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AGRICULTURAL LINKAGES PROJECT (AGLINKS)

FY 2010 WORKPLAN

OCT 2009 – SEP 2010

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AGRICULTURAL LINKAGES PROJECT

(AGLINKS)

FY 2010 WORKPLAN

OCT 2009 – SEP 2010

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ACRONYMS

BDS	Business Development Services
BEO	Bureau Environmental Officer
CE	Categorical Exclusion
CIS	Commonwealth of Independent States
CNFA	Citizens Network for Foreign Affairs
CPS	Crop Protection Services
DAI	Development Alternative Inc.
FtF	Farmer to Farmer
FY	Fiscal Year
G&A	General and Administrative
GOU	Government of Uzbekistan
ha	hectare (10,000 square meters, 100 meters by 100 meters, 2.47 acres)
HACCP	Hazard Analysis and Critical Control Points
HO	Home Office
HPLC	High Performance Liquid Chromatograph
IEE	Initial Environmental Examination
ISO	International Organization for Standardization
JSC	Joint Stock Company
LLC	Limited Liability Company
LOP	Life of Project
LSP	Local Service Provider
MAWR	Ministry of Agriculture and Water Resources of Uzbekistan
M&E	Monitoring and Evaluation
MERIT	Ministry of External Economic Relations, Investment and Trade
MOU	Memorandum of Understanding
NDC	Negative Determination with Conditions
NGO	Non-Governmental Organization
ODC	Other Direct Costs
OH	Overhead
PD	Positive Determination
PERSUAP	Pesticide Evaluation Report and Safe Use Action Plan
TA	Technical Assistance
TCCTC	Tashkent City Center for Testing and Certification
UNDP	United Nations Development Program
USG	United States Government
USAID	US Agency for International Development
VAT	Value Added Tax
WUA	Water User's Association
WUASP	Water User's Association Support Project

Although the original Regional AgLinks Project contract was awarded in July 2007, this FY 2010 work plan is only the 2nd annual AgLinks Uzbekistan planning document. Project start-up issues culminated in the resignation of the original Uzbekistan team leader in November 2007 and the closing of the Regional AgLinks Project in July 2008. AgLinks Uzbekistan was officially and publicly launched in Tashkent in mid-June 2008 and commenced work under an abbreviated 3 month plan. The 1st annual AgLinks Uzbekistan work plan covered FY 2009 (October 2008 through September 2009). This FY 2010 plan for October 2009 through September 2010 draws upon the technical experience of the first full year of operations to increase agricultural productivity in targeted fruit and vegetable value chains.

AgLinks project is mandated to increase agricultural productivity at the farm and processor levels. The FY 2009 work plan identified fruits and vegetables, particularly stone fruits and grapes, as best crop candidates for farm-led productivity gains that would engender higher incomes. AgLinks chose to work through nascent farmer groups represented by agrifirms (former fruit and vegetable cooperatives) and water users associations (WUAs) which both provide an organizational rally point for reaching multiple farmers. AgLinks also identified and worked with a limited number of agro-processors and state institutions linked to the fruit and vegetable sectors.

I. OVERVIEW

The AgLinks Uzbekistan (AgLinks) work plan for Fiscal Year 2010 covers the months of October 2009 through September 2010. Two additional months (August and September 2009) are included in the draft FY 2010 work plan because the planning process began in late August prior to submission of invoices for these months.

The work plan expands the FY 2009 experience by identifying activities with the most impact at the lowest cost for increased focus in FY 2010. AgLinks will expand its demonstration plot program by an additional 21 locales and increase the types of crops covered. Demonstration plot expansion is possible by lowering the size of each individual demonstration plot supported and increasing the cost-share component for participating farmers. The proven impact of AgLinks promoted technologies and techniques that increased yields on the 5 FY 2009 demonstration plots has generated interest by many farmers to participate in the program and increased their willingness-to-pay a larger share of the associated costs.

