



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



**Kyrgyz Agro-Input Enterprise Development Project**

**323 Lenin Street, 2<sup>nd</sup> Floor  
Osh, 714000  
Kyrgyz Republic**

**Tel/fax: (996) (3222) 553 94  
e-mail ifdcosh@ktnet.kg**

**Eleventh Quarterly Report**

**April 1, 2004 through June 30, 2004**

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**by**

**IFDC**

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

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

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## Acronym List

AAK-JA	Association of Agro-Businessmen of Kyrgyzstan “Jer Azigy” (Food for Soil)
AED	Academy for Educational Development
AS	Agronomic Services – a support unit within KAED project
BDU	Business Development Unit
CAR	Central Asia Region
CGF	Credit Guarantee Fund
CIMMYT	International Maize and Wheat Improvement Center
CPP	Crop Protection Products – includes both chemical and biological
FVAI	Ferghana Valley Agribusiness Initiative
GAA	German Agro Action
GTZ	German Agency for Technical Cooperation
IFDC	An International Center for Soil Fertility and Agricultural Development
IPM	Integrated pest management
IR	Intermediate Results Indicator
KAED	Kyrgyz Agro-Input Enterprise Development Project
KAFC	Kyrgyzstan Agricultural Finance Corporation
KGS	Kyrgyz som (unit of currency)
MAWPRI	Ministry of Agriculture, Water, and Processing Industry
MOU	Memorandum of Understanding
MS	Media Services – a support unit within the KAED project
NUKOK	Nookat Cooperatives Union of Potato Growers
OAI	Osh Agribusiness Initiative
PSES	Private Sector Extension Services
RAS	Rural Advisory Services (Public Extension supported by WB)
SSI	Support to Seed Industry (Tacis)
STC	Short Term Consultant
TACIS	Technical Assistance to Commonwealth of Independent States
TARF	Training Activity Request Funds
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, 2004 through June 30, 2004**

**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 2003. Progress is reported for each of the four program areas (association development, business development services, media support, and agronomic services). Monthly and weekly reports to the USAID project manager contain more extensive and detailed information on KAED activities and progress.

The third quarter of the project extension focused on farm store grand openings, Technology Transfer Center field days, and Association sustainability.

**Management and Operations**

During the quarter, project staff met with a USAID delegation of imams who visited an AAK member's greenhouse in Jalalabad. The three hectare greenhouse produces lemon trees, tomatoes, cucumbers as well as vegetable seedlings for local farmers. Upon request from USAID, the delegation was then taken to Avilov's farm store which will officially open the following month. The group was able to see a variety of agricultural inputs for sale and see the display of technical brochures available through AAK.

During the third week in April the Secretary of State for the Kyrgyz Republic, Mr. Ibraimov and the Governor of the Jalalabad Oblast, Mr. Sharipovich visited a KAED Demonstration field outside the city of Jalalabad that has been planted with cereal grains. The delegation was extremely impressed with all the varieties of winter wheat, rye and triticale. The owner of the farm informed them about the various AAK activities in southern Kyrgyzstan.

**COP Meetings**— During the quarter the COP met with the following people and organizations:

- ❖ During April, the Chief of Party met with Mary Norris (USAID Almaty) and Zachary Shelton to discuss the current progress of the KAED project. The group then traveled to visit the Osh Krastex farm store which held their grand opening earlier in the month. That afternoon the COP participated in the OAI meeting sponsored by the Governor of the Osh Oblast. Issues presented by KAED included:
  - 1) Permission to use airtime for monthly AAK educational programs on Osh State TV;
  - 2) Promotion of AAK farm stores by Government Officials during visits with the region's farmers; and
  - 3) Support with market linkages through government to government contacts (especially regarding the increased interest from Chinese investors and potential for linkages with farm implements, tools, fertilizer, etc...).
  
- ❖ On April 22, there was a meeting of AAK members, the KAED COP, and representatives from USAID/Washington (Berry Lennon and Lena Helen) to discuss the agricultural financial situation and bank loan constraints in Kyrgyzstan. The following 5 AAK members attended the meeting: Primova Clara, An Valery, Kokkozov Adan, Karataev Abdugapar and Ormonov Mamazair. AAK Board Members have expressed an interest in starting an AAK Credit Union similar to the Albanian Credit Union started by AFADA (the AAK sister Association in Albania) which is now the largest agribusiness credit union in Albania.
  
- ❖ During May, the COP held meetings with TICA (the Turkish International Cooperation Administration), the China Economic and Commercial Counselor, a World Bank Credit Consultant, and Bearing Point. With TICA and the Chinese Embassy discussion was focused on the AAK Ferghana Valley Agro-Trade Show which AAK will be hosting during the first week in December. Both the Chinese Commercial Counselor and the Program Coordinator for TICA have agreed to support agricultural companies in attending the trade show. The project currently expects that the Agro-Trade Show will receive exhibitors from China, the Netherlands, Germany, Russia, Israel, USA, and Turkey. With Bearing Point discussion centered on the new tax code and getting the

executive decree (mentioned under Association Development) added to the permanent legislation.

