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# AGRICULTURAL LINKAGES PROJECT (AGLINKS UZBEKISTAN)

## QUARTERLY REPORT (Q1 FY 2009)

OCT 2008 – DEC 2008

**JANUARY 2009**

This publication was produced for review by the United States Agency for International Development. It was prepared by DAI.



# AGRICULTURAL LINKAGES PROJECT

(AGLINKS)

## Q1 FY 2009 QUARTERLY REPORT

OCT 2008 – DEC 2008

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U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

RAISE Plus IQC

Contract No. EDH-I-05-00004-00

Task Order No. EDH-I-07-05-00004-0

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ACRONYMS

<b>ADB</b>	Asian Development Bank
<b>BDS</b>	Business Development Services
<b>CIS</b>	Commonwealth of Independent States
<b>CPS</b>	Crop Protection Services
<b>DAI</b>	Development Alternative Inc.
<b>Dekhan</b>	backyard farm
<b>DPP</b>	Dynamic Planning Process
<b>EU</b>	European Union
<b>FY</b>	Fiscal Year
<b>G&amp;A</b>	General and Administrative
<b>GOU</b>	Government of Uzbekistan
<b>ha</b>	hectare (10,000 square meters, 100 meters by 100 meters, 2.47 acres)
<b>HACCP</b>	Hazard Analysis and Critical Control Points
<b>HO</b>	Home Office
<b>HPLC</b>	High Performance Liquid Chromatograph
<b>IKS</b>	Islohotkonsaltservis, Ltd. (local consulting firm)
<b>ISO</b>	International Organization for Standardization
<b>JSC</b>	Joint Stock Company
<b>Kholhoz</b>	collective farm (during Soviet era)
<b>LLC</b>	Limited Liability Company
<b>LOP</b>	Life of Project
<b>LSP</b>	Local Service Provider
<b>MAWR</b>	Ministry of Agriculture and Water Resources of Uzbekistan
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MERIT</b>	Ministry of External Economic Relations, Investment and Trade of Uzbekistan
<b>MOU</b>	Memorandum of Understanding
<b>NGO</b>	Non-Governmental Organization
<b>Oblast</b>	province
<b>ODC</b>	Other Direct Costs
<b>OH</b>	Overhead
<b>PERSUAP</b>	Pesticide Evaluation Report and Safe Use Action Plan
<b>Pudrats</b>	Family-based agricultural production units
<b>Rayon</b>	district
<b>SDC</b>	Swiss Agency for Development and Cooperation
<b>SEAF</b>	Small Enterprise Assistance Fund
<b>Shirkat</b>	production cooperative (Uzbek)
<b>SME</b>	Small and Medium size Enterprises
<b>Sovhoz</b>	state farm enterprise (during Soviet era)
<b>TA</b>	Technical Assistance
<b>TCN</b>	Third Country National
<b>TQSA</b>	Temporary Quarters Subsistence Allowance
<b>TTCC</b>	Tashkent Testing and Certification Center
<b>Tumani</b>	rayon (district) in Uzbek
<b>UNDP</b>	United Nations Development Program
<b>USG</b>	United States Government
<b>USAID</b>	US Agency for International Development
<b>VAT</b>	Value Added Tax
<b>Viloyat</b>	Oblast (province) in Uzbek
<b>WUA</b>	Water User's Association
<b>WUASP</b>	Water User's Association Support Project

This report covers the first complete quarter of the re-sized AgLinks Project which began operations in Uzbekistan in September 2008. AgLinks Uzbekistan was the only country of the five original countries retained after the project downsizing of the previous quarter (last quarter of FY 2008 or July to Sep 2008). The present report covers the start-up and retooling of the former regional project to a bilateral Uzbekistan specific activity.

## **A. ADMINISTRATION**

Major actions undertaken this quarter include renewal and extension of the legal status of DAI in Uzbekistan, hiring personnel, office relocation and banking.

### **A.1. Legal Status.**

Project staff successfully renewed the legal status of DAI in Uzbekistan during this quarter. DAI is legally registered for the next two years as a “Resident Representation (RR)” which allows the firm to engage in limited activities. Unfortunately, these activities do not include normal project actions, including the importation of equipment and other goods duty free. The renewed and prolonged RR status allowed the team to submit for and obtain a long-term, multiple entry visa for the COP expatriate and his family. The project engaged a lawyer who informed the team that once AgLinks obtains “project” status a change request can be submitted to the local authorities to legally reflect our new status.

### **A.2. Personnel.**

**Home Office (HO).** The project’s technical and financial backstops were changed during this quarter as HO staff moved to other positions within DAI. The project’s new technical backstop is Heather Dale and financial analyst is Ravi Nayak. Rachel Chapman remains the Project Coordinator and is the HO staffer with field experience with AgLinks and has briefly visited Uzbekistan.

**Field Office.** The field office staff underwent significant change during this quarter. The Senior Technical Specialist left at the beginning of October to join a UNDP project in Tashkent. The junior technical staffer (Shuhrat Abrorov) completed his trial period becoming full-time staff and a new technical staffer (Ulugbek Bekchanov) was recruited and his trial period began. Both technical staff have experience in the US agricultural sector with Shuhrat having spent time working with growers and processors in the California Central Valley and Ulugbek completed a Master’s in Agricultural Economics from the University of Georgia as a Muskie Fellow.

