

**Kyrgyz Republic
Global Agriculture and Food Security Program (GAFSP) Proposal**

“Strengthening Producer Organizations in Kyrgyz Republic”



**МИНИСТЕРСТВО СЕЛЬСКОГО, ВОДНОГО ХОЗЯЙСТВА
И РАЗВИТИЯ РЕГИОНОВ КЫРГЫЗСКОЙ РЕСПУБЛИКИ**

**The Ministry of Agriculture, Water Resources and Regional
Development**

September 6, 2021

Acronyms

ABCC	Agribusiness Competitiveness Center
ADB	Asian Development Bank
APNIP	Agricultural Productivity and Nutrition Improvement Project
ATMP	Access to Markets Project
BALI	Business Action Learning for Inclusion
BAU	Business-as-usual
CPF	Country Partnership Framework
CPSD	Country Private Sector Diagnostic
EEU	Eurasian Economic Union
ESMF	Environmental and Social Management Framework
FIES	Food Insecurity Experience Scale
GCF	Green Climate Fund
GDP	Gross Domestic Product
GITA	Green Industry and Trade Assessment
GLOFs	Glacier Lake Outburst Floods
GoK	Government of the Kyrgyz Republic
GRS	Grievance Redress System
IDPIP	Integrated Dairy Productivity Improvement Project
ICT	Information and Communications Technology
INDC	Intended Nationally Determined Contribution
IFAD	International Fund for Agricultural Development
IsDB	Islamic Development Bank
JP RWEE	Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women
MoAWRRD	Ministry of Agriculture, Water Resources and Regional Development
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
PAGE	Partnership for Action on Green Economy
PDO	Project Development Objective
PIU	Project Implementation Unit
PPP	Public-Private Partnership
REDP	Regional Economic Development Project
SE	Supervising Entity
SHGs	Self Help Groups
TA	Technical Assistance
TMREL	Theoretical Minimum Risk of Exposure Level
TOC	Theory of Change
UNIDO	United Nations Industrial Development Organization
WB	World Bank
WDI	World Development Indicators
WFP	World Food Programme

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Section 1: Basic Data

a. Project Name	Strengthening Producer Organizations in Kyrgyz Republic
b. Submitting Country	The Kyrgyz Republic
c. Ministry responsible for implementation	The Ministry of Agriculture, Water Resources and Regional Development
d. Primary Country Contact(s)	<p>Temirbek Azhykulov, Advisor, Ministry of Agriculture, Water Resources and Regional Development temirbek.azhykulov@gmail.com</p> <p>Dinara Duishenkul, Director, International Cooperation, Ministry of Economy and Finance d.duishenkul@minfin.kg</p>
e. Total GAFSP Grant Funding Requested	<p>Amount Requested: US\$ 8.5 million</p> <p>Minimum Amount Needed: US\$ 5.0</p>
f. Estimated project start and end date: 09/2022 – 09/2027	
g. Preferred Supervising Entity	<p>Supervising Entities for Investments and Technical Assistance</p> <p><input type="checkbox"/> African Development Bank (AfDB)</p> <p><input type="checkbox"/> Asian Development Bank (ADB)</p> <p><input type="checkbox"/> International Fund for Agricultural Development (IFAD)</p> <p><input type="checkbox"/> Inter-American Development Bank (IDB)</p> <p><input checked="" type="checkbox"/> World Bank (WB)</p> <p>Supervising Entities for Technical Assistance only</p> <p><input checked="" type="checkbox"/> Food and Agriculture Organization (FAO)</p> <p><input type="checkbox"/> World Food Programme (WFP)</p> <p><i>If more than one Supervising Entity is selected</i>, provide the anticipated cost share between them. [82] % of the grant will be implemented through the World Bank (WB) [18] % of the grant will be implemented through the Food and Agriculture Organization (FAO)</p>
h. Has the country previously received a GAFSP grant?	<p><input checked="" type="checkbox"/> Yes, please complete <i>Annex 4</i></p> <p><input type="checkbox"/> No</p>

Section 2: Project Description

2.1 Project Development Objective

The proposed project's development objective (PDO) is to strengthen producer organizations, farm organizations (associations, unions, cooperatives, or self-help groups) and agribusinesses to expand their productive and organizational capacity, improve their climate resilience, and participate in emerging agri-food clusters. Strengthening the capacity of organized smallholder agri-food producers represents one of the proven approaches to ensure their inclusion in value chains, which is particularly relevant for the fragmented Kyrgyz agri-food sector and is a largely overlooked investment area in the country.

2.2. Project description

Project Rationale

The Kyrgyz Republic, a land-locked, mountainous country of 6 million people, is facing a constellation of challenges that have been amplified by the COVID-19 pandemic, including a worrying increase in poverty and food insecurity. As Central Asia's second poorest country, the Kyrgyz Republic has experienced mixed development progress in the past two decades. The country has generated consistent positive economic growth largely driven by gold exports and worker remittances - which initially resulted in a fast reduction in poverty. The economy grew at an average rate of 4.5 percent over the 2000-2019 period, but while poverty declined from 52 percent in 2005 to 21 percent in 2009, further significant progress proved difficult to achieve. Poverty remained at 22.4 percent in 2018 and 20.1 percent in 2019. The Kyrgyz Republic has long been one of the most remittance-reliant countries in the world (remittances were 28 percent of the gross domestic product GDP in 2020) and the economic impact of COVID-19 has been particularly acute due to a reduction in remittance income. World Bank estimates indicate poverty is expected to increase by 11 percentage points in 2021 to 31.1 percent - creating an additional 700,000 additional poor people, many of whom are expected to be rural households. The World Food Programme (WFP) has reported that 44 percent of households had decreased food consumption and/or consumed less expensive and less nutritious food, while 82 percent of a WFP rapid assessment respondents had applied some form of asset depletion coping strategy.¹

The country is rich with natural resources and agriculture plays an important role in the economy. The country's extensive pastures, water resources, and mountain ecosystems support a diverse set of agricultural activities. Agriculture is an important source of livelihoods and employment in rural areas. Although structural changes and growth trends have resulted in the agriculture sector's contribution to GDP decreasing from 17 to 12 percent between 2010 and 2018, it still employs a large share of the labor force - around 35 percent. A substantial proportion of Kyrgyz households are also heavily dependent on livelihoods that are strongly exposed to environmental and climate vulnerabilities.

Agriculture plays an important part of the post COVID-19 economic recovery - the country's strategic geographic location gives it full access to the Eurasian Economic Union (EEU) while sitting at the crossroads of the large Chinese, South Asian and Russian markets. The Kyrgyz Republic has the potential to expand its trade with Central Asia neighbors and the wider EEU market through existing trade

¹ WFP. March 2021. Food Security in the Kyrgyz Republic. Available at: https://docs.wfp.org/api/documents/WFP-0000124521/download/?_ga=2.249764815.89195729.1630764145-1500857054.1624803265

agreements. Already the Kyrgyz Republic is a net exporter of a select number of commodities (milk, potatoes, horticulture products) with the potential to expand exports if production can meet market requirements. The Government's *COVID Anti-Crisis Plan* calls for re-starting economic activity and supporting income generating activities where agriculture is expected to contribute. At a more fundamental level, building efficiencies for export also strengthens efficiencies in production that first and foremost boosts the Kyrgyz ability to better feed itself and make nutritious food available to the population.

A highly fragmented production system and a significant level of informality present challenges to further agriculture sector development. Average cropped area is less than 2 ha and average livestock holdings are only 3 – 5 heads of cattle. The country's smallholder dominated production model has faced challenges in reaching scale and maintaining the required quality and food safety standards needed to ensure quality production for local consumption and take advantage of export opportunities. The informal economy may equal between 24 and 40 percent of the official GDP² and appears to be most prevalent in trade, hospitality, transport, and agriculture. Informal businesses face several barriers including access to finance and are more vulnerable to shocks. Many informal businesses fail to transition to the formal sector due to high costs - observations suggest that compliance with administrative procedures can generate high costs for many firms, driving thus informality and acting as a disincentive to organic growth.³ Informal business contributes to the formal economy but rarely provides the protections and benefits of formal businesses such as wage protection, sectoral subsidies, membership in sectoral or trade associations, and legal protection including enforceable commercial contracts.⁴ In the long-term accelerating private sector growth will require a transition to a larger formal sector economy and will likely require additional support to more efficiently address threats to food production due to climate change.

The proposed GAFSP financing would fill an important investment gap to complement ongoing investments in the agriculture sector. Existing financing from external partners has already provided substantial investments in the livestock and horticulture value chains (IFAD, ADB, USAID, World Bank), irrigation (USAID, World Bank), preferential credit lines (Russia Kyrgyz Development Fund) and nutrition and food security (WFP, Green Climate Fund - GCF). Little of this funding, however, has been targeted at strengthening producer organizations. GAFSP funding is proposed to provide targeted, catalytic funding to increase the capacity of farm and producer organizations to maximize their limited resources and better participate in value chain opportunities. The project would target a range of groups or associations operating within the dairy and horticulture value chains, which Government has identified as the most in need of more organized producer associations. These value chains represent the highest potential for growth and resilience building, their nutritious products are not consumed in adequate quantities, and where the need for more organized producer associations with a special focus on women and youth is most acute.

Proposed Project Activities

GAFSP financing would support the strengthening of the existing producers' groups and facilitate their integration into selected value chains. By addressing organizational development deficiencies, linking targeted technical training and technology promotion, and improving readiness to embrace markets,

² Asian Development Bank (ADB), *Kyrgyz Republic: Improving Growth Potential*, September 2019. Viewed at: <https://www.adb.org/sites/default/files/publication/648501/kyrgyz-republic-growth-potential.pdf>.

³ WTO Trade Policy Review, 13 April 2021.

⁴ WTO Trade Policy Review, 13 April 2021.

groups can become more effective value-chain actors and credible partners for upstream and downstream stakeholders.

Component 1: Organizational development and strengthening (US\$ 1.45 million) The first component would support training and institutional capacity building for groups or associations within the dairy and horticulture value chains. Activities under the Component would be guided initially by an assessment of market and resilience-focused opportunities and specific capacity needs to identify the types and continuum of agriculture related actors in targeted sectors. The assessment would also serve as a mapping exercise to better understand the landscape of groups, quantify their prevalence, levels of formality and identify differentiating group characteristics. As the dairy and horticulture sectors have been identified as focal sectors by the Government, a thorough literature review of existing value chain and/or market systems analysis studies on these sectors would be conducted with a supplemental value chain analysis should the literature not provide sufficient detail on current market constraints. The outcome of the needs assessment would guide the implementation of activities in Components 1, 2 and 3.

Based on the needs assessment, the project would develop a modular curriculum to be delivered in appropriate combinations to provide differentiated approaches responding to assessed needs - building on already existing materials/tools where available and applying best practices and lessons learned in terms of content. The project would thus finance technical assistance (TA) and training customized by group type (e.g. self-help group, cooperative, association). Training would strengthen the organizational capacity and coordination within groups with the aim of improving group ability to address areas such as: organizational development and group formation, strategic and business planning, access to markets, cooperative establishment (where desired), leadership skills to advance women and youth to positions of authority, and access to finance and group savings models. For newer groups or those where financial literacy is limited, training would also include financial literacy. Training under the first Component would not cover technical areas around crop production and animal husbandry, which would be covered as part of Component 2. Delivery of training would be contracted out to a service provider, whose services would be planned and supervised in close cooperation with the Ministry of Agriculture, Water Resources and Regional Development (MoAWRRD) in order to increase state capacity.

Component 2: Climate Resilient, Nutrition Smart, and Green Technology Promotion (US\$4.06 million). The second component would support technical training and technology promotion with the aim of strengthening the productive capacity of groups and promoting the adoption of climate resilient and nutrition smart technologies,⁵ as well as supporting the concept of green economy as adopted by the Parliament of the Kyrgyz Republic.⁶ The component would target training to groups and associations based on a modular approach and would take place over multiple seasons and years to maximize learning and capacity strengthening. Climate resilient technologies will include those targeting primary production stage (crop and animal production) as well as post-harvest storage and processing stages. Green technology could focus on applicable use of solar, hydropower or other sustainable energy generation

⁵ The horticulture and dairy value chains, as a focus of the proposed project, meet the conditions of being a Nutrition Smart Agriculture activity, because (i) they contribute to improved nutritional outcomes in making available nutrient-rich, diverse and safe foods that are part of a high-quality diet; and (ii) they are a proven revenue-generating activity in the Kyrgyz Republic. *Nutrition Smart Agriculture: When Good Nutrition is Good Business*
<https://www.worldbank.org/en/topic/agriculture/publication/nutrition-smart-agriculture-when-good-nutrition-is-good-business>

⁶ “Kyrgyzstan is a country of green economy” aims at stimulating the transition to ‘green’ technologies in agriculture and improvement of the regulatory and legal framework for facilitating green economy transition (Government of the Kyrgyz Republic - GoK, 2018).

and clean cooking/processing technologies such as the use of biomass to produce biogas. Additional topics to explore in the application of green technology could include water conservation, environmental management, reversal of land degradation, soil remediation, green approach to integrated pest management, promotion of organic and biodynamic farming, and information and communication technology (ICT) to scale efficiencies in reaching markets as well as overall environmental management. The proposed project will apply the modular training in appropriate combinations with beneficiary groups to identify foods and practices that contribute to more nutrient-rich diets, and facilitate the adoption of production, processing, and post-harvest techniques to address micronutrient deficiencies (eg nutrient content preservation practices).

Participation under Component 2 would be expected to include primarily production-oriented self-help groups (SHGs), cooperatives, producer/farmer groups and business membership organizations/trade associations. Apex or umbrella groups would receive project support only under Components 1 and 3. Groups participating in Component 2 would be mobilized and receive initial support under Component 1. Groups would receive technologies used in demonstrations on a co-financing basis and would commit to continued maintenance and provision of training on the technology. Component 2 would be implemented through FAO TA.

Component 3: Improving Market Readiness (US\$ 2.49 million) The third component would provide targeted technical support with the aim of improving the capacity of groups to become “market ready” by increasing their capacity to deliver services to their members for post-harvest processing, trade and logistics support, and in meeting market compliance standards (food safety and quality requirements. Project financing would include technical support and targeted training on food safety and market requirements; technical support to establish digital tools/market platforms for selected organizations/associations; and detailed feasibility studies or business plans for public-private partnership (PPP) investment in trade and logistics infrastructure. This latter PPP planning would build on already existing examples for public-private partnerships in the country under the PPP Center located in the Ministry of Investment. To strengthen government effectiveness to promote PPPs, this Component would also include training and capacity building activities for the relevant staff of the PPP Center, Ministry of Economy and Finance (MEF) and the MoAWRRD. Capacity building will be targeted to increase their ability to identify, prepare, assess, and implement agriculture and agribusiness projects including market analysis, understanding the roles of the public and private sectors, carrying out feasibility studies, analysis of alternative options, and preparation of various terms of references.

In addition, the Component would explore the potential to apply digital solutions that improve trade facilitation and address certain non-tariff trade barriers. This could include scaling up existing pilot projects demonstrating solid potential. For example, Aiyi Bank, a leading agricultural lender, has developed an e-Marketplace application aimed at digitally assisting producer groups link, manage and move their products to markets. Other existing initiatives are developing functional ‘Warehouse Receipts’ and other trade finance applications that can potentially work in tandem with digital market access applications. The project could work with other donor partners and developers to scale up trials to include producer groups where desired.

Component 4: Project management (US\$ 0.5 million) The project would finance the incremental operating costs of the project, which includes the staff and related costs to the project implementation unit (PIU) reporting to MoAWRRD to implement project activities. This will include costs related to monitoring and evaluation (M&E); communication and knowledge sharing; establishment and operation

of a grievance redress system (GRS); environmental and safeguards management; and financial and procurement management.

Preferred Supervising Entity/ Entities:

The Government of the Kyrgyz Republic has selected the World Bank as the Supervising Entity (SE) for this project and the Food and Agriculture Organization (FAO) as SE for TA.

The World Bank as SE. The World Bank has reviewed this proposal and, on this basis, has issued a letter of readiness to act as SE. The World Bank is currently in discussions to develop a new agricultural investment operation for Fiscal Year 2023. If approved the new proposed GAFSP financing would be implemented alongside the new agricultural investment operation.

Current World Bank activities. Active in the country since its independence, the World Bank Group is currently engaged in supporting Kyrgyz efforts to reduce poverty and promote shared prosperity in alignment with the Kyrgyz *National Development Strategy of the Kyrgyz Republic for 2018-2040* and in line with the World Bank's Country Partnership Framework (CPF) 2019-2022. In line with the *Strategy* vision of a private sector-led and export-oriented growth path, the overarching goal of the World Bank's CPF is to help promote diversified, export-oriented, inclusive, and sustainable growth in the Kyrgyz Republic, focusing on conditions for private sector investment.

Within the agriculture sector, the World Bank is supporting three active operations in the agriculture sector through IDA and GAFSP funding: (i) the IDA-financed Integrated Dairy Productivity Improvement Program (IDPIP) (P174318) which seeks to improve dairy productivity and enhance income generation among project beneficiaries through improved milk quality and production practices; (ii) the GAFSP-financed Agricultural Productivity and Nutrition Improvement Program (APNIP) (P132754), which seeks to improve agricultural productivity through irrigation infrastructure investment and food and nutrition security interventions; and (iii) the IDA-financed Regional Economic Development Program (REDP) (P67428) which seeks to accelerate economic development in the Osh region through investments in agri-business partnerships and tourism and urban infrastructure.

FAO as a SE for Technical Assistance. FAO would act as the SE for technical assistance to provide support for Component 2 activities around Climate Resilient, and Nutrition Smart, and Green Technology Promotion. In particular FAO would provide TA in the planning and design of technology promotion activities and the provision of training itself. FAO would work closely with the PIU, that would lead the procurement inputs and equipment for the technology demonstration. Of the estimated US\$ 4.06 million Component 2 cost, the budget for FAO TA is estimated at around US\$ 1.56 million.

Current FAO activities. FAO has partnered with the Kyrgyz Republic since it joined the Organization in 1993. A country office was first opened in 2009, which generally marked a shift from predominantly emergency interventions to development-focused cooperation, with an emphasis on policy and institutional support as well as resource mobilization. FAO assistance spans the agriculture sector, including crop, livestock and fisheries projects and supports sustainable land and forest management in the face of climate change.

