PROJECT PERFORMANCE ASSESSMENT REPORT

KYRGYZ REPUBLIC

AGRICULTURAL SUPPORT SERVICES PROJECT
(CREDIT NO. 3062)

June 23, 2011

Public Sector (IEGPS)
Independent Evaluation Group (World Bank)
Currency Equivalents (annual averages)

Currency Unit = Som

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Abbreviations and Acronyms

AISP Agricultural Investments and Services Project
APIU Agricultural Projects Implementation Unit
ASSP Agricultural Support Services Project
CAS Country Assistance Strategy
CIS Commonwealth of Independent States
ECA Europe and Central Asia Region
FY Financial Year
GDP Gross Domestic Product
ICR Implementation Completion Report
IEG Independent Evaluation Group
IFAD International Fund for Agricultural Development
KAFC Kyrgyz Agricultural Finance Corporation
KAMIS Kyrgyz Agricultural Market Information Service
LAR Land and Agrarian Reform
LRERP Land and Real Estate Registration Project
MAWR Ministry of Agriculture and Water Resources (later becoming MAWPRI)
MAWPRI Ministry of Agriculture, Water Resources and Processing Industry
M&E Monitoring & Evaluation
PAD Project Appraisal Document
PPAR Project Performance Assessment Report
RADS Rural Advisory and Development Service
WDI World Development Indicators

Fiscal Year

Government: January 1 - December 31

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<th>Position</th>
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This report was prepared by Keith Oblitas (Consultant), who assessed the project in December 2009. The Peer Reviewer was Gershon Feder and the Panel Reviewer was Laurie Effron. The Task Manager is John Heath, and Marie Charles provided administrative support.
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## Principal Ratings

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* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.

## Key Staff Responsible

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<th>Project</th>
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<td>B. Bedard</td>
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IEG Mission: Improving development results through excellence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank’s self-evaluation process and to verify that the Bank’s work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses 20-25 percent of the Bank’s lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. The PPAR is also sent to the borrower for review. IEGWB incorporates both Bank and borrower comments as appropriate, and the borrowers’ comments are attached to the document that is sent to the Bank’s Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEGWB Rating System

IEGWB’s use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEGWB evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEGWB website: http://worldbank.org/ieg).

**Outcome:** The extent to which the operation’s major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project’s objectives are consistent with the country’s current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project’s design is consistent with the stated objectives. *Efficacy* is the extent to which the project’s objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Risk to Development Outcome:** The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High, Significant, Moderate, Negligible to Low, Not Evaluable.

**Bank Performance:** The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

**Borrower Performance:** The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.
Preface

This is the Project Performance Assessment Report of the Agricultural Support Services Project in the Kyrgyz Republic. The $30.2 million project was approved in May 1998 and received an IDA Credit (Credit 3062) of $15.0 million equivalent. The original closing date of December 31, 2003 was extended by 4 ½ years to June 30, 2008 through several extensions: in December 2003 by two years to December 2005, in December 2005 by six months to June 2007, in June 2007 by one month to July 2007, and, finally, in June 2007 by one year to June 30, 2008.

The report presents the Independent Evaluation Group’s (IEG) findings based on review of the project implementation completion report, appraisal report, credit agreement, sector reports, and other relevant material; and an IEG mission to the Kyrgyz Republic in December 2009. The mission visited project sites, and held discussions with government officials and agencies, project directors and staff, beneficiaries, the private sector, key donors and NGOs.

The Agricultural Support Services Project was chosen for assessment because it was an unusually complex project that set out to create agricultural support services across a broad spectrum of actions juxtaposed with land reforms to create a privately owned farming sector. Experience with such a multi-dimensional approach has relevance to future agricultural development in the Kyrgyz Republic and to other Commonwealth of Independent States countries facing the same need to revamp agriculture after collapse of the former collective farming systems.

Following standard IEG procedures, copies of the draft Project Performance Assessment Report were sent to the Government of the Kyrgyz Republic for review. No comments were received.
Summary

This Project Performance Assessment Report reviews the experience and lessons of the Agricultural Support Services Project (ASSP) in the Kyrgyz Republic.

The objectives of ASSP were “to improve the incentive framework for, and productivity, profitability, and sustainability of Kyrgyz agriculture.” This fitted well with the Kyrgyz Republic’s social and economic situation. In 1998, when ASSP was approved, the country was still recovering from the collapse of the economy subsequent to withdrawal from the Soviet bloc. Per capita income was only about one-tenth of average per capita income in Europe and Central Asia, and about half of the population was classified as poor. Faced with this situation, the highest priority of both the Government of the Kyrgyz Republic and the Bank was accelerated and pro-poor economic growth. Market-based growth led by the private sector was the core of the strategy.

The rural sector featured prominently in this strategy, with good reason. In the mid-1990s when ASSP was being prepared, agriculture contributed over 40 percent of GDP, and two-thirds of the population, including the bulk of the poor, lived in rural areas. Economically and socially there was a need to boost agricultural productivity and the profitability of farming, which in turn would enhance rural incomes, and contribute to an improving and more sustainable rural economy.

Yet agricultural value added, already low under the Soviet system, had fallen to three quarters of its value before Independence. The collective farming system had disintegrated and most of the land had since been distributed to rural families. This created an entirely new agricultural sector based on private small-holder farmers. They had minimal understanding of agricultural technology and environmentally sustainable farming. But there was no agricultural training and extension system as this had not been needed under the collectives. Other basic agricultural support services were also minimal or absent. ASSP’s four objectives - to boost agricultural productivity, profitability and sustainability, and the incentives framework to achieve these goals were, thus, highly relevant.

The project’s design was substantially relevant to these objectives. The support activities under ASSP – completing land distribution and privatization, establishing agricultural advisory services, developing the seed industry, providing agricultural market information, regulating pesticide use, and providing a plant quarantine service – responded to most of the agricultural service gaps noted above. The design also included several general orientations that proved effective, notably: substantial community participation, development of a comprehensive legislative framework for all project activities, and measures to integrate women and the poor. Between the components chosen and the in-built orientations used to apply them, the project’s design was well suited to stimulate and enable a progression towards the more productive and sustainable agriculture sector that the project objectives called for.

Nevertheless, the project was ambitious in what it set out to do. There were (including four components added during project implementation) 12 components, six donor
agencies and over 20 institutions involved. There were several options to simplify the project, including divesting less essential components or having some components financed and managed by other donor agencies in parallel projects. In the event, however, good interagency coordination in the Kyrgyz Republic, and effective delegation within the Bank of supervision responsibilities to the specialist teams already working in the country (for instance, ASSP’s microfinance pilot to the rural finance project supervision team), largely overcame the implementation complications inherent in such a complex project.

ASSP had significant achievements delivering its planned outputs. Under the Land and Agrarian Reform component, 20 of the remaining 22 former collective farms were disbanded and 240,000 hectares of land allocated to villagers. This increased privately held land in the Kyrgyz Republic by one-third. The land allocation system was through a transparent and equitable system and attracted few complaints. Additionally, free legal services were provided, primarily to resolve disputes from past land distribution. An agricultural extension service was also created covering all of the Kyrgyz Republic’s districts and providing a broad spectrum of technical and management advice. An agricultural market information system was scaled-up to provide information through various media on agricultural prices. A micro-credit component provided small loans to poor farmer groups based on their group commitments to repay. The project’s crop protection and plant quarantine component established legislation, regulations and laboratories to monitor pesticide use and plant diseases. The seed development component transformed a dysfunctional and monopolized state seed production system to a decentralized and competitive seed industry. A community seed production component was added during project implementation, focused on poor communities in remote areas. A pilot program for community managed pastures and preparation of related legislation was also added to ASSP. The model and learning from the pilot pastures has been the basis for a nation-wide pasture management program included as the largest component of ASSP’s follow-on project, the Agricultural Investments and Services Project. ASSP was also used as an immediately accessible financing source for repairing flood damaged protection works on a river and for urgent provision of facilities and mechanisms to reduce the risks of avian influenza.

Of particular note is ASSP’s exemplary approach to social issues. The extension service had as many women advisors as men; as many women were trained as men; free legal advice on land issues was particularly helpful to women; micro-credit and community seed production were specifically channeled to poorer communities including women; and all social groups were involved in pasture management.

Assessing the efficacy of ASSP must contend with the very limited outcome data provided by the project’s M&E system. Nevertheless, based on proxy data, other sources of information and IEG field observations and interviews, achievements against three of the objectives (improving productivity, profitability and the incentives framework for agriculture) had substantial efficacy, while the efficacy of the remaining objective (improving agricultural sustainability) was modest.

As concerns the productivity objective, the 2003 agricultural census found that family farms were about six times more productive than the collectives, and the land reform
component could be expected to have contributed to this transformation. A national survey found that some 80 percent of farmers considered ASSP’s agricultural extension system to be of good quality and to have met their needs – these positive views would be consistent with improving productivity. There are also a few direct measures of productivity gains – under integrated production management, yield increases of between 10 to 30 percent have been recorded, and communities in the pasture management pilot increased pasture yields by 25 and 40 percent respectively, for winter and summer pasture.

Profitability appears to have increased as well. First, a close causal relationship between increased productivity and profitability can reasonably be assumed. There are also a number of proxy indicators that imply higher agricultural returns from ASSP services: for instance, micro-credit had a 98 percent repayment rate; some 80 percent of the community seed production groups are financially viable, and the number of private producers selling seed at commercial rates has increased rapidly, indicating that farmers consider use of improved seed a remunerative activity.

The efficacy of ASSP at improving the sustainability of Kyrgyz agriculture was uneven. Environmentally, the project had a number of activities that would promote more sustainable agricultural practices; for instance, land ownership provided farmers a direct interest in preserving the fertility of their fields, and communal pasture management reduced overgrazing. However, funds for several support services were reduced at the end of the project, reducing their effectiveness. The crop protection and plant quarantine laboratories became dysfunctional due to inadequate funding for their operations. For the same reason the market information program has contracted, and agricultural extension, also with reduced funds, faces an uncertain future.

ASSP’s efficacy at improving the incentives framework was substantial. The project’s most fundamental contribution to the enhancement of agricultural incentives was its land reform activities. ASSP substantially completed the land reform program, thereby consolidating the transfer of land to private ownership. Gains in productivity and efficiency, and hence of profits, went entirely to the farmer, and the farmer also had a direct interest in sustaining the quality of his land. These changes provided the incentives framework for increasing productivity and profitability and for sustaining the farm environment.

Concerning efficiency, an economic rate of return was not calculated for ASSP, and indeed, there is insufficient data with which to calculate one. But proxy information such as the interest of farmers in adopting new agricultural technologies, participating in training and using improved seed, suggests that project activities were viable. ASSP also appears relatively cost-effective compared with irrigation improvement, the country’s other main agricultural intervention supported by the Bank. These observations suggest that ASSP had a positive economic impact but data is insufficient to make an informed judgment on the project’s cost-benefit ratio. There are also uncertainties regarding the sustainability of some of the project’s components. Accordingly, while there is enough information to conclude that efficiency was at any rate modest, there is not enough to presume that it was substantial.
An additional consideration in the assessment of ASSP’s outcome is the weakness of M&E - ASSP was a pioneer project, and a learning and adjustment process based on good information was particularly needed. A responsive M&E system could have made decisions more sharply focused on what actions make a difference, and how activities can be better tuned to needs. It would also have provided a stronger empirical base to design ASSP’s successor project.

In summary, taking account of ASSP’s relevance, efficacy and efficiency, the project has been predominantly satisfactory, but the project’s achievements are qualified by several factors: the sustainability issue; insufficient information on the project’s efficiency; and weak M&E. ASSP’s outcome is thus assessed moderately satisfactory. Nevertheless, a broader achievement of ASSP going beyond a project-specific evaluation should be recognized.

