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ACRONYMS

ACSC	'Bio Farmer' Agricultural Commodity Service Cooperative
ACTED	Agency for technical cooperation and development
AFL	Approved Farmers' List
AASP	Association of agrarian service providers
AP	Agrarian Platform, organization of independent experts in OF
BCP	Organic Cotton Production and Trade Promotion Project (BioCotton)
BS	Bio Service Public Foundation
CTNC	Center for Training and Consulting company
FT	Fairtrade
GOTS	Global Organic Textile Standard
GIZ	German international cooperation
HACCP	Hazard Analysis and Critical Control Points, Food security management system
HIVOS	Dutch 'Humanist Institute for Development Cooperation'
HRD	Human Resources Development
ICCO	Dutch Development Organization
ICS	Internal Control System
II	Internal Inspector
IMO	Institute for Market Ecology, Swiss certifier
JAS	Japan Agricultural Standards
JICA	Japan International Cooperation Agency
KSAP	Kyrgyz Swiss Agriculture Program
GL	group leader
LMD	Local Market Development Project
MAP	Medicinal and aromatic plants
NGO	Non-government organization
NOP	National Organic Program, US Department of Agriculture
OF	Organic Farming
OFTCC	Organic and Fairtrade Competence Center, Zurich
OVCD	Organic Value Chain Development Project, Tajikistan
PO	Program Office, Helvetas
RAS	Rural Advisory Services
SED	Sustainable Economic Development Program, GIZ
Seco	Swiss State Secretariat for Economic Affairs
SEP	On-farm water management project
TASK	Transition Alliance for Rehabilitation in Southern Kyrgyzstan, EU Grant Project
TIKA	Turkish International Cooperation Agency
TOR	Terms of Reference
TOT	Trainings for trainers
VBI	Village Bio Inspector
YPO	Yearly plan of operations

1. Executive summary

The Bio Service Public Foundation (BS) was set up with support of the Organic Cotton Production and Trade Promotion Project (BCP) of Helvetas. BS was officially registered at local authorities in September 2007 and started its activities in 2007. Bio Service is a professional service provider to stakeholders of organic value chains producing in central Asia. It provides a comprehensive package of services to farmers starting with the provision of trainings and facilitation of organic and Fairtrade certification and marketing of the produced crops to export markets as well as consulting services.

The BioCotton Project has changed its role from direct implementer to facilitator in 2008 and handed over its implementing functions to BS. The main staff of BS is formed by former Project staff. The BCP regularly provides technical support to BS in its organizational development and in directing BS from project orientation to more business orientation.

In the course of annual participatory planning session the Strategic goal for 2011, Vision and Mission of Bio Service were revised and the organizational structure adjusted:

Vision:

Bio Service is the leading service provider for Organic Farming in Central Asia

Mission:

We provide competitive services on business development and quality control for partners in organic value chains

At the beginning of Year 2011 Strategy planning for the local set up and BCP was in the centre of activities.

After external and internal analysis a listing of necessary functions for organic production and trade business was developed. Organizational options were drafted, assessed and discussed with staff, donors and advisers.

Strategic goal for 2011:

Bio Service Public Foundation achieves cost coverage of 59% in 2011.

The BS mobilized all its potential to achieve this goal.

The spring in 2011 started with drought, lack of irrigation water, later the season continued with floods.

The strategic goals of BS imply achievement of the following major subtasks:

- 1. Professionalism and competence of Bio Service PF staff increased.**
- 2. Efficiency of the certification system for organic cotton and rotation crops increased.**
- 3. Bio products are marketed through established value chains.**
- 4. Consulting and training services are rendered in a professional way.**

1. Professionalism and competence of Bio Service PF staff increased

Internal regulations are updated and implemented

By the end of the BCP 2nd phase, business orientation has become a main challenge for the organization. It is evident that without professionalism and competence of the staff, it would be impossible to become a sustainable service provider in OF. Therefore, it was decided to start with updating of internal regulations. By the end of the year, internal regulations were updated taking into account all recommendations from the evaluation mission and BCP.

BS made a lot of input in capacity building, having supported the team's studies and participation in trainings.

One of the achievements is that the staff members were supported in their attempts to participate in different events like conferences, fairs and workshops on behalf of BS and ACSC, and to make participatory inputs into BS plans and activities.

Now every department is able to calculate costs, and try to decrease them by suggesting other options.

Only ED was preparing project proposals before, now the team have learned a lot in doing that. This participatory atmosphere made the team become stronger and get financial support from different donors.

By the end of the year 2011 several other donors (GIZ, JICA, TIKa, PUM, USAID) informed they would support BS in more than 7 projects country-wide. It means, BS is trying to position at the national market of services and possibly at the Asian market as well (e.g. consultancy in joining Fair-trade for projects in some Asian countries). These activities can be implemented only when the internal regulations run well.

HRD plan is developed and implemented

The staff had some shortcomings with skills in ACCESS database, time management, IT, proposal writing. In this line, a special plan was developed

together with BCP to improve professional skills and competence.

Every staff member was attending trainings (please see above and process description below for details).

Membership with AASP gave a lot of benefits: the training laboratory was running for 10 months, and BS tried to send as many staff members as possible to those professional trainings.

Due to growing workload of the management, it was decided to hire an additional staff – ED assistant - to support with logistical issues and administrative matters, marketing activities and trainings.

Membership with Agrarian Platform, organization of independent experts, made the staff direct some efforts to other regions. AP conducted several activities related to organic farming, and BS team were participating actively in those events with two aims: - to promote OF, and – to gain new projects. These events made the team participate in events at the national level and increased their capacity.

Another achievement in increasing the professional capacity of the team was conducting trainings to seed farmers cooperating with JICA and Seed Club members (national union of seed farms) on OF and strategic planning.

Participation in different fairs/exhibitions as Bio-Fach in Germany, Organic Fair in Poland, special Forum and press-café organized by USAID RTLC project in Bishkek, LMD fair/conference in Issyk-Kul, national conferences organized by CAMP Ala-Too, ICCO and GIZ, workshops organized by AASP and AP, and discussions of the new law, alongside with membership with Avalon and AASP training laboratory and website development were the activities in which BS was active and involved the whole team.

Performance based remuneration system applied

To increase the capacity of the staff means more workload and time management. More workload shall be performed in an efficient way with less cost and less time consuming. Such a system shall be supported by moral and financial support from the organization. The new remuneration system will take into account all the above aspects. BCP support is still needed to achieve this.

The BS management assessed the work of staff members by the end of the year. Every staff member was interviewed by ED and heads of departments, was assessed in accordance with a special form developed earlier. The staff assessment showed that the team have become stronger in professionalism and competence. The staff could share their opinions transparently, on the whole structure, goals, and their involvement in activities. All pluses and minuses were discussed and tasks for improving gaps were identified. The management found out that the whole structure has been functioning well. It was also identified that there should be some improvement in the future structure: for instance, the marketing specialist needs more training and has to work more on her capacities; ICS Coordinator should study some new standards as Bio-Halal, and organic standards related to walnut, livestock, and wild crops. The trainers need to be more specific with crops: up to now, OF trainings for new farmers were related to cotton, now with diversification of crops, they have to learn about organic requirements to new crops.