FAO's assistance in Kyrgyzstan is shaped by the 2018-2022 FAO CPF, which is centered on three priority areas: (i) Coherent and gender-sensitive policies and programmes for agriculture, food security and nutrition, social protection and rural development, (ii) Rural poverty reduction through support to

smallholders, (iii) Sustainable natural resource management, and increased resilience to climate change and disasters. Jointly developed with the Government and other partners, the CPF reflects relevant priorities in key national development policies, including the *National Development Strategy of the Kyrgyz Republic for 2018-2040*, the draft Programme “40 Steps to the New Era”, the *Development Program of the Kyrgyz Republic “Unity, Trust and Creation” for 2018-2022* and the National Food Security and Nutrition Programme, drafted with FAO TA. The CPF is fully aligned with the national policies for the livestock, fisheries, and seed subsectors.

2.3. Target populations and targeting strategy

The project will operate on a national basis and target farm or producer organizations that operate within the dairy and horticulture value chains. Selection of these value chains is described in more detail in Section 3. The project will also target farmers, producers –agri-entrepreneurs who are engaged in joint activities through groups or organizations within the dairy and horticulture sectors. The project will prioritize those particularly affected by COVID-19 economic impacts, in particular youth and female-headed households. The project is expected to be implemented across all regions and selection will be based on the following criteria: (i) severity of COVID-19 impact, (ii) poverty rate, (iii) food security and nutrition needs, (iv) market potential and access, (v) associations/groups readiness, (vi) agronomic suitability and potential for productivity gains, and (vii) likelihood that the combination of three project components can have an integrated impact. The project will be open to all organization types but to ensure the project reaches female-headed households and other vulnerable groups, emphasis will be placed on ensuring women participation and leadership.

Project activities will be tailored to address the needs of different organizational types. The project will engage throughout the value chain with a range of value chain actors, applying a value chain cluster approach. The degree of sophistication is expected to vary from group to group and consequently their TA needs will likewise vary. The modular training is intentionally designed to allow adjustment based on needs and group types. For example, entry level producer groups may have a stronger need to improve group formation, to improve production to increase value at markets, and to access applied technology such as drip irrigation or greenhouse horticulture. A larger cooperative or association may need a greater focus on access to common processing facilities, advocacy with policy makers to influence export regulations, or application of digital platforms. A detailed breakdown of group types and types of project interventions is described in Annex 5.

2.4 Market failures addressed through the proposed project activities

More effective coordinated action is needed to overcome market failures within the Kyrgyz Republic’s fragmented agriculture sector. A central benefit of producers or common interest groups is the ability to use collective action to overcome market failures and reduce high transaction costs and risks. The Kyrgyz Republic’s agriculture production is highly fragmented and small farms are typically unable to effectively access markets with regularity or information, unless they organize into effective farmer groups, cooperatives, or associations. However, this type of collective action often fails due to informality, information asymmetry, and low levels of trust among the farmers themselves and between farmers and processors. Development programs across the globe promote formalization of such market-oriented farmer organizations, in order to achieve such outcomes as lower production costs, higher quality products, and larger sales volumes. Improved competitiveness leads to access to higher-value markets,

increased incomes, and better livelihoods for farmers. Targeted public sector support can be effective in promoting such associative actions among farmers and between them and buyers.

The proposed project seeks to boost existing organizations rather than making unsustainable investments in new organizations. Experience shows that these collective or associative actions are best achieved through incentives allocated competitively to self-created and self-managed farmer organizations.⁷ The proposed project would therefore not mandate that farmers create cooperatives or other types of groups but will seek to establish a refined understanding of the typologies and subsequent needs associated to various forms of productive and business groups, then work through arrangements with established groups to build capacity according to those needs.

A critical pre-requisite for Kyrgyz farmers to improve quality for local consumption as well as sell into regional or international markets will be improved quality and compliance with standards on food safety. Considerable advances have been achieved to align the country's regulatory framework and public food safety enforcement capacity with EEU requirements.⁸ However, improving food safety practices along the value chain, specifically for small producers and processors, would be one practical step toward meeting quality for local consumption, as well as improving access to markets, including sophisticated export markets. Agri-food enterprises would benefit from improved processing equipment and facilities, and public support in this case will be limited to promoting innovation and modern technologies rather than granting new equipment to enterprises. What is needed to promote safer food is the implementation of better practices.⁹

2.5 Private sector solutions or opportunities

Improving climate resilience and adopting green economy principles will require private sector engagement. The private sector is key to build back better post COVID and to improve climate resilience and adopt green economy principles in line with the proposals found in the Kyrgyz Green Economy Program. The recent Green Industry and Trade Assessment (GITA) Study finds that to date, little adoption of resource-efficient modes of production has taken place in the country, which is leading to serious environmental damage. The study notes materials used in manufacturing are inefficient and production techniques are wasteful, which demands a call to the private sector to improve practices. The United Nations Industrial Development Organization (UNIDO) recommends a two-pronged Green Industry strategy for growth and economic expansion by shifting industrial production to a system that better manages the growing use of natural resources and pollution through: (i) greening of existing industry; and (ii) creating green enterprises.¹⁰ The proposed GAFSP project would engage private sector producer groups with targeted TA and technology demonstrations, which can emphasize greening their operations by using resources more efficiently, expanding renewable energy sources where possible, and phasing out use of toxic substances. Consistent with Component 2, the project would emphasize reduction of environmental impacts and resource consumption.

⁷ World Bank. 2018. Kyrgyz Republic: Developing Agri-Food Value Chains; Policy Note.

⁸ World Bank. 2018. Kyrgyz Republic: Developing Agri-Food Value Chains; Policy Note.

⁹ World Bank. 2018. Kyrgyz Republic: Developing Agri-Food Value Chains; Policy Note.

¹⁰ Partnership for Action on Green Economy (2019), Kyrgyz Republic Green Industry and Trade Assessment (GITA).

In the context of the COVID-19 pandemic, a robust and sustainable recovery will require a much greater focus on diversification and private sector investment.¹¹ The Kyrgyz Republic’s reliance on a few export commodities has intensified the economy’s vulnerability to shocks and a key recommendation emerging from the 2021 World Bank Country Private Sector Diagnostic (CPSD) is for greater focus on diversification. Agriculture is seen as an important part of the diversification effort, given its importance to the economy and employment. The proposed project is expected to increase opportunities for leveraging new investment in sub-sectors that have shown significant potential such as horticulture and dairy. A recent assessment of export competitiveness showed strong export potential for Kyrgyz Republic cherries, walnuts, fresh apricots, and plums (fresh and dried) to China.¹² Pre-pandemic dairy exports to Kazakhstan have also grown substantially and the potential in both sub-sectors is considered under realized. To diversify export commodities, private sector and government alike have identified the need for improved trade and logistics infrastructure to efficiently and hygienically aggregate, store and prepare greater varieties of horticultural or other perishable products for export.

The Government is facing tighter budget constraints and an enhanced role for the private sector will be crucial to the recovery. Inadequate fiscal buffers, declining revenues, and increased spending pressures on government budgets mean public spending will be constrained over the foreseeable future. The CPSD has highlighted that private sector will need to take a more active role in infrastructure investment, service provision, and economic growth. Constraints in market access infrastructure, in particular the lack of sufficient trade and logistics centers with adequate cold storage located strategically in regions with horticulture production are a common constraint as noted by farmers/producers. The potential to engage in private public partnerships to construct and operate up to new trade and logistics centers through PPP agreements has already been identified as a priority by the Kyrgyz government. Such PPP projects rely on thorough pre-feasibility or other preparatory efforts to reach the promotion and implementation stage.

2.6 Expected results

The proposed project’s theory of change (Annex 2) is based on leveraging the transformative pathways of social capital, sustainable production, and market development. The project’s expected results are improved livelihoods and food security of beneficiaries through increased agricultural productivity, value addition and market access. The project is expected to improve the capacity of producer organizations to access markets, scale up production, meet country food security needs, and improve utilization of climate resilient technologies. The project will emphasize inclusive, gender responsive, climate resilient, nutrition smart, and sustainable intervention approaches in achieving its development objective.

The project outcomes and impacts will be evaluated through both PDO and intermediate-level indicators described in the Results Framework (Annex 2) as well as special studies on selected subjects. The monitoring of project outputs and outcomes will be conducted in partnership with the various implementing agencies. Preliminary indicators for the proposed project have been identified (Annex 2, Table E), and they will be further refined and completed through further consultations during the project preparation. The achievement of project outcomes will be measured primarily through the following key project development indicators: (i) change in business volume and productivity of supported organizations; (ii) numbers of farmers adopting improved agricultural technology; and (iii) percentage of

¹¹ World Bank Group. 2021. “Country Private Sector Diagnostic: Creating Markets in the Kyrgyz Republic, Unleashing the Private Sector to Rebuild Development Success.”

¹² World Bank. 2019. “Central Asia: Russia China 2030: Implications for Horticulture in Central Asia.”

households with improved Food Insecurity Experience Scale (FIES); and (iv) household income. The project will aim to support at least 200 groups, with most of these being informal producer groups.

2.7 Evidence base

Globally there are a number of successful examples on collective or coordinated actions among farmers organizations and producer groups. Europe and the United States have a long tradition of farm cooperatives and developing countries have increasingly experienced success in producer groups accessing both domestic and export markets. Extensive experience with SHGs in South Asia has also shown that these can be important in helping low-income households, women or other vulnerable groups to scale up their level of economic activity and often successfully provide a bridge to access credit from financial institutions.¹³

Several lessons learned have been applied to the proposed project's design. These include: (i) the need for a demand-driven process to allocate support rather than a top down approach; (ii) a strong focus on sustainability and viability to avoid creating groups or supporting groups that cannot be sustained beyond the lifetime of the project; (iv) the need for an appropriate enabling environment for farmers organizations to operate; and (v) formation of cooperatives may not always be the most appropriate choice within a particular context and producer associations can be just as effective in delivery services and enabling coordination.

A key strategy to increase economic empowerment in rural producer groups, in particular for women, is community organizing coupled with organizational strengthening and targeted TA. The experience of the Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women (JP RWEE) program provides evidence of significant improvements for participants in rural self-help groups that received organizational development support, collaborated on agri-food enterprises, and created revolving savings funds for use in emergency and to finance joint activities. Formation of the groups provides a support network that improved their confidence, communication, and leadership skills. As a result, 498 SHGs and 98 rural funds were established in 98 villages, with total savings fund over 7,970,000 KGS (approx. USD 94,300).¹⁴ Group solidarity and membership discipline ensured accurate use of seeds, fertilizers, and improved nutrition, in addition to improved capacity to apply new knowledge on agricultural technologies. As the various groups' membership and cohesion improved, the groups graduated to form Village-level Group Associations and received the IFAD Business Action Learning for Inclusion (BALI) methodology, thus improving their abilities to launch more significant income-generating activities.¹⁵ Following the sessions, more than 90 percent of participants started new business projects such as growing strawberries in greenhouses, production and sales of potato chips, dried yoghurt, and pillows made of organic materials. One cooperative in Osh learned and used an E-commerce application to market produce of local farmers, along with their own range of recyclable bags, dairy products, and handicrafts.¹⁶

¹³ "World Bank; FAO; IFAD. 2009. Gender in Agriculture Sourcebook. Agriculture and Rural Development; Washington, DC : World Bank. <https://openknowledge.worldbank.org/handle/10986/6603>

¹⁴ Final evaluation of the Kyrgyzstan joint UN Women/FAO/IFAD/WFP Programme on Accelerating Progress towards the Economic Empowerment of Rural Women (JP RWEE). Natalia Kosheleva and Elmira Kerimalieva, evaluation consultants. 2019

¹⁵ Joint Programme on Accelerating Progress towards the Economic Empowerment of Rural Women: Decentralized Evaluation. Final Evaluation Report. FAO, IFAD, UN Women, WFP. 2021

¹⁶ Consultation with FAO Country Office, Biskek Kyrgyzstan. August 2021

2.8 Rationale for GAFSP grant funding

GAFSP funding will help fill an important investment gap in the country where relatively little direct funding has been allocated to increase the capacity of producer organizations. Most investments have focused on upgrading infrastructure, supporting productivity improvements within key value chains and increasingly on export and food safety requirements. Limited investment has been devoted to strengthening the producer organization as a complementary investment. The Kyrgyz context as a post-Soviet state also has resulted in poor experience in the past developing cooperatives.

There is a need to re-learn what works in the Kyrgyz context with respect to producer organizations. According to the Kyrgyz National Statistical Committee, the number of operating agricultural cooperatives declined precipitously, from 1,240 in 2006 to 360 in 2016. Regional distribution of the 360 registered cooperatives include Chui region - 56; Issyk-Kul - 49; Osh - 49; Jalal-Abad - 97; Talas - 72; Naryn - 23; and Batken – 13. As of early 2021, the number had further declined to 334 in total. The declining trend in agricultural cooperatives has been attributed to members unwilling to support the antiquated cooperatives model from a previous era.¹⁷ Many cooperatives were formed by producers who lack proper cooperative's governance training, are unskilled when it comes to developing a proper strategic plan, do not operate according to critical enterprise performance metrics and do not have access to advisory on organizational management. Many cooperatives are structured around production with a limited focus on service delivery. Although formal cooperation in cooperatives is very limited, informal cooperation is much more widespread, and the substantial gap between frequency of formal and informal cooperation (8% and 22% of surveyed farmers respectively) suggests that there is large potential for development and adoption of different models of cooperation in Kyrgyzstan.¹⁸

GAFSP funding can have an important demonstration effect. While cooperatives are one important part of the continuum of producer/business groups, the project proposes a more flexible approach to producer groups' support that recognizes a wider range of farmer organization and priorities. It is expected that the project can provide an important demonstration effect for future Government or development partner support. It is through these networks that demonstrations of critical and innovative technology, voluntary development of new standards and coordinated training on existing national standards, and technical training can take place. Fortifying organizational development serves to catalyze stronger performance, introduce innovation, and improve outcomes for the enterprise and consumers alike. Different organizational structures and business models have also successfully provided opportunities for entrepreneurship that facilitate women's empowerment¹⁹ and build women's capacity for leadership and their increasing role in managing producer groups.

¹⁷ Lerman, Zvi and Sedik, David. (2016). Cooperatives in Kyrgyzstan; Findings from a Survey of Cooperatives and Users. Zvi Lerman, Professor Emeritus of Agricultural Economics, Department of Environmental Economics and Management, The Hebrew University of Jerusalem, Israel. David Sedik, Senior Policy Officer, Regional Office for Europe and Central Asia, Food and Agriculture Organisation of the U.N. (FAO), Budapest, Hungary. This study draws on official data from the Ministry of Agriculture of Kyrgyzstan and the National Statistics Committee, as well as field data from a survey of cooperatives and peasant farms conducted with FAO/REU support by a local NGO in the spring of 2012 across the country.

¹⁸ Lerman, Zvi and Sedik, David. (2016). Cooperatives in Kyrgyzstan; Findings from a Survey of Cooperatives and Users.

¹⁹ Bolin, A. (ed.). 2020. *Women's empowerment through collective action: how forest and farm producer organisations can make a difference*. Rome, FAO and London, IIED. <https://doi.org/10.4060/ca8713en>

Section 3: Context and Policy Environment for the Proposed Project

3.1 Country's agriculture and food system

Agriculture is an important sector of the Kyrgyz economy but is characterized by relatively slow growth.

Since the early 2000s, the country has been transitioning away from agriculture: in 2020, it constituted 13.5 percent of the country's GDP²⁰, behind manufacturing (17 percent).²¹ Nevertheless, as of 2019 it remains the single largest employer²² representing 19.3 percent of total employment.²³ This is even more important in a country where more than half the population lives in rural areas (63.1 percent),²⁴ and the majority of those living in rural areas still rely on agriculture for their livelihoods. Even though the Kyrgyz Republic is a net importer of all goods, including agriculture and food goods, food exports account for about 20 percent of total goods exports.²⁵ Agriculture grew annually by an average of only 1.9 percent between 2010 and 2019, falling behind the average agricultural growth in Tajikistan (6.4 percent), Uzbekistan (4.7 percent), and Kazakhstan (2.7 percent) during the same period.²⁶ The agriculture sector has largely remained subsistent and underdeveloped characterized by low labor productivity and use of traditional low-yielding technologies.

The agri-food sector in the Kyrgyz Republic is dominated by smallholders both upstream and downstream.

Most farmers are small in scale (less than five hectares) and not well integrated in the agri-food value chains. They engage mostly in intercropped and mixed crop-livestock systems and produce often for domestic consumption. Any surplus production enters the market usually unprocessed. Middle- and large-scale production systems are mostly privately owned, and benefit from commercial investment targeted to production of wheat, barley, sugar beet, maize, and potato.²⁷ Among the factors affecting low productivity in the smallholder farming sector is low public investment in productive service provision. Although considerable investments have been made in large public infrastructure for agriculture, such as irrigation canals, major roads, electric grids and so on, they have not been reinforced by adequate small-scale infrastructure to promote on-farm service provision and market access. In addition, the linkage of farmers with markets and with agri-food enterprises has not been strengthened, which results in missed opportunities for market pull mechanisms.²⁸

3.2 COVID-19 response and recovery of the agriculture and food sectors

The COVID-19 pandemic has led to a sharp slowdown of the economy in 2020 and 2021 that has resulted in a large economic contraction. Real GDP contracted by 8.6 percent in 2020 because of the COVID-19 pandemic and the measures to contain its impact and domestic political uncertainty related to the 2020 domestic election. Twelve-month inflation rose to 9.7 percent in December 2020 (from 3.1 percent a year earlier), primarily driven by exchange rate depreciation (19 percent). The current account is estimated to have run a surplus of around 4 percent of GDP in 2020, reflecting a 30 percent contraction

²⁰ World Development Indicators (WDI).

²¹ National Statistical Committee of the Kyrgyz Republic, Structure of GDP by types of economical activity.

²² National Statistical Committee of the Kyrgyz Republic, Employment.

²³ World Development Indicators (WDI).

²⁴ WDI.

²⁵ World Bank. 2020. Country Economic Memorandum.

²⁶ WDI.

²⁷ CIAT; World Bank. 2018. Climate-Resilient Agriculture in the Kyrgyz Republic. CSA Country Profiles for Asia Series. International Center for Tropical Agriculture (CIAT); World Bank, Washington, D.C.