By the end of the quarter the Deputy Chief of Party, Sharof Mashrabi, announced his intention to accept the US immigrant visa won in the lottery process. He will move with his family to the US in mid-February 2009. The project launched another technical recruitment at the end of the quarter to seek a third technical specialist. The administrative support team remained stable throughout the quarter with a Financial and Administrative Officer, Receptionist, two Drivers, and a part-time Information Technology specialist.

### **A.3. Office.**

Given the move from a regional to a bilateral activity and additional local and expat staff, the AgLinks Uzbekistan team sought expanded office space this quarter. The team settled on new offices in the same building they previously occupied but one floor higher. The choice was driven by concerns to minimize the disruption a project move would cause, the availability of security and parking in the building, its ready access to car and metro transportation, and central location. Costs were compared with other spaces including private homes for conversion to offices with the latter being complex, administratively onerous and more expensive. Before the end of the next quarter the project will initiate payment for the next six month installment on the office rent.

### **A.4. Banking.**

The project's bank of choice was ABN Amro because it was the only internationally recognized bank in Uzbekistan. ABN Amro's international commercial assets were bought by the Royal Bank of Scotland (RBS) and this change was implemented during this quarter. All project bank statements and reporting are now denominated "RBS" rather than "ABN Amro" and the project was required by the bank to purchase a new check book with the RBS logo. RBS is one of the British banks most at-risk in the present global financial crisis as evidenced by the UK government's taking a 70% ownership stake in RBS by the end of the quarter, effectively nationalizing the bank. The increased state ownership in RBS somewhat reassures the stability of the bank but the project will continue to monitor events and continually maintain minimum financial balances at the local RBS.

### **A.5. Leasing.**

The project met staff from the Small Enterprise Assistance Fund (SEAF) at the quarterly US Embassy-USAID Project Roundtable in late October and initiated a discussion on possible collaboration. SEAF is essentially a donor-funded (including AID/W), development venture capital fund which has made equity investments in several companies in Uzbekistan. One of these companies is a leasing firm called "Business Leasing". AgLinks interest in working with SEAF focused on how to leverage project funds through Business Leasing to provide cost-share procurement of capital goods for project clients (ex., AgriFirms and WUAs). The outline of potential collaboration was explored through meetings with SEAF and Business Leasing during the latter part of this quarter.

AgLinks proposes to provide its cost-share component of any client capital purchases through Business Leasing. Project clients will have to complete the normal leasing procedures required by Business Leasing. AgLinks will directly provide its cost-share contribution to Business Leasing by electronic funds transfer from DAI and billable to the project. Business Leasing will procure the equipment and lease the balance, subtracting the AgLinks contribution, from the financed cost. Added benefits of this approach are that leased equipment is free of value-added tax (VAT) in Uzbekistan thereby allowing AgLinks to support equipment imports without incurring tax liabilities due to its RR status. For Business Leasing, the US dollar infusion will allow them to place on their books already approved leases that are just awaiting conversion of Uzbek local currency to US dollars to cover imported equipment costs. Providing project support to targeted clients via this leasing option should have a multiplier effect

by activating both the project's client-leased equipment and additional Business Leasing client equipment.

#### **A.6. Issue(s).**

The major administrative issue for the project remains the uncertainty regarding the project status in Uzbekistan. The project team was able to obtain "Resident Representation" status for DAI in Uzbekistan but this does not confer the normal attributes of a "Project", including, most importantly, the ability to import goods duty-free. The "Project" status determination awaits the successful conclusion of an agreement, expected in the form of a Memorandum of Understanding (MOU), between the responsible ministry of the Government of Uzbekistan and USAID. The major equipment procurements planned in 2009 which includes tractors, cold store, analytical, pruning and testing equipment will all be subject to import duties and taxes if imported by a "Resident Representation" rather than a "project".

The status of the RBS in Uzbekistan will remain under scrutiny and the project will maintain minimal cash balances in all accounts. The effective UK "nationalization" of RBS is a sign that the British government considers RBS "too big to fail" and that funds held with this bank are likely safer than those held elsewhere.

The team will immediately pursue the recruitment of a new senior technical officer following the announcement at the end of the year. The goal is to have the new staffer hired in time to have overlap with the departing DCOP. Once the new team member has joined the project and provided his input the team will begin a recruitment process for the budgeted fourth and final technical staff member next quarter.

## **B. TECHNICAL**

AgLinks support activities continue to focus on four categories of clients that includes AgriFirms, producers, private sector processors and public sector entities. Protocol agreements (*kelishuv* in Uzbek) were signed with each of the projected clients within these categories. The sole exception was the Institute for Fruit Growing, Viticulture and Winemaking (Shreder Institute). A total of fourteen protocol agreements were signed this quarter with 5 AgriFirms, 5 Water User Associations, 2 processors (Berad and Agromir) and 2 public entities (Plant Protection Service and the Tashkent Center for Testing and Certification).

### **B.1. AgriFirms.**

**Financial Services.** AgLinks support to the AgriFirms began with the Simplified Accounting System (SAS) training targeted to the accountants at each AgriFirm. This training was implemented by the National Association of Accountants and Auditors A total of 91 people were trained, 89 took the end of training exam and 44 passed (48% pass rate). Annex A presents a table breaking down the training participant statistics by each of the four trainings and gender.

