

# *Chapter I*

## *SOCIO-ECONOMIC CONDITIONS AND HOUSING POLICY FRAMEWORK*

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### **A. GENERAL INFORMATION**

#### ***Geographic situation***

Kyrgyzstan is located along the eastern edge of Central Asia. Kyrgyzstan is surrounded by Kazakhstan on the north and north-west, Uzbekistan on the south-west, Tajikistan on the south, and also by China on the east and south-east. The total area of Kyrgyzstan is about 199,900 km<sup>2</sup>,<sup>1</sup> making it the second smallest of the Central Asian countries.

Kyrgyzstan is a landlocked country with no navigable rivers. Access to international centres of economic and cultural activities is possible only through the territories of the neighbouring countries. The majority of the country's rivers are small. The Tien Shan mountain range covers approximately 95% of the whole territory limiting the amount of land available for agriculture. The country's area is made up of about 191,300 km<sup>2</sup> of land and 7,200 km<sup>2</sup> of water, but arable land makes up only about 7% (approximately 80% of the arable land is irrigated). It has a generally mountainous terrain dominated by snow-covered mountain peaks and grassy highland valleys. The few relatively flat regions, the Kyrgyzstan part of the Fergana Valley in the south-western area, and the Chu and Talas valleys along the northern border, are the only suitable terrain for large-scale agriculture in the country.

The mountains divide Kyrgyzstan into two parts: northern and southern, resulting in the transport system between them being poorly developed. The only route connecting the northern and southern parts of the country is the

Osh-Bishkek road, which passes through the Naryn region. It passes through several mountain chains and is impassable during heavy snowfall making communication between the two parts of the country extremely difficult and dependent on weather conditions.

The climate in Kyrgyzstan varies regionally and is influenced partly by its mountains and partly by its continental location. The climate is subtropical and extremely hot in summer in the Fergana Valley region, temperate in the northern foothills, and dry continental to polar in the mountainous region of Tien Shan. While the soil is fertile, the continental climate provides little rainfall, insufficient for most crops.

#### ***Political system***

Kyrgyzstan gained independence from the Union of Soviet Socialist Republics (USSR) on 31 August 1991. According to Articles 64 and 65 of the *Constitution* (with latest updates on 15 January 2007), Kyrgyzstan is a semi-presidential Republic.

The President of Kyrgyzstan is head of State, the supreme official and head of the executive branch of the Government, as well as the commander-in-chief of the armed forces. The President is elected for a term of five years. Referendums were held in February 1996 and February 2003 enhancing the power of the President.

The country's legislation is formulated by the executive and legislative branches. The executive branch consists of the Government of the Kyrgyz Republic, Ministers directly subordinate to the Government, State committees, administrative offices, other executive bodies and local administrations. The Government of the Kyrgyz Republic is led by the Prime Minister who is appointed by the

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<sup>1</sup> Intergovernmental Statistical Committee (2007), Commonwealth of Independent States, Statistical Yearbook, Moscow.

President with the approval of a majority of the whole number of the deputies of the Parliament (*Jogurku Kenesh*).

