



NATIONAL INVESTMENTS AUTHORITY
UNDER THE PRESIDENT
OF THE KYRGYZ REPUBLIC



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

PROJECT FOR THE CONSTRUCTION OF A SHOP FOR PROCESSING PLUMS, APPLES. STORAGE OF FRESH PEACHES, CHERRIES AND APRICOTS.

«BAI DYIKAN ALA-BUKA»
MULTIPURPOSE AGRICULTURAL COMMERCIAL
COOPERATIVE



KYRGYZSTAN



Project Initiator:

«Bai Dyikan Ala-Buka» MACC

Brief Project Description:

The project involves the construction of a plant for processing plums and apples and storing fresh peaches, sweet cherries, apricots and apples in Yzar village, Ala-Buka district of Jalal-Abad region. Currently, the Cooperative has acquired a land plot and has begun construction of a workshop for storing fresh fruit, which will be equipped with a climate system for cooling in the future. The estimated storage capacity is 300 tons. For the full-fledged operation of the workshop, it is necessary to purchase drying cabinets (dehydrators) for drying plums and producing prunes with a volume of 15 tons.

Project Initiator Description:

The Project Initiator is Bai Dyikan Ala-Buka Multi-Purpose Agricultural Commercial Cooperative, which grows the following fruits: apples, sweet cherries, peaches, apricots and plums. The cooperative was founded in 2020 and currently consists of 120 members, which unite more than 200 orchards. An intensive plum orchard of 18 hectares was planted directly by the Cooperative.

CEO/ Chairman: Azamat Jaylobayev

- Participated as a mentor and field mobilizer in GIZ and UNICEF agricultural programs
- Qualification in growing seedlings and vegetables in greenhouses
- Passed the ISO 22000: 2005 course

Project cost: \$ 400,000

- Construction - \$80,000
- Drying equipment - \$255,000
- Implementation of HACCP standards - \$10,000
- Planting intensive orchards - \$55,000

Investment required: \$145,000

Payback period: 2.35 years

PROJECT DESCRIPTION

The project involves the construction of a workshop for processing plums and apples and storing fresh peaches, sweet cherries, apricots and apples, which are grown by Bai Dyikan Ala-Buka Cooperative located in Yzar village, Ala-Buka district of Jalal-Abad region. Currently, the Cooperative has acquired a land plot and has begun construction of a workshop for storing fresh fruit, which will be equipped with a climate system for cooling in the future. The estimated storage capacity is 300 tons. For the full-fledged work of the workshop, it is necessary to:

- ✓ Purchase fruit and vegetable drying cabinets (dehydrators) to dry plums and produce prunes with a volume of 15 tons

The forecasted processing volume is 165-200 thousand tons of plums. The expected collection of other fruit is as follows:

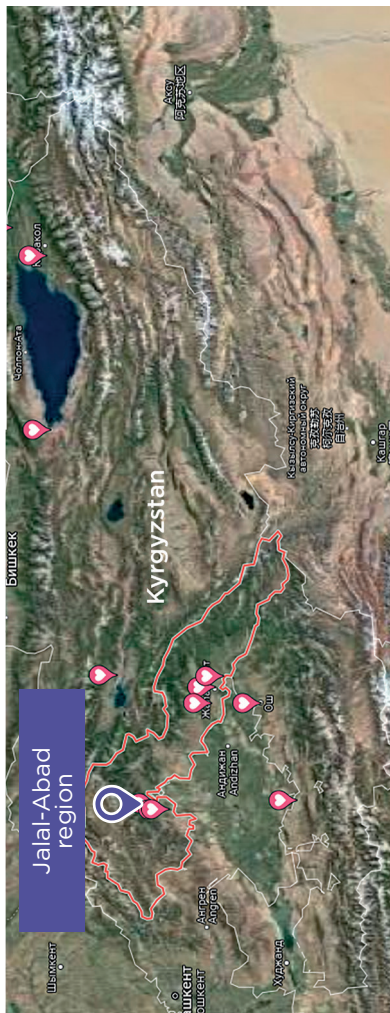
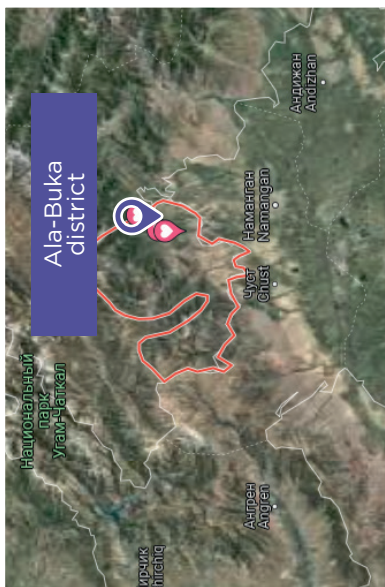
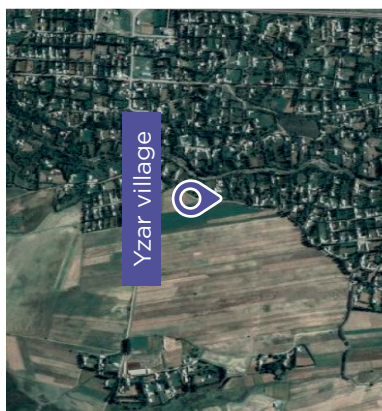
- ✓ Apricots - 60-70 thousand tons
- ✓ Peaches - 90-100 thousand tons
- ✓ Sweet cherries - 50-60 thousand tons
- ✓ Apples - 220-250 thousand tons

