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GRADUATE SCHOOL OF DEVELOPMENT
Institute of Public Policy and Administration



25 years of Agrarian Reforms in Kyrgyzstan: Achievements and Issues

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Contents

- Brief overview of agrarian reforms and current agricultural policy in Kyrgyzstan
- The reform outcomes:
 - agricultural sector structure and performance
 - natural resource management and provision of public goods
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- Conclusions

Key Reforms in the Kyrgyz Agriculture

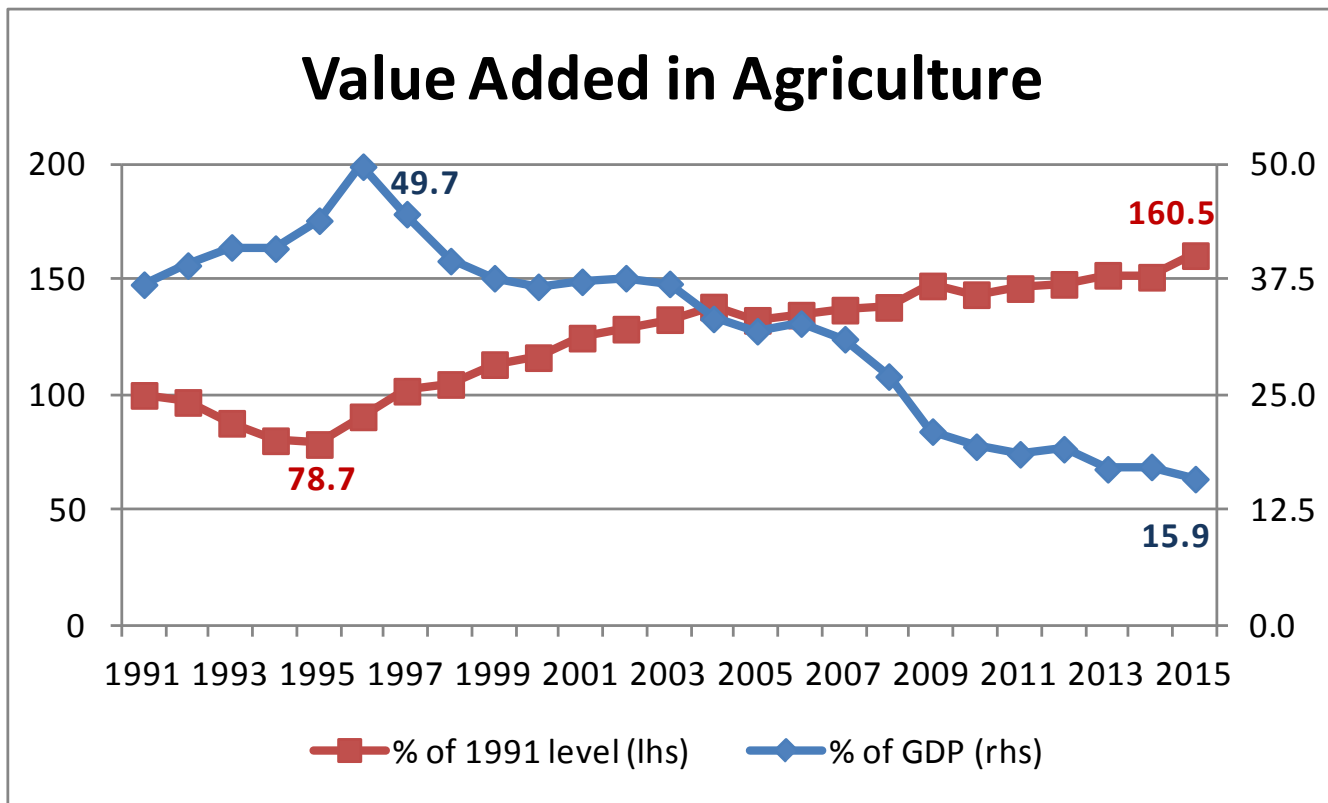
- Radical reforms in 1990s, slow and partial reforms after 2001
- Privatization of most part of arable land, livestock, machinery and other agricultural assets
- Reorganization of collective and state farms into small farms
- No government interventions into peasants' activities
- Establishing non-governmental and non-commercial entities for managing natural resources (e.g. water user associations, pasture committees) and provision of public goods (e.g. rural advisory service)