AgLinks will further expand impact in FY 2010 by increasing the crops in the demonstration plot program to include pome fruits to the already targeted grapes and stone fruits. Pome fruits include apples, quince and pears which are all common and of good quality in Uzbekistan. Farmer demand for AgLinks information, assistance and training on how to best increase agricultural productivity in pome fruits was especially high in Ferghana Province, but also evident in the other regions. Pruning efforts and other new techniques can have similar impact in pome fruits to that experienced with stone fruits (ex., apricots, peaches, nectarines, cherries, plums, etc.) in FY 2009 at minimal additional cost. Two, cost-share cold storage units will be procured as well as 3 tractors, to increase the capital productivity of the targeted agrifirms.

III. TECHNICAL ACTIVITIES

The FY 2010 work plan draws upon the FY 2009 experience and expands technical activities. AgLinks proposes to increase the crops covered from stone fruits and grapes to include pome fruits (ex., apples, pears and quince). The project also moves in FY 2010 to a more holistic and systematic approach to the targeted areas via an expansion of the demonstration plot experience in terms of water and agricultural management on farmers' fields. The work plan includes procurement of agricultural machinery and cold storage capacity to enhance the productivity and profitability of targeted agrifirms while providing direct, tangible, media-friendly support to the Uzbekistan "National Year of Rural Development and Improvement."

A. Retained and Expanded Structural Elements

AgLinks proposes to remain focused on the originally targeted geographic areas, expand the crop choice to include pome fruits and reallocate assistance levels among the existing client base to support the most promising areas of progress identified during FY 2009.

Regions. The FY 2010 work plan will continue to focus on the geographic choices presented in the FY 2009 plan. Targeted provinces will remain Namangan and Ferghana in the Ferghana Valley and Samarkand outside the Valley, with some minor activities in Tashkent Province.

Crops. The targeted crops will remain grapes and stone fruits (ex., peaches, apricots, plums, cherries, etc.) with grapes more prevalent in Samarkand and stone fruits more abundant in the Ferghana Valley. Responding to farmer requests, the project will add pome fruits in FY 2010 to the list of crops supported by AgLinks since a large number of farmers have apple, pear and quince orchards. Technical assistance is sufficiently similar for these tree crops, with minor variations, and can be added to trainings and demonstration plots while only incurring additional local consulting costs.

Clients. Targeted clients will remain the 5 water users associations, 5 agrifirms, 4 processors and 3 state actors. The agro-processors are BERAD AGRO, Green World, Agromir, and Siyob Sahovat (Tony Green brand). The three state actors are the Tashkent City Center for Testing and Certification (TCCTC), the plant protection service and the Shreder fruit tree and vineyard nurseries and research stations.

AgLinks activities in FY 2010 will change emphasis within and among these client groups to reflect performance, take into account activities completed in FY 2009 and adjust to budgetary realities. AgLinks will focus on WUAs and agrifirms and their respective farmers and only provide market demand identification assistance to agro-processors. Among the state agents, limited additional technical assistance, via the Farmer-to-Farmer program, will be provided TCCTC once the remaining HPLC equipment and training are completed from FY 2009 support. The plant protection service will assist by providing local technical expertise to amend the PERSUAP to include pome fruits, provide experts for farmer trainings and address the "same or similar use" issue for approved agricultural chemicals. Any remaining

FY 2010 activities targeted to state related actors will focus assistance on the Shreder Tashkent office and branches in each province.

B. Core activities

Expand Demonstration Plots and Crops. One of the most successful activities of FY 2009 was the demonstration plots for grape vineyards and stone fruit orchards. These plots provided venues for hands-on farmer trainings on agronomic best practices, pest identification and management, orchard pruning and spraying, and harvesting techniques. Demo plot owners also became spokesmen for promoting new practices among other members in the farming community. In FY 2009 a total of 5 demonstration plots were installed with 2 stone fruit orchards (Ferghana) and 3 grape vineyards (2 in Samarkand and 1 in Namangan) participating.

AgLinks proposes to expand the demonstration plot approach to introducing agricultural productivity enhancing technologies and techniques by adding a total of 21 demonstration plots in FY 2010. More demonstration plots will be introduced by reducing the size of each plot assisted, increased farmer financial participation, previous sunk costs on orchard productivity enhancing tools and economies of scope in pruning techniques across tree crops. Wider geographic dispersion of the demonstration plots will provide additional opportunities to spread new techniques and technologies to ever larger numbers of farmers. Integrating pome fruits into the demonstration plots will allow for more farmers to participate and diversify their income sources. Table 3 below outlines the proposed repartition of demonstration plots by geography, client and crop.

