



Агрофинансирование цепочек
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Growing together: Integrating farmers into value chains with sustainable finance



Value Chain Agro Finance in the Kyrgyz Republic

Growing together: Integrating farmers into value chains with sustainable finance

Greetings to our valued readers! We are excited to bring you the first edition of our bi-annual newsletter, dedicated to sharing the remarkable progress and achievements of our “Value Chain Agro Finance” project in Kyrgyzstan. This newsletter serves as a window into the project’s initiatives, milestones, and the positive impact it is making in transforming the agricultural landscape of this country.

Join us in this journey of growth and progress. We look forward to sharing inspiring stories, achievements, and innovations in this edition. Together, we are cultivating a thriving agricultural landscape for Kyrgyzstan.

Message from our Team Leader, Victor Chiriac

“In this edition, we reflect on the journey of the project so far, highlighting its core objectives and the collaborative efforts that are shaping its success. Learn about our commitment to enhancing agricultural production, empowering MSMEs, and promoting sustainable practices for a brighter future.”

We started the project in April 2023 and will be implementing the project until May 2027. Increasing the efficiency of agricultural production by using modern agricultural production and processing technologies is one of the most important development priorities alongside with the environmental protection. We are happy that the Project may contribute to fulfilment of these important tasks by supporting producers and processors of agricultural products to introduce green, climate-resistant and nature-friendly technologies of producing agricultural commodities and improving the effectiveness and the quality of products.”



Project goals and objectives

The «Value Chain Agro Finance» project in Kyrgyzstan aims to enhance agricultural production and quality through support of selected value chains. The project promotes best practices, advanced post-harvest methods, and provides long-term agricultural finance to bolster existing agriculture value chains.

Key project activities include implementing cutting-edge technologies for production, processing, and distribution of agricultural products, improving the competitiveness of processing enterprises by supporting in certification of production and processing of agricultural products (counselling/ trainings), strengthening food safety testing laboratories by supporting the laboratories to expand testing parameters, equipment and rehabilitation of facilities , and facilitating access to long-term financing in Kyrgyz som (KGS) for value chain participants.

Co-financed by the European Union (EU), the European Investment Bank (EIB), and the German Development Bank (KfW), the project has a budget of EUR 37 million. The final beneficiaries are MSMEs, including primary producers and agricultural processors. The financial resources provided by KfW and EIB in a total amount to EUR 31 million, targeted to be granted via partner commercial banks as investment and working capital loans in local currency Kyrgyz som (KGS) to the stakeholders of agriculture value chains for business purposes.

The project also provides financial resources for the modernization of agricultural machinery and agro-processing enterprises, the introduction of international food quality and safety standards, and support for food testing laboratories. Collectively, these initiatives aim to enhance the quality and competitiveness of agricultural products produced in Kyrgyzstan, thereby invigorating the country's agricultural landscape.

Key achievements

5 Value Chains assessed and Project support defined



Vegetables



Fruit and berries



Cereals



Potatoes



Sugar

Food testing laboratories selected for capacity building support were selected

- Center for Veterinary Diagnostics and Expertise.
- Veterinary Service under the Ministry of Agriculture (in Bishkek and Osh).
- Department of Disease Prevention and State Sanitary and Epidemiological Control under Ministry of Health of the Kyrgyz Republic.
- Bishkek Center for testing, certification and metrology.
- Standardization and metrology center under the Ministry of economy and commerce of the Kyrgyz Republic.

4 local consulting companies were engaged as Project Partners

4 workshops held

Key activities

- We successfully completed needs assessments of the following five value chains (VC) and defined the project's support to these VCs and agricultural advisory services:
 - VC Vegetables: Two schemes were selected for sweet pepper and onion production in the Chui and Jalal-Abad regions respectively.
 - VC Fruits & Berries: One scheme was initiated to support the Berry Association in establishing a nationwide commercial advisory system.
 - VC Cereals: Five schemes were proposed to improve production and access to finance.
 - VC Potatoes: Four schemes were launched across various regions to support commercial seed potato multiplication farmers.
 - VC Sugar Beets: One scheme was initiated to improve sugar beet production methods and yield.
- We have launched a call for proposals to identify eligible processors for project support on certification and prepared application forms for food business operators, held a workshop to invite processors to submit their applications, and joined agro-clusters' communication channels.
- We have undertaken a comprehensive review and budget analysis for improving food testing laboratories, including stakeholder consultations and resource negotiations. This includes a needs assessment focusing on equipment and rehabilitation necessities.
- We will support channelling of the European Investment Bank and KfW financial resources to Value Chain stakeholders, including agricultural product producers and processors.

