



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



Organization for Security and
Co-operation in Europe
Programme Office in Bishkek

A LOGISTICS CENTER FOR THE PRODUCTION OF ORGANIC DRIED APRICOTS CONSTRUCTION PROJECT

“ALYSH-DAN” AGRICULTURAL PRODUCTION
COOPERATIVE



KYRGYZSTAN



Project Initiator

Alysh-Dan Organic APC (Agricultural Production Cooperative)

Brief Project Description:

The project involves the logistic center construction in Karabak village, Batken district, Batken region to produce and export processed and organic fresh apricots and dried apricots according to HACCP standards. The logistic center involves dried fruits production, manufactured product packing/packaging for their subsequent export to the EU, EAEC and Japan.

Project Initiator Description:

The Project initiator is Alysh-Dan Organic Agricultural Production Cooperative, which began its activities in 2008. Currently, the cooperative includes 1,200 farmers, 63 of whom are bio-farmers and grow organic apricots confirmed by IMO control and Organic Standard certificates. The organic garden area is 125 hectares.

Alysh-Dan Organic APC Chair: Tursunaly Tolomushev

- ✓ Organic apricot growing experience
- ✓ Agricultural experience
- ✓ Management experience in government agencies
- ✓ More than 25 years of work experience in agricultural sector

Project Cost: USD \$730,016

- ✓ Land plot - USD \$34,058
- ✓ Construction - USD \$350,257
- ✓ Equipment - USD \$143,427
- ✓ Working capital - USD \$163,569
- ✓ Miscellaneous Expenses - USD \$38,708

Investment Required: USD \$320,496

Payback Period: 2.06 years

DESCRIPTION OF THE PROJECT

The project involves the construction of a logistics center in the Karabak village, Batken district, Batken Region for the production under the HACCP standards and export of processed and organic fresh apricots. The logistics center involves the production of dried fruits, packing and packaging of products for subsequent export to the EU, EAEU and Japan.

The main goods to be exported:

- ✓ Organic dried apricots
- ✓ Processed dried apricots

The estimated production capacity is 5,000 kg of dried apricots per day.

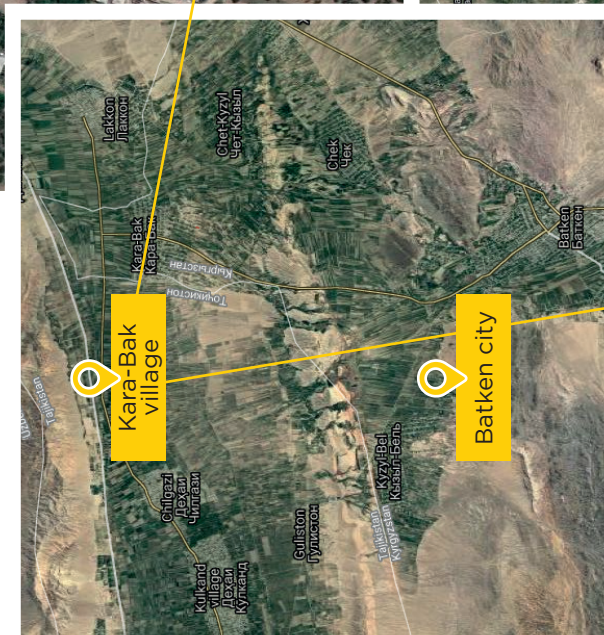


Currently, the construction of the logistics center is completed by 30%. Production and storage facilities have been built, refrigeration chambers and production lines have been purchased.

The project was financed from the Cooperative's own funds and with the support of donor organizations such as USAID, ARIS, GIZ, Helvetas.

At the moment, due to the lack of a production facility the production is home-based.

GEOGRAPHICAL LOCATION OF THE PROJECT



DESCRIPTION OF THE PROJECT INITIATOR

The Project Initiator is “Alysh-Dan Organic” Agricultural Production Cooperative, which has been operating since 2008. The Cooperative currently has 1,200 farmers, including 63 farmers who grow organic apricots certified by IMO control and Organic Standard.

By now, the Cooperative has concluded agreements with shops in Kyrgyzstan and contracts for export to Russia. In addition, two companies from Germany visited the Cooperative, one of which specializes in perfume production. The latter company plans to buy organic apricot kernel from the Cooperative. The second company is interested in signing a contract for the supply of organic apricots. The companies from South Korea and Japan also visited the Cooperative.

