalances and align the external sector with fundamentals in the medium.*

Foreign Assets and Liabilities: Position and Trajectory

1. Background: The Net International Investment Position (NIIP) has remained broadly unchanged in dollar terms, but improved significantly from -50 percent of GDP in 2023 to -41 percent of GDP in the first three quarters of 2024, largely due to a sharp increase in nominal GDP. Gross foreign assets increased from 45 percent of GDP in 2023 to 51 percent of GDP (international reserves, foreign direct investment assets, and other investments of 23, 2, and 25 percent of GDP, respectively) in the first three quarters of 2024. Gross foreign liabilities fell from 95 percent of GDP to 91 percent (external public and publicly guaranteed debt, trade credit and advances, and foreign direct investment liabilities of around 36, 12, and 36 percent of GDP, respectively).

2. Assessment: The negative NIIP does not pose immediate risks to external stability. Concessional external public debt coupled with limited short-term volatile capital inflows largely mitigate the external risks. The improvements began in 2022, following a period of relative stability in the NIIP over the preceding five years.

Jan-Sep 2024 (Percent of GDP)	NIIP -41	Gross Assets 51	Debt Assets 1.0	Gross Liab. 91	Debt Liab. 36

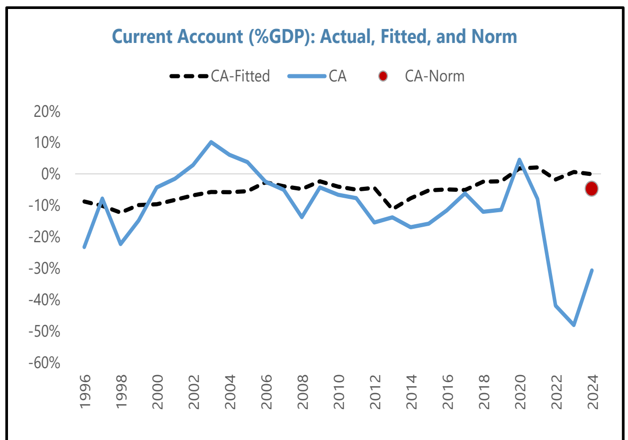
Current Account—Background

3. The officially recorded current account deficit is projected to decline to 30.7 percent of GDP in 2024 from 45.0 percent in 2023. Staff’s assessment of the 2024 current account reflects the actual errors and omissions for the first three quarters of the year, amounting to 22.4 percent of GDP, and staff's estimate of re-exports for the last quarter. In contrast, the officially published 2023 current account shows errors and omissions of 42 percent of GDP, reflecting unrecorded re-exports for the full year. The current account deficit for the first three quarters of 2024 was 25.7 percent of GDP, as imports grew by more than 11 percent during the period. However, imports appear to have slowed down significantly in the last quarter of 2024. Combined with higher gold exports, a recovery in remittances following a decline since the start of Russia's war in Ukraine, and strong GDP growth, staff estimates an improvement in the current account from 45 percent of GDP in 2023 to 40.0 percent in 2024 (excluding re-exports).

4. To assess the external position of the Kyrgyz Republic, staff adjusted the official current account using its own estimate of re-exports. Non-energy imports, mainly consumer goods and household electronics, increased to 89 percent of GDP in 2023, which cannot be explained by domestic demand even after accounting for additional consumption by migrants. Therefore, staff concludes that a large part of the import increase was re-exported to the Eurasian Customs Union (EACU),[1] mainly to Russia, but were unrecorded because intra-EACU trade is not subject to mandatory Customs declarations and is not monitored by national Customs of member countries. These unrecorded exports, reflected in large positive errors and omissions, are estimated at 22.5 percent of GDP in 2024, which would imply the CAD of 8.3 percent of GDP. In the medium term, the CAD is projected to slightly decrease to about 6.4 percent of GDP by 2030.

Current Account—Assessment

5. The Current Account (CA) model identifies a negative current account gap of 3.5 percent of GDP implying an overvaluation of the som by 9.9 percent (Text Table). This CA gap reflects adjustments for cyclical factors (output gap), the impact of the war in Ukraine, and a policy gap of 4.7 percent of GDP. The policy gap is primarily due to better fiscal outcomes compared to its desired level and the rest of the world.



Source: IMF Staff estimates.

6. Staff assesses the external position of the Kyrgyz Republic in 2024 to be substantially weaker than the level implied by medium-term fundamentals and desirable policies. The CA and REER models yield opposite results. If adjusted for the shock of the war in Ukraine, the 2024 CA deficit would narrow to 8.2 percent yielding a negative CA gap of 3.5 percent and an overvaluation of the som by 9.9 percent.

[1] The EAEU includes Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, and Russia, and provides for free movement of goods within the EAEU.

Kyrgyz Republic: EBA-lite Model Results, 2024

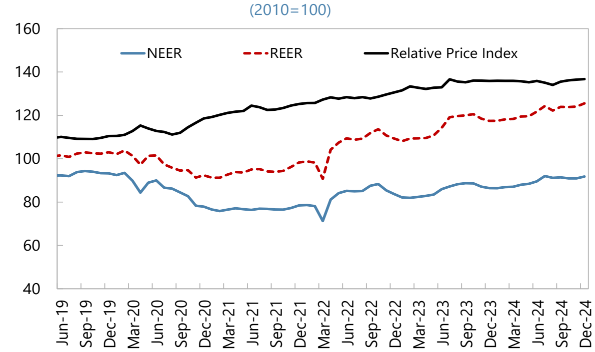
	CA model 1/	REER model 1/
	(In percent of GDP)	
CA-Actual	**-30.7**	
Cyclical contributions (from model) (-)	0.0	
Additional temporary/statistical factors (-) 2/	-22.5	
Natural disasters and conflicts (-)	0.0	
Adjusted CA	**-8.2**	
CA Norm (from model) 3/	**-4.7**	
Adjusted CA Norm	**-4.7**	
CA Gap	**-3.5**	**3.0**
o/w Relative policy gap	4.7	
Elasticity	-0.4	
REER Gap (in percent)	**9.9**	**-8.6**

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment includes statistical adjustment for unrecorded re-exports for the first three quarters of 2024, which amounts to 22.4 percent of GDP. Adjustment also includes the temporary impact of Russian war in Ukraine. Since historical vintage of CA projections is used, the shock accounts for complete impact of the shock through trade, remittances, and services trade channels.
3/ Cyclically adjusted, including multilateral consistency adjustments.

Real Exchange Rate

7. **The Kyrgyz som appreciated by 2.4 percent against the USD during 2024.** It appreciated by 5.8 percent through September, and then depreciated by 3.2 percent in the last quarter. The real effective exchange rate (REER) appreciated by 6.0 percent during 2024, largely reflecting the inflation differential between the Kyrgyz Republic and its trading partners, and appreciation of the Kyrgyz Som in nominal effective terms. NEER has appreciated by 4.8 percent during 2024.

Nominal and Real Effective Exchange Rate
(2010=100)



Source: IMF Staff calculations.

8. **The REER model points to an undervaluation of about 8.6 percent, an opposite result to the CA model**. In this model the REER-norm and the REER fitted values are higher than the actual REER, implying the need for appreciation to close the gap. In the REER model, the main cause of the undervaluation is the interest rate differential with the rest of the world, implying that the model results are driven by capital and financial account, which are considerably smaller than the CA balance in the Kyrgyz Republic. Therefore, staff puts more weight on the results

of the CA model. Accumulation of reserves and reforms to strengthen competitiveness would help align the external sector with fundamentals.

Capital and Financial Accounts: Flows and Policy Measures

9. Background. In 2024, the capital and financial account balance (excluding changes in reserves) is projected to improve to 7.0 percent of GDP from 2.0 percent in 2023, driven by an increase in Foreign Direct Investment (FDI) from 1.0 percent of GDP in 2023 to 4 percent in 2024, mainly due to retained earnings. Direct investment abroad by the Kyrgyz Republic is estimated to have decline by almost US$8 million during the year.

10. Assessment. The Kyrgyz Republic remains potentially vulnerable to sudden shifts in the global and regional financial conditions. Efforts to secure more concessional financing and implementation of reforms geared to attract FDI will be important to mitigate these vulnerabilities over the medium term.

FX Intervention and Reserves Level

11. Background. Afforded by the appreciation pressures, the NBKR purchased about US$370 million during the first three quarters of 2024. However, in the last quarter the market conditions changed, largely due to the escalation of the regional conflict and deprecation of the ruble, and the NBKR sold US$676 million in the last quarter alone. The NBKR converted and acquired US$1.8 billion worth of gold as non-monetary and monetary, which despite net FX sales during the year boosted reserves by more than US$1.6 billion from 2.3 months of prospective imports (net of re-exports) in 2023 to 4.3 months in 2024. Gross reserves are projected to decline gradually to 4.0 months in 2025, and further to 2.7 months by 2030, which is below the IMF's reserve adequacy metrics of 4.5 months for credit constrained economies.

12. Assessment. The NBKR is still holding a stock of non-monetary gold (equivalent to over US$700 million at end-December 2024), which if converted to monetary gold would further strengthen NBKR's international reserves. With conversion of existing stock of non-monetary to monetary gold, gross reserves would increase to about 4.7 months of import of goods and services in 2025, and gradually decline to 3.1 months by 2030.

Annex III. Estimating Debt Limits

Introduction

1. **Estimating borrowing capacity is important for fiscal policy design and debt sustainability management.** It helps assess available fiscal space, enabling informed decisions on public spending and priorities, and provides an empirical reference for fiscal anchor to guide medium-to-long term policy, and identify risks from excessive debt and corrective measures. In this analysis, borrowing capacity is determined by a maximum sustainable debt level (MSDL) – a maximum debt level that can be sustained *economically and politically* over long periods. This level is influenced by macroeconomic, and in particular fiscal, factors. A lower interest rate-growth differential enhances borrowing capacity, allowing higher debt ratios without requiring fiscal consolidation (Blanchard, 2019). Conversely, shifts in market perception of debt risks can influence borrowing costs and available financing. The assessment of MSDL complements standard debt sustainability analysis, enhancing policy credibility and fiscal resilience.

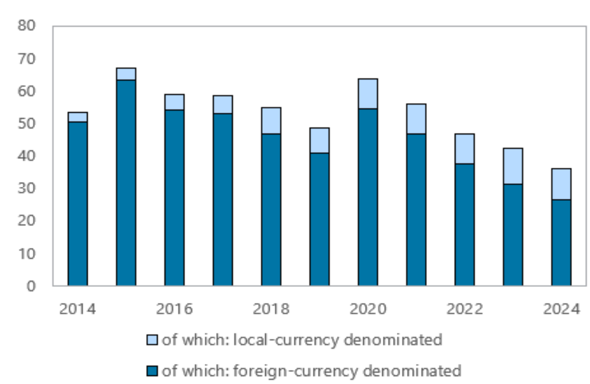
2. **This paper estimates the MSDL for the Kyrgyz Republic.** While the country's public debt primarily consists of concessional external loans, the share of debt on commercial terms is expected to rise amid substantial gross financing needs. Estimating the MSDL and its determinants is therefore essential. The next section reviews the evolution of public debt, followed by an MSDL assessment using two methodologies, one based on the interest payment capacity threshold and another that endogenizes borrowing costs relative to debt levels. The final section concludes.

The Evolution of Public Debt

3. **Public debt declined has nearly halved in last four years**. It decreased to 36.6 percent of GDP in 2024 from 63.6 percent of GDP in 2020 (Figure 1). This reduction was driven by strong GDP growth since 2022, repayment of matured debt, and limited fiscal imbalances. The decline was most pronounced in external public debt, which fell from 54.4 percent to 26.6 percent of GDP, while domestic debt remained relatively stable at around 10 percent of GDP.

Figure 1. Public debt: 2014-2024

(Percent of GDP)



Source: country authorities.

4. **Borrowing is expected to rise in the coming years to support large infrastructure projects with a gradual shift towards domestic debt over the long term.** Between 2025 and 2030, gross financing needs will average 6.2 percent of GDP annually, two-thirds of which are projected to be funded by external borrowing and the remaining 2 percent of GDP through domestic borrowing from local banks. The share of domestic debt is expected to increase as domestic markets deepen and international donor support declines

with economic development. The shift toward higher domestic borrowing, reduced concessionality, and shorter maturities significantly increase the public debt stock and debt service obligations.

Estimating Debt Limit: Interest Payment Capacity Threshold

5. The MSDL can be evaluated based on the share of fiscal revenue allocated to interest payments. This approach follows the methodology proposed by Comelli and others (2023), which derives the debt limit from the condition that interest payments as a fraction of revenue should not exceed a critical threshold, beyond which fiscal stress becomes highly probable. Empirical evidence suggests that the threshold ranges between 16 and 19 percent, beyond which the risk of fiscal distress increases significantly.

6. The MSDL is determine using country-specific revenue and interest rate data. Assuming a fiscal distress threshold of 19 percent, a maximum sustainable revenue of 35 percent of GDP (based on the historical measure, Figure 2), and an interest rate of 11 percent,[1] the MSDL is estimated at 60 percent of GDP (Table 1, Row 1). Exceeding this threshold without a proportional revenue increase would claim a large share of revenue for servicing interest payments, potentially constraining other essential expenditure.

Figure 2. Revenue
(percent of GDP)

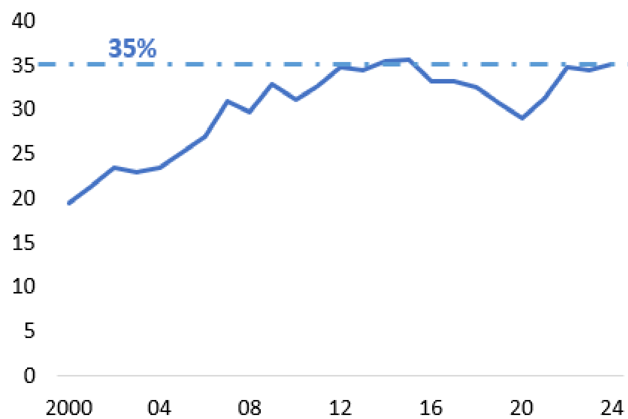


Table 1. Kyrgyz Republic: Estimates of Maximum Sustainable Debt Level

Interest rates (percent)	**Revenue** (percent of GDP)	**Debt limit** (percent of GDP)
11	35	60
11	36	62
12	35	55

Source: WEO, IMF staff estimates, IMF (2022), Comelli and others (2023).

