



**An International Center for Soil Fertility and Agricultural
Development**

**Международный центр по развитию плодородности
почвы и сельского хозяйства**



**Kyrgyz Agro-Input Enterprise Development Project
Кыргызский проект снабжения и развития агро-бизнеса**

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TABLE OF ACRONYMS

AAK-JA	Association of Agro-business of Kyrgyzstan “Jer Azigy” (Food for Soil)
AED	Academy for Educational Development
AS	Agronomic Services – a support unit within KAED project
ADB	Asia Development Bank
ASSP	Assistance to Seed Sector Program (WB)
BDS	Business Development Services – a support unit within KAED project
CAR	Central Asia Region
CGF	Credit Guarantee Fund
CIMMYT	International Maize and Wheat Improvement Center
CPP	Crop Protection Products – includes both chemical and biological
GAA	German Agro Action
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
IEE	Initial Environment Evaluation
IFDC	An International Center for Soil Fertility and Agricultural Development
IPM	Integrated pest management
IR	Intermediate Results Indicator
KAED	Kyrgyz Agro-inputs Enterprise Development Project
KAFC	Kyrgyzstan Agricultural Finance Corporation
LARC	Legal Assistance for Rural Citizens (co-funded by USAID and Swiss)
MOU	Memorandum of Understanding
NADPO	Netherlands Agriculture Development Project, Osh
PPP	Plant Protection Products such as fungicides, pesticides, herbicides
PSES	Private Sector Extension Services
RAS	Rural Advisory Services (Public Extension supported by WB)
SSI	Support to Seed Industry (Takis)
STC	Short Term Consultant
T/A	Technical Assistance
TES	Technical Extension Service Project (German donor sponsored)
TTC	Technology Transfer Center – a field center featuring new practices and technologies to provide training to agro-businesses
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

INTRODUCTION

For consistency and ease of understanding, the Kyrgyz Agro-Input Enterprise Development Project (KAED) quarterly reports largely follow the format of the work plan submitted to the United States Agency for International Development (USAID) in October 2002. Progress is reported for each of the three program areas (association development, business development services and agronomic services). Monthly reports to the USAID project manager contain more extensive and detailed information on KAED activities and progress.

MANAGEMENT AND OPERATIONS

The project has established working ties and joint activities with SO 1.3 partners and other organizations. KAED staff is participating regularly in contractor's meetings and facilitating logistics and meetings for visiting teams and projects. The Chief of Party attended a strategic planning workshop at IFDC headquarters in October.

Supplemental training funds have been granted by USAID through AED that will enable a delegation of AAK businesspersons to attend a policy workshop in April in Baku, Azerbaijan, and we have begun coordination activities with AED.

In December Asia Development Bank reviewed the proposal IFDC had made to extend our project's activities into Chui Oblast. ADB decided not to implement the proposal, although there may be some grant funds available – less than \$50,000 – if IFDC becomes active in the north in the future.

HIGHLIGHTS OF PROGRAM ACHIEVEMENTS

The three program components drive nearly all the proposed results indicators. They are presented below in order of priority. Association Development is the core of the entire project. A trade association of inputs dealers is the mechanism that provides the framework to deliver communications, training, and advocacy on a sustainable basis. The supporting units of Business Development and Agronomic Services provide a value added package that accompanies membership in the trade association.

GTZ in Osh approached IFDC the last week of November about implementing a tender for 100 tons of fertilizer through AAK, an approximate \$10,000 value. This procedure is an excellent way to support the legal businesses trying to operate in the south. The tender was successfully executed on December 10 with 4 bidders, and funds have been transferred to IFDC to administer this in accordance with the terms of the tender. This demonstrates the capabilities of both the project and the trade association to operate in an open, transparent, and legal market. Hopefully other donors and perhaps government agencies will see that this process can be applied whenever inputs of seed, fertilizer, or CPP are required for their programs.

Association Development: The AAK board established dues and fees for services. Two levels of membership dues were set – Full Service (200 com/month or about \$52/year) and Limited Service (100 com/month or about \$26/year) – to enable participation by both small and large businesses. Paid members as of 12/31/02 totaled 68, of which 49 are in the highest category. A cost-sharing contribution for participating in trade missions was set as well as a check-off fee for any KAED facilitated credit obtained. One board member resigned as he

has been appointed the Deputy Governor of Osh. The candidate that received the next highest number of votes at the Oblast election replaced this vacancy.

