International Energy Investment Forum

ECONOMIC PERSPECTIVES AND INVESTMENT CLIMATE IN KYRGZSTAN

Vienna, June 10-11, 2024
KYRGYZSTAN GDP

Average GDP growth rate over 3 years

7%

GDP structure

Agriculture
Manufacturing
Construction
Trade
Public administration
Education
Other

GDP growth

2021
5.5%
(USD 8.3 BN)

2022
9%
(USD 12.1 BN)

2023
6.2%
(USD 13.7 BN)

GDP per capita

2021
1,350 USD

2022
1,740 USD

2023
2,000 USD

Based on exchange rate of the National Bank of the Kyrgyzstan as of May 22, 2024
KGS 1 = USD 88.1
KEY MACROECONOMIC INDICATORS

GDP growth over Jan – Apr 2024
USD 3.8 BN

GDP growth rate

Based on exchange rate of the National Bank of the Kyrgyz Republic as of May 22, 2024
KGS 1 = USD 88.1
Kyrgyzstan was the only country in the region that closed 2023 with surplus of 13 BN Soms.

The overall budget deficit decreased to 0.3% of GDP in 2022 on the back of strong import VAT collection and despite the significant increase in the public wage bill and capital spending.

Public debt decreased to 46.9% of GDP in 2023 from 56.2% of GDP in 2021 mainly driven by a restated higher GDP growth.

It is expected to decrease to 42.7% of GDP by 2025 due to lower fiscal imbalances and sustained buoyant growth.

Sources: IMF Reports; Kyrgyzstan National Statistics
### CONSOLIDATED BUDGET RESOURCES, 2019-2026 (KGS BILLION)

<table>
<thead>
<tr>
<th>Year</th>
<th>SF and MHIF revenues</th>
<th>Non-tax revenues</th>
<th>Tax revenues</th>
<th>Grants</th>
<th>Assets and liabilities</th>
<th>SF and MHIF revenues</th>
<th>Beginning of the Year Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>7.0</td>
<td>33.9</td>
<td>31.4</td>
<td>32.3</td>
<td>121.5</td>
<td>7.0</td>
<td>33.9</td>
</tr>
<tr>
<td>2021</td>
<td>9.4</td>
<td>40.7</td>
<td>53.0</td>
<td>13.7</td>
<td>151.2</td>
<td>9.4</td>
<td>40.7</td>
</tr>
<tr>
<td>2022</td>
<td>16.0</td>
<td>53.9</td>
<td>72.4</td>
<td>19.5</td>
<td>443.0</td>
<td>16.0</td>
<td>53.9</td>
</tr>
<tr>
<td>2023 (approved)</td>
<td>56.5</td>
<td>1.9</td>
<td>72.4</td>
<td>19.8</td>
<td>503.1</td>
<td>56.5</td>
<td>1.9</td>
</tr>
<tr>
<td>2023 (forecast)</td>
<td>599.9</td>
<td>3.5</td>
<td>113.7</td>
<td>13.5</td>
<td>47.3</td>
<td>599.9</td>
<td>3.5</td>
</tr>
<tr>
<td>2024 (forecast)</td>
<td>645.7</td>
<td>72.4</td>
<td>108.6</td>
<td>13.5</td>
<td>49.1</td>
<td>645.7</td>
<td>72.4</td>
</tr>
<tr>
<td>2025 (forecast)</td>
<td>660.4</td>
<td>8.3</td>
<td>13.5</td>
<td>8.3</td>
<td>13.5</td>
<td>660.4</td>
<td>8.3</td>
</tr>
</tbody>
</table>

SF - Social Fund; MHIF - Mandatory Health Insurance Fund

5
### Forecast for 2022

<table>
<thead>
<tr>
<th>Growth Of KR GDP in 2022 (actual)</th>
<th>3.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0%</td>
<td></td>
</tr>
<tr>
<td>4.0%</td>
<td></td>
</tr>
<tr>
<td>3.8%</td>
<td></td>
</tr>
</tbody>
</table>

