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GRADUATE SCHOOL OF DEVELOPMENT
Institute of Public Policy and Administration

GEFÖRDERT VOM



Bundesministerium
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AGRIWANET

Agriculture and Agricultural Policies in Kyrgyzstan

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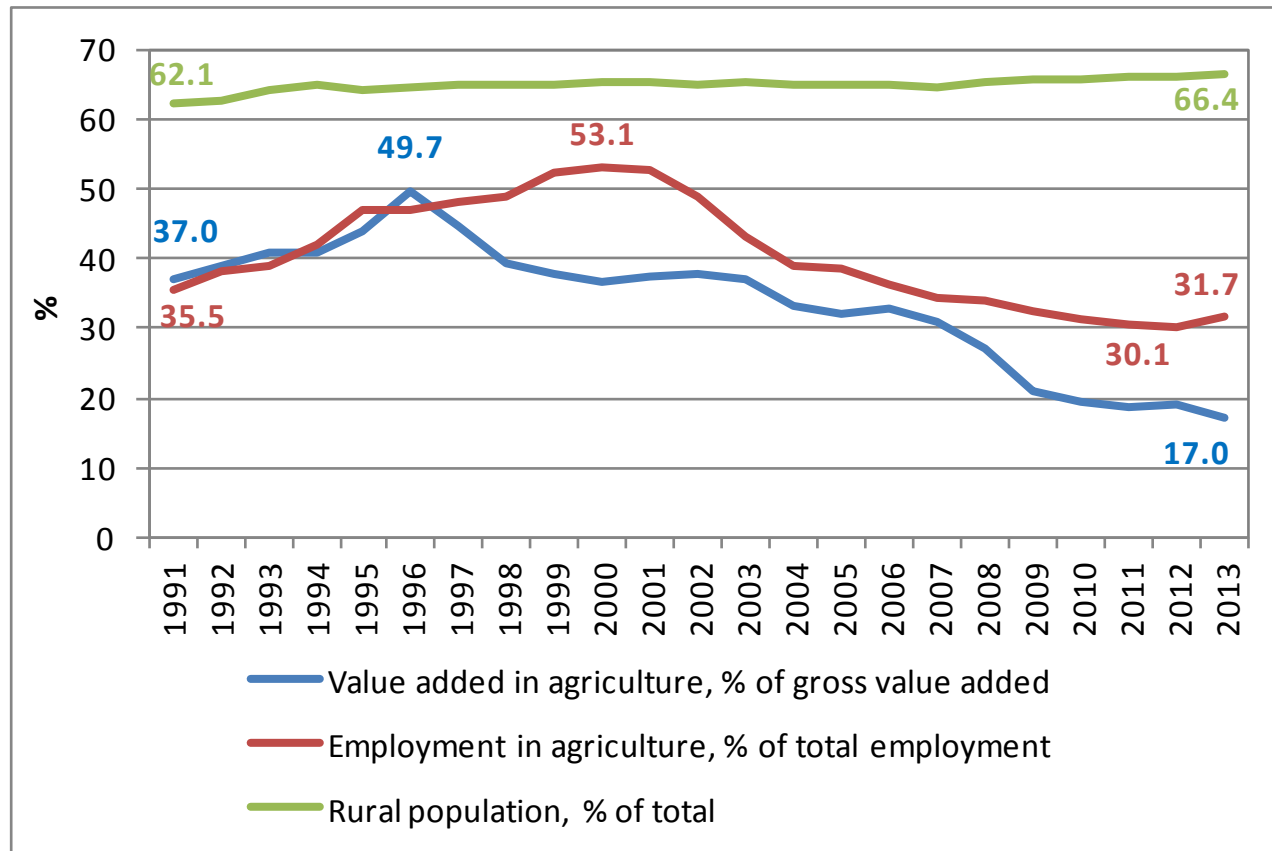
AGRIWANET Workshop