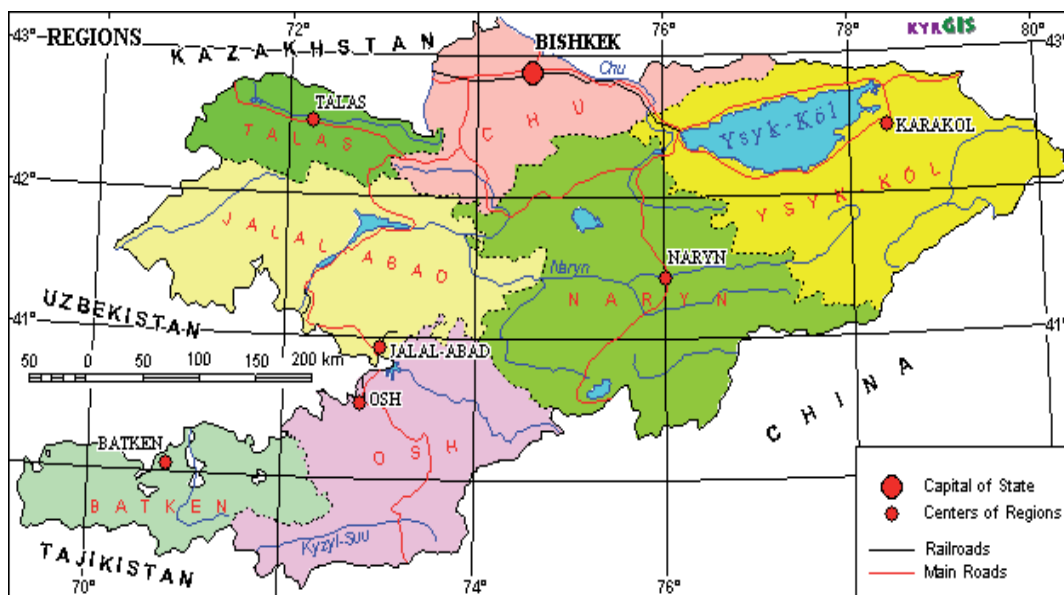
The Government is responsible for policy formulation and for drafting and commenting on draft legislation. The Prime Minister issues Government orders and regulations, and nominates candidates for ministerial positions who are appointed by the President.

Legislative power is vested in the Parliament (*Jogurku Kenesh*). Draft laws are introduced to the Parliament by the executive branch or by the general public through community initiatives, which require the signatures of 30,000 voters. The legislation on land or property issues is reviewed by the Ministry of Justice and the consequent bills are introduced to the Parliament. The laws that require financing from the State budget can only be adopted by the Parliament when the source of the financing has been identified as stated by the 2007 *Law Concerning a New Version of the Constitution of the Kyrgyz Republic*. Only the President of Kyrgyzstan and the *Jogurku Kenesh*, which is elected by the people of Kyrgyzstan, are entitled to act on behalf of the people of Kyrgyzstan.

The legal system of Kyrgyzstan was shaped and developed within the framework of the Soviet State law. Since acquiring independence, Kyrgyzstan has acquired some features of the French legal system (regarding the State structure), as well as the legal system of the Russian Federation. Justice is administered in Kyrgyzstan only by the courts. The *Jogurku Kenesh* selects, on the advice of the President of Kyrgyzstan, judges of the Constitutional Court and of the Supreme Court who serve a term of 10 years.

Administratively, Kyrgyzstan is divided into seven regions (oblasts) and the municipality of Bishkek — the capital (see Picture 3). Bishkek is administratively an independent city located in the Chu valley with a status equal to an oblast. The Chu, Talas, and Ygyk Kol oblasts, with Bishkek, comprise the northern part of the country. The southern territory is divided into three oblasts: Batken, Jalal-Abad, and Osh. Naryn, somewhat isolated, is situated within the Tien Shan mountain range. In terms of territory, it is the largest of the oblasts but the smallest in terms of population, according to the results of the 1999 Population Census. Osh is the most populous oblast.

Picture 3. Administrative territorial division of Kyrgyzstan



Source: The Sustainable Development Commission IFAS (2003), Bishkek, Kyrgyzstan

### ***Overall economic development***

The nineteenth century saw Russian Tsarist rule in Kyrgyzstan after the defeat of the forces of the Kokand Khanate. In 1876, the territory of Kyrgyzstan was annexed to Russia bringing the people under the control of the Tsars. During this time, landless Russians and other Slavic people came in large numbers enticed by a promise of free land and building materials by the Tsarists, taking the best and most fertile lands for themselves.

The Kyrgyz Autonomous Oblast was created in the early part of the twentieth century. The country experienced notable economic and social development around this time, free education was introduced, and widespread land reforms started whereby some of the lands taken by the Russian and Slavic settlers were given back to the Kyrgyz people. The land reform went on further with the introduction of mass collectivization that called for all land farms to be taken under the State control to be worked as collective farms, but most of the collective farms were headed by ethnic Russians. Collectivization forced the Kyrgyz to abandon their nomadic lifestyle and settle in towns and villages, which was something they were not used to, and led them to flee to the mountains and even into China.