By the end of the year BS was awarded the EC grant within the TASK Project. This project is new for the staff, including the accountant. All staff started learning EU requirements.

The management decided to continue with the same staff next year, having assessed the whole team as professional and loyal to OF and BS. Another decision was to award the staff with 50% of salaries as bonus for their excellent work in 2011.

Overall management implemented

BS has been involved in many activities which have to be managed well. Participation in national activities related to OF in general, communication with a number of donors, membership with Avalon, Agrarian Platform, Export Partnership, and AASP, different projects and proposals, make the management work harder. All these activities were to be attracted in a business plan. Thus, it was decided to update a business plan and integrate all changes in the whole situation with OF locally and internationally. ICCO supported the activity and business plan was updated in consultation with BCP and Dutch consultant.

However, the SECO evaluation mission made some remarks to the business plan (see Evaluation Mission Report for more details). It was decided that a business plan to be updated by March 2012. The first steps were made to improve the business plan's structure and content together with a financial consultant hired by BCP. This activity is in process, and results will be reported by mid-2012.

It is to be underlined that BS needs some support from BCP in organizing its book-keeping system better, taking into account new changes in the tax law, social fund, updating its 1C program in accordance with all changes, and organizing bookkeeping of different projects in one system.

2. Efficiency of the certification system for organic cotton and rotation crops increased.

In addition to cotton, in 2010 it was decided to create additional value chains for some rotational crops – MAPs (medicinal and aromatic plants as calendula and chamomile), beans, chickpeas, sunflower petals, and dried apricots. Amendments and changes were made to the Certification Manual with subjects that are related to the EU, JAS and NOP standards. This process continued in 2011.

It was decided to continue cooperating with IMO certification agency from Switzerland.

In order to make certification system cost-efficient, BCP facilitated a new group leader system with ACSC. BS was actively contributing to its integration into the whole system. On the pilot level, 2 regional inspectors were supporting new group leaders who were inexperienced and had to be trained. A special training program was agreed with ACSC to train new leaders in Shalka and Kara-Darya.

ICS team analyzed the new system and came to the conclusion:

- 1) It can be introduced next year, but group leaders are not competent in ICS at all. Therefore, the system shall be integrated not fast. Internal inspectors and VBIs shall continue as Regional inspectors (14 in total) and train GL for individual implementation of their tasks step by step, within the next 2-3 years. Group leaders will be paid according to production results by ACSC.
- 2) ICS shall take 100% of responsibilities for certification results on itself during 2012-2013.
- 3) All ICS costs including wages, transport expenses, capacity building and administrative expenses related to ICS, shall be booked with BS. Only direct costs as payment to the certification agency shall be paid by ACSC.

In addition to the above, it must be underlined that BS has been analyzing new organic (Bio-HALAL) and FairForLife standards for possible introduction in future.

Direct costs were still paid by Bio Service and not reimbursed by ACSC. This means, including administrative and direct costs, ICS costs per kg of exported cotton were 6,99 kgs/kg (2,69mio/385000kg), while without these costs, each kg of exported cotton cost 1,08kgs (please see for details: "costs per service_BS 2011" as annex). The main logical decision should be that direct costs shall not be budgeted with Bio Service, but shall be given to ACSC as a customer,

and it shall sign a contract with the certification agency directly and pay certification fees.

3. Bio products are marketed through established value chains

The value chain for bio cotton was set up by BCP efforts and is well functioning. There have been buyers for bio cotton from the European market ready to buy the projected increasing volumes of cotton fiber: Elmertex (140 tons, organic), and Reinhart AG. There are several new buyers from Europe and other countries willing to buy organic cotton. BS has been negotiating with new buyers having contacted about 100 buyers/traders.

BS together with BCP initiated a video film for circulation through Internet and Cottonnea website to introduce customers about the origin of seed cotton processed by Elmertex and organic farmers in Kyrgyzstan. The Elmertex management was satisfied with the quality of the film. The film was sent to Germany and Elmertex placed it with its website.

The world economic crisis made the buyers stop prefinancing. The ACSC with the support of ICCO, BCP and BS could for the third time get credit from Triodos Bank, Netherlands.

The key factor of success and sustainability of organic production in Kyrgyzstan is seen in the establishment of value chains for rotation crops. Diversification of the production will allow farmers to avoid the risk of dependence on cotton yield rate and profitable sales of cotton.

Efforts made for promotion of rotation crops production are bringing promising results. BS keeps aimed at rotation crops marketing joining efforts with ACSC and with active support of BCP. Thus for this year beans, chick-peas, sunflower petals, MAPs, and dried apricots were selected as the most potential ones for production on rotation area.

Fabulous Foods from the UK were interested to buy all planned volume of chickpeas (90 t); Erboristi Lendi from Switzerland agreed to buy all MAPs and sunflower petals.

The BS could negotiate with GIZ LED Project to cover costs for training and ICS for MAP and dried apricots. The contract was signed between BS and GIZ for further promotion of MAP and dried apricot value chains.

However, in spite of BCP and BS efforts to sell rotation crops, only a small volume of calendula and chamomile was produced. Volume of produced chickpeas was very low, the size was small. Due to the climatic, political and experience problems, the yield of MAPs was low, quality of chickpeas was not good.

As a result, the following products were facilitated for export in 2011 with support of BS: cotton, red kidney beans, MAPs and sunflower petals, chickpeas. But *ACSC could produce and sell only cotton*.

Costs for marketing: 3,19kgs per kg of exported cotton including all administrative costs, and 1,59 kgs excluding administrative costs. Costs are high because of low production. Therefore, BS still demands to pay 2,5som/kg of seed cotton.

Another effort made by BS was to sell all organic products locally. However, *lack of processing* and funds to buy products from farmers made BS to direct its efforts to gaining of processing equipment within the TASK project and negotiate with different donors. Thus, the proposals were sent to TIKA, USAID, GIZ, and AP. AP initiated business meeting with a Korean investor and business proposal to the Indian Embassy.

Lack of working capital for both organizations is the main challenge for the 3rd phase of the project.

BS has been initiating *new value chains for walnuts* with organic and Fairtrade certification. The first investigation was made together with ICCO consultant, and contact was made with the Dutch company which is interested in long-term cooperation.

4. Consulting and training services are rendered in a professional way

On the way to achieve its Mission to be a service provider for Organic and Fairtrade production, marketing and certification in Central Asia, BS aims at promotion of its consultancy and training products for OF and organic inspection / certification.

For 2011 BS projected 5 products of consultancy and training services:

- On farm water management in organic agriculture (SEP-4 Project) using the drip irrigation system;
- Training, inspection certification and marketing services to ACSC covered by GIZ – BS contract in MAP and dried apricot value chains;
- Providing services for Agrotourism (volunteer) program for NoviNomad company;
- Training of JICA young professionals in OF and consultancy to the Seed Club in strategic planning;
- Better quality of products using (1) HACCP elements: attracting a trainer, facilitation of HACCP procedures in storage, certification; and (2) attraction of expat consultant in good-quality dried apricots for processing;

BS could manage with more than 5 products. In addition to the above, the following new products were introduced and implemented/under implementation: production of bread-rolls in women's center together with ACTED, and Conflict mitigation and peace building project with TASK / creation of 2 processing centers, EC grant. Besides, BS participated in different national and international conferences, fairs and exhibitions. Within the USAID RTL project BS signed a MoU with Tajik and Kazakh projects to develop partnership in export. Visiting BioFach and participation in Organic Forum in Poland as exhibitor, and membership with Avalon made BioService known among many players in the organic world.