17-18 April 2015 – IAMO, Halle(Saale), Germany

www.iamo.de/agriwanet

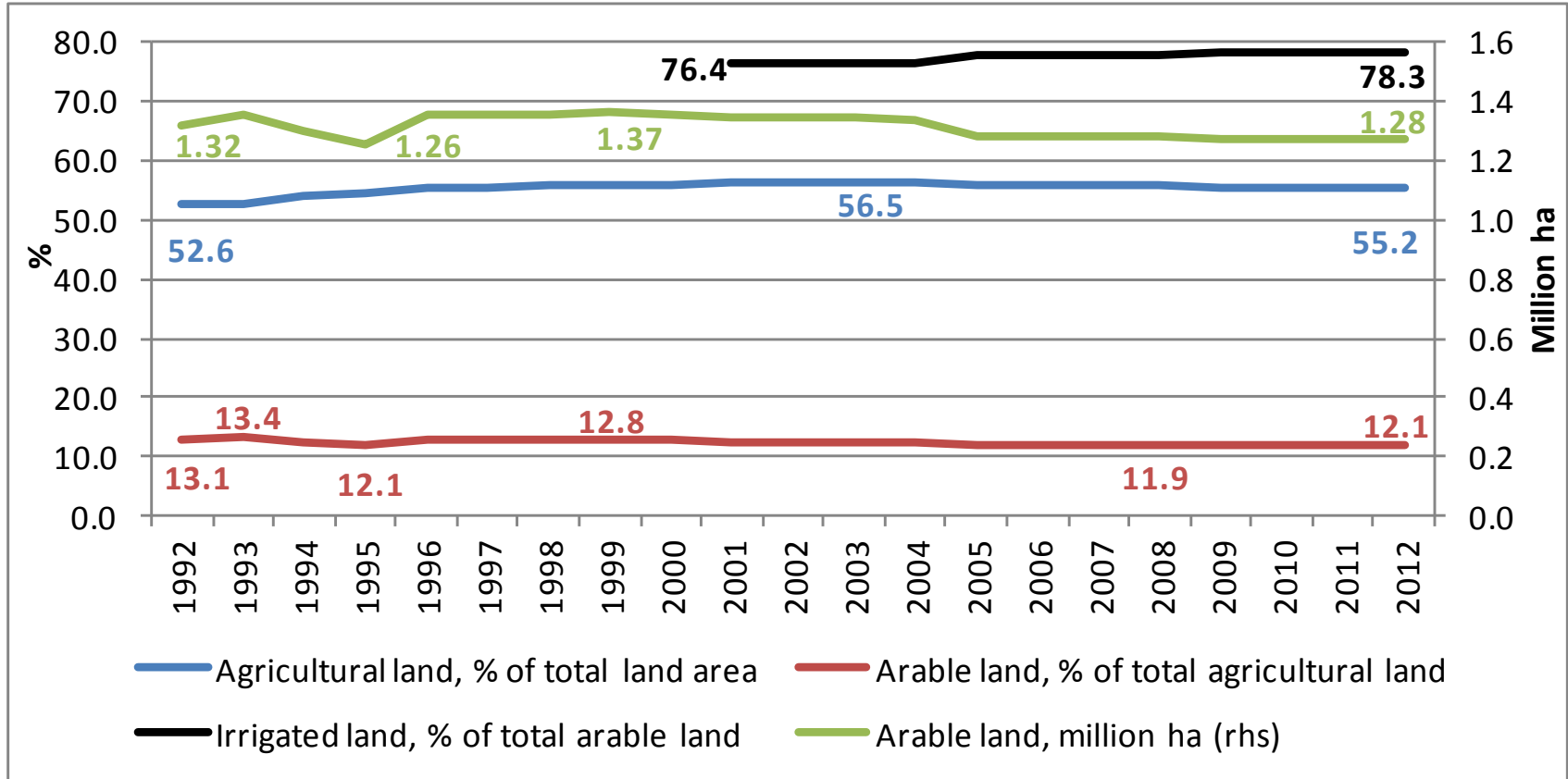
The Role of Agriculture

- The role of agriculture in the economy increased in 1990s, but is on declining trend since 1996
- Average agricultural GVA growth rate in 2005-2014 – 0.9 % per annum