7. Revenue mobilization and borrowing costs are key determinants of sustainable debt levels. All else equal, a higher revenue to GDP ratio raises the debt limit. For instance, a 1 percentage points increase in the revenue-to-GDP ratio boosts the MSDL by about 2 percent of GDP (Table 1, Row 2). Conversely, a 1 percentage point rise in borrowing costs reduces the MSDL by 5

[1] The domestic treasury bond yields in 2023 are 8.5 percent for 3–24 month maturity, 16 percent for 2-10 year maturity, and 15.3 percent, respectively for 10 year maturity. Since no Eurobond has been issued yet, a reference rate is unavailable. However, the estimated Eurobond yield, based on the 5-year US-Treasury bond interest rates and estimated credit spread, is 9 percent (IMF, 2024). The average rate over these rates are 11 percent.

percent of GDP (Table 1, Row 3). These findings underscore the importance of enhancing domestic revenue mobilization and ensuring stable borrowing costs to improve fiscal resilience.

8. The assumption of constant interest rates and a sole focus on revenue are two limitations of this approach. First, as empirically documented in Laubach (2009), an increase in public debt typically leads to higher interest rates, which underscores endogeneity that is missing. Second, since non-interest expenditure is not considered in this framework, a country with large revenue ratio could still face fiscal distress if main expenditure components, such as public wages, goods and services, investment and subsidies are large and growing. The next section presents an alternative approach of estimating the MSDL, aiming to address these limitations.

Estimating Debt Limit: Endogenous Response of Interest Rate to Debt

10. This section estimates the MSDL based on a framework that incorporates an endogenous relationship between debt and the borrowing costs (IMF, 2023)**.** This framework defines MSDL as level of debt which consistent with a primary surplus that is *economically and politically* feasible to maintain over long term. The larger the primary surplus that can be sustained, the higher the MSDL.

Figure 3. Primary Balance
(percent of GDP)

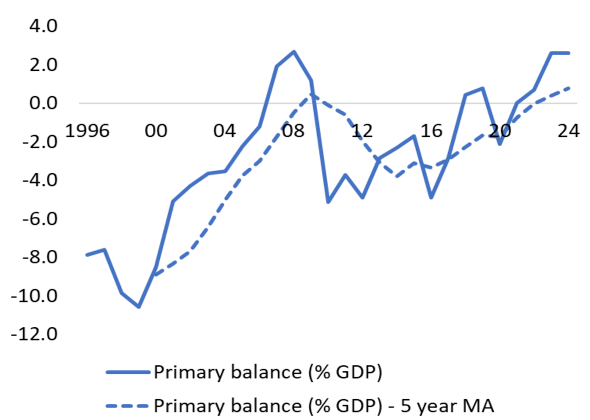
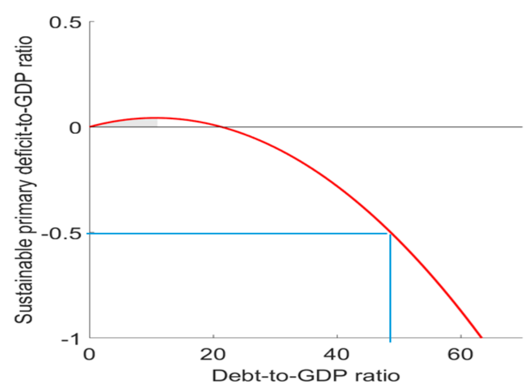


Figure 4. Sustainable debt and deficit
(percent of GDP)



Sources: WEO, IMF staff estimates, IMF (2022), Mian and others (2022).

11. The model indicates a sustainable debt level around 50 percent of GDP for the Kyrgyz Republic. The model is calibrated using the macroeconomic parameters: (i) initial debt of 40 percent of GDP- reflecting projected debt over the medium term, (ii) initial interest rate of 11 percent, (iii) nominal potential growth of 10.3 percent (with 5.3 percent of real growth and 5 percent inflation rate), and (iv) elasticity of interest rate to debt of 0.015 as in Mian and others (2022). This produces a set of combinations of government debt and a corresponding debt-stabilizing primary deficit. For a primary surplus of 0.5 percent of GDP (Figure 3), the upper bound of the MSDL is about 50 percent

(Figure 4). Debt beyond this level indicates a risk of triggering a change of market perception on the "safe asset" status of government bonds. The smaller (larger) the maximum primary balance that can be maintained, the lower (higher) the sustainable debt level. For instance, for a primary surplus of 1 percent of GDP, the debt limit would increase to 60 percent of GDP.

12. Large stock flow adjustments (SFA) can significantly reduce fiscal space. The model does not account for a SFA, which is a change in government debt that is not directly attributable to fiscal balances. When SFA is positive, a higher surplus is required to stabilize debt at the same level. On average, the annual SFA for the Kyrgyz Republic is approximately 2 percent of GDP over the 2001-24 period , largely due to supports to SOEs. This level of the SFA would require a primary balance of 2.5 percent of GDP, rather than 0.5 percent of GDP, to stabilize debt at 50 percent of GDP over the long term.

Conclusions and Recommendations

13. Empirical estimates suggest that the maximum sustainable debt level for the Kyrgyz Republic ranges between 50 and 60 percent of GDP. While these estimates depend on macroeconomic assumptions, it provides an indicative measure of available fiscal space. The estimates of MSDL from two methodologies are broadly consistent, indicating ample fiscal space, given that the current debt is below 40 percent of GDP, and most loans are on concessional terms. However, under an adverse growth scenario, debt is projected to exceed 50 percent of GDP in the medium to long term, indicating the presence of fiscal risks. These findings align with the DSA for the Kyrgyz Republic, which finds public debt as sustainable with moderate risks of debt distress.

14. The analysis highlights that strengthening tax administration, broadening the revenue base, and improving expenditure efficiency should be central to fiscal reforms. Additionally, diversifying financing sources, enhancing investor confidence, and fostering macroeconomic stability, would help reduce borrowing costs and improve debt dynamics. In addition, improving the profitability of SOEs, particularly those in the energy sector, helps address debt-contributing stock-flow adjustment, which is in turn crucial for improving fiscal space.

15. Further analysis would help determine an appropriate fiscal anchor for the Kyrgyz Republic. The Kyrgyz Republic has historically faced fluctuations in revenue and economic growth due to external shocks, trade activity, and commodity price movements. To reduce the likelihood of breaching MSDL under adverse scenarios, it is advisable to anchor debt at a level lower than the MSDL, therefore establishing a safety buffer. In many countries, this buffer typically amounts to around 10 percent of GDP. Conducting further analysis will assist in estimating the suitable safe buffer for the Kyrgyz Republic, striking a balance between ensuring debt sustainability and promoting macroeconomic stability and economic growth.

Annex IV. Implementation of Key Recommendations of the 2023 Article IV Consultation

Staff Advice	Implementation
Fiscal Policy	
Create fiscal space Raise tax revenue and improve the efficiency and equity of the tax system: • Eliminate inefficient VAT exemptions while operationalizing the refund mechanism and removing the sales tax. • Streamline special tax regimes. • Increase the progressivity of the PIT. • Improve revenue administration by strengthening taxpayer registry and risk management.	Tax policy measures have not been implemented.
Optimize expenditure:	
• Contain the public wage bill by capping wage increases to below inflation while limiting headcount through attrition.	The wage bill has come down due to revised higher GDP figures. The Fund is providing technical assistance.
• Reform the public employment and compensation framework with outside expertise.	This reform is a longer-term objective and has not been initiated yet.
• Reduce energy subsidies by gradually raising electricity tariffs to cost recovery and reducing technical and commercial losses in the energy sector	Residential electricity tariffs were increased by 30 percent in 2024 and will be increased by 33 percent effective May 1, 2025. The authorities have also announced further annual increases of 15 percent.
Strengthen PFM	
• Channel Kumtor's net profits to the treasury.	Part of Kumtor's profits were transferred to the treasury in 2023 and 2024.
• Improve the targeting of social spending.	Social protection benefits remain category-based rather than need-based.

• Introduce the Integrated Financial Management Information System modules for budget preparation and wage bill management.	There has been no progress on IFMIS or extrabudgetary funds.
• Implement the fiscal risks framework, including for SOEs.	IMF TA is being provided to enhance the fiscal risk analysis.
• Limit the use of extrabudgetary funds such as stabilization fund.	IMF team elaborated a recommendation to address the stabilization fund setup.
• Strengthen the public debt management framework.	There has been no progress.
• Avoid issuance of fixed-rate treasury obligations to finance public works through state-owned banks.	Implemented
Monetary/Exchange Rate, Financial Policies, and Safeguards Assessment	
Maintain price stability and improve the effectiveness of monetary policy	
• Maintain adequately tight interest rate policy and liquidity conditions until headline and core inflation decline durably.	Headline and core inflation declined to the central bank's target range.
• Discontinue gold purchases by the NBKR and resume gold exports without NBKR's involvement.	The NBKR discontinued purchases of gold in April 2024, and gold exports resumed without NBKR involvement.
• Eliminate the interest rate cap on the NBKR note auctions.	There has been no progress.
• Allow greater flexibility of the exchange rate to strengthen competitiveness and provide a buffer against external shocks.	Flexibility of the exchange rate has increased.
• Convert non-monetary gold to international reserves.	The NBKR converted a portion of its non-monetary gold to monetary gold.
• Contain the subsidized lending programs, including by a growing number of development funds.	There has been no progress.

• Improve communication and coordination between monetary and fiscal policies.	There has been no progress
Strengthen NBKR's governance and autonomy	
• Introduce a non-executive majority to the NBKR's board and the audit committee.	There has been no progress.
• Divest ownership in the Guarantee Fund, and wind down non-core central bank operations.	The NBKR formally decided to transfer ownership of the Guarantee Fund to the State.
• NBKR's profit distribution to follow the NBKR law.	There has been no progress
Data	
• Improve BoP statistics to reduce Errors and Omissions.	There has been no progress.
• Complete migration to the *GFSM-2014* standards.	In progress, with support from IMF TA.
Structural Reforms	
Reduce the state footprint in the economy	
• Develop SOE ownership policy to define the government's policy objectives as a shareholder and determine which SOEs serve public interests and should remain in state ownership, and which should be divested.	There has been no progress.
• Establish a strong corporate governance framework to ensure professional management and oversight of SOEs.	There has been no progress.
• Strengthen financial reporting by SOEs to ensure transparency and accountability.	A standard financial reporting form for all SOEs was developed.
• Strengthen the competition framework and ensure that SOEs do not receive preferential treatment.	There has been no progress.
• Avoid the use of price controls and state monopolies.	

Strengthen governance	
• Strengthen the public procurement system by expanding the scope of its allocation to SOEs, allow private sector participation and limit non-competitive bidding, increase transparency and improve complaint resolution.	There has been no progress.
• Broaden the scope of income and asset declarations by public officials and enhance public access to it.	There has been no progress.
Strengthen the AML/CFT framework	
• Strengthen the analytical and implementation capacity of risk-based AML/CFT supervision and monitoring of cross border activities.	There has been no known progress.

Annex V. Data Issues

Table 1. Kyrgyz Republic: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/							
B							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	C	A	B	C	A	B	B
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	C	A	B	C	A		
Granularity 3/	C		B	C	A		
			B		A		
Consistency			B	C		B	
Frequency and Timeliness	A	A	A	C	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.

1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.

2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance*, January 2024, Appendix I).

3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. Data weaknesses significantly impact the assessment of macroeconomic and financial risks in the Kyrgyz Republic, particularly in national accounts and external sector statistics. A major issue is the large volume of unrecorded re-exports, leading to external sector discrepancies with errors and omissions reaching nearly 40 percent of GDP. This distortion undermines the reliability of external balances, yet the authorities have not taken corrective measures. Additionally, it creates inconsistencies between the expenditure and production approaches in GDP measurement, further complicating economic analysis.

Recent national accounts revisions have introduced additional concerns, notably the outsized role of net taxes in driving overall changes, suggesting possible misclassification or measurement issues. These data weaknesses compromise the accuracy of risk assessments and policy recommendations, increasing the likelihood of ineffective macroeconomic and financial policies. Addressing these challenges through improved statistical methodologies and greater transparency is essential for informed policymaking.

Changes since the last Article IV consultation. The last Article IV consultation highlighted concerns about external sector statistics, particularly the significant errors and omissions. However, no improvements have been made since then, and the issue remains unresolved. Additionally, the challenges related to national accounts revisions have emerged after the last Article IV, further complicating macroeconomic analysis. These unresolved data weaknesses continue to hinder the accuracy of economic assessments and policy recommendations.

Corrective actions and capacity development priorities. Staff reiterated its offer to provide technical assistance (TA) to improve external sector statistics; however, the authorities have not yet agreed to receive this support. On national accounts, the authorities, supported by CCAMTAC, are working to develop and publish discrete quarterly GDP estimates.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff relied on the official data for the actual years. However, re-exports are calcualted and adjusted in the balance of payment projections.

Other data gaps.

