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# Kyrgyz Republic:

## *Country Private Sector Diagnostic*

EXECUTIVE SUMMARY



**NOVEMBER 2026**

# About the Country Private Sector Diagnostic

The private sector is an engine of long-term economic growth and a catalyst for global social and economic development. When functioning well, it promotes innovation and entrepreneurship, improves access to and the quality of economic opportunities, and supports the sustainable use of natural resources. In developing economies, the private sector creates the vast majority of jobs, generates tax revenue, and accounts for significant investment.

The Country Private Sector Diagnostic (CPSD) reports seek to unlock private investment and job creation through policy action to remove impediments to private investment. Prepared jointly by the institutions of the World Bank Group, each report analyzes specific sectors of the economy in which increased private investment could accelerate growth if appropriate policy and regulatory issues are addressed.

Designed from the perspective of an investor or entrepreneur, CPSDs seek to identify untapped private investment opportunities and the barriers that stand in their way (earlier reports can be found here). Subsectors of the economy are chosen based on their potential to attract private investment, create more and better-paid jobs, generate domestic revenue, and foster sustainable, inclusive growth in response to targeted policy action. The report aims to help policy makers prioritize impactful actions that can be taken in the near term to remove disincentives to private investment, while delivering on broader development goals.

The CPSD is a core country diagnostic of the World Bank Group produced to guide the design and implementation of country strategies, public and private investment projects, budget support operations, advisory services, and other analytical work. It is intended to be of interest to domestic and foreign investors, government officials, Bank Group staff and management, civil society, and other development partners.

CPSDs are a central instrument of the World Bank Group's jobs agenda as articulated in the 2025 Development Committee (DC) Paper on *Jobs: The Path to Prosperity*, which emphasizes translating private sector development into large-scale employment opportunities. CPSDs support this agenda by providing country-level, sector-specific diagnostics that help identify systemic barriers to private investment critical to job creation. They also align with the DC's three-part approach to private sector development and job creation: investing in human capital and infrastructure to establish the basic preconditions for jobs, supporting business-enabling policies, and mobilizing private capital at scale to help firms create more and better-paid jobs.

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# Acknowledgments

The Kyrgyz Republic Country Private Sector Diagnostic was prepared by staff from across the World Bank Group. The core team was jointly led by Todor Milchevski and Sakshi Varma and included Lezhi Cao, Javier Gomez Restrepo, and Gaukhar Ospanova. The extended team included Sudha Bala Krishnan, Fatima Eshimbekova, Albina Alimova, Azamat Attokurov, Kaiyrkul Kazylaeva, and Thomas Shipton. Adama Badji, Asel Timur Kyzy, Dinara Tologonova, Kanyshai Kuanychbekovna Risbaeva, Meerim Medinova, Sezim Tolobekova, Tommaso Rooms, and Yue Sun provided administrative support to the team, and Scott Wenger and Hilary Johnson edited the report.

The report was prepared under the guidance and supervision of Jeffrey Chelsky, Cecile Niang, Abeer Shalan, Hugh Riddel, and the directors Najy Benhassine, Simon Andrews, Selma Rasavac Avdagic (acting director), Denis Medvedev, Paolo Mauro, and Abebe Adugna. The team is also grateful to Shabana Khawar, Dmitry Pyatachenko, and José Ernesto López-Córdova for their support.

Peer reviewers at various stages of the report's preparation were Eldiyar Azizov, Karim Ouled Belayachi, Junning Cai, Francisco Moraes Leitao Campos, José Ernesto López-Córdova, Francesca de Nicola, Oleg Dosaev, Bakyt Dubashov, Kiryl Haiduk, Levent Karadayi, Oegmundur Haukur Knutsson, Nurjan Kunasova, Nisachol Mekharat, Roman Mogilevskii, Hosna Ferdous Sumi, Li Tu, and Kubanychbek Turgunbaev. Technical consulting services were provided by Iroda Azizova, Zsolt Bango, Yevhen Bulakh, Matei Dohotaru, Bekten Doolotov, Gohar Gyulumyan, Ganbaatar Jambal, Giedrius Kadziauskas, Talaibek Torokulovich Koshmatov, Ceren Ozhan, Madalina Papahagi, Remi Pelon, Dmytro Piatachenko, Aditi Raina, Maksudjon Safarov, Mairam Sarieva, Eshanullah Shamsi, Jemima T. Sy, and Tahira Syed. The team is grateful for the guidance, support, and contributions of many other World Bank Group colleagues, including Juliana Beall, Jacqueline Irving, Santosh Ram Joshi, Santiago Marrón Ruiz, and Alejandro Rueda-Sanz, as well as staff who provided documents and information and participated in meetings.

The team also thanks government officials, private sector representatives, development partners, and other stakeholders whose insights and contributions helped improve the report.

# Executive Summary

The Country Private Sector Diagnostic (CPSD) identifies sectors with the potential to attract significant private investment over the medium term if well-defined constraints can be addressed through feasible near-term policy actions. It applies an investor perspective to identify factors that discourage investment.

Sector selection follows a systematic process combining quantitative and qualitative analysis with consultations involving private investors, companies, technical experts, policy makers, and development partners. Based on this methodology, the Kyrgyz Republic CPSD focuses on four subsectors: nature-based tourism, fruit and berry production and processing, trout aquaculture, and garment manufacturing. Given the role of judgment in this process, *the selected sectors are not intended to be exhaustive, nor does their selection suggest that other sectors lack investment potential*.