The Soviet legacy has strongly influenced the direction, speed and results of reforms in Kyrgyzstan after gaining its independence. Under the Soviet system, economic planning efforts were focused on regional agricultural specialization and industrial development in the Central Asian region to which Kyrgyzstan belongs.

In agriculture, the Soviet strategy was to promote regional specialization in wool, livestock products and, to a lesser extent, cotton, in Kyrgyzstan. Thus, incentives were sharply shifted in favour of these crops and products.

In the industrial and service sectors, the Soviet strategy of industrialization was to emphasize a degree of self-sufficiency creating relatively broad-based manufacturing industries in Kyrgyzstan. It included manufactured goods

like electrical engines and centrifugal pumps; a variety of farm machinery and trucks; intermediate goods like cement and bricks; consumer goods like textiles, garments and processed food; and agricultural processing like cotton fibre. Kyrgyzstan was also a major producer of electrical energy and coal. Apart from catering to domestic demand, many of these industries were based on the processing of material supplied by the rest of the Soviet Union or on demand for export to other Soviet republics. The industrial sector was also heavily dependent on input supplies from and output markets in other parts of the former USSR and prices for the inputs and outputs were heavily subsidized by the central government.

The loss of the Soviet subsidies and the breakdown of established Soviet trading markets affected Kyrgyzstan severely. Kyrgyzstan relied on external borrowing to deal with the reduction in private consumption, and increased government expenditure. This resulted in the decline of the gross domestic product (GDP) to around 50% of the 1990 level between 1991 and 1995. Furthermore, all economic indicators deteriorated which led to the rise in poverty levels.

Kyrgyzstan was one of the first of the former Soviet republics to initiate a programme of structural reforms to facilitate the development of a market economy after gaining independence. However, the pace of the reforms was constrained by factors such as the serious deterioration in economic conditions and resistance to the changes. These constraints did not stop the Kyrgyzstan Government from pursuing its commitment to the transition to a market economy, and it instituted drastic structural reforms to accelerate the process. With the introduction of the new currency, price liberalization, reform of commercial and agriculture legislation, privatization of public assets and the adoption of an open external trade regime, starting in 1996, the economy began to recover. Improved economic performance was fuelled by the strong growth of the agricultural sector due to reforms made, such as land redistribution, price liberalization, restructuring of State-owned farms and the elimination of State controls over markets and State duties.

However, the external shocks from the 1998 Russian financial crisis had adverse effects on the Kyrgyz economy, bringing down real GDP growth from 9.9% in 1997 to 2.1% in 1998.

The economy started to recover again and by the end of 1999, GDP growth was 3.7%. Despite increased GDP levels, the growth trend declined from an annual average of 5.7% in 1996–1999 to 3.9% in 2000–2006. The major factors that caused the average GDP growth rate to fall in 2000–2006 were the zero growth in 2002, when gold output suffered a major decline, and negative growth of 0.6% in 2005 due to the impact of the “Tulip Revolution” in Kyrgyzstan. Acute poverty and pervasive corruption sparked the revolution in March 2005, with the alleged vote rigging during the parliamentary elections serving as the catalyst.

Strong economic performance has been observed since the Tulip Revolution. In 2006, the economy started to pick up again and GDP grew at an annual rate of 3.1%. The economy grew notably in 2007 despite continued political tensions. GDP growth at 8.2% at the end of 2007 was more encouraging because the Kumtor gold mine<sup>2</sup> had not achieved full recovery from an accident in 2006 and operational problems in 2007. GDP growth excluding gold was 8.7%. The services sector continued to be the driver of the strong performance of the economy, while agriculture remained weak with growth of 1.5%. The increase in food prices worldwide had a severe impact on inflation in Kyrgyzstan. In addition to the increase in prices of food items, the price of electricity, gas and other fuels also increased. From an average rate of 4% over the last five years, the inflation rate soared to 20.1% at the end of 2007.

Kyrgyzstan has a predominantly agricultural economy, with the agricultural sector contributing around 30% of the GDP in

2005 and employing 65% of the population. Since 1996, the sector has contributed significantly to Kyrgyzstan’s economic growth despite geographic barriers. The land and farm restructuring reforms introduced in 1993 were key factors contributing to agricultural growth. The reforms included the privatization of State and collective farms into privately owned ones, the establishment of institutions to support the process, and the introduction of a land market. This sector grew at an average rate of 9.6% for the period 1996–1999, dropping to 2.5% since 2000.

