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CAPEX Study 5: Capitalisation of Experiences of the Kyrgyz Swiss Agricultural Project (KSAP); Kyrgyzstan: 1995 – 2010

A study to capitalise experiences in SDC financed rural advisory services programmes in Asian countries



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Summary

This study capitalises the experiences of the Kyrgyz Swiss Agricultural Project (KSAP) with the goal to derive learning from the project's successes and challenges. The study offers an overview rural advisory service (RAS) system before, during and after the project intervention and analyses in what way KSAP contributed to the current country RAS system. The bilateral project was funded by the Swiss Agency for Development and Cooperation (SDC) with 20 million CHF (respectively CHF 25 CHF / year and farmer provided with RAS) and implemented by HELVETAS Swiss Intercooperation from 1995 to 2010.

Major achievements of KSAP

- 50'000 households were provided regularly with RAS during 16 years; most of the farmers live in remote areas; 60% are women.
- RAS users significantly increased productivity and income. Productivity gains of RAS clients is significantly higher than of non-clients in the same period.
- 350 extensionists were trained on participatory extension methods and available for the RAS system in the long run. This is one extension worker for 2'600 persons living in the rural area; 30% are women thank to women quota.
- A network and coordinating unit of RAS provider has been established throughout the country. These RAS entities are today employed by private agencies, government or development projects.

Derived learning

Capacity Building

- The availability of a critical mass of capable and available RAS providers, as well as a coordinating entity is crucial to attract private and public sector, or other donors to employ the RAS service providers. Development project can best support this with capacity building of RAS providers.
- If capacity building should be available in the long run, the project should strive to institutionalise capacity building as an integral part of the RAS system.
- Investments into capacity building of RAS providers and its institutionalisation require a long-term perspective. Short term project interventions often neglect such capacity building.

Finances

- The accumulation of money by RAS actors led to the procurement of office locations. Having a house, strengthens the RAS actors' flexibility to mitigate the risks of fluctuating finances/mandates.
- Demand-side financing functioned impressively well on paper, however in the field there was no much improvement observed.
- With the direction of fund flows, projects have an important mean to create ownership and decision making power. Fund flows should thus be used purposefully and effectively.
- KSAP several times successfully adapted the approaches and RAS design to changing circumstances. This is only possibly with a flexible donor and a long term project perspective.

Others

- By doing policy dialogue as a project, the capacities of RAS actors are not strengthened enough to continue policy influencing activities after the phasing out of the project. RAS stakeholders themselves should gain the capacities to participate in policy dialogue.
- Using existing (government) structures is crucial to institutionalise RAS processes. Parallel structures, established by projects are likely to lose their reason to exist after the phasing out of a project.

Major challenges

- As long as funds from other donors are available in the RAS system, there is little chance that the Government will spend rare taxpayers' money on RAS.
- Farmers' participation in decision making processes is influenced by the cultural background. Attitudes regarding participation are hardly changed, although the RAS design aims at such change.

Acknowledgement

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Abbreviations

CB	Capacity Building
CHF	Swiss Franc
DfID	Department for International Development
IDA	International Development Association
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GoK	Government of the Kyrgyz Republic
KGS	Kyrgyz Som
KR	Kyrgyz Republic
KSAP	Kyrgyz Swiss Agricultural Project
MAWR	Ministry of Agriculture and Water Resources
RADS	Rural Advisory Development Services
RAS	Rural Advisory Services
ROI	Return on Investment
SDC	Swiss Agency for Development and Cooperation
TES	Technical Extension Services
ZOKI	Training Advisory and Information Centre

1 Introduction

1.1 Context of the KSAP intervention

After the collapse of the Soviet Union in 1991, in the Kyrgyz Republic (KR) large collective farms were converted into numerous small family farms (Helvetas: 2012). Since then the farm size of 80% of the private farms is smaller than two hectares (IFPRI: 2009). People, who previously had been tractor drivers, teachers, accountants or yardmen in collective farms, now had to survive on their own production. Because of the breakdown of the kolkhoz intern services of specialists, farmers had nowhere anymore to turn to with questions regarding to agricultural production. Furthermore, the former public input supply and market chains broke down. As a result, agricultural productivity rapidly decreased in the first half of the 1990s, with a parallel increase in poverty. Against this backdrop, the Swiss Agency for Development and Cooperation (SDC) mandated Helvetas in 1994 to initiate the establishment of Rural Advisory Services (RAS) in the Oblast (province) of Naryn, a mountainous and remote region of the KR.

In 1999, this RAS was expanded to all regions of the country in partnership with the World Bank, SDC, and the Government of the KR. (Cited from Helvetas: 2012)

Starting with a fact-finding mission in 1993, the support to the Kyrgyz RAS system through the Kyrgyz Swiss Agricultural Project (KSAP) evolved over 17 years, respectively seven phases. SDC funded the project with a total investment of over 20 million Swiss Francs, while Helvetas implemented it. (Helvetas: 2012)

1.2 Relevance of the intervention

In 1994, when SDC mandated Helvetas to initiate the establishment of a local RAS system in the Naryn Oblast, agricultural extension was either non-existent or dysfunctional in the KR. The Ministry of Agriculture, Water Resources and Processing Industries (MAWPRI, at this time still called MAWR) and its Oblast representatives still issued agricultural production plans as in the soviet manner, whereas at rayon (district) and Ail Okrug (village) level, no public extension officers were available to support agricultural production according to the plans. Neither any private nor civil society RAS actors were in place. A local government system was basically inexistent. In the power vacuum after the collapse of the Soviet Union it were the traditional councils of elders (Aksakal or the “white bearded”) who provided legal and political guidance to their community members.

While some veterinarian from the former collective farm system still occasionally offered individual services, the state seed production and technical services – units providing tractors and implements for agricultural production - were strongly hit by the collapse of the soviet system, and so to speak inexistent.

In view of a farming community that lacked experience as individual farmers on the one hand and the absence of a functional public or private extension system on the other hand, the Government of Kyrgyzstan (GoK) and international donors considered the idea of establishing a new, countrywide RAS system as highly relevant.

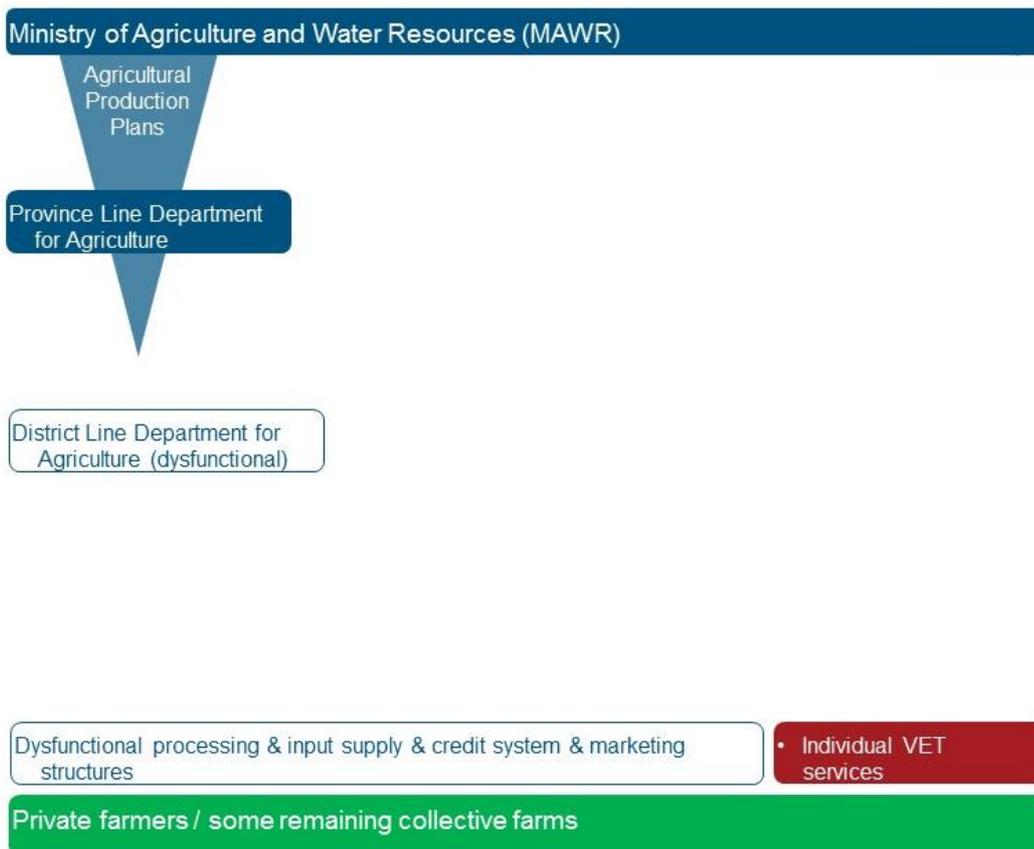


Figure 40: Actors in the rural advisory services system before the launch of KSAP (author's own figure, based on Schmidt: 2015)

2 The contributions of KSAP to the RAS system

In 17 years, KSAP used diverse approaches to RAS, and continuously strived to improve the country RAS system while reacting to changing circumstances. This chapter describes how KSAP contributed to the current Kyrgyz RAS system. It focuses on contributions to the RAS design, to capacity building, to extension contents and methods, to extension policies, as well as contributions in form of finances, and derives a range of learnings.