Table 2. Kyrgyz Republic: Data Standards Initiatives

Kyrgyz Republic subscribes to the Special Data Dissemination Standard (SDDS) since February 2004 and publishes the data on its National Summary Data Page. The latest SDDS Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

Table 3. Kyrgyz Republic: Table of Common Indicators Required for Surveillance

As of April 10, 2025

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Kyrgyz Republic[8]	Expected Timeliness[6,7]	Kyrgyz Republic[8]
Exchange Rates	4/11/2025	4/11/2025	D	D	D	D	...	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Mar 2025	4/08/2025	M	Q	M	M	1W	1M
Reserve/Base Money	Mar 2025	4/08/2025	M	Q	M	M	2W	NLT 5D
Broad Money	Feb 2025	3/14/2025	M	Q	M	M	1M	3W
Central Bank Balance Sheet	Feb 2025	3/11/2025	M	Q	M	M	2W	NLT 5D
Consolidated Balance Sheet of the Banking System	Mar 2025	4/08/2025	M	Q	M	M	1M	3W
Interest Rates[2]	Mar 2025	4/08/2025	M	M	D	W	...	1D
Consumer Price Index	Feb 2025	3/12/2025	M	M	M	M	1M	2W
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	Jan 2025	2/25/2025	M	M	A	A	2Q	5M
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Jan 2025	2/25/2025	M	M	M	M	1M	20D
Stocks of Central Government and Central Government-Guaranteed Debt[5]	Q4 2024	2/25/2025	Q	Q	Q	Q	1Q	40D
External Current Account Balance	Q3 2024	1/31/2025	Q	Q	Q	Q	1Q	3M
Exports and Imports of Goods and Services	Q3 2024	1/31/2025	Q	Q	M	M	8W	47D
GDP/GNP	Jan 2025	10/2/2025	M	M	Q	Q	1Q	90D
Gross External Debt	Q4 2024	3/27/2025	Q	Q	Q	Q	1Q	Q
International Investment Position	Q3 2024	1/31/2025	Q	Q	Q	Q	1Q	90D

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

KYRGYZ REPUBLIC

May 7, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By

Middle East and Central Asia Department
(In collaboration with other departments)

CONTENTS

RELATIONS WITH THE FUND

(As of March 31, 2025)

Membership Status: Joined: May 8, 1992 Article VIII

General Resources Account:	**SDR million**	**Percent of Quota**
Quota	177.60	100.00
Fund Holdings of Currency (Exchange Rate)	184.68	103.98
Reserve Tranche Position	0.49	0.27

SDR Department:	**SDR million**	**Percent Allocation**
Net Cumulative Allocation	254.96	100.00
Holdings	158.20	62.05

Outstanding Purchases and Loans:	**SDR million**	**Percent of Quota**
Emergency Assistance (including ENDA, EPCA, and RFI)	7.40	4.17
RCF Loans	59.20	33.33
ECF Arrangements	20.93	11.79

Latest Financial Arrangements:

Type	**Date of Arrangement**	**Expiration Date**	**Amount Approved (SDR million)**	**Amount Drawn (SDR million)**
ECF	April 8, 2015	April 7,2018	66.60	57.08
ECF	June 20, 2011	July 7, 2014	66.60	66.60
ESF	December 10, 2008	June 9, 2010	66.60	33.30

Outright Loans:

	Date of Arrangement	**Expiration Date**	**Amount Approved (SDR million)**	**Amount Drawn (SDR million)**
RFI	May 08, 2020	May 12, 2020	59.20	59.20
RCF	May 08, 2020	May 12, 2020	29.60	29.60
RCF	Mar 26, 2020	Mar 30, 2020	29.60	29.60

Projected Payments to the Fund [1/]
(SDR million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2025	2026	2027	2028	2029
Principal	23.79	18.50	15.65	11.84	11.84
Charges/Interest	2.33	2.99	2.99	2.99	2.99
Total	26.12	21.49	18.64	14.83	14.83

1/ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Status of HIPC and MDRI Assistance

On November 30, 2011, the Executive Board considered the addition of income and indebtedness criteria for end-2010 to the HIPC Initiative framework, which resulted in the removal of the Kyrgyz Republic from the ring-fenced list of eligible countries.

Safeguards Assessments

An update assessment of the National Bank of the Kyrgyz Republic (NBKR) in connection with the emergency financing under the RFI/RCF disbursements, approved by the IMF Executive Board in March and May 2020, was completed on January 13, 2021. The assessment found that the shortcomings in the legal framework of the NBKR as reported in the previous assessment had not been addressed and recommended amendments to the NBKR law.

The Parliament of the Kyrgyz Republic amended the NBKR law in 2022, but did not fully address the 2020 Safeguards Assessment recommendations. The amended law envisages a proper recapitalization and profit distribution mechanisms, which is an important accomplishment, but does not introduce a majority of non-executive members of the NBKR Board and the Audit Committee, or provisions to wind down non-core central bank operations. In addition, the laws passed by Parliament in each of the last four years suspended the provisions of the NBKR law on profit distribution to allow for transfers of NBKR’s profit to the budget even though NBKR capital fell below the statutory floor.

Exchange Rate Arrangements

The de jure exchange rate arrangement is a floating arrangement. The NBKR participates and intervenes in the interbank foreign exchange market to limit exchange rate volatility as necessary. During 2024, flexibility of the exchange rate against the U.S. dollar increased in both directions. . The de facto classification of the exchange rate arrangement is “crawl-like” and has remained unchanged since October 21, 2022.

The NBKR publishes daily the exchange rate of the som in terms of the U.S. dollar, which is determined in the interbank foreign exchange market. The official exchange rate of the som against the dollar is calculated as the daily weighted average of the exchange rates used in the purchase and sale transactions of dollars conducted in the foreign exchange market through the Automated Trading System (ATS) of the NBKR for the reporting period from 3:00 pm of the previous trading day to 3:00 pm of the current trading day. The official exchange rate becomes effective from the next working day. The government uses the official exchange rate for budget and tax accounting purposes as well as for all payments between the government and enterprises and other legal entities.

The Kyrgyz Republic accepted the obligations under Article VIII, Section 2(a), 3, and 4 of the IMF's Articles of Agreement and maintains an exchange system free of multiple currency practices (MCPs)[1] and restrictions on the making of payments and transfers for current international transactions, except for the exchange restrictions for security reasons related to restrictions of financial transactions and the freeze of accounts of certain individuals or organizations associated with terrorism pursuant to (i) relevant U.N. Security Council resolutions; and (ii) the list of current terrorist organizations designated by the U.S. Secretary of State. The authorities have notified these measures to the Fund in May 2007 pursuant to Executive Board decision No. 144-(52/51).

Article IV Consultations

The Kyrgyz Republic is on a 12-month consultation cycle. The 2023 Article IV consultation discussions were held in November 2023 and were completed by the Executive Board in February 2024.

FSAP Participation and ROSC Assessment

An FSAP update mission in July 2013 reviewed progress since the 2007 assessment, and the Board discussed the Financial System Stability Assessment (FSSA) along with the fifth ECF review in December 2013. The FSSA was not published. A fiscal ROSC mission was held in March 2001 and the ROSC Fiscal Transparency Module was published on March 13, 2002. A data ROSC mission was held in November 2002 and the ROSC Data Module was published in November 2003. A fiscal ROSC reassessment was held in September 2007.

Resident Representative

The twelfth resident representative of the Fund in the Kyrgyz Republic, Mr. Farid Talishli, took his post in Bishkek in July 2023.

[1] The Kyrgyz Republic previously maintained an MCP arising from the use of the official exchange rate for government transactions as the official rate could differ by more than 2 percent from the exchange rate prevailing on the FX market at the time of the government transaction because it is based on the weighted average of the exchange rates of the preceding days (see Informational Annex to the SR No.24/64). In line with the revised MCP policy that became effective on February 1, 2024, MCPs maintained by members under the previous MCP policy were considered eliminated as of Feb. 1, 2024.

RELATIONS WITH OTHER INTERNATIONAL INSTITUTIONS

(As of March 27, 2025)

Asian Development Bank:

- Country page: https://www.adb.org/countries/kyrgyz-republic/main
- ADB projects and results: https://www.adb.org/countries/kyrgyz-republic/results

European Bank for Reconstruction and Development:

- Country page: https://www.ebrd.com/kyrgyz-republic.html
- EBRD projects: https://www.ebrd.com/work-with-us/project-finance/project-summary-documents.html?1=1&filterCountry=Kyrgyz%20Republic

World Bank Group:

- Country page: https://www.worldbank.org/en/country/kyrgyzrepublic
- Overview of Word Bank Group lending: https://financesapp.worldbank.org/en/countries/Kyrgyz%20Republic/
- IBRD-IDA project operations:

  http://projects.worldbank.org/search?lang=en&searchTerm=&countrycode_exact=KG

TECHNICAL ASSISTANCE PROVIDED BY THE FUND

(January 2014 – March 2025)

IMF Dept.	Type of Mission	Mission Dates	Requestor
FAD	Tax Administration Enforcement (Module 6—TPA TTF)	January 8–22, 2014	Ministry of Finance, State Tax Service, State Customs Service
	Public Finance Management	May 2–13, 2014	Ministry of Finance
	Public Finance Management	December 5–18, 2014	Ministry of Finance
	Public Finance Management	April 23–May 7, 2015	Ministry of Finance
	Tax Policy (Impact of the Accession to the EEU)	April 29–May 13, 2015	Ministry of Economy
	Public Finance Management (Fiscal risk disclosure)	September 17–October 1, 2015	Ministry of Finance
	Public Investment Management Assessment Information-Gathering	December 14–16, 2015	Ministry of Finance, Ministry of Economy
	Public Investment Management Assessment	January 27–February 10, 2016	Ministry of Finance, Ministry of Economy
	Managing Government Wage Expenditure	March 15–28, 2016	Ministry of Finance, Ministry of Labor
	Treasury and Accounting Reform and Fiscal Risks Disclosure	September 19–30, 2016	Ministry of Finance
	Government Subsidies Review: Energy Subsidy and Social Protection	February 22–March 7, 2017	Ministry of Finance
	Treasury and Accounting Reform and Fiscal Risks Disclosure	April 17–27, 2017	Ministry of Finance
	A Rules-Based Fiscal Framework	June 13–26, 2017	Ministry of Finance
	Financial Management Information System Strategy	July 14–25, 2017	Ministry of Finance
	Amend the Budget Code to Support the New Fiscal Rules System	December 11-15, 2017	Ministry of Finance
	Incorporation of Fiscal Rules in the Budget Code	December 11-15, 2017	Ministry of Finance
	Use of IT in Budget Preparation	September 8-October 2, 2020 (virtual)	Ministry of Finance
	Review the New Draft Tax Code	October 6, 2021 (virtual)	Ministry of Economy and Commerce
	Implementing the Results Based Budgeting	June 22- July 5, 2022	Ministry of Finance
	SOE oversight and performance management	November 22 – December 5, 2022	State Property Management Fund
	Select Taxation Issues	June 20 – July 4, 2023	State Tax Service

IMF Dept.	Type of Mission	Mission Dates	Requestor
	State Owned Enterprises Fiscal Risks	November 13-24, 2023	Ministry of Finance and State Agency Management of Property
	Wage Bill: Scoping Mission	November 18 - 25, 2024	Ministry of Finance
MCM	Operational Advice on Improving the Monetary Policy Framework	February 3–14, 2014	National Bank of the Kyrgyz Republic
	Operational Advice on Improving the Monetary Policy Framework	April 20–28, 2015	National Bank of the Kyrgyz Republic
	Strengthening Near-Term Modeling and Forecasting Capacities	April 18–29, 2016	National Bank of the Kyrgyz Republic
	Medium-Term Debt Management Strategy	April 20–28, 2016	Ministry of Finance
	Strengthening Banking Supervision	May 24–June 1, 2016	National Bank of the Kyrgyz Republic
	Monetary Policy and Inflation Targeting Framework	April 10–25, 2017	National Bank of the Kyrgyz Republic
	IFRS 9 Training for NBKR Banking Supervisors	May 29–June 2, 2017	National Bank of the Kyrgyz Republic Banking Supervisors
	Monetary Policy and Inflation Targeting Framework – Follow Up	April 4–13, 2018	National Bank of the Kyrgyz Republic
	Inflation Targeting	October 29–November 14, 2018	National Bank of the Kyrgyz Republic
	Cyber Security	March 6–20, 2019	National Bank of the Kyrgyz Republic
	Inflation Targeting	September 2019	National Bank of the Kyrgyz Republic
	Covid-19: Implications on Asset Classification and Provisioning (virtual)	June 17-26, 2020	National Bank of the Kyrgyz Republic
	Inflation Targeting (virtual)	August-September 2020	National Bank of the Kyrgyz Republic
	Capacity development – Central bank policy and operations (remote)	January-March 2021	National Bank of the Kyrgyz Republic
	Monetary Policy and Operational Framework (virtual)	October 8–November 11, 2021	National Bank of the Kyrgyz Republic
	Central Bank Operations-Monetary Policy Implementation	October 3 – October 7, 2022	National Bank of the Kyrgyz Republic
	Enhancing Monetary Operations	October 23 – November 3, 2023	National Bank of the Kyrgyz Republic
	Medium-Term Debt Management Strategy	June 17 - 28, 2024	Ministry of Finance

IMF Dept.	Type of Mission	Mission Dates	Requestor
	IFRS 9: A Supervisory Perspective	September 25- October 1, 2024	National Bank of the Kyrgyz Republic
	Enhancing Security Market: Scoping Mission	December 10- 16, 2024	Ministry of Finance
MCM /LEG	Central bank digital currency (virtual)	January 15-April 20, 2021	National Bank of the Kyrgyz Republic
MCM /ITD/ LEG	Central bank digital currency (virtual)	July 20 – November 30, 2021	National Bank of the Kyrgyz Republic
LEG	AML/CFT Follow-up	February 2014	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT Follow-up	January 2015	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT Follow-up	June 2015	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT Follow-up	October–November 2015	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT Follow-up	January 2016	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT Follow-up	April 2016	National Bank of the Kyrgyz Republic, State Financial Intelligence Service, and Public Prosecutor
	AML/CFT risk-based supervision and SFIS IT workflow procedures	June/July 2016	National Bank of Kyrgyz Republic,

IMF Dept.	Type of Mission	Mission Dates	Requestor
			State Financial Intelligence Service
	IT (setting up analytical reporting software)	August 2016	State Financial Intelligence Service
	AML/CFT risk-based supervision (IMF/WB mission)	October 2016	National Bank of Kyrgyz Republic
	Legal Frameworks for Bank Resolution	September 20–22, 2017	National Bank of the Kyrgyz Republic, Ministry of Justice
	AML/CFT supervision (WB/IMF workshop)	October 3–7, 2017	National Bank of the Kyrgyz Republic
	AML/CFT Legal drafting	February 2018	State Financial Intelligence Service
	AML/CFT Legal drafting	July 2018	State Financial Intelligence Service
	AML/CFT supervision (WB/IMF workshop)	October 2018	National Bank of Kyrgyz Republic
LEG/ FIN	Safeguards-Related Issues: proposals to strengthen the central bank's governance	July 9-11, 2018	National Bank of Kyrgyz Republic
LEG/ FIN	Assessment of safeguards-related areas (remote)	October 19 – 30, 2020	National Bank of Kyrgyz Republic
STA	Price Statistics	March 31–April 11, 2014	National Statistics Committee
	External Sector Statistics	February 16–27, 2015	National Bank of the Kyrgyz Republic
	Monetary and Financial Statistics	April 15–28, 2015	National Bank of the Kyrgyz Republic
	External Sector Statistics	October 26–November 6, 2015	National Bank of the Kyrgyz Republic
	External Sector Statistics	April 4–15, 2016	National Bank of the Kyrgyz Republic
	Quarterly National Accounts	April 11–16, 2016	National Statistics Committee
	Government Finance Statistics	April 11–22, 2016	Ministry of Finance
	Monetary and Financial Statistics	April 13–26, 2016	National Bank of the Kyrgyz Republic
	National Account EDDI2	April 17–28, 2017	National Statistical Committee
	Government Finance Statistics (Training)	April 24–May 5, 2017	Ministry of Finance, the National Bank of

