Country Name	The Project for Development of the Rural Business with Forest Products in the Kyrgyz Republic
Kyrgyz Republic	The Project for Development of the Rufal Business with Porest Products in the Kyrgyz Republic

# I. Project Outline

1. 1 Toject Outline	·				
Background	The government of the Kyrgyz Republic undertook forest management reforms, one of which was introduction of the Joint Forest Management (JFM) scheme. JFM tenants manage state forests based on an agreement among three parties, namely, Forest Enterprises (FE), Aiyl-Okmotu (AO, local governments at village level) and the JFM tenants. However, its specific operation was not defined, and the implementation system was inadequate.  In this regard, JICA implemented a five-year technical cooperation project, the Project for the Support for Joint Forest Management, from January 2009. Under the project JFM guidelines were developed and pilot projects to promote JFM were implemented at ten sites. As a result, successful cases of increasing afforested areas through JFM were observed. In order to further promote JFM, it was necessary to improve knowledge and skills related to the production, processing, and distribution of forest products, and to provide incentives and networking for tenants.				
Objectives of the Project	Through i) clarifying the current situation of FEs, ii) practicing activities to promote business with forest products in the target FEs, and iii) sharing the handbooks and case studies to promote business with forest products, the project aims at strengthening a system of promoting forest product business at the target FEs and sharing the experiences, and thereby contributing to implementation of the activities to promote business with forest products nationally.  1. Overall Goal: Activities to promote business with forest products are implemented nationwide.  2. Project Purpose: System of promoting forest product businesses is strengthened in the target FEs and their experiences are shared among SAEPF and national stakeholders.				
Activities of the project	<ol> <li>Project site: Three Northern provinces (Chui, Talas, and Issyk-Kul) and Bishkek City (Target FEs: 10 FEs out of 14FEs in the target provinces)</li> <li>Main activities: i) clarifying the current situation of FEs, ii) practicing activities to promote business with forest products in the target FEs, and iii) sharing the handbooks and case studies to promote business with forest products.</li> <li>Inputs (to carry out above activities)</li> <li>Japanese Side</li></ol>				
Project Period	(ex-ante)September 2015-September 2019 (48 months)-Project Cost (Japanese side only)(ex-ante)439 million yen, (actual) 442 million yen				
Implementing Agency	State Agency for Environmental Protection and Forestry (SAEPF) (In 2021, the SAEPF was restructured and became the Forestry Services (FS) under the Ministry of Agriculture, except for environmental functions which were transferred to the Ministry of Natural Resources with their respective resources.)				
Cooperation Agency in Japan	JIN Corporation, Hokkaido Intellect Tank				

## II. Result of the Evaluation

### 1 Relevance/Coherence

[Relevance]

<Consistency with the Development Policy of Kyrgyz Republic at the Time of Ex-Ante Evaluation >

The project was consistent with the development policy of Kyrgyz Republic at the time of ex-ante evaluation. The concept of forestry development in the Kyrgyz Republic (2005-2025) and the "National Forest Program" (2005-2015) identified the JFM approach of involving local people in the joint forest management as one of its three pillars. In addition, the national strategy for sustainable development" (2013-2017) presented a strategy to form and expand value chains through increased production of agricultural products, support for processing industries, and development of foreign markets.

<Consistency with the Development Needs of Kyrgyz Republic at the Time of Ex-Ante Evaluation >

The project was consistent with the development needs of Kyrgyz Republic at the time of ex-ante evaluation. As mentioned above ("Background"), knowledge and skills related to the production, processing, and distribution of forest products needed to be strengthened. <Appropriateness of Project Design/Approach>

The project design/approach was appropriate. The project focused on inclusivity, ensuring benefits were distributed equitably among

diverse beneficiaries, including vulnerable people. This was facilitated by initiatives such as the villagers' workshops, where tenants were invited regardless of their status. Aligned with the past lessons, the project implemented a value chain survey and a market survey to select FEs.

No problem attributed to the overall project design/approach was confirmed.

<Evaluation Result>

In light of the above, the relevance of the project is 31.