2.1 Contributions to the design of the RAS system before 1999

In 1994, Helvetas opened an office in Kochkor village in Naryn Oblast. From there it initiated the establishment of a local RAS system consisting of a couple of rayon (district) extension teams, each consisting of four male and one female expert. Caritas (supported by SDC), did the same in Jalalabad Oblast, while Intercooperation (supported by SDC) established a milk processing company including extension services in a third Oblast called Issyk Kul.

In 1999, the RAS system in the three Oblasts was as depicted in the following figure. The three RAS interventions operated independently from each other and exchanged for learning. The interventions were not formally integrated into a government system (since it was largely dysfunctional) but aligned to central government's priorities and policies as far as they existed.

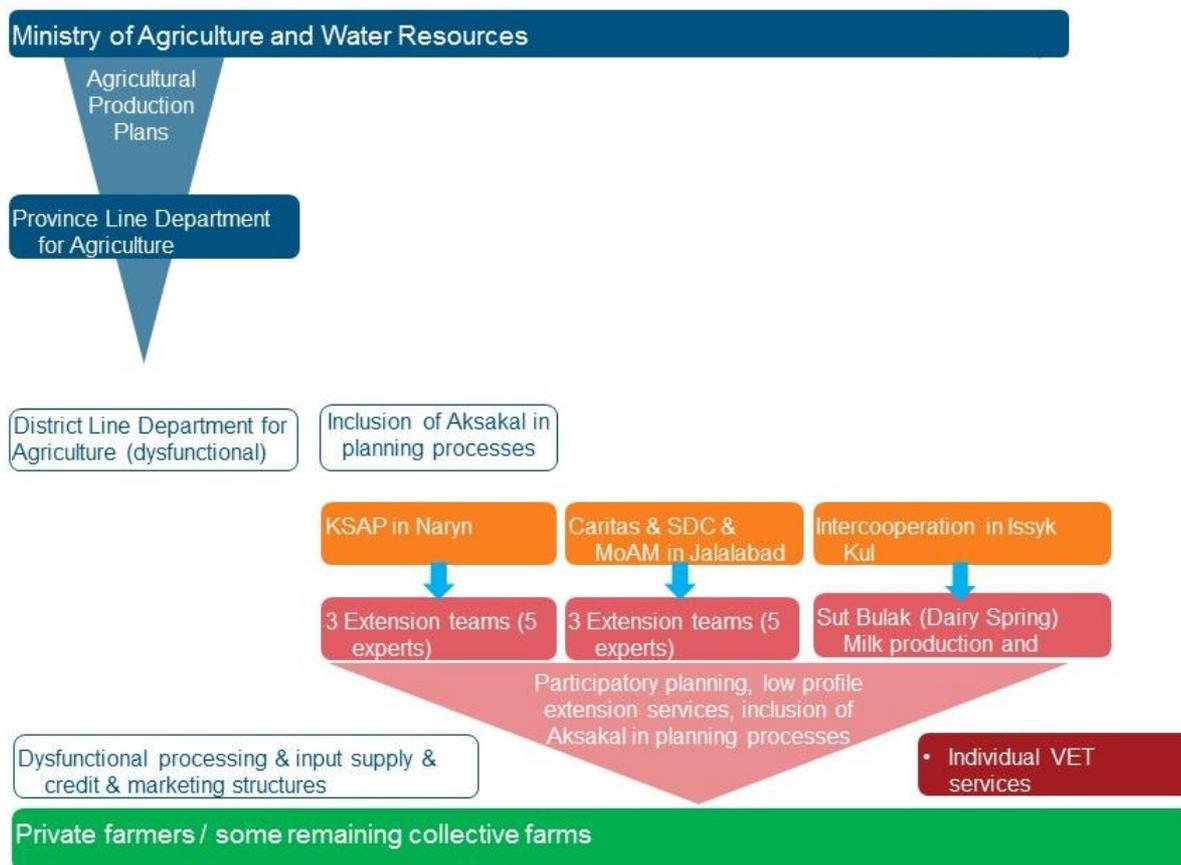


Figure 41 Country RAS system in 1999: blue = government institutions // orange = project institutions // green = farmers (author's own figure based on Schmidt 2015).

2.2 Contributions to the design of the RAS system from 1999-2007

In the mid-nineties the GoK and several donors started to invest into a RAS system. Besides the government, key actors were a European funded project, the Worldbank respectively its International Development Association (IDA), which administered a loan of the International Fund for Agricultural Development (IFAD), and the SDC. The shared idea was to work towards a country-wide RAS system. However, the vision of the role of different actors varied widely. The negotiation process eventually resulted in a system that largely built on the European Union and SDC funded pilots. The system – called Rural Advisory Development Services (RADS) was encompassed the following main actors:

The Ministry of Agriculture and Water Resources (MAWR) was the contractual partner of the bilateral donors and responsible for the management of the soft-loan from IFAD. But the MAWR and its representatives on Oblast level were not directly involved into RAS delivery. While the World Bank routed the IFAD loan through the MAWR to the RAS system, SDC routed its grant via Helvetas directly to the Oblast RAS.

National Steering Council: The chairmen of the six Oblast RADS, a Vice-Minister of the MAWR and donor representatives together formed the governing body of RADS. It discussed and approved policies, annual plans and budgets of RADS.

The RADS Secretariat was responsible for RAS planning and coordination. It was staffed by a General Manager, few Subject Matter Specialists and administrative personnel.

Oblast Steering Council: RADS was set-up as a member-based organisation. The RAS clients, the farmers, were supposed to become member of RADS, to pay a nominal membership fee and in turn to profit from preferable conditions for delivered services. The members would elect Rayon representatives who in turn delegate their chairman into the Oblast Steering Council. These farmer representatives together with a staff of the MAWR on Oblast level and a donor representative were to discuss annual plans, budgets and reports of the Oblast RADS.

The six Oblast RADS consisted each of one Regional Manager, five subject matter specialists (among them at least one women), and administrative staff. The function of the Regional Manager was to coordinate the activities of the Oblast RAS while the Subject Matter Specialists supported and trained the district-level advisors. Following the Helvetas pilot in Kochkor there was in each Rayon (district) a team of five generalist advisers (among them at least one women), who directly or through lead farmers advised farmers. Each oblast RAS was received support from a full-time International Advisor, who built capacities of the manager and the subject matter specialists on the job.

In this country-wide system half of the Oblast RADS were funded by the GoK through the IFAD loan, the other half received grant money from SDC and the support from an International Advisor each. DfID financed three additional International Experts for the Oblast RADS that relied on the IFAD loan funding. Clients paid from the beginning a nominal fee for the services they received. Except the mentioned dairy in Issyk Kul there were hardly any private sector companies in rural areas and if at all they were not involved in RAS.

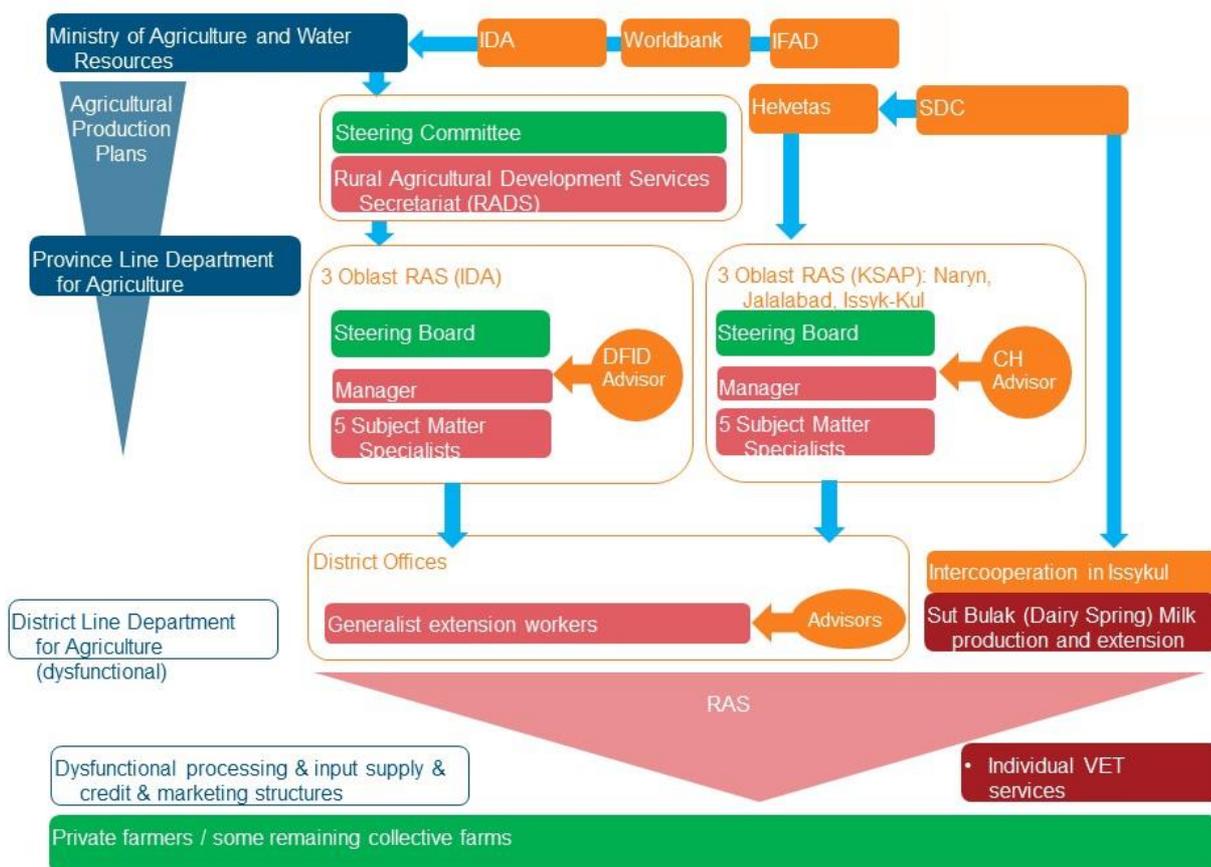


Figure 42: The country wide RAS system how it was planned by the MoA, Worldbank, and Helvetas in 1999. Government agencies-blue; project supported/established institutions – orange; farmers and farmer representation-green; fundflows-turquoise. (Author's own figure, based on Schmidt: 2015).

