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# Investing in rural people in the **Kyrgyz Republic**

The Kyrgyz Republic is a mountainous, landlocked country of 199,951 km<sup>2</sup> bordering China, Kazakhstan, Tajikistan and Uzbekistan in Central Asia. In 2019, its population was estimated at some 6.45 million, of whom 62 per cent live in rural areas and depend predominantly on agriculture and animal husbandry for their livelihood along with remittances.

With an average gross national income per capita of US\$1,309 in 2019,<sup>1</sup> the Kyrgyz Republic is classified as a lower-middle-income country. Its economy is based on a gold mining sector that accounts for about 10 per cent of GDP. Remittances in the Kyrgyz Republic amounted to 28.5 per cent of GDP in 2019, while the world average of remittances as a proportion of GDP was 0.7 per cent.<sup>2</sup>

The major source of employment is the agriculture sector, which is largely made up of small-scale farmers. Poverty is high in the Kyrgyz Republic, with about 25.6 per cent of the total population living below the poverty line in 2019.<sup>3</sup> Livestock plays a crucial role in food security for small-scale farmers, and as a safety net. Almost half of the country is pastureland – some 9 million

1 <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=KG>

2 Personal remittances received (percentage of GDP). Source: The World Bank database. Accessed 2019.

3 <http://hdr.undp.org/en/countries/profiles/KGZ#>

hectares – and herding plays a key role in its economy, society and culture. Rural communities face challenges such as low livestock and agricultural productivity, and limited access to extension services, markets and machinery services. They have few assets and limited economic opportunities in remote mountainous pasture areas. The geography and topography of the Kyrgyz Republic also make the country particularly vulnerable to climate change.

Drought, landslides and mudslides, floods and river erosion are all common and are becoming more frequent and intense. Reduced pasture productivity, increasing heat stress and declining access to water could further reduce livestock production, increase the spread of disease, and limit livelihood opportunities for poor rural communities.



Over **60 per cent** of the rural population in Kyrgyzstan are **poor or vulnerable to poverty**

## Eradicating rural poverty in the Kyrgyz Republic

Post-independence economic reforms in the Kyrgyz Republic cut poverty rapidly, from 52 per cent of the population in 2000 to 20.1 per cent in 2019, but it remains more prevalent and most severe in rural and mountainous regions. The Government is committed to poverty reduction through its National Development Strategy 2018-2040. The strategy articulates around three strategic axes: (i) people, family and society; (ii) economic well-being and quality of environment for development; and (iii) public administration. In the field of agriculture, the main objective of the strategy is to provide the population with quality food and turn industry into a supplier of high-quality, environmentally friendly, organic products to global and regional markets.

## IFAD's strategy in the Kyrgyz Republic

IFAD has invested in rural development in the Kyrgyz Republic since 1996. Up to 2011, IFAD had provided cofinancing of US\$20.4 million to three World Bank projects. At that time, IFAD's country strategy focused on: improving natural resources management; increasing poor people's access to financial services; fostering the development of rural microenterprises; supporting land privatization; and ensuring land ownership rights. The second generation of IFAD's engagement in the Kyrgyz Republic started in 2011, with the strategic focus moving towards emphasizing: improved livestock productivity; enhanced climate resilience of pastoral communities; and improved integration of small-scale livestock farmers into remunerative markets. The Government recognizes IFAD as a key development partner in the livestock subsector, and values IFAD's integrated approach to addressing issues from grass-roots up to policy and legislative levels.

IFAD is recognized for consistently providing not only financial support, but also innovations, knowledge and global experience, and for linking academic and knowledge institutions, policymakers and legislators to small-scale farmers. IFAD loans help reduce poverty and enhance economic growth in pastoral communities by enabling poor rural people to earn more and improve their living standards. IFAD has provided US\$77 million in financing to a total of seven loan-financed projects/programmes with an overall cost of US\$237 million. Project activities target vulnerable households, especially women-headed households, and livestock-producer households generally. Directly benefiting 595,248 households,

the IFAD-supported projects help local communities to increase their production and move further up the value chain into processing, management, marketing and ownership.

The IFAD country strategic opportunities programme (COSOP 2018-2022) aims to support inclusive rural transformation that enables small-scale farmers to reduce poverty and strengthen livelihood resilience. This is to be achieved by: (i) increasing small-scale farmers' equitable and sustainable returns by improving services and developing livestock product value chains that enable rural producers, principally small-scale farmers, to capitalize on market opportunities; and (ii) enhancing small-scale farmers' resilience to climate change by implementing innovative approaches that strengthen resilience and ensure sustainable incomes from diversified livelihoods systems.