- ❖ During the last week of May, the COP met with Adkham Ergashev and Olivier Van Lieshout, consultants/investors working on behalf of FAO, EBRD, and private investors interested in investment opportunities in Kyrgyzstan's agricultural sector. Discussion focused around the investment climate for vegetable processing, development of a fertilizer plant, greenhouse operations, and numerous other opportunities. During June, the COP met with Brian Quigley of SEAF to discuss investment opportunities. Several ideas were suggested including a fertilizer blending facility and a seed and cpp repackaging plant.
  
- ❖ The COP met with Alexander Park, regional representative for Seminis Vegetable seeds based in Bishkek (Seminis is the largest vegetable seed company in the world). As a result of this meeting Mr. Park expressed an interest to meet with an AAK member to develop a southern distributor for southern Kyrgyzstan. As a follow-up to this meeting Asylbek Jeenbekov, AAK Chairman and Owner of the Agrozoovetservice farm store chain flew to Bishkek and met with Mr. Park. As a result Mr. Jeenbekov and Mr. Park have tentatively agreed to sign a contract for next year's production season to develop a southern distributorship for Seminis Seeds.

**Short Term Consultants**— During the quarter the project hosted the following STCs :

- ❖ Gil Nir, an STC on farm store development completed his consultancy and departed on the 4<sup>th</sup> of April. Two seminars were delivered to AAK members interested in opening stores as well as a staff training session on farm store development and follow-up activities.
  
- ❖ On Saturday the 17<sup>th</sup> of April Ed Beaman, President of the Iowa Agribusiness Association met with the AAK Board of Directors to discuss Association sustainability and AAK's future role in Kyrgyzstan. On Sunday Mr. Beaman worked with project staff on advocacy issues, the AAK business plan, and future growth of the AAK. Mr. Beaman

volunteered his weekend to work with the project at no extra cost (Mr. Beaman was in the region working with the Pragma EDP Project under an IFDC subcontract).

- ❖ Yosi Galon, an IFDC short-term consultant on greenhouse and drip irrigation is working with the project from May 1<sup>st</sup> through July 26<sup>th</sup>. During the quarter, Mr. Galon has provided numerous trainings throughout the region on new technologies and best practices (see the Agronomic Services section for more details). During June, Mr. Galon traveled to Andijan, Uzbekistan with Winrock and Pragma to visit their greenhouse operations and deliver a training program for Pragma clients.
- ❖ During the middle of May, a Winrock Farmer to Farmer vegetable specialist spent one week visiting key producers who have purchased high-quality vegetable seeds from AAK farm stores. Mr. Scott has provided consultation on how to receive higher yields and correct production problems that he sees during the growing stage. The Farmer to Farmer Volunteer was able to support customer loyalty by providing Private Sector Extension Support to AAK farmer customers. In the future, AAK members will be providing this service to their customers by having an agronomist employed through their companies. Mr. Scott has provided consultation on how to receive higher yields and correct production problems that he sees during the growing stage.
- ❖ Mr. Hiqmet Demiri from IFDC headquarters arrived in Osh during the first part of June to support project management activities while the COP was away on vacation.

**TEMPUS/TACIS Visit**— From June 8<sup>th</sup> through the 12<sup>th</sup> Stavros Androlidakis, the Director of the Agriculture College at the Technological Institute of Thessaloniki (Greece) visited the IFDC-Osh Project through funding from the TEMPUS/TACIS European Union program. His visit entailed evaluating the potential to develop an agricultural education program in Kyrgyzstan that will support agricultural donor activities in southern Kyrgyzstan by working with AAK, the Osh Agricultural College, and other agriculture extension projects. This funding came about after the success of a similar program that was developed in Albania between IFDC Albania, the IFDC Albania supported trade association (AFADA), and educational institutions in Europe and Albania. During his stay, the COP and Mr. Androulidakis met with the AAK Board of Directors,

the Osh Agricultural College (OAC) staff, and the TES Center. Mr. Androulidakis left the country encouraged that a similar project can be developed in Kyrgyzstan. The KAED project, AAK, and the OAC will be corresponding with Stavros over the next few months to develop a proposal for TACIS funding. Initial ideas include comprehensive curriculum development booklets for the College and AAK dealers, possible laboratory improvements, and a European/Kyrgyz agricultural education exchange program.

**USAID Ferghana Valley Agribusiness Initiative Meeting**—On the 10<sup>th</sup> of June the COP and the KAED General Manager attended the FVAI Meeting in Ferghana, Uzbekistan. Issues addressed by the project included the Input trade environment between Uzbekistan and neighboring countries and the AAK Ferghana Valley International AgroExpo to be held December 2-4. The COP requested the FVAI attendees to provide names of potential companies in neighboring countries (or abroad) that their clients would be interested in making contacts.

## **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 facilitate access to credit and deliver communications, training, and advocacy on a sustainable basis. The supporting units of Business Development, Media, and Agronomic Services provide a value-added package that accompanies membership in the trade association.

### **Association Development**

As of June 30<sup>th</sup>, AAK membership totaled 170 people with approximately 70% based in the Osh Oblast. During the next quarter a membership action plan will be put in place to provide incentives for members to stay current with their dues. During the quarter the Project's Association Development Unit implemented the following activities:

**Membership Recruitment**— During April, the Association Development Unit traveled to Jalalabad to focus on membership recruitment. Staff met with 19 potential members and provided them with information on AAK and upcoming programs. In addition, the staff visited all the village councils where AAK boards are posted to make sure they are being updated and information is available. The staff located new seminar sites and made arrangements for next months village meetings in the region.