The agriculture industry is dominated by livestock breeding (meat, dairy and wool production) and the cultivation of tobacco, cotton and industrial crops. Osh is one of the most productive regions for agriculture in the country because of the melting snow from the Pamir and Ferghana mountains, which irrigates farms in the lower lands, whereas Naryn is only suitable for animal husbandry because of the topography and climate of the region.

The service sector has been growing since 1995, with an output share of 40.2% of GDP in 2005, while heavy and manufacturing industry has been losing its share in both output and employment. From 1996–1999, the average annual growth rate of the service sector was 1.9% and it has grown strongly since 2000 posting an average of 6.9%. The growth of the service sector is attributable to the growth of small private enterprises.

The collapse of the Soviet Union led to a considerable contraction of the industrial and manufacturing sectors of Kyrgyzstan. The supply of raw materials and fuels was disrupted and the Soviet market disappeared. Production declined in this sector, and by 1995 the industrial sector accounted for only 12% of the GDP and its contribution to employment became less significant.

The remaining industrial sector of Kyrgyzstan is concentrated in specific regions and products. Manufacturing plants are concentrated in and around the capital city, Bishkek. The industry’s main driving force is mining, and more importantly, gold extraction.

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<sup>2</sup> The Kumtor gold mine is the largest gold mine operated in Central Asia by a Western company. It is located about 350 kilometres south-east of the capital, Bishkek, and about 60 kilometres north of the border with China. Between 1997 and 2007 over 6 million ounces of gold were produced from the Kumtor gold mine.

Kyrgyzstan is rich in mineral resources. The country has substantial reserves of coal, gold, uranium and other rare earth metals, but has to import oil and natural gas, which is a major expense. The country's mining industry has a strong potential for development, and thus the Government has encouraged the participation of foreign investors in extracting and processing gold, notably from the above-mentioned Kumtor gold mine.

ice-melt, enable the production of hydro-electrical power, which is successfully exported to the country's immediate neighbours, although the potential of this commodity has yet to be fully exploited. Kyrgyzstan's other principal exports are non-ferrous metals and minerals, woolen goods and other agricultural products, and scrap metal. Imports include fuel and natural gas, grain, medicine, machinery and agricultural equipment.

Kyrgyzstan's mountainous terrain and plentiful water resources, mostly in the form of

**Table 1. GDP composition by Sector, as a percentage of the total**

Sector	1991	1995	2000	2001	2002	2003	2004	2005
Agriculture	28.4	40.7	34.2	34.5	34.4	33.6	29.9	30.5
Industry	37.9	12.0	25.0	23.1	17.9	17.3	19.2	16.1
Construction	7.1	6.2	4.2	3.8	3.4	2.9	2.5	2.5
Services	22.5	33.9	29.6	31.4	35.6	36.8	38.3	40.2

**Source:** Government of the Kyrgyz Republic (2007), National Statistical Committee: *Kyrgyzstan in Figures, Annual Statistical Publication, Kyrgyz Republic, National Statistical Committee, Bishkek*

Overall, Kyrgyzstan has made considerable progress in its market reforms, but the rate of the country's economic growth has been modest. The service sector has now overtaken agriculture in terms of GDP share, which still remains an important sector of the economy because of its role in providing employment and food security to citizens. Diversifying the economy is crucial at this point with the gold deposits at Kumtor being depleted and the agricultural sector facing a serious production crisis.

Under the new CDS, in order to accelerate economic growth the Government has established the following priority sectors for development: energy, mining, agriculture and the food industry, small and medium-sized enterprises, construction, tourism development, transport infrastructure, communication and information, and innovation technologies.

### **Poverty**

While the country has achieved notable economic advances, its economic growth is still far from being fully sustainable. To this end, a comprehensive new Country Development Strategy (CDS) for 2007–2010 has been developed. Its planned reforms cover a wide range of issues in four major areas: 1) accelerating economic growth, 2) combating corruption, 3) human and social development, and 4) environmental sustainability.

