

A Story Within a Story

ADB Helps **Rural Women** in the **Kyrgyz Republic** Become **Entrepreneurs**

Asian Development Bank



The Rough Economic Terrain of Rural Kyrgyz Republic

The Kyrgyz Republic is largely agrarian, with two-thirds of the population of 5.5 million living in rural areas. It is also one of the poorest countries in Central Asia, with almost a third of the population living below the poverty line. And most of the poor are found in rural communities.

Kyrgyz farmers were hit especially hard when the Soviet system of collective farms collapsed in the early 1990s, after the country had won its independence. The transition to a market economy was a rough one, severely disrupting agricultural production and increasing rural poverty. The government did successfully privatize and redistribute land, but the land reform was not accompanied by the training, support services, and infrastructure needed to help the new farms run efficiently. So, agricultural productivity has continued to decline, and farmers are still struggling. The number of agricultural jobs is dwindling, and the people who have jobs in agriculture earn the lowest incomes of any economic sector in the country.

A Story Within a Story: Women in Rural Kyrgyz Republic

Within the overall story of economic hardship in the rural areas, however, there is another story: that of the women. In many developing countries, whenever the economic situation is especially tough, the women have it tougher. That is because, for women, material hardship is usually compounded by social and economic inequality.

In the Kyrgyz Republic, there is a persistent gender gap in economic status that is reinforced by traditional values prescribing limitations on women's job opportunities. For that reason, women's wages in 2007–2010 were only about 67% of men's. In rural areas, women's incomes are even lower than the exceptionally low wages of rural men, arguably making them the neediest segment of the population.

Ironically, rural women had it better under the Soviet regime, which at least gave them secure and relatively well-paid jobs on collective farms. It is true that women were constrained in some regions by traditional mind-sets that tied them to home and family, encouraged higher birth rates, and so on. But from the 1960s to the early 1990s, the participation of women in the economy remained high, with more than 80% of adult women employed throughout the country. From 1991 to 2007, however, that proportion plummeted to 53.6%.

After losing their jobs at Soviet farms and factories, women found that private employers preferred to hire men. Even worse, the old social support mechanisms provided by the Soviet regime had disappeared, and rural women were left on their own to make ends meet. Many of them have not been able to provide for their families, not even adequate nutrition.

An Uphill Struggle

Women who try to better their lot face formidable obstacles, especially in rural areas. One of these is the fact that women are often expected to hold a subordinate position in their families and in society. Tradition dictates that a woman be submissive, give

household duties priority over a career, and have a lower social and professional status—and therefore a lower income—than her husband.

Women's share of high-paying jobs in such fields as mining, energy, construction, information and communications technology, and transport is considerably lower than that of men. Those who have the opportunity to train for professional careers often find that the heavy burdens of household duties and the uninterrupted fulfillment of reproductive functions effectively limit their choices to fields that allow for part-time employment.

The option of self-employment has its own pitfalls for rural women. Those looking to start their own businesses often lack the necessary training and experience, and there are no support centers in rural areas to provide advice on technology, finance, administration, production planning, marketing, and other aspects of business management. Lack of capital is another frequent problem. Due to traditional practices, such as those concerning inheritance, women are less likely than men to own property. And with little or no collateral to offer, they find it hard to obtain loans. In any case, most banks charge rates that are far higher than most women can afford, and there are no financial institutions offering medium-term credit with low interest rates for new businesses. Many women turn to microcredit organizations, which offer mainly short-term loans at high interest rates. The resulting debt burden constrains the growth of the women's businesses, generally restricting them to the micro level.

Finally, the women themselves lack self-confidence, as many have internalized society's view that they possess only limited abilities,

a view reinforced by the mass media and by a social environment that does not recognize them as independent economic actors.

Off to a Great Start

The Asian Development Bank (ADB) understands that the fight against poverty should pay special attention to the needs of women, especially women in the rural areas of developing countries. As part of its commitment to gender equity, ADB recently completed two successful projects that enriched the lives of many women in the Kyrgyz Republic: Improving Livelihoods of Rural Women through Development of Handicrafts Industry (Handicrafts Project) and Promoting Rural Women's Entrepreneurship in Transition Economies (Entrepreneurship Project). Both projects provided practical training and financial support that gave the participants their first experience of financial independence.

