



How to Deal with Complex Policy Decisions? Poverty and Social Impact Analysis (PSIA) for CU policy-making in Kyrgyzstan

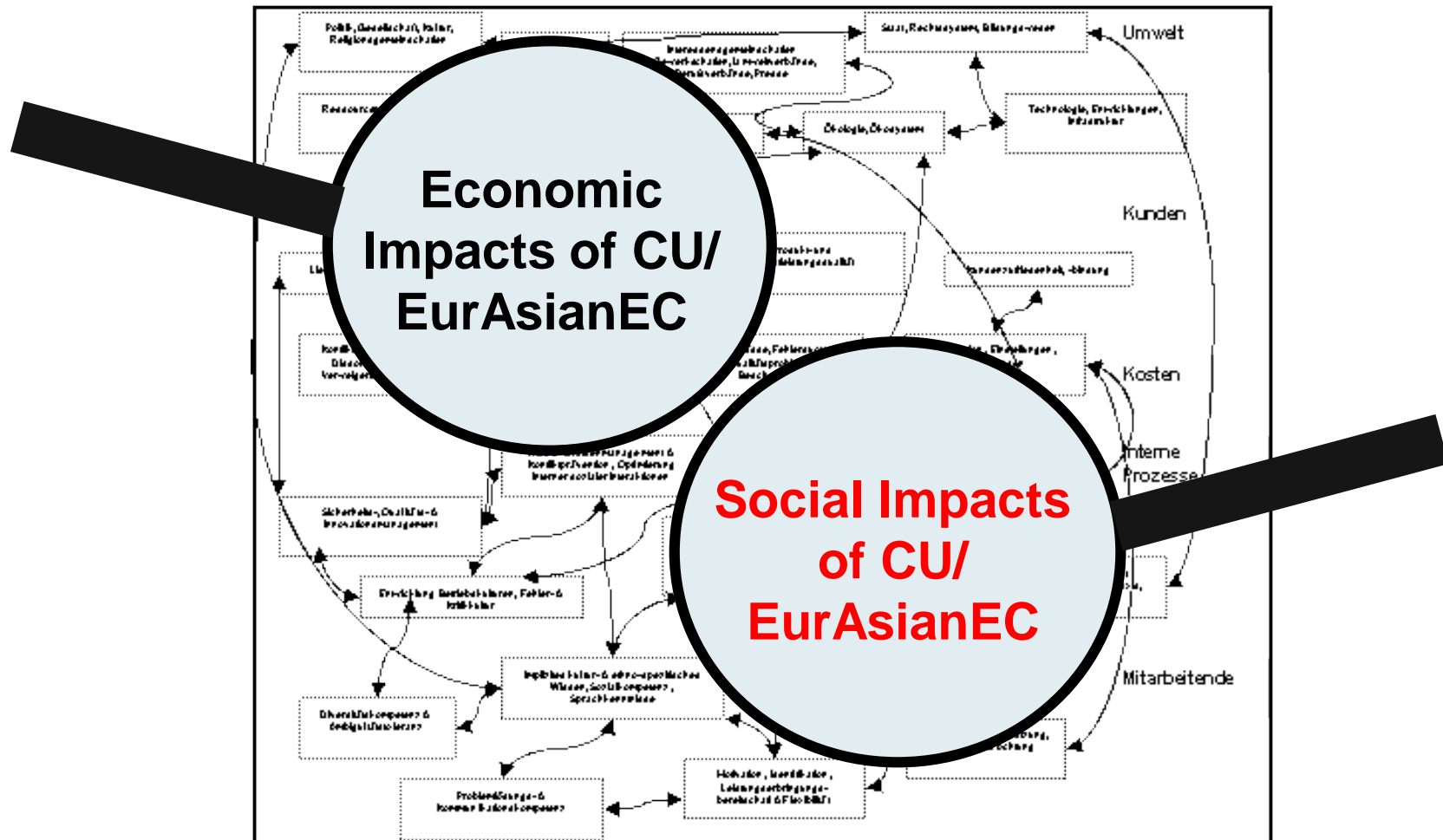