2. Results review for Year 2011

Achievements during 2011 and projected indicators for 2009-2011

BioCotton Kyrgyzstan	2009	2010 planned	2010 as of December 31	2011 planned	2011 as of Dec 30
Number of farmers	765 (certified at the end of the year)	950 (starting)	986 (certified at the end of the year)	1200	977
% of women	25	21	21	20	21,9
Organic certification	EU 834/2007	EU; NOP, JAS, BioSuisse	EU; NOP, JAS	EU, NOP, JAS	EU, NOP, JAS
Fairtrade	Cotton	Cotton, beans, chick peas, calendula, chamomile	Cotton, beans, chick peas, calendula, chamomile, cornflower	Cotton, beans, chickpeas	Cotton, MAPs, beans, pulses
Cotton area (in ha)	311	423	512,91	700	645,5
Seed cotton (tons)	910 (as per yield estimation)	1200	1385 (as per yield estimation)	1400	1698 (as per yield estimation)
Average yield (tons/ha)	2,9	2,5	2,7	2,0	2,63
Fibre production (tons)	300	465	see below export figures	420	
Fibre exported by BS (in tons)	137 (41.5 Fair-trade organic; 41.5 organic; 54 in conversion for conventional price)	465 (210 Fair-trade organic; 255 Fairtrade in conversion)	379 t of seed cotton (122 t of fibre)	140	146 Bio cotton
Rotation crops brokered by BioService (tons),	Sunflower (51) – local market	Wheat, beans, chick peas, chamomile, calendula, sunflower petals, dried apricots – customers for export and on the local market identified	Actual delivery and export: calendula (0,6 t organic), chamomile (10 kg organic), sunflower petals (5 kg organic)	Beans, chick-peas, dried apricots, soybeans, MAPs	Beans, chickpeas, soybeans, MAPs
Cost coverage BS (in %)	20.3	30	32	59	42

3. BioService Activities Chronology, 2011

Month	Milestones
January	<ul style="list-style-type: none"> • Interviews and video for Elmertex website developed and prepared • JICA: 2-day training for young specialists-seed farmers; information seminar to develop strategic plan of Seed Club (3-5.01) • Strategic planning • YPO • Membership to Avalon
February	<ul style="list-style-type: none"> • BioFach visit • Trainings for staff • A course in Japan: marketing specialist • Workshop in Almaty on Export partnership
March	<ul style="list-style-type: none"> • Contract with ACSC concluded • HACCP training • Budget and Grant agreement • Steering Board meeting • New group leader system agreed and applied • Trainings for staff • Workshop in Almaty on Export partnership
April	<ul style="list-style-type: none"> • Contract with GIZ for apricot and MAP value chains signed • Trainings for new farmers, trainings on alternative crops, SEP, started • Workshop in Almaty on Export partnership
May	<ul style="list-style-type: none"> • MoU between Kyrgyz, Kazakh and Tajik organic movements signed • Steering Board meeting of BCP in Bishkek • Organic Forum in Poland • Selection of farmers to meet Swiss volunteers together with NoviNomad
June	<ul style="list-style-type: none"> • ACCESS database is operating • Pricing mechanism developed • Proposal for EU grant with ICCO support applied • Trainings of Indian experts on using new bio preparations • Participation at press-café for mass media • Yield estimation for wheat completed
July	<ul style="list-style-type: none"> • Team building event • Yield estimation for apricot completed
August	<ul style="list-style-type: none"> • Participation at National forum and Fair in Bishkek, USAID RTLK
September	<ul style="list-style-type: none"> • Participation at ACT Alliance Forum, LMD Forum • Yield estimation for all crops completed: cotton, beans
October	<ul style="list-style-type: none"> • Planning 3rd phase: discussion • Certification audit IMO
November	<ul style="list-style-type: none"> • TASK: start of implementation; training in finance • Planning 3rd phase • Planning strategy 2012: plan of activities approved • FT conference in Bishkek • Participation at training and seminar in Cholpon-Ata, ICCO
December	<ul style="list-style-type: none"> • Planning strategy 2012, annual report 2011 completed • Financial plan for 2012 developed • Services to ACSC for 2012 agreed and service contract ready for signing • Cotton export completed • TASK Project started • New office found and contracted

4. SUBTASK 1

Professionalism and competences of Bio Service staff is increased.

Expected Result 1.1: Internal regulations are updated and implemented

Indicator

- Baseline for staff assessment (internal) and organizational assessment (external) is established; increased by 30 %

Result

- Internal regulations are updated and implemented;

Process

Bio Service being a newly born local organization is on the way to its strategic goal of reaching cost covering. Logically it annually revises its system and the structure looking for the best options of matching the quality of the services and the costs. Together with BCP different options of organizational structure for 2011 were considered. Please find below an agreed structure for 2011.

A new person to assist the ED was hired. The reason was a growing demand for BS to participate in more national and international meetings, to write more proposals to donor agencies, which lead to

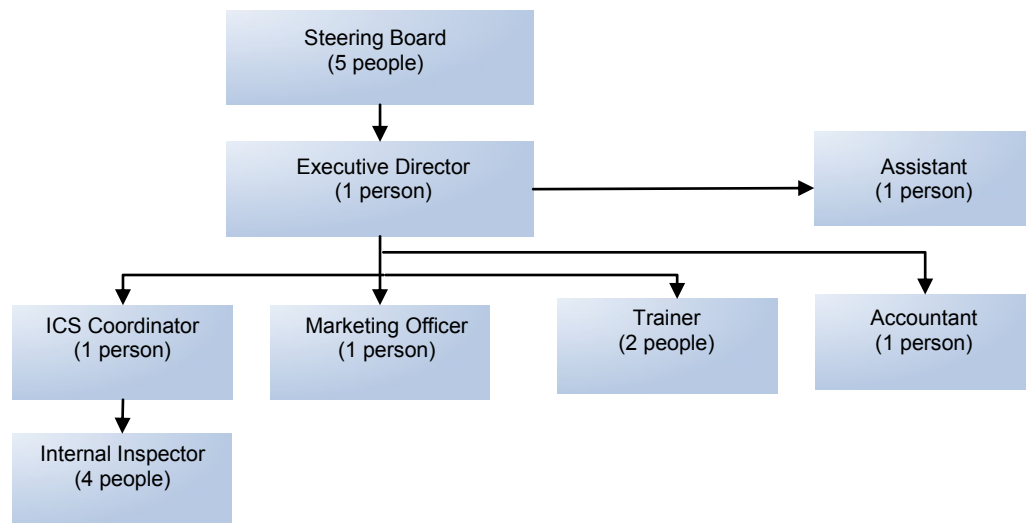
more workload of ED.

