



Tax incentives, soft credit programs, and economic welfare: Qualitative study of rural farmers in Kyrgyzstan

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ABSTRACT

Agriculture remains central to Kyrgyzstan's economy, yet rural farmers continue to face deep-rooted challenges that hinder their economic progress. In the aftermath of the COVID-19 pandemic, the country's heavy reliance on food imports—particularly from Eurasian Economic Union (EAEU) partners—exposed severe food security vulnerabilities. The sudden restriction of flour imports from Russia and Kazakhstan highlighted the country's limited domestic production capacity. In response, the Kyrgyz government introduced a tax moratorium on agricultural land (2022–2024) and launched targeted soft loan programs through state banks such as JSC Aiyl Bank and JSC RSK Bank to improve the financial stability of farmers and stimulate productivity. This study explores how these policy measures have impacted smallholder farmers by drawing on in-depth interviews with farmers across three provinces. While tax exemptions were acknowledged, they were often seen as offering only marginal benefits. In contrast, soft credit programs provided real opportunities for investment in inputs and machinery, yet access remained difficult due to complex procedures and collateral requirements. The findings suggest that although recent reforms have contributed to reducing food imports and strengthening food security, the current structure of support programs needs refinement. Expanding outreach, simplifying loan access, and better aligning policies with farmer realities are key to achieving inclusive rural development.

Contribution/Originality: This study provides the first qualitative analysis of Kyrgyzstan's post-COVID agricultural tax and credit policies at the smallholder level. By integrating farmer perceptions across multiple provinces, it uniquely assesses how tax moratoriums and soft loans influence rural economic welfare, food security, and policy effectiveness in an emerging EAEU economy.

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1. INTRODUCTION

The agricultural industry is an important sector of the economy of the Kyrgyz Republic, where the share of employed peasant farmers is more than half of the country's population (World Bank, 2020). Especially, the agricultural

industry is constantly experiencing difficulties, such as a lack of financial resources, insufficient application of sustainable practices, as well as an irrational institutional support mechanism. For example, fiscal policies to promote agriculture through a moratorium on agricultural land and concessional affordable credit programs (ADB, 2021; Food and Agriculture Organization of the United Nations (FAO), 2022).

During the COVID-19 pandemic in the Kyrgyz Republic, food security problems were acutely identified due to heavy reliance on imports of essential commodities, paradoxically from neighboring Eurasian Economic Union (EAEU) partner countries. The drastic restriction of flour imports from Russia and neighboring Kazakhstan has revealed a negative limitation on the provision of domestic food at the expense of the country's own resources, despite the advantages of integration within the framework of EAEU membership. In order to radically eliminate these problems, the Kyrgyz Republic took urgent systemic measures to support the domestic agricultural sector of the economy. An important step was the announcement of a tax moratorium for agricultural land (2022-2024) and a targeted program of preferential lending to domestic farmers through state-owned commercial banks such as JSC Aiy Bank and JSC RSK Bank to improve the financial stability of farmers and increase the productivity of the agricultural sector of the domestic economy (Ministry of Finance of the Kyrgyz Republic, 2023). The results of the state reforms have yielded positive outcomes by significantly reducing imports and increasing the food security of the country. Nevertheless, there are still social and economic consequences, and therefore they should be studied in detail. For example, it is not yet fully understood how these policies affect farmers' income stability, decision-making, and resilience to shocks.

International experiences, such as the elimination of agricultural taxes in China in 2004-2005, provide valuable lessons on the potential advantages and disadvantages of such measures. In China, agricultural incomes and productivity increased significantly, but financing and resource reallocation by local authorities faced challenges (Huang, Qiao, & Rozelle, 2008; Lin & Wong, 2012). Kyrgyzstan's unique context, including its small economy and different financial structure, requires local analysis to assess whether similar outcomes can be achieved or avoided.

