

1 Factors and Potentials of Local Development. The Case of Tash-Bashat Village

Introduction

After the collapse of the Soviet Union and the subsequent independence of Kyrgyzstan in 1991, the dissolution of collective and state farms resulted in high rural unemployment rates and widespread poverty across rural areas. To introduce a new political, economic and administrative system, Kyrgyzstan underwent a large decentralisation programme shortly after its independence in which the re-establishment of agricultural services was given a key priority to tackle the high rural unemployment rates. For rural areas, the decentralisation policy meant a radical change from formally centralized decision-making towards an empowerment of local and municipal actors (Crewett 2015: 4-5).

Currently, approximately 64.3 % of the Kyrgyz population lives in rural areas in which poverty remains a widespread phenomenon¹ (World Bank 2017). While many peripheral areas are still struggling to establish a decentralized governance system which could eventually be leading to poverty eradication, some have been able to set up a well-functioning system of local governance. The village of Tash-Bashat located in the Naryn Oblast', is characterized by its peripheral location and mountainous geography. Extreme meteorological conditions and poor infrastructure paint a picture of the uneven development potentials in different regions of Kyrgyzstan. This makes a nation-wide development plan difficult and therefore suggests that each region needs to be looked at individually. Based on the case-study of Tash-Bashat, we are seeking to understand which factors and actors contribute to the local development processes in this village, and where further development potentials can be identified. The concept of endogenous development, stressing the importance of decentralized, local decision-making processes, will serve as the conceptual background of the study.

The concept of endogenous development

Centralized decision-making on regional planning policies was the rule in many developing countries up until the 1970s, when modernisation-biased premises considered exogenously driven strategies as the right approach to modernize regions and achieve economic development. However, in the last few decades a considerable shift in concepts of regional policy has taken place, as centrally planned policies were increasingly criticized in the academic debate on development theories. Many representatives advocating for the dependency theory blamed globally increasing spatial inequalities on exogenous factors and called for a disintegration of less-developed regions of the world economy (Bohle 1988: 259; Margarian 2011: 2). At the same time, the traditional notion of development - being largely defined by quantitative, monetary measures - shifted towards a multidimensional approach

¹ In 2013, 37 % of the rural population was living below the national poverty line (Asian Development Bank 2017). The national poverty line amounted to 27,768.50 Som per year/person (AzerNews 2015).

in which social, political, institutional, and ecologic aspects all received growing consideration (Bohle 1988: 259; Nemes 2006: 2). Against this backdrop, the approach of endogenous development emerged in the 1980's (Nemes 2006, 2).

Vázquez-Barquero & Alfonso-Gil define the concept of Endogenous Development as a "process of economic growth and structural change, which employs its local development potential to improve [a] population's standard of living" (Vázquez-Barquero & Alfonso-Gil 2015: 101). In this approach, various interrelated dimensions of development including economic, sociocultural, political and ecological elements are taken into consideration within a specific territory (Nemes 2006, 2; Vázquez-Barquero & Alfonso-Gil 2015: 101). It is essential in this view that development processes are locally-driven as opposed to centrally organized regional development strategies. Development objectives of specific regions are defined by the needs, capacities and perspectives of the local population which needs to actively engage in and take over the role as a decision-making unit (Margarian 2011: 2; Nemes 2006: 3).

All natural, human and cultural resources in a specific development region are potential drivers of change. Thus, not only minerals and economic values, but also numerous "soft factors" such as knowledge, skills, and entrepreneurial abilities of local actors are considered essential factors for the stimulation of local development (Margarian 2011: 11). Furthermore, the creation of proactive, empowering structures of local governance that facilitate commitment and active participation in local development initiatives by creating a strong sense of identification with, and solidarity among the local inhabitants are seen as an essential precondition for the stimulation of local development processes (Nemes 2006: 22). Nevertheless, outside influences are not be completely disregarded since multifaceted connections to other regions can help spreading knowledge, ideas and skills, and thus allow room for innovations within the region. A certain connection to other regions can also increase economic trade opportunities and lead to growing financial resources (Nemes 2006: 22).