[Coherence]

<Consistency with Japan's ODA Policy at the Time of Ex-Ante Evaluation>

The project was consistent with the Japan's ODA policy to Kyrgyz Republic at the time of ex-ante evaluation, as the rural development was one of the priority areas for assistance<sup>2</sup>.

<Collaboration/Coordination with JICA's other interventions>

The collaboration/coordination between the project and a technical cooperation project, "Community Empowerment Project through Small Business Promotion by One Village One Product (OVOP) Approach in Issyk-Kul region" was planned at the time of ex-ante evaluation and was implemented. As a result, some positive effects by the collaboration were confirmed at the time of ex-post evaluation. For example, "Ak-Suu Bailygy" cooperative, one of the beneficiaries supported by the project, secured contracts through the OVOP initiative for international fairs. However, these opportunities were unfortunately canceled due to the pandemic of COVID-19, impacting the synergy between the projects. Despite this, other examples of the synergy effects can be noted, such as the "OVOP plus one", the association of OVOP supported by another JICA technical cooperation project. OVOP plus one procured sea buckthorn seedlings from Tup Forest Enterprise nursery and purchased sea buckthorn from local populations including FE's tenant.

<Cooperation with other institutions/ Coordination with international framework>

The cooperation/coordination with German Agency for International Cooperation (GIZ) and Food and Agriculture Organization (FAO) was planned at the time of ex-ante evaluation. Although there was no direct cooperation, the project managed to avoid any overlapping activities with other interventions. It further fostered beneficial synergy effects with other projects. For example, the World Bank constructed greenhouses in Chuy and Karakol FEs, and Chuy and Karakol FEs have been growing the seedlings of dwarf apple and sea buckthorn, based on the training and advise provided through JICA project. Thus, WB and this project corporates not directly but indirectly. Also, the concrete canal constructed by the World Bank aids in water supply to FE's nurseries, enhancing the project's experimental plot in Chuy FE. In January 2017, Department of Forest Ecosystem Development (DFED) decided to revise the "regulation on the procedure to lease and use forest land" ("Lease Regulation"), as approved by "the Decree of the Government of the Kyrgyz Republic No. 482" dated October 19, 2007 with technical support of GIZ. Based on a request by DFED, the project supported DFED to conduct a Regulatory Impact Analysis, and also the experts under the project made some advice on the drafts of the revised regulation.

<Evaluation Result>

In light of the above, the coherence of the project is ③.

[Evaluation Result of Relevance/Coherence]

In the light above, the relevance/coherence of the project is ③.

### 2 Effectiveness/Impact

<Status of Achievement of the Project Purpose at the Time of Project Completion>

At the time of project completion, the Project Purpose was mostly achieved as planned. Capacity of FE staff to promote forest products production business (Indicator 1), capacity of FE staff to promote forest products processing and distribution business (Indicator 2), and knowledge of FE staff on the procedures of state forest land lease to promote forest products business (Indicator 3) improved at the time of project completion. Also, the overall knowledge of FS staff and national stakeholders regarding handbooks and cases of forest product business promotion improved (Indicator 4).

<Continuation Status of Project Effects at the Time of Ex-Post Evaluation>

By the time of the ex-post evaluation, the project effects have continued, as evidenced by the current practices of FEs and FS. FEs have been developing and executing the "5-year Development Plans" (2022-2026) to increase income from diverse sources such as selling seedlings and leasing lands. Some FEs, like Karakol and Chuy, significantly exceeded their income projections. The support for processing forest products remained. For example, the Ak-Suu Bailygy cooperative has persisted in processing and selling jams, and Balykchy FE has continued supporting tenants with raw material business matching. FS has continuously organized seminars/workshops and provided technical support to FEs for forest product business promotion, addressing diverse topics such as drip irrigation systems, JFM, and legal updates.