Tax incentives and agricultural policies have demonstrated mixed effects globally, with evidence from China and Africa highlighting their potential to boost rural incomes and productivity, while other studies reveal challenges such as inequitable benefits and reduced government revenues for rural investments (Badiane, Stifel, & Osei, 2002; Jayne & Jones, 2003; Lin & Wong, 2012). In Kyrgyzstan, the recent moratorium on agricultural land taxation offers a unique context to assess the impact of such policies on household income and investment decisions. However, the limited availability of local research creates a significant gap in understanding whether these incentives equitably benefit farmers or disproportionately favor larger, wealthier producers. While past reforms have improved efficiency in the agricultural sector, persistent issues such as inadequate investment, poor natural resource management, and reliance on private over government services (Mogilevskii et al., 2017; Saparova, Khan, & Joshi, 2024) underline the need for comprehensive studies to evaluate the effectiveness of tax incentives in enhancing welfare across diverse farming communities.

This study addresses a significant gap in the literature by examining how tax incentives and soft loan programs affect the economic welfare of Kyrgyz farmers. In doing so, it provides practical recommendations for designing effective policies that increase resilience and promote sustainable development of agriculture and rural areas.

Exploring these issues will provide further insights into how Kyrgyzstan can optimize institutional support mechanisms to balance economic growth, stability, and rural livelihoods. These findings contribute to the broader debate on agricultural policy and institutional reforms in low- and middle-income countries.

1.1. Research Question

How do tax incentives and preferential credit programs influence the economic welfare of Kyrgyz farmers?

Answering the research question provides critical insights into how Kyrgyzstan's land tax moratorium and soft loan programs drive agricultural growth and economic welfare. By enabling farmers in regions to expand grain production through increased access to credit and reduced financial burdens, these policies enhance food security, household income, and resilience against economic shocks. The results of scientific research aim to strengthen structural support for domestic farmers, enabling them to increase their productivity and improve their economic welfare. These methods can be applied in similar countries where the financial incomes of farmers are at medium or low levels.

2. LITERATURE REVIEW

2.1. Influence of the Tax Moratorium on the Financial and Economic Well-Being of Peasants and Farmers

This chapter reviews existing research on two research questions: the impact of tax incentives on farmers' economic welfare and the role of concessional credit programs in enhancing the economic stability and sustainability of rural households.

The constant life-cycle income hypothesis and consumption smoothing theories provide a basic understanding of how tax incentives can affect household welfare. These theories assume that households adjust consumption and investment based on expected lifetime income, especially when tax policies such as tax credits reduce immediate financial burdens (Alderman & Paxson, 1992; Deaton, 1997). However, the effectiveness of tax incentives largely depends on how they are implemented and perceived by beneficiaries.

The agricultural sector of the Kyrgyz Republic occupies a special place in the national economy of the state. Since this sector employs more than 50% of the labor force, its share is more than 30% of the country's GDP (Light, 2007). However, it is worth noting that this sector is experiencing difficulties, particularly in small-scale production, poor logistics and processing, and a low level of competitiveness in the Eurasian Economic Union (EAEU) (Dzhailov, 2020). Government support is essential for addressing these issues, particularly in providing financial assistance and creating

favorable conditions for development (Mirlanbek et al., 2023). To ensure sustainable growth and competitiveness, measures such as forming regional agricultural clusters, stimulating agricultural cooperation, improving logistics, and enhancing credit and state support mechanisms are recommended (Kozhogulova et al., 2023). In the late 1990s, initial tax policies associated with land reforms led to improvements, but growth rates subsequently declined significantly. Most peasants believed that agriculture was a form of insurance rather than entrepreneurship (Light, 2007). The correct solution to this problem contributes to improving food security and the economic development of the Kyrgyz Republic within the EAEU.

The research has shown that tax policy aimed at stimulating agriculture through tax moratoria has a full effect depending on current conditions. In other countries, similar tax incentives have contributed to an increase in farmers' incomes, which has allowed peasants to invest in and modernize agricultural production. As a result, they have been able to diversify their production and increase their financial resources. For example, evidence from China shows that the abolition of agricultural taxes has led to higher rural incomes and productivity (Lin & Wong, 2012). Similarly, studies in African countries have shown that tax cuts can incentivize smallholders to participate in the market (Jayne & Jones, 2003).

Other studies suggest that tax incentives do not always bring equitable benefits. High transaction costs, limited awareness, and poor implementation often limit the benefits to richer or larger farmers (Fan, Zhang, & Zhang, 2008). However, the introduced tax incentives through the moratorium cannot always increase the inflow of investment in the agricultural sector without compensating for the budget losses from the introduced tax incentives (Badiane et al., 2002).