ASSP was more an adaptive program of change than a typical investment project. All components were new activities, and were also being established by personnel without experience, mostly in newly formed institutions. In essence, each component was an experiment, and implementation provided a learning process. There were mistakes along the way, such as the initial monopolistic approach to seed production which required complete redesign to foster a competitive private sector. Most components were significantly adapted over the project period. However, through this adaptive change process, by project completion, ASSP had created a platform of experience, an institutional capacity, a legislative framework, and a core of trained personnel for future agricultural development. This base – a potential springboard for future development of the country’s agricultural support services – was ASSP’s most fundamental achievement.

As the Kyrgyz Republic moves forward a significant risk to development outcome needs attention – provision of funds for each support service and, related to this, the degree to which each service can be self-financing. The downsizing of several agricultural services places particular urgency on finding a solution to the financing shortfalls. Government’s current intention is to make agricultural institutions financially self sufficient, and indeed, some services such as seed production and extension advice to large farm enterprises can be self-financing through fees. But other services such as research or extension advice for poor isolated communities have public good elements and collecting fees is difficult.

As concerns the performance of the Bank, quality at entry was moderately satisfactory, because, although the strategy and technical features for ASSP were sound, M&E was poorly designed. Supervision, however, was satisfactory. Although more could have been done to revamp the M&E program, in other respects supervision was strong. Particular strengths were in encouraging adaptations of components as experience was gained; providing informal coordination of the activities of other donors; giving practical advice to the implementing agencies as needed; and promoting the project’s social inclusion activities. Taking account of both quality at entry and supervision, the Bank’s overall performance was moderately satisfactory. For the borrower, Government provided generally supportive back-up during project implementation and passed extensive legislation to underpin ASSP’s activities. But the inadequacy of counterpart funding was a chronic problem. Government performance is thus rated moderately satisfactory. The performance of the implementing agencies was generally satisfactory – a remarkable
achievement given that they had no or minimal experience with ASSP activities and a number of the institutions were new. Overall borrower performance was moderately satisfactory.

The experience gained under the ASSP yields the following main lessons:

- Broad-spectrum change in a complex sector where there is limited experience can be made effective through a learning-oriented and continuously adaptive program approach aimed at establishing a platform for future development.

- While financial independence for providers of agricultural services is generally desirable, self-financing options need to take account of the public goods nature of some services, the special needs of poorer rural communities, and the rate at which communities and entrepreneurs can adapt to a pay-for-service environment.

- Inclusion of women and poorer families in rural development can be particularly effective if based on proactive investigation of the needs of vulnerable groups, practical social and economic measures to respond to these needs, and monitoring and adapting these measures during implementation.

- A strong M&E system is particularly important for projects that pioneer new approaches, and may need adjustment as implementation progresses. Monitorable indicators to measure achievements against the project objectives, and M&E arrangements, need to be detailed prior to project commencement including processes that enable learning from evaluation results.

Vinod Thomas
Director-General
Evaluation
1. Agricultural Development Issues

1.1. For both the Government of the Kyrgyz Republic and the Bank, accelerated and pro-poor economic growth is considered to be the country’s highest development priority. The Kyrgyz Republic is a low-income country with a population of about 5.3 million and a per capita gross national income estimated in 2008 to be about $790 – one tenth of average per capita income in Europe and Central Asia. Since the mid-1990s, after the first shock from withdrawal from the Soviet bloc in 1990, economic growth has averaged about 4.4 percent per year (1998-2008), increasing to about 8 percent per annum in 2007 and 2008.

1.2. The Kyrgyz Republic is landlocked, making communications and trade more difficult, and has a quite limited resource base. Gold and hydropower are the two main natural resources and reserves of the former are reported to be diminishing. In the absence of significant industrial activity, agriculture has been a mainstay of the economy. However, the rural environment is not favorable to agriculture: The country’s mountainous terrain leaves only about seven percent of land area well suited for arable farming, and the country’s geographic isolation limits export prospects. Nevertheless, in the mid-1990s, when ASSP was being prepared, agriculture contributed over 40 percent of GDP, and two-thirds of the population, including the bulk of the poor, lived in rural areas. Economically and socially, there was a need to boost agricultural productivity. But the agricultural sector’s growth rate – which averaged 2.5 percent per annum in 1998-2008 – is not enough to provide the development engine that the Kyrgyz Republic sorely requires. An upturn in agricultural performance is needed.¹

1.3. The 1998 Country Assistance Strategy, in the same year that the Agricultural Support Services Project (ASSP) was approved, emphasized development of the rural sector, poverty alleviation and better governance. Over time, while maintaining rural and pro-poor growth as a key objective, the governance aspects of development have assumed greater importance. Government’s Country Development Strategy for 2007-2010 had four pillars: growth-oriented economic policies; improving the business environment; better governance; and more transparent public administration. The Joint Country Support Strategy for the Kyrgyz Republic (2007-2010) (issued by the World Bank, and other development partners) was in similar vein.

1.4. Accelerated economic growth required transition from an economy constrained by an unwieldy public sector and regulatory system to a market economy spurred by supportive development services and an enabling legal and institutional environment. This private-sector oriented growth strategy has been a consistent objective for the Kyrgyz Republic throughout the last decade, and applies as much to the rural sector as to industry and commerce. However, the organization of agriculture under state-directed collectives during the Soviet period provided anything but a liberalized and market-based agricultural sector, and was marked by an absence of services necessary for innovative and productivity-enhancing agricultural growth. There had, for instance, been no need for an agricultural extension

¹ Data are primarily from the Joint Country Support Strategy for the Kyrgyz Republic (2007-2010) (World Bank, and other development partners), and the Country Development Strategy for 2007-2010 (Government of the Kyrgyz Republic).
service under the collectives system. Market information was also not needed in a directed economy. And even where some form of service had existed, such as production of seed, by the time ASSP was being prepared, nearly a decade after independence, facilities had degenerated and most staff had left the concerned institutions. In short, there was an urgent need to establish the agricultural support services typically required for a modern and productive agricultural sector. And these services needed to be geared towards facilitating development of a private rather than public sector led agricultural economy, and to boosting growth.

1.5. There was also a need to ensure that economic growth was broad-based and pro-poor. The proportion of the population classified as poor has fallen, but as recently as 2007 the poverty rate was 35 percent. The bulk of the poor live in rural areas, and remote villages have particularly high poverty indices. The approach to poverty alleviation articulated in the 2009 Joint Country Support Strategy Progress Report relies primarily on the Government’s and Bank’s growth-oriented economic policies and assumes that higher GDP growth will have spill-over impact on poverty. Thus, the 2007 Joint Country Support Strategy (page 8) estimates that: “For every 1 percent increase in GDP per capita during 2003-2005, extreme poverty fell by 5 percent and overall poverty fell by 2 percent.”

2. Project Structure and Management Arrangements

Project Objectives

2.1. The objectives of the Kyrgyz Agricultural Support Services Project (ASSP) were to improve the incentive framework for, and productivity, profitability, and sustainability of Kyrgyz agriculture.

Project Outputs

2.2. The intended means (“project outputs”) to achieve these objectives, each supported by a project component (Box 1), were:

- Land and agrarian reform (LAR) to consolidate the handover of former collective and state farms to private ownership of family or cooperative farming units;
- Establishing rural advisory and development services (RADS) aimed to provide agricultural extension services to advise the new farmers in technical and managerial skills, and to pilot micro-credit;

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2. Of note, however, is the relatively low disparity of incomes in the Kyrgyz Republic – the country had a Gini coefficient of about 0.3 in the 2000-2005 period. This is lower than most Europe and Central Asia countries, suggesting that low incomes and poverty are generalized across much of Kyrgyz’s population.

3. From Project Appraisal Document. The Credit Agreement has similar wording.
• Developing the seed industry by creating institutional capacity to produce seed varieties of major crops for multiplication by commercial producers;
• Establishing crop protection and plant quarantine services for regulating pesticide use and quarantining of new crop varieties;
• Developing an agricultural market information service to inform farmers and marketing businesses of agricultural prices; and
• Creating within the Ministry of Agriculture and Water Resources (MAWR) an Agricultural projects implementation unit for project co-ordination.

2.3. During ASSP’s implementation, four additional outputs and associated components were added to the project: (i) Community Seed Production (added in 2001 as an addition to ASSP’s seed industry component) to pilot multiplication and distribution of seeds by poor communities in mountainous regions; (ii) Pasture Management (added to the land reform component in 2006) to pilot community management of pastures; (iii) Flood Damage Repair (added in 2004) of infrastructure along a river for better protection against floods; and (iv) Avian Influenza Protection (added in 2007) to create facilities and institutional capacity to reduce the risks of an avian influenza outbreak, and to provide increased capacity to mitigate any such outbreak.
Box 1: Objectives and Components of the Kyrgyz Agricultural Support Services Project

**Development Objectives:**
To improve the incentive framework for, and productivity, profitability, and sustainability of Kyrgyz agriculture.
(From the Project Appraisal Document)

**Original Components:**

1. **Land and Agrarian Reform** (Appraisal Cost US$ 4.7 million, Actual Cost US$ 3.4 million). (i) Completion of the distribution of land and non-land assets, including rectifying previous errors and inequities; (ii) Establishing a legal and regulatory framework for land market development; (iii) Capacity building of the Centers for Land and Agrarian Reform (CLARs) and of the State Agency for Land Management and Land Resources (SALMLR); and (iv) Establishment of policies and procedures for auctions/leasing of land.

2. **Rural Advisory and Development Services** (Appraisal Cost US$ 12.4 million, Actual Cost US$ 7.5 million). Assisting small scale private farms to develop profitable farming units by providing technical and farm management knowledge, supporting agricultural research, and increasing access to credit.

3. **Seed Industry Development** (Appraisal Cost US$ 8.9 million, Actual Cost US$ 5.8 million). (i) Acquiring a wide range of cereal and forage germplasm to provide the foundation for developing new varieties; (ii) rehabilitating seed production, processing and distribution facilities; (iii) demonstrating seed production on pilot farms to promote commercial production; (iv) Strengthening the capacity of MAWR for developing and implementing a seed policy and regulatory services for variety testing, registration and seed certification; (v) supporting the development of a legal framework for the protection of breeders’ rights; and vi) funding publications and dissemination of variety testing results and seed industry information.

4. **Crop Protection and Plant Quarantine** (Appraisal Cost US$ 1.5 million, Actual Cost US$ 1.1 million). (i) Establishing the legal framework for regulation of pesticide use; (ii) Implementation and application of the pesticide registration system; (iii) Rehabilitating plant quarantine facilities; and iv) Providing support for Kyrgyz membership in the European Plant Protection Organization.

5. **Agricultural Market Information** (Appraisal Cost US$ 1.8 million, Actual Cost US$ 1.3 million). Expanding the existing market information system to cover the whole country to provide up to date information on produce prices.

6. **Agricultural Projects Implementation Unit** (Appraisal Cost US$ 0.9 million, Actual Cost US$ 0.9 million) Establishing an Agricultural Projects Implementation Unit within the Ministry of Agriculture and Water Resources for overall project coordination, including financing of staff, equipment and operating costs.

**Additional components/sub-components added during project implementation:**

7. **Community Seed Production.** Multiplication and distribution of seeds by poor communities in mountainous regions on a self-financing basis after provision of initial grants and training. (This was added in 2001 as a sub-component of the Seed Industry Development component. Specific costs have not been separately calculated, but were probably less than US$ 200,000 overall).

8. **Pasture Management.** Piloting of community management of pastures and development of an associated legal framework (added in 2006). Specific costs have not been separately calculated, but probably totaled less than US$ 150,000).