IMF Dept.	Type of Mission	Mission Dates	Requestor
			Kyrgyz Republic, National Statistical Committee, and the Social Fund
	National Accounts EDDI2	November 6–24, 2017	National Statistics Committee
	Quarterly National Accounts	April 2–20, 2018	National Statistics Committee
	Government Finance Statistics	October 23-27, 2018	Ministry of Finance
	National Accounts EDDI2	November 12–23, 2018	National Statistics Committee
	External Sector Statistics	June 24-July 5, 2019	National Bank of the Kyrgyz Republic
	Government Finance Statistics	May 20-24, 2019	Ministry of Finance
	Government Finance Statistics	September 30-October 11, 2019	Ministry of Finance
	Government Finance Statistics	April 26-May 7, 2021 (virtual)	Ministry of Finance
	Government Finance Statistics	December 6-17, 2021(virtual)	Ministry of Finance
	Government Finance Statistics	April 24-29, 2022 (virtual)	Ministry of Finance
	National Accounts	April 18 -22, 2022 (virtual)	National Statistics Committee
	National Accounts	September 5 -16, 2022	National Statistics Committee
	Government Finance Statistics	September 12 – 23, 2022	Ministry of Finance
	National Accounts	September 18 – 29, 2023	National Statistics Committee
	Government Finance Statistics	September 18 – 29, 2023	Ministry of Finance
	National Accounts	February 26 - March 7, 2024	National Statistics Committee
	National Accounts	May 27 - 31, 2024	National Statistics Committee
	Government Finance Statistics	September 9-13, 2024	Ministry of Finance
	National Accounts	February 3 – 14, 2025	National Statistics Committee
ICD	Quarterly Projection Model review and validation (1/2).	March 13 – 31, 2023	National Bank of the Kyrgyz Republic
	Quarterly Projection Model review and validation (2/2).	August 28 – September 8, 2023	National Bank of the Kyrgyz Republic
	Macroeconomic Framework Refresher	November 20 – December 1, 2023	National Bank of the Kyrgyz Republic

List of Resident Advisors

FD	Banking Supervision/Restructuring Advisor	Mr. Svartsman	January 2004–January 2005
MFD	Public Debt Policy and Management	Mr. Azarbayejani	December 2002–December 2004
MCM	Debt Management and Development of Government Securities Management	Mr. Riecke	August 2006–June 2011
MCD	Macroeconomic Analysis and Forecasting	Mr. Petkov	January 2010–January 2011
MCM	Banking Supervision/Restructuring Advisor	Mr. Svartsman	October 2010–April 2013
LEG	Long-Term Banking Advisor	Mr. Zaveckas	August 2012–April 2014
MCM	Banking Supervision/Restructuring Advisor	Mr. Svartsman	July 2013–January 2014
MCM	Banking Supervision/Restructuring Advisor	Ms. Sonbul Iskender	January 2016–July 2019

INTERNATIONAL MONETARY FUND

KYRGYZ REPUBLIC

May 7, 2025

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—DEBT SUSTAINABILITY ANALYSIS

Approved By
Subir Lall and Stefania Fabrizio (IMF) and Asad Alam and Manuela Francisco (IDA)

Prepared by staffs of the International Monetary Fund and the International Development Association

Risk of external debt distress	*Moderate*
Overall risk of debt distress	*Moderate*
Granularity in the risk rating	*Some space to absorb shocks*
Application of judgment	*No*

Staff assesses the Kyrgyz Republic's public debt as sustainable with moderate risks of external and overall debt distress. There is a breach of the relevant thresholds for all four external debt ratios for a sustained period under a standard shock to exports, and a breach of the threshold for the PV of total debt to GDP under a standard shock to growth. Under the baseline, the PV of the stock of public debt continues to rise to 39.7 percent of GDP by 2035, which is below its threshold and therefore results in a moderate risk of total debt distress. Similarly, none of the external debt ratios breach their threshold under the baseline, leading to a moderate risk of external debt distress. Because the external debt burden indicators trend downward and the breaches are limited, staffs judge external and total public debt to be sustainable. Creating fiscal space and containing debt vulnerabilities will require improving tax collections, sustaining efforts to reduce the wage bill and energy subsidies, strengthening debt management, seeking concessional financing and improving public investment management.

PUBLIC DEBT COVERAGE

1. **Public and Publicly Guaranteed (PPG) debt covers state government debt (both central and local government), state guarantees, and the debt of the central bank to the IMF** (Text Table 1). Almost all public sector debt is issued by the central government. The part of the 2021 SDR allocation that has been drawn down is counted toward public debt. Local governments have no external debt and insignificant domestic debt. The social security fund has no debt. State-owned enterprises (SOEs) mostly borrow from the government and have no external debt by law. Their short-term domestic borrowing from the banking sector is limited and they do not have long-term domestic debt. In addition, the government has no outstanding guarantees.[1] As of end-2024, there is no significant PPG debt for new companies created as Public-Private Partnerships. As in the previous DSA, given the large stock of liabilities associated with the energy sector (equivalent to around 15 percent of GDP in 2022[2]), and the recent conversion into equity of energy SOE debt, a contingent liability shock of 13 percent of GDP is applied, of which 8 percent of GDP are potential expenditures not included in the baseline, reflecting an operational risk stemming from the structural cash shortfall of loss-making energy sector SOEs[3]; and 5 percent of GDP is the default value representing the average cost to the government during a financial crisis (Text Table 2).

Text Table 1. Kyrgyz Republic: Public Debt Coverage

	Subsectors of the public sector	Sub-sectors covered
1	Central government	X
2	State and local government	X
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	

Text Table 2. Kyrgyz Republic: Combined Contingent Liability Shock

1	The country's coverage of public debt	The central, state, and local governments, central bank, government-guaranteed debt			
		Default		Used for the analysis	Reasons for deviations from the default settings
2	Other elements of the general government not captured in 1.	0	percent of GDP	0.0	
3	SoE's debt (guaranteed and not guaranteed by the government) 1/	2	percent of GDP	8.0	
4	PPP	35	percent of PPP stock	0.0	
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5	percent of GDP	5.0	
	Total (2+3+4+5) (in percent of GDP)			13.0	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1.). If it is already included in the government debt (1.) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

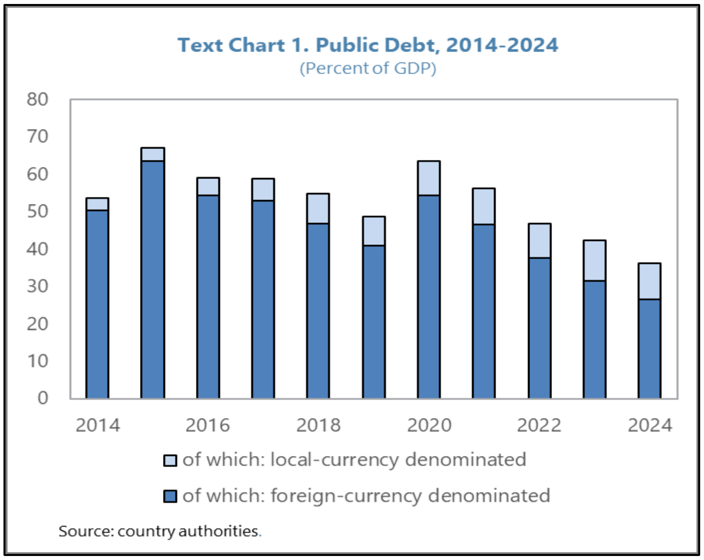
[1] The Budget Code prevented the state from guaranteeing debt of SOEs and other public entities since 2007, except when stipulated by the obligations of memberships in international and inter-governmental organizations. However, recent changes in the Budget Code could allow the Government to issue guarantees under certain conditions.

[2] These comprise state participation through equity and largely concessional on-lending in the power generation and transmission companies.

[3] IMF Country Report No. 23/91, Kyrgyz Republic—Staff Report for the 2022 Article IV Consultation.

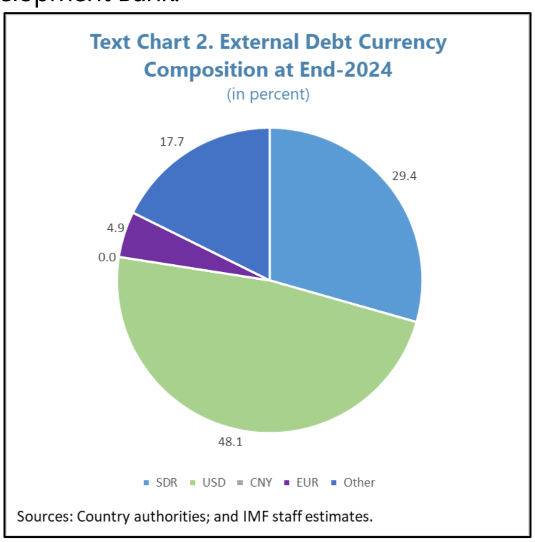
BACKGROUND

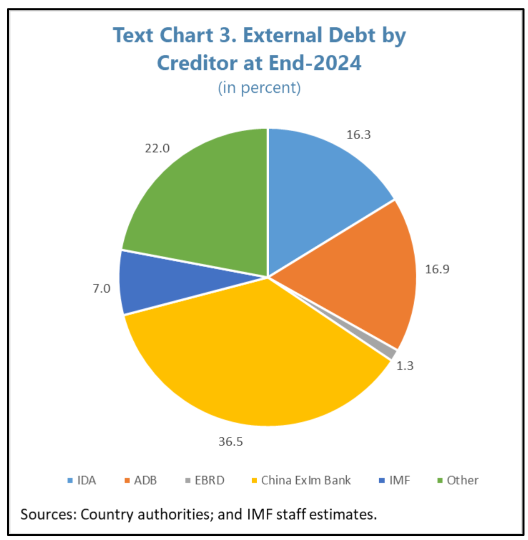
2. **Public debt decreased to 36.6 percent of GDP in 2024[4] from 42.1 percent of GDP in 2023** (Text Chart 1). This decline was a result of a fiscal surplus, strong nominal GDP growth in 2024, and a broadly stable exchange rate. External debt decreased by 4.6 percentage points of GDP, while domestic debt decreased by 0.9 percentage point of GDP. Domestic public debt is held mostly by commercial banks and the social security fund.



3. **External debt continues to be predominantly denominated in US dollars and SDRs**. These two currencies account for around 80 percent of nominal external debt at end 2024 (Text Chart 2). The euro accounts for less than 5 percent.

4. **China remains the largest creditor at end 2024**.[5] Official external debt owed to China accounts for 36.5 percent of total external debt, down from almost 40 percent at end 2023. The Asian Development Bank (ADB) and the International Development Association (IDA–World Bank) are each owed over 16 percent (Text Chart 3). The IMF is owed 7 percent of the total, down from over 7.5 percent in 2023. As in the last DSA, the large creditors in the "Other" category include Japan, the Islamic Development Bank, other bilateral lenders, and the Eurasian Development Bank.





[4] For the 2024 public debt-to-GDP ratio, minor inconsistencies in provisional national accounts data resulted in an upward adjustment by 0.4 percent of GDP over the modeled figure.

[5] In 2021, under the DSSI, the country reached agreements with the creditors from China, Germany, France, Turkey, Saudi Arabia and Japan to postpone debt service payments due July-December 2021 for up to six years with a one-year grace period.

5. According to the Adaptation and Resilience assessment conducted for the Country Climate and Development Report (CCDR), the Kyrgyz Republic is vulnerable to climate shocks due to its mountainous terrain and significant agricultural production.[6] Between 2000 and 2023, the country experienced a total of 23 climate-related disasters which resulted in 402 deaths, affected over 2.5 million people, and caused US$76 million in damages. The authorities' National Green Economy Program for 2025-28 aims at enhancing energy efficiency, improving mineral resource management, increasing hydropower capacity, and promoting low carbon transportation, sustainable agriculture, tourism and water and waste management practices. The baseline reflects the current policy mix, including the implementation of the Kyrgyz climate strategy, of which the Kambarata hydro power plant is an important component.

UNDERLYING ASSUMPTIONS

6. The macroeconomic outlook (Text Table 3) illustrates the economy's strong recent performance and robust prospects.

Text Table 3. Kyrgyz Republic: Selected Indicators, 2023–45

	2023	2024	2025	2026	2025-30	2031-35	2036-45
Real GDP growth (percent)							
Current DSA	9.0	9.0	6.8	5.3	5.6	4.8	4.9
Previous DSA[1]	4.2	4.4	4.2	4.0	4.1	3.9	4.0
Overall fiscal balance (percent of GDP)							
Current DSA[2]	1.6	1.8	-3.4	-2.8	-3.1	-2.7	-3.2
Previous DSA[1]	0.1	-1.6	-1.7	-2.2	-1.8	-3.5	-5.1
Revenues and grants (percent of GDP)							
Current DSA	34.6	35.1	32.1	31.8	31.4	30.3	29.3
Previous DSA[1]	38.5	36.0	35.2	34.6	35.4	33.1	32.3
Public expenditure (percent of GDP)							
Current DSA	33.0	33.3	35.5	34.6	34.5	33.0	32.5
Previous DSA[1]	38.4	37.6	36.9	36.7	37.2	36.6	37.4
Net acquisition of financial assets, Gen. Gov. (percent of GDP)							
Current DSA	1.9	2.2	1.3	1.0	0.7	0.5	0.5
Net incurrence of liabilities, Gen. Gov. (percent of GDP)							
Current DSA	0.6	0.3	4.7	3.8	3.7	3.2	3.7
Current account balance (percent of GDP)							
Current DSA	-45.0	-30.7	-8.5	-7.5	-7.5	-6.0	-5.4
Previous DSA[1]	-31.8	-9.7	-7.9	-5.9	-10.9	-4.6	-4.1
Exports of goods and services (percent of GDP)							
Current DSA	36.5	51.5	63.8	61.2	58.2	52.3	48.1
Previous DSA[1]	52.2	69.6	68.7	66.8	63.9	58.2	51.0
Imports of goods and services (percent of GDP)							
Current DSA	95.5	97.3	87.2	83.8	80.8	73.8	71.7
Previous DSA[1]	93.8	90.2	87.5	84.1	86.1	77.0	76.5
PIP Disbursements (millions of US$)							
Current DSA[3]	111	354	370	355	501	518	676
Previous DSA[1]	255	368	308	300	312	390	475
Reserves in months of prospective imports							
Current DSA3	2.1	3.2	3.1	2.9	2.7	2.1	1.5
Previous DSA[1]	2.9	2.4	2.1	2.0	2.2	2.1	2.4

Sources: Kyrgyz authorities; and IMF and World Bank staff estimates and projections.

1/ IMF Country Report No. 24/64, Kyrgyz Republic -- Staff Report for the 2023 Article IV Consultation -- Debt Sustainability Analysis; outer year averages refer to 2023-28, 2029-33 and 2034-43, respectively.

2/ Including onlending to energy SOEs.

3/ Includes external debt financing for the China-Kyrgyzstan-Uzbekistan railway as of 2026.