**The Netherlands Study Tour**— Six participants along with the COP and one project staff member attended a Netherlands study tour from March 31<sup>st</sup> to April 10<sup>th</sup>. The study tour was extremely successful in regards to: 1) market linkages; 2) Advocacy issues; and 3) the need for PSES among AAK member businesses (Private Sector Extension Services). Sample success stories include:

1. A discount offer was made by both potato seed companies that the delegation visited to import 50 MT of elite potato seed to Kyrgyzstan (Agrico and HZPC). These companies combined account for 80% of international trade in potato seed. Two AAK study tour members were ready to sign a contract, however, after several phone calls back to

Kyrgyzstan the decision was made to sign a contract for the next growing season (as local prices this year are quite low and the planting season this year will be early).

2. The delegation discovered during the meeting with Syngenta (one of the top 5 international vegetable seed companies in the world) that seeds can be purchased directly from their main office in the Netherlands rather than going through a middleman in Almaty. One AAK delegate has started discussions to purchase through this route for the next season.
3. During the visit with Nunhems Vegetable seed company (the 2<sup>nd</sup> largest vegetable seed company in the world) the delegation met with the Director for Europe and Central Asia. The group was able to describe the market potential for the region. Salahudinov Jalalildin, who recently signed a contract with Nunhems to be the distributor for southern Kyrgyzstan received promotional items for the grand opening of the Osh Krastex farm store.
4. After visiting a private soil laboratory, the AAK delegates saw the potential to work with the local soil laboratory in Osh to provide additional services to their farmer customers. Currently local farmers do not analyze their soils as the government lab does not provide recommendations and the majority of farmers are unaware how to use the analysis provided. The KAED Project will work with the local soil laboratory to develop a public/private partnership to promote soil analysis along with recommendations from the input dealer/farm store.
5. There were several educational programs that allowed the delegation to learn “new” practices for Kyrgyzstan. These included two leading agricultural universities, three practical training centers (including livestock, animal feed, machinery) and several farm visits.

**Advocacy**— The Prime Minister of the Kyrgyz Republic signed an executive decree to temporarily eliminate the VAT on fertilizers and crop protection products. This was a direct result from more than six months of AAK lobbying activities with Parliament, the President, the Prime Minister, and the Ministry of Agriculture. Thank you letters were prepared and sent to the Government Officials.

As a follow-up to the executive decree, the Association Development Unit along with the KAED Agricultural Economist drafted recommended legislation for the new tax code currently under review. The suggested changes are related to the VAT on seed materials, fertilizers, and crop protection products.

A joint seed and advocacy committee meeting was held with the Association Development Unit. A discussion on a new varieties seed registration process was considered. Along with AAK members, the Chief of the Oblast State Seed Inspection and the Deputy Chief of the Oblast Coordination Center for Seed were present. The Board of Directors has proposed that the seed registration issue become the next advocacy issue that the association will work on. Membership will vote on this during the General Assembly in August.

### **AAK MEETINGS**

**AAK Village Meetings**— In the month of May, seven village meetings were held for AAK members throughout the Osh, Batken, and Jalalabad Oblasts with a total of 124 members in attendance. An explanation of upcoming events was discussed and a training program on drip irrigation was presented by Yosi Galon, a drip irrigation and greenhouse STC.

**AAK Trade Show Task Force Committee Meeting**— An AAK task force was convened to discuss the development of a Ferghana Valley Agro-Trade Show. This trade show will be the first of its kind in Central Asia with expected representation from countries such as the Netherlands, China, Turkey, Israel, Germany, and the USA. The members of the task force consisted of AAK members who participated in the Moscow and the Netherlands study tours. Issues discussed included:

- ❖ Date for the agro-expo – The first week of December;

- ❖ Companies to be invited to the expo: fertilizer, CPP, seeds and other inputs companies; local and foreign.
- ❖ Duration of the expo: 3 days.
- ❖ Promotion: Promotional materials will be prepared during the month of June and sent to potential exhibitors. Regional promotion will take place in August for input dealers and farmers in Tajikistan, Uzbekistan, and Kyrgyzstan.

As a follow-up, in June the Project invited all the associations in the region to get their input for planning the AgroExpo to be held this December. The discussion focused on what companies they would be interested in having exhibit, what seminars their members would be interested in attending, and ideas on promoting this event to the agricultural community in the region.

**AAK Farm Store Task Force**— During May, AAK held a Retail Store Task Force Committee meeting. Five AAK members attended this meeting where the following issues were discussed:

- ❖ The development of requirements for AAK farm stores;
- ❖ The development of a contract between AAK and farm store entrepreneurs
- ❖ Development of a proposal for the Board's of a Farm Store Check-off program.

**Special Committee Meeting**— During the first week of June a special committee meeting of fertilizer and CPP dealers was conducted. The attendees were introduced to the decree on elimination of VAT on fertilizers and CPPs. Oshkrastex, the largest fertilizer dealer in the south, announced that they would soon unload 5 wagons of ammonium nitrate (approximately 300 metric tons) at a sales price of 7 soms per KG. The VAT free fertilizer will be higher than last year's market price (5.5 to 6 soms per KG) as fertilizer manufacturers have increased their prices in the last several months (Purchase price of \$43 per ton of loose fertilizer and \$48 per ton of bagged fertilizer). Currently fertilizer prices in the market are at 8 to 10 soms per kg.