9. **Flood Damage Repair.** (rereallocation of $2.2 million from other components) Added in March 2004. Repairing the Kugart river with bank protection embankments, river-bed cleaning, check dam rebuilding, developing a siltation model, and capacity building.

10. **Avian Influenza Protection.** Added in January 2007 to help address the threat of Highly Pathogenic Avian Influenza (HPAI). Costs at project completion were US$ 1.1 million. The objective was to minimize the threat posed to humans and to the poultry industry by HPAI and to prepare for, control and respond to this threat. Savings from other components were used to supplement the financing provided by IDA for the HPAI project. ASSP financed activities included rehabilitating and equipping four veterinary laboratories and constructing safe animal carcass disposal facilities in various locations throughout the country.

Sources: PAD and ICR. (Costs estimates at appraisal include contingencies.)
Implementation Period and Costs

2.4. The originally intended implementation period of ASSP of 5 ½ years (from Board approval in May 1998 to closure in December 2003) was increased by 4 ½ years through four extensions, resulting in a 10 year project overall. The actual project costs of US$ 23.3 million were 77 percent of appraisal estimates, the savings being primarily due to a devaluation of the Som. The costs at completion included the costs of flood damage repair and avian influenza protection, costing a total of US$ 3.3 million. By project closure, US$ 13.4 million of the US$ 15.0 million Credit had been disbursed.

Project Coordination and Institutions Involved

2.5. An Agricultural Projects Implementation Unit (APIU) was established within the MAWR for coordination of ASSP and staffed with well qualified Kyrgyz consultants. ASSP’s broad objectives required involvement of over 20 institutions (Box 2). A notable feature was the rudimentary or non-existent institutional and technical capacity in each sub-sector when the project first began.

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4. The four extensions were: In December 2003 by two years to December 2005; in December 2005 by 1 ½ years to June 2007; in June 2007 by one month to July 2007; and finally, in June 2007 by one year to June 30, 2008.

5. When ASSP was initiated, the Coordination Unit was termed the Projects Implementation Unit, and the Ministry of Agriculture and Water Resources was renamed, later in the project, the Ministry of Agriculture, Water Resources and Processing Industry.
### Box 2: Institutions implementing or associated with ASSP

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>MAIN INSTITUTION(S)</th>
<th>INSTITUTIONS ALSO INVOLVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Coordination</td>
<td>Agricultural Projects Implementation Unit</td>
<td>Ministry of Agriculture and Water Resources, Ministry of Finance</td>
</tr>
</tbody>
</table>
| Land and agrarian reform         | - Republican Center for Land and Agrarian Reform  
- State Agency for Land Management and Land Resources  
- Gosregister  
- Land Redistribution Fund       | - Seven oblast level Centers for Land and Agrarian Reform and rayon level offices       |
| Microcredit (sub-component of LAR) | - Farm Development Fund  
- Kyrgyz Agricultural Finance Corporation |                                                                                         |
| Rural advisory and development services | - Rural Advisory and Development Service Foundation         | - Regional network of Rural and Advisory Centers, Universities, Agrarian Academy          |
| Seed industry development (including community seed production) | - Republican State Seed Inspectorate  
- Agrarian Academy  
- Seed Association of Kyrgyzstan  
- Crop Research Institute  
- State Commission for Variety Testing  
- Industrial Association for Crop Research  
- State Commission on Variety Testing  
- National Seed Association       | - Various seed farms, Community seed producers                                      |
| Crop protection and quarantine   | - State Inspectorate for Plant Quarantine                                          | Plant Quarantine Centers                                                                  |
| Agricultural market information  | - Kyrgyz Agricultural Market Information Service                                   |                                                                                           |
| Flood damage repair and rehabilitation | - Ministry of Agriculture and Water Resources  
- Irrigation Department                   |                                                                                           |
| Avian influenza protection       | - Highly Pathogenic Avian Influenza Project                                         |                                                                                           |
| Pasture Management               | - Pasture Department, Ministry of Agriculture and Water Resources  
- Forage and Pasture Research Institute |                                                                                           |

Source: IEG, from project documents

#### 2.6. Development agencies. The project became a fulcrum for the rural development programs of a number of aid agencies. The International Fund for Agricultural Development (IFAD) provided the largest financial assistance with a Credit of US$ 7.9 million and was a formally integrated lending partner with the Bank. IFAD’s funding was all to the Rural Advisory and Development Services component. The other agencies mainly funded technical assistance for implementing the different project components. The agencies included: the
Swiss Development Cooperation (supporting ASSP’s rural advisory services); the Department for International Development (UK) – for the land and agrarian reform and rural advisory services), TACIS (Technical Assistance for the Commonwealth of Independent States, Economic Union) supporting ASSP’s seeds and market information components; Swedish Aid and GTZ for the seeds component; the United Nations Development Program for microcredit; and the Food and Agriculture Organization supporting integrated production management in the rural advisory services and crop protection and plant quarantine components. The Bank was the lead agency for supervision of ASSP and covered the project as a whole. This included supervision on IFAD’s behalf of the rural advisory services which the Bank did not finance. Despite the number of development agencies involved, interactions and mutual support between them were generally good, and the APIU and the Bank were effective coordinators.

Monitoring and Evaluation

2.7. The quality of ASSP’s monitoring and evaluation system is assessed based on the design, implementation and utilization of M&E:

- **Design.** The PAD comments that the APIU would be responsible for monitoring (page 44) and refers to monitorable indicators in the project log frame (the PAD’s Annex A). Indicators in the log frame are useful as measures of project progress - as “output” indicators such as land and property shares distributed and quantities of seed distributed. But clear outcome indicators linked to the project’s objectives in a measurable results framework were lacking. There were also virtually no baseline data or targets, the PAD referring only to preparation by the APIU during project implementation of more detailed indicators. Further, implementation arrangements for the M&E program were not developed, and processes for learning from the evaluation were not considered.

- **Implementation.** The gaps above were partly rectified in the case of the RADS. A set of monitorable indicators was developed early in the project period (2000), enabling monitoring of RADS achievements from ASSP’s second year. Some 16 staff (two per oblast) were recruited for the work and received training in M&E practices. Additionally, there was a survey of farmer attitudes towards the RADS and surveys over time of several villages, but not enough villages to be statistically reliable. Monitoring of other components was generally confined to information on implementation progress. Even for the RADS, monitoring was largely confined to output achievements and not to achievements of the project’s outcome objectives.

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6. Implementation details would include defined sources of monitoring information; the frequency and detail of surveys and M&E reports; the organizational structure, responsibilities and implementation schedule to implement the M&E program and to provide relevant information to project managers and policy makers; and an estimated budget to fund the M&E activities.


8. The village surveys were reported in the “Repeated Baseline Survey”, Center for Sociological Studies, National Academy of Sciences, Kyrgyz Republic, 2007.
Utilization. All components had some data to measure project progress, which was generally reported on a semi-annual basis. This was a useful monitoring tool for the APIU and the respective managers of the project components. However, measurement of outcomes, and more qualitative measures of project performance remained limited, which was inappropriate given that ASSP’s activities were unproven and would have benefitted from more factually based learning. The data situation has got better over time, partly due to the surveys and also to more emphasis on monitoring outcomes by some component managers (for instance, the informative productivity data recently released by the Agricultural Investments and Services Project’s (AISP) pasture management group.

2.8. Overall quality of M&E: ASSP put in place a Management Information System on project progress, which became useful for project decision makers. But the project’s M&E system did not track achievements relative to its objectives. The quality of ASSP’s M&E program was Modest.

Safeguards and Fiduciary Issues

2.9. The project was classified as category C, with no safeguards issues triggered and no requirement for an environmental assessment. Environmental impact is likely to have been positive, especially from activities such as ASSP’s promotion of soil-conserving agronomic practices and pasture management. And the project’s actions to include women and poorer households were exemplary (paras. 9.7 to 9.10).

2.10. In distinct contrast, fiduciary management was poor in the first two years of implementation, with no dedicated financial specialist for ASSP management, weak accounting generally, and US$ 6,000 of funds for procurement of seeds unaccounted for (this was investigated and eventually recovered). From 2001, under the APIU’s leadership, financial management, accounting and procurement were brought to satisfactory status.

3. Relevance

Relevance of Objectives

3.1. ASSP’s objective to “improve the incentive framework for, and productivity, profitability and sustainability of Kyrgyz agriculture” had High relevance to the Kyrgyz Republic’s socio-economic circumstances and to the development strategies of the Government and the Bank, at present and at the time when ASSP was appraised. Both the Joint Country Support Strategy for the Kyrgyz Republic (2007-2010) (World Bank and other development partners) and Government’s Country Development Strategy for 2007-2010 place GDP growth as the nation’s highest development priority. This was also a priority in the 1998 Country Assistance Strategy. The growth strategy necessitates a robust contribution from the agriculture sector which generated 44 percent of GDP when ASSP was appraised. Increased agricultural productivity would in turn boost profitability and farm incomes and a
more sustainable agrarian economy. Moreover, there is a social dimension as the bulk of the poor live in rural areas.

3.2. The need for agricultural growth was particularly acute at the time ASSP was prepared. Independence in 1991 had left Kyrgyz’s agriculture sector with a heritage of centrally directed collective and state farms. Agricultural productivity, already low under the Soviet system, had then deteriorated markedly – to three-quarters of the agricultural value added in the Soviet era. This situation required development of key agricultural services to raise agricultural productivity. Agrarian reform (distribution of collective lands to rural families) had created a new and totally different farming sector based primarily on privately owned small family farms. However, these families had minimal or no technical and managerial knowledge of farming (collective workers had typically only undertaken a specific task under close supervision). Agricultural advisory, market information, and credit services did not exist as they had not been needed under the collective system, and, even when some capability and infrastructure had been present, such as in seed production or irrigation, neglect in the immediate years after Independence had left such facilities dysfunctional.

**Relevance of Design**

3.3. The means (project outputs) to achieve ASSP’s objectives were well chosen. By continuing agrarian reform, providing agricultural advice, producing higher yielding seed, developing crop protection and plant quarantine services, disseminating agricultural market information and strengthening the institutional capacity of the MAWR; the project was responsive to the gaps in support services noted above. Taken together these actions could be expected to provide a significant boost to all of ASSP’s objectives- land reform created a private farm sector where farmers had direct incentives to increase their profits by increasing productivity, and to sustain the quality of their soils, as economic and environmental gains or losses accrued directly to them. And ASSP’s support services could assist Kyrgyz farmers in these endeavors by promoting the more sustainable and productive farm practices that were needed.

3.4. Two aspects of ASSP’s design are particularly noteworthy: first, a number of well oriented approaches to key issues; and second, the project’s complexity given the multiple components and actors involved.

3.5. Four orientations stand out:

- an emphasis on grass-roots, community and participatory approaches, which consistently proved effective and which for some components – for instance, community seed production and pasture management – was the centerpiece of activity;
- the development of a supporting legislative framework was found necessary for all components, responding to non-existent or inappropriate legislation inherited from the Soviet period. This was effectively done;
• the strong social inclusion features of the project. Actions to include women and the poor as project beneficiaries - were included in all project components (although most of these were added during project implementation); and
• with some exceptions such as the piloting of pasture management and community seed production, all components were designed to have national geographic coverage.

**Project Complexity**

3.6. The ASSP comprised (including additions during project implementation) 12 components, and involved six donor agencies and over 20 Kyrgyz institutions. This presented a formidable implementation challenge, the more so given the nation’s limited experience, and the country-wide scale of most project activities. From Bank international experience simpler projects are generally desirable, and a specific remark to that effect was made by IEG when the Bank assistance program to the Kyrgyz Republic was evaluated in 2001. Relevant questions then are: Could ASSP have been made less complex? Were there special circumstances justifying such a multi-component project? And, how was ASSP designed to manage complexity?