<Status of Achievement of the Overall Goal at the Time of Ex-Post Evaluation>

At the time of ex-post evaluation, the Overall Goal has been partially achieved. During the project implementation, experimental plots were developed at seven FEs to promote forest products production business. At the time of project completion, the project proposed the potential actions to be considered and elaborated by FS in three main areas under the project, namely, (i) dwarf apple nursery tree cultivation and dwarf apple orchard development, (ii) sea buckthorn nursery tree cultivation and sea buckthorn pilot orchard development and (iii) forest product-processing business promotion. Due to partly the COVID-19 pandemic which significantly affected activities in the years of 2020 and 2021, the planned initiatives in these areas were only partially implemented. Although the project aimed at the national expansion, according to FS, the number of FEs engaged in those activities were 5 and 8 in dwarf apple and sea buckthorn respectively at the time of ex-post evaluation. On the other hand, all 41 FEs have facilitated contract production of raw materials nationwide over the past three years. Nevertheless, good practices were noted such as the overachievement of planned revenue by Balykchy FE despite difficult terrain, and the successful exchange program between Naryn FE and Tup FE which resulted in the cultivation of Altai sea buckthorn in

<sup>1 (4):</sup> very high, (3): high, (2): moderately low, (1): low

<sup>&</sup>lt;sup>2</sup> Source: ODA Country Data Collection (2014)

<sup>&</sup>lt;sup>3</sup> The project promoted activities aiming at improving product value and expanding sales channels (establishment of processing facilities, technical guidance, establishment and operation of product sales stores, communication with domestic and international business partners, etc.).

### two FEs in the Naryn Region.

In the meantime, all the FEs (41) showed progress in promoting the forest product business activities, driven by the Kyrgyz Government's initiative that required FEs to draft a business plan. This led to positive outcomes such as increased revenue from leasing forestry lands and the successful forest product processing activities. This result was further spurred by the incentive for FEs to use a portion of their income for their expenses. However, the forest use procedures were only partially revised, targeting specific aspects like lease terms and competition rules for forestry land, but failing to comprehensively address other critical issues such as payment schedules and proposal evaluations. Although these revisions are steps in the right direction, further amendments are required to fully promote the proper use of forestry land.

### <Other Impacts at the Time of Ex-Post Evaluation>

There was a positive impact to the socially vulnerable people. The forests of the republic grow in many cases near settlements and more than 2 million of the rural population of 283 (62.5%) aiyl aimaks<sup>4</sup> live in forest areas, and their social development has been largely dependent on forest resources. The project promoted JFM and showed available business opportunities. No negative impacts on the natural environment have been observed.

### <Evaluation Result>

In light of the above, the effectiveness/impact of the project is ③.

	Acl	hievement of Project Purpose and Overall Goal	
Aim	Indicators	Results	Source
(Project Purpose)	Indicator 1: Capacity	Status of the Achievement (Status of the Continuation): mostly achieved as planned	JICA
System of	` '	(continued)	documents,
promoting forest	*	(Project Completion)	Questionnaires
product	forest products	- According to the results of questionnaires collected during the first seminar in	and interviews
businesses is	_	September 2018, 100% of staff of the target FEs answered that their knowledge of	with FS and
strengthened in	improved at not less	forest product production had been improved by attending the seminar.	some target FEs.
the target FEs and		(Ex-Post Evaluation)	
their experiences	FEs.	In 2022 target FEs drew up 5 year "Development plan" (2022-2026). The main purpose	
are shared among		of the plan is to increase the income of FEs. The plan includes activities such as getting	
SAEPF and		income from selling seedlings, leasing forestry lands to tenants, subsidiary farm,	
national		framing, greenhouse, selling woods, beekeeping, leasing pastures, tourism	
stakeholders.		development, fruits and berries processing, herbs collection and selling and providing	
		services.	77.0
	Indicator 2: Capacity	Status of the Achievement (Status of the Continuation): mostly achieved as planned	JICA
	`	(continued)	documents,
	-	(Project completion)	Questionnaires
	forest products		and interviews
	processing and distribution business are	supporting forest users working for the processing and distribution business in	with FS and
		their territory with the project.	some target FEs.
	improved at not less than 30% of the target	<ul> <li>According to the results of questionnaires collected at the second seminar in November 2018, more than 90% of target FE staff answered that their knowledge</li> </ul>	
	FEs.	of forest product-processing has been improved by attending the seminar.	
	LES.	(Ex-Post Evaluation)	
		- Ak-Suu Bailygy" cooperative produce 4 types of jam - pinecone, rose petal, red	
		viburnum and sea buckthorn jams. Despite the contract with the OVOP was	
		canceled the cooperative continued producing and selling jams in 2020-2023	
		directly to customers and for export to Belarus. In 2020 – 800 jars of jam, 2021-	
		1000 jars, 2022 – 1200 jars.	
		- Balykchy FE supported tenants (the association of Apricot producers "Balykchy Oruk Zar") for raw material business matching in 2022. As a result, the	
		Association started working with 4 middlemen.	
	Indicator 3: Knowledge	Status of the Achievement (Status of the Continuation): mostly achieved as planned	JICA
	of FE staff on the	(continued)	documents,
	procedures of state	(Project completion)	Questionnaires
	forest land lease to		and interviews
		more than 90% of target FE staff answered that their knowledge on the regulation of	with FS and
	^	forest use procedures, including land leases, had been improved by attending the	some target FEs.
	not less than 80% of the		
	target FEs.	(Ex-Post Evaluation)	
		See the Indicator 1 above.	
	Indicator 4: At least one	Status of the Achievement (Status of the Continuation): mostly achieved as planned	ЛСА
		(continued)	documents,
	FS staff and national	(Project completion)	Questionnaires
	stakeholders improve	- 189 participants attended national seminars and received publications.	and interviews
	their knowledge	- According to the results of questionnaire collected at national seminars in September	with FS and
	regarding the handbooks	and October 2019 in six provinces, approximately 90% of participants answered that	some target FEs.
		_	