The project's supported value chains

We have identified specific focus areas for the project's five VCs.

For **vegetables**, we are targeting sweet pepper and onion production in the Chui and Jalal-Abad regions. Technical assistance of the Project is targeted to facilitating the transition to hybrid seeds for enhanced crop performance, enhancing the cultivation system and optimizing seedling preparation in greenhouses to improve yields, implementing water-efficient systems, specifically drip irrigation, to maximize water usage and enhance crop productivity and providing farmers with access to the Project's credit resources. We are planning to implement this technical assistance through providing farmers with access to quality and uniform seedlings, consultations for farmers and mobilize farmers into cooperatives and conduct joint marketing campaigns. We expect that around 250 farmers will benefit from this Project support with increase in income and yield, increased water productivity and reduction of CO2 emissions in seedlings production.

In the **fruits and berries** VCs, Berry Association and Local Company will be supported with the establishment of Extension System within their organizations, aiming to boost the production and marketing of these crops. Technical assistance of the Project is targeted to providing consultancy for farmers, interaction with the Association of Berry Growers of Kyrgyzstan and commercial oriented companies to share experience and knowledge with farmers, recruitment of international consultants for training of trainers on modern berries production and marketing. We consider that our implementation strategy will include the consultancy services to increase yields and improve crop quality with the involvement of our international experts, promotion of drip irrigation systems and by providing solutions to the problems of small-scale commodity production. We expect that about 2,000 farmers will benefit from our support, in the form of increased income and yields and rise of irrigation water use efficiency by 30%.

In the **cereals** VC, we aimed at further upscaling Zero-Till practice in Kyrgyzstan and several new schemes will be introduced where project will support farmers with enhance production and access to finance, addressing the challenges associated with rain-fed cereal production and soil depletion. Moreover, a strategic partnership with the Wheat Flour Mills Association will be established. The target areas for the selected value chain scheme are: Osh, Jalal-Abad and Chuy regions of the country. Our technical assistance is targeted to implementing Zero Till technology in the winter wheat growing process, mobilizing farmers and establishing cooperatives, conducting training sessions and monitoring the timely execution of all necessary agricultural activities, and lastly the organization and implementation of demonstrations and providing farmers with access to the credit resources. We will focus on winter cereal production, using certified quality seeds and agronomic practices to increase yield and quality. We expect that about 1,500 farmers will experience an increase in their income and yields as well as reduced soil erosion and improved soil structure, carbon sequestration.

Our **potato** VC focuses on commercial seed potato multiplication farmers across various regions, leveraging Kyrgyzstan's potential in potato cultivation. We focus on seed multiplication farms, ware potato production, and a certification system to ensure quality and trust. The target areas for the selected value chain scheme are: Naryn, Chuy, Jalal-Abad and Osh regions of the country. We will assist in importing high-quality seeds and ensuring their proper production, establishing crop monitoring and quality assurance system, mobilizing farmers into cooperatives and conduct joint marketing campaigns. We will support Kyrgyzstan's potato production potential, especially seed potatoes, in aligning with export market requirements and promote a control and certification system to ensure quality seed potatoes. We anticipate 285 farmers to benefit from these measures— as well in the form of increased income and yields. Moreover, they will contribute to the country's food security.

Lastly, in the **sugar beet** VC, we aim to optimize sugar beet yields and production methods. The target areas for the selected value chain scheme is Chuy region. Our team supports in implementing best agricultural practices, adhering to agrotechnical norms and regulations, promoting crop rotation, efficiently utilizing water and land resources, and enhancing plant protection against diseases and pests, conducting training sessions and monitoring the timely execution of all necessary agricultural activities and organization and implementation of demonstrations. We are aiming to increase yields, improve equipment management as well as the management of sugar beet volume restrictions in plants. We expect that about 300 farmers will benefit from our support with an increase in income and yield and higher efficiency in the use of irrigation water.

Innovation Corner

Stay up-to-date with the latest technological advancements in the agricultural sector.

[Watch the video](#) with our project expert - Akimbek Bektenaliev. He shared opportunities and properties of hydrogel application in agriculture.