Province	District	CLIENT		Grape	Stone Fruit				Pome Fruit		TOTAL	
		Type	Name		Apricot	Peach	Cherry	Plum	Apple	Quince		Pear
NAMANGAN	Turakurgan	AF	Turakurgan Sokhibkorlari	1	1						2	
	Pop	WU	Pungon		1						1	
		WU	Shirin Suv Yangier		1						1	
FERGHANA	Quvasoy	AF	Quvasoy Bekhizor			3	1	1		1	6	
		AF	Muyan Sokhibkor			3			1	1	5	
SAMARKAND	Samarkand	AF	Isqiqlol Meva Sabzavot					1			1	
		PR	Agromir			1					1	
	Payariq	WU	Damkhasa Arigi	1							1	
	Toyloq	AF	Dilkusho Sifat	2							2	
TASHKENT	Parkent	PR	BERAD-AGRO	1							1	
TOTAL				5	3	7	1	1	2	1	1	21

Table 3 : List of Proposed New Demonstration Plots

Among the 21 proposed FY 2010 demonstration plots are 2 plots to be established with agro-processors. Agro-processors expressed keen interest to establish their own farms, after attending AgLinks trainings, in order to serve as demonstration vehicles for area farmers to produce to their standards and needs. AgLinks proposes to test this approach in FY 2010 by establishing a grape vineyard demonstration plot with AgLinks partner BERAD-AGRO in Tashkent Province. A similar effort will be undertaken with AgLinks partner Agromir in Samarkand to test this approach with fruit tree orchard demonstration plots (peaches).

An additional incentive for farmers to participate in the FY 2010 demonstration plot program will be the distribution of the remaining elements from the FY 2009 tools and testers procurement. The remaining tools and testers will be preferentially provided to farmers offering to host a demonstration plot on their farms. The tools will also be the focus of pruning trainings (employing loppers) and grafting exercises (using bud knives) on the demonstration plots. The already incurred costs of the tools and testers procurement will further reduce costs per demonstration plot and allow for expansion of the program in FY 2010.

In the first full agricultural season under the AgLinks project in FY 2009 the team not only introduced the trellising system for vineyards and pruning for fruit tree orchards but also linked upgraded water management systems to these fields. The FY 2010 demonstration plots will not only provide improved infrastructure (ex., trellises) and best agronomic techniques (ex., best practices, pest management, pruning, etc.) but also introduce farm-level water management structures and techniques (ex., sluice gates, water flow control, etc.). The FY 2010 demonstration plots will thus cover both the “Field” and ‘Farm” level aspects of the Water Management for Agriculture approach (see Figure 1 below) at the micro level while linking these farms to their respective Water User

Associations (WUAs) and agrifirms at the meso level. Additional upgrades to demonstration plots introduced in FY 2010 will be retroactively applied to the FY 2009 fields with a total of 26 demonstration plots functional during the 2010 agricultural season.