### Forecast for 2023

<table>
<thead>
<tr>
<th>Growth Of KR GDP in 2023 (actual)</th>
<th>4.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.8%</td>
<td></td>
</tr>
<tr>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>4.2%</td>
<td></td>
</tr>
</tbody>
</table>

**INTERNATIONAL RATING**

- Moody’s: “B3 STABLE”

**ECONOMIC FREEDOM**

- Index: 112 rank | Score: 55.2

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**FORECASTS AND FACTS: DATA OF INTERNATIONAL FINANCIAL INSTITUTIONS FOR KYRGYZSTAN**
ASSESSMENT OF SHADOW ECONOMY (USING THE GUTMANN METHOD\textsuperscript{1})

Sources: World Bank Reports; Kyrgyzstan National Statistics

\[ GDP_u = GDP_o \times \left(1 - \frac{C}{DD/M1} \right) \]

- \( GDP_u \) shadow economy
- \( GDP_o \) formal economy
- \( C \) currency circulation (out of banks)
- \( DD \) deposits in commercial banks (on demand)
- \( M1 \) money aggregate

\textsuperscript{1} GDP\textsubscript{u} = GDP\textsubscript{o} * (1 - \frac{C}{DD/M1}) / DD/M1
Enterprises operate in Kyrgyzstan

909

Based on exchange rate of the National Bank of the Kyrgyzstan as of May 22, 2024
KGS 1 = USD 88,1
The UN and its partners in Kyrgyzstan are working towards achieving the Sustainable Development Goals: 17 interconnected and ambitious Goals which address the major development challenges faced by people in Kyrgyzstan and around the world.

### General Country Performance

45 out of 166 countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Finland</td>
<td>86.762</td>
</tr>
<tr>
<td>2 Sweden</td>
<td>85.983</td>
</tr>
<tr>
<td>3 Denmark</td>
<td>85.684</td>
</tr>
<tr>
<td>4 Germany</td>
<td>83.365</td>
</tr>
<tr>
<td>5 Austria</td>
<td>82.286</td>
</tr>
<tr>
<td>6 France</td>
<td>82.057</td>
</tr>
<tr>
<td>7 Norway</td>
<td>82.008</td>
</tr>
<tr>
<td>8 Czech Rep.</td>
<td>81.879</td>
</tr>
<tr>
<td>9 China</td>
<td>72.0145</td>
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<tr>
<td>45 Kyrgyzstan</td>
<td>74.41</td>
</tr>
<tr>
<td>. . .</td>
<td></td>
</tr>
<tr>
<td>49 Russia</td>
<td>73.7953</td>
</tr>
<tr>
<td>53 Azerbaijan</td>
<td>73.5356</td>
</tr>
<tr>
<td>56 Armenia</td>
<td>73.2666</td>
</tr>
<tr>
<td>66 Kazakhstan</td>
<td>71.6569</td>
</tr>
<tr>
<td>69 Uzbekistan</td>
<td>71.1585</td>
</tr>
<tr>
<td>85 Tajikistan</td>
<td>69.1991</td>
</tr>
<tr>
<td>91 Turkmenistan</td>
<td>68.47</td>
</tr>
</tbody>
</table>
## TAX PREFERENCES IN POWER SECTOR

<table>
<thead>
<tr>
<th>Preference</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>Exemption from Corporate Income Tax</td>
</tr>
<tr>
<td>02</td>
<td>Exemption from VAT</td>
</tr>
<tr>
<td>03</td>
<td>50% Exemption from Property Tax</td>
</tr>
<tr>
<td>04</td>
<td>Exemption from VAT for Specific Goods</td>
</tr>
</tbody>
</table>

- **Motor vehicle, year of manufacture:**
  - 5 years
  - Driven by electric motor only

- **Equipment for electric charging vehicles**
  - Propelled only by an electric motor

- **Specialized goods and equipment for construction of power plants based on renewable energy**

- **Equipment and its components that meet energy and resource efficiency requirements**
LOGISTICS: TRANSPORT CORRIDORS OF CAREC IN THE KYRGYZ REPUBLIC

CAREC Goals

Expansion of trade in the region

Improvement of competitiveness of business in member states
The new railway is shorter than existing transport corridor by more than 900 km.