**AAK Board of Directors Meeting**— During June, the AAK Board of Directors conducted their quarterly meeting in the Batken Oblast. All 9 members were in attendance. and the issues discussed included: past and upcoming AAK activities; membership dues payment; upcoming AAK oblast elections; AAK AgroExpo to be held on December 2-4; and

AAK farm store requirements and contract. At the end of the two-day session the COP provided a training program on the AAK Business and Strategic Plans. The Chairman of the Board and the AAK Executive Director will prepare a report on this topic for the General Assembly in August. The Board members made the following decisions during their quarterly session:

1. Approve a checkoff program to be paid by farm store owners to AAK from their turnover.
  - a) Farm store with turnover over 500 000 soms – annual checkoff of 2000 soms
  - b) Farm store with turnover below 500 000 soms – annual checkoff of 1000 soms
2. To make the following changes in the By-laws of the Association:
  - a) A Board member is elected for a term of one year and can hold a Board position for not more than two successive terms
  - b) Change the title of the head of the Board from the President to the Chairman of the Board of Directors.
3. Board elections and participation of Association members in the General Assembly
  - a) Only a member who pays his/her dues until the end of 2004 has the right to participate and vote during the General Assembly.
4. Membership in the Association
  - a) The executive staff will work on collection of membership dues until July 30, 2004.
  - b) A special Board session will be held on July 30 to evaluate the membership enrollment prior to the General Assembly.

## **Business Development Services (BDS)**

The BDS Unit is a direct support unit for input 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. During the quarter, BDS staff monitored all loans and agreements involving AAK members. All loans received are current and installments are being paid on a regular basis. The following activities were developed by the Business Development Unit during the quarter:

**Credit Guarantee Fund**—In Kyzyl Kyia, Numanov Zakirjan, an AAK member who owns a 40 hectare private seed farm in Uch-Korgon village, was turned down by KAFC to apply for a loan in 2003 due to a previous late payment, this year he is willing to receive a loan at a penalty interest rate of 24%. He realized that any violation of credit terms can adversely affect client's reputation and he is ready to improve this situation by proving that he will never violate terms of agreement and will timely pay off the loan's interest and principal. A major problem in the Batken Oblast is that KAFC is the only financial institution that services the agricultural sector. At present KAFC have suspended accepting loan applications until August or September. The Business Development Unit advised him to compile documents in order to submit a loan application to KAFC once they start accepting them again. AAK will support Mr. Zakirjan in preparation of his loan.

**FVAI Marketing Seminar**— An AED supported marketing seminar took place on April 14 and 15 for AAK members and processors as part of the FVAI. The program combined group case studies with presentations from Marketing Directors from Kyrgyz companies with strong marketing programs – Beta Tea, Shoro, Kelechek Joint Stock Company, Green World Ukraine (retail farm store chain), and MIS Farms. The program opened with an exhibit hall where invited companies displayed their products. There were over 40 people in attendance during the two day event (28 AAK members). Four thousand five hundred soms were collected for AAK participation fees. On the morning of the 16<sup>th</sup> all seminar attendees were bused to the grand opening of the Osh Kras Tex Farm Store.

**Farm Store Support (Osh Oblast)**— The Osh Kras Tex Farm Store held their grand opening on Friday the 16<sup>th</sup>. There were over 70 people in attendance, including AAK members,

Kyzyl-Kyshtak farmers, the Deputy Governor of the Osh oblast, the head of the Osh Plant Protection Station, financial representatives from KAFC and Bai Tushum, Nunhems Vegetable Seed Company, international organizations, and mass media representatives. The Governor of the Osh Oblast telephoned the night before and mentioned that he would not be able to attend the ribbon cutting ceremony, but stopped by on the evening of the 15<sup>th</sup> for a private tour of the facility. *Alexander Buyvoluyuk, Eastern Europe and Central Asia Regional Representative for Nunhems Vegetable Seed Company mentioned that this is the highest quality farm store in Central Asia and is on the same level as a European farm store.*

**Farm Store Support (Jalalabad Oblast)**— On Friday the 26<sup>th</sup> of May a grand opening of the first farm store took place in the Jalalabad Oblast. The Governor of the Jalalabad Oblast, Mr.Sharipov Jusupbek Sharipovich, the Mayor of Jalalabad Mr.Jumabekov Bolot Jackshenovich and AAK Chairman Jeenbekov Asylbek attended the ceremony. Shoro which was present in the opening set up a drink stand at the site in front of the AAK farm store. After the event AAK members from the regions three villages attended a joint village meeting.

**Farm Store Support (Batken Oblast)**— On the 24<sup>th</sup> of June a grand opening was held for the first farm store in the Batken Oblast. The farm store is located at the main intersection of the city of Uch Korgon. In attendance were Governmental Representatives of the Batken Oblast, Kadamjai regional administration staff, AAK members, local farmers, and international organizations. There were 137 people in attendance at the opening ceremony. *This is the 7<sup>th</sup> AAK farm store to open in southern Kyrgyzstan in the last year (equaling the project goal of 7 farm stores per year).*

**KAFC New Product Line**— The Business Development unit met with KAFC regarding their launching of a new credit program for agricultural machinery and equipment leasing. KAFC provided the project with a list of 17 types of “Belarus” tractors that they plan to offer. They also mentioned that they would provide credits for the purchase of any equipment that a customer/recipient finds. Project staff sent them an offer by fax to post their advertisement in the *AAK Agribusiness* newsletter.