By establishing such a RADS system, KSAP faced various challenges from which one can derive the following learnings.

- ❖ Since the GoK at times failed to fully comply with the IDA's requirements related to the management of the IFAD loan, the fund flow from IDA was repeatedly interrupted, whereas the funds of SDC were available as planned. As result, the Oblast RADS supported by Helvetas had continuous funds and developed well, whereas the Oblast RADS supported by IDA sometimes lacked of funds and had to stop service delivery to their clients. This put the reputation of the entire system at risk. The concerned Oblast RADS reacted on the absence of finances by asking Helvetas to support them, too. In 2001 the GoK and donors agreed to abandon the differentiation between Oblast RADS supported by IDA and such supported by Helvetas. A more flexible funding mechanism allowed to assure a stable financing of the Oblast RADS and with that a continuous delivery of RAS to farmers.
Learning: Diverse sources of funding result in diverse amounts and timing of funds. This requires flexibility of RAS actors to react on changing availability of funds. This is most important in a pluralistic system, and concerns both, providers and "payers" of RAS.
- ❖ While IDA delivered its fund via the MAWR and the central RADS Secretariat, SDC via Helvetas directly supported the newly established Oblast RADS. The underlying reason for the different funding were differing visions on the ownership of the RADS system, namely a centrally steered and government owned system (GoK, World Bank) versus a decentrally managed and farmer owned system (SDC, Helvetas). SDC contributed to capacity building of the RADS Secretariat (through an additional International Advisor) and strengthened MAWR's capacity to formulate policies and to manage donor money through a "Policy Support Unit" located within the MAWR. But the Swiss missed to rout – at least part of – their grant through the government's channels and to build in this way both capacities and ownership within the government administration for the RADS system.
Learning: With the direction of fund flows, projects have a means to create ownership and decision making power.
- ❖ Helvetas put great efforts into a farmer-driven steering of the whole RADS system. Farmers hold the majorities in the national and province steering councils of the RAS system. However, against the backdrop of the Soviet history of the country, such inclusion of farmers into provincial and national planning processes remained a somewhat theoretic idea. The country and its citizens were not ready for idealistic Swiss basis-democracy.
Learning: Farmers' participation in decision making processes is influenced by the cultural background and can't be created from one day to the other by a RAS project or a specific RAS design.
- ❖ The donors invested heavily into on the job capacity building of key staff of the RADS system. They financed up to eight international advisors at one time to support and build capacities of each Oblast RADS and the central RADS Secretariat. Further, KSAP supported management trainings for the RADS managers, and arranged an array of thematic trainings for the subject matter specialists and generalists at Oblast and Rayon level. On the one hand, the employed advisors and capacity building activities effectively built the capacities of the RADS team. In total about 350 extension workers have been trained that way. On the other hand, the capacity building was at that time not institutionalised in the system, which gave ground to the idea to create an in-house capacity building institution in a next phase.
Learning: If capacity building should be available in the long run, the project should from the beginning strive to institutionalise capacity building as an integral part of the RAS system.
- ❖ Funding of the RADS system was input-based. This means the donors financed RADS staff and their activities. Soon the decision makers realised low efficiency in RAS delivery. Except the membership system, the farmer-led councils and the payment of nominal fees the system did not foresee much to turn accountability of service providers towards farmers. Payment was based on the activities and not on the results achieved. This led to a radical shift towards an output based payment system (see below).
Learning: Efficiency of RAS was limited by two issues: low accountability towards farmers and activity based instead of result based payment system.

- ❖ In 1997, the Gesellschaft für Internationale Zusammenarbeit (GIZ) initiated in the South of Kyrgyzstan the Training and Extension System (TES), an NGO with a training centre providing RAS, too. KSAP sceptically observed such additional RAS activity beside the country RADS system. However, retrospectively, KSAP recognised that it makes sense to support several parallel RAS initiatives. The situation not only created for the first time a certain competition among the service providers but also offered a higher potential to learning and exchange.

Learning: The idea of a unique country RAS approach doesn't reflect reality, where various RAS requirements and sources of finances meet. Further, learning is highest, when several RAS initiatives are operative in parallel.

2.3 Restructuring of RAS in 2001 and 2007

In 2001 the RAS system underwent a first substantial reorganisation and key staff – e.g. the General Manager – were dismissed.

The RADS Secretariat was dissolved, the Oblast RADS were renamed and legally re-registered as new “Rural Advisory Services”. The governance, management, staffing and functions of the new Oblast RAS basically remained unchanged.

The **Rural Advisory Service Coordination (RASCO)** was founded as the national coordination (but not any longer management) unit of RAS, responsible for planning, routing funds (both from IDA and SDC/Helvetas) and coordination of the system. It was staffed with a local coordinator and an international project advisor.

The Training, Advisory and Innovation Centre, the ZOKI was created. RASCO and ZOKI were legally independent units but located in the same newly bought building in the capital. The role of ZOKI was to serve as a resource centre, to act as a methodology and training site for RAS staff throughout the country and to develop extension material such as publications, posters, videos etc. A Kyrgyz director led a couple of subject matter specialists. An international advisor supported these master trainers in their function to offer training and advice to the extension staff in the entire country. The **RAS Manager Conference** (consisting of the six Oblast RAS Managers) was created as the governing body of ZOKI.

Also in 2001, KSAP introduced a **result based payments** for the Oblast RAS, called the “mandate system” with the following key features:

- Objective indicators such as population, area, remoteness etc. were identified to calculate the ceiling of the annually available donor funds (basket funding including grants and the IFAD soft-loan) per Oblast RAS.
- Oblast RAS were invited to prepare an offer with quantified services (outputs, e.g. number of consultations, number of training days, number of participatory innovation processes, number of new extension methods) for the next calendar year. The government or donors could prescribe certain inputs (e.g. specific actions related to ecological sustainability such as tree planting campaigns). To guarantee a certain flexibility a share of the planned services remained unallocated.
- RASCO and KSAP negotiated with the Oblast RAS the service catalogue including the price-tags for various services. This resulted in an agreed “mandate” (or the annual plan with quantified services and indicators), which remained within the financial ceiling of the budget allocation per Oblast RAS.
- The Oblast RAS offered the services.
- Independent evaluators monitored the agreed indicators. For this, randomly selected clients were visited to assess whether a service had been delivered and to learn about the client's satisfaction.
- The degree of the target fulfilment was calculated (based on the random sample) and payments of the services (= outputs) were made according to the agreed price-tag. Overachievements of the targets up to 120% was possible and rewarded. It allowed the Oblast RAS to accumulate savings as future working capital and for investments¹³.

Learning: The accumulation of savings by the Oblast RAS led to the purchase of real estate for offices. This again fostered the sustainability of the RAS– up to now.

¹³ The output based payment system is documented in the brochure: „You pay for what you get. From Budget Financing to Result Based Payments“, Helvetas 2005. http://assets.helvetas.org/downloads/you_pay_for_what_you_get_publ_4_1.pdf

With the introduction of this result based payment mechanism, efficiency of RAS delivery increased by about factor four. Self-financing of the Oblast RAS (which was one of the measured and rewarded indicator) grew to about 7%. However, reality and what was shown in the books often differed and the activities in the field didn't improve the same way, which puts a shade on this impressive efficiency increase.