²⁸ World Bank. 2018. Kyrgyz Republic: Developing Agri-Food Value Chains; Policy Note.

in imports and resilient export earnings that— supported by gold exports—declined only by about 2 percent. Higher expenditures and weaker revenues drove a widening of the general government deficit in 2020, to 4.2 percent of GDP (from 0.5 percent in 2019). The fiscal easing was appropriately aimed at supporting private enterprises and addressing health and social needs. Tax payment deferrals and temporary tax exemptions for crisis-affected businesses resulted in a decline in tax revenues. An increase in grant receipts partially offset the tax shortfall. Expenditure increased owing to greater compensation to medical workers, spending on medicines, personal protective equipment, and other medical materials. The higher deficit—together with the GDP contraction and Som depreciation— drove an increase in public debt to 68 percent of GDP in December 2020 from 52 percent a year ago. The COVID-19 crisis has had adverse effects on labor income, the biggest factor in poverty reduction. Combined with the fall in the purchasing power of a substantial share of the population due to inflation, this leaves many people highly exposed to the economic consequences of the pandemic.²⁹

The adverse economic and health impacts have lowered welfare and increased poverty. The poverty rate in the Kyrgyz Republic in 2020 is estimated to have increased by 11 percentage points, from 20.1 percent in 2019 (national estimate), pushing an additional 700,000 people into poverty – a massive number for a population of 6.6 million.³⁰ This has led to 700,000 new/additional poor people that may require social assistance, and children are among the most highly impacted and at-risk of suffering the most devastating long-term consequences. The number of poor children is expected to increase by 230,000. The economic downturn is anticipated to disproportionately impact rural communities, young people, women³¹, and marginalized groups. Moreover, the Kyrgyz Republic is dependent on remittances from labor migrants, that declined 25 percent year-on-year for January–May 2020. Estimated continued decline might translate into a 4–5 percent decrease of GDP.³²

The COVID-19 pandemic has also affected agricultural markets and food supply chains. Both food processing and domestic and external marketing (imports and exports) were affected by the pandemic. Despite agriculture being classified as a priority sector, restrictions on movement have impacted agricultural labor and service delivery within some rural areas. Lower farm-gate prices have been observed, due to an inability to move products between farms, distributors, and processors. At the same time, consumers have faced higher prices in retail locations due to lack of supply. The Kyrgyz Republic is a net importer of many food products and was affected by the temporary export restrictions imposed by Kazakhstan, especially wheat and flour. Currency devaluation also raised the cost of importing raw material and inputs as well as finished food products. As a result, food security concerns have increased. A World Bank survey of community representatives and local government officials (conducted from October 2020 to March 2021 in all seven regions of the country) revealed that more than 90 percent of respondents were concerned about the food security of people living in rural areas; more than 70 percent of respondents note increased prices or shortages of staple goods; and the number of grievances about

²⁹ <https://www.worldbank.org/en/news/feature/2021/03/17/one-year-later-in-the-kyrgyz-republic-s-battle-against-covid-19>

³⁰ <https://www.worldbank.org/en/news/feature/2021/03/17/one-year-later-in-the-kyrgyz-republic-s-battle-against-covid-19>

³¹ According to the OECD, women may be far more exposed than men to the socio-economic impacts of the crisis. In Europe and Central Asia, for example, women perform on average twice as much unpaid care work as men, a burden currently increased by school closures, food insecurity, and members of the family falling ill. In addition, the enforced confinement of families has had severe implications for women's safety at home, with recent months seeing a surge in domestic violence across Central Asia. In the Kyrgyz Republic, cases of domestic violence have increased by 67 percent. Seasonal migration usually tends to reduce intimate partner violence, but with cross-border migration coming to a halt, women face greater insecurities at home. <https://www.oecd.org/coronavirus/policy-responses/women-at-the-core-of-the-fight-against-covid-19-crisis-553a8269/>

³² United Nations Development Programme; Asian Development Bank. 2020. COVID-19 in the Kyrgyz Republic: Socioeconomic and Vulnerability Impact Assessment and Policy Response.

food shortages increased from 5 percent in October 2020 to 23 percent in March 2021.³³ In addition, constraints of the agri-food sector for continuous supply, uninterrupted value chains, and capacity to respond to shocks have been exposed during the crisis. The sector's potential contribution to poverty reduction is likely to increase in importance as the socio-economic impacts of COVID-19 are felt. Higher unemployment and the reduction in remittance levels, and the return of migrant workers has resulted in an increased reliance on agricultural activities as rural households search for alternative sources of income. Prior to the pandemic it was estimated that over 700,000 Kyrgyz citizens were abroad as labor migrants, working primarily in Russia. Many migrant workers returned from Russia and Kazakhstan due to COVID-19 related reduction of economic activity in these countries. Temporary or longer-term agricultural activities may increase in rural family households to generate income.

3.3 Additional national, regional and local context for the proposed project

Drought and shortage of irrigation water in the spring-summer period of 2021 led to a significant decrease in the collection of major crops. This is expected to lead to an increase in the cost of feed for farm animals and, as a result, an increase in the cost of raw materials for the dairy (and meat processing) industry in the future. The rise in the cost of agricultural products will make them competitively unattractive for export markets, which will lead to a decrease in export volumes. As for the domestic market, the rise in food prices will negatively affect the purchasing power of the population. As of end July 2021, grain crops (excluding legumes, rice and buckwheat) were harvested from the area of 230.7 thousand hectares, which is 3.3 percent less than on the same date last year and about 285 thousand tons of grain were threshed (52 percent less). Due to abnormal high temperatures this summer and a lack of irrigation water during the growing season, the gross harvest of wheat decreased by 41.4 percent, barley - by 57.9 percent, fruit and berry crops - by 31.2 percent, potatoes - by 6.3 percent and melons - by 3.5 percent.

3.4 Alignment with the country's agriculture and food security strategies

The proposed project activities are in line with the country's national strategies. A significant part of the *National Sustainable Development Strategy (2018-2040)* is devoted to agriculture, and the government's priority for the country to not only ensure its own food safety, but also to "regain the status of a major supplier of organic agricultural products and processed goods to the international market that meets international standards and requirements." The document also recognizes the importance of integrating smallholder producers into groups (calling them "nodes of growth").³⁴ The *Development Program of the Kyrgyz Republic (2018 – 2022)* reaffirms these priorities, and also calls for the establishment of logistics centers for agricultural projects in the regions together with accompanying infrastructure (such as processing enterprises and transport companies).³⁵ A February 2021 *Presidential Decree on agro-industrial complex development* decreed the creation of mechanisms of cooperation to improve farmers' access to innovation and ensure the introduction of modern technologies, including resource-saving

³³ World Bank. 2021. Brief on Social Impact of COVID-19 in the Kyrgyz Republic.

³⁴ The *National Development Strategy of the Kyrgyz Republic for 2018-2040* available at: <http://www.stat.kg/en/nsur/> (select pages: 86 – 91).

³⁵ The *Development Program of the Kyrgyz Republic "Unity, Trust and Creation" for 2018-2022* available at: http://donors.kg/images/DEVELOPMENT_PROGRAM_OF_KR_Unity_trust_creation.pdf (select pages: 6, 8, 32 – 33).

technologies in agriculture; and the introduction of digital technologies in agriculture with elements of e-commerce to ensure the traceability and safety of agricultural products.³⁶

The development of the agricultural sector is a cornerstone of the country's Food Security and Nutrition Program (2019 – 2023).³⁷ The key policy areas for achieving the strategic goal are: (1) *Increasing food for domestic consumption* through support of sustainable national agricultural production of staple foods; (2) *Ensuring food access/affordability for the population* through amongst others promoting income generating employment opportunities; (3) *Improving nutrition status of the population* through expanding and supporting favorable policy conditions for improving nutrition, and building sustainable public demand for healthy foods; and (4) *Increasing safety of food products* through ensuring food safety at all stages of the agricultural value chain, and informing all participants in the value added chain and the population on food safety. The proposed project will contribute to the above key policy areas.

As part of its COVID-19 crisis response strategy and Anti-Crisis Plan, the Government of the Kyrgyz Republic has prioritized interventions that can assist vulnerable rural households to maintain their livelihoods and incomes. The Government is requesting GAFSP support for the proposed project because it helps operationalize its pandemic response by engaging in strengthening livelihoods, expanding income generation, and enhancing resilience of agri-food value chains. The proposed project will increase the emphasis on income generation and resilience by scaling up activities that have shown the highest potential to reach more vulnerable rural households and support sustainable business growth and job creation in rural areas.

Section 4: Cross-cutting Themes

4.1 GAFSP priority cross-cutting themes

- Gender and empowerment of women and girls
- Climate resilience
- Improved nutritional outcomes

4.2 GAFSP thematic focus areas

Gender and empowerment of women and girls. With respect to gender inequality targets, the Kyrgyz Republic fares better than most of its comparators, but challenges remain in some areas.³⁸ Scores on international gender indexes are relatively high for education and health but low for political empowerment and some aspects of economic participation and opportunities, such as labor force participation and earned income. Women are less likely to be employed and, when employed, they earn on average 30 percent less than men. Further, while male out-migration to the Russian Federation for work has weakened some of the traditions that had limited women's economic and civic roles (thus

³⁶ Decree of the President S. Japarov on agro-industrial complex development (February 2021) available at: http://www.president.kg/ru/sobytiya/ukazy/18616_ukaz_prezidenta_sadira_ghaparova_omerah_porazvitiyu_agropromishlennogo_kompleksa_kirgizskoy_respubliki (no pages provided; Decree is available as an online webpage).

³⁷ *Program of Food Security and Nutrition Program in the Kyrgyz Republic (2019 – 2023)* available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/14562> (no pages provided; Program is available an online webpage).

³⁸ The Country Partnership Framework (CPF) for the Kyrgyz Republic (FY19–22) (Report No. 130399-KG).

creating greater space for women to engage in paid work),³⁹ further actions are needed to enhance women's participation in economic activity.

The proposed project would include a specific focus on women, who face a range of barriers to their entrepreneurship and employment opportunities in agriculture. Women are significantly involved in crop production. Most female rural entrepreneurs cultivate plant, vegetables, and tobacco (90 percent compared with 52 percent of men's businesses).⁴⁰ Women are also engaged in greenhouse cultivation of medicinal plants, vegetables, flowers, and seedlings for sale to local households.⁴¹ Although women are active in production, they are less visible in post-production stages for commercial purposes. Similarly, even though Kyrgyz women have an important role in animal husbandry, men are customarily viewed as the owners of livestock. Female-headed households are less likely to own livestock than male-headed households (41 percent as opposed to 56 percent).⁴² Human and financial capital constraints hindering women's entrepreneurship and employment opportunities include a lack of technical skills, business knowledge, and limited access to financial service. Women tend to have less access to agricultural extension services and information on marketing opportunities for products. Women do not seem to have access on a regular basis to advice and expertise provided by an agricultural extension and advisory program.⁴³ The project will address gender disparities in the agriculture sector that hamper female productivity and entrepreneurship: (i) under Component 1 by providing capacity building and organizational strengthening that can help capacitate women to take leadership roles within groups; and (ii) under Component 2, by facilitating women's access to improved agricultural inputs and services. This will be pursued by specific focus on organizing women-led and women-oriented farmer field schools, with services respecting women's schedules and other responsibilities to ensure maximum women participation (i.e. provision of lunch, short distance to the demo farm). The project includes results indicators to monitor these actions (Annex 2).

***Climate resilience.* Agriculture is a key entry point for the country's climate mitigation and adaptation agenda.** The Kyrgyz Republic ranks as the third-most vulnerable country to climate change among the countries in the Europe and Central Asia region with large impacts expected on water availability, pasture productivity, and crop yields. Agriculture is the main consumer of fresh water. Agricultural production, based on irrigated agriculture, consumes the lion's share of water (93 percent) of the total available water reserves in the country.⁴⁴ Unsatisfactory technical conditions of irrigation and water distribution systems, equipment wear, and poor irrigation methods contribute to overuse of a precious resource. Pasture lands around settlements are used most intensively, as summer pastures are out of reach to the smallholders due to distance and lack of transport. Productivity of summer and winter pastures has decreased by 3 times over the past 50 years. Overuse of pastures has led to a decrease in their productivity resulting in the loss of 11.5 million tons of natural fodder annually.⁴⁵ Even though the overall outlook for crop production in the Kyrgyz Republic is mixed with in general a positive outlook expected in sub-humid

³⁹ World Bank. May 20, 2020. Enhancing Resilience in Kyrgyzstan Project.

⁴⁰ Food and Agriculture Organization (FAO). 2016. National Gender Profile of Agricultural and Rural Livelihoods - Kyrgyz Republic. Available at: <http://www.fao.org/3/a-i5763e.pdf>

⁴¹ Food and Agriculture Organization (FAO). 2016. National Gender Profile of Agricultural and Rural Livelihoods - Kyrgyz Republic. Available at: <http://www.fao.org/3/a-i5763e.pdf>

⁴² Food and Agriculture Organization (FAO). 2016. National Gender Profile of Agricultural and Rural Livelihoods - Kyrgyz Republic. Available at: <http://www.fao.org/3/a-i5763e.pdf>

⁴³ Food and Agriculture Organization (FAO). 2016. National Gender Profile of Agricultural and Rural Livelihoods - Kyrgyz Republic. Available at: <http://www.fao.org/3/a-i5763e.pdf>

⁴⁴ PAGE (2017), Inclusive Green Economy in the Kyrgyz Republic: Stocktaking Report

⁴⁵ PAGE (2017), Inclusive Green Economy in the Kyrgyz Republic: Stocktaking Report

environments (wetter areas), and a negative outlook in arid environments, any potential gains in yields of crops such as wheat, are expected to be overtaken by the effects of potential increases in the frequency of drought events and extreme heats.⁴⁶ The Kyrgyz Republic is also vulnerable to natural and climate-related hazards. Drought, land and mudslides, flash floods, and glacier lake outburst floods (GLOFs) contribute to significant levels of disaster risk.⁴⁷ The average annual cost of damage caused by various types of climatic hazards, including drought for major crops (e.g., wheat, barley, vegetables, and sugar beet), is already significant.⁴⁸ Landslides, floods, mudflows, and avalanches have damaged infrastructure and led to economic losses in the agricultural sector.⁴⁹ The average annual agricultural losses to hazards incurred between 1991–2011 were estimated to be about US\$ 14 million.⁵⁰ Adaptation is an imperative for the Kyrgyz agricultural sector. Reducing overuse of techniques such as furrow irrigation, and creating water- savings irrigation reservoirs, creating a network of seasonal, decadal and daily watering reservoirs coupled with innovative technologies for water resources management is critical.

The project is expected to promote a range of activities that will enhance the adaptation and mitigation capacity of farming systems in the project area. This will be achieved through the improvement of smallholder farmer field schools and training programs in climate-smart agriculture practices and technologies; and promotion of regionally appropriate forages, practice rotational grazing, practices of animal waste management to reduce methane and nitrous oxide escape and maximize manure application to the soil. The project will encourage utilization of energy-efficient and climate-resilient materials and designs, and activities related to human resource development will include topics on understanding climate change, the implications in the Kyrgyz context, frameworks adopted by the Kyrgyz Republic to address climate impact, tools and techniques to facilitate designing and implementing climate adaptation and mitigation approaches. By supporting measures that help farmers mitigate negative impact and improve their adaptive capacity and resilience, the project will contribute to the Kyrgyz Republic’s climate action plan, particularly for the agricultural sector, both adaptation and mitigation goals as stated in its 2015 intended nationally determined contribution (INDC).

Improved nutritional outcomes. The project’s focus on dairy and horticulture sub-sectors addresses one of Kyrgyz Republic’s malnutrition constraints, poor food diversification. The Kyrgyz Republic exhibits multiple forms of malnutrition, and malnutrition and dietary risks are the top two risk factors driving most death and disability combined in the country.⁵¹ Kyrgyz households have difficulty accessing nutritious diets. Even though the share of dietary energy supply derived from cereals, roots and tubers (kcal/cap/day, 3-year average) has declined from 59 percent in the early 2000s to 52 percent in 2015-2017 in the Kyrgyz Republic,⁵² it is still high. Moreover, the 2020 Fill the Nutrient Gap study in the Kyrgyz Republic revealed that although most households could afford a purely energy-diet diet, a nutritious diet would be accessible only to three out of five households and costing 2.5 – 3 times more than the energy-sufficient diet.⁵³ The country's high dependency on imported staples and other basic food items

⁴⁶ Climate Risk Profile: Kyrgyz Republic (2021): The World Bank Group and Asian Development Bank.

⁴⁷ Climate Risk Profile: Kyrgyz Republic (2021): The World Bank Group and Asian Development Bank.

⁴⁸ CIAT; World Bank. 2018. Climate-Resilient Agriculture in the Kyrgyz Republic. CSA Country Profiles for Asia Series. International Center for Tropical Agriculture (CIAT); World Bank, Washington, D.C.

⁴⁹ CIAT; World Bank. 2018. Climate-Resilient Agriculture in the Kyrgyz Republic. CSA Country Profiles for Asia Series. International Center for Tropical Agriculture (CIAT); World Bank, Washington, D.C.

⁵⁰ Climate Risk Profile: Kyrgyz Republic (2021): The World Bank Group and Asian Development Bank.

⁵¹ Institute for Health Metrics and Evaluation (IHME), Kyrgyzstan <http://www.healthdata.org/kyrgyzstan> , accessed on 05 November 2020.

⁵² FAOSTAT.

⁵³ WFP. Kyrgyz Republic Country Brief. February 2020.

particularly affects the poor, who spend over half of their household income on food-related expenses. Available dietary intake data for the Kyrgyz Republic reveals that (national) intake for fruit, vegetables, legumes, nuts and seeds, and whole grains, which are considered protective dietary factors is below the theoretical minimum risk of exposure level (TMREL).⁵⁴ Vegetables' intake is higher than for the other protective dietary factors, but it is still below the TMREL.

The project's focus on horticulture and dairy would contribute to expanding access to nutritious food among producer households and to longer term goals of increasing access in domestic markets. A healthy and diversified diet will be promoted through: (i) increasing the availability of safe and diverse vegetables and fruits locally; (ii) ensuring availability of animal proteins for household consumption; and (iii) improving the year-round availability of nutrient-rich foods at the household level by encouraging the processing and conservation of locally produced foods. The following criteria (among others) can be considered in the project to enhance the nutritional impact of commercial value chains: (i) selection of varieties with a high nutrition content; (ii) selection of processing methods that enhance shelf-life with minimal nutrient loss; and (iii) clear labeling of production to guide consumers' selection. Promotion of good practices for improved nutrition will also be done through nutrition education interventions, including Behavior Change Communication for improved nutrition, social marketing campaigns through the media including radio programs, ICT messaging – largely building on the material and success of the existing GAFSP-financed APNIP.

