

COUNTRY STRATEGY AND
PROGRAMME EVALUATION

Kyrgyz Republic

Executive Summary



IOE



IFAD

Investing in rural people

Independent Office of Evaluation

Kyrgyzstan CSPE executive summary

A. Background

1. As approved by the 134th session of the IFAD Executive Board in December 2021, the IFAD's Independent Office of Evaluation (IOE) undertook a country strategy and programme evaluation (CSPE) in the Kyrgyz Republic (hereinafter referred to as Kyrgyzstan) in 2022. The main objectives of the CSPE were to: (i) assess the results and performance of the IFAD country programme; and (ii) generate findings and recommendations to steer the future partnership between IFAD and the Government. The findings, lessons and recommendations are expected to inform the preparation of a new country strategic opportunities programme (COSOP).
2. **Country context.** Kyrgyzstan is a mountainous, landlocked country with a population of 6.6 million, of which 66 per cent live in rural areas. After its independence in 1991, Kyrgyzstan implemented a series of structural reforms to transit to an open market economy. Following an initial decline in 1991-1995, the national economy expanded. The gross domestic product per capita (in current US\$) increased from US\$395 in 1996 to US\$1,374 in 2019. Kyrgyzstan experienced two revolutions (in 2005 and 2010).
3. The share of people who live below the national poverty line dropped from 62.6 per cent in 2000 to 31.7 per cent in 2009, and to 20.1 per cent in 2019, with a narrowing but still persistent gap between rural and urban areas. Remittances have played an important role in reducing poverty. The COVID-19 pandemic reversed some of the gains made and the poverty rate increased to 25.3 per cent in 2020. Kyrgyzstan has the highest Gender Inequality Index value among the Central Asian countries.
4. After the Soviet era and the independence in 1991, most of the collective farms were privatized. At present, the agricultural sector is dominated by smallholder farmers and individual entrepreneurs. Livestock is important for rural livelihoods, not only as a source of incomes and food, but also as a safety net and coping mechanism in cases of shocks. Livestock production mostly relies on grazing on pastures but the degradation of pasture resources has been a critical issue. In order to promote equitable and sustainable pasture use and management, Kyrgyzstan embarked on a pasture governance reform. With the introduction of the Pasture Law of 2009, the authority to manage pastures was delegated to community associations of pasture users and their pasture committees as executive bodies.
5. **IFAD in Kyrgyzstan.** Kyrgyzstan became a member state of IFAD in 1993 and the first IFAD loan was approved in 1995. Since then, seven investment projects have been approved for a total cost of US\$254 million, with IFAD financing of US\$129 million. The first three projects (approved between 1995 and 2008) were initiated, designed and supervised by the World Bank and IFAD provided cofinancing with a minor role in project conceptualization and implementation support. During the third project (implemented between 2009 and 2014), IFAD increased its involvement and the subsequent projects, mostly in the livestock sector, have been designed and supervised by IFAD directly. The total cost of the five investment projects covered by the CSPE (approved after 2008) is approximately US\$210 million. The main project partners have been the Ministry of Agriculture (under which the Agricultural Projects Implementation Unit was established) and the Community Development and Investment Agency (ARIS).
6. After the first country strategic opportunities paper prepared in 1996, there was no such official document until the country strategic note of 2016, which was then followed by a full-fledged COSOP for 2018-2022. IFAD has not had a country office in Kyrgyzstan. Currently the country director manages the portfolio from the multi-country office in Istanbul. Prior to this, the country director was based in Rome, Italy.

