



Alternative Development Strategies for the Kyrgyz Republic:

Toward Building a Hub State in Central Asia

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About the Presenter

- **Academic Background**

- (Ph.D. in Economics)
University of Texas at Austin, U.S.A.
- (MSC in Development Finance)
University of Birmingham, UK
- (MA in Public Administration)
Seoul National University, Korea
- (BA in Economics)
Busan National University, Korea

- **Vocation**

- Korea Development Bank (1 year)
- **Korea Development Institute** (17 year)
- Kangneung-Wonju National University (21 year)



Questions haunted in my mind are

When Will the Kyrgyz Republic Be Rich?

How to Catch up Other Countries?

What Are the Strategies?

『Change Lanes:
Alternative Development Strategies
for the Kyrgyz Republic (2025-2075) 』

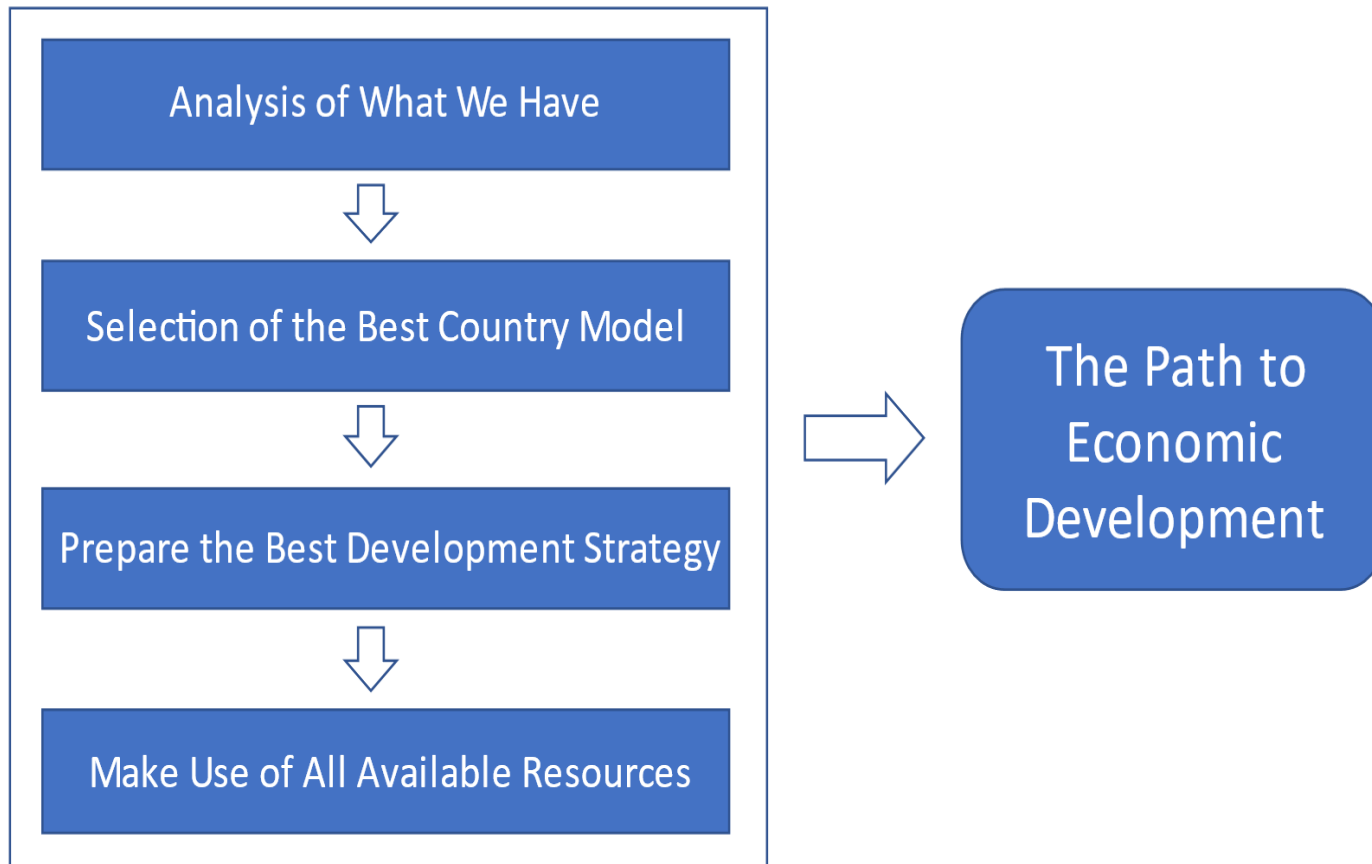


What is Development?

How to Achieve it?

- **Economic Development** is nothing but a process of building national consensus and sharing visions toward development .
It is the art of balancing economy and politics.
- **Three Requirements**
 - ① Full commitments of the national leader/elites
 - ② Total mobilization of resources
 - ③ Collective determination:
Sacrifice and devotion of a generation