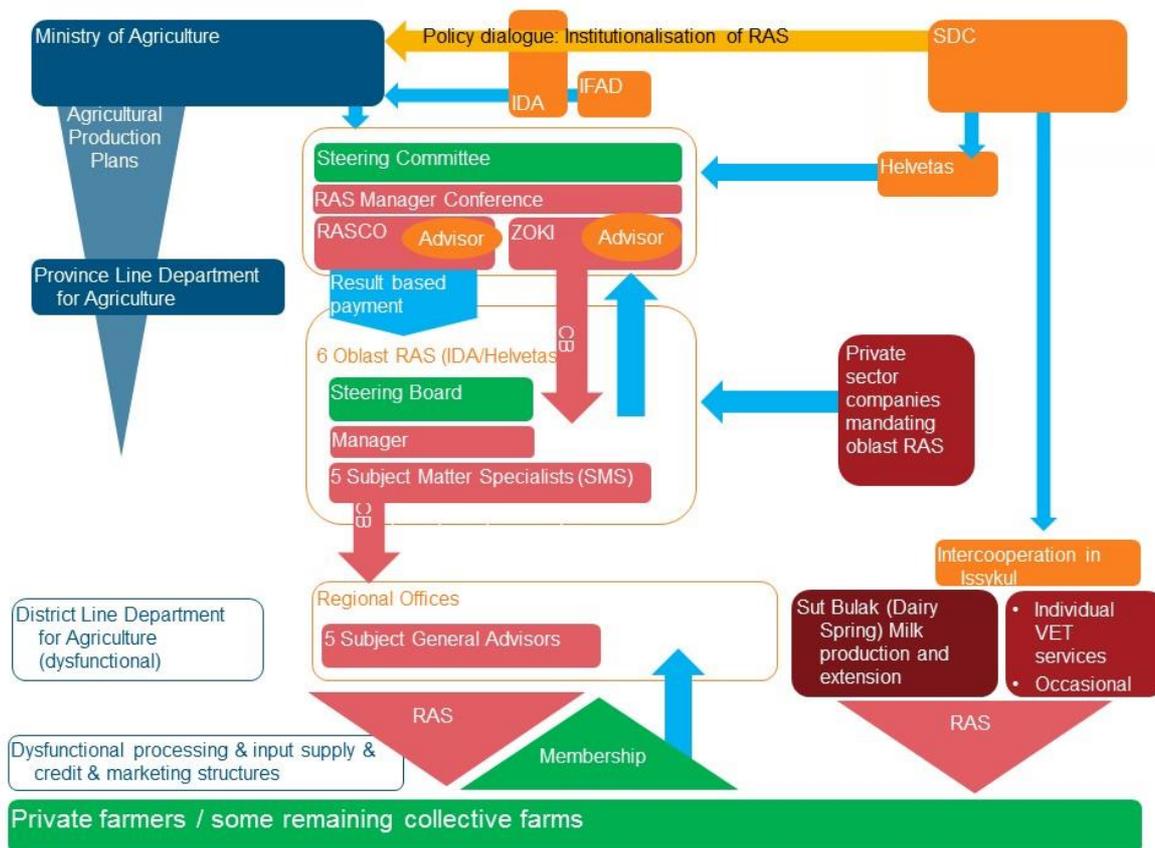


Figure 43: The country wide RAS system after the introduction of the result-based payment system and the membership system. Government agencies= blue; project supported/established institutions = orange; farmers and farmer representation = green; private sector = dark red; fund flows = turquoise. (Author's own figure, based on Schmidt: 2015).

2007 marked a next turning point. An external evaluation criticised the present RAS system fundamentally. Among the critical aspects were:

1. A lack of accountability of the Oblast RAS to farmers. Based on prior studies the evaluation concluded that farmers did not see much benefit in being member of RAS. Elected board members did not feel accountable to their constituency.
2. The Oblast RAS had found ways to pervert the output based payment system. Efficiency had become low again, the established external monitoring system failed to prevent cheating.
3. The reached coverage was considered insufficient. (Schmidt: 2012)

Learning: Result based funding of RAS worked initially well. But soon the RAS providers found ways to cheat. Initial efficiency gains were lost again.

As a consequence, the membership system and the output based payment system were abandoned and a **demand-side financing** introduced. Therefore, so-called “Koshuuns” were established. These are local institutions on village level with the purpose to define farmers’ needs for trainings and to “buy” the required advisory services from the Oblast RAS with project funds. Donor funds were allocated to the Koshuuns with a plan to phase them progressively out in a period of three years. The assumption was the decreasing donor funding would be compensated by fees paid by the farmers themselves. Although the new local Self Governance Act of 2007 would have provided the basis to use the village administration of the Ail Okrugs as democratically legitimised body to fulfil the functions of the Koshuuns, the latter were set up as parallel structures.

The new system looked as shown in the following figure:

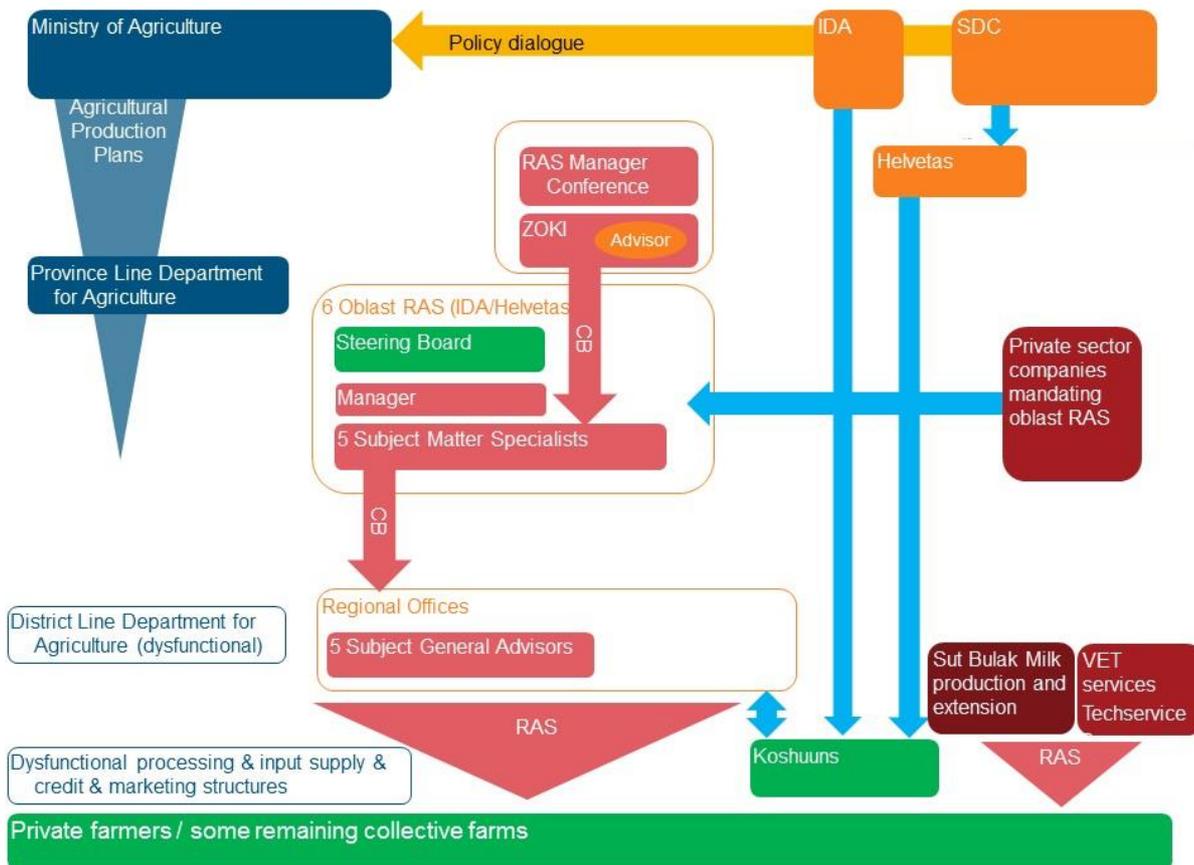


Figure 44: Restructured RAS system. 2007-2010. Green = farmers and farmer groups; orange = project institutions, red = project based institutions expected to sustain without project funds; blue = government institutions; dark red = private sector; turquoise = fund flows. (Author's own figure)

The country-wide roll-out of the Koshuuns happened in 2009 only. Swiss funding ceased in 2010. Interviews with knowledge bearers two years after closure of KSAP reflected a highly critical picture: "Only 10% of the 458 Koshuuns are expected to survive. Fee payments by the farmers for advisory services are lower today as compared to the period before the Koshuuns were created. To survive, the service providers have turned their attention to 'hunting' for donor funding rather than focussing on their original mandate of responding to farmers' needs." (Schmidt: 2012).

While supporting the development of this RAS system, the following evolutions took place. They again offer various learnings.

- ❖ Other donors showed a growing interest to work with the Oblast RAS and started to employ them directly, mostly on the basis of short term contracts. This also led to a diversification of RAS services (e.g. including support to Community Based Tourism).
- ❖ The private sector developed. Input suppliers, processors and traders hired the Oblast RAS for their businesses.
- ❖ The Central Asia Breeding Services established their own veterinary network and acted as competitors to the Oblast RAS.

Learning: As long as funds from donors are available in the RAS system, there is little chance that the Government will spend rare taxpayers' money on RAS.

Learning: Private sector actors contracted the RAS providers only because they already had capacities to provide quality services. The capacity building efforts of the projects were thus a significant contribution to the later pluralism of the system.

- ❖ Private consulting companies – at times offsprings created by former RAS staff – emerged. Competition among RAS providers increased. The new RAS providers often combined the pure provision of advice with other services such as supply of agricultural inputs or marketing. The original Oblast RAS copied this provision of combined services.
- ❖ A microfinance industry evolved. The Oblast RAS learned to provide services to micro-finance institutions too. Increasingly the RAS providers themselves offer own micro-finance services. They thereby follow the GIZ initiated TES centre, which had ventured such a combination with success.

Learning: Diversifying services is a survival strategy of the RAS providers: e.g. to combine the supply of inputs, the offer of micro-finance services and marketing services with the pure provision of advice.