The SAS training was followed by procurement of information technology (IT) equipment for each of the 5 AgriFirms to provide the accountants with the necessary support to implement what they learned. AgriFirms were provided with a computer, printer, fax, modem and photocopier. The AgriFirms contributed by providing the transportation costs of the equipment from Tashkent to their respective locations. The AgLinks IT specialist made follow-up visits to each of the AgriFirms to deploy, install and train the AgriFirms staff on the IT equipment.



“Kelishuv” Signing – Payarik District  
“Hojabuston Suv Tarmogi” WUA

**Training.** The SAS training was followed by strategic planning training and production process implemented by the local consulting firm UNICON-S. Labelled Dynamic Participatory Planning (DPP) this training engaged participants to not only learn the basics of strategic planning but also to apply them to development of their own plan. A total of 55 participants took part in the three trainings held; one each in Ferghana, Namangan and Samarkand. Participants included AgriFirm management, farmers and local public officials (see Annex B for a detailed breakdown of participants by training, gender, AgriFirm and participant type).

Additional agronomic-oriented trainings were scheduled this quarter but postponed to the next quarter because the AgriFirm members were fully engaged in the SAS and

DPP trainings. The AgLinks team ordered reference material from the University of California at Davis to provide up-to-date information on agronomic best practices for the targeted crops (stone fruits and grapes). The first set of these materials arrived and are presently being reviewed and the most significant portions translated for incorporation in the agronomic trainings. A second set of agronomic reference material was ordered at the end of the quarter and should be delivered during the next reporting period.

**Crop Protection Services.** The planned work on crop protection services awaits the completion and acceptance of the Pesticide Evaluation Report and Safe User Action Plan (PERSUAP). The PERSUAP was begun in December and the draft report should be available by the end of January 2009. The viability of this idea will be revisited once the results of the PERSUAP are reviewed.

**Stone Fruit Cold Store.** The AgLinks made good progress this reporting period on identifying local sources of cold storage materials and expertise. At least three firms were identified from attendance at local trade shows and inquiries of local suppliers. The team visited with potential suppliers, obtained technical specifications, and made field trips to see previously installed cold storage facilities. The team is convinced that the cold storage systems can be procured locally and proceeded to determine how best to proceed given the Resident Representation status. AgLinks engaged Business Leasing with the idea of leasing the cold storage equipment because, aside from the concrete slab floor, the rest of the material is portable (i.e., pre-fabricated walls, compressor, blowers, etc.). Portability is important in leasing so that leased capital goods can be resold to new owners in case of default. By the end of the quarter the team had decided to focus leasing activities on tractor procurements first followed by cold storage given the nature of the growing season (farmers need tractors before cold storage in any given season).

**Improved Irrigation Infrastructure.** The team explored this idea during field visits to the targeted AgriFirm (in Kuvasoy District of Ferghana Province) and determined that the actual need was for well rehabilitation. Water management is a keen need in all areas visited by the team during the quarter and will be revisited when the AgLinks technical team is expanded in the coming months. The pipeline extension in the Samarkand WUA (“Hojabuston Suv Tarmogi”) was under study for potential project support during this quarter.

## **B.2. Producers.**

The focus of activities in this reporting period in support of producers was the identification of demonstration plots and farmers, online research and order of agronomic reference material to assure best practices are promoted and the finalization of the best approach to implement the nursery survey.

**Grapes.** Potential demonstration plots and farmers were identified through field visits to the targeted geographic areas during this quarter. Farmers were found who were willing to provide their land and labor to host 1.0 hectare plots to demonstrate trellising, pruning and harvesting techniques. Three grape demonstration plots were identified in the districts of Pop (Namangan Province – Pungon WUA), Samarkand (Istiqol Meva Sabzavot AgriFirm) and Payarik (Samarkand Province – Hujabuston Suv Tarmogi WUA). Additional visits were made in the provinces to identify potential sources of the

trellises and wire needed to establish the demonstration plots. Terms of Reference (TOR) were prepared in anticipation of tender launches next quarter to produce the trellises and provide the initial agronomic training prior to the start of the spring 2009 season. The UC Davis reference material received this quarter included excellent information on raisin production, grape pest management and post-harvest handling that will inform the training materials developed.

**Stone Fruits.** Demonstration plots were similarly identified for stone fruits, specifically apricot and peach orchards. Online research for pruning tools and testing equipment was made this quarter in anticipation of ordering these support materials for the spring agronomic trainings. The UC Davis book order that arrived this quarter contained reference material for growing and handling stone fruits (peaches, plums and nectarines) as well as integrated pest management for stone fruits.

Additional reference materials was ordered from UC Davis and should arrive early next quarter.

**Nursery.** The initial idea was to use an international consultant to perform the nursery survey but budget and administrative realities of getting approval for a third country national (TCN), in addition to the PERSUAP TCN international consultant, convinced the team to seek national consultants to implement this work. The team first approached Shreder Research Institute staff to implement this survey but after a month with no budget or proposal submitted decided to launch a general tender. The TOR was translated from English to Russian and the tender will be launched in the new year. The nursery will most likely be implemented in February 2009.



Grape Vine Trellis – Samarkand District

### **B.3. Private Sector.**

AgLinks staff efforts to establish working relations with processors and to demonstrate that a donor-funded project could be relevant to the private sector needs were successful this quarter. This success was based upon first demonstrating to private sector clients that the project could provide initial, tangible assistance in the form of trade show attendance. The team's success was confirmed by the expansion of the processor client base of the project from 2 to 4 local processors.

