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# Promotion of Sustainable Economic Development in Jalal-Abad Oblast

## Context

Jalal-Abad Oblast is considered one of the key engines of the Kyrgyz economy with a large potential for agricultural and industrial growth. Agricultural production is a key sector in Jalal-Abad accounting for approximately 40% of the GDP. However, it is still underdeveloped. The majority of farming and manufacturing enterprises in the agro and food processing sector are non-competitive and the income level of the sector remains low. The local framework conditions for doing business are rather difficult.

Apart from these challenges, there are also high levels of unemployment and poverty. At present, many households depend on remittances from migrant workers. The private sector does not have a big impact on job creation in the area. In the meantime, government measures to address these problems in most cases show positive results and there is a great potential for the amplification of these results to achieve even greater economic growth and development.

## About the Project

The project “Promotion of Sustainable Economic Development in Jalal-Abad Oblast”, designed for 10 years, is funded by the Government of Switzerland (through SDC - Swiss Agency for Development and Cooperation, Ministry of Foreign Affairs), and the Federal Ministry for Economic Cooperation and Development of Germany (BMZ). The first phase of the project is being implemented by GIZ within the framework of the programme “Promotion of Sustainable Economic Development in the Kyrgyz Republic”.

## Our Objective

The project envisions sustainable economic growth and thus job creation and increased incomes, especially for youth and women, in Jalal-Abad Oblast of Southern Kyrgyzstan. It will focus

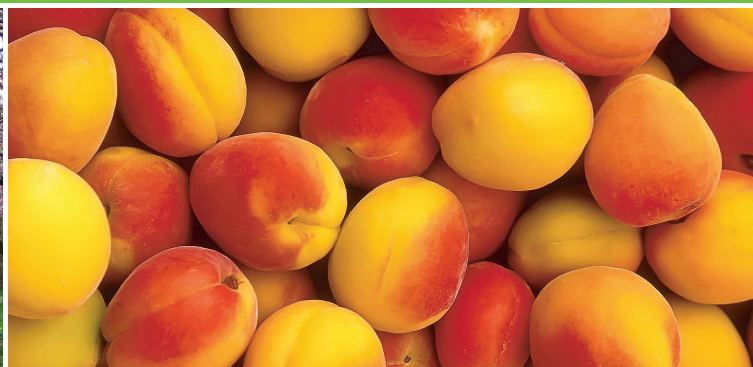
Project name:	Promotion of Sustainable Economic Development in Jalal-Abad Oblast
Commissioned by:	Government of Switzerland (through SDC - Swiss Agency for Development and Cooperation, Ministry of Foreign Affairs), Federal Ministry for Economic Cooperation and Development of Germany (BMZ)
Main political partner:	Ministry of Economy
Country:	Kyrgyz Republic
Period:	2016-2019

on the development of selected value chains and the promotion of local economic development with the aim to enhance the competitiveness of targeted businesses and export sectors and complementarily to promote a business enabling environment as a precondition for private sector growth. In addition, measures for food safety and food quality are spread and applied.

## Our activities

The first component concentrates on measures to foster value chain development in Jalal-Abad Oblast. Based on the value chain analysis conducted during the Inception phase, two value chains were selected for interventions, namely (1) vegetables and organic vegetables and (2) fruits, berries and nuts. Jalal-Abad Oblast has comparative advantages in the selected value chains due to its natural resources and favourable climatic conditions. In both value chains there are potential markets for fresh produce as well as processed produce. The fresh produce is serving mainly the local market at the Oblast and country level, some part of it is exported to Russia and Kazakhstan early in the season. The processed produce serves the domestic market and the export market, with a strong focus on neighbouring countries. Exports to Europe are only emerging and will depend on the compliance of processors and exporters with international food safety standards. The value chain development will be achieved through the enhancement of the competitiveness and





improvements in the area the food safety and food quality.

This component focuses on increasing the performance of the farmers and MSMEs and their ability to compete against their peers, improving market linkages of the value chain players and strengthening capacities of business support organizations and business associations. Furthermore, the public and private actors will receive technical assistance to improve services (e.g., inspection, certification) in the area of food safety and quality and will be supported by the implementation of related measures.

The second component aims to promote a business enabling environment for local economic development (LED) in Jalal-Abad Oblast. The Project will work with the public sector, in particular local governmental institutions, to enable them to promote value chain development in Jalal-Abad Oblast, to offer adequate services for the private sector and to steer local planning for improved environment for doing business at community level. Furthermore, it is envisaged to establish public-private dialogue mechanisms on a local level.

The component includes a wide range of capacity development activities (e.g. establishment of LED units in Local Self Governments) aimed at strengthening human and institutional capacity of the public sector for managing and leading local economic development processes, to increase focus on private sector support and establish good quality services for MSMEs and entrepreneurs.

The Project will strive to create innovative learning and knowledge-sharing mechanisms: Regional Pool of Trainers/Mentors – a mechanism for training and mentorship of Local Self Governments (LSGs) in LED-related issues; University Career Center in universities – a mechanism of cooperation of educational institutions with LSGs and the private sector in providing opportunities for youth to acquire knowledge and skills; Local Economic Development Portal – an online

platform for learning for LSGs; Business Start-up Office within the Chamber of Commerce and Industry – a point of information for those who are willing to start a business.

Our partners at the national level are the Ministry of Economy of the Kyrgyz Republic, the State Agency for Local Self-Government and Inter-Ethnic Relations, and the Investment Promotion Agency. At the Oblast and local levels, we cooperate with the Jalal-Abad Oblast and city administrations, Aksy, Ala-Buka, Bazar-Korgon, Nookan and Suzak rayon administrations, local self-government authorities and universities. Our partners in the private sector include the Kyrgyz Chamber of Commerce and Industry, regional business associations, cooperatives, producers, and small and medium-sized enterprises.

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