

**Kyrgyz Agro-Input Enterprise Development Project**  
**Second Quarterly Report for 2008**  
**April 1–June 30, 2008**

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**By**



*An International Center for Soil Fertility  
and Agricultural Development*

**P.O. Box 2040  
Muscle Shoals, Alabama 35662, U.S.A.**

**[www.ifdc.org](http://www.ifdc.org)**

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## Acronyms and Abbreviations

AAK	Association of Agribusinessmen of Kyrgyzstan
ADB	Asian Development Bank
AgLinks	Agriculture Linkages Project
CABS	Central Asian Breeding Services
CAP	Certified Agribusiness Professional
COP	Chief of Party
CPP	Crop Protection Products—includes both chemical and biological
IFDC	An International Center for Soil Fertility and Agricultural Development
ISFM	Integrated Soil Fertility Management
KAED	Kyrgyz Agro-Input Enterprise Development
LMD	Local Market Development
LSP	Local service providers
PSES	Private Sector Extension Services
RI	Results Indicator
SIDA	Swedish International Development Agency
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VAT	Value-Added Tax

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**Introduction**

For consistency and ease of understanding, the quarterly reports largely follow the format of the workplan submitted to the United States Agency for International Development (USAID) in October 2006. Progress is reported for each of the six program areas:

- Strengthening Input Supply Systems and Markets.
- Technology Transfer and Private Sector Extension Services (PSES).
- Linking Farmers to Output Markets and Value Chain Development.
- Strengthening Business Skills and Services for Kyrgyz Entrepreneurs and Improve Access to Credit.
- Promoting Policy Changes that Benefit the Agricultural Sector and Build Public-Private Partnership.
- Strengthening Local Service Providers (LSP).

**Annex 1** of this report contains detailed information on the Kyrgyz Agro-Input Enterprise Development (KAED) project activities and progress made for the reporting period.

**Program Achievements**

All of the proposed results indicators (RIs) for the project are encompassed by the six program areas described in the introduction section of this report. The KAED project is advancing agricultural input market development in Kyrgyzstan and promoting private sector investment in agricultural input technologies and marketing. KAED supports agro-entrepreneurs

in Kyrgyzstan by providing technical and business skills, and by facilitating access to credit, networking through associations, government support services, and market information.

The project enhances business skills and service capacities for Kyrgyz entrepreneurs and LSPs. In order to achieve these objectives, KAED partners with the Association of Agribusinessmen of Kyrgyzstan (AAK) and other LSPs.

The program has increased productivity and incomes for business entrepreneurs and their farmer customers. Additional criteria to measure the business growth include the amount of new investment, the number of market linkages developed, and the number of improved practices adopted by both farmers and input dealers for crop and livestock production.

KAED has made significant progress this quarter in a range of interlinked issues critical to the development of agriculture and agribusiness in Kyrgyzstan. Despite the surge in fertilizer prices, Kyrgyzstan still imported 10,000 mt more in 2008 (95,000 mt total) than in the previous year. However this represents only 42% of estimated requirements. Application rates remain woefully inadequate—about one-fourth the world average—and farmers need technical assistance on how to make more effective and efficient use of fertilizers (mineral and local organic matter) and to adopt integrated soil fertility management (ISFM) practices.

The work done by KAED is directly supporting and complementing the new AgLinks project by helping ensure a supply of quality inputs and by transferring improved technologies in the selected target commodity-growing areas. Given the scope and resources of AgLinks, IFDC through KAED II is filling gaps in the production aspects of the commodity value chains and contributes its knowledge in specific crops such as wheat, potatoes, maize, and other crops for animal feed and sunflower (which has dual benefits—oil and sunflower cake for livestock).

During the reporting quarter, the KAED project staff committed significant efforts that contributed to achieving each of the strategic objective areas in the workplan. Some of the more significant activities are highlighted in this report for each of the program areas. Annex 1 contains specific activities directly related to the strategic objectives of the project.