ADB implemented the Handicrafts Project, which ran from 2007 to 2010 and was financed by the Japan Fund for Poverty Reduction. Its aim was to increase incomes and job opportunities for poor rural women in six provinces: Issyk-Kul, Naryn, Talas, Batken, Jalal-Abad, and Osh. The project helped existing, mostly informal, handicrafts groups improve and diversify their output, become more productive and efficient, and include more poor women. Under the project, ADB improved the women's technical, management, and marketing capacities through training; renovated and equipped work spaces for the groups, often in buildings donated by the government; and supported the establishment of a coordination-and-marketing center in Bishkek, the capital, along with a satellite center in the city of Osh.

The Handicrafts Project included 6,000 women in 30 groups in 34 villages, most of them working with wool and felt to create traditional Kyrgyz embroidery, carpets, and wall hangings. The project ended up creating more than 1,000 jobs and increasing the participants' incomes by an average of 20%.

The Entrepreneurship Project operated from 2008 to 2010, funded by ADB and implemented by the United Nations Development Programme (UNDP). Aside from conducting research on the barriers and opportunities affecting rural women's entrepreneurship, the project focused on developing the skills of local women's groups running their own collective enterprises. The participants in the second aspect of the project included 86 such groups in 21 villages located in four districts, two each in Osh and Talas provinces.

The project provided these women's groups with training by experts in farming, management, and marketing. The groups then went on to produce such items as dried fruit, medicinal herbs, wool, garments, bed linen, and felt products; in some cases, they processed vegetables, maintained greenhouses, or raised poultry. A number of groups used ADB grant funds to buy seeds, tools, and equipment. Almost 100 extra jobs were created as a result of the project. All in all, there were about 1,290 beneficiaries, most of them women.

Cutting a Wide Swath

Kymbat Baimatova is a highly skilled cutter of men's and women's clothing who lives in the mountain village of Taldy Bulak, in Talas



province. When the Kyrgyz Republic was part of the Soviet Union, she worked for about 20 years in her village's public amenities center. At that time, almost all large villages had centers of this kind to provide various services for the local population. Ms. Baimatova was the head of a sewing and cutting shop there, but lost her desirable and apparently stable position when the Soviet Union collapsed in the early 1990s, and the network of public amenities centers collapsed with it.

Tough times followed. As there were no jobs in Taldy Bulak, Ms. Baimatova's husband had to leave home for extended periods to find work, but the money he sent back was not enough to support Ms. Baimatova and their four children. She frequently traveled to Bishkek, where she was employed in private sewing shops, but had to change jobs frequently because the work was never steady.

There was nothing she could do in her village to earn extra income. Even farming a small plot was out of the question because of the severe climate. "You can hardly expect anything to grow except potatoes and fodder grass," she said. "The yields also depend on whether there are frosts or not. But frosts do happen, and the people would hardly make ends meet."

Then Ms. Baimatova heard about ADB's Handicrafts Project. Among its activities were training workshops on felt. Ms. Baimatova was interested in these workshops because she was already skilled in working with wool, having made *tush kiyizes* (embroidered cloth wall hangings), *shirdaks* (handmade felt rugs), and accessories for yurts (traditional Kyrgyz tents).

The practical training Ms. Baimatova received from the Handicrafts Project enabled her to create felt souvenirs, wall panels, and even

scarves in combination with natural silk. Her hope was to open her own handicrafts shop. After all, there were enough villagers raising goats and sheep to provide her with the wool she needed for making felt.

With the help of the Handicrafts Project, Ms. Baimatova's dream came true. She rented the old public amenities center building, which had been standing empty for years. ADB provided a grant of \$35,000, out of which \$14,000 was used to repair the building and \$21,000 to purchase sewing machines, irons, tables, chairs, electric scissors, and felt-washing equipment. Ms. Baimatova also invested Som500,000 (\$10,700) of her own, after selling her cattle and obtaining a loan from a microcredit organization.