**Market Identification and Development.** Team members attended both the WorldFoodKaz (Almaty) and the Ingredients (Moscow) trade shows with clients during the quarter. In each case the clients were responsible for their own lodging and per diems costs while the project paid for transportation, registration and other travel related costs. The WorldFoodKaz trade show proved to be mostly a processing equipment show that was not particularly interesting and the project will not propose to return. Ingredients was much more productive with one client attending establishing contact with a major Russian buyer. A post-show, follow-up request from this client (BERAD) to AgLinks to assist with closing a contract with the Russian firm in St. Petersburg was approved and will occur in late January 2009.

The team worked this quarter to identify clients to attend shows next quarter including ProdExpo in Moscow and GulFood in Dubai during February 2009. AgLinks staffers began the process of obtaining exit visas for attending GulFood and assisting clients to do likewise. Preliminary efforts were made to identify low cost lodging both for project and clients attendees to both shows. Air tickets were researched and preliminary bookings made this these are both well attended trade shows.

**Quality Control.** An initial survey was undertaken of the processing companies identified as AgLinks clients to determine their present status and interest in HACCP and ISO standards. In the course of this survey additional processors were identified who could benefit from AgLinks support, worked in the geographic and product lines targeted by the project. These additional firms were Green World and Siyob Sahovat (Toni Green brand name). Additional contacts and field visits were made to both firms and both will be participating in either one or both trade shows in February 2009. The project will continue to work with each firm to identify their specific interests and needs with regards to international standards to tailor a support program in time for the summer of 2009.

**Processing Equipment.** The major activity this quarter was to focus on cold storage technology as a post-harvest handling technology to promote with clients. Given budget priorities and the existing equipment at the four processor clients (BERAD, AgroMir, Green World and Siyob Sahovat) the project will continue to focus equipment purchases at the AgriFirm level. As the project team continues to build a rapport with the processors specific opportunities for equipment assistance within the budget of the project may be identified in the future.

#### **B.4. Public Sector.**

Public sector support efforts this quarter were focused on developing technical specifications for equipment upgrades for the TCTC, identifying local consultants for ISO 17025 training and confirming intentions of both public and private clients towards implementing recommendations and seeking accreditation in 2009.

**Training on ISO 17025.** ISO 17025 is the main standard used by testing and calibration laboratories. AgLinks had targeted the Tashkent Center for Testing and Certification (TCTC) plus client processors for interest in this standard. During the course of the quarter the TCTC confirmed their interest in the training and also requested it be extended to the Samarkand branch laboratory. AgLinks is considering the latter proposal and will decide based upon budget and timing. Processors

remained interested in any ISO 17025 trainings but were less interested in actual implementation in 2009 given the lack of demand for these standards from their existing customers and the current global financial crisis impact on the cost of capital investment.

AgLinks staff determined this quarter that local consultants can provide this training and will likely use these specialists rather than international consultants as previously planned. AgLinks will proceed with the training next quarter but most likely in March rather than February given the attendance of client processors at the ProdExpo and GulFood trade shows. TCTC remains keenly interested in both the training and implementation of the ISO 17025 regime and AgLinks will continue to support this process.

**Enhance Lab Capacity of TCTC.** AgLinks and TCTC met this quarter to determine how best to enhance their testing capacity with regards for food products. TCTC proposed that AgLinks focus efforts on augmenting the testing capacity of their lab for organic contaminants while they would target inorganic contaminants. By sharing the burden in this way the administrative cost-sharing would be easier (each side procures under its regulations) and the result would be to upgrade the testing capacity of TCTC within one year instead of four or five. AgLinks supported the idea of enhancing the TCTC testing capacity for organic contaminant by purchase of a High Performance Liquid Chromatograph (HPLC) that would detect pesticide residues, mycotoxins and melamine among others. These contaminants are fully consistent with AgLinks focus on fruits, grapes and proper pesticide use via the PERSUAP.

During this quarter the AgLinks team developed an approval request and technical specifications for procuring an HPLC. The procurement of the HPLC should be underway early next quarter.

**Accreditation of TCTC Lab.** As mentioned above under ISO 17025 training, the TCTC remains interested in implementing the necessary steps to obtain accreditation in this standard once the training is completed and list of palliative actions recommended. AgLinks remains committed to support TCTC in this process to obtain accreditation and will begin with the increased testing capacity via HPLC procurement and ISO 17025 training.

**PERSUAP.** The PERSUAP terms of reference was drafted, approved and an international consultant hired to implement this pesticide review and safe use action plan. Field work in Uzbekistan was undertaken during the month of December in collaboration with the Plant Protection Service of the Ministry of Agriculture and Water Resources. A local consultant was hired to facilitate contacts with officials outside of Tashkent during the international consultant's three week field trip. Visits were made to project clients in Ferghana, Namangan, Tashkent and Samarkand provinces along with the requisite local officials. The draft PERSUAP should be submitted by the end of January 2009. AgLinks staff will use the PERSUAP guidance to inform decisions on equipment purchases (sprayers), analytical testing equipment procurement (HPLC for the TCTC), reference materials (pesticide management, safety and use) from UC Davis and the resultant farm level trainings and additional support.