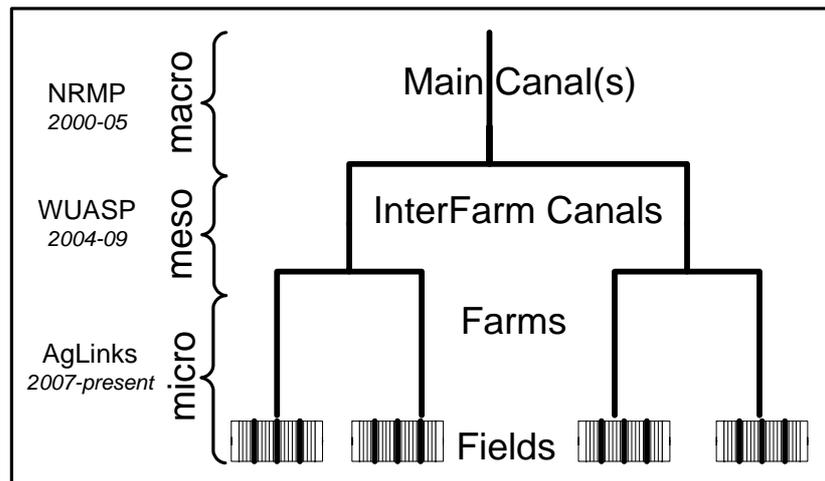


Figure 1 : Water Management for Agriculture Schematic

Additional technical activities linked to the demonstration plot expansion and billed against the local Subcontracts line item include an updating of the Uzbekistan PERSUAP to reflect the addition of pome fruits, targeted support to Shredder tree nursery stations and intra-Uzbekistan site visits by farmers to share insights, techniques and impacts among demonstration plots within and among the targeted provinces. The project will also continue the successful variety contests initiated in FY 2009 that serve as the capstone to the crop production season and add an additional, fourth variety contest for pome fruits, specifically apple. Other new aspects will be added to the variety contests in FY 2010 including dried fruit trainings and contest, plus a segment on storing, packing and packaging.

This “expanded demonstration plots” program will draw mostly on the local Subcontracts line item for budgetary support supplemented by project staff. The total cost of the expanded demonstration plot program, for agrifirm and WUA producers, as well as processors, will be around \$60,000 which includes training

costs and a variety contest among the producers in each region during harvest period to identify best practices, production techniques, varieties and farmers.

Cost-Share Procurement. AgLinks proposes to engage in cost-share procurement of agricultural productivity enhancing equipment in collaboration with targeted agrifirms in each of the three provinces. Three agrifirms will receive tractors while two will receive cold storage units. Agrifirms are targeted for this assistance as they can reach large numbers of farmers, have a natural market for equipment, including crop protection services provision, received training and safety equipment in FY 2009 and have begun to establish specialized sprayer teams with the requisite skills and trainings. Other agrifirms have established experience and need for cold storage equipment to prolong the selling period after harvest to benefit from higher produce prices. Equipment procured will also further efforts begun in FY 2009 through the creation and approval of a Pesticide Evaluation Report and Safe Use Action Plan (PERSUAP), associated pest and pesticide trainings, as well as continued efforts to promote efficient, effective and safe agrochemical use.

Tractors. AgLinks proposed to 3 agrifirms that they give priority to procuring tractor attachments while the project procures the tractor for pulling this equipment. The tractors would be targeted for orchard use and can also be used to plow between rows to reduce weeds competing with fruit trees for soil moisture and nutrients. The agrifirms can charge farmers within their respective regions for these services and create additional income streams to improve their financial situations while providing necessary agricultural services. The three targeted agrifirms for FY 2010 are Bekhizor (Ferghana), Turakurgan (Namangan) and Istiqlol (Samarkand).

AgLinks will procure tractors consistent with use within fruit orchards in terms of weight, horsepower and dimensions. The agrifirms will procure the necessary attachments with priority given to cultivators and sprayers with the former used to limit weeds among orchard rows and the latter to support the AgLinks pest management program. Bulk spraying is much easier to control and monitor than numerous individual sprayers. Agrifirms and their partners are committed to providing professional spraying services that meet PERSUAP recommendations and standards. Agrifirms can generate several different income streams from the tractor dependent upon the types and number of attachments they procure.

Tractors would be procured locally from the local manufacturing plant or from import dealers from countries within the AgLinks Project contractual geographic codes. AgLinks geographic procurement codes are the US (000) or the Newly Independent States (NIS – 110) with the latter including Russia, Ukraine and Belarus, all likely sources of agricultural machinery in Central Asia. Tractors would be procured in early FY 2010 before the end of the Uzbekistan “National Year of Rural Development and Improvement” in order to highlight this assistance as part of the annual celebrations.

Cold Store. Cold storage has been identified as another major activity that can increase both agrifirm and farm incomes by storing fruits longer than the fresh marketing period and profiting from higher prices. In FY 2009 AgLinks worked in collaboration with Bekhizor agrifirm (Ferghana) to run a pilot cold store test to learn how to best manage the fruit harvest and selling cycle during the harvest and post-

harvest seasons. This experience will be extended to 2 agrifirms in FY 2010, Muyan (Ferghana) and Dilkusho (Samarkand), by the installation of and training on cold storage for fruits and vegetables.