## A Country at a Turning Point: Strong Growth, Limited Transformation

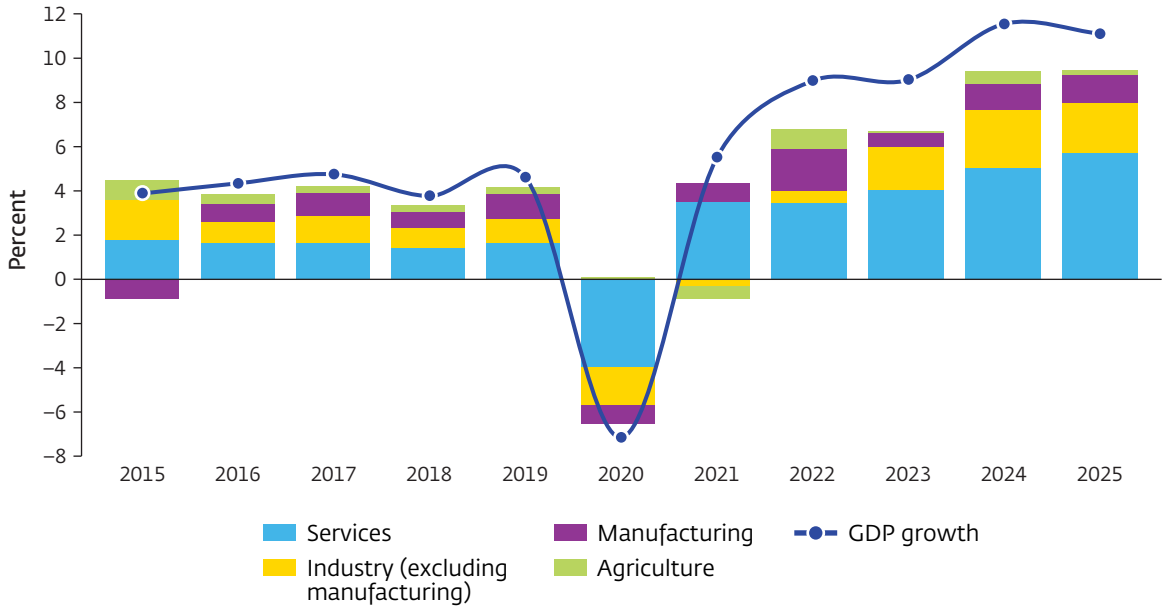
**The Kyrgyz Republic has demonstrated considerable macroeconomic resilience despite the structural constraints of a small domestic market, landlocked geography, and exposure to external shocks.** Real GDP growth averaged 4.9 percent between 2015 and 2024 and increased during 2022–24 (figure ES.1), while public debt declined from pandemic-era levels and international reserves strengthened.

**Recent growth has been driven largely by strong domestic demand, supported by remittance-driven household consumption, construction, and public spending.** The increase in investment has been concentrated largely in construction and public capital spending. However, import-intensive demand and continued dependence on remittances leave the economy exposed to external conditions, while growth has not generated sufficient productive employment domestically.

**Structural transformation has proceeded slowly.** Services have become the main contributor to economic expansion, but productivity gains are constrained by the

Figure ES.1

## Services Have Been the Largest Contributor to GDP Growth Since 2019




*Source:* Calculations based on data from WDI.
*Note:* GDP = gross domestic product.

concentration of firms and employment in relatively low-value activities and limited reallocation of resources toward more productive firms. Industry is anchored in a narrow manufacturing base, while merchandise exports are concentrated in gold, agricultural products, low-complexity manufacturing, and reexport activity, with limited domestic spillovers.

**Domestic private investment and foreign direct investment have yet to become broad-based drivers of diversification and productivity growth.** Foreign investment is concentrated in a few capital-intensive activities, while weak supplier capabilities, regulatory uncertainty, and concerns about contract enforcement constrain linkages with domestic firms. The authorities have taken steps to strengthen the investment framework, including adopting a new investment law in 2025 and advancing a digital one-stop-shop system for investment projects. Building on these reforms, the central challenge is to translate recent growth into stronger firms, more productive investment, diversified exports, and better-paid jobs.

## Constraints to Private Investment

**The domestic private sector is fragmented and dominated by microenterprises, while medium-size firms are scarce, accounting for only 0.1 percent of all business entities during 2020–24.** Large enterprises are more prevalent but concentrated in mining, energy, banking, and communications. This "missing middle" limits the number of firms with the capabilities and scale needed to invest in technology, meet quality and export standards, anchor supplier networks, and integrate into regional value chains. Although entrepreneurial activity is widespread, relatively few firms develop into larger, formal enterprises capable of attracting investment and creating productive jobs at scale.

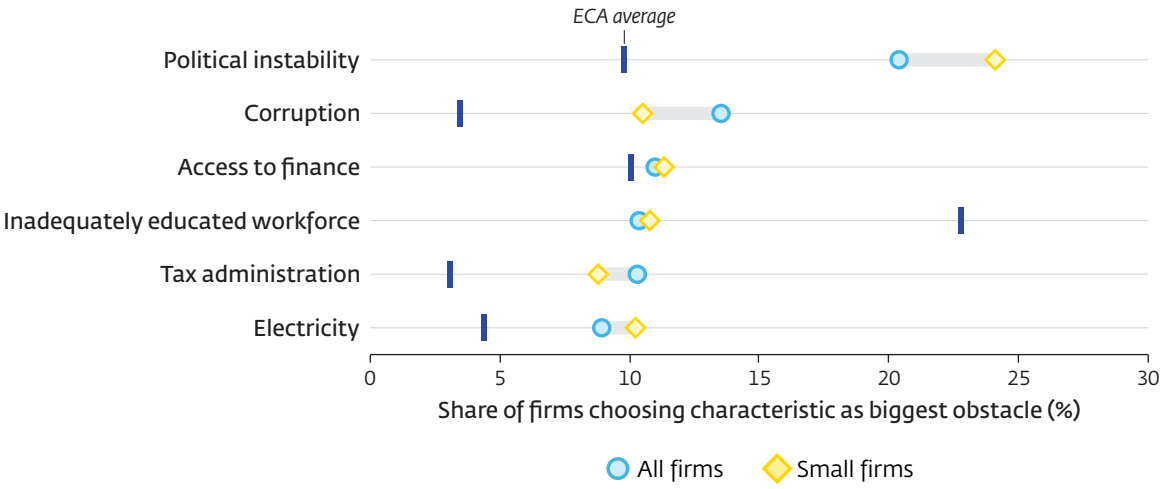
**Informality is both a feature and a reinforcing factor of this fragmented business structure.** In 2023, the informal economy employed approximately 1.75 million people and accounted for an estimated 19 percent of GDP in 2023, while 56 percent of workers were informally employed in their main job. Many firms operate informally because low productivity and profitability reduce the perceived benefits of formalization. In turn, informality can restrict access to finance, formal contracts, training, social protection, and larger markets, making firm expansion and productivity improvements more difficult. Fragmented tax and social insurance regimes, uneven enforcement, and labor regulations poorly adapted to subcontracting and home-based production further weaken incentives to formalize.

