

12.5 Financial Assessment Through the Financial Plan

This outlays for operations and equipment investment in this financial plan follow the Master Plan's schedule to develop broadcasting services. We believe that the financial plan is highly appropriate and can be realized. The plan has been formulated on the premise that receiving fees will be introduced. The plan will be accomplished if a receiving fee system is put in place and the scheduled amount of fees is collected.

Even if the system is not introduced, the financial plan will remain workable if state subsidies can match the projected receiving fee income.

Table 12-1 Balance of Revenue and Expenditure

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenue															
Receiving Fees	1,275	15,300	21,420	24,480	29,070	48,450	48,450	48,450	67,830	67,830	67,830	87,210	87,210	87,210	87,210
Income from Advertising Programmes	481	529	582	641	705	775	853	938	1,032	1,135	1,248	1,373	1,510	1,662	1,828
Total Revenue	1,756	15,829	22,002	25,121	29,775	49,225	49,303	49,388	68,862	68,965	69,078	88,583	88,720	88,872	89,038
Expenditure															
Personnel Costs	5,141	5,288	5,437	5,587	5,739	6,026	6,327	6,643	6,976	7,324	7,691	8,075	8,479	8,903	9,348
Transmitting Fees	5,072	5,072	5,422	5,422	6,123	6,591	6,825	7,059	7,526	7,526	7,994	7,994	8,461	8,461	8,929
Programme Production Costs	4,524	4,524	5,292	5,292	6,828	7,852	8,364	8,876	9,900	9,900	10,924	10,924	11,948	11,948	12,972
Depreciation of Equipment	16,900	25,362	21,978	15,824	11,393	8,203	6,032	39,951	36,905	35,957	30,005	21,604	15,555	11,187	4,334
Equipment Maintenance	8,524	10,043	10,043	10,043	10,066	16,688	18,373	13,501	12,528	10,778	10,043	10,043	10,043	12,675	15,207
Depreciation of Buildings	6,068	5,837	5,615	5,402	5,197	4,999	4,809	4,626	4,451	4,282	4,119	3,962	3,812	3,667	3,528
Building Maintenance	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Other Costs	2,947	2,977	3,230	3,260	3,738	4,094	4,303	4,516	4,880	4,950	5,322	5,399	5,778	5,862	6,250
Total Expenditure	49,676	59,602	57,517	51,330	49,584	54,953	55,533	55,671	83,665	81,217	76,597	68,500	64,575	63,203	61,067
Balance (Net Profit and Loss)	-47,919	-43,772	-35,515	-26,210	-19,809	-5,728	-6,231	-36,283	-14,803	-12,252	-7,518	20,083	24,146	25,669	27,971

Note : * Operating costs exclude investments in facilities, equipment and machinery.

* Income from advertising programmes is estimated to increase 10% per annum. Figures based on expected 1994 income, excluding commercials funded by foreign aid organizations. Income in 1994 from advertising is expected to reach 3,543,600 Som.

* 'Other Costs' from 1996 is calculated as 20% of combined personnel, transmitting, and programme production costs.

* 10 Som = 1 US dollars (= 100 yen) — exchange rate at end of August 1994. Calculations exclude inflation.

Table 12-2 Cash Flows

(ths Som)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Cash Resources															
Net Profit and Loss	-47,919	-43,772	-35,515	-26,210	-19,809	-5,728	-6,231	-36,283	-14,803	-12,252	-7,518	20,083	24,146	25,669	27,971
Depreciation of Equipment	16,900	25,362	21,978	15,824	11,393	8,203	6,032	39,951	36,905	35,957	30,005	21,604	15,555	11,187	4,334
Depreciation of Buildings	6,068	5,837	5,615	5,402	5,197	4,999	4,809	4,626	4,451	4,282	4,119	3,962	3,812	3,667	3,528
Sales of Old Equipment	9,852	0	1,475	0	0	0	45	13,245	3,415	3,500	1,470	0	0	0	0
State Subsidies (to fund equipment investment)	42,788	50,630	13,275	0	0	0	0	0	0	0	0	0	0	0	0
State Subsidies (to fund operations)	24,951	12,573	7,921	4,984	3,219	0	0	0	0	0	0	0	0	0	0
Long Term Loans	0	0	0	0	0	0	0	130,000	26,000	35,000	22,000	0	0	0	0
Total	52,640	50,630	14,750	0	0	7,475	4,656	151,539	55,967	66,486	50,076	45,649	43,512	40,522	35,833
Cash Expenditure															
Equipment Investment	52,640	50,630	14,750	0	0	0	5,450	132,450	34,150	35,000	14,700	0	0	0	0
Repayment of Long Term Loans	0	0	0	0	0	0	0	21,157	25,388	31,084	34,665	34,665	34,665	34,665	34,665
Total	52,640	50,630	14,750	0	0	0	5,450	153,607	59,538	66,084	49,365	34,665	34,665	34,665	34,665
Net Increase	0	0	0	0	0	7,475	-794	-2,068	-3,572	402	711	10,984	8,847	5,857	1,168
Cash Balance	0	0	0	0	0	7,475	6,680	4,613	1,041	1,443	2,154	13,138	21,985	27,843	29,011