3.7. **Possibilities for divestment.** One option could have been to forgo activities that were not essential to ASSP’s central mission to urgently ramp up agricultural productivity. Decisions here are difficult. A common viewpoint expressed to the IEG mission by Government and Bank staff was that agriculture “needed everything”, and the broad validity of this comment given the collapse of agriculture in the aftermath of the Soviet period can hardly be disputed. But some activities might have been less integral to the immediate core actions needed to jump-start agricultural growth. The crop protection and plant quarantine component might have been one activity that could have been deferred without directly affecting the productivity enhancement mission.

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9. The 12 project activities (components/sub-components) were: land and agrarian reform, agricultural extension, micro-credit, pasture management, crop protection, plant quarantine, agricultural market information, seed industry development, community seed production, project implementation unit, flood damage repair and avian influenza protection. Some, such as the RADS were bundles of activities.

10. A tendency for Bank financed projects in the Kyrgyz Republic to be complex was noted in the Operations Evaluation Department’s (the former name for IEG) Country Assistance Evaluation for Kyrgyz in 2001. This was summarized as follows: “Keep projects simple, with few components and realistic objectives, in recognition of the limited implementation capacities in the country.” (in the Fast Track Brief for the Kyrgyz Republic: Country Assistance Evaluation, May 31, 2001).

11. Increased incentives and the means to increase productivity were in particular provided by land ownership, improved agricultural technology, and improved seed and market information.

12. Decisions on what to prioritize are not easy and have a large element of judgment. Thus, there is a “worst case” scenario where prioritizing crop protection and plant quarantine would make very good sense. Risks posed by a particularly fast-spreading and virulent pest such as the Goldfish Potato Nematode (found in the Kyrgyz Republic in recent years and which can reduce potato yields by 50 percent) would certainly need monitoring – a standard activity of a plant quarantine service. Mention of the crop protection and plant quarantine component is, thus, an example of the prioritization issue rather than a specific assessment of the relative worth of this component.
3.8. **Prospects for allocating components to projects with similar specializations.** At face value there were several options. The flood protection addition in March 2004 might have been added to the Irrigation Rehabilitation Project which still had two more years of implementation, or to the On-Farm Irrigation Project approved in May 2004, only two months after the component’s addition to ASSP. The avian influenza component was added to ASSP in 2007, one year after Board approval in February 2006 of the Avian Influenza Control and Human Pandemic Preparedness and Response Project, pursuing the same objectives as the ASSP add-on. However, funds for the irrigation and influenza projects were fully committed, whereas ASSP had undisbursed credit funds in excess of expected project expenditures. Approval of additional financing for the irrigation and avian influenza projects would have taken longer than reallocating ASSP funds, whereas response to the floods and avian influenza risks were emergencies.  

3.9. The inclusion of micro-credit in ASSP is more questionable than the addition of the two emergency components. There were two readily available alternatives. The Kyrgyz Rural Finance Project was approved in FY97, the year before ASSP’s approval. And the Kyrgyz Second Rural Finance Project was approved in FY99, the year after ASSP approval. Both rural finance projects used the same financing intermediary, the Kyrgyz Agricultural Finance Corporation (KAFC) as ASSP used, and both had components to provide credit to poorer farmers, as intended under ASSP. The primary reason for including credit under ASSP was to accommodate the wishes of a lending partner.

3.10. **Distribution of responsibilities between donor agencies.** Responsibilities and financing might have been made the distinct and separate responsibilities of different donor agencies. The project’s record of good coordination between different agencies suggests that splitting the project into separately financed but closely aligned sub-projects each made the full and independent responsibility of a particular donor for the activity would have been workable. For the Bank, the ASSP could thereby have comprised only one or several technical components plus the APIU, still enabling an overall coordination role for the Bank, yet a more manageable set of specialist activities for its own direct support.

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13. The global context for avian influenza is also relevant. The Kyrgyz avian influenza component was a pioneer sub-project in the global program, and the Board had requested rapid preparation of Kyrgyz’s program as one of the pilots for the larger program.

14. Both projects targeted part of their activities on poor farmers. The Rural Finance Project had a Small Farmers Credit Outreach Program which included a sub-component to test mechanisms for credit delivery to poor households, and to development of farmer organizations to facilitate access of poor households to financial services. The Second Rural Finance Project had a Special Credit Line to provide credit for group lending based on group commitment.

15. As advised by the ASSP task team, micro-credit was included in ASSP because IFAD wanted credit to be part of the RADS, for which it was the primary financer. Inclusion of micro-credit in ASSP could thus be considered as a practical expediency, although from a purely development perspective there is no reason to assume that a separate component under ASSP would have been more effective than financing all micro-credit under the rural finance projects.
MANAGING COMPLEXITY

3.11. From the above, while inclusion of the avian influenza and flood response actions responded to the need for urgent financing, in other respects there were several options that might have been considered to simplify ASSP. The project design eschewed such options which was a risky choice given the Bank’s past experience with multiple component projects in the Kyrgyz Republic (IEG, 2001). Implementation of ASSP was indeed difficult, but in the event most components were broadly successful and contributed to achieving the project’s objectives. This was in part due to the quality of Bank supervision and most of the implementing agencies, but two additional features facilitated the coordination of ASSP’s multiple components and actors:

- *Inter-agency coordination.* Inclusion in project design of a coordination unit (the Agricultural Projects Implementation Unit) with a clear mandate and substantial authority over the project-related actions of all concerned institutions. This unit became an effective institution that enabled ASSP’s implementation despite its complexity.
- *Delegating specialist responsibilities between Bank task teams.* Delegation of supervision of several ASSP components to other Bank teams specialized and already occupied with similar activities. This was done progressively during project supervision. Technical supervision of ASSP’s micro-finance component was delegated to the rural finance projects’ supervision team, agrarian reform to the land and real estate registration project team, flood emergency to the irrigation projects’ team, and avian influenza to the avian influenza team.

OVERALL RELEVANCE OF DESIGN

3.12. ASSP’s design was generally well tailored towards the outputs that could contribute towards the project’s objectives. The project was complex, and there were some opportunities, though considering the context of the country’s development needs and the financing limitations of other projects, less than might be apparent, to simplify it. The design of ASSP’s institutional and supervision arrangements helped to surmount the difficulties of implementing such a multi-component and multi-institutional program. In social aspects (community participation, gender and poverty) the project’s design was exemplary. Overall, ASSP’s design was *Substantially* relevant.

4. Efficacy

4.1. This section presents evidence on the extent to which the ASSP’s four objectives – improved incentives, agricultural productivity, profitability and sustainability – were achieved. The section begins by examining the delivery of *outputs* that were germane to all four objectives: each output contributes to more than one objective. The next step is to examine evidence on *outcomes* associated with each objective. This is more problematic owing to the failings of project M&E. Extensive recourse is thus made to proxy data and other indications of the project’s development impact.
Outsputs

**Land and Agrarian Reform**

4.2. Unlike ASSP’s other components, each of which pioneered a new activity, the Land and Agrarian Reform (LAR) component helped to complete an existing program. But ASSP brought in a higher quality of cadastre and more community participation, and built capacity to help resolve land ownership disputes.

4.3. Land reforms began in 1991 and by 1997, the year before ASSP start-up, 766,000 hectares of land had been distributed to private farming units. ASSP financed an additional 240,000 hectares, including the reorganization and distribution of land of 20 of the 22 remaining former collective farms, and resulting in a total land distribution of 1,006,000 hectares by 2006 (roughly about 390,000 family farms). This resulted in an increase in privately owned land of 31 percent and raised the proportion of available land distributed to farmers to 91 percent.

4.4. Improved quality and consolidation of land distribution were probably ASSP’s most significant contribution to the LAR program. The cadastre was strengthened using contracted firms, and the project’s community outreach was intensive. Also, before ASSP “land shares” were provided to families without specifying locations of parcels. Under ASSP, land rights were now specified for each new owner with clear delineation of parcels. Another contribution was in settlement of disputes due to cases of inaccurate and inequitable land allocation in earlier years. ASSP provided legal assistance to over 10,000 rural families and also helped resolve disputes amongst or between communities as a whole.

4.5. Another achievement of ASSP was, together with the Land and Real Estate Registration Project (LRERP), to facilitate preparation of a legal framework for land reform. A cross-ministerial working group involving parliamentarians prepared a Land Code, a Law on Agricultural Land, and other legislation, providing a base for the land reform and land administration program. Finally, a large outreach program to build public awareness of land reform rights was mounted, with more in-depth training through some 2,000 seminars involving 83,000 participants (about 21 percent of total families that had received land, including land recipients prior to ASSP).

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16. Data on number of farms as opposed to number of hectares is incomplete. The rough estimate of 390,000 farms having received land is a cumulative estimate as of 2006 (source APIU) derived by taking the total area of 1,006,000 hectares as in the ICR, and dividing this by an estimated average of 2.6 hectares per farm.

17. Most of these families were from the pre-ASSP period when cadastral standards were weak. In 1997 about 766,000 hectares of land had been distributed, which, assuming 2.6 hectares per farm, would be equivalent to 295,000 farming families. Thus, about 3 to 4 percent of the families that had received land in the pre-ASSP period were provided with legal assistance (the majority of families had no legal issues).

18. Data on farm sizes and total family farms in Kyrgyz is limited, with some inconsistencies. Most aggregate data in this report is from or derived from World Bank Development Indicators, 2010 Edition reporting on 2008 data; viz: national population - 5.3 million (2008); percentage of population rural – 64 percent; thus rural population - 3.4 million; national land area - 191,800 km2; proportion of land that is arable - 6.7 percent; therefore arable land - 1,285,000 ha. The estimates for the percentage of the rural population that are farming
4.6. The good collaboration between ASSP and LRERP is to the credit of both projects. LRERP was approved two years after ASSP and had to build up the new implementing agency – Gosregister. ASSP handled some of the activities that LRERP subsequently took over. ASSP and LRERP officials shared responsibilities in land reform and administration, Gosregister taking responsibility from ASSP for land registration services. The two projects’ complementary roles and responsibilities were also made clear in a Memorandum of Understanding between the two parties.

PROVIDING RURAL ADVISORY AND DEVELOPMENT SERVICES

4.7. ASSP’s RADS program responded to the vacuum of technical and managerial skills that Kyrgyz’s new family farms had to face, and the virtual absence of agricultural extension. The RADS created an agricultural extension service represented in all of Kyrgyz’s districts covering a broad spectrum of technical and management skills.

4.8. The program had some impressive output achievements (Table 1). By 2006 187,000 farmers were being directly advised by RADS extension workers (about 37 percent of the total number of family farms in the country), and in the same year there were 75,000 participants in training courses (15 percent of Kyrgyz’s family farms). Also, over the project period some 500,000 technical pamphlets were distributed, 19 127 different training modules were developed, and 200 radio broadcasts were made. As indicated in Table 2, RADS has become the primary source of agricultural information for about 40 percent of its member farmers, although it is of interest that newspapers are also an important information source (the primary source for nearly a quarter of RADS farmers).

4.9. It is noteworthy, however, that in 2007, the last full year of the project, extension contacts, training and demonstrations dropped appreciably due to reduced donor funding (Table 1). This begs the question whether RADS will achieve the intended goal of financial self-sufficiency and points to the sustainability risks that the ASSP/AISP program will need to surmount (paras. 6.8 and 9.1 to 9.6).