The Logic and Order of Development Planning



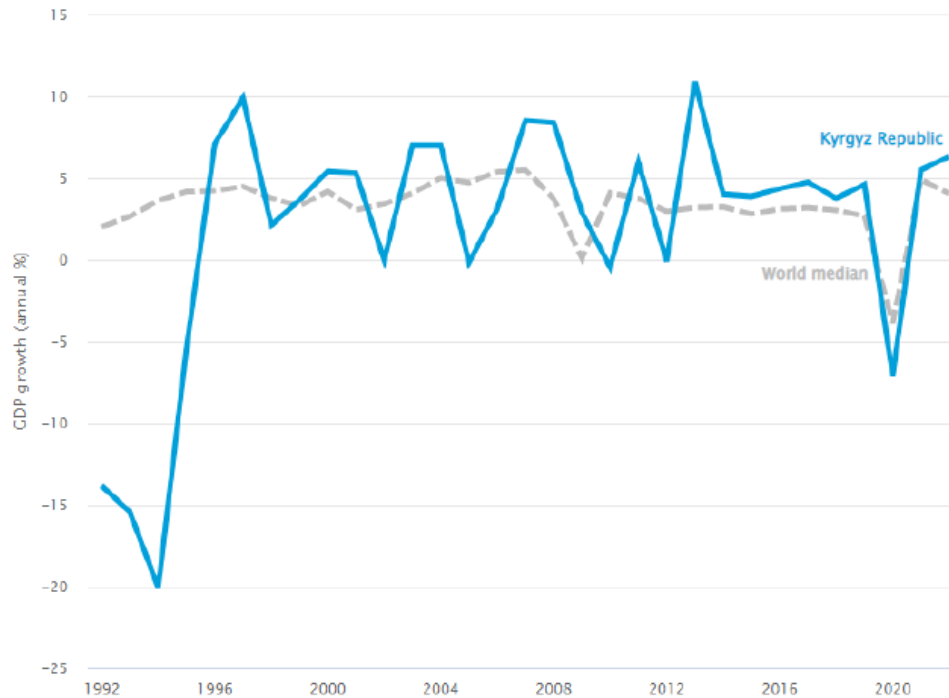
Chapter 1

Growth Algebra

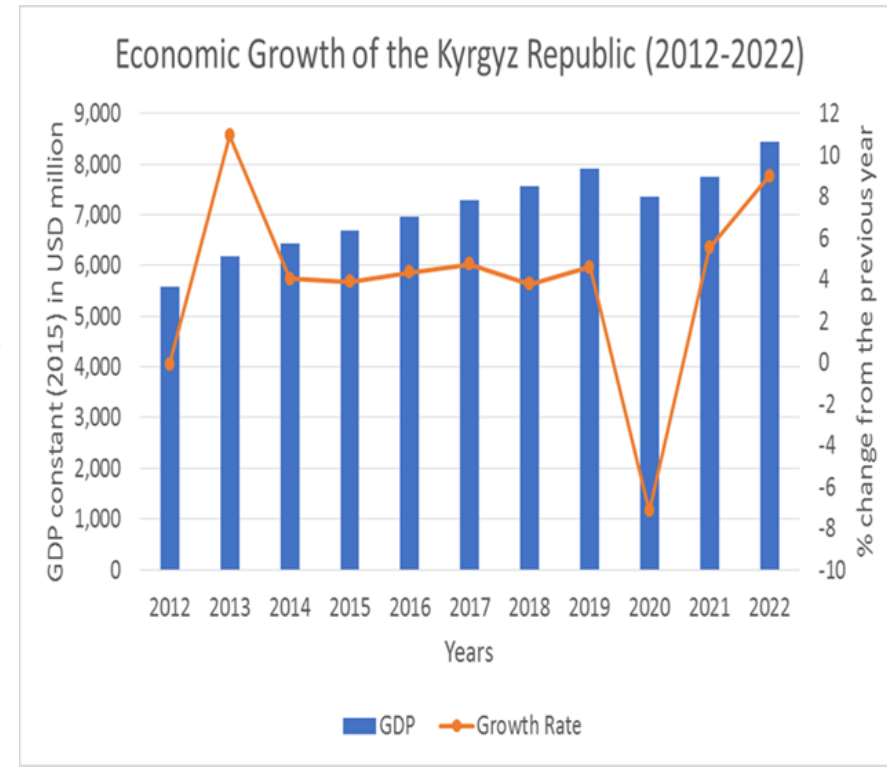
Economic Growth Rate of the Kyrgyz Republic (2012-2023)

Economy Comparison

GDP growth (annual %)



The Republic has maintained annual growth rates between 4-5% consistently throughout the 2010s.



Growth Rate in Recent Years

- During 2021-2023, its average growth rate reached 6.88% per annum, recording the highest growth rates for three consecutive years since 2014.
(5.51% in 2021, 8.97% in 2022, and 6.15% in 2023)
- GDP at the real value of USD in year 2015 therefore grew up from 5,572 million USD in 2012 to 8,975 million USD in year 2023, marking 161% growth during the 11 years between 2012 and 2023.
- Is it really meaningful numbers?
The answer is yes, or not.

Growth of Income in the Kyrgyz Republic

Year	GDP per capita in current USD (nominal value)	GDP per capita (constant value of year 2015)	GDP per capita in PPP (current value)
2012	\$1,169	\$986	\$3,589
2013	\$1,270	\$1,070	\$4,001
2014	\$1,265	\$1,089	\$4,228
2015	\$1,106	\$1,106	\$4,153
2016	\$1,103	\$1,128	\$4,604
2017	\$1,221	\$1,157	\$4,954
2018	\$1,284	\$1,175	\$4,778
2019	\$1,422	\$1,202	\$5,304
2020	\$1,230	\$1,093	\$5,179
2021	\$1,350	\$1,133	\$5,736
2022	\$1,740	\$1,212	\$6,578
2023	\$1,970	\$1,264	\$7,106
2024*	\$2,212	-	\$7,744

4.43% for the total GDP and 1.35% for per capita GDP per annum during 2012-2023. --- What does it imply?

Relative Income Gap Narrowed in CA

<i>Country</i>	<i>Type</i>	<i>2012</i>	<i>2015</i>	<i>2018</i>	<i>2021</i>	<i>2023</i>
Kyrgyzstan	<i>Nominal</i>	1,169 (100)	1,106	1,284	1,350	1,970 (100)
	<i>PPP</i>	3,589 (100)	4,153	4,778	5,736	7,106 (100)
Tajikistan	<i>Nominal</i>	952 (81.4)	957	834	897	1,161 (58.9)
	<i>PPP</i>	2,679 (74.6)	2,975	3,069	3,986	4,964 (69.9)
Uzbekistan	<i>Nominal</i>	2,307 (197)	2,803	1,813	2,259	2,850 (145)
	<i>PPP</i>	6,168 (172)	6,800	8,129	9,248	11,107 (156)
Turkmenistan	<i>Nominal</i>	6,054 (518)	5,759	6,125	7,051	8,233 (418)
	<i>PPP</i>	11,035 (307)	12,715	14,368	16,434	19,829 (279)
Kazakhstan	<i>Nominal</i>	12,019 (1,028)	10,196	9,472	9,984	12,919 (656)
	<i>PPP</i>	21,357 (595)	22,484	25,096	32,946	38,515 (542)

Did the Kyrgyz Republic Outperform in Growth Games?

		2012	2014	2017	2020	2023
Kazakhstan	GDP (USD million)	207,999	221,416	166,869	171,082	262,642
	<i>Multiplier</i>	<i>3,149</i>	<i>2,965</i>	<i>2,165</i>	<i>2,069</i>	<i>1,878</i>
Uzbekistan	GDP (USD million)	67,517	80,845	69,703	66,443	101,592
	<i>Multiplier</i>	<i>1,022</i>	<i>1,083</i>	<i>905</i>	<i>803</i>	<i>726</i>
Turkmenistan	GDP (USD, million)	35,164	43,524	37,927	45,818	60,629
	<i>Multiplier</i>	<i>532</i>	<i>583</i>	<i>492</i>	<i>554</i>	<i>433</i>
Tajikistan	GDP (USD million)	7,633	9,113	7,536	8,134	12,061
	<i>Multiplier</i>	<i>116</i>	<i>122</i>	<i>98</i>	<i>98</i>	<i>86</i>
Kyrgyzstan	GDP (USD million)	6,605	7,468	7,703	8,270	13,988
	<i>Multiplier</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

** Current value*

Yes, it is in nominal value.

What about in real value?

The growth games in CA might look quite different.

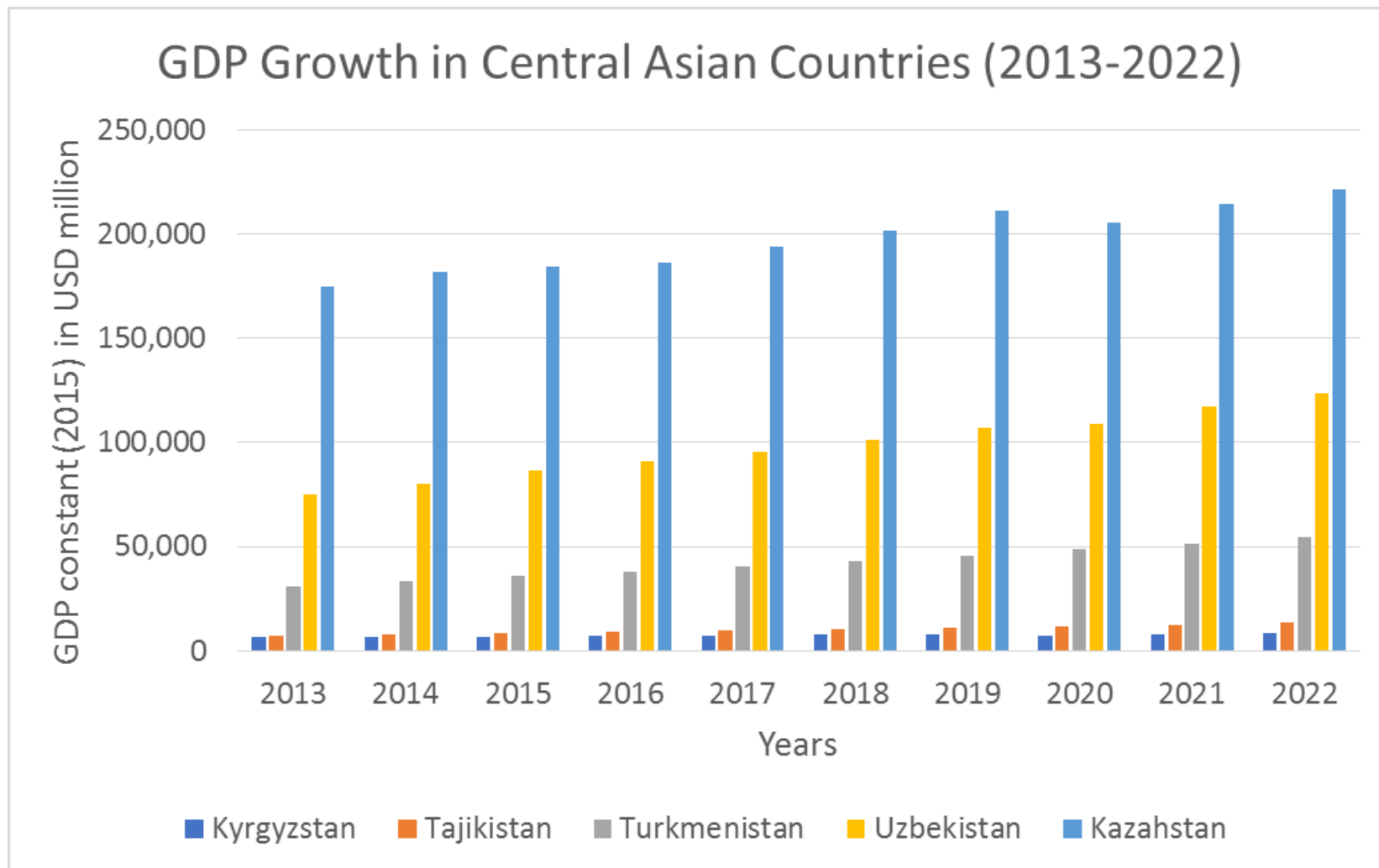
GDP Growth in Central Asian Countries in Real Value (2013-2022)

