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DEUTSCHE ZUSAMMENARBEIT

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Promotion of Sustainable Economic Development

Context

Kyrgyzstan with a gross domestic product of \$ 1,150 per capita in 2016 falls under the group of countries with a below average income. The amount of remittances of labor migrants is a determining factor for the overall purchasing power of the country. The country is dominated largely by micro- and small enterprises. About 30% of the population is engaged in agriculture, whose share of the GDP is however only 16% due to its low productivity. As a consequence, farmers and processing companies that are struggling to compete at the international level, can only achieve low incomes and are over-exploiting natural resources. Integration into regional and global value chains can only be achieved with high-quality products. At the same time, the accession to the Eurasian Economic Union (EAEU) and inclusion in the EU's Generalised System of Preference Scheme, GSP+, provide new opportunities for promoting exports.

In order to take advantage of these opportunities, the country needs to adapt the legal framework and reduce environmental risks. In addition, the staff of institutions, authorities and companies also needs the necessary knowledge, structures and processes in order to implement these changes in practice. In the food processing industry for example, EAEU legislation calls for the introduction of quality management systems (QMS) of a standard equivalent to the EU's legal standards for food safety.

Policies and strategies for implementing reform projects aimed at promoting social and ecological sustainability have, for the most part, been fragmented and inconsistent to date. They have also not been adhered to properly, and are often not geared to the needs and opportunities of the private sector. The private sector is, therefore, struggling to adapt to the new requirements. Although there is the potential to create more jobs and higher incomes for staff by adopting elements of green economy and through cleaner production, companies are unable to fulfill this.

Our Objective

To promote sustainable economic development taking into account the elements of green economy in order to create more job opportunities and higher incomes.

Program Title:	«Promotion of Sustainable Economic Development»
Commissioned by:	Federal Ministry for Economic Cooperation and Development of Germany (BMZ), Government of Switzerland (through SDC - Swiss Agency for Development and Cooperation under the Ministry of Foreign Affairs of Switzerland).
Country:	Kyrgyz Republic
Lead Executing Agency:	Ministry of Economy of the Kyrgyz Republic
Overall Term:	2014 -2019

Our Activity

The project promotes value chains in various sectors, thus increasing their competitiveness. In the areas of agrotourism, livestock farming, fruit and berries, walnuts and sugar beet, it provides know-how through electronic formats and practical training. The technical and commercial training provided for staff at the chambers of commerce and professional associations, as well as for stakeholders involved in production, logistics and trade improves their competence in the areas of resource efficiency and organic production.

The German based Import Promotion Desk platform supports selected companies to take part in trade fair events such as BIOFACH in Nuremberg. The efforts of AFC Consulting Group are aimed to promote value chain development and ensure food safety. Through this, the agricultural producers are provided with consulting support in the implementation of food safety management systems and certification of Global GAP, and food industry enterprises in the implementation of the Hazard Analysis and Critical Control Points (HACCP) standard.

The Swiss Agency for Development and Cooperation provides co-funding to economic development activities in Jalal-Abad Oblast. The GFA Consulting Group provides various training courses and workshops to build up institutional and individual capacities of government, civil society and private sector stakeholders. Various dialogue formats at various - including municipal - levels are used to bring these actors together, addressing relevant issues such as environmental sustainability and resource efficiency. The project also promotes business services and 'green' start-up initiatives.



Participation of Kyrgyz companies «Bishkek Expo» and «Abad Trade» on the largest food exhibition ANUGA 2017 in Cologne, Germany.



Cotton field of farmer who is engaged in Agrotourism, Jalal-Abad Oblast.

Farmers of Aksy rayon, Jalal-Abad Oblast at the field day on the topic of "How to protect plum trees by means of biological medicines".

The project also supports the implementation of the national strategy to promote financial literacy by offering farmers and women in rural areas the opportunity to acquire basic knowledge in the fields of business and budgeting.

Together with the German Development Bank, KfW, financial services tailored to the needs of micro and small enterprises and agricultural producers are being developed. This enables them to obtain small loans that can be used for expanding their businesses or purchasing agricultural equipment to increase yields.

The project collaborates with the Ministry of Economy to develop reforms that promote economically, environmentally and socially sustainable growth. The aim is to support the transition from a conventional economy to a green economy. Along with this, the project provides advisory services to the State Agency for Investment and Export Promotion, and supports the implementation of the national export strategy as well as the OECD competition recommendations.

Our Achievements

The socially and environmentally sustainable results achieved by the project contribute to the transition to a green economy. Thus, in the field of agro tourism, for example, 60 farming households have received training on hosting foreign guests and offering resource-efficient services. The concept of agro tourism in collaboration with a Kyrgyz provider was presented at the travel trade show ITB Berlin, and a website on agrotourism in Kyrgyzstan has been set up.

A Kyrgyz walnut processing supplier has been awarded the Fairtrade certificate, and currently provides annually supplies of 20-30 tons of dried walnuts to a buyer in the Netherlands. The

improved seeds supplied by the German seed production company KWS Saat AG as well as the introduction of modern production methods in sugar beet production enabled the producers of sugar beet to increase their average yields from 32 to 58 tons per hectare. Through contract farming with a sugar factory, sugar beet cultivation now provides a secure income. The contracts serve as collateral, entitling the farmers to apply for so called 'sweet harvest' loans, which were developed in collaboration with KfW Development Bank.

More than 400 farmers in the fields of animal health and hygiene standards were trained to enhance the export capacity of high-pasture beef highly popular in the region. Internationally recognized standards are also being introduced in 30 fattening farms. A halal slaughterhouse equipped in accordance with international standards has already become operational. In future, two more slaughterhouses are scheduled for launching, thus enabling exports of meat to Muslim countries. More than half of 15 food industry enterprises which participated in a competition for the introduction of standards are currently engaged in the implementation process of these international quality and food safety standards. Two food enterprises processing vegetables and fruits have already undergone the first HACCP inspection. An additional four enterprises are scheduled to receive certificates in 2017. In addition to the walnut supplier, two other cooperatives on production of apricots, valerian and fruits received international organic certificates.

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