B. Performance of IFAD's country strategy and programme

7. **Relevance** is assessed as satisfactory. IFAD's consistent support in the livestock sector has been highly relevant to the country's priorities and the needs of rural households, many of whom, to a varied extent, depend on livestock and pastures. The interventions in support of pasture management and veterinary services have been comprehensive, encompassing policy and legislative framework and field level. At the same time, there has been insufficient attention to improvement and sustainable management of pastures: microprojects planned and implemented through community-level pasture committees tended to focus on infrastructure, machinery and equipment for expanding accessible pastures, rather than on pasture improvement.
8. A shift in the portfolio from production-focused interventions to value chain development was a logical progression, but the interventions were not supported by an adequate approach. There was lack of consideration on to what extent and how the project support could leverage private investments and associated impacts for the target groups, beyond what would have happened without projects.
9. The project interventions in pasture management and veterinary services have been largely inclusive by their nature and through broad social mobilization efforts. At the same time, the interventions, mostly focused on the enabling environment in livestock production systems, were not accompanied by adequately targeted measures for the poor and the vulnerable. The absence of a clearly defined poverty focus has become more prominent with market-oriented interventions. The 2018 COSOP basically followed the past and ongoing portfolio and missed an opportunity to strengthen a poverty focus based on a sound diagnostic poverty and livelihoods analysis.
10. **Coherence** is assessed as satisfactory. Over the evaluated period, IFAD has gradually positioned itself as one of the major contributors in the livestock sector, complementing other initiatives. Coordination with other development partners (e.g. FAO¹, GIZ²) has been good, in particular in the areas of pasture management and veterinary services. IFAD-supported interventions have been consistent with the international standards and commitments made by the Government (e.g. climate actions).
11. IFAD's support in Kyrgyzstan has been largely consistent and internally coherent - over time and horizontally, with a main focus on livestock, pasture and animal health. However, there were also cases of delays in cross-fertilization between different interventions, for example, in integrating the successful innovative gender approaches introduced in a grant project into the investment portfolio.
12. All sub-domains of the coherence criterion, namely, knowledge management, partnership building and policy engagement, are all rated as satisfactory. Around the core thematic areas of pasture management and veterinary services, IFAD mobilized non-project resources and inputs (e.g. IFAD's technical staff, grant resources) and fostered collaboration with other partners to contribute to analytical work, generating and packaging knowledge, and tabling and influencing policy issues (e.g. a study on pasture conditions, support to the Government in updating the nationally determined contribution). In general, IFAD has also stepped up overall collaboration and coordination with other United Nations agencies since around 2020 (e.g. support to the Ministry of Agriculture in relation to the Food Systems Summit in collaboration with Rome-based agencies).
13. **Effectiveness** is assessed as moderately satisfactory. On the positive side, important results included improved and more equal access to pastures (e.g. remote pastures, better planned and coordinated access), improved veterinary services and

¹ Food and Agriculture Organization of the United Nations

² Deutsche Gesellschaft für Internationale Zusammenarbeit (German Agency for International Cooperation)

disease control, and improved food safety through the animal identification system. However, the achievement against the objective on more productive and resilient pastures are mixed: while the resumption of seasonal mobility resulted in a more balanced use of pasture ecosystems, the focus has been more on the expansion of accessible pasture than pasture improvement and sustainable management. Furthermore, there has been limited progress on improved access to markets and diversified livelihoods of pastoral communities.