Current Agricultural Policy

- Support to provision of critically important public goods for agriculture (veterinary, seeds etc.)
- Rehabilitation of production infrastructure (e.g. irrigation, roads), mostly with support of donors
- Improving access to markets (e.g. rehabilitation of quality infrastructure, EAEU accession)
- Provision of cheaper credit to farmers and agribusinesses
- Almost no taxes for agricultural producers
- Low level of public spending on agriculture (just above 1% of GAO or 1.5% of government budget expenditures) – respectively low quality of services
- As of 2016, no effective government agricultural policy statement

General Agricultural Sector Performance

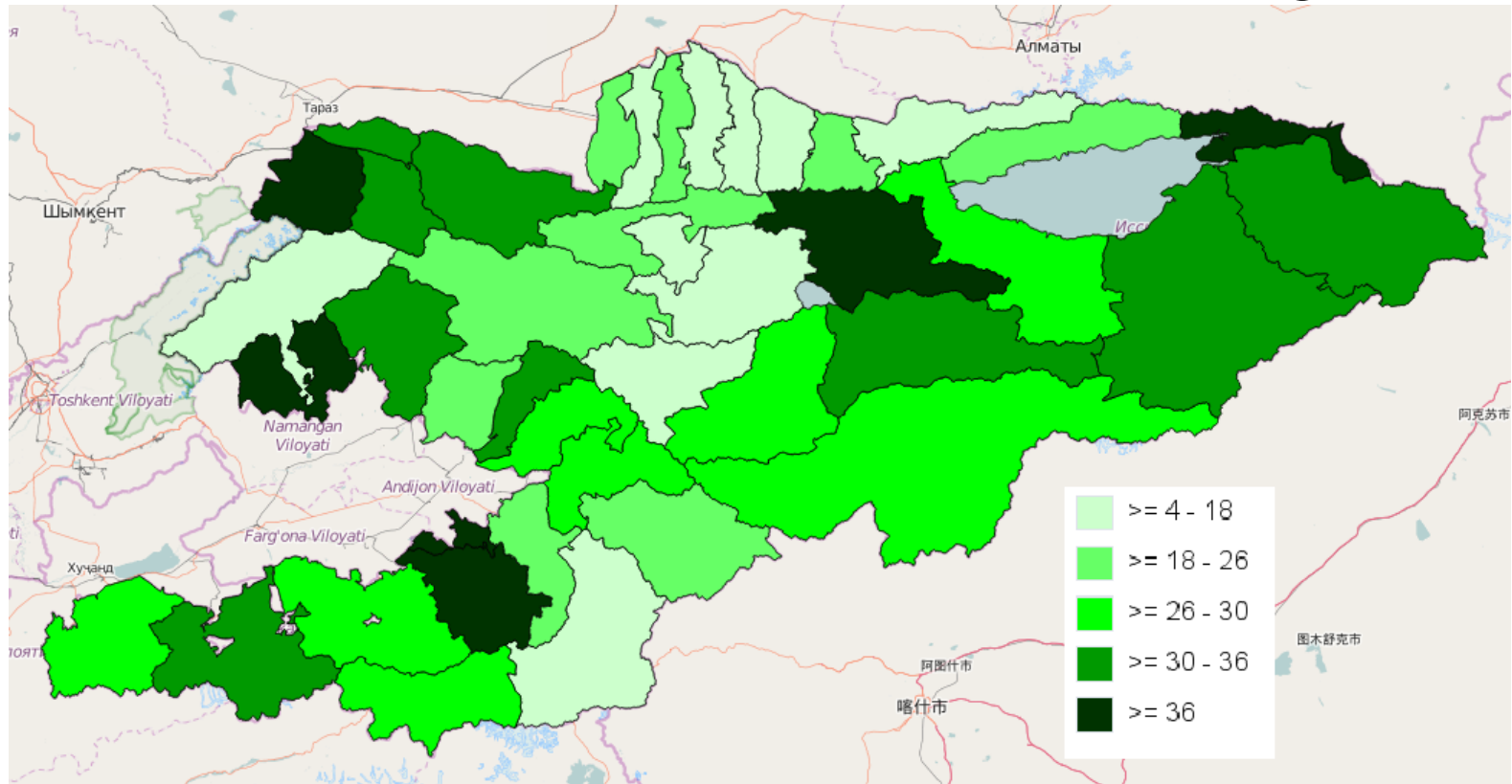
- Falling share in GDP
- Slow growth; average annual growth rate
 - in 1992-2015 – 2.0%
 - in 2006-2015 – 1.9%