The approach of endogenous development is not clearly defined and thus allows space for interpretation (Margarian 2011: 2). However, at least two major goals can be identified. These are, on the one hand, a strong focus on regional units (as opposed to sectoral units) as units of interest, and, on the other, a targeted use of existing potentials, facilitated by regional policy (Bohle 1988: 259).

Bohle identified three overall approaches to classify existing potentials, which, depending on differing theoretical development references, emphasize different potential resources as key drivers of regional development processes.

A production-orientated approach focuses on the economic factors of endogenous development. It concentrates on an improvement of regional production possibilities by addressing economic, physical or infrastructural bottlenecks within a region. It therefore targets unused potential resources, such as agricultural, industrial or mining resources of a region.

Political and social factors and potentials for endogenous development processes are being emphasized by a participatory approach. This approach predominantly builds on

strengthening regional self-realisation and endogenously-driven management processes by establishing favourable social and technological conditions facilitating the emergence of inclusive organisation structures. It regards local leaders and decision-makers as important contributors to endogenously-driven development processes, and includes technological and innovative potentials.

The auto-centred approach focuses on strengthening self-sufficient societies, regional identities and indigenous resource management strategies to foster regional opportunities of self-realisation. Therefore, cultural, social, territorial, and ecological values including equal distribution patterns, regional traditions and identification, as well as the recognition of ecological systems within the region of interest need consideration alongside economic or institutional aspects. Existing cultural institutions, social organisation structures, and ecologically responsible expertise on resource management are considered the major potential resources of endogenous development (Bohle 1988: 260-261).

In the following analysis of our research, we will investigate whether the development processes of Tash-Bashat can be explained in the framework of endogenous development. Endogenous development teaches us to take a holistic look at the ecological, economical, and sociocultural conditions of a region (Rauch 2009: 70). Multidimensional observation has been part and parcel of development studies, for example in the assessment of livelihood-systems (De Haan & Zoomers 2003: 350). This multidimensional perspective has gained importance since the notion of fighting poverty by focusing on material aspects alone has failed (Rauch 2009: 121).

Therefore, we will assess the findings on factors, actors, and potentials of local development within the confines of four dimensions of development: economic, ecological, political and institutional, and societal (Fig. 1). It will assist us in assigning and evaluating the different aspects that are crucial to local development processes in Tash-Bashat. We will continue with a brief outline of our methodology before analyzing and discussing the different aspects of socio-economic life of Tash-Bashat. Interpreted in the framework of endogenous development.

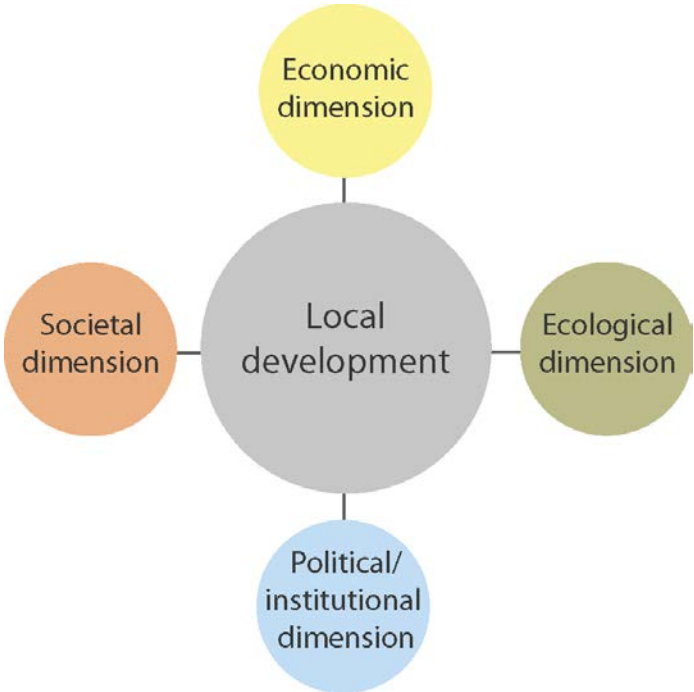


Fig. 1: Four dimensions of local development potential relating to Tash-Bashat. Design: Alsters, 2017