Poverty in Kyrgyzstan increased rapidly during the early years of the transition period and by the mid-1990s affected almost half of the population. The economic shock brought about by the radical reforms instituted after gaining independence from the Soviet Union had a negative impact on poverty. Poverty in Kyrgyzstan is concentrated in certain regions with the highest incidence in Naryn where income per capita is the lowest, followed by Talas, Jalal-Abad and Issyk-Kul.

In 1999, almost a quarter of the population lived below the extreme poverty line. Starting in

2000, the situation improved due to the economic growth in agriculture and trade and also to the decrease in the inflation rate to 2–3% a year.

Poverty is more severe in rural areas (where the majority of the Kyrgyz population lives) and reached its peak in 1998 at 62.4% of the population of the country. From then on, the level of rural poverty declined gradually. In 2005, around 51% of the rural population lived in poverty compared to 30% of the urban population. Extreme poverty in rural areas — at 14% of the rural population — was twice as high as in urban areas.

Urban poverty declined sharply in 1997, affecting 22.2% of the total national population, but it is not certain what accounted for the decline. The urban poverty level rose again in 1998 caused by the economic crisis. In 2005, it was estimated that 43.1% of the population of Kyrgyzstan lived in poverty and those living in extreme poverty, that is, people whose consumption was below the food poverty line, comprised 11.1% of the population.

In 2006, the poverty incidence rate decreased to 39.9% of the population.

Despite the decrease in the overall poverty level of the population, living standards remain low, especially in the countryside and remote mountainous regions. Poverty levels in the countryside exceed urban levels in all oblasts except Talas and Djala-Abad.

### *General macroeconomic situation*

The inflation rate significantly increased in Kyrgyzstan in 2007 when the prices of some foodstuffs doubled and others tripled within a year. An import-dependent country, the soaring prices worldwide translated into price increases in Kyrgyzstan hurting the economy severely. Prices of other items such as petroleum, communal services and transport also increased. Currently, there are fears that there will be further food shortages in Kyrgyzstan. Again, the poor who form a large part of the Kyrgyz population are the most affected by this.

Several earthquakes hit Kyrgyzstan at the end of 2007 and beginning of 2008. The largest one occurred in the south of the country, 30 kilometres from Osh, causing damage to housing and infrastructure. Many families, mostly from poor households, were displaced. Currently an energy crisis, brought about by low water level at the Toktogul dam, which is the country's major source of hydropower, is affecting the country. This situation further worsens the living conditions of the impoverished population.

**Table 2. Employment and unemployment in Kyrgyzstan, 2003**

	Total	Rural	Urban
In thousands			
Population	5,037	3,276	1,762
Working age (above 15)	3,348	2,078	1,270
Labour force	2,143	1,351	791
Employed	1,930	1,244	686
Unemployed	212	107	105
Inactive	1,206	727	479
In %			
Employment rate	57.7	59.9	54.0
Participation rate	64.0	65.0	62.3
Unemployment rate	9.9	7.9	13.3

*Source: World Bank (2007) Kyrgyz Republic: Poverty Assessment, Volume 2: Labour Market Dimensions of Poverty, World Report No. 40864-KG (Estimates based on Kyrgyz Integrated Household Survey in 2003), Washington, D.C.*

In 2003, people of working age comprised 66% of the total population, but 1.2 million of them were inactive. Out of an active work force of 2.1 million, 9.9% were unemployed. The unemployment rate in rural areas was 7.9% in 2003, lower than the 13.3% rate in urban areas. The percentage of the employed labour force in rural areas is also higher than in urban areas. Labour data estimates from 2004 to 2006 also show that unemployment rates in rural areas are lower than in urban areas. The agricultural sector, benefiting from policy reforms in recent years, provides most of the jobs and as such, growth in this sector contributed greatly to lowering poverty rates in rural areas.

### *Demographic trends and migration*

At the end of 2007, the population of Kyrgyzstan was 5.22 million. Around 35% of the population lives in urban areas. The total population increased only slightly in 2007, compared with 2006. Around two thirds of Kyrgyzstan's citizens live in the countryside. Based on census results since 1913, a process of urbanization continued in Kyrgyzstan until 1989. The succeeding years showed a decline in the urban population. In 2007, it accounted for only 34.7% of the total population.