The Procurement line item will provide budgetary support for these activities and be complemented by project staff time and local technical assistance contracts. The cost-share is assumed to be around 25%. For example, a tractor attachment can cost as much as \$4,000 (assuming a sprayer in this case) versus \$20,000 per tractor. Three tractors at \$20,000 each and 2 cold stores at \$60,000 each yields a budget estimate of \$180,000 to be charges against the Procurement line item in FY 2010.

Identify Market Demand. AgLinks project marketing trips, taken in conjunction with project agro-processor clients, were successful in providing new markets for Uzbekistan agricultural products in FY 2009 with over \$10 million in new contracts signed by AgLinks clients. They also served to inform Uzbek market participants about competitors, technology, consumer demand and pricing patterns. AgLinks proposes to reduce the number of marketing trips in FY 2010 from 4 to 3 and limit participants to agro-processors and proven agrifirm exporters. AgLinks will continue to offer the cost-share arrangement of FY 2009 to potential clients; the project will pay airfare while participants will pay for their lodging, meals and incidentals.

The targeted three exhibitions for FY 2010 are focused on the traditional Uzbek export market of Russia and Germany as a gateway into Europe. The first trade show is ANUGA in Cologne, Germany to be held from 10 to 14 October 2009 and is the world's largest food and drinks exhibition housing 10 product based trade shows in one locale. In calendar 2010 the targeted exhibitions include ProdExpo in Moscow, Russia (08-12 February 2010) for foodstuffs and food raw materials and Fruit Logistica in Berlin, Germany (03-05 February 2010), the leading trade fair for fresh fruit and vegetable businesses.

The "identify market demand" program will draw on roughly half of the Travel line item for budgetary support and accompanying AgLinks staff. Total estimated cost of the market identification activity is around \$17,000 which is less than the amount expended in FY 2009 that led to over \$10 million in new contracts for Uzbek produce and products.

IV. HUMAN RESOURCES

There will be no anticipated change in AgLinks staff. In addition to the technical support, client management, and technical training provided by project staff, AgLinks will draw on additional local expertise by hiring local consulting firms or local consultants where needed. Local consulting firms and consultants will be used where AgLinks project staff lack a particular technical expertise or when there is need to mobilize multiple trainings within a given agricultural timeframe.

A. Project Staff

AgLinks Uzbekistan staff will remain 9 full-time and 1 part-time employee. The three Technical Advisors for water, business and agriculture will retain both their geographic and technical areas of concentration. Each Technical Advisor provides direct and daily contact with project partners within one of the three targeted agricultural provinces (Namangan, Ferghana and Samarkand) while providing technical expertise to the entire AgLinks team and activities. The four-fold expansion of the demonstration plot program could significantly increase the amount of administrative work in FY 2010 and AgLinks will look to train and promote from among existing staff if additional assistance is required.