Research area and methodology

The village of Tash-Bashat is located along the upper length of the Naryn River eastwards of Naryn Town, the capital of the Naryn Oblast'. Together with the neighboring villages of Kayinde, Eki-Naryn and Oruk-Tam, Tash-Bashat is located at an altitude of 2,350 m (Fig. 2). Tash-Bashat's population amounts to nearly 1,400 inhabitants who are living in 312 households.²

Eighteen semi-structured interviews on the topic of local development were randomly conducted with villagers of Tash-Bashat. Building on findings from these interviews, we continued focusing on gaining a deeper insight into the mechanisms and processes of the village and its governance structure by conducting expert interviews with the head of the Ortuk Ayil Okmotu and his secretary, as well as with the local tax inspector.



Fig. 2: The village of Tash Bashat. Photography: Binder, 2016

Further knowledge on entrepreneurial development processes was obtained through an expert interview with a university lecturer on economics and entrepreneurship from the Naryn State University. We additionally interrogated two villagers who had set up their own small businesses in the milk processing and the brick-producing sector in Tash-Bashat, as well as a shop owner and a beverage deliverer. In-depths interviews with two young migrants

² Official demographics from the office of the Ortuk Ayil Okmotu from January 1, 2016.

who returned to their native village helped us to further identify employment challenges in Tash-Bashat.

Additionally, extensive talks with the local veterinarian, the head of the pasture committee, and the responsible person for the irrigation system management benefitted our understanding of farming and livestock holding, as well as of the existing ecological challenges.

Deeper insights in the socio-economic dimensions of development such as education and healthcare were gained through interviews with the school principal, the director of the kindergarden, and by a nurse working in the recently built healthcare centre. We also interviewed the person responsible for tap water management to learn about challenges to local drinking water supplies.

All those interviews are supported by numerous quantitative data accessed through the office of the Ortuk Ayl Okmotu and by our personal observations. This approach assisted in obtaining a comprehensive picture on local development processes, which we clustered along the four dimensions of the endogenous development approach.

Economic dimensions of local development in Tash-Bashat

Agriculture and livestock form the backbone of economic activities in a region with a continental climate characterized by short summers and very cold winters. Yet Tash-Bashat is surrounded by vast and rich pastures, which are predestined for the engagement in livestock holding. Therefore, animal husbandry is considered to be the main livelihood strategy in which all households of Tash-Bashat are involved. As of January 1, 2016, there were a total of 8,093 sheep, 3,172 goats, 2,299 cattle, and 1,596 horses officially registered in the local municipality.³ These numbers, however, must be regarded with some suspicion since people do not register all their livestock in order to avoid paying taxes. According to the veterinarian of Tash Bashat, livestock serves multiple purposes: it provides the basis for the villagers' nutrition during winter, it acts as a mode of transportation, and serves as a major financial asset. Selling livestock on the markets of Tokmok or At-Bashy is a common strategy in times of financial need, to meet costs for the renovation of houses, life-cycle events or investments in entrepreneurship. The quality of the animals is regarded to be the highest in Naryn due to its rich pastures, and therefore price-levels are higher than elsewhere in Kyrgyzstan. Tash-Bashat established an advanced veterinary program to protect these important assets. To expand this practice, the local government announced plans to fund a veterinarian station, which further emphasizes the importance of livestock to facilitate local economic development.⁴

Agricultural production is highly restricted by the harsh climate. Consequently, resilient plants like potatoes shape the agricultural landscape, with all households participating in their cultivation. Potatoes are produced for the market instead of being used for subsistence. The decision of farmers on what to cultivate each season, however, is highly

³ Official livestock numbers from the Ortuk Ayl Okmotu office from January 1, 2016