The ICS became more efficient with its Coordinator who took over more responsibilities in managing the system. Two Internal Inspectors are seasonal staff with 6 months contracts, from April till October, and 2 with 9 months contracts. Their TORs got updated.

Regular staff meetings of BS on YPO implementation were held on monthly basis and the Minutes were distributed to participants and donor representatives.

BS focuses more on developing internal regulations to strengthen the team's responsibility for their duties. The marketing specialist and senior trainer as well as the ICS Coordinator are now obliged to manage their fields and report accordingly. More focus is made on potential building through participation of the team in different trainings and workshops. All these demands make it easier to assess every team member, and all this was taken into consideration when agreeing the internal regulations.

Picture 1: BS organigram 2011



Expected Result 1.2: HRD plan is developed and implemented

Indicator

- Baseline for staff assessment (internal) and organizational assessment (external) is established; increased by 30 %

Result

- HRD plan is developed and implemented

Process

HRM policy is of high importance for Bio Service because it is the professional provider of consulting and logistical services rendered by personnel. Annual Yearly and Strategic planning of Bio Service was held in February with involvement of BS core staff, i.e. management, marketing specialist, trainers, accounting department and inspectors. Jointly the BS team revised the 2010 Strategic plan, and the Strategic and Yearly plans for 2011 were outlined as outcome. Three days planning sessions were facilitated by Helvetas backstopping consultant. Participatory planning session was beneficial for the whole staff and the organization

as well. Such workshops are a good exercise to develop analytical and planning skills of personnel. Contribution of every team member to Strategic Plan and Yearly Plan of Operations for 2011 was very much appreciated. At the last day of the session everybody shared views about major directions of BS strategy for the year.

Professionalism and high competences of the staff are the main assets of BS. HR development and regular staff assessment to identify weaknesses and to take measures for improvement are the tools to keep it up-to-date.

General appraisal of the staff revealed evident lack of knowledge of at least basic English, time management skills and advanced IT skills of the personnel. Some professional additional skills were identified as necessary especially for the accountant (financial analysis), marketing specialist and trainers (new crops). Further some communication gaps between the different departments were identified. HRD plan was developed and agreed with BCP.

Below is information about trainings and workshops in which BS staff took part in 2011:

Training	Place	Participant from BS	Trainer/ Consulting company	Time
Workshop to plan GIZ activities for 2011	Bishkek	ED	GIZ	January
Workshop for young leaders in agriculture	Japan	Marketing specialist	JICA	February
Workshop in export partnership	Almaty, KZ	ED, ICS Coordinator	RTL project, USAID	Feb-Mar-April
Workshops by Agrarian Platform	Talas, Naryn, Issyk-Koel	ED, Marketing specialist	Agrarian Platform experts	March-April-May
Proposal writing to EU grant	Bishkek, Osh	Marketing specialist, ICS Coordinator	TASK, EU experts	April, May
Strategic planning	Osh	Senior trainer	AASP	February
Staff management	Osh	Senior trainer, II	BPN Sued	February
HACCP training	BS	All staff	Chinara Serkebaeva	March
SEP trainings	Osh	Trainers	SEP, CTI	Mar-May
Training on new Indian bio preparations	Osh	Trainers	Agrolead	June

Secret of successful business presentation	Osh	ED Assistant	BPN Sued	June
Value chain development for jam and dried fruits	Bishkek	ICS Coordinator	GIZ	February
Module developing	Osh	Trainers and inspectors	CTI	March
Financial planning, business planning, training	Bishkek	ED and Accountant	BCP, Financial Expert	May
Organic Forum	Poland	ED	IFOAM	May
HACCP 2 nd training	JA	HACCP team	Ch. Serkebaeva	June
Training on new bio-preparations	Osh	Trainers	Agrolead	June
Secret of successful business presentation	Osh	ED Assistant	BPN	June
Time management	Osh	Trainers & Inspectors	BPN	September
SEP planning – 2012	Osh, JA	Trainer	SEP	Sep-Oct
ToT on water collection	Osh	Trainer	SEP	Oct
English courses	JA	ED Assistant, Senior trainer	SECOM	Jun-Dec
Training on book-keeping and reporting; Seminar on agrarian and business services	Cholpon-Ata	ED, Accountant	ICCO	Nov
Training on EC project procurement procedures	Osh	ED, Accountant	TASK	Dec
Participation in Strategic planning of BioService for 2012		BS staff		Nov-Dec

All these activities increased the capacity of the staff. The major part of costs for these trainings were paid by donors. Trainings in Osh and Jalalabad (BPN, SECOM) were paid by BS to increase the capacity of the team. All costs related to improving of staff skills in 2011 totaled at 117 thousand kgs.

One of the main problems is to employ the staff members for full-time. The point is the seasonal staff have to earn for their living during the time when they are not employed. Therefore, BS always tries to find new work opportunities and seek for new projects and apply for different grants. The staff have enough experience and knowledge, but their part-employment creates difficulties.

Another problem is a social tax. BS has to employ the staff for seasonal work and pay 37,25% of income and social taxes, which are a big loss. This could be solved through hiring on a patent basis, when an employee gets a patent, and BS would not pay any tax. This is another problem, because patent-based system requires employment for not more than 15 days a month, and these employees cannot be paid per diem and travel costs.

Expected Result 1.3: Performance based remuneration system applied

Indicator

- Baseline for staff assessment (internal) and organizational assessment (external) is established; increased by 30 %;

Result

- Performance based remuneration system applied;

Process

With support of CTNC and BCP adviser a performance based remuneration system was developed in 2008 and was applied for Bio Service staff in 2011 as well. According to this system, all the staff of BS was assessed. There are specific assessment criteria, and each employee will be assessed by the Executive Director. The main objective of this document is to take administrative decisions on the staff in designing development program and dismissal of inefficient employees and encouragement of active staff members. Requirements for each position were worked out taking into account personal and professional skills of the staff member assessed.

Impartiality and transparency of the assessment are the main principles which the Executive Director shall keep to (see attached Staff Assessment System).

The remuneration system is a financial and moral incentive which stimulates the staff for more efficient work and quality of activities. In 2011, all the work implemented by the staff was assessed as good.

For the staff assessment appraisal system it was decided to introduce a baseline in Year 2011. The baseline will be developed and introduced in the first half of 2012, by the end of the year only 1/3 of it was drafted.

Expected Result 1.4: Overall management implemented

Indicator

- Business plan updated

Result

- Business plan updated;

Process

The BS has been becoming more responsible for its activities to achieve 59% of cost-coverage. Therefore, one of the main challenges has become to improve management capacity. Financial management is a key function of ED and accountant, which is more efficient when all staff and key personnel take also responsibilities for cost-management. The staff members as ICS Coordinator, senior trainer and marketing specialist were also involved in cost-calculation. They calculated costs of their units and were trying to find ways of decreasing costs. This approach of involving the staff made management of costs more efficient.

A special training was facilitated by BCP for ED and accountant in financial and business planning. This was useful when business plan was being revised for 2011-2014. The whole business plan was revised to ensure successful business in the next 4 years. ICCO supported consultancy from Dutch consultant in revising the business plan. During the evaluation mission from SECO, additional valuable contribution was made by a mission member. The BS is aiming at reaching break-even point in the nearest future. In accordance with a revised business plan, a break-even point will be reached in 2014 (see Annex for Business Plan and Financial Plan). The business plan will be revised once more by March 2012 taking into consideration all remarks and recommendations.