## **Strengthening Input Supply Systems and Markets**

In April KAED, in partnership with AAK “Jer Azygy,” organized the opening ceremony of a new farm store named “Azamat” in Kyzyl Kia region, Batken oblast. In May a similar ceremony was organized in Toktogul. More than 65 farmers, consultants, and governmental officials attended the ceremony. All 35 retail farm stores which are operating under AAK logo (21 in the South and 14 in the North) are showing significant business growth. In 2003/04, each farm store had an annual turnover of \$1,000. In 2007/08, the average turnover has exceeded \$4,000. Farm stores like “Azamat” in the remote area of Batken which started with an investment capital of \$600 have a current turnover of \$20,000. Farm stores in Kyrgyzstan are the main venue of transferring new technology and knowledge to their customers in addition to supplying quality agri inputs for progressive farmers.

In addition to increased volume of fertilizer sales, the market is experiencing a more diversified base of fertilizer supply. In 2007 nitrogen fertilizers dominated the reported sales. In the second half of 2008 the sales of fertilizers other than straight nitrogen fertilizers increased significantly (e.g., ammonium phosphate sales increased from 12,000 mt in 2007 to 45,000 mt in 2008).

Two major companies dealing with sales of crop protection products (CPPs) and veterinary supplies, Agrovetservice and Agrimatko, increased their sales during the quarter by 20% and 65%, respectively, compared with 2007, totaling approximately \$86,000. Overall, sales increased by 65% in 2008 compared with 2007, and it is important to note that the sales of certified seeds increased by 25% despite an increased price.

In June a new company named “Eurasia” which is representing Pioneer and DuPont entered the Kyrgyz agri-input market. This company will work closely with retail farm stores to introduce its quality products.

Dealerships indicated a 26% increase in the number of customers served, reaching approximately an average of 2,700 customers per dealership. “Orumbai” farm store is one of the successful business examples in supplying vegetable seeds (mainly from The Netherlands) as

well as local varieties. The farm store is located in the central market of Osh City and provides its services to approximately 5,000 farmers-customers annually. This year a new service was introduced by “Orumbai.” Farmers were offered tomato and cucumber seedlings from local companies. Due to the good quality of seedlings, farmers are expecting better yields this year.

### **Technology Transfer and Private Sector Extension Services**

KAED organized a field day on feed crops with participation of livestock farmers, specialists, and partner projects. Soybean was one of the most important protein crops introduced to participants for which they demonstrated a special interest. A demonstration day of winter cereals was organized by KAED project with more than 100 farmers and dealers attending the event. This event was organized in cooperation with Seed Development funded by Swedish International Development Agency (SIDA). Technical booklets with information about project, field, and crops were developed and distributed among field day participants. This site was visited by three experts from the United States.

Preliminary data of wheat demonstrations where appropriate varieties and fertilizer ratios were applied indicate an average yield of 5.3 mt/ha compared with 2.5 mt/ha of national average. In dry areas up to 4.0 mt/ha was achieved, compared with 2.0 mt/ha of national average.

The demonstration in livestock which features advanced feed rations, proper veterinary medicine, animal health, and milking equipment is showing significant results. The yield of milk has tripled, animal health improved, and improved hygiene standards are being adopted.

KAED has introduced 11 new hybrids of corn from Kazakhstan as well as 3 hybrids from Pioneer, 1 variety of soybeans, and 1 variety of forage beets. The seeds were given to the State Commission on Variety Testing and were planted also in KAED demonstration sites.

Training on dairy livestock management was conducted in the “Mria” livestock demonstration farm in conjunction with Plemservis (CABS) breeding company.

## **Linking Farmers to Output Markets and Value Chain Development**

As a result of the Astana trade mission, participants received promising offers from several companies including: «BROVAPHARMA», Ukraine; "IVACON," Russia; and SAB S.P.A., Italy. All offers are at the evaluation stage. Examples of participants' activities follow.

Baltabaeva Raihan established contacts with “SAHO CHIMPROM” (producer of fungicides, herbicides, and pesticide) and “SEIBIT” (producer of a new type of microfertilizers solutions). Linkages were established during the trade mission to Astana in June.

Martynov Evgenii, who joined AAK recently, established business links with companies presenting agricultural and livestock products, and machinery such as: Swine and Poultry Equipment, Trademark “Dedov” (sausage production), Can-Agri (equipment for livestock breeding, stock keeping, branding, veterinary purposes, and cattle hygiene), TOO KAZTECHPROMSERVIS, and a group of companies named NACHPROD (production of juices, nectars, and soft drinks). During the visit, Martynov Evgenii signed an agreement with “Can-Agri” Company to purchase equipment.