		2013	2016	2019	2022
Kazakhstan	GDP (USD billion)	174,858	186,417	211,107	221,550
	Multiplier	2,829	2,675	2,665	2,620
Uzbekistan	GDP (USD billion)	75,222	91,310	106,905	123,819
	Multiplier	1,217	1,310	1,350	1,464
Turkmenistan	GDP (USD, billion)	30,476	38,019	45,710	54,595
	Multiplier	493	546	577	646
Tajikistan	GDP (USD billion)	7,312	8,842	10,944	13,499
	Multiplier	118	127	138	160
Kyrgyzstan	GDP (USD billion)	6,180	6,968	7,921	8,455
	Multiplier	100	100	100	100

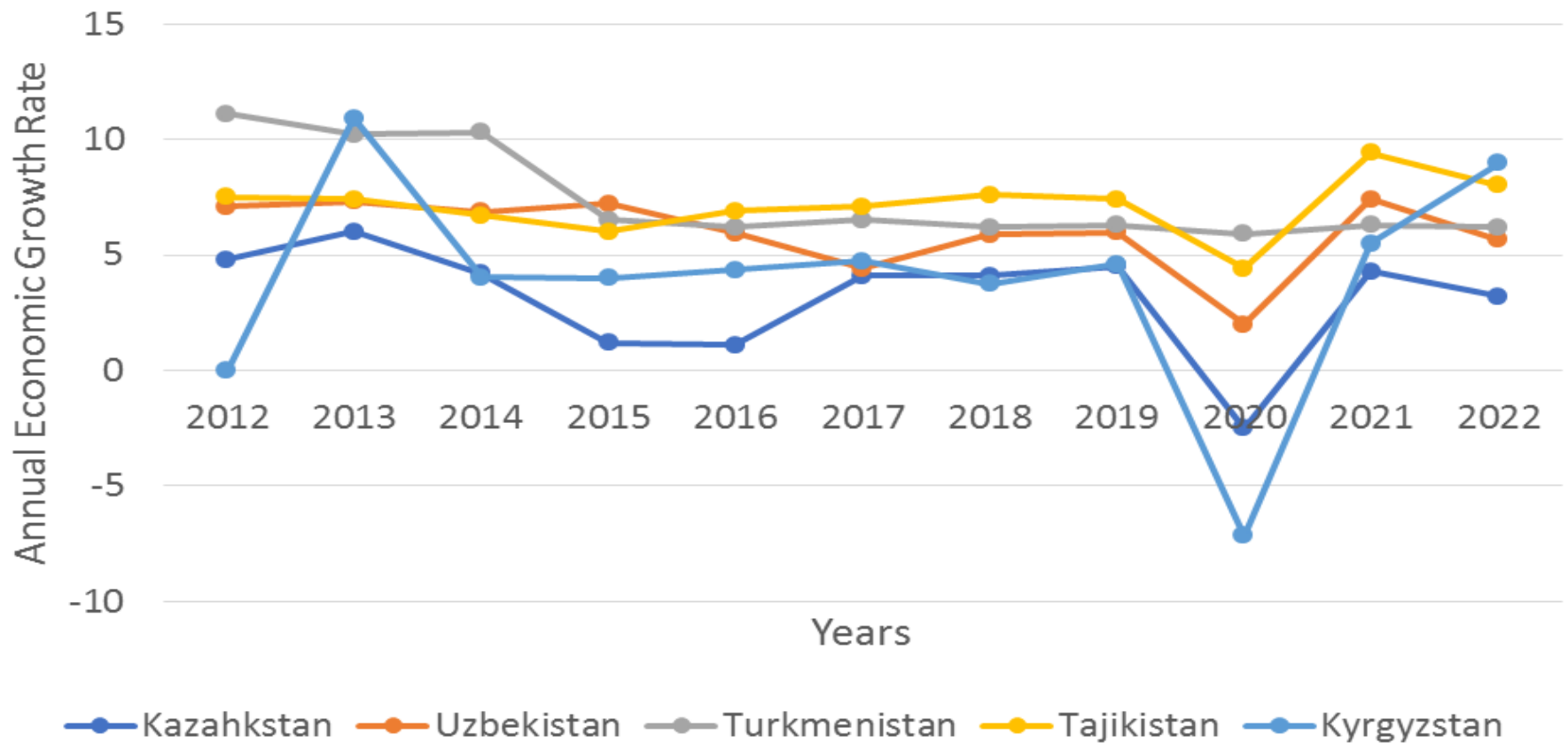
*GDP gap has been widened rather than reduced
in real terms.*

What happened? What caused it?

GDP Growth in Central Asian Countries (2013-2022)



Economic Growth Rate in Central Asian Countries (2012-2022)



- Average Economic Growth Rate in Central Asian Countries (2012-2022)**

Kazakhstan: 3.18%, Uzbekistan: 5.98%, Turkmenistan: 7.42%,
Tajikistan: 7.30%, Kyrgyzstan: 3.95%

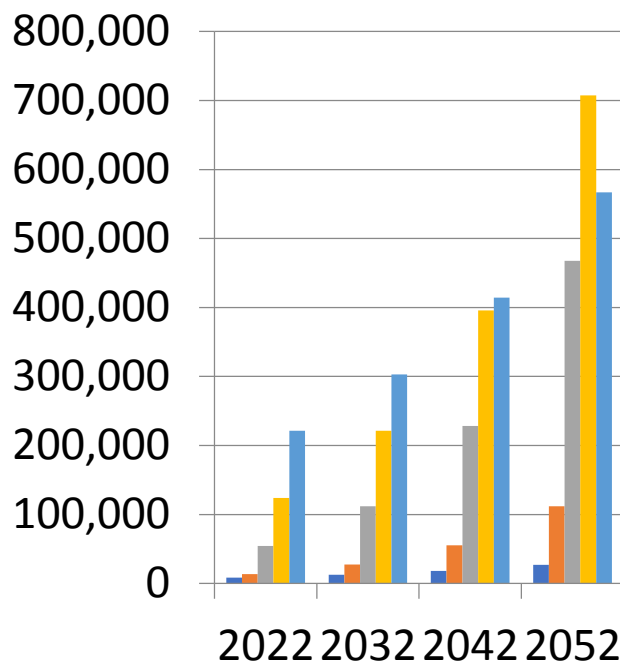
Growth Rate in Recent Years

- The economy of the Kyrgyz Republic at present is characterized with the **smallest**, the **slowest** and the **most volatile** among economies in Central Asia.
- Without special measures to speed up its growth rate, the relative size of its economy could be dwindling as time goes by vis-à-vis neighboring countries in the region.