14. The outreach through support to pasture management and veterinary services has been extensive. The portfolio has covered all rural municipalities and all or most households with grazing livestock have benefited. The estimated outreach in three completed projects was approximately half a million households. Public infrastructure, especially those near villages, has brought benefits also to households without livestock. However, without targeted measures, the poor and vulnerable with a few animals were benefitting less than those households with a larger herd.
15. The IFAD portfolio has incorporated numerous innovations, mostly around pasture governance and private veterinary services (e.g. various practices and approaches relating to community-based pasture management, early warning system providing weather alerts for pasture users, bringing in youth from disadvantaged households in areas lacking veterinarians on scholarship). Furthermore, a multi-donor multi-country grant programme (Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women, JP-RWEE) introduced the innovative gender approach (i.e. GALS [Gender Action Learning System] and BALI [Business Action Learning for Innovation]).
16. **Efficiency** is assessed as moderately satisfactory. Business processes in the investment projects have been handled mostly efficiently, such as procurement and financial management. Project management cost has been on the low side, which is a positive indication on efficiency - although it was likely to be under-reported. Timeliness in project start-up after approval varied, with the ongoing project being the worst performing. Some of the efficiency indicators on projects have generally and gradually worsened over the evaluation period, in particular the disbursement performance and the pace of implementation. Interventions around market initiatives and value chain development support have particularly suffered from significant implementation delays.
17. Three completed projects covered by CSPE are considered to have been economically viable based on the estimated economic internal rate of return, even if at a lower degree than projected at design. The main driver of economic benefits was the increased livestock production, with other benefit streams making limited contributions (e.g. market and value chain initiatives, reduced livestock loss). It should be noted that the increased number of animals was a greater contributing factor to increased production than improved productivity.
18. **Impact** is assessed as moderately satisfactory, with varied achievement in different impact domains. On the positive side, the portfolio had a substantial impact on institutions and policies around the pasture governance reform following the passing of the Pasture Law in 2009, in particular, the strengthening of pasture committees. Impact on the veterinary systems and institutions has also been significant, ranging from the policy and legislative framework (e.g. private services, animal identification), veterinary education systems, to setting up of the Veterinary Chamber. Strategic collaboration with technical assistance from the World Organization for Animal Health was one of the major success factors.
19. Improved zoonotic disease control has led to improved human capital, with a decrease in human brucellosis and human echinococcus cases. The portfolio had a positive impact on social capital especially relating to pasture users' institutions. On the other hand, the efforts to promote cooperation between farmers so far did not produce sustainable results.

20. The evidence indicated increases in overall household incomes and livestock-related incomes. For example, the impact assessment of the Livestock and Market Development Programme II reported an increase in household gross total income compared to the control group, largely driven by an increase in gross income from livestock (to the tune of US\$749 per household per year). However, the extent of the project contribution is unclear due to confounding factors and inconclusive data. While livestock productivity may have improved to some extent, its depth and breadth are not significant, and increased livestock production was driven by a greater number of animals. This was mainly also due to remittance inflows that tend to be invested in buying more animals. The contribution to incomes through improved access to markets was insignificant.
21. There is no conclusive evidence of impact on food security and nutrition. The project designs did not articulate the pathways to better balanced nutrition. Apparently it was assumed that increased livestock production and/or increased incomes would lead to increased consumption of meat and dairy products. However, deliberate efforts to improve maternal and child nutrition, particularly targeted at poorer households prone to nutrition deficiency, were largely absent.
22. **Gender equality and women's empowerment** is assessed as moderately unsatisfactory, being the only criterion not in the satisfactory zone in this evaluation. Overall, there was lack of strategic approach at country programme and project level to promote gender equality and women's empowerment. The 2018 COSOP only generally mentioned awareness-raising, capacity building for women's groups and quotas for women's participation in pasture committees, and GALS, as "gender targeting strategies".
23. The portfolio did not make adequate efforts to challenge the social norms, which have limited women's participation in project activities and decision-making. For example, the female membership in pasture committees is generally low, and many in the communities argued that the requirement for pasture committee members to travel to distant pastures was difficult for women. However, there are also examples of active women leading or participating in the pasture committees' affairs or even breaking some gender roles. These examples, even though limited, indicate that focused efforts are needed to challenge the social norms and promote gender transformative approaches. Women are also relatively absent in technical and professional roles that were supported in the portfolio, such as veterinarians.
24. There were limited inputs and evidence on women's economic empowerment, apart from those on a small scale under grant-funded projects. The most notable gender results were achieved within the framework of grant-funded joint programme. The GALS and BALI initiatives under JP-RWEE have been highly successful in achieving women's economic and social empowerment. However, they have had a limited coverage and the inclusion of GALS in the investment projects has been slow.
25. **Sustainability** is rated as moderately satisfactory. The sustainability prospect for the results of the pasture reform is mixed, with both enabling factors (e.g. the supporting legislative framework, pasture fees and other incomes for pasture committees' activities) and risks and threats (e.g. high turnover of pasture committee leadership, limited willingness to pay for services by pasture advisors, political interference). The likelihood of sustainability with regard to veterinary services is good overall. Farmers' willingness to pay for private veterinary services is a positive indication. However, a shortage of young veterinarians in rural areas and the sustainability of the Veterinary Chamber is also a concern.
26. The portfolio facilitated a more balanced use of pasture ecosystems with seasonal rotation, but this has not been sufficient to reverse – or even to halt - deterioration of pasture productivity over a long term. A study that used satellite image analysis to compare the average pasture conditions between 2000-2004 and 2016-2020 found a consistent pattern of pasture degradation, and national data also indicated