**Limited access to finance compounds these constraints (figure ES.2).** Domestic credit to the private sector is well below regional and income-group comparators, while long-term finance, trade finance, and capital market instruments are scarce. High borrowing costs, stringent collateral requirements, and weak collateral enforcement particularly affect small and medium enterprises (SMEs) and capital-intensive investments. Informality and limited access to finance are mutually reinforcing: informal firms often lack the financial records and collateral required to borrow, while limited financing options make it more difficult to invest, formalize, and scale.

**The state's large economic footprint and broader weaknesses in the business environment further constrain private sector development.** State-owned enterprises account for approximately 27 percent of gross domestic product (GDP) and operate in both monopoly and competitive markets, often benefiting from preferential access to credit, single-source procurement, and less stringent governance requirements than private firms. These conditions weaken competitive neutrality and discourage market entry. Firms also identify political instability, corruption, and access to finance as leading constraints, while uneven reform implementation, informal payments, and unpredictable regulatory enforcement raise transaction costs and reduce investor confidence.

Figure ES.2

## Firms Identify Political Instability, Corruption, and Access to Finance as Leading Business Constraints




*Source:* 2023 World Bank Enterprise Surveys.
*Note:* ECA = Europe and Central Asia.

**Fragmented regulations governing land access, permitting, and compliance further delay investment decisions.** Investors often face multistep processes involving multiple agencies, without clear timelines or transparent criteria. These constraints are particularly significant for projects requiring secure access to agricultural, pasture, forest, water, or protected land.

**Infrastructure and service-delivery gaps raise operating costs, particularly outside major urban centers.** Deficiencies in electricity, transport, water and sanitation, heating, and municipal services reduce business reliability and constrain investment in location-dependent sectors such as tourism, agribusiness, and aquaculture. Information gaps create additional barriers, as investors often lack reliable data on market size, demand, production, input availability, and regulatory risks.

**Finally, skills shortages and weak alignment between education and training systems and labor market needs limit firm upgrading.** Businesses face difficulties recruiting workers with the technical, managerial, and specialized skills needed to adopt new technologies and move into higher-value activities.

# Four Sectors with Investment Potential

**This diagnostic identifies four subsectors with the potential to attract private investment through feasible near-term policy reforms: nature-based tourism, fruit and berry production and processing, trout aquaculture, and garment manufacturing.** Selected based on market demand, firm capabilities, and reform feasibility, these subsectors also offer opportunities for job creation, productivity gains, export growth, and broader economic spillovers (table ES.1).

**Targeted policy reforms across the four subsectors could catalyze up to US$618 million in private investment and generate up to 67,600 more and better-paid jobs over the medium term.** The following sections summarize the investment opportunities, key constraints, and priority policy actions for each subsector.

Table ES.1

## Assessment of Sector Potential

| Subsector | Investment potential | Contribution to job creation | Contribution to other development objectives |
|---|---|---|---|
| Nature-based tourism | HIGH | MEDIUM/HIGH | HIGH |
| Fruit and berry production and processing | HIGH | MEDIUM/HIGH | HIGH |
| Trout aquaculture | MEDIUM/HIGH | MEDIUM | MEDIUM |
| Garment manufacturing | MEDIUM/HIGH | HIGH | MEDIUM/HIGH |

# Nature-Based Tourism

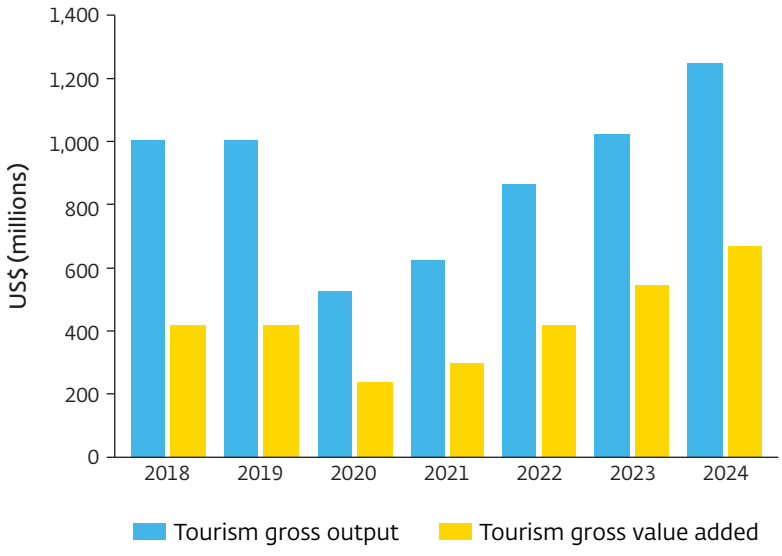
**The Kyrgyz Republic holds significant commercially viable opportunities in higher-value nature- and adventure-based tourism, destination services, and year-round accommodation.** Its comparative advantage is rooted in its natural landscapes and cultural heritage, with mountains covering 94 percent of its territory, including the Tian Shan and Pamir-Alay ranges, and diverse climatic zones supporting multiseason tourism experiences. These natural assets, complemented by nomadic traditions and Silk Road cultural heritage, support differentiated products such as ecolodges, yurt camps, and soft-adventure experiences that align with growing global demand for sustainable, experience-oriented travel among higher-spending visitors.