Chapter 2

Long-Term Projection

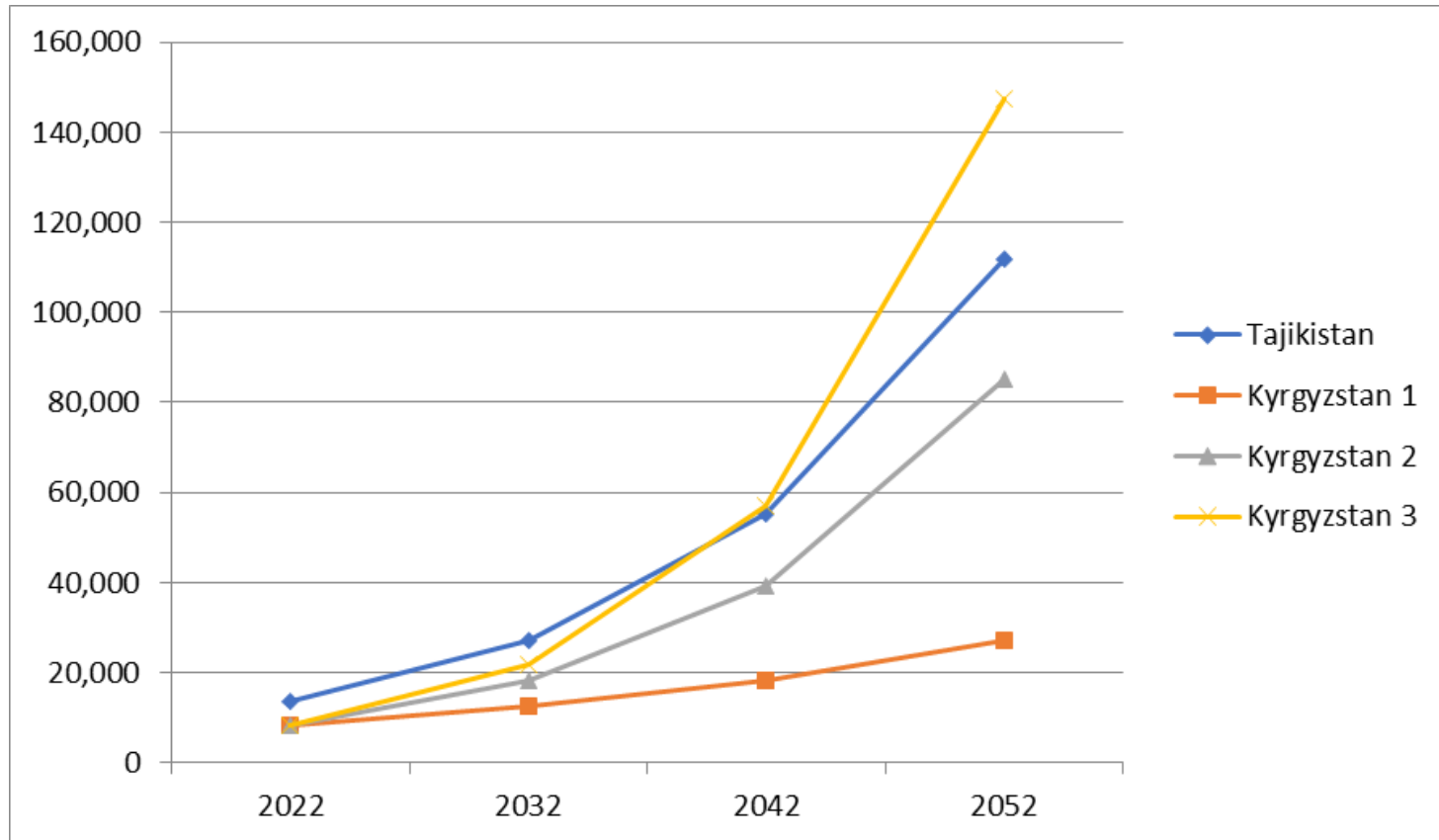
Long-term GDP Projection in Central Asia (2022-2052)



		2022	2032	2042	2052
Kazakhstan	GDP (USD million)	221,550	302,989	414,365	566,679
	Multiplier	2,620	2,433	2,258	2,096
Uzbekistan	GDP (USD million)	123,819	221,323	395,608	707,139
	Multiplier	1,464	1,777	2,156	2,616
Turkmenistan	GDP(USD million)	54,595	111,687	228,484	467,420
	Multiplier	646	897	1,245	1,729
Tajikistan	GDP (USD million)	13,499	27,309	55,245	111,762
	Multiplier	160	219	301	413
Kyrgyzstan	GDP (USD million)	8,455	12,455	18,349	27,030
	Multiplier	100	100	100	100

Catching-Up Tajikistan

Country	Annual Growth Rate	2022 (USD million)	2032 (USD million)	2042 (USD million)	2052 (USD million)
Tajikistan	7.30%	13,499	27,309	55,245	111,762
Kyrgyzstan	3.95%	8,455	12,455	18,349	27,030
	8%	8,455	18,254	39,408	85,080
	10%	8,455	21,930	56,881	147,535



Moving-Up Its Status in terms of GDP per capita

	Threshold (2022, USD)	Kyrgyzstan			
		Annual Growth Rate	2.099%	5%	7%
Upper Middle Income	\$4,256	Years to Reach	51	22	16
High Income	\$13,205	Years to Reach	107	45	33
Korea	\$36,100	Years to Reach	154	66	48

* Annual growth rate 2.099% is the average growth rate of GDP per capita in Kyrgyzstan during the last ten years (2013-2022)

* GDP per capita in 2022: \$9,610 in Kazakhstan, \$2,200 in Uzbekistan, \$1,490 in Kyrgyzstan, and \$1,390 in Tajikistan. That of Turkmenistan is not available.

Too Late?