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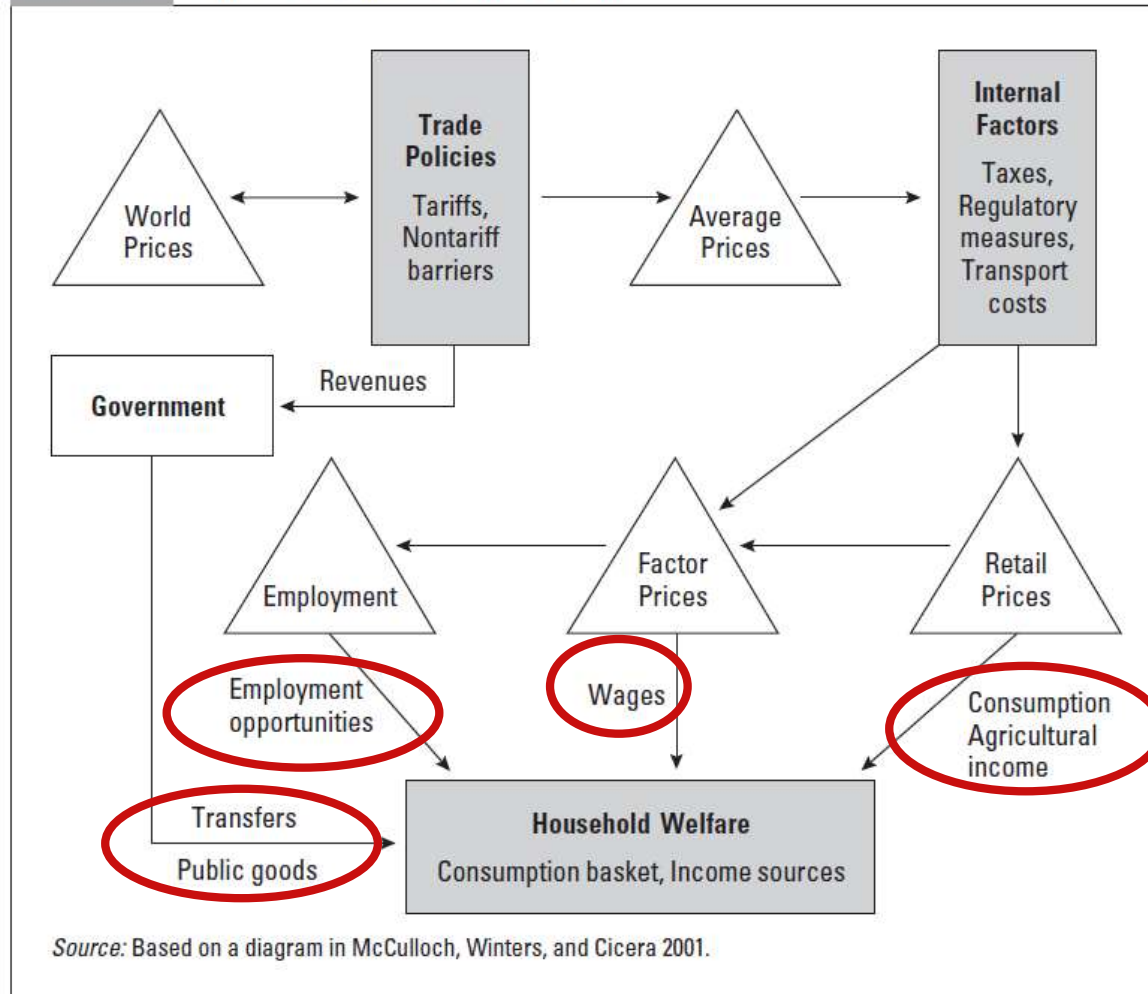
PSIA – Poverty and Social Impact Analysis