To see the improvement of financial and economic well-being of peasants and farmers, it is possible to assess the impact of tax incentives using the example of the Kyrgyz Republic. However, without such scientific studies, it is difficult to evaluate the positive effect of these tax incentives on peasants and farmers or whether a narrow range of beneficiaries is benefiting. Research on Kyrgyz agriculture reveals mixed outcomes of reforms and policies. While liberalization has granted farmers more freedom and improved sector efficiency (Mogilevskii et al., 2017), the welfare effects of export participation for smallholders remain insignificant (Esenaliev, 2023). Tax incentives and credit programs have shown limited impact, with farmers preferring private sector services over government interventions. However, farmers express a willingness to participate in phytosanitary systematization policies that offer market information, interest-free loans, and production inputs (Saparova, Khan, & Joshi, 2024). Despite attempts at reform, challenges persist, including insufficient investments, poor natural resource management, and inadequate public goods provision (Mogilevskii et al., 2017). The agricultural sector remains crucial to Kyrgyzstan's economy, accounting for over a third of GDP and supporting half the population's livelihood (Christensen & Pomfret, 2007). Future policies should focus on supporting both large and small farmers while addressing infrastructure and resource management issues, as these areas are integral to enhancing the overall impact of agricultural credit on farmer welfare (Syahrial, 2022); however, this paper is not relevant to the query about tax incentives and preferential credit programs influencing the economic welfare of Kyrgyz farmers. Another paper discusses tax incentives and subsidies for the agricultural sector in Belarus but does not specifically address economic welfare (Kireyeva, 2016).

2.2. Impact of Concessional Credit Programs on Farmers' Economic Welfare

Access to credit is a key determinant of economic stability in rural areas. According to the theories of demand smoothing and capital accumulation, credit enables households to overcome liquidity constraints, invest in high-income activities, and insure against income shocks (Eswaran & Kotwal, 1989). Soft loans and concessional credit programs, in particular, aim to reduce the barriers faced by resource-poor farmers.

Studies in South Asia have shown that microcredit and subsidized credit improve agricultural productivity and household welfare (Pitt & Khandker, 1998). These financial inputs contribute directly to higher productivity, more stable incomes, and improved economic conditions for rural households. However, Karymshakov, Sultakeev, and Sulaimanova (2015) emphasize that the positive effects of credit programs depend substantially on the strength and effectiveness of local financial institutions, such as banks and microfinance organizations, especially within the Kyrgyz context.

Soft loan programs often have indirect benefits, such as empowering women and improving social cohesion. For example, research in India shows that government programs to provide financial support to women in rural areas have significantly increased their economic well-being, as well as their role in economic decision-making (Kabir, 2005).

However, it is worth noting that these points will be positive if the stimulus loans issued are repaid at maturity along with interest rates. High loan default rates, limited outreach, and the exclusion of marginalized groups remain major obstacles (Armendariz & Morduch, 2010). According to other researchers, sometimes concessional loans will not be effective if farmers cannot earn enough to repay the interest on the loans in time.

If we look at the situation in the Kyrgyz Republic under the incentive concessional loan program, the objectives were to improve the economic welfare of farmers, especially in rural areas. However, due to the lack of statistical data, it is impossible to predict the economic and social outcomes for a long period of time.

Understanding how these programs affect household income stability, risk reduction, and investment behavior is critical for policy improvement. While valuable insights into the role of tax incentives and credit programs can be found in the global literature, Kyrgyzstan's unique socioeconomic and institutional context requires a localized analysis. Factors such as limited rural financial infrastructure, different levels of financial literacy, and regional disparities may affect the outcomes of these policies differently than in other countries. For policymakers to be able to prepare optimum plans considering the current needs of domestic peasants and farmers, the authorities should eliminate the existing deficiencies.