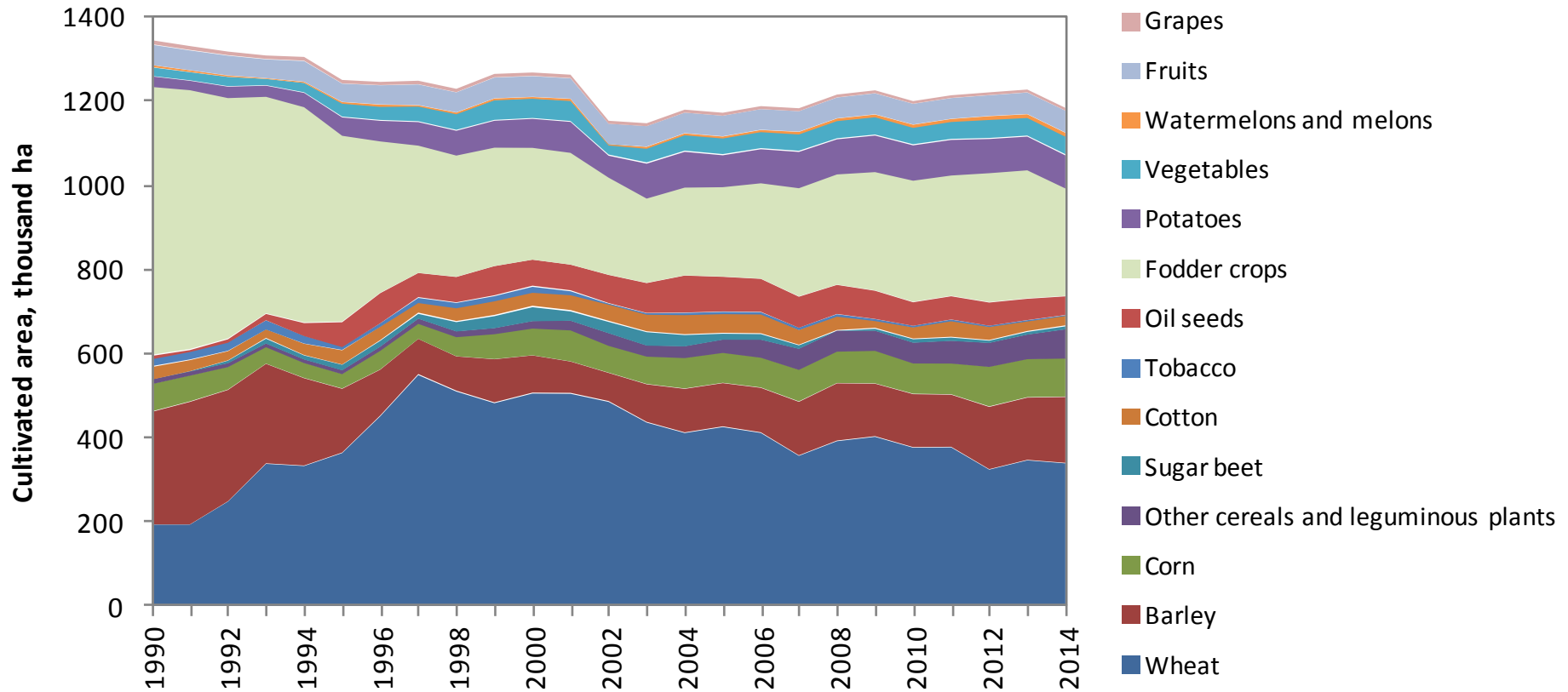
Agricultural Land

- Agricultural land is mostly pastures
- Most of arable land is irrigated
- Arable land is slowly degrading