<sup>&</sup>lt;sup>4</sup> Administrative-territorial unit: One or several villages situated in same area.

		ī		1
	and cases of forest	_	e had improved by attending the seminar.	
	products business		ation)	
	promotion.	There were several trainings conducted by FS. These are utilization of 1-2 days training		
		on drip irrigatio		
		_	d monitoring, 3-day trainings on Joint Forest Management, particularly	
		on how to coop		
			nents to the Decree of the Government of the Kyrgyz Republic No. 192	
		"On approval of	f the Procedure for the Use and Disposal of the State Forest Fund" and	
		other related lav	vs.	
(Overall Goal)	Indicator 1: Eighty	Status of the Ac	hievement: partially achieved	Questionnaires
Activities to	percent (80%) of FEs of	(Ex-Post Evalua	ation)	and interviews
promote business	the country will conduct	1 Potential activ	vities proposed by the project have been conducted as follows;	with FS and
with forest	forest products business	Areas	Progress at the time of ex-post evaluation	some target FEs.
products are	promotion activities.	Dwarf apple	(1) Number of FEs who practiced the nursery tree cultivation and	-
implemented		nursery tree	orchard development.	
nationwide.		cultivation	5 of 7 FEs (Bakai-Ata, Chuy, Karakol, Tup, and Balykchy) continued	
		and dwarf	dwarf apple nursery tree production.	
		apple	4 FEs in other provinces started preparing pilot plots.	
		orchard	(2) Production and sales	
		development	All 5 FEs increased production and sale of seedlings	
		development	(3) Nationwide promotion	
			Not expanded, as a demand for dwarf apples is relatively law,	
			according to counterparts.	
		Sea	(1) Number of FEs who practiced the nursery tree cultivation and	
		buckthorn	orchard development.	
		nursery tree	6 out of 7 target FEs (Bakai-Ata, Issyk-Kul, Karakol, Jety-Oguz, Tup,	
		cultivation	Balykchy) continued sea buckthorn nursery tree production.	
		and sea	2 FEs in Naryn Province started sea buckthorn nursery tree	
		buckthorn	production. And FS was planning to start production of sea buckthorn	
		pilot orchard	in an additional 5 FEs' nursery plots in southern provinces.	
		development	(2) Production and sales	
		development	4 FEs increased their production.	
			(3) Nationwide promotion	
			- In total 8 FEs out of 41 engaged in the sea buckthorn production and	
		E4	there is a good demand for Altai sea buckthorn.	
		Forest	(1) Overall	
		product-	According to the FS, all 41 FEs have facilitated contract production	
		processing	of raw materials last 3 years.	
		business	(2) Jam processing	
		promotion.	Karakol FE supported Ak-Suu bailygy cooperative in 2020. However,	
			due to COVID the contacts between OVOP and the cooperative were	
			canceled.	
			(3) Dry herb processing	
			According to the Development plan Jety-Oguz, Issyk-Kul and Frunze	
			FEs planned facilitate contract dry herb processing and sales	
			transactions from 2022 to 2026. However, none of them received an	
			income from this activity in 2022.	
		_	of business plan	
			vide (41) draw up and actually practiced the business plan in 2022.	
		7	21 no business plan was developed. Most FEs could not function well	
		due to the pand	emic of COVID-19.)	