**Table 3. Population data, in thousands**

	1959	1970	1979	1989	1999	2002	2003	2004	2005	2006	2007
De jure population*	2065.0	2934.1	3522.8	4257.8	4822.9	4984.4	5037.3	5092.8	5138.7	5189.8	5224.3
Urban	691.5	1095.4	1348.8	1624.5	1678.6	1729.9	1757.4	1790.6	1799.4	1807.8	1814.2
Rural	1373.5	1838.7	2174.1	2633.2	3144.3	3254.5	3279.9	3302.2	3339.3	3382.0	3410.1
Urban population as a percentage of total	33.5	37.3	38.3	38.2	34.8	34.7	34.9	35.2	35.0	34.8	34.7

\* End of year estimate

*Source: Data provided by the National Statistical Committee of the Kyrgyz Republic.*

Kyrgyzstan is a multi-ethnic State and according to estimates at the beginning of 2007, the country's ethnic composition was 68.9% Kyrgyz, 14.4% Uzbek, and 9.1% Russian. Other ethnic groups make up the remaining population.

The population of Kyrgyzstan is relatively youthful, with around 34% of its population under the age of 16 years at the end 2005. The percentage of the working-age population is 57% and pensioners make up 9%. The growth of the working-age population is expected to continue in the coming years due to a high birth rate and population explosion in the 1980's.

One of the distinct demographic developments in Kyrgyzstan is mass migration, resulting in changes in population composition. Emigration peaked in the country during the early period of the transition when socio-economic conditions deteriorated. Different types of urban settlements have different migration patterns and a different scale of the problem. Small and medium-sized cities have mainly been experiencing de-urbanization. The collapse of the Soviet system and de-industrialization are the main causes of the migration. On the other hand, Osh and Bishkek have been experiencing inward migration and intensive urban growth. Poverty and unemployment in rural areas have also resulted

in migration to the major cities. Bishkek, which previously had about 600,000 residents, now has around one million people. It contains 44% of the total urban population of the country. Osh had a population of about 240,000 a few years ago but has now grown to 500,000 residents, including those in the peripheral settlements. Overpopulation, growing demand for housing and the lack of affordable housing have consequently caused acute problems, resulting in illegal land occupation and the emergence of informal settlements around the city. Figure 1 shows comparative population density in regions of Kyrgyzstan. Chu and Osh oblasts have less land available and the highest density, while Jalalabad, Issyk-Kul, Naryn and Talas have a much lower density.

In Bishkek city itself, there are about 50 so-called *novostroiki* (new settlements). It has been estimated that in Bishkek the number of people living in these new settlements is between 125,000 and 200,000, or up to one fifth of the city's total population. Mainly internal migrants occupy these places and most of them have not been registered. According to the World Bank Poverty Assessment Report in Kyrgyzstan,<sup>3</sup> around 9% of Bishkek's population is not registered. In Osh 50,000 people are not registered. These two cities account for one third of the total population of the country. However, the processes of urbanization, housing and land use have not been properly accommodated. In contrast to an older plan, a recently completed master plan for Bishkek city does consider informal settlements; however, inhabitants of these new settlements lack social infrastructure such as water supply, roads, schools, health care and other public utilities (on the formation of informal settlement, see also chap. IV).

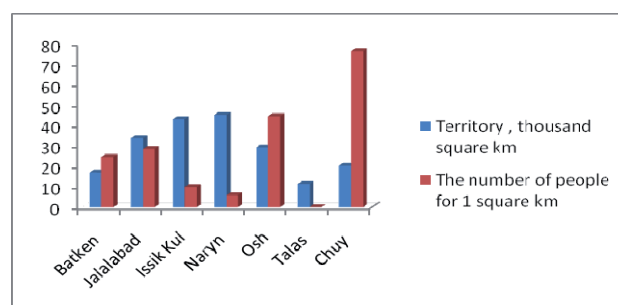
In 2006, 13,360 Russians emigrated from Kyrgyzstan, bringing down the percentage of Russians in the total population to 9.1%, as opposed to 12.5% in 1999. Recent emigration

flows have also shown an increase in the native Kyrgyz population migrating to the neighbouring countries, particularly the Russian Federation and Kazakhstan, in search of better employment and business opportunities. About a quarter of the labour force is working abroad, bringing about remittances, which made up 14% of the GDP in 2005.