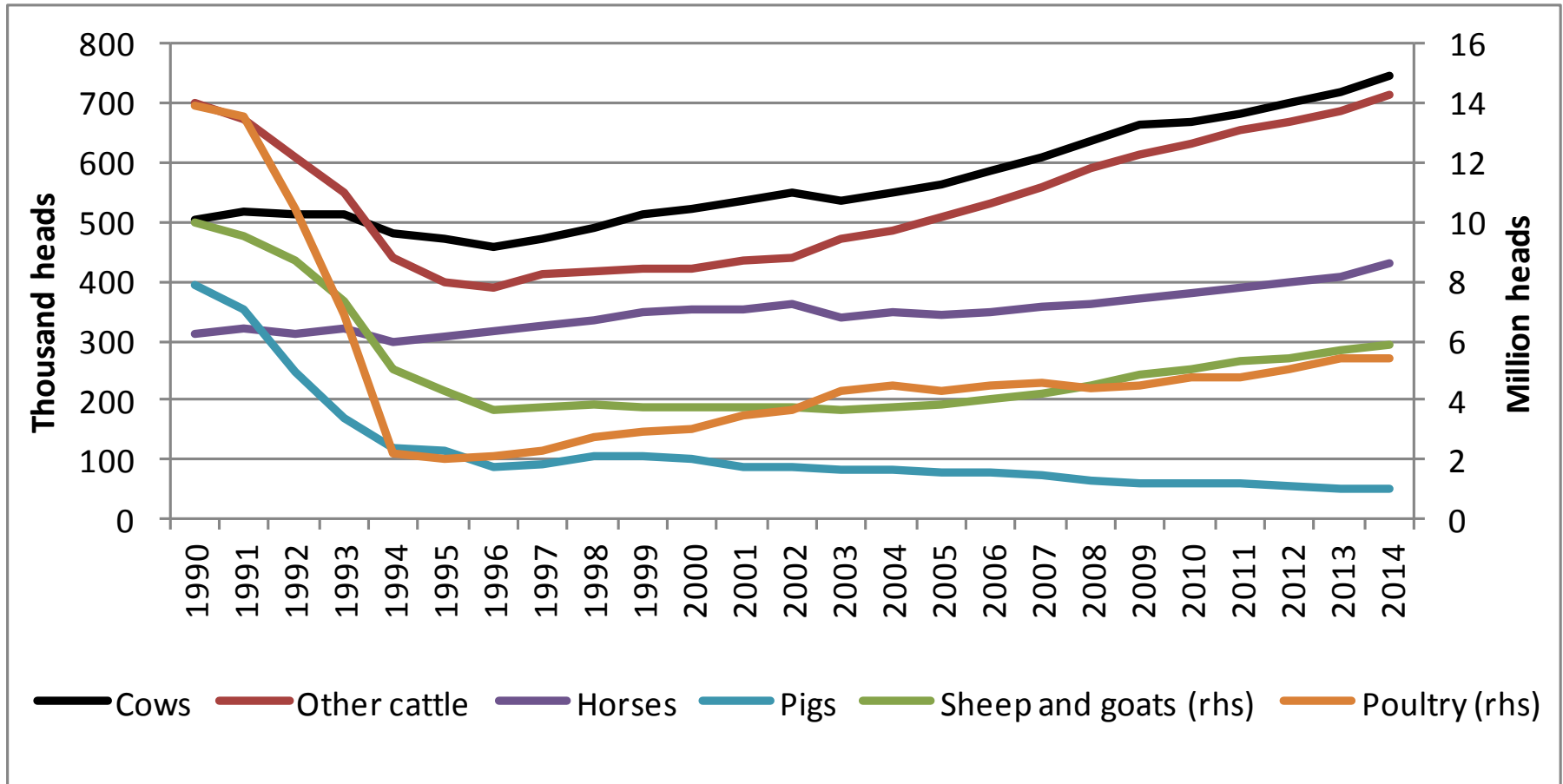
Key Crops

- Subsistence crops dominate over cash ones



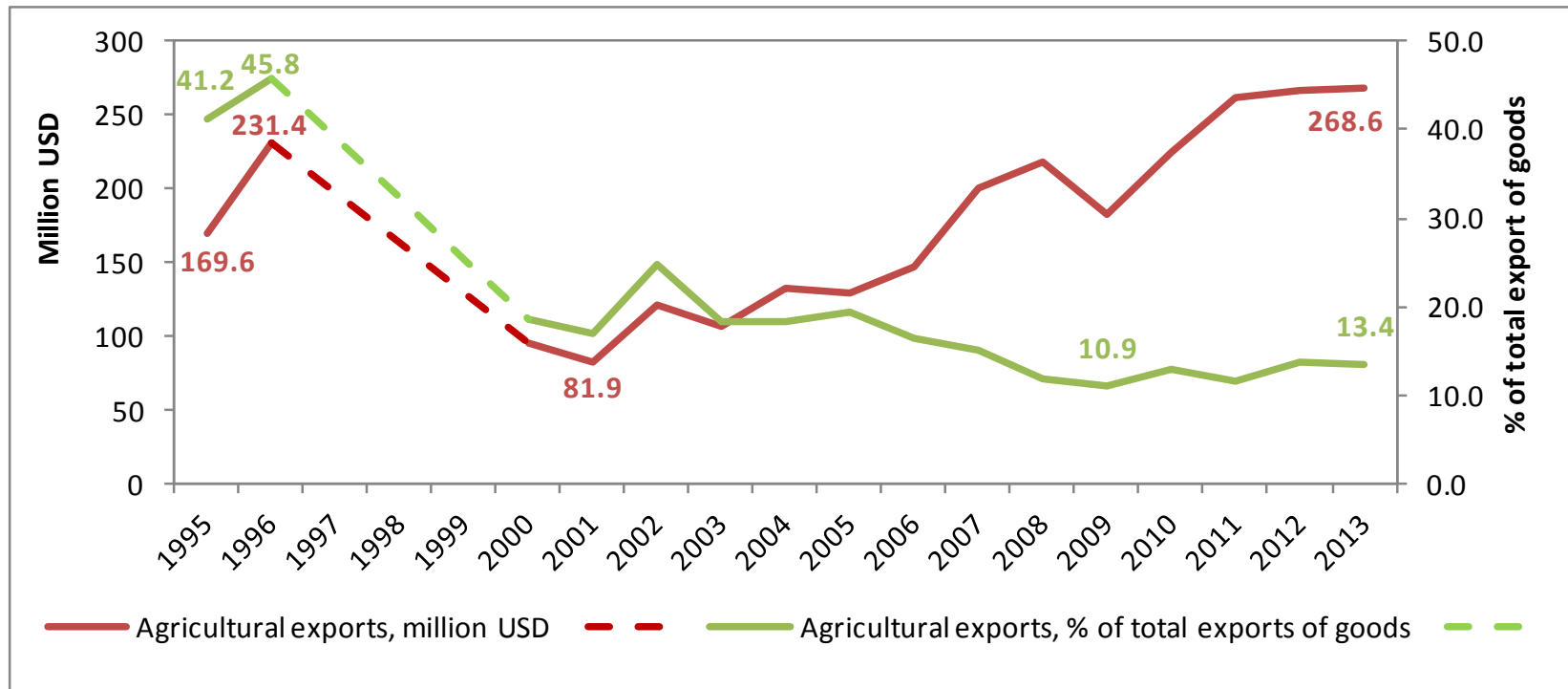
Livestock

- Increasing numbers of cows and horses
- Recovery in the numbers of bull-calves, sheep and poultry