General Agricultural Sector Performance (2)

- Dynamics of employment in agriculture: from 35.5% in 1991 and 53.1% in 2000 to 31.6% in 2014

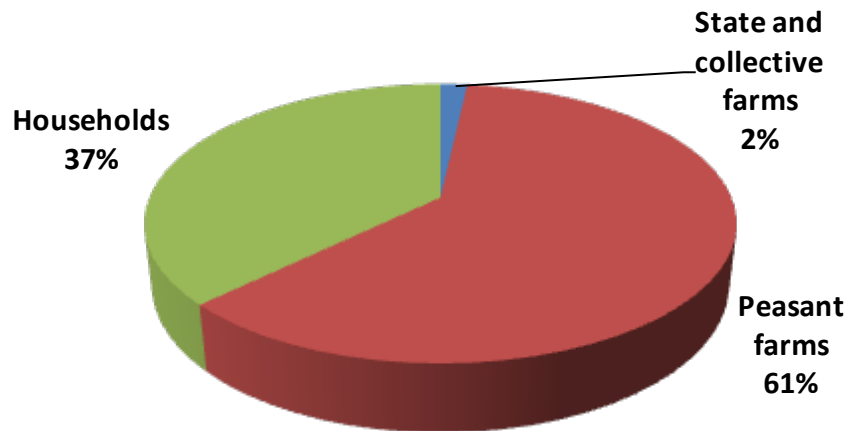
Proportion of households (%) involved in agriculture



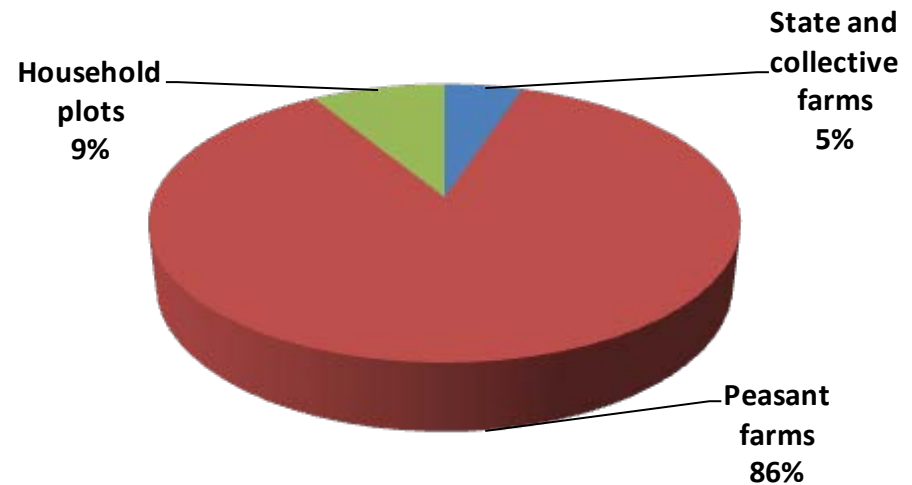
Farm Structure

- Transition from some 500 large collective and state farms to 400,000 small farms (typically 0.5-2 ha of arable land/farm) and individual entrepreneurs