Primova Clara discussed potential business cooperation with the following companies: «AZTRADE»—packing materials, stretch tape for food products to prolong expiry date of the products; company “PLATTENHAR and VIRT PV—designs and constructs storage facilities; “TorgMash Belarus”—production of vegetable processing machinery (MPO-1); firm «JASKO», Volgograd—equipment for agro industrial complex, including drying conveyers for fruits and vegetables; “SAHO Him Prom” that deals with production and marketing of fungicides, pesticides, and herbicides.

Mr. Omurzakov Abdukerim started negotiations on possible purchases with TOO “AGINYA” (Kostanai, Kazakhstan) that produces mini-machinery for small farms and micro-cleaners for grain seed.

## **Strengthening Business Skills and Services for Kyrgyz Entrepreneurs and Improve Access to Credit**

AAK “Jer Azygy” started negotiations with SPK BUDAN, Kazakhstan, to import new varieties of wheat and corn seed. KAED project assisted AAK in establishing linkages with SPK BUDAN, based on previous testing and performance evaluation of seed varieties provided by SPK BUDAN. Because demonstration results were positive, dealers decided to import larger quantities of these varieties for commercial purposes.

In the last 5 years, AAK assisted its members in obtaining credit from the Kyrgyz financial-credit organizations. AAK has signed an agreement with MCA FF “Bay Tushum” and Kyrgyz Agricultural Financial Corporation (renewed annually) that allows AAK members to obtain credit using the AAK Guarantee fund deposited in MCA FF “Bay Tushum.” This credit program built between AAK and “Bay Tushum” promoted the opening of retail farm stores in several regions throughout Kyrgyzstan. AAK members are also obtaining credit for restocking the farm stores’ inventory, working capital, and production activities such as seed multiplication, etc.

Two hundred metric tons of ammonium nitrate were distributed as a credit in-kind to AAK members at 10 som/kg. This quarter, 10 AAK members received credit in-kind totaling US \$61,000.

In April and May 2008, KAED project conducted a 2-day training course for farmer leaders and agribusiness entrepreneurs of southern and northern oblasts of Kyrgyzstan on computer literacy and usage of agricultural Web site [www.agro-asia.kg](http://www.agro-asia.kg) for buying and selling agri-inputs and outputs online. In total 52 participants attended the course.

In May KAED conducted a nationwide training course of Certified Agribusiness Professionals II (CAP) on Basic Principles of Marketing for 25 participants. The program was developed and implemented by local consultants.

In June KAED conducted the second course of Certified Agribusiness Professionals II (CAP) on Advanced Marketing for 25 participants.

## **Promoting Policy Changes That Benefit the Agricultural Sector and Build Public-Private Partnership**

A new tax code has been adopted by Kyrgyz Parliament but the value-added tax (VAT) for agro-inputs remained 0%. AAK and the KAED project successfully advocated eliminating the VAT tax for inputs from 20% to 0% in 2003/04. In 2004 as a result of KAED policy work, VAT tax for agricultural inputs was removed.

Investment Council—a policy body chaired by the President of Kyrgyz Republic (AAK Executive Director is a board member) agreed to adopt and amend the Land Law opening the way to accept land collateral by financial institutions. This initiative will remove a serious burden on the farming community in accessing finance from commercial banks. With support from KAED, AAK and its leadership have lobbied several years for adoption of these changes.

## **Strengthening Local Service Providers**

AAK provided training for the United Nations Development Program (UNDP) project on opening and operating of farm stores. In addition, AAK was contracted by KAED to organize a trip for several agribusinessmen to Astana AgriHort Expo 2008. Finally, KAED contracted with the LSP, Central Asian Breeding Services (CABS) to provide technical assistance and veterinary services to the pilot livestock demonstration farm in Sokuluk village (near Bishkek).

## **Miscellaneous**

### ***Media***

KAED, in cooperation with National TV, is preparing a documentary on project achievements during 6 years in Kyrgyzstan.

KAED staff members were invited by National Radio to introduce and explain the activities and results of the project in developing the agricultural sector in Kyrgyzstan.