4.3 Linkage between proposed activities and national policies and strategies related to cross-cutting themes

Gender and empowerment of women and girls. The proposed project is aligned to national gender strategies. The *National Development Strategy of the Kyrgyz Republic for 2018-2040* calls for amongst others “a shift [towards] increased economic opportunities for women through the expansion of female employment into traditionally non-female occupations and expansion of women entrepreneurship support programmes.”⁵⁵ The *National Strategy and National Action Plan for Gender Equality (2021 – 2023)* that will define the priority areas of state gender policy are being finalized and are expected to be approved in the coming year. Priority tasks include developing women's entrepreneurship; creating conditions necessary to ensure decent work; increasing the legal and financial literacy of women; and mainstreaming gender in climate change adaptation policies. The proposed project is expected to contribute to increasing the capacity of women to engage in income-generating and entrepreneurship activities, as well as to promote the generation and adaptation of gender-inclusive technologies (e.g. considering both male and female physiques in developing technologies, and labor-saving technologies for women's traditional tasks in agriculture, such as weeding, harvesting).

Youth employment is an increasing concern for government and producers' organizations can provide important entry points for youth. The *National Development Strategy of the Kyrgyz Republic for 2018-2040* mentions that “at the moment, 32 percent of Kyrgyzstan's population is youth [and] according to research undertaken by international organizations more than 35 percent of the youth is studying and 50 percent are employed. A significant part of the youth that is neither studying nor employed is a social risk

<https://reliefweb.int/sites/reliefweb.int/files/resources/2020%2002%20Kyrgyz%20Republic%20Country%20Brief%20February.pdf>

⁵⁴ TMREL represents the optimal dietary intake that minimizes risk from all causes of deaths combined.

⁵⁵ *National Sustainable Development Strategy for the Kyrgyz Republic (2013-2017)*. Available at : <http://cbd.miniust.gov.kg/act/view/ru-ru/61542> (Select pages: 46-47).

group.”⁵⁶ The strategy calls for the creation of the development of the real sector that would be able to absorb the country’s available working age labor population. Although agriculture is not explicitly mentioned by the youth-specific policies and programs,⁵⁷ the sector has proven able globally to create new and good jobs down and up the agricultural stream. The proposed project will aim through the strengthening of groups to also provide a platform for young people to discuss opportunities in agricultural development, share experiences and advocate for greater youth engagement and representation.

Climate resilience. Investments under the proposed project contribute to the Kyrgyz Republic’s international commitments and its own priorities around building climate resilience. The Kyrgyz Republic is committed to the Paris Agreement and sets forth adaptation and mitigation actions in its 2015 INDC. The Kyrgyz Republic’s INDC states that its adaptation target is to prevent climate change-related damage and losses in the country. It also sets out the required financial resources for adaptation and expected reduction of economic losses, along with monitoring and reporting modalities. For mitigation, the INDC indicates that the Kyrgyz Republic will reduce greenhouse gas emissions in the range of 11.49 percent to 13.75 percent below the business-as-usual (BAU) scenario in 2030 and in the range of 12.67 percent to 15.69 percent below the BAU scenario in 2050.

The National Development Strategy of the Kyrgyz Republic for 2018-2040 recognizes the importance of integrated policies balancing social, economic and environmental dimensions of development. One such effort of the *Strategy* is the formal resolution dated 14 November 2019 on the *Approval of the Program of the Development of Green Economy (2019-2023)*. This effort is a focus on green energy, agriculture, industry, low carbon transport, sustainable tourism, waste management and natural ecosystems.⁵⁸ The program links to these critical national policies most pointedly as it embraces agricultural practices around sustainable land uses, counteracting land degradation, engaging in water smart agriculture to combat desertification, and introduction of innovative ICT and applied technologies that increase efficiencies and reduce environmental impact. Such technologies as efficient logistics management which if applied well stands to reduce the volume of transport to more efficient routes and more efficient use of transport, thereby reducing the number of vehicles on the road. The project raises awareness of environmental impact and introduces new technologies, which in turn improves the human capacity to engage such technology and increases the availability of qualified staff. Raising awareness within the agricultural sector of their contribution to unsustainable practices invites the public to take measures to mitigate their contributions. The project can actively contribute to the objectives of the declaration of Green Economy by: (i) assisting with conservation and restoration of the natural environment; (ii) identify use of ecosystem services in a more sustainable manner; (iii) planning of agricultural activities with biodiversity in mind; and (iv) developing among the beneficiaries a culture of ecological awareness and promote habits of careful treatment of species.

⁵⁶ *National Sustainable Development Strategy for the Kyrgyz Republic (2013-2017)*. Available at : <http://cbd.minjust.gov.kg/act/view/ru-ru/61542> (Select pages: 44 – 45).

⁵⁷ Program of the Kyrgyz Republic "Development of youth policy for 2017-2020." Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/100209>; and CONCEPT Youth Policy (2020-2030). Available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/157204>

⁵⁸ Government of the Kyrgyz Republic Resolution dated 14 November 2019 #605. On Approval of the Program of the Development of Green Economy in the Kyrgyz Republic for years 2019-2023 https://www.un-page.org/files/public/resolution_of_gkr_on_approval_of_the_program_of_the_development_of_green_economy_in_the_kyrgyz_republic_for_years_2019-2023-eng_1.docx

Improved nutritional outcomes. The proposed project supports the core elements of the country's *Food Security and Nutrition Program (2019 – 2023)*⁵⁹ (outlined in Section 3.4). It contributes to the four primary pathways identified in the national strategy to improve nutrition outcomes of agriculture interventions. The four pathways identified include: (i) improved nutritious food production; (ii) increased agricultural income; (iii) increased consumption of nutritious food; and (iv) improved women's empowerment. The proposed project interventions focusing on increasing productivity and market development will lead to increased income and a pathway to improved nutrition and food security through enhanced access. The proposed nutrition related communication, diversification of crops, and processing will support the income pathway and lead to improved food security and nutrition outcomes for the targeted beneficiaries.

4.4 Role and involvement of women and girls

Project design and implementation will include specific measures to respond to the needs of women and girls to participate in project activities. Given the vulnerability of women in the Kyrgyz Republic, the proposed project will include: (i) sensitization and capacity building of the project team, particularly on gender mainstreaming interventions, empowerment of women; (ii) development of gender-sensitive tools in targeting, planning and monitoring and evaluation; (iii) knowledge management and communication on good targeting practices; and (iv) the integration of a targeting and gender officer within the PIU, who will also be responsible for functional literacy, information-sensitization and communication aspects. The project's inclusive targeting strategy will also aim to include young women (and men) aged 18 to 35 in the various activities. For young people, the project will support their integration into the supported groups, the creation of youth groups and rural micro-entrepreneurship for young people.

Prioritization criteria will respond to the needs of women and girls. The project will strengthen agricultural value chains with a special focus on involvement of women and girls placing emphasis on post-harvest handling, processing, and marketing systems as well as linkages with private sector. Specific emphasis will be given to building women and youth leadership skills. The project will strengthen selected farmer organizations for improved agricultural productivity and healthier household nutrition. The project will proactively engage women and girls. Specifically, the project will work closely with identified women groups to serve as service providers and support farmers to shift from subsistence agriculture to commercial agriculture. Local extension experts (youth and women) identified by farmer groups will be trained to provide fee-based extension services at the local level in project areas where public sector extension agents are not present. The project will introduce ICT-enabled learning and knowledge exchange to strengthen farmer organizations and extension services.

The project targets production oriented SHGs, or productive organizations primarily of women, with the intent to disrupt the intergenerational transfer of poverty and disempowerment of rural women and increase leadership abilities. Consultations with representatives of the target population strongly confirmed that access to better knowledge, exposure to new technologies, and leadership training were highly important to them. The project will conduct training that increases participants' confidence and leadership skills, improve organizational capacities to participate effectively as members of larger cooperatives or unions, to engage in advocacy efforts that influence relevant policy and increase

⁵⁹ *Program of Food Security and Nutrition Program in the Kyrgyz Republic (2019 – 2023)* available at: <http://cbd.minjust.gov.kg/act/view/ru-ru/14562> (no pages provided; Program is available an online webpage).

awareness of their rights as women. The project has also the potential to support expanding women's leadership goals in groups through capacity building and skills development.

Section 5: Project Implementation, Sustainability and Budget

5.1 Risks, negative externalities or spillovers

The project's overall risk rating is assessed as Moderate. As part of proposal preparation a review of existing reports to identify patterns of any systemic issues that could increase risk to the project, personnel or beneficiaries and engaged field staff and other counterparts on the ground was undertaken. The overall risk rating is based on Substantial risk rating for institutional capacity, and a Moderate risk rating for political/governance, macro, technical design, fiduciary, environment and social safeguards, and other risks. The institutional capacity for implementation is rated substantial due to the need to finalize PIU arrangements and the potential need to quickly amass the right technical and managerial competencies to implement the project. The substantial risk rating is also based on past experience, which has shown that the signing and ratification of projects in the Kyrgyz Republic can delay implementation. The issuance of authorization for signing of financing agreement and subsequent ratification of it by the Parliament involves many clearance steps and is a lengthy process that can span many months. This risk is expected to be mitigated through pro-active engagement with Government and parliament stakeholders and building in time in the implementation schedule to allow official processes to proceed.

In terms of risks related to environmental and social safeguards, potential risks and impacts are not considered significant as they represent various agricultural processing activities that are temporary by nature and site specific and can be easily mitigated by applying best construction and/or agro processing practices and relevant mitigation measures. The primary instrument for managing these risks is the World Bank's Environmental and Social Management Framework (ESMF), which will be developed if this proposal application is successful. An additional risk is the risk related to the COVID-19 pandemic and is assessed as Moderate. COVID-19 factors that would affect project performance could include movement restrictions between project communities, drop in agricultural product prices, and increase in agricultural production input prices.

5.2 Sustainability of the project outcomes

A key factor to sustain the positive project outcomes of the groups is incorporation of "economic models based on solidarity". As production-oriented SHGs, cooperatives and associations develop their individual and collective confidence through organizational strengthening, access to training and resources, starting new and strengthening existing business provides the incentive to sustain their gains. Evidence from the JP WREE project shows that group participants started more than 150 small businesses and experienced a 30 percent increase in household incomes. In Jalal-Abad, Osh, Naryn, Chui and Batken provinces, three women's cooperatives and two women's associations were formed with a total of 1,700 members. These organizations coordinate the bulk of procurement of inputs and the processing of produce and have strengthened the farmers bargaining power within the value chain. Cumulative revolving capital of the five organizations is over USD 107,000. In the final evaluation of JP WREE to the question "Will self-help groups and associations continue in your village after the programme

completion?” 82 percent of the respondents said yes, with 12 percent responding Yes, but with external support, and only 6 percent were undecided.⁶⁰

Where project activities result in the provision of revolving inputs or capital equipment, applications for technology demonstrations or market readiness support will be subject to proper due diligence on the sustainable use of the assets. In the case of contributions for capital equipment or capital improvements on assets to achieve the groups’ specific market driven goals, a pre-condition of the award is a verified pay for use, member dues for maintenance, or other equitable cost share scheme that anticipates adequate collections for cost of maintenance and operations.

5.3 Stakeholder involvement and consultations

In accordance with public health protocols, virtual consultations were conducted on the proposed GAFSP proposal. As part of the proposal preparation process, internal government consultations took place within the Kyrgyz government including the MoAWRRD (12 August 2021), the MEF (18 August 2021), and the Center for PPP in the Ministry of Investment (17 August 2021). Donor consultations included direct consultations with partners (World Bank, FAO, WFP, and IFAD) and the development partner working group (02 September 2021). Each of the consultations with donor partners brought observations of complementarity while avoiding overlap, as well as additionality, building upon lessons learned, particularly with activities proposed under Components 1 and 2.

Consultations with stakeholders were also conducted to solicit feedback on project design. Consultations included private sector business organizations including the umbrella organizations of Kyrgyz Dairy Union (19 August 2021), and the Kyrgyz Union of Cooperatives (24 August 2021). A representative sample of SHGs were consulted including representatives (leaders) of 11 SHGs in Osh (23 August 2021), representatives (leaders) of 9 SHGs in Issyk-Kul (24 August 2021), representatives (leaders) of 5 SHGs in Osh, Jalal-Abad and Naryn (24 August 2021), as well as leadership representatives of 2 cooperatives in Issyk-Kul and Jalal-Abad (24 August 2021).

Collectively, the consultations with stakeholders represents the continuum of ‘groups’ involved in the horticulture and dairy sectors, starting with self-help groups all the way through to umbrella organizations. A semi-structured interview following a set interview guide was used to provide consistency across consultations. The comments raised by participants confirmed the relevance of the proposed activities, and has informed the development of the proposal and in particular the design and targeting of Component 2 activities. See the interview guide and full summary of findings in Annex 6.

5.4 Proposed project implementation arrangements

Implementing agency. The implementing agency for the project will be MoAWRRD. The ministry has extensive experience in implementing investment and technical assistance projects funded by various donors. The ministry has three PIUs tasked with implementation of donor-funded projects, all with experience of at least several projects. These are (i) Irrigation PIU, (ii) Agriculture PIU, and (iii) Agribusiness Competitiveness Center (ABCC). The Government is reviewing its policies and practice with respect to its

⁶⁰ Final evaluation of the Kyrgyzstan Joint UN Women/FAO/IFAD/WFP Programme on Accelerating Progress towards the Economic Empowerment of Rural Women, pg. 58.

PIUs, which may also include their consolidation. Therefore, the selection of a particular PIU for the project will be revisited during the preparation and appraisal of the project if funding is approved.

Implementation approach. Component 1 implementation will begin with an assessment of market and resilience-focused opportunities and specific capacity needs to identify the types and continuum of ‘groups’ already involved in the dairy and horticultural sectors to see where opportunities may exist to partner. The study will identify how prevalent group types are, where they are located, level of formality, and their differentiated needs and purpose. Consultation interviews will include the target population as well as other implementers of programs addressing similar needs to determine synergies and incorporate best practices. Curriculum development will follow the study and will make use of existing teaching and training materials proven effective, with care to use a modular approach to address unique needs within the types of groups including topics on organizational development and group strengthening, relevant technical training and technology demonstrations, and improved readiness to engage in markets. Component 1 includes the initial study, awareness and mobilization, and delivery of training and TA on topics of organizational development and group strengthening.

Component 2 begins with the development of a design and a plan to promote climate resilient, nutrition smart, and green technology relevant technology promotion. Also informed by the initial needs mapping study, the plan will include technologies and techniques that are applicable in primary production and post-harvest processing and storage. Such areas could include water conservation, land and soil restoration, curbing land degradation, and promotion of organic and biodynamic farming. The plan will include technical training/assistance, and demonstrations of applied technologies. Component 2 will implement concurrent to Component 1 contingent on group readiness.

Component 3 addresses improved market readiness, which will include a strong emphasis on compliance with food safety, handling, and quality standards technical training/assistance, in addition to introduction of digital platforms and tools. Informed by the initial mapping and needs assessment, a curriculum will be adopted that best meets the group's particular needs. Independent of the groups, the project will work with developers of digital tools and platforms that ease access to markets and improve efficiencies, addressing existing non-tariff barriers. Where appropriate, platform development, trials and introduction of technologies to the network of groups will take place. Separately, the project will support the design and promotion of PPPs, working closely with the Center for PPPs and relevant ministries, conducting feasibility studies to support PPP development. Component 3 will also implement concurrent to Components 1 and 2.

5.5 Coordination with other partners

Synergies and partnerships with on-going programs. The project will co-finance and complement an emerging agriculture/agribusiness project being planned for funding by the World Bank⁶¹ but also complement other related on-going investment programs financed by IFAD and WFP/GCF. The GAFSP proposed project is designed to provide complementarities to on-going programs by financing a gap in support of producer organizational development. Technical service providers and donor partners such as the World Bank, IFAD, ADB, FAO and WFP are engaged in a variety of projects related to improved food security, agriculture, livestock, dairy, access to markets, poverty reduction, gender equity and

⁶¹ Detailed project design has not started yet, but the preliminary preference of the Ministry of Agriculture, Water Resources and Regional Development was on development of agriculture value chains and clusters.

environmental resource management. A common approach across many programs is targeting SHGs, producers and farmers groups as recipients of relevant technical support specific to their sectors or as beneficiaries of targeted grants for input and equipment. Consultations with partners confirmed that the proposed GAFSP financing would fill gaps as most current projects put a heavier emphasis on technical training and technical inputs or equipment, and significantly less focus on organizational development and strengthening of core functions of producer organizations to promote organizational growth. The proposed GAFSP financed project will include producer organizations that may be participating in other programs, but who may not have received organizational support.

In particular, the IFAD-funded Access to Markets Project (ATMP) and the World Bank-financed REDP may be areas for joint activities partnership. Both programs focus on agri-business partnerships and supporting farmers groups to work with processors or other 'Lead Entities' to align supply with off-takers and enhance access to markets. Program investments lack organizational development resources dedicated to fortifying these farmers groups in and of themselves as organizations and developing sustainable functioning entities beyond the linkage to a lead entity. Consultations with the WFP are also underway to establish activities aligned with the GCF, many of which align with the climate smart, transition to green economy aspects of the proposed project under Component 2. The potential to collaborate during implementation could also be explored further with other partners who are active the agriculture space such as Aga Khan, and GiZ. Lastly, investments under this GAFSP proposed project ("country proposal") would also complement a planned submission to the GAFSP producer organization window developed in consultation with the WFP.

Building on lessons from on-going programs. A number of projects (such as ATMP, IDPIP) have already piloted or launched proof of concepts on digital tools that are ready for scale up. GAFSP financing under Component 3 is expected to be used to build on these efforts to scale up successful models to interested groups. The proposed project will also leverage the APNIP experience with production-oriented SHGs and nutrition education/ awareness activities.

5.6 Overall project budget

Total proposed budget for the project is US\$ 8.5 million. The estimated budget for proposed component activities is presented in Annex 1. The estimated budget follows the project's design and expected results, which would target, among others, at least 200 groups for organizational support, development of 245 technology demonstrations, training of 20 trainers, establishment of at least 4 digital platforms or tools, and at least 6 PPP feasibility studies. The project budget allocates an extensive amount to technical training and other investment based on the project's objective to support organizational development and strengthening.

Impact on the proposed project design if full requested amount is not awarded. Should there be a need for a reduction in project budget this would be possible by reducing: the number of geographic areas where the project will be implemented, with priorities based on poverty rate and food security and nutrition needs; and /or the number of people and households who will benefit from the project. Reduction in the total number of target project participants based on the above-mentioned criteria, and a final decision on the geographical location of project activities will ensure resources are most effectively and efficiently utilized.