This was how the Kyzdyn Sebi cooperative was born. The name is Kyrgyz for "bride's dowry." In the Kyrgyz Republic, dowries play a very important role in marriage ceremonies, and they customarily include a set of blankets and pillows, as well as traditional fabric goods such as tush kiyizes and shirdaks. As the cooperative is the only local source for such items, it is now thriving, and employing some three dozen women aged 22–60.

Kymbat Baimatova has decided to turn the cooperative into a private business. Her dream is to produce items made of high-quality Merino sheep wool. The cooperative cannot afford to buy the wool, however, so her next challenge will be figuring out how to get the money. But according to the ADB project manager, Jipara Raimkulova, it is problems like this that bring out the best in Ms. Baimatova. "Kymbat doesn't wait for anybody to give her anything," said Ms. Raimkulova. "She would rather try to find her own solutions."



Village Women Become Entrepreneurs

Because jobs in rural areas have been disappearing, many husbands, sons, and fathers have had to migrate to cities to find work, leaving the women behind to cultivate the family plot and earn some income while, at the same time, caring for the family and running the household. Heavily burdened, many rural women are forced to become entrepreneurs to increase their incomes and work their way out of poverty.

The women of the neighboring villages of Achy and Mady, in Osh province, remember when they did not get out of the house much because they had to wait for money to be sent by their husbands. To earn extra income, many women made things by hand at home, but this was done on a small scale and earned them very little. Those who worked outside their homes did not have it much easier. They had to endure long waits and bus commutes. There was the possibility of making more money by processing wool, fruit, and vegetables, as these were all widely available locally. But to take advantage of this opportunity, the women of Achy and Mady would have to change their business approach. This was where ADB entered the picture.

The Entrepreneurship Project helped build the skills of eight women's groups in Mady and four in Achy by supporting the training of their members in business development, management, marketing, and technology. The women particularly valued the International Labour Organization (ILO)-certified instruction on starting and improving businesses, as well as the expert advice they received on how to upgrade the quality of wool products. Sometimes, the women traveled more than 100 kilometers (km) to specialist centers for their sessions; at other

times, advisers came to the villages to demonstrate techniques using the women's own equipment.

After the training was over, the groups searched for opportunities in local markets, a promising prospect given that the villages were only 20 km from Osh, the second-largest city in the country, and 47 km from Kara-Suu, a town with one of the biggest markets in Central Asia. Three groups from the two villages—one in Achy and two in Mady—received grants from the Entrepreneurship Project to put their business ideas into action. With their funding, the Achy group, "Ulukman," ordered carding equipment for wool and cotton processing. In Mady, the "Tagdyr" group used its grant money to build a greenhouse, and the "Maksat" group bought jars, seals, and sugar for making preserves.

The group in Achy started processing wool and cotton, which are widely used to make cloth and soft furnishings such as rugs and quilts. By the end of the first year, the group had exceeded its production and sales targets. In Mady, the Maksat group, which had already been processing fruit and vegetables on a small scale, has now expanded its production; and the Tagdyr group is now using its greenhouse to grow vegetables. The Entrepreneurship Project funds covered 70%–80% of the costs of the groups' growing enterprises, while the women themselves contributed the other 20%–30% in kind, for instance, by providing fruit or electricity. Each group decides together how much of the profits to keep as investment capital and how much to divide among the members. With their earnings, the women have been able to buy food and clothes. Some have also bought calves—assets that can be sold whenever needed.

These women in Mady and Achy have demonstrated a level of success and effectiveness that they have never achieved before, and this has



translated into improvements in their lives. “Before, we were sitting at home and taking care of our children,” said Elnur Kenzhekozueva, leader of the group in Achy. “Now we have our jobs, and the opportunity to buy clothes for our children and pay for their schooling. We also manage to save money to develop our workshop.”

Rising Out of Poverty

The village of At-Bashi, in Naryn province, is nestled in the heart of the Tian Shan mountains. It was reputedly one of the strongholds of Manas, the hero who, according to legend, united 40 local clans in the ninth century in a successful fight against the Uighurs, then the dominant power in Central Asia.