Note : * Equipment replaced in 1996 and 1998, and additional equipment in 1997 will be funded through external sources that do not need to be repaid (e.g. state subsidies, foreign grant aid).

* Interest on long term loans is set at 10%. Repayments (made up of principal and interest) will be averaged out over a 10 year period. Money will be borrowed from the government or financial institutions, such as banks. Loans will be the absolute minimum necessary to cover shortfalls of funds.

* 10 Som = 1 US dollar (= 100 yen) — exchange rate at end of August 1994. Calculations exclude inflation.

Table 12-3 Personnel Costs

	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Personnel Expenses	5,234	5,141	5,288	5,437	5,587	5,739	6,026	6,327	6,643	6,976	7,324	7,691	8,075	8,479	8,903	9,348
Number of Employees	1,100	980	960	940	920	900	900	900	900	900	900	900	900	900	900	900

(ths Som)

Note : * Costs calculated on 1994 figures and the no. of employees for each year, with costs rising 5% per annum from 1995.

* Master Plan calls for total no. of employees to be reduced to 900 by 2000.

* 1994 figures based on SNBC budget as of August 1994.

* 10 Som = 1 US dollars (≈ 100 yen) — exchange rate at end of August 1994. Calculations exclude inflation.

Table 12-4 Transmitting Fees

	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Radio	2,277	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552	3,552
Television	1,274	1,519	1,519	1,870	1,870	2,571	3,039	3,273	3,506	3,974	3,974	4,441	4,441	4,909	4,909	5,377
Total	3,551	5,072	5,072	5,422	5,422	6,123	6,591	6,825	7,059	7,526	7,526	7,994	7,994	8,461	8,461	8,929
Radio Broadcasting Hours per day	25.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
Television Broadcasting Hours per day	5.5	6.5	6.5	8.0	8.0	11.0	13.0	14.0	15.0	17.0	17.0	19.0	19.0	21.0	21.0	23.0

Note : * Radio broadcasting hours in 1994 includes the 10 hour increase from July.

* Television broadcasting hours in 1994 includes the 1 hour of increase from October.

* Calculations assume no increase in transmitting fee charges.

* Figures in 1994 are based on the SNBC's budget (referred to in August 1994).

* 10 Som = 1 US dollars (= 100 yen) — exchange rate at end of August 1994. Calculations exclude inflation.

Table 12-5 Programme Production Costs

	1994	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Radio	766	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196	1,196
Television	2,790	3,328	3,328	4,096	4,096	5,632	6,656	7,168	7,680	8,704	8,704	9,728	9,728	10,752	10,752	11,776
Total	3,557	4,524	4,524	5,292	5,292	6,828	7,852	8,364	8,876	9,900	9,900	10,924	10,924	11,948	11,948	12,972
Radio Broadcasting Hours per day	25.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0	39.0
Television Broadcasting Hours per day	5.5	6.5	6.5	8.0	8.0	11.0	13.0	14.0	15.0	17.0	17.0	19.0	19.0	21.0	21.0	23.0

Note : * Calculations based on 1994 figures.

* Programme production costs and transmitting costs from 1996 will increase in proportion to the increase in broadcasting hours.

* 10 Som = 1 US dollars (= 100 yen) — exchange rate at end of August 1994. Calculations exclude inflation.

	(1)	(2)	(3)	(4)	(5)
Radio	707	513	59	9.6%	766
Television	1,942	4,828	559	90.4%	2,790
Total	2,649	5,342	618	100.0%	3,557

(1) Programming and production costs at the Programme Production Department

(2) Outlays to Radio & Television Centre

(3) Production costs at the Radio & Television Centre, split by the same proportion as given in (2)

(4) Production costs of Kyrgyz Telefilm Movie Studio

(5) = (1)+(3)+(4)

Table 12-6 Depreciation of Equipment

(ths Som)