### 3 Efficiency

Both the project cost and the project period slightly exceeded the plan (the ratio against the plan: 101% and 108%, respectively). The project team entered the Kyrgyz Republic once in September 2015; however, the start of the activity plan was delayed due to restrictions on travel by JICA personnel to Kyrgyz Republic following the parliamentary elections in October of the same year and possible deterioration of the political situation in the country. Therefore, the project period was extended. The project cost exceeded the plan due the combined factors, including a 5-month extension of the project period. Outputs were produced as planned.

	Project Cost (Japanese side only, yen)	Project Period (months)
Plan (ex-ante)	439 million yen	48 months
Actual	442 million yen	52 months
Ratio (%)	101%	108%

In the light above, the efficiency of the project is ③.

#### 4 Sustainability

## <Policy Aspect>

There has been established support from government's policy/system to sustain the project effects. "The Concept of Development of the Forest Sector in the Kyrgyz Republic 2019-2040" aims at increasing the contribution of forestry to GDP to 1% and reduce the poverty rate of rural population living near forests by 10%. Forestry business promotion is a key element to reach these goals.

<Institutional/Organizational Aspect>

In 2021, the SAEPF was restructured and became the Forestry Services (FS) under the Ministry of Agriculture, except for environmental functions which were transferred to the Ministry of Natural Resources with their respective resources. FS has had same functional responsibilities and same functioning structure and the current organizational structure is most likely to sustain in the future.

As for FEs, nine out of the 10 target FEs have had same organizational structure. Balykchy FE was merged with Ton FE in 2020 and split again in 2022, which caused some issues like change of position and responsibilities of the staff and lose of available library including the "Forestry Business Guidelines" developed by the project. According to FEs, there is another possibility to merge FEs.

Both FS and the target FEs have mostly sufficient staff members. FS has had 94 civil servants in different related fields who are in charge of policy making and overall coordination of FEs, and there have been 24 supporting staff (administrative). According to FS, it has been sufficient for disseminating the Project model. The target FEs have had approximately 30-40 staff including 25-30 foresters and 10 support staff on average. The number of foresters as well as management staff members have been sufficient to disseminate the project results.

High staff turnover both of FS and the target FEs has led to the loss of half of the trained resources until salary adjustments were made recently. Salary of FEs' staff increased twice. The counterparts did not provide statistical data but mentioned during interview that salary increase had significantly decreased staff turnover.

While most of the target FEs maintain sufficient staff, the prospect of merging FEs could disrupt project sustainability.

#### <Technical Aspect>

As mentioned above, the decrease of turnover will positively affect technical aspect because remaining staff partner organizations will stay longer and transfer technical knowledge to their colleagues.

There has been a lack of a formalized training system. Knowledge transfer has happened primarily at an individual level or through onboarding briefings and regular exchange programs between FS and FEs. Hence lacking a formalized structure, has been compensated for through individual initiatives. Nonetheless, FS has been discussing and planning to formalize the knowledge transfer process.

The manuals developed by the project have not been universally used. While some FEs have utilized them in their daily work for example, to confirm or recall the process or methods of a plant cultivation, others have been either unaware of their existence or lack access due to organizational changes, affecting the sustainability of the project effects. From the interview with 3 FEs it was identified 1 FE use manuals regularly (in their daily work for example, to confirm or recall the process or methods of a plant cultivation), 1 FE use not regularly (only upon high necessity) and 1 FE is unaware of their existence. For the manuals and resources, FS has been considering about how to put all the available guides (not limited to materials provided by the project project) in one easy-to-reach place in order to make it easier for everyone to find and know about these materials.