⁴ Interview with the local veterinarian July 19, 2016

influenced by the recommendations provided by the Ministry of Agriculture and published every year for each oblast' in Kyrgyzstan. In case of potatoes, this led to overproduction in 2015 as a year characterized by exceptionally high yields. Therefore, market prices dropped to two Som per kg, resulting in indebtedness of many small-scale farmers in the region.⁵ This example shows that there is substantial room for improvement in the direct communication between the Ministry and the farmers on the ground. Furthermore, a university lecturer of economics from the Naryn State University stretched the fact that it is "important to improve agricultural coaching [since] with better technologies, skills and more education [the farmers] could receive higher yields".⁶

Given the importance of agriculture for the socioeconomic well-being of villagers, the government of the Ortok Aiyl Okmotu is highly motivated to invest collective funds in agricultural equipment and technology. The acquisition of a collectively-owned tractor and plans to construct a greenhouse, which will allow for growing fruits and vegetables throughout the year and thus improve the nutrition of all households, serve as evidence of the efforts being made. Thereby, the local population veers away from the governmental motto and focuses on a decentralized organisation of agricultural production.⁷

There has been a push for professional training to enhance the abilities of rural farmers and give them the chance to diversify their income. A local woman started her own milk processing business with the help of professional training by a foundation in nearby Jilan-Arik.⁸ She had already been engaged in the milk processing business from 2000 until 2006, but with instructions in business administration, logistics and web-based distribution, she was able to enhance economic opportunities consistently. Her business also serves a communal purpose as she has now become a teacher and had to outsource her milk supply to various neighboring families.⁹ Similarly, a local man saw a business opportunity in the manufacturing of bricks, for which the local demand is high. However, transportation costs have let the prices to spike. He received a month-long training session, invested 250,000 Som in technical equipment and went on to supply the whole Ortok Aiyl Okmotu with his bricks. He is able to offer a very competitive price at 30 Som per piece, and sells up to 10,000 units per year. It appears that people who have received a professional training are more likely to become entrepreneurs, set up small businesses, and thereby contribute to local development on a small scale.¹⁰

Ecological dimensions of local development in Tash-Bashat

Not only are rich pastures that surround Tash-Bashat major natural assets to the inhabitants, but the local government also pointed out various natural resources in the Ortok Aiyl Okmotu, which, in their opinion, have the potential to foster development processes in the future. These include pastures, salt, iron, gold, and water. Even though potential investors

⁵ Interview with university lecturer of economics, Naryn State University, July 18, 2016

⁶ Interview with university lecturer of economics, Naryn State University, July 18, 2016

⁷ Interview with the head of the Aiyl Okmotu, July 23, 2016

⁸ Interview with entrepreneur in milk processing business, July 20, 2016

⁹ Interview with a woman producing dairy products, July 20, 2016

¹⁰ Interview with a brickmaker, July 23, 2016

are interested in the mineral resources, the head of the Aiyl Okmotu stated the importance in obtaining the sole right of ownership. He prefers to delay the extraction of these resources until the village is financially capable of extracting them themselves. Until then, the water of the Naryn River plays an important role for the Aiyl Okmotu. In 2012, the Kyrgyz government, with the support of Russia, started to construct a hydropower station in Kayinde. This generated many jobs for the local population, as well as increased revenues. The construction stopped in late 2015 due to lack of funding and it has not resumed so far. However, according to the head of the Ortok Aiyl Okmotu, there is capacity for the instalment of up to eight hydropower stations within the boundaries of the municipality.¹¹



Fig. 3: Yurt set up on the pastures of Tash-Bashat for touristic purposes.
Photography: Binder, 2016

Another sector that is said to have the potential to grow is tourism. Currently, around 150 tourists visit Tash-Bashat every year,¹² where they explore the natural reserve or access the pastures. In order to profit from the natural environment and scenic landscape, a few villagers already actively engage in setting up yurts for touristic use (Fig. 3). One of the interviewees plans to develop a tourism business in Tash-Bashat by setting up a professional internet presence which shall inform the tourists about different tours and cultural experiences that could be offered in the village. However, he sees room for improvement in the development of infrastructure that can meet the expectations of international tourists.