The Cooperative successfully exports its products to Uzbekistan and Tajikistan. At the same time, the main goal of the Cooperative is to establish exports to Russia. In addition, the Cooperative plans to plant 20 hectares of intensive plum orchards in 2022.



PROJECT GEOGRAPHICAL LOCATION

The Cooperative is supposed to install drying cabinets (dehydrators) on the basis of a building under construction in Yzar village, Ala-Buka district of Jalal-Abad region.



PROJECT INITIATOR DESCRIPTION

The initiator of the Project is Bai Dyikan Ala-Buka Multi-Purpose Agricultural Commercial Cooperative, which is engaged in the cultivation of the following types of fruit:



Plums



Apricots



Apples



Sweet Cherries



Peaches

The Cooperative was founded in 2020 and currently consists of 120 members, which unite more than 200 orchards /gardens. An intensive plum orchard of 18 hectares was planted directly by the Cooperative.

In 2020, the Cooperative acquired a plot of 10 ares for the construction of a workshop for storing fresh fruit and processing apples and plums.



SUSTAINABLE COMPETITIVE ADVANTAGES OF THE PROJECT

- ✓ **Available raw material resource base.** The Cooperative has united more than 200 hectares of gardens, which are located in Ala-Buka district of Jalal-Abad region. Aksy, Ala-Buka and Chatkal districts of Jalal-Abad region are rich in plums, as they have favorable climatic conditions for growing these fruits. Over 150,000 tons of plums, 250,000 tons of apples, 80,000 tons of apricots, 80,000 tons of peaches are grown in all three regions.
- ✓ **Fully functional marketing system.** The Cooperative has already managed to establish trade relations with companies from Uzbekistan and Tajikistan for the supply of apples, plums and prunes. In addition, the Cooperative is also working on the issue of supplying dried apples and prunes to Russia.
- ✓ **Own involvement in the project.** The Cooperative participates in the project not only by providing raw materials, but it also has its own land plot, on which the construction of a refrigerating chamber has already begun, with a storage capacity of 300 tons. At the moment, construction is 90% complete. In addition, the Cooperative plans to equip the premises with a climate system to control the required temperature and humidity in the storage room.
- ✓ **Experience in processing.** Some members of the Cooperative have their own drying cabinets (dehydrators), which provide a service for the members of the cooperative in drying plums. In addition, the members of the cooperative also have refrigerators for storing fresh products. In addition, the Chairman of the Board of the Cooperative passed various seminars and trainings, and also participated as a consultant, mentor and field mobilizer for the programs of international organizations.