that productivity of all types of pastures declined between 2009 and 2015. There is a general consensus that a continued and substantial increase of livestock number in the past years is the most plausible explanation for this decline. Even though there is a growing awareness on the importance of the quality of animals than the quantity to reduce the pressure on pastures, there was insufficient investment in animal quality improvement (e.g. artificial insemination). Some microprojects by pasture committees piloted pasture restoration measures including pasture reseeding, fencing and resting. These measures were effective but they were implemented on a too small scale to have any significant effect on the state of pasture ecosystem. In terms of climate change adaptation, pasture management activities, in particular seasonal rotation, served as an adequate strategy. *Environment, natural resource management and climate change adaptation* is rated as moderately satisfactory.

27. Under the sustainability criterion, *scaling up* is rated as satisfactory. Given the investment portfolio with a national coverage, scaling up was in the form of the Government and other partners institutionalizing the approaches and practices promoted. It is worthwhile highlighting that a number of approaches and practices supported by IFAD (and other partners) have been taken up by other countries – in some cases facilitated by IFAD – such as community-based pasture management in Tajikistan. One clear example of successful scaling up by other development partners related to GALS that was introduced under JP-RWEE.

C. Performance of partners

28. **IFAD's performance** is rated as satisfactory. Consistent support to the livestock sector over a period, long-term engagement with appropriate national institutions and the collaboration with international partners contributed to the portfolio achievements and good performance of non-lending activities – the latter despite lack or limited country presence. IFAD's inputs and contributions outside the investment portfolio have also increased in the recent years (e.g. for analytical work). On the other hand, the conceptualization of market-oriented intervention had some weaknesses and a poverty focus was generally weak.
29. **Government performance** is rated as moderately satisfactory. Government's overall support and collaboration for pushing the reform agenda has been crucial. At the same time, the Government support for the pasture reform has not been consistent, also affected by high turnover of senior government officials, and the indication is unclear on the Government's ownership. Project management and coordination has performed well overall, but it became more challenging with value chain development activities.

D. Conclusions

30. Over the evaluation period (2009-2021), IFAD has increased its technical leadership in supporting the livestock sector and has successfully fostered partnerships and provided increasing inputs to knowledge management. Interventions around pasture management and veterinary services were comprehensive and encompassed multiple levels, from policy and legislative frameworks, institutional development, research and education at national level, to concrete activities at field level. Different sets of activities with many national partners were mostly well-implemented and generated important results on the ground, ranging from access to improved veterinary services and reduced incidence of animal (and human) diseases, better access to remote pastures and better planned pasture use. Associated with these results were innovations, introduced and promoted in collaboration with other partners.
31. The impact on institutions and policies around pasture management and veterinary services is particularly far-reaching, with examples including the advancement of the pasture reform with community-based pasture management, continued development of legislation related to private veterinary service provision and the

regulatory body (the Veterinary Chamber), and university curriculum and continuing education. Kyrgyzstan is considered a pioneer in terms of the pasture reform as well as the privatization of veterinary services in the region. IFAD's support, in effective collaboration and coordination with other international development partners such as FAO, GIZ and the World Organization for Animal Health, made a visible contribution to these achievements in the country.