**AAK Member Marketing**— On Saturday the 15<sup>th</sup> of June, OshKrustex hosted a customer appreciation day in Jalalabad for their key customers and retail dealers. Lunch was provided along with promotional materials (OshKrustex pens, pads of paper, calendars, and notebooks) that the company recently developed. During the lunch discussion centered on the farmer's and distributor's needs for the rest of the season as well as pre-planning for next years production season. The idea of a customer appreciation day as well as promotional materials came from the AED/USAID funded study tour to the Netherlands.

**Farm Store Training**— On the 8th of June a seminar was held in Osh for AAK farm store owners on inventory management, financial control, cash flow, and product pricing. Madumarova Shirin from the Osh Commercial College provided the training for this program.

### **Agronomic Services (AS)**

The AS unit is a direct support unit for input dealers and an indirect support unit for AAK's farmer customers. Field demonstrations, publications, and training programs provide knowledge of "best management practices" through Private Sector Extension Services (PSES) and will improve AAK entrepreneurs' understanding of the value-added benefits of information and technology.

**Technology Transfer Centers (Preparation)**—During April, field crops and early maturing vegetables were planted in the IFDC/AAK demonstration fields. Similar to previous years, the demonstration plots consist of two variants: 1) traditional methods using only ammonium nitrate fertilizer and seed purchased from the bazaar, and 2) Best Practices using high quality seeds, complex fertilizer, and other recommended inputs.

The Agronomic Unit planted vegetable (tomato, cabbage, eggplant, pepper, sweet corn, carrot, beetroot, watermelon, melon, zucchini, and potato) and cotton in the Osh and Jalalabad Oblasts. A drip irrigation unit was installed in one of the Osh TTCs, however, the drip irrigation system in Jalalabad was discovered stolen in April. Fourteen hybrid vegetable seeds were supplied by Syngenta during the AAK study tour to the Netherlands (5 hybrids of tomato seed, 1 hybrid of melon, 2 hybrids of watermelon, 6 hybrids of white cabbage and cauliflower). These seeds were recently planted and will be demonstrated at IFDC/KAED demonstration plots this summer.

#### **Technology Transfer Center Programs conducted in the month of June:**

<b>#</b>	<b>Location</b>	<b>Date</b>	<b>Attendance</b>
1	Jalalabad, Yunusov Seed Farm	11.06.2004	87
2.	Osh city, Karasuu region Hasyi Seed Farm	16.06.2004	231
3	Batken oblast, Karavan village Uch-korgon village	24.06.2004	200
4.	Uzgen region Uzgen State Variety Testing Farm	29.06.2004	68

**Technology Transfer Centers (Jalalabad Oblast)**— A TTC day was conducted on June 11 in the Jalalabad Oblast where new varieties and best practices of field and vegetable crops were introduced (winter cereal crops, cotton, potato, corn, vegetables). Eighty seven attendees were present including AAK members, farmers, and local government representatives. In addition, Mr. V. Pojarsky the CYMMIT representative in Kyrgyzstan (an employee of the Bishkek Agricultural Institute) introduced their new varieties to the audience and spoke on their properties. The attendees were interested in the new variety of hard wheat “Melyanopus-223” for our area, and they have placed orders for the fall planting season to purchase wheat seeds from Bishkek. This issue will be addressed at the seed committee meeting on June 15.

**Technology Transfer Centers (Osh Oblast)**— On June 16 two demonstration programs were held in the Osh Oblast at IFDC/AAK Technology Transfer Centers with over 230 people in attendance (vegetable plot TTC #5 in Japalak village council and the field crop plot TTC #1 in Nurdor village of Karasuu region). The audience was exposed to field crops, vegetables and drip irrigation used on vegetables (winter cereal crops, cotton, potato, corn, vegetables). Among the attendees of the TTC day were AAK members, representatives of TES-center, PRAGMA, and local government officials. The best performing varieties were highlighted and information was provided where farmers can purchase these seeds.

- ❖ Several AAK members set up exhibition booths to display a variety of agricultural inputs for sale. In addition, a local restaurant prepared three entrees using Zucchini (a new crop for the region) for attendees to sample.

**Technology Transfer Centers (Batken Oblast)**— Two Demonstrations were held at the Technology Transfer Centers (TTCs) in the Batken Oblast on the 24<sup>th</sup> of June. The demonstrations were held in vegetable plot TTC #7 in Karavan village of Kyzyl-Kya city and in the field crops plot TTC #3 in Uch-Korgon village. Vegetable crops were demonstrated in the vegetation process (potato, maize, sweet corn, tomato, and zucchini) and yield comparisons were demonstrated for cucumbers and winter cereal crops. The Chief Agronomist explained to the audience which varieties of crops planted were the best performing as well as discussing improved management practices – fertilizer application rates and CPP use. Among the attendees of the TTC day were AAK members from Batken

oblast, AAK Board of Directors, farmers, AAK members from the Nookat region, employees of local and regional governments, farmers from the Kadamjai and Kyzzyk-Kya regions, and TES-center staff. The total participation in two plots made up 200 people.