5. SUBTASK 2

Efficiency of the certification system for organic cotton and rotation crops is increased.

Expected Result 2.1: Contract with ACSC is concluded

Indicator

- Certification of ACSC farmers according to EU/ NOP/JAS standards achieved
- Cost of ICS services per kg of certified bio and conversion cotton and rotational crops decreased by 45% (3,17 KGS/kg in 2010 & 1,8 KGS/kg in 2011)

Result

- Contract with ACSC concluded
- Certification of ACSC farmers according to EU/ NOP/JAS standards achieved
- Cost of ICS services per kg of certified bio and conversion cotton and rotational crops decreased by 66% (3,17 KGS/kg in 2010 & 1,08 KGS/kg in 2011)

Process

During the strategy planning, it was agreed with ACSC that BS provides a pack of services. The list of services was agreed and the contract was signed. New trainings on quality management for alternative crops were added to the list. It was agreed to certify all crops for the same standards: EU, JAS and NOP. This objective was achieved: the audit from IMO was successful, and certificates for all three standards were obtained.

HACCP system was launched: the HACCP trainer conducted a training for BS and ACSC specialists, a HACCP team was organized, a plan of the team was agreed on.

The new pilot system of group leaders was agreed for applying to cut certification costs. Calculations showed that certification costs will decrease by 45% provided all production plans of ACSC are fulfilled.

However, the drought in April and water floods in May-June made some corrections to the plans. Another big problem was that 288 biofarmers did not sign the contract with ACSC. At the same time

about 300 new farmers joined the ACSC. The production results were not good due to the above force-majeure problems.

In order to avoid a problem which occurred last year when BS was not paid for its services by ACSC, it was decided and contracted this year that ACSC will pay 1 mio kgs in case organic products are not sold.

The ACSC could sell 140 tons of organic cotton and no other crops. Only 1,0mio soms were transferred to BS for its services.

This means that ACSC could pay only 20% of BS services: 1 mio/all costs on ACSC mandate.

All costs for ICS (1,8mio kgs) were covered at 53%.

The main lesson of such a situation is that when signing a contract with ACSC, all these terms should be taken into consideration.

Expected Result 2.2: ICS system is updated and optimized (EU, NOP, JAS standards) for all crops

Indicator

- Certification of ACSC farmers according to EU/ NOP/JAS standards achieved
- Cost of ICS services per kg of certified bio and conversion cotton and rotational crops decreased by 66% (3,17 KGS/kg in 2010 & 1,08 KGS/kg in 2011)

Result

Certification of ACSC farmers according to EU/ NOP/JAS standards agreed with ACSC and IMO

Process

The external organic certification is essential for bio production. Hence it is crucial that the requirements of organic certification for not only EU, but also for NOP and JAS standards are to be understood clearly and implemented properly on all levels.

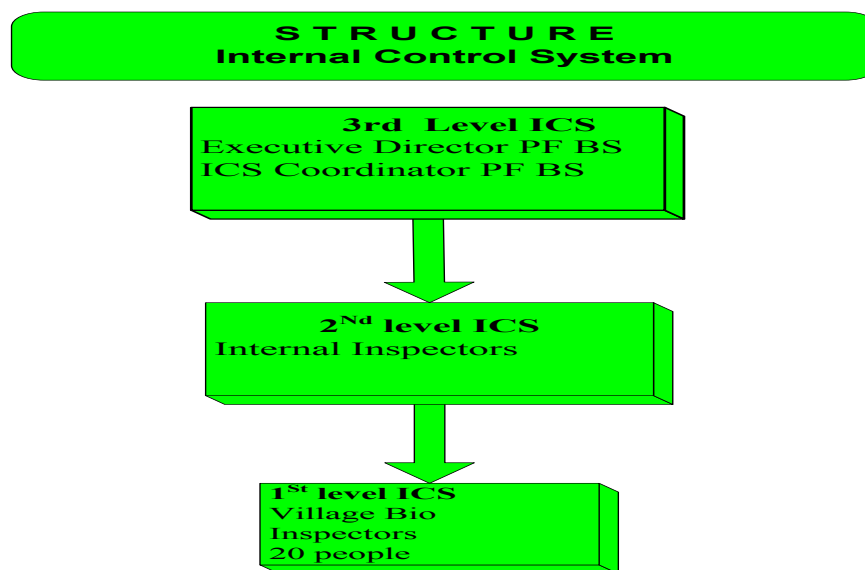
The current set up of ICS still envisages a 3-level ICS.

During the preparation of the strategic plans of BS development for 2011, it was obvious that BS has to relate its costs to the volumes and values of organic production. Reduction of ICS costs through thorough planning, reducing farm visits, taking into account the number of certified farmers and reducing the cost of ICS services per kg of produced and certified crops were the targets.

Thus, it was decided to hire 4 seasonal Internal Inspectors to process the ICS system with projected number of farmers.

New crops introduced in 2011 to rotate with cotton were defined and applied. Diversification of

crops and need for different certification standards made it necessary to hire 2 IIs for 9 months, from March to November. They participated in the trainings conducted to VBIs on MAPs, assisted the ICS Coordinator to introduce new standards in the certification manual, worked out plans to attract Batken and Talas farmers in organic farming and contact specialists in those regions, reviewed the Database entering new forms relevant for new standards, and studied new standards training VBIs furthermore. The new ACCESS database was introduced, and ICS team started entering all data in the new program.



The core ICS document Certification Manual describes ICS set up, EU, NOP and JAS standards adopted to local conditions, main certification and inspection processes for bio cotton and rotational crops production in Kyrgyzstan. The Manual was updated considering last year recommendations of IMO, revised ICS forms and the changes of the whole system. The Manual and AFL (Farmers list) report were submitted to IMO for approval and were approved.

The external audit took place on October 10-18. The audit gave good results. Only some shortcomings were identified. The certificates for EU, NOP and JAS standards were awarded to the whole area (2612,65 ha) with crops in fields. The cost of audit totaled at 8700EUR for certification procedures plus 450EUR travel expenses.