2.4 Contributions to capacity building

With the following interventions KSAP significantly contributed to capacity building of RAS staff:

- 1.) Employment of international advisors at the level of the national units and for a certain period in each Oblast RAS to directly train RAS staff.
- 2.) Continuous and repeated training of RAS staff through international and local experts in RAS contents and methods; several times annually, according to requirements
- 3.) Establishment of the Training, Advisory and Innovation Center ZOKI in order to institutionalise capacity building in the long run.

The intense capacity building activities of KSAP is seen as a major contribution to the long term functioning of the RAS system. The project built capacities of around 350 extension workers, which is 50 worker in each Oblast or one extension worker for 2'600 persons living in the rural area. Schmidt (2015) considers this number as a critical mass of extension workers, allowing for attracting other actors using the RAS system. These extension workers are up to date working in one or the other extension institution. Although they are not financed by the state, as it was originally planned, they are acquiring finances for their RAS delivery from different sources: mainly from donors, but also from the private sector.

ZOKI today still exists but only partly fulfils the originally intended functions. ZOKI is still a professional centre for RAS. But rather than training the extension staff of other RAS providers, ZOKI today has become a RAS provider itself. The reason for this development is seen in the fact, that emerging donor projects in RAS often plan on a short term basis and do not allocate funds for capacity building of staff of the RAS providers. The ZOKI as pure training centre is thus economically not viable. Hence, the KSAP's contributions did not lead to the institutionalisation of a continuous capacity building of extension staff. However, they led to the availability of RAS staff and allowed for RAS provision in a way it did not exist before KSAP's intervention.

Learning: The KSAP capacity building of RAS staff is seen a crucial investment for the functioning of the later RAS system. A critical mass of extension staff must have been available to attract private and public sector, or other donors to employ the RAS services.

2.5 Contributions to extension contents and methodologies

The project contributed to extension contents and methodologies in the frame of its capacity building activities. KSAP promoted a group based approach for extension, based on participatory extension methods. The extension contents were defined by the national and oblast steering committees, the Oblast and Rayon RAS through participatory and gender sensitive methods, and later by the Koshuuns. KSAP aimed at fostering sustainable agricultural practices, such as crop rotation and compost making. Accordingly, KSAP facilitated trainings corresponding to the requirements of farmers as well as to the idea of sustainable agriculture.

2.6 Contributions to extension policies

Integral part of KSAP was the Policy Support Project, a unit of capable staff within the MAWR with the intention to strengthen policy-dialogue and strategy development related to advisory services in agriculture. The main achievement is seen in the participatory elaboration of the *Agrarian Policy Concept 2010*. And the Policy Support Unit contributed to the adoption of an official extension strategy in 2010. In addition, the Unit supported

MAWR to develop a public investment programme in agriculture and to improve coordination of the projects and donors active in the agriculture sector (Ludemann: 2010). In 2011, 61 donor-driven activities related to agriculture existed in Kyrgyzstan: 46 projects, 11 programs, three funds and one centre (ZOKI).

The elaborated Policy Concept indicates the strategic goals for development of the sector in order to coordinate the diverse activities. The goals are:

- To establish ways of production that can guarantee sustainable provision of food for the country's population and raw materials for the national industry
- To develop production systems to facilitate preservation of the natural environment and ensure food safety
- To establish marketing and export outlets for agricultural produce and agricultural products. (Ludemann: 2010)

Learning: Offering expertise and funding for policy dialogue was not sufficient to capacitate the different actors involved in agricultural extension to sustainably engage in a meaningful policy dialogue related to agriculture, including the provision of RAS.

2.7 Financial contributions

The financial contributions of KSAP amount to approximately CHF 20 Mio in 16 years. The budget in the first year (1995) was around 0.7 Mio CHF and increased until 2002 to around 2 Mio CHF annually. In 2010, it reduced down to 0.4 Mio CHF. Out of this, the project spent about 25% for expatriate advisors, which contributed to the quality and functioning of the RAS system, as well as to capacity building. The annual costs of one Oblast RAS were in the range of 100 – 150'000 USD. The annual costs of the central coordination unit RASCO and the training centre ZOKI were in similar order of magnitude.

Learning: Finance flows are a considerable means to influence decision power in RAS and to foster certain actor constellations. By ignoring the expected future fund flows, KSAP did not make use of this means.

The contractual basis for KSAP was a bilateral agreement between the Governments of Kyrgyzstan and Switzerland. The responsible line ministry, the MAWR, together with SDC formed the Steering Committee of KSAP and therefore was always well informed about the project's progress. However, for reasons explained earlier in this document, KSAP decided not to route its funds through the MAWR, although it eventually expected the GoK to cover a substantial part of the costs for extension. In hindsight one may conclude that KSAP didn't sufficiently realise the importance of the fund flows to create ownership on the side of the GoK for a functioning RAS system. In contrary, the World Bank routed all its funds – mainly the soft-loan provided by IFAD - via the MAWR and later the national RASCO to the Oblast RAS.

Learning: KSAP established a parallel structure for the facilitation of demand-side financing, instead of using and empowering the available local structures to allocate government or donor funds for RAS.

By introducing a demand-side finance system for RAS in 2007, the donors of the RAS system recognised the fact that accountability of RAS providers is directed towards the source of funds. However, in this aspect, they didn't make use of the locally available structure of Ail Okrugs and the fact these structures could have been sustainably strengthened to allocate government funds for RAS.

Effects: With its project funds that were strongly directed towards capacity building of extension staff, KSAP reached a critical mass of extension workers that are up to today available for the extension system. The capacities of the KSAP extension staff now enables the RAS entities to acquire donor funds, as well as such of the private sector.

3 Efficiency of the project contributions

This study calculates efficiency based on a very rough calculation dividing the total project costs by the number of farmers reached with RAS.

Total Project funding / number of farmers accessed by RAS

From 1995-2010, SDC provided CHF 20 Mio to KSAP. With that fund, the project directly reached out to approximately 55'000 farmers per year, served an estimated 30% of all farmers, and had around 50'000 permanent clients. (Schmidt: 2012)

The project costs for one permanent client are accordingly:

$CHF\ 20\ Mio / 50'000\ farmers = CHF\ 400\ per\ permanent\ RAS\ client$

$CHF\ 20\ Mio / (50'000\ farmers * 16\ years) = CHF\ 25\ CHF / farmer\ and\ year$

The outcome assessment of the RAS services conducted in 2011 (KSAP 2011) shows a high cost-efficiency of the RAS services; "they are estimated to have had a remarkably high return on investment of 24 KGS return in farmers pockets for every KGS cost of advisory services (across all the assessed services)." (KSAP: 2011)

4 The RAS system today

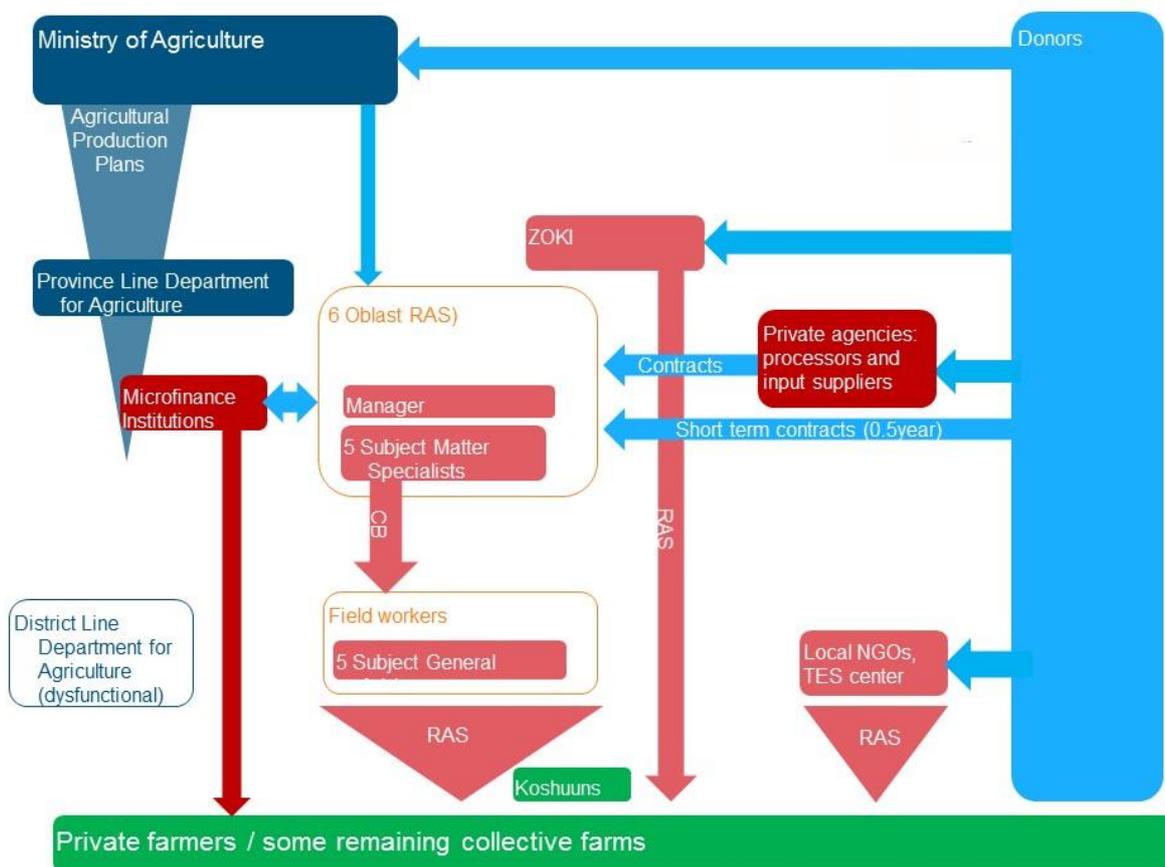


Figure 45: Kyrgyz RAS system after the project intervention. Red=NGO/Private sector RAS provision, green= farmers and farmer groups; blue = GoK institutions; turquoise = fund flows. (Author's own figure, based on Schmidt (2015))

The RAS system today is still based on the six Oblast RAS offices that have been established by KSAP. They are operating according to contracts mainly with other donors, but also with private sector companies. Other RAS providers evolved and sometimes compete, sometimes simply complement the Oblast RAS. The GoK is still not significantly contributing to the RAS, respectively still acquires donor funds for financing the RAS system. This chapter describes the effectiveness of the established KSAP RAS system, discusses its

inclusiveness and sustainability and gives an overview on its pluralistic dimension and agricultural knowledge system.