**TTC Harvest and Yield Determination**— The Agronomic Unit harvested winter cereal crops from TTC #3 in Batken oblast. Harvested samples were delivered to the seed inspection facility to determine their yields, plant density, weight of 1000 grains, and number of grains per ear. Yields were also determined for cucumbers and cabbage at the vegetable TTCs in the Batken and Osh oblasts. An article has been prepared for next month's edition of the *AAK Agribusiness Monthly*.

**Greenhouse and Drip Irrigation Training**— On June 10<sup>th</sup>, Yosi Galon conducted a one-day training course on greenhouse operations and production of vegetables under drip irrigation in the Jalalabad Oblast. Thirteen AAK members and greenhouse entrepreneurs were in attendance.

On June 15 a one-day training seminar was conducted for the Osh and Batken Oblasts on the development of greenhouse farms and vegetable production under drip irrigation. Fourteen attendees were present including AAK members, specialists from international organizations, and interested farmers. The training was conducted by IFDC Short Term Consultant Yosi Galon.

After the TTC day in the Batken Oblast, a half-day training program was held on “Crop production under drip irrigation” for all participants. The training was delivered by Yosi Galon, total participation was 140 people.

**Rayon Meetings**—The Agronomist unit participated in a meeting in Uzgen rayon with local farmers where they spoke about the importance of NPK fertilizer application and advised on agricultural crops management. AAK member Kokozov Adan also attended that meeting and answered the farmers' questions. The KAED agronomists also participated in a meeting with Nookat rayon farmers where they spoke about mineral fertilizer application for different crops, provided last years demonstration results and advised on different crop management.

**Governor Visit**— Mr. Kasiev, the Governor of the Osh Oblast along with the Kara Suu State Administrator visited the Project's TTC field number 1 where 24 varieties of winter wheat, 6 varieties of potato crops, and vegetable varieties under drip irrigation are being demonstrated.

**Southern Kyrgyzstan Agriculture Agronomist Meeting**— On the 11<sup>th</sup> of May the KAED Project held a meeting with agronomists from all the agricultural projects working in southern Kyrgyzstan. In attendance were representatives from Mashav, Winrock, RAS (World Bank Project), Tes Center, and Pragma. Representatives from GTZ and German Agro Action were unable to attend and apologized for their absence. Discussion centered on ways that the projects could work together during the production season. The KAED COP emphasized that if an input was required during the season (due to pests, disease, etc...) that they should contact the KAED staff and we will work to develop linkages between the suppliers and local dealers. After the meeting Yosi Galon gave a presentation on the latest drip irrigation technologies.

**CIMMYT Study Tour**— Three AAK members and project staff participated in a seminar organized by CYMMIT in Bishkek where they visited the breeding nursery of the Kyrgyz scientific-research institute of land (selection planting on irrigated and rain-fed backgrounds). Dr. Larry Harrington and Hanes Braun made the following presentations: "New CYMMIT strategy, structure and importance of our partners", and "Selection of wheat in CYMMIT." All participants paid their seminar participation fee of 1,000 som per person.

## **Media Support (MS)**

The Media Support Unit is a direct support unit for AAK and an indirect support unit for AAK's member businesses. This unit handles all communication support activities for both the KAED project and AAK on tasks such as public relations, media support, press releases, and newsletter development.

**AAK Agribusiness Newsletter**— 1,800 copies of the monthly newsletter were distributed during April, May, and June (Kyrgyz and Russian versions). In addition, an electronic version has been sent to any companies or organizations who have expressed an interest. Articles included topical agricultural education information, AAK price lists of inputs available for sale, AAK advocacy positions, highlights of past and future AAK events, and a calendar of future AAK programs.

As part of the AAK sustainability initiative, the project has started charging for advertisements in the Agribusiness Monthly. Seven advertisements were placed in the May and June issues. Plans are currently under way to turn Agribusiness into a newspaper format by November and will be sold throughout the region.

ACDI VOCA notified the KAED Project that their communities have found the newsletter very useful and have photocopied and re-distributed 104 copies of the May publication and 116 copies of the June publication to their farmer clients in Kyrgyzstan and Kazakhstan.

**AAK Branding Campaign**— A sign has been placed near the exit of the Osh airport providing directions to the project's main demonstration field. In addition, AAK has adopted the first roundabout from the airport heading into the city of Osh. A large three sided mural has been painted with two sides promoting AAK and one side welcoming visitors to Osh (in three languages). The roundabout has also been planted with various flowers by AAK members and project staff.

**AAK Agricultural Hour**— The project has received approval from the Governor of the Osh Oblast to run a monthly agricultural education program on the Osh-3000 Television Station

(which is aired nationwide). The topic of the first spot covered the preparation of tomato and cucumber seedlings as well as providing an overview of the lessons learned from the Netherlands study tour. AAK ran their second monthly television broadcast in June where the Project's Chief Agronomist spoke on the topic of widespread pests and diseases of major field and vegetable crops and provided advice on methods of control.