At-Bashi is also known for the exceptional skills of its women in embroidery and felt work, so anyone starting a business producing kiyizes and shirdaks in this village is bound to face stiff competition. But the founders of the Zakym At-Bashi cooperative have done just that, and they are succeeding.

According to the deputy manager, Ajarbubu Beishenalieva, the first order of business at the cooperative’s initial meeting was to choose a name. After fielding several suggestions, they all decided on “Zakym” because it means “rise.” “This was our mountain romance, and all of us wanted to fly upward,” said Ms. Beishenalieva. “In our case, that meant not only solving our most urgent problems, but also creating really good products that would become famous in Bishkek and abroad.”

But to really soar would require more than just the desire to do so. Working with old equipment and using primitive methods, the members of the cooperative produced souvenirs and kiyizes that could not even match the quality of mass-produced goods from the People's Republic of China (PRC). Members of the cooperative had to hitchhike to Tash Rabat, a 15th-century complex that was once an inn on the Silk Road, to sell their wares in the tourist market there.

"It was during this very difficult time that ADB came to help us," said Ms. Beishenalieva. "And this was, for us, a rise to a new height, in terms of quality." Under the Handicrafts Project, the cooperative members were trained in modern techniques of wool processing, and they learned how to use sewing machines and computer cutouts.

Today, the cooperative is thriving, and now has five workshops, one each for washing, combing, sewing, carpet making, and the production of yurts. According to Ms. Beishenalieva, these days even very experienced women visit the cooperative for consultations—an indication of how well the members have developed their skills. But the cooperative is keenly aware of the importance of standing out from the crowd. "Kiyizes and shirdaks are made in every house in At-Bashi," said Ms. Beishenalieva. "This means that, in order to increase our sales, we must produce incredibly nice and original felt carpets with modern colors and beautiful patterns."

The Zakym At-Bashi cooperative continually strives to improve the quality of its goods. One major concern is the material the members must work with: sheep's wool. They would prefer to make their shirdaks from an equal combination of wools from Merino and local breeds of

sheep. "Of course, we are seeking wool producers. We have villagers who keep 5,000 Merino sheep, but they only sell their wool wholesale, which is understandable," said Ms. Beishenalieva. She noted that PRC manufacturers purchase the wool in great bulk, forcing the cooperative members to travel as far as Aksai, in Kazakhstan, to buy their wool. Apart from the inconvenience, she prefers the local version. "They say that the wool here is the purest kind because there are no prickles in the pastures."

The cooperative members are also looking for ways to improve their method of constructing yurts. The roofs of the yurts they produce are so sturdy, one could dance on them, but they want to make their yurts even better. To that end, they have invited master yurt makers from Issyk-Kul province to help them out.

The members of the Zakym At-Bashi cooperative hope to participate in future ADB initiatives. One thing is certain: ADB can be proud of the fact that, through its Handicrafts Project, it helped create an enterprise so devoted to high standards.

A Plum Job

Salimbubu Serekova started her story by noting the benefits of French plums: "They contain a lot of potassium, which is especially needed by children and pregnant women. Potassium is important in preventing anemia and goiter, which affect many people in our country..."

Ms. Serekova reckons that the richest and most delicious French plums come from her own district, Bakai-Ata, in Talas province. And she knows



that, when this fruit is dried, it is just as useful as when it is fresh. That is why the women's cooperative she heads, Aska Tirek Yimany, in Kyzylktyabr village, planned to set up a workshop for drying up to 1.5 tons of plums annually.

Organic dried fruit from the Kyrgyz Republic is in great demand in Kazakhstan, the Russian Federation, and other countries. And dried plums cost 10 times more than fresh ones. "We thought, why not sell them for Som100 (about \$2) per kilogram?" said Ms. Serekova. "This way, we could earn up to Som150,000 (\$3,210) in profits."

The drying of plums at home requires lots of space and time, but if you dry fruit out on the street, as is often done in rural areas, it will get dark and dusty, and birds could eat it or contaminate it. The cooperative needed a drying machine, which could dry the plums in just over 10 minutes with excellent results. "When drying in such a machine, the plums do not get burnt," explained Ms. Serekova. "Plums dry with the help of heat. And the equipment is flexible because it can operate on three types of fuel: electricity, gas, and solid fuel such as coal or even manure."