**Nursery.** AgLinks efforts to engage the Shreder Institute have not resulted in a protocol agreement with this entity. An additional effort to engage Shreder staff for the

nursery study was discontinued when the targeted specialist was unable to produce a proposal with budget. It is possible that Shreder will be more receptive once the project is formally recognized and an MOU exists between USAID and the Ministry of Agriculture and Water Resources.

#### **B.5. Issue(s).**

The AgLinks team decided to discontinue efforts to work with a sixth AgriFirm in the Tashkent Province after learning of a leadership conflict between the AgriFirm management and local officials that pre-dated AgLinks arrival. AgLinks will undertake a more thorough vetting of potential partners if expansion is warranted and consistent with the budget. For the remainder of FY 2009 AgLinks will remain with the original 5 AgriFirms targeted in the annual work plan which excludes working with an AgriFirm in Tashkent Province. Tashkent Province activities in the FY 2009 work plan focus on processors and public entities.

Existing AgriFirm clients have emphasized the importance of water management among their members and this is true among the water users associations as well. AgLinks should strengthen its staff expertise in this area in the upcoming two technical recruitments. The resultant hires will certainly deepen the team expertise and allow AgLinks to explore potential activities such as well rehabilitation in Ferghana and additional assistance to the WUAs.

## **C. FINANCE**

The project is in good financial status with a balance of \$1.415 million in obligated funds at the end of this reporting quarter (through the December 2008 invoice). With an estimated monthly running cost of around \$75,000 (assuming no technical activities other than local staff and only domestic travel) the project can weather an uncertain funding environment in both the short and medium term with sufficient funds to maintain critical technical activities.

### **C.1. Disbursements.**

Disbursements this quarter are presented in Table 1 by three major line items (Labor, Fee and Other Direct Costs) and further developed by sub-line items. The Labor line item dipped in November as the Home Office start-up assistance returned to the US and the project reduced to two local technical staff with the departure of the senior technical specialist to a UNDP project beginning in October. The Labor line item recovered in December with the hiring of a new local technical staff. Fee, Fringe, Overhead (OH) and General and Administrative (G&A) are all contractually fixed percentages of other sub-line items.

LINE ITEM	SUB LINE ITEM	Oct-08	Nov-08	Dec-08
LABOR	LABOR			
FEE	FEE			
ODC	Indirect FRINGE			
	Indirect OH			
	SUB-CONTRACTS			
	ICA Labor			
	ICA ODC			
	PROCUREMENT			
	TRAVEL			
	ALLOWANCES			
	WORKSHOPS			
	G&A			
	<b>TOTAL</b>			

**Table 1** : Line Item Disbursements for 1<sup>st</sup> Quarter FY 2009

The local Sub-Contracts item in October reflects the final payment to IKS for the value-chain analysis initiated the previous quarter. The Independent Consultant Agreement (ICA) line items indicate the first payments against the PERSUAP started in December 2008. Travel covered the Home Office staff costs in October to assist project start-up and the November costs reflect attendance at trade shows in Kazakhstan (KazWorldFood) and Russia (Ingredients), in addition to the regular domestic travel to visit project clients. Allowances reflect the monthly post-differential payments and are higher in October due to the influence of the Temporary Quarters Subsistence Allowance (TQSA) paid while the expatriate staffer and family found housing in Tashkent in September. Finally, the Workshops line item reflected the completion of the Simplified Accounting System (SAS) training in October and two of three planned deliverable payments for the Dynamic Participatory Planning (DPP) training for AgriFirms.

## C.2. Commitments.

Present outstanding payments against existing contracts include the balance on the PERSUAP contract. New commitments expected in the next quarter include pruning and test equipment, grape trellis construction, fruit tree nursery assessment, attendance at ProdExpo (Moscow) and GulFood (Dubai) in February and a survey of the targeted Water Users Associations.

Additional financial commitments in early calendar 2009 will include a High Performance Liquid Chromatograph (HPLC) for the Tashkent Center for Testing and Certification (TCTC), tractors and related attachments plus cold stores for targeted AgriFirms and Water User Associations. Total estimated cost of these and other procurements will approach or exceed \$500,000, especially if activities are accelerated and the issue of AgLinks' duty-free status is resolved.

## C.3. Obligations.

The project remains sufficiently funded for Fiscal Year 2009 assuming the average monthly recurrent costs and planned technical activities. The table below presents a broader look at the project financial status with the invoices submitted this quarter. The remaining obligated funds at the end of December 2008 are \$1,415,090 (2,448,000 – 1,032,910). Budgeted monies left to obligate total \$2,666,572 (5,114,572 – 2,448,000) with one-fifth of the budget expended to-date.

Obligated = 2,448,000	LOP Budget	Invoices 1-13 Sep 07 to Sep 08	14 Oct-08	15 Nov-08	16 Dec-08	Total Invoiced To-Date	% of CLIN Expended	LOP Budget Balance
LABOR								
ODC								
FEE								
<b>TOTAL</b>								

**Table 2 :** Invoiced Amounts To-Date

## C.4. Issue(s).

The major financial issues are the uncertainty regarding future obligations of funds to the project and the “non-project” status of AgLinks Uzbekistan. In the present uncertain environment the project must decide whether to continue with planned activities in FY 2009 or reduce the pace of activities to conserve funds until FY 2010 funds may become available. This decision must be tempered by the need to perform certain actions prior to and during the 2009 agricultural growing season to effect impact. The “non-project” status has implications for the project’s planned cost-share procurement program for testing equipment (HPLC, sugar, moisture, etc.), tractors and affiliated attachments, cold storage systems and other capital expenditures. The issue is the present legal status of DAI as a “resident representative” does not afford duty-free importation of goods (including reference materials) to Uzbekistan. Purchasing capital equipment will induce large duties that are not billable by implementing partners to USAID Projects.

