



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



Kyrgyz Agro-Input Enterprise Development Project

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Quarterly Report

April 1, 2003 Through June 30, 2003

USAID Cooperative Agreement 116-G-00-01-00034-00

Prepared for

USAID/CAR

by

IFDC

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

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Acronym List

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
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
OAI	Osh Agribusiness Initiative
PPP	Plant Protection Products such as fungicides, pesticides, herbicides
PSES	Private Sector Extension Services
RAS	Rural Advisory Services (Public Extension supported by WB)
RCF	Revolving Credit Fund
SSI	Support to Seed Industry (Tacis)
STC	Short Term Consultant
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

Kyrgyz Agro-Input Enterprise Development Project Quarterly Report —April 1, 2003 Through June 30, 2003

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 and revised with CTO in February 2003 to reflect an increased focus on vegetables in support of the Osh Agribusiness Initiative (OAI). 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.

The spring quarter of the second year of the project can be characterized as one of membership growth in the AAK trade association, opportunity to engage in regional and international activities, and continuing integration with other donors and with AID partners within the OAI.

Management and Operations

Supplemental training funds were granted by USAID through AED that enabled seven AAK businesspersons to attend a policy workshop in April in Baku, Azerbaijan. Three KAED staff members also attended the workshop. The chief of party, the Dutch-funded intern, and the president of AAK were presenters. The Kyrgyz delegation totaled 12 persons.

Added supplemental funds through AED provided resources for 12 AAK businesspersons to attend a study tour to IFDC Albania, which conducted training in association development and numerous site visits to agri-businesses throughout Albania. Three KAED staff persons and the chief of party accompanied the study tour for a total of 16 persons.

IFDC Market Development Division staff met with USAID country representatives to review and revise the IFDC preliminary proposal for extending the pilot project.

Mashav invited and funded the KAED general manager to participate in a one-week training program in Israel on small enterprise, horticulture production, and marketing.

KAED made office space available to Winrock's local representative. The project hosted one meeting involving AID/CAR and Osh partners to discuss the OAI and develop indicators.

Electronic copies of all agronomic leaflets, brochures, and pamphlets were distributed to RAS, GTZ and Pragma projects with permission to duplicate and distribute as widely as required.

Highlights of Program Achievements

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

Association Development

AAK members were selected for two major events—participation in the IFDC policy workshop on agricultural inputs in Baku; and participation in a study tour to IFDC Albania—through supplemental training funding administered by AED. These significant regional and international activities greatly enhanced the program capabilities of the KAED project, and have stimulated membership and individual initiatives.

AAK membership now stands at 82 paid and 14 applications in process. This exceeds our goal for the second year of the project. Association reserves now total \$14,294 and reflect

revenues from dues, fees for services, participation fees, and project assisted purchase programs.

In addition to the regular scheduled board, committee, regional and village meetings, KAED staff and AAK members have produced numerous mass media programs and events, thus enhancing the public recognition of both the association activities and the quality of the products members are marketing. Of particular note is the growing willingness of members to open retail shops in their home villages and cities.

Initial information is being distributed concerning the elections to the AAK board of directors and Second General Assembly that will take place next quarter.

Business Development Services

BDS is a direct support unit for inputs dealers, and it addresses general training, marketing assistance, and specific product introduction as well as providing credit facilitation, where possible and feasible for AAK members.

One business plan was prepared for an AAK member during the quarter. The total business plans prepared in year two is now at 17. Eleven loans have been approved totaling \$35,545 (some for fall disbursement). Of these, loan guarantees are being used in the amount of \$4,952 to support 7 loans. Twenty-two AAK members have purchased 10:26:26 NPK fertilizer imported with project assistance. Amounts range from 80 kg to several tons. Three other projects also purchased a total of 1.5 tons for use in their own demonstrations and programs. Three monthly newsletters were produced and a total of 2,550 copies were distributed. Twenty AAK members published price information on products for sale in these newsletters. Monthly tracking of local market prices for approximately 90 items is ongoing.

The BDS department provided design and marketing assistance to one client who opened the first retail inputs shop in Osh. A grand opening was held, and the event drew significant media coverage.

Agronomic Services

Over 140 new varieties of vegetables and melons provided by international suppliers were planted in field demonstrations along with other demonstrations featuring field crops.

Ten demonstrations were planted this spring, along with technical assistance provided to four fields planted by German Agro Action's potato project. Field days and trainings were held at all spring locations, along with the four locations of wheat that were planted last fall and will be harvested early next quarter.

Field days provide a practical, hands-on experience for AAK input dealers and their customers to realize the actual benefits of using improved inputs in spite of their higher costs. Of particular interest is the comparison of seeds from the bazaar, or locally saved farmer seed, with cleaned certified seed or seed of hybrids. The demonstration locations, or Technology Transfer Centers, not only show the benefits of inputs but also provide an excellent venue for training seminars as well. Over the course of a season, the goal is to expose more than 1,000 dealers and progressive farmer customers to new products and to assist dealers in building retail businesses.