2.3. Socio-Economic and Environmental Vulnerabilities

The rural households of Kyrgyzstan face a number of vulnerabilities that reinforce economic insecurity. Rising temperatures and shifts in precipitation increasingly threaten food availability, disproportionately affecting poor households and amplifying their economic vulnerability (Bopushev, Tokobaev, & Sultakeev, 2025; Ibraeva, Tokobaev, Bopushev, & Sultakeev, 2025). These climatic shifts contribute to already existing challenges, making consistent agricultural production increasingly difficult, especially for smallholder farmers. Additionally, the COVID-19 pandemic unveiled stark food insecurity concerns, particularly among the poorer segments of the population. Poor families, who are already vulnerable to fluctuations in food prices and availability, are very sensitive even to minimal tax changes, as this can negatively impact their consumption patterns (Sultakeev, Abdieva, & Ganiev, 2025). These vulnerabilities indicate the exposure of rural livelihoods and the potential for policy alterations, however minor, to compound vulnerabilities in economically disadvantaged groups. Furthermore, as Sultakeev and Petrick (2025) observe, entrenched poverty traps make it nearly impossible for poor people in Kyrgyzstan and Central Asia to escape poverty, which causes variations in economic behavior between poorer and wealthier households. Such traps tend to undermine the possibility for poorer farmers to take advantage of agricultural incentives or credit programs, thereby perpetuating economic disparities. These coinciding vulnerabilities underscore the need for effective, targeted policy intervention in agricultural and rural development. These structural challenges must be addressed in order to improve rural economic welfare and achieve long-run sustainable development.

3. METHODOLOGY

3.1. Research Design

This research is based on the thematic analysis of Braun and Clarke (2006), which is particularly suitable for analyzing and interpreting qualitative information obtained from interviews with current experts in the agricultural sector. This qualitative method is set against the background of tax incentives and subsidies aimed at improving the financial and economic benefits for farmers and peasants.

3.2. Data Collection

Baseline information for the analysis was obtained through interviews with respondents, including local experts from the spheres of rural agrarianism and inspectors of tax services. A total of twenty respondents were interviewed. All respondents provided valuable information regarding the direct and indirect impacts of tax incentives and soft loans for peasants and farmers. All this data supplies the scientific outcomes in this research study.

3.3. Selection of Respondents

Expert interviewees were selected based on their experience in the fields of agrarian services, tax services, and representatives of *ayl okmotu*.

Farmers from various regions, particularly those directly impacted by the tax moratorium and credit programs, were included. Additionally, experts with technical knowledge of agricultural systems and government policies contributed to understanding broader socio-economic impacts.

3.4. Data Analysis

Thematic analysis was conducted to identify recurring patterns and insights within the data. The analysis followed Braun and Clarke's six-phase framework:

1. Familiarization: Transcripts and secondary data were reviewed to understand the breadth and depth of the content.
2. Coding: Key phrases and concepts were coded to capture significant aspects of the data, such as "improved access to machinery" and "financing irrigation systems."
3. Theme Development: Codes were organized into themes representing major insights, such as Enhanced Agricultural Productivity, Infrastructure and Irrigation Development, and Sustainable Farming Practices.
4. Reviewing Themes: Themes were refined by checking them against the data to ensure coherence and relevance.
5. Defining and Naming Themes: Themes were clearly defined to reflect their contribution to addressing the research question.
6. Writing Up: Findings were synthesized and presented, integrating supporting excerpts and explanations.

3.5. Validity and Reliability

To ensure validity, multiple sources of data were triangulated, and themes were reviewed by independent researchers familiar with agricultural policy. Reliability was achieved by maintaining a systematic coding process and detailed documentation of the analysis steps.

3.6. Ethical Considerations

Ethical approvals were obtained prior to data collection. This study can be considered complete as a result of the introduction of government programs on tax incentives and preferential lending affecting the welfare of all peasant farmers in Kyrgyzstan and continuous optimization.

4. FINDINGS

This study explores the impact of tax incentives and preferential credit programs on the economic welfare of Kyrgyz farmers during the moratorium on agricultural land taxation (2022-2024). The thematic analysis was

conducted to identify patterns in how these policies influence farming practices, productivity, and overall economic outcomes (Table 1).

The analysis involved coding transcripts of interviews with agricultural experts and farmers, categorizing the codes, and identifying recurring themes. This process enabled us to systematically uncover how financial policies influence different aspects of farming (Table 1).