## ANNEX A : Simplified Accounting System (SAS) Training

The table below provides information on the number of trainees who attended, took the end-of-training test and passed the Simplified Accounting System program by training locale and AgriFirm.

#	TRAINING LOCALE		STUDENTS				
			Attended			Tested	Passed
	Province	AgriFirm	M	F	TOTAL		
1	Ferghana	Muyan Sohibkor	11	14	25	24	12
2	Namangan	Torakorogon Sohibkorlari	17	6	23	23	14
3	Samarkand	Istiqlol Meva Sabzovot	11	14	25	24	12
4	Tashkent	Zarkent	13	5	18	18	6
<b>TOTAL</b>			<b>52</b>	<b>39</b>	<b>91</b>	<b>89</b>	<b>44</b>

## ANNEX B : Dynamic Participatory Planning (DPP) Training

The table below provides information on the number of participants by AgriFirm at the Dynamic Participatory Planning sessions by locale. Information is also provided on the type of attendee across three classifications (AgriFirm Management, Farmer and Public Sector representative) and the name of the AgriFirm Director at the time of the training.

#	TRAINING LOCALE		ATTENDEES						AgriFirm Director
			Attended			AgriFirm Management	Farmer	Public Sector	
	Province	AgriFirm	M	F	TOTAL				
1	Ferghana	Muyan Sohobkor	7	-	7	6	1	-	Alijon Burhonov
		Quvasoy Bekhizor	17	1	18	6	9	3	Habibulla Razzakov
2	Namangan	Torakorogon Sohobkorlari	13	-	13	6	6	1	Matvali Ahmedov
3	Samarkand	Istiqlol Meva Sabzovot	8	1	9	4	4	1	Bahriev Jamshed
		Dilkusho Sifat	6	2	8	6	1	1	Usmonov Islom
<b>TOTAL</b>			<b>51</b>	<b>4</b>	<b>55</b>	<b>28</b>	<b>21</b>	<b>6</b>	

**ANNEX C: University of California – Davis Reference Materials Ordered**

#		TITLES (1st Order)
1	PROD	Raisin production manual – University of California 2000
2	HAND	Post harvest Technology of Horticultural Crops-Third Edition – University of California 2002
3	PROD	Peaches, Plums, and Nectarines: Growing and Handling for Fresh Market - University of California 1989
4	PEST	Grape Pest Management—Second Edition – University of California
5	PEST	Integrated pest management for stone fruits - University of California 1999
6	PEST	Tree Fruit Pest Identification and Monitoring Cards - University of California 2005
<b>TITLES (2nd Order)</b>		
No.	CAT	TITLES (2nd Order)
1	HAND	Peaches, Plums and Nectarines : Growing and Handling for Fresh Market
2	HAND	Harvesting and Handling California Table Grapes for Market
3	HAND	Small Scale Postharvest Handling Practices for Horticultural Crops
4	HAND	Postharvest Handling of California Stone Fruits
5	PEST	Integrated Pest Management for Apples & Pears
6	PEST	Integrated Pest Management for Almonds
7	PEST	Tree Fruit Pest Identification and Monitoring Cards
8	PEST	Seasonal Guide to Environmentally Responsible Pest Management Practices in Peaches and Nectarines
9	PEST	Diseases of Temperate Zone Tree Fruit and Nut Crops
10	PEST	Cover Cropping in Vineyards : A Grower's Handbook
11	PEST	Sulfur Dioxide Fumigation of Table Grapes
12	PEST	The Safe and Effective Use of Pesticides
13	PEST	Pesticide Safety : A Reference Manual for Private Applicators
14	PEST	Pesticide Safety for Small Farms
15	PEST	Pesticide Safety for Small Farms
16	PEST	Safe Handling of Pesticides
17	PRUNE	Training and Pruning Almond Trees
18	PRUNE	Pruning Fruit Trees & Training Young Fruit and Nut Trees
19	STORE	Commercial Cooling of Fruits, Vegetables and Flowers
20	STORE	Compatible Produce for 7-Day Storage
21	STORE	Cold Storage for Small Farms

**ANNEX D: Monthly Reports for November and December 2008**

**USAID AgLinks Project**

Monthly Report #01- November 2008

Contract #EDH-I-00-05-00004

TO #EDH-I-07-05-00004-00

AgLinks acquired a revised look this month with new technical staff and new offices, albeit within the same building. The Project also welcomed a new Home Office Project Manager (Heather Dale) to replace Rich Magnani at the end of the month. The field team now consists of a COP, 3 technical, 2 administrative staff and 2 drivers. The two junior technical staffers have been delegated primary client contact responsibilities along geographic lines; Ferghana Valley (Shuhrat Abrorov) and Samarkand (Ulugbek Bekchanov). The senior technical advisor retains public and private sector support along with serving as primary intermediary with the requisite ministries (Agriculture and Water Resources; Foreign Affairs and Foreign Economic Relations).