[6] The Country Climate and Development Report (CCDR) is a WB report that analyses the interplay between development (including poverty reduction, growth, inequality), climate change, and climate policies, and investigates how climate change and global decarbonization may impact a country's development path and priorities. The CCDR for the Kyrgyz Republic is expected to be published in September 2025.

- **Growth and inflation**. Growth was strong in 2024 as in the two previous years, due to a continuous expansion of trade, and increasingly transport, communications, and construction.[7] It is projected to moderate to 6.8 percent in 2025 and converge to 5.6 percent in the medium term and come down to around 5 percent in the long term as the spillovers from Russia's invasion of Ukraine fade. Compared to the previous DSA, higher growth projections reflect an increase in potential output growth, which is estimated at around 5 percent. Inflation is forecast in mid-single digits in 2025 and thereafter.

- **Fiscal policy**. The overall budget balance turned positive two years in a row, at around 1.6 and 1.8 percent of GDP in 2023 and 2024, respectively. Tax collection remained strong, with a shift from VAT on imports toward the corporate income tax, and an uptick in tariff revenue from the customs union. The outturn for the main expenditure items was largely in line with the nominal budget allocation. The fiscal balance is projected to turn negative in 2025 as a result of spending on new projects that are additional to the PIP - the Kambarata-1 hydro power plant (HPP),[8] the China-Kyrgyzstan-Uzbekistan railway project[9] and small and medium-size energy projects,[10] - and an increase in subsidies to the energy sector, while VAT on imports continues to taper off. In addition, capital injections in other SOEs are expected to add 1.3 percentage points of GDP to the financing needs. The deficit is projected to increase gradually to around 3 percent of GDP through 2030 on account of decreasing tax revenue from trade and the start of construction of two large infrastructure projects. Claims on resources (including the net acquisition of financial assets) are expected to come down gradually, resulting in stable net financing needs of about 3½ percent of GDP in the medium and long term, despite growing interest payments.

- **External sector**. The current account deficit is estimated to have reached 30.7 percent of GDP in 2024, which was partly offset by BoP errors and omissions of 22 percent of GDP. The latter reflect unrecorded re-exports to the Eurasian Customs Union (EACU), mostly from China to Russia, as intra-EACU trade is not subject to mandatory reporting and customs monitoring. Accounting for re-

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[7] Real GDP growth for 2023 was revised to 9 percent from the preliminary 6.2 percent growth due to the adoption of the 2008 System of National Accounts (SNA) standards and the methodological change for calculating the net taxes on goods component of GDP.

[8] The Kambarata-1 HPP is an energy project. The total cost of the project is estimated to be US$3.9 billion, incurred between 2025-32 The Kambarata-1 HPP project will be financed and implemented jointly by the Kyrgyz Republic, Uzbekistan and Kazakhstan, based on a cooperation agreement between the governments of these three countries. The Kyrgyz Republic will contribute 34 percent and Uzbekistan and Kazakhstan 33 percent each. The projected fiscal balance in this DSA accounts for only Kyrgyz Republic's share in expected project costs.

[9] The China-Kyrgyzstan-Uzbekistan (CKU) railway project is a significant infrastructure initiative aimed at enhancing connectivity and trade between China, Kyrgyzstan, and Uzbekistan. The cost of the project is estimated at US$4.7 billion and expected to be built during 2025-32. The parties agreed to implement the project according to the TOT (construction - operation - transfer) model by creating a joint project company with the distribution of shares in the following proportions: 51% China Railway, 24.5% Kyrgyz side (SE NC Kyrgyz Temir Zholu), 24.5% Uzbek side (Uzbekistan Railways). Financing of the Project is expected to be carried out in the following proportions: 50% of financing will be equity, 50% will be borrowed funds (loans from Chinese financial institutions). It should be noted that the borrower will be the Joint Project Company (JSC). The projected fiscal balance in this DSA accounts for only Kyrgyz Republic's share in expected project costs.

[10] The program of small to medium-size energy projects is projected to cost US$1.7 billion, spread between 2025-28.

exports, the current account deficit is projected to narrow to 8.5 percent of GDP in 2025 and further to 6.4 percent by 2030 and to just over 5 percent by 2045. Gross international reserves are projected to decline gradually from 3.2 months of imports to 2.3 months in 2030, and hover above one month by 2045

- **Financing assumptions**. New external borrowing is assumed to remain mostly on concessional terms. IDA loan disbursements are expected at US$157.5 million in 2025 and to rise gradually to around US$234 million in 2030 to support the construction of the Kambarata-1 HPP. The ADB is projected to provide US$200 million in 2025, of which US$100 as budget support, plus US$120 million in 2026 and about US$70 million per year in 2027-30, also to support the construction of the Kambarata-1 HPP. A Eurobond issuance of US$500 million is projected in 2025, and US$400 million for each of the 3 subsequent years for the energy production program. Additional non-concessional borrowing of US$100 million a year is assumed for the railway for seven years starting in 2025. These new borrowings are expected to reduce the average concessionality of external debt looking forward. Since overall external financing is expected to decline over time, the share of net domestic borrowing in overall borrowing (excluding external amortization) is expected to increase from around 43 percent in 2030, when external project financing is high, to almost 75 percent by 2045. Domestic borrowing rates are assumed at 8 to 15 percent for maturities ranging between 1 year and 7 years in 2025, with a gradual decrease by 2030 to between 8 and 12 percent respectively as the financial market develops.

7. Baseline projections are realistic:

- **Drivers of debt dynamics**. The forecast error of the change in the ratio of public debt-to-GDP over the past five years has been significant (Figure 3). Total public debt in 2030 is expected to increase modestly to 41.9 percent of GDP in nominal terms, but only to 36.6 percent of GDP in PV terms – thanks to mostly concessional external borrowing. The gradual increase in the total public debt-to-GDP ratio beyond 2030 is explained by the expected widening of the general government deficit due to lower revenue and high cost of domestic debt.

- **Realism of planned fiscal adjustment** (Figure 4). The projected 3-year adjustment shows a deterioration of the primary balance due to the deterioration in tax revenue.
- **Consistency between fiscal adjustment and growth** (Figure 4). The growth projection for 2025 is below the growth paths suggested by different fiscal multipliers. The projected fiscal adjustment for 2025 reflects the expected decline in trade-related tax revenue and new infrastructure spending.
- **Consistency between public investment and growth** (Figure 4). Medium and long term growth is projected at close to its potential rate of around 5 percent, which is consistent with the path for public investment. The upticks in 2025 and 2027 reflect the commencement of the constructions of China-Kyrgyzstan-Uzbekistan railway and the Kambarata-1 HPP, respectively.

COUNTRY CLASSIFICATION AND STRESS TESTS

8. **The Kyrgyz Republic's debt-carrying capacity is medium** (Text Table 4). The country's Composite Indicator (CI) index[11] is 3.06 for its most recent vintage. Although it is above the threshold of 3.05 for strong debt-carrying capacity, the assessment of debt-carrying capacity remains a medium. This is supported by the two previous CI vintages, which are both under 3.05.[12] The CI is calculated for the IMF World Economic Outlook (WEO) vintage of October 2024 and the World Bank's 2023 CPIA vintage. The recent CI index is due to a relatively low but improving CPIA score and an increasing ratio for the coverage of imports by reserves. This translates into the following external debt burden thresholds: 180 percent of the present value (PV) of PPG external debt-to-exports ratio, 40 percent of the PV of PPG external debt-to-GDP, 15 percent of the PPG external debt service-to-exports, and 18 percent of the PPG external debt service-to-revenue. The total public debt benchmark is 55 percent of the PV of total public debt-to-GDP ratio.

Text Table 4. Kyrgyz Republic: Debt-Carrying Capacity and Relevant Indicative Thresholds

Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintages
Medium	Strong 3.06	Medium 3.00	Medium 2.97

EXTERNAL debt burden thresholds	Weak	Medium	Strong
PV of debt in % of			
Exports	140	180	240
GDP	30	40	55
Debt service in % of			
Exports	10	15	21
Revenue	14	18	23

TOTAL public debt benchmark	Weak	Medium	Strong
PV of total public debt in percent of GDP	35	55	70

EXTERNAL DSA

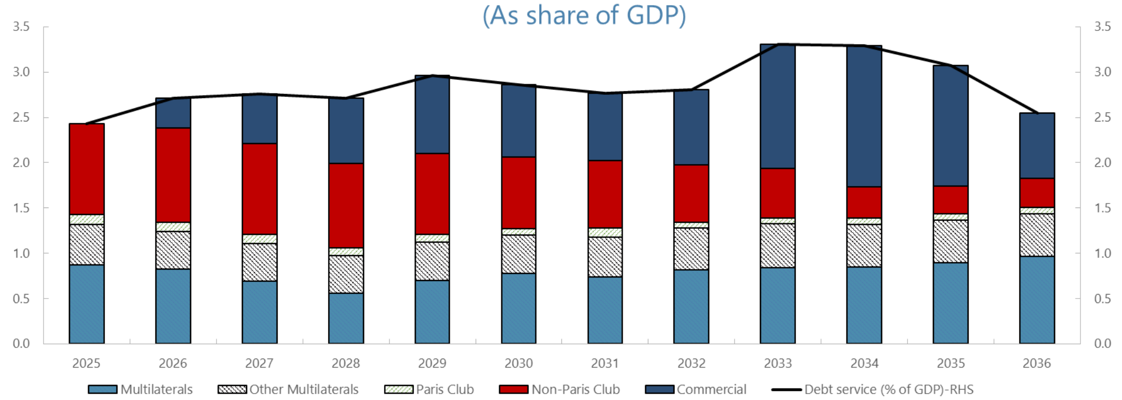
9. **All four external debt ratios remain below their respective thresholds under the baseline scenario** (Figure 1, and Tables 1 and 3). External Public and Publicly Guaranteed (PPG) debt was 26.6 percent of GDP at end-2024 and private external debt was estimated at 21.7 percent of GDP. The latter is expected to gradually decline to around 20 percent of GDP by 2030 as net external private borrowing is projected to grow less than nominal GDP. The PV of PPG external debt decreased to 19.4 percent of GDP in 2024 (from 26.6 percent at end-2023 estimated in the previous DSA, based on a lower nominal GDP) and is projected to rise to 26.6 percent of GDP by end-2030 (well below the 55 percent threshold) on the back of higher external borrowing over the next five

[11] The CI is a function of the World Bank's Country Policy and Institutional Assessment (CPIA) score, international reserves, remittances, country, and global economic growth. The calculation is based on 10-year averages of the variables, across 5 years of historical data and 5 years of projection. For more details, see IMF, 2018, Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries.

[12] To reduce potential variations in risk assessments stemming from volatility in macroeconomic projections, a change in country classification would require at least two consecutive designations in the new category. For more details, see IMF, 2018, Guidance Note on the Bank-Fund Debt Sustainability Framework for Low-Income Countries.

years, and on less concessional terms on average. The ratio falls to 21.1 percent in 2035 after the Eurobond issued in 2025 is repaid (Text Chart 4). The high residual up to 2024 is attributable to the high errors and omissions in the BOP, which are not projected onward (Table 1).

Text Chart 4. PPG External Debt Service by Category of Creditors
(As share of GDP)



Sources: Country authorities; and IMF and World Bank staff.

10. All external debt ratios breach their threshold under a standard stress test. The PV of external debt-to-GDP, the PV of external debt-to-exports, debt service-to-exports and debt service-to-revenues all breach their threshold for at least 10 years when a standard stress test to exports is applied in 2026 and 2027. This is attributable to the lower thresholds associated with a medium debt-carrying capacity, the higher external borrowing for infrastructure, the less concessional average terms from the Eurobond issuances, and the high historic volatility of exports. All ratios under the most extreme standard stress tests start declining in 2034 at the latest, and fall back under or close to their respective thresholds by the end of the projection period (2045).

PUBLIC DSA

11. The PV of debt-to-GDP ratio, used to assess the risk of total public debt distress, increases gradually under the baseline scenario, but does not breach its benchmark. (Figure 2 and Tables 2 and 4). In 2024 public debt is estimated to have subsided to 36.6 percent of GDP from 44.3 percent of GDP in the previous DSA (Text Table 5). Under the baseline scenario, it is expected to start increasing gradually from 2025 due to increasing financing needs and growing interest payments, and reach 47.5 percent of GDP by 2045. The ratio of debt service-to-revenue (including grants) rises to 15.4 percent in 2030 and increases to almost 33.1 percent by 2045, reflecting the effect of high interest rates on domestic debt combined with the higher external interest and amortization payments associated with projected non-concessional borrowing.

Text Table 5. Kyrgyz Republic: Comparison of Debt Ratios 2024-35
(in percent of GDP)

	2024	2025	2026	2027	2028	2029	2030	Long Term (2035) 2/
PPG external debt-to-GDP ratio								
Current DSA	26.6	29.0	30.8	31.9	33.3	32.8	32.3	25.0
Previous DSA[1]	34.4	32.5	30.6	29.0	28.0	n.a.	n.a.	25.2
Public debt-to-GDP ratio								
Current DSA	36.6	38.5	39.5	40.3	41.2	41.3	41.9	43.3
Previous DSA[1]	44.3	42.7	42.1	42.2	42.9	n.a.	n.a.	48.2

Sources: Kyrgyz authorities; and IMF and World Bank staff estimates and projections.

1/ IMF Country Report No. 24/64, Kyrgyz Republic -- Staff Report for the 2023 Article IV Consultation -- Debt Sustainability Analysis.

2/ for the previous DSA: 2033.

12. As in the previous DSA, total public debt is vulnerable to a growth shock, which is the most extreme stress test. Under this shock, the PV of debt-to-GDP ratio breaches the benchmark of 55 percent by 2028 and continues a persistent upward trajectory thereafter. This shock also puts two other indicators on an upward path: the PV of debt-to-revenue ratio would reach over 130 percent by 2035, and the debt service-to-revenue ratio would reach over 23 percent also in 2035. Although no explicit benchmark exists for these two ratios, the projections point to potential debt vulnerabilities in the long run.

13. The projections of solvency and liquidity domestic public debt indicators remain below their respective benchmarks (Figure 6). Over the medium-term (2025-31), the domestic debt-to-GDP ratio is projected to remain within its historical range and well below the median of domestic debt-to-GDP ratios across countries using LIC DSF of 17.2 percent. Moreover, the domestic debt-to-GDP ratio is expected to remain below the median threshold during the next 10 years of the forecast period and breaches it in 2035. Similarly, the domestic public debt service-to-revenue ratio is projected to remain within its historical range over 2025-32, and well below the median of this ratio across countries using LIC DSF of 21.7 percent over the entire forecast period.