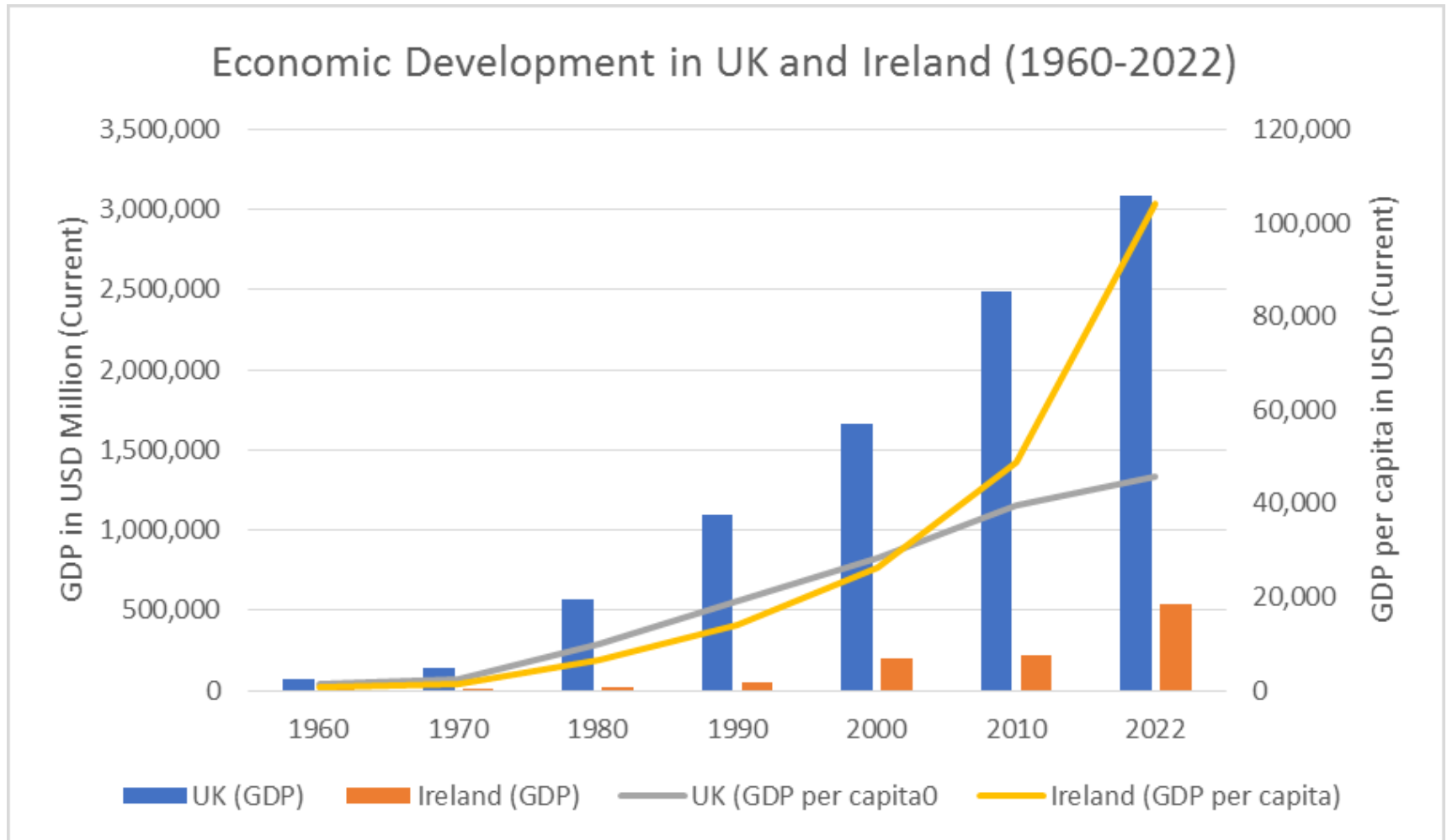
Frustrated?

No Other Way?

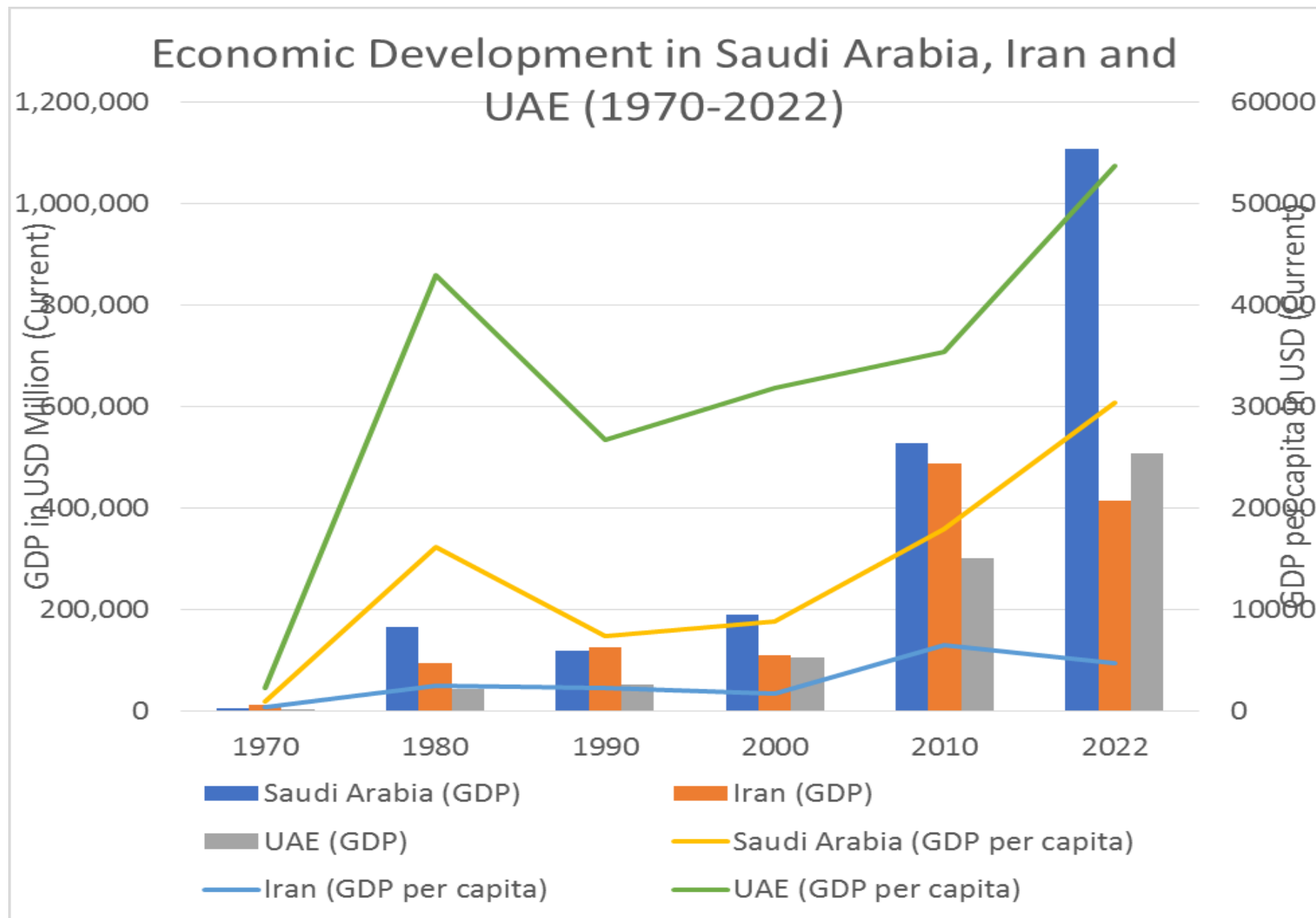
Don't Be Frustrated!

The World is Full of Wonders.