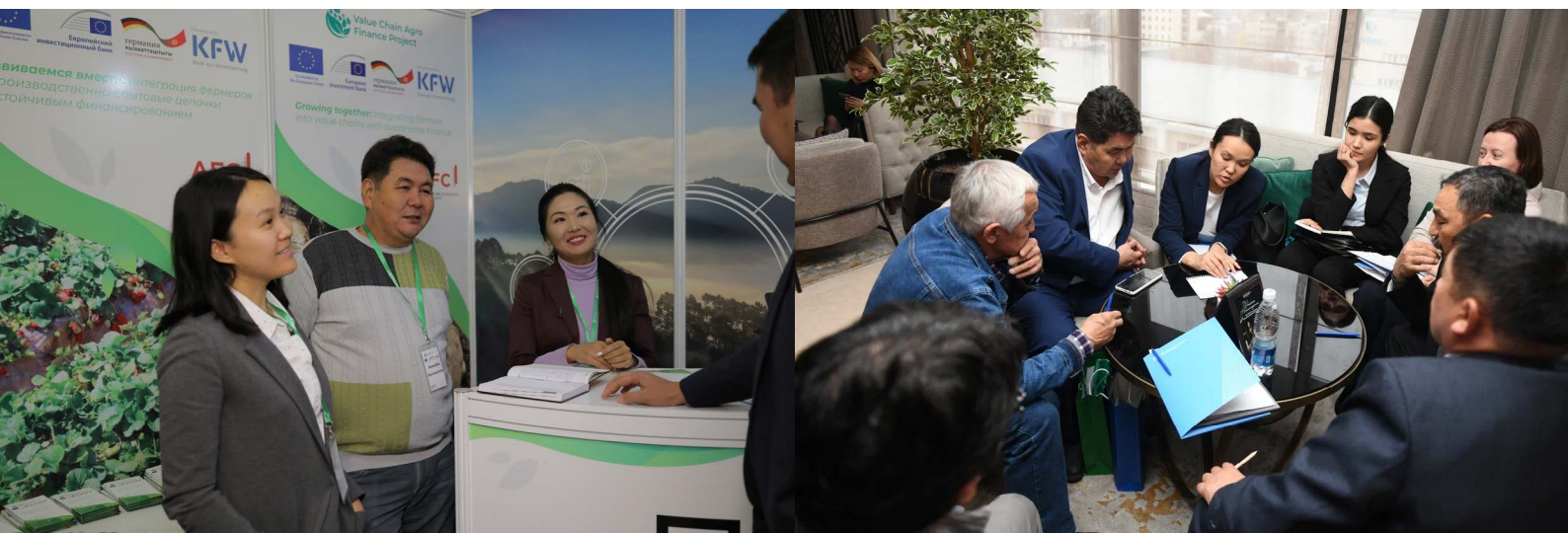


Our major events

A **workshop on July 4, 2023**, discussed our project's methodological approach and selection criteria for the five VCs. The 26 attendees included farmers, business associations, processing companies, agricultural advisory organizations, international donors, and government agencies.

In **October 2023**, Agroprom's «Agro-Expo 2023» in Bishkek gathered agricultural market stakeholders. Our team participated in an agro-financing panel and hosted a project stand, offering insights and addressing queries.

On **November 23, 2023**, an investment forum in Bishkek focused on supporting dairy and red meat production agro-clusters. Our experts participated in working groups, discussing financing, investment opportunities, and the future of Kyrgyzstan agriculture.



On December 11, 2023, a «Value Chain Agro Finance» project meeting took place in Bishkek, with attendees comprising leaders of agricultural clusters, business associations, and representatives from the Ministry of Agriculture. The meeting aimed to facilitate dialogue between agricultural processors, agro-clusters, and Ministry departments. It also encouraged processors to apply for the implementation of standards and certification schemes, backed by the project's support.

Finally, on January 14, 2024, we organized a workshop in Tokmok on “Standards and certification schemes.” The workshop aimed to familiarize the Association of Fishery Producers of Kyrgyzstan with international quality standards and provide information about project activities, such as enterprise certification and technical assistance on food safety and quality standards.



Looking Ahead

As we journey forward, take a sneak peek into our upcoming plans. Our forthcoming activities include further consultations with laboratory management and the European Commission, and the refinement of technical assistance terms for achieving our ultimate goal—extension of accreditation scope.

Each VC is backed by a specific strategy to improve productivity and profitability. We project that these strategies will significantly benefit farmers in each VC. For instance, we estimate that around 250 farmers will benefit from the vegetable VC initiative, while about 2,000 farmers will benefit from the fruit and berries VC.

These strides mark significant progress in promoting agricultural best practices and enhancing farmers' profitability. Stay tuned for more updates to come!

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