14. Domestic debt management should be strengthened. The priority measures include revising the Debt Management Strategy in line with the standards of the MTDS framework, including its planned implementation through an Annual Borrowing Plan and Issuance Calendar; improving collaboration between the NBKR and the Ministry of Finance to strengthen liquidity management and forecasting; setting medium term targets for average Term-to-Maturity to design a better mix of domestic securities; defining debt management objectives within the Budget Code and the medium-term horizon of the cost and risk parameters; developing and publishing short-term yield curve based on NBKR notes and T-Bill auctions; lifting interest rate caps and yield change limits, and allowing full market price discovery in auctions; implementing a benchmark bond policy; issuing 3-month and 6-month T-Bills at market rate; and strengthening technical and institutional capacity of Public Debt Management Department. The authorities' reform agenda in debt management has been supported by the IDA's Sustainable Development Finance Policy. The most recent reforms included the approved methodological guidelines on preparation of i) an annual public debt report and ii) an annual SOEs aggregate report including SOEs' financial performance assessment.

A. Risk Rating and Vulnerabilities

15. The mechanical risk rating suggested by the baseline and the stress tests support staffs' assessment of external debt as being at moderate risk of debt distress. The breach of a threshold by all four ratios under a standard stress test on exports leads to a "moderate" risk rating of external debt distress. This assessment is further supported by the heightened uncertainty stemming from the amplitude and rapidity of the decrease in exports, and the rise in downside global risks that are not well captured under the standard tests. These risks include possible reversals of the rapid expansion of the re-export trade, higher global interest rates, and the limited diversification of exports. These factors all argue for a "moderate" rating for the risk of external debt distress. Moreover, staffs assess external debt as sustainable, because there are no breaches of relevant thresholds under the baseline for any external debt indicators, and they are all projected on a downward trajectory after 2034, driven by the decline in PPG external debt after the completion of the three large infrastructure projects and the substantial repayment of externally-issued securities by 2035.

16. The risk of overall public debt distress remains "moderate." This reflects the "moderate" rating for the risk of external debt distress, plus the breach by the PV of debt-to-GDP ratio of its benchmark of 55 percent before 2035 under a standard stress test. The upward trajectory of this ratio is driven by growing domestic borrowing as a residual source of financing at relatively high interest rates in the absence of more concessional finance. Over time, the interest payments become a significant expenditure item and drive financing needs. The moderate risk rating is further justified by the debt management weaknesses. However, total public debt is still assessed as sustainable since the ratio of PV of public debt-to-GDP under the baseline remains well below 55 percent of GDP by 2035, even though it increases monotonously. This is consistent with the finding of "some fiscal space" evidenced by the granularity tool in Figure 5.

17. Risks to the ratings assessment are significant. Tightening of Western sanctions on Russia would worsen prospects for the Russian economy, leading to depreciation of the ruble and the som, and lower remittances, which in turn would weaken the CAD and raise external debt service. Conversely, an end to Russia's invasion of Ukraine could improve the outlook for the Russian economy, leading to the opposite effect on the cost of debt servicing. Easing of sanctions, however, could also unwind some trade flows and reduce growth. These risks could be compounded by an increase in global oil prices, extreme weather events, and cyberthreats.

18. Additional fiscal space will be necessary to mitigate future shocks. The DSA implies a debt stabilizing primary deficit of less than one percent of GDP in the medium term (Table 2). The breach of the benchmark for the PV of Debt-to-GDP ratio under a standard stress test by 2028 indicates that the Kyrgyz Republic needs fiscal buffers to address unexpected shocks. This can be achieved by improving revenue mobilization, including by streamlining tax exemptions and strengthening tax administration, reducing the wage bill and energy subsidies, improved targeting of social benefits, improving public investment management, seeking more concessional financing, and strengthening debt management. The projected increase in domestic financing creates additional risks to the economy as it could crowd out lending to the private sector. A new drive to reduce the state footprint in the economy should result in faster growth, lower contingent liabilities, and stronger donor engagement.

AUTHORITIES' VIEWS

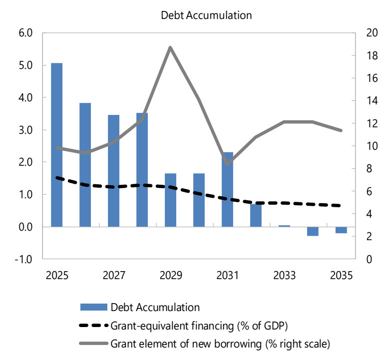
19. The authorities broadly shared the views of Bank and Fund staff. They noted the additional space afforded by the higher growth rate over the long term, and its dampening effect on debt accumulation, which remains well below their nominal debt ceiling of 70 percent of GDP. They recognized the risks posed by new borrowing on commercial terms, and the importance of scheduling external debt repayments over time to avoid liquidity challenges for the treasury, with a commensurate effect on external reserves. They reiterated their commitment to adhere to prudent fiscal and debt policies and sustained tax administration improvements. They indicated that these efforts result in medium-term projections showing continuous revenue increases, higher surpluses, and reduced borrowing needs.

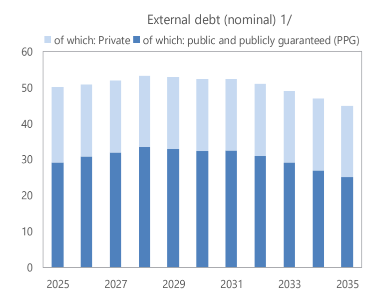
Table 1. Kyrgyz Republic: External Debt Sustainability Framework, Baseline Scenario, 2022-2045

(in percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
External debt (nominal) 1/	**61.8**	**54.2**	**48.3**	**50.0**	**50.8**	**51.8**	**53.3**	**52.8**	**52.2**	**44.9**	**37.5**	**73.2**	**50.4**
of which: public and publicly guaranteed (PPG)	**37.7**	**31.2**	**26.6**	**29.0**	**30.8**	**31.9**	**33.3**	**32.8**	**32.3**	**25.0**	**17.6**	**45.6**	**30.4**
Change in external debt	-9.9	-7.6	-5.9	1.7	0.8	1.1	1.4	-0.5	-0.5	-1.9	-0.5		
Identified net debt-creating flows	**20.5**	**32.1**	**18.7**	**2.2**	**1.7**	**2.0**	**1.2**	**0.2**	**-0.6**	**-0.8**	**-2.2**	**9.0**	**0.8**
Non-interest current account deficit	**41.6**	**44.6**	**30.4**	**8.2**	**6.7**	**7.4**	**6.0**	**5.4**	**4.8**	**4.3**	**4.4**	**17.3**	**5.6**
Deficit in balance of goods and services	57.5	59.0	45.8	23.4	22.5	23.6	22.8	21.7	21.2	22.2	24.3	**37.9**	**22.1**
Exports	29.7	36.5	51.5	63.8	61.2	58.0	57.3	55.2	53.7	50.7	47.4		
Imports	87.2	95.5	97.3	87.2	83.8	81.6	80.1	76.9	75.0	72.9	71.6		
Net current transfers (negative = inflow)	-17.6	-15.3	-16.2	-16.0	-16.5	-17.0	-17.6	-17.1	-17.2	-18.6	-20.3	**-24.0**	**-17.4**
of which: official	-0.7	0.0	-0.4	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.0		
Other current account flows (negative = net inflow)	1.7	0.8	0.8	0.7	0.7	0.8	0.8	0.9	0.8	0.8	0.4	**3.4**	**0.8**
Net FDI (negative = inflow)	**-4.2**	**-1.0**	**-4.2**	**-3.4**	**-3.3**	**-3.7**	**-3.6**	**-4.0**	**-4.4**	**-4.2**	**-5.6**	**-3.5**	**-3.5**
Endogenous debt dynamics 2/	**-16.9**	**-11.5**	**-7.5**	**-2.6**	**-1.7**	**-1.6**	**-1.2**	**-1.2**	**-1.1**	**-0.9**	**-1.0**		
Contribution from nominal interest rate	0.5	0.4	0.4	0.3	0.8	1.1	1.3	1.5	1.5	1.2	0.7		
Contribution from real GDP growth	-4.9	-4.5	-4.2	-2.9	-2.5	-2.7	-2.5	-2.7	-2.6	-2.1	-1.7		
Contribution from price and exchange rate changes	-12.5	-7.4	-3.7	...	...	...	...	...	...	...	...		
Residual 3/	**-30.4**	**-39.7**	**-24.6**	**-0.5**	**-1.0**	**-0.9**	**0.2**	**-0.7**	**0.1**	**-1.1**	**1.7**	**-12.5**	**-1.1**
of which: exceptional financing	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	**...**	**...**	**19.4**	**21.8**	**24.0**	**25.6**	**27.2**	**26.8**	**26.6**	**21.1**	**15.2**		
PV of PPG external debt-to-exports ratio	**...**	**...**	**37.6**	**34.2**	**39.2**	**44.1**	**47.4**	**48.6**	**49.5**	**41.6**	**32.1**		
PPG debt service-to-exports ratio	**6.7**	**5.1**	**3.1**	**3.8**	**4.4**	**4.8**	**4.7**	**5.4**	**5.3**	**6.1**	**3.6**		
PPG debt service-to-revenue ratio	**6.1**	**5.6**	**4.6**	**7.8**	**8.8**	**9.0**	**8.8**	**9.7**	**9.5**	**10.4**	**5.9**		
Gross external financing need (Million of U.S. dollars)	5545.3	7209.5	5222.5	1740.5	1608.9	1811.4	1636.5	1548.7	1365.8	1841.3	427.1		
Key macroeconomic assumptions													
Real GDP growth (in percent)	9.0	9.0	9.0	6.8	5.3	5.8	5.3	5.4	5.3	4.8	4.9	**4.6**	**5.3**
GDP deflator in US dollar terms (change in percent)	21.2	13.7	7.3	4.8	1.6	1.6	1.7	1.7	1.7	1.7	1.7	**4.7**	**2.0**
Effective interest rate (percent) 4/	0.9	0.9	0.8	0.8	1.7	2.3	2.8	3.1	3.1	2.8	2.0	**0.8**	**2.7**
Growth of exports of G&S (US dollar terms, in percent)	10.0	52.0	65.3	38.7	2.6	1.8	5.8	3.3	4.3	4.7	6.7	**13.8**	**7.6**
Growth of imports of G&S (US dollar terms, in percent)	79.5	35.6	19.2	0.4	2.7	4.8	5.2	2.9	4.5	6.4	7.0	**14.4**	**4.6**
Grant element of new public sector borrowing (in percent)	...	...	...	9.8	9.4	10.3	12.3	18.7	14.1	11.3	11.5	**...**	**11.8**
Government revenues (excluding grants, in percent of GDP)	32.9	33.4	34.2	31.3	31.0	30.7	30.7	30.5	30.2	29.6	28.8	**31.2**	**30.3**
Aid flows (in Million of US dollars) 5/	234.3	184.3	161.9	327.4	230.2	245.4	287.6	274.6	217.6	181.6	215.4		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	1.5	1.3	1.2	1.3	1.2	1.0	0.7	0.5	**...**	**1.0**
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	20.0	20.5	21.8	23.1	32.4	28.7	31.1	24.9	**...**	**26.9**
Nominal GDP (Million of US dollars)	12,224	15,148	17,722	19,849	21,222	22,807	24,427	26,202	28,068	38,709	74,095		
Nominal dollar GDP growth	32.1	23.9	17.0	12.0	6.9	7.5	7.1	7.3	7.1	6.6	6.7	**9.8**	**7.4**
Memorandum items:													
PV of external debt 7/	...	...	41.0	42.8	44.0	45.5	47.1	46.8	46.6	41.0	35.2		
In percent of exports	...	...	79.7	67.0	71.8	78.4	82.2	84.8	86.6	80.9	74.2		
Total external debt service-to-exports ratio	26.7	10.9	6.4	6.2	6.8	7.4	7.4	8.2	8.2	9.2	3.6		
PV of PPG external debt (in Million of US dollars)			3434.2	4333.2	5093.5	5828.2	6632.8	7032.9	7467.4	8163.8	11273.6		
(PVt-PVt-1)/GDPt-1 (in percent)				5.1	3.8	3.5	3.5	1.6	1.7	-0.2	0.6		
Non-interest current account deficit that stabilizes debt ratio	51.5	52.2	36.3	6.4	6.0	6.3	4.6	5.9	5.4	6.3	4.9		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as [r - g - ρ(1+g) + Ɛα (1+r)]/(1+g+ρ+gρ) times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, ρ = growth rate of GDP deflator in U.S. dollar terms, Ɛ=nominal appreciation of the local currency, and α= share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

7/ Assumes that PV of private sector debt is equivalent to its face value.