Annex 1 – Project Budget Tables

Table A: Summary of Overall Project Funding

Funding Source	Amount	Has this funding been secured (Yes/No)?
GAFSP grant amount requested	8,500,000	n/a
- Investment	6,939,000	n/a
- Technical Assistance	1,561,000	n/a
Government co-financing	To be determined	
Other Funding Sources		
- World Bank pipeline agricultural investment project planned for FY23	To be determined	No
Total Project Funding	8,500,000	

Table B: Detailed Budget for Investment Project

Components	Activities	GAFSP Funding Amount Requested (US\$)	Other Funding Sources Amount (US\$)
Component 1: Organizational development and strengthening	Activity 1: Needs Assessment Mapping	175,000	n/a
	Activity 2: Curriculum development	150,000	n/a
	Activity 3: Awareness raising and group mobilization	374,000	n/a
	Activity 4: Technical & Organizational Training	750,000	n/a
	Sub-total	1,449,000	
Component 2: Climate Resilient, and Nutrition Smart, and Green Technology Promotion	Activity 3: Technology demonstrations	2,500,000	n/a
	Sub-total	2,500,000	
Component 3: Strengthening market readiness	Activity 1: Food safety and quality standards	950,000	n/a
	Activity 2: Digital tools and platforms	590,000	n/a
	Activity 3: Feasibilities, Design and Promotion of PPP	950,000	n/a

Components	Activities	GAFSP Funding Amount Requested (US\$)	Other Funding Sources Amount (US\$)
	Sub-total	2,490,000	
Component 4: Project management	Activity 1. PIU staff, overhead and monitoring costs	500,000	
TOTAL BUDGET FOR ALL COMPONENTS		6,939,000	

Table C: Detailed Budget for Technical Assistance Project

Components	Activities	GAFSP Funding Amount Requested (US\$)	Other Funding Sources Amount (US\$)
Component 2: Climate Resilient, and Nutrition Smart, and Green Technology Promotion	Activity 1: Planning/design for technology promotion	152,500	n/a
	Activity 2: Technical Training	1,409,000	n/a
Total		1,561,000	

Underlying assumptions for the proposed budget. Unit costs are derived from actual ones in existing and previous projects implemented by the World Bank and FAO in the Kyrgyz Republic. The budget for activities was derived based on the following breakdown:

Components	Activities	Outputs	Units	Rate	Total	Budget Items
Component 1: Organizational development and strengthening	Activity 1: Needs Assessment Mapping	Report	1	\$ 150,000	\$ 150,000	Technical consultancy contract
			1	\$ 25,000	\$ 25,000	Stakeholder consultation process
	Activity 2: Curriculum development	Detailed curriculum plan	1	\$ 150,000	\$ 150,000	International expert/consultancy
	Activity 3: Awareness raising and group mobilization	# awareness campaigns & groups mobilized	1	\$ 374,000	\$ 374,000	Self help group service provider contract (local NGO)
Activity 4: Technical training on Organizational Development & Group Strengthening	# of Training events	1	\$ 650,000	\$ 650,000	Training delivery service provider contract (local);	
		1	\$ 100,000	\$ 100,000	Service provider contract (local) for management/org development; International expert/consultancy	
Sub-total: Component 1					\$ 1,449,000	
Component 2: Climate Resilient, and Nutrition Smart, and Green Technology Promotion	Activity 1: Planning/design for technology promotion	Workplan	1	\$ 75,000	\$ 75,000	FAO experts
			1	\$ 77,000	\$ 77,000	Stakeholder consultation process
	Activity 2: Technical training	# of Training events	10	\$ 25,000	\$ 250,000	FAO experts;
			610	\$ 1,900	\$ 1,159,000	Training events
Activity 3: Technology demonstration	# of tech. demonstrations	50	\$ 20,000	\$ 1,000,000	Equipment;	
		175	\$ 8,000	\$ 1,400,000	Inputs/seed;	
		20	\$ 5,000	\$ 100,000	Demonstration establishment costs	
Sub-total: Component 2					\$ 4,061,000	
Component 3: Strengthening market readiness	Activity 1: Food safety and quality standards	# of trainers trained	20	\$ 3,500	\$ 70,000	Training of trainers for POs
			20	\$ 2,000	\$ 40,000	Training tools and materials
			200	\$ 1,200	\$ 240,000	Technical consultancies/TA
			600	\$ 1,000	\$ 600,000	Training events for PO members
	Activity 2: Digital tools and platforms	# of platforms/ digital tools launched	4	\$ 90,000	\$ 360,000	Deployment of digital platforms, IT equipment/services
			40	\$ 2,500	\$ 100,000	Technical consultancies/TA
			20	\$ 2,500	\$ 50,000	Training of trainers for POs
			8	\$ 10,000	\$ 80,000	Training events for PO members

Components	Activities	Outputs	Units	Rate	Total	Budget Items
	Activity 3: Designing and promoting PPPs	# of PPP studies	6	\$ 75,000	\$ 450,000	Feasibility studies / consultancies (international/local experts)
		# of knowledge exchanges	4	\$ 125,000	\$ 500,000	Knowledge exchange events & Capacity Building of MoEF and MoAWRRD to promote PPP
Sub-total: Component 3					\$ 2,490,000	

Annex 2 – Results Monitoring Matrix and M&E Arrangements

Table D: GAFSP Tier 1 and Tier 2 Core Indicators

#	Tier 1 impact indicators for all GAFSP projects	Check if Yes
1	Food and nutrition security ☑ Mandatory Food Insecurity Experience Scale (FIES) indicator and optional indicators are Food Consumption Score (FCS), Minimum Dietary Diversity-Woman (MDD-W) and Minimum Dietary Diversity -Children (MDD-C)	☑
2	Household income	☑
3	Crop yield (apply only to those projects with explicit productivity gain goals)	☐
#	Tier 2 indicators for all GAFSP projects, <i>Mandatory Breakdowns</i> [†] (unit) ☑ Indicator notes	
1	Number of beneficiaries reached, gender disaggregated, percentage who have been helped to cope with impact of climate change ^{††} ☑ People receiving benefits from the project. ☑ Disaggregation for gender and those receiving Climate-Smart Agriculture (CSA)-specific support.	☑
2	Land area receiving improved production support, <i>percentage of these that are climate smart</i> (ha) ☑ Area that adopted new inputs/practices, new/rehabilitated irrigation services, land registration, etc. ☑ Disaggregation for climate-smart interventions.	☐
3	Number of smallholders receiving productivity enhancement support, gender disaggregated, climate-smart agriculture support ☑ Number of end-users who directly participated in project activities. ☑ Includes technology/technique adoptees, water users with improved services, those who had land rights clarified, people offered new financing/risk management services. ☑ Using CSA approaches.	☑
4	Number of producer-based organizations supported (number) ☑ Relevant associations established or strengthened by project.	☑
5	Volume of agriculture loans that are outstanding. ☑ Volume of outstanding loans for agriculture and agribusiness in a financial institution	☐
6	Percentage of beneficiaries with secure rights to land, property, and natural resources (percent of total beneficiaries) ^{**} ☑ Measured as those with legal documentation or recognized evidence of tenure and those who perceive their rights are recognized and protected.	☐
7	Roads constructed or rehabilitated, percentage resilient to climate risks (km) ☑ All-weather roads built, reopened, rehabilitated, or upgraded by project. ☑ Percentage that are designed to withstand changes in climate.	☐
8	Number of post-harvest facilities constructed and/or rehabilitated (number) ☑ Includes markets, agro-processing/storage/quality control facilities.	☐
9	Volume of agricultural production processed by post-harvest facilities established with GAFSP support, <i>by food group</i> (tons) ☑ Tons of total produce processed sorted by 10 major FAO food groups.	☐
10	People benefiting from cash or food-based transfers, <i>gender disaggregated</i> (number of people) ☑ Number of people who benefited from cash or food transfer interventions.	☐
11	People receiving improved nutrition services and products, <i>gender disaggregated, age disaggregated</i> (number of people) ☑ Number of people who received nutrition counseling/education, recipients of Ready-to-use-Therapeutic Foods, bio-fortified foods, and Vitamin A and micronutrient supplements. ☑ Number of people receiving extension support for nutrition-relevant techniques (e.g., homestead gardens, Farmer Field School support, etc.).	☑
12	<i>Direct employment provided; gender disaggregated</i> (full-time equivalent) ☑ Number of direct employees in a client company. ☑ Part time jobs aggregated to full-time equivalent.	☐
13	Persons receiving capacity development, <i>gender disaggregated, organization type</i> (number of people) ☑ Agricultural and non-agricultural rural training and capacity building support provided. ☑ Distinguishes between individual producers/household members, civil society organization staff, and government officials.	☑

14	Number of substantive deliverables on food security processes completed (number) <input checked="" type="checkbox"/> Measures “soft support” for institutional development provided through discrete deliverables. <input checked="" type="checkbox"/> Deliverables include policy studies, strategies and plans, best practices, and lessons learned, among others.	<input checked="" type="checkbox"/>
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Table E: Proposal Stage Results Monitoring Matrix

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources (Data collection instruments)
Project Impact Indicators				
Indicator 1: Percentage of households (HHs) with improved Food Insecurity Experience Scale (FIES) (50 percent) (<i>GAFSP Tier 1 Core Indicator</i>)	%	Tbd	10% increase	Baseline end of project survey
Indicator 2: Household income (<i>GAFSP Tier 1 Core Indicator</i>)	KG soum	TBD	10% increase	Baseline end of project survey
Project level indicators				
Indicator 3: Change in business volume and productivity of supported organizations	%	0	10	Mid term and end of project survey
Indicator 4: Farmers adopting improved agricultural technology (disaggregated for female) (World Bank Corporate Results Indicator, CRI)	Number	0	3,000	Mid term and end of project survey
Component level indicators				
Component 1: Organizational Development and Strengthening				
Indicator 5: Number of producer-based organizations supported by project (<i>GAFSP Tier 2 core #4</i>)	Number	0	200	Project reports
Indicator 6: Number of Persons receiving capacity development, gender disaggregated, organization type (<i>GAFSP Tier 2 core # 13</i>)	Number	0	4,500	Project reports
Indicator 7: Number of organizations increasing their level of sophistication (as measured by increased formalization/ registration, or implementation of new business or strategic plans or service delivery models)	Number	0	75	Project reports
Indicator 8: Increase in number of women occupying group leadership or enterprise management/leadership positions	%	0	10	Mid term and end of project survey
Component 2: Climate Resilient and Nutrition Smart Technology Promotion				

Indicators	Unit of measurement	Baseline	End-of-project target	Data sources (Data collection instruments)
Indicator 9: Number of farmers participating in productivity enhancing and climate-smart training activities (gender disaggregated) (GAFSP Tier 2 core # 3)	Number	0	4,000	Project reports
Indicator 10: Number of people receiving improved nutrition services and products (disaggregated for gender) (GAFSP Tier 2 core #11)	Number	0	2,000	Project reports
Indicator 11: Number of green, CSA and nutrition smart technology demonstrations	Number	0	245	Project reports
Component 3: Improving Market Readiness				
Indicator 12: Number participating in food safety and quality training activities	Number	0	2,625	Project reports
Indicator 13: Number of trainers trained in PO service delivery models	Number	0	40	Project reports
Indicator 14: Number of digital platforms and tools deployed	Number	0	4	Project reports
Indicator 15: Number of substantive deliverables on food security processes completed (number) [PPP feasibility studies produced and endorsed] (GAFSP Tier 2 core #14)	Number	0	6	Project reports

Project M&E arrangements

The proposed project will develop an M&E framework and a communication and knowledge management strategy, that will include the following: (i) the project's Theory of Change, (ii) cascading Results Framework and M&E strategy to operationalize the Results Framework, and (iii) compliance with GAFSP/World Bank Group requirements, including the selection of key core indicators and specific indicators for food security, nutrition, gender, and civic engagement. These systems would guide operational and performance monitoring, as an input into adaptive program management and accountability. The project M&E system will assess actual change against stated objectives as an indication of whether development efforts and investments are worthwhile or 'cost-effective'. It will also promote lessons learned, add value to project initiatives, and ensure availability and accessibility of information and knowledge generated by the project.

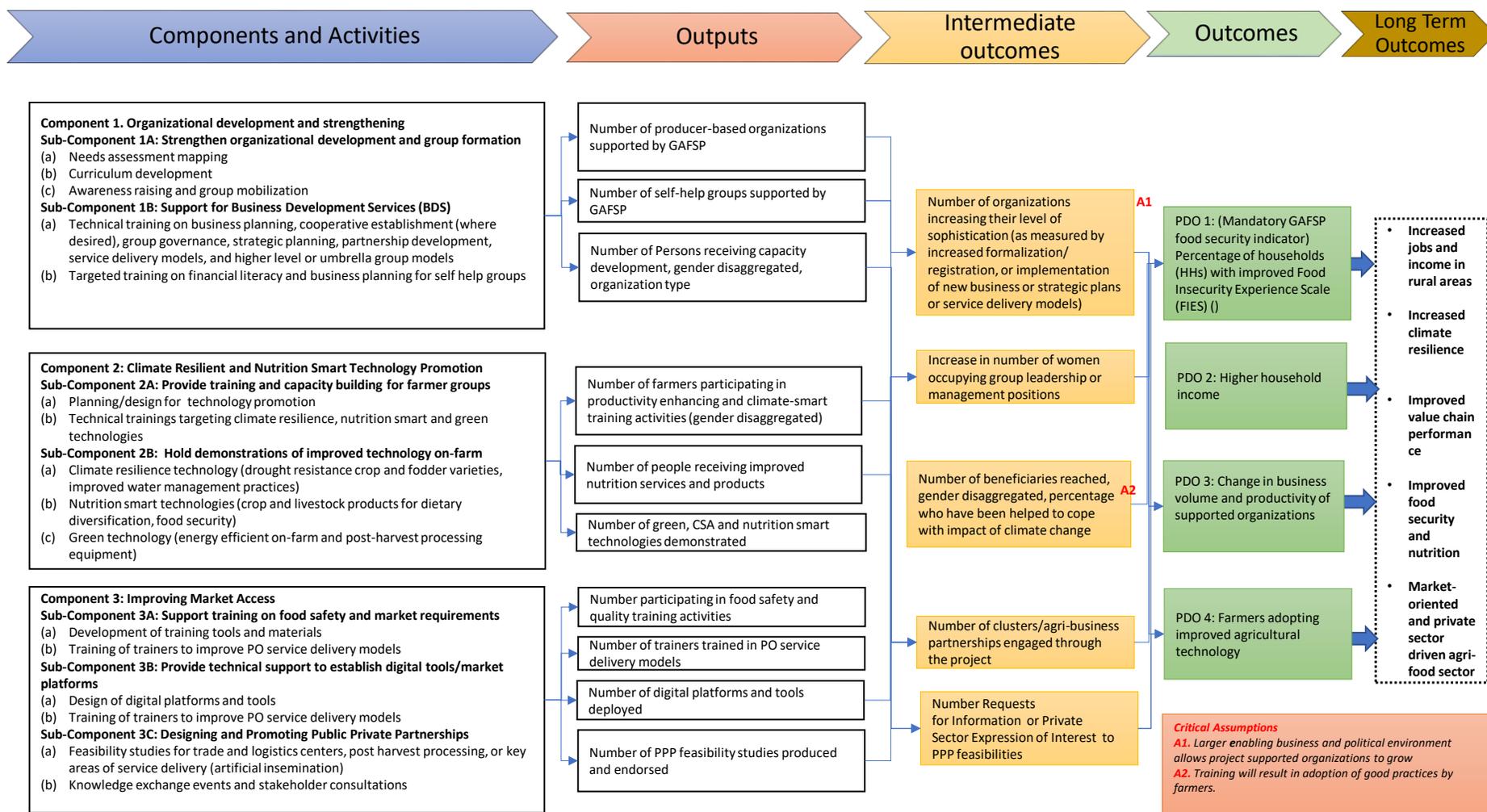
Communication and knowledge management. The project will constantly develop and improve its knowledge services and platforms, stimulate higher rates of engagement and willingness to collaborate in the creation of high-value content, and generate new insights that contribute to the established knowledge base and documenting lessons learned for sharing and feeding into policy reforms that can further enhance performance of the agricultural sector in the Kyrgyz Republic.

Baseline, midterm, and program evaluation. The presence of a project baseline and an agreed set of performance indicators relating to project outcomes and impacts is a basic requirement. The M&E guidelines for the GAFSP projects recommend tracking food security through, among others, improved access to nutritious foods on-farm, increased availability and lower prices of diverse nutritious foods in markets, improved food safety, and increased income which can be spent on more diverse nutritious food if such food is available, affordable, and convenient. The Food Insecurity Experience Scale (FIES) indicator that measures the prevalence of food security is one of the recommended core food security indicators for the GAFSP-funded projects. The baseline for this will be set through survey data at the start of project implementation as it will be required for ex post impact assessment. The same approach will also be followed also for setting baseline and end line targets for improved income of targeted households (the other GAFSP Core Indicator). For the other indicators in the Results Framework, the project will gather data from secondary sources and a project-specific baseline survey. Independent consultants will be required to conduct surveys required for project evaluation, including establishing the baseline at the start of the project, midterm technical audit and beneficiary assessment, and end-of-project evaluation. These assessments will also include a household food and nutrition survey in the same timelines, on start, midterm, and in year five of the project—when a rapid (non-experimental) impact evaluation will also be conducted.

The project will leverage ICT tools to establish an online, on-demand project management system to support communication, collaboration, citizen feedback, and grievance redressal. It will use a mobile tablet-based platform⁶² to keep track of project operations, processes, progress, and lessons learned that will feed into the project’s overall management information system and M&E function.