Gross agricultural output, 2014

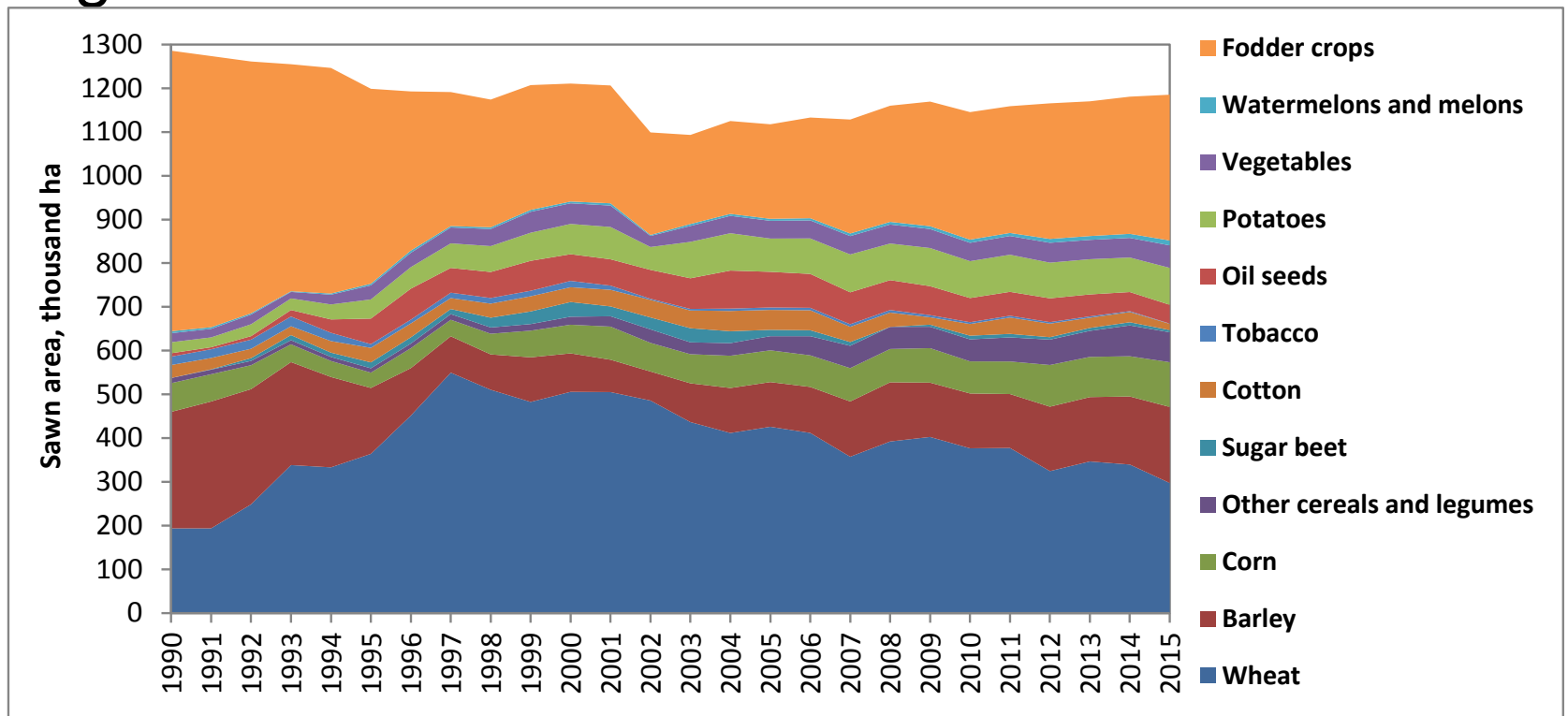


Arable land and orchards, 2014



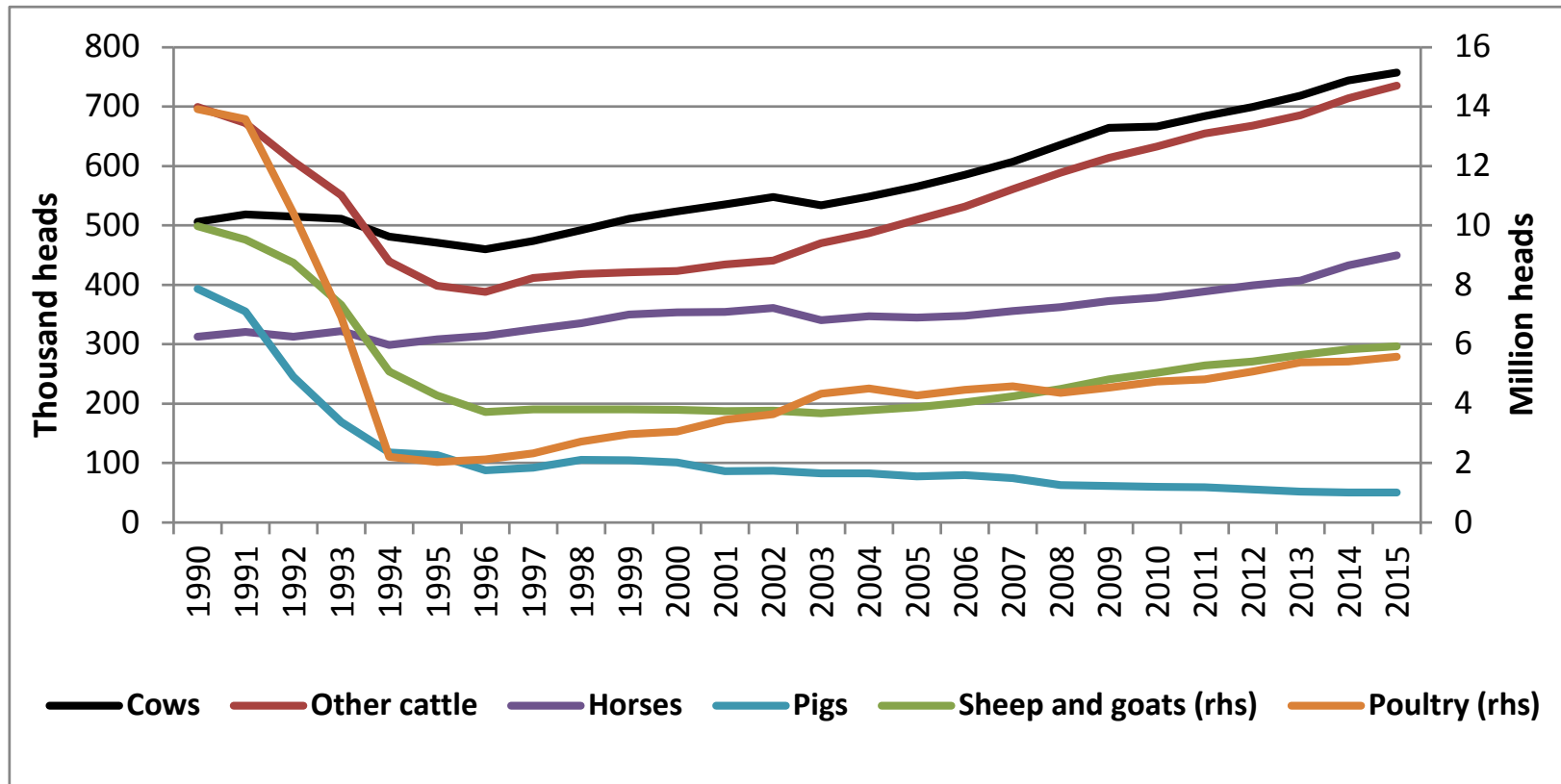
Crop Structure

- Recent trends:
 - shift from wheat to fodder crops and beans
 - shift from “traditional” technical crops (sugar beet, cotton, tobacco) and oil seeds to potatoes, vegetables and melons