4.1 Effectiveness of the RAS system

Economic effects and food security

In 2011, SDC/Helvetas published an outcome assessment, which provides insight to the effectiveness of the current RAS system. For the assessment 800 farmers were interviewed (51% women, 49% men). The results are:

Today, a network of six Oblast RAS operates in the whole territory of the Kyrgyz Republic with field advisers in each of the 40 districts. They support rural people through providing know-how, facilitating processes and building up links to other relevant players (e.g. markets, credit) required for more productive and profitable farm activities. The topics of RAS services are wide and include the following:

- locally relevant crops and livestock types
- soil and water management, pasture management
- small-scale processing (fruits and vegetables, milk, wool and hides)
- business planning and access to credits
- marketing of farm produce
- support to local service providers, such community seed funds and private seed farms, artificial insemination and veterinary points, agricultural inputs shops, machinery services etc.

There has been much anecdotal evidence of the benefits that farmers derive from the services of the RAS, and it can be assumed that the RAS services contributed to the recovery of the agricultural sector in the country: the average annual growth of the agriculture sector since 1999 was 3%. (KSAP: 2011)

Today, the Kyrgyz Republic is able to cater for its needs regarding the most important food products like meat, milk, vegetables and, partially cereals. For sugar and oil the country is not self-sufficient and wheat production is not competitive; its quality does not meet standards and makes it necessary to buy flour or hard wheat from Kazakhstan. However, low quality of the products, a continuously growing demand, low incomes against increasing consumer prices, growing food imports, combined with stagnating export markets render it difficult to achieve national food security for all. (Ludemann: 2010)

The outcome assessment provides data on how RAS services have influenced the profitability and productivity of farm activities. Although farm related data bear the risk to be biased towards farmers able to provide relevant data – thus probably better-off farmers – the following charts provide exemplary indications of the RAS services' effects at farm level. They confirm the assumption that RAS services render agricultural activities substantially more profitable.

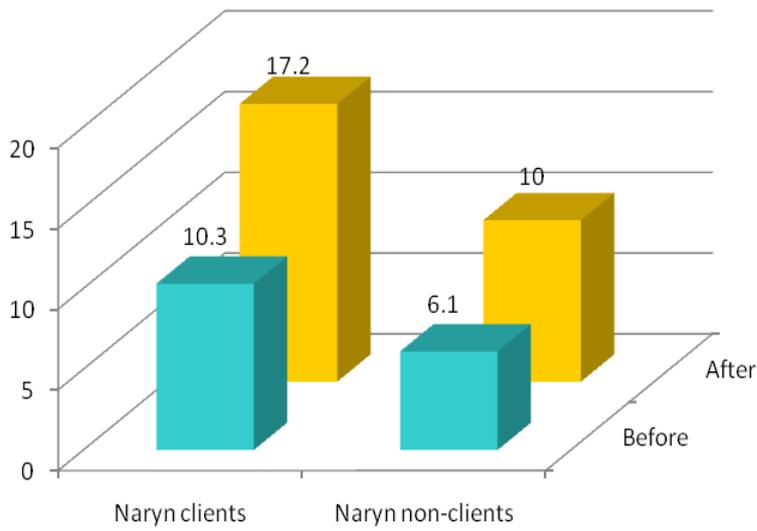


Chart 1: Potato yields of RAS clients and non-clients in Naryn (t/ha) (n = 800 farmers, left scale tons/ hectare) (KSAP: 2011).

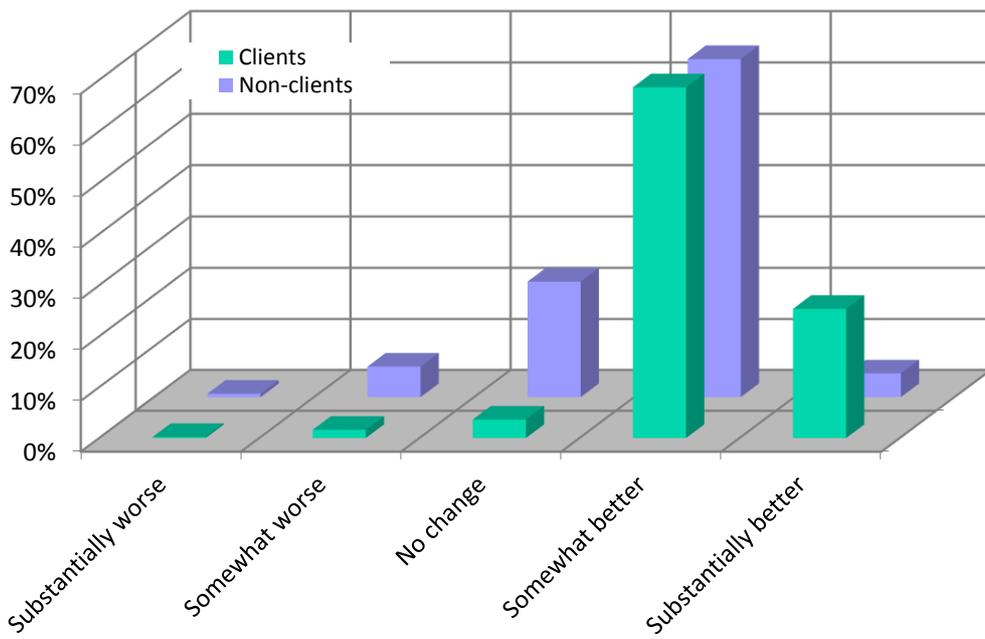


Chart 2: Changes in farm profitability in the last 10 years as perceived by RAS clients and non-clients (n = 800 farmers) (KSAP: 2011).

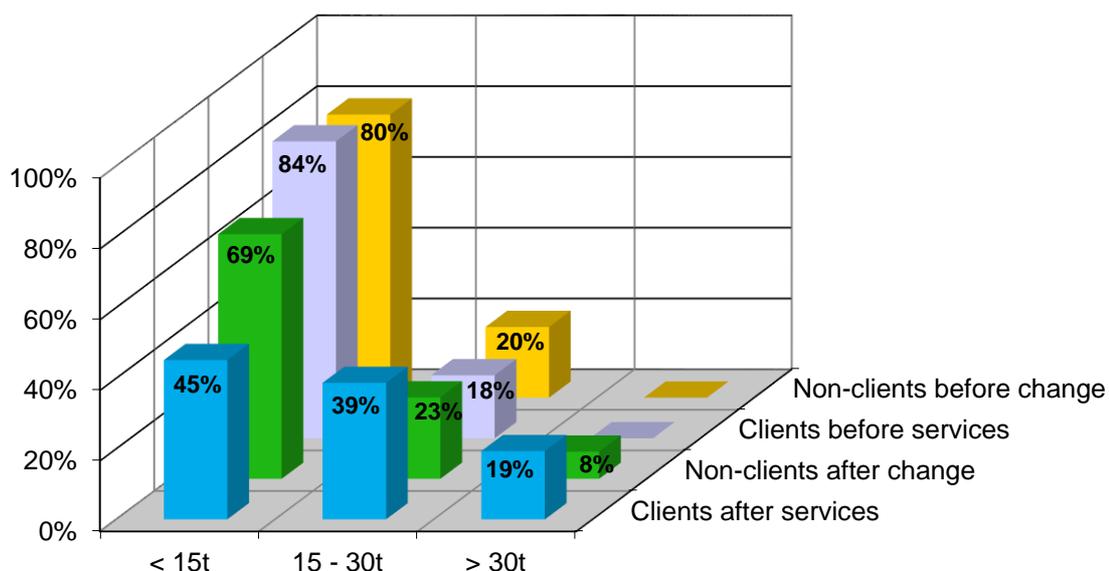


Chart 3: Potato yield before and after services/production change from RAS clients and non clients (n = 800 farmers). (KSAP: 2011).