### **Cooperation and Leveraged Support**

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

- ❖ The project assisted the German Potato Company EUROPLANT to have four potato varieties tested by the State Variety Testing Commission in order to introduce their seed potatoes in the country. Europlant has also provided IFDC – free of charge – with 3 varieties to be demonstrated at IFDC/KAED demonstration fields.
- ❖ ACDI VOCA Chief of Party for southern Kyrgyzstan, Hugh Brown contacted the KAED COP in order to find a supply of 80 European backpack sprayers for a farmer group in Kazakhstan. Mr. Brown was referred to Osh Krastex where an order was placed for 80 European sprayers to be shipped from Uzbekistan to Kazakhstan.
- ❖ The Project has provided the electronic version of *Agribusiness Monthly* to ACDI VOCA for them to re-distribute to their farmer clients. During the quarter, ACDI VOCA distributed 220 copies of this publication.
- ❖ In June the Project invited all the associations in the region to get their input for planning the AgroExpo to be held this December.
- ❖ At the beginning of the production season, the project held a meeting with agronomists from all the agricultural projects working in southern Kyrgyzstan. In attendance were representatives from Mashav, Winrock, RAS (World Bank Project), Tes Center, and Pragma. Discussion centered on ways that the projects could work together during the

growing season. After the meeting Yosi Galon gave a presentation on the latest drip irrigation technologies.

### **Activities Planned for Next Quarter**

#### **Association Development**

- Staff training on strategic planning
- Continue the regular cycle of board, committee, and village level meetings.
- Continue media campaign and image building activities.
- Continue the tracking of advocacy issues using the policy matrix.
- Elections at the Oblast level for the board of directors.
- Third General Congress.
- Finalize the business plan for the association that will lead to sustainability.
- Strengthen the membership base in the Jalalabad Oblast

#### **Business Development**

- Collect fees for services provided to AAK members.
- Monitor loan repayments under the Credit Guarantee Fund
- Assist AAK members who are opening retail shops in marketing their goods and services and diversifying their product base
- Track market prices.
- Produce and disseminate monthly newsletters.

#### **Agronomic Services**

- Develop technical publications on pests and diseases in major crops.
- Harvest fall planted wheat demonstrations and produce and disseminate economic analysis of the results.
- Harvest vegetable and melon demonstrations and produce and disseminate economic analysis of the results.
- Conduct trainings and field days at remaining locations.

## KAED Activities by Quarter (April – June 2004)

Year Three Work Plan Objectives	Activities in Support of Objectives and Achievements – 11 <sup>th</sup> Quarter
<b>I. Association Development</b>	
KAED Staff Development and training in Association Development.	<ul style="list-style-type: none"> <li>• Staff Training on Association Development (Ed Beaman)</li> <li>• Staff Training on Media and Public Relations (Internews)</li> </ul>
Support the nomination process for AAK BOD candidates	<ul style="list-style-type: none"> <li>• Regional elections have been announced and AAK coordinators will inform the membership base during the first month of next quarter.</li> </ul>
Annual revenue generation will equal annual expenditures by the end of the project	<p>Additional income generating ideas to be incorporated:</p> <ol style="list-style-type: none"> <li>1. AAK Trade Show to take place in December, 2004</li> <li>2. Fee-for-service = % of sales from AAK farm stores</li> </ol> <p>Total fees collected in the quarter: \$5,700</p>
Increase membership base and ensure membership dues are collected	<p><b>Total membership = 76</b></p> <ul style="list-style-type: none"> <li>• 56 members in Category I</li> <li>• 20 Members in Category II</li> <li>• 29 potential members have paid their entrance fee</li> </ul> <p>Actual membership equals approximately 170, however dues payment will pick up next quarter prior to the General Assembly. The Board of Directors will target a membership drive during the first month of next quarter.</p>
Revenue generation will equal \$5,000 in year one	<ul style="list-style-type: none"> <li>• AAK fees and dues received for the quarter = \$3,294</li> </ul>
Strategic planning review by BOD	<ul style="list-style-type: none"> <li>• The Board of Directors conducted an evaluation of the implementation of the Strategic Plan and highlighted the strengths and weaknesses in its implementation..</li> </ul>
<b>II. Business Development</b>	
Stimulate new investments by AAK members	<ul style="list-style-type: none"> <li>• Two new loans were approved this quarter totaling \$11,940.</li> <li>• All loans and credits facilitated by KAED are being monitored and all recipients are current for payment of interest and principle.</li> </ul>
Preparation of business plan or feasibility study	<ul style="list-style-type: none"> <li>• Three business plans were developed and approved = \$10,842</li> </ul>
Monitor market availability and prices	<ul style="list-style-type: none"> <li>• Information was provided on a monthly basis on price and market information in the <i>Agribusiness</i> Newsletter.</li> </ul>
Increase the legal sales of CPP products	<ul style="list-style-type: none"> <li>• Baseline sales of CPP equaled \$79,528 in 2003</li> <li>• During the quarter 5 AAK members sold \$4,860 worth of CPPs</li> </ul>
Support farm store growth and development	<ul style="list-style-type: none"> <li>• 7 farm stores have officially opened, with at least one farm store in each Oblast.</li> </ul>
Contact international suppliers about setting up distributors	<ul style="list-style-type: none"> <li>• Made a linkage with the largest international vegetable supplier and an AAK member;</li> <li>• Currently inviting international suppliers to the AAK AgroExpo..</li> </ul>
Assist in design, stocking, and marketing of retail shops	<ul style="list-style-type: none"> <li>• Conducted seminar on marketing, focused on farm store activities.</li> </ul>
<b>III. Agronomic Services</b>	
Selection of locations for at least 3 spring planted TTCs	<ul style="list-style-type: none"> <li>• 7 TTCs were developed in the three southern oblasts (one TTC demonstrated drip irrigation)..</li> </ul>
Generate and distribute economic return information by crop/variety	<ul style="list-style-type: none"> <li>• Started harvesting early varieties of cabbage, cucumbers, and winter cereal crops. Yield data will be distributed next quarter.</li> </ul>
Track all input costs for TTC	<ul style="list-style-type: none"> <li>• The cost of plant protection products and pest control services equaled 3500 soms; the cost for soil analyses equaled 2500 soms.</li> </ul>
Track farm gate prices fo production output	<ul style="list-style-type: none"> <li>• Information on expenses of winter wheat farming in comparison to best practices at TTCs has been conducted and will be submitted along with wheat reports after harvesting early next quarter.</li> </ul>
Introduce 10 field crops and 10 vegetable varieties and hybrids in project TTCs	<ul style="list-style-type: none"> <li>• Potato = 11 varieties</li> <li>• Vegetables = 30 varieties</li> <li>• Winter Cereal crops = 18 varieties.</li> </ul>
Field Day events at TTCs	<ul style="list-style-type: none"> <li>• 518 people were in attendance (87 in Jalalabat; 231 in Osh; and 200 in Batken).</li> </ul>
Introduce vegetable seeds from international suppliers.	<ul style="list-style-type: none"> <li>• 16 different crops are currently in the project's demonstration fields.</li> <li>• Crops include: Maize, wheat, cotton, potato, cabbage, tomato, paprika, eggplant, onion, beet, carrot, watermelon, radish, zucchini, and sweet corn.</li> </ul>
Maintain a library of technical publications	<ul style="list-style-type: none"> <li>• A catalog of available publications was prepared for the AAK library.</li> </ul>
Design new publications as needed	<ul style="list-style-type: none"> <li>• 7 newsletter articles were prepared during the quarter</li> </ul>