32. However, there are emerging challenges in the livestock sector, which have not been strategically tackled in the country programme and which can undermine the sustainability of the achievements made. Despite the investments and progress made on the pasture reform, there is little evidence that the pasture conditions have improved, also due to the steadily increasing number of grazing animals. Pasture improvement and sustainable management received less attention than expansion of accessible pastures. IFAD has provided innovative support to the veterinary education system and new young veterinarians, but the ageing of veterinarians and the resulting shortage of service providers in rural areas is a significant risk.
33. While the interventions aimed at improved access to pastures and veterinary services were inclusive overall, without adequately targeted measures for a poorer segment of the rural communities, households with fewer animals benefited less than those wealthier households with a larger herd. There have not been thorough, differentiated poverty and livelihoods analyses. Instead, there was a general premise that most rural households own livestock and therefore most would benefit, without adequate monitoring. Furthermore, despite the good experience with innovative methodologies to support women's economic empowerment under a grant programme, this success did not transcend to the investment portfolio in a timely manner.
34. Support to value chain development has faced numerous challenges and has not been successful to date. Overall, there was a lack of conceptual clarity, especially in terms of additionality - i.e. how the interventions were expected to leverage investments and facilitate pro-poor value chain development, instead of subsidizing the operations which were ongoing or would have occurred anyway without the project. Farmer group formation and registration as cooperatives was largely project-driven, even though there is now increased attention to organizational capacity and governance issues.

E. Recommendations

35. **Recommendation 1. Carefully revisit the strategic thrusts, a mix of thematic, sectoral and geographic focus of the country programme with a view to strengthening a poverty focus.** In preparation for the new COSOP, IFAD should conduct a diagnostic analysis of rural poverty and livelihoods. There is need for a more granular analysis of socio-economic situation in the rural areas, in different parts of the country as well as within certain geographical areas. Based on the poverty and livelihoods analysis, prevailing economic opportunities and constraints, IFAD and the Government should identify appropriate entry points, interventions, commodities or value chains that are the most relevant for the rural poor to sustainably build wealth, diversify livelihoods and build resilience. This may point to continued support for livestock-related interventions but with more targeted measures focusing on poor households, or the need for supporting non-livestock (e.g. crop, off-farm) economic opportunities. IFAD should explore opportunities for pro-poor innovations that may be scaled up.
36. **Recommendation 2. Adopt a strategic approach to pro-poor value chain and cluster development, articulating the additionality and impact pathways for the rural poor.** The focus of IFAD and public sector support should be on how to facilitate the participation of poorer households in priority clusters, for example, by strengthening inclusive multi-stakeholder platforms, or enabling them to improve their productive capacity and practices, or build their business orientation and skills.

While better-off and/or more entrepreneurial rural households are not to be excluded, how their participation would benefit the poor (e.g. job opportunities) should be clarified and properly monitored. Support to farmer groups or cooperatives should be a gradual, demand-driven and an organic process based on their understanding of the advantages of being in a group with a clear vision. IFAD should also explore opportunities to facilitate the use of remittance in-flows for productive investment in value chains (other than purchasing more animals), which should also contribute to reducing the pressure on pastures.

37. **Recommendation 3. Focus on consolidating the achievements in pasture management and veterinary services and their sustainability.** With important progresses made in policy and legislative frameworks and institutional development (e.g. community-based pasture management, private veterinary services), it is crucial to ensure their effective implementation, compliance and enforcement. Strategies need be developed and acted on to address the gaps in a number of areas, such as: promoting more sustainable management of pasture resources; disincentive to large herd ownership; timely payment of pasture fees by all; enforcing the link between registration of veterinarians and their rights to practice and to be contracted to deliver the vaccination programme; enforcement of animal health checks for herd movements; and exploring the ways to institutionalize the incentives for young veterinarians to work in rural areas. With the growing role of shepherds in all these areas, there should be more attention to their training and capacity building. The importance of securing continuous funding for vaccination and treatment programmes for key animal diseases cannot be overemphasized, as a failure in this can jeopardize the progresses made.
38. **Recommendation 4. Strengthen the approach to supporting gender equality and women's empowerment.** Activities to address gender inequality need more facilitation and hands-on support in order to overcome the social and gender constraints of the context, including the promotion of women economic empowerment in other value chains which go beyond traditional gender roles. The use of quotas for women participation is insufficient. Successful experience with GALS/BALI/JP-RWEE needs to be considered in the ongoing and future investment portfolio, finding cost-effective solutions. Given that the role of women in livestock production is relatively limited (other than milking), diversification of activities (e.g. processing and value addition in livestock value chains, poultry, gardening, and off-farm income generating activities) might provide more opportunities for their economic empowerment.