⁶² The project will collaborate with the World Bank’s Geo-Enabling Monitoring and Support (GEMS) initiative to establish an online platform consisting of a cloud-based database, a web portal, and mobile data collection applications based on the Kobo ToolBox – an open-source software that enables the collection and reporting of real-time data to facilitate project monitoring and supervision. <https://www.worldbank.org/en/topic/land/brief/geospatial-technology-and-information-for-development>

Theory of Change



Annex 3 - Risks and Negative Externalities

Table F: Project Risk Assessment

Risk	Likelihood (L, M, H)	Risk rating (L, M, H)	Risk description	Proposed mitigation measures
Technical design ^{21F63} :	L	L	Risk that technical design could affect the project from reaching its objectives.	Establish common understanding on the need and make agreed upon revisions as appropriate.
Institutional capacity for implementation ^{22F64} :	H	M	Risk that there is insufficient capacity to implement the project.	Strengthen technical support to implementing institutions and also build the capacity of procurement and financial management staff on procurement and financial management procedures and guidelines to efficiently provide the required support to the project.
Technology acceptance	L	H	Limited adoption of improved technologies and practices.	Demonstrate improved technologies appropriate and adaptable to specific localities with active participation of beneficiaries.
Fiduciary	M	H	Failure to maintain agreed upon procurement and financial management procedures.	Provide capacity building support at all levels to establish clear understanding on procurement and financial management procedures, regulations and guidelines.
Environmental and social	L	L	Project related activities threaten environment and society.	Integrate environmental and social impact assessment frameworks, plan and implement mitigation measures.

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

⁶³ Indicative list of risks to assess: the technical complexity of the project; the extent to which project design is informed by analytical work; adequacy of number of components and subcomponents; past experience in designing and implementing similar operations; whether the design incorporates or relies on untested or unfamiliar technologies and processes; the extent to which project benefits dependent on external factors beyond the scope of the project.

⁶⁴ Indicative list of risks to assess: the complexity of the institutional arrangements (at central and local levels) such as number of implementing entities involved; geographical spread of project intervention areas and remoteness of these areas; experience of proposed implementing agency with similar scaled projects with international organizations.

Table G: Evaluation of Negative Externalities

Potential Negative Externalities	Likelihood (L, M, H)	Risk rating (L,M,H)	Description of potential negative externalities	Proposed mitigation measures
Environmental.	L	L	Potential environmental risks and adverse impacts from agriculture activities could include soil erosion, loss of soil productive capacity, soil compaction, soil pollution, surface, and underground water pollution, generation of hazardous and non-hazardous wastes (e.g., pesticides, and agrochemicals waste) and, nuisance odor, and health and safety-related issues.	Agricultural activities proposed under the project will be screened using an environmental and social management framework that will exclude any activities with significant negative impacts and propose mitigation measures for those that may have limited negative impacts. Overall impacts is expected to be limited given the focus on improving climate resilience and improving productivity.
Social.	L	L	Potential social risks include potential exclusion and marginalization of poor farmers or vulnerable groups or the exacerbation of tensions between different geographic or ethnic groups. No land acquisition is envisioned as part of the project.	The project will work with existing groups that have developed social cohesion. In the project’s initial needs assessment efforts will also be made to assess the landscape and typologies of groups to better understand any underlying social issues and ensure equity and transparency in prioritization of project support.
Gender	M	M	Potential adverse risks include potential exclusion and marginalization of women or exacerbation of tensions around gender roles.	The project will target the participation of women, including women’s groups for support. Training and capacity building will be provided to both men and women within groups and can include gender issues.

For Likelihood: L (low probability), M (moderate probability), or H (high probability).

For Risk rating: L (low risk or impact), M (moderate risk or impact), or H (high risk or impact).

Annex 4 - Prior GAFSP Grant

Project Name	Agriculture Productivity and Nutrition Improvement Project (APNIP)
Country	The Kyrgyz Republic
GAFSP Grant Amount and Amount Disbursed	Total Grant: US\$ 38.88 Amount Disbursed: US\$ 26.55
Grant Approval Date	Third Call (2013) and Second Call (2012); Project approval by SE: 12/11/2015
Project Status	Under Implementation
Project Closing Date	06/30/2022
Project Implementation Update (<i>implementation progress, results, challenges, etc.</i>)	<p>As of August 25, 2021, disbursements have reached US\$26.555 million out of US\$38.0 million. Around 85% of the grant proceeds are committed. While the progress over the last six months improved with completion of design works and of most activities under Components 2 and 3, there is a risk that a third of construction contracts under Component 1 will not be completed by the project closing date. Urgent attention is required for contract management to accelerate progress of works and completion of procurement for the remaining irrigation schemes under Component 1, and procurement of seeds and fertilizers under Component 2.</p> <p>Component 1. Rehabilitation and Modernization of Irrigation and Drainage Infrastructure has been rated <i>Moderately Unsatisfactory</i>.</p> <p>Component 2. Agricultural Advisory Services has been rated <i>Satisfactory</i>.</p> <p>Component 3. Nutrition Improvements has been rated <i>Satisfactory</i>.</p>
Most recent/last Supervising Entity Implementation Rating for (i) achieving project objectives and (ii) implementation progress.	The progress towards achievement of the Project Development Objective (PDO) by the project closing date has been downgraded to <i>Moderately Unsatisfactory</i> along with the implementation progress rating which was also downgraded to <i>Moderately Unsatisfactory</i> . These ratings reflect substantial delays in progress of infrastructure activities under Component 1 placing achievement of one PDO indicator (specifically PDO#3 Water Users who received Improved Irrigation and Drainage Services) and four intermediate results indicators related to Components 1 and 2 at risk.
Will the project proposed under this proposal build on or be linked to this prior GAFSP grant? If so, in what way?	The proposed project will build on the successful experience of Self Help Groups (Component 3, but closely coordinated with Component 2) and will capitalize on the extensive nutrition awareness and behavioral change campaign undertaken (Component 3). Both these activities have <i>Satisfactory</i> ratings.

Annex 5 - Proposal Preparation Team

Name	Title	Organization	Email
Temirbek Azhykulov	Adviser	Ministry of Agriculture, Water Resources and Regional Development	temirbek.azhykulov@gmail.com
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Elena Isaeva	Consultant	FAO	elena.isaeva@fao.org

Annex 6 – Target Beneficiaries and Proposed Interventions

Type of Group	Characteristics	Primary Needs of Group	Targeted TA	Selection Criteria
<p>Production oriented Self Help Group</p> <p>Or</p> <p>Sector Based Solidarity or Affinity Groups (pre-coop)</p>	<ul style="list-style-type: none"> Local, village based and person to person recruitment. Voluntary Group oriented Formed in response to need Informal Participatory Often Donor Supported 	<ul style="list-style-type: none"> Mutual support (in kind and financial), poverty reduction, livelihoods, food security. Basic Financial Literacy Fundamental Agri training. Fulfill needs of consumption first, income second Access to information, finance, markets 	<ul style="list-style-type: none"> Group governance techniques: coalition building, communications, information sharing Environment & Nutrition smart agriculture Increasing Yield Cash crop production Group savings/lending or microcredit Wealth /asset accumulation techniques Coalition building with like groups Organizational sustainability 	<ul style="list-style-type: none"> Severity of COVID-19 impact Poverty rate Geographic locations that host the most highly Food insecure populations. Target number per group = 30-40 per village Selection dependent on demonstrated 'skin in the game' through commitments to the group (i.e. dues, savings, in kind donations, incorporating training) Group production focuses on similar goods or services Group composition is inclusive, sensitive to marginalized and most vulnerable.
<p>COOPERATIVES</p> <p>(Farmers / Producers Groups)</p>	<ul style="list-style-type: none"> Independent & Private Business as members Range from Semi-formal to Formal Voluntary & open membership Member oriented & democratic Members economic participation Independent Education, training & information Concern for community Member sustaining Profit motive to distribute proceeds to members 	<ul style="list-style-type: none"> Mutual & Collective support, improved technique & yields Economies of scale Risk mitigation Shared capital equipment, Collective savings/finance, Value chain training Agrotechnology training. Business and Financial Literacy Access to Markets Access to capital 	<ul style="list-style-type: none"> Cooperatives good governance best practices: coalition building communications within coop, information sharing. Environment & Nutrition smart agriculture Technical training on better agricultural practices to increase yields, diversify varieties, achieve quality, etc.. Market information where to find pricing on inputs and market sell price on goods. Market linkage information on markets or wholesalers or input providers. Quality improvement techniques and standard requirements 	<ul style="list-style-type: none"> Severity of COVID-19 impact Priority Geography or value chain heavily impacted by COVID-19 Potential for positive contributions to food security, employment and livelihoods Potential for positive impact in scale through application of environmentally smart and green tech or practices At least two years as a cooperative or with continued growth and participation of members

Type of Group	Characteristics	Primary Needs of Group	Targeted TA	Selection Criteria
			<ul style="list-style-type: none"> Networking with other cooperatives 	
Business Membership Organizations (BMO) or Sectoral Associations	<ul style="list-style-type: none"> Independent & Private Business as members Formal Voluntary Selective membership from specific sectors to pursue common objectives Member oriented & democratic Members' subscription/dues required Independent Dues & Subscription driven – self-sustaining when member interests are served Serve the interests of business Non-profit motive of BMO as it is there to serve members only 	<ul style="list-style-type: none"> Established to give member companies a voice and to engage in collective action. Provide services to members at favorable cost or exceptional expertise Access to information, statistics, market information, etc. Provision of technical services such as legal, sector specific technical, or environmental consultancy. Provision of training and development Value added services (that subsidize the cost of advocacy) Small business access to big business services 	<ul style="list-style-type: none"> Best practices on Association Governance Best practices of service driven organizations Principles of advocacy Alliance Building - Creating Partnerships and Collaborations BMO Strategic Planning Development of voluntary standards Information on regulations and working with authorities Building sustainable organizations focused on diversifying revenues, organizational governance, communications, membership Public Private partnerships Public Private dialogue Market linkages Networking opportunities Quality improvement and/or value addition 	<ul style="list-style-type: none"> Severity of COVID-19 impact Strategic sector or Business community that was either disproportionately impacted by COVID-19 Strategic sector that has Potential to scale positive contributions to food security, employment and livelihoods Ability to provide positive impact for self-help and cooperatives/BMOs if strengthened Demonstrated membership renewals and growth over the time of formation Three years of continuous operations Legal entities Generating revenue from non-donor sources
	<ul style="list-style-type: none"> Voluntary association but aligned to specific trade or sector Members associate on trade matters but retain individual business identity 	<ul style="list-style-type: none"> Provide market information to members Information on emerging business opportunities Provide advice on technical and legal matters Ensure members do not engage in unfair practices and act as 	<ul style="list-style-type: none"> Best practices on Association Governance Best practices of service driven organizations Principles of advocacy Alliance Building - Creating Partnerships and Collaborations 	<ul style="list-style-type: none"> Trade is strategic to address agriculture, food security, inclusive growth, and champion environmentally responsible practices and contribute to improvements in green technology adoption At least five years as an organization and strong membership representation

Type of Group	Characteristics	Primary Needs of Group	Targeted TA	Selection Criteria
Trade Association	<ul style="list-style-type: none"> • Objective is to promote the business interests of members, serve as platform for discussions and advocacy • Members' subscription/dues required • Concerned about environment to operate business and their rights as workers. • Dues & Subscription driven – self-sustaining when member interests are served 	<ul style="list-style-type: none"> forum to settle disputes • Engage in collective advertising • Engage in policy and legislative matters on behalf of its members • Serve on government boards or trade councils • Networking among members • Influencing policy and regulatory reform 	<ul style="list-style-type: none"> • Trade Association Strategic Planning • Dispute resolution and conflict settlements training • Principles of engagement on trade related and market research • Labor rights, fair wage, social protection • Advocacy • Information sharing and networking • Training on increasing production yields 	<ul style="list-style-type: none"> • Demonstrated commitment to standards of fair trade and ethical practices
Umbrella Associations, Chambers or Specialty Organizations	<ul style="list-style-type: none"> • National focus involved in policy and regulatory reform • Platform to engage in public private dialogue on agriculture, environment, and labor issues 	<ul style="list-style-type: none"> • Information • Evidence based research • Sectoral and crop specific market opportunity 	<ul style="list-style-type: none"> • Public policy advocacy • Linkages to grassroots orgs/coops • Communications • Research • Raising revenues to support advocacy 	<ul style="list-style-type: none"> • National • Existing public private dialogue platforms • Ag part of mission • Org Sustainability

Annex 7 – Stakeholder Consultation Report

I. SELF-HELP GROUPS (SHGs)

08/23/2021, a consultation was held with 11 SHGs of 5 districts of Osh region organized in the process of mobilization during the implementation of the project APNIP "Improving Agricultural Productivity and Nutrition"⁶⁵funded by GAFSP.

Participated:

SHG representatives / leaders:

No.	District	Village	SHG	Number of SHG participants	Full name of SHG representative
1	Kara Kulzha	Togotu	Ak tilek	25	Turbbekova Rakhatkan
2	Nookat	Өсөр 1	Surma	24	Gadaeva Surmakan
3	Nookat	Өсөр 2	Narsuuu	24	Kalbaeva Ymykaly
4	Nookat	Alashan	Bereke	28	Sheralieva Mariyam
5	Өзгөн	Kyzyl October	Mol tyshym	54	Kambarova Gulya
6	Kara Suu	kysh Abad	Nur	48	Karbosova Zhazgul
7	Kara Suu	Kara Dөбө	Pashakan	50	Akmatkulova Pashakan
8	Karasuu	Kyzy Abad	Activist	thirty	Ismailova Toktokan
9	Kara Suu	Kyzyl Mekhnat	Omad	24	Abdullaeva Hilola
10	Arawan	Achchy	Yntymak	thirty	Khamraeva Humaray
11	Arawan	Achchy	Yntymak	thirty	Rakhmankulova Gulnara

Elena Isaeva, FAO Consultant, member of the GAFSP proposal development working group.

Ayida Zhamangulova, Director of the PF Agency for Development Initiatives. AIR was involved in the stage of social mobilization of SHGs in the implementation of the APNIP project.

Busayra Abdrakhmanova, coordinator of the PF Agency for Development Initiatives in the Osh region.

Zulaikha Muratova, interpreter.

The consultation was conducted online, in the Kyrgyz language for the convenience of the participants.

⁶⁵ https://apnip.water.gov.kg/?page_id=1486&lang=en

The consultation was conducted according to the agreed methodology of the consultative interviews (Appendix to this report) and using the interviewing guidelines for Self-Help Groups (SHGs)

Subject area and component alignment	Questions	Answers
Getting to know the group and its objectives	<ul style="list-style-type: none"> ● Tell me about your group. What was it called, when and why it was formed, and what is its objective? ● How many members? How were members recruited and what was their motivation to join? ● Have the members been in other groups like your group before or gone on to other groups after? 	<ul style="list-style-type: none"> ● Representatives of 11 SHGs from 5 districts of Osh oblast took part in the consultation. Formed in the process of mobilization during the implementation of the APNIP project "Improving agricultural productivity and nutrition". The goal is collective involvement in increasing agricultural productivity and improving nutrition of the rural population of the region. Improving the well-being of families. They are mainly engaged in the procurement of fodder, the cultivation of vegetables and fruits. Organic production. ● The number of participants in a group varies from 20 to 55 people. The composition of the groups is multinational. The groups include representatives of low-income families, diverse specialists. The motivation to join was the access to funds / group savings, trainings, exchange of experience. ● No, the majority of SHG members are women who have not previously taken an active part in such an association.
Organizational Structure, Development & Governance Training (Component 1)	<ul style="list-style-type: none"> ● Given your experience, how efficiently was your SHG managed by its leaders? ● Does your SHG leadership receive training on how to effectively operate the group? ● What type of training did your SHG receive? ● What additional training would have helped your SHG? ● Would specific training on group administration and management best practices have benefited your group? 	<ul style="list-style-type: none"> ● All members of the group are actively involved in the activities. ● In the process of mobilizing the groups, basic trainings were carried out. ● See above. ● We are ready to learn everything. ● Needed.
Needs of the group and its members (Component 1 & 2)	<ul style="list-style-type: none"> ● For the members, what needs did the group address? ● Do your members need to improve their farming/growing skills? ● Does your group have a group savings and/or lending scheme? (either monetary or in kind such as seeds) ● How important was the group savings and/or lending scheme to the overall group success? ● Do your members need to improve their financial and savings literacy skills? ● Did your members have difficulty accessing loans before the group? 	<ul style="list-style-type: none"> ● Access to group savings, trainings. Exchange of experience, centralized procurement of seeds, funds for the purchase of seeds. ● Yes, definitely. ● Yes. Basically, group savings are used to form a fund for the purchase of quality seeds. But now, with the increase in the potential of SHGs and the expansion of the type of activity (earlier they produced more vegetables, now they are increasing the cultivation of fruit trees), the fund's money is used to buy high-quality seedlings of fruit trees, rent additional land for sowing, and rent agricultural equipment. ● Group savings are very important and are provided interest-free. You need to learn how to use them rationally and increase them. The decision to use group savings is necessarily preceded by a group discussion. The distribution is fair.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> • Does your members need information about where to sell its produce? (Market information) • Are there specific needs of the group that we haven't discussed that were met? 	<ul style="list-style-type: none"> • Yes, definitely. • We find it difficult to answer this question. • Yes, we do. • Previously, the cycle looked like "seeded - harvested - seeded", but now the need to increase yields, productivity, storage capacity and quality preservation. There should be an opportunity for processing agricultural products in every region. Necessary (i) access to quality seeds and seedlings, (ii) building knowledge of market needs and opportunities, (iii) exploring possible markets for implementation, (iv) business planning, developing longer-term and capital-intensive projects, taking into account regional specificities. Not enough pastures, not enough livestock skills. There are not enough agricultural machinery for harvesting and processing crops.
<p>Technical Assistance, Education, Training & Demonstrations (Technology & Technical) (Component 2 & 3)</p>	<ul style="list-style-type: none"> • Did your group received <u>trainings</u> of any kind? If so, what kind of trainings? (technical/farming, increasing crop yields, nutrition, environmental practices, financial, business, standards, access to markets, etc.) • Did your group received any <u>technical education through demonstrations</u>? If so, what kind? (demonstration farms field schools, farming techniques, water conservation, food handling/sanitation, business skills, other?) • Did your group receive any demonstrations of new technology? If so, what kind? (Drip irrigation, green house, mechanized harvesters, soil cultivators) • What trainings or demonstrations were most impactful for your group members? • What training or demonstrations would you most like to have but haven't had yet? 	<ul style="list-style-type: none"> • Within the framework of one of the components of the APNIP project, technical consulting services were provided to improve the productivity of irrigated agriculture, and the quality of nutrition and food security, including improving technologies (how to preserve crops, storage conditions, freezing in these climatic conditions) and farming methods (economic calculations, feed procurement), as well as expanding market access. The training was conducted by SKS Jalal-Abad. • Demonstration activities on on-farm water management, including drip irrigation as a water-saving irrigation technology. GWP regularly organize independently "field days", where each group can demonstrate their achievements, voice their mistakes, share their experience. For example, demonstration of yield on personal plots, compost production technology, pest control, etc. "We need a brother example from more successful groups." • See above. • Living in rural areas limits access to knowledge and new technologies. All training provided was effective and necessary. • We are interested in everything, including green technologies.
<p>Sustainability</p>	<ul style="list-style-type: none"> • Are the skills you learned skills you will continue to use? If so, how will these skills help you in the future to create income or meet nutrition needs? • Do you believe the group will continue to function as a group on its own and continue to meet member needs? 	<ul style="list-style-type: none"> • Yes. An increasing number of people are showing an interest in farming. For more active participation and more sustainable development of groups, a variety of areas of agricultural activity is needed. It is necessary to organize the maximum scaling for the village. To organize large associations in their structure, to unite in cooperatives, associations of producers.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> ● Since participating in the SHG, have you gone on to take part in any other sort of association of group? 	<ul style="list-style-type: none"> ● Yes. See above. ● No
<p>Recommendations for future programs that wish to support your type of group</p>	<ul style="list-style-type: none"> ● Do you recommend future programs provide resources to support SHGs? ● In upcoming projects, would you recommend SHGs receive training on (yes or no); <ul style="list-style-type: none"> ○ Group Administration and Management? ○ Crop growing techniques? ○ Nutrition? ○ Good Environmental Practices? ○ Introduction to new technology and also Green technology? ○ Financial and Savings Literacy? ○ Networking and building alliances? ○ Marketing and better access to markets? ○ Food Safety, Sanitation, and Standards? ● What other recommendations would you make to improve the SHG impact? ● Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your group or other groups like yours? 	<ul style="list-style-type: none"> ● Necessarily. ● All of the following must be included in the training program. ● In each ayil okmotu, enterprises / workshops for processing agricultural crops, processing milk and meat should be organized. This will make it possible to preserve the quality of the grown products, provide guaranteed sales, as well as additional jobs, which is very important for a region where the unemployment rate is very high. For example, the organization of a dairy shop would help in the production of high quality dairy products to provide the local residents with the necessary products, increasing the level of nutrition. Or the organization of a workshop for the production of juices, compotes. It is necessary to explore the possibility of growing new varieties of plants that could be very useful for soil restoration and protection from mudflows. The land is depleting, the soil needs to be revived. There are a lot of wild-growing orchards in the region, it is necessary to find an opportunity to organize their collection and, most importantly, processing (there are dryers for drying fruits, which can also be used for wild-growing fruits), further implementation. ● Undoubtedly.