Year of Purchase & Price	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
	Depreciation per annum														
1990	35,000	1,365	0	0	0	0	0	0	0	0	0	0	0	0	0
1991	14,700	796	573	0	0	0	0	0	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996	52,640	14,739	10,612	7,641	5,501	3,961	2,852	2,053	0	0	0	0	0	0	0
1997	50,630	0	14,176	10,207	7,349	5,291	3,810	2,743	1,975	0	0	0	0	0	0
1998	14,750	0	4,130	2,974	2,141	1,542	1,110	799	575	0	0	0	0	0	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	5,450	0	0	0	0	0	1,526	1,099	791	570	410	295	213	0	0
2003	132,450	0	0	0	0	0	0	37,086	26,702	19,225	13,842	9,966	7,176	5,167	0
2004	34,150	0	0	0	0	0	0	0	9,562	6,885	4,957	3,569	2,570	1,850	1,332
2005	35,000	0	0	0	0	0	0	0	0	9,800	7,056	5,080	3,658	2,634	1,896
2006	14,700	0	0	0	0	0	0	0	0	0	4,116	2,964	2,134	1,536	1,106
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Depreciation Cost	16,900	25,362	21,978	15,824	11,393	8,203	7,432	40,959	37,630	36,480	30,381	21,875	15,750	11,187	4,334

Note : * Assuming a useful life of 7 years and 10% residual value.

* Equipment valued on current replacement costs.

Table 12-7 Equipment Maintenance Costs

(ths Som)

Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Year Purchase & Price	13,530	2,165	2,165	2,165	2,165	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1977	13,530	2,165	2,165	2,165	2,165	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1978	1,050	84	168	168	168	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1979	1,050	84	84	84	84	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1980	28,050	842	2,244	2,244	4,488	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1981	18,600	558	1,488	1,488	1,488	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1982	9,050	272	272	724	724	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1983	1,050	32	32	32	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1984	1,300	39	39	39	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1985	16,570	497	497	497	497	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1986	3,320	100	100	100	100	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	4,950	149	149	149	149	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1987	14,750	443	443	443	443	443	443	443	443	443	443	443	443	443	443	443	443	443	443
1987	450	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
1988	132,450	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	10,596	10,596	0	0	0	0	0	0	0
1989	34,150	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025	2,732	2,732	0	0	0	0	0	0	0
1990	35,000	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	2,800	2,800	0	0	0	0	0	0	0
1991	14,700	441	441	441	441	441	441	441	441	441	1,176	1,176	0	0	0	0	0	0	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1996	52,640	0	0	0	0	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	1,579	4,211	4,211
1997	50,630	0	0	0	0	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	1,519	4,050
1998	14,750	0	0	0	0	443	443	443	443	443	443	443	443	443	443	443	443	443	443
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2002	450	0	0	0	0	0	0	0	0	0	14	14	14	14	14	14	14	14	14
2003	132,450	0	0	0	0	0	0	0	0	0	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974	3,974
2004	34,150	0	0	0	0	0	0	0	0	0	0	1,025	1,025	1,025	1,025	1,025	1,025	1,025	1,025
2005	35,000	0	0	0	0	0	0	0	0	0	0	0	1,050	1,050	1,050	1,050	1,050	1,050	1,050
2006	14,700	0	0	0	0	0	0	0	0	0	0	0	0	441	441	441	441	441	441
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Maintenance Costs	1,765	13,251	14,265	16,962	8,524	10,043	10,043	10,043	10,066	16,688	18,373	13,501	12,528	10,778	10,043	10,043	10,043	12,675	15,207

Note : * Investment costs based on current purchase price.
 * Annual maintenance costs calculated at 3% of purchase price for first 13 years, rising to 8% at 14-15 years and 16% thereafter.
 * Equipment to be replaced 16 years after purchase.

Table 12-9 Depreciation of Buildings

(ths Som)

Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1964	12,000	132	127	118	113	109	105	101	97	93	90	86	83	80	77
1965	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1966	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1967	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1968	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1969	135,000	1,802	1,734	1,668	1,554	1,485	1,429	1,374	1,322	1,272	1,223	1,177	1,132	1,089	1,048
1970	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1971	261,000	3,765	3,622	3,485	3,225	3,102	2,984	2,871	2,762	2,657	2,556	2,459	2,365	2,276	2,189
1972	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1973	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1974	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1975	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1976	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1977	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1978	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1980	18,000	368	354	341	328	315	292	281	270	260	250	240	231	222	214
Total Depreciation Costs	6,068	5,837	5,615	5,402	5,197	4,999	4,809	4,626	4,451	4,282	4,119	3,962	3,812	3,667	3,528

Note : * Depreciation based on estimated useful life of 60 years and 10% residual value.

* Office building A was constructed in 1964 (floor space 4,000m²); construction costs calculated at 3,000 Som per m².

* Office building B was constructed in 1980 (floor space 6,000m²); construction costs calculated at 3,000 Som per m².

