



HIGH-LEVEL SUMMARY TECHNICAL ASSISTANCE REPORT

KYRGYZ REPUBLIC

Public Compensation Management: Benchmarking and Implementation

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High-Level Summary Technical Assistance Report
Fiscal Affairs Department

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The **High-Level Summary Technical Assistance Report** series provides high-level summaries of the assistance provided to IMF capacity development recipients, describing the high-level objectives, findings, and recommendations.

ABSTRACT: This technical assistance mission assesses options for the improved management of government wages and employment. The key focuses are to: (1) Assess wage levels and dispersion across key public sector occupations, (2) Examine recruitment, retention, and motivation challenges, (3) Identify wage and headcount gaps, (4) Explore international best practices and country cases, (5) Discuss fiscal space and policy options for wage adjustments.

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Background

The Kyrgyz Republic has a high wage bill and higher government employment than the average low-income country. The Kyrgyz Republic spends a higher share of GDP on government compensation and has a smaller workforce compared to regional peers. Around 9.5 percent of GDP is spent on compensation of government employees which is above regional peers, and IMF staff estimates are that approximately 7.4 percent of the working-age population is employed in the general government. According to data from the National Statistical Committee, employment in public administration represents approximately 3.9 percent of the working-age population in 2024. The difference reflects the broader coverage of the general government measure used in this report, which includes employment in sectors such as education and health in addition to public administration. The government is considering a significant adjustment in government wages in 2026.

Summary of Findings

Public compensation is high and is adjusted infrequently. Compensation of government employees was 9.5 percent of GDP and has varied between 8 percent and 10.5 percent in recent years as nominal remuneration remains fixed for several years, followed by subsequently large wage adjustments. Large, intermittent increases in wages and salaries pose risks to inflation and macroeconomic stability.

Prior to the 2024 health sector reforms, doctors' base salaries were broadly similar to those of administrative and managerial personnel, with differences in total remuneration largely reflecting occupation-specific allowances and supplements. Following the 2024 reforms, doctors' remuneration increased substantially and is estimated to be approximately 1.3-1.5 times that of administrative personnel. While this represents a significant improvement, international comparisons indicate that the gap remains below the typical ratio of 2.5-5 observed in many peer countries. At the same time, remuneration in general public administration remains around 25 percent above the national average wage and exceeds levels observed in some comparator countries, including Armenia and Mongolia.

Summary of Recommendations

There is a need for an increase in compensation for medical professionals and teachers over time, which will put increased pressure on the budget. There may be space for some savings by consolidating employment in public administration (through attrition for example) and non-teaching staff and moderating salary growth in public administration.

A regular review and adjustment mechanism of government wages and salaries needs to be adopted. This should include regularly reviewing government wages based on analysis of key metrics (e.g. inflation, fiscal space, and job-specific labor market conditions). A more gradual implementation of the 2026 proposed wage adjustment would reduce the need for difficult employment and other prioritization decisions.