¹¹ Interview with the head of the Aiyl Okmotu, July 23, 2016

¹² Interview with the head of the Aiyl Okmotu, July 23, 2016

These examples show the close connection between economic and ecological dimensions, where the ecological assets can serve as opportunities of economic growth.

Political and institutional dimensions of local development in Tash-Bashat

In Tash-Bashat's center, new buildings and construction sites shape the impression of the village. They reflect the focus on and investment in human capital. A large portion of the local budget goes towards education. A new kindergarten was established in 2011 and two school buildings are currently under construction. They will provide larger classrooms for the growing number of students and give them the chance to engage in physical education on a regular basis throughout the year.¹³



Fig. 4: The new healthcare centre, established in 2013. Photography: Alsters, 2016

By investing in improvements of healthcare, the village is also focusing on human capital. A new healthcare centre was constructed in 2013 (Fig. 4). The former building had been damaged and was not longer up to the standards necessary for the number of patients. Hence, the local government set out to find financial support, which it found in an international aid organisation. With the establishment of the building, the number of employees increased from three nurses in 2012 (Schmidt 2014: 109) to five nurses and a pharmacist.¹⁴ Even though this has been a step in the right direction, one major concern

¹³ Interview with the school principle, July 19, 2016

¹⁴ Interview with a nurse working at the healthcare centre, July 16, 2016

remains in the lack of access to clean water for rural households as pointed out by the water system operator of Tash-Bashat: currently, only 25 households (or about 8 %) have access to tap water.¹⁵ Most households receive their water supply from communal water pumps, from which they fill in big plastic canisters. To tackle this problem, the local government applied for funding from the Naryn Oblast'. The application has been successful, with the regional government having committed to financial help for the construction of a village-wide pipe network. This will eventually bring chlorinated water to Tash-Bashat, but as the pipes will only run along the roads, each household will need to pay for access to their houses themselves. Although this presents a huge step forward, it cannot be expected that universal access to clean water will be established soon.

These new construction and investment activities prove that in recent years the local government has been quite inspired in coming up with ideas for the advancement of the village. They display extraordinary capabilities in mobilizing the community and securing funds from the government, as well as international aid organisations such as the Aga Khan Foundation. Their leadership qualities and commitment have fostered an environment of creating new ideas. The plausibility of these ideas is regularly being discussed between the head of the Aiyi Okmotu and the village community in town hall meetings. Throughout the year, the local government works together with a council made up of community leaders, where the villagers get the opportunity to actively participate in the decision-making processes.

Societal dimensions of local development in Tash-Bashat

In order to set endogenous potentials free, alongside a motivated local government, a strong sense of identification with and solidarity among the population, commitment to achieve common goals and active participation are of high importance. As for Tash-Bashat, the solidarity can be exemplified through various examples. The village community mutually engaged in the construction of the new school buildings and the healthcare centre. The shared acquisition of a new tractor, for which every household contributed in line with their financial capabilities, proves that people are willing to collaborate. Young people offer to work on community fields without remuneration. The acquired earnings from these activities add to the Aiyi Okmotu's budget and can be used for investments in social infrastructure serving the whole village community. Committed and capable leadership is necessary for a proper and stimulating use of the budget. The head of the Ortok Aiyi Okmotu stressed the fact that good social relations form a greater common good that need further encouragement. He is convinced that local development can only be achieved if the people work closely together: "We have to work with the local people here. We have to change our minds and we have to work by ourselves."¹⁶ Another aspect of social life is the issue of migration. Although Kyrgyzstan has a high level of literacy and general education (World Bank 2017), it suffers from an outflow of young people in search of labour in countries like Russia. Even though Kyrgyzstan is highly dependent on the remittances migrants send back

