KYRGYZ REPUBLIC



COUNTRY ASSESSMENTS

HIGHLIGHTS

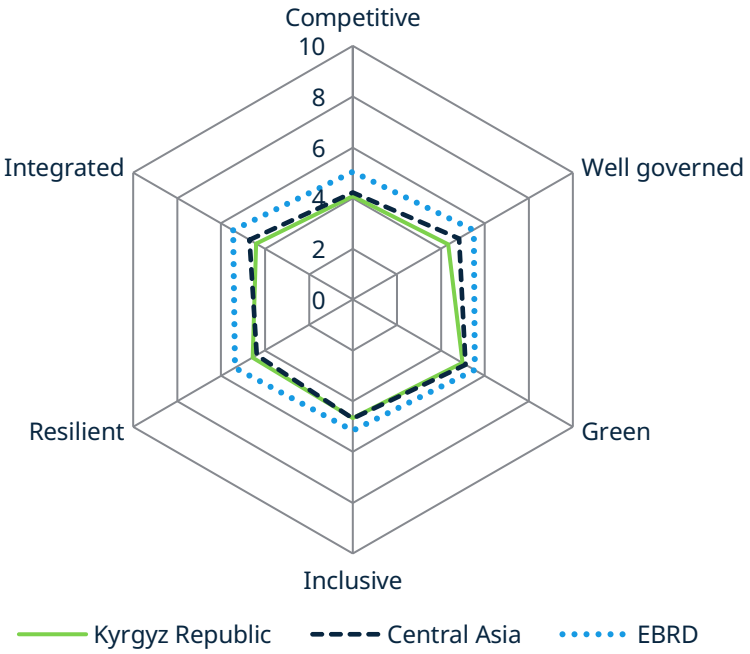
- **Economic growth remains robust, despite weaker remittances.** Real gross domestic product (GDP) expanded by 11.1 per cent year on year in January to July 2026, driven primarily by a strong performance in the construction, services and manufacturing sectors, including metallurgy.
- **The country has made notable changes to tax legislation.** The amendments are designed to reduce informality, enhance revenue mobilisation and lower the administrative burden for businesses.
- **A law on venture-capital financing has been introduced.** The law is expected to improve access to early-stage funding, support startup development, and foster innovation and economic diversification.

For more information about country macroeconomic developments, please consult our latest Regional Economic Prospects report.

KEY PRIORITIES FOR 2027

- **Make efforts to rein in inflation.** Maintaining a tight monetary policy stance and avoiding pro-cyclical fiscal stimulus will be important to safeguard macroeconomic stability, real incomes and purchasing power**.**
- **Diversify destinations for migrant workers.** The country's heavy reliance on Russia as the primary destination for migrant workers exposes it to economic, regulatory and geopolitical risks. Expanding access to alternative labour markets could reduce external vulnerabilities and create opportunities for higher-skilled employment abroad. In the longer term, such efforts should be complemented by domestic job creation to reduce structural dependence on remittances.
- **Prioritise sanctions risk management.** The authorities should continue to monitor sanctions-related risks and strengthen compliance, export control, customs and financial-sector oversight frameworks. Efforts to prevent sanctions circumvention are essential to safeguard access to international financial markets and payment systems, support foreign investment and minimise disruptions to trade and economic activity.

ASSESSMENT OF TRANSITION QUALITIES (1-10)



For more on reforms and transition qualities, see Chapter 5 of the Transition Report 2026-27.

KEY REFORMS AND POLICY DEVELOPMENTS[1]

Programme to promote renewable energy

- Approved in May 2026, the State Programme for the “Development of Renewable Energy Sources in the Kyrgyz Republic for 2026-2030: Distribution and Microgeneration” envisages a reduction in greenhouse gas emissions, the creation of conditions to attract investment in renewables, and decentralised electricity production.

1 From the fourth quarter of 2025 to October 2026.

- The programme encourages businesses and the general population to install solar panels and wind turbines for self-consumption and supports micro-hydro integration into the national grid.

Law on venture-capital financing

- Adopted in July 2026, the law establishes a comprehensive regulatory framework for venture-capital markets, formally defining startups, business angels and venture funds. It also introduces financing instruments, including a simple agreement for future equity (SAFE), convertible loans and option contracts.
- By providing legal certainty, the law is expected to improve access to early-stage financing for innovative firms, strengthen the startup ecosystem, encourage technology entrepreneurship and support the development of a more diversified and innovation-driven economy.

Sanctions compliance

- Following the European Union's designation of the Kyrgyz Republic as a high-risk jurisdiction for sanctions circumvention in April 2026, the authorities have intensified their sanctions-compliance and risk-mitigation efforts.
- Key measures include the liquidation of around 50 high-risk companies, tighter oversight of sanctions-sensitive trade, the establishment of a dedicated agency to oversee sanctions-related compliance and regulate the virtual-asset market, and the termination of banking relationships with more than 120 companies. In addition, to coordinate the government response, President Sadyr Japarov has appointed a special representative on sanctions policy and sanctions risk mitigation.

Fiscal reforms

- In April 2026 the government introduced a budget deficit ceiling of 3 per cent of GDP and a public debt limit of 70 per cent of GDP for the 2027-28 budget cycle.
- In August 2026 the authorities adopted tax reforms that revised the simplified tax regime, linked gold and silver mining taxes more closely to commodity prices and provided targeted tax debt relief for coal producers and livestock exporters. The reforms also strengthen oversight of cross-border trade and e-commerce while simplifying tax administration, supporting compliance and reducing informality.

Tamchy Special Financial Investment Territory

- Launched in July 2026, the Tamchy Special Financial Investment Territory aims to increase the country's attractiveness as an investment destination by providing tax exemptions (on value-added tax, profits, dividends and capital gains) for up to 49 years, along with unrestricted profit repatriation and access to an independent dispute-resolution mechanism based on English common-law principles.
- The authorities expect the zone to host around 3,900 companies and create 10,000 jobs by 2035.