The National TV prepared a tape on KAED activities on introducing new varieties of wheat for Kyrgyz farmers. This tape features an extensive range of events organized during KAED field day in June 2008 in Kant region.

### *Meetings and Roundtables*

The KAED COP had a meeting with the Minister of Agriculture in June to discuss potential interventions in the livestock sector with emphasis on feeding issues and veterinary services. The Minister expressed appreciation of the contribution of KAED in Kyrgyzstan's agriculture and encouraged additional work in the future.

KAED COP was invited by the World Bank to make a presentation on the fertilizer situation and challenges in the context of food crises in a roundtable organized by the World Bank. The World Bank is consulting KAED on various technical issues related to potential interventions to address the food crises in Kyrgyzstan.

The KAED COP also attended the Partners Meeting organized by the USAID office in Bishkek and commented on the issues related to the fertilizer situation and the potential to increase wheat production in rainfed areas. Comments and suggestions were well received.

The project staff and its LSP continued to provide support to various activities that contribute to cost-sharing and leveraging of project funds (**Annex 2**).

### Annex 1. KAED Extension Results Framework

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
<b>1. Program Area I: Strengthening Input Supply Systems and Markets</b>							
IR 1.1 Sales of agri inputs nationwide increased  <b>Quarter Results</b> Sales of fertilizer increased by 10% during the quarter. Sales of certified seeds increased by 25% regardless of increased price by suppliers. Sales of CPP increased by an average of 35%.	\$ million	2.11	5.4	0.4	0.41	6.21	+15
IR 1.1.2 Sales of agri inputs in northern project areas increased (baseline for this IR is 2007)  <b>Quarter Results</b> Sales of fertilizer increased by 22%. Sales of CPP increased by 38%. Sales of seed increased by 40%.	\$ million	TBD	TBD	TBD	TBD	TBD	TBD
IR 1.2 Additional retail stores opened.  <b>Quarter Results</b> In April KAED in partnership with AAK “Jer Azygy” organized the opening ceremony of a new farm store named ”Azamat” in Kyzyl Kia region, Batken oblast. In May a similar ceremony was organized in Toktogul. More than 65 farmers, consultants, and governmental officials attended the ceremony. All 35 retail farm stores which are operating under AAK logo (21 in the South and 14 in the North) are showing significant business growth.	#	0	21	4	6	31	+47

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
<p>IR 1.3 AAK and other businesses that generate revenue more than \$10,000/year increased.</p> <p><b>Quarter Results</b> Number of AAK businesses that generate more than \$10,000 was increased by 21% during the quarter (39 businesses versus 33 in the last quarter).</p>	#	9	19	2	2	23	+21
<p>IR 1.4 Dealers certified.</p> <p><b>Quarter Results</b> The Certified Agribusiness Professional (CAP) has changed the implementation approach for 2008. The program is focused on specific topics with greater interests for entrepreneurs such as Marketing and Safety Use of CPP. 25 participants received professional training on Basic and Advanced Marketing during the quarter.</p>	#	0	0	10	7	17	+1,700
<p>IR 1.5 Average of compound fertilizer sales by AAK members and other entrepreneurs increased.</p> <p><b>Quarter Results</b> Sales of compound fertilizer this quarter increased by 250% compared with the same period of last year.</p>	mt	116	228	20	30	278	+22
<p>IR 1.6 New agri-inputs introduced to Kyrgyzstan market.</p> <p><b>Quarter Results</b> AAK "Jer Azygy" started negotiations with SPK BUDAN, Kazakhstan to import new varieties of wheat and corn seeds. KAED project assisted AAK in establishing linkages with KAED. Earlier KAED introduced and tested the performance of varieties from this company. Because demonstration results were promising, dealers decided to import larger quantities of seed from these varieties for commercial purposes.</p>	#	0	22	3	3	28	+27