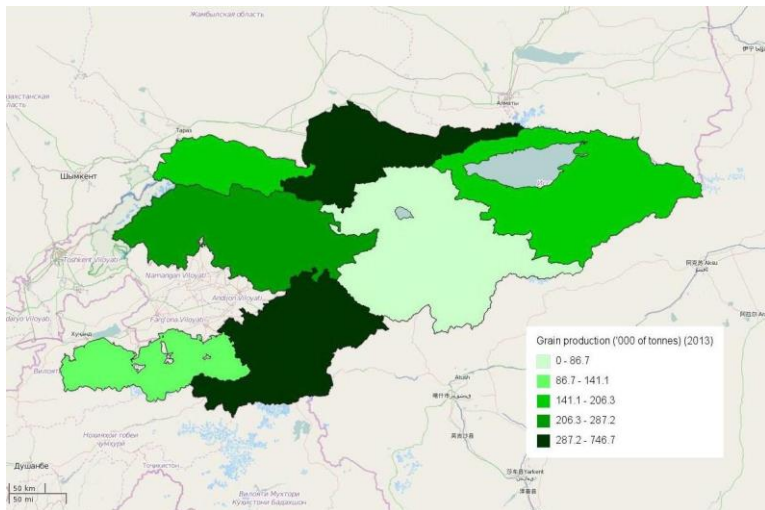
Exports

- Decline in absolute terms in comparison to mid-1990s
- Decline as a share of total exports, but some recovery since 2009
- Key export products: beans, other vegetables, fruits, dairy products