The ROI was calculated as follows:

Crops:	$\frac{(\text{"income increase per ha"} \times \text{"area per farmer after services"}) - \text{"cost of service per farmer"}}{\text{"cost of service per farmer"}}$
Livestock:	$\frac{(\text{"income increase per head"} \times \text{"no. of heads before services per farmer"}) + (\text{"income per head"} \times \text{"no. of additional heads after services"}) - \text{"cost of service per farmer"}}{\text{"cost of service per farmer"}}$

Table 10: Estimated Return on Investment (ROI) for the various RAS services in the Oblasts Chui, Naryn and Jalalabad. The ROI shows the monetary value generated in farmers' pockets per Som invested in RAS services. (KSAP: 2011)

	Region	Estimated Return on Investment (ROI)
Crops		
Wheat	Chui	20 : 1
	Jalalabad	33 : 1
Potato	Chui	35 : 1
	Naryn	6 : 1
Tomato	Chui	3 : 1
	Jalalabad	73 : 1
Sugar beet	Chui	29 : 1
Livestock		
Dairy cows	Chui	14 : 1
Meat sheep	Naryn	28 : 1
Poultry	Chui	20 : 1
	Naryn	10 : 1
ROI over all above services and regions		24 : 1

Food security was not an explicit project goal. Accordingly, there was no assessment done to create evidence about how farmers effectively invested the financial gains of increased farm productivity and income. However, one can safely assume that increased production and higher revenues positively influence food security of the producers and their families. Further, among the important advisory topics were vegetable production and their processing. These interventions undoubtedly contributed to a more nutritious diet, particularly in remote mountainous areas.

4.2 Social effects and inclusiveness of the RAS system

At the end of 2009, around 30% of the RAS advisers were women, catering to a large extent to female clients. This was thanks to women quotas, which the project introduced. The percentage of female RAS clients has been in the past around 60%. Much of the services provided to women concern income generation and the establishment of small businesses (dairy processing, village bakeries, commercialisation of traditional felt products etc.), but also in agricultural technical trainings the participation of women is substantial. The outcome assessment (2011) confirms that many women clients of the RAS actually gained substantial additional income as result of the RAS services and that they consider RAS services useful. (EPR: 2009)

KSAP fostered the RAS offices to deliver services in remote valleys and villages. After the phasing out of the project, coverage as a whole and the outreach to disadvantaged and remote clients most likely has reduced as compared to some years ago. The reason for this is an economisation process of the RAS system evoked through the phasing out of project funds. With new donors coming in, as well as private sector agencies contracting with the Oblast RAS the focus on disadvantaged groups and women differs from contract to contract.

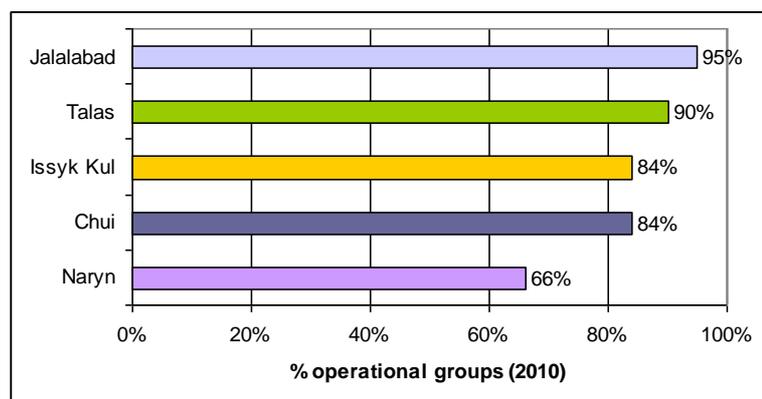
4.3 Sustainability of the RAS system

There are three aspects of sustainability to be discussed regarding the RAS system:

Sustainability of capacity building for RAS actors

In spite of the project's effort to establish the capacity building centre ZOKI, capacity building for RAS providers is today not fully sustainably institutionalised. The reason is not seen in a lack of capacities of ZOKI staff, but in the fact that those donors that are now financing RAS include only rarely service provider capacity building components into their projects. Private companies are offering capacity building themselves in case they consider that necessary. This leads to the situation that no institution has an interest to support the ZOKI that therefore more and more concentrates to provide RAS services to farmers itself.

Attempts to integrate agricultural extension into curricula on university level did not lead to highly qualified university graduates or an in-service training offer provided by academic institutions.



Sustainability of farmer groups activities

The sustainability of the activity of farmer groups varies from Oblast to Oblast, but is generally high, compared to other donor-funded RAS projects. The following table shows that 66-95% of the farmer groups established by the Oblast RAS with funding from KSAP are still active. This allows the assumption that they have a sustainable benefit from working together (KSAP: 2011).

Table 11: Activity of farmer groups in percent of total assessed farmer groups in 2011. (KSAP: 2011)

Sustainability of the Oblast RAS

The evolution of the RAS system in Kyrgyzstan provides evidence that the chances to reach economic sustainability for a service provider are higher if the service provider combines various services. While the GIZ supported TES Centre offered RAS in combination with input supply and credits right from the beginning, KSAP

was critical towards such combined services. Schmidt (2012) states that the project "should have been receptive to other models, in particular to revising their rigid opposition to combining rural advice with the provision of agricultural inputs and credits and instead should have invested in mitigating the possible negative effects of the combination (such as biased advice, unequal coverage etc.)."

Today, most of the Oblast RAS offer combined services in order to create financially viable services. In this regard, however, one need to remember that financial sustainability of an extension service provider in Kyrgyzstan today means mainly being capable to access donor funds. Being owner of an office location makes it easy for the Oblast RAS and the ZOKI to endure times without service mandates. Thanks to the resulting low fixed costs and flexible work assignments (staff is discharged when no RAS mandates are available), RAS offices are able to react flexibly on changing RAS mandates. In this regard, the established institutions are considered sustainable.

4.4 Pluralistic dimension

The pluralistic dimension of RAS is shown in the subsequent figure. The GoK takes a coordinating role in the allocation of donor funds and partly also manages donor funds for RAS. However, today, as twenty years ago, RAS is financed to the greatest part by donors, while the provision of RAS is offered by NGOs (including the RAS offices), input providers and processors.

Source of finances for services	Service Providers					
	Public sector	Private Sector			Civil Society	
		Input supplier	Processors / traders	Private RAS providers	NGO	Farmer Org.
Public						
NGOs / Donors		Some private sector companies (LMD)			NGOs	
Private companies		Private sector input suppliers and processors				
Farmers						Some farmers are member of FO
Farmer Org.						

Table 12: Pluralistic dimension of the Kyrgyz RAS system (adapted from Anderson and Feder (2004))

4.5 Agricultural Knowledge and Innovation System

The knowledge system is currently rather weak. Linkages between the national and oblast RAS and Kyrgyz research organisations are informal, non-existent, or occasionally based on specific tasks (non-systematic). (Kazbekov: 2011)

Knowledge and innovation enter the system through donor-financed projects or via private sector engagement. Thus, it is up to those institutions to decide about which innovations will be spread and promoted by the RAS system.

All Oblast RAS are issuing their own newspaper. Earlier they published them monthly. E.g. the RAS Jalalabad newspaper "Beles" was published monthly in approx. 2500 copies (KSAP: 2011). These regular newspapers are an instrument to disseminate information, and to show presence in the region. Now, due to funding constraints, the frequency of the newspapers varies between monthly and quarterly. The sales price (3-10 KGS per copy) is not sufficient to fully cover the production costs. The Oblast RAS are trying to include a budget allocations for publication of results and insights into all donor projects in which they are involved. However, not all donors agree to this.