(75 percent) and the average persons per family (about 5 persons) are taken from the Household Budget Survey 1998-2001 of the Kyrgyz Republic (Government of Kyrgyz), as reported in S. Savastano and P. Scandizzo – “Optimal farm size in an uncertain land market: the case of the Kyrgyz Republic” (Agricultural Economics, 2009). The number of farming households in Kyrgyz is estimated to be about 500,000 (3.4 million rural people, 75% of which are farming, and 5 persons per family). The average area of a family farm is estimated at 2.6 hectares based on 1.28 million hectares for 500,000 families.

19. An average of one pamphlet for each of Kyrgyz’s family farms, although distribution was primarily to RADS contact farmers, who might receive a number of pamphlets on different subjects.
Table 1: Farmers reached by RADS; 1999 to 2007

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of farmers directly advised by RADS (in 000’s)</th>
<th>Number of participants in training courses (in 000’s)</th>
<th>Number of demonstrations conducted (in hundreds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>58</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>2000</td>
<td>73</td>
<td>41</td>
<td>55</td>
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<td>2001</td>
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<td>111</td>
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</tr>
<tr>
<td>2006</td>
<td>187</td>
<td>75</td>
<td>111</td>
</tr>
<tr>
<td>2007</td>
<td>99</td>
<td>35</td>
<td>39</td>
</tr>
</tbody>
</table>

Sources: RADS and ASSP ICR

Table 2: Sources of agricultural advice in 2006

<table>
<thead>
<tr>
<th>Sources used by farmers for technical and managerial advice</th>
<th>Sources of information for RADS member farmers (in percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RADS agricultural extension workers</td>
<td>38</td>
</tr>
<tr>
<td>Newspapers</td>
<td>23</td>
</tr>
<tr>
<td>Other farmers</td>
<td>11</td>
</tr>
<tr>
<td>Television/radio</td>
<td>9</td>
</tr>
<tr>
<td>Books</td>
<td>8</td>
</tr>
<tr>
<td>Other advisory services</td>
<td>7</td>
</tr>
<tr>
<td>“I know it myself”</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey on level of ownership of Kyrgyz farmers towards the Rural Advisory Service network, Rural Development Fund, 2006

4.10. Studies of several RADS and non-RADS villages illuminate some of the features that influence the quality of RADS services. Villagers frequently praised the high quality of the extension staff. The strong interest of women in the RADS also emerges clearly from the studies, including their desire for specialist training in areas of particular interest. Also, farmers were vocal about ways to improve the RADS, including a high interest in participatory and community oriented approaches by RADS staff. And finally, the difficulties


21. For example, in Baigonchok village the RADS advisor was highly appreciated and the RADS service (including provision of written material, training, advisory consultations and good accessibility) received a strong evaluation by farmers with a score of 4.8 out of 5. On the other hand, in another village (Kosh-Terek), extension advice was considered less relevant and service delivery less energized, and the RADS was evaluated at only 3.0 out of 5.

22. Women in Baigonchok village, for instance, had formed groups supported by the RADS advisor on handicrafts, poultry, micro-credit and vegetable production.
and location-specific agronomic requirements that the Kyrgyz farmer and the RADS must contend with are clearly demonstrated - exhausted soils due to constant cropping with minimal or no fertilizer appears a common issue.

**Rural Micro-Credit**

4.11. The RADS’ micro-finance sub-component was intended to provide micro-credit to groups of poor farmers without collateral requirements using the Kyrgyz Agricultural Finance Corporation (KAFC) as an intermediary. This was achieved through a “Farm Development Fund” managed by the KAFC, providing loans for which recovery depended on peer pressure and group solidarity mechanisms. Management of the fund was problematic throughout ASSP implementation. KAFC was slow developing a group lending policy and manual. The government imposed a ceiling on interest rates which threatened to rapidly erode the fund’s capital, resulting in a moratorium by the Bank and IFAD on lending by the fund. Fund reflows were not reinvested but were diverted to other project components. Finally, KAFC unilaterally introduced a requirement for collateral.

4.12. Despite these problems, in its peak year (2006) the program reached about 6,200 farmers in 733 farmer groups, which represents about four percent of the average of 156,000 farmers under the RADS in ASSP’s last three years. These numbers (there were no physical targets) are ample enough to have piloted the micro-credit sub-component, thus meeting the appraisal intention to make “Progress in implementing pilot activities in micro-finance in selected areas.”

4.13. Nevertheless, there are doubts about the sustainability of the micro-finance sub-component. Micro-finance is not included under AISP, ASSP’s follow-on project, and the two rural finance projects closed three years before ASSP’s completion. Moreover, KAFC has demonstrated a consistent lack of interest in the sub-component.

**Pasture Management**

4.14. This sub-component piloted community management of pastures and was highly successful. On four pastures, each shared between several villages, the communities were encouraged through participatory processes and training to form Pasture Committees. These committees held workshops and community meetings to prepare a Pasture Management Plan for managed grazing and control of stocking levels. Grazing and stocking under the plan was then monitored by the community. A draft law for pasture management was also prepared (approved in January 2009, shortly after project closure). Each committee was provided with a one-time grant for investment in related infrastructure (for instance, an access track or small infrastructure for a watering point). Thereafter, each community was expected to be financially independent. It is not yet clear whether the communities will collect sufficient funds from villagers to cover operating costs. But communities throughout the Kyrgyz Republic have expressed their support for this initiative.

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23. In key performance indicators, page 62 of the PAD.
4.15. ASSP’s follow-on project, the AISP, includes pasture management as its main activity—some 38 percent of project costs. According to the managers of the Pasture Management Department, communities in all of the Kyrgyz Republic’s 40 districts are taking up the program. Some 445 clusters of villages are mobilizing and forming pasture committees, of which 270 are already registered as formal institutions. The intention of AISP is to develop pasture committees for all of the country’s pastures. In the unanimous view of Government and Bank staff interviewed by the IEG mission, the pilot program, through the experience and lessons gained, provided the foundation for the national program that is now underway.

SEED SECTOR DEVELOPMENT

4.16. When ASSP was approved, the seed sector - still mainly the responsibility of designated former collective or state farms – was in serious decline. Most farmers relied upon locally grown seed, with little use of improved germplasm. Laboratories and other facilities were in disarray, staff having left because salaries went unpaid. Legislation, regulation, standards and procedures were inadequate.

4.17. As designed at appraisal, the seed component contained strong vestiges of the top-down and horizontally concentrated approach of the Soviet system. A central seed farm was to supply seed to three seed farms, which were intended to demonstrate commercial production of seed. But creation of a private seed sector was compromised as breeder’s seed was only provided by the central farm to the three seed farms.

4.18. The seed component was redesigned in the second year of ASSP. The new design provided assistance to a broader range of seed producers and to development of a competitive and private-sector based seed industry. Greater emphasis was also put on providing a facilitating framework for development and regulation of the sector. A seed law was passed, seed standards developed, seed inspection procedures established, and a national Seed Association comprising all seed producers was created.

4.19. Several difficulties had to be overcome before the new approach could make progress. MAWR was not interested initially in the redesign of the component, preferring to directly manage the program than to become a regulator and overseer. Parliament was also uninterested in the adjustments, and there was strong opposition from seed sector vested interests.

4.20. The Kyrgyz Republic’s seed production industry is now achieving some recognition. The country’s seed inspection procedures have been approved by the International Seed Testing Association, enabling it to provide international certificates on seed quality. The Kyrgyz Republic also helped establish the Central Asian Seed Association, a forum for cross-country dialogue and coordination of seed activities.

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24. AISP’s slightly larger “Agricultural Support Services” component is a bundle of several support activities (agricultural extension, market information, community seed production and animal health).
4.21. A completely new sub-component – “Community Seed Production” – was added to ASSP’s seed component at mid-term-review in 2001. This was carried out in poor mountainous areas, thus serving a poverty-alleviation function as well as seed production. Farmers established cooperative “Community Seed Funds” and received seed grants as start-up capital and for initial operating expenses. Local farmers bought such seed with a 25 percent fee paid in kind. In turn, in the following year these farmers sold their seed to other farmers. Local NGOs played a facilitating role. Some 75 cooperatives covering about 300 villages and 24,000 farmers were established and registered. This successful program is being continued under AISP.

**ESTABLISHING CROP PROTECTION AND PLANT QUARANTINE SYSTEMS**

4.22. For crop protection a legal framework and administrative structure were established for regulating pesticide use, and laboratories were rehabilitated and equipped. An additional initiative in the last three years of the project was the introduction, through field trials, training and pilot farmers, of Integrated Production Management. On the plant quarantine side, an existing law on plant quarantine was amended, quarantine standards and procedures developed, some scientists trained internationally, and laboratories refurbished. It is notable that the progress made by the Kyrgyz Republic enabled it to participate in the European Plant Protection Organization and the International Plant Protection Convention. But these good achievements were set back in the last three years of the project by Government’s chronically inadequate funding for operation of the laboratories. Both plant protection and quarantine services effectively stopped and most staff left.

**SCALING UP THE AGRICULTURAL MARKET INFORMATION SYSTEM**

4.23. Provision of agricultural market information had been piloted before ASSP in two oblasts. ASSP expanded the system to nation-wide coverage through a new institution- the Kyrgyz Agricultural Market Information Service (KAMIS). Under KAMIS, a one-person office was established in each oblast, a broader set of crops, livestock, and agricultural inputs were included, wholesale and retail prices were collected and disseminated for all oblasts, and prices in adjacent countries or countries with significant agricultural trade with Kyrgyz were included. Market information was provided twice-monthly in a KAMIS newspaper (“Market Pulse”) which was distributed to all village councils. The newspaper is thorough, extensive in the agricultural commodities covered, and presented in user-friendly form. KAMIS staff informed the mission that the newspaper was widely read in the villages, and that villages often asked for more copies. The KAMIS program also had a web-site and provided information requested by television and radio networks. All in all, this was a dynamic and successful program. Nevertheless, plans under AISP to phase out Government and donor funding with expectations that KAMIS can be self-sufficient may need revisiting.

25. Formerly known as “Integrated Pest Management”.

26. “In the case of the central toxicology and plant quarantine laboratories, MAWPRI failure to provide O&M funding and to maintain adequate staffing has already caused both facilities effectively… (to reduce their) …. function; MAWPRI has committed itself to rectifying the funding problem, but the staff capacity already lost will not be easily and quickly regained.” (ICR page 22).

27. With funding from the British “Know How Fund.”
at least for the short term, given the public good nature of much of KAMIS’ services, especially for poorer and remotely located farmers (paras. 9.5 and 9.6).

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4.24. These two components were added to ASSP at the request of Government through amendments of the credit agreement in 2004 and 2007 respectively. 28

4.25. The river flood protection component supported reconstruction of embankments and check dams and de-silting of the Kugart river, and the development of a flood and siltation management model. These actions were to help protect adjacent communities from floods. Start-up was late due to delays in Government ratification of the amendments to the credit agreement despite the original request being framed as an emergency. Nevertheless, the infrastructure is reported to have been completed as designed, and the flood model developed.

4.26. The avian flu management component was the Kyrgyz Republic’s first response to the risks posed by a Highly Pathogenic Avian Influenza epidemic. Risks of an outbreak were high given the country’s position on migratory flight paths. Project funds were used to rehabilitate veterinary laboratories, purchase lab equipment and construct additional animal carcass disposal facilities. This component was part of the Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response, and is continuing under the Kyrgyz avian influenza project.

4.27. The achievements flowing from these components are reviewed below by each of the project’s objectives: Improving Kyrgyz agriculture’s (i) incentives framework, (ii) productivity, (iii) profitability and (iv) sustainability.