The following themes in Table 1 are developed in this study as follows:

Theme 1: Enhanced Agricultural Productivity

There was a strong theme of general agricultural productivity due to tax incentives and soft credit programs that increase the economic welfare of rural farmers (specifically identified by 8 participants). Farmers associated with the moratorium on agricultural land taxes (2022-2024) and soft credit programs directly support enhanced agricultural productivity by easing financial burdens on farmers. These measures enable investments in farming technology, equipment, and sustainable practices, leading to increased land cultivation and higher crop yields. By improving access to financial resources, farmers are better equipped to enhance productivity, adopt modern techniques, and build resilience to economic shocks, ultimately strengthening food security and supporting long-term agricultural growth (explicit in all interviews). Enhanced agricultural productivity was seen as a key element of moratorium tax incentives and soft credit programs. For example, tax incentives and loans facilitated the acquisition and renewal of farming equipment, including tractors, combines, and harvesters. This information is illustrated by a quote from Interviewee 1, a 67-year-old woman, as follows:

"Well...Despite the special role of land tax on agricultural land in the formation of the local budget, the government has imposed a moratorium on taxation of agricultural land (2022-2024) to incentivize farmers to improve food security by cultivating undeveloped land, improving the irrigation system to prevent soil erosion and gullies, starting to build canals and flumes. Also, as you know, agriculture is divided into several sectors, including agriculture, livestock and fisheries. By equipping agricultural equipment, farmers can develop their industry in all directions, that is: animal husbandry, crop production, fishery".

Theme 2: Infrastructure and Irrigation Development

Infrastructure and Irrigation Development was a prominent theme, identified in 9 of the 20 interviews. Twelve participants indicated the importance of Infrastructure and Irrigation Development. A 42-year-old man illustrated the role of irrigation infrastructure, which boosts agricultural output and sustainability. He mentioned the following:

"Peasants and farmers in rural areas first of all try to stop the process of soil erosion, for this purpose they say to complete and modernize irrigation facilities, for these measures they plan to use soft loans. At the moment, surface irrigation is considered as the most common type of irrigation system in agrarian rural areas. In remote areas of the republic to set the task, to build irrigation network with iron concrete canals, it does not give water loss and will reach every consumer. Water flows through irrigation structures, thus preventing soil erosion from growing ravines".

The above citation emphasizes that the development of the irrigation network improves soil fertility, increases the level of crop yields, and consequently enhances food security and the economic well-being of peasant farmers, all of which will affect the stable growth of the agricultural sector of the domestic economy.

Other participant mentioned as follows:

"The tax moratorium incentivized farmers to improve irrigation systems by starting to build canals and flumes".

Theme 3: Farming in sustainable ways

Using government loan and tax incentive programs, peasants and rural farmers try to switch to optimal farming methods. They also try to use organic fertilizers, alfalfa sowing, and of course, crop rotation. In the long term, these measures will improve food security, soil fertility, productivity, and a sustainable rural economy, which will have a positive impact on the environment, i.e., ecology.

This theme underscores the importance of integrating sustainability into policy measures, as it ensures that immediate gains in productivity do not come at the cost of long-term agricultural health. This is highlighted by the first interviewer as follows:

"Buy organic fertilizers, do crop rotation, and plant alfalfa to get more crops in a couple of years.

Farmers should follow crop rotation where the soil is regenerated for the next season where weeds are destroyed".

Theme 4: Policy-Driven Farming Support

The imposed moratorium on agricultural land has had a positive impact on the economic behavior of peasant farmers, as it has encouraged them to cultivate previously uncultivated land. Hence, the loss to the local budget from these tax levies on agricultural land from farmers is compensated by increasing food security through their active farming. This tax policy has strengthened the role of the state by influencing the development of the agrarian sector of the domestic economy. The volume of reduction of the tax burden for farmers is a significant amount, as the local budget before the moratorium was announced was about 17% of all tax revenues received from the tax on agricultural land. This indicates that the state has significantly supported the stable growth of the economic welfare of rural farmers.

This theme was described by the first respondent as follows:

"The Government has introduced a moratorium on land tax on agricultural land (2022-2024), at which the land tax revenues of agricultural land had a significant volume in the district budget, i.e. 17% of the local budget revenues. Despite the significant amount of tax revenues from agricultural land tax, the government encouraged farmers to maximize the development of uncultivated land in order to improve the food security of the country".