From Trade Policy to Household Welfare

FIGURE 1.1 Trade Policy and Household Welfare





Instruments: economics tools

- Direct impact
 - Cost-benefit analysis
 - Tax incidence analysis
 - Poverty mapping
- Behavioral models
 - Ex-ante behavioral marginal incidence analysis of public spending
 - Supply and demand analyses
 - Household models
- Partial and general equilibrium models (multi-markets, reduced, social accounting matrices, CGE)
- Micro-macro analyses
 - PovStat
 - 123 PRSP
 - Poverty Analysis Macroeconomic Simulator (PAMS)

**Known and tested
instruments
No specific PSIA-
tools**

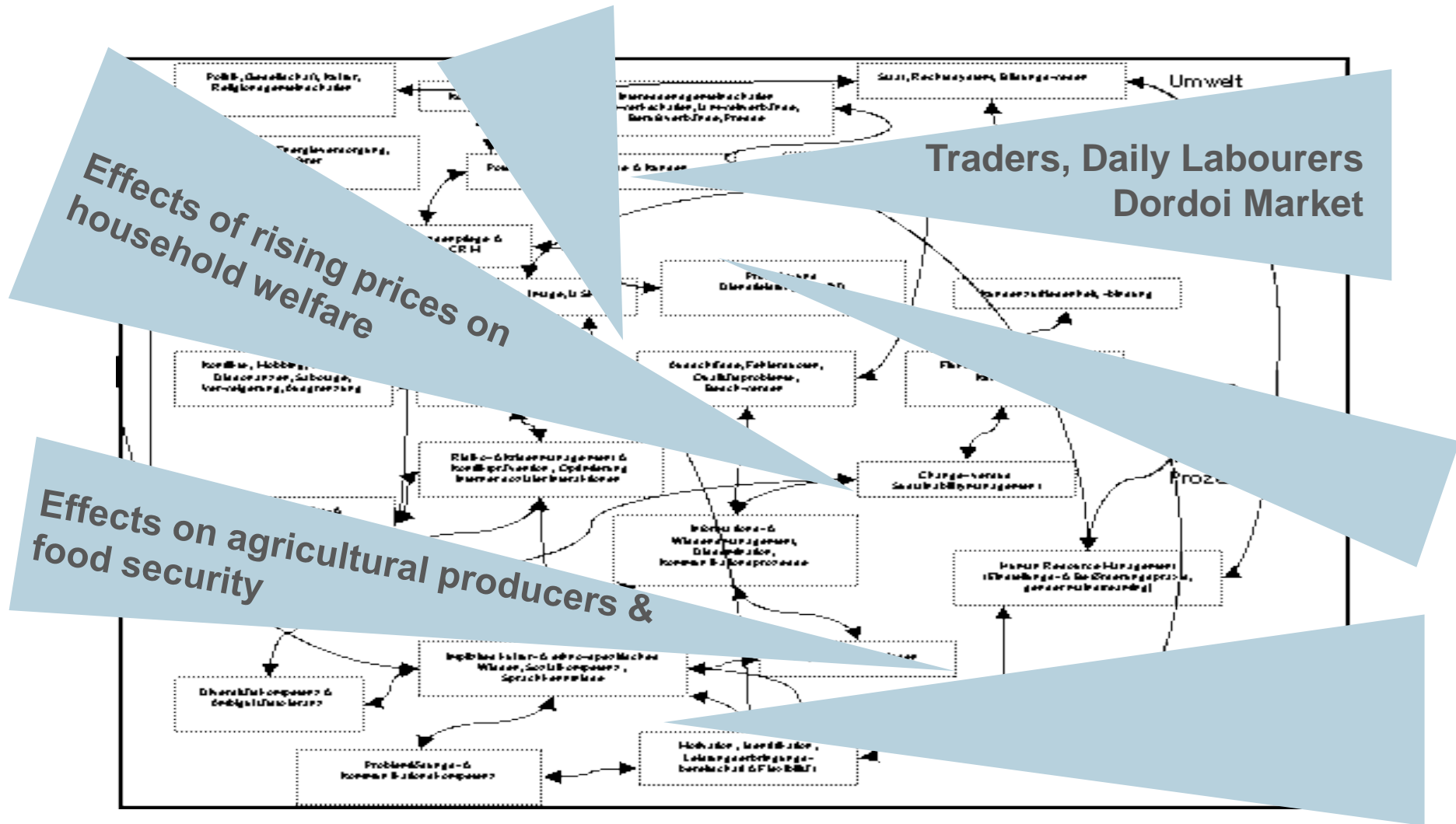


Instruments: social tools

- Macro level
 - Country and reform context
 - Power analysis, Drivers of Change
 - stakeholder matrices
 - Network analysis, political mapping
- Meso level
 - Institutional analysis
 - Analyzing spheres of influence
- Micro level
 - Participatory poverty assessment
 - Household surveys
 - CoIMPact (former QUIM)
 - Focus Group Discussion

**Known and tested
instruments
No specific PSIA-
tools**

Which are the most important Aspects here?





....Issues selected for further study

- ✓ Social impacts of CU on Dordoi Market in Bishkek
 - Traders and daily laborers
 - Qualitative study
- Welfare effects of price changes
 - How do price changes on the level of the world market/ CU/ national market influence welfare on household level (consumption and income)?
 - Poverty and Macroeconomic Simulator/ PAMS
- Impact of CU on food security, subsistence production and national food markets
 - Qualitative study
 - Exploration of mechanisms of transmission (informal economy, informal food exports, monopolistic market structures, actual implementation by customs officials at the borders)



PSIA Approach: Studies AND Process

Political Level

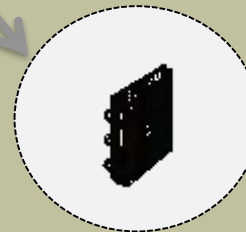
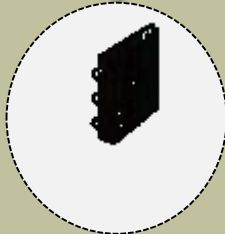
Advise on relevant
PSIA topics

Provide quality controlled study results
(policy briefs)

PSIA Secretariat

Technical Level

- Commission and steer studies
- Organize technical review and quality control for studies
- Summarize findings and technical reviews into policy briefs



**PSIA Studies
& review of findings**
with technical experts



Why good process is important

- Bringing in the technical knowledge from within the various organisations of Kyrgyzstan
 - Connecting regional and international expertise to local expertise
 - Incorporate multiple perspectives from different stakeholders, as business community, Government offices, implementing agencies, civil society,...
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- **mature study concept** for study team
 - **solid review** of findings by a broad range of stakeholders
 - **well digested and focused policy briefs** for decision-makers



How could PSIA support Government Decision Making in CU matters?

- **Create evidence** on social impacts for different regions, rural and urban households, etc.
- Informing **negotiation arguments** for sequencing, scope, preferences, etc. of CU accession: providing figures on social costs for the government
- Informing policy preparation for **adapting and mitigation measures**; e.g. social benefit system, active labor market measures....