¹⁵ Interview with the tap water responsible, July 21, 2016

¹⁶ Interview with the head of the Aiyi Okmotu, July 23, 2016

(Marat 2009: 7), the so-called brain-drain is an obstacle to the future development of the country and a sign for the lack of jobs available in rural areas. Contrary to other regions in Kyrgyzstan, however, the number of emigrants in search of employment abroad appears to be relatively low in Naryn Oblast' in general, and Tash-Bashat in particular (Thieme 2012: 131). The research led to the conclusion that education is the predominant reason for migration. The main destinations for young high school graduates, of which 80 % leave the village according to the school principal, are Naryn City and Bishkek.¹⁷ Many students are financially supported by their families, and while about 60 % of migrants return to Tash-Bashat¹⁸ there is still a high unemployment rate among those returnees. Although they can hardly put their university diploma to good use, they are highly motivated to improve the socioeconomic situation of Tash-Bashat, take risks, and have a sense for big picture projects such as the development of touristic infrastructure. Even though higher education does not supply the people with jobs, it apparently teaches skills that can universally be applied to their own personal advancement.

Tash-Bashat as an example of rural endogenous development

Given the evidence provided by fieldwork, Tash Bashat can indeed be seen as a successful example of local endogenous development. The analysis of the economic dimension showed that although rural poverty is an issue in Kyrgyzstan (World Bank 2017), the people have found several ways to generate income. They rely mainly on livestock husbandry as a major economic activity, while benefitting from the high quality of their animals. Professional trainings have shown promise in enhancing the farmers' abilities and helping them to diversify their income. These trainings have fostered entrepreneurial ideas, demonstrated by the establishment of a milk processing business and a brick factory. Further potential lies in enhancing agricultural production. However, the farmers seem to be under the Ministry of Agriculture's influence when it comes to the planning of crop cultivation. In the past, this has led to serious loss of income. The local government is eager to prevent a reoccurrence through investing in agricultural equipment and technology such as a village greenhouse and a commonly owned tractor.

Various natural resources that have been found in the Ortok Aiyl Okmotu represent the ecological potential around Tash-Bashat. So far, the local government prefers to be cautious and hold off the extraction of the minerals until the village is ready to take full advantage of the benefits. In the meantime, the Naryn River can be used for its hydroelectric power. It remains to be seen if there will be enough financial resources available for the continuation and expansion of hydropower generation along the Naryn River. If there is, the natural potential could also be used to increase the touristic activities, which might in turn lead to an improvement of the village's infrastructure.

The political and institutional activities worked successfully towards the establishment of new social infrastructure, such as a new kindergarden, school buildings, and a healthcare centre. Although financial aid has been partially necessary for the completion of these

¹⁷ Interview with the school principle, July 19, 2016

¹⁸ Estimation by the head of the Aiyl Okmotu, July 23, 2016

projects, the local government has proven to be motivated and successful in securing these funds. Their leadership qualities and commitment have fostered an environment of creating new ideas. Examples are the collective construction of communal buildings, commonly financed agricultural equipment, and young people farming for communal benefit. Although Tash-Bashat suffers just as much as other Kyrgyz regions from the departure of young people, research has shown that a comparatively low figure engages in labour migration. Most high school graduates leave for university and come back eventually, due to a lack of job perspectives. In spite of the fact that there is a high unemployment rate among returnees, their education and entrepreneurial intuition has the potential to serve local development needs.

The research has shown that the development processes of Tash-Bashat are mainly locally driven. The inhabitants strongly identify with their village and use the surrounding natural resources to collectively push forward local development processes. Tash-Bashat has been able to set up strong and potentially empowering local governance structures that address prevalent livelihood challenges and strive towards improving local living conditions.

Tash-Bashat's development strategy cannot be solely attributed to one of the three approaches outlined by Bohle. It combines features of the production-oriented (improvement of regional production possibilities through education and entrepreneurship), participatory (local leaders as important contributors), and auto-centred approach (strengthening regional identities) to form a unique development path. Various interrelated dimensions of development including economic, social, political, and ecological elements equally contribute to the development processes of Tash-Bashat.

The case study shows that Endogenous Development cannot take place in a regional vacuum. Compartmentalisation in times of globalisation is hardly possible, and a certain amount of interregional support is vital since it allows for an exchange of goods, skills and ideas, as well as for funding opportunities. Nevertheless, the priority and focus of development strategies in Tash-Bashat are concentrated on the local and regional levels.

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