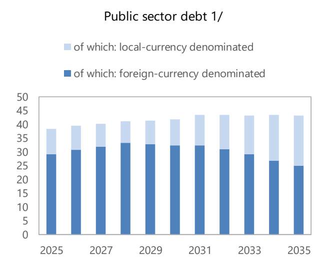
8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

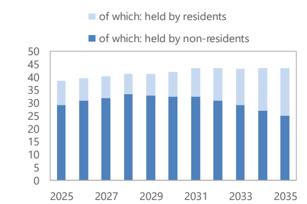
Table 2. Kyrgyz Republic: Public Sector Debt Sustainability Framework, Baseline Scenario, 2022-2045

(in percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2035	2045	Historical	Projections
Public sector debt 1/	**47.0**	**42.1**	**36.6**	**38.5**	**39.5**	**40.3**	**41.2**	**41.3**	**41.9**	**43.3**	**47.5**	**53.4**	**41.8**
of which: external debt	**37.7**	**31.2**	**26.6**	**29.0**	**30.8**	**31.9**	**33.3**	**32.8**	**32.3**	**25.0**	**17.6**	**45.6**	**30.4**
Change in public sector debt	-9.2	-4.9	-5.9	2.3	1.1	0.8	0.9	0.2	0.6	0.0	0.3		
Identified debt-creating flows	**-10.9**	**-9.2**	**-5.8**	**0.6**	**2.7**	**0.0**	**0.9**	**1.3**	**0.5**	**0.5**	**0.6**	**-3.1**	**0.7**
Primary deficit	**-0.7**	**-2.6**	**-2.7**	**2.2**	**1.4**	**1.5**	**1.4**	**0.5**	**0.8**	**-0.2**	**-0.2**	**0.4**	**0.8**
Revenue and grants	34.9	34.6	35.1	32.1	31.8	31.4	31.4	31.1	30.8	30.1	29.1	**33.0**	**30.9**
of which: grants	1.9	1.2	0.9	0.9	0.8	0.7	0.7	0.6	0.6	0.5	0.3		
Primary (noninterest) expenditure	34.1	31.9	32.4	34.4	33.2	33.0	32.8	31.6	31.6	29.9	28.9	**33.4**	**31.7**
Automatic debt dynamics	**-12.1**	**-9.5**	**-6.1**	**-3.0**	**0.3**	**-2.1**	**-0.8**	**0.3**	**-0.8**	**0.2**	**0.3**		
Contribution from interest rate/growth differential	-7.2	-4.0	-4.4	-3.0	0.3	-2.1	-0.8	0.3	-0.8	0.2	0.3		
of which: contribution from average real interest rate	-2.6	-0.1	-0.9	-0.7	2.2	0.1	1.2	2.4	1.3	2.2	2.5		
of which: contribution from real GDP growth	-4.6	-3.9	-3.5	-2.3	-1.9	-2.2	-2.0	-2.1	-2.1	-2.0	-2.2		
Contribution from real exchange rate depreciation	-4.8	-5.5	-1.7	...	...	...	...	...	...	...	...		
Other identified debt-creating flows	**1.9**	**2.9**	**3.0**	**1.3**	**1.0**	**0.5**	**0.3**	**0.4**	**0.5**	**0.5**	**0.6**	**0.8**	**0.6**
Privatization receipts (negative) or capitalization (positive)	1.1	2.8	2.5	4.2	2.0	0.3	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities	0.8	0.1	0.4	-2.9	-1.1	0.2	0.3	0.4	0.5	0.5	0.6		
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	**1.7**	**4.3**	**-0.1**	**1.7**	**-1.6**	**0.8**	**-0.1**	**-1.1**	**0.1**	**-0.5**	**-0.3**	**1.3**	**0.0**
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	**...**	**...**	**28.9**	**31.7**	**33.2**	**34.4**	**35.4**	**35.8**	**36.6**	**39.7**	**45.4**		
PV of public debt-to-revenue and grants ratio	**...**	**...**	**82.4**	**98.8**	**104.4**	**109.3**	**112.8**	**114.9**	**118.8**	**132.1**	**155.9**		
Debt service-to-revenue and grants ratio 3/	**14.5**	**15.1**	**14.0**	**10.6**	**13.7**	**14.1**	**13.9**	**14.9**	**15.4**	**23.8**	**33.1**		
Gross financing need 4/	6.2	5.5	5.2	7.0	6.7	6.5	6.1	5.6	6.0	7.4	10.0	**0.4**	
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	9.0	9.0	9.0	6.8	5.3	5.8	5.3	5.4	5.3	4.8	4.9	**4.6**	**5.3**
Average nominal interest rate on external debt (in percent)	1.3	1.5	1.4	1.5	3.0	3.9	4.6	5.0	5.1	4.9	4.2	**1.4**	**4.5**
Average real interest rate on domestic debt (in percent)	-16.1	-16.7	-6.0	3.8	2.6	3.2	3.7	4.2	4.7	6.1	6.3	**-8.5**	**4.6**
Real exchange rate depreciation (in percent, + indicates depreciation)	-11.5	-15.3	-5.9	...	...	...	...	...	...	...	...	**-3.6**	**...**
Inflation rate (GDP deflator, in percent)	19.2	20.0	6.4	7.0	5.7	5.2	5.0	5.0	5.0	5.0	5.0	**9.6**	**5.3**
Growth of real primary spending (deflated by GDP deflator, in percent)	18.6	2.0	10.7	13.2	1.6	5.2	4.6	1.7	5.3	4.6	4.6	**3.2**	**4.5**
Primary deficit that stabilizes the debt-to-GDP ratio 5/	8.5	2.3	3.2	-0.1	0.3	0.8	0.5	0.4	0.2	-0.2	-0.5	**2.2**	**0.1**
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	**Residency-based**
Is there a material difference between the two criteria?	**No**





Sources: Country authorities; and staff estimates and projections.

1/ Coverage of debt: The central, state, and local governments, central bank, government-guaranteed debt . Definition of external debt is Residency-based.

2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.

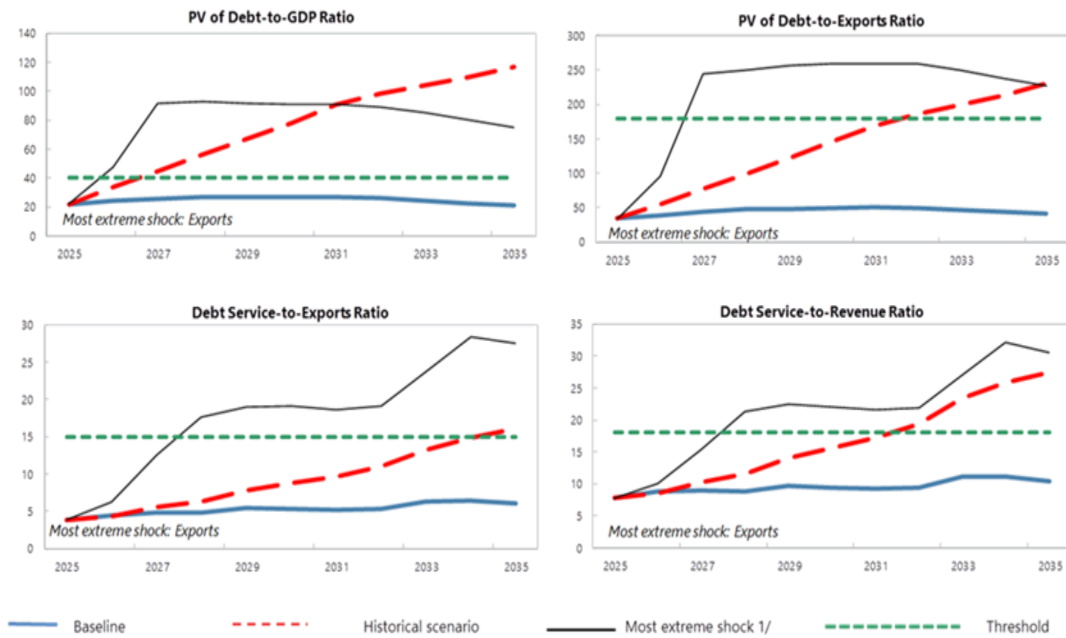
3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.

4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.

5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio ((-): a primary surplus), which would stabilizes the debt ratio only in the year in question.

6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

Figure 1. Kyrgyz Republic: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2025–45



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	Yes	
Natural disaster	n.a.	n.a.
Commodity price	n.a.	n.a.
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

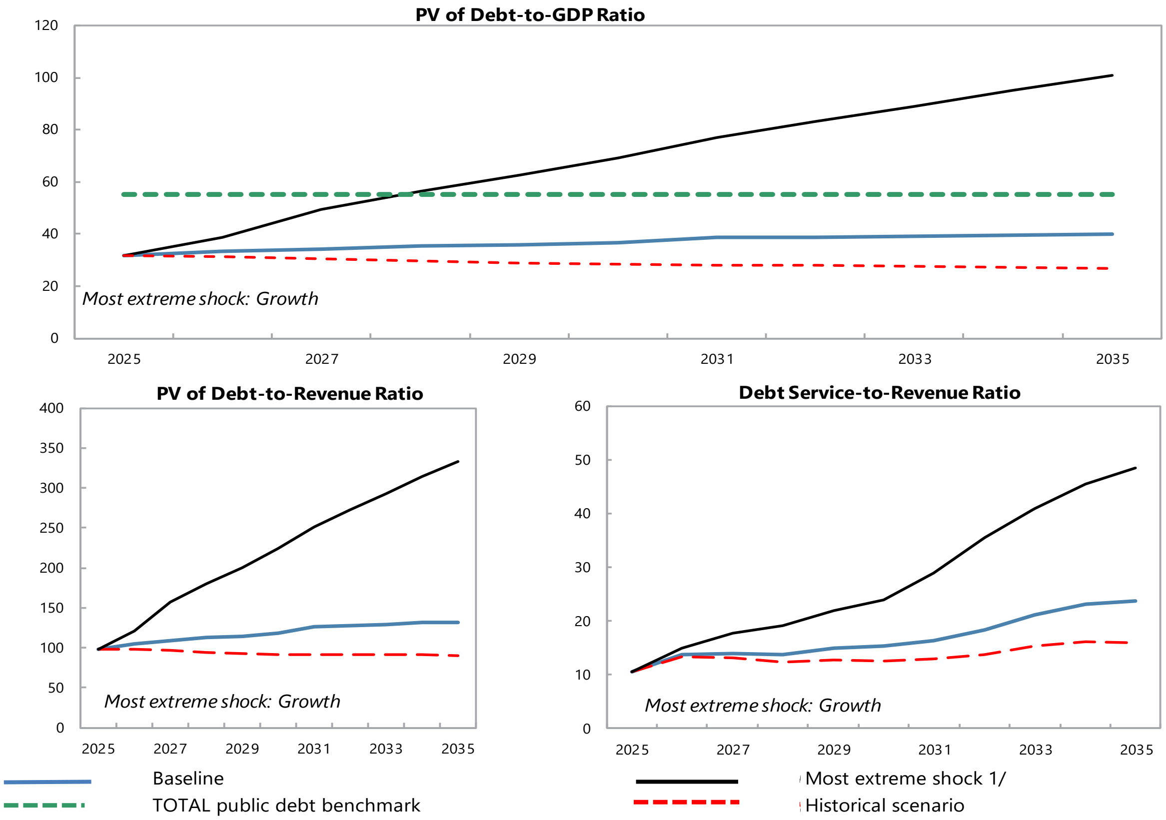
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	5.6%	5.6%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	6	6

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Kyrgyz Republic: Indicators of Public Debt Under Alternative Scenarios, 2025-35



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	53%	53%
Domestic medium and long-term	43%	43%
Domestic short-term	5%	5%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	5.6%	5.6%
Avg. maturity (incl. grace period)	21	21
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	5.9%	5.9%
Avg. maturity (incl. grace period)	5	5
Avg. grace period	4	4
Domestic short-term debt		
Avg. real interest rate	2.5%	2.5%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2035. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most exterme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Kyrgyz Republic: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2025-35

	Projections 1/										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
PV of debt-to GDP ratio											
Baseline	22	24	26	27	27	27	27	26	24	23	21
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	22	34	**45**	**56**	**67**	**78**	**91**	**98**	**104**	**110**	**117**
B. Bound Tests											
B1. Real GDP growth	22	26	30	32	32	32	32	31	29	27	25
B2. Primary balance	22	25	28	30	30	29	30	30	28	26	24
B3. Exports	22	**48**	**92**	**93**	**92**	**91**	**91**	**89**	**85**	**80**	**75**
B4. Other flows 3/	22	36	**48**	**50**	**49**	**49**	**49**	**48**	**45**	**42**	40
B5. Depreciation	22	30	25	27	27	26	27	26	24	22	20
B6. Combination of B1-B5	22	**44**	**52**	**53**	**53**	**52**	**52**	**51**	**48**	**45**	**42**
C. Tailored Tests											
C1. Combined contingent liabilities	22	31	33	34	34	34	36	35	34	32	30
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	40	40	40	40	40	40	40	40	40	40	40
PV of debt-to-exports ratio											
Baseline	34	39	44	47	49	50	50	50	47	44	42
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	34	55	77	98	121	145	168	**187**	**199**	**212**	**231**
B. Bound Tests											
B1. Real GDP growth	34	39	44	47	49	50	50	50	47	44	42
B2. Primary balance	34	41	49	52	54	55	56	56	53	51	48
B3. Exports	34	96	**244**	**250**	**256**	**260**	**260**	**260**	**250**	**239**	**228**
B4. Other flows 3/	34	58	84	87	89	90	91	90	86	82	78
B5. Depreciation	34	39	34	37	38	39	40	39	36	34	32
B6. Combination of B1-B5	34	76	79	112	114	116	117	116	110	105	100
C. Tailored Tests											
C1. Combined contingent liabilities	34	50	56	60	62	63	67	67	64	62	60
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	180	180	180	180	180	180	180	180	180	180	180
Debt service-to-exports ratio											
Baseline	4	4	5	5	5	5	5	5	6	6	6
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	4	4	5	6	8	9	10	11	13	15	**16**
B. Bound Tests											
B1. Real GDP growth	4	4	5	5	5	5	5	5	6	6	6
B2. Primary balance	4	4	5	5	6	6	5	6	7	7	7
B3. Exports	4	6	13	**18**	**19**	**19**	**19**	**19**	**24**	**28**	**28**
B4. Other flows 3/	4	4	6	7	7	7	7	7	9	10	10
B5. Depreciation	4	4	5	4	5	5	5	5	6	5	5
B6. Combination of B1-B5	4	5	8	9	10	10	10	10	13	13	13
C. Tailored Tests											
C1. Combined contingent liabilities	4	4	5	5	6	6	6	6	7	7	7
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	15	15	15	15	15	15	15	15	15	15	15
Debt service-to-revenue ratio											
Baseline	8	9	9	9	10	9	9	9	11	11	10
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	8	9	10	12	14	16	17	**19**	**23**	**26**	**27**
B. Bound Tests											
B1. Real GDP growth	8	10	11	11	12	11	11	11	13	13	12
B2. Primary balance	8	9	9	9	10	10	10	10	12	12	11
B3. Exports	8	10	15	**21**	**22**	**22**	**22**	**22**	**27**	**32**	**31**
B4. Other flows 3/	8	9	11	13	14	13	13	13	16	**18**	17
B5. Depreciation	8	11	11	10	11	11	10	11	13	12	11
B6. Combination of B1-B5	8	10	13	14	15	15	14	14	**19**	**20**	**18**
C. Tailored Tests											
C1. Combined contingent liabilities	8	9	10	10	11	11	10	11	13	13	12
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	18	18	18	18	18	18	18	18	18	18	18