08/24/2021 consultation was held from 9 SHGs of 3 districts of Issyk-Kul region organized in the process of mobilization during the implementation of the WB project "Comprehensive increase in the productivity of the dairy sector", which is part of the Program for the Development of the Dairy Sector of the Kyrgyz Republic and the project APNIP Improving Agricultural Productivity and Nutrition.

Participated:

SHG representatives / leaders:

No.	Project	District	Village	Number of SHGs Participants	Full name of SHG representative
1	Dairy project	Ak-Suu	Cholpon	49	Oskombaeva Kymbat

No.	Project	District	Village	Number of SHGs Participants	Full name of SHG representative
2	Dairy project	Tone	Kok-Sai	36	Mukambetova Mairam
3	Dairy project	Zhety-Oguz	Tosor	53	Eshimova Almagul
4	Dairy project	Zhety-Oguz	Tosor	53	Kurmanalieva Syrga
5	Dairy project	Zhety-Oguz	Tamga	37	Eshbaeva Baktygul
6	APNIP	Zhety-Oguz	Tosor	60	Moldoeva Chynyra
7	APNIP	Zhety-Oguz	Tosor	60	Zhumadylova Asel
8	APNIP	Zhety-Oguz	Tamga	210	Usonbaeva Bakty
9	APNIP	Zhety-Oguz	St. Polyana	35	Akmatova Saikal

Elena Isaeva, FAO Consultant, member of the GAFSP proposal development working group.

Ayida Zhamangulova, Director of the PF Agency for Development Initiatives. AIR was engaged in the stage of social mobilization of SHGs in the implementation of the APNIP project.

Elnura Osmonova, coordinator of the PF Agency for Development Initiatives in the Issyk-Kul region.

Zulaikha Muratova, interpreter.

The consultation was conducted online, in the Kyrgyz language for the convenience of the participants.

The consultation was conducted according to the agreed methodology of the consultative interviews (Appendix to this report) and using the interviewing guidelines for Self-Help Groups (SHGs)

Subject area and component alignment	Questions	Answers
Getting to know the group and its objectives	<ul style="list-style-type: none"> • Tell me about your group. What was it called, when and why it was formed, and what is its objective? • How many members? How were members recruited and what was their motivation to join? • Have the members been in other groups like your group before or gone on to other groups after? 	<ul style="list-style-type: none"> • Representatives of 9 SHGs from 3 districts of Issyk-Kul oblast took part in the consultation. Formed in the process of mobilization during the implementation of the APNIP project "Improving agricultural productivity and nutrition" and the WB project "Comprehensive increase in the productivity of the dairy sector". The goal is collective involvement in increasing agricultural productivity and improving nutrition of the rural population of the region. Improving the well-being of families. They are engaged in the cultivation of vegetables and fruits (organic production), fruit drying, milk production. • The number of participants in a group varies from 10 to 40 people. The groups include representatives of low-income families, mainly women - housewives. The motivation to join was the access to funds / group savings, trainings, exchange of experience. • No, the majority of SHG members are women who have not previously taken an active part in such an association.

Subject area and component alignment	Questions	Answers
Organizational Structure, Development & Governance Training (Component 1)	<ul style="list-style-type: none"> Given your experience, how efficiently was your SHG managed by its leaders? Does your SHG leadership receive training on how to effectively operate the group? What type of training did your SHG receive? What additional training would have helped your SHG? Would specific training on group administration and management best practices have benefited your group? 	<ul style="list-style-type: none"> All members of the group are actively involved in the activities. In the process of mobilizing the groups, basic trainings were carried out. See above Anything that will help you be more effective. Needed.
Needs of the group and its members (Component 1 & 2)	<ul style="list-style-type: none"> For the members, what needs did the group address? Do your members need to improve their farming/growing skills? Does your group have a group savings and/or lending scheme? (either monetary or in kind such as seeds) How important was the group savings and/or lending scheme to the overall group success? Do your members need to improve their financial and savings literacy skills? Did your members have difficulty accessing loans before the group? Does your members need information about where to sell its produce? (Market information) Are there specific needs of the group that we haven't discussed that were met? 	<ul style="list-style-type: none"> Access to group savings, trainings. Exchange of experience, centralized procurement of seeds, organic fertilizers. Yes, definitely. Yes. Group savings are used to form a fund for the purchase of quality seeds, payment for the services of an agronomist, and the purchase of fertilizers. Group savings are very important, especially for low-income families. Their rational use is necessary. Yes, definitely. Yes. Yes, we do. The need for (i) training in storage and preservation of product quality that meets market demands, (ii) quality seeds and seedlings, (iii) building knowledge of best crop growing practices, market needs and opportunities, (iv) improving animal husbandry skills, (v) optimization of activities - what is better to produce / grow in the conditions of the region, (vi) business planning, development of longer-term and capital-intensive projects, taking into account regional characteristics. There are not enough agricultural machinery for harvesting and processing crops.
Technical Assistance, Education, Training & Demonstrations (Technology & Technical) (Component 2 & 3)	<ul style="list-style-type: none"> Did your group received <u>trainings</u> of any kind? If so, what kind of trainings? (technical/farming, increasing crop yields, nutrition, environmental practices, financial, business, standards, access to markets, etc.) Did your group received any <u>technical education through demonstrations</u>? If so, what kind? (demonstration farms field schools, farming techniques, water conservation, food handling/sanitation, business skills, other?) 	<ul style="list-style-type: none"> The projects provided training on improving crop productivity and milk production, nutritional quality and food security, including improving technologies (how to preserve crops in these climatic conditions, installing greenhouses, storage conditions, freezing) and farming methods (economic calculations, feed procurement), as well as expanding market access. Demonstration activities on on-farm water management, including drip irrigation, on the use of greenhouses, on composting, humus production, and pest control. See above.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> ● Did your group receive any demonstrations of new technology? If so, what kind? (Drip irrigation, green house, mechanized harvesters, soil cultivators) ● What trainings or demonstrations were most impactful for your group members? ● What training or demonstrations would you most like to have but haven't had yet? 	<ul style="list-style-type: none"> ● Living in rural areas limits access to knowledge and new technologies. All training provided was effective and necessary. ● We are interested in everything, including green technologies.
Sustainability	<ul style="list-style-type: none"> ● Are the skills you learned skills you will continue to use? If so, how will these skills help you in the future to create income or meet nutrition needs? ● Do you believe the group will continue to function as a group on its own and continue to meet member needs? ● Since participating in the SHG, have you gone on to take part in any other sort of association of group? 	<ul style="list-style-type: none"> ● Yes. Group members are becoming more and more active, seeing the successful results of the innovations. ● Yes, we need to organize maximum scaling for the village, more involvement. ● No
Recommendations for future programs that wish to support your type of group	<ul style="list-style-type: none"> ● Do you recommend future programs provide resources to support SHGs? ● In upcoming projects, would you recommend SHGs receive training on (yes or no); <ul style="list-style-type: none"> ○ Group Administration and Management? ○ Crop growing techniques? ○ Nutrition? ○ Good Environmental Practices? ○ Introduction to new technology and also Green technology? ○ Financial and Savings Literacy? ○ Networking and building alliances? ○ Marketing and better access to markets? ○ Food Safety, Sanitation, and Standards? ● What other recommendations would you make to improve the SHG impact? ● Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your group or other groups like yours? 	<ul style="list-style-type: none"> ● Necessarily. ● All of the following must be included in the training program. ● First of all, it is necessary to organize an exchange of experience, study more successful practices in growing vegetables and fruits and animal husbandry practices. It is important to introduce technologies that will ensure the high quality of the product at all stages, including at the stage of storage and distribution. You need to focus on quality standards that will allow you to enter the market, possibly export. To this end, it is necessary to organize places for freezing and storing vegetables and fruits, milk collection points with refrigeration, and establish sales. There are a lot of ecologically clean wild-growing plants in the region - sea buckthorn, barberry, rose hips, medicinal herbs, it is necessary to study the possibility and technologies of collection, processing and marketing. The same goes for the seeds that remain after drying the fruit. We need an expert who will tell you how to make stone seed oil. ● Undoubtedly.

08/24/2021 consultation was held from 5 SHG of Osh, Jalal-Abad and Naryn regions organized in the process of mobilization during the implementation of the JP project ARWEE (FAO, IFAD, UN Women and WFP)

Participated:

SHG leaders:

No.	Area, region	Village	Number of SHGs in the area	Number of SHGs Participants	Full name of SHG representative
1	Kara-Kuldzhinsky district, Osh region	Sary-Kamysh	15 (3 villages)	110	Maizova Jyrgylbu
2	Kara-Suu district, Osh region	Kenzhekul	8 (3 villages)	100	Abdykulova Raikhan
3	Bazar-Korgon district, Jalal-Abad region	Dukur	18 (3 villages)	150	Atabekova Ainura
4	Zhumgal district, Naryn region	Kyzart	9 (2 villages)	57	Tuiteeva Mairam
5	Ak-Tala district, Naryn region	Jerge-Tal	12 (2 villages)	60	Itikulov Irbis

Elena Isaeva, FAO Consultant, member of the GAFSP proposal development working group.

Omurbek Mambetov, FAO KG Consultant, Project Coordinator ARWEE...

Aisuluu Kamchybekova. FAO National Gender Adviser KG

Zulaikha Muratova, interpreter.

The consultation was conducted online, in the Kyrgyz language for the convenience of the participants.

The consultation was conducted according to the agreed methodology of the consultative interviews (Appendix to this report) and using the interviewing guidelines for Self-Help Groups (SHGs)

Subject area and component alignment	Questions	Answers
Getting to know the group and its goals	<ul style="list-style-type: none"> Tell me about your group. What was it called, when and why it was formed, and what is its objective? How many members? How were members recruited and what was their motivation to join? Have the members been in other groups like your group before or gone on to other groups after? 	<ul style="list-style-type: none"> Representatives of 5 SHGs from 3 oblasts of the Kyrgyz Republic took part in the consultation. Formed in the process of mobilization during the implementation of the ARWEE project. The goal of the formation of groups is to increase the income of rural women, and their more active participation in rural and local governments. Improving the quality of food. They are engaged in the cultivation of vegetables, gardening, sheep breeding, there are groups engaged in the production of kurut, which have organized a sewing workshop, a confectionery workshop. There is a wide variety of vegetables in the household plots, which ensures proper nutrition for the family.

Subject area and component alignment	Questions	Answers
		<p>In addition, in each of the regions, SHGs organized legal entities cooperatives / associations (with a charter and a current account):</p> <ul style="list-style-type: none"> - Trade and Service Cooperative “Kadam” in Jalal-Abad - Trade and Service Cooperative “Iskra” in Osh - Association of Jamaats “Bar El” in Naryn - Public Union “Taaji” in Chui - Trade and Service Cooperative “Nukura Oruk” Batken, <p>for the organization of funds to help support the business initiatives of the members of the associations. Cooperative / Association Funds accumulate Rural Funds, created by SHG Associations at the village level for their further development. Association of SHGs of each village has its own share in the amount of the invested funds.</p> <ul style="list-style-type: none"> ● The number of participants in a group is 10-15 people. The groups include rural women working in the household. The motivation to join was the access to funds / group savings, trainings, exchange of experience. ● No, most likely.
Organizational structure, development and management training (component 1)	<ul style="list-style-type: none"> ● Given your experience, how efficiently was your SHG managed by its leaders? ● Does your SHG leadership receive training on how to effectively operate the group? ● What type of training did your SHG receive? ● What additional training would have helped your SHG? ● Would specific training on group administration and management best practices have benefited your group? 	<ul style="list-style-type: none"> ● All members of the group are actively involved in the activities. ● In the process of mobilizing the groups, basic trainings were carried out. ● See above/ ● Diversification of activities. ● Needed.
Needs of the group and its members (Components 1 and 2)	<ul style="list-style-type: none"> ● For the members, what needs did the group address? ● Do your members need to improve their farming/growing skills? ● Does your group have a group savings and/or lending scheme? (either monetary or in kind such as seeds) ● How important was the group savings and/or lending scheme to the overall group success? ● Do your members need to improve their financial and savings literacy skills? ● Did your members have difficulty accessing loans before the group? ● Does your members need information about where to sell its produce? (Market information) 	<ul style="list-style-type: none"> ● Access to group savings, trainings. Exchange of experience, centralized procurement of seeds, funds for the purchase of seeds, seedlings, fertilizers. ● Yes, definitely. ● Yes. Basically, group savings are used to form a fund for the purchase of quality seeds and seedlings. Now, with the emergence of good successful examples of the implementation of ideas, group members are pooling funds for the purchase of high-quality seedlings of fruit trees, lease of additional land for gardening, garden fencing, and agronomist services. ● Group savings are very important, each group independently decides what goals to use. ● Yes, definitely. ● We find it difficult to answer this question.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> Are there specific needs of the group that we haven't discussed that were met? 	<ul style="list-style-type: none"> Yes, we do. (i) deepening knowledge of vegetable growing, horticulture, animal husbandry, improve computer literacy among rural women - now it is possible to study online, (ii) more training on the GALS method, (iii) access to high-quality and diverse seeds and seedlings, (iv) legal support of the process of merging SHGs into formal associations (cooperatives, unions of producers), (v) building knowledge about the needs and opportunities of the market, (iii) studying possible sales markets, (iv) business planning, developing more long-term and capital-intensive projects, taking into account regional specifics ... <p>At the stage of development, the idea of creating and promoting a single brand "Bir Dem" for products manufactured by rural women. The issues of brand maintenance, use and promotion are not clearly defined.</p>
<p>Technical assistance, education, training and demonstration (technology and technical) (Components 2 and 3)</p>	<ul style="list-style-type: none"> Did your group received <u>trainings</u> of any kind? If so, what kind of trainings? (technical/farming, increasing crop yields, nutrition, environmental practices, financial, business, standards, access to markets, etc.) Did your group received any <u>technical education through demonstrations</u>? If so, what kind? (demonstration farms field schools, farming techniques, water conservation, food handling/sanitation, business skills, other?) Did your group receive any demonstrations of new technology? If so, what kind? (Drip irrigation, green house, mechanized harvesters, soil cultivators) What trainings or demonstrations were most impactful for your group members? What training or demonstrations would you most like to have but haven't had yet? 	<ul style="list-style-type: none"> The JP ARWEE project provided trainings to improve vegetable and horticultural productivity, nutritional quality and food security, including improving technology (cultivation, storage) and farming practices, and improving access to markets. There are demonstration areas, usually gardens, as well as areas with drip irrigation, greenhouses. See above. Living in rural areas limits access to knowledge and new technologies. All training provided was effective and necessary. Trainings on the introduction of new technologies, including "green" technologies. What is better to grow. Diversity, diversification of horticulture and vegetable growing. How to manage a brand. Access to financial products.
<p>Sustainability</p>	<ul style="list-style-type: none"> Are the skills you learned skills you will continue to use? If so, how will these skills help you in the future to create income or meet nutrition needs? Do you believe the group will continue to function as a group on its own and continue to meet member needs? Since participating in the SHG, have you gone on to take part in any other sort of association of group? 	<ul style="list-style-type: none"> Yes. Success stories drive more engagement Yes. See above. No

Subject area and component alignment	Questions	Answers
Recommendations for future programs that want to support your type of group	<ul style="list-style-type: none"> ● Do you recommend future programs provide resources to support SHGs? ● In upcoming projects, would you recommend SHGs receive training on (yes or no); <ul style="list-style-type: none"> ○ Group Administration and Management? ○ Crop growing techniques? ○ Nutrition? ○ Good Environmental Practices? ○ Introduction to new technology and also Green technology? ○ Financial and Savings Literacy? ○ Networking and building alliances? ○ Marketing and better access to markets? ○ Food Safety, Sanitation, and Standards? ● What other recommendations would you make to improve the SHG impact? ● Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your group or other groups like yours? 	<ul style="list-style-type: none"> ● Necessarily. ● All of the following must be included in the training program. There is a successful "practice" of creating alliances - cooperation with the Union of Cooperatives of Kyrgyzstan and a milk processing enterprise (Chui oblast) ● Expand activities (gardening), build skills, increase productivity. Seeing the result, initiatives appear - a request for the allocation of additional land for gardens. Access to export markets. ● Undoubtedly.