Economic Reversal (1)

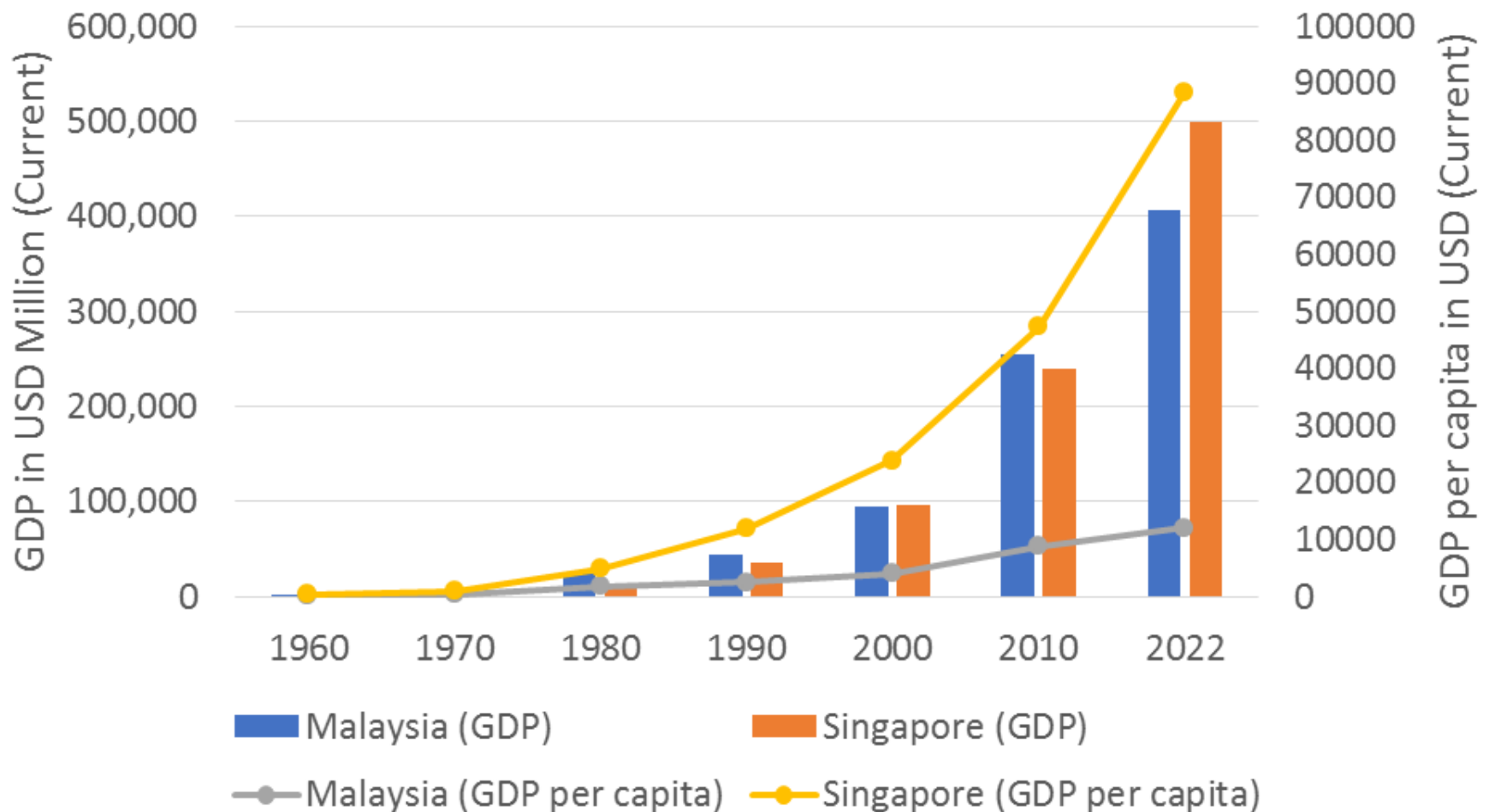


Economic Reversal (2)



Economic Reversal (3)

Economic Development in Malaysia and Singapore (1960-2022)



Economic Reversal (4)

Many examples by neighbor's blunder

- Myanmar vs. Thailand
- Venezuela vs. Colombia
- North Korea vs. South Korea

*There is a country which moved
from the bottom to a high income country
in 34 years.*

It is ...

Chapter 3

Benchmarking Development Models of Kyrgyzstan?

Selection Criteria:

Excellence and Similarity

1. High Income Democratic Countries
2. Similar Geography and Demography
3. Industrial Similarity
4. Similar History
5. Islamic or Slavic Culture
6. High Growth Performer

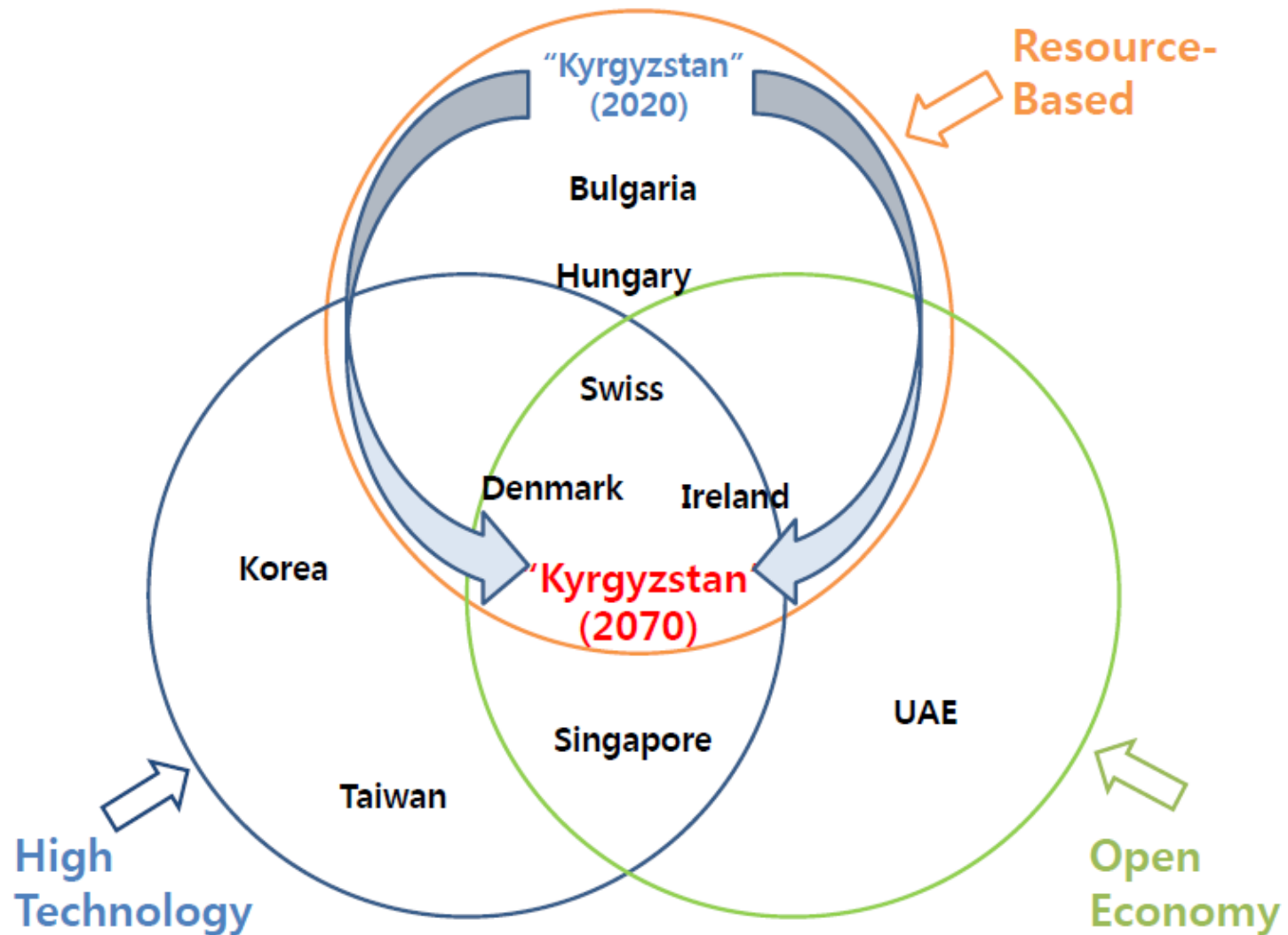
Process and Selection

21  **10**

< Ranking >

- | | |
|----------------|-------------|
| 1. Ireland | 6. UAE |
| 2. Switzerland | 7. Taiwan |
| 3. Denmark | 8. Hungary |
| 4. Austria | 9. Bulgaria |
| 5. Singapore | 10. Korea |

Loci of Benchmarking Models



Chapter 4

What Should Be Done?