MANAGEMENT TEAM



AZAMAT JAYLOBAYEV
Chairman of the Board

- ✓ Higher education. Osh State Law Institute with a degree in jurisprudence
- ✓ Participated as a mentor and field mobilizer in GIZ and UNICEF agricultural programs
- ✓ Qualification in growing seedlings and vegetables in greenhouses
- ✓ Passed the ISO 22000: 2005 course
- ✓ Participated in the John Galt business accelerator

COMPANY HISTORICAL FINANCIAL PERFORMANCE

Gross harvest, tons	2017	2018
Plums	150 000	165 000
Apricots	40 000	50 000
Peaches	80 000	85 000
Sweet Cherries	30 000	40 000
Apples	200 000	220 000

Historical financial performance, USD	2019	2020
Sales	160 933	253 235



FORECAST FINANCIAL PERFORMANCE OF THE PROJECT

Forecasted sales figures in kind, tons	2022	2023	2024	2025	2026
Plums	85 000	100 000	110 000	110 000	110 000
Apricots	60 000	70 000	80 000	80 000	80 000
Peaches	90 000	100 000	110 000	110 000	110 000
Sweet cherries	50 000	60 000	70 000	70 000	70 000
Apples	110 000	125 000	135 000	135 000	135 000
Prunes	28 333	33 333	36 667	36 667	36 667
Dried apples	36 667	41 667	45 000	45 000	45 000

Key financial indicators, USD	2022	2023	2024	2025	2026
Sales	337 157	390 098	432 255	432 255	432 255
EBITDA	141 559	163 676	181 853	181 853	181 853

- ✓ IRR: 30,14%
- ✓ Payback period: 2.35 years; Discounted payback period: 2.97 years

FINANCING SOURCES AND USE OF FUNDS

Financing Source	Amount, USD
Project Initiator	145 000
Finance investor	255 000
Total:	400 000

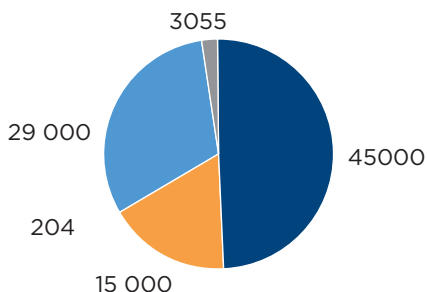
Use of funds	Amount, USD
Refrigerating chamber construction	80 000
Drying equipment	255 000
Implementation of HACCP standards	10 000
Planting intensive plum orchards	55 000
Total:	400 000

BRIEF OVERVIEW OF THE FRUIT MARKET IN KYRGYZSTAN

Fruit in Kyrgyzstan can be divided into two types:

- ✓ Wild plantings. These primarily include wild apple and plum orchards. These products grow in their natural habitat without any human impact. Therefore, wild fruits and nuts are organically pure. These products have no marketable appearance and are inferior to non-organic competitors. At the same time, the main advantage is the high useful properties and taste of wild fruits.

Forest vegetation of the main types of fruit and nuts in Kyrgyzstan, ha



■ Walnut trees
 ■ Apple
 ■ Plum
 ■ Pistachio
 ■ Wild almond

- ✓ Farmed orchards/gardens are orchards/gardens maintained by farmers. The main fruits, which are grown in the largest amount in Kyrgyzstan, are fruit and nuts below:

Name	Area, ha	Yield, ton/ha	Volume, ton
Apples	29 058	5,42	142 583
Apricots	12 898	5,3	69 263
Plums	2 371	4,7	9 879
Walnuts	830	2,5	2 071
Pistachios	3	3	9

POTENTIAL FOR EXPORT OF FRESH AND DRY FRUIT

According to the Food and Agriculture Organization of the United Nations, the export of dried fruit and nuts has a positive trend in almost all positions:

Export of dried fruit and nuts from Kyrgyzstan, tons	2015	2016	2017	2018	2019
Prunes	216	111	144	620	544
Dried apricots	317	269	3290	4124	8602
Other dried fruit	1642	4300	5823	7344	6261

As can be seen from the table, the export volumes of dried apricots are growing significantly, while the dynamics of the export of prunes has a positive trend, but with lower growth rates.

Besides, an impressive growth of exports shows the walnut, which is known all over the world.

The largest part of exports goes to Russia, since, being inside the EAEU, it is easiest for Kyrgyzstan to export its products to the countries of the Union.

At the same time, dried fruits are also in great demand in the EU countries.

INVESTMENT PROPOSAL

LEGAL MECHANISM	✓ Limited Liability Company
FUNDING TYPE	✓ Direct investment in capital
AMOUNT	✓ USD 255,000
TERM	✓ 5-7 years
NUMBER OF TRANCHES	✓ Tranche No. 1 - Purchase of equipment
COLLATERAL	✓ 100% of the Company's share