Certification results:

Certified area (after certification):

Total organic area (ha)	Conversion (initial year) C-0 (ha)	In-conversion C-1 (ha)	Organic C-2=O (for EU, JAS) C-2 conversion year (NOP)(ha)	Organic (C-3=O) for NOP standard (ha)
2612,65	758,33	1102,55	751,77	630,92

Area with promoted rotation crops, (for each crop individually):

Cotton	Organic	In-conversion	Total
(ha)	204,07	441,43	645,50
Calendula	Organic	In-conversion	Total
(ha)	0,24	0	0,24
Camomile	Organic	In-conversion	Total
(ha)	0,15	0	0,15
Red bean	Conventional (initial year) C-0	In-conversion	Total
(ha)	6,15	4,75	10,90
Soya bean	Organic	In-conversion	Total
(ha)	1,36	0,86	2,22
Azuki	Organic	In-conversion	Total
(ha)	0,67	0,29	0,96
Bean "Lopatka"	Conventional (initial year) C-0	In-conversion	Total
(ha)	57,48	33,72	91,20
Chick-peas	Organic	In-conversion	Total
(ha)	4,17	33,41	37,58
Apricot garden	Conventional (initial year) C-0	In-conversion	Total
(ha)	49,77	77,99	127,76
Total of all rotation crops			271 ha

No. of farmers from Batken and Talas:

Region	Nu of farmers, beginning of season 2011	Status			Nu of farmers, end of season 2011			
		C-0	C-1	Bio	C-0	C-1	Bio	total
Batken	55	10	45	0	10	44	0	54
Talas	42	22	20	0	22	20	0	42

No. of farmers from Batken and Talas:

Region	Nu of farmers, beginning of season 2011	Status			Nu of farmers, end of season 2011			
		C-0	C-1	Bio	C-0	C-1	Bio	total
Batken	55	10	45	0	10	44	0	54
Talas	42	22	20	0	22	20	0	42

- 977 farmers were selected and contracted (219 women, 779 men), 300 are new farmers; of them 486 are biofarmers and 512 in-conversion farmers; average size of organic cotton surface is 0.85 ha per farmer; 645 ha under cotton
- 288 farmers didn't renew their contracts in 2011
- 21 (16 men and 5 women) were excluded during internal inspections

Expected Result 2.3: ACCESS Database is operating**Indicator**

- ACCESS Database

Result

- ACCESS Database operating

Process

The continuous growth of data related to the number of farmers and their status, diversification of crops and need to manage the database information made it necessary to create an ACCESS Database. The IT Specialist together with ICS Co-ordinator and responsible AFL internal inspector designed the whole scheme of the database. The database has been transformed to ACCESS from Excel and is now functioning in ACCESS.

Expected Result 2.4: Group leader system is introduced in the pilot level**Indicator**

- Certification of ACSC farmers according to EU/ NOP/JAS standards achieved
- Cost of ICS services per kg of certified bio and conversion cotton and rotational crops decreased by 66% (3,17 KGS/kg in 2010 & 1,08 KGS/kg in 2011)

Result

- Group leader system is introduced in the pilot level

Process

As one of the targets of BS for 2011 was to decrease its costs for certification, it was decided during the strategy planning that BS will facilitate a new system which would give possibility for farmers to take more responsibilities and their leaders would take leadership in internal control. Thus, it was initiated to start a new system in 2 villages – Karadarya and Shalka. The ACSC recommended group leaders and BS started trainings for group leaders in inspection (IC-1, IC-2, IC-3), data collection, and mapping. The results of the system were evaluated by the end of the season, and ACSC made its decision to continue with this system in the next years.

The new system was recommended as one of the efficient. According to the recommendations of ICS, the ICS will run the system in 2 levels: Group leaders (with ACSC) and Regional Inspectors (with BS). The description of the system will be given after its approval by ACSC.

Expected Result 2.5: HACCP system introduced to ACSC (training, manual developed, roles and responsibilities clarified)**Indicator**

- Certification of ACSC farmers according to EU/ NOP/JAS standards achieved
- Cost of ICS services per kg of certified bio and conversion cotton and rotational crops decreased by 66% (3,17 KGS/kg in 2010 & 1,08 KGS/kg in 2011)

Result

- HACCP training conducted
- HACCP team created and is functioning

Process

In accordance with the demand of buyers of food crops, it was agreed with ACSC to start with HACCP system. BS contracted a trainer to conduct trainings to BS and ACSC staff. The first training was conducted in March at which a HACCP was elected with the manager (ACSC Production Manager) and 7 members from BS and ACSC. The team started its activities in accordance with the working plan. All certification procedures and quality management issues should be related to HACCP, so, critical points were defined and activities started to avoid problems in input supply, pest management, drying and processing of crops, and to prepare best-quality crops for buyers.

Application of this system gave good results.

6. SUBTASK 3

Bio products are marketed through established value chains.

Expected Result 3.1: New pricing mechanism is developed and applied

Indicator

- Costs of marketing services and management per 1 kg of bio and in-conversion seed cotton + alternative crops are decreased to 66 %
- Income of minimum 1 mio kgs
- Letter of intent of buyers for all products

Result

- Only cotton was sold, costs decreased

Process

The 1st phase of BioCotton Project (2003-2006) was aimed to establish the production system for organic cotton and marketing to export markets. Thanks to the efforts of BioCotton Project the value chain for organic cotton has been established and functioning. The farmers have market guarantee for bio cotton sold to European buyer Elmertex and Reinhart AG as a trader.

The harvest estimates for this year were 1400tons of seed cotton, i.e. 420 tons of fiber in total. There was a first offer for 80 t of organic cotton fiber from textile company Elmertex, Germany. Later, Elmertex facilitated the sale of another 60t of bio cotton.

BS and BCP have taken measures to find additional buyers for organic and fair-trade cotton from Kyrgyzstan. Organic cotton is under demand. But prices went down this year, and no one was aware how the situation might change. It was a very problematic issue especially after the dramatic growth of cotton prices last year.

The main challenge with selling cotton was to define and agree with buyers a reasonable pricing mechanism. BCP was facilitating negotiations with its Steering Board members, buyers, traders and different value chain actors about the above problem. BS was collecting all these ideas, and together with BCP and ACSC designed an applicable pricing mechanism. The new system draft was

sent to all parties for comments and recommendations.

Main points in the new system are:

Transparency => among the stakeholders. The cooperative acting as an agent will deliver daily or weekly report to the buyer on the volume of the cotton bulked and prices it is purchased at.

Communication => among cotton value chain actors. Communication allows delivering trustworthy information from reliable sources. Bio Farmer cooperative delivers information on volume and prices to the ginnery, the ginnery verifies the accuracy of the data and submits confirmation to the buyer. The Bio Service also gets weekly report from the cooperative. Contract => is concluded between the cooperative and the buyer

- If the given outline is approved by the buyer he/she signs the Letter of Intent proving that the buyer is intending to sign the contract and purchase the agreed cotton volume.
- In turn, the cooperative guarantees to deliver the required volume to the buyer.

It's a well known fact that the farmer requires payment for the cotton immediately at the delivery point; therefore, the buyer agrees to pay in advance in order to make the farmers deliver the cotton to the cooperative.

This system is related to all crops planned for export: cotton, chickpeas, beans, MAPs. However, the new system suggested by BS was not accepted by buyers due to the demand to pay in advance.

Expected Result 3.2: Bio and in-conversion cotton is sold and exported based on FT conditions (facilitation)

Indicator

- Costs of marketing services and management per 1 kg of bio and in-conversion seed cotton + alternative crops are decreased to 66 %
- Income of 1 mln. Soms
- Letter of intent of the buyer for all products

Result

- Services are paid for 1,0mio only

Process

The prices for conventional cotton increased in the last year. Farmers had to re-plan their production for 2011 for cotton because of increase of cotton prices. ACSC farmers sowed cotton seeds on 645 ha.