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
IR 1.7 Certified seed sold increased. <b>Quarter Results</b> Quantity of certified seed sold increased by 25% during the quarter.	mt	575	584	40	60	684	+17
IR 1.7.1 Certified seed sold increased (northern project areas). <b>Quarter Results</b> Quantity of certified seed sold increased by 33%.	mt.	TBD	TBD	TBD	TBD	TBD	TBD
IR 1.8 Elite seed transaction cost reduced. <b>Quarter Results</b> Reported in the annual survey .	\$	0.17	0.25	0.0125	-0.0125	0.23	-10
IR 1.9 AAK customers' base increased. <b>Quarter Results</b> Dealerships indicated a 26% increase in the number of customers served during FY 07, reaching approximately 146,000 customers in 2007 (an average of 2,700 customers per dealership).	#	13,847	90,895	6,600	7,000	104,500	+15
IR 1.10 Milk production increased. <b>Quarter Results</b> The milk yield in the demonstration farm has tripled compared with previous yields reported by farm. The milk yield in project operating areas has increased by 14%.	l.	TBD		TBD	TBD	TBD	TBD

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
<p>IR 1.11 Farmers exposed to advanced livestock management practices.</p> <p><b>Quarter Results</b> In June 2008 KAED organized a seminar on livestock management practices and advanced feed rations with farmers and livestock specialists in Chui oblast with 67 participants.</p>	#			100	200		300
<p>IR 1.12 Unit sales of certified seed from all sources will be increased.</p> <p><b>Quarter Results</b> Reported in the annual survey.</p>	mt	3,000	4,700	1,000	1,000	6,700	+42
<b>2. Program Activity Area II: Technology Transfer and PSES</b>							
<p>IR 2.1 Productivity of maize increased.</p> <p><b>Quarter Results</b> It will be reported at the end of harvesting season 2008.</p>	mt (grain)	4.0	5.4	0.5	0.7	6.6	+22
<p>IR 2.2 Productivity of potato increased in project areas.</p> <p><b>Quarter Results</b> Potato yields in demonstration plots showed an increase by 150%–200% in Aksy and Sokuluk fields compared with average potato yields in the region. As a result of new prices set in the market, farmers' incomes double compared with last year.</p>	mt	9	14	3	4	21	+50

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
<p>IR 2.3 Farmers adopting cereal-legume production systems.</p> <p><b>Quarter Results</b> Agronomy unit has introduced 11 new hybrids of corn from Kazakhstan. The seeds were given to the state commission on variety testing and will be planted also in KAED demonstration sites. KAED is demonstrating soybean as a protein source crop and an important component of crop rotation schemes.</p> <p>Soybean seeds for demonstration purposes were purchased from Kazakhstan and Tajikistan. A total of 6 soybean varieties were introduced in Chui valley and their performance in terms of yield and maturity cycle will be evaluated soon. Given the importance of livestock for Kyrgyzstan, soybean represents a real potential to improve the protein balance in feed rations.</p>	%	N/A	TBD	TBD	TBD	TBD	+10
<p>IR 2.4 Yield of tomato for processing increased.</p> <p><b>Quarter Results</b> Demonstration tomato yields increased by 500%–700% compared to average tomato yields in the region. Cost:benefit ratio for tomato was 1:8.</p>	mt	N/A	TBD	TBD	TBD	TBD	+15
<p>IR 2.5 Potato varieties for chips production identified and submitted to National Seed committee for registration and certification.</p> <p><b>Quarter Results</b> Karlana, Fontane, Delicat, and Fazane were identified as best potato varieties for processing in Kyrgyzstan climatic conditions (chips, mashed potato, and dry products). Recommendations for registration of these varieties have been sent to State Variety Testing Committee.</p>	#	4 chip varieties have been registered according to the 2006 official list of varieties published by National Variety Testing committee		1	1	2	+200

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
Indicators				Year 1	Year 2 (6 months)		
<p>IR 2.6 Technology packages for three major commodities (e.g., wheat, maize, triticale, potato, and tomato) developed by KAED and introduced to farmers in project areas.</p> <p><b>Quarter Results</b>  The following seminars and trainings have been conducted by KAED agronomy team during the quarter:  1. Livestock management and advanced feed rations.  2. Safety use of CPPs by farmers.</p> <p>The following booklets have been published and distributed:</p> <ul style="list-style-type: none"> <li>• 5 brochures printed in 100 copies each on the results of crop yields in demonstration fields.</li> <li>• 200 booklets providing information on various project activities.</li> <li>• An illustrative map of retail farm stores network was prepared and displayed in the AgroExpo 2007. The map was transferred to KAED office in Bishkek after the Expo.</li> </ul> <p>A report on potato and vegetable field results was prepared and submitted to State Variety Testing Committee for further evaluation. This government agency is considering KAED a partner in evaluation process of new varieties entering Kyrgyzstan.</p>	# of participants	100	3,000	1,000	1,000	5,000	+66