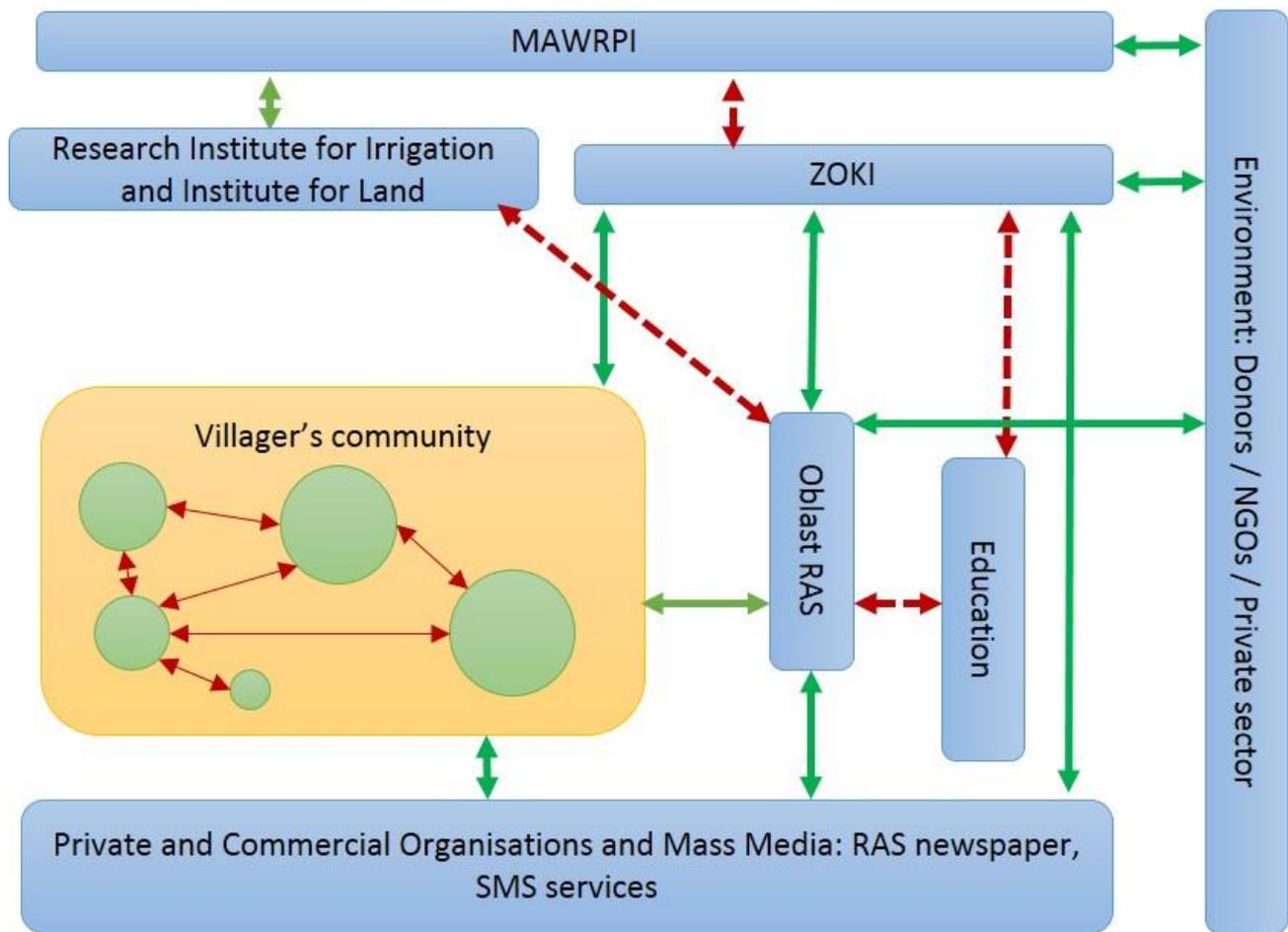


Figure 46: Agricultural Knowledge and Innovation System. Green/fat = functional linkages; red/dotted line = weak linkages. (adapted from Agridea (2009))

5 Conclusions: Learnings and innovations from KSAP on how to reach large numbers of farmers with RAS

Based on KSAP experiences one can derive a range of learnings, including project practices recommended to replicate, and such to be avoided.

Fund flows are an important means to create ownership and decision making power

When the GoK and donors in the mid-nineties decided to invest into a county-wide RAS system there were very few functioning institutions: A weak central government with frequently changing key staff, no local government structures, hardly any functioning private sector companies and no organised civil society groups. Also later, in the lifespan of the project, KSAP was confronted with a fragile state, e.g. the managers of KSAP dealt in 10 years with 11 ministers of the MAWR. During project implementation the country experienced three revolutions or civil wars. In this situation the Swiss were always of the opinion that the countries' RAS system first of all should belong to the farming community and should not be a pure government institution. At the same time the planners were well aware that the state has an important role to play when it comes to the funding of RAS in the public interest. During the 16 years of project intervention KSAP failed to sufficiently build the required understanding within the GoK for the importance of RAS and to assure the capacities within the government to steer the provision of RAS in the country. This has to do with the decision to route the Swiss funds for a long time directly to the Oblast RAS providers and not through the government system. But this has also to do with the fragile context and weak government structures after the collapse of the Soviet Union.

The corrective measure, namely to move rigorously to a demand side funding, was taken only late in the lifespan of the project. In the meantime the legal basis (self-governance act) for empowered local government structures had been created. In hindsight it is therefore difficult to understand why the donors decided to establish the Koshuuns as parallel structure on village level. In addition, the Koshuuns had no other function than to communicate farmers' RAS requirements to the RAS providers. This is not a sufficient reason for existence and therefore it is not surprising that only a small fraction of the Koshuuns continued to exist.

Availability of donor funds for RAS limits financial contributions of Governments to RAS

KSAP and the other involved assumed that the Government will progressively finance the RAS system. Although the government always assured that it would do so, in substance this did not happen until today. The reason is seen in the fact that donor funds were and still are available to finance RAS, thus although the GoK has a public interest to assure that RAS services are available to the farming community, the GoK did not see a necessity to finance it from tax payers money. To expect the Government will pay RAS as long as donor funds are easily available might thus be a misleading expectation.

Flexibility of all RAS actors is key for sustainability

The case of KSAP shows from diverse experiences that flexibility of donors and RAS actors is key for success. The story of KSAP can be read as a learning journey with try and error and adaptation to changes outside of the influence of the project. In the beginning three of the six Oblast RAS faced problems to receive funds regularly from IDA, which led to interrupted service delivery at a critical point of time. Negotiations among government and the involved donors led to more flexible funding mechanisms, which fostered the necessary continuity of the system.

The project revised its approach to develop a RAS system at least twice in order to adapt the project activities to new situations. That way KSAP made best use of opportunities, such as the collaboration with the World Bank, the establishment of the ZOKI, the change to result-based payment system, or the adaptation of the system to new actors entering the system. This all was only possible thanks to a flexible donor, as well as a long term perspective in project planning.

Last but not least, RAS actors themselves proved to be highly flexible to react on changing contracts and availability of funds. They keep their fixed costs low, and employ staff on a short term basis in order to avoid any risks. That way, they are able to quickly react to new situations and use emerging opportunities.

Demand side interventions are key to support accountability towards farmers

KSAP's underlying vision for a RAS system in Kyrgyzstan was that it should be farmer owned and farmer driven. However, in reality, KSAP's intervention mainly focused on the service deliver side by building a network of capable RAS providers. The demand side interventions included:

- Involving traditional power structures in decision making (in the initial absence of a local government)
- Introduction and application of participatory methods, e.g. for needs assessments (Participatory Rural Appraisals), innovation (Participatory Technology Development) and market assessments (Rapid Market Appraisals)
- Creation of a membership system
- Farmer owned steering councils.

The project had to accept that the basic democratic system of membership and elected councils did not fit to the cultural context at this moment of time. The later shift to strengthen accountability of the RAS providers to their clients through the introduction of demand side financing (Koshuuns) did not work as intended. Retrospectively, this was not enough to render the system demand-driven, in a way that farmers play a key role in defining and evaluating extension contents. Up to date, farmers are rarely directly involved in RAS planning, and RAS activities are defined mainly on the basis of project goals or by private sector's interest. However, the outcome assessment clearly shows that producers increased farm profitability thanks to the RAS and that farmers consider the services highly useful, all the same whether they were involved in planning or not.

Projects can sustainably influence the extension content

By building capacities of a huge number of extension workers, any project has a great influence on the future extension content and methods applied. KSAP pursued an orientation of RAS to sustainable agriculture, including crop rotation, compost making, and soil fertility management to name a few. With that, KSAP gave the future RAS content a direction towards sustainable agriculture, which wouldn't have taken place if KSAP had transmitted responsibility for capacity building to the private sector or the then available state institutions.

Capacities of RAS staff are key to strengthen the involvement of other actors in RAS

KSAP invested a substantial part of the project budget into the capacity building of RAS staff. This prepared the ground for other actors to use the RAS system. The availability of a critical mass of qualified extension workers spread over a broad region or the whole country is seen as key for the successful engagement of Oblast RAS with the private sector and other development projects. Capable staff is the key capital of today's pluralistic service providers and with this the backbone for sustainable RAS in Kyrgyzstan. Today, the challenge is to maintain respectively renew this capital.

Institutionalisation of capacity building within the RAS system

KSAP realised this challenge in early stages of the project. As a response and in absence of an institution that could fulfil the role of continuous education and further development of human resources involved in RAS, KSAP established ZOKI. This was an attempt to institutionalise capacity building of the RAS system. It created a place for it by providing office space in Bishkek, it trained master trainers and financed the ZOKI to develop trainings. ZOKI was owned by the Oblast RAS (this means its clients). The vision was that ZOKI would become financially sustainable by selling its services to the Oblast RAS (training fees, consultancies etc.). Reality showed that this was only partly realistic. With the phasing out of the relatively generous Swiss and IDA funding the Oblast RAS had to economise and thereby reduced their investment into staff development. Today, most donor projects perceive the RAS as pure service providers that have to finance capacity building from their profit. At the same time prices paid for RAS services make it difficult for the RAS providers to substantially invest into human resources development. As a consequence ZOKI had to seek other sources of income and increasingly became a RAS service provider itself, thereby sometimes competing with the own constituency. Further, the ZOKI didn't become part of the national education system and remained a somewhat institutionally isolated organisation. Both factors hinder sustainable institutionalisation of the education system for RAS staff, although KSAP made great efforts to create a continuously available training system.

Support pluralism from the beginning of a project

In spite of aiming at one country RAS system, KSAP eventually contributed to successfully establish a pluralistic RAS system. Retrospectively, KSAP learned from those RAS actors that were not part of the by KSAP supported RAS system but operated in parallel. E.g. the TES centre offered RAS combined with credits and agricultural inputs. Based on the positive experiences of TES, this was copied by most Oblast RAS. Since modern RAS is not anymore limited to the bare spread of agricultural information, but includes all services required to successfully lead a farm business, an effective RAS system is seen as a network of diverse actors and initiatives. Projects should take this into account right from the beginning and promote diverse approaches and service combinations in parallel.

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Where not otherwise mentioned, the study bases on information provided by Peter Schmidt, who worked as a long term project manager and advisor for KSAP.