Reinhart was not planning to buy the conversion cotton harvest of this year unless there was a buyer defined. Efforts of BCP and Organic and Fairtrade Cotton Competence Centre, Zurich are put together towards finding a buyer for conversion and Fairtrade cotton. Business proposals with detailed calculation of cost structure were elaborated and sent to potential buyers. More than 100 buyers of cotton were informed of availability of in-conversion cotton. However, because of high prices for cotton which were offered by ACSC, no buyer showed interest in buying the cotton.

There are two big problems related to Fairtrade and conversion cotton:

- 1) No buyer for Fairtrade cotton was found. This problem is under discussion for the last several years.
- 2) The problem with in-conversion cotton will remain as a big challenge for everyone, as buyers never buy this cotton considering it as conventional. This is true according to certification standards, in-conversion crops are considered as conventional. This problem was discussed at international Fairtrade conferences in India conducted by NAP (Network of Asian produc-

ers) and in Bishkek conducted by Fairtrade in November.

BS team tried their best to market all products produced by ACSC during the whole year. This could be witnessed by: participation in fairs, exhibitions – 8 events as Biofach; Organic Forum in Warsaw, Poland; fairs in Bishkek and Issyk-Kul. 6 field days were conducted with 306 farmers involved, of them 82 women in 6 villages.

16 articles were published in newspaper and internet, movies, leaflets and promo-materials, were issued and distributed among all stakeholders.

The number of visitors to the website in 2011 since Aug. 2011 exceeded 300.

Expected Result 3.3: Alternative crops are sold and exported (facilitation)

Indicator

- Costs of marketing services and management per 1 kg of bio and in-conversion seed cotton + alternative crops are decreased to 66 %
- Income of 1 mln. Soms
- Letter of intent of the buyer for all products

Result

- Bio cotton is sold and exported

Process

Medicinal and aromatic plants were selected as one of the crops for rotation in 2011. The ACSC started growing MAPs (calendula and chamomile) in local conditions, BS started training farmers to the technologies of growing, processing (drying), and continued marketing activities. GIZ specialists showed interest in cooperating with BS and support the value chain. The contract was signed for further collaboration and financing.

Chickpeas, beans, sunflower petals, dried apricots and soybeans were also selected for rotation.

Buyers for some rotation crops were identified: for MAPs and sunflower petals – Erboristi Lendi, Switzerland, for beans, chickpeas, and soybeans – Fabulous Foods, UK.

In the table below, description is given about production against the demand:

Type of crop	Interested buyer, country	Planned production in tons	Remarks
Calendula & Chamomile	Erboristi Lendi, Switzerland	1 ton of calendula 1 ton of chamomile	low yield
Beans Chickpea	Fabulous Foods, UK	Red kidney beans as much as possible	No buyer for white beans Low quality
Sunflower petals	Erboristi Lendi Botanica	500 kg 250 kg	No volume No volume

Mr. Lendi planned to visit the area, but due to low yield of MAPs, he was requested to cancel his visit.

The BS trainer conducted a series of trainings on rotation crops to VBIs and farmers, Internal Inspectors were also trained and were assisting the trainer in training farmers.

ACSC farmers were testing several crops as soybeans and red beans (please see ACSC annual report).

The first year experience shows that for the crops selected for rotation there is still a big challenge in adapting processing techniques to ensure high quality.

Inexperienced farmers are not willing to grow chamomile and calendula. The organic MAPs were offered to the Swiss Erboristi Lendi Company, and the owner agreed to buy all the yield, but the yield is estimated at around 300 kg. In spite of low yield, Mr. Lendi agreed to buy MAPs,

but provided ACSC takes the export costs on itself. ACSC could not deliver the product.

Chickpea seeds were distributed to farmers, and negotiations with Fabulous Foods are in process. Fabulous Foods agree to buy even in-conversion in order to start business with ACSC.

The BS staff also provided some more activities related to marketing:

- Export requirements on rotation crops were studied – export manual was developed
- Labeling and packaging standards for rotational crops were studied – the marketing specialist designed labels.
- Product processing standards were studied – farmers were trained for processing crops and HACCP procedures are applied.

7. SUBTASK 4

Consulting and training services are rendered in a professional way

Expected Result 4.1: 5 products on training and consultancy topics (training program, module, assessment) are developed

Indicator

- Mandate for 2,3 mio soms

Result

- Mandate for 2,9 mio kgs achieved

Developed products: Training modules for SEP, vegetable processing, and TOT; Presentations to JICA, GTZ, Ministry of Agriculture, Government, Investors (Korean), USAID; ACTED project with bread-rolls.

Process

In 2011 BS started defining actual topics for ToT, SEP, certification for EU, NOP, and JAS, developing modules for topics defined, and developing a mechanism for assessment and reporting forms. Thus, during the year BS staff defined first all actual topics and developed modules for: - SEP; - vegetable processing, and, - organic farming trainings for trainers (for GTZ). It was also actual to make (i) a special tool box to organize organic fairs, and (ii) presentations for Government bodies and international agencies. Modules were worked out and tool box was prepared, a mechanism of assessment and reporting forms were developed. JICA requested to conduct a special training for young farmers and Seed Club, and SEP proposed to continue collaboration in the next phase; ACTED project of baking bread rolls in women center was performed well.

All products that BS developed and successfully realized are the following:

1. BS successfully started the SEP-4 project 'On farm water management' having conducted trainings, organized demonstration plots and field days. The contract was signed with SEP project to complete SEP-3 and SEP-4 projects. The project was successfully completed.

GIZ program for economic sustainability supported BS in conducting trainings and field days for dried apricot and MAP value chains. The contract was signed. The project was successfully completed. However, the budget was reduced due to the decision of the German Government and low production.

3. A humanitarian project with ACTED for bread-roll processing in Jalalabad: BS was contracted as a partner to run a women center in Jalalabad. The project was successfully completed as BS specialists could provide trainings on processing and organize the women to bake bread rolls, having trained women and running bakeries.
4. BS conducted a 2-day training on OF for farmers and specialists cooperating with JICA, and a workshop for Seed Club members to develop a strategic plan.
5. The contract was signed with NoviNomad company to meet 4 groups of Swiss volunteers in the farmers' houses.
6. HACCP trainings for BS and ACSC staff were conducted to create the whole system to ensure the quality of products for export.
7. These activities along with several presentations for the Agrarian Platform sessions in different regions, participation at the workshops initiated by USAID project and signing a Memorandum with Tajik and Kazakh colleagues to run a joint export partnership, created a basis for further expansion to other regions.
8. Participation at the Organic Forum in Poland as an exhibitor.
9. The Ministry of Agriculture initiated a working group for designing a state program for agriculture with the elements of organic farming, and a law on organic farming in the country. BS was participating in all discussions on the draft law. BCP and BS joined efforts to recommend further consultations on the new law due to some shortcomings with the draft.

10. BS became a member of the Association of Agrarian Service Providers. All competent service providers joined into one union to unite their efforts, learn from each other, organize workshops and trainings for staff members, make project proposals to donors and support each other.
11. BS applied for UNHCR and EU grants. In December the contract was signed with TASK program to run an EU "conflict mitigation" project.
12. The seed program of GIZ in October was supported by trainings from BS for farmers.
13. Participation in fairs, exhibitions and conferences in the country.