Outcomes

OBJECTIVE 1: IMPROVING THE INCENTIVES FRAMEWORK FOR AGRICULTURE

4.28. ASSP’s most fundamental contribution to the enhancement of agricultural incentives was its land reform activities. The project substantially completed the land reform program, thereby consolidating the transfer of land to private ownership. Hence, any gains in productivity and efficiency, and therefore of profits, would go entirely to the farmer, and the farmer also had a direct interest in sustaining the quality of his land. These changes provided the incentives framework for all of the other objectives, whether for increasing productivity, profitability or sustainability. And the project’s support services provided the means to put these objectives into practice. The incentives framework was Substantially improved.

28. The credit agreement was amended as follows: In March 2004 the addition of “Improving and securing the sustainability of river flood protection along the Kugart river;” followed in January 2007 with an addition to “Minimize the threat posed to humans and to the poultry industry by HPAI, and in preparing for the control and response to HPAI and other infectious diseases.”
OBJECTIVE 2: INCREASING THE PRODUCTIVITY OF AGRICULTURE

4.29. The most direct data available is cross-sectional comparisons between the private family farms and the agricultural enterprises still largely based on the collective and state farm systems. Table 3 shows that family farms are about six times more productive per hectare and per worker than the productivity of agricultural enterprises. While these data are for 2002, it is likely that ASSP’s land privatization program created similar differences between the two farming systems. The RADS was ASSP’s other large-scale program. A national survey of farmer opinions found that about 80 percent of RADS member farmers considered that RADS provided good quality agricultural extension services, and a similar percentage considered that RADS services met their needs. It would be reasonable to expect that these views were primarily because of improvement in their incomes based on improved productivity.

4.30. Some productivity data are also available for other project activities. Crop yields under Integrated Production Management are reported to have increased by about 10 to 20 percent for cotton and by nearly two-thirds for tomatoes and potatoes. The pasture management pilot increased summer pasture yield by 41 percent and winter pasture yield by 25 percent (Box 3). And, for these and other ASSP activities, farmer appreciation is evident from the interest expressed in participating in ASSP activities.

4.31. Another consideration is the important role of ASSP in setting up a technical, knowledge and institutional base for future agricultural development. The Efficacy of ASSP’s objective to increase the productivity of Kyrgyz agriculture is rated Substantial.


30. Data from Ministry of Agriculture and Water Resources and APIU based on sub-plot trials with and without IPM.

31. For the flood and avian influenza activities, while assessments of impact were not found by the IEG mission, these actions are likely to have contributed to ASSP’s objectives – better protection against floods would reduce lost agricultural production and incomes in flood affected years, and enhance the sustainability of irrigation systems and other rural infrastructure. The risk of catastrophic losses in poultry production and in the sustainability of the poultry industry can be expected to have been reduced by the infrastructure and capacity building program initiated by ASSP.
Box 3: Initial gains from community management of Orgochor Pasture

Orgochor pasture in Jety-Ogoz rayon, Issyk-Kul oblast was one of the four pilot pastures under ASSP’s Pasture Management sub-component. Baseline assessments were made of Orgorchor’s pasture resources, the legal status of current pasture management, the current usage of the pasture, and the reasons behind overgrazing. A community pasture committee was formed which developed a pasture use and management plan, determined fees to be paid by users and developed a plan for infrastructure – this included a bridge for easier access to summer pastures. The pasture management plan was then applied by the community. All processes were highly participatory.

Only two years of results are currently available (from 2007 when the pasture committee was established to 2009), but the initial impacts are already encouraging as indicated below:

<table>
<thead>
<tr>
<th>YIELDS</th>
<th>2007</th>
<th>2009</th>
<th>PERCENT INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer pasture – Yield in tons/hectare</td>
<td>1.90</td>
<td>2.67</td>
<td>41</td>
</tr>
<tr>
<td>Winter pasture – Yield in tons/hectare</td>
<td>0.61</td>
<td>0.76</td>
<td>25</td>
</tr>
<tr>
<td>Botanical composition of summer pasture (percentage of edible grasses)</td>
<td>39</td>
<td>41</td>
<td>5</td>
</tr>
<tr>
<td>Milk yield (liters /cow)</td>
<td>1475</td>
<td>1595</td>
<td>8</td>
</tr>
<tr>
<td>Wool shearing (kg per sheep)</td>
<td>2.80</td>
<td>2.95</td>
<td>5</td>
</tr>
<tr>
<td>Animal numbers (whole pasture)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cattle</td>
<td>1944</td>
<td>2365</td>
<td>22</td>
</tr>
<tr>
<td>Sheep</td>
<td>9224</td>
<td>10366</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Agricultural Projects Implementation Unit and Pasture Department, Government of Kyrgyz

Objective 3: Increasing the Profitability of Agriculture

4.32. Direct data on gross margins, farm incomes and other measures of profitability are even more limited than the data for productivity, and indeed, much of the assessment of profitability is based on productivity observations assuming a reasonably close causal link from productivity to profits and incomes. Thus, most of the productivity indicators provided above also imply improvement in farm incomes. Then there are some strong proxy observations for individual project components that imply profitability. Micro-credit had a 98 percent repayment rate and attracted more enthusiasm to participate than could be accommodated by the project. Some 80 percent of the community seed farms are financially
viable and are either stable or growing in size. For the commercial seed sector some 90 private producers were established by ASSP completion, much more than expected and indicating the profitability of commercial seed production and the viability for farmers of buying seed at market rates to use on their farms. The eagerness of village communities to participate in the pasture improvement program also construes clearly perceived benefits. And reduced risks of flood damage and avian influenza would reduce the chances of major economic and social losses.

4.33. Survey data is consistent with these observations. The national survey of agricultural extension showed that farmers were mostly pleased with the service, again suggesting that they materially benefitted. Also, repeater surveys of a small group of villages by Kyrgyz’s Center for Sociological Studies32 found substantial changes over time in the number of farmers who felt that their incomes had increased due to using the RADS agricultural advice. Baigonchok village (Table 4) illustrates the direction in most of the villages. Triangulating from these various sources, the profitability objective is rated as Substantially achieved.

Table 4: Impact of RADS on farmers’ knowledge and incomes

<table>
<thead>
<tr>
<th>Objective</th>
<th>2003</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of farming households “applying RADS knowledge practically”</td>
<td>65</td>
<td>98</td>
</tr>
<tr>
<td>Number of farming households who consider that they have “increased income significantly due to knowledge and skills gained from RADS”</td>
<td>5</td>
<td>61</td>
</tr>
</tbody>
</table>


Objective 4: Increasing the Sustainability of Agriculture

4.34. Several ASSP components were by their nature designed to be environmentally beneficial and may have contributed to strengthening the environmental sustainability of agricultural production: community pasture management may have reduced overgrazing and the ongoing roll-out could have national significance; the flood and avian influenza components provided better hazard preparedness; and the RADS promoted land conserving agronomic practices. However, there is no evidence of the extent to which improved practices were adopted and what the results achieved were. Furthermore, the sustainability of agricultural services is a considerable issue, because project and post-project experience with financing raise questions as to whether such services can be enhanced, or even maintained. First, at the end of the project, the RADS program was substantially curtailed following a drop in funding, and the future prospects of a developing private extension service are not yet clear (paras. 9.1 to 9.4). Second, failure to provide funding for operations and maintenance of the crop protection and plant quarantine laboratories resulted in them becoming non-functional (para 4.22). And third, KAMIS’s market information services had to be reduced, also due to a reduction in financing (paras 9.5 and 9.6). If such financing problems persist, the services themselves are clearly at risk, and this may put at risk the extent to which

sustainable farming practices are further developed, disseminated, adopted and those introduced under the project maintained. If agricultural services decline, maintaining improved technologies would be made more difficult for farmers. Thus, the project, which experienced inadequate funding and resultant decline in service quality for three of its ten components, has not yet ensured that its influence on sustainable agricultural development can be sustained. Taking account of this, efficacy of ASSP’s objective to improve the sustainability of agriculture is rated Modest.

5. Efficiency

5.1. Implementation Efficiency. ASSP took 10 years to implement – nearly double the 5 ½ years intended at appraisal, although given that practically all of the project’s activities were new, the realism of the original five-year implementation target is questionable. Another consideration is cost savings - at completion, ASSP’s costs were 77 percent of appraisal estimates. However, these savings have little meaning for assessing efficiency as output and outcome targets were not specified at appraisal, and the cost reduction is in line with a significant depreciation of the Som during project implementation. 33

5.2. Economic Efficiency. Assessment of ASSP’s economic efficiency is particularly difficult. Estimation has all the data limitations found when evaluating efficacy, and an economic rate of return was not calculated in the ICR. Thus, the considerations below are limited primarily to observations on farm level profitability and a comparison of ASSP costs with irrigation investments.

5.3. Financial Returns and Profitability. From the review of ASSP’s impact on productivity and profitability, there are persuasive indications that ASSP brought in technologies that were financially viable. There are only a few indicators from direct measurements of increases in productivity. But proxy information from farmer views and participation rates convey a generally consistent direction. All of ASSP’s services were popular with farmers, uptake levels being more influenced by supply constraints than by lack of demand, and where payments were required these were generally made.

5.4. Relative cost effectiveness. Irrigation improvement would be an obvious alternative or parallel intervention to ASSP. Under the Second On-Farm Irrigation Project, rehabilitation and modernization costs of the tertiary system are estimated at $250/hectare and the farmer’s incremental gross margin as a result of the project is estimated at $68/hectare, a modest 16 percent increment on the without-rehabilitation scenario. 34 For ASSP, taking only the 240,000 hectares of land privatized under the LARS program, the project’s total costs amount to $50 per hectare ($25 per hectare if the 480,000 hectares under the RADS program

33. At appraisal the assumed exchange rate was 17.5 Som per US$, whereas by project completion it was in the 35 to 40 Som per dollar range.

34. From the PAD for the Second On-Farm Irrigation Project, pages 7 and 87 to 91.
is taken) for an incremental yield significant enough to explain the wide-spread interest of farmers in the ASSP program.

5.5. The indications above suggest that ASSP had a positive economic impact, but data is insufficient to ascertain the extent of increases in productivity and profitability. Hence, it is not possible to make an informed judgment on the project’s cost-benefit ratio. There are also uncertainties regarding the sustainability of some of the project’s components (paras. 6.7 and 6.8 and 9.1 to 9.6). Accordingly, while there is enough information to conclude that efficiency was at any rate Modest, there is not enough to presume that it was substantial.

6. Project Outcome

6.1. Ratings for ASSP’s relevance, efficacy and efficiency are summarized in Table 5.

6.2. ASSP’s objectives to improve the productivity, profitability, sustainability and incentives framework of Kyrgyz agriculture were Highly Relevant to the Kyrgyz Republic’s new agricultural sector. The new privately owned family farms faced low yields yet had minimal knowledge or technologies with which to raise productivity and earnings and maintain the fertility of their fields. This was important for improving rural welfare, reducing poverty, sustaining farming systems, and contributing to a more viable rural economy. Project design was Substantially relevant - a generally well chosen set of agricultural support services could between them be expected to boost rural productivity, and arrangements for project coordination mitigated the risks posed by the choice of a complex, multi-component project.

6.3. Project implementation was largely successful - all components were established and made significant physical progress. ASSP also pioneered several general thrusts for the rural sector: promoting a private-sector based agricultural economy; involving communities in nearly all development activities; creating a legislative framework for all services; and integrating a strong social inclusion program.

6.4. The project’s efficacy was Substantial as concerns the objectives to improve the incentives framework, productivity and profitability of agriculture. Sustainability achievements however were Modest given the deterioration of some services as a result of underfunding. Efficiency was also Modest as reduced service quality would reduce the potential benefits from the ASSP program.