**Tourism has recovered strongly since the pandemic, with international tourism receipts exceeding US$1 billion and gross output reaching approximately US$1.25 billion in 2024 (figure ES.3).** Growth continued in 2025, with tourism generating more than US$847 million in gross value added, equivalent to 3.8 percent of GDP.

**Strong growth in visitor arrivals has yet to translate into higher-value tourism, partly because demand is dominated by short-stay, lower-spending regional travel.** Much of this travel comes from neighboring countries and involves transit, cross-border

Figure ES.3

## Tourism Gross Output and Value Added Have Recovered Strongly Since 2020




*Source:* Calculations based on data from the NSC.

activity, and visits to friends and relatives, generating limited spending on formal tourism services. As a result, rising arrivals have not translated into commensurate higher-value accommodation and destination services. Combined with seasonality and limited product diversification, this pattern constrains private investment in higher-end, internationally marketable tourism products.

**Private investment in tourism is constrained by regulatory uncertainty, weak land-use governance, infrastructure gaps, and skills shortages that increase investor risks and undermine project bankability, particularly in remote destinations with strong tourism potential.** Discretionary land-use regimes governing pastureland, forestland, and protected areas undermine tenure security, while fragmented permitting procedures increase costs and delay investment. Inadequate destination infrastructure, including unreliable electricity, limited water and sanitation services, poor waste management, and inadequate road access, raises operating costs and restricts year-round operations. Limited air connectivity constrains access from higher-spending markets, while shortages of qualified guides, hospitality workers, and safety personnel weaken service quality.

**Targeted reforms could unlock private investment by strengthening land tenure security, streamlining permitting, improving visitor access, and enhancing institutional coordination.** Priorities include amending Chapter 10 of the Land Code to protect bona fide purchasers; establishing predictable land-use extensions and proportionate termination procedures; introducing risk-based construction and permitting requirements; establishing a digital single window for tourism permits with binding timelines; extending permit validity and simplifying renewals; and introducing digital border-zone permits. Revising bilateral air service agreements and implementing Open Skies policies on priority tourism routes could further improve accessibility.

**Implementing these reforms in the near term could catalyze up to US$220 million in private investment and generate up to 20,800 more and better-paid jobs over the medium term.**

## Fruit and Berry Production and Processing

**The Kyrgyz Republic offers commercial opportunities in export-oriented production, postharvest handling, and processing.** Favorable agroclimatic conditions, an established tradition of cultivating apples, apricots, cherries, and berries, and growing demand in neighboring Eurasian Economic Union (EAEU) markets underpin the sector's medium-term potential. Expanding planted areas, particularly for berries and intensive orchards, and rising exports indicate increasing integration with regional markets and untapped

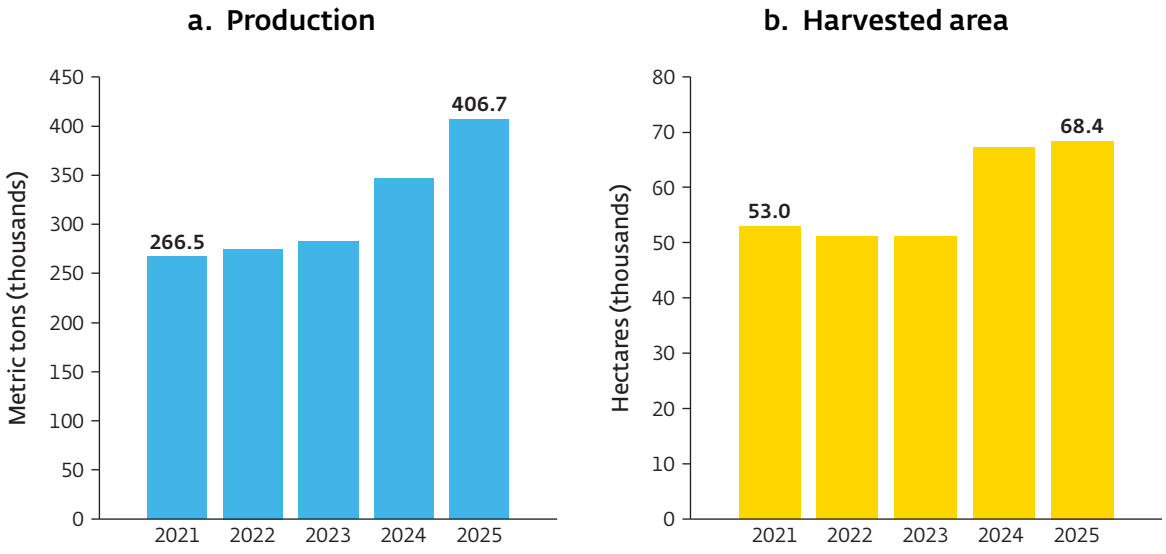
export potential for fresh and processed products. Investment opportunities span primary production, cold storage, aggregation, processing (drying, freezing, juices, and concentrates), and logistics, which can increase the value and shelf life of existing output.