Expected Result 4.2: Training and consultancy skills are regularly upgraded (proposal writing)

Indicator

- Further trainings on identified needs;

Result

- Further needs identified in staff assessments and training institutes identified

Process

Training and consultancy skills of the staff have to be improved due to a growing necessity of spreading the organic movement.

Due to cost-related issues and impossibility to train especially the seasonal staff during intensive agricultural period, it is becoming a problem to spread their working period at least for a month.

The whole year was full of dramatic events followed by intensive work and organization of different training programs for the staff, and the objective of upgrading training and consultancy skills was achieved for at least 90%.

BS management together with the staff identified all needs for trainings in improvement of professional skills, and agreed an action plan. From January on the staff members were attending different seminars, trainings and workshops con-

ducted in Osh, Bishkek, Almaty, Japan, and Jalal-Abad (For detailed information on trainings attended, please see ER 1.2).

Expected Result 4.3: Training and consultancy services are actively promoted

Indicator

- Mandates for 2,4+2,6 mio soms

Result

- Mandates for 2,9 +1 mio kgs achieved

Process

With the OVCD mandate for 2009, trainings for bio farmers, Global Ecological Fund and for the Volunteer program organized by Swiss and Kyrgyz tour operators with field stay at bio farmers the capacities of BS for training and consultancy are fully explored.

When implementing the ACSC mandate, BS provided training services:

27 trainings on organic farming in 13 (1st training) -14 (2nd training) villages are conducted for 268 (1st training) and 248 (2nd training) new farmers

With diversification of crops and need to promote consultancy and training services, it was decided to have a web-site which would link BS services better to potential clients. In the second half of 2010 the web site was put online: www.organicfarming.kg.

Promotion of training and consultancy services took a lot of time and efforts of BS management and staff. As mentioned above, BS did everything to promote its services locally as well as internationally. It has become a member of AASP and Avalon, and besides ACSC, signed service contracts with GIZ Kyrgyzstan, JICA, ACTED, and became known more than before, actively participated in national seminars, conferences and workshops; actively presented its services in Organic Forum in Poland, during the course in Japan, during Afghan mission to Jalalabad, BS has signed a contract with Tajik and Kazakh colleagues to organize export partnership; actively contacted other service providers locally as well as abroad.

Besides the contracts with ACSC, SEP Project and NoviNomad Company, BS could gain grant from GIZ SED project for developing MAP and dried apricots value chains.

BS also made a first presentation for JICA and Seed Club Kyrgyzstan in Bishkek, and a first contract with JICA for conducting a 2-day training for young farmers and specialists from different regions and 1-day workshop with the Seed Club to discuss strategic issues of possible joining of organic movement.

The ACTED program supporting the affected women in Osh and Jalalabad contracted BS to run a women's center in Jalalabad. 70 women were trained during 70-day run of a centre, and baked bread rolls were delivered to affected schoolchildren of Jalalabad city and Suzak raion.

Contacts to OVCD and Kasakh organic movement are made.

Thus, BS could implement its task and earn 2,915,747 mio KGS from other mandates (incl.308406 kgs for 2010), and unfortunately only 1 mio kgs from ACSC.

BS was in regular contacts with Japan, British, Swiss, Ukrainian, Turkish, Bulgarian, Austrian, and German organic customers, certification agencies, published booklets, catalogues and banners, prepared articles for Kyrgyz newspapers specialized in agriculture (Dyikan+) which were published and circulated countrywide and among local organic farmers free of charge.

TV films prepared by BS staff, video promotion clips, and interviews on organic movement were broadcasted by local and regional TV and radio companies.

BS facilitated a contract with GIZ to get support for winter wheat seed fund. GIZ supported trainings on the seed fund and BS conducted these trainings.

All mandates for 2011

Mandator	Topic of the mandate	Amount of contract (KGS)	Satisfaction of client	Remarks
MAP, GIZ Afghanistan, for 2010	Value chain development, new organic project	308,406		
ACSC	Pack of services	2,4 mio kgs Only 1 mio kgs paid		only cotton sold
JICA	Training on OF for young specialists	74,779 kgs	Good training	Further collaboration in 2012 in Issyk-Kul
SEP-3, SEP-4	Trainings on-farm water management; drip irrigation	215,280 kgs	Good trainings	Further collaboration
SED project, GIZ	Developing value chains of MAPs & dried apricots	450,870 kgs	Good trainings	Further collaboration
ACTED	Running a women's center - bakery	1,071,162 kgs	Good trainings	
NoviNomad	Agrotourism with Swiss volunteers	75,250 kgs	Good trainings, excellent conduct of the program	Further collaboration
TASK	Conflict mitigation	74,200 EUR		Started in Dec 2011
GIZ	Wheat seed trainings	100000 kgs	Good trainings	

AP started cooperation with a Korean investor who was highly interested in mainly agrotourism and making business with organic products. BS made a special presentation and suggested a program of developing agrotourism together with AP. The investor was also presented a program of developing silk production in the South. Communication is still going on.

Another attempt BS made was to gain some consultancy input in apricot quality and processing equipment. To achieve this, BS sent proposals to the Dutch agency PUM and Turkish TIKa. BS received prompt reply that the proposals might be supported.

8. Conclusions and Outlook

Conclusions:

- Roles and responsibilities of BS and ACSC are not yet well separated clearly; ACSC cannot yet plan production which makes BS provide services which are unpaid – business relations shall be designed and kept to. Nomination of a new head of ACSC who is highly experienced in production and management issues was a good start for 2012.
- Business plan has to be reviewed taking into account all recommendations.
- The ICS system shall be redesigned taking into account the group leader system.
- Marketing efforts shall be focused on the production plans in order not to waste time for non-produced crops.
- Conversion products shall be considered as conventional and costs for production and services shall be bound to organic products sale.
- Contract relations with ACSC shall be reconsidered to make them more business-oriented and cost-covering.
- ACSC shall focus more on production of crops that could be sold at the local market, and gain experience of processing with best quality. BS can offer its services to facilitate this task. The problem with the working capital for purchase of products from farmers shall be solved by requesting donors to create the capital.

Major challenges for Year 2011 were solved:

- organic certification of all crops for EU, NOP and JAS standards by IMO for sale at local and/or international market was provided, and certificates were obtained
- HACCP and quality management manual were developed for export food crops
- sales of certified organic crops at the international market were achieved: cotton, MAPs

- organizing high-quality processing of cotton at the ginnery was achieved
- exporting of products abroad by railway, trucks and air cargo was provided
- collection of training modules for consultancy was provided
- increase of cost coverage of the organization and efficiency of ICS system were achieved

Major challenges for 2012:

- review of business plan
- fundraising
- branches in regions and Bishkek
- full employment of experienced specialists

Recommendations for the 3rd phase

- Problem with the working capital shall be solved by creating a special fund of BS savings;
- Business plan should be updated with the help of an international expert
- BS should have some more affiliates in some other regions
- Donor support still needed to prepare the staff for extending of its activities
- BS should become a business-oriented company

List of Annexes:

- Annex 1. Budget of BioService 2011, financial analysis
- Annex 2. Yearly Operational Plan of BioService 2011
- Annex 3. Draft of Business Plan of BioService 2011-2014