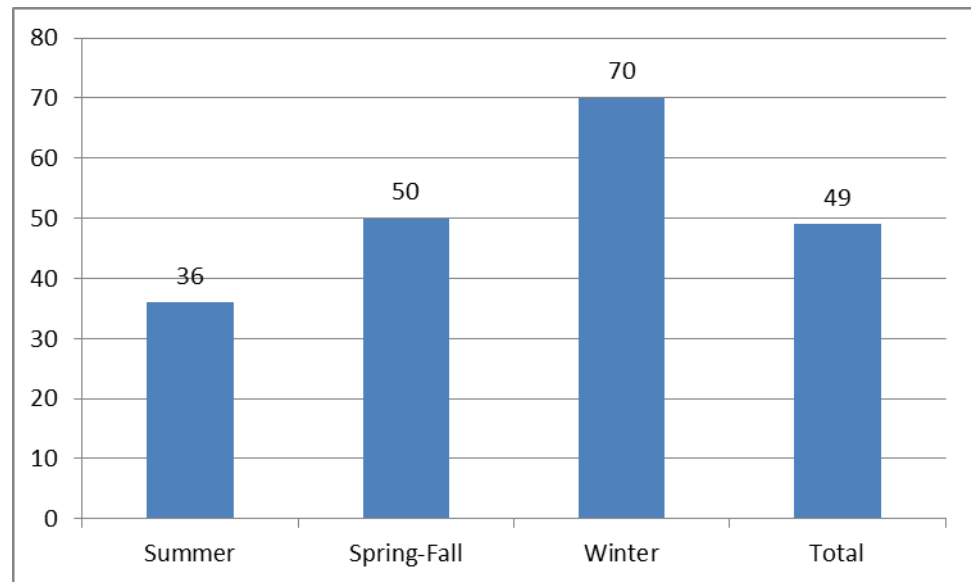
Livestock Farming

- Increase in number of livestock of all types (except pigs)
- The share of livestock farming in gross agricultural output is gradually approaching 50%



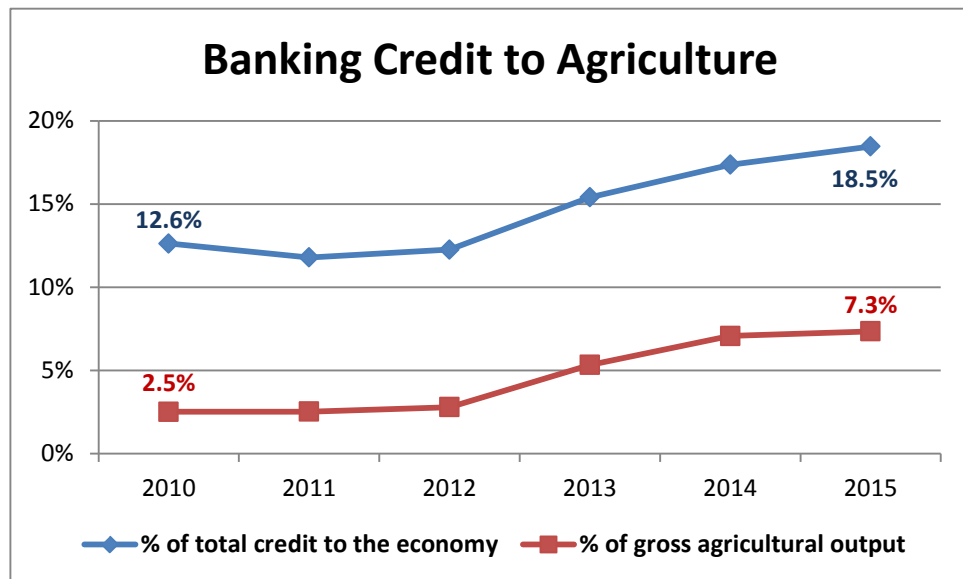
Natural Resource Management

- Water losses in irrigation and drainage systems – 27% of water withdrawal (2014)
- 26% of large irrigation channels and 40% of on-farm drainage systems in poor condition
- 7-9% of arable land out of use (2011-2015)
- Pasture degradation, %