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
<b>3. Program Activity Area III: Linking Farmers to Output Markets and Value Chain Development</b>							
<p>IR 3.1 New business linkages with international and regional input suppliers established.</p> <p><b>Quarter Results</b>  Baltabaeva Raihan established contacts with “SAHO CHIMPROM” (producer of fungicides, herbicides, and pesticide) and “SEIBIT” (producer of new type of microfertilizer solutions). Linkages were established during the trade mission to Astana in June.</p> <p>Martynov Evgenii, who joined AAK recently, established business links with companies presenting agricultural, livestock products, and machinery, such as: Pig &amp; Poultry Equipment (equipment for pig and poultry farms), Trademark "Dedov" (sausage production), Can-Agri (production and sale of equipment for livestock breeding, stock keeping, and marking of cattle for dairy farms and veterinary purposes, and also washing and disinfection products for cattle), TOO KAZTECHPROMSERVIS, and a group of companies named NACHPROD (production of juices, nectars, and soft drinks). During the visit Martynov Evgenii signed an agreement with “Can-Agri” Company to purchase equipment for his farm.</p>	#	0	8	3	4	15	+90
<p>IR 3.2 Foreign companies assess the Kyrgyzstan market and express an interest in long-term investment on quality input supply facilities.</p> <p><b>Quarter Results</b>  Pioneer and DuPont have expressed interest recently to enter Kyrgyzstan market.</p>	#	0	3	1	2	6	+100

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
<p>IR 3.3 Smallholders linked to processors as a result of application of advanced technologies and high-quality inputs.</p> <p><b>Quarter Results</b> KAED has organized 2 meetings during the quarter with participation of farmers, dealers, processors, consultants, and other interested parties to strengthen the value-chain links.</p>	#	0	500	200	300	1,000	+100
<p>IR 3.4 Working with other USAID/international development agencies KAED will work with processing facilities to develop niche market commodities (e.g., tomato for industry, potato for chips production, baby red beets, peanuts) in an effort to link processors with small producers.</p> <p><b>Quarter Results</b> Working with the Local Market Development (LMD) project funded by the Government of Switzerland, KAED project has facilitated linkages with processors from the northern oblasts and trained dealers and producers on using the market information Web site built by LMD project.</p>	# of processing companies	0	3	1	2	6	+100
<p>IR 3.5 AAK members assets increased.</p> <p><b>Quarter Results</b> Reported in the annual survey.</p>	\$	23,000	26,000	2,000	1,000	29,000	+11,5
<p>IR 3.5.1 Northern business assets increased.</p> <p><b>Quarter Results</b> Reported in an annual survey.</p>	\$	2007 baseline will be established	TBD	TBD	TBD	TBD	TBD

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
<b>4. Program Activity Area IV: Strengthening Business Skills and Services for Kyrgyz Entrepreneurs and Improve Access to Credit</b>							
IR 4.1 AAK member domestic investment in upgrading input infrastructure increased.  <b>Quarter Results</b> Dealers indicate that the average investment in each dealership in 2007 increased by 60% over the last year. The 54 surveyed dealers have invested over \$11 million in new warehousing space and offices. 8 dealers invested \$1–\$1,000 while another 8 invested \$5,001–\$10,000. This quarter dealers invested approximately \$3.5 million in upgrading the input infrastructure.	\$	13,000	17,000	2,000	1,500	20,500	+21
IR 4.1.1 Northern domestic investment increased.  <b>Quarter Results</b> Reported in the annual survey.	\$	2007 baseline will be established	TBD	TBD	TBD	TBD	TBD
IR 4.2 Input dealers upgrade business skills through trainings nationwide.  <b>Quarter Results</b> Around 75% of dealers received either technical or management training during the quarter.	#	0	150	130	120	400	+100
IR 4.3 AAK members receive loans from commercial banking sector.  <b>Quarter Results</b> The percentage of dealers who received loans in 2007 declined slightly this year due to an increase of interest rates in the range of 26%–30% by financial institutions. However, the number of dealers who are receiving credit in-kind from their partners in the AAK is increasing steadily.	\$	4,000	30,000	13,000	17,000	60,000	+100