Movement of goods will decrease by 3-7 days.
Organics

The Kyrgyz Republic is in a very advantageous position for the development of agriculture due to the favorable climate of its agricultural products and its territorial advantage. The territory of the Kyrgyz Republic is divided into regions that have different geographical and climatic conditions, which gives comparative advantages.

For example, in the Chui region, sugar beet is the predominant agricultural product; Issyk-Kul region is famous for apples and pears; in Batken region, farmers grow apricots (dried); Osh and Jalal-Abad regions are the largest producers of cotton and walnuts, Naryn region is famous for livestock; in Talas region is the largest exporter of soybeans.
The tourism potential of Kyrgyzstan is immense, with tourism products aligned with global brands such as the Great Silk Road and the World Nomad Games.

Many picturesque lakes, including Issyk – Kul Lake, deepest lake in the world.

Active tourism: mountain tourism, alpinism, hiking and bicycling.

Cultural tourism: visiting historical and cultural monuments, national festivals and other national events.
The potential of the mining industry in Kyrgyzstan includes a variety of mineral deposits and resources. Here are some highlights:

- **Gold (Au)**: With reserves of 846.8 thousand tons.
- **Silver (Ag)**: With reserves of 453.2 thousand tons.
- **Copper (Cu)**: With balances reserves of 847.1 tons.
- **Molybdenum (Mo)**: With reserves of 3.7 thousand tons.
- **Aluminum (Al)**: With reserves of 199.47 MN tons.
- **Tin (Sn)**: With reserves of 11 thousand tons.
- **Mercury (Hg)**: With reserve of 42.8 thousand tons.
- **Uranium (U)**: With reserves of 4.9 thousand tons.
- **Lead and Zinc (Pb/Zn)**: With balances reserves of lead 47.7 thousand tons and zinc 32.1 thousand tons.
- **Tungsten (W)**: With reserves of 122,989 tons.
- **Antimony (Sb)**: With reserves of 274,270 tons.
- **Beryllium (Be)**: With reserves of 25,247 tons.
- **Rare metal**: With reserves of 63.3 thousand tons.

**Note**: To date, a moratorium has been announced on exploration and mining operations at uranium deposits.

**URANIUM RESERVES**

- **Gold**: 846.8 thousand tons
- **Tin**: 209,328 tons
- **Rare metal**: 63.3 thousand tons
- **Aluminum**: 199,471 thousand tons
- **Coal**: 1,682.5 MN tons
- **Oil**: 17,681 thousand tons
- **Gas**: 698 MN cubic meters

**Map Highlights**
- Altyn Jylga
- Kumbel
- Kumtor
- Makmal
- Togolok
- Djerui
- Left Taldybulak
- Taldybulak
- Andash
- Bozymchak
- Tereksay
- Shambesay
- Makmal
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FOREIGN DIRECT INVESTMENTS INFLOW

FDI inflow in the KR in 2023

USD 798.2 MN

FDI inflow by industries

- 226.4 MN Processing industries
- 156.8 MN Mining
- 169.2 MN Financial intermediation and insurance
- 120.1 MN Wholesale and retail trade, car and motorcycles repairs

FDI inflow by countries (MN USD)

- China: 228.8
- Russia: 147.4
- Kazakhstan: 67.3
- The Netherlands: 62.8
- Turkey: 49.2
- United Kingdom: 41.1
- UAE: 33.4
- Other countries: 175.9
Total amount of charter capital

USD 1.2 BN

Funds provide funding for development of following projects:

- Agro-industrial complex
- Water supply sector
- Health care sector
- Automobile industry
- Research & development
- Gas industry complex
- Apparel and textile industries
- Mining and metallurgic industries
- Transport
- Trade
- Entrepreneurship development
- Energy complex
- Housing construction
- Information technologies
- Tourism development