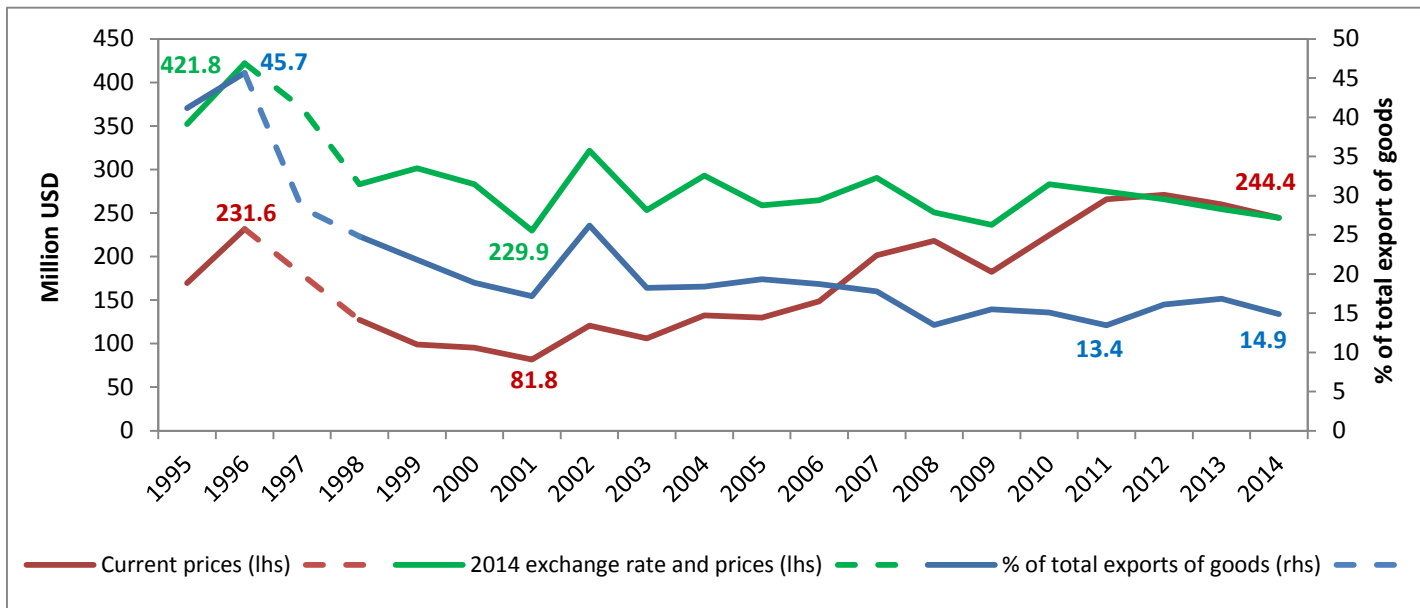
Access to Inputs

- Reliance on self-produced seeds and organic fertilizers
- Mineral fertilizer use is only 30% of required amount
- Dependence on imported inputs (90% of purchased seeds, 100% of mineral fertilizers)
- Little inflow of new machinery in the sector
- Insufficient, but improving access to finance