External migration is now becoming an important source of income, because of the workers' remittances. It is estimated that 23% of the total labour force works abroad and around 60% of them in the Russian Federation. The majority of migrants come from the rural southern part of the country.

Internal migration has also been high since independence, and peaked in 1994–1998. Unemployment and poverty rates were higher in rural areas during the early period of the transition. This indicates that Kyrgyzstan's rural areas were more affected than its cities after gaining independence. People migrated from rural to urban areas. Bishkek and the surrounding areas in the Chu oblast are better developed economically, and therefore they are the most popular destinations for migrants. Although a significant number of Russians left these places, the native Kyrgyz have moved in, bringing about a positive net migration in these areas.

**Figure 1. The territory and population density in seven oblasts**



*Source: Data provided by the National Statistical Committee of the Kyrgyz Republic, 2007.*

<sup>3</sup> World Bank (2007), Kyrgyz Republic: Poverty Assessment, Volume 3: The Main Conclusions of the Report, World Report No. 40864-KG, Washington, D.C.



## **B. Privatization and housing policy development**

In 1990, the estimated share of the private sector in the GDP of Kyrgyzstan was only 5%. The private sector has grown since Kyrgyzstan's independence, starting with the privatization of State-owned enterprises (SOEs). Until the late 1990s private sector development was mainly driven by the privatization of SOEs. For the period between 1995 and 2000, most of the cooperative (*kolkhoz*) and State (*sovkhos*) farms were dismantled and around 62,000 private farms were created. By 1995, about 4,700 small SOEs were fully removed from State ownership under a mass privatization programme. According to the estimates of the Transition Reports of the European Bank for Reconstruction and Development (EBRD), the private sector share in GDP grew from 15% in 1991 to 40% in 1995, growing further to 60% in 1996 and reaching 65% in 2002. In 2006, the private sector share was estimated to account for 75% of GDP.

Currently, the private sector controls the overwhelming share in agriculture, construction and services. The private sector share in total employment was 80.9% in 2004; employment was almost entirely private in the agriculture, mining, and trade and repair service sectors. The financial sector is now almost entirely private.

In industry and infrastructure, the share of the State is still significant. The privatization of large State-owned enterprises (Kyrgyz Telecom, Kyrgyz Energy, Kyrgyzgaz, and Kyrgyz Airlines) has been planned since 1997, but none has been completed. In the mining industry, almost all mines remain State-owned or controlled, except for a few gold mines.

In the housing sector, whereas the nomadic Kyrgyz traditionally lived in yurts, during Soviet times the majority of them were provided with modern apartments in multifamily blocks subsidized by the Government. The State owned both the apartment buildings and land on which such buildings were built.

Despite massive privatization of the existing housing stock starting soon after

independence, housing remains one of the biggest social problems in Kyrgyzstan. Many families live in dilapidated houses which were built as public housing projects decades ago and which have received little or no maintenance in a long time.

With the migration of the rural population to the cities, housing shortages have become a major problem resulting in overcrowding of apartment buildings. One can find apartments shared by many families with no bathrooms or even running water and many families must share a living space of 12 m<sup>2</sup>. or less. The housing problem is not limited to urban areas but is an issue of national concern.

Although in the recent CDS, housing construction is identified as a key priority, the volume of buildings constructed remains insufficient to meet the demand. Also, the CDS sees the provision of affordable dwellings for citizens and the solution of related issues (e.g., disregard for norms for maintenance of infrastructure facilities due to insufficient funding for the construction of dwellings) as main priorities of social infrastructure development. However, the country is currently facing a problem of lack of affordable dwellings due to sharp reductions in budgetary resources and suspension of the planned affordable housing projects. Added to this, housing problems in Bishkek and Osh have worsened due to increased internal migration to the cities.