**Production growth has not translated into commensurate productivity gains or value addition.** Fruit and berry production increased by roughly 50 percent between 2021 and 2025 (figure ES.4), but yields are still low relative to comparator countries, reflecting productivity constraints and weak value chain organization. Limited processing capacity, high postharvest losses, and inadequate downstream infrastructure constrain access to higher-value export markets. Given limited arable land and increasing pressure on irrigation resources, future growth will depend increasingly on raising yields, reducing losses, and expanding value addition rather than cultivated area alone.

**Private investment is constrained by regulatory, financial, and institutional weaknesses that increase risks and prolong payback periods, particularly for capital-intensive projects.** Fragmented production and weak aggregation limit scale, quality standardization, and reliable supply to organized buyers. These challenges are compounded by uncertain land access and use, inadequate certification and laboratory capacity, limited long-term finance and collateral recognition, and gaps in postharvest, cold-chain, and energy infrastructure. Restrictive input regulations, inconsistent tax treatment of orchard infrastructure, and seasonal labor shortages further undermine investment predictability.

Figure ES.4

## Fruit and Berry Production Has Expanded Alongside Harvested Area




*Source:* National Statistical Committee.

Together, these constraints reinforce dependence on low-value sales and discourage private investment in higher-value, export-oriented activities.

**Targeted reforms could unlock investment by improving land access, regulatory predictability, certification, infrastructure, and aggregation.** Priorities include standardizing land allocation and land-use procedures with clear timelines; simplifying land-use transformation; strengthening accredited laboratory testing and certification capacity; streamlining approvals for agricultural inputs through risk-based procedures; clarifying value added tax (VAT) treatment of agricultural production assets; introducing proportionate, time-bound permitting for cold-chain and agroprocessing facilities; and strengthening cooperative governance to protect investment contributions and support aggregation.

**Implementing these reforms in the near term could catalyze up to US$250 million in private investment and generate up to 24,000 more and better-paid jobs over the medium term.**

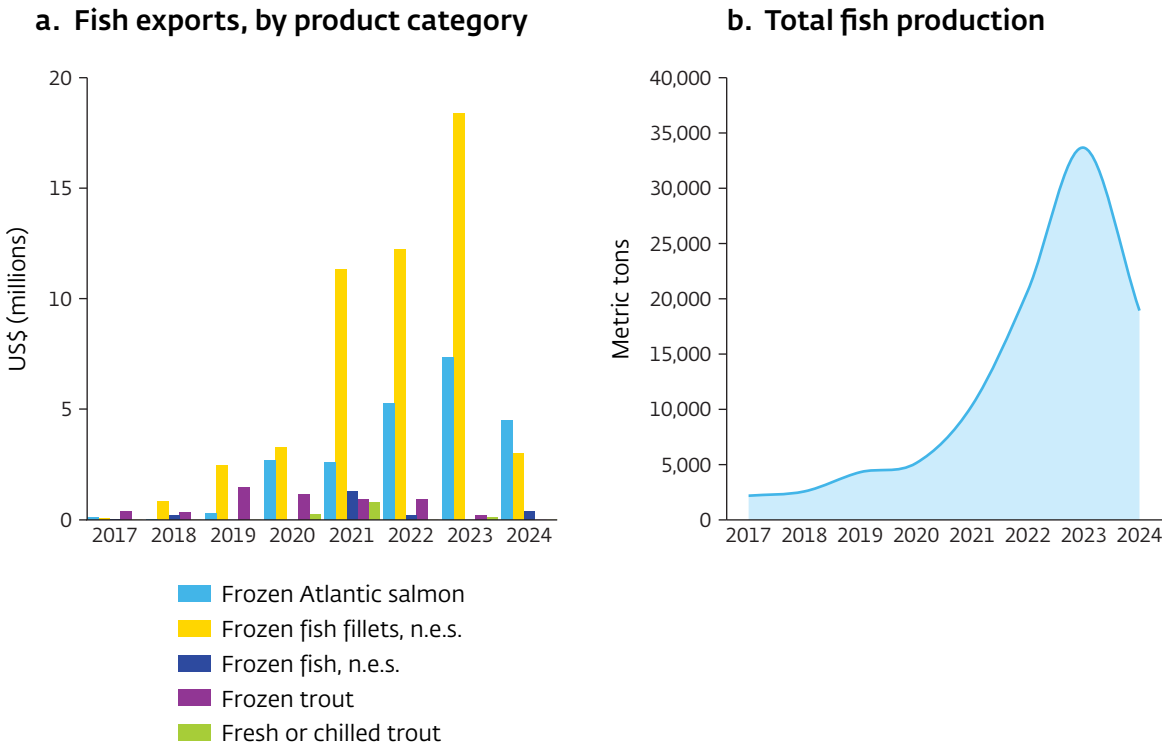
## Trout Aquaculture

**The Kyrgyz Republic has natural advantages in cold-water trout production, including high-altitude lakes, abundant freshwater resources, and hydropower reservoirs suited to cage and pond systems.** These advantages have supported rapid aquaculture growth, with trout accounting for more than 65 percent of annual aquaculture production during 2021–23. National fish production reached approximately 33,600 metric tons in 2023, while exports totaled 5,556 tons, valued at roughly US$26 million (figure ES.5).

**Export prospects are supported by strong regional demand, particularly from the Russian Federation, the main destination for Kyrgyz fish exports, followed by Kazakhstan and Uzbekistan.** Membership in the EAEU provides tariff-free access to large regional markets where demand for trout and other fish products has expanded. However, fish exports declined sharply in 2024 (figure ES.5), largely reflecting the Russian Federation's temporary suspension of trout imports following repeated detections of prohibited and harmful substances in exported products. Although restrictions were lifted in July 2024, the episode highlighted the sector's vulnerability to disruptions in market access. Unrealized trout export potential is estimated at US$62 million, indicating opportunities to scale production, diversify into processed and certified trout products, and capture a larger share of higher-value regional demand.