The five working committees of the association met for training sessions and to establish a priority list of member driven programs. Two cycles of village meetings were held to strengthen the organizational base through training, education, information, and the introduction of policy reform as an appropriate association function. A position paper on reduction/elimination of VAT on inputs has been prepared as the first advocacy issue for AAK.

Business Development Services: Four loans totaling \$7,608 have been made by KAFC to AAK members, of which two loans are supported using our credit guarantee fund. Four new business plans were prepared for AAK members. As part of a series of training modules, marketing training and business planning training programs were conducted at the village AAK meetings. Project staff also provided information on international procurement of agro-inputs on a request basis. The BDS unit is supervising the storage and delivery of fertilizer under the GTZ tender. Three monthly newsletters were produced and a total of 2,000 copies were distributed. Monthly tracking of local market prices for approximately 90 items is ongoing.

Agronomic Services: The Agronomic Services unit conducted final field days and harvested the three spring planted TTCs. Thirty wheat varieties, including 12 new ones furnished by CIMMYT, with different fertilizer applications were planted at four locations. Reports on the yield results for the spring planted locations have been completed and will be discussed at the next cycle of meetings. The AS unit is supervising the quality of the fertilizer under the GTZ tender.

COOPERATION AND LEVERAGED SUPPORT

KAED continued to develop support and build relationships with other donor programs operating in the region. Examples of this include:

- GTZ sponsored tender for 100 tons of fertilizer through IFDC to AAK members – value approximately \$10,000 USD.
- IFDC, Pragma, GTZ and the RAS local advisor are meeting regularly to coordinate future activities, leverage resources and avoid duplication of efforts.
- Mashav has provided seminars and equipment for drip irrigation that has had a significant impact on AAK. IFDC recommends increasing the activities of Mashav in the south, particularly in the areas of vegetable production, small greenhouses, and drip irrigation.
- Close cooperation with CIMMYT has provided fruitful exchanges. 12 new varieties of winter wheat have been provided to AAK and are planted in 4 TTC locations.

ACTIVITIES PLANNED FOR NEXT QUARTER

Association Development:

- Collect dues from members;
- Work with the vice-president of the AAK to develop a plan to increase membership;
- Conduct board of directors meetings, committee meetings, and local village meetings and training seminars;
- Work with identified producer groups, input suppliers, and agro-processors to integrate development of inputs supporting cluster enterprises;
- Hold round table discussions on VAT on inputs and begin local lobbying and advocacy activities;
- Select participants for the Baku inputs policy training seminar.

Business Development:

- Collect fees for services provided to AAK members;
- Assist in business plan preparation on demand by AAK members;
- Facilitate credit applications for AAK members and use the Credit Guarantee Fund where appropriate;
- Facilitate procurement of NPK fertilizer products on request of AAK members;
- Track customs clearance of inputs;
- Track actual procurement of inputs by AAK members.

Agronomic Services:

- Disseminate results of spring planted demonstration fields;
- Present technical seminars to AAK on selected inputs at monthly meetings;
- Select locations for spring planted field demonstrations, obtain seed, and plant the locations if the season is early;
- Liaison with RAS to develop integrated program of demonstration fields and seminars;
- Produce technical brochures for spring planting and distribute through AAK and other projects interacting with agriculture;
- Implement a media campaign on safe handling of crop protection products.