* The Radio Centre was constructed in 1969 (floor space 4,500m²); construction costs calculated at 30,000 Som per m².

* The Television Centre was constructed in 1971 (floor space 8,700m²); construction costs calculated at 30,000 Som per m².

* Excludes Old Television Centre which will be closed under the Master Plan.

Table 12-10 Long Term Loans

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Loan	130,000												
Repayments	21,157	21,157	21,157	21,157	21,157	21,157	21,157	21,157	21,157	21,157	0	0	0
Loan		26,000											
Repayments		4,231	4,231	4,231	4,231	4,231	4,231	4,231	4,231	4,231	4,231	0	0
Loan			35,000										
Repayments			5,696	5,696	5,696	5,696	5,696	5,696	5,696	5,696	5,696	5,696	0
Loan				22,000									
Repayments				3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580	3,580
Total Repayments	21,157	25,388	31,084	34,665	34,665	34,665	34,665	34,665	34,665	34,665	13,508	9,276	3,580

Note : Repayments (made up of principal and interest) will be averaged out each year, with full repayment at the end of 10 years.

Chapter 13 Assessment of Projects

Chapter 13 Assessment of Projects

13.1 Basic Policy

The nine projects outlined in Chapter 11 will be assessed from the following perspectives:

- (1) Contribution to the improvement and development of broadcasting services;
- (2) Social and economic benefits.

13.2 Programme for Improvement of Radio and TV Broadcast Programmes

13.2.1 Project for Improvement of Programming

(1) Contribution to the Improvement and Development of Broadcasting Services

Under the project the SNBC will establish a work group on radio and television programming. The group will seek the opinions and advice of participants outside of the SNBC and call for voluntary and conscious efforts to achieve the goals outlined in the Master Plan. The finding will be reported to the SNBC President the year before the phased increase of programmes is scheduled. The results of the group's work will appear in a report and programming plans, which should contribute greatly to the goal of improving programming.

(2) Social and Economic Benefits

It is hoped that the SNBC's self-efforts and consciousness in providing broadcasting services that respond to the needs of listeners and viewers will show through in its programming. Such programming gains public trust, provides necessary information, enriches the lives of the public, contributes greatly to the cultural betterment of the nation and fosters the desire among citizens to participate in their nation's development.

13.2.2 Project for Improvement of Programme Production

(1) Contribution to the Improvement and Development of Broadcasting Services

Under the project a Direction Skills Study Group will seek ways of improving the programmes sent out by the SNBC. These activities will lead to continuity of broadcast programmes as a whole and lead to programme production that considers the standpoint of viewers and listeners.

Having employees undertake training in other nations will not only improve their own ability in production, but that of the SNBC as a whole. Training and the inviting of specialists to provide

instruction will contribute greatly to the improvement and development of broadcasting services.

(2) Social and Economic Benefits

Improvements in programme direction, together with the introduction of new machinery and equipment, should improve the quality of the SNBC's broadcasts and improve the public's assessment of the organization. The project will foster increased confidence in realizing the Master Plan, win public trust in their nation's intellectual capabilities and foster the desire to participate in the nation's development.

13.3 Programme for Improvement of Sources of Revenue

13.3.1 Project for Introduction of Receiving Fee System

(1) Contribution to the Improvement and Development of Broadcasting Services

1) Improvement of the SNBC's Sources of Revenue

The SNBC will not be able to replace and develop facilities and equipment to increase programming and broadcasting time without an improvement in its sources of revenue. It is very unclear whether the SNBC will continue to receive state subsidies to fund equipment investment and operations. Reductions are possible. Securing an alternative source of revenue is an urgent task. If a receiving fee system is introduced that can fund over 95% of the organization's operating costs, the problem will be solved.

2) Contribution to a Long Term Operating Policy

The SNBC is unable to undertake broadcasting operations with a long term perspective while its revenue sources remain cloudy. Even if the project rejects a receiving fee system, the all-inclusive consideration of revenue sources for the long term will clear away uncertainty over finances by reaffirming the need for continued state subsidies. The project should lead to the establishment of an operating policy for the future.

(2) Social and Economic Benefits

1) Building Up of the SNBC's Role as the Public Broadcaster

The project aims to replace state subsidies with receiving fees collected from viewers and listeners. This will make the public realize that they themselves are supporting the SNBC and at the same time foster in the SNBC an awareness that it is the broadcasting station representing the people. Its programmes will reflect the wishes of the public. The desire among the public to view and listen to SNBC programmes will link the

organization closely with people's lives and increase the role of the mass media in serving society.

2) Economic Burden on the Public

Receiving fees will have a direct economic effect of people's lives. Though the public may support the system in principle, they may oppose it in practice because of the economic burden it imposes on them.