Figure ES.5

## Fish Production Expanded despite a Sharp Decline in Exports in 2024




*Source:* Based on data from ITC Trade Map and FAO FishStat.
*Note:* n.e.s. = not elsewhere specified.

**Realizing this potential will require stronger regulatory and compliance systems to support commercial-scale investment.** Key constraints include uncertain environmental approval requirements, fragmented land and water access procedures, and weak aquatic animal health and input controls, particularly for imported ova, aquafeed, and veterinary medicines. Inadequate residue testing, export certification, and traceability further limit aggregation from smaller farms, increase market access risks, and discourage investment in processing. The trade disruption highlighted how these weaknesses can affect shipments, damage exporters' reputation, and undermine investor confidence. Addressing these constraints would reduce production volatility, strengthen export credibility, and create the conditions for larger, more formal, and investment-ready aquaculture value chains.

**Targeted reforms could unlock investment by improving site access, environmental approvals, biosecurity, input quality, and export compliance.** Priorities include introducing aquaculture-specific environmental screening and simplified approvals for lower-risk projects; establishing coordinated land and water-use approvals; strengthening

import risk analysis and quarantine requirements for fertilized ova; improving aquafeed quality standards and testing; strengthening veterinary medicine controls, residue monitoring, and export certification; and operationalize an interoperable traceability system covering production, harvesting, and processing.

**Implementing these reforms in the near term could unlock up to US$70 million in private investment and generate up to 8,400 more and better-paid jobs over the medium term.** Beyond trout exports, investment could support employment in farming, processing, logistics, and input supply, strengthen rural livelihoods, and encourage the formalization of SMEs. Improvements in aquaculture regulation and production could also support the expansion of affordable farmed fish species for domestic consumption, with potential benefits for nutrition and food security.

## Garment Manufacturing

**Garment manufacturing is one of the largest industrial employers and an important entry point for labor-intensive private investment, particularly benefiting women and lower-skilled workers.** Between 2020 and 2024, the sector contributed about 1.2 percent of GDP and employed more than 39,000 workers, accounting for approximately 13 percent of manufacturing employment. Its comparative advantage lies in a flexible production base dominated by SMEs operating under a cut-make-trim model using imported fabrics. Rather than competing with vertically integrated or large-scale producers, Kyrgyz firms specialize in short production runs, rapid turnaround, and small-batch orders. Preferential access to EAEU markets and proximity to Kazakhstan and the Russian Federation reinforce this model, while growth in woven apparel exports points to opportunities in fast fashion, private-label production, modest fashion, and other design-driven segments. Investment opportunities therefore lie primarily in downstream garment manufacturing, particularly woven apparel, alongside design, production management, branding, compliance, digital sales, and trade logistics.

**However, the sector's potential is constrained by informality, market concentration, weak compliance systems, logistics uncertainty, and skills shortages.** Widespread informality fragments production across small workshops and subcontracting arrangements that are difficult to integrate into formal, traceable, and compliant value chains. Heavy dependence on Kazakhstan and the Russian Federation also exposes exporters to regulatory and market disruptions, as illustrated by recent shipment delays associated with tighter labeling, origin documentation, VAT administration, and customs requirements. Limited domestic testing and certification capacity, unreliable digital labeling systems, unpredictable transit along the Kazakhstan–Russian Federation corridor, limited access to

consolidated air freight, and shortages of technical and managerial skills further increase costs, undermine delivery reliability, and discourage investment in higher-value exports.

**Targeted reforms could unlock investment by strengthening compliance capacity, improving logistics predictability, and increasing labor market flexibility.** Priorities include expanding electronic navigation seal coverage to all major garment products and supporting its adoption; upgrading domestic textile testing and certification capacity, including ISO/IEC 17025–accredited laboratory services; establishing a unified digital conformity assessment system through Tunduk and Tulpar, with transparent timelines and market-specific guidance; improving the reliability of Teksher and Honest Mark and introducing bulk QR code registration for garment consignments; enabling consolidated air cargo shipments at Manas International Airport; introducing simplified fixed-term employment contracts for temporary production; and strengthening enforcement of foreign worker authorization requirements while facilitating lawful changes of employer.

**Implementing these reforms in the near term could help unlock up to US$78 million in private investment and create up to 14,400 more and better-paid jobs over the medium term.**

## The Path Ahead

The Kyrgyz Republic is at a pivotal stage in its economic transformation. Translating recent growth into sustained productivity gains, diversified exports, and more and better-paid jobs will require a stronger enabling environment for private investment. Across the four subsectors, common priorities include more secure and predictable land-use rights, stronger testing and certification systems, streamlined permitting with transparent requirements, and simpler compliance procedures that encourage formalization. Effective implementation will require clear institutional responsibilities, coordination across agencies and levels of government, and monitoring of reform progress and investor response.

# Summary of Constraints and Recommendations

The recommendations in this report are not intended to address every constraint facing private investors. Rather, they prioritize investor-identified barriers that can be addressed through feasible near-term reforms with limited fiscal costs and reasonable prospects for government support.