**Appendix**

**Report**

**on**

**Cost Sharing and Leverages of KAED -Kyrgyzstan**

**Inception Through June 2004**

**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 US \$ 2002 and 2003**

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
	<b>Total US \$</b>	<b>2,836</b>	<b>3,007</b>	<b>2,764</b>	<b>2,959</b>	<b>4,592</b>	<b>5,022</b>	<b>1,811</b>	<b>11,588</b>	<b>13,895</b>	<b>12,559</b>	<b>16,153</b>	<b>22,597</b>
	<b>Grand Total US \$</b>	<b>2,836</b>	<b>5,843</b>	<b>8,607</b>	<b>11,566</b>	<b>16,158</b>	<b>20,430</b>	<b>22,241</b>	<b>33,829</b>	<b>47,724</b>	<b>60,283</b>	<b>76,436</b>	<b>99,033</b>

\*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	320	5,961	885	1,602	507	594
2	Field days/advisory meetings					412	376	820		100		138	
3	Trade missions/study tours	18		1,006	2,520	8,000	6,050		36,000				
4	Seminar attendance/ business counseling			2,636			1,836	178	432	672		3147	515
5	Tenders, Trade Credit or Consignment												
6	Media coverage	250	1,250	1,070	3,750	1,517	433	1190	135	950			
7	Credit obtained	6,000	8,000	14,000									
8	Internships	7,000*	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
9	Grant obtained						4,000*						
10	Domestic investment by entrepreneurs											100	
11	Membership registration dues and fees for services	611	584	160	182	645	353	424	709	76	175	197	44
	<b>Total US \$</b>	<b>17,238</b>	<b>18,334</b>	<b>25,968</b>	<b>14,901</b>	<b>20,061</b>	<b>20,163</b>	<b>10,252</b>	<b>50,237</b>	<b>9,683</b>	<b>8,777</b>	<b>11,089</b>	<b>8,153</b>
	<b>Grand Total US \$</b>	<b>116,271</b>	<b>134,605</b>	<b>160,573</b>	<b>175,474</b>	<b>195,535</b>	<b>215,698</b>	<b>221,950</b>	<b>272,187</b>	<b>281,870</b>	<b>290,647</b>	<b>301,736</b>	<b>313,889</b>

\*TEMPUS grant

No	Activity	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1	Association meetings/member visits	3,505	2,559	1,175	319	1,689	1,299						
2	Field days/advisory meetings			235		63	725						
3	Trade missions/study tours			2,700			70						
4	Seminar attendance/business counseling			14	7,344		672						
5	Tenders, Trade Credit or Consignment												
6	Media coverage	730	180	45	390	845	345						
7	Credit obtained			12,940		1,200	11,820						
8	Internships	7,000	7,000	7,000	7,000	7,000	7,000						
9	Grant obtained						4,000						
10	Domestic investment by entrepreneurs												
11	Membership registration dues and fees for services	694	717	554	223	212	350						
	<b>Total US \$</b>	<b>11,929</b>	<b>10,456</b>	<b>24,663</b>	<b>15,276</b>	<b>11,009</b>	<b>26,281</b>						
	<b>Grand Total US \$</b>	<b>321,818</b>	<b>332,274</b>	<b>356,937</b>	<b>371,673</b>	<b>382,682</b>	<b>408,963</b>						