Theme 5: Improved Financial Accessibility

Despite the benefits of soft loans, limited access to these financial resources remains a significant challenge. Not all farmers are able to access the necessary credit, which creates disparities in the agricultural sector. The unequal distribution of loans limits the potential for some farmers to modernize their operations or implement sustainable practices. This finding suggests that while the policy is beneficial for those who can access it, broader efforts to enhance

financial accessibility and ensure equitable distribution of resources are necessary for achieving widespread economic benefits. The last theme was explained by the first interviewer as follows:

"All farmers can receive all concessional loans allocated by the state, all farmers can be informed about this information through mobile devices of the population, farmers can find out all information about concessional loans in their phones. Specialists of the Ministry of Agriculture in order to increase the knowledge of agricultural producers and farmers hold training seminars, with the introduction of new technology. Seminars and trainings on the procedure for obtaining soft loans are also held in each aiył okrug. Farmers use soft loans to breed new breeds of animals. For example, cows that give more milk and meat. However, the availability of soft loans is not enough for all farmers. The Local authorities of aiył okmotu and akims are personally responsible for the correct distribution of soft loans to farmers".

All these themes indicate that tax incentives and preferential credit programs have positively influenced the economic welfare of Kyrgyz farmers in several ways, including enhanced productivity, infrastructure development, sustainable practices, and financial accessibility. This information is derived from interviews with 20 respondents from different regions of the country, which are listed in [Appendix A](#). The study employed a semi-structured interview format to explore farmer perceptions of tax incentives and soft credit programs in rural Kyrgyzstan. The full set of background and thematic interview questions is provided in [Appendix B](#). However, challenges such as limited loan access and the uneven distribution of resources highlight areas for improvement. In order to further expand the process of systemic support to rural farmers, the relevant ministries and departments should take measures on the agenda for maximum access to preferential financial resources using public spaces, involving mass media, organisation of seminars and other local activities with the participation of representatives of aiył okmotu and financial structures, therefore, all these activities will have a positive impact on the growth of financial and economic well-being of peasants, farmers in rural areas. In order to further expand the process of systemic support to rural farmers, the relevant ministries and departments should take measures on the agenda for maximum access to preferential financial resources using public spaces, involving mass media, organisation of seminars and other local activities with the participation of representatives of aiył okmotu and financial structures, therefore, all these activities will have a positive impact on the growth of financial and economic well-being of peasants, farmers in rural areas.

Table 1. Thematic table.

Themes	Codes	Supporting excerpts	Explanation	Themes
Enhanced agricultural productivity	Improved access to machinery	"State soft loans...helped agricultural farmers to improve their technical equipment: acquiring and renewing agricultural equipment and machinery such as tractors, combines, balers, mowers."	Soft loans provide farmers with financial resources to purchase advanced machinery, improving productivity and efficiency.	Enhanced agricultural productivity
Infrastructure and irrigation development	Financing irrigation systems	"Farmers use credit to finance drip irrigation and improve irrigation systems to prevent soil erosion."	Credit helps farmers invest in essential irrigation infrastructure, which boosts agricultural output and sustainability.	Infrastructure and irrigation development
Sustainable farming practices	Investments in sustainable practices	"Buy organic fertilizers, do crop rotation, and plant alfalfa to get more crops in a couple of years."	Loans and tax incentives encourage environmentally sustainable practices, ensuring long-term productivity and soil health.	Sustainable farming practices
Policy-driven farming support	Land tax moratorium benefits	"The government imposed a moratorium on taxation of agricultural land to incentivise farmers to improve food security."	The moratorium on land tax reduces financial burdens, motivating farmers to increase food production and utilize idle land.	Policy-driven farming support
Improved financial accessibility	Limited loan access	"However, the availability of soft loans is not enough for all farmers."	While soft loans are beneficial, their limited availability creates inequality, leaving some farmers without access to necessary resources.	Improved financial accessibility