Table ES.2

## Nature-Based Tourism

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| 1 | **Land-related legal uncertainty increases investment risks, particularly for tourism projects with long investment horizons.** | Amend Chapter 10 of the Land Code to establish clear legal safeguards for bona fide purchasers. | Cabinet of Ministers; Forest Service under the Ministry of Natural Resources, Ecology and Technical Supervision; Ministry of Emergency Situations; Jogorku Kenesh (Parliament); State Agency for Land Resources, Cadastre, Geodesy, and Cartography under the Cabinet of Ministers; Ministry of Economy and Commerce. |
| 2 | **Discretionary extension of land-use rights in state natural parks and termination of forest land-use rights undermine tenure security for tourism investments.** | a. Establish clear, rules-based procedures, binding timelines, and defined grounds for refusing land-use extensions, while allowing long-term leases from the outset where applicable requirements are met.<br>b. Amend Article 32 of Government Resolution No. 192 to establish proportionate termination grounds, remediation safeguards, and compensation provisions for qualifying investments. | Ministry of Natural Resources, Ecology and Technical Supervision. |
| 3 | **Disproportionate construction and permitting requirements increase costs and approval timelines for small and medium tourism facilities.** | Introduce proportionate construction and permitting requirements based on facility size, permanence, and risk, while maintaining essential safety standards. | Ministry of Construction, Architecture and Housing and Communal Services. |

*(Table continues next page)*

Table ES.2

# Nature-Based Tourism *(continued)*

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| 4 | **Fragmented permitting procedures and the absence of a unified public registry of requirements and approval timelines increase transaction costs and regulatory uncertainty.** | Establish a unified publicly accessible digital single window for tourism permits, specifying required documents, approval criteria, responsible authorities, and binding timelines. | Ministry of Economy and Commerce. |
| 5 | **Permitting timelines and validity periods are misaligned with tourism business operations.** | Extend operating permit validity and simplify renewals through multiyear approvals or notification-based renewal once compliance is verified. | Ministry of Economy and Commerce; Ministry of Construction, Architecture and Housing and Communal Services; State Registration Service; Ministry of Natural Resources, Ecology and Technical Supervision; Cabinet of Ministers. |
| 6 | **Border-zone permit requirements reduce itinerary flexibility and limit tourism activity in key nature-based destinations.** | Remove border-zone permit requirements where feasible or introduce a fully digital permit system with QR code authorization and processing times capped at 1–2 business days, while maintaining necessary security checks. | Ministry of Digital Development and Innovative Technologies; State Institution "Kyzmat" under the Presidential Affairs Management; State Border Guard Service. |
| 7 | **Limited air connectivity contributes to high airfares and constrains the development of higher-value tourism at scale.** | Review and, where necessary, revise bilateral air service agreements with priority tourism source markets. Remove unnecessary restrictions on airline designation, routes, frequencies, capacity, and traffic rights, and implement Open Skies policies on selected priority routes by removing regulatory and administrative barriers to the entry and expansion of foreign carriers. | Ministry of Transport and Communications; Cabinet of Ministers; State Civil Aviation Agency under the Cabinet of Ministers. |

Table ES.3

# Fruit and Berry Production and Processing

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| | **Land access and land use** | | |
| 1 | **Procedural uncertainty in land allocation and land-use decisions delays investment and undermines predictability.** | Standardize land allocation and land-use procedures through amendments to existing implementing resolutions under the Land Code. Establish binding decision deadlines, require written explanations for delays, and define next steps for overdue approvals. Simplify procedures and improve coordination with local authorities. | Cabinet of Ministers and Ministry of Water Resources, Agriculture and Processing Industry (MWRAPI), in coordination with the State Agency for Land Resources and local self-government bodies. |
| 2 | **Onerous land repurposing requirements limit investment in essential agricultural infrastructure.** | Introduce a simplified, predictable mechanism for repurposing land for essential agricultural infrastructure, including cold storage facilities, packhouses, logistics centers, irrigation reservoirs, and other water infrastructure. Clarify zoning and cadastral requirements and establish procedures proportionate to project scale. | Cabinet of Ministers and MWRAPI, in coordination with relevant sectoral ministries and local self-government bodies. |
| | **Certification, standards, and input regulation** | | |
| 3 | **Insufficient accredited laboratory and conformity assessment capacity increases compliance costs and limits access to higher-value export markets.** | Establish clear accreditation procedures, adopt validated testing methods and quality management systems, ensure participation in proficiency testing programs, and align accreditation frameworks with international recognition arrangements to enable ISO/IEC 17025 accreditation for export-relevant testing. Prioritize multiresidue pesticide analysis, microbiological food safety testing, and phytosanitary diagnostics. | MWRAPI, National Accreditation Body, and Kyrgyzstandart. |
| 4 | **Lengthy and restrictive registration and approval procedures for agrochemicals, fertilizers, and biological inputs delay access to modern agricultural technologies.** | Introduce risk-based approval pathways for agrochemicals, fertilizers, and biological inputs registered under internationally recognized regulatory systems. Eliminate duplicative local testing requirements and clarify equivalence criteria in implementing regulations. | MWRAPI. |
| 5 | **Unclear and inconsistent value added tax (VAT) treatment of anti-hail nets, trellises, and drip irrigation systems increases investment costs.** | Establish a uniform list of goods for existing VAT exemptions when used in agricultural production, including anti-hail nets, trellis systems, and drip irrigation systems, and their components. Ensure consistent application of existing tax provisions without introducing new fiscal incentives. | State Tax Service. |

*(Table continues next page)*

Table ES.3

# Fruit and Berry Production and Processing *(continued)*

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| | **Postharvest and cold-chain infrastructure** | | |
| 6 | **Insufficient postharvest and cold-chain infrastructure undermines the bankability of downstream private investments.** | a. Designate cold-chain and agroprocessing infrastructure as a priority category within permitting and approval systems to enable coordinated review and faster administrative processing.<br>b. Introduce simplified, proportionate, and time-bound permitting procedures for storage, cooling, and freezing facilities, with fewer approval steps and binding processing timelines.<br>c. Clarify technical and sanitary requirements for small and medium cold storage and processing facilities to reduce compliance uncertainty and investment risk. | MWRAPI, in coordination with local self-government bodies and relevant technical regulators. |
| | **Aggregation and cooperative governance** | | |
| 7 | **Weak safeguards for investment contributions in cooperative models discourage private capital.** | Amend the Law on Cooperatives and the model cooperative charter to introduce investor-member status and differentiated participation rights, including mechanisms to protect capital contributions. | MWRAPI, in coordination with the Ministry of Justice. |

