



NATIONAL INVESTMENTS AUTHORITY  
UNDER THE PRESIDENT  
OF THE KYRGYZ REPUBLIC



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

# ETHNO-CENTER ON THE TALAS RIVER CONSTRUCTION PROJECT

“ALA-TOO ECO-FISH TALAS” ETHNO-CENTER



# KYRGYZSTAN



## **Name of the company:**

"Ala-Too Eco-Fish Talas" LLC

## **Brief description of the Project:**

The project involves the creation of a unique "Ala-Too Eco-Fish Talas" Ethno-Center, which will be located in Talas, Talas Region, on the river that gave its name to the whole city. The centuries-old national traditions, culture and way of life of nomadic tribes of the Kyrgyz Republic form the basis of the Ethno-center.

The concept of the project is Destination. "Ala-Too Eco-Fish Talas" plans to combine cultural, social and entrepreneurial activities. The main area of activity is to present ethnographic features, lifestyle and household details of nomads, organize exhibitions of works of arts and crafts, fairs, etc.

The project provides for creation of the following infrastructure facilities:

- ✓ Ethno cottages, with the capacity to accommodate up to 50-60 people;
- ✓ Cultural recreation area;
- ✓ Cultural and historical zone;
- ✓ Cafe.

## **Description of the Project Initiator:**

The Project Initiator is "Ala-Too Eco-Fish Talas" LLC. At the moment, the main area of activity of the company is trout rearing in Talas. The current livestock is 300,000 fish, and the Project Initiator plans to increase it to 1 million trout in the near future. For several years, the company has been transforming its business model from offering fishing and fish buying services towards building a tourist and recreational complex.

## **Project cost - \$1,200,000**

Construction of a cottage village and other infrastructure facilities – \$870,000

Construction of waste treatment plants – \$200,000

Asphalt road paving – \$75,000

Modernization of utility networks – \$55,000

## **Amount of investments - \$1,000,000**

## **Payback period - 5 years**

# DESCRIPTION OF THE PROJECT

The project involves the creation of a unique “Ala-Too Eco-Fish Talas” Ethno-Center, which will be located under the open sky of Talas, Talas Region, on the river that gave its name to the whole city. The centuries-old national traditions, culture and way of life of nomadic tribes of the Kyrgyz Republic form the basis of the Ethno-center.

Taking into account the trend of increasing domestic tourist flow as well as interest of foreign tourists in the Kyrgyz Republic, the Company considers it important to create a complex of high quality tourist services.

Thus, the project provides for creating infrastructure facilities necessary to ensure a stable tourist flow:

- ✓ Ethno-cottages, accommodating up to 50-60 people at the same time
- ✓ Cultural recreation area;
- ✓ Playground for children;
- ✓ Cultural and historical zone;
- ✓ A café.

The infrastructure of the Ethno-center will be mainly made of wood in full compliance with the Company's strategy of “respecting the nature and prioritizing environmental friendliness in every endeavor”.

The concept of the project is Destination. “Ala-Too Eco-Fish Talas” plans to combine cultural, social and entrepreneurial activities. The main areas of activity include presenting ethnographic features, lifestyle and household details of nomads, organizing fairs and exhibitions of works of arts and crafts, participating in cooking traditional dishes followed by tasting and other events following folk traditions.

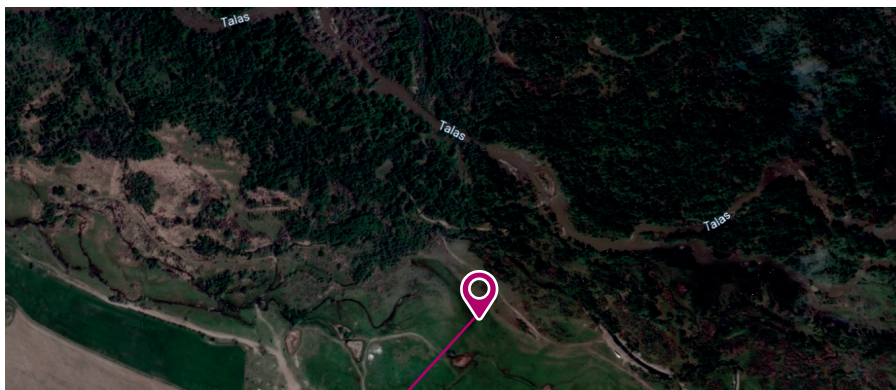
## **The Ethno-center offers the following services to visitors:**

- ✓ Services for active recreation, including:
- ✓ Horseback riding
- ✓ Fishing
- ✓ Cottage services
- ✓ Services for themed exhibitions, arts and crafts, tourist market
- ✓ Services and workshops for cooking dishes of traditional cuisine
- ✓ Domestic services for guests

The area of the land plot intended for implementation of the project will be 3 hectares. The land plot is under long-term lease.



# GEOGRAPHICAL LOCATION OF THE PROJECT





# DESCRIPTION OF THE PROJECT INITIATOR

The Project Initiator is “Ala-Too Eco-Fish Talas” LLC. At the moment, the main area of activity of the Company is trout rearing in Talas, Talas Region. The current livestock is 300,000 fish, and the Project Initiator plans to increase it to 1 million trout in the near future. For several years, the Company has been transforming its business model from offering fishing and fish buying services towards building a tourist and recreational complex. The trout farm has had many visitors in recent years. Not only representatives of the partner companies visit the farm, but also tourists who are granted the opportunity to learn about trout rearing and fishing.