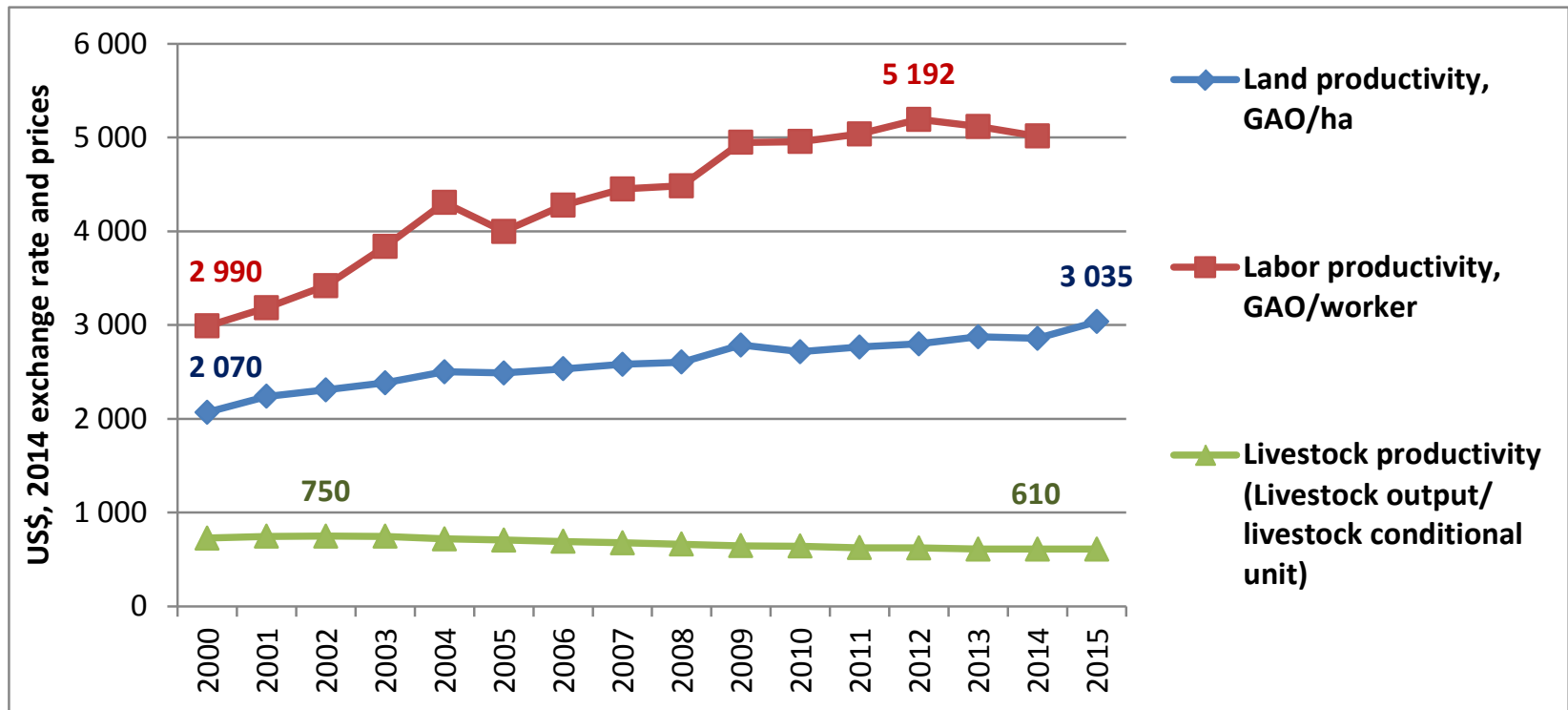
Access to Output Markets

- Substantial regional variation in retail prices for agrifood products (20-75%) – domestic market is insufficiently integrated
- Measured at current prices, agricultural exports fluctuate around the same level for 20 years
- In real and relative terms, exports fell dramatically



Productivity in Agriculture

- Average annual growth rates for 2000-2014(2015):
 - labor productivity +3.8%
 - land productivity +2.5%
 - livestock productivity -1.2%



Productivity in Agriculture (2)

- Productivity-enhancing factors:
 - no government interventions into farm business
- Productivity-inhibiting factors:
 - lack of economy of scale and risk-averse behavior
 - repeated failures to introduce coops
 - farmers mostly lack agricultural education
 - very basic agricultural technologies
 - insufficient provision of public goods in agriculture
 - depletion of fixed assets (except livestock)
 - etc.

Episodes of Improving Efficiency

- Talas region switched from traditional crops to kidney beans
- Dairy farms and processing enterprises in Chui and Issyk-Kul valleys
- Cattle and sheep fattening business
- Expanded use of greenhouses
- Construction of logistical centers – attempts to consolidate commercial stocks of vegetables and fruits for exports/processing
- Development of local brands (Uzgen rice)

Conclusions

- Kyrgyzstan went through very deep reforms in 1990s – early 2000s
- The reforms slowed down during last 15 years
- Main achievement – farmers' freedom
- Growth performance since 2005 is modest
- Agricultural sector face a number of structural issues
- Key challenge – attracting investments into the sector
- The sector needs large professional players be they coops or individual entrepreneurs
- Government has huge agenda of incomplete reforms dealing with public goods in agriculture, esp. sustainable natural resource management

THANK YOU!