Table ES.4

# Trout Aquaculture

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| 1 | **Unclear environmental approval and environmental impact assessment (EIA) requirements create regulatory uncertainty for aquaculture investments.** | a. Amend Government Resolution No. 60 of 2015 on the procedure for evaluating environmental impact to establish aquaculture-specific EIA screening criteria based on production capacity, farm area, resource use, and environmental sensitivity.<br>b. Amend Government Resolution No. 60 of 2015 to introduce simplified EIA procedures for low- and medium-risk aquaculture projects based on standardized checklists and environmental management plans. | Ministry of Natural Resources, Ecology and Technical Supervision; Department of Fishery Industry Complex (DoFIC). |
| 2 | **Fragmented land and water-use regimes limit access to commercially viable aquaculture sites.** | Establish a coordinated aquaculture siting application process covering land access, water use, and related site approvals. | Cabinet of Ministers; MWRAPI. |
| 3 | **Weak import controls for fertilized trout eggs increase biosecurity risks.** | a. Adopt formal import risk analysis procedures for fertilized trout ova, consistent with World Organisation for Animal Health standards.<br>b. Require imported fertilized trout ova to be transported directly from the border to a preapproved quarantine incubation unit, with distribution prohibited until the Veterinary and Phytosanitary Surveillance Service (VPSS) issues written clearance. | VPSS; Center for Veterinary Diagnostics and Expertise; DoFIC. |
| 4 | **Gaps in enforceable aquafeed quality standards and monitoring increase the risk of substandard feed entering the market.** | a. Establish aquafeed quality and safety standards based on the Codex Code of Practice on Good Animal Feeding.<br>b. Implement a routine, risk-based national aquafeed sampling and testing program under the technical regulation on the safety of feed and feed additives. | VPSS; Center for Veterinary Medicines and Feed Additives; Center for Veterinary Diagnostics and Expertise. |
| 5 | **Weak aquaculture-specific controls on veterinary medicines and residue testing undermine export market access.** | a. Amend Cabinet Resolution No. 106 of 2025 and Order No. 201-ni of 2023 to establish aquaculture-specific controls on antibiotics and other veterinary medicines.<br>b. Establish destination-specific trout export protocols based on existing export control requirements.<br>c. Introduce mandatory preshipment residue testing for trout export consignments until consistent compliance is demonstrated, followed by risk-based sampling. | VPSS; Center for Veterinary Diagnostics and Expertise; Center for Veterinary Medicines and Feed Additives. |
| 6 | **Limited implementation of an interoperable aquaculture traceability system constrains aggregation and sourcing from smaller farms.** | Operationalize the fish traceability module within the national system and unified electronic fisheries register, including interoperable operator registration, lot identification, and standardized data requirements. | VPSS; DoFIC. |

Table ES.5

# Garment Manufacturing

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| 1 | **Transit uncertainty along the Kazakhstan–Russian Federation corridor undermines delivery reliability and increases investment risks for export-oriented apparel firms.** | a. Expand electronic navigation seal (ENS) coverage to all garment products, including woven apparel (HS code 62).<br>b. Implement a targeted ENS awareness and adoption program for the garment sector. | State Customs Service; Ministry of Economy and Commerce, including Kyrgyz Export; in coordination with State Customs Infrastructure and Kazakh counterparts. |
| 2 | **Inadequate domestic certification and testing services increase cost and lengthen certification timelines for textile and garment exporters.** | a. Upgrade a domestic textile laboratory to provide ISO/IEC 17025–accredited testing services for garment exports.<br>b. Establish a digital one-stop conformity assessment system with transparent service standards. | Ministry of Economy and Commerce; Kyrgyzstandart. |
| 3 | **Unreliable digital labeling systems and burdensome procedures increase compliance costs and reduce export predictability for garment manufacturers.** | a. Establish mandatory service standards for the Teksher and Honest Mark platforms to improve reliability and responsiveness.<br>b. Introduce simplified and bulk registration procedures for QR codes. | Ministry of Economy and Commerce; Alfa Telecom. |
| 4 | **The absence of clear procedures for consolidating air cargo shipments limits smaller exporters' access to time-sensitive markets.** | a. Amend APKR-20 to authorize freight forwarders and cargo agents to consolidate shipments from multiple exporters at Manas International Airport.<br>b. Establish standard operating procedures for consolidated export cargo at Manas International Airport. | Civil Aviation Authority; State Customs Service; Manas International Airport. |
| 5 | **Labor regulations limit firms' ability to respond to short-term production peaks and export orders, constraining investment in garment manufacturing.** | Introduce simplified fixed-term employment contracts for temporary garment production linked to export orders and seasonal production peaks. | Ministry of Labor, Social Security and Migration. |

*(Table continues next page)*

Table ES.5

## Garment Manufacturing *(continued)*

| | Constraints | Recommended actions | Responsible public sector entities |
|---|---|---|---|
| 6 | **Weak enforcement of employer-specific permit requirements and unauthorized employment of foreign workers create uncertainty for firms investing in recruitment and training.** | a. Amend Article 93 to explicitly prohibit employment of foreign workers without the necessary employer-specific authorization and establish penalties that deter noncompliance.<br>b. Integrate employer and permit verification into the eVisa and work permit systems and introduce risk-based inspections to identify unauthorized employment while minimizing compliance costs for legitimate businesses.<br>c. Establish a simplified notification or permit-transfer process for foreign workers changing employers, and require new employers to obtain the necessary authorization before employment begins. | Ministry of Foreign Affairs; Ministry of Internal Affairs; Ministry of Labor, Social Security and Migration. |

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2121 Pennsylvania Avenue, N.W.
Washington, D.C. 20433
Internet: www.ifc.org

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