6.5. An additional concern is the weakness of M&E. ASSP was a pioneer project, and a learning and adjustment process based on good information was particularly needed. A responsive M&E system could have made decisions more sharply focused on what actions make a difference, and how activities can be better tuned to needs. It would also have provided a stronger empirical base to design ASSP’s successor, the AISP.

6.6. ASSP’s overall outcome was Moderately Satisfactory. In most respects the project did well. But an otherwise predominantly satisfactory performance is qualified by the modest
sustainability achievements and uncertain efficiency, with weak M&E a further consideration.

Table 5: Ratings of Development Objectives and Outcome

<table>
<thead>
<tr>
<th>Development Objectives: Improve the incentive framework for, and productivity, profitability, and sustainability of Kyrgyz agriculture.</th>
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<tbody>
<tr>
<td><strong>Evaluation Criteria</strong></td>
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<tr>
<td><strong>Relevance:</strong></td>
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<tr>
<td>• Relevance of Objectives</td>
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<tr>
<td>• Relevance of Design</td>
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<tr>
<td><strong>Efficacy:</strong></td>
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<tr>
<td>1. Improving the Incentives Framework</td>
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<tr>
<td>2. Improving Productivity</td>
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<tr>
<td>3. Improving Profitability</td>
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<tr>
<td>4. Improving Sustainability</td>
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<tr>
<td><strong>Efficiency</strong></td>
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<tr>
<td><strong>Project Outcome</strong></td>
</tr>
</tbody>
</table>

Source: IEG

Risk to Development Outcome

6.7. Considerable uncertainty for the short-term was introduced by recent socio-political events in the Kyrgyz Republic. For the medium and longer term, demand for quality services by farmers is likely to be a sustaining influence on government commitment to the agricultural support activities introduced by ASSP. An intangible but likely significant factor is the build-up of ownership of ASSP by the implementing agencies and Government, including various forms of recognition by outside parties. The continued presence of the Bank and other development agencies in financing the follow-on AISP will also help sustain and enhance ASSP’s achievements in the medium term, both by relieving the financial burden for Government and by the dialogue during project supervision on policy and implementation progress of ASSP activities included in the AISP program.

6.8. Nevertheless, past Government actions suggest wavering political commitment. In the last three years there have been seven Ministers of MAWR, each requiring time to become familiar with the project. Some became reform champions, but a number had insufficient time to make significant impact. Also, policy reflections (such as the tendency after the rapid price increases in 2008, to restore greater Government control over production of agricultural

35. For example, inclusion of the Community Seed Production model in the World Bank’s Innovation Fair, the licensing of the Kyrgyz Republic by the International Seed Testing Association for seed exports (the first CIS country to be so authorized); the establishment, led by Kyrgyz, of the Central Asian Seed Association; and Kyrgyz’s Pasture Management program visited by other countries.
commodities) have been questionable. Rent seeking may also undercut the sustainability of project outcomes. There is in particular the significant risk that Government funding will be inadequate - as indicated above, counterpart funding was problematic throughout implementation. Risk to Development Outcome is assessed Significant.

ASSP’s Broader Impacts

6.9. Although, as indicated above, ASSP had some flaws qualifying a mostly satisfactory outcome, a fundamental achievement of ASSP going beyond a project-specific evaluation should be recognized. ASSP was not really a project – it was more an adaptive program of change. All components were new, and were also being established by personnel without experience, in newly formed institutions. In essence each component was an experiment and implementation provided a learning process. Most components were significantly adapted over the project period. But through this adaptive change process, by project completion ASSP had created a platform of experience, a core of trained personnel, an institutional capacity, and legislation for future development of the Kyrgyz Republic’s agricultural support services and for Kyrgyz agriculture in general. Providing that its sustainability issues are resolved, ASSP’s heritage will be considerable.

7. Performance of the Bank

Quality at Entry

7.1. The Bank was attuned to the Kyrgyz Republic’s goal to enhance the productivity and incomes of the agricultural sector, and the resultant priority for agricultural lending to jump-start sector growth. Choice of a project to support the diverse agricultural service needs to stimulate and sustain agricultural growth was strategically appropriate. With the exception of the seed sector component, the quality of preparation was good. This included detailed discussion and up-front formulation of implementation arrangements. With its many components, the project was complex but arrangements to enable coordination were built into the project’s design and were largely successful. When ASSP was approved, there was a sufficient base, both in design and readiness for implementation, for starting the adaptive development program that ASSP became. Quality at entry was good except in one respect - the M&E program. A good and outcome oriented M&E system was particularly necessary given that ASSP was effectively a pilot for a broader program. Accordingly, overall quality at entry is rated as Moderately Satisfactory.

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36. Transparency International publishes an annual list assessing transparency (corruption) by country. The ranking of the Kyrgyz Republic in recent years has been: 2005-130th; 2006-142nd; 2007-150th; 2008-166th; and 2009-62nd. (Ranking is expressed as the number of countries assessed to have more transparency than Kyrgyz. The smaller the number, the more transparent the country.)
Supervision

7.2. Supervision was generally strong. The team was well grounded in the ultimate objectives of ASSP, and this influenced a dynamic and flexible approach to supervision, which was desirable for a project forging new ground in almost every activity. The decision to continue supporting the program started by ASSP with a follow-on project (AISP) recognized that the agricultural change process in Kyrgyz required more than a one-time intervention.

7.3. Additional to the flexible and strategic approach noted above, three aspects of supervision stand out. First was the Bank’s role as an informal coordinator of a large number of development agencies. The Bank team was effective in harmonizing the various activities of these agencies, hence harnessing additional dynamism and technical and financial resources to the ASSP program. Second was the Bank’s collegiate rapport with Government and hands-on problem-solving approach. Comments such as the Bank team could be “easily reached,” even when on another mission, they would provide “any assistance needed,” and they were “very good at resolving problems” were typical Government and agency remarks to the IEG mission. Third was the exemplary attention to social issues resulting in social inclusion measures across most of ASSP’s activities. On the other hand, the M&E program, while it was somewhat improved during project implementation, could have received more attention. An otherwise highly satisfactory supervision performance is thus rated Satisfactory. Considering quality at entry and supervision performance together, the overall performance of the Bank is rated Moderately Satisfactory.

8. Performance of the Borrower

Government

8.1. Other than in provision of counterpart funds, Government was a generally strong supporter of the ASSP program. Land reforms were personally championed by the President. Turnover of Ministers of Agriculture and Water Resources was excessive requiring repeated re-briefings but most became active leaders of reform. Government support included passing the considerable number of laws and amendments involving all project components. In this, parliamentarians worked closely with the APIU and implementing agencies.

8.2. Inadequate counterpart funding was a significant problem, although a major contributor to the financing difficulties was exogenous to the project. The Kyrgyz Republic

37. Also, the supervision team had an adequate skills mix, and Bank management recognized that ASSP required a larger supervision budget than normal (between FY99 and FY07, the average annual supervision budget was US$ 136,000 - over 50 percent more than typical supervision allocations).

38. As concerns the project period, the problem was substantially solved when, in 2004 the Bank adjusted disbursements to 100 percent of costs, and several bilateral agencies agreed to finance all of the technical assistance on a grant basis.
was severely affected by the Russian financial crisis of August 1998 (shortly after ASSP had been approved). The Kyrgyz Som depreciated sharply from 17.5/US$ in mid-1998 to Som 42/US$ in mid-1999. And the country continued to have severe fiscal constraints throughout the project period and beyond. The budgetary difficulties resulting from the Kyrgyz Republic’s economic situation place the shortfall in counterpart funding in somewhat more sympathetic light. But even scarce resources are fungible and the choice to limit Government financing for ASSP caused some services to deteriorate. Nevertheless, given its strong support to the project in other respects, Government performance is rated *Moderately Satisfactory.*

**Implementing Agencies**

8.3. Overall, the performance of the implementing agencies was *Satisfactory.* All of the many agencies involved with the project began with no or minimal experience in the ASSP activities assigned to them. A number of the institutions were new, having been created specifically for the project. They all had to learn by doing, and in process, all institutions could be expected to, and did, make mistakes. Nevertheless, the majority of the institutions were effective learners and showed flexibility in adapting their programs based on implementation experience. The bottom line is that nearly all project components ultimately prevailed in introducing, even with imperfections, the support activities that agriculture so sorely needed, thereby contributing to the overall objectives of the project. Coordinating these initiatives was the APIU which played a highly proactive and effective role as a bridge and motivator between the implementing agencies, Government, and the development community.

8.4. Considering the performance of Government and the implementing agencies together, the overall performance of the borrower was *Moderately Satisfactory.*

**9. Special Issues**

**Financial Self-Sufficiency**

9.1. The degree to which ASSP’s activities can be financially self-sufficient and, if self-financing is feasible, the appropriate timetable to get there, would benefit from further examination. Some activities, such as community seed production groups and pasture management communities are already fully or nearly self-financing. But in other cases – particularly some of the RADS’ activities and KAMIS’ market information program - there is cause for concern. The collapse for lack of funding of the laboratories for crop protection and plant quarantine provide cautionary examples of what could happen without adequate funding.

9.2. *Rural Advisory Services.* From the beginning of ASSP and continuing to this day, the official position of the Bank, its partner donors and the Government is that the RADS should progressively become financially independent, and that other agricultural service providers
should develop and thereby complement and compete with the RADS in a new demand-led environment.\textsuperscript{39} Most public funding would be channeled to service users (farmers, farm enterprises, farming communities) who would select and pay for services directly. Transition to this model is taking place under AISP. The approach has evident merits. The RADS and other extension services would need to be responsive to farmer needs if they are to be selected, and be appreciated enough to be able to charge fees which will be paid; and self-sufficiency would release the RADS from reliance on continued financial support from the donor community and from the perpetually constrained financing available from Government.\textsuperscript{40} Further, multiple providers of agricultural extension services would create competition between providers, a greater diversity of skills and, possibly, more innovations. However, some adjustments appear needed in the way the new model is applied, in particular as concerns the role of the RADS versus the private sector, how to cater for “public good” agricultural extension activities, and financing agricultural extension for poorer farmers.

9.3. For the RADS, the tightly rationed funding from donors and Government in the last several years is reducing the quality of its services. A manager of one of Kyrgyz’s seven oblasts commented to the IEG mission that there had been very little training of farmers in the past two years. There had also been a substantial loss (approaching 50 percent) of RADS staff. And salaries of his staff had not been increased since 2002. The progression of the RADS budget for the oblast is consistent with these developments. Whereas the oblast’s budget in 2007 was 5.5 million Som, by 2009 it was 3.2 million Som. This budget includes financing from donors. The oblast RADS was trying to increase revenues from client fees. But by 2007 these only amounted to 12 percent of the oblast’s budget. In his view, if donors such as the Bank, IFAD and the bilateral agencies withdrew, considering the past history of limited Government budgets for the RADS, the program would be unsustainable. A similar view – “the program would collapse” – was expressed by a Bank staff. A comment made by another oblast manager to the IEG mission was “I don’t understand why a good and effective system (the RADS) is being destroyed.”

9.4. Annual increases in the share of RADS expenditures financed by farmers are targeted by the Bank, other donors, and Government to progress to 100 percent over the next several years. This approach, which includes a set schedule of percentage targets by year, would benefit from more tuning to the diversity of services that agricultural extension provides, and to the needs of poorer and more isolated farming communities. Several actions (with accompanying assured financing) could be considered. First, applying more comprehensive

\textsuperscript{39} As stated in the appraisal reports for the ASSP and the follow-on AISP: (i) “The RADS will function as a semi-autonomous institution, until it becomes over a period, a self-financing organization.” (ASSP PAD, page 31); (ii) “The RADS will be in position to function without further donor support by the end of the project” (AISP PAD, page 32); and (iii) “The project will provide, on an annually declining scale, funding for the direct and decentralized contracting for extension services by the farming communities themselves (also in the AISP PAD; page 13).