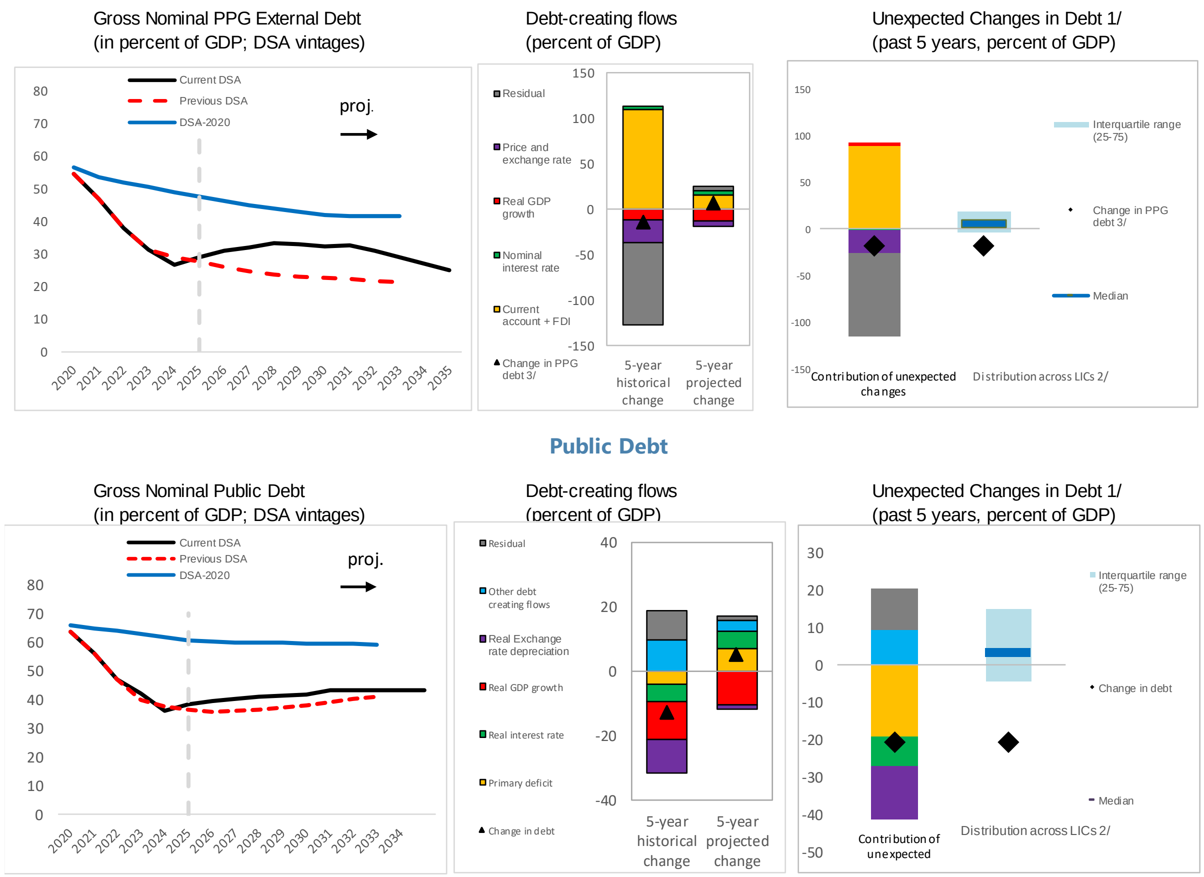
Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the threshold.
2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.
3/ Includes official and private transfers and FDI.

Table 4. Kyrgyz Republic: Sensitivity Analysis for Key Indicators of Public Debt, 2025-35

	Projections 1/										
	2025	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**	**2033**	**2034**	**2035**
						PV of Debt-to-GDP Ratio					
Baseline	32	33	34	35	36	37	39	39	39	39	40
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	32	31	30	30	29	28	28	28	28	27	27
B. Bound Tests											
B1. Real GDP growth	32	39	50	**57**	**63**	**69**	**77**	**83**	**89**	**95**	**101**
B2. Primary balance	32	36	39	40	41	41	43	44	44	44	44
B3. Exports	32	51	**81**	**81**	**81**	**81**	**83**	**83**	**82**	**80**	**78**
B4. Other flows 3/	32	45	**58**	**58**	**58**	**59**	**61**	**61**	**60**	**59**	**58**
B5. Depreciation	32	36	34	33	31	30	29	28	26	24	23
B6. Combination of B1-B5	32	34	36	37	37	38	40	40	40	41	41
C. Tailored Tests											
C1. Combined contingent liabilities	32	46	47	48	48	49	51	51	52	52	52
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	55	55	55	55	55	55	55	55	55	55	55
						PV of Debt-to-Revenue Ratio					
Baseline	99	104	109	113	115	119	126	128	129	131	132
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	99	98	97	94	93	92	92	92	91	91	90
B. Bound Tests											
B1. Real GDP growth	99	122	157	179	201	224	251	273	292	314	334
B2. Primary balance	99	112	125	128	130	134	141	144	144	147	148
B3. Exports	99	161	258	259	261	264	270	272	269	265	258
B4. Other flows 3/	99	142	183	186	188	191	198	200	198	197	194
B5. Depreciation	99	113	109	105	100	97	96	92	86	81	75
B6. Combination of B1-B5	99	107	115	117	119	123	130	132	133	136	137
C. Tailored Tests											
C1. Combined contingent liabilities	99	145	150	153	156	160	167	169	170	172	173
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
						Debt Service-to-Revenue Ratio					
Baseline	11	14	14	14	15	15	16	18	21	23	24
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2025-2035 2/	11	13	13	12	13	13	13	14	15	16	16
B. Bound Tests											
B1. Real GDP growth	11	15	18	19	22	24	29	36	41	46	48
B2. Primary balance	11	14	15	15	16	17	20	22	23	25	26
B3. Exports	11	14	17	21	22	23	24	26	31	37	37
B4. Other flows 3/	11	14	16	18	19	19	20	22	26	30	30
B5. Depreciation	11	14	16	15	16	16	16	16	20	22	22
B6. Combination of B1-B5	11	14	14	14	15	16	17	19	22	24	24
C. Tailored Tests											
C1. Combined contingent liabilities	11	14	19	17	18	19	30	23	25	27	27
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Sources: Country authorities; and staff estimates and projections.
1/ A bold value indicates a breach of the benchmark.
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.
3/ Includes official and private transfers and FDI.

Figure 3. Kyrgyz Republic: Drivers of Debt Dynamics—Baseline Scenario



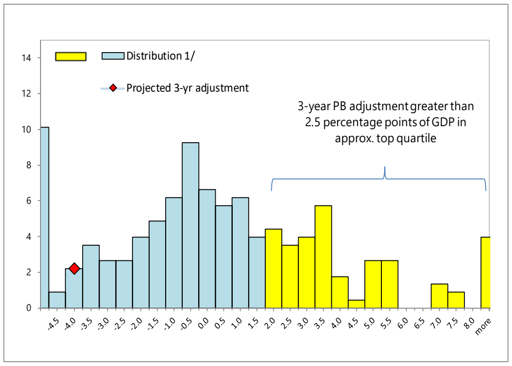
1/ Difference between anticipated and actual contributions on debt ratios.

2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

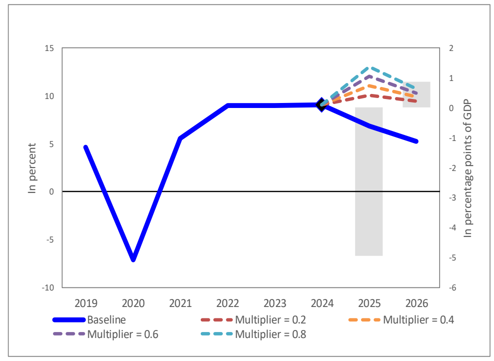
Figure 4. Kyrgyz Republic: Realism Tools

3-Year Adjustment in Primary Balance
(Percentage points of GDP)



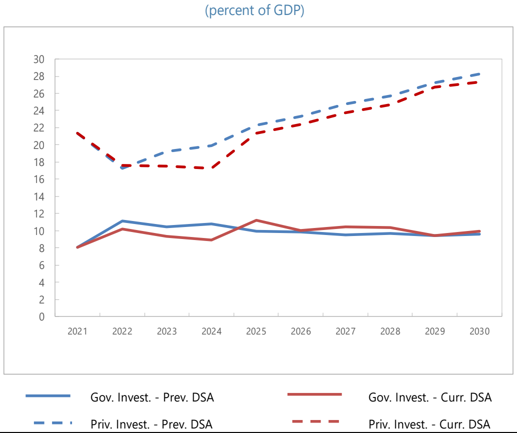
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

Fiscal Adjustment and Possible Growth Paths 1/



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).

Public and Private Investment Rates
(percent of GDP)



Contribution to Real GDP growth
(percent, 5-year average)

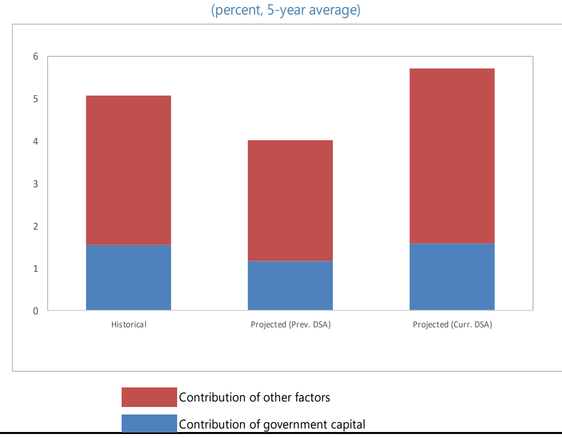
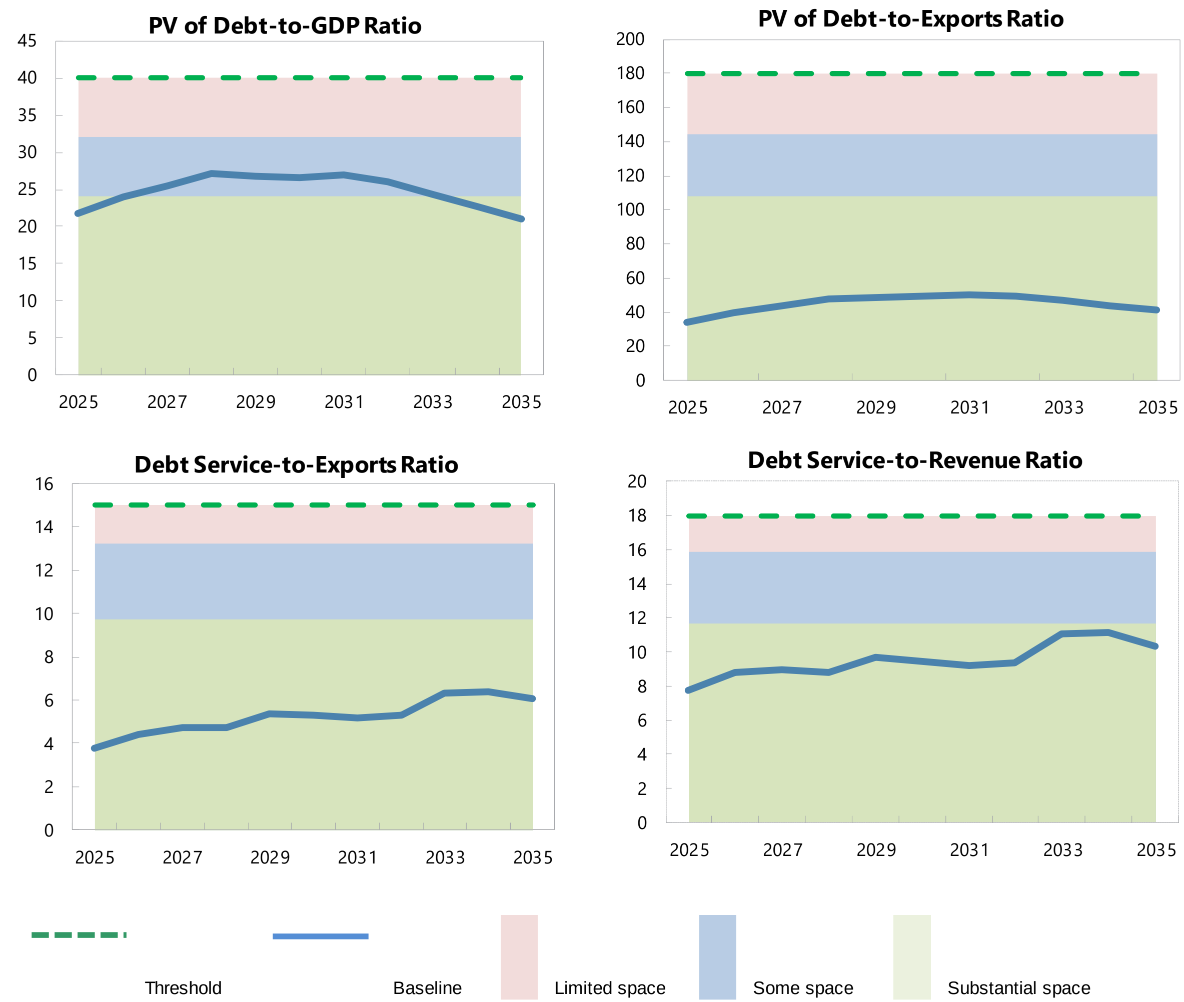


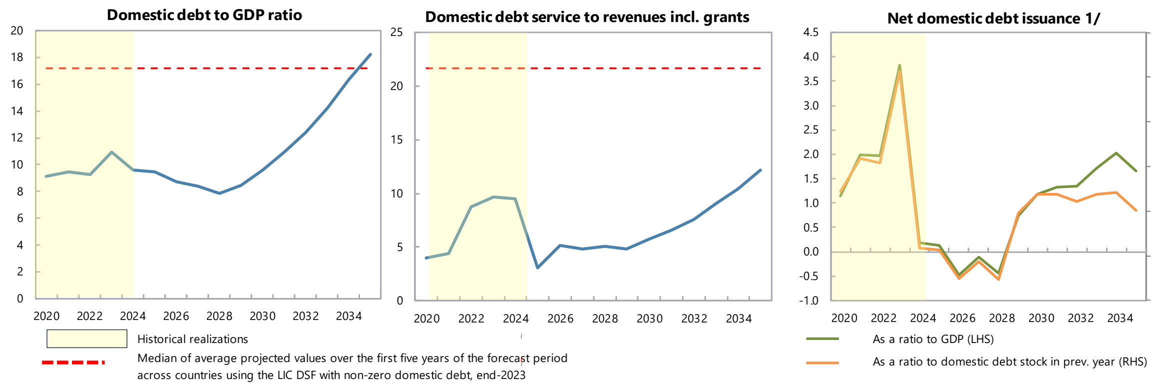
Figure 5. Kyrgyz Republic: Qualification of the Moderate Category, 2025–35 1/



Sources: Country authorities; and staff estimates and projections.

1/ For the PV debt/GDP and PV debt/exports thresholds, x is 20 percent and y is 40 percent. For debt service/Exports and debt service/revenue thresholds, x is 12 percent and y is 35 percent.

Figure 6. Kyrgyz Republic: Indicators of Domestic Public Debt, 2020-2035



Borrowing Assumptions (average over 10-year projection)	Value
Shares in new domestic debt issuance	
Medium and long-term	90%
Short-term	10%
Borrowing terms	
Domestic MLT debt	
Avg. real interest rate on new borrowing	5.9%
Avg. maturity (incl. grace period)	5
Avg. grace period	4
Domestic short-term debt	
Avg. real interest rate	2.5%

Sources: Country authorities; and staff estimates and projections.

Note: 1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.