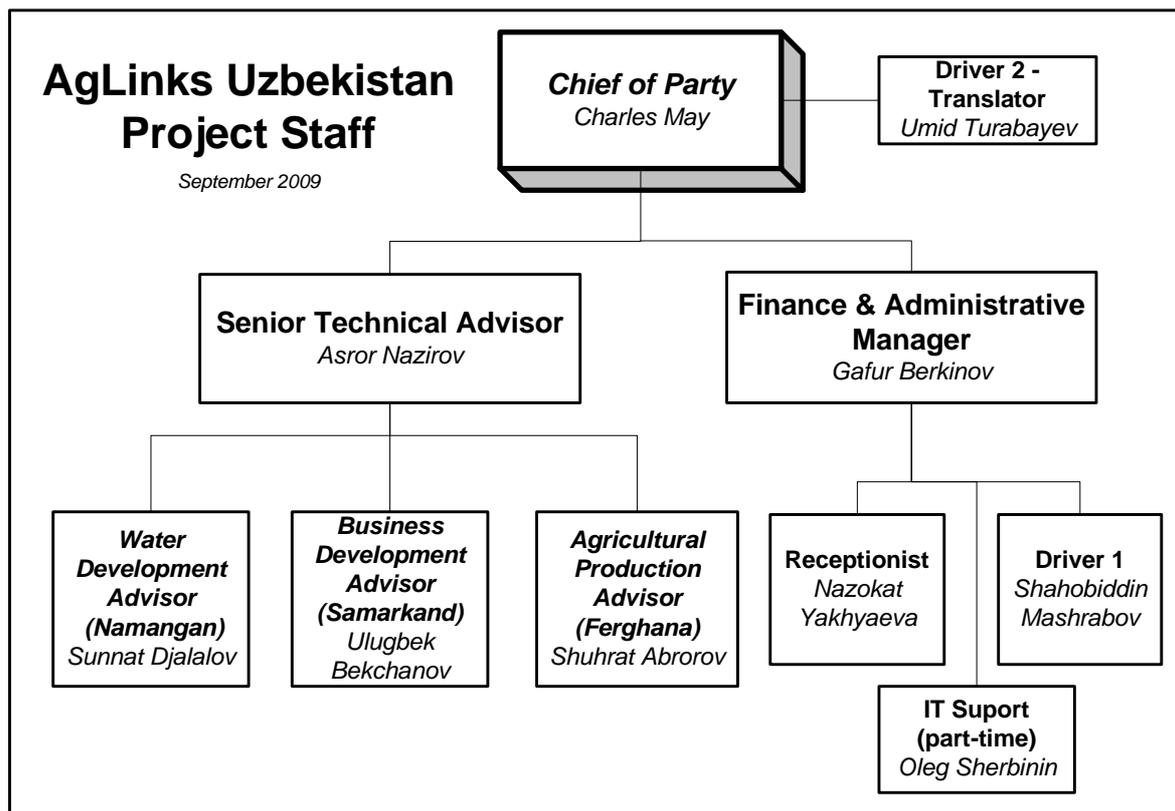


Figure 2 : AgLinks Staffing Pattern

B. Project Implementing Partners

Subcontracts in FY 2010 will be limited to local consultants and local consulting firms to keep costs low, avail local expertise, language and host country knowledge. By bidding work to local consulting firms in FY 2009 AgLinks developed experience with a dozen firms and individual consultants and will deepen this approach in FY 2010. The project will also conclude an agreement with the Farmer-to-Farmer (FtF) program in late FY 2009 or early FY 2010 to collaborate on posting their volunteers with AgLinks Project clients. A first test-case of this approach was initiated in August 2009 and an additional 3 to 4 technical assistance volunteers under FtF are possible in FY 2010 in collaboration with AgLinks. Volunteers are possible in laboratory analysis (TCCTC), fruit tree nurseries (Shreder), HACCP and ISO standards (agro-processors) and post-harvest processing (cold store management with agrifirms), among others.

AgLinks will source most all materials and equipment, including the cost-share procurement items, on the local market using Uzbek suppliers and vendors to remain consistent with the AgLinks project contract mandate and keep costs to a minimum.

V. IMPLEMENTATION

Implementation of project activities will rely heavily on existing project staff for the majority of technical and administrative actions undertaken by the project in FY 2010. Outsourcing will be used to local firms and consultants when specific activities or expertise are required using contracts and purchase orders. The project will not pursue grants because of the need for a government banking committee review of all grant proposals and grant recipient requirement to establish a separate and specific grant account with designated banks. Both of these procedures delay the planning and implementation process and are not suitable for an agricultural project facing a seasonally specific calendar of activities. AgLinks status in Uzbekistan as a representative office of DAI and not a project also complicates the grants process because this assistance mechanism is not legally consistent with the AgLinks business charter in Uzbekistan.

Outstanding implementing issues remain linked to the limitations imposed by representative office, rather than project, status for the AgLinks activity in Uzbekistan. Value added tax, import duties, income tax and physical asset disposition are just some of the implementation topics that further incite the project to purchase locally rather than import. As a representative office AgLinks is liable for VAT and import duties, which are not generally reimbursed under USAID projects. Hence, the project will focus in FY 2010 on local procurements given the challenging and time consuming experience in FY 2010 of importing technical equipment from the US (ex., tools and testers, High Performance Liquid Chromatograph and affiliated equipment).