There will have to be a willingness on the part of the government and the SNBC for the system's introduction - a willingness in the government to reduce subsidies and a desire within the SNBC to secure a stable source of revenue. Above this, public consensus is absolutely necessary. The receiving fee charges must be decided in light of the people's living standards.

3) Government's Financial Position

The Kyrgyz Republic has continued running deficit budgets since independence. The government is in a serious financial situation and has to cut subsidies in areas where it is possible. The introduction of a receiving fee system, eliminating (or reducing) the need for state subsidies, would help toward the government reestablishing a sound financial basis.

13.4 Programme for Improvement of Operations

13.4.1 Project for Functions of the Public Key Broadcaster

(1) Contribution to the Improvement and Development of Broadcasting Services

The project through seminars will foster in SNBC employees the awareness that they are members of the key public broadcaster charged with providing wide ranging services to the public. The seminars will build the foundation for the realization of the Master Plan.

Great efforts will be required on the part of the SNBC to achieve the each of the goals set forth in the Master Plan. Every staff member, therefore, must have a clear sense of duty, backed by a strong sense of self-reliance.

If employees acquire a sense of duty through this project, they will be inclined to work more on their own accord and cooperate with one another in order to attain the Master Plan goals.

(2) Social and Economic Benefits

The project will be very valuable in improving the SNBC's broadcasting services. An improvement of services means the provision of a diverse range of information which helps public efforts at nation building. Varied and high quality broadcasting services effectively respond to basic human needs and improvement of the quality of living and cultural standards.

13.4.2 Project for Operating Plans

(1) Contribution to the Improvement and Development of Broadcasting Services

The SNBC must work on actively on its own accord to improve and develop its services. However, the SNBC's activities must have goals and foreseeable benefits; they will be effective only if they are coherent. Basic operating policy and long term operating plans sum up these activities. The project will play an important role in guiding the SNBC's policies and activities toward an improvement and enrichment of broadcasting services.

(2) Social and Economic Benefits

Since the operating plans will be implemented within the SNBC, they will not have direct socio-economic effects. However, if the SNBC spells out to the public its basic operating policy and operating plans, the recipients of its broadcasts (the public) and SNBC-affiliated organizations will have a clearer understanding of the SNBC's services. Such understanding is indispensable for the introduction and collection of receiving fees.

13.4.3 Project for Financial Management and Accounting

(1) Contribution to the Improvement and Development of Broadcasting Services

The project will reinforce financial and accounting functions, which are important factors in the management of operations. Financial and accounting controls will make daily operations more efficient. The timely understanding and analysis of the organization's financial situation and business performance will enable the SNBC to take accurate responses, distribute funds effectively and efficiently and lead to reliable and efficient operations.

(2) Social and Economic Benefits

Financial management and accounting are internal functions of the SNBC, so their social effects cannot be judged. However, operation through a well established financial management system and accounting procedures will lead to more public trust in the SNBC.

13.5 Programme for Responding to Audiences

13.5.1 Project for a Structure Responsive to Audiences

(1) Contribution to the Improvement and Development of Broadcasting Services

The project will put in place the first stage of a structure responsive to audiences.

The best way for broadcasters to win public trust and support is to give close attention to viewer requests and opinions. However, the SNBC falls well short in terms of both its organization and personnel in providing this service.

The SNBC will attempt to change its financial basis from state subsidies to receiving fees, but in order to maintain the receiving fee system, public support is crucial. There must be a structure in which the needs of audiences is reflected faithfully in business operations.

It would be impossible to create such a structure at one stroke. Such services involves the entire SNBC operations and will take time to allocate personnel and to organize the structure.

The project will have the new structure started. The SNBC should aim to complete the structure by 2000, the target year of the Master Plan.

(2) Social and Economic Benefits

The project will be very valuable in improving the SNBC's broadcasting services. An improvement of services means the provision of a diverse range of information which helps public efforts at nation building. Varied and high quality broadcasting services effectively respond to basic human needs and improvement of the quality of living and cultural standards.

13.6 Programme for Broadcasting Facilities and Equipment

13.6.1 Project for Replacement of Old Facilities and Equipment

Contribution to the Improvement and Development of Broadcasting Services:

Under the project, nearly all the dilapidated and outdated facilities and equipment for television broadcasts and about 70% of the facilities and equipment for radio broadcasts will be replaced.

(1) Old Television Centre

The renewals outlined in 11.6.1(2) 1-3) will see all functions centralized in the Television Centre. Under our calculations, in the third year of the Master Plan, facilities maintenance and operating costs will be reduced by one third, representing large benefits to the SNBC.