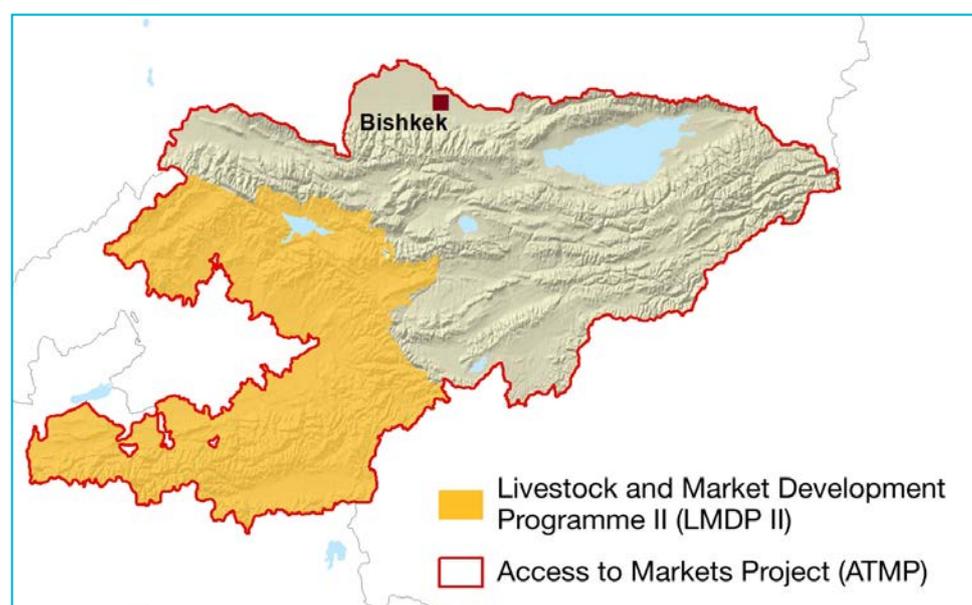
While contributing to the United Nations Coordination Team's efforts to support the Kyrgyz Government and its National Development Strategy, IFAD's investments are implemented in line with the United Nations Sustainable Development Goals (SDGs) and, more specifically, contribute to the achievement of: SDG 1 (no poverty); SDG 2 (zero hunger); SDG 5 (gender equality); and SDG 13 (climate action).

IFAD projects support communities in **improving livestock productivity** and increasing the **climate resilience of pastoral communities**

## Ongoing operations

### Access to Markets Project (2018-2023)

The project aims to further strengthen the livestock sector of the Kyrgyz Republic by contributing to increased incomes and enhanced economic growth in pastoralist communities. The project seeks to address sector constraints by: (i) facilitating access to modern production and processing technologies, best practices, and capacity-building through training and on-farm demonstrations; (ii) supporting the formulation of bankable investment project proposals for the development of production and processing enterprises; (iii) providing sector- and user-beneficiary-tailored financing; and (iv) strengthening institutions through targeted support to governmental agencies and applied research institutes tailored to specific needs of the identified value chains,



and the establishment of a platform for the development of public-private-producer partnerships.

Directly benefiting 28,000 households across the whole country, this project has a total cost of US\$55.5 million. IFAD's contribution to the project consists of a loan of US\$12.7 million and a grant of US\$12.7 million. The Government and project beneficiaries' contributions are estimated at US\$1.6 million and US\$8.39 million, respectively. The project is cofinancing with the Russian-Kyrgyz Development Fund for about US\$25 million towards investments in the processing of livestock produce.

## Livestock and Market Development Programme II (2014-2021)

The programme aims to reduce poverty and enhance economic growth in pastoralist communities by improving livestock productivity and climate resilience – and thereby promoting equitable returns to livestock farmers. The programme covers the Batken, Jalal-Abad and Osh Regions, directly benefiting 304,000 households. The target population consists primarily of small livestock producers, women-headed households, and community veterinarians.

Programme activities include:

- community-based pasture management and vulnerability reduction
- animal health and production services to establish an effective private veterinary system
- income diversification and market/value-chain initiatives to support rural livelihoods and build socio-economic resilience by reducing the risk of income loss caused by climate change.

The programme has a total cost of US\$39.5 million, with IFAD's contribution consisting of a loan of US\$11 million, a grant of US\$11 million, and US\$10 million from the Adaptation for Smallholder Agriculture Programme. The Government's contribution is estimated at US\$0.3 million, and about US\$7.1 million will be provided by the beneficiaries as cofinancing of the community pasture management plans.



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IFAD invests in rural people, empowering them to reduce poverty, increase food security, improve nutrition and strengthen resilience. Since 1978, we have provided US\$22.6 billion in grants and low-interest loans to projects that have reached an estimated 513 million people. IFAD is an international financial institution and a United Nations specialized agency based in Rome – the United Nations' food and agriculture hub.

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