\textsuperscript{40} Availability of funds was a critical constraint. In the first three years of ASSP, due in large part to the Kyrgyz Republic’s financial crisis, virtually no counterpart funds were provided, and the Bank and other agencies raised financing percentages to 100 percent, including funding by bilaterals of technical assistance costs through grants.
differentiation of clients by categories such as small farmers, for which a subsidized service may be required, and large farmers and agribusinesses where a fully paid private service is feasible. Second, clearer specification and adequate funding of all services which are “public goods” in nature (such as extension by radio and television, research and demonstrations). Third, assessing and applying a time path for reducing RADS funding that is more responsive to the rate at which the RADS can adjust to the new approach, and the rate at which private suppliers can enter the extension services market and assume RADS activities. And fourth, tailoring and timing the program and adjustment of RADS to regional conditions and implementation experience.

9.5. **Market information services.** There was a chronic shortage of counterpart funding to KAMIS throughout project implementation. A pragmatic partial solution to this, introduced in 2003, was to change the legal status of KAMIS to a private company. This enabled KAMIS to charge for its services and to retain earnings. By project completion about 30 percent of KAMIS’ funds came from users, in particular the larger users such as cooperatives and agribusinesses. The remaining funds came from MAWR through annual contracts with KAMIS. This was a better situation, but Government funding has still been less than KAMIS’ operational needs and the program’s future is not secure.

9.6. Government’s objective, supported by the Bank, is to progressively reduce funding with the eventual objective to make KAMIS a financially independent entity. Already, the Government provision of funds to KAMIS (funded under the follow-on AISP) has been cut from $90,000 per annum in the last years of ASSP to $65,000 currently. To make ends meet KAMIS has cut staff salaries and curtailed some of its services. As with agricultural extension, at issue is the degree to which KAMIS can reasonably be expected to finance itself when a significant proportion of its services are in the nature of a public good (media, information for village communities) rather than services to specific private customers. As matters stand now, KAMIS’s good services developed under ASSP are declining.

**Exemplary Social Inclusion Practices for Women and the Poor**

9.7. By completion of ASSP, the project had developed a strong orientation and actions towards improving access to project benefits of the poor, women and other vulnerable groups. This fitted Government’s and the Bank’s strategy for “pro-poor” economic growth. It was also consistent with experience in the Kyrgyz Republic and a number of other ECA countries, that without special measures, vulnerable groups could be marginalized in development programs. ASSP has become a model of “good practice” social inclusion, with potential interest for other countries.

9.8. Social inclusion was not an emphasis during project preparation. The PAD has minimal references to features in project design for alleviating income and gender inequalities, but the development context at that time should be borne in mind. As aptly expressed by a senior Government official, in the first years following Independence, “Everyone was poor.” Poverty targeting was “the last thing on people’s minds.” However, the initial implementation experience of ASSP raised awareness for both Government and the Bank that adaptations to better cater for the needs of women and the poor were needed. ASSP became more oriented to participatory and community-based processes, and some
components such as community seed production and micro-credit were focused entirely on poor communities. All project components developed features for social inclusion (Box 4).

**Box 4: Actions to Include Women and the Poor**

<table>
<thead>
<tr>
<th>Most of ASSP’s project components had features that would help the poor and women to be more effectively reached:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land and Agrarian Reform</strong>: The main ASSP activity on land reform became settlement of disputes which was particularly beneficial to the less influential (ethnic minorities, poorer households and women). Free legal advice was also provided.</td>
</tr>
<tr>
<td><strong>Rural Advisory Services</strong>: Women had access to extension services almost as equally as men. Female advisors were nearly as prevalent as male advisors. Women accounted for 51 percent of all training participants, and for 42 percent of the RADS’ regular client contacts.</td>
</tr>
<tr>
<td><strong>Micro-Credit</strong>: Credit was targeted to the most poor, vulnerable and remote villages identified through the UNDP Poverty Alleviation Program. Only groups comprising families with monthly incomes of less than US$ 20 per month were eligible to participate.</td>
</tr>
<tr>
<td><strong>Pasture Management</strong>: A participatory and community based approach helped to include poorer and women livestock owners.</td>
</tr>
<tr>
<td><strong>Community Seed Production</strong>: This component specifically targeted poor communities, often in mountainous areas, and included women’s groups. Most of the cooperatives became financially independent through sale of seed to local farmers.</td>
</tr>
<tr>
<td><strong>Market Information</strong>: Most of KAMIS’ services were freely available through public media and the KAMIS bimonthly newspaper, which was distributed to all of Kyrgyz’s Village Councils (access to information through KAMIs’ web site, would, nevertheless, have been easier for higher income households with computers and information technology links).</td>
</tr>
<tr>
<td><strong>Studies</strong>: Several studies financed by ASSP reviewed gender issues and women’s needs.</td>
</tr>
</tbody>
</table>

Sources: ICR page 21 and IEG mission observations and interviews.

9.9. ASSP’s pro-activism was a better approach to rural development than the “neutral” approach (wherein project activities have no bias inhibiting social inclusion, but no features to actively promote it) to poverty and gender issues often found in other projects. The development needs of men and women can be quite different. A survey in the Kyrgyz Republic in 2002 found that women valued training within or close to the village, and there were some training topics of particular interest to women. There are also complications from the juxtaposition of customary law with modern law, customary law being particularly influential in Kyrgyz’s more remote rural communities. Rights to land are quite different between the two legal systems. There is also the sometimes unobtrusive or even hidden

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42. Women were particularly interested in off-farm income generating activities, training in small business management, legal rights of women, and food processing. The latter two interests were unique to women. (From R. Giovarelli, Women’s Involvement in Extension Programs in Kyrgyzstan, June 2002.)

43. “Customary law appears to super-cede the written law in many rural villages, although women have the legal right to land as individuals, this right is rarely exercised.” (in Women’s Rights to Land in the Kyrgyz Republic. (Giovarelli 2001).
nature of gender and poverty issues.\textsuperscript{44} The need for the RADS to take proactive measures to cater to the needs of women might not have been thought of without the review of social issues during ASSP’s implementation and if the Bank team and Government had been less vigilant in their attention to the issues arising.

9.10. ASSP’s experience provides the following considerations for the ASSP/AISP program and possibly for other countries:

- A study to assess gender and poverty issues and to identify practical actions should be done during project preparation, and findings incorporated in project design (or as a second-best retrofitted as was done for ASSP).
- Gender and poverty impacts should be monitored during project implementation (done informally by ASSP, though without surveys).
- The intention to make ASSP/AISP activities financially self-supporting needs to integrate social considerations in the assessment of feasibility, in design, and in subsequent monitoring.

10. Lessons

10.1. The main lessons from this review are:

1. \textit{Broad-spectrum change in a complex sector where there is limited experience can be made effective through a learning-oriented and continuously adaptive program approach aimed at establishing a platform for future development.} ASSP’s fundamental achievement was that it explored and created a starting set of technical modalities, experience, institutions and legislation for the future development of Kyrgyz’s agricultural support services (para. 6.9).

2. \textit{While financial independence for providers of agricultural services is generally desirable, self-financing options need to take account of the public goods nature of some services, the special needs of poorer rural communities, and the rate at which communities and entrepreneurs can adapt to a pay-for-service environment.} The ASSP/AISP program’s drive to achieve financially independent agricultural extension services could apply a sharper differentiation between charged (private goods) services and services for which charging would be impractical or socially costly (for instance, extension to poor and isolated communities), and for charged services, the time frame to achieve self-sufficiency should be adaptive as experience is gained and farmers and service providers respond to the changing financing environment (paras. 9.1 to 9.6).

\textsuperscript{44} As found in a World Bank survey of four ECA countries: “Legislation and procedures that appear gender neutral because they do not make a distinction between the rights of men and women may, nevertheless, affect men and women in very different ways, given how traditional gender relationships and stereotypes affect access to information, resources and power.” Dudwick, N., Fock, K and Sedik.D, 2007. “Land Reform and Farm Restructuring in Transition Countries. The Experience of Bulgaria, Moldova, Azerbaijan, and Kazakhstan.” (World Bank, 2007).
3. Inclusion of women and poorer families in rural development can be particularly effective if based on proactive investigation of the needs of vulnerable groups, practical social and economic measures to respond to these needs, and monitoring and adapting these measures during implementation. ASSP’s proactive approach found ways to enhance participation of vulnerable groups across all components (paras. 9.7 to 9.10).

4. A strong M&E system is particularly important for projects that pioneer new approaches, and may need adjustment as implementation progresses. Monitorable indicators to measure achievements against the project objectives, and M&E arrangements, need to be detailed prior to project commencement including processes that enable learning from evaluation results. Had a responsive M&E system been in place for ASSP, decisions could have been more sharply focused on what activities needed adjustment and what interventions yielded strong results (paras. 2.7, 2.8 and 6.5).
# Annex A. Basic Data Sheet

**KYRGYZ AGRICULTURAL SUPPORT SERVICES PROJECT (Credit 3062)**

## Key Project Data *(amounts in US$ million)*

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Ratings of Project Performance
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**Other Project Data**

**Borrower/Executing Agency:** Government of Kyrgyz Republic/Ministry of Agriculture and Food

**Follow-on Operations**

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Annex B. Principal Persons Met  
(In alphabetical order)  

Kyrgyz Republic  

Akimalieva, Asel, ASSP Liaison Officer  
Chekirov, Asylbek, Manager, Pasture Management Program, ASSP  
Eshimbetov, Kuvanychebek, Head, Agrarian Reform, ASSP  
Jumakebov, Joomart, Chui-Tas Regional Manager, RAS  
Kalverdiev, M. PIU Director  
Kalms, Tommy, Head SIDA team, Gosregister  
Karabiev, Aidar, Manager, Land Distribution and Cadastre, ASSP  
Katz Riaz, Elizabeth, Program Manager, Kyrgyz Swiss Agriculture Program  
Kojomuratovich, Joomart, Manager, RAS, Chui-Talas  
Kulmurzaet, Azamat, Operations, Ministry of Finance  
Kyrgyzbai Alagushev, M&E specialist, Helvetas  
Maag, Hanspeter, Country Director, Swiss Cooperation  
Makhmutov, Bakyt, National Program Officer, Swiss Cooperation Office  
Mambetaliev, Melis, Lawyer  
Narybek, Isabekov, Cadastre Specialist  
Omorbekova, Zahifa, Director, Agricultural Projects Implementation Unit  
Rayapov, Elebes, KAMIS  
Shamiev, Saltanat, Regional Manager, Issy-kul  
Sati, M, M&E specialist  
Satiev, Jakshylyk, Head, Community Seed Fund, ASSP  
Shamkonov, M, State Secretary, Government of Kyrgyz Republic  
Tairov, Mairambek, Coordinator, Agricultural Investments and Services Project  
Tynaev, Saparbek, Manager, Agricultural Investments and Services Project  
Undeland, Asyl, Representative, Rural Development Fund  
Usubaliev, Baibek, Project Manager, UNDP, Pasture Management Project  

World Bank  

Bedard, Brian, Senior Livestock Specialist and AISP Task Team Leader  
Djoldosheva, Dinara, Senior Country Officer, Kyrgyz Republic Office  
Kupueva, Ainura, Operations Officer, Kyrgyz Republic Office  
Pisareva, Natalia, Senior Economist, Kyrgyz Republic Office  
Robinson, Roger, Country Manager, Kyrgyz Republic  
Schreiber, Gotz, Consultant, and former Task Manager, ASSP  
Talaibek Koshmatov, Operations Officer, Kyrgyz Republic Office