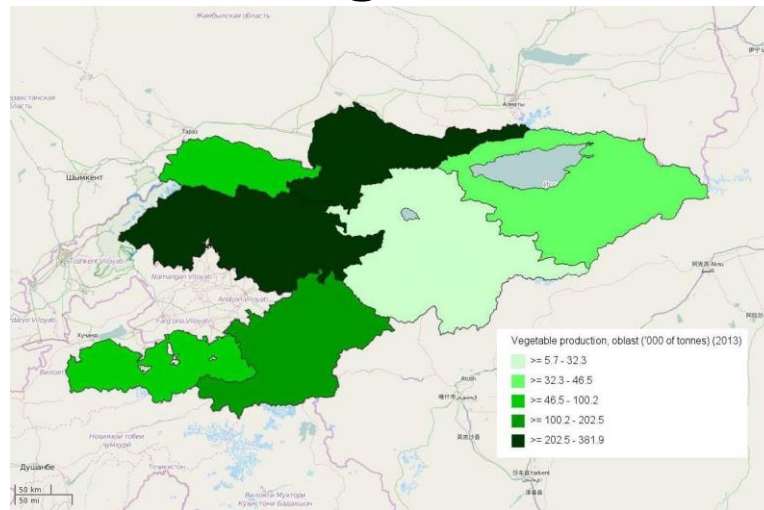


Regional specialization

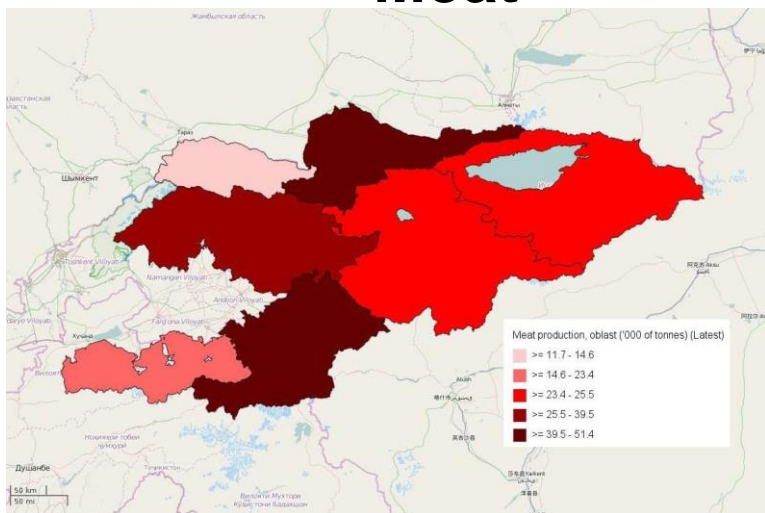
Grain



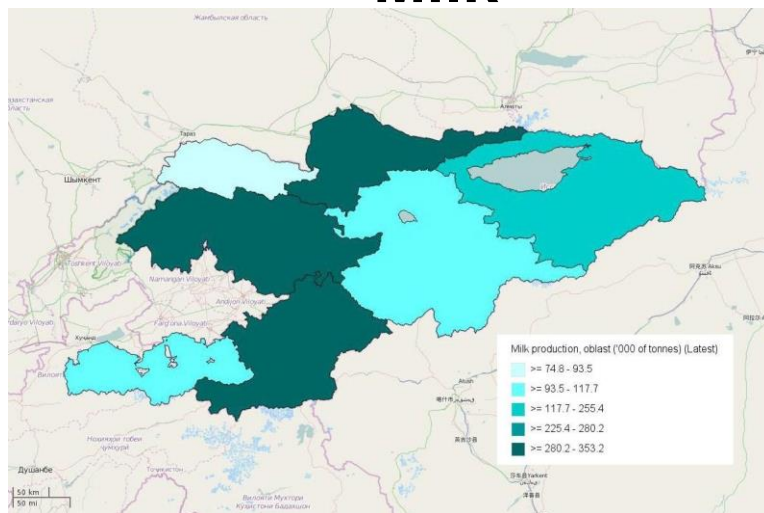
Vegetables



Meat



Milk

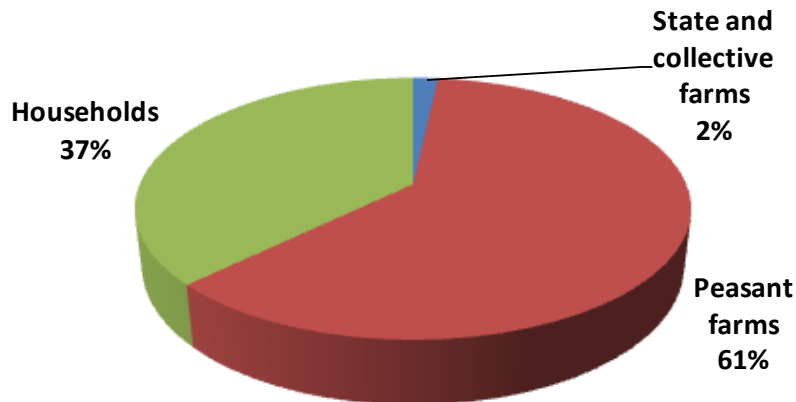


Farm Structure

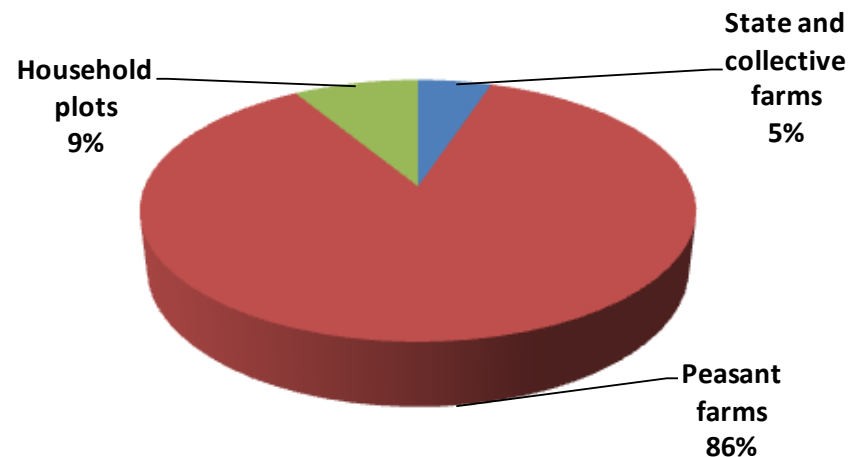
- Key agricultural producers – single household farms (average land plot – 3.1 ha)

Farm type	Number in 2013
State farms	56
Coops, joint-stock companies and other collective farms	497
Peasant (single household) farms	382 883

Gross agricultural output, 2014



Arable land and orchards, 2014



Policy Reforms

- Farm restructuring and land privatization in 1990s
- Gradual liberalization of land market
 - Ownership – universal except foreigners and urban entities
 - Special arrangement for banks
 - Land lease up to 50 years
- Very low land tax – the only tax for agricultural producers (€3-6/ha per annum)
- Water user associations (473 WUA and 34 unions of WUA)
- Pasture management (community committees)

Access to Finance

- Total credit to agriculture as of end-2014 – KGS22.9 billion (22 % of total credit to the economy or 12 % of gross agricultural output)
- Interest rates for agriculture – 18-30 % per annum
- In 2012-2015, Government-subsidized credit line of KGS2-4 billion at 9-10 % per annum for 2 years
- Specialized government-owned *Aiyl Bank (rural bank)*

Public Investment Program

- For the period 1992-2014, total investments of USD821.5 million (59 % – loans, 41 % – grants)
- In 2012 – USD23,4 million ; in 2013 – USD12,7 million; in 2014 – USD17,1 million

Project	Donor	% of grant	USD million