The main products of the Cooperative are:

- ✓ Fresh organic apricot, Ak-Oruk sort
- ✓ Dried organic apricots
- ✓ Compote mix



The Cooperative provides the following services to its farmers:

- Mobilization of farmers to sell their products centrally and at favorable price;
- Organization of trainings on modern methods of organic farming for the Cooperative members;
- Promotion and use of organic fertilizers through the use of bio-based products;
- Marketing and sale of bio-apricots and certified apricot products.

SUSTAINABLE COMPETITIVE ADVANTAGES OF THE ENTERPRISE AND THE PROJECT

- ✓ Organic products. The Cooperative brings together 1,200 farmers with a total of 350 hectares of apricot orchards, of which 125 hectares are organic. Each year, the Cooperative receives IMO control and Organic standard certification for fresh and dried apricots. “Alysh-Dan” is the only organic apricot producer in Kyrgyzstan.
- ✓ Participation in exhibitions. Since 2015, “Alysh-Dan” has been participating in the international exhibitions in Germany, South Korea, India, Russia and Japan. The products are in high demand from potential customers. However due to the lack of large-scale production, no real contracts have been signed yet.
- ✓ Sufficient volumes for export. With an average yield of 6 tons/ha, the potential volume of organic apricots is 750 tons, and of conventional apricots - 1,350 tons. If additional volumes are needed, the Cooperative is ready to purchase products from other farmers in Batken Region.
- ✓ Established experience in apricot processing. “Alysh-Dan” has been operating since 2008 and earned considerable experience in growing and processing apricots. The necessary equipment has been purchased for product processing and storage. It meets the HACCP and ISO standards.



MANAGEMENT TEAM



TURSUNALI TOLOMUSHOV
Chairman of the Cooperative

- ✓ University degree in Animal Engineering, Novosibirsk Agrarian University
- ✓ Chairman of the Cooperative since 2016
- ✓ One of the founders of the “Alysh-Dan” Cooperative, since 2008.
- ✓ Experience in growing organic apricots
- ✓ Experience as an agricultural specialist.

Job experience:

- ✓ Batken District and Regional State Administration, the Department of Agrarian Development
- ✓ Regional Department of Agrarian Development, Director
- ✓ Batken District, the First Deputy of the Akim
- ✓ Batken Mayor’s Office, First Vice-Mayor
- ✓ More than 25 years of professional experience in agricultural sphere

MANAGEMENT TEAM



BAKYT IMAROV
Deputy Chairman

- ✓ Deputy Chairman of the “Alysh-Dan” Cooperative and member of the cooperative since 2008
- ✓ University degree in Economy, Kyrgyz National University
- ✓ Experience in growing organic apricots
- ✓ Work experience in government and non-government organizations

HISTORIC FINANCIAL INDICATORS OF THE COOPERATIVE

Key Financial Indicators, USD	2017	2018	2019
Sales revenue	200 444	270 599	286 348
EBITDA	62 236	73 032	78 348

In 2020, due to COVID-19 pandemic quarantine, the Cooperative did not work. In 2021, due to the frosts in the Batken district, Batken Region there were no harvests. All enterprises were idle due to the lack of apricots. Only orchards located in the mountains of Batken district reaped a small harvest.

In 2020-2021, the Cooperative invested more than USD 188,000 in the construction of a logistics center.

At the moment, the following equipment is on the balance sheet of the Cooperative:

Name	Production capacity	Date of purchase
Solar drying line	500 kg/day	2015
Vacuum apparatus	500 kg/day	2015
Garden spraying machine	1200 l	2019
Refrigerator - container	40 tons	2019
Washing line	5,000 kg/day	2019
Air drying line	5,000 kg/day	2019
Calibration line	5,000 kg/day	2019
Packaging line	5,000 kg/day	2019

In addition, the Cooperative owns a 35 hectare land plot and construction in progress:

144 m² - underground product storage facility

576 m² - production facility

PROJECTED FINANCIAL INDICATORS

Sales plan by volume, kg	2021	2022	2023	2024	2025	2026	2027	2028
Dried apricot	35 200	70 800	77 667	82 667	87 667	92 667	92 667	100 000
Compote mix	21 333	40 000	40 000	40 000	40 000	40 000	40 000	40 000
Fresh apricot	60 000	60 000	60 000	60 000	60 000	60 000	60 000	60 000
Total	116 533	170 800	177 667	182 667	187 667	192 667	197 667	200 000

Key Financial Indicators, USD	2021	2022	2023	2024	2025	2026	2027	2028
Sales revenue	189 178	340 025	365 551	384 139	402 726	421 314	439 901	448 575
Gross profit	-42 765	6+8 231	79 080	87 271	95 461	125 072	134 820	143 378
EBITDA	-50 162	82 381	93 229	89 028	109 610	117 801	113 600	134 550