Goal:

From a Static Corner

To a Dynamic Hub State in Central Asia



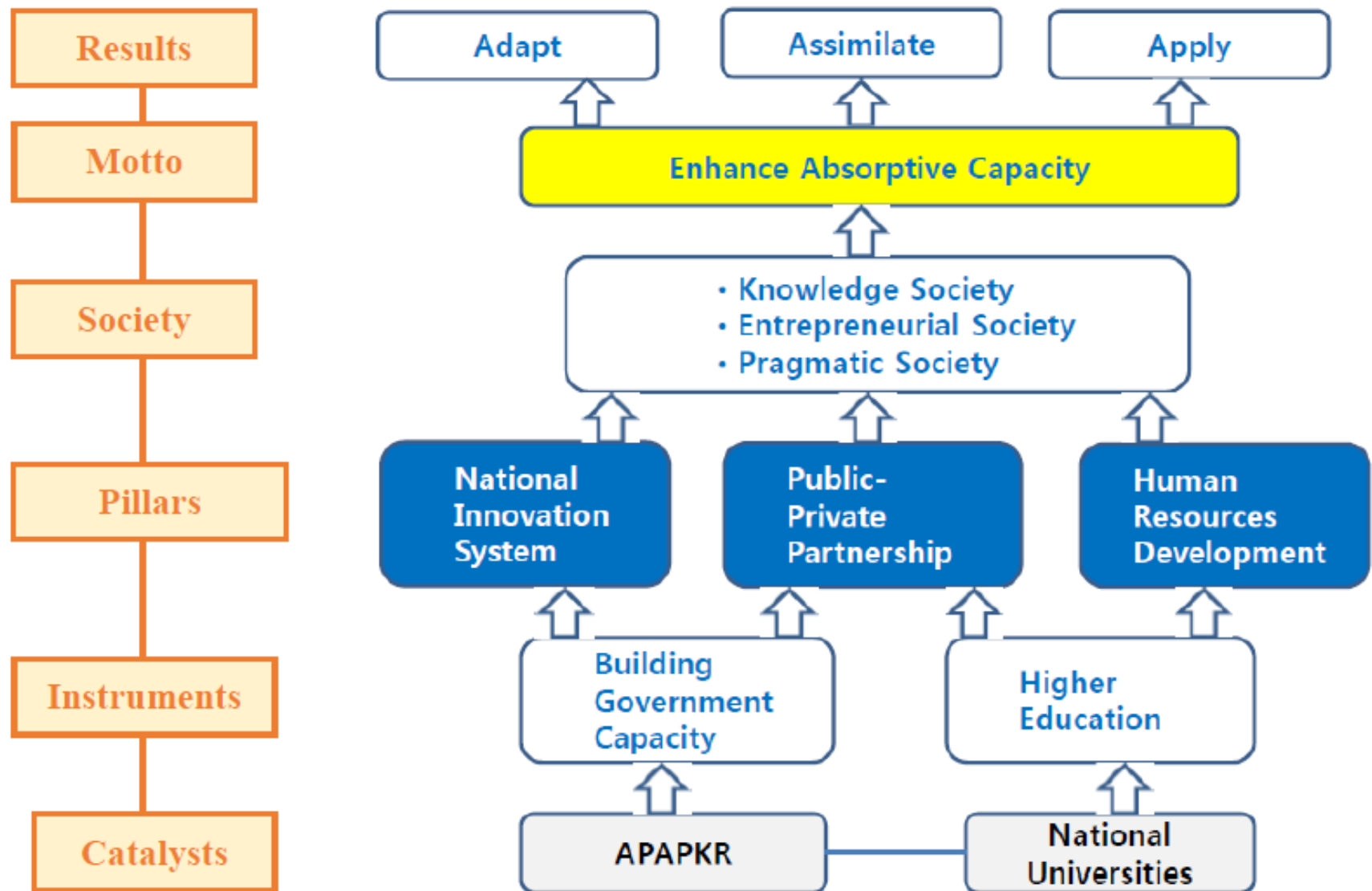
Being Smart in Growth Games:



**Alternative Development Strategies
for the Kyrgyz Republic**

“Change Lanes”

Mechanism of the “*Kyrgyz Incorporation*”



Logical Framework of Kyrgyz National Development Strategies

Objective	Survival & Prosperity
Goal	A World-Class Hub State in Perpetual Neutrality
Sub-Goal	Building “KEP” Society in “FOCUS” (Fair, Open, Clean, Upbeat, Safe)
State Model	“Advocative State” (led by NIS, PPP, HRD)
Meta-Policy	“SDG” 1 (Strategy, Diplomacy, Growth)
Means	“SDG” 2 (Sophistication, Digitalization, Globalization)
Strategic Areas	“FIRE TEAM” (Food Processing, Infrastructure, Remittances, Education, Tourism, Electricity, Agriculture, Mining)
Priority Policies	“National Agenda 21”

Sequence in Implementation

1st Phase

- Setting the national goal
- Adopt the modus operandi of the nation – “FOCUS”
- Administrative reform to establish the ‘advocative state’
- Rearing/Fostering development elites

2nd Phase

- Promotion of private-led development
- Fostering the business-friendly atmosphere
- Strengthen the internal security
- Administrative/Government reform

3rd Phase

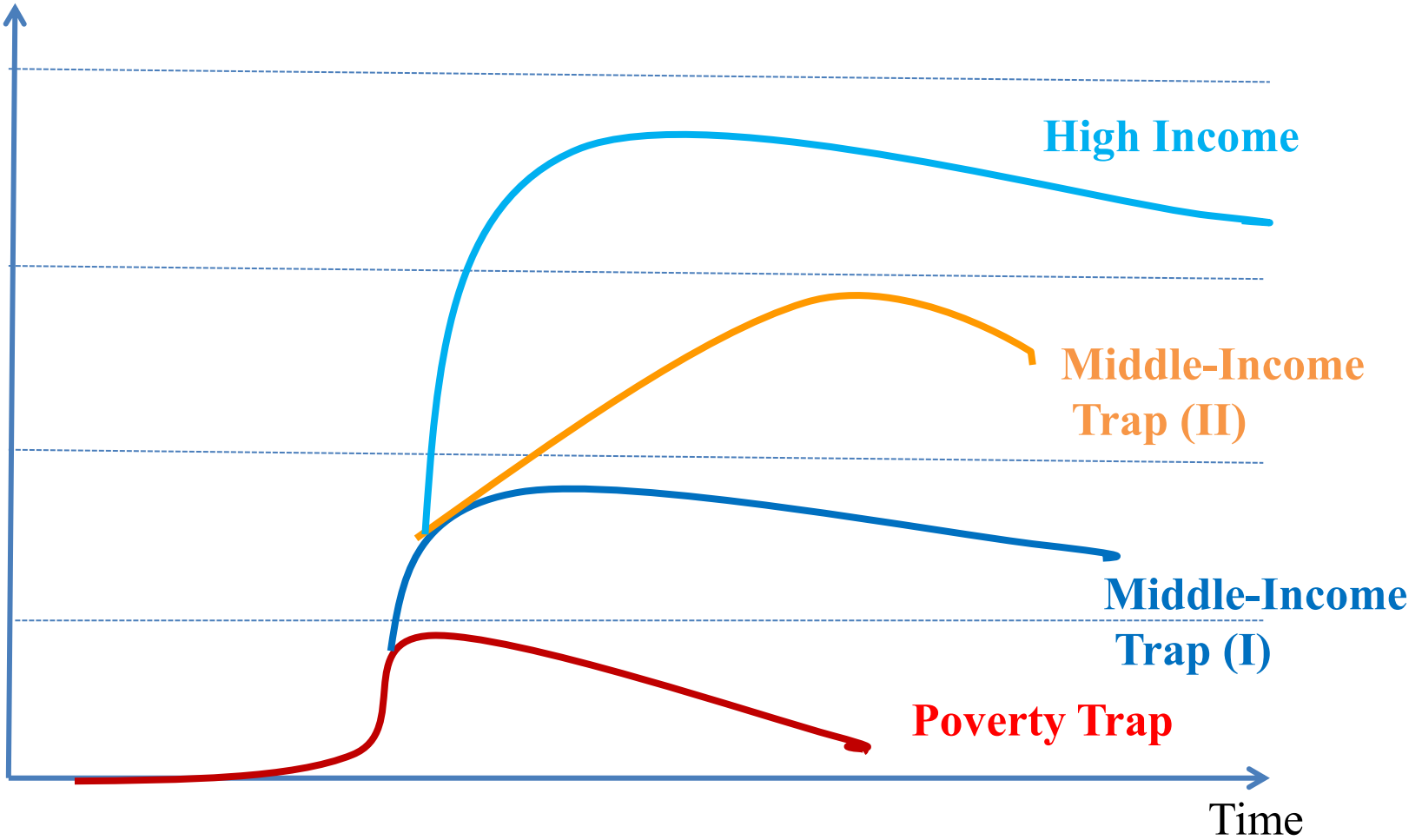
- Promotion of strategic industries – “FIRE TEAM”
- Reform of SOEs
- Grand strategy in diplomacy