## <Financial Aspect>

No specific budget has been allocated for promoting/disseminating the project's activities. Instead, funds have been utilized from the general budget as needed. Financial hurdles have arisen due to circumstances like the COVID-19 pandemic, border conflicts with Tajikistan, and high inflation rates, which has limited the allocation of a project-specific budget.

On a positive note, from 2022, FEs can use up to 40% of their income, offering some financial flexibility for project-related activities. <Environmental and Social Aspect>

No issue on environmental and social aspect has been observed, and it has not been necessary to take any countermeasures.

#### <Evaluation Result>

In light of the above, some problems have been observed in terms of the institutional/organizational, technical, and financial aspects of the implementing agency. Therefore, the sustainability of the project effects is ②.

### 5 Summary of the Evaluation

The project mostly achieved the Project Purpose as planned, as the capacity of the target FE staff improved. The Overall Goal has been partially achieved, as all 41 FEs draw up and actually practiced the business plan, and forest product processing business has progressed nationally though the national expansion of dwarf apple tree and sea buckthorn has been somewhat limited. As for the sustainability, some problems have been observed in terms of the institutional/organizational, technical, and financial aspects, though no problem has been observed in policy aspects.

Considering all of the above points, this project is evaluated to be satisfactory.

#### III. Non-score Items

## Adaption and Contribution:

JICA fulfilled the duties and contributed to the results, including input from JICA was even more than planned. (1 extra expert compare with the plan).

Also, JICA conducted appropriate supervisions, such as participating all 7 Joint Coordination Committee (a decision making body of the project) meetings. And JICA supported stakeholders including implementing agencies to amend project design based on the changes in the project environment.

#### IV. Recommendations & Lessons Learned

### Recommendations for Implementing Agency:

• By the end of 2023, FS should conduct an audit of all project-related manuals at each FE (particularly target FEs) to ensure they are available and accessible to all staff. This could involve: (1) Cataloging existing manuals at each FE and identifying any that are

- missing, (2) Providing additional copies of manuals as necessary to ensure each FE has a complete set, (3) Implementing a procedure for manual usage, ensuring all staff know how to access and utilize these resources, and (4) Conducting a brief training session or refresher course on the importance of the manuals, and how they can support daily work and project sustainability.
- By the start of the first quarter of 2024, FS and Balykchy, Tup, Bakai-Ata, Issyk-Kul, Karakol, Jety-Oguz FEs should develop and implement a revised schedule for the nationwide promotion of sea buckthorn nursery tree production and orchard development; (1) Reviewing the original project plan and identifying the exact stages where the plan was disrupted due to the COVID-19 pandemic, (2) Developing a revised plan to resume these activities, ensuring the lessons learned from 2022 are incorporated, (3) Ensuring all necessary resources, including staff and equipment, are available and prepared for the planned activities, (4) Communicating the revised plan to all involved parties and stakeholders, ensuring clarity on the new timelines and responsibilities, and (5) Showcase the good results of FEs business promotion with sea buckthorn.
- By the end of the third quarter of 2024, FS should continue to revise the forest use procedures in consultation with FEs and tenants. This should include: (1) Further simplifying the forest use procedures, with a particular focus on the formula and payment schedule of forest use fees, forest use proposal evaluations, and contracts, (2) Conducting more regular and in-depth training sessions for FEs and tenants on the revised procedures to ensure full comprehension and compliance, and (3) Reviewing the impact of these changes on forest use and adjusting the procedures accordingly based on real-world feedback and data.
- In 2022 target FEs drew up 5 year "Development plan" 2022-2026. However, the present 5-year "Development Plan" is predominantly numeric-centric, lacking qualitative descriptions that can offer a more in-depth understanding of the broader visions and impacts, especially in areas of sustainability, community relations, and biodiversity conservation. FEs and FS are recommended to incorporate the qualitative text by the upcoming review of the Development Plan, integrating written descriptions that offer context, background, and insights into the plan, objectives and chosen metrics.

#### Lessons Learned

• To overcome the limitations of physical copies and broaden access, counterparts expressed a desire for the technical knowledge to be made available online in written or video-audio formats. Digitalization would facilitate wider use, ensure materials are not lost, and support the sustainability of project effects.



Newly planted Dwarf apple trees in Chuy FE



Balykchy FE workers are planting Altai seabuckthorn in a nursery