Unfortunately, the cooperative did not have enough money to buy one. A drying machine costs Som300,000 (\$6,420), but the cooperative had been earning, on average, only Som29,000 (\$620) per year by drying plums and marigolds. It was clear that the women would need outside help. At first, they were ready to take out a loan, but the value of the cooperative's assets was insufficient for the required collateral. In any case, interest rates were way too high: from 34% to 36%. "So we decided to choose another way," said Ms. Serekova. "We developed a business plan and submitted it to donor organizations."

One of those donor organizations was ADB. Under its Entrepreneurship Project, the six women of the Aska Tirek Yimany cooperative received training and advice relating to the technology of drying plums, apples, and medicinal herbs. The women also received instruction in such areas as business development, marketing, and food packing and storage. ADB then gave them a grant of \$6,770 to establish their plum-drying workshop. The funds covered the purchase of a vacuum pump, an electric boiler and, yes, a drying machine. The cooperative made its own contribution, buying some of the equipment (pharmaceutical scales, a water pump, tubing), paying for transport, and setting up and maintaining the machinery—all of which was valued at 30% of the total budget of \$9,620.

Acquiring their fruit from local farmers, the cooperative earned Som178,400 (\$3,820) from their dried-plum enterprise in its first year of operation—six times the average income of previous years! So far, the cooperative has sold its dried plums locally and in Bishkek, and it has already attracted notice. “People from neighboring villages learned about our workshop from a program on national television, and they came to see it,” Ms. Serekova recalled. “This workshop is our life. We would have never been able to buy such expensive equipment, so we really appreciate ADB’s support. The workshop helps improve our lives, and women who work here can feed their families.”

What Comes Next

With projects such as Improving Livelihoods of Rural Women through Development of Handicrafts Industry and Promoting Rural Women’s Entrepreneurship in Transition Economies, ADB has not only helped rural women in the Kyrgyz Republic earn better incomes, it has contributed to their independence, financial security, and sense of self-worth.

Drawing from the experience of these two projects, ADB is now preparing a follow-up project that will spread the same benefits to more women throughout the country. This time, the focus will be on the establishment of small and medium-sized businesses with growth potential.

At one end of the credit spectrum there is microfinance, which supports tiny enterprises that employ only their owners. At the other end are the traditional financial institutions, which are not geared to providing credit to the poor. In between, there are very few options for small and medium-sized enterprises that have the potential to expand and create jobs. ADB’s new project will help bridge this gap, often called “the missing middle.” It will do so by supporting training programs in financial literacy, communication skills, and business development; and by creating financial products and tools for women who want to graduate from micro loans. The proposed project will complement ADB’s Investment Climate Improvement Program, which is supporting the introduction of legal reforms in the Kyrgyz Republic that will further develop the country’s microfinance sector.

The Handicrafts and Entrepreneurship projects were a great start in improving the lives of rural women in the Kyrgyz Republic. But, of course, there is still a long way to go. These women must deal not only with poverty, but also with the traditional prejudices that make their situation even more precarious. This is the story within the story. And ADB is doing its best to give this story a happier ending.

In this publication, “\$” refers to US dollars.

All conversions from Kyrgyz soms to US dollars reflect the exchange rate on 1 December 2011.

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ADB Helps Rural Women in the Kyrgyz Republic Become Entrepreneurs

The Asian Development Bank (ADB) seeks to improve the lives of rural women in the Kyrgyz Republic, as they suffer from the double disadvantage of poverty and gender discrimination. To that end, ADB recently completed two projects that provided many Kyrgyz women in rural villages with training and support for building small enterprises, thus enabling them to improve their skills, become more productive, earn higher incomes, and gain greater confidence in themselves.

About the Asian Development Bank

ADB's vision is an Asia and Pacific region free of poverty. Its mission is to help its developing member countries reduce poverty and improve the quality of life of their people. Despite the region's many successes, it remains home to two-thirds of the world's poor: 1.8 billion people who live on less than \$2 a day, with 903 million struggling on less than \$1.25 a day. ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth, and regional integration.

Based in Manila, ADB is owned by 67 members, including 48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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