The farm has a children’s playground, a complex of yurts and a café offering traditional dishes and freshly cooked fish.

The Company also provides fishing training services for local residents to improve the entrepreneurial environment in the region.

In the medium term, the Company plans to set up a fish processing and hatchery.



# SUSTAINABLE COMPETITIVE ADVANTAGES

- ✓ **Location.** Unpolluted area, no industrial production facilities nearby. The availability of convenient access roads to the ethno-complex.
- ✓ **Eco and ethnographic tourism.** The possibility of providing year-round ethno-center services, the great variety of natural attractions, and the significant ethnographic heritage of the region.
- ✓ **Primary wellness tourism.** The availability of resources with the potential to be turned into tourism products of various kinds.
- ✓ **Creation of jobs supporting local people.** The establishment of the ethno-center will make it possible to employ up to 50 locals. At the current stage of operations, local people have highly praised the Company's efforts including environmental protection measures, waste collection and removal activities, and landscaping.
- ✓ **Lack of direct competition.** There are no ethnographic tourism facilities in the region of a scale comparable with the planned ethno-complex.









# PROJECTED FINANCIAL INDICATORS

Sales plan by volume	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Total number of visitors to the ethno-complex	31 680	34 848	35 545	36 256	38 069	39 972	44 369	53 243
This includes: Number of room-nights in ethno hotels	7 920	8 712	8 886	9 064	9 517	9 993	11 092	13 311

Key Financial Indicators, USD	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8
Sales revenue	442 881	590 995	639 086	720 832	754 908	803 203	830 074	856 982
EBITDA	-16 534	88 649	159 771	216 250	264 218	281 121	290 526	299 944

- ✔ IRR at the end of Year 8 is 8.69%
- ✔ Project payback period is 5 years, discounted payback period is 6.6 years

## SOURCES OF FINANCING AND APPLICATION OF FUNDS

Source of financing	Amount, USD
Financial investor	1 000 000
Initiator's own contribution	200 000
<b>Total:</b>	<b>1 200 000</b>

Application of funds	Amount, USD
Construction of a cottage village and other infrastructure facilities	870 000
Construction of waste treatment plants	200 000
Asphalt road paving	75 000
Modernization of utility networks	55 000
<b>Total:</b>	<b>1 200 000</b>

- ✔ The project expects to disburse the funds within 2 years



# A BRIEF OVERVIEW OF ETHNOTOURISM MARKET IN KYRGYZSTAN

Foreign tourists interested in tours along the Great Silk Road account for 27% of the total number of tourists. Today, various types of tourism are being developed in Kyrgyzstan, and one of the promising type is ethno-cultural tourism, which can tell a lot about the country's history and people. Particularly notable is the fact that ethnotourism is developing extremely successfully in regions with a sense of ethnic identity and appropriate places for development.

Ethno-cultural tourism is also developing in Kyrgyzstan along the Great Silk Road, where multiple variations of ethno-cultural and ethnographic routes, usually passing through Kyrgyz territory, are available. Of great interest for tourists are the ethno-cultural heritage and traditions of the nomadic peoples who lived along the Great Silk Road.

According to the WTO and UNESCO, the Great Silk Road will become the most attractive route for tourists by 2025, which could accommodate one third of the world's travelers. As of the end of 2020, there are 15 tourist bases in Kyrgyzstan with a total tourist flow of around 22,000 people, considering the 2020 restrictions due to the COVID-19 coronavirus pandemic.

Nationwide, the number of visitors to the organized sector in 2020 was 255,000 (2019: 810,000) and to the unorganized sector - 209,000 (2019: 969,000).

## **The most popular locations of ethno-complexes in Kyrgyzstan are presented below:**

- ✓ Supara Ethno-complex
- ✓ "Ala Archa" Recreation facility
- ✓ "12 Fireplaces" Recreation facility
- ✓ "Kyrgyz Aiyli" Ethno-complex
- ✓ Kara Bulak Eco Resort

The ethno-tourism facilities are mainly found in the vicinity of the capital city, Bishkek. The development potential of this type of tourism in the regions is very attractive considering the region's rich history, as well as absence of ethno-cultural centers in the regions at the moment.

## **The favorable factors contributing to the development of ethnographic tourism in Talas Region are:**

- ✓ high preservation of traditional culture, which is the main resource for ethnotourism;
- ✓ availability of recreational areas and natural and historical attractions;
- ✓ local people's experience in receiving guests from different cities and countries, as part of the organized exhibitions and cultural programs.



# OFFER FOR INVESTOR

LEGAL MECHANISM	✓ Limited liability company
TYPE OF FINANCING	✓ Direct investment in capital
AMOUNT	✓ USD 1,000,000
FINANCING TERM	✓ Up to 8 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - Construction of a cottage village and other infrastructure facilities
	✓ Tranche No. 2 - Construction of waste treatment plants and modernization of engineering networks
FINANCIAL SUPPORT	✓ The Company's share