II. COOPERATIVES, GROUPS OF PRODUCERS

08/24/2021 - consultation with the Chairman of the Cooperative "Issyk-Kul Organic" Sonungul Zhylytyrova.

The consultation was carried out according to the agreed methodology of consultative interviews (Appendix to this report) and using the guidelines for interviewing cooperatives, producer groups.

Subject area and component alignment	Questions	Answers
Getting to know the group and its goals	<ul style="list-style-type: none"> ● Tell me about your Coop or group. What was its name, when and why was it formed, and what was its objective? ● How many members? How were members recruited and what was their motivation to join? ● Have the members been in other groups like your group before? 	<ul style="list-style-type: none"> ● The Cooperative "Issyk-Kul Organic" was created in 2016, it included self-help groups created during the implementation of the WB and GIZ projects. Now he specializes in the cultivation of medicinal herbs, but he is also engaged in vegetable growing. A contract for export to Europe has been concluded.

Subject area and component alignment	Questions	Answers
		<ul style="list-style-type: none"> • 223 members. The association was prompted by the desire of the members of the cooperative to increase sales volumes, the application of organic production standards. • There is no such information.
Organizational structure, development and management training (component 1)	<ul style="list-style-type: none"> • How effectively is your Coop managed? • Are members actively involved in management of the broader Coop? • Have your Coop leadership receive training on how to effectively operate the group? • If so, what type of training did your Coop receive and from whom? • Is membership in the coop/group based on membership fees? • Is there additional training that would have helped your Coop? • Would specific training on Coop or Group administration and management best practices have benefited your group? 	<ul style="list-style-type: none"> • Effective enough. • No, a small fraction are really active. • Yes. • During participation in various projects. • Yes. • Anything related to the development of the value chain. • May be.
Needs of the group and its members (Components 1 and 2)	<ul style="list-style-type: none"> • Is your group functioning with a shared income model? • For the members, what needs does the group address? • Does your group have a group savings and/or lending scheme? (either monetary or in kind such as seeds) • Do your members need to improve their financial and savings literacy skills? • Do your members need to improve their farming/growing skills? • Do your members need information about where to sell its produce? (Market information) • Are there specific needs of the group that we haven't discussed? 	<ul style="list-style-type: none"> • Yes. • We provide quality seeds and seedlings of medicinal herbs and vegetables. We teach land cultivation technologies, the use of organic fertilizers. • No. • Yes. • Yes. • No. • Strengthening the technical base. Old machinery is used to cultivate the land. Improving land cultivation skills. Organic farming.
Technical assistance, education, training and demonstration (technology and technical) (Components 2 and 3)	<ul style="list-style-type: none"> • Does your Coop or group receive trainings of any kind? If so, what kind of trainings? (technical/farming, increasing crop yields, nutrition, environmental practices, financial, business, standards, access to markets, etc.) • Does your group received any technical education through demonstrations? If so, what kind? (demonstration farms field schools, farming techniques, water conservation, food handling/sanitation, business skills, other?) • Does your group receive any demonstrations of new technology? If so, what kind? (i.e. Drip irrigation, green house, mechanized harvesters, soil cultivators, others.. what?) • What trainings or demonstrations are most impactful for your group members? 	<ul style="list-style-type: none"> • Many, in different areas. The members of the cooperative have a low interest in training, due to the fact that there is no accompaniment after training. Farmers have additional employment - land, livestock. • No. • No. • Water supply, especially drip irrigation. Processing technologies, including the production of essential oils. Any other training related to the development of the value chain.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> • What training or demonstrations would you or your group members most like to have but haven't had yet? 	
Sustainability	<ul style="list-style-type: none"> • Are the skills you learn in your Coop skills you will continue to use in your business or earn income even if you leave the Coop? • Is your Coop or group still functioning, and what do you think the long term viability of the group is? • Since joining your Coop or other group, have you gone on to join any other sort of association of group? 	<ul style="list-style-type: none"> • Yes. • Yes. If there is income, then there will be an incentive for further development. • The cooperative is a member of the Union of Cooperatives of Kyrgyzstan, Public Association "Civil Alliance", as well as the Federation of Organic Movement "BIO-KG".
Recommendations for future programs that want to support your type of group	<ul style="list-style-type: none"> • Do you recommend future programs provide resources to support Coops or associations? • In upcoming projects, would you recommend coops or groups receive training on (yes or no); <ul style="list-style-type: none"> ○ Group Administration and Management? ○ Better agricultural techniques? ○ Nutrition? ○ Climate Smart and Environmental Friendly practices? ○ Demonstrations of new technology or Green technology? ○ Financial, Savings and Business Literacy? ○ Networking and building alliances? ○ Marketing and better access to markets? ○ Food Safety, Sanitation, and Standards? • What other recommendations would you make to improve the overall functions of the Coop? • Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your Coop or other groups like yours? 	<ul style="list-style-type: none"> • Yes. • I recommend to take training: <ul style="list-style-type: none"> ○ The best agricultural machinery ○ Climatically smart and environmentally friendly practices ○ Demonstration of new technologies or green technologies ○ Marketing and better market access ○ Food safety, sanitation and standards • The sustainability of the cooperative is not only about training, it needs processing, packaging and going to market under its own brand. • Oh sure.

08/24/2021 - consultation with the head of the cooperative “YZAR”, Mavlyuda Narbaeva.

The consultation was carried out according to the agreed methodology of consultative interviews (Appendix to this report) and using the guidelines for interviewing cooperatives, producer groups.

Subject area and component alignment	Questions	Answers
Getting to know the group and its goals	<ul style="list-style-type: none"> ● Tell me about your Coop or group. What was its name, when and why was it formed, and what was its objective? ● How many members? How were members recruited and what was their motivation to join? ● Have the members been in other groups like your group before? 	<ul style="list-style-type: none"> ● The diversified commodity and service Cooperative "YZAR" was established in 2016, Jalal-Abad region, Ala-Buka district. Specializes in the cultivation of prunes and apples, drying. There is experience in supplying prunes to Mongolia (2018). ● 43 members. Fruits grow in every home, but very small fruits. We need to cooperate for centralized training, skills improvement. ● There is no such information.
Organizational structure, development and management training (component 1)	<ul style="list-style-type: none"> ● How effectively is your Coop managed? ● Are members actively involved in management of the broader Coop? ● Have your Coop leadership receive training on how to effectively operate the group? ● If so, what type of training did your Coop receive and from whom? ● Is membership in the coop/group based on membership fees? ● Is there additional training that would have helped your Coop? ● Would specific training on Coop or Group administration and management best practices have benefited your group? 	<ul style="list-style-type: none"> ● Effective enough. ● Most are really active. ● Yes. ● Internship in Japan with the support of GIZ. ● Yes. ● Anything related to the development of the value chain. ● Yes.
Needs of the group and its members (Components 1 and 2)	<ul style="list-style-type: none"> ● Is your group functioning with a shared income model? ● For the members, what needs does the group address? ● Does your group have a group savings and/or lending scheme? (either monetary or in kind such as seeds) ● Do your members need to improve their financial and savings literacy skills? ● Do your members need to improve their farming/growing skills? ● Do your members need information about where to sell its produce? (Market information) ● Are there specific needs of the group that we haven't discussed? 	<ul style="list-style-type: none"> ● Yes. ● Providing seeds, seedlings, organic fertilizer. Through the Union of Cooperatives of Kyrgyzstan, we ordered seeds of elite potatoes in Germany, now we are growing them. This year we bought potato seeds and liquid organic fertilizer from Holland. We bought and distributed humus (Californian worms) among the members of the cooperative. The cooperative teaches how to keep and breed. Training in the correct planting technique, orchard processing, fruit drying and storage technology. We built a warehouse for storing fruit. 47 hectares of rainfed land for rent. ● Yes. ● Yes. ● Yes. ● Yes.

Subject area and component alignment	Questions	Answers
		<ul style="list-style-type: none"> Water supply, introduction of drip irrigation. We need a well that will allow organizing irrigation of 200 hectares of land in the region, which is currently not used due to the lack of irrigation water.
<p>Technical assistance, education, training and demonstration (technology and technical) (Components 2 and 3)</p>	<ul style="list-style-type: none"> Does your Coop or group receive trainings of any kind? If so, what kind of trainings? (technical/farming, increasing crop yields, nutrition, environmental practices, financial, business, standards, access to markets, etc.) Does your group received any technical education through demonstrations? If so, what kind? (demonstration farms field schools, farming techniques, water conservation, food handling/sanitation, business skills, other? Does your group receive any demonstrations of new technology? If so, what kind? (i.e. Drip irrigation, green house, mechanized harvesters, soil cultivators, others.. what?) What trainings or demonstrations are most impactful for your group members? What training or demonstrations would you or your group members most like to have but haven't had yet? 	<ul style="list-style-type: none"> Yield increase, nutrition, fruit processing. GIZ organized demonstration tours for members of the cooperative in Kadamjai and Batken districts to get acquainted with the practice of growing grapes, walnut orchards, production of jam and juices. Yes. Drip irrigation, greenhouses, agricultural machinery. Everyone was effective. Water supply. Fruit and vegetable processing technologies, selection (new varieties). Organic fertilizers.
<p>Sustainability</p>	<ul style="list-style-type: none"> Are the skills you learn in your Coop skills you will continue to use in your business or earn income even if you leave the Coop? Is your Coop or group still functioning, and what do you think the long term viability of the group is? Since joining your Coop or other group, have you gone on to join any other sort of association of group? 	<ul style="list-style-type: none"> Yes. Yes. If there is income, then there will be an incentive for further development. The cooperative is a member of the Union of Cooperatives of Kyrgyzstan, Public Association "Civil Alliance", as well as the Federation of Organic Movement "BIO-KG".
<p>Recommendations for future programs that want to support your type of group</p>	<ul style="list-style-type: none"> Do you recommend future programs provide resources to support Coops or associations? In upcoming projects, would you recommend coops or groups receive training on (yes or no); <ul style="list-style-type: none"> Group Administration and Management? Better agricultural techniques? Nutrition? Climate Smart and Environmental Friendly practices? Demonstrations of new technology or Green technology? Financial, Savings and Business Literacy? Networking and building alliances? Marketing and better access to markets? Food Safety, Sanitation, and Standards? 	<ul style="list-style-type: none"> Yes. All of these topics are needed. We need to increase volumes, improve processing in accordance with food quality and safety standards. Provide competent storage. This will ensure greater employment of the population and sales of products. Oh sure.

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> What other recommendations would you make to improve the overall functions of the Coop? Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your Coop or other groups like yours? 	

III. BUSINESS ORGANIZATIONS (BMO), INDUSTRY OR TRADE ASSOCIATIONS

08/19/2021 - consultation with the Chairman of the Industry Association "Milk Union" Kadyrov Suyunduk.

The consultation was conducted using the agreed consultative interview methodology (Appendix to this report) and using the guidelines for interviewing Business Organizations (BMO), industry or trade associations.

Subject area and component alignment	Questions	Answers
Getting to know the group and its goals	<ul style="list-style-type: none"> Tell me about group/association. Name, when and why was it formed, and what was its objective? How many members? How were members recruited and what was their motivation to join? Have the members of your group been in other groups before? 	<ul style="list-style-type: none"> The Association "Molochny Soyuz" was created in 2010 to unite the enterprises of the dairy industry of the republic. 14 members. They decided to unite to solve a common problem - the closure of the border and, accordingly, export, due to the unfavorable epizootic situation in a number of regions of the republic in 2010. Yes.
Organizational structure, development and management training (component 1)	<ul style="list-style-type: none"> Is there a clear organizational structure appropriate to the size and purpose of the group/association? Is membership in the group/association based on membership fees? How effectively is the goal of the group/association being realized? (from 1 to 5, where 1- is the goal cannot be achieved, 5- is the goal is achieved) If the goal is being implemented effectively enough, is it the result of a clear organizational structure, effective management, or something else? How useful would training on best practices in group/association administration and management be for your group/association? 	<ul style="list-style-type: none"> There is an organizational structure corresponding to the charter of the Association. Yes Not effective enough - 3 Participants are only inactive when a common problem arises. - Healthy.
	<ul style="list-style-type: none"> What needs of the members is the group/association intended to address? 	<ul style="list-style-type: none"> Representing the interests of the members of the Association in government bodies, organizations. Building communication

Subject area and component alignment	Questions	Answers
Needs of the group and its members (Components 1 and 2)	<ul style="list-style-type: none"> ● What value added service or opportunities do members receive by being in the group? ● What areas of technical support do your members need to improve their operations?: <ul style="list-style-type: none"> – improving business skills – improving technological skills – access to finance – formation of a raw material base – optimization / standardization / automation of production processes – marketing and market access (market research, compliance with technical regulations, labeling, etc.) – logistics – other 	<p>between members of the Association. Providing access to industry information (technical regulations, regulatory documents).</p> <ul style="list-style-type: none"> ● Joint solution of urgent problems. Scaling the "voice" of the industry's business. ● All of the above, except for logistics. And additionally - (i) the introduction of traceability of all stages of production, from the procurement of raw materials to sales, (ii) the scaling of the business.
Technical assistance, education, training and demonstration (technology and technical) (Components 2 and 3)	<ul style="list-style-type: none"> ● Does your group / association provide training for members? <ul style="list-style-type: none"> – If yes, which ones? (technical / agricultural, yield enhancement, nutrition, environmental practices, finance, business, standards, market access, etc.) – If not, why not? ● Does your group/association use a demonstration method to train participants? If so, which ones? (farming practices, water conservation, food processing / sanitation, business skills, etc.?) ● What trainings or demonstrations are most effective and helpful for your group members? 	<ul style="list-style-type: none"> ● No. ● Yes. Milk procurement methods. ● Management, strategic planning, new technologies for milk processing.
Sustainability	<ul style="list-style-type: none"> ● What is the long-term viability of the group? ● Is the number of group members increasing from year to year? 	<ul style="list-style-type: none"> ● If the activity of the members remains at the same level, then most likely it will remain a formal association. We need a manager independent of the member companies. ● No.
Recommendations for future programs that want to support your type of group	<ul style="list-style-type: none"> ● Do you recommend that future programs provide resources to support groups / associations like yours? ● In your opinion, what should they be aimed at? ● Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your Coop or other groups like yours? 	<ul style="list-style-type: none"> ● Oh sure. ● Identifying the basic needs of all industry participants, not just product processors. In order, first of all, to ensure the stable availability of the raw material base and the quality of raw materials. Attracting the attention of the state to the problems of the industry to ensure state support. ● Oh sure.

08/24/2021 - consultation with the Chairman of the Association of Legal Entities "Union of Cooperatives of Kyrgyzstan" Imanbekova Ainura.

The consultation was conducted using the agreed consultative interview methodology (Appendix to this report) and using the guidelines for interviewing Business Organizations (BMO), industry or trade associations.

Subject area and component alignment	Questions	Answers
Getting to know the group and its goals	<ul style="list-style-type: none"> ● Tell me about group/association. Name, when and why was it formed, and what was its objective? ● How many members? How were members recruited and what was their motivation to join? ● Have the members of your group been in other groups before? 	<ul style="list-style-type: none"> ● The Association of Legal Entities "Union of Cooperatives of Kyrgyzstan" was established in 2007 within the framework of the GIZ project. The goal is to establish and maintain cooperative principles, lobbying the interests of members at regional and national levels. ● More than 30 members. Any cooperative can become a member of the Union. Motivation, as a rule, access to learning. ● No accurate information
Organizational structure, development and management training (component 1)	<ul style="list-style-type: none"> ● Is there a clear organizational structure appropriate to the size and purpose of the group/association? ● Is membership in the group/association based on membership fees? ● How effectively is the goal of the group/association being realized? (from 1 to 5, where 1- is the goal cannot be achieved, 5- is the goal is achieved) ● If the goal is being implemented effectively enough, is it the result of a clear organizational structure, effective management, or something else? ● How useful would training on best practices in group/association administration and management be for your group/association? 	<ul style="list-style-type: none"> ● There is an organizational structure that matches the charter, size and goals of the union. ● Yes. There is a classification of membership. ● Effective enough - 4 ● Effective management / administration result. ● Healthy.
Needs of the group and its members (Components 1 and 2)	<ul style="list-style-type: none"> ● What needs of the members is the group/association intended to address? ● What value added service or opportunities do members receive by being in the group? ● What areas of technical support do your members need to improve their operations?: <ul style="list-style-type: none"> – improving business skills 	<ul style="list-style-type: none"> ● Representing the interests of members of the Union in government bodies, organizations. Organization of training. Experience exchange. ● Search for suppliers of necessary consumables, study of distribution channels. ● All of the above. Although many cooperatives are not ready to talk about stable sales and entry into the market of other

Subject area and component alignment	Questions	Answers
	<ul style="list-style-type: none"> - improving technological skills - access to finance - formation of a raw material base - optimization / standardization / automation of production processes - marketing and market access (market research, compliance with technical regulations, labeling, etc.) - logistics - other 	<p>countries due to the lack of volumes and the required quality. Logistics is important, but not a priority.</p>
<p>Technical assistance, education, training and demonstration (technology and technical) (Components 2 and 3)</p>	<ul style="list-style-type: none"> ● Does your group / association provide training for members? <ul style="list-style-type: none"> - If yes, which ones? (technical / agricultural, yield enhancement, nutrition, environmental practices, finance, business, standards, market access, etc.) - If not, why not? ● Does your group/association use a demonstration method to train participants? If so, which ones? (farming practices, water conservation, food processing / sanitation, business skills, etc.?) ● What trainings or demonstrations are most effective and helpful for your group members? 	<ul style="list-style-type: none"> ● Yes. Cooperative management and partly food safety. ● No. ● Management, strategic planning, technology.
<p>Sustainability</p>	<ul style="list-style-type: none"> ● What is the long-term viability of the group? ● Is the number of group members increasing from year to year? 	<ul style="list-style-type: none"> ● The union is steadily viable. ● Yes.
<p>Recommendations for future programs that want to support your type of group</p>	<ul style="list-style-type: none"> ● Do you recommend that future programs provide resources to support groups / associations like yours? ● In your opinion, what should they be aimed at? ● Now that you have an idea of our proposed project, do you believe what we propose would be of interest for your Coop or other groups like yours? 	<ul style="list-style-type: none"> ● Oh sure. ● Increasing production volumes, improving quality. Attracting the attention of the state to the problems of cooperation for the development of an effective state program for the development of agricultural cooperation and the provision of state support. Support should be systematic and comprehensive. ● Oh sure.