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
IR 4.4 AAK members extend loans to farmers customers. <b>Quarter Results</b> The average number of loans provided by dealers increased by 50 this quarter.	%	30	33	5	5	43	+30
<b>5. Program Activity Area V: Promoting Policy Changes That Benefit the Agricultural Sector and Build Public-Private Partnership</b>							
IR 5.1 Input regulatory policy changes advocated. <b>Quarter Results</b> New TAX code has been adopted by Kyrgyz Parliament and VAT TAX for agro-inputs remained 0%. AAK and KAED project advocated eliminating the VAT tax for inputs from 20% to 0% in 2003–2004. In 2004 as a result of KAED policy work VAT tax for inputs was removed.  Investment Council: A policy body chaired by the President of Kyrgyz Republic where AAK Executive Director is a board member agreed to adopt and amend the Land Law opening the way to accept land collateral by financial institutions. This initiative will remove a serious burden to farming community in accessing finance from commercial banking system. AAK and its leadership have lobbied several years to adopt these changes.	#	0	1	1	1	3	+200
IR 5.2 Legal business transactions in project areas increased for agri-inputs. <b>Quarter Results</b> Reported in the annual survey.	mt	40	4,500	500	850	5,850	+30
IR 5.2.1 Legal business transactions in northern project areas increased. <b>Quarter Results</b> Reported in the annual survey.	mt.	TBD	TBD	TBD	TBD	TBD	TBD

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
IR 5.3 New seed varieties from international companies submitted to National Seed Registration Committee.  <b>Quarter Results</b> Four new potato varieties for processing have been submitted to National Seed Testing Committee for registration.		0	8	3	3	14	+75
IR5.4 Input companies adopting internationally accepted labeling standards in the project areas increased.  <b>Quarter Results</b> Reported in the annual survey.	#	N/A	2	2	2	4	+400
<b>6. Program Activity Area VI: Strengthening Local Service Providers</b>							
IR 6.1 LSP(s) supported by KAED.  <b>Quarter Results</b> AAK was contracted by KAED to organize a trip for several agribusinessmen to Astana AgriHort Expo 2008.	#	N/A	1	3	3	6	
IR 6.2 Facilitated linkage discussions between LSP(s) and business enterprises.  <b>Quarter Results</b> KAED provided training materials on marketing to partner LSP.	#	0	0	8	6	14	
IR 6.3 Agricultural partner projects introduced to LSP/LSP introduced to agricultural partner projects.  <b>Quarter Results</b> AAK and CABBS were introduced to AgLinks, WB, and ADB.		N/A	0	2	2		

Program Activity Areas	Unit of Measure	2001/02 Original Baseline	Results to Date	Increase/Decrease in Proposed Extension		End of Project Total	% Increase/Decrease Relative to Results to Date
				Year 1	Year 2 (6 months)		
Indicators							
IR 6.4 LSP expands their market for services. <b>Quarter Results:</b> AAK supported by KAED has developed business contracts with private enterprises and donors.	#	N/A	1	8	4	12	
IR 6.5 International company contracts services from LSP. <b>Quarter Results:</b> AAK provided training for UNDP project on opening and operating farm stores.	#	N/A	1	5	3	8	

## Annex 2. Cost Sharing and Leverages—2008

No.	Activity	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
		(US \$)											
1	Association meetings/member visits		1,060			488							
2	Field days/advisory meetings						338						
3	Trade missions/study tours	32,500		3,000			1,350						
4	Seminar attendance/business counseling		12,875		250	520	1,850						
5	Transportation		2,835		448	364	2,296						
6	Media coverage	3,500	795			40	50						
7	Credit obtained		5,479	33,736 (commodity credit AN)		18,000	10,000						
8	Internships												
9	Grant obtained		10,106 (Grant for AgroExpo)				7,082						
10	Domestic investment by entrepreneurs						12,700						
11	Membership registration dues												
	<b>Total in U.S. Dollars</b>	<b>36,000</b>	<b>33,150</b>	<b>36,736</b>	<b>698</b>	<b>19,412</b>	<b>35,666</b>						
	<b>Grand Total in U.S. Dollars</b>						<b>161,662</b>						