Cooperation and Leveraged Support

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

- Participation in the "Working Group" discussions with Pragma staff and clients. This is an effort to start communications between input suppliers, producer groups and agro-processors.
- IFDC, Pragma, GTZ, and the RAS local advisor are meeting regularly to coordinate future activities, leverage resources, and avoid duplication of efforts.
- The KAED Quarterly Report is being distributed to other implementing partners in Osh to improve communications and to encourage reciprocal actions.
- KAED conducted special field day training for Osh RAS advisors and also attended a field day held at village level by a local RAS advisor.

Activities Planned for Next Quarter

Association Development

- Elections at the Oblast level for the board of directors.
- Second General Congress.
- Begin to develop a business plan for the association that will lead to sustainability.
- Continue the regular cycle of board, committee and village level meetings.
- Organize the signature collection and prepare draft of legislation for VAT reduction.
- Grow membership (although work plan targets have been met, there is still a need for growth).
- Continue media campaign and image building activities.

Business Development

- Collect fees for services provided to AAK members.
- Monitor loan repayments under the Credit Guarantee Fund and the Revolving Credit Fund programs.
- Assist AAK members who are opening retail shops in marketing their goods and services.
- Track actual procurement of inputs by AAK members.
- Track market prices.
- Produce and disseminate monthly newsletters.

Agronomic Services

- Harvest fall planted wheat demonstrations and produce and disseminate economic analysis of the results.
- Liaison with RAS, Pragma, and TES to develop integrated program of field days at demonstration fields.
- Harvest vegetable and melon demonstrations and produce and disseminate economic analysis of the results.
- Conduct trainings and field days at all locations.

KAED Activities by Quarter (April – June 2003)

Year Two Work Plan Objectives	Activities in Support of Objectives and Achievements – 7 th Quarter
I. Association Development	
Solidify the organizational base of AAK Board and Committees.	<ul style="list-style-type: none"> • Quarterly board meeting • Quarterly meetings of 5 standing committees • 12 village meetings – 2 cycles
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	<ul style="list-style-type: none"> • 22 new members bringing the total to: • 59 - Dues 1st category (200 com/mo) • 23 - Dues 2nd category (100 com/mo) • 82 - Total second cycle paid members plus: • 14 new member applications in process <p>Total dues collected in the quarter: \$987</p>
Develop AAK capacity to determine member needs and provide responsive member programs	<p>Committee programs and activities:</p> <ul style="list-style-type: none"> • CPP Committee – Training on herbicides for wheat, cotton, and vegetables; pesticides for control of Colorado Beetle in potatoes • Advocacy Committee – Seminar on Methods and Mechanisms of Advocacy • Marketing Committee – Seminar on principles of marketing • Fertilizer Committee – Seminar on Biogas system management
Establish a fee for service program to generate non-dues revenues	<p>Examples of fees for services set by AAK board:</p> <ul style="list-style-type: none"> • Loan origination fee 0.5%-1% depending on institution • 10% participation fee on trade missions • 10% interest on equipment purchased 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 • 1%/month on unpaid balance of NPK fertilizer <p>Total fees collected in the quarter: \$6,007</p>
Encourage and develop effective advocacy and lobbying.	<ul style="list-style-type: none"> • Entered into agreement with Center “Initiative” in Bishkek to prepare a draft of proposed changes to the tax code regarding the VAT reduction issue • 12 members of AAK and 3 KAED staff had discussions with KASH (multi-association lobbying organization) in Albania on effective advocacy • May 6-7 Board meeting prepared the next step in lobbying the VAT reduction issue
Promote consumer quality awareness and build AAK image	<p>Mass media activities:</p> <ul style="list-style-type: none"> • Radio: <ul style="list-style-type: none"> ○ NPK advertisement ○ NPK interview ○ Grand Opening of Retail Shop • Newspapers: <ul style="list-style-type: none"> ○ NPK Article ○ Grand Opening of Retail Shop ○ Karasuu Field Day • Television: <ul style="list-style-type: none"> ○ CPP Safety 10-min program x 4 channels x 3 times per week ○ NPK Promotion 30 sec x 3 channels x 10 days ○ Interview of Baku participants 7 min x 4 channels x 2 days ○ NPK News Interview 2 min x 4 channels x 3 days ○ Uch-Korgon field day 15 min x 1 program ○ NPK Promotion 1 min 20sec x 3 channels x 10 days ○ Suzak field day 18 min x 1 program ○ Grand Opening of Retail Shop 1 news ○ Karasuu Field Day and Suzak Field day 10 minutes x 1 day ○ Interview of Albania study tour participants 20 min x 3 channels x 2 days • Placed 10 information boards in village council offices throughout the region featuring AAK, products, meetings (total boards is now 30)