Farm irrigation-2	WB	100 %	16
Improving water management	WB	100 %	23.4
Livestock development and market-1	IFAD	50 %	20
Additional funding for the second project on farm irrigation	WB	45 %	4.2
Agricultural services and investments	WB	100 %	9
Rural water supply and sanitation-2	WB	45 %	10

Other Current Policies

- Livestock identification (US\$22.5 million grants from Kazakhstan and Russia)
- Agricultural machinery lease (1290 machinery units in 2011-2014 supported by China, Japan, Turkey, EADB)
- Seed production (107 farms) – concentration on cereals
- VAT exemption for imported agricultural inputs (fertilizers, seeds, animal medicines etc.)
- Maintenance of irrigation infrastructure – main item in the government budget expenditure on agriculture (\approx €20-25 million per annum)

Climate Change

- Increase in temperatures (0,0701 C/year) and decrease in precipitation (-1,868 mm/ year) since 1990
- Research on climate change effects is in its very early stage
- Expected effects: declining land fertility, desertification, loss of up to 50-70 % of pastures, ambiguous effects on crop yields
- In 2013, Government approved “Priority Directions for Adaptation to Climate Change in the Kyrgyz Republic till 2017”
- National Action Plan for Climate Change Mitigation and Adaptation is under preparation

Open Issues

- While there is a plenty of statistical data, no systematic analysis of agricultural sector performance in Kyrgyzstan
- No comprehensive review of the government policies in agriculture
- No any assessment of the government policies' effectiveness and efficiency
- The project may address these issues