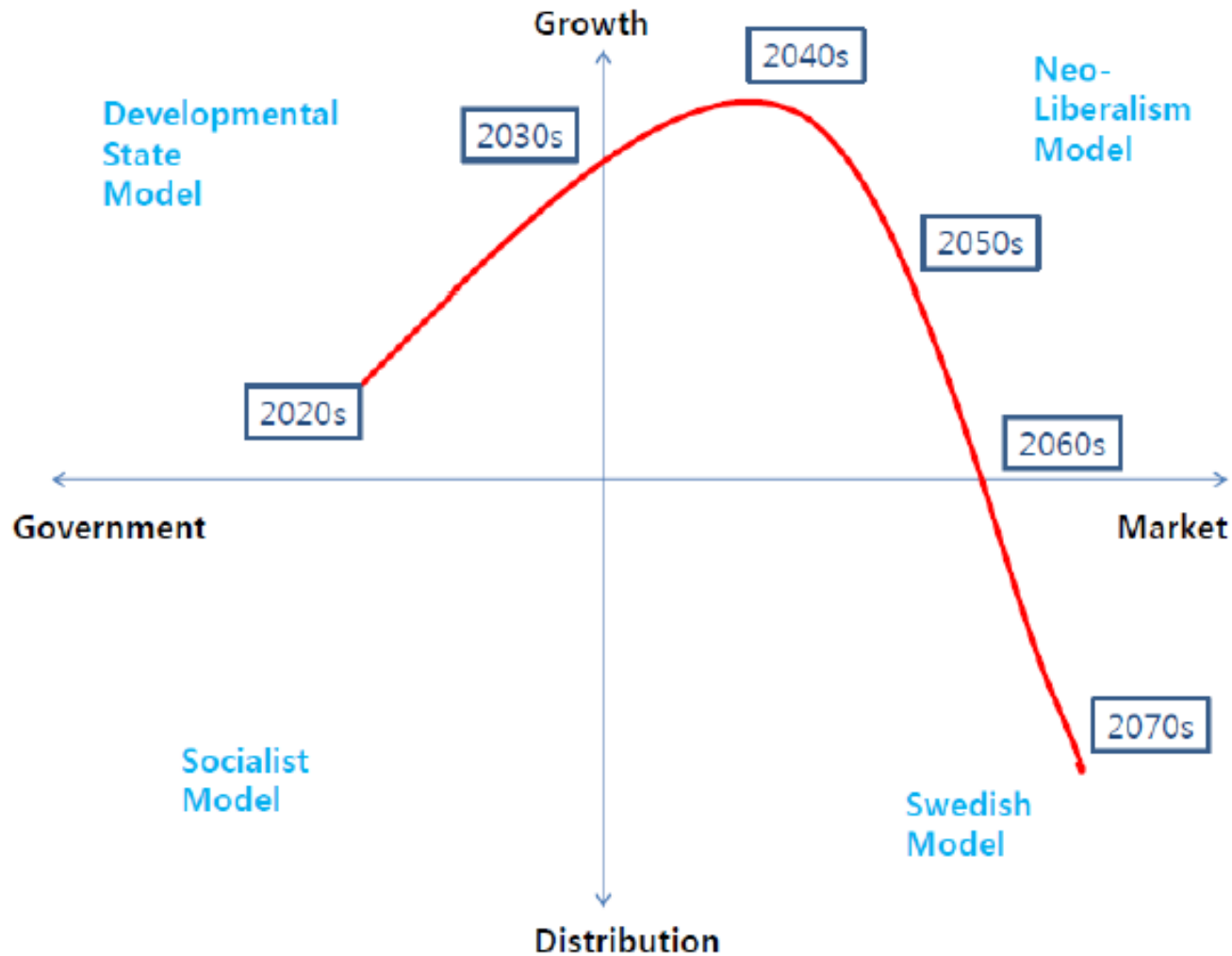
“Big Bang”

Development Path: Examples

GNI
Per capita



Shift in Policy Emphasis by Period



Chapter 5

The Great Age of Kyrgyz Renaissance

The Road to Prosperity in the Kyrgyz Republic

Year	Status	GNI per capita	Configuration
2075	"Hub State"	(n) \$171,435 (R) \$28,668	High Income Country Welfare State Nation with Perpetual Neutrality Population: 12.3 million natives with 5 million guest workers
2065		(n) \$52,624 (R) \$17,600	High Income Country Population: 11.2 million
2055		(n) \$22,799 (R) \$10,805	Upper-Middle Income Country Population: 10.1 million
2045		(n) \$10,944 (R) \$6,633	Upper-Middle Income Country Population: 9.2 million
2035		(n) \$5,538 (R) \$4,072	Lower-Middle Income Country Population: 8.3 million
2025	"Corner State"	(n) \$2,500 (R) \$2,500	Lower-Middle Income Country Small Land-Locked Economy Population: 7.5 million

The Kyrgyz Republic in 2075

- Politically Democratic
- Economically Affluent
- Socially Coherent
- Culturally Sophisticated
- Diplomatically Neutral
- Administratively Clean and Efficient

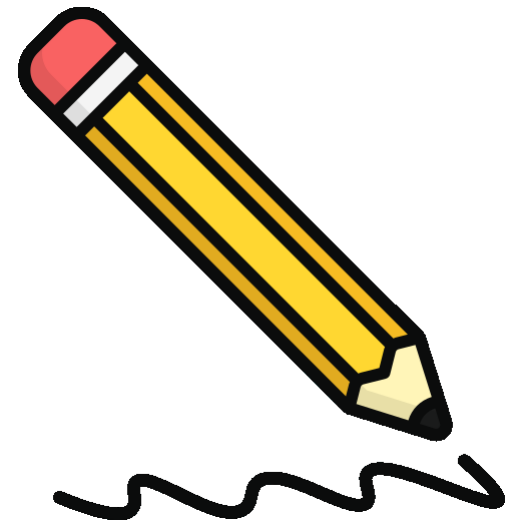


**The Kyrgyz Republic,
the “*Tri-ful Country*”**
(Beautiful, Peaceful and Wonderful)

“MARK”

The Way to Make the Kyrgyz Republic
an **AAA**awesome Country.

*It is the Mandate of Time
And It's Your Mission.*





LET US OPEN
THE GREAT AGE OF
KYRGYZ RENAISSANCE