KAED ACTIVITIES BY QUARTER

October-December 2002

YEAR TWO WORK PLAN OBJECTIVES	ACTIVITIES IN SUPPORT OF OBJECTIVES AND ACHIEVEMENTS – 5 TH QUARTER
I. Association Development	
<i>Solidify the organizational base of AAK Board and Committees.</i>	<ul style="list-style-type: none"> • Quarterly board meeting • Quarterly meetings of 5 standing committees • 12 village meetings – 2 cycles
<i>Establish a stable base of dues paying members and grow the membership from the first cycle of payment of dues (Oct-Dec 2002) to the end of the pilot project</i>	<ul style="list-style-type: none"> • 49 - Dues 1st category (200 com/mo) • 19 - Dues 2nd category (100 com/mo) • 68 - Total first cycle paid members (\$808 collected)
<i>Develop AAK capacity to determine member needs and provide responsive member programs</i>	Committee recommendations for programs and activities: <ul style="list-style-type: none"> • Marketing training is priority #1 • Several suggestions for specific seminars • VAT issue is first lobbying issue • Selected fall planting TTC locations • Suggested specific trade missions – trip to Uzbekistan cotton institute is first priority
<i>Establish a fee for service program to generate non-dues revenues</i>	Examples of fees for services set by AAK board: <ul style="list-style-type: none"> • Loan origination fee 0.5%-1% depending on institution • 10% participation fee on trade missions and regional training • 10% interest on small equipment purchase through AAK • 500 com (\$11) per business plan • 1 com/copy for technical brochures to distribute to customers • Participation fees for fairs and exhibits for selling products Total fees collected in quarter \$572
<i>Encourage and develop effective advocacy and lobbying.</i>	<ul style="list-style-type: none"> • Position paper for VAT was developed and internally distributed to board and advocacy committee • Training seminars on lobbying at board, committee, and village meetings • Key contacts identified at local level to engage in this policy issue
<i>Promote consumer quality awareness and build AAK image</i>	3 TV spots produced and run on local stations: <ul style="list-style-type: none"> • AAK General Assembly - October • AAK Guarantee of Quality - November • Soil Preservation – December

II. Business Development	
<i>Stimulate new investments by AAK members</i>	<ul style="list-style-type: none"> • 2 loans obtained by AAK members with CGF • 2 loans obtained by AAK members no CGF • 4 total loans obtained totaling \$7,608
<i>Provide AAK members with market price information to assist in business decisions</i>	<ul style="list-style-type: none"> • Tracking of local prices monthly for 90 products • Advertising by AAK members of products for sale in monthly newsletter
<i>Assist AAK members in international procurement as needed</i>	<ul style="list-style-type: none"> • KAED conducted a “demand survey” for various fertilizer products estimated by smaller businesses for use by larger suppliers
<i>Provide training modules, short workshops, and facilitate seminars on business development topics in response to member needs</i>	<p>Workshop topics:</p> <ul style="list-style-type: none"> • Business planning seminar presented at village level by Dutch Intern • “Introduction to Marketing” workshop presented by local trainer to marketing committee and to village meetings
<i>Arrange direct technical assistance for individual members on a negotiated fee basis</i>	<ul style="list-style-type: none"> • Preliminary consultations with 12 individual members – no fee based TA provided in this quarter
<i>Coordinate regional trade missions for establishing connection with international suppliers of inputs and AAK members</i>	<ul style="list-style-type: none"> • None in this quarter
<i>Provide regular member communications such as newsletters and price surveys</i>	<ul style="list-style-type: none"> • 3 AAK newsletters produced and 2,000 copies distributed
<i>Develop a system that the association can use to track business growth</i>	<p>Tracking initiated:</p> <ul style="list-style-type: none"> • Fall fertilizer sales – 2,703 mt • Fall fertilizer procurement – 5,528 mt • CPP Sales - \$ 1,200 • Fall wheat sales – 386.9 mt • Fall vegetable seed sales - \$ 300 • Customs clearance not available until after year end • Seed Inspectorate refused to release information to KAED – TACIS has been contacted for assistance
<i>Other</i>	<ul style="list-style-type: none"> • Supported the AAK quality guarantee program by obtaining AAK decals that can be used on products by members • Assisted AAK members in participation in the Jalal Abad Agricultural Exhibition
III. Agronomic Services	
<i>Utilize field demonstrations as Technology Transfer Center (TTC) resources for AAK member businesses, and through them transfer information and technology to their farmer customers.</i>	<ul style="list-style-type: none"> • Held final fall field days at 3 spring planted TTCs • Completed harvest of crops and prepared a complete set of reports on the observations for the TTCs for dissemination to members at winter meetings • Planted 30 wheat varieties at 4 TTC locations with various fertilizer applications