Transferring all functions to the Television centre will enable efficient operations. The construction of a studio mainly for news and information programmes will contribute greatly to the improvement and development of news programmes. It will be possible to produce and send out all such programmes from this studio even when the SNBC begins all-day broadcasts in the future. The studio could also be used to provide emergency news bulletins.

The 2-inch VTRs will be replaced by 1/2-inch devices, reducing maintenance and operating costs by 90% and costs for buying VTR tapes by 95%, again representing large savings for the SNBC. The 1/2-inch VTR tapes are small, easy to handle and inexpensive. This will free staff from quantitative limits and lead to better quality programmes.

(2) TV Cameras

We did not learn the exact details of how much the SNBC spends annually on pick up tubes. However, from talks with on-site staff we estimated that costs for pick up tubes for the 21 cameras in operation in 1994 work out to about US \$100,800 (1.008 million Som). By 1996 the SNBC will require 26 cameras, meaning pick up tube costs of US\$ 124,000 (1.24 million Som).

Switching to 3CCD cameras will eliminate the need for pick up tubes and help the SNBC cut costs. Standardizing basic camera parts will cut the number of backup units and help make maintenance and operations more efficient.

(3) News Gathering Equipment

Picture quality and functions will be improved. The compatibility with new devices will enable sharing of backup units and joint maintenance and operation.

(4) Radio Centre

Replacement of facilities and equipment will improve functions, performance and handling and reduce the need for maintenance work and maintenance costs.

(5) Osh OBC Studio

Renovation of the 120m² studio will reduce operating and maintenance costs by 90%. The improvement in picture and sound quality and operations will lead to better programme production.

Osh is the second major city of the nation and the major centre of the south. Closer ties with the SNBC will help the SNBC develop its programmes.

13.6.2 Project for Provision of Facilities and Equipment to Improve Programmes

Contribution to the Improvement and Development of Broadcasting Services:

(1) News and Information Programmes

At present most of the news shown is that of a script reading announcer. The provision of EFP cameras (with VTRs), VTR editors and a small-sized OB vehicle will lead to direct pictures from news scenes and the showing of footage taken from regional SNBC bureaus. The equipment and facilities will not only improve news and information programmes, they will heighten viewer interest and their understanding of the news.

Satellite link facilities and system converters will enable the SNBC to acquire international news directly; such news until now has

been available via Ostankino TV and RTV. The SNBC will be able to select the material independently for its broadcasts. The facilities and equipment will contribute to the internationalization of the SNBC's news and information programmes.

(2) Foreign Procured Programmes

A dubbing studio and voice over studio will allow good quality foreign produced programmes to be dubbed or voiced over into Kyrgyz. Voice over and dubbing is less expensive than in-house programme production and will help cut programme production costs.

(3) Facilities & Equipment to Improve Quality of SNBC Produced Programmes

Post production facilities will allow production of effective commercials, variational programme titles and easy to understand images for science programmes.

The TV master control room will allow for precise programming switchovers amid the more varied programming, longer broadcasting time and separate Kyrgyz TV 2 service. VTRs will be separated for production and sending out. The concentration of sending out in the master control room will make operations more efficient.

The continuity studio will facilitate smooth sending out of programmes in coordination with the master control room. It will allow for sending out of announcements, the setting of relay broadcast slots and emergency backups. This will enable the production studios and VTR editing rooms to concentrate on programme production.

The STLs will replace the current coaxial cables which are prone to breakdown, allowing for more stable programme transmission. The system is also strong against seismic activity and other mishaps.

(4) Computer System to Improve Management

A computer system will make budget control and facilities supervision more efficient. It will also be helpful in drawing up firm management, construction and other plans in the future.

(5) Reception Service Cars

The staff travelling around in the reception service vehicles will instruct viewers and listeners how to get better reception and establish an environment for better television viewing. The vehicles will be crucial for the introduction and smooth operation of a receiving fee system.

(6) STLs Linking the SNBC & the OBCs

The STLs installed at all OBCs (excluding the Osh OBC and Chui OBC) will cut out the time and trouble involved in sending tapes to the SNBC in Bishkek for nationwide broadcasts. Programmes can be broadcast at any time required, contributing to the development of the SNBC's programmes.

Regional broadcasts will be improved since the STLs will eliminate the need to transport tapes to transmitting stations and MOC centres.

(7) Osh OBC News and Information Programmes

The equipment will improve Osh OBC's news gathering structure, leading to a qualitative and quantitative improvement of programmes.

Chapter 14 Project Schedule

Chapter 14 Project Schedule

Figure 14-1 shows the schedule for the projects outlined in Chapter 11.