**ADMINISTRATION.** The month began with the office relocation because the previous space was too small to accommodate the new staff and to maintain a dedicated conference area. The move was implemented by the project staff with the exception of the phone and computer networks for which expenses were incurred. The administrative team successfully documented and submitted the DAI representative office registration papers in November and a new renewed registration was obtained through November 2010. The renewed registration now allows application for accreditation of the DAI Resident Representative (i.e., COP) and long-term visa (rather than 3 month renewable).

**TECHNICAL.** The technical team continues to implement activities to support the targeted client groups based upon the approved FY 2009 work plan :

**AGRIFIRMS.** AgriFirms received the IT equipment outlined in the FY 2009 work plan and recommended by the accountancy training final report. Each AgriFirm was responsible for transporting the material from Tashkent to their respective regions. By end November an IT specialist had installed and configured the equipment at each of the 5 AgriFirms. Three AgriFirm directors attended food exhibitions in November (2 in Almaty and 1 in Moscow, see "Private Sector" below). The strategic planning training for the 5 AgriFirms also began after the tender review and contracting. This training will be completed at the end of the first week of December.



Two AgriFirm Directors receiving IT equipment

**PRODUCERS.** AgLinks identified potential demonstration plot farmers and locales along with sources of trellis material. From farmer consultations the trellises will be best produced in winter and installed in early spring 2009. The nursery assessment was redesigned to utilize local expertise requiring translation of the TOR and will now begin in December. AgLinks staff attended the Development Credit Authority (DCA) training in Almaty and made follow-up visits to local financial institutions to elicit initial interest. AgLinks and Holis Consult have identified a potential joint collaboration in Samarkand

with the Water User's Association Support Project to provide water access to additional farmers and a final decision to proceed or not will be made in December.

**PRIVATE SECTOR.** Private sector partners, including 2 AgriFirms directors, attended the KazWorldFood exhibition in Almaty. The overall impression of KazWorldFood was of an exhibition focused on food processing with few buyers and sellers of farm produce. The private sector clients made some interesting buyer contacts among the other attendees but not among the exhibitors. AgLinks and private sector clients, including 1 AgriFirm director, attended the Ingredients exhibition in Moscow. The team will report on this visit in December once the attendees return.

**PUBLIC SECTOR.** AgLinks visited the Plant Protection Service and the Tashkent testing and certification laboratory. The Plant Protection Service assured their support for implementation of the Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) for Uzbekistan. The TOR, requisite approvals and contract for an expatriate consultant to implement the Uzbekistan PERSUAP were all completed. The consultant arrived in Tashkent and made his first field trip to Ferghana before the end of the month.

The Tashkent testing and certification laboratory was visited to ascertain their capacity to receive and manage additional food testing equipment relevant to AgLinks supported clients and crops. Particular interest was paid to determining the present and potential capacity to measure mycotoxins in food. The team was encouraged by their visit due to the quality of the staff, laboratory setting, market mentality and initial investment in US testing equipment (especially their gas chromatograph).

**FINANCIAL.** The October 2008 invoice was slightly lower than September due to the office rent (\$21,000) and TQSA (\$6,896) billings in the latter. The Office rent will cover the next 6 months while the TQSA was a one-time expense due to the posting of the expatriate COP to Tashkent. Significant technical charges in October were the third and final deliverables for the farm accountancy training (\$1,030) and the value chain study (\$7,952). Other notable charges were the plane tickets for clients to attend the KazWorldFood Exhibition in Almaty.

Obligated = 1,371,000	LOP Budget	Invoices 1-11 Sep 07 to Jul 08	12 Aug-08	13 Sep-08	14 Oct-08	Total Invoiced To- Date	% of CLIN Expended	LOP Budget Balance
	820,984	94,894	13,859	19,466	19,284	147,502	18%	673,481
	4,015,491	369,839	63,026	111,105	96,289	640,258	16%	3,375,233
	278,097	26,644	4,399	7,508	6,645	45,196	16%	232,901
<b>TOTAL</b>	<b>5,114,572</b>	<b>491,376</b>	<b>81,283</b>	<b>138,079</b>	<b>122,219</b>	<b>832,957</b>	<b>16%</b>	<b>4,281,615</b>

After submission of the October 2008 invoice the percent of expended obligated funds is 61%. Projections indicate this percentage will surpass 75% with the submission of the December 2008 invoice in mid-January 2009.

**NEXT MONTH.** The following major activities are anticipated for December 2008 :

- 1<sup>st</sup> week – DPP training in Samarkand; PERSUAP team returns to Tashkent
- 2<sup>nd</sup> week – DPP report write-up; PERSUAP team to Samarkand
- 3<sup>rd</sup> week – Nursery survey begins; PERSUAP write-up
- 4<sup>th</sup> week – PERSUAP initial review

Month long – continue cold store due diligence and potential water management collaboration with Holis Consult in Samarkand

**USAID AgLinks Project**

Monthly Report #02- December 2008

Contract #EDH-I-00-05-00004

TO #EDH-I-07-05-00004-00

AgLinks activities in December 2008 focused on the field implementation of the Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP) for Uzbekistan and the Dynamic Participatory Planning (DPP) training to develop strategic action plans for the 5 AgriFirms. The team continued to explore the option of leasing to provide cost-share procurement of capital goods for selected partners resulting in a draft framework agreement for consideration by local leasing companies. By the end of the month the team launched a recruitment to select technical advisors to complete the team.