II. Business Development	
Stimulate new investments by AAK members	<ul style="list-style-type: none"> No new loans this quarter. Note: KAFC suspended disbursement of loans until September
Provide AAK members with market price information to assist in business decisions	<ul style="list-style-type: none"> Tracking of local prices monthly for 90 products Advertising by 20 AAK members of products for sale in monthly newsletter
Assist AAK members in international procurement as needed	<ul style="list-style-type: none"> KAED assisted in a tender and procurement of 60 tons of 10:26:26 from Russia to introduce to Kyrgyzstan
Provide training modules, short workshops, and facilitate seminars on business development topics in response to member needs	<p>Workshop topics:</p> <ul style="list-style-type: none"> Facilitated selling displays and information tables at 6 large village exhibitions and the Pragma exhibition
Arrange direct technical assistance for individual members on a negotiated fee basis	<ul style="list-style-type: none"> Preliminary consultations with 10 individual members – no fee based TA provided in this quarter
Coordinate regional trade missions for establishing connection with international suppliers of inputs and AAK members	<ul style="list-style-type: none"> 6 AAK members, 3 KAED staff, and 2 IFDC management attended a 1-week workshop of Policy Development for Inputs in Baku, Azerbaijan 12 AAK members, 3 KAED staff, and 1 IFDC management attended a 10-day study tour of IFDC Albania. The tour featured inputs associations, lobbying, and enterprise development Trade mission of 2 AAK wheat seed growers and one KAED staff for 1 week to Kazakhstan for the 1st Central Asian Conference on Wheat
Provide regular member communications such as newsletters and price surveys	<ul style="list-style-type: none"> Three AAK newsletters produced and 2,650 copies distributed
Develop a system that the association can use to track business growth	<p>Tracking initiated:</p> <ul style="list-style-type: none"> Fertilizer sales – 2,140 mt Fertilizer procurement – 2,573 mt CPP Sales - \$ 2,065 Wheat - None Sunflower – 0.2 mt Barley – 67.5 mt Maize – 3.5 mt Alfalfa - None Vegetables – 20 kg + \$860 Rice – 2 mt Cotton – 148 mt Potato – 10 mt Saplings – 1,800
III. Agronomic Services	
Utilize field demonstrations as Technology Transfer Center (TTC) resources for AAK member businesses, and through them transfer information and technology to their farmer customers.	<ul style="list-style-type: none"> Prepared, fertilized, and planted 10 field demonstrations of field and vegetable crops (+/-200 varieties included)
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.	<ul style="list-style-type: none"> Conducted a 2 day seminar on diseases and pest control in vegetable crops and drip irrigation using Mashav trainer Conducted two field days for AAK members on both winter wheat and vegetables
Cross-support and collaborate with other donor programs operating in the south to increase leverage and avoid overlapping of efforts.	<ul style="list-style-type: none"> Collaborated on 4 potato demonstrations with German Agro Action Organized a training for RAS advisors at vegetable and drip irrigation site Organized a field day in collaboration with TACIS and local representatives of Ministry of Agriculture to observe new wheat varieties and new vegetable varieties
Assist AAK members in introducing new products through collaboration with CAR donor programs, north Kyrgyz programs and appropriate registration commissions and regulatory commissions.	<ul style="list-style-type: none"> Note: seed of 5 cotton varieties approved by Nazalli, Turkey, cotton institute did not clear quarantine due to presence of pink bollworm. This pest is already present in Kyrgyzstan. 2 seed producers and the KAED agronomist attended the 1st Central Asian Conference on Wheat (CIMMYT), and agreed to obtain seeds of new varieties of winter rye, triticale, and hard winter wheat for testing next cycle
Demonstrate to AAK members the economic, environmental and safety benefits resulting from a "Best Practices" approach to agricultural production.	<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.</p> <p>The results from each field location and a composite report will be published as the fields are harvested.</p>

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

USAID Agreement No.: 116 –G -00-01-00034-00

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 2002

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

*Intern funded by Government of Netherlands, Mr. Dilshod Abdulhamidov.

No	Activity 2003	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	3,359	1,500	96	1,449	2,487	115						
2	Field days/advisory meetings					412	376						
3	Trade missions/study tours	18		1,006	2,520	8,000	6,050						
4	Seminar attendance/business counseling			2,636			1,836						
5	Tenders, Trade Credit or Consignment												
6	Media coverage	250	1,250	1,070	3,750	1,517	433						
7	Credit obtained	6,000	8,000	14,000									
8	Internships	7,000*	7,000	7,000	7,000	7,000	7,000						
9	Grant obtained												
10	Domestic investment by entrepreneurs												
11	Membership registration dues and fees for services	611	584	160	182	645	353						
	Total USD	17,238	18,334	25,968	14,901	20,061	16,163						
	Grand Total USD	116,271	134,605	160,573	175,474	195,535	211,698						