5. CONCLUSION

As a result of the research findings, it was concluded that stimulation through tax moratoriums on agricultural land and support to farmers through soft loans have significantly affected the development of the economic and financial well-being of domestic peasant farmers during the imposed tax moratorium on agricultural land in the period 2022 - 2024. The findings of the research led to relevant results; that is, it is necessary to improve the performance of the agricultural sector of the agrarian economy. Also, to renew and improve infrastructure and complete irrigation facilities that were halted during the Soviet Union, to introduce balanced sustainable methods of conducting the agricultural sector, and to increase access to finance for all farms, especially those engaged in making a significant contribution to improving the food security of the country. All of the above will ultimately ensure the sustainability of agriculture and improve food security and resilience to various financial and economic shocks, and sustainably support the long-term development of the agricultural sector. On the basis of thematic analysis, it was revealed that incentives through tax moratoriums on agricultural land significantly reduced the tax burden of peasant farmers; respectively, such a tax policy induced farmers to cultivate more unallotted agricultural land, financial investment in irrigation and other agricultural infrastructure, as well as the use and implementation of modern agricultural machinery, tools, and equipment. Ultimately, the above measures will help improve agricultural productivity and economic stability. In parallel, measures through concessional credit have helped farmers to renew and modernize their capital stock, as well as invest in sustainable methods of development and improve the productivity of livestock. Nevertheless, the research found a number of problems regarding restrictions on receiving concessional loans, untimely information on receiving concessional loans, as well as the unequal distribution of concessional loans to needy farmers; as a result, farmers will be deprived of high income from good harvests. Resolving this gap could provide full access to preferential financial resources to all needy farmers in the regions of our country in accordance with the launched program on preferential lending. On the part of the state, all these measures should be as effective as possible; for this purpose, all state programs to support the agricultural sector and simplified access to financial resources should be nationwide, periodically covered through the state and regional mass media, through field seminars and meetings with the participation of regional local *aiyl okmotu* and other relevant state structures, which can lead to stable and sustainable development of the agrarian agricultural sector of our economy. In conclusion, we would like to note that the state programs of preferential lending and tax policy to stimulate farmers through tax moratoriums on agricultural land have a positive effect and will lead to an increase in the economic well-being of peasant farmers. However, these measures should be systematically implemented; preferential loans should be as accessible and simplified as possible, and regional and local relevant state structures should ensure a smooth support system for all farmers, solving all problems in a timely manner. The conclusions of these studies are important as recommendations for ministries and agencies.

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Transparency: The authors state that the manuscript is honest, truthful, and transparent, that no key aspects of the investigation have been omitted, and that any differences from the study as planned have been clarified. This study followed all writing ethics.

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APPENDIX

Appendix A. List of interview participants.

Participation code	Location (Province)
P 1	Naryn
P 2	Naryn
P 3	Osh
P 4	Issyk-Kul
P 5	Naryn
P 6	Chui
P 7	Jalal-Abad
P 8	Naryn
P 9	Batken
P 10	Talas
P 11	Naryn
P 12	Naryn
P 13	Osh
P 14	Issyk-Kul
P 15	Naryn
P 16	Chui
P 17	Jalal-Abad
P 18	Naryn
P 19	Batken
P 20	Talas

Appendix B. Interview questions.

Section 1: Respondent Information

These questions were used to collect basic demographic and background data:

1. Gender: What is your gender? (Male / Female / Other)
2. Work Experience: How many years have you been involved in farming?

3. Age Group: What is your age group? (18–30, 31–45, 46–60, 61+)
4. Region: Which region do you primarily operate in?

Section 2: Thematic Interview Questions

1. How do rural farmers in Kyrgyzstan perceive the effectiveness of current tax incentives in supporting their agricultural activities?
2. What are the key challenges faced by farmers in accessing soft credit programs?
3. Are there regional differences in accessing credit programs?
4. How do tax incentives and soft credit programs impact the economic welfare of farmers in rural Kyrgyzstan?
5. In what ways do farmers utilize tax incentives and soft credits to improve their agricultural productivity?
6. How do farmers compare the benefits and limitations of tax incentives versus soft credit programs?
7. What factors influence farmers' decisions to participate in government-provided tax incentives and soft credit schemes?
8. How do social, economic, and political contexts shape the implementation and effectiveness of tax incentives and soft credit programs?
9. What are the perceived barriers to accessing tax incentives and soft credit support for marginalized or small-scale farmers?
10. How do farmers' experiences with tax incentives and soft credits vary across different regions of Kyrgyzstan?
11. What recommendations do farmers have for improving tax incentives and soft credit programs to better support agricultural development?