IRR at the end of 2028 is 15.97%

Project payback period is 2.06 years, discounted payback period is 2.47 years

SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD	Application of funds	Amount, USD
"Alysh-Dan Organic" APC	271 335	Land plot	34 058
Donor organizations	138 184	Construction	350 257
Financial investor	320 496	Equipment	143 427
		Working assets	163 569
		Other expenses	38 705
Total:	730 016	Total:	730 016

Other expenses include:

- ✓ Expenses for organic certification of products
- ✓ Expenses for implementation of the HACCP system
- ✓ Expenses on design and estimate documentation
- ✓ Unforeseen expenses

The Project Initiator's and Donor's contributions have been fully utilized. The Project is looking for a Financial Investor.

The donor organizations are USAID, ARIS and the Aga Khan Foundation.

A BRIEF OVERVIEW OF APRICOT MARKET IN KYRGYZSTAN

The production of apricots occupies a significant place in the agricultural production of Kyrgyzstan. According to various estimates, Kyrgyzstan has more than 15,000 hectares of apricot plantations. More than 10 thousand hectares are located in southern Kyrgyzstan, including over 5 thousand located in Batken Region. Early apricot is mainly grown in Batken district, Batken Region. Gross harvest of early apricot is about 2,000 tons.

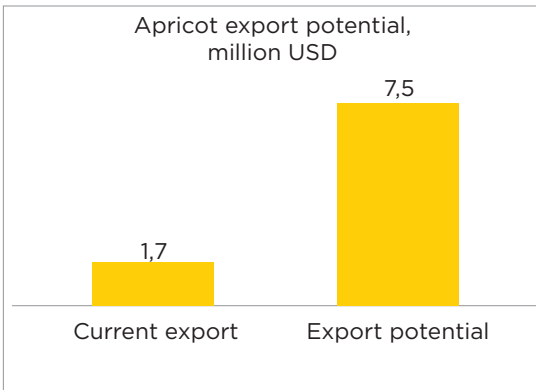
Fresh apricots are sold on the domestic market for three months a year, depending on different ripening zones. The first apricot ripens in Batken Region in the first half of June, and the last apricot enters markets in early August from Issyk-Kul Region.

Main indicators for apricot in Batken Region	2018	2019	2020
Total area of apricot orchards, ha	4 641,0	5 011,0	5 675,0
Young orchards, 1-5 years	462,0	764,0	868,0
Average-age orchards, 5-15 years	785,0	2 065,0	2 303,0
Old orchards, 15 or more years	3 394,0	2 182,0	2 504,0
Total apricot harvest, tons	49	54	53
	828,6	381,9	572,5
Total volume of dried apricots, tons	13	14	14
with kernel	898,9	14 601,5	782,5
without kernel	6 055,8	5 651,2	5 664,8
	7 843,1	8 950,3	9 117,7
Total volume of apricot exports, tons	5 886,6	6 468,5	5 478,0
with kernel (dried)	1 222,8	1 390,0	1 514,4
without kernel (dried)	1 639,8	1 869,0	2 211,6
fresh	3 024,0	3 209,5	1 752,0
Types of apricot processing			
jam	13,3	13,9	15,0
juice	7,0	7,5	8,1

EXPORT POTENTIAL

APRICOT

Historically, Kyrgyzstan has always been a net exporter of fresh apricots, supplied mainly to the Russian Federation and Kazakhstan. However, the economic crisis that began in these countries in 2014 has led to a significant reduction in Kyrgyz apricot exports. As a result, export shipments amounted to only 2,000 tons in 2017, compared to 14,000 tons in 2013. The apricot market is estimated at 60 thousand tons.



The International Trade Centre (ITC) estimates also show that fresh apricots have the highest export potential among fresh fruits grown in Kyrgyzstan.

Their export potential is estimated to be USD **17.1 million** a year, but as of 2018, its utilization rate was only **21%**.

The export potential of dried apricots is utilized only by **13.5%**. According to the ITC estimates, it is low and stands at USD **2.6 million**.

The main potential markets for fresh and dried apricot exports are the EAEU countries. Moreover, there is demand from Europe and Japan, where dried fruit is an everyday consumer item.



OFFER FOR INVESTOR

LEGAL MECHANISM	✓ Agricultural Cooperative
TYPE OF FINANCING	✓ Direct investment in capital
AMOUNT	✓ USD 320,496
FINANCING TERM	✓ 5-7 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - prepayment for equipment ✓ Tranche No. 2 - raw materials procurement ✓ Tranche No. 3 - payment of the remained part for the equipment
FINANCIAL SUPPORT	✓ 100% of the Company's share