**ADMINISTRATION.** The incumbent Deputy COP formally announced his intention to immigrate to the US in February 2009. A recruitment was launched with a local newspaper and job website to identify prospective project officers for the DCOP and remaining junior staff positions. Travel and lodging arrangements were made to support the PERSUAP consultant during his three week field trip within Uzbekistan and a local consultant was engaged to facilitate meetings with plant protection personnel outside Tashkent. The first consignment of technical reference materials arrived from the University of California at Davis regarding stone fruits, grapes and pesticide safety and a second order placed for January delivery. This material will be used to support technical trainings for Uzbek farmers based on similar crops in California.

**TECHNICAL.** The technical team continues to implement activities to support the targeted client groups based upon the approved FY 2009 work plan :

**AGRIFIRMS.** Following up the IT equipment delivered the previous month, AgLinks contracted with local consulting firm UNICON-S to offer strategic planning training to the five client AgriFirms. UNICON-S was selected from among three respondents to a local tender to provide this training in a dynamic and participatory manner. Throughout December UNICON-S organized the trainings and submitted their draft report which AgLinks staff vetted with written comments. Three trainings were organized with one each in Ferghana (25), Namangan (13) and Samarkand (17) with a total of 55 people attending. As a result of the training each AgriFirm has a strategic action plan with timetable and key actors identified which AgLinks and others can use as the basis for targeting assistance to these clients.



DPP Training in Samarkand – Dec. 2008

**PRODUCERS.** AgLinks technical staff worked with both AgriFirms and Water Users Associations (WUAs) to identify the most appropriate capital equipment to consider for each client based upon their respective strategic plans, needs, crops and specific circumstances. By the end of the month a full set of potential capital expenditures by client was produced. Initial contacts were made with possible local suppliers to get pricing and supply information. The nursery study was delayed because the identified local consultant could not provide a budget for the activity and will be re-launched in *DAI, Inc.*

December 2008

January. Team members agreed with Holis on the appropriate support for extending an irrigation pipeline with a Samarkand WUA. The TOR was drafted and will be locally bid in the New Year.

**PRIVATE SECTOR.** The private sector partner (Berad) attending the Moscow Ingredients exhibition announced they had a contract opportunity that resulted from their participation in this trade show. They requested, and AgLinks obtained, approval to cost-share their January travel to St. Petersburg to follow-up this export opportunity. The AgLinks team attended two agriculturally-related trade shows in Tashkent in December; AgriTech and UzAgroExpo. At AgriTech the team learned of additional cold store firms and made contacts with the Belarus tractor supplier (Kammaz). At UzAgroExpo the team saw additional farm production equipment and had discussions with AgroMash Leasing which specializes in leasing of agricultural processing equipment.

**PUBLIC SECTOR.** The PERSUAP consultant made field trips to Samarkand and Namangan and completed his work in Tashkent with meetings and briefings with the plant protection service within the Ministry of Agriculture. Contacts were made with other relevant ministries (Labor and Health) and agencies (Environment) to request follow-up meetings in January to provide additional information to inform the draft PERSUAP. As part of the PERSUAP visits the team learned of the USDA program to support plant protection researchers that ended in 2008. This work was not focused on plant pests but rather plant diseases in stone fruits and grapes. The Tashkent Center for Testing and Certification submitted technical specifications for the laboratory equipment (HPLC – High Performance Liquid Chromatograph) and the project team translated and reviewed these in preparation of submitting a technical approval for this procurement in January.

**FINANCIAL.** The major difference between the November and December 2008 invoices is the labor line item with the latter month billing the local labor charges for both November and December. Significant technical charges in November were the AgriFirm IT equipment and strategic planning training (DPP) first deliverable. The December invoice also reflected the first month with labor charges for two technical staff, the PERSUAP first deliverable and the DPP second deliverable.

Obligated = 2,448,000	LOP Budget	Invoices 1-13 Sep 07 to Sep 08	14 Oct-08	15 Nov-08	16 Dec-08	Total Invoiced To-Date	% of CLIN Expended	LOP Budget Balance
LABOR	820,984	128,218	19,284	15,061	23,420	185,984	23%	635,000
ODC	4,015,491	543,969	96,289	74,265	76,334	790,858	20%	3,224,633
FEE	278,097	38,551	6,645	5,136	5,736	56,069	20%	222,029
<b>TOTAL</b>	<b>5,114,572</b>	<b>710,739</b>	<b>122,219</b>	<b>94,462</b>	<b>105,490</b>	<b>1,032,910</b>	<b>20%</b>	<b>4,081,662</b>

After submission of the December 2008 invoice the percent of expended obligated funds is 42% (i.e., 1,032,910 divided by 2,448,000).

**NEXT MONTH.** The following major activities are anticipated for January 2009 :

- 1<sup>st</sup> week – complete technical staff recruit to replace departing staff member
- 2<sup>nd</sup> week – finalize leasing framework agreement, sign and forward to HO
- 3<sup>rd</sup> week – initiate first leased procurement with full documentation
- 4<sup>th</sup> week – finalize procurements in support of 2009 growing season

Month long – continue delineation of technical specifications for growing season procurements and preparations for attendance at trade shows in February (airfares, hotels, visas, etc.)