Programme	Project	1995		1996		1997	1998	1999	2000	
		First Half	Second Half	First Half	Second Half					
I. Improvement of Radio and TV Broadcast Programmes	1. Improvement of Programming	Radio Programming Sub-group • Defining Identities for Radio 1 and Radio 2 • Development of programmes				Stage 3 TV Programming Sub-group • Increase in Programmes • Establishment of a Multilingual Channel (Kyrgyz TV 2)		→		
	2. Improvement of Programme Production	Stage 1 TV Programming Sub-group • Increase in Programmes • Increase in Multilingual Programmes		Stage 2 TV Programming Sub-group • Increase in Programmes • Increase in Multilingual Programmes						
II. Improvement of Sources of Revenue	3. Introduction of Receiving Fee System	Preliminary Research • Domestic Conditions • Conditions in Other Countries	Study and Evaluation of Receiving Fee System • Evaluation of Research • Consideration of Fundamental Issues Regarding Receiving Fee System • Decision on Systems Introduction • Activities for Public Awareness	Receiving Fee System Design • Establishing Collection Structure • Establishing Collection Methods • Establishing Collection Schedule	Preparations for Introduction • Activities to Promote Public Understanding • Preparations for Introduction	Collection of Receiving Fees				
	4. Functions of the Public Key Broadcaster	Seminars • Establishing Awareness of the Obligations of the SNBC	Study and Establishment of Basic Elements		Design of Operating Plan Procedures					
III. Improvement of Operations	5. Operating Plans	Survey of Current Situation		Compiling Operating Plans						
	6. Financial Management and Accounting	Survey of Current Situation		Study and Establishment of Basic Items		Detailed Design		Trial Implementation of New System		Changeover to the New System
IV. Responding to Audiences	7. Structure Responsive to Audiences	Establishment of Work Group • Compilation of a Structure Plan		Implementation of Structure Plan • Stage 1		Implementation of Structure Plan • Stage 2 • Stage 3		→		
	8. Replacement of Old Facilities and Equipment			Phase 1 Replacement • Cameras • Old Television Centre Facilities		Phase 2 Replacement • EFP Facilities • Audio Tape recorders • Audio Mixers • Osh OBC TV Studio				
V. Broadcasting Facilities and Equipment	9. Provision of Facilities and Equipment to Improve Programmes			Phase 1 • Post Production Facilities		Phase 2 • VTRs, EFP Cameras • Audio Dubbing Facilities • Television Operating Facilities • Continuity Studio Facilities • Small OB Van		Phase 3 • Small OB Van, etc.		

Figure 14-1 Project Schedule

Chapter 15 Recommendations

Chapter 15 Recommendations

15.1 Basic Policy

We have made recommendations to the Kyrgyz Republic on the following items. The proposals are based on the Master Plan that we formulated from this Study on improving and developing broadcasting services in the Kyrgyz Republic.

- Broadcasting Policy & Legislation
- Programming
- Management Form
- Sources of Revenue
- Broadcasting Facilities & Equipment
- Projects

15.2 Broadcasting Policy and Legislation

It is necessary for the Kyrgyz Republic to quickly establish a comprehensive policy and enact basic legislation on broadcasting.

The SNBC, private broadcasters and foreign broadcasters are already providing services in the Kyrgyz Republic; the coming of the multimedia and multichannel age is a certainty.

As a sovereign nation, the Kyrgyz Republic has to on its own initiative take stock of the diverse broadcasting networks and foster the development of broadcasting services that are in tune with the nation's affairs. This can be done through the establishment of a comprehensive policy and basic legislation that consider the present and future of the broadcasting networks.

The policy and legislation should be set in place as soon as possible to in addition respond to the rapid changes in broadcasting throughout the world.

As the key broadcaster of the nation, the SNBC should consider joining the Asia-Pacific Broadcasting Union (ABU) and other international broadcasting organizations to orient its activities toward international development in the future.

15.3 Programming

Transforming public consciousness toward the establishment of a democratic system, a market-oriented economy and national development, and fostering harmony between the nation's various peoples are among the obligations of the SNBC as the key broadcaster of the Kyrgyz Republic. To fulfill these obligations the SNBC must improve its broadcasting services, e.g.:

- Gradually increase the amount of television broadcasts until 11 hour a day broadcasts are achieved in the year 2000.
- Commence and sustain morning television broadcasts.
- Put emphasis on the improvement of news programmes.
- Improve direction skills and produce attractive programmes.

Present broadcasting hours are inadequate. For the SNBC to fulfill its obligations, it should gradually increase the amount of time it is on the air and highlight its existence to viewers and listeners, as well as get the support of its audiences. The SNBC should aim by degrees at achieving 11 hour per day television broadcasts by 2000, with a final goal of 18 hour per day broadcasts.