III. Agronomic Services (continued)	
<p><i>Build upon the introduction (year 1) of Private Sector Extension Services (PSES) to improve AAK entrepreneurs' understanding of the value-added benefits of information and technology. In addition, the project staff will train the members in the methodology of using this approach with their farmer customers.</i></p>	<ul style="list-style-type: none"> • Conducted village level seminars on Soil Nutrients • Conducted village level seminars on Seed Dressing • Publications prepared: <ol style="list-style-type: none"> 1. Application of DAP,MAP on winter wheat 2. Application of Bulldog 3. Application of Confidor 4. Application of urea on wheat 5. CPP chemical application manual 6. Technology of winter wheat culture 7. Characteristics of wheat varieties included in State Register 8. Poster on winter wheat • Total of 970 copies of above prepared for winter distribution (also available for sale)
<p><i>Cross-support and collaborate with other donor programs operating in the south to increase leverage and avoid overlapping of efforts.</i></p>	<ul style="list-style-type: none"> • Supported Mashav in organizing and providing all logistics and translating services to conduct 2 x 1 week seminars on vegetable production and drip irrigation with KAED and TES Center (1 week each) • Organized a field day with TES Center to observe solar drying unit in operation
<p><i>Assist AAK members in introducing new products through collaboration with CAR donor programs, north Kyrgyz programs and appropriate registration commissions and regulatory commissions.</i></p>	<ul style="list-style-type: none"> • Furnished samples of 12 new CIMMYT wheat varieties to state testing farm • Project manager attended Coordination Group of Agricultural Projects in Bishkek and distributed information about KAED activities
<p><i>Demonstrate to AAK members the economic, environmental and safety benefits resulting from a "Best Practices" approach to agricultural production.</i></p>	<p>Note: The TTC field centers are designed primarily as observations, not as research centers. IFDC has neither the equipment, the direct control of the locations, or the manpower to conduct research. From the results obtained, however, the following information was demonstrated:</p> <ul style="list-style-type: none"> • Use of improved potato seed with balanced fertilizer and correctly applied CPP can increase productivity 100%-200% with an increase in net returns of 50%-150% • Use of plastic sheeting in cotton at planting time in a cool, wet season can triple yields, avoid the necessity of replanting, and advance maturity by up to two weeks with corresponding increase in net returns • Use of drip irrigation systems can not only increase yield and advance maturity, but can conserve precious water, reduce total fertilizer use through efficient fertigation, and enable in-season application of systemic CPP with reduced use • Hybrid maize with balanced fertilizer can significantly increase maize yield. Locally produced hybrids performed very acceptably compared to many imported varieties.

APPENDIX

REPORT

on

**COST SHARING AND LEVERAGES OF KAED -
KYRGYZSTAN**

Inception through December 2002

REPORT PREPARED BY:

IFDC/KAED Kyrgyz Agro-input Enterprise Development Project

Funded by

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Note: The background information on computation of cost sharing has been included in prior quarterly and year-end reports. Henceforth, only the summary table will be included. Please contact the IFDC KAED project if there is any need to have this documentation.

Cost Sharing Table Value of cost sharing in USD

No	Activity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	2,086	1,372	854	1,168	2,790	1,228	1092	10,407	5,010	1,381	272	1,212
2	Field days/advisory meetings					111	575	430	270	81	220	100	
3	Trade missions/study tours			400			900						
4	Seminar attendance/business counseling					100	380		400		329	6,272	270
5	Tenders, Trade Credit or Consignment												10,086
6	Media coverage		135		235		400		200		870	195	110
7	Credit obtained										2,174	2,118	3,260
8	Internships	750	1500	1500	1500	1500	750			7,000*	7,000	7,000	7,000
9	Grant obtained												
10	Domestic investment by entrepreneurs							235	251	1,804			467
11	Membership registration dues and fees for services			10	56	91	39	54	60	0	585	196	192
	Total USD	2,836	3,007	2,764	2,959	4,592	5,022	1,811	11,588	13,895	12,559	16,153	22,597
	Grand Total USD	2,836	5,843	8,607	11,566	16,158	20,430	22,241	33,829	47,724	60,283	76,436	99,033

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