Apart from the increase in broadcasting time, viewers and listeners also desire information about the Kyrgyz Republic and other nations. Information programmes, centred on news, need development. The SNBC must meet the needs of a wide range of audiences by providing overall balanced programming, which includes programmes targeted at specific audiences, as well as wholesome entertainment programmes that can be enjoyed by the whole family. Direction skills also need improvement if the organization is to provide attractive broadcasts. Gaining the support of the public through improved programming, programme content and production techniques will contribute to the establishment of a receiving fee system that will strengthen the SNBC's management basis.

15.4 Management Form

The SNBC must begin work at an early date on changes to its management form. The changes include the organization transforming itself from a state-owned enterprise into a public enterprise, which is necessary if the SNBC is to smoothly fulfill its duties that we outlined earlier.

Changes in management form are only one of the wide range of responses that the organization has to make amid policies to privatize state-owned enterprises and reduce state subsidies. The SNBC can exist as 1) a state enterprise; 2) a public enterprise; or 3) a private enterprise. We believe a public enterprise the form most suited to the SNBC.

The procedures for selecting and changing over to a management form will vary depending on whether legislation is implemented, a receiving fee system is introduced and sustained, and other related conditions are fulfilled.

In the Master Plan we believe that the SNBC can make a change of its management form in the year 2000. Given the time required for putting the related conditions in place, we suggest that the SNBC begin working toward change as soon as possible.

15.5 Sources of Revenue

The SNBC has an urgent need to develop its sources of revenue in order to sustain and enrich its broadcasting services. We recommend that consideration begin into ways of securing revenue, such as through the early introduction of a receiving fee system.

The lack of funds for operations and facility investment is the main reason why the organization is currently unable to develop services that meet the needs of viewers and listeners (the public). The SNBC has to secure revenue that can replace or supplement the current state subsidies.

We believe there should be examination of having audiences, (i.e. the public) who receive the SNBC's services, bear its costs.

We consider receiving fees would be the most suitable source of revenue for the organization. Given the direct economic burden they will impose on the public, receiving fees will only be possible when a wide consensus is achieved. It is essential to study sources of revenue (e.g. the continuing of state subsidies) in the quite possible event that consensus will not be reached and a receiving fee system is rejected.

We do not think that income from advertising broadcasts (proportional to the amount of time the station is on air) will form a major source of revenue for the SNBC. The income will be important yet only supplementary.

15.6 Broadcasting Facilities and Equipment

The SNBC and MOC are the two organizations that provide the public key broadcasts in the Kyrgyz Republic. The SNBC is obliged to produce programmes of good quality and substance that meet the needs of the public, while the MOC is obliged to send out these programmes to the public through high quality and stable transmissions.

The two organizations have to replace, increase, effectively operate, develop and modernize their facilities and equipment.

15.6.1 Programme Production Facilities and Equipment

We urge the SNBC to soon formulate installation plans and consider specific funding plans to realize the Programme for the Improvement of Radio and TV Broadcast Programmes described in Chapter 11.

The SNBC must ascertain world broadcasting trends beyond 2000 and examine and draw up construction plans that will replace and modernize the present facilities and equipment in the Radio Centre and Television Centre. Replacement and modernization will enable the SNBC to realize all-day broadcasts and commence new broadcasting services.

15.6.2 Facilities and Equipment for Transmitting and Programme Transmission

Transmitting and programme transmission facilities and equipment fall within the jurisdiction of the TVRT. The TVRT has an enormous network stretching nationwide. It appears much of the TVRT's facilities and equipment are older and more outdated than the SNBC's broadcasting facilities and equipment.

To secure high quality and stable transmissions and relays, replacement of old facilities and equipment alone will be insufficient. A comprehensive modernization of the transmitting and programme transmission systems is necessary.

We propose the establishment of a group/s to view world trends, with ample consideration of the special features of the Kyrgyz Republic. A long term plan for the next 10 years should be formulated, with shorter plans of two to three year's duration being drawn up from the long term plan and faithfully put into practice.

15.7 Projects

We recommend that the nine projects outlined in Chapter 11 be quickly and forcefully pursued.

The projects deal with matters that require urgent attention and that cannot wait for 2000, the target year of the Master Plan.

The projects are therefore at the core of executing this Master Plan. The progress of the projects will have a large direct influence on its realization.

Speedy commencement of the projects is necessary to make them the driving force of smoothly executing the Master Plan.

In carrying out the projects, should funding assistance or delegations of specialists be necessary from other nations, efforts to realize such plans are vital, under the close cooperation of the organizations involved.

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